BBVA

Financial Statements

For the year ended December 31, 2012

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Bank (identified in Note 1.2 to the accompanying financial statements) and rules contained therein (Notes 1 and 54). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
Banco Bilbao Vizcaya Argentaria, S.A.:

We have audited the financial statements of Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank"), which comprise the balance sheet at 31 December 2012 and the related income statement, statement of recognised income and expense, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors of the Bank are responsible for the preparation of the Bank's financial statements in accordance with the regulatory financial reporting framework applicable to the Bank (identified in Note 1.2 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying financial statements for 2012 present fairly, in all material respects, the equity and financial position of Banco Bilbao Vizcaya Argentaria, S.A. at 31 December 2012, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Bank and, in particular, with the accounting principles and rules contained therein.

The accompanying directors' report for 2012 contains the explanations which the directors consider appropriate about the Bank's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2012. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Bank's accounting records.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Miguel Ángel Bailón

4 February 2013

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Balance sheets as of December 31, 2012 and 2011

		Millones of Euros	
ASSETS	**Notes**	**2012**	**2011 (*)**
CASH AND BALANCES WITH CENTRAL BANKS	7	**11,079**	**13,629**
FINANCIAL ASSETS HELD FOR TRADING	8	**63,771**	**56,538**
Loans and advances to credit institutions		-	-
Loans and advances to customers		-	-
Debt securities		12,437	7,898
Equity instruments		2,199	997
Trading derivatives		49,135	47,643
Memorandum item: Loaned or advanced as collateral		7,378	4,988
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	9	**-**	**-**
Loans and advances to credit institutions		-	-
Loans and advances to customers		-	-
Debt securities		-	-
Equity instruments		-	-
Memorandum item: Loaned or advanced as collateral		-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	10	**33,098**	**25,407**
Debt securities		30,083	21,108
Equity instruments		3,015	4,299
Memorandum item: Loaned or advanced as collateral		19,813	9,114
LOANS AND RECEIVABLES	11	**237,029**	**262,923**
Loans and advances to credit institutions		21,366	22,967
Loans and advances to customers		213,944	238,463
Debt securities		1,719	1,493
Memorandum item: Loaned or advanced as collateral		64,237	52,046
HELD-TO-MATURITY INVESTMENTS	12	**10,162**	**10,955**
Memorandum item: Loaned or advanced as collateral		2,853	2,327
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	13	**226**	**146**
HEDGING DERIVATIVES	13	**3,708**	**3,681**
NON-CURRENT ASSETS HELD FOR SALE	14	**1,968**	**1,462**
INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	15	**28,524**	**27,954**
Associates		4,499	4,159
Jointly controlled entities		4,013	3,933
Subsidiaries		20,012	19,862
INSURANCE CONTRACTS LINKED TO PENSIONS	22	**2,022**	**1,832**
TANGIBLE ASSETS	16	**1,461**	**1,504**
Property, plants and equipment		1,460	1,503
For own use		1,460	1,503
Other assets leased out under an operating lease		-	-
Investment properties		1	1
Memorandum item: Loaned or advanced as collateral		-	-
INTANGIBLE ASSETS	17	**729**	**567**
Goodwill		-	-
Other intangible assets		729	567
TAX ASSETS	18	**5,732**	**3,647**
Current		787	282
Deferred		4,945	3,365
OTHER ASSETS	19	**990**	**921**
TOTAL ASSETS		**400,499**	**411,166**

(*) Presented for comparison purposes only (note 1.3)

The accompanying Notes 1 to 54 and Appendices I to XV are an integral part of the balance sheet as of December 31, 2012.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
Balance sheets as of December 31, 2012 and 2011

		Millions of Euros	
LIABILITIES AND EQUITY	**Notes**	**2012**	**2011 (*)**
FINANCIAL LIABILITIES HELD FOR TRADING	8	**53,434**	**48,966**
Deposits from central banks		-	-
Deposits from credit institutions		-	-
Customer deposits		-	-
Debt certificates		-	-
Trading derivatives		48,849	45,803
Short positions		4,585	3,163
Other financial liabilities		-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	9	**-**	**-**
Deposits from central banks		-	-
Deposits from credit institutions		-	-
Customer deposits		-	-
Debt certificates		-	-
Subordinated liabilities		-	-
Other financial liabilities		-	-
FINANCIAL LIABILITIES AT AMORTIZED COST	20	**305,917**	**323,518**
Deposits from central banks		40,557	32,649
Deposits from credit institutions		48,962	44,676
Customer deposits		163,798	184,966
Debt certificates		42,025	46,559
Subordinated liabilities		5,169	9,895
Other financial liabilities		5,406	4,773
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	13	**-**	**-**
HEDGING DERIVATIVES	13	**2,586**	**2,475**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	14	**-**	**-**
PROVISIONS	21	**6,696**	**6,397**
Provisions for pensions and similar obligations		4,998	4,966
Provisions for taxes and other legal contingencies		-	-
Provisions for contingent exposures and commitments		176	159
Other provisions		1,522	1,272
TAX LIABILITIES	18	**450**	**373**
Current		-	-
Deferred		450	373
OTHER LIABILITIES	19	**1,610**	**1,786**
TOTAL LIABILITIES		**370,693**	**383,515**

(*) Presented for comparison purposes only (note 1.3).

The accompanying Notes 1 to 54 and Appendices I to XV are an integral part of the balance sheet as of December 31, 2012.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
Balance sheets as of December 31, 2012 and 2011

		Millions of Euros	
LIABILITIES AND EQUITY (Continued)	**Notes**	**2012**	**2011 (*)**
STOCKHOLDERS' FUNDS		**30,783**	**28,504**
Common Stock	23	**2,670**	**2,403**
Issued		2,670	2,403
Unpaid and uncalled (-)		-	-
Share premium	24	**20,968**	**18,970**
Reserves	25	**7,049**	**6,817**
Other equity instruments		**43**	**29**
Equity component of compound financial instruments		-	-
Other equity instruments		43	29
Less: Treasury stock	26	**(41)**	**(19)**
Income attributed		**1,428**	**1,428**
Less: Dividends and remuneration		**(1,334)**	**(1,124)**
VALUATION ADJUSTMENTS	27	**(977)**	**(853)**
Available-for-sale financial assets		(938)	(782)
Cash flow hedging		(40)	(30)
Hedging of net investment in foreign transactions		-	-
Exchange differences		19	(32)
Non-current assets held-for-sale		-	-
Other valuation adjustments		(18)	(9)
TOTAL EQUITY		**29,806**	**27,651**
TOTAL LIABILITIES AND EQUITY		**400,499**	**411,166**

		Millions of Euros	
MEMORANDUM ITEM	**Notes**	**2012**	**2011 (*)**
CONTINGENT RISK	29	**64,373**	**60,760**
CONTINGENT COMMITMENTS	29	**50,202**	**55,450**

(*) Presented for comparison purposes only (note 1.3).

The accompanying Notes 1 to 54 and Appendices I to XV are an integral part of the balance sheet as of December 31, 2012.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
Income statements for the years ended December 31, 2012 and 2011.

		Millions of Euros	
	Notes	2012	2011 (*)
INTEREST AND SIMILAR INCOME	34	9,099	9,668
INTEREST AND SIMILAR EXPENSES	34	(4,875)	(5,653)
NET INTEREST INCOME		**4,224**	**4,015**
DIVIDEND INCOME	35	5,117	3,542
FEE AND COMMISSION INCOME	36	1,730	1,723
FEE AND COMMISSION EXPENSES	37	(322)	(297)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	38	987	490
Financial instruments held for trading		580	583
Other financial instruments at fair value through profit or loss		-	-
Other financial instruments not at fair value through profit or loss		407	(93)
Rest		-	-
EXCHANGE DIFFERENCES (NET)		(307)	72
OTHER OPERATING INCOME	39	93	103
OTHER OPERATING EXPENSES	39	(272)	(129)
GROSS INCOME		**11,250**	**9,519**
ADMINISTRATION COSTS	40	(3,668)	(3,641)
Personnel expenses		(2,264)	(2,278)
General and administrative expenses		(1,404)	(1,363)
DEPRECIATION AND AMORTIZATION	41	(380)	(322)
PROVISIONS (NET)	42	(969)	(792)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	43	(5,668)	(2,088)
Loans and receivables		(5,653)	(2,092)
Other financial instruments not at fair value through profit or loss		(15)	4
NET OPERATING INCOME		**565**	**2,676**

(*) Presented for comparison purposes only (note 1.3).

The accompanying Notes 1 to 54 and Appendices I to XV are an integral part of the income statement for the year ended December 31, 2012.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
Income statements for the years ended December 31, 2012 and 2011.

		Millions of Euros	
(Continued)	**Notes**	**2012**	**2011 (*)**
NET OPERATING INCOME		**565**	**2,676**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	44	543	(1,510)
Goodwill and other intangible assets		-	-
Other assets		543	(1,510)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	45	14	13
NEGATIVE GOODWILL		-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	46.2	(488)	(244)
INCOME BEFORE TAX		**634**	**935**
INCOME TAX	18	751	462
INCOME FROM CONTINUING TRANSACTIONS		**1,385**	**1,397**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)		43	31
NET INCOME		**1,428**	**1,428**

(*) Presented for comparison purposes only (note 1.3).

The accompanying Notes 1 to 54 and Appendices I to XV are an integral part of the income statement for the year ended December 31, 2012.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Statements of recognized income and expenses for the years ended December 31, 2012 and 2011.

	Millions of Euros	
	2012	2011 (*)
NET INCOME RECOGNIZED IN INCOME STATEMENT	**1,428**	**1,428**
OTHER RECOGNIZED INCOME (EXPENSES)	**(124)**	**(827)**
Available-for-sale financial assets	**(176)**	**(990)**
Valuation gains/(losses)	(343)	(972)
Amounts removed to income statement	167	(18)
Reclassifications	-	-
Cash flow hedging	**(14)**	**32**
Valuation gains/(losses)	(14)	2
Amounts removed to income statement	-	30
Amounts removed to the initial carrying amount of the hedgec	-	-
Reclassifications	-	-
Hedging of net investment in foreign transactions	**-**	**-**
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
Exchange differences	**73**	**(44)**
Valuation gains/(losses)	73	(47)
Amounts removed to income statement	-	3
Reclassifications	-	-
Non-current assets held for sale	**-**	**-**
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
Actuarial gains and losses in post-employment plans	**(13)**	**(12)**
Rest of recognized income and expenses	**-**	**-**
Income tax	**6**	**187**
TOTAL RECOGNIZED INCOME/EXPENSES	**1,304**	**601**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 54 and Appendices I to XV are an integral part of the statement of recognized income and expenses for the year ended December 31, 2012

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Statements of changes in equity for the years ended December 31, 2012 and 2011.

Millions of Euros

2012	Total Equity Attributed to the Parent Company – Stockholders' Funds: Common Stock (Note 27)	Share Premium (Note 28)	Reserves (Note 29): Reserves (Accumulated Losses)	Other Equity Instruments	Less: Treasury Stock (Note 30)	Profit for the Year	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds	Valuation Adjustments (Note 31)	Total Equity
Balances as of January 1, 2012	**2,403**	**18,970**	**6,817**	**29**	**(19)**	**1,428**	**(1,124)**	**28,504**	**(853)**	**27,651**
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**2,403**	**18,970**	**6,817**	**29**	**(19)**	**1,428**	**(1,124)**	**28,504**	**(853)**	**27,651**
Total income/expense recognized	**-**	**-**	**-**	**-**	**-**	**1,428**	**-**	**1,428**	**(124)**	**1,304**
Other changes in equity	**267**	**1,998**	**232**	**14**	**(22)**	**(1,428)**	**(210)**	**851**	**-**	**851**
Common stock increase	73	-	(73)	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	194	1,998	-	-	-	-	-	2,192	-	2,192
Increase of other equity instruments	-	-	-	17	-	-	-	17	-	17
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(1,083)	(1,083)	-	(1,083)
Transactions including treasury stock and other equity instruments (net)	-	-	17	-	(22)	-	-	(5)	-	(5)
Transfers between total equity entries	-	-	289	15	-	(1,428)	1,124	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	(1)	(18)	-	-	(251)	(270)	-	(270)
Of which:										
Acquisition of the free allotment rights	-	-	-	-	-	-	251	251	-	251
Balances as of December 31, 2012	**2,670**	**20,968**	**7,049**	**43**	**(41)**	**1,428**	**(1,334)**	**30,783**	**(977)**	**29,806**

The accompanying Notes 1 to 54 and Appendices I to XV are an integral part of the statement of changes in equity for the year ended December 31, 2012.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Statements of changes in equity for the years ended December 31, 2012 and 2011.

	Millions of Euros									
	Total Equity Attributed to the Parent Company									Total Equity (*)
	Stockholders' Funds								Valuation Adjustments (Note 31)	
			Reserves (Note 29)							
2011	Common Stock (Note 27)	Share Premium (Note 28)	Reserves (Accumulated Losses)	Other Equity Instruments	Less: Treasury Stock (Note 30)	Profit for the Year	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds		
Balances as of January 1, 2011	**2,201**	**17,104**	**5,114**	**23**	**(84)**	**2,904**	**(1,079)**	**26,183**	**(26)**	**26,157**
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**2,201**	**17,104**	**5,114**	**23**	**(84)**	**2,904**	**(1,079)**	**26,183**	**(26)**	**26,157**
Total income/expense recognized	**-**	**-**	**-**	**-**	**-**	**1,428**	**-**	**1,428**	**(827)**	**601**
Other changes in equity	**202**	**1,866**	**1,703**	**6**	**65**	**(2,904)**	**(45)**	**893**	**-**	**893**
Common stock increase	68	-	(68)	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	134	1,866	-	-	-	-	-	2,000	-	2,000
Increase of other equity instruments	-	-	-	18	-	-	-	18	-	18
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(945)	(945)	-	(945)
Transactions including treasury stock and other equity instruments (net)	-	-	10	-	65	-	-	75	-	75
Transfers between total equity entries	-	-	1,837	(12)	-	(2,904)	1,079	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	(76)	-	-	-	(179)	(255)	-	(255)
Of which:	-	-	-	-	-	-	-	-	-	-
Acquisition of the free allotment rights	-	-	-	-	-	-	(179)	(179)	-	(179)
Balances as of December 31, 2011	**2,403**	**18,970**	**6,817**	**29**	**(19)**	**1,428**	**(1,124)**	**28,504**	**(853)**	**27,651**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 54 and Appendices I to XV are an integral part of the statement of changes in equity for the year ended December 31, 2012.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Statements of cash flows for the years ended December 31, 2012 and 2011.

	Notes	2012	2011 (*)
		Millions of Euros	
CASH FLOW FROM OPERATING ACTIVITIES (1)	**47**	**1,464**	**18,867**
Net income for the year		**1,428**	**1,428**
Adjustments to obtain the cash flow from operating activities:		**1,378**	**2,060**
Depreciation and amortization		380	322
Other adjustments		998	1,738
Net increase/decrease in operating assets		**(8,147)**	**4,547**
Financial assets held for trading		7,233	5,190
Other financial assets designated at fair value through profit or loss		-	-
Available-for-sale financial assets		7,691	(1,305)
Loans and receivables		(25,893)	(1,250)
Other operating assets		2,822	1,912
Net increase/decrease in operating liabilities		**(8,738)**	**20,385**
Financial liabilities held for trading		4,468	13,286
Other financial liabilities designated at fair value through profit or loss		-	-
Financial liabilities at amortized cost		(12,931)	6,046
Other operating liabilities		(275)	1,053
Collection/Payments for income tax		**(751)**	**(459)**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	**47**	**(239)**	**(7,135)**
Investment		**1,811**	**8,588**
Tangible assets		167	262
Intangible assets		353	290
Investments		77	5,034
Other business units		-	-
Non-current assets held for sale and associated liabilities		1,154	1,185
Held-to-maturity investments		60	1,817
Other settlements related to investing activities		-	-
Divestments		**1,572**	**1,453**
Tangible assets		12	23
Intangible assets		-	-
Investments		67	238
Subsidiaries and other business units		-	-
Non-current assets held for sale and associated liabilities		640	384
Held-to-maturity investments		853	808
Other collections related to investing activities		-	-

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 54 and Appendices I to XV are an integral part of the statement of cash flows for the year ended December 31, 2012.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Statements of cash flows for the years ended December 31, 2012 and 2011.

		Millions of Euros	
(Continued)	**Notes**	**2012**	**2011 (*)**
CASH FLOWS FROM FINANCING ACTIVITIES (3)	**47**	**(3,774)**	**(2,230)**
Investment		**6,348**	**5,415**
Dividends		1,279	1,038
Subordinated liabilities		2,360	1,626
Common stock amortization		-	-
Treasury stock acquisition		2,573	2,751
Other items relating to financing activities		136	-
Divestments		**2,574**	**3,185**
Subordinated liabilities		-	339
Common stock increase		-	-
Treasury stock disposal		2,574	2,776
Other items relating to financing activities		-	70
EFFECT OF EXCHANGE RATE CHANGES (4)		**(1)**	**(38)**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)		**(2,550)**	**9,464**
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**13,629**	**4,165**
CASH OR CASH EQUIVALENTS AT END OF THE YEAR		**11,079**	**13,629**

		Millions of Euros	
COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR	**Notes**	**2012**	**2011 (*)**
Cash		587	595
Balance of cash equivalent in central banks		10,492	13,034
Other financial assets		-	-
Less: Bank overdraft refundable on demand		-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF THE YEAR	**7**	**11,079**	**13,629**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 54 and Appendices I to XV are an integral part of the statement of cash flows for the year ended December 31, 2012.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Notes to the financial statements for the year ended December 31, 2012.

1. Introduction, basis for presentation of the financial statements and internal control of financial information

1.1 Introduction

Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter "the Bank" or "BBVA") is a private-law entity subject to the laws and regulations governing banking entities operating in Spain. It carries out its activity through branches and agencies across the country and abroad.

The Bylaws and other public information are available for consultation at the Bank's registered address (Plaza San Nicolás, 4 Bilbao) and on its official website: www.bbva.com.

In addition to the transactions it carries out directly, the Bank heads a group of subsidiaries, jointly controlled and associated entities which perform a wide range of activities and which together with the Bank constitute the Banco Bilbao Vizcaya Argentaria Group (hereinafter, "the Group" or "the BBVA Group"). In addition to its own individual financial statements, the Bank is therefore obliged to prepare the Group's consolidated financial statements.

The Bank's financial statements for the year ended December 31, 2011 were approved by the shareholders at the Bank's Annual General Meeting ("AGM") held on March 16, 2012.

The Bank's financial statements for the year ended December 31, 2012 are pending approval by the Annual General Meeting. However, the Bank's Board of Directors considers that the aforementioned financial statements will be approved without any changes.

1.2 Basis for the presentation of the financial statements

The Bank's financial statements for 2012 are presented in accordance with Bank of Spain Circular 4/2004, dated December 22, and its subsequent amendments, and with any other legislation governing financial reporting applicable to the Bank. Circular 4/2004 implements and adapts the International Financial Reporting Standards (EU-IFRS) to Spanish credit institutions, following stipulations established under Regulation 1606/2002 of the European Parliament and of the Council, dated July 19, 2002, relating to the application of the International Accounting Standards.

The Bank's financial statements for the year ended December 31, 2012 have been prepared by the Bank's directors (at the Board of Directors meeting held on January 31, 2013) by applying the accounting policies and valuation criteria described in Note 2, so that they present fairly the Bank's equity and financial position as of December 31, 2012, together with the results of its operations and cash flows generated during the year ended on that date.

All obligatory accounting standards and valuation criteria with a significant effect in the financial statements were applied in their preparation.

The amounts reflected in the accompanying financial statements are presented in millions of euros, unless it is more convenient to use smaller units. Some items that appear without a total in these financial statements do so because of the size of the units used. Also, in presenting amounts in millions of euros, the accounting balances have been rounded up or down. It is therefore possible that the amounts appearing in some tables are not the exact arithmetical sum of their component figures.

The percentage changes in amounts have been calculated using figures expressed in thousands of euros.

1.3 Comparative information

The information contained in these financial statements for 2011 is presented solely for the purpose of comparison with information relating to December 31, 2012. It does not constitute the Bank's financial statements for 2011.

As mentioned in Note 15, the holdings corresponding to the companies related to the pension businesses sold in Latin America have been reclassified under the heading "Non-current assets held for sale" of the balance sheet as of December 31 2012, and the "Income from equity instruments" of those companies for 2012 have been registered under the heading "Income from discontinued transactions" in the accompanying income statement. To make it easier to compare this information across different years, the "Income from equity instruments" for these companies corresponding to 2011 has been reclassified under the heading "Net gains (losses) from discontinued operations" of the income statement for 2011.

1.4 Seasonal nature of income and expenses

The nature of the most significant operations carried out by the Bank is mainly related to traditional activities carried out by financial institutions, which are not significantly affected by seasonal factors.

1.5 Responsibility for the information and for the estimates made

The information contained in the Bank's financial statements is the responsibility of the Bank's Directors.

Estimates have to be made at times when preparing these financial statements in order to calculate the registered amount of some assets, liabilities, income, expenses and commitments. These estimates relate mainly to the following:

- Impairment on certain financial assets (see Notes 5, 6, 10, 11, 12 and 15).
- The assumptions used to quantify certain provisions (see Note 21) for the actuarial calculation of post-employment benefit liabilities and commitments (see Note 22).
- The useful life and impairment losses of tangible and intangible assets (see Notes 14, 16 and 17).
- The fair value of certain unlisted financial assets and liabilities in organized markets (see Notes 5, 6, 8, 9, 10 and 13).

Although these estimates were made on the basis of the best information available as of December 31, 2012 on the events analyzed, future events may make it necessary to modify them (either up or down). This would be done in accordance with applicable regulations and prospectively, recording the effects of changes in the estimates in the corresponding income statement.

1.6 Control of the BBVA Group's financial reporting

The description of the BBVA Group's Internal Financial Reporting Control model is described in the management report accompanying the Financial Statements for 2012.

1.7 Deposit guarantee fund

The Bank is part of the "Fondo de Garantía de Depósitos" (Deposit Guarantee Fund). The expense incurred by the contributions made to this Agency in 2012 and 2011 amounted to €180 million and €52 million, respectively. These amounts are registered under the heading "Other operating expenses" of the accompanying income statement (see Note 39).

1.8 Consolidated financial statements

The consolidated financial statements of the BBVA Group for the year ended December 31, 2012 have been prepared by the Bank's Directors (at the Board of Directors meeting held on January 31, 2013) in accordance with the International Financial Reporting Standards adopted by the European Union and applicable at the close of 2012, taking into account Bank of Spain Circular 4/2004, dated December 22, and subsequent amendments, and with any other legislation governing financial reporting applicable to the Group.

The management of the Group's operations is carried out on a consolidated basis, independently of the individual allocation of the corresponding equity changes and their related results. Consequently, the Bank's annual financial statements have to be considered within the context of the Group, due to the fact that they do not reflect the financial and equity changes that result from the application of the consolidation policies (full consolidation or proportionate consolidation methods) or the equity method.

These changes are reflected in the consolidated financial statements of the BBVA Group for the year 2012, which the Bank's Board of Directors has also prepared. Appendix I includes the Group's consolidated financial statements. In accordance with the content of these consolidated financial statements prepared following the International Financial Reporting Standards adopted by the European Union, the total amount of the BBVA Group's assets and consolidated equity at the close of 2012 amounted to €637,785 million and €43,802 million, respectively, while the consolidated net profit attributed to the parent company totaled €1,676 million.

2. Accounting policies and valuation criteria applied

Appendix XV. The Glossary includes the definition of some of the financial and economic terms used in Note 2 and subsequent Notes.

The accounting standards and policies and valuation criteria used in preparing these financial statements are as follows:

2.1 Financial instruments

Measurement of financial instruments and recognition of changes in subsequent fair value

All financial instruments are initially accounted for at fair value which, unless there is evidence to the contrary, shall be the transaction price.

All the changes in the value of financial instruments, except in trading derivatives, arising from the accrual of interests and similar items are recognized under the headings "Interest and similar income" or "Interest and similar expenses", as appropriate, in the accompanying income statement for the year in which the accrual took place (see Note 34). The dividends paid from other companies are recognized under the heading "Dividend income" in the accompanying income statement for the year in which the right to receive them arises (see Note 35).

The changes in fair value after the initial recognition, for reasons other than those mentioned in the preceding paragraph, are treated as described below, according to the categories of financial assets and liabilities:

- "Financial assets held for trading" and "Other financial assets and liabilities designated at fair value through profit or loss"

  The assets and liabilities recognized in these chapters of the balance sheets are measured at fair value, and changes in value (gains or losses) are recognized as their net value under the heading "Net gains (losses) on financial assets and liabilities" in the accompanying income statements (see Note 38). However, changes resulting from variations in foreign exchange rates are recognized under the heading "Exchange differences (net)" in the accompanying income statements.

- "Available-for-sale financial assets"

  Assets recognized under this heading in the balance sheets are measured at their fair value. Subsequent changes in this measurement (gains or losses) are recognized temporarily for their amount net of tax effect under the heading "Valuation adjustments - Available-for-sale financial assets" in the balance sheets.

  Changes in the value of non-monetary items resulting from changes in foreign exchange rates are recognized temporarily under the heading "Valuation adjustments - Exchange differences" in the accompanying balance sheets. Changes in foreign exchange rates resulting from monetary items are recognized under the heading "Exchange differences (net)" in the accompanying income statements.

  The amounts recognized under the headings "Valuation adjustments - Available-for-sale financial assets" and "Valuation adjustments - Exchange differences" continue to form part of the Bank's equity until the asset is derecognized from the balance sheet or until an impairment loss is recognized in the financial instrument in question. If these assets are sold, these amounts are derecognized and entered under the headings "Net gains (losses) on financial assets and liabilities" or "Exchange differences (net)", as appropriate, in the income statement for the year in which they are derecognized (see Note 38).

In the specific case of the sale of equity instruments considered strategic investments and recognized under the heading "Available-for-sale financial assets", the gains or losses generated are recognized under the heading "Gains (losses) in non-current assets held-for-sale not classified as discontinued operations" in the income statement, even if they had not been classified in a previous balance sheet as non-current assets held for sale, as indicated in Rule 56 of Circular 4/2004 and its subsequent amendments (see Note 46).

The net impairment losses in "Available-for-sale financial assets" over the year are recognized under the heading "Impairment losses on financial assets (net) – Other financial instruments not at fair value through profit or loss" (see) in the income statement for that year (see Note 43).

- "Loans and receivables", "Held-to-maturity investments" and "Financial liabilities at amortized cost"

  Assets and liabilities recognized under these headings in the accompanying balance sheets are measured at "amortized cost" using the "effective interest rate" method. This is because the Bank intends to hold such financial instruments to maturity.

  Net impairment losses of assets recognized under these headings arising in a particular year are recognized under the heading "Impairment losses on financial assets (net) – Loans and receivables" or "Impairment losses on financial assets (net) – Other financial instruments not valued at fair value through profit or loss" in the income statement for that year (see Note 43).

- "Hedging derivatives" and "Fair value changes of the hedged items in portfolio hedges of interest-rate risk"

  Assets and liabilities recognized under these headings in the accompanying balance sheets are measured at fair value.

  Changes that take place subsequent to the designation of the hedging relationship in the measurement of financial instruments designated as hedged items as well as financial instruments designated as hedge accounting instruments are recognized as follows:

  - In fair value hedges, the changes in the fair value of the derivative and the hedged item attributable to the hedged risk are recognized under the heading "Net gains (losses) on financial assets and liabilities" in the income statement (Note 38), with a balancing item under the headings of the balance sheet where hedging items ("Hedging derivatives") or the hedged items are recognized, as applicable.

    In fair value hedges of interest rate risk of a portfolio of financial instruments (portfolio-hedges), the gains or losses that arise in the measurement of the hedging instrument are recognized in the income statement, and those that arise from the change in the fair value of the hedged item (attributable to the hedged risk) are recognized in the income statement, using, as a balancing item, the headings "Fair value changes of the hedged items in portfolio hedges of interest rate risk" in the balance sheets, as applicable.

  - In cash flow hedges, the gain or loss on the hedging instruments relating to the effective portion are recognized temporarily under the heading "Valuation adjustments – Cash flow hedging" in the balance sheets. These differences are recognized in the accompanying income statement at the time when the gain or loss in the hedged instrument affects profit or loss, when the forecast transaction is executed or at the maturity date of the hedged item. Almost all of the hedges used by the Bank are for interest-rate risks. Therefore, the valuation changes are recognized under the headings "Interest and similar income" or "Interest and similar expenses" in the accompanying income statement (see Note 34).

    Differences in the measurement of the hedging items corresponding to the ineffective portions of cash flow hedges are recognized directly under the heading "Net gains (losses) on financial assets and liabilities" in the income statement (see Note 38).

  - In hedges of net investments in foreign operations, the differences in the effective portions of hedging items are recognized temporarily under the heading "Valuation adjustments – Hedging of net investments in foreign transactions" in the balance sheets. These differences in valuation are recognized under the heading "Exchange differences (net)" in the income statement when the investment in a foreign operation is disposed of or derecognized.

- Other financial instruments

  The following exceptions are applicable with respect to the above general criteria:

- Equity instruments whose fair value cannot be determined in a sufficiently objective manner and financial derivatives that have those instruments as their underlying asset and are settled by delivery of those instruments remain in the balance sheet at acquisition cost; this may be adjusted, where appropriate, for any impairment loss.
- Valuation adjustments arising from financial instruments classified at balance sheet date as non-current assets held for sale are recognized with a balancing entry under the heading "Valuation adjustments - Non-current assets held for sale" in the accompanying balance sheets.

Impairment losses on financial assets

Definition of impaired financial assets

A financial asset is considered to be impaired – and therefore its carrying amount is adjusted to reflect the effect of the impairment – when there is objective evidence that events have occurred which:

- In the case of debt instruments (loans and debt securities), give rise to an adverse impact on the future cash flows that were estimated at the time the transaction was arranged. So they are considered impaired when there are reasonable doubts that the balances will be recovered in full and/or the related interest will be collected for the amounts and on the dates initially agreed.
- In the case of equity instruments, it means that their carrying amount may not be fully recovered.

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to the income statement for the year in which the impairment becomes known, and the recoveries of previously recognized impairment losses are recognized in the income statement for the year in which the impairment is reversed or reduced. any recovery of previously recognized impairment losses for an investment in an equity instrument classified as financial assets available for sale is not recognized in the income statement, but under the heading "Valuation Adjustments - Available-for-sale financial assets" (see Note 27) in the balance sheet.

In general, amounts collected in relation to impaired loans and receivables are used to recognize the related accrued interest and any excess amount is used to reduce the principal not yet paid.

When the recovery of any recognized amount is considered to be remote, this amount is written-off on the balance sheet, without prejudice to any actions that may be taken in order to collect the amount until the rights extinguish in full either because it is time-barred debt, the debt is forgiven, or for other reasons.

In the case of particularly significant financial assets, and assets that cannot be classified within similar groups of instruments in terms of risk, the amounts recognized are measured individually. In the case of financial assets for lower amounts that can be classified in standard groups, this measurement is carried out as a group.

According to the Bank's established policy, the recovery of a recognized amount is considered to be remote and, therefore, removed from the balance sheet in the following cases:

- Any loan (except for those carrying an effective guarantee) of a company in bankruptcy and/or in the last phases of a "concurso de acreedores" (the Spanish equivalent of a Chapter 11 bankruptcy proceeding), and
- Financial assets (bonds, debentures, etc.) whose issuer's solvency has undergone a notable and irreversible deterioration.

Additionally, loans classified as non-performing secured loans are written off in the balance sheet within a maximum period of four years from the date on which they are classified as non-performing, while non-performing unsecured loans (such as commercial and consumer loans, credit cards, etc.) are written off within two years of their classification as non-performing.

Calculation of impairment on financial assets

The impairment on financial assets is determined by type of instrument and other circumstances that could affect it, taking into account the guarantees received by the owners of the financial instruments to assure (in part or in full) the performance of transactions. The Bank recognizes impairment charges directly against the impaired asset when the likelihood of recovery is deemed remote, and uses offsetting or allowance accounts when it registers non-performing loan provisions to cover the estimated loss.

Impairment of debt securities measured at amortized cost

The amount of impairment losses of debt securities at amortized cost is measured depending on whether the impairment losses are determined individually or collectively.

- **Impairment losses determined individually**

  The amount of the impairment losses incurred on these instruments relates to the positive difference between their respective carrying amounts and the present values of their expected future cash flows. These cash flows are discounted using the original effective interest rate. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective rate determined under the contract.

  As an exception to the rule described above, the market value of quoted debt instruments is deemed to be a fair estimate of the present value of their future cash flows.

  The following is to be taken into consideration when estimating the future cash flows of debt instruments:

  - All the amounts that are expected to be recovered over the residual life of the instrument; including, where appropriate, those which may result from the collateral and other credit enhancements provided for the instrument (after deducting the costs required for foreclosure and subsequent sale). Impairment losses include an estimate for the possibility of collecting accrued, past-due and uncollected interest.
  - The various types of risk to which each instrument is subject.
  - The circumstances in which collections will foreseeably be made.

  In respect to impairment losses resulting from the materialization of insolvency risk of the obligors (credit risk), a debt instrument is impaired:

  - When there is evidence of a reduction in the obligor's capacity to pay, whether manifestly by default or for other reasons; and/or
  - For these purposes, country risk is understood to refer to risk with respect to debtors resident in a particular country and resulting from factors other than normal commercial risk: sovereign risk, transfer risk or risks derived from international financial activity.

  The Bank has developed policies, methods and procedures to calculate the losses that it may incur as a result of its credit risks, attributable both to the insolvency of counterparties and to country risk. These policies, methods and procedures are applied to the arrangement, study and documentation of debt instruments, contingent risks and commitments, as well as the detection of their deterioration and in the calculation of the amounts needed to cover the estimated losses.

- **Impairment losses determined collectively**

  Impairment losses are calculated collectively, both in the case of certain assets classified as impaired that are not individually significant and are therefore not determined on an individual basis (impaired portfolio), and for asset portfolios that are currently not impaired but that represent a potential loss ("inherent loss") (non-impaired portfolio).

  Inherent losses are losses incurred on the date of preparing the financial statements that are still pending allocation to specific transactions. They are therefore estimated using statistical procedures.

  The Bank calculates the inherent loss in relation to the credit risk assumed by Spanish banking institutions by applying the parameters set out in Annex IX to Bank of Spain Circular 4/2004, which are based on the Bank of Spain's experience of the Spanish banking sector. For the specific case of the real-estate risk provisions existing as of December 31, 2011, the Bank applies the parameters set out in section V of Appendix IX to the Circular, which are a transposition of the provisions of Royal Decree-Law 2/2012, dated February 3, on the restructuring of the financial sector and of Act 8/2012, dated October 30, on the restructuring and sale of real-estate assets in the financial sector.

  Notwithstanding the above, the Bank has its own historical records of some of its portfolios, which are used in the models it has developed for calculating the economic capital and the minimum regulatory capital requirements under the new Basel Accord (BIS II). These internal models (some of them approved by the Bank of Spain), include the concept of "expected loss" to quantify the cost of credit risk and include it when calculating the risk-adjusted return of transactions. It should be noted that the loan-loss provisions required of Spanish banks by

Bank of Spain Circular 4/2004 are within the range of the provisions calculated under the internal models developed by the Bank.

Following is a description of the methodology used to estimate the collective loss of credit risk corresponding to operations with residents in Spain:

1. Impaired financial assets: As a general rule, provided that impaired debt instruments do not have any of the guarantees mentioned below, they are provisioned by applying the percentages indicated to the amount of the outstanding risk, according to the oldest past-due amount, or the date on which the assets are classified as impaired, if earlier:

Allowance Percentages for Impairment Loans

Age of the Past-due Amount	Allowance Percentage
Up to 6 months	25%
Over 6 months and up to 9 months	50%
Over 9 months and up to 12 months	75%
Over 12 months	100%

The impairment of debt instruments that have one or more of the guarantees indicated below is calculated by applying the above percentages to the amount of the outstanding risk that exceeds the value of the guarantees, in accordance with the following criteria:

1.1 Transactions secured by real estate: For the purposes of calculating impairment of financial assets classified as impaired, the value of the real rights received as security will be calculated according to the type of asset secured by the real right, using the following criteria, provided they are first-call and duly constituted and registered in favor of the bank:

a) Completed home that is the primary residence of the borrower: Includes homes with a current certificate of habitability or occupancy, issued by the corresponding administrative authority, in which the borrower usually lives and feels more attached to.

   The calculation of the value of the rights received as collateral shall be 80% of the cost of the completed home and the appraisal value of its current state, whichever is lower. For these purposes, the cost will be the purchase price declared by the borrower in the public deed. If the deed is manifestly old, the cost may be obtained by adjusting the original cost by an indicator that accurately reflects the average change in price of existing homes between the date of the deed and the calculation date.

b) Rural buildings in use, and completed offices, premises and multi-purpose buildings: Includes land not declared as urbanized, and on which construction is not authorized for uses other than agricultural, forest or livestock, as appropriate; as well as multi-purpose buildings, whether or not they are linked to an economic use, that do not include construction or legal characteristics or elements that limit or make difficult their multi-purpose use and thus their easy conversion into cash.

   The calculation of the value of the rights received as collateral shall be 70% of the cost of the completed property or multi-purpose buildings and the appraisal value of its current state, whichever is lower. For these purposes, the cost will be the purchase price declared by the borrower in the public deed. If the property was constructed by the borrower himself, the cost shall be calculated by using the price of acquisition of the land declared in the public deed plus the value of work certificates, and including any other necessary expenses and accrued taxes, but excluding financial and business expenses.

c) Finished homes (rest): Includes finished homes that, on the date referred to by the financial statements, have the corresponding current certificate of habitability or occupancy issued by the corresponding administrative authority, but that do not qualify for consideration under section a) above.

The value of the rights received as collateral shall be 60% of the cost of the completed home and the appraisal value of its current state, whichever is lower. The cost will be the purchase price declared by the borrower in the public deed.

In the case of finance for real estate construction, the cost will include the amount declared on the purchase deed for the land, together with any necessary expenses actually paid for its development, excluding commercial and financial expenses, plus the sum of the costs of construction as shown in partial work certificates issued by experts with appropriate professional qualifications, including that corresponding to work completion. In the case of groups of homes that form part of developments partially sold to third parties, the cost shall be that which can be rationally assigned to the homes making up the collateral.

d) Land, lots and other real estate assets: The value of the rights received as collateral shall be 50% of the cost of the lot or real-estate asset affected and the appraisal value of its current state, whichever is lower. For these purposes, the cost is made up of the purchase price declared by in the public deed, plus the necessary expenses that have actually been incurred by the borrower for the consideration of the land or lot in question as urban land, as well as those stipulated in section c) above.

1.2 Transactions secured by other collateral (not real estate): Transactions that have as collateral any of the pledges indicated below shall be hedged by applying the following criteria:

- Partial cash guarantees: Transactions that have partial cash guarantees shall be hedged by applying the hedging percentages stipulated as general criteria to the difference between the amount for which they are registered in the asset and the current value of the deposits.

- Partial pledges: Transactions that have partial pledges on shares in monetary financial institutions or debt securities issued by the government or credit institutions rated in the “negligible risk” class, or other financial instruments traded on active markets, shall be hedged by applying the hedging percentages stipulated as a general rule to the difference between the amount for which they are registered in the asset and 90% of the fair value of these financial instruments.

2. Non-impaired portfolio: Debt instruments, whoever the obligor and whatever the guarantee or collateral, that are not considered impaired are assessed collectively, including the assets in a group with similar credit risk characteristics, including sector of activity of the debtor or the type of guarantee. The applicable hedging percentages are as follows:

Risk	**Allowance Range**	
Negligible risk	0%	0%
Low risk	0.06%	0.75%
Medium-low risk	0.15%	1.88%
Medium risk	0.18%	2.25%
Medium-high risk	0.20%	2.50%
High risk	0.25%	3.13%

3. Country risk allowance or provision”: On the basis of the countries' economic performance, political situation, regulatory and institutional framework, and payment capacity and record, the Bank classifies all the transactions into different groups, assigning to each group the insolvency provision percentages derived from those analyses.

However, due to the dimension of the Bank and to the proactive management of its country risk exposure, the allowances recognized in this connection are not material with respect to the credit loss allowances recognized (as of December 31, 2012, these country risk allowances represent 0.37% of the credit loss allowances recognized of the Bank).

Impairment of other debt instruments

The impairment losses on debt securities included in the "Available-for-sale financial asset" portfolio are equal to the positive difference between their acquisition cost (net of any principal repayment), after deducting any impairment loss previously recognized in the income statement, and their fair value.

When there is objective evidence that the negative differences arising on measurement of these assets are due to impairment, they are no longer considered as "Valuation adjustments - Available-for-sale financial assets" and are recognized in the income statement.

If all or part of the impairment losses are subsequently recovered, the amount is recognized in the income statement for the year in which the recovery occurred, up to the limit of the amount recognized previously in earnings.

Impairment of equity instruments

The amount of the impairment in the equity instruments is determined by the category where they are recognized:

- *Equity instruments measured at fair value:* The criteria for quantifying and recognizing impairment losses on equity instruments are similar to those for "Debt instruments", with the exception that any recovery of previously recognized impairment losses for an investment in an equity instrument classified as available for sale is not recognized in the income statement but under the heading "Valuation adjustments – Available-for-sale financial assets" in the balance sheet (see Note 27).

  The Bank considers that there is objective evidence of impairment on equity instruments classified as available-for-sale when significant unrealized losses have existed over a sustained period of time due to a price reduction of at least 40% or over a period of more than 18 months.

  When applying this evidence of impairment, the Bank takes into account the volatility in the price of each individual security to determine whether it is a percentage that can be recovered through its sale on the market; other different thresholds may exist for certain securities or specific sectors.

  In addition, for individually significant investments, the Bank compares the valuation of the most significant securities against valuations performed by independent experts.

- *Equity instruments measured at cost:* The impairment losses on equity instruments measured at acquisition cost are equal to the difference between their carrying amount and the present value of expected future cash flows discounted at the market rate of return for similar securities. These impairment losses are determined taking into account the equity of the investee (except for valuation adjustments due to cash flow hedges) for the last approved balance sheet , adjusted for the unrealized gains on the measurement date.

  Impairment losses are recognized in the income statement for the year in which they arise as a direct reduction of the cost of the instrument. These losses may only be reversed subsequently in the event of the sale of these assets.

Impairment of holdings in subsidiaries, associates or jointly controlled entities

When evidence of impairment exists in the holdings in subsidiaries, associates or jointly controlled entities, the entity will estimate the amount of the impairment losses by comparing their recoverable amount, which is the fair value minus the necessary sale costs or their value in use, whichever is greater, with their carrying amount. Impairment losses are recognized immediately under the heading "Impairment losses on other assets (net)" in the income statement (see Note 44). Recoveries subsequent to impairment losses recognized previously are recognized under the same heading in the income statement for the period.

2.2 Transfers and derecognition of financial assets and liabilities

The accounting treatment of transfers of financial assets is determined by the way in which risks and benefits associated with the assets involved are transferred to third parties. Thus, the financial assets are only derecognized from the balance sheet when the cash flows that they generate are extinguished, or when their implicit risks and benefits have been substantially transferred to third parties. In the latter case, the financial asset transferred is derecognized from the balance sheet, and any right or obligation retained or created as a result of the transfer is simultaneously recognized.

Similarly, financial liabilities are derecognized from the balance sheet only if their obligations are extinguished or acquired (with a view to subsequent cancellation or renewed placement).

The Bank is considered to have transferred substantially all the risks and benefits if such risks and benefits account for the majority of the risks and benefits involved in ownership of the transferred assets. If substantially all the risks and benefits associated with the transferred financial asset are retained:

- The transferred financial asset is not derecognized from the balance sheet and continues to be measured using the same criteria as those used before the transfer.
- A financial liability is recognized at an amount equal to the amount received, which is subsequently measured at amortized cost.

  In the specific case of securitizations, this liability is recognized under the heading "Financial liabilities at amortized cost – Customer deposits" in the balance sheets (see Note 20). As these liabilities do not constitute a current obligation, when measuring such a financial liability the Bank deducts those financial instruments owned by it which constitute financing for the entity to which the financial assets have been transferred, to the extent that these instruments are deemed specifically to finance the transferred assets.
- Both the income generated on the transferred (but not derecognized) financial asset and the expenses associated with the new financial liability continue to be recognized.

The criteria followed with respect to the most common transactions of this type made by the Bank are as follows:

- Purchase and sale commitments: Financial instruments sold with a repurchase agreement are not derecognized from the balance sheets and the amount received from the sale is considered to be financing from third parties.

  Financial instruments acquired with an agreement to subsequently resell them are not recognized in the balance sheets and the amount paid for the purchase is considered to be credit given to third parties.

- Securitization: The Bank has applied the most stringent criteria for determining whether or not it retains substantially all the risk and rewards on such assets for all securitizations performed since January 1, 2004. As a result of this analysis, the Bank has concluded that none of the securitizations undertaken since that date meet the prerequisites for derecognizing the securitized assets from the balance sheets (see Note 11 and Appendix VII), as the Bank retains substantially all the expected credit risks and possible changes in net cash flows, while retaining the subordinated loans and lines of credit extended to these securitization funds.

2.3 Financial guarantees

Financial guarantees are considered to be those contracts that require their issuer to make specific payments to reimburse the holder for a loss incurred when a specific borrower breaches its payment obligations on the terms – whether original or subsequently modified – of a debt instrument, irrespective of the legal form it may take. Financial guarantees may take the form of a deposit, financial guarantee, insurance contract or credit derivative, among others.

In their initial recognition, financial guarantees provided on the liability side of the balance sheet at fair value, which is generally the present value of the fees, commissions and interest receivable from these contracts over the term thereof, and we simultaneously recognize a credit on the asset side of the balance sheet for the amount of the fees and commissions received at the inception of the transactions and the amounts receivable at the present value of the fees, commissions and interest outstanding.

Financial guarantees, irrespective of the guarantor, instrumentation or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, to consider whether a provision is required for them. The credit risk is determined by application of criteria similar to those established for quantifying impairment losses on debt instruments measured at amortized cost (see Note 2.1).

The provisions made for financial guarantees considered impaired are recognized under the heading "Provisions - Provisions for contingent risks and commitments" on the liability side in the balance sheets (see Note 21). These provisions are recognized and reversed with a charge or credit, respectively, to "Provisions (net)" in the income statements (see Note 42).

Income from guarantee instruments is registered under the heading "Fee and commission income" in the income statement and is calculated by applying the rate established in the related contract to the nominal amount of the guarantee (see Note 36).

2.4 Non-current assets held for sale and liabilities associated with non-current assets held for sale

The heading "Non-current assets held-for-sale" in the balance sheets includes the carrying amount of financial or non-financial assets that are not part of the Bank's operating activities. The recovery of this carrying amount is expected to take place through the price obtained on its disposal (see Note 14).

This heading includes individual items and groups of items ("disposal groups") that form part of a major business unit and are being held for sale as part of a disposal plan ("discontinued transactions"). The individual items include the assets received by the Bank from their debtors in full or partial settlement of the debtors' payment obligations (assets foreclosed or in lieu of repayment of debt and recovery of lease finance transactions), unless the Bank has decided to make continued use of these assets. The Bank has units that specialize in real estate management and the sale of this type of asset.

Symmetrically, the heading "Liabilities associated with non-current assets held for sale" in the balance sheets reflects the balances payable arising from disposal groups and discontinued operations.

Non-current assets held for sale are generally measured at fair value less sale costs, or their carrying amount, calculated on the date of their classification within this category, whichever is lower. Non-current assets held for sale are not depreciated while included under this heading.

The fair value of the non-current assets held for sale from foreclosures or recoveries is mainly based on appraisals or valuations made by independent experts and not more than one year old, or less if there are indications of impairment. The Bank applies the rule that these appraisals may not be older than one year, and their age is reduced if there is an indication of deterioration in the assets.

The Spanish entities mainly use the services of the following valuation and appraisal companies. None of them is linked to the BBVA Group and all are entered in the official Bank of Spain register: Sociedad de Tasación, S.A., Valtecnic, S.A., Krata, S.A., Gesvalt, S.A., Alia Tasaciones, S.A., Tasvalor, S.A., Tinsa, S.A., Ibertasa, S.A., Valmesa, S.A., Arco Valoraciones, S.A. and Tecnicasa, S.A.

Gains and losses generated on the disposal of assets and liabilities classified as non-current held for sale, and related impairment losses and subsequent recoveries, where pertinent, are recognized under the heading "Gains (losses) on non-current assets held for sale not classified as discontinued transactions" in the income statements (see Note 46). The remaining income and expense items associated with these assets and liabilities are classified within the relevant income statement headings.

Income and expenses for discontinued operations, whatever their nature, generated during the year, even if they have occurred before their classification as discontinued operations, are presented net of the tax effect as a single amount under the heading "Income from discontinued transactions" in the income statement, whether the business remains on the balance sheet or is derecognized from the balance sheet. This heading includes the earnings from their sale or other disposal Moreover, the income statements included in the financial statements for comparison purposes present under the heading "Income from discontinued transactions" the net amount of all the income and expenses generated in the previous year for operations classified as discontinued operations on the date of the published financial statements (see Note 1.3).

2.5 Tangible assets

Property, plants and equipment for own use

This heading includes the assets under ownership or acquired under lease finance, intended for future or current use by the Bank and that it expects to hold for more than one year. It also includes tangible assets received by the Bank in full or part settlement of financial assets representing receivables from third parties and those assets expected to be held for continuing use.

Property, plants and equipment for own use is recognized in the balance sheets at acquisition cost, less any accumulated depreciation and, where appropriate, any estimated impairment losses resulting from comparing the net carrying amount of each item with its corresponding recoverable value.

Depreciation is calculated using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; the land on which the buildings and other structures stand is considered to have an indefinite life and is therefore not depreciated.

The tangible asset depreciation charges are recognized in the accompanying income statements under the heading "Depreciation and amortization" (see Note 41) and are based on the application of the following depreciation rates (determined on the basis of the average years of estimated useful life of the different assets):

Tangible Assets	Annual Percentage
Buildings for own use	1.33% - 4%
Furniture	8% - 10%
Fixtures	6% - 12%
Office supplies and computerization	8% - 25%

The Bank's criteria for determining the recoverable amount of these assets, in particular the buildings for own use, is based on up-to-date independent appraisals that are no more than 3-5 years old at most, unless there are indications of impairment.

At each accounting close, the Bank analyzes whether there are internal or external indicators that a tangible asset may be impaired. When there is evidence of impairment, the entity then analyzes whether this impairment actually exists by comparing the asset's net carrying amount with its recoverable amount. When the carrying amount exceeds the recoverable amount, the carrying amount is written down to the recoverable amount and future depreciation charges are adjusted to reflect the asset's remaining useful life.

Similarly, if there is any indication that the value of a tangible asset has been recovered, the entities will estimate the recoverable amounts of the asset and recognize it in the income statement, registering the reversal of the impairment loss registered in previous years and thus adjusting future depreciation charges. Under no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have if no impairment losses had been recognized in prior years.

Upkeep and maintenance expenses relating to tangible assets held for own use are recognized as an expense in the year they are incurred and recognized in the income statements under the heading "Administration costs - General and administrative expenses - Property, fixtures and equipment" (see Note 40.2).

Other assets leased out under an operating lease

The criteria used to recognize the acquisition cost of assets leased out under operating leases, to calculate their depreciation and their respective estimated useful lives and to register the impairment losses on them, are the same as those described in relation to tangible assets for own use.

Investment properties

The heading "Tangible assets - Investment properties" in the balance sheets reflects the net values (purchase cost minus the corresponding accumulated depreciation and, if appropriate, estimated impairment losses) of the land, buildings and other structures that are held either to earn rentals or for capital appreciation through sale and that are neither expected to be sold off in the ordinary course of business nor are destined for own use (see Note 16).

The criteria used to recognize the acquisition cost of investment properties, calculate their depreciation and their respective estimated useful lives and register the impairment losses on them, are the same as those described in relation to tangible assets held for own use.

The Bank's criteria for determining the recoverable amount of these assets is based on up-to-date independent appraisals that are no more than one year old at most, unless there are indications of impairment.

2.6 Intangible assets

These assets may have an indefinite useful life if, based on an analysis of all relevant factors, it is concluded that there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Bank. In all other cases they have a finite useful life.

Intangible assets with a finite useful life are amortized according to the duration of this useful life, using methods similar to those used to depreciate tangible assets. The depreciation charge for these assets is recognized in the accompanying income statements under the heading "Depreciation and amortization" (see Note 41).

The Bank recognizes any impairment loss on the carrying amount of these assets with charge to the heading “Impairment losses on other assets (net) - Goodwill and other intangible assets” in the accompanying income statements (see Note 44). The criteria used to recognize the impairment losses on these assets and, where applicable, the recovery of impairment losses recognized in prior years, are similar to those used for tangible assets.

2.7 Tax assets and liabilities

Expenses on corporation tax applicable to Spanish companies are recognized in the income statement, except when they result from transactions on which the profits or losses are recognized directly in equity, in which case the related tax effect is also recognized in equity.

The total corporate income tax expense is calculated by aggregating the current tax arising from the application of the corresponding tax rate to the tax for the year (after deducting the tax credits allowable for tax purposes) and the change in deferred tax assets and liabilities recognized in the income statement.

Deferred tax assets and liabilities include temporary differences, defined as at the amounts to be payable or recoverable in future fiscal years arising from the differences between the carrying amount of assets and liabilities and their tax bases (the “tax value”), and the tax loss and tax credit carry forwards. These amounts are registered by applying to each temporary difference the tax rates that are expected to apply when the asset is realized or the liability settled (see Note 18).

Deferred tax assets are only recognized if it is considered probable that they will have sufficient tax gains in the future against which they can be made effective.

The deferred tax assets and liabilities recognized are reassessed by the Bank at the close of each accounting period in order to ascertain whether they are still current, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

The income and expenses directly recognized in equity that do not increase or decrease taxable income are accounted for as temporary differences.

Deferred tax liabilities in relation to taxable temporary differences associated with investments in subsidiaries, associates or jointly controlled entities are recognized for accounting purposes, except where the Bank can control the timing of the reversal of the temporary difference and it is also unlikely that it will reverse in the foreseeable future.

2.8 Provisions, contingent assets and contingent liabilities

The heading “Provisions” in the balance sheets includes amounts recognized to cover the Bank’s current obligations arising as a result of past events. These are certain in terms of nature but uncertain in terms of amount and/or extinguishment date. The settlement of these obligations by the Bank is deemed likely to entail an outflow of resources embodying economic benefits (see Note 21). The obligations may arise in connection with legal or contractual provisions, valid expectations formed by Bank companies relative to third parties in relation to the assumption of certain responsibilities or through virtually certain developments of particular aspects of the regulations applicable to the operation of the entities; and, specifically, future legislation to which the Bank will certainly be subject.

The provisions are recognized in the balance sheets when each and every one of the following requirements is met:

- They represent a current obligation that has arisen from a past event;
- At the date referred to by the financial statements, there is more probability that the obligation will have to be met than that it will not;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- The amount of the obligation can be reasonably estimated.

Among other items, these provisions include the commitments made to employees (mentioned in section 2.9), as well as provisions for tax and legal litigation.

Contingent assets are possible assets that arise from past events and whose existence is conditional on, and will be confirmed only by, the occurrence or non-occurrence of events beyond the control of the Bank. Contingent assets are not recognized in the balance sheet or in the income statement; however, they are disclosed in the Notes to the financial statements, provided that it is probable that these assets will give rise to an increase in resources embodying economic benefits (see Note 31).

Contingent liabilities are possible obligations of the Bank that arise from past events and whose existence is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the entity. They also include the existing obligations of the entity when it is not probable that an outflow of resources embodying economic benefits will be required to settle them; or when, in extremely rare cases, their amount cannot be measured with sufficient reliability.

2.9 Pensions and other post-employment commitments

Below is a description of the most significant accounting criteria relating to the commitments to employees, in terms of post-employment benefits and other long term commitments assumed by the Bank's companies in Spain and abroad (see Note 22).

Commitments' valuation: assumptions and actuarial gains/losses recognition

The present values of the commitments are quantified based on a individual member data. Costs are calculated using the projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit/commitment and measures each unit separately to build up the final obligation.

The actuarial assumptions should take into account that:

- They are unbiased, in that they are not unduly aggressive nor excessively conservative.
- They are compatible with each other and adequately reflect the existing economic relations between factors such as inflation, foreseeable wage increases, discount rates and the expected return on plan assets, etc. The expected return on plan assets is calculated by taking into account both market expectations and the particular nature of the assets involved.
- The future levels of salaries and benefits are based on market expectations at the balance sheet date for the period over which the obligations are to be settled.
- The rate used to discount the commitments is determined by reference to market yields at the date referred to by the financial statements on high quality bonds.

