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BBV Says It Isn't In Merger Talks

By Catherine ValentiStaff Reporter of The Wall Street Journal

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BILBAO, Spain -- Grupo BBV Chairman Emilion Ybarra said the Spanish bank doesn't plan to merge with rival Grupo Santander .

"We don't have any operation in progress, not with Santander, not with anyone," Mr. Ybarra said.

In a recent Cable News Network interview, Mr. Ybarra had said BBV wouldn't rule out a merger with Santander and would consider the move if Santander proposed it.

On Thursday, Mr. Ybarra said banking mergers improve the industry's competitiveness and efficiency in an increasingly global market. He added that BBV, a unit of Spanish bank Banco Bilbao Vizcaya SA, closely follows each move within the sector.

Meanwhile, BBV said its net profit for the first half of 1998 rose 28% to 74.34 billion pesetas ($489.7 million). Analysts had expected a 29% increase to 75.01 billion pesetas.

Mr. Ybarra said he expects the group's 1998 net profit to rise 15% to 150 billion pesetas from 130.85 billion pesetas in 1997.

As far as international expansion, Mr. Ybarra said the bank will strengthen its position in Latin America through an agreement to buy Brazil's 55% stake in Banco Excel Economico SA. He expects the sale to be finalized within the next month. BBV also recently acquired 55% of Banco BHIF of Chile.

BBV will continue to seek investments in Latin America, said Mr. Ybarra, who added that the bank can devote resources of 334.77 billion pesetas to such efforts.

In addition, BBV will focus on alliances throughout Europe, Mr. Ybarra said. For instance, the bank might buy as much as 10% of Banca Nazionale del Lavoro, a soon-to-be privatized Italian bank, he said.

"We want to reinforce our position in Europe through alliances and taking strategic holdings in other banks," Mr. Ybarra said.

Language and cultural ties among the Mediterranean countries -- specifically France, Portugal and Italy -- might make banks in those areas more attractive, he said.