The Bank recognizes actuarial differences originating in the commitments assumed with staff taking early retirement, benefits awarded for seniority and other similar items under the heading "Provisions (net)" of the income statement for the period (see Note 42) in which these differences occur. The Bank recognizes the actuarial gains or losses arising on all other defined-benefit post-employment commitments directly under the heading "Valuation adjustments" of equity in the accompanying consolidated balance sheets (see Note 27).

Post-employment benefit commitments

Pensions

The Bank's post-employment benefit commitments are either defined-contribution or defined-benefit.

- *Defined-contribution commitments*: The amounts of these commitments are established as a percentage of certain remuneration items and/or as a fixed pre-established amount. The contributions made in each period by the Bank's companies for these commitments are recognized with a charge to the heading "Personnel expenses - Defined-contribution plan expense" in the consolidated income statements (see Note 40).
- *Defined-benefit commitments:* The Bank has defined-benefit commitments for permanent disability and death for certain current employees and early retirees, and defined-benefit retirement commitments applicable only to certain groups of serving employees, or early retired employees and retired employees. These commitments are either funded by insurance contracts or registered as internal provisions.

The amounts recognized under the heading "Provisions – Provisions for pensions and similar obligations" (see Note 21) are the differences, at the date of the financial statements, between the present values of the defined-benefit commitments, adjusted by the past service cost, and the fair value of plan assets.

Early retirement

The Bank has offered certain employees in Spain the possibility of taking early retirement before the age stipulated in the collective labor agreement in force and has put into place the corresponding provisions to cover the cost of the commitments acquired for this item. The present values paid for early retirement are quantified based on a individual member data and are recognized under the heading "Provisions – Provisions for pensions and similar obligations" in the accompanying balance sheets (see Note 21).

The early retirement commitments in Spain include the compensation and indemnities and contributions to external pension funds payable during the period of early retirement. The commitments relating to this group of employees after they have reached normal retirement age are dealt with in the same way as pensions.

Other post-employment welfare benefits

The Bank has welfare benefit commitments whose effects extend beyond the retirement of the employees entitled to the benefits. These commitments relate to certain current employees and retirees, depending on the employee group they belong to.

The present values of post-employment welfare benefits are quantified based on a individual member dataand are recognized under the heading "Provisions – Provisions for pensions and similar obligations" in the consolidated balance sheets (see Note 21).

Other long-term commitments to employees

The Bank is required to provide certain goods and services to groups of employees. The most significant of these, in terms of the type of remuneration and the event giving rise to the commitments, are as follows: loans to employees, life insurance, study assistance and long-service awards.

Some of these commitments are measured using actuarial studies, so that the present values of the vested obligations for commitments with personnel are quantified based on a individual member data. They are recognized under the heading "Provisions – Other provisions" in the balance sheets (see Note 21).

The cost of these benefits provided by the Bank's Spanish companies to active employees are recognized under the heading "Personnel expenses - Other personnel expenses" in the consolidated income statements (see Note 40).

Other commitments for current employees accrue and are settled on a yearly basis, so it is not necessary to register a provision in this regard.

2.10 Equity-settled share-based payment transactions

Provided they constitute the delivery of such instruments following the completion of a specific period of services, equity-settled share-based payment transactions are recognized as en expense for services being provided by employees, by way of a balancing entry under the heading "Stockholders' equity – Other equity instruments" in the balance sheet. These services are measured at fair value, unless this value cannot be calculated reliably. In this case, they are measured by reference to the fair value of the equity instruments committed, taking into account the date on which the commitments were assumed and the terms and other conditions included in the commitments.

When the initial compensation agreement includes what may be considered market conditions among its terms, any changes in these conditions will not be reflected in the income statement, as these have already been accounted for in calculating the initial fair value of the equity instruments. Non-market vesting conditions are not taken into account when estimating the initial fair value of instruments, but they are taken into consideration when determining the number of instruments to be granted. This will be recognized on the income statement with the corresponding increase in equity.

2.11 Termination benefits

Termination benefits are recognized in the accounts when the Bank agrees to terminate employment contracts with its employees and has established a detailed plan to do so.

2.12 Treasury stock

The value of the equity instruments (basically, shares and derivatives over the Bank's shares held by some Group companies that comply with the requirements for recognition as equity instruments) is recognized under the heading "Stockholders' funds - Treasury stock" in the balance sheets (see Note 26).

These financial assets are recognized at acquisition cost, and the gains or losses arising on their disposal are credited or debited, as appropriate, under the heading "Stockholders' funds - Reserves" in the balance sheets (see Note 25).

2.13 Foreign-currency transactions

Assets, liabilities and futures transactions

The assets and liabilities in foreign currencies, including those of branches abroad, and the unmatured hedging forward foreign currency purchase and sale transactions, are converted to euros at the average exchange rates on the Spanish spot currency market (or based on the price of the U.S. dollar on local markets for the currencies not listed on this market) at the end of each period, with the exception of:

- Non-current investments in securities denominated in foreign currencies and financed in euros or in a currency other than the investment currency, which are converted at historical exchange rates.
- Unmatured non-hedging forward foreign currency purchase and sale transactions, which are converted at the exchange rates on the forward currency market at the end of each period as published by the Bank of Spain for this purpose.

The exchange differences that arise when converting these foreign-currency assets and liabilities (including those of the branches) into euros are recognized under the heading "Exchange differences (net)" in the income statement, except for those differences that arise in non-monetary items classified as available for sale.

The breakdown of the main balances in foreign currencies as of December 31, 2012 and 2011, with reference to the most significant foreign currencies, is set forth in Appendix IX.

Structural currency positions

As a general policy, the Bank's investments in foreign subsidiaries and the endowment funds provided to branches abroad are financed in the same currency as the investment in order to eliminate the future currency risk arising from these transactions. However, the investments made in countries whose currencies do not have a market which permits the obtainment of unlimited, lasting and stable long-term financing are financed in another currency.

2.14 Recognition of income and expenses

The most significant criteria used by the Bank to recognize its income and expenses are as follows.

- Interest income and expenses and similar items: As a general rule, interest income and expenses and similar items are recognized on the basis of their period of accrual using the effective interest rate method. The financial fees and commissions that arise on the arrangement of loans (basically origination and analysis fees) must be deferred and recognized in the income statement over the expected life of the loan. The direct costs incurred in arranging these transactions can be deducted from the amount thus recognized. These fees are part of the effective rate for loans. Also dividends received from other companies are recognized as income when the companies' right to receive them arises.

  However, when a debt instrument is deemed to be impaired individually or is included in the category of instruments that are impaired because of amounts more than three months past-due, the recognition of accrued interest in the income statement is interrupted. This interest is recognized for accounting purposes as income, as soon as it is received.

- Commissions, fees and similar items: Income and expenses relating to commissions and similar fees are recognized in the income statement using criteria that vary according to the nature of such items. The most significant items in this connection are:
  - Those relating to financial assets and liabilities measured at fair value through profit or loss, which are recognized when collected/paid.
  - Those arising from transactions or services that are provided over a period of time, which are recognized over the life of these transactions or services.
  - Those relating to single acts, which are recognized when this single act is carried out.
- Non-financial income and expenses: These are recognized for accounting purposes on an accrual basis.
- Deferred collections and payments: These are recognized for accounting purposes at the amount resulting from discounting the expected cash flows at market rates.

2.15 Sales and income from the provision of non-financial services

The heading "Other operating income – Sales and income form the provision of non-financial services" in the income statement includes the amount of sales of goods and revenue from the provision of non-financial services (see Note 39).

2.16 Leases

Lease contracts are classified as finance from the start of the transaction, if they substantially transfer all the risks and rewards incidental to ownership of the asset forming the subject-matter of the contract. Leases other than finance leases are classified as operating leases.

When the Bank acts as the lessor of an asset in finance leases, the aggregate present values of the lease payments receivable from the lessee plus the guaranteed residual value (usually the exercise price of the lessee's purchase option on expiration of the lease agreement) are recognized as financing provided to third parties and, therefore, are included under the heading "Loans and receivables" in the balance sheets.

When the Bank acts as lessor of an asset in operating leases, the acquisition cost of the leased assets is recognized under "Tangible assets – Property, plants and equipment – Other assets leased out under an operating lease" in the balance sheets (see Note 16). These assets are depreciated in line with the criteria adopted for items of tangible assets for own use, while the income arising from the lease arrangements is recognized in the income statements on a straight-line basis under the headings "Other operating income - Rest of other operating income" and "Other operating expenses" (see Note 39).

In the case of a fair value sale and leaseback, the profit or loss generated by the sale is recognized in the income statement at the time of sale. If such a transaction gives rise to a finance lease, the corresponding gains or losses are amortized over the lease period.

2.17 Entities and branches located in countries with hyperinflationary economies

None of the functional currencies of the branches located abroad relate to hyperinflationary economies as defined by Circular 4/2004 and subsequent amendments. Accordingly, as of December 31, 2012 and 2011 it was not necessary to adjust the financial statements of any branch to correct for the effect of inflation.

2.18 Statements of recognized income and expenses

The statements of recognized income and expenses reflect the income and expenses generated each year. They distinguish between income and expenses recognized as results in the income statements and "Other recognized income (expenses)" recognized directly in equity. "Other recognized income (expenses)" include the changes that have taken place in the year in the "Valuation adjustments" broken down by item.

The sum of the changes to the heading "Valuation adjustments" of the total equity and the net income of the year forms the "Total recognized income/expenses of the year".

2.19 Statements of changes in equity

The statements of changes in equity reflect all the movements generated in each year in each of the headings of the equity, including those from transactions undertaken with shareholders when they act as such, and those due to changes in accounting criteria or corrections of errors, if any.

The applicable regulations establish that certain categories of assets and liabilities are recognized at their fair value with a charge to equity. These charges, known as "Valuation adjustments" (see Note 27), are included in the Bank's total equity net of tax effect, which has been recognized as deferred tax assets or liabilities, as appropriate.

2.20 Statements of cash flows

The indirect method has been used for the preparation of the statement of cash flows. This method starts from the Bank's net income and adjusts its amount for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with cash flows classified as investment or finance. As well as cash, short-term, highly liquid investments subject to a low risk of changes in value, such as cash and deposits in central banks, are classified as cash and cash equivalents.

When preparing these financial statements the following definitions have been used:

- Cash flows: Inflows and outflows of cash and cash equivalents.
- Operating activities: The typical activities of credit institutions and other activities that cannot be classified as investment or financing activities.
- Investing activities: The acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents or in operating activities.
- Financing activities: Activities that result in changes in the size and composition of the Bank's equity and of liabilities that do not form part of operating activities.

3. Allocation of earnings and the system of shareholder remuneration

Shareholder remuneration system

A shareholder remuneration system called the "Dividend Option" was introduced in 2011. The Bank's Shareholders' Annual General Meeting held on March 16, 2012 once more approved the establishment of the "Dividend Option" program for 2012 under point four of the Agenda, through two common stock increases charged to voluntary reserves, under similar conditions to those established in 2011. Under this remuneration scheme, BBVA offered its shareholders the chance to receive part of their remuneration in the form of free shares; however, they can still choose to receive it in cash by selling the rights assigned to them in each common stock increase either to BBVA (by the Bank exercising its commitment to purchase the free assignment rights) or on the market.

The first share common stock increase charged to voluntary reserves was carried out in April 2012 as agreed by the AGM held on March 16, 2012 for the execution of the "Dividend Option". As a result, the Bank's common stock increased by €40,348,339.01, through the issue and circulation of 82,343,549 shares with a €0.49 par value each (see Note 23).

The second common stock increase charged to reserves approved by the AGM held on March 16, 2012 for the "Dividend Option" was executed in October 2012. As a result, the Bank's common stock increased by €32,703,288.45, through the issue and circulation of 66,741,405 shares with a €0.49 par value each (see Note 23).

Dividends

At its meeting of June 27, 2012, the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. approved the payment of an interim dividend against 2012 earnings of €0.100 gross (€0.079 net) per outstanding share. This amount was paid on July 10, 2012.

At its meeting of December 19, 2012, the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. approved the payment of an interim dividend against 2012 earnings of €0.100 gross (€0.079 net) per outstanding share. This amount was paid on January 10, 2013.

The provisional financial statements prepared in accordance with legal requirements evidenced the existence of sufficient liquidity for the distribution of the amounts to the interim dividend, as follows:

	Millions of Euros	
Available amount for interim dividend payments	**May 31, 2012**	**November 30, 2012**
Profit at each of the dates indicated, after the provision for income tax	1,223	1,453
Less -	-	-
Estimated provision for Legal Reserve	(24)	(53)
Acquisition by the bank of the free allotment rights in 2011 capital increase	(141)	(251)
Interim dividends for 2011 paid	-	(538)
Maximum amount distributable	**1,058**	**611**
Amount of proposed interim dividend	**514**	**545**
BBVA cash balance avalilable to the date	**1,168**	**1,024**

The first amount of the interim dividend which was paid to the shareholders on July 10, 2012, including the shares issued in July 4 for the common stock increase described in Note 23, amounted to €538 million.

The interim dividend which was paid to the shareholders on January 10, 2013, amounted to €545 million and was recognized under the heading "Stockholders' funds - Dividends and remuneration" and included under the heading "Financial liabilities at amortized cost - Other financial liabilities" of the balance sheet as of December 31, 2012 (see Note 20.5).

The table below shows the allocation of the Bank's earnings for 2012 that the Board of Directors will submit for approval by the General Shareholders' Meeting:

	Millons of euros
Application of Earnings	**2012**
Net income for year	**1,428**
Distribution:	
Interim dividends	1,083
Acquisition by the bank of the free allotment rights(*)	251
Legal reserve	53
Voluntary reserves	41

(*) Correspond to the remuneration to shareholders who choose to be paid in cash at the "Dividend Option"

4. Earnings per share

According to the criteria established by IAS 33:

- Basic earnings per share are determined by dividing the "Net income attributed to Parent Company" by the weighted average number of shares outstanding throughout the year, excluding the average number of treasury shares held over the year.
- Diluted earnings per share are calculated by using a method similar to that used to calculate basic earnings per share; the weighted average number of shares outstanding, and the net income attributed to the parent company, if appropriate, is adjusted to take into account the potential dilutive effect of certain financial instruments that could generate the issue of new Bank shares (share option commitments with employees, warrants on parent company shares, convertible debt instruments, etc.).

The following transactions have been carried out in 2012 and 2011 with an impact on the calculation of basic and diluted earnings per share:

- The Bank carried out several common stock increases in 2012 and 2011 (see Note 23). According to IAS 33, when calculating the basic and diluted earnings per share, all the years prior to the exercise of the rights must be taken into account, and a corrective factor applied to the denominator (the weighted average number of shares outstanding) only in the case of common stock increases other than those for conversion of securities into shares. This corrective factor is the result of dividing the fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value per share. The basic and diluted earnings per share for 2011 has been recalculated on this basis.
- On December 30, 2011, the Bank issued mandatory subordinated bonds convertible into ordinary newly issued BBVA shares amounting to €3,430 million (see Note 20.4).

  Since the conversion of this bond issue is mandatory on the date of final maturity, in accordance with the IAS 33 criteria, the following adjustments must be applied to both the calculation of the diluted earnings per share as well as the basic earnings per share:

  - In the numerator, the net income attributed to the parent company is increased by the amount of the annual coupon of the subordinated convertible bonds.
  - In the denominator, the weighted average number of shares outstanding is increased by the estimated number of shares after the conversion.

  Thus, as can be seen in the following table, for 2012 and 2011 the figures for basic earnings per share and diluted earnings per share are the same, as the dilution effect of the mandatory conversion must also be applied to the calculation of the basic earnings per share.

As required by IAS 33, basic and diluted earnings per share for discontinued operations as of December 31, 2012 and 2011 are shown (see Notes 1.3. and 15).

The calculation of earnings per share of the BBVA Group is as follows:

Basic and Diluted Earnings per Share	2012	2011 (*)
Numerator for basic and diluted earnings per share (millions of euros)		
Net income attributed to parent company	1,676	3,004
Adjustment: Mandatory convertible bonds interest expenses	95	38
Net income adjusted (millions of euros) (A)	**1,771**	**3,042**
Income from discontinued transactions (net of non-controlling interest) (B)	**319**	**197**
Denominator for basic earnings per share (number of shares outstanding)		
Weighted average number of shares outstanding (1)	5,148	4,635
Weighted average number of shares outstanding x corrective factor (2)	5,148	4,810
Adjustment: Average number of estimated shares to be converted	315	134
Adjusted number of shares (B)	**5,464**	**4,945**
Basic earnings per share from continued operations (Euros per share)A/B	**0.27**	**0.58**
Diluted earnings per share from continued operations (Euros per share)A/B	**0.27**	**0.58**
Basic earnings per share from discontinued operations (Euros per share)A/B	**0.06**	**0.04**
Diluted earnings per share from discontinued operations (Euros per share)A/B	**0.06**	**0.04**

(1) 'Weighted average number of shares outstanding (millions of euros), excluded weighted average of treasury shares during the period

(2) Corrective factor , due to the capital increase with pre-emptive subscription right, applied for the previous years.

(*) Data recalculated due to the mentioned corrective factor.

As of December 31, 2012 and 2011, except for the aforementioned convertible bonds, there were no other financial instruments or share option commitments with employees that could potentially affect the calculation of the diluted earnings per share for the years presented.

5. Risk management

BBVA understands the risk function as one of the essential and differentiating elements of its competitive strategy. In this context, the aim of the Global Risk Management (GRM) function is to preserve the BBVA Bank's solvency, help define its strategy with respect to risk and assume and facilitate the development of its businesses. Its activity is governed by the following principles:

- The risk management function is single, independent and global.
- The risks assumed by the Bank must be compatible with the capital adequacy target and must be identified, measured and assessed. Risk monitoring and management procedures and sound mechanisms of control and mitigation systems must likewise be in place.
- All risks must be managed integrally during their life cycle, and be treated differently depending on their nature and with active portfolio management based on a common measure (economic capital).
- It is each business area's responsibility to propose and maintain its own risk profile, within its autonomy in the corporate action framework (defined as the set of risk control policies and procedures defined by the Bank), using an appropriate infrastructure to control their risks.
- The infrastructures created for risk control must be equipped with means (in terms of people, tools, databases, information systems and procedures) that are sufficient for their purpose, so that there is a clear definition of roles and responsibilities, thus ensuring efficient allocation of resources among the corporate area and the risk units in business areas.

In the light of these principles, BBVA has developed an integrated risk management system that is structured around three main components: a corporate risk governance scheme (with suitable segregation of duties and responsibilities); a set of tools, circuits and procedures that constitute the various risk management regimes; and an internal control system that is appropriate to the nature and size of the risks assumed.

The main risks associated with financial instruments are:

- Credit risk: This arises from the probability that one party to a financial instrument will fail to meet its contractual obligations for reasons of insolvency or inability to pay and cause a financial loss for the other party. This includes management of counterparty risk, issuer credit risk, liquidation risk and country risk.

- Market risk: This is originated by the likelihood of losses in the value of the positions held as a result of changes in the market prices of financial instruments. It includes three types of risks.

  - *Interest-rate risk:* This arises from variations in market interest rates.
  - *Currency risk:* This is the risk resulting from variations in foreign-currency exchange rates.
  - *Price risk:* This is the risk resulting from variations in market prices, either due to factors specific to the instrument itself, or alternatively to factors which affect all the instruments traded on a specific market.

- Liquidity risk: This arises from the possibility that a company cannot meet its payment commitments, or to do so must resort to borrowing funds under onerous conditions, or risking its image and the reputation of the entity.

- Operational risk: This arises from the possibility of human error, inadequate or faulty internal processes, system failures or external events. This definition includes the legal risk and excludes the strategic and/or business risk and the reputational risk.

Corporate governance system

The Bank has developed a system of corporate governance that is in line with the best international practices and adapted it to the requirements of the regulators in the country in which its different units operate.

With respect to the risks assumed by the Bank, the Board of Directors of the Bank is responsible for establishing the general principles that define the risk objectives profile of the entities, approving the management policies for control and management of these risks and ensuring regular monitoring of the internal systems of risk information and control. The Board is supported in this function by the Executive Committee and the Risk Committee. The main mission of the latter is to assist the Board in carrying out its functions associated with risk control and management.

The risk management and control function is distributed among the risk units within the business areas and the Corporate GRM Area, which ensures compliance with global policy and strategies. The risk units in the business areas propose and manage the risk profiles within their area of autonomy, though they always respect the corporate framework for action.

The Corporate GRM Area combines a vision by risk type with a global vision. It is divided into five units, as follows:

- Corporate Risk Management and Risk Portfolio Management: Responsible for management and control of the Group's financial risks.
- Operational and Control Risk: Manages operational risk, internal risk control and the internal validation of the measurement models and the acceptance of new risks.
- Technology & Methodologies: Responsible for the management of the technological and methodological developments required for risk management in the Bank.
- Technical Secretariat: Undertakes technical tests of the proposals made to the Risk Management Committee and the Risk Committee; prepares and promotes the regulations applicable to social and environmental risk management.
- Retail Banking: with responsibilities in Turkey, Switzerland and Asia, supports development and innovation in retail banking and provides support to the insurance, asset management, consumer finance and payment channels LOBs (Lines of Business). This unit centralizes non-banking risk management (insurance and funds) and management of the fiduciary risk of the Retail Banking businesses.

This structure gives the Corporate GRM Area reasonable security with respect to:

- integration, control and management of all the Bank's risks;
- the application throughout the Bank of standard principles, policies and metrics; and
- the necessary knowledge of each geographical area and each business.

This organizational scheme is complemented by various committees, which include the following:

- The Risk Management Committee: This committee is made up of the risk managers from the risk units located in the business areas and the managers of the Corporate GRM Area units. Among its responsibilities are the following: establishing the Bank's risk strategy (especially as regards policies and structure of this function in the Bank), presenting its proposal to the appropriate governing bodies for their approval, monitoring the management and control of risks in the Bank and, if necessary, adopting the necessary actions.
- The Global Risk Management Committee: Made up of the executives of the risk unit and those responsible for risks in the different countries and business areas. It reviews the Bank's risk strategy and the general implementation of the main risk projects and initiatives in the business areas.
- The Risk Management Committee: Its permanent members are the Global Risk Management director, the Corporate Risk Management director and the Technical Secretariat. The other committee members propose the operations that are analyzed in its working sessions. The committee analyzes and, if appropriate, authorizes financial programs and operations within its scope and submits the proposals whose amounts exceed the set limits to the Risks Committee, when its opinion on them is favorable.
- The Assets and Liabilities Committee (ALCO): The committee is responsible for actively managing structural interest-rate and foreign exchange risk positions, global liquidity and the Bank's capital base.
- The Global Corporate Assurance Committee: Its task is to undertake a review at both Group and business unit level of the control environment and the effectiveness of the operational risk internal control and management systems, as well as to monitor and analyze the main operational risks the Group is subject to, including those that are cross-cutting in nature. This committee is therefore the highest operational risk management body in the Group.
- The Technology and Methodologies Committee: The committee decides on the effectiveness of the models and infrastructures developed to manage and control risks that are integrated in the business areas, within the framework of the operational model of Global Risk Management.
- The New Businesses and Products Committees: The committee's functions are the assessment and, if appropriate, the technical approval and implementation of new products and services before they are put on the market; to undertake subsequent control and monitoring for newly authorized products; and to foster business in an orderly way to enable it to develop in a controlled environment.

Tools, circuits and procedures

The Bank has an established integrated risk management system that meets the needs derived from the different types of risk to which it is subject. It is set out in a number of manuals. These manuals provide the measuring tools for the acceptance, assessment and monitoring of risks, define the circuits and procedures applicable to operations by entities and the criteria for their management.

The Bank's main activities with respect to the management and control of its risks are as follows:

- Calculation of exposure to risks of the different portfolios, taking into account any possible mitigating factors (guarantees, balance netting, collaterals etc.).
- Calculation of the probabilities of default (hereinafter, "PD").
- Estimation of the foreseeable losses in each portfolio, assigning a PD to new operations (rating and scoring).
- Measurement of the risk values of the portfolios in different scenarios through historical simulations.
- Establishment of limits to potential losses according to the different risks incurred.
- Determination of the possible impacts of structural risks on the Bank's income statement.
- Determination of limits and alerts to guarantee the Bank's liquidity.
- Identification and quantification of operational risks by business lines to make their mitigation easier through the appropriate corrective actions.
- Definition of efficient circuits and procedures to achieve the established objectives, etc.

Internal control system

The Group's internal control system is based on the best practices developed in the "Enterprise Risk Management – Integrated Framework" by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as well as in the "Framework for Internal Control Systems in Banking Organizations" by the Bank for International Settlements (BIS).

The Bank's system for internal control is therefore part of the Integral Risk Management Framework. This is the system within the Bank that involves its Board of Directors, management and its entire staff. It is designed to identify and manage risks facing the entities in such a way as to ensure that the business targets established by the Group's management are met. The Integrated Risk Management Framework is made up of specialized units (Compliance, Global Accounting & Information Management and Legal Services), and the Corporate Operational Risk Management and Internal Audit functions.

Among the principles underpinning the Internal Control system are the following:

- Its core element is the "process."
- The form in which the risks are identified, assessed and mitigated must be unique for each process; and the systems, tools and information flows that support the internal control and operational risk activities must be unique, or at least be administered fully by a single unit.
- The responsibility for internal control lies with the Group's business units, and at a lower level, with each of the entities that make them up. Each business unit's Operational Risk Management Unit is responsible for implementing the system of control within its scope of responsibility and managing the existing risk by proposing any improvements to processes it considers appropriate.
- Given that some business units have a global scope of responsibility, there are cross-cutting control functions which supplement the control mechanisms mentioned earlier.
- The Operational Risk Management Committee in each business unit is responsible for approving suitable mitigation plans for each existing risk or weakness. This committee structure culminates at the Group's Global Corporate Assurance Committee.
- The specialized units promote policies and draw up internal regulations. It is the responsibility of the Corporate Risk Area to develop them further and apply them.

Risk concentrations

In the trading area, limits are approved each year by the Board of Directors' Risk Committee on exposures to trading, structural interest rate, structural exchange rate, equity and liquidity; this applies both to the banking entities and to the asset management, pension and insurance businesses. These limits factor in many variables, including economic capital and earnings volatility criteria, and are reinforced with alert triggers and a stop-loss scheme.

In relation to credit risk, maximum exposure limits are set by customer and country; generic limits are also set for maximum exposure to specific operations or products. Limits are allocated based on iso-risk curves, determined as the sum of maximum foreseeable losses and economic capital, and its ratings-based equivalence in terms of gross nominal exposure.

There is a threshold in terms of a maximum risk concentration level of 10% of Bank equity: up to this level the authorization of new risks requires in-depth knowledge of the client, and the markets and sectors in which it operates.

For retail portfolios, potential concentrations of risk in geographical areas or certain risk profiles are analyzed in relation to overall risk and earnings volatility; where appropriate, the mitigating measures considered most appropriate are established.

5.1 Credit risk

5.1.1 Maximum credit risk exposure

The Bank's maximum credit risk exposure by headings in the balance sheet as of December 31, 2012 and 2011 is given below. It does not recognize the availability of collateral or other credit enhancements to guarantee compliance with payment obligations. The details are broken down by financial instrument and counterparties.

In the case of financial assets recognized in the balance sheets, exposure to credit risk is considered equal to its gross accounting value, not including valuation adjustments (impairment losses, uncollected interest payments, derivatives and others), with the sole exception of trading and hedging derivatives.

The maximum credit risk exposure on financial guarantees granted is the maximum that the Bank would be liable for if these guarantees were called in, and that is their carrying amount.

Our calculation of risk exposure for derivatives is based on the sum of two factors: the derivatives market value and their potential risk (or "add-on").

The first factor, market value, reflects the difference between original commitments and market values on the reporting date (mark-to-market). As indicated in Note 2.1 to the financial statements, derivatives are accounted for as of each reporting date at fair value.

The second factor, potential risk ('add-on'), is an estimate (using our internal models) of the maximum increase to be expected on risk exposure over a derivative market value (at a given statistical confidence level) as a result of future changes in valuation prices in the residual term to final maturity of the transaction.

The consideration of the potential risk ("add-on") relates the risk exposure to the exposure level at the time of a customer's default. The exposure level will depend on the customer's credit quality and the type of transaction with such customer. Given the fact that default is an uncertain event which might occur any time during the life of a contract, we have to consider not only the credit exposure of the contract on the reporting date, but also the potential changes in exposure during the life of the contract. This is especially important for derivative contracts, whose valuation changes substantially throughout time, depending on the fluctuation of market prices.

However, credit risk originating from the derivatives in which the Bank operates is mitigated through the contractual rights existing for offsetting accounts at the time of their settlement. This has reduced the Bank's exposure to credit risk to €42,374 million as of December 31, 2012 (€37,119 million as of December 31, 2011).

		Millions of Euros	
Maximum Credit Risk Exposure	**Notes**	**2012**	**2011**
Financial assets held for trading	8	**12,437**	**7,898**
Debt securities		12,437	7,898
Other financial assets designated at fair value through profit or loss	9	**-**	**-**
Debt securities		-	-
Available-for-sale financial assets	10	**31,071**	**22,612**
Debt securities		31,071	22,612
Loans and receivables	11	**245,491**	**267,703**
Loans and advances to credit institutions		21,332	22,886
Loans and advances to customers		222,430	243,314
Government		25,957	26,089
Agriculture		1,468	1,790
Industry		23,669	28,497
Real estate and construction		36,575	39,458
Trade and finance		27,718	33,393
Loans to individuals		85,833	89,426
Other		21,210	24,661
Debt securities		1,729	1,503
Held-to-maturity investments	12	**10,163**	**10,956**
Derivatives (trading and hedging)	8-13	**55,515**	**52,985**
Total financial assets risk		**354,677**	**362,154**
Financial guarantees	29	64,373	60,760
Drawable by third parties	29	43,480	51,107
Other contingent commitments	29	6,722	4,343
Total Contingent Risks and Commitments		**114,575**	**116,210**
Total maximum credit exposure		**469,252**	**478,364**

5.1.2 Mitigation of credit risk, collateralized credit risk and other credit enhancements

In most cases, maximum credit risk exposure is reduced by collateral, credit enhancements and other actions which mitigate the Bank's exposure. The Bank applies a credit risk hedging and mitigation policy deriving from a banking approach focused on relationship banking. The existence of guarantees could be a necessary but not sufficient instrument for accepting risks, as the assumption of risks by the Bank requires prior verification of the debtor's capacity for repayment, or that the debtor can generate sufficient resources to allow the amortization of the risk incurred under the agreed terms.

The policy of accepting risks is therefore organized into three different levels in the Bank:

- Analysis of the financial risk of the operation, based on the debtor's capacity for repayment or generation of funds;
- The constitution of guarantees that are adequate, or at any rate generally accepted, for the risk assumed, in any of the generally accepted forms: monetary, secured, personal or hedge guarantees; and finally,
- Assessment of the repayment risk (asset liquidity) of the guarantees received.

The procedures for the management and valuation of collaterals are set out in the Internal Manuals on Credit Risk Management Policies (retail and wholesale), which establish the basic principles for credit risk management, including the management of collaterals assigned in transactions with customers.

The methods used to value the collaterals are those of the best practices in the market and involve the use of appraisals in real-estate collateral, market price in stock-market collateral, trading value of shares in mutual funds, etc. All the collateral received must be properly instrumented and recorded in the corresponding register. They must also have the approval of the Bank's legal units.

The following is a description of the main types of collateral for each financial instrument class:

- Financial instruments held for trading: The guarantees or credit enhancements obtained directly from the issuer or counterparty are implicit in the clauses of the instrument.

- Trading and hedging derivatives: In derivatives, credit risk is minimized through contractual netting agreements, where positive- and negative-value derivatives with the same counterparty are offset for their net balance. There may likewise be other kinds of guarantees, depending on counterparty solvency and the nature of the transaction.

  The Bank trades a wide range of credit derivatives. Through these contracts, the Bank either purchases or sells protection on either a single-name or index basis. The Bank uses credit derivatives to mitigate credit risk in its loan portfolio and other cash positions and to hedge risks assumed in market transactions with other clients and counterparties.

  Credit derivatives can follow different settlement and payment conventions, all of which are in accordance with the International Swaps and Derivatives Association (ISDA) standards. The most common types of settlement triggers include bankruptcy of the reference credit institution, acceleration of indebtedness, failure to pay, restructuring, repudiation and dissolution of the entity. Since we typically confirm over 99% of our credit derivative transactions in the Depository Trust & Clearing Corporation (DTCC), substantially our entire credit derivatives portfolio is registered and matched against our counterparties.

- Other financial assets designated at fair value through profit or loss and Available-for-sale financial assets: The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent to the structure of the instrument.

- Loans and receivables:

  - Loans and advances to credit institutions: These usually only have the counterparty's personal guarantee.
  - Loans and advances to customers: Most of these operations are backed by personal guarantees extended by the counterparty. There may also be collateral to secure loans and advances to customers (such as mortgages, cash guarantees, pledged securities and other collateral), or to obtain other credit enhancements (bonds, hedging, etc.).
  - Debt securities: The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent to the structure of the instrument.

- Held-to-maturity investments: Guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent to the structure of the instrument.

- Financial guarantees, other contingent risks and drawable by third parties: These have the counterparty's personal guarantee.

5.1.3 Credit quality of financial assets that are neither past due nor impaired

The Bank has tools ("scoring" and "rating") that enable it to rank the credit quality of its operations and customers based on an assessment and its correspondence with the probability of default ("PD") scales. To analyze the performance of PD, the Bank has a series of tracking tools and historical databases that collect the pertinent information generated internally, which can basically be grouped together into scoring and rating models.

Scoring

Scoring is a decision-making model that contributes to both the arrangement and management of retail loans: consumer loans, mortgages, credit cards for individuals, etc. Scoring is the tool used to decide to whom a loan should be assigned, what amount should be assigned and what strategies can help establish the price, because it is an algorithm that sorts transactions by their credit quality. This algorithm enables the Bank to assign a score to each transaction requested by a customer, on the basis of a series of objective characteristics that have statistically been shown to discriminate between the quality and risk of this type of transactions. The advantage of scoring lies in its simplicity and homogeneity: all that is needed is a series of objective data for each customer, and this data is analyzed automatically using an algorithm.

There are three types of scoring, based on the information used and on its purpose:

- Reactive scoring: measures the risk of a transaction requested by an individual using variables relating to the requested transaction and to the customer's socio-economic data available at the time of the request. The new transaction is approved or rejected depending on the score given.
- Behavioral scoring: scores transactions for a given product in an outstanding risk portfolio of the entity, enabling the credit rating to be tracked and the customer's needs to be anticipated. It uses transaction and customer variables available internally. Specifically, variables that refer to the behavior of both the product and the customer.
- Proactive scoring: gives a score at customer level using variables related to the individual's general behavior with the entity, and to his/her payment behavior in all the contracted products. The purpose is to track the customer's credit quality and it is used to pre-grant new transactions.

Rating

Rating tools, as opposed to scoring tools, do not assess transactions but focus on the rating of customers instead: companies, corporations, SMEs, public authorities, etc. A rating tool is an instrument that, based on a detailed financial study, helps determine a customer's ability to meet his/her financial obligations. The final rating is usually a combination of various factors: on the one hand, quantitative factors, and on the other hand, qualitative factors. It is a middle road between an individual analysis and a statistical analysis.

The main difference between ratings and scorings is that the latter are used to assess retail products, while ratings use a wholesale banking customer approach. Moreover, scorings only include objective variables, while ratings add qualitative information. And although both are based on statistical studies, adding a business view, rating tools give more weight to the business criterion compared to scoring tools.

For portfolios where the number of defaults is very low (sovereign risk, corporates, financial entities, etc.) the internal information is supplemented by "benchmarking" of the external rating agencies (Moody's, Standard & Poor's and Fitch). To this end, each year the PDs compiled by the rating agencies at each level of risk rating are compared, and the measurements compiled by the various agencies are mapped against those of the BBVA master rating scale.

Once the probability of default of a transaction or customer has been calculated, a "business cycle adjustment" is carried out. This is a means of establishing a measure of risk that goes beyond the time of its calculation. The aim is to capture representative information of the behavior of portfolios over a complete economic cycle. This probability is linked to the Master Rating Scale prepared by the Bank to enable uniform classification of the Group's various asset risk portfolios.

The table below shows the abridged scale used to classify the Bank's outstanding risk as of December 31, 2012:

Internal Rating	Probability of default (basic points)		
Reduced List (17 groups)	Average	Minimum from >=	Maximum
AAA	1	-	2
AA+	2	2	3
AA	3	3	4
AA-	4	4	5
A+	5	5	6
A	8	6	9
A-	10	9	11
BBB+	14	11	17
BBB	20	17	24
BBB-	31	24	39
BB+	51	39	67
BB	88	67	116
BB-	150	116	194
B+	255	194	335
B	441	335	581
B-	785	581	1,061
C	2,122	1,061	4,243

The table below outlines the distribution of exposure, including derivatives, by internal ratings, of the main items in the Bank's risk balance sheet with companies, financial institutions and other institutions (excluding sovereign risk), as of December 31, 2012:

Credit Risk Distribution by Internal Rating	Millions of Euros	%
AAA/AA	23,320	10.16%
A	71,327	31.07%
BBB+	30,937	13.47%
BBB	23,168	10.09%
BBB-	26,135	11.38%
BB+	14,123	6.15%
BB	8,576	3.74%
BB-	6,812	2.97%
B+	6,771	2.95%
B	7,074	3.08%
B-	4,948	2.16%
CCC/CC	6,414	2.79%
Total	**229,605**	**100.00%**

These different levels and their probability of default were calculated by using as a reference the rating scales and default rates provided by the external agencies Standard & Poor's and Moody's. This establishes the PD levels for BBVA's Master Rating Scale. The scale is common for the whole Bank, but the calibration (mapping of scores to PD/Master Scale band levels) is carried out at the tool level.

5.1.4 Policies for preventing excessive risk concentration

In order to prevent the build-up of excessive concentrations of credit risk at the individual, country and sector levels, the Bank maintains maximum permitted risk concentration indices updated at the individual and sector levels, tied to the various observable variables within the field of credit risk management. The limit on the Bank's exposure or financial commitment to a specific customer therefore depends on the customer's credit rating, the nature of the risks involved, and the Bank's presence in a given market, based on the following guidelines:

- The aim is, as far as possible, to combine the customer's credit needs (commercial/financial, short-term/long-term, etc.) with the interests of the Bank.
- Any legal limits that may exist concerning risk concentration are taken into account (relationship between risks with a customer and the capital of the entity that assumes them), the markets, the macroeconomic situation, etc.
- To undertake a proper management of risk concentration, and if necessary generate actions on such risks, a number of different levels of monitoring have been established according to the amount of global risks maintained with the same customer. Any risk concentrations with the same customer or group that may generate losses of more than €18 million are authorized and monitored by the Risk Committee of the Bank's Board of Directors.

5.1.5 Financial assets past due but not impaired

The table below provides details of financial assets past due as of December 31, 2012 and 2011, but not considered to be impaired, listed by their first past-due date:

	Millions of Euros					
	2012			2011		
Financial Assets Past Due but Not Impaired	Less than 1 Month Past-Due	1 to 2 Months Past-Due	2 to 3 Months Past-Due	Less than 1 Month Past-Due	1 to 2 Months Past-Due	2 to 3 Months Past-Due
Loans and advances to credit institutions	-	-	-	-	-	-
Loans and advances to customers	1,196	456	238	1,831	303	238
Government	89	213	7	186	47	23
Other sectors	1,107	243	231	1,645	256	215
Debt securities	-	-	-	-	-	-
Total	**1,196**	**456**	**238**	**1,831**	**303**	**238**

5.1.6 Impaired assets and impairment losses

The table below shows the composition of the impaired financial assets and risks as of December 31, 2012 and 2011, broken down by heading in the accompanying balance sheet:

	Millions of Euros	
Impaired Risks. Breakdown by Type of Asset and by Sector	2012	2011
Asset Instruments Impaired		
Available for sale financial assets	94	116
Debt securities	94	116
Loans and receivables	12,795	11,260
Loans and advances to credit institutions	20	22
Loans and advances to customers	12,765	11,228
Debt securities	10	10
Total 'Asset Instruments Impaired (1)	**12,889**	**11,376**
Contingent Risks Impaired		
Contingent Risks Impaired (2)	259	210
Total Impaired Risks (1)+(2)	**13,148**	**11,586**
Of which:		
Goverment	147	132
Credit institutions	64	71
Other sectors	12,678	11,173
Contingent Risks Impaired	259	210
Total impaired risks (1) + (2)	**13,148**	**11,586**

The changes in 2012 and 2011 in the impaired financial assets and contingent risks are as follows:

	Millions of Euros	
Changes in Impaired Financial Assets and Contingent Risks	**2012**	**2011**
Balance at the beginning	**11,586**	**11,718**
Additions (1)	8,442	7,356
Recoveries (2)	(4,624)	(5,435)
Net additions (1)+(2)	**3,818**	**1,921**
Transfers to write-off	(2,251)	(2,206)
Exchange differences and others	(5)	153
Balance at the end	**13,148**	**11,586**
Recoveries on entries (%)	**55**	**74**

Below are details of the impaired financial assets as of December 31, 2012 and 2011, classified by geographical area and by the time elapsed since their oldest past-due amount or the period since they were deemed impaired:

Impaired Assets by Geographic Area and Time

	Millions of Euros				
2012	**Less than 6 Months Past-Due**	**6 to 9 Months Past-Due**	**9 to 12 Months Past-Due**	**More than 12 Months Past-Due**	**Total**
Spain	5,054	1,457	1,291	4,676	12,478
Rest of Europe	107	-	-	66	173
Rest of the world	238	-	-	-	238
Total	**5,399**	**1,457**	**1,291**	**4,742**	**12,889**

Impaired Assets by Geographic Area and Time

	Millions of Euros				
2011	**Less than 6 Months Past-Due**	**6 to 9 Months Past-Due**	**9 to 12 Months Past-Due**	**More than 12 Months Past-Due**	**Total**
Spain	4,449	1,056	1,176	4,420	11,101
Rest of Europe	1	52	-	14	67
Rest of the world	133	75	-	-	208
Total	**4,583**	**1,183**	**1,176**	**4,434**	**11,376**

Below are details of the impaired financial assets as of December 31, 2012 and 2011, classified by type of loan according to its associated guarantee, and by the time elapsed since their oldest past-due amount or the period since they were deemed impaired:

Impaired Assets by Guarantee and by the Time since they were Deemed Impaired.

2012 (Millions of Euros)	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
Unsecured loans	2,339	390	330	823	3,882
Mortgage	2,895	1,067	961	3,919	8,842
Residential mortgage	831	266	202	1,063	2,362
Commercial mortgage (rural properties in operation and offices, and industrial buildings)	446	184	153	809	1,592
Other than those currently use as a family residential property of the borrower	634	301	281	890	2,106
Plots and other real state assets	984	316	325	1,157	2,782
Other partially secured loans	-	-	-	-	-
Others	165	-	-	-	165
Total	**5,399**	**1,457**	**1,291**	**4,742**	**12,889**

Impaired Assets by Guarantee and by the Time since they were Deemed Impaired.

2011 (Millions of Euros)	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
Unsecured loans	1,892	468	466	1,164	3,990
Mortgage	2,546	715	710	3,264	7,235
Residential mortgage	678	232	207	1,113	2,230
Commercial mortgage (rural properties in operation and offices, and industrial buildings)	447	107	107	564	1,225
Rest of residential mortgage	489	137	165	647	1,438
Plots and other real state assets	932	239	231	940	2,342
Other partially secured loans	-	-	-	-	-
Others	145	-	-	6	151
Total	**4,583**	**1,183**	**1,176**	**4,434**	**11,376**

Below is the accumulated financial income accrued as of December 31, 2012 and 2011 with origin in the impaired assets that, as mentioned in Note 2.1, are not recognized in the accompanying income statements as there are doubts as to the possibility of collection:

Millions of Euros	2012	2011
Financial Income from Impaired Assets	**1,570**	**1,319**

5.1.7 Impairment losses

Below is a breakdown of the provisions registered on the accompanying balance sheets to cover estimated impairment losses as of December 31, 2012 and 2011 in financial assets and contingent risks, according to the different headings under which they are classified in the balance sheet:

Impairment losses and provisions for contingent risks	Notes	Millions of Euros 2012	2011
Available-for-sale portfolio	10	**57**	**83**
Loans and receivables		**9,182**	**5,732**
Loans and advances to customers	11.2	9,152	5,694
Loans and advances to credit institutions	11.1	20	28
Debt securities	11.3	10	10
Held to maturity investment	12	**1**	**1**
Impairment losses		**9,240**	**5,816**
Provisions for Contingent Risks and Commitments	21	**176**	**159**
Total		**9,416**	**5,975**
Of which:			
For impaired portfolio		7,732	5,519
For current portfolio non impaired		1,684	456

Below are the changes in 2012 and 2011 in the estimated impairment losses, broken down by the headings in the accompanying balance sheet:

Millions of Euros

Changes in the year 2012: Impairment losses provisions (*)	Notes	Held to maturity investment	Available-for-sale porfolio	Loans and receivables	Contingent risks	Total
Balance at the beginning		1	83	5,732	159	5,975
Increase in impairment losses charged to income		-	9	7,229	34	7,272
Decrease in impairment losses credited to income		-	(17)	(1,404)	(17)	(1,438)
Impairment losses (net)	42-43	**-**	**(8)**	**5,825**	**17**	**5,834**
Transfers to written-off loans		-	(18)	(2,233)	-	(2,251)
Exchange differences and other		-	-	(142)	-	(142)
Balance at the end		**1**	**57**	**9,182**	**176**	**9,416**

(*) Including the impairment losses on net financial assets (Note 43) and the provisions for contingent risks and commitments (Note 42)

Millions of Euros

Changes in the year 2011: Impairment losses provisions (*)	Notes	Held to maturity investment	Available-for-sale porfolio	Loans and receivables	Contingent risks	Total
Balance at the beginning		**1**	**119**	**5,592**	**177**	**5,889**
Increase in impairment losses charged to income		-	31	3,204	-	3,235
Decrease in impairment losses credited to income		-	(36)	(925)	(18)	(979)
Impairment losses (net)	42-43	**-**	**(5)**	**2,279**	**(18)**	**2,256**
Transfers to written-off loans		-	(31)	(2,175)	-	(2,206)
Exchange differences and other		-	-	36	-	36
Balance at the end		**1**	**83**	**5,732**	**159**	**5,975**

(*) Including the impairment losses on financial assets (Note 43) and the provisions for contingent risks (Note 42)

The changes in 2012 and 2011 in financial assets derecognized from the accompanying balance sheet as their recovery is considered unlikely (hereinafter "write-offs") is shown below:

	Millions of Euros	
Changes in Impaired Financial Assets Written-Off from the Balance Sheet	**2012**	**2011**
Balance at the beginning	**9,624**	**7,071**
Increase:	**2,876**	**3,354**
Assets of remote collectability	2,251	2,206
Past-due and not collected income	625	670
Contributions by mergers	-	478
Decrease:	**(711)**	**(800)**
Cash recovery	(172)	(187)
Foreclosed assets	(40)	(26)
Definitive derecognitions	(499)	(587)
Cancellation	(434)	(527)
Expiry of rights and other causes	(65)	(60)
Net exchange differences	**(4)**	**(1)**
Balance at the end	**11,785**	**9,624**

As indicated in Note 2.1, although they have been derecognized from the balance sheet, the Bank continues to attempt to collect on these write-offs, until the rights to receive them are fully extinguished, either because it is time-barred debt, the debt is forgiven, or other reasons.

5.2 Market risk

As well as the most common market risks (mentioned earlier), other market risks have to be considered for the administration of certain positions: credit spread risk, basis risk, volatility and correlation risk.

Value at Risk (VaR) is the basic measure to manage and control the Bank's market risks. It estimates the maximum loss, with a given confidence level, that can occur in market positions of a portfolio within a given time horizon. VaR is calculated in the Bank at a 99% confidence level and a 1-day time horizon.

The Bank has received approval from the Bank of Spain to use a model developed by the BBVA Group to calculate bank capital requirements for market risk. This model estimates VaR in accordance with the "historical simulation" methodology, which involves estimating the losses or gains that would have been produced in the current portfolio if the changes in market conditions occurring over a specific period of time were repeated. Using this information, it infers the maximum foreseeable loss in the current portfolio with a given level of confidence. It has the advantage of precisely reflecting the historical distribution of the market variables and not requiring any assumption of specific probability distribution. The historical period used in this model is two years.

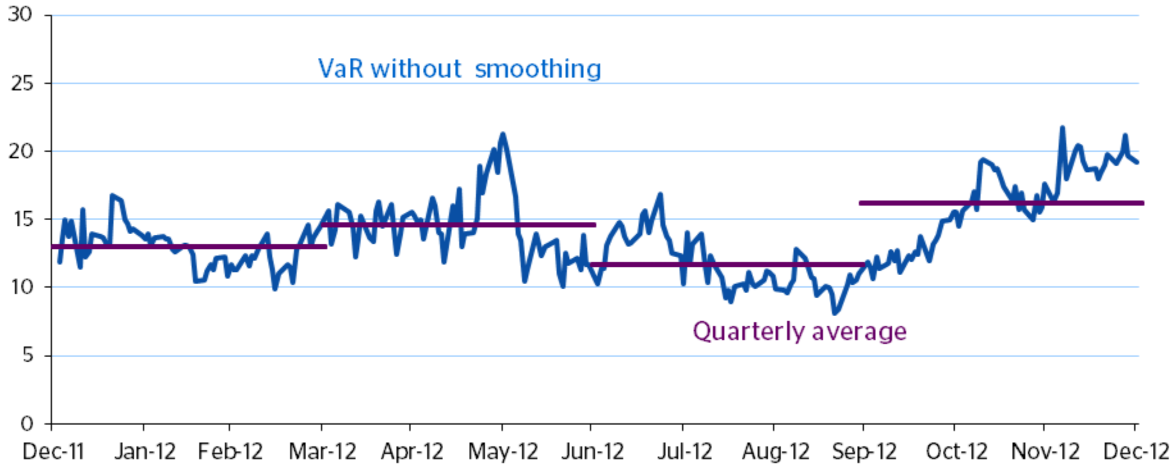
In addition, the Bank follows the guidelines set out by Spanish and European authorities regarding other metrics to meet the Bank of Spain's regulatory requirements. The new measurements of market risk for the trading portfolio include the calculation of stressed VaR (which quantifies the level of risk in extreme historical situations) and the quantification of default risks and downgrading of credit ratings of bonds and credit portfolio derivatives.

The limit structure of the Group's market risk determines a system of VaR and economic capital limits by market risk for each business unit, with specific sub-limits by type of risk, activity and trading desk.

Validity tests are performed periodically on the risk measurement models used by the Group. They estimate the maximum loss that could have been incurred in the positions assessed with a certain level of probability (backtesting), as well as measurements of the impact of extreme market events on risk positions (stress testing). As an additional control measure, backtesting is conducted at trading desk level in order to enable more specific monitoring of the validity of the measurement models.

5.2.1 Trends in market risk

In 2012, the changes in the Bank's market risk, measured as VaR without smoothing (see Glossary) with a 99% confidence level and a 1-day horizon are as follows:



This represents a daily average VaR of €14 million in 2012, compared with €16 million in 2011. The number of risk factors currently used to measure portfolio risk is around 2,200. This number is dynamic and varies according to the possibility of doing business with other underlying assets and markets.

As of year-end 2012 and 2011, VaR amounted to €19 million and €12 million, respectively. These figures can be broken down as follows:

	Millions of Euros	
VaR by Risk Factor	**2012**	**2011**
Interest/Spread risk	26	17
Currency risk	1	3
Stock-market risk	1	3
Vega/Correlation risk	6	8
Diversification effect (*)	(15)	(19)
Total	**19**	**12**
VaR medium in the period	**14**	**16**
VaR max in the period	**22**	**30**
VaR min in the period	**8**	**9**

(*) The diversification effect is the difference between the sum of the average individual risk factors and the total VaR figure that includes the implied correlation between all the variables and scenarios used in the measurement.

Stress testing is carried out using historical crisis scenarios. The base historical scenario is the collapse of Lehman Brothers in 2008.

Economic crisis scenarios are also prepared and updated monthly. The most significant market risk positions are identified for these scenarios, and an assessment is made of the impact that movements of market variables may have on them.

BBVA continues to work on improving and enriching the information provided by the stress exercises. It prepares scenarios that are capable of detecting the possible combinations of impacts on market variables that may significantly affect the result of trading portfolios, thus completing the information provided by VaR and the historical scenarios and operating as an alert indicator that complements the normal policies of risk measurement and control..

5.2.2 Structural interest-rate risk

The aim of on-balance-sheet interest-rate risk management is to maintain the Bank's exposure to market interest-rate fluctuations at levels in keeping with its risk strategy and profile. In pursuance of this, the Assets and Liabilities Committee (ALCO) undertakes active balance sheet management through operations intended to optimize the levels of risk borne according to expected earnings and respect the maximum levels of accepted risk.

ALCO uses the interest-rate risk measurements performed by the Risk Area. Acting as an independent unit, the Risk Area periodically quantifies the impact that a variation of 100 basis points in market interest rates would have on the Bank's net interest income and economic value.

In addition, the Bank performs probability calculations that determine the economic capital (maximum estimated loss of economic value) and risk margin (maximum estimated loss of net interest income) originating from structural interest-rate risk in banking activity (excluding the Treasury area), based on interest rate curve simulation models. The Bank regularly performs stress tests and sensitivity analyses to complement its assessment of its interest-rate risk profile.

All these risk measurements are subsequently analyzed and monitored. The levels of risk assumed and the degree of compliance with the limits authorized by the Executive Committee are reported to the various managing bodies of the Bank.

As part of the measurement process, the Bank has established the assumptions regarding the movement and behavior of certain items, such as those relating to products with no explicit or contractual maturity. These assumptions are based on studies that estimate the relationship between the interest rates on these products and market rates. They enable specific balances to be classified into trend-based balances (long-term) and seasonal or volatile balances (short-term residual maturity).

5.2.3 Structural currency risk

Structural currency risk is basically caused by exposure to variations in currency exchange rates that arise in the Bank's foreign subsidiaries and the provision of funds to foreign branches financed in a different currency to that of the investment.

ALCO is the body responsible for arranging hedging transactions to limit the capital impact of fluctuations in exchange rates, based on their projected trend, and to guarantee the equivalent euro value of the foreign currency earnings expected to be obtained from these investments.

Structural currency risk management at BBVA is based on the measurements performed by the Risk Area. These measurements use an exchange-rate scenario simulation model which quantifies possible changes in value for a given confidence interval and a pre-established time horizon. The Executive Committee authorizes the system of limits and alerts for these risk measurements, which include a sub-limit on the economic capital (an unexpected loss arising from the currency risk of investments financed in foreign currency).

Structural equity risk

The Bank's exposure to structural equity risk is basically derived from investments in industrial and financial companies with medium- and long-term investment horizons. This exposure is mitigated through net short positions held in derivatives of their underlying assets, used to limit portfolio sensitivity to potential falls in prices.

The corporate GRM Area is responsible for measuring and effectively monitoring structural risk in the equity portfolio. To do so, it estimates the sensitivity figures and the capital necessary to cover possible unexpected losses due to the variations in the value of the companies making up the Bank's equity portfolio, at a confidence level that corresponds to the institution's target rating, and taking into account the liquidity of the positions and the statistical performance of the assets under consideration. These figures are supplemented by periodic stress tests, back-testing and scenario analyses.

5.3 Liquidity risk

The aim of liquidity risk management, tracking and control is to ensure, in the short term, that the payment commitments of the BBVA Group entities can be duly met without having to resort to borrowing funds under burdensome terms, or damaging the image and reputation of the entities. In the medium term the aim is to ensure that the Group's financing structure is ideal and that it is moving in the right direction with respect to the economic situation, the markets and regulatory changes.

Management of liquidity and structural finance within the BBVA Group is based on the principle of financial autonomy of the entities that make it up. This approach helps prevent and limit liquidity risk by reducing the Group's vulnerability in periods of high risk. A core principle of the BBVA Group's liquidity management is the financial independence of our banking subsidiaries. This aims to ensure that the cost of liquidity is correctly reflected in price formation. Accordingly, we maintain a liquidity pool at an individual entity level, both in Banco Bilbao Vizcaya Argentaria, S.A. and in our banking subsidiaries, including BBVA Compass, BBVA Bancomer and our Latin American subsidiaries. The only exception to this principle is Banco Bilbao Vizcaya Argentaria (Portugal), S.A., which is funded by Banco Bilbao Vizcaya Argentaria, S.A.

The management and monitoring of liquidity risk is carried out comprehensively in each of the BBVA Group's business units using a double (short- and long-term) approach. The short-term liquidity approach has a time horizon of up to 365 days. It is focused on the management of payments and collections from the Treasury and market activity, and includes operations specific to the area and the Bank's possible liquidity requirements. The medium-term approach is focused on financial management of the whole balance sheet, with a time horizon of one year or more.

The ALCO within each business unit is responsible for the comprehensive management of liquidity. The Balance Sheet Management Unit, as part of the Financial Division, analyzes the implications of the Bank's various projects in terms of finance and liquidity and their compatibility with the target financing structure and the situation of the financial markets. The Balance Sheet Management Unit executes the resolutions agreed by ALCO in accordance with the agreed budgets and manages liquidity risk using a broad scheme of limits, sub-limits and alerts approved by the Executive Committee. The Risk Area, Global Risk Management (GRM), measures and controls these limits independently and provides the managers with support tools and metrics needed for decision-making.

Each of the local risk areas, which are independent from the local managers, complies with the corporate principles of liquidity risk control established by GRM, the Global Unit in charge of Structural Risks for the entire BBVA Group.

At the level of each BBVA Group entity, the managing areas request and propose a scheme of quantitative and qualitative limits and alerts related to short- and medium-term liquidity risks. Once agreed with GRM, controls and limits are proposed to the Bank's Board of Directors (through its delegate bodies) for approval at least once a year. The proposals submitted by GRM are adapted to the situation of the markets according to the risk appetite level aimed for by the Group.

The development and updating of the Corporate Liquidity and Finance Policy has contributed to strict adjustment of liquidity risk management in terms of limits and alerts, as well as in procedures. In accordance with the Corporate Policy, GRM carries out regular measurements of risk incurred and monitors the consumption of limits. It develops management tools and adapts valuation models, carries out regular stress tests and reports on the liquidity risk levels to ALCO and the Group's Management Committee on a monthly basis. Its reports to the management areas and Management Committee are more frequent.

Under the current Contingency Plan, the frequency of communication and the nature of the information provided are decided by the Liquidity Committee at the proposal of the Technical Liquidity Group (TLG). In the event of an alert or possible crisis, the TLG carries out an initial analysis of the liquidity situation (short- or long-term) of the entity affected.

The TLG is made up of technical staff from the Short-Term Cash Desk and the Balance Sheet Management and Structural Risk areas. If the alert signals established make clear that a situation of tension has arisen, the TLG informs the Liquidity Committee (made up of managers of the corresponding areas). The Liquidity Committee is responsible for calling the Financing Committee, if appropriate, which is made up of the BBVA's President and COO and the managers from the Financial Area, the Risk Area, Global Business and the Business Area of the country affected.

One of the most significant aspects that have affected the BBVA Group in 2012 and in previous years is the continuation of the sovereign debt crisis. The role played by official bodies in the euro zone and the ECB have been key in ensuring liquidity in the European banking system.

The Bank's principal source of funds is its customer deposit base, which consists primarily of demand, savings and time deposits. In addition to relying on our customer deposits, we also access the interbank market (overnight and time deposits) and domestic and international capital markets for our additional liquidity requirements. To access the capital markets, we have in place a series of domestic and international programs for the issuance of commercial paper and medium- and long-term debt. We also generally maintain a diversified liquidity pool of liquid assets and securitized assets at an individual entity level. Another source of liquidity is our generation of cash flow from our operations. Finally, we supplement our funding requirements with borrowings from the Bank of Spain and the European Central Bank (ECB).

The table below shows the types and number of securities included in the Bank's liquidity pool:

2012	BBVA Eurozone (1)
Cash and balances with central banks	10,106
Assets for credit operations with central banks	33,086
Central governments issues	25,148
Of Which: Spanish government securities	21,729
Other issues	7,939
Loans	-
Other non-eligible liquid assets	3,975
ACCUMULATED AVAILABLE BALANCE	**47,167**

(1) Included Banco Bilbao Vizacaya Argentaria, S.A. y Banco Bilbao Vizcaya Argentaria (Portugal); S.A.

Given this situation, the regulators have established new requirements with the aim of strengthening the balance sheets of banks and making them more resistant to potential short-term liquidity shocks. The Liquidity Coverage Ratio (LCR) is the metric proposed by the Committee on Banking Supervision of the Bank for International Settlements in Basel to achieve this objective. It aims to ensure that financial institutions have a sufficient stock of liquid assets to allow them to survive a 30-day liquidity stress scenario. Some aspects of the document published by the Committee on Banking Supervision in December 2010 were updated and relaxed in January 2013, among them, that the ratio will be incorporated as a regulatory requirement on January 1, 2015 associated with a non-compliance experience of 60%, which must reach 100% by January 2019. The frequency for reporting information to the supervisory bodies has been increased from quarterly to monthly beginning in January 2013.

In addition, the calibration period for the long-term funding ratio (more than twelve months) known as "Net Stable Funding Ratio" (NSFR) has been maintained in order to increase the weight of medium- and long-term funding on the banks' balance sheets, the regulators have defined a new long-term funding ratio (over 12 months) called the Net Stable Funding Ratio (NSFR). It will be under review until mid-2016 and become a regulatory requirement starting on January 1, 2018.

The BBVA Group has continued developing the plan to adapt to the regulatory ratios so as to allow it to adopt best practices and the most effective and strict criteria for their implementation sufficiently in advance.

5.4 Residual maturity

Below is a breakdown by contractual maturity of the balances of certain headings in the accompanying balance sheets, disregarding any valuation adjustments or impairment losses:

2012	Demand	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	Millions of Euros						
ASSETS -							
Cash and balances with central banks	10,970	109	-	-	-	-	11,079
Loans and advances to credit institutions	1,904	11,402	833	1,690	3,290	2,213	21,332
Loans and advances to customers	18,127	21,384	15,670	28,604	50,292	88,353	222,430
Debt securities	11	1,979	2,437	7,224	26,289	15,492	53,432
OTC derivatives	-	1,031	1,142	3,832	14,681	31,921	52,607
LIABILITIES-							
Deposits from central banks	1	8,085	3,232	-	29,000	-	40,318
Deposits from credit institutions	2,150	17,783	4,256	13,340	8,165	2,984	48,678
Deposits from customers	56,177	34,582	8,585	39,508	18,051	867	157,770
Debt certificates (including bonds)	-	3,154	22	6,494	27,472	6,584	43,726
Subordinated liabilities	-	-	-	1,238	1,319	2,299	4,856
Short positions	4,585	-	-	-	-	-	4,585
Other financial liabilities	5,105	238	8	33	15	7	5,406
OTC derivatives	-	925	1,114	3,822	14,217	31,352	51,430

2011	Demand	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	Millions of Euros						
ASSETS -							
Cash and balances with central banks	13,481	148	-	-	-	-	13,629
Loans and advances to credit institutions	2,138	9,332	1,979	1,614	5,259	2,564	22,886
Loans and advances to customers	15,365	32,726	15,765	28,148	54,868	96,442	243,314
Debt securities	21	1,288	1,675	3,353	20,691	13,479	40,507
OTC derivatives	-	1,393	1,942	5,067	15,796	26,926	51,124
LIABILITIES-							
Deposits from central banks	-	19,183	2,432	-	11,023	-	32,638
Deposits from credit institutions	1,281	19,974	4,851	4,417	10,420	3,514	44,457
Deposits from customers	56,925	52,817	10,772	36,484	25,522	1,266	183,786
Debt certificates (including bonds)	-	1,553	996	3,289	25,152	12,215	43,205
Subordinated liabilities	-	-	-	-	4,777	4,647	9,424
Short positions	3,163	-	-	-	-	-	3,163
Other financial liabilities	4,102	545	29	74	9	14	4,773
OTC derivatives	-	1,475	1,549	5,197	14,460	25,594	48,275

6. Fair value of financial instruments

The fair value of a financial asset or liability on a given date is the amount for which it could be exchanged or settled, respectively, on that date between two knowledgeable, willing parties in an arm's length transaction under market conditions. The most objective and common reference for the fair value of a financial asset or liability is the price that would be paid for it on an organized, transparent and deep market ("quoted price" or "market price").

If there is no market price for a given financial asset or liability, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments or, in the absence thereof, by using mathematical measurement models that are sufficiently tried and trusted by the international financial community. The estimates used in such models take into consideration the specific features of the asset or liability to be measured and, in particular, the various types of risk associated with the asset or liability. However, the limitations inherent in the measurement models and possible inaccuracies in the assumptions and parameters required by these models may mean that the estimated fair value of an asset or liability does not exactly match the price for which the asset or liability could be exchanged or settled on the date of its measurement.

The fair value of the financial derivatives included in the held-for-trading portfolios is assimilated to their daily quoted price if there is an active market for these financial instruments. If for any reason their quoted price cannot be established on a given date, these derivatives are measured using methods similar to those used in over-the-counter (OTC) markets.

The fair value of OTC derivatives ("present value" or "theoretical price") is equal to the sum of future cash flows arising from the instrument, discounted at the measurement date; these derivatives are valued using methods recognized by international financial markets: the "net present value" (NPV) method, option price calculation models, etc.

Determining the fair value of financial instruments

Below is a comparison of the carrying amount of the Bank's financial assets and liabilities in the accompanying balance sheets and their respective fair values:

		Millions of Euros			
		2012		2011	
Fair Value and Carrying Amount	**Notes**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
ASSETS-					
Cash and balances with central banks	7	11,079	11,079	13,629	13,629
Financial assets held for trading	8	63,771	63,771	56,538	56,538
Available-for-sale financial assets	10	33,098	33,098	25,407	25,407
Loans and receivables	11	237,029	237,893	262,923	263,431
Held-to-maturity investments	12	10,162	9,805	10,955	10,190
Fair value changes of the hedges items in portfolio hedges of interes rate risk	13	226	226	146	146
Hedging derivatives	13	3,708	3,708	3,681	3,681
LIABILITIES-					
Financial assets held for trading	8	53,434	53,434	48,966	48,966
Financial liabilities at amortized cost	20	305,917	304,692	323,518	321,495
Fair value changes of the hedges items in portfolio hedges of interes rate risk	13	-	-	-	-
Hedging derivatives	13	2,586	2,586	2,475	2,475

In the case of financial instruments whose carrying amount is not the same as their theoretical fair value, the fair value has been calculated in the following manner:

- The fair value of "Cash and balances with central banks" has been considered equivalent to its carrying amount, because they are mainly short-term balances.
- The fair value of "Held-to-maturity investments" is equivalent to their quoted price in active markets.
- The fair values of "Loans and receivables" and "Financial liabilities at amortized cost" have been estimated by discounting estimated future cash flows using the market interest rates prevailing at each year-end.
- The "Fair value changes of the hedged items in portfolio hedges of interest-rate risk" item in the accompanying balance sheets registers the difference between the carrying amount of the hedged deposits lent, registered under "Loans and Receivables," and the fair value calculated using internal models and observable variables of market data (see Note 13).

For financial instruments whose carrying amount is equivalent to their fair value, the measurement processes used are set forth below:

- *Level 1*: Measurement using market observable quoted prices for the financial instrument in question, secured from independent sources and referred to active markets. This level includes listed debt securities, listed equity instruments, some derivatives and mutual funds.
- *Level 2:* Measurement that applies techniques using inputs drawn from observable market data.

- *Level 3:* Measurement using techniques where some of the inputs are not taken from market observable data. As of December 31, 2012, the affected instruments accounted for approximately 0.44% of financial assets and 0.05% of the Bank's financial liabilities. Model selection and validation is undertaken by control areas outside the market units.

The following table shows the main financial instruments carried at fair value in the accompanying balance sheets, broken down by the measurement technique used to determine their fair value:

		Millions of Euros					
		2012			2011		
Fair Value by Levels	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
ASSETS-							
Financial assets held for trading	8	14,479	48,891	401	8,863	46,977	698
Debt securities		11,541	611	285	6,847	603	448
Other equity instruments		2,104	25	70	914	15	68
Trading derivatives		834	48,255	46	1,102	46,359	182
Available-for-sale financial assets	10	28,304	4,640	41	23,160	1,585	542
Debt securities		25,418	4,625	41	19,443	1,575	90
Other equity instruments		2,886	15	0	3,717	10	452
Hedging derivatives	13	-	3,708	-	-	3,681	-
LIABILITIES-							
Financial liabilities held for trading	8	5,370	48,035	29	4,358	44,585	23
Trading derivatives		785	48,035	29	1,195	44,585	23
Short positions		4,585	-	-	3,163	-	-
Hedging derivatives	13	-	2,586	-	-	2,475	-

The heading "Available-for-sale-financial assets" in the accompanying balance sheet as of December 31, 2012 and 2011 additionally includes €114 million and €120 million, respectively, accounted for at cost, as indicated in the section of this Note entitled "Financial instruments at cost".

The following table sets forth the main measurement techniques, hypothesis and inputs used in the estimation of fair value of the financial instruments classified under Levels 2 and 3, based on the type of financial asset and liability and the corresponding balances as of December 31, 2012:

<table>
<tr><th>Financial Instruments Level 2</th><th>Measurement techniques</th><th>Main assumptions</th><th>Main inputs used</th><th colspan="2">2012
Fair value (millions of euros)</th></tr>
<tr><td>▪ Debt securities</td><td rowspan="2">Present-value method</td><td rowspan="2">Determining the present value of financial instruments as the current value of future cash flows (discounted at market interest rates), taking into account:
• the estimate of prepayment rates;
• the issuer credit risk; and
• current market interest rates.
• Net Asset Value (NAV) published recurrently, but not more frequently than every quarter.</td><td rowspan="2">• Risk premiums.
• Observable market interest rates</td><td colspan="2">Trading portfolio</td></tr>
<tr><td>▪ Equity instruments</td><td>Debt securities
Equity instruments

Other financial assets at fair value through profit or loss
Debt securities
Equity instruments

Available-for-sale financial assets
Loans and advances to credit institutions
Debt securities
Equity instruments

Other financial liabilities designated at fair value through profit or loss</td><td>611
25

--
--

--
4,625
15

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<tr><td rowspan="4">▪ Derivatives</td><td>Analytic/semi-analytic formulae</td><td>For share, inflation, currency or commodity derivatives:
• The Black-Scholes assumptions take into account possible convexity adjustments

For interest rate derivatives:
• Black-Scholes assumptions apply a lognormal process for forward rates and consider possible convexity adjustments.</td><td rowspan="4">For share, inflation, currency or commodity derivatives:
• Forward structure of the underlying asset.
• Volatility of options.
• Observable correlations between underlying assets.
For interest-rate derivatives:
• The term structure of interest rates.
• Volatility of underlying asset.

For credit derivatives:
• Credit default swap (CDS) prices.
• Historical CDS volatility.</td><td colspan="2">Assets
Trading derivatives 48,255
Hedging derivatives 3,708</td></tr>
<tr><td>For share, currency or commodity derivatives:
• Monte Carlo simulations.</td><td>Local volatility model: assumes a constant diffusion of the underlying asset with the volatility depending on the value of the underlying asset and the term</td><td colspan="2">Liabilities</td></tr>
<tr><td>For interest-rate derivatives:
• Black-Derman-Toy Model, Libor Market Model and SABR.
• HW 1 factor</td><td>This model assumes that:
• The forward rates in the term structure of the interest rate curve are perfectly correlated.</td><td>Trading derivatives</td><td>48,035</td></tr>
<tr><td>For credit derivatives:
• Diffusion models.</td><td>These models assume a constant diffusion of default intensity.</td><td>Hedging derivatives</td><td>2,586</td></tr>
</table>

Financial Instruments Level 3	Measurement techniques	Main assumptions	Main unobservable inputs	2012 Fair value (millions of euros)	
▪ Debt securities	▪ Present-value method ▪ "Time default" model for financial instruments in the collateralized debt obligations (CDO) family.	Determining the current value of financial instruments as the current value of future cash flows (discounted at market interest rates), taking into account: • estimate of prepayment rates; • issuer credit risk; and • current market interest rates. In the case of measurement of asset-backed securities (ABS), the future prepayments are calculated according to conditional prepayment rates supplied by the issuers themselves. The "time-to-default" model is used to measure the probability of default. One of the main variables used is the correlation of defaults extrapolated from several index tranches (ITRAOO and CDX) with the underlying portfolio of our CDOs.	• Prepayment rates • Default correlation • Credit spread (1)	Trading portfolio	
				Debt securities	285
				Equity instruments	70
				Available-for-sale financial assets	
				Debt securities	41
▪ Equity instruments	• Present-value method	Net asset value (NAV) for hedge funds and for equity instruments listed in thin or less active markets	• Credit spread (1) • NAV supplied by the fund manager or issuer of the securities.	Equity instruments	--
▪ Trading derivatives	Trading derivatives for interest rate futures and forwards: • Present-value method • "Libor Market" model.	The "Libor Market" model models the complete term structure of the interest-rate curve, assuming a constant elasticity of variance (CEV) lognormal process. The CEV lognormal process is used to measure the presence of a volatility shift.	• Correlation decay (2)	Assets	
	For variable income and foreign exchange options: • Monte Carlo simulations • Numerical integration • Heston	The options are measured through generally accepted valuation models, to which the observed implied volatility is added.	• Vol-of-Vol (3) • Reversion factor (4) • Volatility Spot Correlation (5)	Trading derivatives	46
				Liabilities	
	• Credit baskets	These models assume a constant diffusion of default intensity.	• Default correlation. • Historical CDS volatility	Trading derivatives Hedging derivatives	29 --

(1) Credit spread: The spread between the interest rate of a risk-free asset (e.g. Treasury securities) and the interest rate of any other security that is identical in every respect except for asset quality. Spreads are considered as Level 3 inputs when referring to illiquid securities, based on spreads of similar issuers.
(2) Correlation decay: This is the factor that allows us to calculate changes in correlation between the different pairs of forward rates.
(3) Vol-of-Vol: Volatility of implied volatility. This is a statistical measure of the changes of the spot volatility.
(4) Reversion Factor: The speed with which volatility reverts to its natural value.
(5) Volatility - Spot Correlation: A statistical measure of the linear relationship (correlation) between the spot price of a security and its volatility.

The changes in the balance of Level 3 financial assets and liabilities included in the accompanying balance sheets are as follows:

	Millions of Euros			
	2012		2011	
Financial Assets Level 3 Changes in the Period	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Balance at the beginning	**1,240**	**23**	**1,196**	**25**
Valuation adjustments recognized in the income statement	50	1	(1)	(2)
statement	-	-	(6)	-
Acquisitions, disposals and liquidations	(340)	5	19	-
Net transfers to level 3	(148)	-	32	-
Exchange differences and others	(360)	-	-	-
Balance at the end	**442**	**29**	**1,240**	**23**

The financial instruments transferred between the different levels of measurement in 2012 are at the following amounts in the accompanying balance sheet as of December 31, 2012:

	Millions of Euros					
From:	Level I		Level 2		Level 3	
Transfer between levels To:	**Level 2**	**Level 3**	**Level 1**	**Level 3**	**Level 1**	**Level 2**
ASSETS						
Financial assets held for trading	3	-	1	-	-	89
Available-for-sale financial assets	74	-	98	17	12	64
Hedging derivatives	-	-	-	-	-	-
LIABILITIES-						
Financial liabilities held for trading	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-

As of December 31, 2012, the effect on earnings and equity of changing the main hypotheses used for the measurement of Level 3 financial instruments for other reasonably possible models, taking the highest (most favorable hypotheses) or lowest (least favorable) value of the range deemed probable, would be as follows:

	Millions of Euros			
	Potential Impact on Income Statement		Potential Impact on Total Equity	
Financial Assets Level 3 Sensitivity Analysis	**Most Favorable Hypotheses**	**Least Favorable Hypotheses**	**Most Favorable Hypotheses**	**Least Favorable Hypotheses**
ASSETS				
Financial assets held for trading	22	(15)	-	-
Available-for-sale financial assets	-	-	-	(1)
Hedging derivatives	-	-	-	-
LIABILITIES-				
Financial liabilities held for trading	4	(4)	-	-
Total	**26**	**(19)**	**-**	**(1)**

Loans and financial liabilities at fair value through profit or loss

As of December 31, 2012, and 2011, there were no loans or financial liabilities at fair value other than those recognized under the headings "Other financial assets designated at fair value through profit or loss" and "Other financial liabilities designated at fair value through profit or loss" in the accompanying balance sheets.

Financial instruments at cost

As of December 31, 2012 and 2011, equity instruments, derivatives with these equity instruments as underlying assets, and certain discretionary profit-sharing arrangements in some companies, are recognized at cost in the balance sheets because their fair value could not be reliably determined, as they are not traded in organized markets and thus their unobservable inputs are significant. On the above dates, the balance of these financial instruments recognized in the portfolio of available-for-sale financial assets amounted to €114 million and €120 million, respectively.

The table below outlines the financial assets and liabilities carried at cost that were sold in 2012 and 2011:

	Millions of Euros	
Sales of financial instruments at cost	**2012**	**2011**
Amount of Sale	28	19
Carrying Amount at Sale Date	4	8
Gains/Losses	24	11

7. Cash and balances with central banks

The breakdown of the balance under the headings "Cash and balances with central banks" and "Financial liabilities at amortized cost – deposits from central banks" in the accompanying balance sheets is as follows:

		Millions of Euros	
Cash and Balances with Central Banks	**Notes**	**2012**	**2011**
Cash		587	595
Balances at the Central Banks		10,383	12,886
Reverse repurchase agreements	32	109	148
Subtotal		11,079	13,629
Accrued interests		-	-
Total		**11,079**	**13,629**

		Millions of Euros	
Deposits from Central Banks	**Notes**	**2012**	**2011**
Deposits from Central Banks		40,209	23,900
Repurchase agreements	32	109	8,738
Accrued interest until expiration		239	11
Total	20	**40,557**	**32,649**

8. Financial assets and liabilities held for trading

The breakdown of the balance under these headings in the accompanying balance sheets is as follows:

	Millions of Euros	
Financial Assets and Liabilities Held-for-Trading	**2012**	**2011**
ASSETS-		
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	12,437	7,898
Equity instruments	2,199	997
Trading derivatives	49,135	47,643
Total	**63,771**	**56,538**
LIABILITIES-		
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Customer deposits	-	-
Debt certificates	-	-
Trading derivatives	48,849	45,803
Short positions	4,585	3,163
Other financial liabilities	-	-
Total	**53,434**	**48,966**

8.1 Debt securities

The breakdown by type of instrument of the balance under this heading in the accompanying balance sheets is as follows:

	Millions of Euros	
Debt Securities Held-for-Trading Breakdown by type of issuer	**2012**	**2011**
Issued by Central Banks	25	64
Spanish government bonds	4,968	4,324
Foreign government bonds	4,513	1,427
Issued by Spanish financial institutions	455	565
Issued by foreign financial institutions	524	285
Other debt securities	1,952	1,233
Total	**12,437**	**7,898**

The debt securities included under Financial Assets Held for Trading earned average annual interest of 2.565% in 2012 (2.879% in 2011).

8.2 Equity instruments

The breakdown of the balance under this heading in the accompanying balance sheets is as follows:

	Millions of Euros	
Equity Instruments Held-for-Trading Breakdown by Issuer	**2012**	**2011**
Shares of Spanish companies		
Credit institutions	162	60
Other sectors	1,088	132
Subtotal	1,250	192
Shares of foreign companies		
Credit institutions	78	125
Other sectors	720	474
Subtotal	798	599
Shares in the net assets of mutual funds	**151**	**206**
Total	**2,199**	**997**

8.3 Trading derivatives

The trading derivatives portfolio arises from the Bank's need to manage the risks incurred by it in the course of normal business activity. As of December 31, 2012 and 2011, trading derivatives are principally contracted in over-the-counter (OTC) markets, with credit entities not resident in Spain as the main counterparties, and related to foreign-exchange, interest-rate and equity risk.

Below is a breakdown of the net positions by transaction type of the fair value of outstanding financial trading derivatives recognized in the accompanying balance sheets, divided into organized and OTC markets:

	Millions of Euros							
2012	**Currency Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Precious Metals Risk**	**Commodities Risk**	**Credit Risk**	**Other Risks**	**Total**
Organized markets								
Financial futures	-	-	-	-	-	-	-	-
Options	(4)	-	51	2	1	-	-	50
Other products	-	-	-	-	-	-	-	-
Subtotal	**(4)**	**-**	**51**	**2**	**1**	**-**	**-**	**50**
OTC markets								
Credit institutions								
Forward transactions	(1,112)	-	-	-	-	-	-	(1,112)
Future rate agreements (FRAs)	-	(4)	-	-	-	-	-	(4)
Swaps	-	(2,715)	84	-	1	-	-	(2,630)
Options	8	236	108	-	(6)	-	-	346
Other products	-	-	-	-	-	(92)	-	(92)
Subtotal	**(1,104)**	**(2,483)**	**192**	**-**	**(5)**	**(92)**	**-**	**(3,492)**
Other financial institutions								
Forward transactions	(18)	-	-	-	-	-	-	(18)
Future rate agreements (FRAs)	-	(11)	-	-	-	-	-	(11)
Swaps	-	842	(20)	-	-	-	-	822
Options	-	(174)	(163)	-	-	-	-	(337)
Other products	-	-	-	-	-	108	-	108
Subtotal	**(18)**	**657**	**(183)**	**-**	**-**	**108**	**-**	**564**
Other sectors								
Forward transactions	237	-	-	-	-	-	-	237
Future rate agreements (FRAs)	-	-	-	-	-	-	-	-
Swaps	-	2,494	152	-	7	-	-	2,653
Options	(60)	85	249	-	-	-	-	274
Other products	-	-	-	-	-	-	-	-
Subtotal	**177**	**2,579**	**401**	**-**	**7**	**-**	**-**	**3,164**
Subtotal	**(945)**	**753**	**410**	**-**	**2**	**16**	**-**	**236**
Total	**(949)**	**753**	**461**	**2**	**3**	**16**	**-**	**286**
of which: Asset Trading Derivatives	**4,198**	**40,681**	**3,684**	**6**	**35**	**531**	**-**	**49,135**
of which: Liability Trading Derivatives	**(5,147)**	**(39,928)**	**(3,223)**	**(4)**	**(32)**	**(515)**	**-**	**(48,849)**

	Millions of Euros							
2011	**Currency Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Precious Metals Risk**	**Commodities Risk**	**Credit Risk**	**Other Risks**	**Total**
Organized markets								
Financial futures	-	-	-	-	-	-	-	-
Options	(11)	-	(78)	5	(9)	-	-	(93)
Other products	-	-	-	-	-	-	-	-
Subtotal	**(11)**	**-**	**(78)**	**5**	**(9)**	**-**	**-**	**(93)**
OTC markets								
Credit institutions								
Forward transactions	(187)	-	-	-	-	-	-	(187)
Future rate agreements (FRAs)	-	2	-	-	-	-	-	2
Swaps	-	(3,763)	68	1	22	-	-	(3,672)
Options	116	611	(105)	-	-	-	-	622
Other products	-	-	-	-	-	(432)	-	(432)
Subtotal	(71)	(3,150)	(37)	1	22	(432)	-	(3,667)
Other financial institutions								
Forward transactions	(20)	-	-	-	-	-	-	(20)
Future rate agreements (FRAs)	-	(1)	-	-	-	-	-	(1)
Swaps	-	1,458	12	-	(1)	-	-	1,469
Options	9	(176)	(38)	-	-	-	-	(205)
Other products	-	-	-	-	-	577	-	577
Subtotal	(11)	1,281	(26)	-	(1)	577	-	1,820
Other sectors								
Forward transactions	409	-	-	-	-	-	-	409
Future rate agreements (FRAs)	-	-	-	-	-	-	-	-
Swaps	(2)	2,525	209	-	40	-	-	2,772
Options	(72)	165	524	-	-	-	-	617
Other products	-	-	-	-	-	(18)	-	(18)
Subtotal	335	2,690	733	-	40	(18)	-	3,780
Subtotal	**253**	**821**	**670**	**1**	**61**	**127**	**-**	**1,933**
Total	242	821	592	6	52	127	-	1,840
of which: Asset Trading Derivatives	**7,465**	**33,233**	**4,654**	**36**	**191**	**2,064**	**-**	**47,643**
of which: Liability Trading Derivatives	**(7,223)**	**(32,412)**	**(4,062)**	**(30)**	**(139)**	**(1,937)**	**-**	**(45,803)**

9. Other financial assets and liabilities at fair value through profit or loss

As of December 31, 2012 and 2011, this heading of the accompanying balance sheets had no balances.

10. Available-for-sale financial assets

10.1 Breakdown of the balance

The breakdown of the balance by the main financial instruments in the accompanying balance sheets is as follows:

	Millions of Euros	
Available-for-Sale (AFS) Financial Assets	**2012**	**2011**
Debt securities	30,140	21,191
Impairment losses	(57)	(83)
Subtotal	30,083	21,108
Equity instruments	3,064	4,522
Impairment losses	(49)	(223)
Subtotal	3,015	4,299
Total	**33,098**	**25,407**

10.2 Debt securities

The breakdown of the balance under the heading "Debt securities", broken down by the nature of the financial instruments, is as follows:

Debt Securities Available-for-Sale by Type of Financial Instrument

	Millions of Euros			
2012	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic Debt Securities				
Spanish Government and other government agency debt securities	18,777	119	(667)	18,229
Other debt securities	7,484	51	(80)	7,455
Issue by Central Banks	-	-	-	-
Issue by credit institutions	6,397	37	(51)	6,383
Issue by other issuers	1,087	14	(29)	1,072
Subtotal	26,261	170	(747)	25,684
Foreign Debt Securities				
Mexico	-	-	-	-
Mexican Government and other government agency debt securities	-	-	-	-
Other debt securities	-	-	-	-
Issue by Central Banks	-	-	-	-
Issue by credit institutions	-	-	-	-
Issue by other issuers	-	-	-	-
The United States	302	1	(16)	287
Government securities	74	-	(7)	67
US Treasury and other US Government agencies	74	-	(7)	67
States and political subdivisions	-	-	-	-
Other debt securities	228	1	(9)	220
Issue by Central Banks	-	-	-	-
Issue by credit institutions	11	-	(1)	10
Issue by other issuers	217	1	(8)	210
Other countries	4,508	27	(423)	4,112
securities	1,559	5	(376)	1,188
Other debt securities	2,949	22	(47)	2,924
Issue by Central Banks	-	-	-	-
Issue by credit institutions	2,053	17	(8)	2,062
Issue by other issuers	896	5	(39)	862
Subtotal	4,810	28	(439)	4,399
Total	**31,071**	**198**	**(1,186)**	**30,083**

Debt Securities Available-for-Sale by Type of Financial Instrument

	Millions of Euros			
2011	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic Debt Securities				
Spanish Government and other government agency debt securities	15,897	2	(794)	15,105
Other debt securities	2,807	-	(125)	2,682
Issue by Central Banks	-	-	-	-
Issue by credit institutions	1,920	-	(80)	1,840
Issue by other issuers	887	-	(45)	842
Subtotal	18,704	2	(919)	17,787
Foreign Debt Securities				
Mexico	130	-	(5)	125
Mexican Government and other government agency debt securities	-	-	-	-
Other debt securities	130	-	(5)	125
Issue by Central Banks	-	-	-	-
Issue by credit institutions	130	-	(5)	125
Issue by other issuers	-	-	-	-
The United States	251	-	(29)	222
Government securities	173	-	(12)	161
US Treasury and other US Government agencies	173	-	(12)	161
States and political subdivisions	-	-	-	-
Other debt securities	78	-	(17)	61
Issue by Central Banks	-	-	-	-
Issue by credit institutions	8	-	(2)	6
Issue by other issuers	70	-	(15)	55
Other countries	3,527	6	(559)	2,974
securities	1,568	4	(498)	1,074
Other debt securities	1,959	2	(61)	1,900
Issue by Central Banks	-	-	-	-
Issue by credit institutions	867	1	(37)	831
Issue by other issuers	1,092	1	(24)	1,069
Subtotal	3,908	6	(593)	3,321
Total	**22,612**	**8**	**(1,512)**	**21,108**

The change in the balance under the heading “Debt securities” in 2012 was mainly do to the purchase of Spanish public debt.

10.3 Equity instruments

The breakdown of the balance under the heading "Equity instruments" as of December 31, 2012 and 2011 is as follows:

AFS-Equity Instruments. Breakdown by Type of Financial Instrument

Millions of Euros

2012	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity instruments listed				
Listed Spanish company shares	3,035	67	(377)	2,725
Credit institutions	-	-	-	-
Other entities	3,035	67	(377)	2,725
Listed foreign company shares	218	3	(45)	176
United States	17	-	(4)	13
Other countries	201	3	(41)	163
Subtotal	3,253	70	(422)	2,901
Unlisted equity instruments				
Unlisted Spanish company shares	21	-	-	21
Credit institutions	1	-	-	1
Other entities	20	-	-	20
Unlisted foreign companies shares	93	-	-	93
United States	66	-	-	66
Other countries	27	-	-	27
Subtotal	114	-	-	114
Total	**3,367**	**70**	**(422)**	**3,015**

AFS-Equity Instruments. Breakdown by Type of Financial Instrument

Millions of Euros

2011	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity instruments listed				
Listed Spanish company shares	3,623	359	(2)	3,980
Credit institutions	-	-	-	-
Other entities	3,623	359	(2)	3,980
Listed foreign company shares	288	2	(91)	199
United States	24	-	(12)	12
Other countries	264	2	(79)	187
Subtotal	3,911	361	(93)	4,179
Unlisted equity instruments				
Unlisted Spanish company shares	24	-	-	24
Credit institutions	1	-	-	1
Other entities	23	-	-	23
Unlisted foreign companies shares	96	-	-	96
United States	69	-	-	69
Other countries	27	-	-	27
Subtotal	120	-	-	120
Total	**4,031**	**361**	**(93)**	**4,299**

10.4 Gains/losses

The changes in the gains/losses, net of taxes, recognized under the equity heading "Valuation adjustments – Available-for-sale financial assets" in the accompanying balance sheets are as follows:

	Millions of Euros	
Changes in Valuation Adjustments - Available-for-Sale Financial Assets	**2011**	**2010**
Balance at the beginning	**(782)**	**39**
Valuation gains and losses	(343)	(972)
Income tax	20	169
Amounts transferred to income	167	(18)
Balance at the end	**(938)**	**(782)**
Of which:		
Debt securities	(692)	(1,053)
Equity instruments	(246)	271

The losses recognized under the heading "Valuation adjustments – Available-for-sale financial assets" in the income statement for 2012 correspond mainly to Spanish government debt securities.

- As of December 31, 2012, 21% of the unrealized losses recognized under the heading "Valuation adjustments – Available-for-sale financial assets" and originating in debt securities were generated over more than twelve months. However, no impairment has been estimated, as following an analysis of these unrealized losses it can be concluded that they were temporary due to the following reasons: the interest payment dates of all the fixed-income securities have been satisfied; and because there is no evidence that the issuer will not continue to meet its payment obligations, nor that future payments of both principal and interest will not be sufficient to recover the cost of the debt securities.

- As of December 31, 2012, the Bank has analyzed the unrealized losses recognized under the heading "Valuation adjustments – Available-for-sale financial assets" resulting from equity instruments generated over a period of more than 12 months and with a fall of more 20% in their price, as a first approximation to the existence of possible impairment. As of December 31, 2012, the unrealized losses recognized under the heading "Valuation adjustments – Available-for-sale financial assets" resulting from equity instruments generated over a period of more than 18 months or with a fall of more 40% in their price are not significant.

The heading "Impairment losses on financial assets (net) – Available-for-sale financial assets" in the accompanying income statements recognizes losses of €15 million and capital gains of €4 million for the years 2012 and 2011, respectively (see Note 43).

11. Loans and receivables

The breakdown of the balance under this heading in the accompanying balance sheets, according to the nature of the financial instrument, is as follows:

		Millions of Euros	
Loans and Receivables	**Notes**	**2012**	**2011**
Loans and advances to credit institutions	11.1	21,366	22,967
Loans and advances to customers	11.2	213,944	238,463
Debt securities	11.3	1,719	1,493
Total		**237,029**	**262,923**

11.1 Loans and advances to credit institutions

The breakdown of the balance under this heading in the accompanying balance sheets, according to the nature of the financial instrument, is as follows:

		Millions of Euros	
Loans and Advances to Credit Institutions	**Notes**	**2012**	**2011**
Reciprocal accounts		112	40
Deposits with agreed maturity		7,954	12,180
Demand deposits		968	1,906
Reverse repurchase agreements	32	3,624	2,605
Other financial assets		8,654	6,133
Impaired assets		20	22
Total gross	5.1	21,332	22,886
Valuation adjustments		34	81
Impairment losses	5.1.7	(20)	(28)
Accrued interest and fees		54	109
Hedging derivatives and others		-	-
Total		**21,366**	**22,967**

11.2 Loans and advances to customers

The breakdown of the balance under this heading in the accompanying balance sheets, according to the nature of the financial instrument, is as follows:

		Millions of Euros	
Loans and Advances to Customers	**Notas**	**2012**	**2011**
Mortage secured loans		92,401	98,900
Other secured loans		3,256	2,528
Other loans		74,585	83,378
Credit accounts		13,000	12,842
Commercial credit		9,777	13,108
Receivable on demand and other		3,311	3,503
Credit cards		1,282	1,323
Finance leases		3,466	4,236
Reverse repurchase agreements	32	4,407	7,117
Financial paper		4,180	5,151
Impaired assets	5.1.6	12,765	11,228
Total gross	5.1	222,430	243,314
Valuation adjustments		(8,486)	(4,851)
Impairment losses	5.1.7	(9,152)	(5,694)
Accrued interests and fees		(50)	124
Hedging derivatives and others		716	719
Total net		**213,944**	**238,463**

As of December 31, 2012, 15.07% of "Loans and advances to customers" with a maturity greater than one year were concluded with fixed-interest rates and 84.93% with variable interest rates.

The heading "Loans and advances to customers" includes financial lease arrangements provided by various entities in the Bank for their customers to finance the purchase of assets, including movable and immovable property. The breakdown of the financial lease arrangements as of December 31, 2012 and 2011 is as follows:

	Millions of Euros	
Financial Lease Arrangements	**2012**	**2011**
Movable property	1,592	2,046
Real Estate	1,874	2,190
Fixed rate	1,297	1,460
Floating rate	2,169	2,776

The heading "Loans and receivables – Loans and advances to customers" in the accompanying balance sheets also includes certain mortgage loans that, as mentioned in Note 30 and pursuant to the Mortgage Market Act, are considered a suitable guarantee for the issue of long-term mortgage covered bonds (see Appendix XI). Additionally, this heading also includes certain loans that have been securitized and that have not been derecognized since the Bank has retained substantially all the related risks or rewards due to the fact that it has granted subordinated debt or other types of credit enhancements that absorb either substantially all expected credit losses on the asset transferred or the probable variation in attendant net cash flows.

The amounts recognized in the balance sheets corresponding to these securitized loans are as follows:

	Millions of Euros	
Securitized Loans	**2012**	**2011**
Securitized mortgage assets	17,123	31,793
Other securitized assets	5,735	7,182
Commercial and industrial loans	3,673	4,484
Finance leases	346	390
Loans to individuals	1,716	2,308
Total	**22,858**	**38,975**

Other securitized loans were derecognized from the accompanying balance sheets as the Bank did not retain any attendant risks or benefits, as specified below:

	Millions of Euros	
Derecognized Securitized Loans	**2012**	**2011**
Securitized mortgage assets	-	-
Other securitized assets	96	122
Total	**96**	**122**

11.3 Debt securities

The breakdown of the balance under this heading in the accompanying balance sheets, according to the nature of the financial instrument, is as follows:

		Millions of Euros	
Debt securities	**Notes**	**2012**	**2011**
Government		1,264	1,265
Credit institutions		4	4
Other sectors		461	234
Total gross	5.1	**1,729**	**1,503**
Valuation adjustments	5.1.7	(10)	(10)
Total		**1,719**	**1,493**

12. Held-to-maturity investments

The breakdown of the balance under this heading in the accompanying balance sheets is as follows:

	Millions of Euros			
2012	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic Debt Securities				
Spanish Government and other government agency debt securities	6,469	3	(407)	6,065
Other domestic debt securities	810	2	(27)	785
Issue by credit institutions	250	2	(3)	249
Issue by other issuers	560	-	(24)	536
Subtotal	7,279	5	(434)	6,850
Foreign Debt Securities				
Government and other government agency debt securities	2,741	121	-	2,862
Other debt securities	142	6	-	148
Subtotal	2,883	127	-	3,010
Total	**10,162**	**132**	**(434)**	**9,860**

Held-to-Maturity Investments. Breakdown by Type of Financial Instrument

	Millions of Euros			
2011	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic Debt Securities				
Spanish Government and other government agency debt securities	6,520	1	(461)	6,060
Other domestic debt securities	853	-	(65)	788
Issue by credit institutions	255	-	(11)	244
Issue by other issuers	598	-	(54)	544
Subtotal	7,373	1	(526)	6,848
Foreign Debt Securities				
Government and other government agency debt securities	3,376	9	(236)	3,149
Issue by credit institutions	206	3	(16)	193
Subtotal	3,582	12	(252)	3,342
Total	**10,955**	**13**	**(778)**	**10,190**

The foreign securities held by the Bank as of December 31, 2012 and 2011 in the held-to-maturity investments portfolio correspond basically to European issuers.

As of December 31, 2012, after analyzing the unrealized losses, it was decided that they were temporary, as the interest payment dates of all the securities have been satisfied, and because there is no evidence that the issuer will not continue to comply with the payment obligations, nor that future payments of both principal and interest will not be sufficient to recover the cost of the debt securities.

The following is a summary of the gross changes in 2012 and 2011 under this heading in the accompanying balance sheets:

Held-to-Maturity Investments Changes on the Period	Millions of Euros 2012	2011
Balance at the beginning	**10,956**	**9,947**
Acquisitions	60	-
Reclassifications	-	1,817
Redemptions and other	(853)	(808)
Balance at the end	**10,163**	**10,956**
Impairment	(1)	(1)
Total	**10,162**	**10,955**

In the third quarter of 2011, some debt securities amounting to €1,817 million were reclassified from "Available-for-sale financial assets" to "Held-to-maturity investments", as the intention of the Group had changed with respect to some of the sovereign debt securities due to the market situation.

Information about the fair value and carrying amounts of these reclassified financial assets is given here:

	Millions of Euros			
	As of Reclassification date (*)		As of December 31, 2012	
Debt Securities reclassified to "Held to Maturity Investments"	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Italy sovereign debt	1,739	1,739	1,929	1,947
Greece sovereign debt (**)	56	56	-	-
Portugal sovereign debt	22	22	15	15
Total	**1,817**	**1,817**	**1,944**	**1,962**

(*) On the date of reclassification, the balance under the heading "Total Equity - Valuation adjustments" amounted to €157 million, of which €69 million corresponded to Greek sovereign debt.

(**) As of December 31, 2012, no Greek sovereign debt securities are held under the heading "Held-to-maturity investments", since in 2012, in accordance with the agreements for the renegotiation of Greek sovereign debt, such securities were exchanged for new ones with a 75% haircut.

The following table presents the amount recognized in the 2012 income statement from the valuation at amortized cost of the reclassified financial assets that remained on the balance sheet as of December 31, 2012, as well as the impact recognized on the income statement and under the heading "Total Equity - Valuation adjustments", as of December 31, 2012, if the reclassification had not been performed.

	Millions of Euros		
	Recognized in	Effect of not Reclassifying	
Effect on Income Statement and Other Comprehensive Income	Income Statement	Income Statement	Equity "Valuation Adjustments"
Italy sovereign debt	(18)	-	18
Portugal sovereign debt	(2)	-	2
Total	**(20)**	**-**	**20**

As of December 31, 2012, the amount in "Total Equity - Valuation adjustments" pending amortization for the reclassified debt instruments is €55 million.

13. Hedging derivatives (receivable and payable) and Fair-value changes of the hedged items in portfolio hedges of interest-rate risk

The balance of these headings in the accompanying balance sheets is as follows:

	Millons of Euros	
Hedging derivatives and Fair value changes of the hedged items in portfolio hedges of interest rate risk	**2012**	**2011**
ASSETS-		
Fair value changes of the hedged items in portfolio hedges of interest rate risk	226	146
Hedging derivatives	3,708	3,681
LIABILITIES-		
Fair value changes of the hedged items in portfolio hedges of interest rate risk	-	-
Hedging derivatives	2,586	2,475

As of December 31, 2012 and 2011, the main positions hedged by the Bank and the derivatives assigned to hedge those positions were:

- Fair value hedging:
  - Available-for-sale fixed-interest debt securities: This risk is hedged using interest-rate derivatives (fixed-variable swaps).
  - Long-term fixed-interest debt securities issued by the Bank: This risk is hedged using interest-rate derivatives (fixed-variable swaps).
  - Available-for-sale equity instruments: This risk is hedged using equity swaps.
  - Fixed-interest loans: This risk is hedged using interest-rate derivatives (fixed-variable swaps).
  - Fixed-interest deposit portfolio hedges: This risk is hedged using fixed-variable swaps and interest-rate options. The valuation of the deposit hedges corresponding to interest-rate risk is recognized under the heading "Fair value changes of the hedged items in the portfolio hedges of interest-rate risk."

- Cash-flow hedges: Most of the hedged items are floating interest-rate loans. This risk is hedged using foreign-exchange and interest-rate swaps.

- Net foreign-currency investment hedges: The risks hedged are foreign-currency investments in the Bank's subsidiaries based abroad. This risk is hedged mainly with foreign-exchange options and forward currency purchases.

Note 5 analyzes the Bank's main risks that are hedged using these financial instruments.

The details of the net positions by hedged risk of the fair value of the hedging derivatives recognized in the accompanying balance sheets are as follows:

	Millions of Euros				
2012	**Currency Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Other Risks**	**Total**
OTC markets					
Credit institutions					
Fair value hedge	-	982	-	(1)	981
Of wich: Macro hedge	-	(365)	-	-	(365)
Cash flow hedge	20	(56)	-	-	(36)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	20	926	-	(1)	945
Other financial Institutions					
Fair value hedge	-	191	-	-	191
Of wich: Macro hedge	-	(117)	-	-	(117)
Cash flow hedge	6	-	-	-	6
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	6	191	-	-	197
Other sectors					
Fair value hedge	-	(20)	-	-	(20)
Of wich: Macro hedge	-	(15)	-	-	(15)
Cash flow hedge	-	-	-	-	-
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	-	(20)	-	-	(20)
Total	26	1,097	-	(1)	1,122
Of which:					
Asset Hedging Derivatives	**36**	**3,672**	**-**	**-**	**3,708**
Liability Hedging Derivatives	**(10)**	**(2,575)**	**-**	**(1)**	**(2,586)**

	Millions of Euros				
2011	**Currency Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Other Risks**	**Total**
OTC markets					
Credit institutions					
Fair value hedge	-	1,230	-	3	1,233
Of wich: Macro hedge	-	(331)	-	-	(331)
Cash flow hedge	(45)	(45)	-	-	(90)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	(45)	1,185	-	3	1,143
Other financial Institutions					
Fair value hedge	-	62	-	-	62
Of wich: Macro hedge	-	(41)	-	-	(41)
Cash flow hedge	(2)	-	-	-	(2)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	(2)	62	-	-	60
Other sectors					
Fair value hedge	-	3	-	-	3
Of wich: Macro hedge	-	(6)	-	-	(6)
Cash flow hedge	-	-	-	-	-
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	-	3	-	-	3
Total	**(47)**	**1,250**	**-**	**3**	**1,206**
Of which:					
Asset Hedging Derivatives	**26**	**3,652**	**-**	**3**	**3,681**
Liability Hedging Derivatives	**(73)**	**(2,402)**	**-**	**-**	**(2,475)**

The cash flows forecasts for the coming years for cash flow hedging recognized on the accompanying balance sheet as of December 31, 2012 are:

	Millions of Euros				
Cash Flows of Hedging Instruments	**3 Months or Less**	**From 3 Months to 1 Year**	**From 1 to 5 Years**	**More than 5 Years**	**Total**
Receivable cash inflows	4	9	42	81	136
Payable cash outflows	4	11	54	106	175

The above cash flows will have an effect on the income statements until the year 2049.

In 2012, there was no reclassification in the accompanying income statements of any amount corresponding to cash flow hedges that was previously recognized as equity. In 2011, the amount recognized previously as equity from cash flow hedges that had been reclassified in the income statements, either under the heading "Net gains (losses) on financial assets and liabilities" or under the heading "Exchange differences (net)", totaled €30 million.

As of December 31, 2012 there was no hedge accounting that did not pass the effectiveness test.

14. Non-current assets held for sale

The composition of the balance under the heading "Non-current assets held for sale" in the accompanying balance sheets, broken down by the origin of the assets, is as follows:

	Millions of Euros	
Non-Current Assets Held-for-Sale Breakdown by type of Asset	**2012**	**2011**
Business sale agreement - Assets (note 15)	210	-
Other assets from:		
Tangible fixed assets (net)	81	94
For own use	81	94
Assets leased out under an operating lease	-	-
Foreclosures or recoveries (net)	1,931	1,520
Foreclosures	1,818	1,430
Recoveries from financial leases	113	90
Accrued amortization (*)	(22)	(25)
Impairment losses	(232)	(127)
Total Non-Current Assets Held-for-Sale	**1,968**	**1,462**

(*) Until classified as non-current assets held for sale

The changes in the balances under this heading in 2012 and 2011 are as follows:

Millions of Euros					
2012	**Foreclosed**	**Recovered Assets from Operating Lease**	**From Own Use Assets (*)**	**Other (**)**	**Total**
Cost-					
Balance at the beginning	**1,430**	**90**	**69**	**-**	**1,589**
Additions (Purchases)	1,090	63			1,153
Retirements (Sales)	(342)	(28)	(12)	(352)	(734)
Transfers	(360)	(12)	2	562	192
Balance at the end	**1,818**	**113**	**59**	**210**	**2,200**
Impairment-					
Balance at the beginning	**101**	**17**	**9**	**-**	**127**
Additions	441	12	2		455
Retirements (Sales)	(53)	(12)	(2)	(2)	(69)
Transfers	(294)	11		**2**	(281)
Balance at the end	**195**	**28**	**9**	**-**	**232**
Total	**1,623**	**85**	**50**	**210**	**1,968**

(*) Until classified as non-current assets held for sale
(**) Business sale agreement (Note15)

Millions of Euros				
2011	**Foreclosed**	**Recovered Assets from Operating Lease**	**From Own Use Assets (*)**	**Total**
Cost-				
Balance at the beginning	830	61	118	1,009
Additions (Purchases)	1,135	50	-	1,185
Retirements (Sales)	(258)	(16)	(48)	(322)
Transfers	(277)	(5)	(1)	(283)
Balance at the end	**1,430**	**90**	**69**	**1,589**
Impairment-				
Balance at the beginning	33	11	7	51
Additions	320	13	3	336
Retirements (Sales)	(23)	(4)	(1)	(28)
Transfers	(229)	(3)	-	(232)
Balance at the end	**101**	**17**	**9**	**127**
Total	**1,329**	**73**	**60**	**1,462**

(*) Until classified as non-current assets held for sale

14.1 From foreclosures or recoveries

As of December 31, 2012 and 2011, the balance under the heading "Non-current assets held for sale - Foreclosures or recoveries" was made up of €1,502 million and €1,233 million of assets for residential use, €186 million and €151 million of assets for tertiary use (industrial, commercial or offices) and €20 million and €11 million of assets for agricultural use, respectively.

The table below shows the length of time for which the main assets from foreclosures or recoveries that were on the balance sheet as of December 31, 2012 and 2011 had been held:

	Millions of Euros	
Non-Current Assets Held for Sale Period of Ownership	**2012**	**2011**
Up to one year	783	725
From 1 to 3 years	839	640
From 3 to 5 years	81	28
Over 5 years	5	2
Total	**1,708**	**1,395**

In 2012 and 2011, some of the sales of these assets were financed by the Bank. The amount of the loans granted to the buyers of these assets in those years totaled €160 million and €153 million, respectively, with a mean percentage financed of 92% and 94%, respectively, of the price of sale. The total nominal amount of these loans, which are recognized under "Loans and receivables", is €669 million and €510 million, as of December 31, 2012 and 2011, respectively.

As of December 31, 2012 and 2011, the gains from the sale of assets financed by the Bank (and, therefore, not recognized in the income statement), amounted to €28 million and €29 million, respectively.

14.2 Assets and liabilities associated with discontinued operations

The amount of €210 million shown in the "Other" column corresponds to the reclassification of the holdings corresponding to the companies related to the pension businesses sold in Latin America (see Note 15). There are no liabilities associated with these holdings that need to be reclassified as liabilities associated with discontinued operations.

15. Investments in entities

15.1 Associates

The breakdown, by currency and listing status, of this heading in the accompanying balance sheets is as follows:

	Millions of Euros	
Associates Entities	**2012**	**2011**
By currency:		
In euros	417	58
In foreign currencies	4,114	4,101
Total	**4,531**	**4,159**
By share price		
Listed	3,990	3,619
Unlisted	541	540
Total	**4,531**	**4,159**
Less:		
Impairment losses	(32)	-
Total	**4,499**	**4,159**

The Bank's most significant stake, at a total €4,113 million as of December 31, 2012, is that in the CITIC Group. The stakes in associates as of December 31, 2012, as well as the most important data related to them, can be seen in Appendix IV.

The following is a summary of the gross changes in 2012 and 2011 under this heading in the accompanying balance sheets:

	Millions of Euros	
Associates Entities. Changes in the year	**2012**	**2011**
Balance at the beginning	**4,159**	**3,612**
Acquisitions and capital increases	-	424
Disposals and capital reductions	(3)	(9)
Transfers	362	(1)
Exchange differences and others	13	133
Balance at the end	**4,531**	**4,159**

The change in 2012 in the entry "Transfers" of the above table corresponds to the reclassification of the stake in Metrovacesa, S.A., which as of December 31, 2011 has been registered under the heading "Available-for-sale financial assets" in the balance sheet.

Agreement with the CITIC Group

The BBVA Group's investment in the CITIC Group includes the investment in Citic International Financial Holdings Limited (CIFH) and China Citic Bank Corporation Limited (CNCB). As of December 31, 2012, BBVA had a 29.68% stake in CIFH and 15% in CNCB.

The BBVA Group has several agreements with the CITIC Group that are considered of strategic importance for both: for BBVA, because financial activity could be developed in continental China through this alliance and, for CNCB, because it allows CITIC to develop its international business. The BBVA Group has the status of "sole strategic investor" in CNCB.

On August 2, 2011, BBVA subscribed CNCB's common stock increase for €424 million, and maintained the percentage of its stake.

15.2 Investments in jointly controlled entities

The breakdown, by currency and listing status, of this heading in the accompanying balance sheets is as follows:

	Millions of Euros	
Jointly Controlled Entities	**2012**	**2011**
By currency:		
In euros	14	15
In foreign currencies	3,999	3,918
Total	**4,013**	**3,933**
By share price		
Listed	3,999	3,918
Unlisted	14	15
Total	**4,013**	**3,933**
Less:		
Impairment losses	-	-
Total	**4,013**	**3,933**

The following is a summary of the changes in 2012 and 2011 under this heading in the accompanying balance sheets:

	Millions of Euros	
Jointly Controlled Entities	**2012**	**2011**
Balance at the beginning	**3,933**	**14**
Acquisitions:	-	3,919
Transfers	(1)	1
Exchange differences and others	81	(1)
Balance at end of year	**4,013**	**3,933**

Acquisition of a capital holding in the Garanti bank:

On March 22, 2011, through the execution of the agreements signed in November 2010 with the Dogus Group and having obtained the corresponding authorizations, BBVA completed the acquisition of a 24.89% holding in the share capital of Turkiye Garanti Bankasi, AS. Subsequently, an additional 0.12% holding was acquired on the market, taking the Group's total holding in the share capital of Garanti to 25.01% as of December 31, 2011.

The agreements with the Dogus group include an arrangement for the joint management of the bank and the appointment of some of the members of its Board of Directors by the BBVA Group. BBVA also has a perpetual option to purchase an additional 1% of Garanti Bank five years after the initial purchase.

Appendix III shows details of the jointly controlled entities as of December 31, 2012.

15.3 Holdings in Group entities

The heading Investments - Group Entities in the accompanying balance sheets includes the carrying amount of the shares of companies forming part of the BBVA Group. The percentages of direct and indirect ownership and other relevant information on these companies are provided in Appendix II.

The breakdown, by currency and listing status, of this heading in the accompanying balance sheets is as follows:

	Millions of Euros	
Subsidiaries.	**2012**	**2011**
By currency:		
In euros	4,030	3,990
In foreign currencies	18,891	19,378
Total	**22,921**	**23,368**
By share price		
Listed	317	346
Unlisted	22,604	23,022
Total	**22,921**	**23,368**
Less:		
Impairment losses	(2,909)	(3,506)
Total	**20,012**	**19,862**

The changes in 2012 and 2011 in the balance under this heading in the balance sheets, disregarding the balance of the impairment losses, are as follows:

Subsidiaries. Changes in the period.	Millions of Euros 2012	2011
Balance at the beginning	**23,368**	**22,763**
Acquisitions and capital increases	77	691
Sales	(61)	(225)
Transfers	(573)	-
Exchange differences and other	110	139
Balance at the end	**22,921**	**23,368**

Changes in the holdings in Group entities

On May 24, 2012 BBVA announced its decision to conduct a study on strategic alternatives for its pension business in Latin America. The alternatives considered in this process included the total or partial sale of the holdings in the Pension Fund Administrators (AFP) in Chile, Colombia and Peru, and the Retirement Fund Administrator (Afore) in Mexico.

As of December 31, 2012, the holdings sold totaled €210 million, which have been reclassified under the heading "Non-current assets held for sale" in the accompanying balance sheet (see Note 14). The dividends from these companies have been reclassified under the heading "Income from discontinued transactions" in the accompanying income statements for the years 2012 and 2011.

- ### Sale of Afore Bancomer

  On November 27, 2012 BBVA announced that it had reached an agreement to sell to Afore XXI Banorte, S.A. de C.V. the entire stake that BBVA holds directly or indirectly in the Mexican company "Administradora de Fondos para el Retiro Bancomer, S.A. de C.V.".

  Once the corresponding authorization had been obtained from the competent authorities, the sale was closed on January 9, 2013. The capital gain gross of taxes on the sale of the Bank's holding amounts to approximately €122 million, which will be recognized in the income statement for 2013.

- ### Announcement of the sale of BBVA Horizonte

  On December 24, 2012, BBVA reached an agreement with Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir, S.A., a subsidiary of Grupo Aval Acciones y Valores, S.A., for the sale of the entire stake held directly or indirectly by BBVA in the Colombian company "BBVA Horizonte Sociedad Administradora de Fondos de Pensiones y Cesantías S.A.".

  The closing of this deal is subject to regulatory approval in Colombia.

  The total sale price agreed by the parties will be adjusted based on the company's net earnings generated from January 1, 2013 to the transaction's closing date. This deal is expected to be closed during the first half of 2013.

The most notable transactions performed in 2012 and 2011 are as follows:

Changes in 2012 -

- ### Acquisition of Unnim

  On March 7, 2012, the Governing Board of the Fund for Orderly Bank Restructuring (FROB) awarded BBVA Unnim Banc, S.A. (hereinafter "Unnim") as part of the process for restructuring the bank.

  This was done through a share sale purchase agreement between FROB, the Credit Institution Deposit Guarantee Fund (hereinafter "FGD") and BBVA, under which BBVA would purchase 100% of the shares of Unnim for €1.

A Protocol of Financial Support Measures was also concluded for the restructuring of Unnim. This regulates an asset protection scheme (EPA) whereby the FGD will assume 80% of the losses that may be suffered by a portfolio of predetermined Unnim assets for the next 10 years after applying the existing provisions for these assets.

On July 27 2012, following the completion of the transaction, BBVA became the holder of 100% of the capital of Unnim.

- Sale of the businesses in Puerto Rico

On June 28, 2012, BBVA reached an agreement to sell its business in Puerto Rico to Oriental Financial Group Inc.

This agreement included the sale of 100% of the common stock of BBVA Securities of Puerto Rico, Inc. and BBVA PR Holding Corporation, which in turn owns 100% of the common stock of Banco Bilbao Vizcaya Argentaria Puerto Rico and of BBVA Seguros Inc.

Gross capital gains from the sale are around €34 million.

Changes in 2011 -

- Acquisition and subsequent takeover of Finanzia Banco de Crédito S.A.U.:

In 2011, BBVA acquired 100% of Finanzia Banco de Crédito, S.A. for a total amount of €174 million from Corporación General Financiera, S.A. and Cidessa Uno, S.L., both companies belonging to the BBVA Group.

The Directors of the entities Finanzia Banco de Crédito, S.A.U. and Banco Bilbao Vizcaya Argentaria, S.A., in meetings of their boards of directors held on January 28, 2011 and February 1, 2011, respectively, approved a project for the takeover of Finanzia Banco de Crédito, S.A.U. by Banco Bilbao Vizcaya Argentaria, S.A. and the subsequent transfer of all its equity interest to Banco Bilbao Vizcaya Argentaria, S.A., which acquired all the rights and obligations of the company it had purchased through universal succession.

The merger agreement was submitted for approval at the AGM of the shareholders of the companies involved. The merger was entered into the Companies Register on July 1, 2011, and thus on this date the target bank was dissolved, although for accounting purposes the takeover was carried out on January 1, 2011.

- Other significant transactions

In 2011, BBVA fully subscribed the common stock increase in Gran Jorge Juan, S.A. for €184 million.

In 2011, Banco Bilbao Vizcaya Argentaria (Portugal), S.A. carried out a common stock increase for €150 million, which was fully subscribed by BBVA.

In 2011, BBVA fully subscribed a common stock increase in Banco Bilbao Vizcaya Argentaria Uruguay, S.A. for €83 million.

15.4 Notifications about acquisition of holdings

Appendix V provides notifications on acquisitions and disposals of holdings in associates or jointly-controlled entities, in compliance with Article 155 of the Corporations Act and Article 53 of the Securities Market Act 24/1988.

15.5 Impairment

The breakdown of the changes in impairment losses in 2012 and 2011 under this heading is as follows:

	Millions of Euros	
Impairment.	**2012**	**2011**
Balance at the beginning	**3,506**	**2,021**
Increase in impairment losses charged to income	157	1,550
Decrease in impairment losses credited to income	(707)	(56)
Amount used	(12)	(41)
Other changes	(3)	32
Balance at the end	**2,941**	**3,506**

The most significant amount as of December 31, 2012 and 2011 for impairment losses in investments in Group entities corresponds to BBVA USA Bancshares, Inc. (the fully-owned United States subsidiary of BBVA S.A., a provider of financial services). In 2011, the difference between the carrying amount and the present value of expected cash flows amounted to €1,457 million. The figure is recognized as impairment losses under the heading "Impairment losses on other assets (net)" in the income statement for that year. In 2012, and as a result of the improvement in the future expectations for BBVA USA Bancshares, the difference between the carrying amount and the present value of expected cash flows has been reduced by €689 million. This figure has been charged under the heading "Impairment losses on other assets (net)" in the income statement for 2012. The changes in impairment include the exchange differences resulting from applying the dollar exchange rate at the close of each year and comparing it with the carrying amount exchange rate (exchange rate at the time of the acquisition).

16. Tangible assets

The breakdown of the balance and changes under this heading in the accompanying balance sheets, according to the nature of the related items, is as follows:

	Millions of Euros					
	For Own Use					
2012	Land and Buildings	Work in Progress	Furniture, Fixtures and Vehicles	Total Tangible Asset of Own Use	Investment Properties	Total
Revalued cost -						
Balance at the beginning	**592**	**59**	**3,253**	**3,904**	**2**	**3,906**
Additions	-	24	143	167	-	167
Retirements	-	-	(42)	(42)	-	(42)
Transfers	(3)	(9)	10	(2)	(1)	(3)
Exchange difference and other	-	-	-	-	-	-
Balance at the end	**589**	**74**	**3,364**	**4,027**	**1**	**4,028**
Accrued depreciation -						
Balance at the beginning	**124**	**-**	**2,246**	**2,370**	**1**	**2,371**
Additions	7	-	183	190	-	190
Retirements	-	-	(30)	(30)	-	(30)
Transfers	(1)	-	1	-	(1)	(1)
Exchange difference and other	-	-	-	-	-	-
Balance at the end	**130**	**-**	**2,400**	**2,530**	**-**	**2,530**
Impairment -						
Balance at the beginning	**31**	**-**	**-**	**31**	**-**	**31**
Additions	6	-	1	7	-	7
Retirements	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Exchange difference and other	-	-	(1)	(1)	-	(1)
Balance at the end	**37**	**-**	**-**	**37**	**-**	**37**
Net tangible assets -						
Balance at the beginning	**437**	**59**	**1,007**	**1,503**	**1**	**1,504**
Balance at the end	**422**	**74**	**964**	**1,460**	**1**	**1,461**

	Millions of Euros					
	For Own Use					
2011	Land and Buildings	Work in Progress	Furniture, Fixtures and Vehicles	Total Tangible Asset of Own Use	Investment Properties	Total
Revalued cost -						
Balance at the beginning	**536**	**63**	**3,138**	**3,737**	**2**	**3,739**
Additions	3	45	214	262	-	262
Contributions from merger transactions	-	-	18	18	-	18
Retirements	(1)	-	(116)	(117)	-	(117)
Transfers	54	(49)	(2)	3	-	3
Exchange difference and other	-	-	1	1	-	1
Balance at the end	**592**	**59**	**3,253**	**3,904**	**2**	**3,906**
Accrued depreciation -						
Balance at the beginning	**116**	**-**	**2,144**	**2,260**	**1**	**2,261**
Additions	6	-	181	187	-	187
Contributions from merger transactions	-	-	15	15	-	15
Retirements	(1)	-	(93)	(94)	-	(94)
Transfers	3	-	(1)	2	-	2
Exchange difference and other	-	-	-	-	-	-
Balance at the end	**124**	**-**	**2,246**	**2,370**	**1**	**2,371**
Impairment -						
Balance at the beginning	**19**	**-**	**-**	**19**	**-**	**19**
Additions	12	-	4	16	-	16
Retirements	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Exchange difference and other	-	-	(4)	(4)	-	(4)
Balance at the end	**31**	**-**	**-**	**31**	**-**	**31**
Net tangible assets -	-	-	-	-	-	-
Balance at the beginning	**401**	**63**	**994**	**1,458**	**1**	**1,459**
Balance at the end	**437**	**59**	**1,007**	**1,503**	**1**	**1,504**

As of December 31, 2012 and 2011, the fully depreciated tangible assets still in use amounted to €1,597 million and €1,459 million, respectively.

The main activity of the Bank is carried out through a network of bank branches located geographically as shown in the following table:

	Number of Branches	
Bank Branches by Geographical Location	**2012**	**2011**
Spain	3,011	3,015
Rest of the world	17	17
Total	**3,028**	**3,032**

As of December 31, 2012 and 2011, the percentage of branches leased from third parties in Spain was 85.32% and 85.64%, respectively.

17. Intangible assets

The breakdown of the balance under this heading in the balance sheets as of December 31, 2012 and 2011 relates in full to the net balance of the disbursements made on the acquisition of computer software. The average life of the Bank's intangible assets is 5 years.

The breakdown of the changes in 2012 and 2011 in the balance under this heading in the balance sheets is as follows:

		Millions of Euros	
Other Intangible Assets. Changes Over the Period	**Notes**	**2012**	**2011**
Balance at the beginning		**567**	**410**
Additions		352	290
Contributions from merger transactions		-	2
Retirements		-	-
Amortization in the year	41	(190)	(135)
Exchange differences and other		-	-
Impairment		-	-
Balance at the end		**729**	**567**

18. Tax assets and liabilities

The balance of the heading "Tax Liabilities" in the accompanying balance sheets contains the liability for applicable taxes, including the provision for corporation tax of each year, net of tax withholdings and prepayments for that period, and the provision for current period corporation tax in the case of companies with a net tax liability. The amount of the tax refunds due to Group companies and the tax withholdings and prepayments for the current period are included under "Tax Assets" in the accompanying balance sheets.

Banco Bilbao Vizcaya Argentaria, S.A. and its tax-consolidable subsidiaries file consolidated tax returns. The subsidiaries of Argentaria, which had been in Tax Group 7/90, were included in Tax Group 2/82 from 2000, since the merger had been carried out under the tax neutrality system provided for in Title VIII, Chapter VIII of Corporation Tax Law 43/1995. On 30 December 2002, the pertinent notification was made to the Ministry of Economy and Finance to extend its taxation under the consolidated taxation regime indefinitely, in accordance with current legislation.

In 2011 and 2009, the Bank also participated in corporate restructuring operations subject to the special regime for mergers, splits, transfers of assets and exchanges of securities under Chapter VIII of Title VII of the Amended

Corporation Tax Act, as approved by Royal Legislative Decree 4/2004, of 5 March. The reporting requirements under the above legislation are included in the notes to the financial statements of the relevant entities for 2011 and 2009.

Also, in 2003, as in previous years, the Bank performed or participated in corporate restructuring operations under the special system of tax neutrality regulated by Act 29/1991 of December 16 (which adapted certain tax provisions to the Directives and Regulations of the European Communities) and by Title VIII, Chapter VIII of Corporation Tax Act 43/1995 of December 27. The disclosures required under the aforementioned legislation are included in the notes to the financial statements of the relevant entities for the period in which the transactions took place.

18.1 Years open for review by the tax authorities

At the date these financial statements were prepared, the Bank had 2007 and subsequent years open for review by the tax authorities for the main taxes applicable to it.

In 2011, as a result of the tax audit conducted by the tax authorities, tax inspection proceedings were initiated against several Group companies for the years up to and including 2006. Some of them were contested. These proceedings became final in 2011.

After considering the temporary nature of certain of the items assessed, the amounts, if any, that might arise from these assessments have been provisioned in full at 2012 year-end.

In view of the varying interpretations that can be made of some applicable tax legislation, the outcome of the tax inspections of the open years that could be conducted by the tax authorities in the future could give rise to contingent tax liabilities which cannot be objectively quantified at the present time. However, the Banks' Board of Directors and its tax advisers consider that the possibility of these contingent liabilities becoming actual liabilities is remote and, in any case, the tax charge which might arise therefore would not materially affect the Bank's financial statements.

18.2 Reconciliation

The reconciliation of the corporation tax expense resulting from the application of the standard tax rate to the recognized corporation tax expense is as follows:

	Millions of Euros	
Reconciliation of the Corporate Tax Expense Resulting from the Application of the Standard Rate and the Expense Registered by this Tax	**2012**	**2011**
Corporation tax	**203**	**281**
Decreases due to permanent differences:		
Tax credits and tax relief at consolidated Companies	(306)	(483)
Other items net	(105)	(345)
Net increases (decreases) due to temporary differences	208	547
Charge for income tax and other taxes	**-**	**-**
Deferred tax assets and liabilities recorded (utilized)	(208)	(547)
Income tax and other taxes accrued in the period	**(208)**	**(547)**
Adjustments to prior years' income tax and other taxes	(543)	85
Income tax and other taxes	**(751)**	**(462)**

The Bank avails itself of the tax credits for investments in new fixed assets (in the scope of the Canary Islands tax regime, for a non-material amount), tax relief, R&D tax credits, donation tax credits and double taxation tax credits, in conformity with corporate income tax legislation.

Up to December 31, 2001, the Bank and certain Group companies have opted to defer corporation tax on the gains on disposals of tangible assets and shares in investees more than 5% owned by them, the breakdown of which by year is as follows:

Year	Millions of Euros
1996	26
1997	150
1998	568
1999	117
2000	75
2001	731

Under the regulations in force until December 31, 2001, the amount of the aforementioned gains for each year had to be included in equal parts in the taxable profit of the seven tax years ending from 2000, 2001, 2002, 2003, 2004 and 2005, respectively. Following inclusion of the portion relating to 2001, the amount of the gains not yet included totaled €1,639 million, with respect to which the Bank availed itself of Transitional Provision Three of Act 24/2001 (of 27 December) on Administrative, Tax, Labor and Social Security Measures. Almost all this amount (€1,634 million) was included as a temporary difference in the 2001 taxable profit.

The share acquisitions giving rise to an ownership interest of more than 5%, particularly investments of this kind in Latin America, were assigned to meet reinvestment commitments assumed in order to qualify for the above-mentioned tax deferral.

Since 2002 the Bank has availed itself of the tax credit for reinvestment of extraordinary income obtained on the transfer for consideration of properties and shares representing ownership interests of more than 5%. The acquisition of shares over the 5% figure in each period, was allocated to fulfill the reinvestment commitments which are a requirement of the previously mentioned tax credit.

The amount assumed in order to qualify for the aforementioned tax credit is as follows:

Year	Millions of Euros
2002	276
2003	27
2004	332
2005	80
2006	410
2007	1,047
2008	71
2009	23
2010	35
2011	5

In 2012 income attributable to the deduction for reinvestment amounted to €4 million, and the year’s investment in the equity elements established by tax regulations was applied to reinvestment.

In 2012, the Bank included in taxable income approximately €44 million as a result of the changes in the carrying amount of its investments in Group subsidiaries, jointly controlled entities and associates. The amounts pending addition to taxable income at year-end in connection with the aforementioned investments stands at approximately €415 million.

	Millions of Euros
	2012
Pending addition to taxable income as of December 31, 2011	**459**
Decrease income (included) 2012	(44)
Investments Equity as of December 31, 2011	861
Investments Equity as of December 31, 2012	782
Changes in Investments Equity	(79)
Pending addition to taxable income as of December 31, 2012	**415**

18.3 Tax recognized in equity

In addition to the income tax registered in the income statements, in 2012 and 2011 the Bank recognized the following amounts in equity:

	Millions of Euros	
Tax Recognized in Total Equity	**2012**	**2011**
Charges to total equity		
Debt securities	-	-
Equity instruments	-	-
Rest	(8)	-
Subtotal	**(8)**	**-**
Credits to total equity		
Debt securities	296	451
Equity instruments	106	3
Rest	25	31
Subtotal	**427**	**485**
Total	**419**	**485**

18.4 Deferred taxes

The balance under the heading "Tax assets" in the accompanying balance sheets includes the tax receivables relating to deferred tax assets. The balance under the "Tax liabilities" heading includes the liabilities relating to the Bank's various deferred tax liabilities. The details of the most important tax assets and liabilities are as follows:

Tax Assets and Liabilities. Breakdown	2012	2011
	Millions of Euros	
Tax assets-		
Current	787	282
Deferred	4,945	3,365
Pensions	1,087	1,205
Portfolio	798	1,126
Other assets	42	43
Impairment losses	1,061	711
Rest	102	101
Tax losses	1,855	179
Total	**5,732**	**3,647**
Tax Liabilities-		
Current	-	-
Deferred	450	373
Charge for income tax and other taxes	450	373
Total	**450**	**373**

19. Other assets and liabilities

The breakdown of the balance under these headings in the accompanying balance sheets is as follows:

Other Assets and Liabilities	2012	2011
	Millions of Euros	
ASSETS-		
Transactions in transit	19	30
Accrued interest	208	193
Unaccrued prepaid expenses	17	19
Other prepayments and accrued income	191	174
Other items	763	698
Total	**990**	**921**
LIABILITIES-		
Transactions in transit	50	29
Accrued interest	827	890
Discounted capital	-	-
Unpaid accrued expenses	552	581
Other accrued expenses and deferred income	275	309
Other items	733	867
Total	**1,610**	**1,786**

20. Financial liabilities at amortized cost

The breakdown of the balance under this heading in the accompanying balance sheets is as follows:

		Millions of Euros	
Financial Liabilities at Amortized Cost	**Notes**	**2012**	**2011**
Deposits from central banks	7	40,557	32,649
Deposits from credit institutions	20.1	48,962	44,676
Customer deposits	20.2	163,798	184,966
Debt certificates	20.3	42,025	46,559
Subordinated liabilities	20.4	5,169	9,895
Other financial liabilities	20.5	5,406	4,773
Total		**305,917**	**323,518**

20.1 Deposits from credit institutions

The breakdown of the balance under this heading in the accompanying balance sheets, according to the nature of the financial instruments, is as follows:

		Millions of Euros	
Deposits from Credit Institutions	**Notas**	**2012**	**2011**
Reciprocal accounts		140	12
Deposits with agreed maturity		37,440	30,918
Other accounts		2,010	1,269
Repurchase agreements	32	9,088	12,258
Subtotal		48,678	44,457
Valuation adjustments (*)		284	219
Total		**48,962**	**44,676**

(*) Includes mainly accrued interest until expiration

The breakdown of this heading by geographical area and the nature of the related instruments in the accompanying balance sheets, disregarding accrued interest pending maturity, is as follows:

	Millions of Euros			
2012 Deposits from Credit Institutions	**Demand Deposits**	**Deposits with Agreed Maturity**	**Repos**	**Total**
Spain	1,517	23,945	2,266	27,728
Rest of Europe	268	11,149	6,757	18,174
Mexico	84	1,160	-	1,244
South America	215	707	-	922
The United States	35	370	65	470
Rest of the world	31	109	-	140
Total	**2,150**	**37,440**	**9,088**	**48,678**

	Millions of Euros			
2011 Deposits from Credit Institutions	**Demand Deposits**	**Deposits with Agreed Maturity**	**Repos**	**Total**
Spain	377	14,913	394	15,684
Rest of Europe	327	12,729	11,864	24,920
Mexico	220	989	-	1,209
South America	210	984	-	1,194
The United States	36	682	-	718
Rest of the world	111	621	-	732
Total	**1,281**	**30,918**	**12,258**	**44,457**

20.2 Customer deposits

The breakdown of this heading of the accompanying balance sheets, by type of financial instruments, is as follows:

		Millions of Euros	
Customer Deposits	**Notas**	**2012**	**2011**
Government and other government agencies		21,845	31,187
Spanish		5,051	4,252
Foreign		184	2,902
Repurchase agreements	32	16,596	24,016
Accrued interest		14	17
Other resident sectors		128,761	127,979
Current accounts		27,934	29,979
Savings accounts		21,456	20,071
Fixed-term deposits		73,516	71,252
Reverse repos	32	4,864	5,666
Other accounts		193	233
Accrued interest		798	778
Non-resident sectors		13,192	25,800
Current accounts		1,944	1,386
Savings accounts		407	431
Fixed-term deposits		6,079	11,818
Repurchase agreements	32	4,635	12,012
Other accounts		103	127
Accrued interest		24	26
Total	**20**	**163,798**	**184,966**
Of which:			
Deposits from other creditors without valuation adjustment		162,962	184,146
Accrued interest		836	820
Of which:			
In euros		155,020	176,613
In foreign currency		8,778	8,353

The breakdown of this heading in the accompanying balance sheets, by type of instrument and geographical area, disregarding valuation adjustments, is as follows:

2012 Custumer Deposits	Millions of Euros				
	Demand Deposits	Savings Deposits	Deposits with Agreed Maturity	Repos	Total
Spain	31,961	21,631	74,559	21,460	149,611
Rest of Europe	1,479	255	4,416	4,634	10,784
Mexico	72	12	303	-	387
South America	333	77	714	-	1,124
The United States	127	14	311	-	452
Rest of the world	206	50	348	-	604
Total	**34,178**	**22,039**	**80,651**	**26,094**	**162,962**

2011 Custumer Deposits	Millions of Euros				
	Demand Deposits	Savings Deposits	Deposits with Agreed Maturity	Repos	Total
Spain	33,215	20,227	72,345	29,682	155,469
Rest of Europe	2,660	278	10,109	12,012	25,059
Mexico	43	9	321	-	373
South America	213	79	901	-	1,193
The United States	87	15	601	-	703
Rest of the world	231	50	1,068	-	1,349
Total	**36,449**	**20,658**	**85,345**	**41,694**	**184,146**

20.3 Debt certificates (including bonds)

The breakdown of the balance under this heading in the accompanying balance sheets is as follows:

Debt Certificates	Millions of Euros	
	2012	2011
Promissory notes and bills	832	2,362
Bonds and debentures issued	41,193	44,197
Total	**42,025**	**46,559**

The total cost of the accrued interest under "Debt certificates (including bonds)" in 2012 and 2011 totaled €1,564 million and €1,802 million, respectively (see Note 34.2).

As of December 31, 2012 and 2011 the accrued interest pending payment from promissory notes and bills and bonds and debentures amounted to €934 million and €1,017 million, respectively.

The changes in 2012 and 2011 under the heading "Debt certificates (including bonds)" are described in Note 52.5.

20.3.1 Promissory notes and bills

The breakdown of the balance under this heading, by currency, is as follows:

Promissory notes and bills	2012	2011
	Millions of Euros	
In euros	22	1,543
In other currencies	810	819
Total	**832**	**2,362**

As of December 31, 2012 and 2011, the heading "Promissory notes and bills" included the balance of several issues with maturity of less than one year under debt security issue programs with a maximum amount of USD 25,000 million (around €18,948 million) and €20,000 million in 2012, and USD 25,000 million (around €19,321 million) and €20,000 million in 2011.

20.3.2 Bonds and debentures issued

The breakdown of the balance under this heading, by financial instrument and currency, is as follows:

Bonds and debentures issued	2012	2011
	Millions of Euros	
In euros -	**40,625**	**43,508**
Non-convertible bonds and debentures at floating interest rates	9,844	410
Non-convertible bonds and debentures at fixed interest rates	4,551	17,329
Covered bonds	48,344	42,930
Treasury stock	(25,290)	(20,501)
Accrued interest and others	3,176	3,340
In foreign currency -	**568**	**689**
Covered bonds	150	202
Other Non-convertible securities at fixed interest rates	757	772
Treasury stock	(357)	(298)
Accrued interest and others	18	13
Total	**41,193**	**44,197**

The headings "Nonconvertible bonds and debentures at floating interest rate" and "Non-convertible bonds and debentures at fixed rate" as of December 31, 2012 include several issues, the latest maturing in 2023.

The "Covered Bonds" account as of December 31, 2012 includes issues with various maturities, the latest in 2037.

- **Repurchase of securitization bonds in June 2012**

On June 20, 2012, BBVA invited all securitization bond holders of specific issues to tender their bonds for purchase. The term for presenting the tenders ended on June 27, 2012.

After the deadline, in accordance with the terms established by the Tender Offer Memorandum, BBVA accepted the purchase of securitization bonds for a total nominal amount of €638,221,693.07. The purchase was carried out through an unmodified Dutch auction procedure. No pro-rata factor was applied to the bonds subject to the repurchase by BBVA.

The settlement of the securitization bond purchase generated gross capital gains of around €250 million, which have been registered under the heading "Gains/losses on financial assets and liabilities (net)" (Note 38) in the income statement for 2012.

This transaction was carried out in order to improve the management of liabilities and strengthen the BBVA Group's balance sheet, as well as to offer liquidity to the holders of securitization bonds.

20.4 Subordinated liabilities

The breakdown of this heading of the accompanying balance sheets, by type of financial instruments, is as follows:

	Millions of Euros	
Subordinated Liabilities	**2012**	**2011**
Subordinated debt	2,372	4,971
Subordinated deposits	2,484	4,453
Subtotal	4,856	9,424
Valuation adjustments and other concepts (*)	313	471
Total	**5,169**	**9,895**

(*) Accrued interest but pending payment, valuation adjustments and issuance costs included

This heading of the accompanying balance sheets includes those funds which, for debt seniority purposes, rank behind ordinary debt.

The details, interest rates and maturities of the Bank's outstanding subordinated debt issues as of December 31, 2012 and 2011 are shown in Appendix VIII.

The heading "Subordinated debt" as of December 31, 2012 and 2011 includes issuances of subordinated debt and accordingly, for debt seniority purposes, they rank behind ordinary debt, but ahead of the Bank's shareholders, without prejudice to any different seniority that may exist between the different types of subordinated debt instruments according to the terms and conditions of each issue. The breakdown of this heading in the accompanying balance sheets, disregarding valuation adjustments, by currency of issuance and interest rate is shown in Appendix VIII.

The "Subordinated deposits" account as of December 31, 2012 and 2011 includes the deposits taken relating to the subordinated debt and preference share issues launched by BBVA Global Finance Ltd., BBVA Subordinated Capital S.A.U., BBVA International Preferred S.A.U., BBVA International Ltd. and BBVA Capital Finance, S.A. which are unconditionally and irrevocably secured by the Bank.

The variations of the balance under this heading are mainly the result of the following transactions:

- Repurchase of subordinated bonds in November 2012

On October 11, 2012, the BBVA Group invited all subordinated bond holders of specific Spanish and international issues to tender their bonds for purchase. Within the Spanish subordinated bonds there were two series for which acceptance of the purchase offers by the BBVA Group depended on prior approval by the bondholder syndicates of the possibility of the BBVA Group buying those bonds. The term for presenting the tenders ended on October 26, 2012.

After the deadline, in accordance with the terms established in the Tender Offer Memorandum, the BBVA Group decided to present tenders for the subordinated bonds with consent and, following approval by the bondholder syndicates, accept the purchase of subordinated bonds with consent (registered under the heading "Subordinated debt") for a total nominal amount of approximately €410 million. Moreover, in accordance with the terms established in the Tender Offer Memorandum for the subordinated bonds without consent (registered under the heading "Subordinated debt"), the BBVA Group agreed to buy subordinated bonds without consent for a total nominal amount of approximately €692 million. The purchase of both subordinated bonds with consent and subordinated bonds without consent was completed through an unmodified Dutch auction procedure and no pro-rata factor was applied to the bonds repurchased by the BBVA Group.

The settlement of both subordinated bond purchases generated gross capital gains of €192 million for the Group, of which €85 million corresponded to the Bank's subordinated debt, and which have been registered under the heading "Gains/losses on financial assets and liabilities (net)" (Note 38) in the income statement for 2012.

- **Conversion of subordinated bond issues**

At its meeting on November 22, 2011, making use of the powers delegated to it under Point Six of the Agenda of the Bank's Annual General Meeting of Shareholders held on March 14, 2008, the Board of Directors of BBVA agreed to issue convertible bonds in December 2011 (the "Issue" or "Convertible Bonds-December 2011" or the "Bonds") for a maximum amount of €3,475 million, excluding a preemptive subscription right.

This issue was aimed exclusively at holders of preferred securities issued by BBVA Capital Finance, S.A. Unipersonal (series A, B, C and D) or BBVA International Limited (series F), all guaranteed by BBVA, S.A., who accepted BBVA's purchase offer for these preferred securities.

Thus, those who accepted the purchase offer made by BBVA made an unconditional and irrevocable undertaking to subscribe a nominal amount of Convertible Bonds-December 2011 equivalent to 100% of the total nominal or cash amount for the preferred securities they owned and that would be acquired by BBVA.

On December 30, 2011, when this introductory period had ended, orders were received for the subscription of 34,300,002 Convertible Bonds with a nominal value of €100 each, giving a total of €3,430 million, compared with the initially planned €3,475 million. This means that holders of 98.71% of the preferred securities to be repurchased accepted the repurchase offer made by BBVA. The Convertible Bonds were recognized as financial liabilities since the number of Bank shares to be delivered can vary.

The terms and conditions of the Convertible Bonds established a voluntary conversion mechanism for the holders on March 30, 2012. Following this date, orders were received for the voluntary conversion of a total of €955 million, corresponding to 9,547,559 Convertible Bonds, or 27.84% of the original amount of the issue of Convertible Bonds-December 2011. To pay for this conversion, 157,875,375 new ordinary BBVA shares were issued at a par value of €0.49 each (see Note 23).

Also, in accordance with the terms and conditions of the Convertible Bonds, on June 30, a partial mandatory conversion took place of 50% of the nominal value of the issue as of December 31, 2011 through a corresponding reduction of the nominal value of each and every one of the Convertible Bonds outstanding on that date, whose value then fell from a nominal €100 to €50. A total of 238,682,213 new ordinary BBVA shares were issued at a par value of €0.49 each to pay for this conversion (see Note 23).

As of December 31, 2012, the nominal amount of outstanding Convertible Bonds is €1,238 million (registered under the heading "Subordinated debt").

Without prejudice to the capacity of the issuer to convert Convertible Bonds on any payment date, the terms and conditions of the issue lay down that on June 30, 2013, the maturity date of the issue, the Convertible Bonds outstanding on that date will be subject to mandatory conversion.

The total cost of the accrued interest under "Subordinated liabilities" in 2012 and 2011 totaled €398 million and €454 million, respectively (see Note 34.2).

20.5 Other financial liabilities

The breakdown of the balance under this heading in the accompanying balance sheets is as follows:

	Millions of Euros	
Other financial liabilities	**2012**	**2011**
Creditors for other financial liabilities	2,286	1,717
Collection accounts	1,770	1,838
Creditors for other payment obligations	805	728
Dividend payable but pending payment	545	490
Total	**5,406**	**4,773**

As of December 31, 2012 and 2011, the "Dividend payable but pending payment" from the table above corresponds to the second interim dividend against 2012 and 2011 earnings, paid in January of the following years (see Note 3).

As of December 31, 2012 and 2011, there were no significant amounts pending payment to commercial creditors that accumulated a delay greater than the maximum legal time-limit for payment under Act 3/2004, of 29 December, as amended by Act 15/2010, of 5 July.

21. Provisions

The breakdown of the balance under this heading in the accompanying balance sheets, based on type of provisions, is as follows:

	Millions of Euros	
Provisions. Breakdown by concepts	**2012**	**2011**
Provisions for pensions and similar obligations	4,998	4,966
Provisions for taxes and other legal contingents	-	-
Provisions for contingent Risks and commitments	176	159
Other provisions	1,522	1,272
Total	**6,696**	**6,397**

The changes in 2012 and 2011 in the balances under this heading in the accompanying balance sheets are as follows:

Provisions. Changes over the Period	Notes	Millions of Euros 2012 Pension fund and similar obligations (Note 22)	Commitments and contingent risks provisions	Taxes, other legal contingencies and other provisions
Balance at the beginning		**4,966**	**159**	**1,272**
Add -				
Increase charged to income		460	17	617
Interest and similar expenses	34.2	121	-	14
Personnel expenses		2	-	1
Provisions (net)	42	337	17	602
Increase charged to retained earnings (*)	22	13	-	-
Other changes		-	-	-
Less -				
Available allowances	42	(1)	-	(9)
Payments to early retirements		(609)	-	-
Credited to retained earnings		-	-	-
Derecognition of allowances		(22)	-	(340)
Other changes		191	-	(18)
Balance at the end		**4,998**	**176**	**1,522**

(*) Correspond to actuarial losses (gains) arising from certain welfare benefits (see Note 2.9)

Provisions. Changes over the Period	Notes	Millions of Euros 2011 Pension fund and similar obligations (Note 22)	Commitments and contingent risks provisions	Taxes, other legal contingencies and other provisions
Balance at the beginning		**5,177**	**177**	**1,259**
Add -				
Increase charged to income		431	-	588
Interest and similar expenses	34.2	132	-	24
Personnel expenses		2	-	1
Provisions (net)	42	297	-	563
Increase charged to retained earnings (*)		1	-	-
Other changes		-	-	-
Less -				
Available allowances	42	(11)	(18)	(45)
Payments to early retirements		(611)	-	-
Credited to retained earnings		-	-	-
Derecognition of allowances		(21)	-	(321)
Other changes		-	-	(209)
Balance at the end		**4,966**	**159**	**1,272**

(*) Correspond to actuarial losses (gains) arising from certain welfare benefits (see Note 2.9)

Ongoing legal proceedings and litigation

The Bank is party to certain legal actions in a number of jurisdictions, including, among others, Spain, Mexico and the United States, arising in the ordinary course of business. BBVA believes that none of those legal proceedings is material, individually or as a whole, and does not expect any significant impact on the operating results, liquidity or financial situation of the Bank to arise. The Bank's Management believes that adequate provisions have been made in respect of these legal actions and has not deemed it necessary to disclose to the markets any contingent liability that could arise from such actions as it does not consider them material.

22. Pensions and other post-employment commitments

The Bank has defined Employee Welfare Systems that include both defined-benefit and defined-contribution post-employment commitments with its employees; the proportion of the latter benefits is gradually increasing, mainly due to new hires and because pre-existing defined-benefit commitments have been mostly closed.

The main Employee Welfare System has been implemented in Spain. Under the collective labor agreement, Spanish banks are required to supplement the social security benefits received by employees or their beneficiary right-holders in the event of retirement (except for those hired after March 8, 1980), permanent disability, death of spouse or death of parent.

The employee welfare system in place at the Bank superseded and improved the terms and conditions of the collective labor agreement for the banking industry; the commitments envisaged in the event of retirement, death and disability cover all employees, including those hired after March 8, 1980. The Bank outsourced all its commitments to serving and retired employees pursuant to Royal Decree 1588/1999, of October 15. These commitments are instrumented in external pension plans, insurance contracts with a non-Group company and insurance contracts with BBVA Seguros, S.A. de Seguros y Reaseguros, which is 99.95% owned by the Banco Bilbao Vizcaya Argentaria Group.

As stated in Note 2.9, the Bank has both defined-benefit and defined-contribution post-employment commitments with employees; the latter are gradually increasing mainly because it is the scheme being applied to new hires and because pre-existing defined-benefit commitments have been mostly closed.

22.1 Defined-contribution commitments

The defined-contribution commitments are settled through contributions made by the Bank annually on behalf of the beneficiaries, who are, almost exclusively, active employees in the Bank. These contributions are accrued and charged to the income statement in the corresponding financial year (see Note 2.9). No liability is therefore recognized in the accompanying balance sheets for this purpose.

The amounts registered in the accompanying income statements for contributions to these plans in 2012 and 2011 are €29 million and €31 million, respectively.

22.2 Defined-benefit plans and other long-term commitments

Pension commitments in defined-benefit plans correspond mainly to employees who have retired or taken early retirement from the Bank and to certain groups of employees still active in the case of pension benefits, and to most active employees in the case of permanent disability and death benefits.

A breakdown of the Bank's total amounts for pension commitments in defined-benefit plans and other post-employment commitments (such as early retirement and welfare benefits) for the last five years can be found in the table below. The commitments are recognized under the heading "Provisions – Provisions for pensions and similar obligations" of the corresponding accompanying balance sheets (see Note 21).

	Millions of Euros				
Commitments in Defined-Benefit Plans and Other Post-Employment Commitments	**2012**	**2011**	**2010**	**2009**	**2008**
Pension and post-employment benefits	5,464	5,414	5,657	5,924	6,119
Assets and insurance contracts coverage	466	448	480	498	468
Total net liabilities	**4,998**	**4,966**	**5,177**	**5,426**	**5,651**

This information is presented in greater detail in the table below for 2012 and 2011, broken down by beneficiaries from the Bank's companies in Spain and from the branches abroad:

Pensions and Early-Retirement Commitments and Welfare Benefits: Spain and Abroad	Millions of Euros: Commitments in Spain 2012	Commitments in Spain 2011	Commitments Abroad 2012	Commitments Abroad 2011	Total 2012	Total 2011
Post-employment benefits						
Post-employment benefits	2,410	2,210	114	96	2,524	2,306
Early retirement	2,721	2,904	-	-	2,721	2,904
Post-employment welfare benefits	219	204	-	-	219	204
Total post-employment benefits (1)	**5,350**	**5,318**	**114**	**96**	**5,464**	**5,414**
Insurance contracts coverage						
Post-employment benefits	388	378	-	-	388	378
Other plan assets						
Post-employment benefits	-	-	78	70	78	70
Post-employment welfare benefits	-	-	-	-	-	-
Total plan assets and insurance contracts coverage (2)	**388**	**378**	**78**	**70**	**466**	**448**
Net commitments (1) - (2)	**4,962**	**4,940**	**36**	**26**	**4,998**	**4,966**
of which:						
With contracts to related companies	**2,022**	**1,832**	**-**	**-**	**2,022**	**1,832**

The balance under the heading "Provisions - Provisions for pensions and similar obligations" of the accompanying balance sheet as of December 31, 2012 includes €245 million for commitments for post-employment benefits maintained with previous members of the Board of Directors and the Bank's Management Committee. No charges for those items are recognized in the accompanying income statement in 2012.

In addition to the aforementioned commitments to employees, the Bank has other less relevant commitments. These include long-service awards granted to certain groups of employees when they complete a given number of years of effective service.

The Bank has offered these employees the option of an early payment of their awards. As of December 31, 2012 and 2011, the actuarial liabilities for outstanding awards amounted to €11 million in each case. The above commitments are recognized under the heading "Other provisions" of the accompanying balance sheets (see Note 21).

22.2.1 Commitments in Spain

The most significant actuarial assumptions used as of December 31, 2012 and 2011 to quantify these commitments with employees in Spain are as follows:

Actuarial Assumptions Commitments with employees in Spain	**2012**	**2011**
Mortality tables	PERM/F 2000P.	PERM/F 2000P.
Discount rate (cumulative annual)	3.5%	4.5% Corporate Bond Yield Curve
Consumer price index (cumulative annual)	2%	2%
Salary growth rate (cumulative annual)	At least 3%	At least 3%
Retirement age	First date at which the employees are entitled to retire or contractually agreed at the individual level in the case of early retirements	

(*) The interest rate used to discount the commitments has been determined by reference to high-quality corporate bonds (Note 2.9).

Changes in the main assumptions can affect the calculation of the commitments. Should the discount interest rate have increased or decreased by 50 basis points, an impact on equity for the commitments in Spain would have been registered for approximately €30 million net of tax.

The breakdown of the various commitments to employees in Spain is as follows:

Pension commitments in Spain

Pension commitments in defined-benefit plans correspond mainly to employees who have retired or taken early retirement from the Bank and to certain groups of employees still active in the Bank in the case of pension benefits, and to the majority of active employees in the case of permanent incapacity and death benefits. These commitments are hedged through insurance contracts and internal funds.

The breakdown of pension commitments in defined-benefit plans as of December 31, 2012 and 2011 is as follows:

	Millions of Euros	
Pension commitments in defined-benefits plans	**2012**	**2011**
Pension commitments to retired employees	2,274	2,118
Vested contingencies in respect of current employees	136	92
Total	**2,410**	**2,210**
Hedging at the end of the year		
With insurances contracts to related companies	2,022	1,832
With insurances contracts to non-related companies	388	378
Total	**2,410**	**2,210**

Insurance contracts have been arranged with insurance companies not related to the Bank to cover some pension commitments in Spain. These commitments are funded by plan assets and therefore are presented in the accompanying balance sheets for the net amount of the commitment less plan assets. As of December 31, 2012 and 2011, the plan assets related to the aforementioned insurance contracts equaled the amount of the commitments covered; therefore, no amount for this item is included in the accompanying balance sheets.

The rest of the pension commitments in Spain include defined-benefit commitments for which insurance has been contracted with BBVA Seguros, S.A. de Seguros y Reaseguros, an insurance company that is 99.95% owned by the Bank. These commitments are recognized under the heading "Provisions - Provisions for pensions and similar obligations" of the accompanying balance sheets (Note 21) and the insurance contract assets are recognized under the heading “Insurance contracts linked to pensions”.

Insurance contracts with insurance companies not linked to the Group and included in the above table reflect the amount of insurance contract coverage in these contracts. As of December 31, 2012 and 2011, the amount of the plan assets to the aforementioned insurance contracts equaled the amount of the commitments covered.

The current contributions made by the Bank in relation to defined-benefit retirement commitments are recorded with a charge to the “Personnel Expenses – Contributions to external pension funds” account of the accompanying income statement and amounted to €15 million and €11 million in 2012 and 2011, respectively.

Early retirement in Spain

In 2012 and 2011, the Bank offered certain employees the possibility of taking early retirement before the age stipulated in the collective labor agreement in force. This offer was accepted by 539 employees (669 in 2011).

The commitments to early retirees include the compensation and indemnities and contributions to external pension funds payable during the period of early retirement. The commitments relating to this group of employees after they have reached the age of effective retirement are included in the employee welfare system.

The early retirement commitments in Spain as of December 31, 2012 and 2011 are recognized under the heading “Provisions – Provisions for pensions and similar obligations” (Note 21) in the accompanying balance sheets for the amount of €2,721 million and €2,904 million, respectively.

The cost of early retirement for the year is recognized under the heading “Provision expense (Net) – Transfers to pension funds and similar obligations” in the accompanying income statements (see Note 42).

The changes in 2012 and 2011 in the present value of the vested obligations for commitments to early retirees in Spain are as follows:

	Millions of Euros	
Early retirements commitments Changes in the year	**2012**	**2011**
Current actuarial value at the begining of the year	**2,904**	**3,083**
+ Contributions from merger transactions	-	23
+ Interest costs	110	121
+ Early retirements in the period	239	297
- Payments and settelments	(609)	(611)
+/- Other changes	(3)	(6)
+/- Actuarial losses (gains)	80	(3)
Current actuarial value at the end of the year	**2,721**	**2,904**
Heading at the end of the year		
In internal funds (*)	2,721	2,904

(*) This funds are recognized under the heading "Provisions-Provisions for pension and similar obligation" in the accompanyng consolidated balance sheets

Post-employment welfare benefits in Spain

The Bank signed a Social Benefit Standardization Agreement for its employees in Spain. The agreement standardizes the existing welfare benefits for the different groups of employees and, in some cases when a service is provided, quantifies it as an annual amount in cash. These welfare benefits include post-employment welfare benefits and other commitments with employees.

The details of these commitments as of December 31, 2012 and 2011 are as follows:

	Millions of Euros	
Post-employment Welfare Benefits Commitments	**2012**	**2011**
Commitments to employees	162	162
Vested contingencies in respect of current employees	57	42
Total	**219**	**204**
Heaging at the end of the year		
In internal funds (*)	219	204

(*) This funds are recognized under the heading "Provisions-Provisions for pension and similar obligation" in the accompanyng consolidated balance sheets

The changes in 2012 and 2011 in the present value of the vested obligation for post-employment welfare benefit commitments are as follows:

	Millions of Euros	
Post-employment Welfare Benefits Commitments Changes in the year	**2012**	**2011**
Balance at the beginning	**204**	**219**
+ Contributions from merger transactions	-	1
+ Interest costs	9	10
+Current service cost	2	2
- Payments and settlements	(17)	(18)
+/- Past service cost	-	-
+/- Other changes	3	(6)
+/- Actuarial losses (gains)	18	(4)
Balance at the end	**219**	**204**

Long-service awards

In addition to the aforementioned post-employment welfare benefits, the Bank maintained certain commitments in Spain with some employees, called "Long-service awards". These commitments are for payment of a certain amount in cash and for the allocation of Banco Bilbao Vizcaya Argentaria S.A. shares, when these employees complete a given number of years of effective service.

The aforementioned Benefit Standardization Agreement established that the long-service awards terminated as of December 31, 2007. Employees meeting the seniority conditions established are entitled to receive only the value of the commitment accrued to December 31, 2007.

The following is the breakdown of the commitments recognized as of December 31, 2012 and 2011 under these headings:

	Millions of Euros	
Long-Service Awards	**2012**	**2011**
Long-service awards (in Cash)	9	8
Long-service awards (in Shares)	2	3
Total	**11**	**11**

Other commitments with employees

Other benefits for active employees are earned and settled annually, not being necessary to provision them. The total cost of these employee welfare benefits as of December 31, 2012, amounts to €46 million and is recognized with a charge to "Personnel expenses - Other personnel expenses" in the accompanying income statements (Note 40.1) (€46 million in 2011).

Estimated future payments for commitments with the Bank's employees

The estimated benefit payments in millions of euros over the next 10 years for commitments with employees in Spain are as follows:

	Millions of Euros					
Estimated Future Payments for Post-Employment Commitments in Spain	**2013**	**2014**	**2015**	**2016**	**2017**	**2018-2022**
Post-employment benefits	780	706	648	583	512	1,602
Of which:						
Early retirements	576	515	458	395	324	719

22.2.2 Commitments abroad

Part of the Bank's foreign network has post-employment defined-benefit commitments to certain current and/or retired employees. Those commitments are not available for new employees. The most relevant data relating to these commitments are as follows:

Defined-benefit commitments

The accrued liability for defined-benefit commitments to current and/or retired employees, net, where appropriate, of the specific assets assigned to fund them, amounted to €36 million and €26 million as of 31 December 2012 and 2011, respectively, and is included under "Provisions – Provisions for Pensions and Similar Obligations" in the accompanying balance sheets.

The present values of the vested obligations of the foreign network are quantified based on a individual member data, and the projected unit credit valuation method is used for current employees. As a general rule, the actuarial assumptions used are as follows: the discount rate is the AA corporate bond yield curve; the mortality tables are those applicable in each local market when an insurance contract is arranged; and the inflation and salary growth rates are those applicable in each local market.

The changes in 2012 and 2011 in the foreign network as a whole, in the balances of "Provisions – Pension funds and similar obligations", net of the plan assets, are as follows:

	Millions of Euros	
Net Commitments in Branches Abroad Changes in the year	**2012**	**2011**
Balance at the beginning	**26**	**28**
+ Interest costs	2	1
+ Current service cost	-	-
- Payments and settelments	(5)	(3)
+/- Other changes	-	1
+/- Actuarial losses (gains)	13	(2)
+/- Exchange differences	-	1
Balance at the end	**36**	**26**

The contributions to defined-contribution plans and pension commitments through defined-benefit plans in the foreign network recognized under the heading "Personnel expenses" in the accompanying income statements amounted to €5 million in 2012 (€5 million in 2011).

22.2.3 Summary of the entries in the income statement and equity

The net charges in the income statements for 2012 and 2011 for all commitments to post-employment remuneration and benefits, both in Spain and the branches abroad, are summarized below:

		Millions of Euros	
Post-employments Benefits (Spain+Branches Abroad) Income Statements and Equity Effects.	**Notes**	**2012**	**2011**
Interest and similar expenses			
Interest cost of pension funds	34.2	121	132
Personnel expenses			
Contributions and provisions to pensions funds	40.1	49	47
Welfare benefits		2	2
Provision (net)			
Provisions to fund for pension and similar obligations			
Pension funds		80	(6)
Early retirements		239	297
Welfare benefits		18	(4)
Total Effects in Income Statements		**509**	**468**
Total Effects in Retained Earning: Credit (Debit) (*)		**13**	**1**

(*) Correspond to actuarial losses (gains) arising from pension commitments and certain welfare benefits recognized in "Valuation Adjustments". For Early reitirements are recognized in the Income Statements (see Note 2.9.).

23. Common stock

As of December 31, 2012, BBVA's share capital amounted to €2,669,936,277.05, divided into 5,448,849,545 fully subscribed and paid-up registered shares, all of the same class and series, at €0.49 par value each, represented through book-entry accounts. All of the Bank shares carry the same voting and dividend rights, and no single stockholder enjoys special voting rights. There are no shares that do not represent an interest in the Bank's common stock.

The Bank's shares are traded on the continuous market in Spain, as well as on the London and Mexico stock markets. BBVA American Depositary Shares (ADSs) traded on the New York Stock Exchange are also traded on the Lima Stock Exchange (Peru), under an exchange agreement between these two markets.

Also, as of December 31, 2012, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Francés, S.A. and AFP Provida are listed on their respective local stock markets, the last two also being listed on the New York Stock Exchange. BBVA Banco Francés, S.A. is also listed on the Latin American market of the Madrid Stock Exchange.

As of December 31, 2012 (taking into account the new shares issued in the last common stock increase), Chase Nominees Ltd., State Street Bank and Trust Co. and The Bank of New York Mellon, SA NV, in their capacity as international custodian/depositary banks, held 7.214%, 6.719% and 4.898% of BBVA common stock, respectively. Of said positions held by the custodian banks, BBVA is not aware of any individual shareholders with direct or indirect holdings greater than or equal to 3% of BBVA common stock.

On February 4, 2010, the Blackrock, Inc. company reported to the Spanish Securities and Exchange Commission (CNMV) that, as a result of the acquisition (on December 1, 2009) of the Barclays Global Investors (BGI) company, it had an indirect holding of BBVA common stock totaling 4.453% through the Blackrock Investment Management Company.

BBVA is not aware of any direct or indirect interests through which control of the Bank may be exercised. BBVA has not received any information on stockholder agreements including the regulation of the exercise of voting rights at its annual general meetings or restricting or placing conditions on the free transferability of BBVA shares. No agreement is known that could give rise to changes in the control of the Bank.

The changes in the heading "Common Stock" of the accompanying balance sheets are due to the following common stock increases:

Capital Increase	Number of Shares	Common Stock (Millions of Euros)
As of December 31, 2010	**4,490,908,285**	**2,201**
Dividend option - April 2011	60,694,285	30
Convertible bonds conversion - July 2011	273,190,927	134
Dividend option - October 2011	78,413,506	38
As of December 31, 2011	**4,903,207,003**	**2,403**
Convertible bonds conversion - April 2012	157,875,375	77
Dividend option - April 2012	82,343,549	40
Convertible bonds conversion - July 2012	238,682,213	117
Dividend option - October 2012	66,741,405	33
As of December 31, 2012	**5,448,849,545**	**2,670**

2012

- "Dividend Option" Program: The AGM held on March 16, 2012, under Point Four of the Agenda, resolved to perform two common stock increases, charged to voluntary reserves, to once again implement the program called the "Dividend Option" (see Note 3). This confers authority on the Board of Directors, pursuant to article 297.1 a) of the Corporations Act, to indicate the date on which said common stock increases should be carried out, within one year of the date on which the agreements are made.

  On April 11, 2012, the Executive Committee, acting on the resolution of the Board of Directors of March 28, 2012, approved the execution of the first of the capital increases charged to reserves agreed by the Annual General Meeting of shareholders on March 16, 2012, in order to execute the "Dividend Option." As a result of this increase, the Bank's common stock increased by €40,348,339.01, through the issue and circulation of 82,343,549 shares with a €0.49 par value each.

  Likewise, BBVA's Board of Directors, at its meeting on September 26, 2012, agreed to carry out the second common stock increase under the heading of reserves, in accordance with the terms and conditions agreed upon by the AGM of March 16, 2012. As a result of this increase, the Bank's common stock increased by €32,703,288.45 through the issue and circulation of 66,741,405 shares with a €0.49 par value each.

- Convertible Bonds-December 2011: On March 30, 2012 there was a voluntary conversion by holders of Convertible Bonds for a total of €955 million.

  An increase in the Bank's common stock was carried out to pay for this conversion by the issue and distribution of 157,875,375 ordinary shares at a par value of €0.49 each, amounting to a total of €77,358,933.75, with the share premium being €877,313,458.8750 (see Note 24).

  In addition, on June 30, 2012 there was a partial mandatory conversion of the outstanding Convertible Bonds as of that date, through a reduction of 50% in their nominal value. Following the execution of these conversions (see Note 20.4), the nominal amount of outstanding Convertible Bonds is €1,238 million.

  An increase in the Bank's common stock was carried out to pay for this conversion by the issue and distribution of 238,682,213 ordinary shares at a par value of 0.49€ each, amounting to a total of €116,954,284.37, with the share premium being €1,120,469,780.7072 (see Note 24).

2011

- "Dividend Option" Program: The AGM held on March 11, 2011, under Point Five of the Agenda, resolved to perform two common stock increases, charged to voluntary reserves to implement the program called the "Dividend Option". This confers authority on the Board of Directors, pursuant to article 297.1 a) of the Corporations Act, to indicate the date on which said common stock increases should be carried out, within one year of the date on which the agreements are made.

At its meeting on March 29, 2011, BBVA's Board of Directors agreed to carry out the first common stock increase charged to reserves as agreed by the AGM of March 11, 2011. As a result of this increase, the Bank's common stock increased by €29,740,199.65 through the issue and circulation of 60,694,285 shares with a €0.49 par value each.

Likewise, BBVA's Board of Directors, at its meeting on September 27, 2011, agreed to carry out the second common stock increase under the heading of reserves, in accordance with the terms and conditions agreed upon by the AGM of March 11, 2011. As a result of this increase, the Bank's common stock increased by €38,422,617.94 through the issue and circulation of 78,413,506 shares with a €0.49 par value each.

- Convertible Bonds-September 2009: At its meeting on June 22, 2011, the Board of Directors of BBVA agreed to the mandatory conversion of all the Convertible Bonds-September 2009 (see Note 20.4). The conversion took place on July 15, 2011, an interest payment date, according to the procedure established to that effect under the terms and conditions of the issue.

  An increase in the Bank's common stock was carried out to pay for this conversion by the issue and distribution of 273,190,927 ordinary shares at a par value of €0.49 each, amounting to a total of €133,863,554.23, with the share premium being €1,866,057,945.96 (see Note 24).

Other resolutions of the General Shareholders Meeting on the issue of shares and other securities

- Common stock increases: The Bank's AGM held on March 16, 2012 agreed, in Point Three of the Agenda, to confer authority on the Board of Directors to increase common stock in accordance with Article 297.1b) of the Corporations Act, on one or several occasions, within the legal deadline of five years from the date the resolution takes effect, up to the maximum nominal amount of 50% of the subscribed and paid-up common stock on the date on which the resolution is adopted. Likewise, an agreement was made to enable the Board of Directors to exclude the preemptive subscription right on those common stock increases in line with the terms of Article 506 of the Corporations Act. This authority is limited to 20% of the common stock of the Bank on the date the agreement is adopted.

- Convertible securities: At the AGM held on March 16, 2012, the shareholders resolved, in Point Five of the Agenda, to delegate to the Board of Directors for a five-year period the right to issue bonds, convertible and/or exchangeable into BBVA shares, for a maximum total of €12,000 million. The powers include the right to establish the different aspects and conditions of each issue; to exclude the pre-emptive subscription right of shareholders in accordance with the Corporations Act; to determine the basis and methods of conversion and/or exchange; and to increase the Bank's common stock as required to address the conversion commitments.

- Other securities: The Bank's AGM held on March 11, 2011, in point six of the agenda, agreed to delegate to the Board of Directors, the authority to issue, within the five-year maximum period stipulated by law, on one or several occasions, directly or through subsidiaries, with the full guarantee of the Bank, any type of debt instruments, documented in obligations, bonds of any kind, promissory notes, all type of covered bonds, warrants, mortgage participation, mortgage transfers certificates and preferred securities (that are totally or partially exchangeable for shares already issued by the company itself or by another company, in the market or which can be settled in cash), or any other fixed-income securities, in euros or any other currency, that can be subscribed in cash or in kind, registered or bearer, unsecured or secured by any kind of collateral, including a mortgage guarantee, with or without incorporation of rights to the securities (warrants), subordinate or otherwise, for a limited or indefinite period of time, up to a maximum nominal amount of €250,000 million.

24. Share premium

The changes in the balances under this heading in the accompanying balance sheets are due to the common stock increases carried out in 2012 and 2011 (see Note 23), as set out below:

(Millions of Euros)	Share premium
As of December 31, 2010	**17,104**
Convertible bonds conversion - July 2011	1,866
As of December 31, 2011	**18,970**
Convertible bonds conversion - April 2012	878
Convertible bonds conversion - July 2012	1,120
As of December 31, 2012	**20,968**

The amended Spanish Corporation Act expressly permits the use of the share premium balance to increase capital and establishes no specific restrictions as to its use.

25. Reserves

The breakdown of the balance under this heading in the accompanying balance sheets is as follows:

Reserves. Breakdown by concepts	Millions of Euros 2012	2011
Restricted reserves:		
Legal reserve	481	440
Restricted reserve for retired capital	387	495
Revaluation Royal Decree-Law 7/1996	27	28
Voluntary reserves:		
Voluntary and others	6,154	5,854
Total	**7,049**	**6,817**

25.1 Legal reserve

Under the amended Corporations Act, 10% of any profit made each year must be transferred to the legal reserve. These provisions must be made until the legal reserve reaches 20% of the share capital. This limit will be reached by the Bank once the proposal for the allocation of the 2012 earnings is approved (see Note 3).

The legal reserve can be used to increase the common stock provided that the remaining reserve balance does not fall below 10% of the increased capital. While it does not exceed 20% of the common stock, it can only be allocated to offset losses exclusively in the case that there are not sufficient reserves available.

25.2 Restricted reserves

As of December 31, 2012 and 2011, the Bank's restricted reserves are as follows:

Restricted Reserves	Millions of Euros 2012	2011
Restricted reserve for retired capital	88	88
Restricted reserve for Parent Company shares and loans for those shares	297	405
Restricted reserve for redenomination of capital in euros	2	2
Total	**387**	**495**

The restricted reserve for retired capital originated in the reduction of the nominal par value of the BBVA shares made in April 2000.

The most significant heading corresponds to restricted reserves related to the amount of shares issued by the Bank in its possession at each date, as well as the amount of customer loans outstanding on those dates that were granted for the purchase of, or are secured by, the Bank's shares.

Finally, pursuant to Law 46/1998 on the introduction of the euro, a restricted reserve is recognized as a result of the rounding effect of the redenomination of the Bank's common stock in euros.

25.3 Revaluation and regularizations of the balance sheet

Prior to the merger, Banco de Bilbao, S.A. and Banco de Vizcaya, S.A. availed themselves of the legal provisions applicable to the regularization and revaluation of balance sheets. Thus, on December 31, 1996, Banco Bilbao Vizcaya, S.A. revalued its tangible assets pursuant to Royal Decree-Law 7/1996 of June 7 by applying the maximum coefficients authorized, up to the limit of the market value arising from the existing valuations. As a result of these updates, the increases in the cost and depreciation of tangible fixed assets were calculated and allocated as follows:

Following the review of the balance of the "Revaluation reserve pursuant to Royal Decree-Law 7/1996 of June 7" account by the tax authorities in 2000, this balance could only be used, free of tax, to offset recognized losses and to increase share capital until January 1, 2007. From that date, the remaining balance of this account can also be allocated to unrestricted reserves, provided that the surplus has been depreciated or the revalued assets have been transferred or derecognized.

The breakdown of the calculation and movement to voluntary reserves under this heading are:

Revaluation and Regularization of the Balance Sheet	Millions of Euros 2012	2011
Legal revaluations and regularizations of tangible assets:		
Cost	187	187
Less:		
Single revaluation tax (3%)	(6)	(6)
Balance as of December 31, 1999	**181**	**181**
Rectification as a result of review by the tax authorities in 2000	(5)	(5)
Transfer to voluntary reserves	(149)	(148)
Total	**27**	**28**

26. Treasury stock

In 2012 and 2011 the Group companies performed the following transactions with shares issued by the Bank:

Treasury Stock	2012 Number of Shares	2012 Millions of Euros	2011 Number of Shares	2011 Millions of Euros
Balance at beginning	**46,398,183**	**300**	**58,046,967**	**552**
+ Purchases	819,289,736	4,831	652,994,773	4,825
- Sales and other changes	(850,224,983)	(5,021)	(664,643,557)	(5,027)
+/- Derivatives over BBVA shares	-	1	-	(50)
Balance at the end	**15,462,936**	**111**	**46,398,183**	**300**
Of which:				
Held by BBVA	4,508,380	41	1,431,838	19
Held by Corporación General Financiera, S.A.	10,870,987	70	44,938,538	281
Held by other subsidiaries	83,569	-	27,807	-
Average purchase price in euros	5.90		7.39	
Average selling price in euros	6.04		7.53	
Net gain or losses on transactions (Stockholders' funds-Reserves)		81		(14)

The percentages of treasury stock held by the Group in 2012 and 2011 are as follows:

Treasury Stock	2012 Min	2012 Max	2011 Min	2011 Max
% treasury stock	**0.240%**	**1.886%**	**0.649%**	**1.855%**

The number of BBVA shares accepted by the Bank in pledge as of December 31, 2012 and 2011 is as follows:

Shares of BBVA Accepted in Pledge	2012	2011
Number of shares in pledge	132,675,070	119,003,592
Nominal value	0.49	0.49
% of share capital	2.43%	2.43%

The number of BBVA shares owned by third parties but managed by a company in the Group as of December 31, 2012 and 2011 is as follows:

Shares of BBVA Owned by Third Parties but Managed by the Group	2012	2011
Number of shares property of third parties	109,348,019	104,069,727
Nominal value	0.49	0.49
% of share capital	2.01%	2.12%

27. Valuation adjustments

The breakdown of the balance under this heading in the accompanying balance sheets is as follows:

	Millions of Euros	
Valuation Adjustments	**2012**	**2011**
Available-for-sale financial assets	(938)	(782)
Cash flow hedging	(40)	(30)
Hedging of net investments in foreign transactions	-	-
Exchange differences	19	(32)
Non-current assets held for sale	-	-
Other valuation adjustments	(18)	(9)
Total	**(977)**	**(853)**

The balances recognized under these headings are presented net of tax.

28. Capital base and capital management

Capital base

Bank of Spain Circular 3/2008, of May 22, 2008, and its subsequent amendments (the most recent by Bank of Spain Circulars 4/2011, of November 30, 2011, and 9/2010 of December 22, 2010), on the calculation and control of minimum capital base requirements, regulate the minimum capital base requirements for Spanish credit institutions –both as individual entities and as consolidated groups– and how to calculate them, as well as the various internal capital adequacy assessment processes they should have in place and the information they should disclose to the market.

The minimum capital base requirements established by Circular 3/2008 are calculated according to the Group's exposure to credit and dilution risk, counterparty and liquidity risk relating to the trading portfolio, exchange-rate risk and operational risk. In addition, the Group must fulfill the risk concentration limits established in said Circular and the internal Corporate Governance obligations.

Circular 3/2008 implements Spanish regulations on capital base and consolidated supervision of financial institutions, as well as adapting Spanish law to the relevant European Union Capital Requirements Directives (CRD), in compliance with the accords by the Committee on Banking Supervision of the Bank for International Settlements in Basel.

Specifically, within the framework of the new accords reached by this Committee, and their implementation by the European Commission, transposition to the Spanish solvency regulations of CRD2 (Directives 2009/111, 2009/27 and 2009/83) and CRD3 (Directive 2010/76) was completed. Thus, modifications affecting the definition of eligible capital, transactions related to securitizations, the monitoring of remuneration policies, management of liquidity risks and the requirements for financial instruments held for trading were incorporated into the Spanish regulatory framework.

The BBVA Group is complying with the new requirements introduced by the implementation of CRD2 and CRD3, and in addition is preparing for the significant modifications that will probably take place in the regulatory framework for the solvency of financial entities in 2013, with respect to both the capital framework for banks (CRD4 and CRR) and insurance entities ("Solvency II").

As of December 31, 2012 and 2011, the Bank's capital exceeded the minimum capital base level required by Bank of Spain regulations in force on each date.

The Group's bank capital according to the aforementioned Circular 3/2008 as of December 31, 2012 and 2011 is shown below:

	Millions of Euros	
Capital Base	**2012 (*)**	**2011**
Basic equity	**36,417**	**35,508**
Common Stock	2,670	2,403
Parent company reserves	38,149	33,656
Reserves in consolidated companies	1,043	1,552
Non-controlling interests	2,025	1,669
Other equity instruments	3,097	5,189
Deductions (Goodwill and others)	(10,903)	(10,837)
Attributed net income (less dividends)	335	1,876
Additional equity	**4,513**	**5,944**
Other deductions	**(5,273)**	**(5,303)**
Additional equity due to mixed group (**)	**1,275**	**1,070**
Total Equity	**36,932**	**37,218**
Minimum equity required	**26,323**	**26,563**

(*) Provisional data.

(**) Mainly insurance companies in the Group.

The changes in 2012 in the amounts of basic capital shown in the above table are basically due to the exchange differences and the earnings for the year, attributed both to the Group and to non-controlling interests. However, the conversion of the Convertible Bonds mentioned in Notes 20.4 and 23 has had no impact on the total calculation of the Group's capital base, given that said bonds were already considered eligible for the purposes of the Group's basic funds from the date on which they were subscribed and paid, since they were mandatory convertible upon maturity. The reduction in additional capital is due to the repayment and conversions of subordinated debt (see Note 20.4).

The capital of BBVA S.A., following the same regulatory criteria, is shown below:

	Millions of Euros	
Capital Base	**2012 (*)**	**2011**
Core Capital	**29,527**	**27,486**
Basic equity	**32,461**	**32,391**
Additional equity	**2,330**	**4,058**
Total Equity	**34,791**	**36,449**
Minimum equity required	**21,923**	**23,430**

(*) Provisional data.

In addition to the provisions of Circular 3/2008, Spanish financial groups and entities must comply with the capital requirements set forth by Royal Decree-Law 2/2011 of February 18 reinforcing the Spanish financial system. This regulation was issued for the purpose of reinforcing the solvency of the Spanish financial entities. It thus established a new minimum requirement in terms of core capital on risk-weighted assets which is more restrictive than the one set out in the aforementioned Circular, and that must be greater than 8% or 10%, as appropriate. As of December 31, 2012, the BBVA Group's ratio exceeded the corresponding minimum requirement of 8%, and stood at 10.5% (provisional figure).

Other requirements on minimum capital levels

Irrespective of the aforementioned requirements, in 2011, the European Banking Authority (EBA) issued the recommendation of reaching, as of June 30, 2012, a new minimum capital level in the ratio known as Core Tier 1

(CT1). In addition, this minimum ratio should have a sufficient excess amount to absorb the "sovereign buffer", calculated based on sovereign exposure. As of June 30, 2012, the BBVA Group's EBA Core Tier I capital stood at 9.9%, above the required minimum level (before taking into account the sovereign buffer).

The Bank of Spain endorsed these recommendations for the Spanish banks that took part in the exercise conducted by the EBA, extending beyond June 30, 2012 the maintenance of that recommended minimum ratio. As of December 31, 2012, the BBVA Group continues to maintain an EBA Core Tier I capital above the required minimum, reaching 9.7% (provisional figure).

Other measures affecting the Spanish financial system and the results of the independent stress tests

The Ministry of Economy and Competitiveness and the Bank of Spain agreed on May 21, 2012 to hire independent auditors to carry out an assessment of the balance sheets of the Spanish banking system.

First, an aggregate analysis was carried out to test the resilience of the Spanish banking sector to a scenario of a severe additional downturn in the Spanish economy. A disaggregated exercise was carried out later to determine the capital requirements of each entity, according to the individual risk profiles of each.

In addition, on June 25 the Spanish government formally asked the European Union for financial aid to recapitalize certain Spanish financial institutions. The details and conditions of the agreement reached for the financial aid were announced on July 20. The agreement established an additional series of conditions to be met, even by those entities that have no capital deficits, including compliance with the EBA's Core Tier I ratio of 9% and new financial reporting requirements on capital, liquidity and loan portfolio quality.

As a result of the agreement mentioned in the above paragraph, in addition to the conditions established in Circular 3/2008, Spanish financial groups and entities must comply as of January 1, 2013 with the capital requirements set forth by Royal Decree-Law 24/2012 of 31 August 31, 2012 reinforcing the Spanish financial system. This regulation was issued for the purpose of reinforcing the solvency of the Spanish financial entities. It thus established a new minimum requirement in terms of core capital on risk-weighted assets which is more restrictive than the one set out in the aforementioned Circular, and that must be greater than 9%. As of December 31, 2012, although the new requirement had still not come into force, the BBVA Group's ratio exceeded the corresponding minimum requirement of 9%, and stood at 9.7%.

On September 28, 2012, the Bank of Spain published the results of the stress test conducted on the Spanish banking system by the independent consultancy firm Oliver Wyman. Under this stress test, the capital ratio (Tier 1) of the BBVA Group in the worst-case scenario would be 9.6%. This shows that even in the worst stress-test scenario, BBVA's capital ratio would continue to be above the minimum required by the test.

Capital management

Capital management in the BBVA Group has a twofold aim:

- Maintain a level of capitalization according to the business objectives in all countries in which it operates and, simultaneously,
- Maximize the return on shareholders' funds through the efficient allocation of capital to the different units, a good management of the balance sheet and appropriate use of the various instruments forming the basis of the Group's equity: shares, preferred securities and subordinated debt.

This capital management is carried out in accordance with the criteria of the Bank of Spain Circular 3/2008 and subsequent amendments in terms of determining both the capital base and the solvency ratios. Prudential and minimum capital requirements also have to be met for the subsidiaries subject to prudential supervision in other countries.

The current regulation allows each entity to apply its own internal ratings-based (IRB) approach to risk assessment and capital management, subject to Bank of Spain approval. The BBVA Group carries out an integrated management of these risks in accordance with its internal policies (see Note 5) and its internal capital estimation model has received the Bank of Spain's approval for certain portfolios.

Capital is allocated to each business area of the BBVA Group according to economic risk capital (ERC) criteria, which are based on the concept of unexpected loss with a specific confidence level, as a function of a solvency target determined by the Group, at two levels:

- Core capital, which determines the allocated capital and is used as a reference to calculate the return on equity (ROE) generated by each business; and

- Total capital, which determines the additional allocation in terms of subordinated debt and preferred securities.

Due to its sensitivity to risk, ERC is an element linked to management policies of the BBVA Group businesses themselves. It standardizes capital allocation among them in accordance with the risks incurred and makes it easier to compare their profitability. The calculation of ERC combines credit risk, market risk, structural risk associated with the balance sheet, equity positions, operational risk, fixed assets risks and technical risks in the case of insurance companies. Internal models are used that have been defined following the guidelines and requirements established under the Basel II Capital Accord, with economic criteria prevailing over regulatory ones.

29. Contingent risks and commitments

The breakdown of the balance under these headings in the accompanying balance sheets is as follows:

	Millions of Euros	
Financial Guarantees and Drawable by Third Parties	**2012**	**2011**
Contingent Risks		
Collateral, bank guarantees and indemnities	20,359	13,952
Rediscounts, endorsements and acceptances	1,267	1,695
Rest	42,747	45,113
Total Contingent Risks	**64,373**	**60,760**
Contingent Commitments		
Drawable by third parties	43,480	51,107
Credit institutions	1,950	2,421
Government and other government agency	1,357	3,132
Other resident sectors	18,916	21,857
Non-resident sector	21,257	23,697
Other commitments	6,722	4,343
Total Contingent Commitments	**50,202**	**55,450**
Total contingent Risks and Commitments	**114,575**	**116,210**

Since a significant portion of the amounts above will reach maturity without any payment obligation materializing for the companies, the aggregate balance of these commitments cannot be considered as an actual future requirement for financing or liquidity to be provided by the Bank to third parties.

In 2012 and 2011 no issuances of debt securities carried out by non-Group entities have been guaranteed.

30. Assets assigned to other own and third-party obligations

In addition to those mentioned in other Notes to these financial statements (see Notes 11 and 20), as of December 31, 2012 and 2011 the assets held by the Bank that guaranteed their own obligations amounted to €107,346 million and €85,247 million, respectively. These amounts mainly correspond to loans linked to the issue of long-term mortgage-covered bonds (see Note 20.3 and Appendix XI) which, pursuant to the Mortgage Market Act, are accepted as collateral for the issue of mortgage-covered bonds (€64,386 million as of December 31, 2012) and to assets allocated as collateral for certain lines of short-term finance assigned to the Bank by central banks (€42,960 million as of December 31, 2012).

As of December 31, 2012 and 2011, there were no other Bank assets linked to any third-party obligations.

31. Other contingent assets and liabilities

As of December 31, 2012 and 2011, there were no contingent assets or liabilities for significant amounts other than those registered in these Financial Statements.

32. Purchase and sale commitments and future payment obligations

The breakdown of the sale and purchase commitments of the Bank as of December 31, 2012 and 2011 is as follows:

		Millions of Euros	
Purchase and Sale Commitments	**Notes**	**2012**	**2011**
Financial instruments sold with repurchase commitments		**35,292**	**62,690**
Central Banks	7	109	8,738
Credit Institutions	20.1	9,088	12,258
Government and other government agencies	20.2	16,596	24,016
Other resident sectors	20.2	4,864	5,666
Non-resident sectors	20.2	4,635	12,012
Financial instruments purchased with resale commitments		**8,140**	**9,870**
Central Banks	7	109	148
Credit Institutions	11.1	3,624	2,605
Government and other government agencies	11.2	-	-
Other resident sectors	11.2	3,985	6,952
Non-resident sectors	11.2	422	165

Future payment obligations other than those mentioned in the notes above correspond mainly to short-term (under 1 year) obligations amounting to around €119 million for leases payable derived from operating lease contracts, and around €1 million for obligations derived from the purchase of IT projects and others.

33. Transactions for the account of third parties

As of December 31, 2012 and 2011, the details of the most significant items under this heading are as follows:

	Millions of Euros	
Transactions on Behalf of Third Parties	**2012**	**2011**
Financial instruments entrusted by third parties	317,814	358,986
Conditional bills and other securities received for collection	2,304	2,832
Securities received in credit	3,856	861

As of December 31, 2012 and 2011, the off-balance sheet customer funds managed by the Bank are as follows:

	Millions of Euros	
Off-Balance Sheet Customer Funds by Type	**2012**	**2011**
Investment companies and mutual funds	22,080	22,246
Pension funds	17,101	15,855
Saving insurance contracts	4,307	3,446
Managed customers portfolio	3,307	3,385
Total	**46,795**	**44,932**

34. Interest income and expense and similar items

34.1 Interest and similar income

The breakdown of the interest and similar income recognized in the accompanying income statement is as follows:

	Millions of Euros	
Interest and Similar Income. Breakdown by Origin.	**2012**	**2011**
Central Banks	12	44
Loans and advances to credit institutions	298	411
Loans and advances to customers	7,409	7,709
Government and other government agency	915	785
Resident sector	5,897	6,284
Non resident sector	597	640
Debt securities	1,599	1,516
Trading	283	318
Investment	1,316	1,198
Rectification of income as a result of hedging transactions	(435)	(265)
Other income	216	253
Total	**9,099**	**9,668**

The amounts recognized in equity during both years in connection with hedging derivatives and the amounts derecognized from equity and taken to the income statement during those years are disclosed in the accompanying statements of recognized income and expenses.

The following table shows the adjustments in income resulting from hedge accounting, broken down by type of hedge:

	Millions of Euros	
Adjustments in Income Resulting from Hedge Accounting	**2012**	**2011**
Cash flow hedging	-	(2)
Fair value hedging	(435)	(263)
Total	**(435)**	**(265)**

34.2 Interest and similar expenses

The breakdown of the balance under this heading in the accompanying income statements is as follows:

	Millions of Euros	
Interest and Similar Expenses. Breakdown by Origin	**2012**	**2011**
Bank of Spain and other central banks	328	164
Deposits from credit institutions	974	835
Customers deposits	2,585	3,132
Debt certificates	1,564	1,802
Subordinated liabilities (Note 20.4.2)	398	454
Rectification of expenses as a result of hedging transactions	(1,147)	(1,034)
Cost attributable to pension funds (Note 22)	122	132
Other charges	51	168
Total	**4,875**	**5,653**

The following table shows the adjustments in expenses resulting from hedge accounting, broken down by type of hedge:

	Millions of Euros	
Adjustments in Expenses Resulting from Hedge Accounting	**2012**	**2011**
Cash flow hedging	4	(1)
Fair value hedging	(1,151)	(1,033)
Total	**(1,147)**	**(1,034)**

35. Dividend income

The breakdown of the balance under this heading in the accompanying income statements is as follows:

	Millions of Euros	
Dividend Income	**2012**	**2011**
Investments in associates	139	51
Investments in jointly controlled entities	68	5
Investments in group Entities	4,577	2,967
Other shares and equity instruments	333	519
Total	**5,117**	**3,542**

The 2011 figure has been modified by €34 million due to the reclassification as discontinued operations of the non-current assets held for sale in the Pension Fund Administrators (AFP) in Latin America (see Note 15).

36. Fee and commission income

The breakdown of the balance under this heading in the accompanying income statements is as follows:

	Millions of Euros	
Fee and Commission Income	**2012**	**2011**
Commitment fees	141	121
Contingent risks	218	201
Letters of credit	21	18
Bank and other guarantees	197	183
Arising from exchange of foreign currencies and banknotes	1	1
Collection and payment services	506	510
Bills receivables	8	8
Current accounts	103	104
Credit and debt cards	257	253
Checks (trading, clearing, return)	9	10
Transfers and others payment orders	64	66
Rest	65	69
Securities services	247	236
Securities underwriting	89	62
Securities dealing	56	66
Custody securities	70	76
Investment and pension funds	-	-
Rest assets management	32	32
Counselling on and management of one-off transactions	-	-
Financial and similar counselling services	-	-
Factoring transactions	38	33
Non-banking financial products sales	347	366
Other fees and commissions	232	255
Total	**1,730**	**1,723**

37. Fee and commission expenses

The breakdown of the balance under this heading in the accompanying income statements is as follows:

	Millions of Euros	
Fee and Commission Expenses	**2012**	**2011**
Brokerage fees on lending and deposit transactions	2	4
Fees and commissions assigned to third parties	157	159
Credit and debt cards	117	104
Transfers and others payment orders	2	2
Securities dealing	25	39
Rest	13	14
Other fees and commissions	163	134
Total	**322**	**297**

38. Net gains (losses) on financial assets and liabilities

The breakdown of the balance under this heading, by source of the related items, in the accompanying income statements is as follows:

	Millions of Euros	
Net Gains (Losses) on Financial Assets and Liabilities	**2012**	**2011**
Financial assets held for trading	580	583
Other financial assets designated at fair value through profit or loss	-	-
Other financial instruments not designated at fair value through profit or loss	407	(93)
Available-for-sale financial assets	544	51
Loans and receivables	-	-
Rest	(137)	(144)
Total	**987**	**490**

The breakdown of the balance under this heading in the accompanying income statements by the nature of the financial instruments is as follows:

	Millions of Euros	
Net Gains (Losses) on Financial Assets and Liabilities Breakdown by Nature of the Financial Instrument	**2012**	**2011**
Debt instruments	741	169
Equity instruments	(189)	(335)
Loans and advances to customers	-	-
Derivatives	594	731
Deposits from customers	-	-
Rest	(159)	(75)
Total	**987**	**490**

The breakdown of the impact of the derivatives (trading and hedging) in the balance under this heading in the accompanying income statements is as follows:

	Millions of Euros	
Derivatives Trading and Hedging	**2012**	**2011**
Trading derivatives		
Interest rate agreements	466	220
Security agreements	160	550
Commodity agreements	(12)	38
Credit derivative agreements	(41)	(8)
Other agreements	-	-
Subtotal	573	800
Hedging Derivatives Ineffectiveness		
Fair value hedging	21	(69)
Hedging derivative	(408)	(234)
Hedged item	429	165
Cash flow hedging	-	-
Subtotal	21	(69)
Total	**594**	**731**

In addition, in 2012 and 2011, under the heading "Exchange differences (net)" of the income statements, net amounts of negative €373 million and positive €5 million, respectively, are registered for transactions with foreign exchange trading derivatives.

39. Other operating income and expenses

The breakdown of the balance under the heading "Other operating income" in the accompanying income statements is as follows:

	Millions of Euros	
Other Operating Income. Breakdown by main Items	**2012**	**2011**
Real estate income	4	4
Financial income from non-financial services	58	62
Rest of operating income	31	37
Total	**93**	**103**

The breakdown of the balance under the heading "Other operating expenses" in the accompanying income statements is as follows:

	Millions of Euros	
Other Operating Expenses. Breakdown by main Item	**2012**	**2011**
Other operating expenses	272	129
Of which:		
Contributions to guaranted banks deposits funds	180	52
Real estate agencies	54	38
Total	**272**	**129**

40. Administration costs

40.1 Personnel expenses

The breakdown of the balance under this heading in the accompanying income statements is as follows:

		Millions of Euros	
Personnel Expenses. Breakdown by main Concepts	**Notes**	**2012**	**2011**
Wages and salaries		1,716	1,765
Social security costs		322	322
Transfers to internal pension provisions	22.2.3	-	-
Contributions to external pension funds	22.2.3	49	47
Other personnel expenses		177	144
Total		**2,264**	**2,278**

The breakdown of the number of employees in the Bank as of December 31, 2012 and 2011, by categories and gender, is as follows:

Number of Employees at the end of year	2012		2011	
Professional Category and Gender	Male	Female	Male	Female
Executive managers	911	202	922	198
Other line personnel	11,665	9,337	11,881	9,342
Clerical staff	2,065	1,643	2,163	1,659
General Services	15	3	19	4
Branches abroad	531	321	577	343
Total	**15,187**	**11,506**	**15,562**	**11,546**

40.1.1 Share-based employee remuneration

The amounts registered under the heading "Personnel expenses - Other personnel expenses" in the income statements for the years 2012 and 2011, corresponding to the plans for remuneration based on equity instruments in force in each year, amounted to €44 million and €27 million, respectively. These amounts have been registered with a balancing entry under the heading "Stockholders' funds – Other equity instruments" in the accompanying balance sheets, net of tax effect.

The characteristics of the Bank's plans for remuneration based on equity instruments are described below.

Variable Share-based Remuneration System

BBVA's AGM held on March 11, 2011 approved a variable share-based remuneration system for the BBVA management team, including the executive directors and members of the Management Committee (the "Variable Share-Based Remuneration System" or the "System"). Its conditions are approved each year and for 2012 they were approved by BBVA's AGM held on March 16, 2012.

This system is based on a specific incentive for members of the Executive Team (the "Incentive"). It consists of an annual allocation to each beneficiary of a number of units that serve as the basis used to calculate the number of shares that may correspond to them upon settlement of the Incentive, according to the level of compliance with indicators established each year by the AGM and taking into account the total shareholder return (TSR), the Group's recurring Economic Profit (EP) excluding one-offs and the Group's net attributable profit excluding one-offs.

At the close of each year, the number of units allocated is divided into three parts, each associated to one of the indicators according to the weightings determined for them at the time. Each part is then multiplied by a coefficient ranging from 0 to 2, based on a scale defined each year for each of the indicators.

The resulting shares are subject to the following retention criteria:

- 40 per cent of the shares received shall be freely transferable by the beneficiaries at the time of their delivery;
- 30 per cent of the shares are transferable one year after the settlement date of the incentive; and
- The remaining 30 per cent are transferable starting two years after the settlement date of the incentive.

This Incentive, together with the ordinary variable remuneration in cash that corresponds to each executive, constitutes their annual variable remuneration (the "Annual Variable Remuneration").

In addition to the above, the Bank has a specific annual variable remuneration settlement and payment system for those Bank employees and executive managers (including executive board members and members of the Management Committee) whose professional activities may significantly influence the Bank's risk profile or who perform control functions.

The specific settlement and payment rules for the Annual Variable Remuneration of executive board members and members of the Management Committee are described in Note 50. The following rules ("Special Settlement and Payment System") are applied to the rest of the group mentioned above (the "Identified Staff"):

- At least 50% of the total Annual Variable Remuneration of the executive team members of the Identified Staff shall be paid in BBVA shares.

- The Identified Staff who are not members of the executive team shall receive 50% of their ordinary variable remuneration in BBVA shares.
- Payment of 40% of the annual variable remuneration, in both cash and shares, shall be deferred, with the deferred amount being paid over a period of three years.
- All shares awarded under the aforementioned rules shall not be available for one year from their award. This restriction shall be applied on the net value of the shares, after deducting the part necessary for the beneficiaries to meet their tax liabilities on the shares received. Hedging using shares that have been delivered but are unavailable and shares pending receipt shall not be permitted.
- In addition, under certain circumstances, payment of the Annual Variable Remuneration that is deferred and pending payment may be limited or even stopped, and it has been decided to update these deferred amounts.

Once the Incentive terminated, on December 31, 2012, a multiplier ratio of 0.4475 was applied to the units allocated to the beneficiaries. These units totaled 4,175,278 as of December 31, 2012.

Multi-year Variable Remuneration Plan 2010/2011

The duration of the Multi-Year Variable Share-Based Remuneration Program for 2010-2011, approved by the AGM on March 12, 2010, was concluded on December 31, 2011. At this point, under the terms established in the Program itself and approved by the AGM, the conditions for its settlement were determined by comparing BBVA's TSR with that of 18 of its international peers during the period that the Program was in operation. BBVA was in 4th place in the comparative table, giving a multiplier ratio of 2 to be applied to the units allocated to each beneficiary. As of December 31, 2011 the units allocated amounted to 2,317,533.

This Program incorporated some restrictions to granting shares to the beneficiaries after their settlement. These shares are available as follows:

- 40 per cent of the shares received shall be freely transferable by the beneficiaries at the time of their delivery;
- 30 per cent of the shares are transferable one year after the settlement date of the Program; and
- The remaining 30 per cent are transferable starting two years after the settlement date of the Program.

After this Program had been established by the AGM, Royal Decree 771/2011 was published, requiring the application of certain deferment, unavailability and limitation rules to the remuneration granted and still unpaid prior to its coming into force, and referring to services rendered since 2010.

The regulation meant that the requirements established under the aforementioned Royal Decree 771/2011 must be applied to the 2010-2011 Program. Therefore, the Bank's AGM, held on March 16, 2012, approved the modification of the settlement and payment system of the 2010-2011 Program to adapt it to the terms of Royal Decree 771/2011.

These specific rules, which are described in the above section (Special Settlement and Payment System), will only be applied to those executives, including executive directors and members of the Management Committee, who are beneficiaries of this Program and whose professional activity may significantly influence the entity's risk profile. In this case, settlement and payment of the shares corresponding to the Program will be made under the scheme defined for that effect.

The corresponding shares were delivered in the first quarter of 2012 under the stipulated conditions. Delivery has been deferred to 2013, 2014 and 2015 for the shares corresponding to the members of the Identified Staff who were beneficiaries as of the settlement date of the Program, since they were affected by the Special Settlement and Payment System.

40.2 General and administrative expenses

The breakdown of the balance under this heading in the accompanying income statements is as follows:

	Millions of Euros	
General and Administrative Expenses. Breakdown by main concepts	**2012**	**2011**
Technology and systems	340	322
Communications	63	62
Advertising	151	152
Property, fixtures and materials	389	367
Of which:Rent expenses (*)	293	276
Taxes	58	29
Other administration expenses	403	431
Total	**1,404**	**1,363**

(*) The Bank do not expect to terminate the lease contracts early.

41. Depreciation and amortization

The breakdown of the balance under this heading in the accompanying income statements is as follows:

		Millions of Euros	
Depreciation and Amortization	**Notes**	**2012**	**2011**
Tangible assets	16	190	187
For own use		183	181
Investment properties		7	6
Operating lease		-	-
Other Intangible assets	17	190	135
Total		**380**	**322**

42. Provisions (net)

In 2012 and 2011, the net allowances charged to the income statement under the headings "Provisions for pensions and similar obligations", "Provisions for contingent risks and commitments" "Provisions for taxes and other legal contingencies" and "Other provisions" in the accompanying income statements are as follows:

		Millions of Euros	
Provisions (Net)	**Notes**	**2012**	**2011**
Provisions for pensions and similar obligations		359	292
Provisions for contingent Risks and Commitments	21	17	(18)
Other Provisions	21	593	518
Total		**969**	**792**

43. Impairment losses on financial assets (net)

The impairment losses on financial assets broken down by the nature of these assets in the accompanying income statements is as follows:

Impairment Losses on Financial Assets (Net) Breakdown by main concepts	Millions of Euros 2012	 2011
Available-for-sale financial assets	15	(4)
Debt securities	(8)	(5)
Other equity instruments	23	1
Held-to-maturity investments	-	-
Loans and receivables	5,653	2,092
Of which: Recovery of written-off assets	172	187
Total	**5,668**	**2,088**

44. Impairment losses on other assets (net)

The impairment losses on non-financial assets broken down by the nature of these assets in the accompanying income statements is as follows:

Impairment Losses on Other Assets (Net)	Millions of Euros 2012	 2011
Tangible assets	7	16
For own use	1	4
Investment properties	6	12
Rest	(550)	1,494
Total	**(543)**	**1,510**

45. Gains (losses) on derecognized assets not classified as non-current assets held for sale

The breakdown of the balance under this heading in the accompanying income statements is as follows:

Gains and Losses on Derecognized Assets Not Classified as Non-current Assets Held for Sale	Millions of Euros 2012	 2011
Gains		
Disposal of investments in entities	18	13
Disposal of intangible assets and other	-	-
Losses:		
Disposal of investments in entities	(4)	-
Disposal of intangible assets and other	-	-
Total	**14**	**13**

46. Gains (losses) on non-current assets held for sale

46.1 Gains (losses) on non-current assets held for sale not classified as discontinued transactions

The main items included in the balance under this heading in the accompanying income statements is as follows:

	Millions of Euros	
Gains and Losses in Non-current Assets Held for Sale	**2012**	**2011**
Gains for real estate	(70)	87
Of which:		
Foreclosed	(98)	(8)
Sale of buildings for own use (Note 14.1)	28	99
Impairment of non-current assets held for sale	(456)	(336)
Gains on sale of available-for-sale financial assets	-	-
Other gains and losses	38	5
Total	**(488)**	**(244)**

46.2 Gains (losses) on non-current assets held for sale classified as discontinued operations

The earnings generated by discontinued operations amount to €43 million and €31 million as of December 31, 2012 and 2011, respectively, and correspond to the dividends from the Pension Fund Administrators (AFP) in Latin America (see Note 15).

47. Statements of cash flows

Cash flows from operating activities increased in 2012 by €1,464 million (€18,867 million in 2011). The most significant causes of the increase are linked to “Available-for-sale financial assets” and “Financial instruments held for trading”.

The most significant variations in cash flows from investment activities in 2012 corresponded to “Non-current assets held for sale” and “Held-to-maturity investments”, due to portfolio amortization (Note 12).

Cash flows from financing activities decreased in 2012 by €3,774 million (€2,230 million down in 2011), corresponding to the most significant changes in the acquisition and disposal of own equity instruments.

The table below shows the breakdown of the main cash flows related to investing activities as of December 31, 2012 and 2011:

Main Cash Flows in Investing Activities 2012	Millions of Euros Cash Flows in Investment Activities Investments (-)	Divestments (+)
Tangible assets	167	12
Intangible assets	353	-
Investments	77	67
Subsidiaries and other business units	-	-
Non-current assets and liabilities associated held for sale	1,154	640
Held-to-maturity investments	60	853
Other settlements related with investement activities	-	-

Main Cash Flows in Investing Activities 2011	Millions of Euros Cash Flows in Investment Activities Investments (-)	Divestments (+)
Tangible assets	262	23
Intangible assets	290	-
Investments	5,034	238
Subsidiaries and other business units	-	-
Non-current assets and liabilities associated held for sale	1,185	384
Held-to-maturity investments	1,817	808
Other settlements related with investement activities	-	-

The heading "Non-current assets held for sale and associated liabilities" in the above tables includes transactions of a non-cash nature related to the foreclosed assets received as payment for past-due loans.

48. Accountant fees and services

The breakdown of the fees for the services provided to the Bank by its auditors in 2012 is as follows:

Fees for Audits Conducted	Millions of Euros 2012
Audits of the companies audited by firms belonging to the Deloitte worldwide organization and other reports related with the audit (*)	6.9
Other reports required pursuant to applicable legislation and tax regulations issued by the national supervisory bodies of the countries in which the Group operates, reviewed by firms belonging to the Deloitte worldwide organization	0.8
Fees for audits conducted by other firms	-

(*) Including fees belonging to annual statutory audits (€ 4.6 million)

In addition, in 2012, the Bank contracted services (other than audits) as follows:

	Millions of Euros
Accountant Fees. Other Services Contracted	**2012**
Firms belonging to the Deloitte worldwide organization(*)	1.6
Other firms	17.9

(*) Includes € 0.32 million relating to fees for tax services.

The services provided by our auditors meet the independence requirements established under Act 44/2002, of 22 November 2002, on Measures Reforming the Financial System and under the Sarbanes-Oxley Act of 2002 adopted by the Securities and Exchange Commission (SEC); accordingly they do not include the performance of any work that is incompatible with the auditing function.

49. Related-party transactions

As a financial institution, BBVA engages in transactions with related parties in the normal course of business. All of these transactions are of little relevance and are carried out under normal market conditions.

49.1 Transactions with significant shareholders

As of December 31, 2012 there were no shareholders considered significant (see Note 23).

49.2 Transactions with BBVA Group entities

The balances of the main aggregates in the accompanying balance sheets arising from the transactions carried out by the Group companies, which consist of ordinary business and financial transactions carried out under normal market conditions, are as follows:

	Millions of Euros	
Balances arising from transactions with Entities of the Group	**2012**	**2011**
Assets:		
Loans and advances to credit institutions	4,179	6,342
Loans and advances to customers	10,569	8,819
Financial assets- Available for sale	721	523
Liabilities:		
Deposits from credit institutions	19,932	8,602
Customers deposits	20,352	22,030
Debt certificates	-	-
Memorandum accounts:		
Contingent Risks	36,025	31,280
Contingent Commitments	1,194	618

The balances of the main aggregates in the accompanying income statements arising from the transactions carried out by the Bank with Group companies, which consist of ordinary business and financial transactions carried out under normal market conditions, are as follows:

	Millions of Euros	
Balances of Income Statement arising from transactions with Entities of the Group	**2012**	**2011**
Income statement:		
Financial Incomes	1,049	982
Financial Costs	1,611	1,341

There are no other material effects in the financial statements arising from dealings with these companies, other than the effects arising from using the equity method and from the insurance policies to cover pension or similar commitments, which are described in Note 22.

In addition, as part of its normal activity, the Bank has entered into agreements and commitments of various types with shareholders of subsidiaries and associates, which have no material effects on the financial statements.

49.3 Transactions with members of the Board of Directors and the Management Committee

The information on the remuneration of the members of the Board of Directors of BBVA and of the Management Committee is included in Note 50.

As of December 31, 2012 and 2011 there were no loans granted by the Group's credit institutions to the members of the Bank's Board of Directors. The amount disposed of the loans granted by the Group's entities to the members of the Management Committee (excluding the executive directors) amounted to €7,401 and €6,540 thousand, respectively.

As of December 31, 2012 and 2011, the amount disposed of the loans granted to parties related to the members of the Bank's Board of Directors amounted to €13,152, and €20,593 thousand, respectively. As of these dates, there were no loans granted to parties linked to members of the Bank's Management Committee.

As of December 31, 2012, no guarantees had been granted to any member of the Board of Directors or Management Committee. As of December 31, 2011, no guarantees had been granted to any member of the Board of Directors, and the amount of guarantees granted to members of the Bank's Management Committee totaled €9 thousand.

As of December 31, 2012 and 2011, the amount disposed for guarantee and commercial loan transactions arranged with parties related to the members of the Bank's Board of Directors and Management Committee totaled €3,327, and €10,825 thousand, respectively.

49.4 Transactions with other related parties

In 2012 and 2011, the Bank did not perform any transactions with other related parties that did not belong to the normal course of its business, that were not under normal market conditions or that were relevant for the equity, financial situation or earnings of the Bank.

50. Remuneration and other benefits of the Board of Directors and Members of the Bank's Management Committee

- ## Remuneration of non-executive directors

The remuneration paid to non-executive directors who were members of the Board of Directors during 2012 is indicated below, broken down by type of remuneration:

Remuneration of Non-Executive Directors	Board of Directors	Executive Committee	Audit Committee	Risk Committee	Appointments Committee	Compensation Committee	Total
	Thousands of Euros						
Tomás Alfaro Drake	129	-	71	-	102	-	302
Juan Carlos Álvarez Mezquíriz	129	167	-	-	41	-	336
Ramón Bustamante y de la Mora	129	-	71	107	-	-	307
José Antonio Fernández Rivero (1)	129	-	-	214	41	-	383
Ignacio Ferrero Jordi	129	167	-	-	-	43	338
Belén Garijo López (2)	107	-	24	-	-	-	131
Carlos Loring Martinez de Irujo	129	-	71	-	-	107	307
José Maldonado Ramos	129	167	-	-	41	43	379
Enrique Medina Fernández	129	167	-	107	-	-	402
Jose Luis Palao García-Suelto	129	-	179	107	-	-	414
Juan Pi Llorens	129	-	-	107	-	43	278
Susana Rodríguez Vidarte	129	-	71	-	41	43	284
Total	**1,523**	**667**	**488**	**642**	**265**	**278**	**3,863**

(1) Mr. José Antonio Fernández Rivero, apart from the amounts detailed in the table above, also received a total of € 652 thousand in early retirement benefit as a former director of BBVA.
(2) Ms. Belén Garijo López was appointed as director of BBVA on March 16, 2012 and member of the Audit Committee on September 26, 2012.

- ## Remuneration of executive directors

The remuneration paid to executive directors of the Bank in 2012 is indicated below, broken down by type of remuneration:

Remuneration of Executive Directors	Fixed Remuneration	Variable Remuneration (1)	Total Cash (2)	Variable Remuneration in BBVA Shares (1)
	Thousands of Euros			
Chairman and CEO	1,966	1,000	2,966	155,479
President and COO	1,748	636	2,384	98,890
Total	**3,714**	**1,636**	**5,350**	**254,369**

(1) Amounts corresponding to Variable Annual Remuneration for 2011 and received in 2012. The Annual Variable Remuneration is made up of ordinary variable remuneration in cash and variable remuneration paid in shares, based on the Incentive for the executive team of the BBVA Group, whose settlement and payment conditions are detailed below.
(2) In addition, the executive directors were paid remuneration in kind and in other forms in 2012 for a total amount of €36 thousand, of which €12 thousand correspond to the Chairman and CEO and €24 thousand to the President and COO.

In 2012 the executive directors received the fixed remuneration corresponding to that year and 50% of the Annual Variable Remuneration in cash and shares for 2011, under the settlement and payment system agreed by the AGM held on March 11, 2011.

This settlement and payment system for the Annual Variable Remuneration ("Settlement and Payment System") is applied to all categories of employees who carry out professional activities with a material impact on the Bank's risk profile or who perform control functions. It also establishes the following conditions for executive directors and other members of the Management Committee:

- At least 50% of the total Annual Variable Remuneration shall be paid in BBVA shares.
- Payment of 50% of the variable remuneration, in both cash and shares, shall be deferred, with the deferred amount being paid over a period of three years.
- All shares awarded under the aforementioned rules shall not be available for one year from their award. This restriction shall be applied on the net value of the shares, after deducting the part necessary for the beneficiaries to meet their tax liabilities on the shares received.

- In addition, under certain circumstances, payment of the Annual Variable Remuneration that is deferred and pending payment may be limited or even stopped, and it has been decided to update these deferred amounts.

- **Deferred part of the Variable Remuneration for 2011**

Under the Settlement and Payment System, payment of the remaining 50% of the Annual Variable Remuneration of the executive directors for 2011 has been deferred for a 3-year period, to be paid out in thirds during the first quarter of 2013, 2014 and 2015, under the aforementioned conditions. As a result, after the corresponding update, on 2013 the executive directors will be paid €364,519 and 51,826 shares in the case of the Chairman, and €231,848 and 32,963 shares in the case of the President and COO. Payment of the remaining two-thirds of the deferred part of the Variable Remuneration for 2011 has been deferred until the first quarter of 2014 and 2015, each third representing an amount of €333,244 and 51,826 BBVA shares in the case of the Chairman and CEO, and €211,955 and 32,963 BBVA shares in the case of the President and COO.

- **Annual Variable Remuneration for 2012**

At the close of 2012, the Annual Variable Remuneration for the executive directors corresponding to that year has been determined by applying the conditions established by the AGM. Thus, in the first quarter of 2013, the executive directors will receive 50% of this remuneration, amounting to €785,028 and 108,489 BBVA shares in the case of the Chairman and €478,283 and 66,098 BBVA shares in the case of the President and COO. Payment of the remaining 50% has been deferred for a 3-year period. In the first quarter of 2014, 2015 and 2016, the Chairman and CEO will be paid €261,676 and 36,163 BBVA shares, while the President and COO will receive €159,428 and 22,032 BBVA shares.

Payment of the deferred part of the Annual Variable Remuneration for 2012 is subject to the conditions set out in the Settlement and Payment System established in accordance with the resolution adopted by the AGM.

As of December 31, 2012, these amounts were recognized under the heading "Other liabilities - Accrued interest" of the consolidated balance sheet.

- **Remuneration of the members of the Management Committee (*)**

The remuneration paid in 2012 to the members of BBVA's Management Committee amounted to a total of €8,563 thousand in fixed remuneration and €3,142 thousand and 485,207 BBVA shares in variable remuneration.

In addition, the members of the Management Committee received remuneration in kind and other items totaling €729,000 in 2012.

The amounts received as variable remuneration in 2012 amount to 50% of the Annual Variable Remuneration for 2011 for this group, under the Settlement and Payment System approved by the AGM in March 2011.

Payment of the remaining 50% of the Annual Variable Remuneration for 2011 has been deferred for a 3-year period, to be paid out in thirds during the first quarter of 2013, 2014 and 2015, under the aforementioned conditions. As a result, after the corresponding update, in 2013 the members of the Management Committee will be paid €1,120 thousand and 158,214 BBVA shares. Payment of the remaining two-thirds of the deferred part of the Variable Remuneration for 2011 has been deferred until the first quarter of 2014 and 2015, each third representing the amount of €1,024 thousand and 158,214 BBVA shares.

(*) This section includes aggregate information on the members of the Management Committee who held this position as of December 31, 2012 (13 members, including the deferments pending for the members of the Management Committee who joined in 2012), excluding the executive directors.

- **Multi-Year Variable Share-Based Remuneration Program for 2010-2011**

Under the Settlement and Payment System agreed by the 2012 AGM for the Multi-Year Variable Share-Based Remuneration Program for 2010-2011 (hereinafter "the Program" or "2010-2011 ILP") approved by the AGM on March 12, 2010, in 2012 the executive directors and remaining members of the Management Committee received 50% of the shares due to them under the settlement of the Program, i.e. 105,000 BBVA shares for the Chairman and CEO, 90,000 BBVA shares for the President and COO and 329,000 shares for the remaining members of the Management Committee.

The remaining 50% of the shares resulting from the settlement of the "2010-2011 ILP" corresponding to the executive directors and the rest of the members of the Management Committee have been deferred, to be paid out in thirds in 2013, 2014 and 2015. As a result, in 2013 the executive directors will be paid 35,000 shares in the case of the Chairman and 30,000 shares in the case of the President and COO, in addition to an amount in cash of €15 thousand in the case of the Chairman and CEO and €13 thousand in the case of the President and COO as a result of the update. Delivery of the remaining two-thirds of the deferred part of the 2010-2011 ILP has been deferred, so that the Chairman will be paid 35,000 shares and the President and COO will receive 30,000 shares during the first quarter of 2014 and 2015.

The rest of the members of the Management Committee will receive 106,998 shares in 2013, in addition to €45,000 resulting from the corresponding update. Delivery to this group of the remaining two-thirds of the deferred shares for 2014 and 2015 has been deferred.

- **Scheme for remuneration for non-executive directors with deferred distribution of shares**

BBVA has a remuneration system with deferred distribution of shares in place for its non-executive directors that was approved by the AGM held on March 18, 2006 and renewed for an additional 5-year period through a resolution of the AGM held on March 11, 2011.

This system consists in the annual allocation of a number of "theoretical shares" to the non-executive directors equivalent to 20% of the total remuneration received by each in the previous year. This is based on the average closing prices of the BBVA shares during the sixty trading sessions prior to the dates of the ordinary general meetings approving the annual financial statements for each year.

The shares will be delivered to each beneficiary, as appropriate, on the date he or she leaves the position of director for any reason except serious breach of duties.

The number of "theoretical shares" allocated in 2012 to the non-executive directors who are beneficiaries of the deferred share distribution system, corresponding to 20% of the total remuneration received by each in 2011, is as follows:

	Theoretical Shares assigned in 2012	Accumulated Theoretical Shares as of December 31, 2012
Tomás Alfaro Drake	8,987	28,359
Juan Carlos Álvarez Mezquíriz	10,061	57,534
Ramón Bustamante y de la Mora	9,141	54,460
José Antonio Fernández Rivero	11,410	50,224
Ignacio Ferrero Jordi	10,072	58,117
Carlos Loring Martínez de Irujo	9,147	42,245
José Maldonado Ramos	10,955	17,688
Enrique Medina Fernández	11,979	73,293
Jose Luis Palao García-Suelto	9,355	9,355
Juan Pi Llorens	2,712	2,712
Susana Rodríguez Vidarte	8,445	39,484
Total	**102,264**	**433,471**

- **Pension commitments**

Under rule 78 of IAS 19, at the close of 2012, the situation in the high-quality corporate bond markets required an update of the applicable interest rates by the entities in order to discount post-employment benefits. Without changing the commitments assumed by the Bank, this has resulted in an increase in the amount of the provisions needed to cover them and the amounts to be provisioned in 2012.

Thus, the provisions registered as of December 31, 2012 for pension commitments to the President and COO amount to €22,703 thousand. Of this amount, under current accounting regulations, €1,701 thousand have been provisioned in 2012 against earnings and €4,307 thousand against equity in order to adapt the interest rate assumption used for the valuation of pension commitments in Spain. As of that date there are no further pension commitments with the executive directors.

As for the rest of the members of the Management Committee, the provisions registered as of December 31, 2012 for pension commitments amount to €80,602 thousand. Of this amount, under current accounting regulations, €13,077 thousand have been provisioned in 2012 against earnings and €17,347 thousand against equity in order to adapt the aforementioned interest rate assumption.

Also, €117 thousand in insurance premiums were paid on behalf of non-executive directors who are members of the Board of Directors.

- Termination of the contractual relationship

There were no commitments as of December 31, 2012 for the payment of compensation to executive directors.

In the case of the President and COO, the contract lays down that in the event that he lose this status due to a reason other than his own will, retirement, disability or dereliction of duty, he shall take early retirement with a pension, which can be received as a life annuity or lump sum equivalent to 75% of his pensionable salary if this occurs before he reaches the age of 55, or 85% after that age.

In 2012, one member of the Management Committee left the Group, as a result of which he received a payment of €1,302,000.

51. Detail of the Directors' holdings in companies with similar business activities

Pursuant to article 229.2 of the Corporations Act, as of December 31, 2012 no member of the Board of Directors of BBVA had a direct or indirect ownership interest in companies engaging in an activity that is identical, similar or complementary to the corporate purpose of BBVA, except for Ms. Belén Garijo López, who on that date held a direct holding of 3,350 shares in Bankia, S.A., Mr. José Luis Palao García-Suelto, who on that date held a direct holding of 4,364 shares in Banco Santander, S.A. and 5,491 shares in Caixabank, S.A., and Mr. Ignacio Ferrero Jordi, who on that date held a direct holding of 2,500 shares in Deutsche Bank, AG, 2,808 shares in Credit Suisse, AG and 6,750 shares in UBS, AG. In addition, no member of the Bank's Board of Directors holds positions or functions in those companies.

Furthermore, as of December 31, 2012, individuals associated with the members of the Bank's Board of Directors were holders of 135,982 shares of Banco Santander, S.A., 4,500 shares of Bank of America Corporation and 414 shares of Banco Español de Crédito, S.A. (Banesto) and 3 shares of Bankinter, S.A.

52. Other information

52.1 Environmental impact

Given the activities in which it engages, the Bank has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its equity, financial situation and profits. Consequently, as of December 31, 2012, there is no item in the accompanying financial statements that requires disclosure in an environmental information report pursuant to Ministry of Economy Order JUS/206/2009, dated January 28, implementing new forms for the presentation of financial statements by entities obliged to publish such information, and no specific disclosure of information on environmental matters is included in these statements.

52.2 Breakdown of agents of credit institutions

Appendix XIV contains a list of the Bank's agents as required by article 22 of Royal Decree 1245/1995, dated July 14, of the Ministry of Economy and Finance.

52.3 Report on the activity of the Customer Care Service and the Customer Ombudsman

The report on the activity of the Customer Care Service and the Customer Ombudsman, required pursuant to Article 17 of Ministry of Economy Order ECO/734/2004 dated March 11, is included in the Management Report accompanying these financial statements.

52.4 Mortgage market policies and procedures

The disclosure required by Bank of Spain Circular 5/2011 under the provisions of Spanish Royal Decree 716/2009, of April 24, (implementing certain aspects of Act 2/1981, of March 25, on the regulation of the mortgage market and other mortgage and financial market regulations) is detailed in Appendix XI.

52.5 Reporting requirements of the Spanish National Securities Market Commission (CNMV)

Dividends paid in the year

The table below presents the dividends per share paid in cash in 2012 and 2011 (cash basis accounting, regardless of the year in which they are accrued), but not including other shareholder remuneration such as the "Dividend Option". For a complete analysis of all remuneration awarded to shareholders in 2012, see Note 3.

	2012			2011		
Dividends Paid ("Dividend Option" not included)	**% Over Nominal**	**Euros per Share**	**Amount (Millions of Euros)**	**% Over Nominal**	**Euros per Share**	**Amount (Millions of Euros)**
Ordinary shares	41%	0.20	1,029	39%	0.19	859
Rest of shares	-	-	-	-	-	-
Total dividends paid in cash (*)	**41%**	**0.20**	**1,029**	**39%**	**0.19**	**859**
Dividends with charge to income	41%	0.20	1,029	39%	0.19	859
Dividends with charge to reserve or share premium	-	-	-	-	-	-
Dividends in kind	-	-	-	-	-	-

(*) Only included dividens paid in cash each year (cash-flows criteria), regardless of the year there were accrued.

Issuances by market type

Changes in debt certificates (including bonds) and subordinated liabilities (see Notes 20.3 and 20.4) in 2012 and 2011 by the type of market in which they were issued are as follows:

2012 Debt Certificates and Subordinated Liabilities	Millions of Euros Balance at the Beginning	Issuances	Repurchase or Redemption	Exchange Differences and Other	Balance at the End
Debt certificates issued in the European Union	51,948	22,220	(24,319)	(5,169)	44,680
With information brochure	51,948	22,220	(24,319)	(5,169)	44,680
Without information brochure	-	-	-	-	-
Subordinated deposits	4,506	-	(2,346)	354	2,514
Total	**56,454**	**22,220**	**(26,665)**	**(4,815)**	**47,194**

2011 Debt Certificates and Subordinated Liabilities	Millions of Euros Balance at the Beginning	Issuances	Repurchase or Redemption	Exchange Differences and Other	Balance at the End
Debt certificates issued in the European Union	59,916	80,599	(72,670)	(15,897)	51,948
With information brochure	59,916	80,599	(72,670)	(15,897)	51,948
Without information brochure	-	-	-	-	-
Subordinated deposits	9,190	-	(4,717)	33	4,506
Total	**69,106**	**80,599**	**(77,387)**	**(15,864)**	**56,454**

Interest and income by geographical area

The breakdown of the balance under the heading "Interest and Similar Income" in the accompanying income statements by geographical area is as follows:

Interest and Similar Income. Breakdown by Geographical Area	Millions of Euros 2012	2011
Domestic market	8,583	9,080
Foreign market	516	588
European Union	302	318
Rest of OECD	58	55
Rest of countries	156	215
Total	**9,099**	**9,668**

Average number of employees by gender

The breakdown of the average number of employees in the Bank in 2012 and 2011, by gender, is as follows:

	2012		2011	
Average number of employees	**Male**	**Female**	**Male**	**Female**
Executives	929	200	920	191
Other line personnel	11,801	9,334	11,875	9,141
Clerical staff	2,142	1,685	2,339	1,882
General Services	17	3	20	4
Branches abroad	551	335	533	313
Total	**15,440**	**11,557**	**15,687**	**11,531**

53. Subsequent events

Subsequent to the close of the year, on January 31, 2013 the Boards of Directors of the companies Unnim Banc, S.A. (Sociedad Unipersonal) (hereinafter "Unnim") and Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter "BBVA") will decide on the approval of the project for the takeover of Unnim by BBVA and the subsequent transfer of all of Unnim's equity interest to BBVA, which will acquire all the rights and obligations of the merged company through universal succession.

If the merger project is approved by both Boards of Directors, the merger agreement will be submitted for approval to the AGMs of the companies involved in the merger, to take place in the first quarter of 2013. Given that the merged company is fully owned by Banco Bilbao Vizcaya Argentaria, S.A., in accordance with Article 49.1 of Act 3/2009, dated April 3, on the structural modifications of trading corporations, it will not be necessary for Banco Bilbao Vizcaya Argentaria, S.A. to carry out any stock capital increase, or for reports on the merger proposal to be prepared by the managers of the companies involved in the merger or by independent experts.

Under the powers delegated by the Company's AGM held on March 16, 2012, the same Board of Directors meeting on January 31, 2013 also plans to submit for approval under point five of the agenda, an agreement for the issue of debentures convertible into ordinary BBVA shares, excluding the preemptive subscription right.

Should the agreement be approved, and for the purposes set out in articles 414, 417 and 511 of the Spanish Corporations Act, the mandatory Directors report explaining the conversion conditions and types will be issued, justifying the proposal for the abolition of the pre-emptive subscription right, to be accompanied, as appropriate, by another report drafted by an auditor other than the company's auditor, appointed for this purpose by the Companies Register.

From January 1, 2013 to the date of preparation of these consolidated Financial Statements, no other subsequent events not mentioned above in these Financial Statements have taken place that significantly affect the Group's earnings or its equity position. The most significant events mentioned in the Financial Statements are the sale of Afore Bancomer (see Note 15) and the payment of the second interim dividend (see Note 3).

54. Explanation added for translation to English

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Bank that conform with accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

BBVA

Appendices

APPENDIX I. BBVA Group Consolidated Financial Statements

BBVA Group

Consolidated balance sheets as of December 31, 2012, 2011 and 2010

ASSETS	2012	2011 (*)	2010 (*)
	Millions of Euros		
CASH AND BALANCES WITH CENTRAL BANKS	**37,434**	**30,939**	**19,981**
FINANCIAL ASSETS HELD FOR TRADING	**79,954**	**70,602**	**63,283**
Loans and advances to credit institutions	-	-	-
Loans and advances to customers	244	-	-
Debt securities	28,066	20,975	24,358
Equity instruments	2,922	2,198	5,260
Trading derivatives	48,722	47,429	33,665
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,853**	**2,977**	**2,774**
Loans and advances to credit institutions	24	-	-
Loans and advances to customers	-	-	-
Debt securities	753	708	688
Equity instruments	2,076	2,269	2,086
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**71,500**	**58,144**	**56,456**
Debt securities	67,543	52,914	50,875
Equity instruments	3,957	5,230	5,581
LOANS AND RECEIVABLES	**383,410**	**381,076**	**364,707**
Loans and advances to credit institutions	26,522	26,107	23,637
Loans and advances to customers	352,931	351,900	338,857
Debt securities	3,957	3,069	2,213
HELD-TO-MATURITY INVESTMENTS	**10,162**	**10,955**	**9,946**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**226**	**146**	**40**
HEDGING DERIVATIVES	**4,894**	**4,552**	**3,563**
NON-CURRENT ASSETS HELD FOR SALE	**4,245**	**2,090**	**1,529**
INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**6,795**	**5,843**	**4,547**
Associates	6,469	5,567	4,247
Jointly controlled entities	326	276	300
INSURANCE CONTRACTS LINKED TO PENSIONS	**7**	**-**	**-**
REINSURANCE ASSETS	**50**	**26**	**28**
TANGIBLE ASSETS	**7,785**	**7,330**	**6,701**
Property, plants and equipment	5,898	5,740	5,132
For own use	5,373	4,905	4,408
Other assets leased out under an operating lease	525	835	724
Investment properties	1,887	1,590	1,569
INTANGIBLE ASSETS	**8,912**	**8,677**	**8,007**
Goodwill	6,727	6,798	6,949
Other intangible assets	2,185	1,879	1,058
TAX ASSETS	**11,829**	**7,841**	**6,649**
Current	1,958	1,509	1,113
Deferred	9,871	6,332	5,536
OTHER ASSETS	**7,729**	**6,490**	**4,527**
Inventories	4,223	3,994	2,788
Rest	3,506	2,496	1,739
TOTAL ASSETS	**637,785**	**597,688**	**552,738**

(*) Presented for comparison purposes only (Note 1.3).

Millions of Euros

LIABILITIES AND EQUITY	2012	2011 (*)	2010 (*)
FINANCIAL LIABILITIES HELD FOR TRADING	**55,927**	**51,303**	**37,212**
Deposits from central banks	-	-	-
Deposits from credit institutions	-	-	-
Customer deposits	-	-	-
Debt certificates	-	-	-
Trading derivatives	49,348	46,692	33,166
Short positions	6,579	4,611	4,046
Other financial liabilities	-	-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,516**	**1,825**	**1,607**
Deposits from central banks	-	-	-
Deposits from credit institutions	-	-	-
Customer deposits	-	-	-
Debt certificates	-	-	-
Subordinated liabilities	-	-	-
Other financial liabilities	2,516	1,825	1,607
FINANCIAL LIABILITIES AT AMORTIZED COST	**506,487**	**479,904**	**453,164**
Deposits from central banks	46,790	33,147	11,010
Deposits from credit institutions	59,722	59,356	57,170
Customer deposits	292,716	282,173	275,789
Debt certificates	87,212	81,930	85,179
Subordinated liabilities	11,831	15,419	17,420
Other financial liabilities	8,216	7,879	6,596
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**-**	**-**	**(2)**
HEDGING DERIVATIVES	**2,968**	**2,710**	**1,664**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**387**	**-**	**-**
LIABILITIES UNDER INSURANCE CONTRACTS	**9,032**	**7,737**	**8,034**
PROVISIONS	**7,927**	**7,561**	**8,322**
Provisions for pensions and similar obligations	5,796	5,577	5,980
Provisions for taxes and other legal contingencies	408	350	304
Provisions for contingent risks and commitments	341	291	264
Other provisions	1,382	1,343	1,774
TAX LIABILITIES	**4,077**	**2,330**	**2,195**
Current	1,194	772	604
Deferred	2,883	1,558	1,591
OTHER LIABILITIES	**4,662**	**4,260**	**3,067**
TOTAL LIABILITIES	**593,983**	**557,630**	**515,263**

(*) Presented for comparison purposes only (Note 1.3).

Consolidated balance sheets as of December 31, 2012, 2011 and 2010

	Millions of Euros		
LIABILITIES AND EQUITY (Continued)	**2012**	**2011 (*)**	**2010 (*)**
STOCKHOLDERS' FUNDS	**43,614**	**40,952**	**36,689**
Common Stock	**2,670**	**2,403**	**2,201**
Issued	2,670	2,403	2,201
Unpaid and uncalled (-)	-	-	-
Share premium	**20,968**	**18,970**	**17,104**
Reserves	**19,672**	**17,940**	**14,360**
Accumulated reserves (losses)	18,848	17,580	14,305
Reserves (losses) of entities accounted for using the equity method	824	360	55
Other equity instruments	**62**	**51**	**37**
Equity component of compound financial instruments	-	-	-
Other equity instruments	62	51	37
Less: Treasury stock	**(111)**	**(300)**	**(552)**
Income attributed to the parent company	**1,676**	**3,004**	**4,606**
Less: Dividends and remuneration	**(1,323)**	**(1,116)**	**(1,067)**
VALUATION ADJUSTMENTS	**(2,184)**	**(2,787)**	**(770)**
Available-for-sale financial assets	(145)	(682)	333
Cash flow hedging	36	30	49
Hedging of net investment in foreign transactions	(322)	(158)	(158)
Exchange differences	(1,356)	(1,937)	(978)
Non-current assets held-for-sale	(104)	-	-
Entities accounted for using the equity method	158	188	(16)
Other valuation adjustments	(451)	(228)	-
NON-CONTROLLING INTEREST	**2,372**	**1,893**	**1,556**
Valuation adjustments	188	36	(86)
Rest	2,184	1,857	1,642
TOTAL EQUITY	**43,802**	**40,058**	**37,475**
TOTAL LIABILITIES AND EQUITY	**637,785**	**597,688**	**552,738**

	Millions of Euros		
MEMORANDUM ITEM	**2012**	**2011 (*)**	**2010 (*)**
CONTINGENT RISKS	**39,540**	**39,904**	**36,441**
CONTINGENT COMMITMENTS	**93,098**	**93,766**	**90,574**

(*) Presented for comparison purposes only (Note 1.3).

Consolidated income statements for the years ended December 31, 2012, 2011 and 2010

	Millions of Euros		
	2012	**2011 (*)**	**2010 (*)**
INTEREST AND SIMILAR INCOME	26,262	24,180	21,130
INTEREST AND SIMILAR EXPENSES	(11,140)	(11,028)	(7,814)
NET INTEREST INCOME	**15,122**	**13,152**	**13,316**
DIVIDEND INCOME	390	562	529
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	727	595	331
FEE AND COMMISSION INCOME	5,574	5,075	4,864
FEE AND COMMISSION EXPENSES	(1,221)	(1,044)	(831)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	1,645	1,117	1,372
Financial instruments held for trading	649	1,052	640
Other financial instruments at fair value through profit or loss	73	8	18
Other financial instruments not at fair value through profit or loss	923	57	714
Rest	-	-	-
EXCHANGE DIFFERENCES (NET)	122	364	455
OTHER OPERATING INCOME	4,812	4,244	3,537
Income on insurance and reinsurance contracts	3,657	3,317	2,597
Financial income from non-financial services	827	656	647
Rest of other operating income	328	271	293
OTHER OPERATING EXPENSES	(4,730)	(4,037)	(3,240)
Expenses on insurance and reinsurance contracts	(2,660)	(2,436)	(1,815)
Changes in inventories	(406)	(298)	(554)
Rest of other operating expenses	(1,664)	(1,303)	(871)
GROSS INCOME	**22,441**	**20,028**	**20,333**
ADMINISTRATION COSTS	(9,768)	(8,898)	(8,007)
Personnel expenses	(5,662)	(5,191)	(4,698)
General and administrative expenses	(4,106)	(3,707)	(3,309)
DEPRECIATION AND AMORTIZATION	(1,018)	(839)	(754)
PROVISIONS (NET)	(651)	(509)	(475)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(7,980)	(4,226)	(4,718)
Loans and receivables	(7,936)	(4,201)	(4,563)
Other financial instruments not at fair value through profit or loss	(44)	(25)	(155)
NET OPERATING INCOME	**3,024**	**5,556**	**6,379**

(*) Presented for comparison purposes only (Note 1.3).

Consolidated income statements for the years ended December 31, 2012, 2011 and 2010

	Millions of Euros		
(Continued)	**2012**	**2011 (*)**	**2010 (*)**
NET OPERATING INCOME	**3,024**	**5,556**	**6,379**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(1,123)	(1,885)	(489)
Goodwill and other intangible assets	(54)	(1,444)	(13)
Other assets	(1,069)	(441)	(476)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	4	46	41
NEGATIVE GOODWILL	376	-	1
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	(622)	(271)	127
INCOME BEFORE TAX	**1,659**	**3,446**	**6,059**
INCOME TAX	275	(206)	(1,345)
INCOME FROM CONTINUING TRANSACTIONS	**1,934**	**3,240**	**4,714**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	393	245	281
NET INCOME	**2,327**	**3,485**	**4,995**
Net Income attributed to parent company	1,676	3,004	4,606
Net income attributed to non-controlling interests	651	481	389

	Euros		
	2012	**2011 (*)**	**2010 (*)**
EARNINGS PER SHARE			
Basic earnings per share	0.32	0.62	1.10
Diluted earnings per share	0.32	0.62	1.10

(*) Presented for comparison purposes only (Note 1.3).

BBVA Group

Consolidated statements of changes in equity for the years ended December 31, 2012, 2011 and 2010

Millions of Euros

2012	Total Equity Attributed to the Parent Company – Stockholders' Funds: Common Stock (Note 27)	Share Premium (Note 28)	Reserves (Note 29): Accumulated Reserves (Losses)	Reserves (Note 29): Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock (Note 30)	Income Attributed to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds	Valuation Adjustments (Note 31)	Total	Non-controlling Interests (Note 32)	Total Equity
Balances as of January 1, 2012	2,403	18,970	17,580	360	51	(300)	3,004	(1,116)	40,952	(2,787)	38,165	1,893	40,058
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	2,403	18,970	17,580	360	51	(300)	3,004	(1,116)	40,952	(2,787)	38,165	1,893	40,058
Total income/expense recognized	-	-	-	-	-	-	1,676	-	1,676	603	2,279	802	3,081
Other changes in equity	267	1,998	1,268	464	11	189	(3,004)	(207)	986	-	986	(323)	663
Common stock increase	73	-	(73)	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	194	1,998	-	-	-	-	-	-	2,192	-	2,192	-	2,192
Increase of other equity instruments	-	-	-	-	32	-	-	-	32	-	32	-	32
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(1,073)	(1,073)	-	(1,073)	(357)	(1,430)
Transactions including treasury stock and other equity instruments (net)	-	-	81	-	-	189	-	-	270	-	270	-	270
Transfers between total equity entries	-	-	1,417	471	-	-	(3,004)	1,116	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	(28)	-	(21)	-	-	-	(49)	-	(49)	-	(49)
Rest of increases/reductions in total equity	-	-	(129)	(7)	-	-	-	(250)	(386)	-	(386)	34	(352)
Of which:	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of the free allotment rights	-	-	-	-	-	-	-	(250)	(250)	-	(250)	-	(250)
Balances as of December 31, 2012	2,670	20,968	18,848	824	62	(111)	1,676	(1,323)	43,614	(2,184)	41,430	2,372	43,802

Consolidated statements of changes in equity for the years ended December 31, 2012, 2011 and 2010

Millions of Euros

2011	Common Stock (Note 27)	Share Premium (Note 28)	Reserves (Note 29): Accumulated Reserves (Losses)	Reserves (Note 29): Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock (Note 30)	Income Attributed to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds	Valuation Adjustments (Note 31)	Total	Non-controlling Interests (Note 32)	Total Equity (*)
	Total Equity Attributed to the Parent Company — Stockholders' Funds												
Balances as of January 1, 2011	**2,201**	**17,104**	**14,305**	**55**	**37**	**(552)**	**4,606**	**(1,067)**	**36,689**	**(770)**	**35,919**	**1,556**	**37,475**
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**2,201**	**17,104**	**14,305**	**55**	**37**	**(552)**	**4,606**	**(1,067)**	**36,689**	**(770)**	**35,919**	**1,556**	**37,475**
Total income/expense recognized	-	-	-	-	-	-	**3,004**	-	**3,004**	**(2,017)**	**987**	**604**	**1,591**
Other changes in equity	**202**	**1,866**	**3,275**	**305**	**14**	**252**	**(4,606)**	**(49)**	**1,259**	-	**1,259**	**(267)**	**992**
Common stock increase	68	-	(68)	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	134	1,866	-	-	-	-	-	-	2,000	-	2,000	-	2,000
Increase of other equity instruments	-	-	-	-	14	-	-	-	14	-	14	-	14
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(937)	(937)	-	(937)	(273)	(1,210)
Transactions including treasury stock and other equity instruments (net)	-	-	(14)	-	-	252	-	-	238	-	238	-	238
Transfers between total equity entries	-	-	3,239	300	-	-	(4,606)	1,067	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	118	5	-	-	-	(179)	(56)	-	(56)	6	(50)
Of which:													
Acquisition of the free allotment rights	-	-	-	-	-	-	-	(179)	(179)	-	(179)	-	(179)
Balances as of December 31, 2011	**2,403**	**18,970**	**17,580**	**360**	**51**	**(300)**	**3,004**	**(1,116)**	**40,952**	**(2,787)**	**38,165**	**1,893**	**40,058**

(*) Presented for comparison purposes only (Note 1.3)

Consolidated statements of changes in equity for the years ended December 31, 2012, 2011 and 2010

Millions of Euros

	Total Equity Attributed to the Parent Company												
	Stockholders' Funds											Non-controlling Interests (Note 32)	Total Equity
			Reserves (Note 29)										
2010	Common Stock (Note 27)	Share Premium (Note 28)	Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock (Note 30)	Income Attributed to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds	Valuation Adjustments (Note 31)	Total		
Balances as of January 1, 2010	**1,837**	**12,453**	**11,765**	**309**	**12**	**(224)**	**4,210**	**(1,000)**	**29,362**	**(62)**	**29,300**	**1,463**	**30,763**
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**1,837**	**12,453**	**11,765**	**309**	**12**	**(224)**	**4,210**	**(1,000)**	**29,362**	**(62)**	**29,300**	**1,463**	**30,763**
Total income/expense recognized	-	-	-	-	-	-	**4,606**	-	**4,606**	**(708)**	**3,898**	**284**	**4,182**
Other changes in equity	**364**	**4,651**	**2,540**	**(254)**	**25**	**(328)**	**(4,210)**	**(67)**	**2,721**	-	**2,721**	**(191)**	**2,530**
Common stock increase	364	4,651	-	-	-	-	-	-	5,015	-	5,015	-	5,015
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	25	-	-	-	25	-	25	-	25
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(558)	(1,067)	(1,625)	-	(1,625)	(197)	(1,822)
Transactions including treasury stock and other equity instruments (net)	-	-	(105)	-	-	(328)	-	-	(433)	-	(433)	-	(433)
Transfers between total equity entries	-	-	2,865	(213)	-	-	(3,652)	1,000	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	(220)	(41)	-	-	-	-	(261)	-	(261)	6	(255)
Balances as of December 31, 2010	**2,201**	**17,104**	**14,305**	**55**	**37**	**(552)**	**4,606**	**(1,067)**	**36,689**	**(770)**	**35,919**	**1,556**	**37,475**

(*) Presented for comparison purposes only (Note 1.3)

Consolidated statements of recognized income and expenses for the years ended December 31, 2012, 2011 and 2010

	Millions of Euros		
	2012	2011 (*)	2010 (*)
NET INCOME RECOGNIZED IN INCOME STATEMENT	**2,327**	**3,485**	**4,995**
OTHER RECOGNIZED INCOME (EXPENSES)	**754**	**(1,894)**	**(813)**
Available-for-sale financial assets	**861**	**(1,240)**	**(2,166)**
Valuation gains/(losses)	723	(1,351)	(1,963)
Amounts removed to income statement	109	89	(206)
Reclassifications	29	22	3
Cash flow hedging	**7**	**(32)**	**(190)**
Valuation gains/(losses)	7	(61)	(156)
Amounts removed to income statement	-	29	(34)
Amounts removed to the initial carrying amount of the hedged items	-	-	-
Reclassifications	-	-	-
Hedging of net investment in foreign transactions	**(164)**	**-**	**(377)**
Valuation gains/(losses)	(164)	-	(377)
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Exchange differences	**722**	**(960)**	**1,384**
Valuation gains/(losses)	722	(963)	1,380
Amounts removed to income statement	-	3	4
Reclassifications	-	-	-
Non-current assets held for sale	**(103)**	**-**	**-**
Valuation gains/(losses)	(103)	-	-
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Actuarial gains and losses in post-employment plans	**(321)**	**(240)**	**-**
Entities accounted for using the equity method	**(37)**	**204**	**228**
Valuation gains/(losses)	(37)	204	228
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Rest of recognized income and expenses	**-**	**(90)**	**-**
Income tax	**(211)**	**464**	**308**
TOTAL RECOGNIZED INCOME/EXPENSES	**3,081**	**1,591**	**4,182**
Attributed to the parent company	2,279	987	3,898
Attributed to minority interests	802	604	284

(*) Presented for comparison purposes only (Note 1.3).

BBVA Group

Consolidated statements of cash flows for the years ended December 31, 2012, 2011 and 2010

	Millions of Euros		
	2012	2011 (*)	2010 (*)
CASH FLOW FROM OPERATING ACTIVITIES (1)	**13,429**	**19,811**	**8,503**
Net income for the year	**2,327**	**3,485**	**4,995**
Adjustments to obtain the cash flow from operating activities:	**2,961**	**3,090**	**(534)**
Depreciation and amortization	1,018	847	761
Other adjustments	1,943	2,243	(1,295)
Net increase/decrease in operating assets	**29,522**	**17,340**	**6,452**
Financial assets held for trading	9,352	7,319	(6,450)
Other financial assets designated at fair value through profit or loss	(124)	203	437
Available-for-sale financial assets	12,898	1,131	(7,064)
Loans and receivables	2,333	6,461	18,590
Other operating assets	5,063	2,226	939
Net increase/decrease in operating liabilities	**37,939**	**30,291**	**9,067**
Financial liabilities held for trading	4,625	14,090	4,383
Other financial liabilities designated at fair value through profit or loss	691	218	240
Financial liabilities at amortized cost	29,536	16,265	5,687
Other operating liabilities	3,087	(282)	(1,243)
Collection/Payments for income tax	**(276)**	**285**	**1,427**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	**(3,918)**	**(6,622)**	**(7,078)**
Investment	**5,767**	**8,524**	**8,762**
Tangible assets	1,707	1,313	1,040
Intangible assets	780	612	464
Investments	-	430	1,209
Subsidiaries and other business units	-	4,653	77
Non-current assets held for sale and associated liabilities	3,220	1,516	1,464
Held-to-maturity investments	60	-	4,508
Other settlements related to investing activities	-	-	-
Divestments	**1,849**	**1,902**	**1,684**
Tangible assets	-	175	261
Intangible assets	-	1	6
Investments	19	-	1
Subsidiaries and other business units	-	18	69
Non-current assets held for sale and associated liabilities	977	870	1,347
Held-to-maturity investments	853	838	-
Other collections related to investing activities	-	-	-

(*) Presented for comparison purposes only (Note 1.3).

Consolidated statements of cash flows for the years ended December 31, 2012, 2011 and 2010

	Millions of Euros		
(Continued)	**2012**	**2011 (*)**	**2010 (*)**
CASH FLOWS FROM FINANCING ACTIVITIES (3)	**(3,492)**	**(1,269)**	**1,148**
Investment	**10,387**	**6,282**	**12,410**
Dividends	1,269	1,031	1,218
Subordinated liabilities	3,930	230	2,846
Common stock amortization	-	-	-
Treasury stock acquisition	4,831	4,825	7,828
Other items relating to financing activities	357	196	518
Divestments	**6,895**	**5,013**	**13,558**
Subordinated liabilities	1,793	-	1,205
Common stock increase	-	-	4,914
Treasury stock disposal	5,102	5,013	7,439
Other items relating to financing activities	-	-	-
EFFECT OF EXCHANGE RATE CHANGES (4)	**471**	**(960)**	**1,063**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)	**6,490**	**10,960**	**3,636**
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**30,927**	**19,967**	**16,331**
CASH OR CASH EQUIVALENTS AT END OF THE YEAR	**37,417**	**30,927**	**19,967**

	Millions of Euros		
COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR	**2012**	**2011 (*)**	**2010 (*)**
Cash	5,294	4,611	4,284
Balance of cash equivalent in central banks	32,123	26,316	15,683
Other financial assets	-	-	-
Less: Bank overdraft refundable on demand	-	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF THE YEAR	**37,417**	**30,927**	**19,967**
Of which:			
Held by consolidated subsidiaries but not available for the Group	-	-	-

(*) Presented for comparison purposes only (Note 1.3).

APPENDIX II.

Additional information on consolidated subsidiaries composing the BBVA Group

			% Controlled by the Bank			Thousands of Euros(*)				
							Affiliate Entity Data			
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.12**	**Liabilities 12.31.12**	**Equity 12.31.12**	**Profit (Loss) 12.31.12**
ADMINISTRADORA DE FONDOS DE PENSIONES PROVIDA, S.A. (AFP PROVIDA) (****)	CHILE	PENSION FUNDS MANAGEMENT	12.70	51.62	64.32	318,504	642,259	129,123	346,404	166,732
ADMINISTRADORA DE FONDOS PARA EL RETIRO-BANCOMER,S.A DE C.V. (****)	MEXICO	PENSION FUNDS MANAGEMENT	17.50	82.50	100.00	403,834	308,914	76,200	130,886	101,828
AFP GENESIS ADMINISTRADORA DE FONDOS Y FIDEICOMISOS, S.A. (****)	ECUADOR	PENSION FUNDS MANAGEMENT	-	100.00	100.00	5,852	9,699	3,844	2,110	3,745
AFP HORIZONTE, S.A. (****)	PERU	PENSION FUNDS MANAGEMENT	24.85	75.15	100.00	63,173	116,328	40,872	44,427	31,029
AFP PREVISION BBV-ADM.DE FONDOS DE PENSIONES S.A.	BOLIVIA	PENSION FUNDS MANAGEMENT	75.00	5.00	80.00	2,063	11,087	5,110	4,206	1,771
AMERICAN FINANCE GROUP, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	15,828	16,780	951	15,830	(1)
ANIDA DESARROLLOS INMOBILIARIOS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	150,170	555,316	424,992	188,772	(58,448)
ANIDA GERMANIA IMMOBILIEN ONE, GMBH	GERMANY	REAL ESTATE	-	100.00	100.00	4,387	20,507	15,402	4,885	220
ANIDA GRUPO INMOBILIARIO, S.L.(**)	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	-	(889,048)	1,954,174	(857,967)	(1,985,255)
ANIDA INMOBILIARIA, S.A. DE C.V.	MEXICO	INVESTMENT COMPANY	-	100.00	100.00	106,983	92,369	4	92,454	(89)
ANIDA OPERACIONES SINGULARES, S.A.(***)	SPAIN	REAL ESTATE	-	100.00	100.00	(3,184,111)	4,502,021	7,659,415	(1,391,673)	(1,765,721)
ANIDA PROYECTOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	90,881	136,228	45,315	91,617	(704)
ANIDA SERVICIOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	1,312	2,308	1,004	956	348
ANIDAPORT INVESTIMENTOS IMOBILIARIOS, UNIPESSOAL, LTDA	PORTUGAL	REAL ESTATE	-	100.00	100.00	(6,471)	19,556	33,856	(3,295)	(11,005)
APLICA SOLUCIONES TECNOLOGICAS CHILE LIMITADA	CHILE	SERVICES	-	100.00	100.00	371	884	512	188	184
APLICA TECNOLOGIA AVANZADA OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	962	10,960	9,996	181	783
APLICA TECNOLOGIA AVANZADA SERVICIOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	100	1,995	1,894	8	93
APLICA TECNOLOGIA AVANZADA, S.A. DE C.V.- ATA	MEXICO	SERVICES	100.00	-	100.00	30,369	176,086	116,461	47,050	12,575
ARIZONA FINANCIAL PRODUCTS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	737,186	739,078	1,892	732,175	5,011
ARRAHONA AMBIT, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	91,900	110,370	3,784	(22,254)
ARRAHONA IMMO, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	368,870	322,854	81,593	(35,577)
ARRAHONA NEXUS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	263,862	311,980	8,286	(56,404)
ARRAHONA RENT, S.L.U.	SPAIN	REAL ESTATE	-	100.00	100.00	-	11,514	70	13,788	(2,344)
ARRELS CT FINSOL, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	310,693	327,488	68,466	(85,261)
ARRELS CT LLOGUER, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	371	40,188	43,852	4,327	(7,991)
ARRELS CT PATRIMONI I PROJECTES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	180,842	197,229	(2,157)	(14,230)
ARRELS CT PROMOU, S.A.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	63,000	85,956	60,944	53,881	(28,869)
AUMERAVILLA, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	2,048	2,621	764	926	931
BAHIA SUR RESORT, S.C.	SPAIN	INACTIVE	99.95	-	99.95	1,436	1,438	15	1,423	-
BANCO BILBAO VIZCAYA ARGENTARIA (PANAMA), S.A.	PANAMA	BANKING	54.11	44.81	98.92	19,464	1,609,005	1,371,845	209,469	27,691
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	PORTUGAL	BANKING	47.22	52.78	100.00	320,663	6,203,336	5,873,026	389,523	(59,213)
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	CHILE	BANKING	-	68.18	68.18	707,505	14,741,551	13,703,323	933,954	104,274
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	URUGUAY	BANKING	100.00	-	100.00	100,451	2,094,644	1,947,251	126,278	21,115
BANCO CONTINENTAL, S.A. (1)	PERU	BANKING	-	46.10	46.10	1,158,070	14,762,318	13,506,854	888,008	367,456
BANCO DE PROMOCION DE NEGOCIOS, S.A.	SPAIN	BANKING	-	99.86	99.86	15,173	19,101	170	18,626	305
BANCO DEPOSITARIO BBVA, S.A.	SPAIN	BANKING	-	100.00	100.00	1,595	1,131,700	1,108,123	5,031	18,546
BANCO INDUSTRIAL DE BILBAO, S.A.	SPAIN	BANKING	-	99.93	99.93	97,220	100,746	1,487	54,433	44,826
BANCO OCCIDENTAL, S.A.	SPAIN	BANKING	49.43	50.57	100.00	16,511	18,006	91	17,764	151
BANCO PROVINCIAL OVERSEAS N.V. (2)	CURAÇAO	BANKING	-	100.00	100.00	67,581	337,501	268,332	40,716	28,453
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	VENEZUELA	BANKING	1.85	53.75	55.60	494,037	19,976,746	18,089,735	1,154,214	732,797

(*) Information on foreign companies at exchange rate on December 31, 2012
(**) This company has an equity loan from BBVA, S. A.
(***) This company has an equity loan from ANIDA GRUPO INMOBILIARIO, S. L.In addition, the company has recognized impairment losses arising in its annual accounts due to property, real estate and stocks, which according to Royal Decree-Law 5/2010 of March 31, are not counted for purposes of Article 363 of the Companies Act Capital.
(****) Non-currentas sets held for sale
(1) Proportionate consolidation method is used according to accounting rules (see Glossary)
(2) The ownership percentage is 48%, however proportionate consolidation method is used (see Glossary)

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			% Controlled by the Bank			Thousands of Euros (*)				
							Affiliate Entity Data			
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.12**	**Liabilities 12.31.12**	**Equity 12.31.12**	**Profit (Loss) 12.31.12**
BANCOMER FINANCIAL SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1,994	2,312	318	1,996	(2)
BANCOMER FOREIGN EXCHANGE INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	5,196	7,754	2,558	3,230	1,966
BANCOMER PAYMENT SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	28	31	1	34	(4)
BANCOMER TRANSFER SERVICES, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	25,232	62,084	36,674	15,826	9,584
BBV AMERICA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	479,328	1,784,007	107	1,567,539	216,361
BBVA & PARTNERS SICAV SIF EQUITY ARBITRAGE MASTER SIF	LUXEMBOURG	VARIABLE CAPITAL	100.00	-	100.00	1,500	1,554	54	1,467	33
BBVA ASESORIAS FINANCIERAS, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	2,656	3,326	669	913	1,744
BBVA ASSET MANAGEMENT ADMINISTRADORA GENERAL DE FONDOS S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	13,957	34,160	20,202	9,463	4,495
BBVA ASSET MANAGEMENT CONTINENTAL S.A. SAF (1)	PERU	FINANCIAL SERVICES	-	46.10	46.10	13,071	16,402	3,331	10,166	2,905
BBVA ASSET MANAGEMENT, S.A. SOCIEDAD FIDUCIARIA (BBVA FIDUCIARIA)	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	36,813	42,137	5,300	27,169	9,668
BBVA ASSET MANAGEMENT, S.A., SGIIC	SPAIN	FINANCIAL SERVICES	17.00	83.00	100.00	11,436	84,929	58,398	12,170	14,361
BBVA AUTOMERCANTIL, COMERCIO E ALUGER DE VEICULOS AUTOMOVEIS,LDA.	PORTUGAL	FINANCIAL SERVICES	100.00	-	100.00	6,718	32,898	26,464	7,916	(1,482)
BBVA AUTORENTING SPA (****)	ITALY	SERVICES	-	100.00	100.00	14,857	286,769	254,083	36,481	(3,795)
BBVA BANCO DE FINANCIACION S.A.	SPAIN	BANKING	-	100.00	100.00	64,200	12,349,982	12,276,270	73,197	515
BBVA BANCO FRANCES, S.A.	ARGENTINA	BANKING	45.61	30.38	75.99	157,370	6,816,365	6,024,011	576,098	216,256
BBVA BANCOMER GESTION, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	34,018	53,597	19,577	15,137	18,883
BBVA BANCOMER OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	56,766	298,564	241,799	44,246	12,519
BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	614	62,542	61,928	540	74
BBVA BANCOMER USA, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	37,468	35,419	(2,217)	26,117	11,519
BBVA BANCOMER, S.A.,INSTITUCION DE BANCA MÚLTIPLE, GRUPO FINANCIERO BBVA BANCOMER	MEXICO	BANKING	-	100.00	100.00	6,824,095	75,845,053	69,048,794	5,424,644	1,371,615
BBVA BRASIL BANCO DE INVESTIMENTO, S.A.	BRASIL	BANKING	100.00	-	100.00	16,266	42,298	4,497	36,268	1,533
BBVA BROKER, CORREDURIA DE SEGUROS Y REASEGUROS, S.A.	SPAIN	FINANCIAL SERVICES	99.94	0.06	100.00	297	24,457	11,758	7,264	5,435
BBVA CAPITAL FINANCE, S.A.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	60	37,024	36,643	412	(31)
BBVA CARTERA DE INVERSIONES,SICAV,S.A.	SPAIN	VARIABLE CAPITAL	60.16	39.84	100.00	118,460	128,936	172	123,837	4,927
BBVA COLOMBIA, S.A.	COLOMBIA	BANKING	76.20	19.23	95.43	376,587	13,099,342	11,873,595	1,033,377	192,370
BBVA COMERCIALIZADORA LTDA.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	2,079	4,727	2,649	114	1,964
BBVA COMPASS BANCSHARES, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	8,294,484	8,390,706	96,222	7,912,518	381,966
BBVA COMPASS FINANCIAL CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	9,007	54,910	45,902	8,957	51
BBVA COMPASS INSURANCE AGENCY, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	109,790	112,135	2,348	100,995	8,792
BBVA COMPASS INVESTMENT SOLUTIONS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	74,905	86,496	11,590	63,540	11,366
BBVA CONSOLIDAR SEGUROS, S.A.	ARGENTINA	INSURANCES SERVICES	87.78	12.22	100.00	7,571	78,459	53,212	18,411	6,836
BBVA CONSULTING (BEIJING) LIMITED	CHINA	FINANCIAL SERVICES	-	100.00	100.00	477	1,299	455	692	152
BBVA CONSULTORIA, S.A.	SPAIN	SERVICES	-	100.00	100.00	4,364	4,806	430	4,335	41
BBVA CORREDORA TECNICA DE SEGUROS LIMITADA	CHILE	FINANCIAL SERVICES	-	100.00	100.00	30,860	33,950	3,087	21,252	9,611
BBVA CORREDORES DE BOLSA LIMITADA	CHILE	SECURITIES DEALER (REAL ESTATE)	-	100.00	100.00	46,208	505,705	459,498	50,663	(4,456)
BBVA DINERO EXPRESS, S.A.U	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	2,186	7,533	4,025	3,377	131
BBVA DISTRIBUIDORA DE SEGUROS S.R.L.	URUGUAY	FINANCIAL SERVICES	-	100.00	100.00	621	680	59	157	464
BBVA FACTORING LIMITADA (CHILE)	CHILE	FINANCIAL SERVICES	-	100.00	100.00	7,515	82,206	74,690	6,692	824
BBVA FINANCE (UK), LTD.	UNITED KINGDOM	FINANCIAL SERVICES	-	100.00	100.00	3,324	11,861	16	11,918	(73)
BBVA FINANZIA, S.p.A	ITALIA	FINANCIAL SERVICES	100.00	-	100.00	40,017	807,199	779,754	36,497	(9,052)

(*) Information on foreign companies at exchange rate on December 31, 2012

(1) Proportionate consolidation method is used according to accounting rules (see Glossary)

(****) Non-currentas sets held for sale

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

						Thousands of Euros (*)				
			% Controlled by the Bank				Affiliate Entity Data			
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.12	Liabilities 12.31.12	Equity 12.31.12	Profit (Loss) 12.31.12
COMUNES DE INVERSIÓN.	ARGENTINA	FINANCIAL SERVICES	-	100.00	100.00	9,527	12,920	3,391	7,268	2,261
BBVA FRANCES VALORES SOCIEDAD DE BOLSA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	100.00	100.00	2,418	3,060	621	2,066	373
BBVA FUNDOS, S.Gestora Fundos Pensoes,S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.00	100.00	998	11,592	298	10,202	1,092
BBVA GEST, S.G.DE FUNDOS DE INVESTIMENTO MOBILIARIO, S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.00	100.00	998	7,561	105	7,360	96
BBVA GLOBAL FINANCE LTD.	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	476,466	472,681	3,712	73
BBVA GLOBAL MARKETS B.V.	NETHERLANDS	FINANCIAL SERVICES	100.00	-	100.00	90	388,913	388,849	66	(2)
BBVA HORIZONTE PENSIONES Y CESANTIAS, S.A. (****)	COLOMBIA	PENSION FUNDS MANAGEMENT	78.52	21.44	99.96	62,061	235,182	49,891	147,066	38,225
BBVA INMOBILIARIA E INVERSIONES, S.A.	CHILE	REAL ESTATE	-	68.11	68.11	5,192	44,236	36,612	8,114	(490)
BBVA INSTITUIÇAO FINANCEIRA DE CREDITO, S.A.	PORTUGAL	FINANCIAL SERVICES	49.90	50.10	100.00	39,205	365,072	318,904	43,621	2,547
BBVA INTERNATIONAL LIMITED	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	-	100.00	1	11,772	9,212	2,529	31
BBVA INTERNATIONAL PREFERRED, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	60	1,721,489	1,720,787	720	(18)
BBVA INVERSIONES CHILE, S.A.	CHILE	FINANCIAL SERVICES	61.22	38.78	100.00	617,330	1,647,970	2,261	1,393,591	252,118
BBVA IRELAND PLC	IRELAND	FINANCIAL SERVICES	100.00	-	100.00	180,381	613,711	423,054	183,117	7,540
BBVA LEASIMO - SOCIEDADE DE LOCAÇAO FINANCEIRA, S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.00	100.00	9,385	21,130	11,745	10,114	(729)
BBVA LUXINVEST, S.A.	LUXEMBOURG	INVESTMENT COMPANY	36.00	64.00	100.00	255,843	321,601	21,287	289,273	11,041
BBVA MEDIACION OPERADOR DE BANCA-SEGUROS VINCULADO, S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	60	101,478	91,195	6,092	4,191
BBVA NOMINEES LIMITED	UNITED KINGDOM	SERVICES	95.00	-	95.00	-	-	-	-	-
BBVA PARAGUAY, S.A.	PARAGUAY	BANKING	100.00	-	100.00	22,598	1,251,671	1,109,556	123,176	18,939
BBVA PARTICIPACIONES MEJICANAS, S.L.	SPAIN	INVESTMENT COMPANY	99.00	1.00	100.00	57	146	-	146	-
BBVA PATRIMONIOS GESTORA SGIIC, S.A.	SPAIN	FINANCIAL SERVICES	99.98	0.02	100.00	3,907	13,460	3,528	4,783	5,149
BBVA PENSIONES, SA, ENTIDAD GESTORA DE FONDOS DE PENSIONES	SPAIN	PENSION FUNDS MANAGEMENT	100.00	-	100.00	12,922	65,991	36,795	15,737	13,459
BBVA PLANIFICACION PATRIMONIAL, S.L.	SPAIN	FINANCIAL SERVICES	80.00	20.00	100.00	1	508	2	515	(9)
BBVA PROPIEDAD, S.A.	SPAIN	REAL ESTATE INVESTMENT COMPANY	-	100.00	100.00	1,262,184	1,337,190	15,747	1,348,713	(27,270)
BBVA RE LIMITED	IRELAND	INSURANCES SERVICES	-	100.00	100.00	656	82,801	58,076	18,330	6,395
BBVA RENTAS E INVERSIONES LIMITADA	CHILE	INVESTMENT COMPANY	-	100.00	100.00	175,966	175,972	6	136,384	39,582
BBVA RENTING, S.A.	SPAIN	FINANCIAL SERVICES	5.94	94.06	100.00	20,546	806,443	741,540	57,641	7,262
BBVA RENTING, SPA (****)	ITALY	SERVICES	-	100.00	100.00	1,755	96,842	93,023	3,046	773
BBVA SECURITIES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	56,911	99,916	36,786	73,444	(10,314)
BBVA SEGUROS COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.00	6.00	100.00	9,536	62,701	46,316	15,509	876
BBVA SEGUROS DE VIDA COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.00	6.00	100.00	13,885	460,628	369,690	64,239	26,699
BBVA SEGUROS DE VIDA, S.A.	CHILE	INSURANCES SERVICES	-	100.00	100.00	93,590	312,185	218,387	57,449	36,349
BBVA SEGUROS, S.A., DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES SERVICES	94.30	5.65	99.95	411,099	14,116,608	13,637,423	194,190	284,995
BBVA SENIOR FINANCE, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	60	15,110,771	15,109,424	1,142	205
BBVA SERVICIOS CORPORATIVOS LIMITADA	CHILE	FINANCIAL SERVICES	-	100.00	100.00	6,106	12,492	6,386	193	5,913
BBVA SERVICIOS, S.A.	SPAIN	SERVICES	-	100.00	100.00	354	11,443	2,443	7,031	1,969
BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	CHILE	FINANCIAL SERVICES	-	97.49	97.49	20,214	69,519	48,782	18,508	2,229
BBVA SOLUCIONES AVANZADAS DE ASESORAMIENTO Y GESTION, S.L. (**)	SPAIN	SERVICES	-	100.00	100.00	4,374	5,392	1,612	6,256	(2,476)
BBVA SUBORDINATED CAPITAL S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	130	287,218	286,491	624	103
BBVA SUIZA, S.A. (BBVA SWITZERLAND)	SWITZERLAND	BANKING	39.72	60.28	100.00	66,905	1,354,711	898,580	431,987	24,144
BBVA TRADE, S.A.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	6,379	24,480	11,035	13,438	7

(*) Information on foreign companies at exchange rate on December 31, 2012

(**) This company has an equity loan from Blue Indico Investments, S.L.

(****) Non-currentas sets held for sale

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			% Controlled by the Bank			Thousands of Euros (*)				
							Affiliate Entity Data			
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.12	Liabilities 12.31.12	Equity 12.31.12	Profit (Loss) 12.31.12
BBVA U.S. SENIOR S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	350	2,895,485	2,895,372	190	(77)
BBVA USA BANCSHARES, INC	UNITED STATES	INVESTMENT COMPANY	100.00	-	100.00	8,493,414	8,315,328	71	7,933,791	381,466
BBVA VALORES COLOMBIA, S.A. COMISIONISTA DE BOLSA	COLOMBIA	SECURITIES DEALER (REAL ESTATE)	-	100.00	100.00	6,162	7,454	1,301	4,064	2,089
BBVA WEALTH SOLUTIONS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	6,167	6,586	420	6,650	(484)
BILBAO VIZCAYA HOLDING, S.A.	SPAIN	INVESTMENT COMPANY	89.00	11.00	100.00	34,771	147,559	29,166	79,066	39,327
BLUE INDICO INVESTMENTS, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	39,753	40,043	290	39,605	148
C B TRANSPORT ,INC.	UNITED STATES	SERVICES	-	100.00	100.00	12,788	13,180	393	12,751	36
CAIXA DE MANLLEU PREFERENTS, S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	61	18,128	18,020	92	16
CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, S.A.U.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	1,261	125,400	123,783	1,575	42
CAIXASABADELL PREFERENTS, S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	419	166,489	165,086	1,405	(2)
CAIXASABADELL TINELIA, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	42,069	42,306	3	42,375	(72)
CAPITAL INVESTMENT COUNSEL, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	7,775	9,723	1,949	5,872	1,902
CARTERA E INVERSIONES S.A., CIA DE	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	92,018	91,360	20,341	(399,253)	470,272
CASA DE BOLSA BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	96,320	157,492	61,170	58,029	38,293
CATALONIA GEBIRA, S.L,	SPAIN	REAL ESTATE	-	81.66	81.66	3,837	54,143	51,975	603	1,565
CATALONIA PROMODIS 4, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	40,265	31,056	10,350	(1,141)
CDD GESTIONI, S.R.L.	ITALY	REAL ESTATE	100.00	-	100.00	4,648	5,974	203	5,643	128
CIA. GLOBAL DE MANDATOS Y REPRESENTACIONES, S.A.	URUGUAY	IN LIQUIDATION	-	100.00	100.00	108	190	2	188	-
CIDESSA DOS, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	14,941	9,993	118	15,097	(5,222)
CIDESSA UNO, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	4,754	223,419	210,893	19,287	(6,761)
CIERVANA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	53,164	53,161	3,239	50,654	(732)
COMERCIALIZADORA CORPORATIVA SAC (1)	PERU	FINANCIAL SERVICES	-	46.10	46.10	342	1,193	919	163	111
COMERCIALIZADORA DE SERVICIOS FINANCIEROS, S.A.	COLOMBIA	SERVICES	-	100.00	100.00	1,209	2,401	1,188	1,012	201
COMPAÑIA CHILENA DE INVERSIONES, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	580,314	545,690	191	542,880	2,619
COMPASS ASSET ACCEPTANCE COMPANY, LLC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	369,980	369,981	-	369,086	895
COMPASS AUTO RECEIVABLES CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	3,161	3,162	1	3,163	(2)
COMPASS BANK	UNITED STATES	BANKING	-	100.00	100.00	8,266,068	56,622,359	48,356,291	7,881,099	384,969
COMPASS CAPITAL MARKETS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	5,878,794	5,878,795	-	5,806,859	71,936
COMPASS CUSTODIAL SERVICES, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
COMPASS GP, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	36,088	45,182	9,094	35,718	370
COMPASS INVESTMENTS, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
COMPASS LIMITED PARTNER, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	5,105,520	5,105,963	443	5,038,967	66,553
COMPASS LOAN HOLDINGS TRS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	60,946	60,949	2	60,910	37
COMPASS MORTGAGE CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	2,005,046	2,015,528	10,481	1,979,624	25,423
COMPASS MORTGAGE FINANCING, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	27	27	-	27	-
COMPASS MULTISTATE SERVICES CORPORATION	UNITED STATES	SERVICES	-	100.00	100.00	2,843	3,115	274	2,841	-
COMPASS SOUTHWEST, LP	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	4,200,487	4,200,769	283	4,146,574	53,912
COMPASS TEXAS ACQUISITION CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	1,715	1,732	16	1,717	(1)

(*) Information on foreign companies at exchange rate on December 31, 2012
(1) Proportionate consolidation method is used according to accounting rules (see Glossary)

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			% Controlled by the Bank			Thousands of Euros (*)				
							Affiliate Entity Data			
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.12**	**Liabilities 12.31.12**	**Equity 12.31.12**	**Profit (Loss) 12.31.12**
COMPASS TEXAS MORTGAGE FINANCING, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	27	27	-	27	-
COMPASS TRUST II	UNITED STATES	INACTIVE	-	100.00	100.00	-	1	-	1	-
COMPASS WEALTH MANAGERS COMPANY	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
CONSOLIDAR A.F.J.P., S.A.	ARGENTINA	IN LIQUIDATION	46.11	53.89	100.00	1,385	16,425	13,853	3,195	(623)
CONTENTS AREA, S.L.	SPAIN	SERVICES	-	100.00	100.00	6,119	7,145	1,026	8,510	(2,391)
CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA, S.A. (1)	PERU	SECURITIES DEALER (REAL ESTATE)	-	46.10	46.10	9,905	21,548	11,644	8,826	1,078
CONTINENTAL DPR FINANCE COMPANY (1)	CAYMAN ISLANDS	FINANCIAL SERVICES	-	100.00	100.00	-	442,847	442,847	-	-
CONTINENTAL SOCIEDAD TITULIZADORA, S.A. (1)	PERU	FINANCIAL SERVICES	-	46.10	46.10	524	557	34	491	32
CONTRATACION DE PERSONAL, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	3,763	7,677	3,913	3,031	733
COPROMED S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	90	87	23	(23)	87
CORPORACION GENERAL FINANCIERA, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	509,716	1,266,743	388,530	(116,348)	994,561
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	SPAIN	REAL ESTATE	-	72.50	72.50	60,107	107,477	24,571	83,144	(238)
DESITEL TECNOLOGIA Y SISTEMAS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	1,643	1,645	3	1,596	46
ECASA, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	6,608	8,709	2,101	(4)	6,612
ECOARENYS, S.L. (***)	SPAIN	REAL ESTATE	-	50.00	50.00	-	21,668	52,515	(26,460)	(4,387)
EL ENCINAR METROPOLITANO, S.A.	SPAIN	REAL ESTATE	-	99.04	99.04	6,714	7,807	878	6,156	773
EL MILANILLO, S.A.(**)	SPAIN	REAL ESTATE	-	100.00	100.00	11,712	7,652	497	15,600	(8,445)
EL OASIS DE LAS RAMBLAS, S.L.	SPAIN	REAL ESTATE	-	70.00	70.00	167	285	122	163	-
EMPRENDIMIENTOS DE VALOR S.A.	URUGUAY	FINANCIAL SERVICES	-	100.00	100.00	2,603	6,936	4,156	4,125	(1,345)
ENTRE2 SERVICIOS FINANCIEROS, E.F.C., S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	9,139	8,714	36	8,651	27
ESPAIS SABADELL, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	6,899	22,816	17,518	7,005	(1,707)
ESPANHOLA COMERCIAL E SERVIÇOS, LTDA.	BRASIL	FINANCIAL SERVICES	100.00	-	100.00	-	332	31	3,862	(3,561)
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SPAIN	SERVICES	-	51.00	51.00	31	30	-	30	-
EUROPEA DE TITULIZACION, S.A., S.G.F.T.	SPAIN	FINANCIAL SERVICES	87.50	-	87.50	1,974	38,661	7,497	26,065	5,099
FACILEASING EQUIPMENT, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	50,694	458,621	400,115	53,169	5,337
FACILEASING S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	43,160	321,791	288,401	30,522	2,868
FIDEICOMISO 28991-8 TRADING EN LOS MCADOS FINANCIEROS	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	2,599	2,599	141	2,052	406
FINANCIERAS DERIVADAS CUENTA PROPIA	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	25,832	25,949	117	24,185	1,647
FINANCIERAS DERIVADAS CUENTA TERCEROS	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	39,788	40,663	876	37,204	2,583
FIDEICOMISO HARES BBVA BANCOMER F/ 47997-2	MEXICO	REAL ESTATE	-	97.79	97.79	27,244	26,630	1,339	24,728	563
MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 1ª	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	77,532	75,412	2,251	(131)
MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 2ª	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	37,013	36,247	844	(78)
MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 3ª	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	224,352	186,460	29,191	8,701
MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 4ª	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	28	192,655	192,650	768	(763)
FIDEICOMISO Nº.402900-5 ADMINISTRACION DE INMUEBLES	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	2,549	2,769	204	2,565	-
FINANCEIRA DO COMERCIO EXTERIOR S.A.R.	PORTUGAL	INACTIVE	100.00	-	100.00	51	34	-	34	-
FINANCIERA AYUDAMOS S.A. DE C.V., SOFOMER	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	4,527	22,897	18,371	9,433	(4,907)
FINANZIA AUTORENTING, S.A.	SPAIN	SERVICES	100.00	-	100.00	68,561	445,384	411,620	23,373	10,391
FORUM COMERCIALIZADORA DEL PERU, S.A.	PERU	SERVICES	-	100.00	100.00	17,981	21,382	3,407	20,004	(2,029)
FORUM DISTRIBUIDORA DEL PERU, S.A.	PERU	FINANCIAL SERVICES	-	100.00	100.00	6,539	6,590	54	6,479	57

(*) Information on foreign companies at exchange rate on December 31, 2012
(**) This company has an equity loan from Anida Operaciones Singulares, S.A.
(***) This company has an equity loan from Promotora del Vallés, S.L.
(1) Proportionate consolidation method is used according to accounting rules (see Glossary)

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			% Controlled by the Bank			Thousands of Euros (*)				
							Affiliate Entity Data			
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.12	Liabilities 12.31.12	Equity 12.31.12	Profit (Loss) 12.31.12
FORUM DISTRIBUIDORA, S.A.	CHILE	FINANCIAL SERVICES	-	75.52	75.52	13,985	125,149	108,820	12,454	3,875
FORUM SERVICIOS FINANCIEROS, S.A.	CHILE	FINANCIAL SERVICES	-	75.50	75.50	119,678	1,027,727	890,080	89,043	48,604
FUTURO FAMILIAR, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	653	1,734	1,108	539	87
GESTION DE PREVISION Y PENSIONES, S.A.	SPAIN	PENSION FUNDS MANAGEMENT	60.00	-	60.00	8,830	27,909	2,391	21,028	4,490
GESTION Y ADMINISTRACION DE RECIBOS, S.A. - GARSA	SPAIN	SERVICES	-	100.00	100.00	614	1,990	1,439	740	(189)
GOBERNALIA GLOBAL NET, S.A.	SPAIN	SERVICES	-	100.00	100.00	948	5,739	2,979	2,365	395
GRAN JORGE JUAN, S.A.(**)	SPAIN	REAL ESTATE	100.00	-	100.00	293,646	717,267	460,188	259,261	(2,182)
GRANFIDUCIARIA	COLOMBIA	IN LIQUIDATION	-	90.00	90.00	-	135	140	42	(47)
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	99.97	-	99.97	6,677,287	8,267,767	961	6,601,198	1,665,608
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.	MEXICO	SERVICES	-	72.05	72.05	3,498	22,142	17,288	8,342	(3,488)
GUARANTY BUSINESS CREDIT CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	27,726	29,115	1,390	27,735	(10)
GUARANTY PLUS HOLDING COMPANY	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	(27,497)	47,126	74,623	(25,791)	(1,706)
GUARANTY PLUS PROPERTIES LLC-2	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	35,103	35,103	-	35,327	(224)
GUARANTY PLUS PROPERTIES, INC-1	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	9,457	9,467	10	9,462	(5)
HABITATGES INVERCAP, S.L. (***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	854	1,418	(392)	(172)
HIPOTECARIA NACIONAL MEXICANA INCORPORATED	UNITED STATES	REAL ESTATE	-	100.00	100.00	135	184	48	231	(95)
HIPOTECARIA NACIONAL, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	11,903	34,138	8,228	22,328	3,582
HOLDING CONTINENTAL, S.A.	PERU	INVESTMENT COMPANY	50.00	-	50.00	123,678	1,231,723	24	876,539	355,160
HOMEOWNERS LOAN CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	7,473	7,634	160	7,647	(173)
HUMAN RESOURCES PROVIDER, INC	UNITED STATES	SERVICES	-	100.00	100.00	499,959	500,121	161	495,443	4,517
HUMAN RESOURCES SUPPORT, INC	UNITED STATES	SERVICES	-	100.00	100.00	497,543	497,542	-	493,356	4,186
IBERNEGOCIO DE TRADE, S.L.	SPAIN	SERVICES	-	100.00	100.00	5,115	14,698	-	11,706	2,992
IMOBILIARIA DUQUE D'AVILA, S.A.	PORTUGAL	REAL ESTATE	-	100.00	100.00	8,571	21,830	12,699	10,869	(1,738)
INGENIERIA EMPRESARIAL MULTIBA, S.A. DE C.V.	MEXICO	IN LIQUIDATION	-	99.99	99.99	-	-	-	-	-
INMUEBLES Y RECUPERACIONES CONTINENTAL S.A (1)	PERU	REAL ESTATE	-	46.10	46.10	4,388	6,006	1,617	387	4,002
INNOVATION 4 SECURITY, S.L.	SPAIN	SERVICES	-	100.00	100.00	74	74	-	74	-
INVERAHORRO, S.L.(**)	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	-	65,732	67,501	(2,418)	649
INVERPRO DESENVOLUPAMENT, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	3,400	32,803	35,192	11,644	(14,033)
INVERSIONES ALDAMA, C.A.	VENEZUELA	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	CURAÇAO	IN LIQUIDATION	48.00	-	48.00	11,390	70,499	1,466	40,576	28,457
INVERSIONES BAPROBA, C.A.	VENEZUELA	FINANCIAL SERVICES	100.00	-	100.00	1,307	1,361	92	1,480	(211)
INVERSIONES DE INNOVACIÓN EN SERVICIOS FINANCIEROS, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	3	2	-	2	-
INVERSIONES P.H.R.4, C.A.	VENEZUELA	IN LIQUIDATION	-	60.46	60.46	-	26	-	26	-
INVESCO MANAGEMENT Nº 1, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.00	100.00	8,564	8,674	141	9,113	(580)
INVESCO MANAGEMENT Nº 2, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.00	100.00	-	6,012	17,789	(10,549)	(1,228)
ITINERARI 2002, S.L.	SPAIN	SERVICES	-	52.08	52.08	18	401	246	202	(47)
L'EIX IMMOBLES, S.L. (****)	SPAIN	REAL ESTATE	-	90.00	90.00	-	17,877	24,556	(4,877)	(1,802)
LIQUIDITY ADVISORS, L.P	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	937,763	937,826	62	926,783	10,981
MISAPRE, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	12,635	10,286	579	18,022	(8,315)
MOMENTUM SOCIAL INVESTMENT 2011, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	3,000	3,030	10	2,996	24

(*) Information on foreign companies at exchange rate on December 31, 2012
(**) This company has an equity loan from BBVA, S. A.
(***) This company has an equity loan from Inverpro Desenvolupament, S.L.
(****) This company has an equity loan from Promotora del Vallés, S.L.
(1) Proportionate consolidation method is used according to accounting rules (see Glossary)

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			% Controlled by the Bank			Thousands of Euros (*)				
							Affiliate Entity Data			
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.12	Liabilities 12.31.12	Equity 12.31.12	Profit (Loss) 12.31.12
MULTIASISTENCIA OPERADORA S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	90	1,181	1,091	131	(41)
MULTIASISTENCIA SERVICIOS S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	413	2,336	1,923	384	29
MULTIASISTENCIA, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	22,848	28,205	5,356	20,451	2,398
OPCION VOLCAN, S.A.	MEXICO	REAL ESTATE	-	100.00	100.00	72,279	75,177	2,899	67,413	4,865
OPPLUS OPERACIONES Y SERVICIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	1,067	26,707	22,809	(467)	4,365
OPPLUS S.A.C	PERU	SERVICES	-	100.00	100.00	639	948	12	904	32
PARCSUD PLANNER, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	968	6,579	10,908	(1,373)	(2,956)
PARTICIPACIONES ARENAL, S.L.	SPAIN	INACTIVE	-	100.00	100.00	7,646	7,650	4	7,635	11
PECRI INVERSION S.A	SPAIN	OTHER INVESTMENT COMPANIES	100.00	-	100.00	94,093	94,096	4	96,159	(2,067)
PENSIONES BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	216,736	3,276,091	3,059,346	173,973	42,772
PHOENIX LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	271,833	290,497	18,665	268,384	3,448
PI HOLDINGS NO. 1, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	71,576	71,557	(19)	74,311	(2,735)
PI HOLDINGS NO. 3, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	21,476	21,476	-	21,477	(1)
PI HOLDINGS NO. 4, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1	1	-	1	-
PORT ARTHUR ABSTRACT & TITLE COMPANY	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1,841	2,071	230	1,855	(14)
PREMEXSA, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	413	787	414	581	(208)
PREVENTIS, S.A.	MEXICO	INSURANCES SERVICES	9.73	90.27	100.00	15,638	28,517	11,441	14,216	2,860
PROMOCION EMPRESARIAL XX, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	1,213	12,402	11,504	1,599	(701)
PROMOTORA DE RECURSOS AGRARIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	139	128	-	128	-
PROMOTORA DEL VALLES, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	44,000	150,039	220,066	6,497	(76,524)
PROMOU CT 3AG DELTA, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	160	9,365	10,630	(3,479)	2,214
PROMOU CT EIX MACIA, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	18,847	22,442	(2,412)	(1,183)
PROMOU CT GEBIRA, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	9,410	11,131	(291)	(1,430)
PROMOU CT OPENSEGRE, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	(100)	22,596	32,434	(6,421)	(3,417)
PROMOU CT VALLES, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	3,983	11,307	7,741	4,596	(1,030)
PROMOU GLOBAL, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	86,796	121,423	(22,396)	(12,231)
PRO-SALUD, C.A.	VENEZUELA	SERVICES	-	58.86	58.86	-	-	-	-	-
PROVIDA INTERNACIONAL, S.A. (****)	CHILE	PENSION FUNDS MANAGEMENT	-	100.00	100.00	53,610	53,729	118	36,481	17,130
PROVINCIAL DE VALORES CASA DE BOLSA, C.A.	VENEZUELA	FINANCIAL SERVICES	-	90.00	90.00	1,645	4,910	2,898	2,347	(335)
PROVINCIAL SDAD.ADMIN.DE ENTIDADES DE INV.COLECTIVA, C.A.	VENEZUELA	FINANCIAL SERVICES	-	100.00	100.00	1,758	1,876	114	1,775	(13)
PROV-INFI-ARRAHONA, S.L. (***)	SPAIN	REAL ESTATE	-	100.00	100.00	731	16,192	19,339	(667)	(2,480)
PROVIVIENDA ENTIDAD RECAUDADORA Y ADMIN.DE APORTES, S.A.	BOLIVIA	PENSION FUNDS MANAGEMENT	-	100.00	100.00	1,047	7,127	6,008	947	172
PROXIMA ALFA INVESTMENTS (USA) LLC	UNITED STATES	IN LIQUIDATION	-	100.00	100.00	7,304	1,330	204	1,123	3
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) II INC.	UNITED STATES	IN LIQUIDATION	-	100.00	100.00	73	69	42	27	-
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) INC.	UNITED STATES	IN LIQUIDATION	100.00	-	100.00	72	7,308	3,391	3,917	-
RENTRUCKS, ALQUILER Y SERVICIOS DE TRANSPORTE, S.A.	SPAIN	INACTIVE	99.23	-	99.23	2,103	6,724	5,375	4,294	(2,945)
RESIDENCIAL CUMBRES DE SANTA FE, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	8,921	8,854	1,143	7,621	90
RIVER OAKS BANK BUILDING, INC.	UNITED STATES	REAL ESTATE	-	100.00	100.00	24,702	29,278	4,576	24,702	-
RIVER OAKS TRUST CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
RIVERWAY HOLDINGS CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	236	7,866	7,629	211	26

(*) Information on foreign companies at exchange rate on December 31, 2012
(**) This company has an equity loan from Arrels CT Promou, S.A.
(***) This company has an equity loan from Promotora del Vallés, S.L.
(****) Non-currentas sets held for sale

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			% Controlled by the Bank			Thousands of Euros (*)				
							Affiliate Entity Data			
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.12	Liabilities 12.31.12	Equity 12.31.12	Profit (Loss) 12.31.12
RWHC, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	564,718	565,820	1,102	553,156	11,562
SCALDIS FINANCE, S.A.	BELGIUM	INVESTMENT COMPANY	-	100.00	100.00	3,519	18,500	400	3,502	14,598
SEGUROS BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	24.99	75.01	100.00	499,834	2,969,190	2,503,963	245,322	219,905
SEGUROS PROVINCIAL, C.A.	VENEZUELA	INSURANCES SERVICES	-	100.00	100.00	43,415	66,465	23,044	29,420	14,001
SERVICIOS CORPORATIVOS BANCOMER, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	443	6,489	6,047	419	23
SERVICIOS CORPORATIVOS DE SEGUROS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	1,618	7,779	6,135	1,441	203
SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A DE C.V.	MEXICO	SERVICES	-	100.00	100.00	4,449	7,030	2,582	3,970	478
SERVICIOS TECNOLOGICOS SINGULARES, S.A.	SPAIN	SERVICES	-	100.00	100.00	1,931	13,056	11,043	1,850	163
SERVICIOS Y SOLUCIONES DE GESTION PARA CORPORACIONES, EMPRESAS Y PARTICULARES, S.L.	SPAIN	SERVICES	-	100.00	100.00	153	3,110	2,148	918	44
SOCIEDAD DE ESTUDIOS Y ANALISIS FINANCIERO.,S.A.	SPAIN	COMERCIAL	100.00	-	100.00	112,914	112,976	72	114,375	(1,471)
SOCIEDAD GESTORA DEL FONDO PUBLICO DE REGULACION DEL MERCADO HIPOTECARIO, S.A.	SPAIN	INACTIVE	77.20	-	77.20	138	145	-	154	(9)
SOCIETE INMOBILIERE BBV D'ILBARRIZ	FRANCE	REAL ESTATE	-	100.00	100.00	1,407	1,405	5	1,454	(54)
SOUTHEAST TEXAS TITLE COMPANY	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	541	567	27	540	-
SPORT CLUB 18, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	25,163	27,504	2,341	40,274	(15,111)
STATE NATIONAL CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	356	11,727	11,371	343	13
STATE NATIONAL STATUTORY TRUST II	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	235	7,823	7,588	228	7
TEXAS LOAN SERVICES, LP.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	936,202	936,743	541	923,155	13,047
TEXAS REGIONAL STATUTORY TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1,174	39,121	37,946	1,135	40
TEXASBANC CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	590	19,648	19,058	570	20
TMF HOLDING INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	8,497	11,823	3,327	7,959	537
TRANSITORY CO	PANAMA	REAL ESTATE	-	100.00	100.00	112	2,547	2,841	(278)	(16)
TUCSON LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	186,291	186,375	83	183,645	2,647
TWOENC, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	(1,179)	1,131	2,310	(1,179)	-
UNICOM TELECOMUNICACIONES S.DE R.L. DE C.V.	MEXICO	SERVICES	-	99.98	99.98	2	4	1	3	-
UNIDAD DE AVALUOS MEXICO, S.A. DE CV	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	2,240	4,987	2,747	1,837	403
UNITARIA GESTION DE PATRIMONIOS INMOBILIARIOS	SPAIN	REAL ESTATE	-	100.00	100.00	2,410	2,681	9	2,650	22
UNIVERSALIDAD "E5"	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	-	17,478	15,065	2,323	90
UNIVERSALIDAD TIPS PESOS E-9	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	-	197,584	172,111	20,363	5,110
UNNIM BANC, S.A.	SPAIN	BANKING	100.00	-	100.00	-	28,043,657	27,705,851	646,709	(308,903)
UNNIM GESFONS SGIIC, S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	7,642	9,524	550	8,887	87
UNNIM PROTECCIO, S.A.	SPAIN	INSURANCES SERVICES	-	50.00	50.00	8,392	52,784	33,606	18,156	1,022
UNNIM SERVEIS DE DEPENDENCIA, S.A.	SPAIN	SERVICES	-	100.00	100.00	278	758	127	542	89
UNNIM SOCIEDAD PARA LA GESTION DE ACTIVOS INMOBILIARIOS, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	7,214	646,134	419,992	189,206	36,936
UNNIMCAIXA OPERADOR DE BANCA D'ASSEGURANCES VINCULAT, S.L.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	70	4,315	1,596	2,485	234
UNO-E BANK, S.A.	SPAIN	BANKING	100.00	-	100.00	174,752	1,312,166	1,150,519	140,595	21,052
URBANIZADORA SANT LLORENC, S.A.	SPAIN	INACTIVE	60.60	-	60.60	-	108	-	108	-
VALANZA CAPITAL RIESGO S.G.E.C.R. S.A. UNIPERSONAL	SPAIN	VENTURE CAPITAL	100.00	-	100.00	1,200	10,632	3,277	8,522	(1,167)
VIRTUAL DOC, S.L.	SPAIN	IN LIQUIDATION	-	70.00	70.00	-	3	634	(567)	(64)
VISACOM, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2,499	2,499	1	2,394	104

(*) Information on foreign companies at exchange rate on December 31, 2012

APPENDIX III.

Additional information on the jointly controlled companies accounted for under the proportionate consolidation method in the BBVA Group

			% Controlled by the Bank			Thousands of Euros (*)				
							Affiliate Entity Data			
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.12	Liabilities 12.31.12	Equity 12.31.12	Profit (Loss) 12.31.12
ADMINISTRADORA DE SOLUCIONES INTEGRALES, S.A. (ASI,S.A.)	URUGUAY	FINANCIAL SERVICES	-	34.00	34.00	1,464	8,172	1,003	4,353	2,816
ALTURA MARKETS, SOCIEDAD DE VALORES, S.A.	SPAIN	SECURITIES DEALER (REAL ESTATE)	50.01	-	50.00	12,600	861,710	828,428	30,381	2,901
ASOCIACION TECNICA CAJAS DE AHORROS, A.I.E. (ATCA, AIE)	SPAIN	SERVICES	-	31.00	31.00	2,146	8,878	1,952	6,924	2
DOMENIA CREDIT IFN SA	ROMANIA	FINANCIAL SERVICES	-	100.00	100.00	26,099	116,337	104,457	7,259	4,621
G NETHERLANDS BV	NETHERLANDS	INVESTMENT COMPANY	-	100.00	100.00	323,300	343,298	51,417	292,770	(889)
GARANTI BANK MOSCOW	RUSSIA	BANKING	-	100.00	100.00	91,545	351,050	280,186	63,014	7,850
GARANTI BANK SA	ROMANIA	BANKING	-	100.00	100.00	233,571	1,509,377	1,317,936	202,968	(11,527)
GARANTI BILISIM TEKNOLOJISI VE TIC. TAS	TURKEY	SERVICES	-	100.00	100.00	43,528	16,202	2,842	10,047	3,313
GARANTI EMEKLILIK VE HAYAT AS	TURKEY	INSURANCES SERVICES	-	84.91	84.91	24,010	1,812,518	1,569,933	186,816	55,769
GARANTI FACTORING HIZMETLERI AS	TURKEY	FINANCIAL SERVICES	-	81.84	81.84	55,609	828,866	784,278	35,946	8,642
GARANTI FINANSAL KIRALAMA A.S.	TURKEY	FINANCIAL SERVICES	-	99.96	99.96	47,023	1,207,423	982,677	205,009	19,737
GARANTI HIZMET YONETIMI A.S	TURKEY	FINANCIAL SERVICES	-	96.40	96.40	31	700	137	127	436
GARANTI HOLDING BV	NETHERLANDS	INVESTMENT COMPANY	-	100.00	100.00	322,889	324,493	14	324,532	(53)
MORTGAGE)	TURKEY	SERVICES	-	100.00	100.00	318	789	49	596	144
GARANTI ODEME SISTEMLERI A.S.(GOSAS)	TURKEY	FINANCIAL SERVICES	-	99.96	99.96	177	14,860	8,269	5,983	608
GARANTI PORTFOY YONETIMI AS	TURKEY	FINANCIAL SERVICES	-	100.00	100.00	3,580	9,280	1,553	6,542	1,185
GARANTI TEKNOLOJINET ILETISIM HIZ. VE TIC. A.S. (GARANTI TEKNOLOJINET)	TURKEY	SERVICES	-	99.99	99.99	21	235	-	249	(14)
GARANTI YATIRIM MENKUL KIYMETLER AS	TURKEY	FINANCIAL SERVICES	-	100.00	100.00	25,573	26,297	12,529	13,535	233
GARANTIBANK INTERNATIONAL NV	NETHERLANDS	BANKING	-	100.00	100.00	484,737	4,601,361	4,152,175	404,626	44,560
GOLDEN CLOVER STICHTING CUSTODY	NETHERLANDS	FINANCIAL SERVICES	-	100.00	100.00	125	125	-	125	-
INVERSIONES PLATCO, C.A.	VENEZUELA	FINANCIAL SERVICES	-	50.00	50.00	14,371	46,435	17,694	37,116	(8,375)
MOTORACTIVE IFN SA	ROMANIA	FINANCIAL SERVICES	-	100.00	100.00	38,423	93,101	79,162	12,375	1,564
PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	50.00	50.00	16,943	297,095	263,209	20,952	12,934
RALFI IFN SA	ROMANIA	FINANCIAL SERVICES	-	100.00	100.00	40,722	74,754	67,784	6,101	869
SAFEKEEPING CUSTODY COMPANY B.V.	NETHERLANDS	FINANCIAL SERVICES	-	100.00	100.00	18	18	-	18	-
STICHTING SAFEKEEPING	NETHERLANDS	INVESTMENT COMPANY	-	100.00	100.00	-	18	18	-	-
STICHTING UNITED CUSTODIAN	NETHERLANDS	FINANCIAL SERVICES	-	100.00	100.00	125	125	-	125	-
TURKIYE GARANTI BANKASI A.S	TURKEY	BANKING	25.01	-	25.01	3,919,527	67,710,108	58,661,918	7,700,755	1,347,435
UNNIM VIDA, S.A.DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES SERVICES	-	50.00	50.00	85,557	2,330,945	2,077,111	241,167	12,667

(*) Information on foreign companies at exchange rate on December 31, 2012

APPENDIX IV.

Additional information on investments and jointly controlled companies accounted for under the equity method of consolidation in the BBVA Group (includes the most significant companies that together represent 98% of total investments in these companies)

			% of Voting Rights Controlled by the Bank			Thousands of Euros (*)	Affiliate Entity Data			
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.12**	**Liabilities 12.31.12**	**Equity 12.31.12**	**Profit (Loss) 12.31.12**
ACA, S.A. SOCIEDAD DE VALORES	SPAIN	FINANCIAL SERVICES	-	37.50	37.50	5,397	144,645	122,525	22,075	45
ADQUIRA ESPAÑA, S.A.	SPAIN	SERVICES	-	40.00	40.00	2,443	14,834	9,239	5,093	502
ALMAGRARIO, S.A.	COLOMBIA	SERVICES	-	35.38	35.38	5,013	40,817	15,569	25,372	(124)
ALTITUDE SOFTWARE SGPS, S.A.	PORTUGAL	SERVICES	-	31.00	31.00	8,856	21,528	11,854	7,685	1,989
AUREA, S.A. (CUBA)	CUBA	REAL ESTATE	-	49.00	49.00	3,690	8,201	318	7,810	73
BBVA ELCANO EMPRESARIAL II, S.C.R., S.A.	SPAIN	VENTURE CAPITAL	45.00	-	45.00	23,774	55,041	8,799	50,878	(4,636)
BBVA ELCANO EMPRESARIAL, S.C.R., S.A.	SPAIN	VENTURE CAPITAL	45.00	-	45.00	23,787	55,063	8,798	50,879	(4,614)
CAMARATE GOLF, S.A.	SPAIN	REAL ESTATE	-	26.00	26.00	2,232	18,509	3,422	15,380	(293)
CHINA CITIC BANK CORPORATION LIMITED CNCB	CHINA	BANKING	15.00	-	15.00	5,372,496	339,005,737	317,093,086	18,485,732	3,426,919
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFH	HONG-KONG	FINANCIAL SERVICES	29.68	-	29.68	592,988	17,438,095	15,709,158	1,719,663	9,274
COMPAÑIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A.	SPAIN	FINANCIAL SERVICES	18.81	-	18.81	15,166	81,261	7,543	62,780	10,938
COMPAÑIA MEXICANA DE PROCESAMIENTO, S.A. DE C.V.	MEXICO	SERVICES	-	50.00	50.00	5,849	13,829	3,580	8,957	1,292
CORPORACION IBV PARTICIPACIONES EMPRESARIALES, S.A.	SPAIN	INVESTMENT COMPANY	-	50.00	50.00	135,312	491,944	220,636	258,924	12,384
FERROMOVIL 3000, S.L.	SPAIN	SERVICES	-	20.00	20.00	5,886	613,789	584,601	28,809	378
FERROMOVIL 9000, S.L.	SPAIN	SERVICES	-	20.00	20.00	4,379	390,730	369,131	21,416	183
I+D MEXICO, S.A. DE C.V.	MEXICO	SERVICES	-	50.00	50.00	15,423	73,235	33,707	27,751	11,778
LAS PEDRAZAS GOLF, S.L.	SPAIN	REAL ESTATE	-	50.00	50.00	2,013	69,595	55,463	16,433	(2,301)
METROVACESA, S.A.	SPAIN	REAL ESTATE	17.34	0.02	17.36	317,122	5,931,662	5,442,084	651,807	(162,229)
OCCIDENTAL HOTELES MANAGEMENT, S.L.	SPAIN	SERVICES	-	38.53	38.53	67,207	688,238	485,330	242,852	(39,944)
REDSYS SERVICIOS DE PROCESAMIENTO, S.L.	SPAIN	FINANCIAL SERVICES	16.08	1.160	17.24	2,477	85,742	78,588	6,012	1,142
ROMBO COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	40.00	40.00	17,052	268,379	243,804	18,470	6,105
SERVICIOS DE ADMINISTRACION PREVISIONAL, S.A.	CHILE	#N/A		37.87	37.87	7,534	23,131	9,042	4,883	9,206
SERVICIOS ELECTRONICOS GLOBALES, S.A. DE C.V.	MEXICO	SERVICES		46.14	46.14	4,937	21,381	11,606	9,405	369
SERVICIOS ON LINE PARA USUARIOS MULTIPLES, S.A. (SOLIUM)	SPAIN	SERVICES		66.67	66.67	4,808	17,076	13,208	3,344	525
SERVIRED SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A.	SPAIN	FINANCIAL SERVICES	21.06	1.53	22.59	8,356	65,934	32,904	27,774	5,256
TELEFONICA FACTORING ESPAÑA, S.A.	SPAIN	FINANCIAL SERVICES	30.00		30.00	4,319	80,860	68,040	6,849	5,971
TUBOS REUNIDOS, S.A.	SPAIN	INDUSTRY		24.12	24.12	53,686	693,867	455,541	213,891	24,435
VITAMEDICA S.A DE C.V.	MEXICO	INSURANCES SERVICES		50.99	50.99	2,666	13,278	6,425	5,847	1,006
OTHER COMPANIES						88,275				
						6,803,143	366,426,400	341,103,999	22,006,772	3,315,629

(*) Information on foreign companies at exchange rate on December 31, 2012

APPENDIX V. Changes and notification of investments and divestments in the BBVA Group in 2012

Acquisitions or Increases of Interest Ownership in Consolidated Subsidiaries and Jointly Controlled Companies Accounted for Under the Proportionate Method

Company	Type of Transaction	Activity	Thousands of Euros		% of Voting Rights		Effective Date for the Transaction (or Notification Date)
			Price Paid in the Transactions + Expenses directly attributable to the Transactions	Fair Value of Equity Instruments issued for the Transactions	% Participation (net) Acquired in the Period	Total Voting Rights Controlled after the Transactions	
MOMENTUM SOCIAL INVESTMENT 2011, S.L.	FOUNDING	INVESTMENT COMPANY	3	-	100.00%	100.00%	2/29/2012
UNNIM BANC, S.A.	ACQUISITION	BANKING	-	-	100.00%	100.00%	7/27/2012
ARRAHONA AMBIT, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
ARRAHONA IMMO, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
ARRAHONA NEXUS, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
ARRAHONA RENT, S.L.U.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
ARRELS CT FINSOL, S.A.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
ARRELS CT LLOGUER, S.A.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
ARRELS CT PATRIMONI I PROJECTES, S.A.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
ARRELS CT PROMOU, S.A.	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	7/27/2012
ASOCIACION TECNICA CAJAS DE AHORROS, A.I.E. (ATCA, AIE)	ACQUISITION	SERVICES	-	-	31.00%	31.00%	7/27/2012
AUMERAVILLA, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
CAIXA DE MANLLEU PREFERENTS, S.A.	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	7/27/2012
CAIXA TERRASSA BORSA, SICAV, S.A.	ACQUISITION	VARIABLE CAPITAL	-	-	99.59%	99.59%	7/27/2012
CAIXA TERRASSA RENDA FIXA, SICAV, S.A.	ACQUISITION	VARIABLE CAPITAL	-	-	99.53%	99.53%	7/27/2012
CAIXA TERRASSA RF MIXTA, SICAV, S.A.	ACQUISITION	VARIABLE CAPITAL	-	-	98.25%	98.25%	7/27/2012
CAIXA TERRASSA VIDA 1, SICAV, S.A.	ACQUISITION	VARIABLE CAPITAL	-	-	98.57%	98.57%	7/27/2012
CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, S.A.U.	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	7/27/2012
CAIXASABADELL PREFERENTS, S.A.	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	7/27/2012
CAIXASABADELL TINELIA, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	7/27/2012
CAIXASABADELL VIDA, S.A. COMPANYA D'ASSEGURANCES IREASSEGURANCES	ACQUISITION	INSURANCES SERVICES	-	-	50.00%	50.00%	7/27/2012
CATALONIA GEBIRA, S.L,	ACQUISITION	REAL ESTATE	-	-	81.66%	81.66%	7/27/2012
CATALONIA PROMODIS 4, S.A.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
ECOARENYS, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	7/27/2012
L'EIX IMMOBLES, S.L.	ACQUISITION	REAL ESTATE	-	-	90.00%	90.00%	7/27/2012
ESPAIS SABADELL, S.A.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
HABITATGES INVERCAP, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
INVERPRO DESENVOLUPAMENT, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	7/27/2012
ITINERARI 2002, S.L.	ACQUISITION	SERVICES	-	-	52.08%	52.08%	7/27/2012
PARCSUD PLANNER, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
PROMOTORA DEL VALLES, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	7/27/2012
PROMOU CT 3AG DELTA, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
PROMOU CT EIX MACIA, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
PROMOU CT GEBIRA, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
PROMOU CT OPENSEGRE, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
PROMOU CT VALLES, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
PROMOU GLOBAL, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
PROV-INFI-ARRAHONA, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	7/27/2012
SELECTIVA CAPITAL SICAV, S.A.	ACQUISITION	VARIABLE CAPITAL	-	-	50.81%	50.81%	7/27/2012
SERVICIOS Y SOLUCIONES DE GESTION PARA CORPORACIONES, EMPRESAS Y PARTICULARES, S.L.	ACQUISITION	SERVICES	-	-	100.00%	100.00%	7/27/2012
UNNIM GESFONS SGIIC, S.A.	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	7/27/2012
UNNIM VIDA, S.A.DE SEGUROS Y REASEGUROS	ACQUISITION	INSURANCES SERVICES	-	-	50.00%	50.00%	7/27/2012
UNNIM PROTECCIO, S.A.	ACQUISITION	INSURANCES SERVICES	-	-	50.00%	50.00%	7/27/2012
UNNIM SERVEIS DE DEPENDENCIA, S.A.	ACQUISITION	SERVICES	-	-	100.00%	100.00%	7/27/2012
UNNIMCAIXA OPERADOR DE BANCA D'ASSEGURANCES VINCULAT, S.L.	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	7/27/2012
BBVA & PARTNERS SICAV SIF EQUITY ARBITRAGE MASTER SIF	ACQUISITION	VARIABLE CAPITAL	-	-	100.00%	100.00%	12/31/2012
INNOVATION 4 SECURITY, S.L.	FOUNDING	SERVICES	74	-	100.00%	100.00%	12/31/2012
INVERSIONES DE INNOVACIÓN EN SERVICIOS FINANCIEROS, S.L.	FOUNDING	INVESTMENT COMPANY	3	-	100.00%	100.00%	12/31/2012
UNNIM SOCIEDAD PARA LA GESTION DE ACTIVOS INMOBILIARIOS, S.A.	FOUNDING	REAL ESTATE	-	-	100.00%	100.00%	12/31/2012
FIDEICOMISO HARES BBVA BANCOMER F/ 47997-2	DILUTION EFFECT	REAL ESTATE	-	-	7.82%	97.79%	12/31/2012
IMOBILIARIA DUQUE D'AVILA, S.A.	ACQUISITION	REAL ESTATE	4,249	-	50.00%	100.00%	12/31/2012

Disposals or Reduction of Interest Ownership in Consolidated Subsidiaries and Jointly Controlled Companies Accounted for Under the Proportionate Method

Company	Type of Transaction	Activity	Thousands of Euros	% of Voting Rights		
			Profit (Loss) in the Transaction	% Participation Sold in the Period	Total Voting Rights Controlled after the Disposal	Effective Date for the Transaction (or Notification Date)
INVERSORA OTAR, S.A.(1)	MERGER	INVESTMENT COMPANY	-	99.96%	-	4/2/2012
CONSOLIDAR ASEGURADORA DE RIESGOS DEL TRABAJO, S.A.	DISPOSAL	INSURANCES SERVICES	(2,663)	100.00%	-	3/31/2012
BBVA BANCO FRANCES, S.A.	DISPOSAL	BANKING	-	0.05%	75.99%	4/30/2012
PROXIMA ALFA SERVICES LTD.	LIQUIDATION	FINANCIAL SERVICES	(2,319)	100.00%	-	7/31/2012
PROXIMA ALFA INVESTMENTS (UK) LLP	LIQUIDATION	FINANCIAL SERVICES	1,081	51.00%	-	7/31/2012
SMARTSPREAD LIMITED (UK)	LIQUIDATION	SERVICES	(50)	100.00%	-	7/31/2012
BBVA COMPASS CONSULTING & BENEFITS, INC(2)	MERGER	FINANCIAL SERVICES	-	100.00%	-	8/31/2012
BBVA ASSET MANAGEMENT (IRELAND) LIMITED	LIQUIDATION	FINANCIAL SERVICES	(1)	100.00%	-	9/30/2012
CASA DE CAMBIO MULTIDIVISAS, S.A. DE C.V.	LIQUIDATION	SERVICES	(13)	100.00%	-	10/31/2012
CAIXASABADELL VIDA, S.A. COMPANYA D'ASSEGURANCES IREASSEGURANCES (3)	MERGER	INSURANCES SERVICES	-	50.00%	-	10/31/2012
SELECTIVA CAPITAL SICAV, S.A.	LIQUIDATION	VARIABLE CAPITAL	(1)	50.81%	-	10/31/2012
BBVA & PARTNERS ALTERNATIVE INVESTMENT, S.A.(4)	MERGER	SECURITIES DEALER	-	100.00%	-	11/30/2012
CAIXA TERRASSA BORSA, SICAV, S.A.	LIQUIDATION	VARIABLE CAPITAL	(2,359)	100,00%	-	11/30/2012
CAIXA TERRASSA RENDA FIXA, SICAV, S.A.	LIQUIDATION	VARIABLE CAPITAL	(1,615)	100.00%	-	11/30/2012
CAIXA TERRASSA RF MIXTA, SICAV, S.A.	LIQUIDATION	VARIABLE CAPITAL	(3,387)	99.89%	-	11/30/2012
CAIXA TERRASSA VIDA 1, SICAV, S.A.	LIQUIDATION	VARIABLE CAPITAL	4,883	99.99%	-	11/30/2012
BANCO BILBAO VIZCAYA ARGENTARIA PUERTO RICO	DISPOSAL	BANKING	-	100.00%	-	12/31/2012
BBVA SEGUROS INC.	DISPOSAL	FINANCIAL SERVICES	-	100.00%	-	12/31/2012
BBVAPR HOLDING CORPORATION	DISPOSAL	INVESTMENT COMPANY	(14,881)	100.00%	-	12/18/2012
BBVA SECURITIES OF PUERTO RICO, INC.	DISPOSAL	FINANCIAL SERVICES	-	100.00%	-	12/31/2012
DESARROLLADORA Y VENDEDORA DE CASAS, S.A	LIQUIDATION	REAL ESTATE	(40)	100.00%	-	12/31/2012
APLICA SOLUCIONES ARGENTINAS, S.A.	LIQUIDATION	SERVICES	1,254	100.00%	-	12/31/2012
ANIDA OPERACIONES SINGULARES, S.L.(5)	MERGER	REAL ESTATE	-	100.00%	-	12/31/2012
BBVA NOMINEES LIMITED	PERCENTAGE CORRECTION	SERVICES	-	5.00%	95.00%	12/31/2012

(1) Acquiring company: BBVA BANCO FRANCES, S.A.
(2) Acquiring company: BBVA COMPASS INSURANCE AGENCY, INC
(3) Acquiring company: UNNIM VIDA, S.A.
(4) Acquiring company: BBVA SEGUROS, S.A.

Business Combinations and Other Acquisitions or Increases of Interest Ownership in Associates and Jointly Controlled Companies Accounted for Under the Equity Method

Company	Type of Transaction	Activity	Thousands of Euros		% of Voting Rights		Effective Date for the Transaction (or Notification Date)
			Price Paid in the Transactions + Expenses Directly Attributable to the Transactions	Fair Value of Equity Instruments Issued for the Transactions	% Participation (Net) Acquired in the Period	Total Voting Rights Controlled After the Transactions	
METROVACESA, S.A.	ACQUISITION	REAL ESTATE	364,055	-	17.34%	17.34%	1/1/2012
AC HOTEL MANRESA, S.L.	ACQUISITION	SERVICES	-	-	50.00%	50.00%	7/27/2012
ACA, S.A. SOCIEDAD DE VALORES	ACQUISITION	FINANCIAL SERVICES	-	-	37.50%	37.50%	7/27/2012
ACTIVA CT BADEBAÑO, S.L.	ACQUISITION	COMMERCIAL	-	-	50.00%	50.00%	7/27/2012
ARRAHONA GARRAF, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	7/27/2012
AXIACOM-CRI, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	7/27/2012
BALMA HABITAT, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	7/27/2012
CONNEX GARRAF, S.L.	ACQUISITION	REAL ESTATE	-	-	33.33%	33.33%	7/27/2012
DOBIMUS, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	7/27/2012
FRIGEL, S.L	ACQUISITION	SERVICES	-	-	17.99%	17.99%	7/27/2012
GARRAF MEDITERRANIA, S.A.	ACQUISITION	REAL ESTATE	-	-	45.29%	45.29%	7/27/2012
GESTIO CASA JOVE, S.L.	ACQUISITION	REAL ESTATE	-	-	31.00%	31.00%	7/27/2012
HABITATGES CIMIPRO, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	7/27/2012
HABITATGES FINVER, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	7/27/2012
HABITATGES INVERVIC, S.L.	ACQUISITION	REAL ESTATE	-	-	35.00%	35.00%	7/27/2012
HABITATGES JUVIPRO, S.L.	ACQUISITION	REAL ESTATE	-	-	40.00%	40.00%	7/27/2012
HABITATGES LLULL, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	7/27/2012
NOVA LLAR SANT JOAN, S.A.	ACQUISITION	REAL ESTATE	-	-	35.00%	35.00%	7/27/2012
NUCLI, S.A.	ACQUISITION	REAL ESTATE	-	-	29.47%	29.47%	7/27/2012
PROBIS AIGUAVIVA, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	7/27/2012
PROMOCIONS CAN CATA, S.L.	ACQUISITION	REAL ESTATE	-	-	64.29%	64.29%	7/27/2012
PROMOU CT MEDEA, S.L.	ACQUISITION	REAL ESTATE	-	-	51.00%	51.00%	7/27/2012
REDSYS SERVICIOS DE PROCESAMIENTO, S.L.	ACQUISITION	FINANCIAL SERVICES	-		0.94%	17.13%	7/27/2012
RESIDENCIAL PEDRALBES-CARRERAS, S.L.	ACQUISITION	REAL ESTATE	-	-	25.00%	25.00%	7/27/2012
RESIDENCIAL SARRIA-BONANOVA, S.L.	ACQUISITION	REAL ESTATE	-	-	25.53%	25.53%	7/27/2012
SBD CEAR, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	7/27/2012
SABADELL CREIXENT, S.A.	ACQUISITION	REAL ESTATE	-	-	23.05%	23.05%	7/27/2012
SBD LLOGUER SOCIAL, S.A.	ACQUISITION	REAL ESTATE	-	-	20.00%	20.00%	7/27/2012
SOLARVOLAR, S.L.	ACQUISITION	REAL ESTATE	-	-	45.00%	45.00%	7/27/2012
VANTOUREIX, S.L.	ACQUISITION	REAL ESTATE	-	-	40.72%	40.72%	7/27/2012
VIC CONVENT, S.L.	ACQUISITION	REAL ESTATE	-	-	25.00%	25.00%	7/27/2012
PAGO, S.A.	ACQUISITION	FINANCIAL SERVICES	-	-	1.24%	22.59%	7/31/2012
REDSYS SERVICIOS DE PROCESAMIENTO, S.L.	ACQUISITION	FINANCIAL SERVICES	44	-	0.12%	17.24%	10/31/2012
SOCIEDAD ADMINISTRADORA DE FONDOS DE CESANTIA DE CHILE II, S.A.	FOUNDING	FINANCIAL SERVICES	3,664	-	48.60%	48.60%	10/31/2012

Disposal or Reduction of Interest Ownership in Associates and Jointly Controlled Companies Accounted for Under the Equity Method

Company	Type of Transaction	Activity	Thousands of Euros Profit (Loss) in the Transaction	% of Voting Rights % Participation Sold in the Period	% of Voting Rights Total Voting Rights Controlled after the Disposal	Effective Date for the Transaction (or Notification Date)
COMPAÑIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A.	DISPOSAL	FINANCIAL SERVICES	(57)	-3.01%	18.81%	7/31/2012
NOVA ICARIA, S.A	DISPOSAL	REAL ESTATE	744	26.42%	-	9/30/2012
IMOBILIARIA DAS AVENIDAS NOVAS, S.A.	DISPOSAL	REAL ESTATE	(38)	49.97%	-	11/31/2012

Changes in other Companies quoted recognize as Available-For-Sale

Company	Type of Transaction	Activity	% of voting rights % Participation Acquired (Sold) in the Period	% of voting rights Totally Controlled after Transaction	Effective Date for the Transaction (or Notification Date)
COMPANYIA D'AIGUES DE SABADELL SA.	ACQUISITION	SERVICES	7.26%	7.26%	7/27/2012

APPENDIX VI.

Fully consolidated subsidiaries with more than 10% owned by non-Group shareholders as of December 31, 2012

		% of Voting Rights Controlled by the Bank		
Company	**Activity**	**Direct**	**Indirect**	**Total**
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	BANKING	-	68.18	68.18
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	BANKING	1.85	53.75	55.60
BBVA INMOBILIARIA E INVERSIONES, S.A.	REAL ESTATE	-	68.11	68.11
CATALONIA GEBIRA, S.L,	REAL ESTATE	-	81.66	81.66
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	REAL ESTATE	-	72.50	72.50
ECOARENYS, S.L.	REAL ESTATE	-	50.00	50.00
EL OASIS DE LAS RAMBLAS, S.L.	REAL ESTATE	-	70.00	70.00
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SERVICES	-	51.00	51.00
FORUM DISTRIBUIDORA, S.A.	FINANCIAL SERVICES	-	75.52	75.52
FORUM SERVICIOS FINANCIEROS, S.A.	FINANCIAL SERVICES	-	75.50	75.50
GESTION DE PREVISION Y PENSIONES, S.A.	PENSION FUNDS MANAGEMENT	60.00	-	60.00
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.	SERVICES	-	72.05	72.05
HOLDING CONTINENTAL, S.A.	INVESTMENT COMPANY	50.00	-	50.00
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	IN LIQUIDATION	48.00	-	48.00
INVERSIONES P.H.R.4, C.A.	IN LIQUIDATION	-	60.46	60.46
ITINERARI 2002, S.L.	SERVICES	-	52.08	52.08
PRO-SALUD, C.A.	SERVICES	-	58.86	58.86
UNNIM PROTECCIO, S.A.	INSURANCES	-	50.00	50.00

APPENDIX VII.

BBVA Group's securitization funds

Securitization Fund	Company	Origination Date	Thousands of Euros	
			Total Securitized Exposures at the Origination Date	Total Securitized Exposures as of December 31, 2012
BBVA AUTOS I FTA	BBVA, S.A.	10/2004	1,000,000	10,247
BBVA-3 FTPYME FTA	BBVA, S.A.	11/2004	1,000,023	42,075
BBVA AUTOS 2 FTA	BBVA, S.A.	12/2005	1,000,000	109,328
BBVA HIPOTECARIO 3 FTA	BBVA, S.A.	06/2005	1,450,013	175,322
BBVA-4 PYME FTA	BBVA, S.A.	09/2005	1,250,025	62,711
BBVA CONSUMO 1 FTA	BBVA, S.A.	05/2006	1,499,999	140,649
BBVA-5 FTPYME FTA	BBVA, S.A.	10/2006	1,900,022	176,084
BCL MUNICIPIOS I FTA	BBVA, S.A.	06/2000	1,205,059	96,389
2 PS RBS (ex ABN)	BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	09/2002	8,869	5,954
2 PS INTERAMERICANA	BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	10/2004	33,931	12,378
BBVA CONSUMO 2 FTA	BBVA, S.A.	11/2006	1,500,000	201,278
BBVA CONSUMO 3 FTA	BBVA, S.A.	04/2008	975,000	197,011
BBVA CONSUMO 4 FTA	BBVA, S.A.	12/2009	1,100,000	465,709
BBVA CONSUMO 5 FTA	BBVA, S.A.	12/2010	899,999	630,375
BBVA UNIVERSALIDAD E10	BBVA COLOMBIA, S.A.	03/2009	31,855	6,647
BBVA UNIVERSALIDAD E11	BBVA COLOMBIA, S.A.	05/2009	21,029	4,553
BBVA UNIVERSALIDAD E12	BBVA COLOMBIA, S.A.	08/2009	33,782	5,652
BBVA UNIVERSALIDAD E5	BBVA COLOMBIA, S.A.	11/2004	149,578	1,477
BBVA UNIVERSALIDAD E9	BBVA COLOMBIA, S.A.	12/2008	60,402	12,799
BBVA EMPRESAS 1 FTA	BBVA, S.A.	11/2007	1,450,002	200,603
BBVA EMPRESAS 2 FTA	BBVA, S.A.	03/2009	2,850,062	885,760
BBVA EMPRESAS 3 FTA	BBVA, S.A.	12/2009	2,600,011	748,655
BBVA EMPRESAS 4 FTA	BBVA, S.A.	07/2010	1,700,025	610,289
BBVA EMPRESAS 5 FTA	BBVA, S.A.	03/2011	1,250,050	674,607
BBVA EMPRESAS 6 FTA	BBVA, S.A.	12/2011	1,200,154	848,534
BACOMCB 07	BBVA BANCOMER, S.A.	12/2007	153,833	75,399
BACOMCB 08	BBVA BANCOMER, S.A.	03/2008	67,196	35,815
BACOMCB 08U	BBVA BANCOMER, S.A.	08/2008	331,439	221,157
BACOMCB 08-2	BBVA BANCOMER, S.A.	12/2008	338,880	189,935
BACOMCB 09	BBVA BANCOMER, S.A.	08/2009	380,865	263,691
BBVA-FINANZIA AUTOS 1 FTA	BBVA, S.A.	04/2007	800,000	115,463
GAT FTGENCAT 2005 FTA	BBVA, S.A.	12/2005	249,943	26,498
BBVA RMBS 1 FTA	BBVA, S.A.	02/2007	2,500,000	1,572,908
BBVA RMBS 2 FTA	BBVA, S.A.	03/2007	5,000,000	3,084,441
BBVA RMBS 3 FTA	BBVA, S.A.	07/2007	3,000,000	2,077,864
BBVA RMBS 5 FTA	BBVA, S.A.	05/2008	5,000,001	3,502,435
BBVA RMBS 9 FTA	BBVA, S.A.	04/2010	1,295,101	1,155,921
BBVA RMBS 10 FTA	BBVA, S.A.	06/2011	1,600,065	1,523,242
BBVA RMBS 11 FTA	BBVA, S.A.	06/2012	1,400,077	1,371,357
BBVA LEASING 1 FTA	BBVA, S.A.	06/2007	2,500,000	402,150
BBVA UNIVERSALIDAD N6	BBVA COLOMBIA, S.A.	08/2012	91,433	83,665
PEP80040F110	BANCO CONTINENTAL,S.A.	12/2007	7,423	5,193
BBVA-6 FTPYME FTA	BBVA, S.A.	06/2007	1,500,101	211,782
BBVA-7 FTGENCAT FTA	BBVA, S.A.	02/2008	250,010	49,287
BBVA-8 FTPYME FTA	BBVA, S.A.	07/2008	1,100,127	266,618
BBVA PYME 9 FTA	BBVA, S.A.	12/2012	470,035	464,782
FTA TDA11	UNNIM BANC, S.A.	02/2000	140,287	9,596
FTA TDA12	UNNIM BANC, S.A.	07/2000	83,727	8,965
FTA TDA13	UNNIM BANC, S.A.	12/2000	84,142	11,158
FTA TDA15 MIXTO	UNNIM BANC, S.A.	11/2002	84,282	18,045
FTA TDA-18 MIXTO	UNNIM BANC, S.A.	11/2003	91,000	21,979
FTA AYT CONSUMO III	UNNIM BANC, S.A.	08/2004	60,000	6,715
FTA TDA-22 MIXTO	UNNIM BANC, S.A.	12/2004	62,000	24,576
FTA AYT-FTPYME II	UNNIM BANC, S.A.	12/2004	25,000	310
FTA IM-1 FTGENCAT	UNNIM BANC, S.A.	12/2005	320,000	48,766
FTA IM TERRASSA MBS-1	UNNIM BANC, S.A.	07/2006	525,000	223,496
FTA TDA-27	UNNIM BANC, S.A.	12/2006	275,000	158,960
FTA TDA-28	UNNIM BANC, S.A.	07/2007	250,000	163,463
FTA GAT FTGENCAT 2007	UNNIM BANC, S.A.	11/2007	225,000	85,426
FTA GAT FTGENCAT 2008	UNNIM BANC, S.A.	08/2008	350,000	192,429
GAT ICO FTVPO 1, F.T.H	UNNIM BANC, S.A.	06/2009	40,000	28,127
AYT HIPOTECARIO MIXTO, FTA	UNNIM BANC, S.A.	03/2004	100,000	30,824
TDA 20-MIXTO, FTA	UNNIM BANC, S.A.	06/2004	100,000	32,588
AYT HIPOTECARIO MIXTO IV, FTA	UNNIM BANC, S.A.	06/2005	100,000	40,048
AYT HIPOTECARIO MIXTO V, FTA	UNNIM BANC, S.A.	07/2006	120,000	72,061
GC FTGENCAT CAIXA SABADELL 1, FTA	UNNIM BANC, S.A.	10/2006	304,500	107,159
AYT CAIXA SABADELL HIPOTECARIO I, FTA	UNNIM BANC, S.A.	07/2008	300,000	253,458
GC FTGENCAT CAIXA SABADELL 2, FTA	UNNIM BANC, S.A.	12/2008	238,000	112,188
AYT 1 HIPOTECARIO, FTH	UNNIM BANC, S.A.	06/1999	149,040	6,198
GC FTPIME UNNIM 1, FTA	UNNIM BANC, S.A.	12/2011	275,000	214,066
2 PS INTERAMERICANA	BBVA CHILE, S.A.	10/2004	12,358	4,508
2 PS INTERAMERICANA	BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	10/2004	21,573	7,870

APPENDIX VIII.

Details of the outstanding subordinated debt and preferred securities issued by the Bank as of December 31, 2012 and 2011

Issue Type and data	Millions of Euros 2012	2011	Interest rate in force in 2012	Fix (F) or Variable (V)	Maturity date
Non-convertible					
July-96	27	27	9.37%	F	12/22/2016
October-04	628	992	4.37%	V	10/20/2019
February-07	255	297	4.50%	V	2/16/2022
March-08	125	125	6.03%	V	3/3/2033
July-08	100	100	6.20%	F	7/4/2023
Convertible					
September-09	-	-			
December-11	1,238	3,430	6.50%	F	6/30/2013
Subtotal	**2,373**	**4,971**			
Subordinated deposits	**2,484**	**4,453**			
Total	**4,857**	**9,424**			

APPENDIX IX.

Balance sheets held in foreign currency as of December 31, 2012 and 2011

	Millions of Euros			
2012	**USD**	**Pounds Sterling**	**Other Currencies**	**TOTAL**
Assets -				
Financial assets held for trading	2,644	325	777	**3,746**
Available-for-sale financial assets	476	92	187	**755**
Loans and receivables	10,951	1,588	2,204	**14,743**
Investments	8,550	-	16,038	**24,588**
Tangible assets	12	7	3	**22**
Rest	463	260	242	**965**
Total	**23,096**	**2,272**	**19,451**	**44,820**
Liabilities -				
Financial assets held for trading	1,779	333	493	**2,605**
Financial liabilities at amortized cost	21,574	2,846	768	**25,188**
Rest	31	64	29	**124**
Total	**23,384**	**3,243**	**1,290**	**27,917**

	Millions of Euros			
2011	**USD**	**Pounds Sterling**	**Other Currencies**	**TOTAL**
Financial assets held for trading	2,242	328	947	**3,517**
Available-for-sale financial assets	848	206	172	**1,226**
Loans and receivables	16,397	1,598	4,027	**22,022**
Investments	14,319	-	9,976	**24,295**
Tangible assets	6	3	5	**14**
Rest	1,448	55	37	**1,540**
Total	**35,260**	**2,190**	**15,164**	**52,614**
Liabilities -				
Financial assets held for trading	1,956	332	1,216	**3,504**
Financial liabilities at amortized cost	19,795	3,670	2,540	**26,005**
Rest	21	38	41	**100**
Total	**21,772**	**4,040**	**3,797**	**29,609**

APPENDIX X.

Income statement corresponding to the first and second half of 2012 and 2011

	Millions of Euros			
	1H12	1H11	2H12	2H11
INTEREST AND SIMILAR INCOME	4,750	4,549	4,349	5,119
INTEREST EXPENSE AND SIMILAR CHARGES	(2,580)	(2,594)	(2,295)	(3,059)
INCOME FROM EQUITY INSTRUMENTS	-	-	-	-
NET INTEREST INCOME	**2,170**	**1,955**	**2,054**	**2,060**
INCOME FROM EQUITY INSTRUMENTS	2,092	1,281	3,025	2,261
FEE AND COMMISSION INCOME	866	874	864	849
FEE AND COMMISSION EXPENSES	(156)	(140)	(166)	(157)
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (NET)	492	320	495	170
EXCHANGE DIFFERENCES	(139)	122	(168)	(50)
OTHER OPERATING INCOME	51	51	42	52
OTHER OPERATING EXPENSES	(142)	(61)	(130)	(68)
GROSS INCOME	**5,234**	**4,402**	**6,016**	**5,117**
ADMINISTRATION COSTS	(1,796)	(1,771)	(1,872)	(1,870)
Personnel expenses	(1,119)	(1,109)	(1,145)	(1,169)
General expenses	(677)	(662)	(727)	(701)
AMORTIZATION	(182)	(153)	(198)	(169)
PROVISIONS (NET)	(170)	(315)	(799)	(477)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(2,301)	(859)	(3,367)	(1,229)
NET OPERATING INCOME	**785**	**1,304**	**(220)**	**1,372**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	1	(10)	542	(1,500)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	17	13	(3)	-
NEGATIVE GOODWILL IN BUSINESS COMBINATIONS	-	-	-	-
GAINS AND LOSSES ON NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED TRANSACTIONS	(244)	(66)	(244)	(178)
INCOME BEFORE TAX	**559**	**1,241**	**75**	**(306)**
INCOME TAX	414	(139)	337	601
INCOME FROM CONTINUING TRANSACTIONS	**973**	**1,102**	**412**	**295**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	32	27	11	4
PROFIT FOR THE YEAR	**1,005**	**1,129**	**423**	**299**

APPENDIX XI.

Information on data derived from the special accounting registry

Information required pursuant to Circular 5/2011 of the Bank of Spain is indicated as follows.

a) Mortgage market policies and procedures

The Bank has express policies and procedures in place regarding its activities in the mortgage market, which provide for full compliance with applicable legislation pursuant to Royal Decree 716/2009, of 24 April, 2009 implementing certain aspects of Act 2/1981, of 25 March 1981, regulating the mortgage market and other standards of the mortgage and financial system.

The mortgage granting policy is based in principles focused on assessing the adequate ratio between the amount of the loan, and the payments, and the net income of the applicant. Applicants must in all cases prove sufficient repayment ability (present and future) to meet their repayment obligations, for both the mortgage debt and for other debts detected in the financial system, and even those from an estimate of their current expenses deduced from socio-demographic information. Therefore, the applicant's repayment ability is a key aspect within the credit decision-making tools and retail risk acceptance manuals, and has a high weighting in the final decision.

During the mortgage risk transaction analysis process , documentation supporting the applicant's income (payroll, etc.) is required, and the applicant's position in the financial system is checked through automated default database queries (internal and external), as well as verification in CIRBE. This information is used for calculation purposes in order to determine the level of indebtedness/compliance with the rest of the system. This documentation is kept in the transaction's file.

In addition, the mortgage granting policy assesses the adequate ratio between the amount of the loan and the appraisal value of the mortgaged asset. If an appropriate level is not exceeded, additional collateral is required to reinforce the transaction's hedging. The policy also establishes that the property to be mortgaged be appraised by an independent appraisal company unrelated to the Group and authorized by the Bank of Spain. BBVA selects those companies whose reputation, standing in the market and independence ensure that their appraisals adapt to the market reality in each region. Each appraisal is reviewed and checked before the loan is granted by BBVA staff and, in those cases where the loan is finally granted, it is kept in the transaction's file.

As for issues related to the mortgage market, the Group's Finance Division annually defines the wholesale finance issue strategy, and more specifically mortgage bond issues, such as mortgage covered bonds or mortgage securitization. The Assets and Liabilities Committee ("ALCO") tracks the budget monthly. The volume and type of assets in these transactions is determined in accordance with the wholesale finance plan, the trend of the Bank's "Loans and receivables" outstanding balances and market conditions.

The Board of Directors of the Bank authorizes each of the issues of Mortgage Transfer Certificate and/or Mortgage Participation issued by BBVA to securitize loans and mortgage loans, as well as the establishment of a Base Prospectus for the issue of fixed-income securities through which the mortgage-covered bonds are implemented, based on the agreements for the issue of fixed-income securities approved by the Annual General Meeting.

As established in article 24 of Royal Decree 716/2009, the volume of unmatured mortgage-covered bonds issued by a bank may not exceed 80% of a calculation base determined by adding the non-amortized capital of all the loans and mortgage loans in the bank's portfolio that are eligible and are not covered by the issue of Mortgage Bonds, Mortgage Participations or Mortgage Transfer Certificates. For these purposes, in accordance with the aforementioned Royal Decree 716/2009, in order to be eligible, loans and mortgage loans must: (i) be secured by a first mortgage on the freehold; (ii) the loan's amount may not exceed 80% of the appraisal value for home mortgages, and 60% for other mortgage lending; (iii) be established on assets exclusively and wholly owned by the mortgagor; (iv) have been appraised by an independent appraisal company unrelated to the Group and authorized by the Bank of Spain; and (v) the mortgaged property must be covered at least by a current damage insurance policy.

The Bank has set up a series of controls for mortgage covered bonds, which regularly control the total volume of issued mortgage covered bonds issued and the remaining eligible collateral, to avoid exceeding the maximum limit set by Royal Decree 716/2009, and outlined in the preceding paragraph. In the case of securitizations, the preliminary portfolio of loans and mortgage loans to be securitized is checked by the Bank's external auditor as required by the Spanish Securities and Exchange Commission. There is also a series of filters through which some mortgage loans and credits are excluded in accordance with legal, commercial and risk concentration criteria.

b) Quantitative information on activities in the mortgage market

The quantitative information on activities in the mortgage market required by Bank of Spain Circular 5/2011 is shown below.

b.1) Assets operation

		Millions of Euros	
Mortgage loans. **Eligibility for the purpose of the mortgage market.**		**December 2012**	**December 2011**
Nominal value of outstanding loans and mortgage loans	(A)	101,350	107,437
Minus: Nominal value of all outstanding loans and mortgage loans that form part of the portfolio, but have been mobilized through mortgage bond holdings or mortgage transfer certificates.	(B)	(17,605)	(31,962)
Nominal value of outstanding loans and mortgage loans, excluding securitized loans	**(A)-(B)**	**83,745**	**75,475**
Of which:		-	
Loans and mortgage loans which would be eligible if the calculation limits set forth in Article 12 of Spanish Royal Decree 716/2009 were not applied.	(C)	69,598	60,335
Minus: Loans and mortgage loans which would be eligible but, according to the criteria set forth in Article 12 of Spanish Royal Decree 716/2009, cannot be used to collateralize any issuance of mortgage bonds.	(D)	(5,833)	(4,287)
Eligible loans and mortgage loans that, according to the criteria set forth in Article 12 of Spanish Royal Decree 716/2009, can be used as collateral for the issuance of mortgage bonds	**(C)-(D)**	**63,765**	**56,048**
Issuance limit: 80% of eligible loans and mortgage loans that can be used as collateral	(E)	51,012	44,839
Issued mortgage-covered bonds	**(F)**	**50,063**	**44,702**
Capacity to issue mortgage-covered bonds (*)	(E)-(F)	949	137
Memorandum items:		-	
Percentage of overcollateralization across the portfolio		167%	169%
Percentage of overcollateralization across the eligible used portfolio		127%	125%
Nominal value of available sums (committed and unused) from all loans and mortgage loans.		988	1,572
Of which:		-	
Potentially eligible		940	1,485
Ineligible		48	87
Nominal value of all loans and mortgage loans that are not eligible, as they do not meet the thresholds set in Article 5.1 of Spanish Royal Decree 716/2009, but do meet the rest of the eligibility requirements indicated in Article 4 of the Royal Decree.		14,147	15,140
Nominal value of the replacement assets subject to the issue of mortgage-covered bonds.		-	-

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRES for banks. See Note 54). This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

Mortgage loans. Eligibility for the purpose of the mortgage market.		Millions of Euros December 2012	December 2011
Total loans	(1)	**101,350**	**107,437**
Issued mortgage participations	(2)	-	-
Of which: recognized on the balance sheet		-	-
Issued mortgage transfer certificates	(3)	**17,605**	**31,962**
Of which: recognized on the balance sheet		17,605	31,962
Mortgage loans as collateral of mortgages bonds	(4)	-	-
Loans supporting the issuance of mortgage-covered bonds	1-2-3-4	**83,745**	**75,475**
Non elegible loans		14,147	15,140
Comply requirements to be elegible except the limit provided for under the article 5.1 of the Spanish Royal Decree 716/2009		14,147	15,140
Rest		-	-
Elegible loans		69,598	60,335
That can not be used as collateral for issuances		5,833	4,287
That can be used as collateral for issuances		63,765	56,048
Loans used to collateralize mortgage bonds		-	-
Loans used to collateralize mortgage-covered bonds		63,765	56,048

Millions of Euros

Mortgage loans. Classification of the nominal values according to different characteristics	December 2012 Total mortgage loans	Elegibles (*)	Elegibles that can be used as collateral for issuances (**)	December 2011 Total mortgage loans	Elegibles (*)	Elegibles that can be used as collateral for issuances (**)
TOTAL	**83,745**	**69,598**	**63,765**	**75,475**	**60,335**	**56,048**
By source of the operations						
Originated by the bank	72,881	59,172	53,434	62,083	47,903	43,625
Subrogated by other institutions	1,400	1,313	1,301	1,110	996	997
Rest	9,464	9,113	9,030	12,282	11,436	11,426
By Currency						
In euros	83,745	69,598	63,765	75,475	60,335	56,048
In foreign currency	-	-	-	-	-	-
By payment situation						
Normal payment	77,776	66,095	63,400	70,168	57,263	53,699
Other situations	5,969	3,503	365	5,307	3,072	2,349
By residual maturity						
Up to 10 years	15,517	12,524	10,445	15,111	11,770	10,604
10 to 20 years	24,185	21,845	20,773	20,904	18,660	18,132
20 to 30 years	29,016	25,153	22,888	25,817	21,569	19,363
Over 30 years	15,027	10,076	9,659	13,643	8,336	7,950
By Interest Rate						
Fixed rate	2,509	1,872	1,482	2,721	2,114	1,937
Floating rate	81,236	67,726	62,283	72,754	58,221	54,111
Mixed rate	-	-	-	-	-	-
By Target of Operations						
For business activity	19,844	14,665	9,739	22,579	16,804	12,566
From wich: public housing	10,075	7,043	2,789	12,020	8,474	4,237
For households	63,901	54,933	54,026	52,896	43,531	43,483
By type of guarantee						
Secured by completed assets/buildings	**76,790**	**65,498**	**61,380**	**66,717**	**55,377**	**52,692**
Residential use	68,520	59,339	55,889	58,362	48,969	46,391
From wich: public housing	7,813	6,899	6,426	6,218	5,413	5,052
Commercial	8,049	6,159	5,491	8,099	6,408	6,301
Other	221	-	-	256	-	-
Secured by assets/buildings under construction	**2,871**	**1,946**	**1,319**	**3,837**	**2,497**	**1,724**
Residential use	2,447	1,612	1,033	3,405	2,141	1,388
From wich: public housing	143	79	45	340	170	90
Commercial	424	334	286	432	356	336
Other	-	-	-	-	-	-
Secured by land	**4,084**	**2,154**	**1,066**	**4,921**	**2,461**	**1,632**
Urban	2,150	1,112	466	2,820	1,269	705
Non-urban	1,934	1,042	600	2,101	1,192	927

(*) Not taking into account the thresholds established by Article 12 of Spanish Royal Decree 716/2009

(**) Taking into account the thresholds established by Article 12 of Spanish Royal Decree 716/2009

December 2011 Nominal value of the total mortgage loans	Millions of Euros Loan to Value (Last available appraisal risk) Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80%	Total
Home mortgages	13,820	21,594	25,736	-	61,150
Other mortgages	4,865	3,583			8,448
Total	**18,685**	**25,177**	**25,736**	**-**	**69,598**

December 2011 Elegible loans used to collateralize mortgage-covered bonds	Millions of Euros Loan to Value (Last available appraisal risk) Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80%	Total
Home mortgages	11,233	16,937	23,185		51,355
Other mortgages	4,845	4,135			8,980
Total	**16,078**	**21,072**	**23,185**	**-**	**60,335**

Elegible and non elegible mortgage loans. Changes of the nominal values in the period	Millions of Euros December 2012 Elegibles (*)	Non elegible
Balance at the begining	**60,335**	**15,140**
Retirements	**9,090**	**4,457**
Held-to-maturity cancellations	5,629	1,274
Anticipated cancellations	2,708	955
Subrogations to other institutions	5	2
Rest	748	2,226
Additions	**18,353**	**3,464**
Originated by the bank	5,326	2,498
Subrogations to other institutions	21	15
Rest	13,006	951
Balance at the end	**69,598**	**14,147**

(*) Not taking into account the thresholds established by Article 12 of Spanish Royal Decree 716/2009

Mortgage loans supporting the issuance of mortgage-covered bonds Nominal value.	Millions of Euros December 2012	December 2011
Potentially eligible	940	1,485
Ineligible	48	87
Total	**988**	**1,572**

b.2) Liabilities operations

	Millions of euros			
	December 2012		December 2011	
Issued Mortgage Bonds	Nominal value	Average residual maturity	Nominal value	Average residual maturity
Mortgage bonds	-		-	
Mortgage-covered bonds	50,063		44,702	
Of which:Non recognized as liabilities on balance	16,126		9,089	
Debt securities issued through public offer	35,107		33,908	
Residual maturity up to 1 year	6,630		2,300	
Residual maturity over 1 year and less than 2 years	7,707		6,630	
Residual maturity over 2 years and less than 3 years	3,598		6,207	
Residual maturity over 3 years and less than 5 years	11,422		8,098	
Residual maturity over 5 years and less than 10 years	3,550		8,473	
Residual maturity over 10 years	2,200		2,200	
Debt securities issued without public offer	13,735		9,573	
Residual maturity up to 1 year	1,745		-	
Residual maturity over 1 year and less than 2 years	11,010		3,745	
Residual maturity over 2 years and less than 3 years	-		2,650	
Residual maturity over 3 years and less than 5 years	-		2,150	
Residual maturity over 5 years and less than 10 years	830		886	
Residual maturity over 10 years	150		142	
Deposits	1,221		1,221	
Residual maturity up to 1 year	300		-	
Residual maturity over 1 year and less than 2 years	200		300	
Residual maturity over 2 years and less than 3 years	200		200	
Residual maturity over 3 years and less than 5 years	410		400	
Residual maturity over 5 years and less than 10 years	71		281	
Residual maturity over 10 years	40		40	
Mortgage participations			-	
Issued through public offer			-	
Issued without public offer			-	
Mortgage transfer certificates	17,605	284	31,962	272
Issued through public offer	17,605	284	31,962	272
Issued without public offer	-		-	-

Given the characteristics of the type of covered bonds issued by the Bank, there is no substituting collateral related to these issues.

The Bank does not hold any derivative financial instruments relating to mortgage bond issues, as defined in the aforementioned Royal Decree.

APPENDIX XII.

Risks related to the developer and real-estate sector in Spain

a) Policies and strategies established by the Group to deal with risks related to the developer and real-estate sector

BBVA has teams specializing in the management of the Real-Estate Sector risk, given its economic importance and specific technical component. This specialization is not only in the Risk-Acceptance teams, but throughout the handling, commercial, problematic management and legal aspects, and includes the research department (BBVA Research), which helps determine the medium/long-term vision needed to manage this portfolio. Specialization has been increased and the management teams in the areas of recovery and the Real Estate Unit itself have been reinforced.

The portfolio management policies, established to address the risks related to the developer and real-estate sector, aim to accomplish, among others, the following objectives: to avoid concentration in terms of customers, products and regions; to estimate the risk profile for the portfolio; and to anticipate possible worsening of the portfolio.

Specific policies for analysis and admission of new developer risk transactions

In the analysis of new operations, the assessment of the commercial operation in terms of the economic and financial viability of the project has been once of the constant points that have helped ensure the success and transformation of construction land operations for our customers' developments.

As regards the participation of the Risk Acceptance teams, they have a direct link and participate in the committees of areas such as Recoveries and the Real Estate Unit. This guarantees coordination and exchange of information in all the processes.

The following strategies have been implemented with customers: avoidance of large corporate transactions, which had already reduced their share in the years of greatest market growth; non-participation in the second-home market; commitment to public housing financing; and participation in land operations with a high level of urban development security, giving priority to land open to urban development.

Risk monitoring policies

The base information for analyzing the real estate portfolios is updated monthly. The tools used include the so-called "watch-list", which is updated monthly with the progress of each client under watch, and the different strategic plans for management of special groups. There are plans that involve an intensification of the review of the portfolio for financing land, while, in the case of ongoing promotions, they are classified for monitoring purposes based on the rate of progress of the projects.

These actions have enabled the Bank to anticipate possible impairment situations, by always keeping an eye on BBVA's position with each customer (whether or not as first creditor).In this regard, key aspects include management of the risk policy to be followed with each customer, contract review, deadline extension, improved collateral, rate review (repricing) and asset purchase.

Proper management of the relationship with each customer requires knowledge of various aspects such as the identification of the source of payment difficulties, an analysis of the company's future viability, the updating of the information on the debtor and the guarantors (their current situation and business course, economic-financial information, debt analysis and generation of funds), and the updating of the appraisal of the assets offered as collateral.

BBVA has a classification of debtors in accordance with legislation in force in each country, usually categorizing each one's level of difficulty for each risk.

Based on the information above, a decision is made whether to use the refinancing tool, whose objective is to adjust the structure of the maturity of the debt to the generation of funds and the customer's payment capacity.

As for the policies relating to risk refinancing with the developer and real-estate sector, they are the same as the general policies used for all of the Group's risks. In the developer and real estate sector, they are based on clear solvency and viability criteria for projects, with demanding terms for guarantees and legal compliance. The policy on refinancing uses outstanding risk rather than nonperforming assets, with a refinancing tool that standardizes criteria and values up to a total of 19 variables when considering any refinancing operation.

In the case of refinancing, the tools used for enhancing the Bank's position are: the search for new intervening parties with proven solvency and initial payment to reduce the principal debt or outstanding interest; the improvement of the debt bond in order to facilitate the procedure in the event of default; the provision of new or additional collateral; and making refinancing viable with new conditions (period, rate and repayments), adapted to a credible and sufficiently verified business plan.

Policies applied in the management of real estate assets in Spain

The policy applied for managing these assets depends on the type of real-estate asset, as detailed below.

In the case of completed homes, the final aim is the sale of these homes to private individuals, thus diluting the risk and beginning a new business cycle. Here, the strategy has been to help subrogation (the default rate in this channel of business is notably lower than in any other channel of residential mortgages) and to support our customers' sales directly, using BBVA's own channel (BBVA Services and our branches), creating incentives for sale and including sale orders for BBVA that set out sale prices which are notably lower than initial ones. In exceptional case we have even accepted partial haircuts, with the aim of making the sale easier.

In the case of ongoing construction work, our strategy has been to help and promote the completion of the works in order to transfer the investment to completed homes. The whole developer Works in Progress portfolio has been reviewed and classified into different stages with the aim of using different tools to support the strategy. This includes the use of developer accounts-payable financing as a form of payment control, the use of project monitoring supported by the Real Estate Unit itself, and the management of direct suppliers for the works as a complement to the developer's own management.

With respect to land, our presence at advanced stages in land development, where the vast majority of our risk is urban land, simplifies our management. Urban management and liquidity control to tackle urban planning costs are also subject to special monitoring.

b) Quantitative information on activities in the real-estate market in Spain

Lending for real estate development according to the purpose of the loans as of December 31, 2012 and 2011 is shown below:

	Millions of Euros		
2012 Financing allocated to construction and real estate development and its coverage	**Gross amount**	**Drawn over the guarantee value**	**Provision coverage**
Loans recorded by the BBVA, S.A. Bank (Businesses in Spain)	**12,746**	**5,229**	**4,475**
Of which: Impaired assets	5,122	2,460	2,381
Of which: Potencial problem assets	1,919	860	643
Memorandum item:			
Write-offs	347		

	Millions of Euros		
2011 Financing allocated to construction and real estate development and its coverage	**Gross amount**	**Drawn over the guarantee value**	**Provision coverage**
Loans recorded by the BBVA, S.A. Bank (Businesses in Spain)	**14,158**	**4,846**	**1,441**
Of which: Impaired assets	3,743	1,725	1,123
Of which: Potencial problem assets	2,052	911	318
Memorandum item:			
Write-offs	182		

	Millions of Euros	
Memorandum item:	**2012**	**2011**
Total loans and advances to customers, excluding the Public Sector (Business in Spain)	170,462	187,968
Total Assets (BBVA, S.A.)	400,499	411,166
Impairment losses determined collectively (BBVA, S.A.)	232	256

As of December 31, 2012, 24% of the nonperforming assets in this sector are up-to-date on payments, but were classified as non-performing in accordance with the provisions of Appendix IX of Bank of Spain Circular 4/2004. Furthermore, substandard risk amounted to 15% of total developer risk.

The drawn over the guarantee value shown in the tables above corresponds to the difference between the gross amount of each loan and the value of the real rights that, if applicable, were received as security, calculated according to Bank of Spain Circular 3/2010, which complements Appendix IX of Bank of Spain Circular 4/2004. This means that additional regulatory corrective factors ranging from 30% to 50%, based on the type of asset, have been applied to the updated appraisal values.

After applying said corrective factors, the excess value above the guarantee value, which represents the amount to be provisioned, amounted to €2,460 million and €860 million for nonperforming assets and substandard assets, respectively as of December 31, 2012 (€1,725 million and €911 million as of December 31, 2011).

In addition, as of December 31, 2012 and 2011, specific provisions were allocated, amounting to €4,475 million and €1,441 million, respectively.

As of December 31, 2012 and 2011, the updated appraisal values, without the application of said corrective factors, rose to €16,906 million and €19,288 million, respectively (an average LTV of 75.4% and 73.4%, respectively) which broadly covers the amount of the debt.

The following is a description of the real estate credit risk based on the types of associated guarantees:

	Millions of Euros	
Financing allocated to construction and real estate development (Gross)	**2012**	**2011**
Without secured loan	**1,260**	**1,105**
With secured loan	**11,486**	**13,053**
Terminated buildings	6,492	6,930
Homes	5,798	6,431
Other	694	499
Buildings under construction	1,527	2,448
Homes	1,477	2,374
Other	50	74
Land	3,467	3,675
Urbanized land	1,889	2,404
Rest of land	1,578	1,271
Total	**12,746**	**14,158**

As of December 31, 2012, 63% of loans to developers are guaranteed with buildings (90.7% are homes), and only 27% by land, of which 54.4% is urbanized.

The information on the retail mortgage portfolio risk as of December 31, 2012 and 2011 is as follows:

	Millions of Euros	
Housing-acquisition loans to households (Businesses in Spain)	**2012**	**2011**
Without secured loan (gross amount)	-	-
With secured loan (gross amount)	76,471	78,480
Of which: Impaired	2,315	2,370
Total	**76,471**	**78,480**

The loan to value (LTV) ratio (resulting from dividing the pending risk at any particular date by the amount of the latest available appraisal) of the above portfolio is as follows:

	Millions of Euros					
	Total risk over the amount of the last valuation available (*Loan To Value* -LTV)					
2012 LTV Breakdown of secured loans to households for the purchase of a home (Businesses in Spain)	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%	Total
Gross amount	12,654	19,970	31,535	10,587	1,725	76,471
Of which: Impaired	228	270	745	765	307	2,315

	Millions of Euros					
	Total risk over the amount of the last valuation available (*Loan To Value* -LTV)					
2011 LTV Breakdown of secured loans to households for the purchase of a home (Businesses in Spain)	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%	Total
Gross amount	12,314	19,485	32,607	12,850	1,224	78,480
Of which: Non-performing	275	218	695	922	260	2,370

Outstanding home mortgage loans as of December 31, 2012 and 2011 had an average weighted LTV of 61.4% and 62.3% respectively.

In addition, as of December 31, 2012, the Bank also had a balance of €889 million in non-mortgage loans for the purchase of housing (of which €89 million were NPA).

The breakdown of foreclosed, acquired, purchased or exchanged assets from debt from loans relating to business in Spain, as well as the holdings and financing to non-consolidated companies holding such assets is as follows:

	Millions of Euros					
	2012			2011		
Information about assets received in payment of debts (Businesses in Spain)	Gross Value	Provisions	Carrying Amount	Gross Value	Provisions	Carrying Amount
Real estate assets from loans to the construction and real estate development sectors in Spain.	**36**	**10**	**26**	**36**	**6**	**30**
Terminated buildings	36	10	**26**	36	6	**30**
Homes	-	-	**-**	-	-	**-**
Other	36	10	**26**	36	6	**30**
Buildings under construction	-	-	**-**	-	-	**-**
Homes	-	-	**-**	-	-	**-**
Other	-	-	**-**	-	-	**-**
Land	-	-	**-**	-	-	**-**
Urbanized land	-	-	**-**	-	-	**-**
Rest of land	-	-	**-**	-	-	**-**
Real estate assets from mortgage financing for households for the purchase of a home	**1,957**	**657**	**1,300**	**1,509**	**401**	**1,108**
Rest of foreclosed real estate assets	**652**	**272**	**380**	**403**	**167**	**236**
Equity instruments, investments and financing to non-consolidated companies holding said assets	**702**	**372**	**330**	**719**	**289**	**430**
Total	**3,347**	**1,311**	**2,036**	**2,667**	**863**	**1,804**

As of December 31, 2012 and 2011, the gross book value of BBVA's real-estate assets from corporate financing for real estate construction and development was €36 million and €36 million, respectively, with an average coverage ratio of 28% and 17%, respectively.

The gross book value of real-estate assets from mortgage lending to households for home purchase as of December 31, 2012 and 2011, amounted to €1,957 million and €1,509 million, respectively, with an average coverage ratio of 34% and 27%, respectively.

As of December 31, 2012 and 2011, the amount of real-estate assets on BBVA's balance sheet, including other real-estate assets received as debt payment, was €2,645 million and €1,948 million, respectively. The average coverage ratio was 35.5% and 30%, respectively.

APPENDIX XIII. Refinanced and restructured operations and other requirements under Bank of Spain Circular 6/2012

REFINANCING AND RESTRUCTURING OPERATIONS

a) Policies and strategies established by the Group to deal with risks related to refinancing and restructuring operations.

Refinancing/restructuring operations (see definition in the Glossary, Appendix XIII) are carried out with customers who have requested such an operation in order to meet their current debt payments if they are expected, or may be expected, to experience financial difficulty in making the payments in the future.

The basic aim of a refinanced/restructured operation is to provide the customer with a situation of financial viability over time by adapting repayment of the debt incurred with the bank to the customer's new situation of fund generation. The use of refinancing or restructuring with for other purposes, such as for delaying loss recognition, is contrary to BBVA Group policies.

The BBVA Group's refinancing/restructuring policies are based on the following general principles:

- Refinancing and restructuring is authorized according to the capacity of customers to pay the new installments. This is done by first identifying the origin of the payment difficulties and then carrying out an analysis of the customers' viability, including an updated analysis of their economic and financial situation and capacity to pay and generate funds. If the customer is a company, the analysis also covers the situation of the sector in which it operates.
- With the aim of increasing the solvency of the operation, new guarantees and/or guarantors of demonstrable solvency are obtained where possible. An essential part of this process is an analysis of the effectiveness of both the new and original guarantees submitted.
- This analysis is carried out from the overall customer or group perspective, and not only from the perspective of a specific product.
- Refinancing and restructuring operations do not in general increase the amount of the customer's debt, except for the expenses inherent to the operation itself.
- The capacity to refinance and restructure debt is not delegated to the branches, but decided on by the risk units.
- The decisions adopted are reviewed from time to time with the aim of checking full compliance with refinancing and restructuring policies.

These general principles are adapted in each case according to the conditions and circumstances of each geographical area in which the Group operates, and to the different types of customers involved.

In the case of retail customers (private individuals), the main aim of the BBVA Group's policy on refinancing/restructuring debt is to avoid default arising from a customer's temporary liquidity problems by implementing structural solutions that do not increase the customer's debt. The solution required is adapted to each case and the debt payment is made easier, in accordance with the following principles:

- Analysis of the viability of operations based on the customer's willingness and ability to pay, which may be reduced, but should nevertheless be present. The customer must therefore repay at least the interest on the operation in all cases. No arrangements may be concluded that involve a grace period for both capital and interest.
- No refinancing/restructuring operations may be concluded on debt that is not incurred with the BBVA Group.
- Customers subject to refinancing or restructuring operations have their credit cards cancelled and are excluded from commercial campaigns of any kind.

In the case of wholesale customers (basically businesses and corporations), refinancing/restructuring is authorized according to an economic and financial viability plan based on:

- Forecast future income, margins and cash flows over a sufficiently long period (around five years) to allow companies to implement cost adjustment measures (industrial restructuring) and a business development plan that can help reduce the level of leverage to sustainable levels (capacity to access the financial markets).
- Where appropriate, the existence of a divestment plan for assets and/or business segments that can generate cash to assist the deleveraging process.
- The capacity of shareholders to contribute capital and/or guarantees that can support the viability plan.

In accordance with the Group's policy, the conclusion of a debt refinancing/restructuring operation does not imply the debt is reclassified from "impaired" or "substandard" to outstanding risk; such a reclassification must be based on the analysis mentioned earlier of the viability and effectiveness of the new guarantees submitted.

In any event, the Group maintains its policy of including risks relating to refinanced/restructured assets as either: "impaired assets", as although the customer is up to date with payments, they are classified as impaired for reasons other than their default when there are significant doubts that the terms of their refinancing may not be met; "substandard assets", because there is some material doubt as to possible non-compliance with the refinanced operation; or "normal-risk assets" (although as mentioned in the table in the following section, they continue to be classified as "normal-risk assets with special monitoring" until the conditions established by Bank of Spain Circular 6/2012 for consideration as outstanding risk are not met).

b) Quantitative information on refinancing and restructuring operations.

BALANCE OF FORBEREANCE (a)

Estado T.10-1 (bis)

BBVA, S.A. DECEMBER 2012 (Millions of euros)	NORMAL (b)						POTENTIAL PROBLEM LOANS						
	Real estate mortgage secured		Rest of secured loans (c)		Unsecured loans		Real estate mortgage secured		Rest of secured loans (c)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	112	5	-	-	-	-	-	-	-	-	-	-	-
2 Other legal entities and individual entrepreneurs	5,916	2,418	433	121	19,251	1,945	2,933	2,060	459	540	9,184	1,141	801
Of which: Financing the construction and property development	*1,107*	*1,276*	*24*	*17*	*590*	*174*	*543*	*1,163*	*62*	*394*	*92*	*38*	*559*
3 Other individuals	26,119	2,259	2,217	354	32,655	265	12,094	1,910	2,823	554	16,890	198	125
4 Total	**32,147**	**4,683**	**2,650**	**475**	**51,906**	**2,210**	**15,027**	**3,970**	**3,282**	**1,094**	**26,074**	**1,338**	**926**

BBVA, S.A. DECEMBER 2012 (Millions of euros)	IMPAIRED							TOTAL		
	Real estate mortgage secured		Rest of secured loans (c)		Unsecured loans		Specific coverage			
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount		Number of operations	Gross amount	Specific coverage
1 Government agencies	12	1	-	-	-	-	-	124	6	-
2 Other legal entities and individual entrepreneurs	3,804	2,862	347	699	8,766	774	1,756	51,093	12,560	2,557
Of which: Financing the construction and property development	*1,356*	*2,038*	*169*	*541*	*604*	*348*	*1,380*	*4,547*	*5,989*	*1,938*
3 Other individuals	8,025	1,067	1,240	272	15,418	191	354	117,481	7,069	479
4 Total	**11,841**	**3,929**	**1,587**	**972**	**24,184**	**965**	**2,109**	**168,698**	**19,634**	**3,036**

(a) Includes all forbereance operations as defined in paragraph 1.g) of Annex IX of Circular 4/2004 of the Bank of Spain

(b) Risks rated as normal in special monitoring as stated in paragraph 7.a) of Annex IX of the Circular 4/2004 of the Bank of Spain.

(c) Includes mortgage-backed real estate operations not full, ie loan to value greater than 1, and secured operations, other than transactions secured by real estate mortgage, of whatever their loan to value.

c) Loans and advances to customers by activity (carrying amount)

	Millions of euros							
				Collateralized Credit Risk. Loan to value				
	TOTAL (*)	Of which: Mortgage loans (e)	Of which: Secured loans	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%
1 Government agencies	26,273	212	17	51	69	89	3	18
2 Other financial institutions	13,433	40	1	12	18	10	1	-
3 Non-financial institutions and individual entrepreneurs	90,349	25,268	3,509	10,098	8,294	6,178	1,871	2,335
3.1 Construction and property development	9,713	8,666	235	1,950	2,626	3,057	657	612
3.2 Construction of civil works	4,716	755	100	343	254	123	52	84
3.3 Other purposes	75,919	15,847	3,174	7,805	5,414	2,998	1,163	1,640
3.3.1 Large companies	54,970	7,956	2,193	3,811	2,773	1,795	802	967
3.3.2 SMEs and individual entrepreneurs	20,949	7,891	981	3,994	2,641	1,203	361	672
4 Rest of households and NPISHs	85,535	76,461	600	13,677	20,761	31,517	9,446	1,659
4.1 Housing	77,368	75,923	242	13,379	20,538	31,365	9,342	1,541
4.2 Consumption	5,957	124	55	66	57	25	12	19
4.3 Other purposes	2,210	415	304	233	167	127	92	99
SUBTOTAL	215,589	101,980	4,127	23,838	29,142	37,795	11,321	4,012
5 Less: Valuation adjustments due to impairment of assets not attributable to specific operations	1,645	-	-	-	-	-	-	-
6 TOTAL	**213,944**	-	-	-	-	-	-	-
Forbereance operations	16,599	12,754	157	2,950	2,228	3,386	2,438	1,909

(*) The amounts included in this table are net of impairment losses.

d) Concentration of risks by activity and geographical area (carrying amount)

	Millions of euros				
	TOTAL (*)	Spain	Rest of European Union	America	Rest of the world
1 Credit institutions	88,086	26,631	42,887	7,769	10,799
2 Government agencies	67,160	57,190	8,267	462	1,241
2.1 Central Administration	41,094	32,204	8,075	378	437
2.2 Rest	26,067	24,985	192	85	805
3 Other financial institutions	72,554	38,463	15,782	17,519	790
4 Non-financial institutions and individual entrepreneurs	128,775	92,296	21,255	9,030	6,194
4.1 Construction and property development	9,716	9,707	9	-	-
4.2 Construction of civil works	6,952	4,763	1,482	628	79
4.3 Other purposes	112,107	77,826	19,764	8,402	6,115
4.3.1 Large companies	84,263	55,879	16,403	7,219	4,761
4.3.2 SMEs and individual entrepreneurs	27,844	21,946	3,361	1,183	1,354
5 Rest of households and NPISHs	85,738	85,111	427	68	132
5.1 Housing	77,370	76,858	335	51	125
5.2 Consumption	5,957	5,948	3	4	2
5.3 Other purposes	2,411	2,305	89	14	4
SUBTOTAL	442,313	299,690	88,619	34,848	19,156
6 Less: Valuation adjustments due to impairment of assets not attributable to specific operations	1,648				
7 TOTAL	**440,665**				

(*) The definition of risk for the purpose of this statement includes the following items on the public balance sheet: Loans and advances to credit institutions, Loans and advances to customers, Debt securities, Other equity securities, Trading derivatives, Hedging derivatives, Investments and Contingent risks. The amounts included in this table are net of impairment losses.

Millions of euros

	Andalucia	Aragon	Asturias	Baleares	Canarias	Cantabria	Castilla La Mancha	Castilla y León	Cataluña
1 Credit institutions	416	546	1	22	0	3,323	1	12	2,684
2 Government agencies	4,078	956	708	1,075	1,029	300	993	919	5,162
2.1 Central Administration	-	-	-	-	-	-	-	-	-
2.2 Rest	4,078	956	708	1,075	1,029	300	993	919	5,162
3 Other financial institutions	49	4	0	8	0	2	0	25	1,602
4 Non-financial institutions and individual entrepreneurs	7,151	1,720	918	2,266	3,007	428	1,388	1,942	15,019
4.1 Construction and property development	1,752	209	97	109	599	64	210	219	1,914
4.2 Construction of civil works	330	66	44	172	156	21	98	88	1,377
4.3 Other purposes	5,069	1,445	776	1,985	2,252	344	1,080	1,634	11,728
4.3.1 Large companies	2,117	815	462	1,544	1,136	164	401	765	6,825
4.3.2 SMEs and individual entrepreneurs	2,952	630	314	442	1,116	180	680	869	4,902
5 Rest of households and NPISHs	15,050	1,591	1,590	2,358	4,274	957	3,066	3,461	15,642
5.1 Housing	13,677	1,426	1,376	2,203	3,802	870	2,783	3,096	14,213
5.2 Consumption	1,068	120	159	120	406	64	226	271	1,029
5.3 Other purposes	305	44	56	35	66	22	58	94	399
SUBTOTAL	26,744	4,818	3,217	5,729	8,311	5,009	5,449	6,359	40,109
6 Less: Valuation adjustments due to impairment of assets not attributable to specific operations	1,620								

Millions of euros

	Extremadura	Galicia	Madrid	Murcia	Navarra	Comunidad Valenciana	País Vasco	La Rioja	Ceuta y Melilla
1 Credit institutions	-	133	18,091	1	-	188	1,211	1	-
2 Government agencies	530	1,072	2,342	669	283	3,227	1,244	236	162
2.1 Central Administration	-	-	-	-	-	-	-	-	-
2.2 Rest	530	1,072	2,342	669	283	3,227	1,244	236	162
3 Other financial institutions	2	82	36,050	0	7	43	586	-	0
4 Non-financial institutions and individual entrepreneurs	881	3,025	41,444	1,186	1,252	5,399	4,779	323	167
4.1 Construction and property development	108	508	2,467	111	55	876	340	26	45
4.2 Construction of civil works	71	100	1,625	48	61	276	212	8	9
4.3 Other purposes	702	2,416	37,353	1,028	1,136	4,247	4,227	289	114
4.3.1 Large companies	325	1,529	32,300	438	866	1,865	4,188	119	21
4.3.2 SMEs and individual entrepreneurs	377	887	5,053	590	270	2,382	39	170	93
5 Rest of households and NPISHs	1,497	3,488	15,235	2,014	594	9,768	3,320	424	783
5.1 Housing	1,319	3,080	13,753	1,800	524	8,947	2,895	379	714
5.2 Consumption	146	313	874	160	43	611	244	31	63
5.3 Other purposes	32	95	608	54	27	210	181	13	7
SUBTOTAL	2,910	7,800	113,161	3,870	2,137	18,625	11,140	985	1,113
6 Less: Valuation adjustments due to impairment of assets not attributable to specific operations									

The definition of risk for the purpose of this statement includes the following items on the public balance sheet: Loans and advances to credit institutions, Loans and advances to customers, Debt securities, Other equity securities, Trading derivatives, Hedging derivatives, Investments and Contingent risks. The amounts included in this table are net of impairment losses.

APPENDIX XIV.

Agency Network

A EXPERTRADE, S.L.
A.M. DE SERVEIS EMPRESARIALS LLEIDA, S.L.
ABOGADOS ASOCIADOS, C.B.
ACENTEJO CONSULTORES, S.A.L.
ACOFIRMA, S.L.
ACREMUN, S.L.
ACUÑAS TORRES, JAIME JESUS
ADA PROMOCIONES Y NEGOCIOS, S.A.
ADA SEQUOR, S.L.
ADAN ROLDAN, FRANCISCO DE ASIS
ADLANTA SERVICIOS PROFESIONALES, S.L.
ADMI-EXPRES-GMC, S.L.
ADMINISTRACION LEGAL DE COMUNIDADES, S.L.
ADMINISTRACIONES TERESA PATRICIA CELDRAN, S.L.
ADOE ASESORES, S.L.
ADVICE LABOUR FINANCE SOCIETY, S.L.
AESTE, S.L.
AFIANZA FINANCIERA, S.L.
AFISEG II S.L.
AFITEC INVERSIONES, S.L.
AGENCIA FERRERO Y LAGARES, S.L.
AGENCIA JOSE OLIVA-JOV, S.L.
AGL CONSEJEROS EMPRESARIALES, S.L.
AGRAMUNT BUILDING, S.L.
ALBELLA ESTEVE, MARIA MERCEDES
ALBENDIZ GONZALEZ, IRENE
ALBERDI ZUBIZARRETA, EDUARDO
ALBIÑANA BOLUDA, AMPARO
ALCANTARA CARBO, S.L.
ALCANTARA IZQUIERDO, CRISTINA
ALCES GRUPO ASEGURADOR, S.L.
ALCOCEBRE GESPROIECT, S.L.U.
ALCOR CONSULTORES Y ASESORES, S.L.
ALCOSSEBRE ASSESSORS, S.L.
ALDA CLEMENTE, MARIA LUISA
ALF CONSULTORES Y SERVICIOS FINANCIEROS Y SEGUROS, S.L.
ALFEVA 2000, S.L.
ALGESORES NAVARRO Y ASOCIADOS, S.L.
ALIVIA SERVICIOS INTEGRALES, S.L.
ALL ABOUT FUNDS, S.L.
ALONSO BAJO, LORENZO
ALONSO HEVIA, AMPARO
ALONSO PAREDES, JOSE IGNACIO
ALONSO VALLE, ESTEBAN
ALONSO ZAPICO, JUAN DIOS SALUSTIANO
ALONSO ZARRAGA, MIKEL
ALSINA MARGALL, MIREIA
ALTURA PLATA, PASTORA
ANALIZA MANAGEMENT CONTROL, S.L.
ANDEX CONSULTORES, S.L.
ANDIPLAN, S.L.
ANDRADA RINCON, SOLEDAD
ANDRES SIERRA, FERNANDO IGNACIO
ANGOITIA LIZARRALDE, MARIA DEL CARMEN
ANTEQUERA ASESORES, S.L.
ANTONIO Y CATALINA TRAMULLAS, S.L.
ANTUÑA SCHUTZE, MARTA
AÑOVER CONTRERAS, EPIFANIO
APALATEGUI GARCIA, JOSE RAMON
APUNTES CONTABLES, S.L.
ARANDA GARRANCHO, ANA MARIA
ARANDA GONZALEZ, DOLORES
ARANDA RAMOS, REMEDIOS
ARANDA RODRIGUEZ, ANTONIO
ARANE PROMOCION Y GESTION, S.L.
ARANZABAL SERVICIOS FINANCIEROS, S.L.
ARASANZ LAPLANA, JOSE ANTONIO
ARCAS GONZALEZ, JOSE MANUEL
ARCOS GONZALEZ, FELIX
ARDORA CORPORATE, S.L.
ARECHAVALA CASUSO, CARLOS
ARENAS GONZALEZ, AMPARO

AGUDO LOPEZ RAMOS, JORGE
AGUILAR VELASCO, MARIA PAZ
AGUILERA RUIZ, MANUEL
AGUSTIN FERNANDEZ CRUZ AFC, S.L.
ALAMILLO ALVAREZ, CRISTINA
ARILLA CIUDAD ASESORES, S.L.
ARIÑO MODREGO, FRANCISCO JAVIER
ARIS GESTION FINANCIERA, S.L.
ARJANDAS DARYNANI, DILIP
ARMENDARIZ BARNECHEA, MIKEL
ARNER MURO, FRANCISCO
ARRANZ MAGDALENO, JUAN ALBERTO
ARROYO ROMERO, CARLOS GUSTAVO
ARROYO ROMERO, FRANCISCO JAVIER
ARTAL PEREZ, JOSE CARLOS
ARTEAGA PARDO, JOSE
ARTI INVERSIONES Y PATRIMONIOS, S.L.
ARTIÑANO DEL RIO, PABLO
ARUFE ESPIÑA, PABLO
ARUMI RAURELL, XAVIER
ASDE ASSESSORS, S.L.
ASECAN GESTION INTEGRAL, S.L.U.
ASEFISTEN, S.L.
ASEM INDAFISA GESTION EMPRESARIAL, S.L.
ASEMYL, S.L.
ASENSIO CANO, AMBROSIO JESUS
ASES, C.B.
ASESJARA, C.B.

ALZAGA ASESORES, S.L.
ALZO CAPITAL, S.L.
AMENEIROS GARCIA, JOSE
AMOEDO MOLDES, MARIA JOSE
ANAI INTEGRA, S.L.
ASESORIA ACTUEL, S.L.
ASESORIA ANGLADA, S.L.
ASESORIA AREGUME, S.L.U.
ASESORIA ASETRA, S.L.
ASESORIA ATAMAN SL
ASESORIA BASTIAS, S.L.
ASESORIA BELLAVISTA, S.L.
ASESORIA BLANCO, S.L.
ASESORIA CAMINO, S.L.
ASESORIA CATALAN FABO, S.L.
ASESORIA CERVANTES, S.L.
ASESORIA CM, C.B.
ASESORIA CRUSELLES LORES, S.L.
ASESORIA DE EMPRESAS CARANZA, S.L.
ASESORIA DE EMPRESAS HERNANDEZ CAMINO, S.L.
ASESORIA EMPRESARIAL POSE, S.L.
ASESORIA EMPRESAS J. MADERA, S.C.
ASESORIA ERAKIN AHOLKULARITZA, S.L.
ASESORIA EUROBILBAO, S.L.
ASESORIA EXPANSION 2001, S.L.
ASESORIA FINANCIERA IBAIGANE, S.L.
ASESORIA FINANCIERA LUGO, S.L.
ASESORIA FISCAL CONTABLE Y LABORAL TRIBUTO, S.L.

ARES CONSULTORES, S.L.
AREVALO AREVALO, MARÍA DEL CARMEN
ARGIGES BERMEO, S.L.
ARIAS DELGADO, MARIA MERCEDES
ARIAS TORRES, MIGUEL
ASESORIA JIMENEZ, S.C.
ASESORIA JOSE ADOLFO GARCIA, S.L.
ASESORIA JURIDICA Y DE EMPRESAS, S.L.
ASESORIA JURIDICO FISCAL NIETO Y ASOCIADOS, S.L.
ASESORIA LABORDA, S.C.
ASESORIA LEONCIO, S.L.
ASESORIA LIZARDI, S.L.
ASESORIA MARCOS FERNANDEZ, S.L.
ASESORIA MERCANTIL DE ZALLA, S.L.
ASESORIA MERFISA, C.B.
ASESORIA ORTEGA Y AYALA, S.L.
ASESORIA PYME 2000, S.L.
ASESORIA ROBLES PIZARRO, S.L.
ASESORIA RURAL PARQUE, S.L.L.
ASESORIA SANCHEZ & ALCARAZ, S.L.
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GESTION DE INVERSIONES Y PROMOCIONES ELKA CANARIAS, S.L.	**GLOBAL TAX GESTION, S.L.**	**GONZALEZ LUIS, JULIAN**
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GESTION FINANCIERA CONSULTORA EMPRESARIAL, S.L.	**GOLOBART SERRA, ROSA MARIA**	**GONZALEZ MONTANER, JUAN JOSE**
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GESTION INREGRAL CONTRERAS, S.L.P.U.	**GOMEZ ANDRES, JUAN JOSE**	**GONZALEZ MOSQUERA, FERNANDO**
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REAMOBA, S.L.
REBOLLO CAMBRILES, JUAN ROMAN
RECUENCO BENEDICTO, JOSEFINA MATILDE
REDONDO BERDUGO, MARIA DE LOS ANGELES
REGA RODRIGUEZ, MARIA LUISA
REGLERO BLANCO, MARIA ISABEL
REIFS PEREZ, MANUEL
REINA GARCIA, ANA ESTHER
RELAÑO CAÑAVERAS, CRISTOBAL
REMENTERIA LECUE, AITOR
REMON SAENZ, CESAR
RENTA JUBILADOS, S.L.
RENTEK 2005, S.L.
RUIZ AYUCAR Y ASOCIADOS, S.L.
RUIZ BIOTA, ANA BELEN
RUIZ CASAS, JUAN BAUTISTA
RUIZ DEL RIO, ROSA MARIA
RUIZ ESCALONA, ANTONIO
RUIZ FERNANDEZ, FRANCISCO JOSE
RUIZ GONZALEZ, GEMA
RUIZ MORENO, EVA
RIBES ESTRELLA, JOAN MARC
RICOTE CALVO, REBECA
RINCON GARCIA, FRANCISCO
RINCON GUTIERREZ, MARIA PILAR
RIVAS ANORO, FERNANDO
RIVAS FERNANDEZ, RAFAEL
RIVERO RIVERO, SAMUEL
RM REYMA, S.L.
ROALGA GESTION DE RIESGOS, S.L.
ROBI PAL, S.C.P.
ROCA SANS, LUIS
ROCHE BLASCO Y ROCHE ASESORES, S.L.
RODENAS RUBIO, MERCEDES
RODES BIOSCA, CARLOS RAFAEL
RODRIGO TORRADO, JUAN JOSE
RODRIGUEZ ALVAREZ, MARIA ISABEL
RODRIGUEZ CARDEÑAS, BERNARDINO
RODRIGUEZ DELGADO, RENE
RODRIGUEZ GALVAN, MARIA
RODRIGUEZ GAVIN, SANTIAGO
SAMPEDRO PEREZ, JOSE MANUEL
SAMPEDRO RUNCHINSKY, MARCOS IGNACIO
SAMPER CAMPANALS, PILAR
SAN JUAN VIDAL, JUAN VICENTE
SANCHEZ BURUAGA, MARTA
SANCHEZ CRUZ, JOSEP MARIA
SANCHEZ ELIZALDE, JUAN FRANCISCO
SANCHEZ GARCIA, YOLANDA

ROIG FENOLLOSA, JUAN BAUTISTA
ROJAS ALBENDIN, S.L.
ROJAS SIMON, ALEJANDRO
ROJAS TRONCOSO, PEDRO
ROLDAN SACRISTAN, JESUS HILARIO
ROMAN BERMEJO, MARIA ISABEL
ROMERO MEGIAS, MARIA TERESA
ROMERO MENDEZ, JUAN ANTONIO
ROS PETIT, S.A.
ROSADO PROIMAGEN SL
ROY ASSESSORS, S.A.
ROYO GARCIA, FRANCISCO JAVIER
ROYO POLA, ANA CARMEN
RUA PIRAME, ENRIQUE
RUALI CONSULTANTS, S.L.
RUBIO BERNARDEAU, ANTONIA MILAGROSA
RUBIO SIERRA, FRANCISCO JOSE
RUEDA LOBO, CARLOS MIGUEL
RUFAT FONTANET, JORGE
RUIPEREZ MATOQUE, MARIA TERESA
RUIZ ASESORES, S.C.
SARRI SOLE, FRANCESC XAVIER
SARRIO TIERRASECA, LEON
SARROCA GIL, MOISES
SAURA MARTINEZ, PEDRO
SAURINA DELGADO ADVOCATS, S.L.
SAYAGO REINA, ANTONIO
SCG SERVICIOS DE CONSULTORIA GENERALES, S.L.
RUIZ TARI, ROGELIO
RUIZ-ESTELLER HERNANDEZ, GUSTAVO
S.M. ASESORES ARAÑUELO, S.L.
SABATE NOLLA, TERESA
SABES TORQUET, JUAN CARLOS
SACRISTAN ASESORES, S.L.
SAEZ SAUGAR, ALEJANDRO JOSE
SAEZ NICOLAS, JOSE RAMON
SAFE SERVICIOS DE ASESORAMIENTO FISCAL DE LA EMPRESA, S.L.
SAFOR CONSULTORES INMOBILIARIOS, S.L.
SAGEM XX, S.L.
SAINZ TAJADURA, MARIA VICTORIA
SAIZ SEPULVEDA, FRANCISCO JAVIER
SALA AZORIN, AURORA
SALADICH OLIVE, LUIS
SALES HERNANDEZ, JOSE
SALMEAN VINACHES, CESAR JAVIER
SALMON ALONSO, JOSE LUIS
SALVADOR MINGUILLON, FERNANDO
SALVIA FABREGAT, MARIA PILAR
SALVO POMAR, JESUS MANUEL
SETAYESH , SHANNAZ
SEVA VERA, JAVIER
SEVILLANO MARTINEZ, JUAN
SIERRA TORRE, MIGUEL
SIGNES ASESORES, S.L.
SIGNES CASANOVES, BERNARDO CRISTOBAL
SILJORINE, S.L.
SANCHEZ LOPEZ, MIGUEL
SANCHEZ MARTINEZ, JAVIER
SANCHEZ MESA, FRANCISCO
SANCHEZ NUEZ, JOSE ANTONIO
SANCHEZ RODRIGUEZ, Mª TERESA CARMEN
SANCHEZ SAN VICENTE, GUILLERMO JESUS
SANCHEZ SECO VIVAR, CARLOS JAVIER
SANCHIS MARTIN , LAURA
SANGENIS GESTIO I SERVEIS, S.L.
SANTAMANS ASESORES LEGALES Y TRIBUTARIOS, S.L.
SANTANA DIAZ, SEBASTIAN
SANTIVERI GESTIO I ASSESSORAMENT, S.L.
SANTOS GARCIA, MANUEL
SANTOS CARBAYO, MARIA JESUS
SANTOS ELORDUY, ESTIBALIZ
SANTOS MACIAS, MARIA ESTHER
SANTOS ROMAN, MARIA NURIA
SANZ CALDERON, FRANCISCO JAVIER
SANZ EMPERADOR, JESUS ANGEL
SARA Y LETICIA, S.C.
SARDA ANTON, JUAN IGNACIO
SUAREZ GARRUDO, JUAN FRANCISCO
SUAREZ JIMENEZ, FRANCISCO
SUGRAÑES ASSESSORS, S.L.
SUSO ALEA, ENRIQUE
T.S. GESTIO, S.L.
TABORGA ONTAÑON, ANTONIO JOAQUIN
TACASA BIAR, S.L.

SECO FERNANDEZ, LUIS ALBERTO
SEFADE, S.C.L.
SEGURALIA 2050, S.L.
SEGUROS E INVERSIONES DEL CID & VILLAFAINA, S.L.
SELIMO, S.L.
SELUCON, C.B.
SENDA GESTION, S.L.
SERCOM ARAGON S.XXI, S.L.
SERDIS ASESORES, S.L.
SERRANO DOMINGUEZ, FRANCISCO JAVIER
SERRANO QUEVEDO, RAMON
SERRANO RODRIGUEZ, RAFAEL
SERTE RIOJA, S.A.P.
SERVEIS FINANCERS DE CATALUNYA, S.L.
SERVEIS FINANCERS PALAFRUGELL, S.L.
SERVICES BUSSINES ALONSO, S.L.
SERVICIOS DE HOSTELERIA HOSTELTUR, S.L.
SERVICIOS DE INTERMEDIACION FINANCIERA CREDINORTE, S.L.
SERVICIOS FINANCIEROS AZMU, S.L.
SERVICIOS FINANCIEROS GABIOLA, S.L.
SERVICIOS INTEGRALES DE CONSULTORIA, ASESORAMIENTO Y GESTION, S.L.
SERVIGEST GESTION EMPRESARIAL, S.L.
TORRES CALVO, AGUSTIN
TORRES MONTEJANO, FELIX
TRAMITES FACILES SANTANDER ASESORES Y CONSULTORES, S.L.
TRAYSERCAN, S.L.

SILVA HUERTAS, MIGUEL ANGEL
SIMON BENITO, JOSE JUAN
SINBAHER, S.L.
SINDIN RODRIGUEZ, NOELIA
SINTAS NOGALES, FRANCISCO
SISTEMA ASESORES FERROL, S.L.
SISTEMAS INTEGRADOS DE GESTION PARA LA EMPRESA ANDALUZA, S.L.
SOCIEDAD CONSULTORA DE ACTUARIOS, S.C.A.
SOCOGADEM, S.L.
SOLER ASCASO, Mª LOURDES
SOLER MUNDET, AGUSTI
SOLONKA INVERSIONES Y FINANZAS, S.L.
SOLUCIONES FISCALES DE GALICIA, S.L.L.
SOLYGES CIUDAD RODRIGO, S.L.U.
SOMOZA RODRIGUEZ ESCUDERO, OSCAR JOSE FELIX
SORIANO ORTEGA, MARIA SAMPEDRO
SOSA BLANCO, SERVANDO
SOSA LOZANO, JOSE RAUL
SOTO PASTOR, RAFAEL
SPI SERVICIOS JURIDICOS EMPRESARIALES, S.L.
STM NUMMOS, S.L.
SUAREZ FERNANDEZ, JESSICA
VALCARCEL LOPEZ , ALFONSO
VALCARCEL GRANDE, FRANCISCO JAVIER
VALDES CABAÑAS, JAIME ANGEL
VALENCIA PROJECT MANAGEMENT, S.L.

TAMG, S.C.
TARRACO FORMAGEST AEH, S.L.
TAX SAN SEBASTIAN, S.L.
TEBAR LILLO, JULIO JAVIER
TECNICOS AUDITORES CONTABLES Y TRIBUTARIOS EN SERVICIOS DE ASESORAMIENTO, S.L.
TELLECHEA ABASCAL, PEDRO MANUEL
TENA LAGUNA, LORENZO
THE GADO GROUP. S.L.
THINKCO CONSULTORIA DE NEGOCIO, S.L.
TIGALMA , S.L.
TINAQUERO HERRERO, JULIO ANTONIO
TIO & CODINA ASSESSOR D'INVERSIONS, S.L.
TODOGESTION COSTA DE LA LUZ, S.L.
TOLEDO ANDRES, RAFAEL
TOLOCONSULTING, S.L.
TOMAS SECO ASESORES, S.L.L.
TOQUERO ASSESSORS, S.L.U.
TORRADO TOSCANO, HERMENEGILDO
TORRE DE LA CUESTA CORREDURIA DE SEGUROS, S.L.
TORRECILLAS BELMONTE, JOSE MARIA
TORRENTE RODRIGUEZ, ELADIO
TORRES BONACHE, MARIA DEL CARMEN
VIDBEN ASSESSORS, S.L.P.
VIECO MIRANDA, S.L.
VIGUE PUJOL, S.L.
VILA BARCELO, ALFONSO

TRES U EMPRESA DE SERVICIOS PROFESIONALES, S.L.
TRILLO ASESORES, S.L.
TRUELUX COACHING EMPRESARIAL, S.L.
TRUJILLO RODRIGUEZ, MANUEL JESUS
TUÑON GARCIA, JOSE GIL
TURBON ASESORES LEGALES Y TRIBUTARIOS, S.L.
TXIRRIENA, S.L.
TYS CONSULTORIA, S.L.P.
UBK PATRIMONIOS, S.L.
UCAR ESTEBAN, ROSARIO
VALENCIA TRENADO, MANUEL RODRIGO
VALENZUELA TENA, CARMEN
VALOR AFEGIT OSONA, S.L.
VAN CAMP, VANESSA IRMA
VAQUERO GOMEZ, JOSE MANUEL
VAQUERO RODRIGUEZ, MARIA DOLORES
VAZ FERNANDEZ, JUAN BENITO
VAZQUEZ DIEGUEZ, JOSE ANDRES
VAZQUEZ FIGUEIRAS, JULIA
VEGA & ASOCIADOS, S.C.C.L.
VILARRUBI LLORENS, JORGE
VILLACE MEDINA, JUAN CARLOS
VILLAGRASA ROS, ANTONIO
VINYES SABATA, MERCÉ
VIÑA ARASA, RICARDO
VIÑAO BALLARIN, MARIA ANGELES
VITAL ASESORES, C.B.
VIVER MIR, JAIME JAVIER
VIVIAL ASESORAMIENTO Y ALQUILERES, S.L.
WALS FERNANDEZ, PETRA

APPENDIX XV.

Glossary

Adjusted acquisition cost	The acquisition cost of the securities less accumulated amortizations, plus interest accrued, but not net of any other valuation adjustments.
Amortized cost	The amortized cost of a financial asset is the amount at which it was measured at initial recognition minus principal repayments, plus or minus, as warranted, the cumulative amount taken to profit or loss using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or change in measured value.
Associates	Companies in which the Group has a significant influence, without having control. Significant influence is deemed to exist when the Group owns 20% or more of the voting rights of an investee directly or indirectly.
Available-for-sale financial assets	Available-for-sale (AFS) financial assets are debt securities that are not classified as held-to-maturity investments or as financial assets designated at fair value through profit or loss (FVTPL) and equity instruments that are not subsidiaries, associates or jointly controlled entities and have not been designated as at FVTPL.
Basic earnings per share	Calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.
Business combination	A business combination is a transaction, or any other event, through which a single entity obtains the control of one or more businesses.
Cash flow hedges	Those that hedge the exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could effect profit or loss.
Commissions and fees	Income and expenses relating to commissions and similar fees are recognized in the consolidated income statement using criteria that vary according to their nature. The most significant income and expense items in this connection are: - Fees and commissions relating linked to financial assets and liabilities measured at fair value through profit or loss, which are recognized when collected. - Fees and commissions arising from transactions or services that are provided over a period of time, which are recognized over the life of these transactions or services. - Fees and commissions generated by a single act are accrued upon execution of that act.
Contingencies	Current obligations of the entity arising as a result of past events whose existence depends on the occurrence or non-occurrence of one or more future events independent of the will of the entity.

Contingent liabilities	Possible obligations of the entity that arise from past events and whose existence depends on the occurrence or non-occurrence of one or more future events independent of the entity's will and that could lead to the recognition of financial assets.
Contingent risks	Transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts.
Correlation risk	Correlation risk is related to derivatives whose final value depends on the performance of more than one underlying asset (primarily, stock baskets) and indicates the existing variability in the correlations between each pair of assets.
Current service cost	Current service cost is the increase in the present value of a defined benefit obligation resulting from employee service in the current period.
Current tax assets	Taxes recoverable over the next twelve months.
Current tax liabilities	Corporate income tax payable on taxable profit for the year and other taxes payable in the next twelve months.
Debt certificates	Obligations and other interest-bearing securities that create or evidence a debt on the part of their issuer, including debt securities issued for trading among an open group of investors, that accrue interest, implied or explicit, whose rate, fixed or benchmarked to other rates, is established contractually, and take the form of securities or book-entries, irrespective of the issuer.
Deferred tax assets	Taxes recoverable in future years, including loss carryforwards or tax credits for deductions and tax rebates pending application.
Deferred tax liabilities	Income taxes payable in subsequent years.
Defined benefit plans	Defined contribution plans are retirement benefit plans under which amounts to be paid as retirement benefits are determined by contributions to a fund together with investment earnings thereon. The employer's obligations in respect of its employees current and prior years' employment service are discharged by contributions to the fund.
Defined contribution plans	Post-employment obligation under which the entity, directly or indirectly via the plan, retains the contractual or implicit obligation to pay remuneration directly to employees when required or to pay additional amounts if the insurer, or other entity required to pay, does not cover all the benefits relating to the services rendered by the employees when insurance policies do not cover all of the corresponding post-employees benefits.
Deposits from central banks	Deposits of all classes, including loans and money market operations, received from the Bank of Spain and other central banks.
Deposits from credit institutions	Deposits of all classes, including loans and money market operations received, from credit entities.

Deposits from customers	Redeemable cash balances received by the entity, with the exception of debt certificates, money market operations through counterparties and subordinated liabilities that are not received from either central banks or credit entities. This category also includes cash deposits and consignments received that can be readily withdrawn.
Diluted earnings per share	This calculation is similar to that used to measure basic earnings per share, except that the weighted average number of shares outstanding is adjusted to reflect the potential dilutive effect of any stock options, warrants and convertible debt instruments outstanding the year. For the purpose of calculating diluted earnings per share, an entity shall assume the exercise of dilutive warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price of ordinary shares during the period shall be treated as an issue of ordinary shares for no consideration. Such shares are dilutive and are added to the number of ordinary shares outstanding in the calculation of diluted earnings per share.
Early retirements	Employees that no longer render their services to the entity but which, without being legally retired, remain entitled to make economic claims on the entity until they formally retire.
Economic capital	Eligible capital for regulatory capital adequacy calculations.
Economic profit	This metric measures the part of attributable adjusted profit (attributable profit + adjustment for expected loss, net income and valuation) in excess of the cost of equity employed, and measures the profits generated in excess of market expectations of returns on equity capital. This is used at the management level; for annual public reporting; for incentives in some business areas; and in the Group's value map.
Effective interest rate	Discount rate that exactly equals the value of a financial instrument with the cash flows estimated over the expected life of the instrument based on its contractual period as well as its anticipated amortization, but without taking the future losses of credit risk into consideration.
Employee expenses	All compensation accrued during the year in respect of personnel on the payroll, under permanent or temporary contracts, irrespective of their jobs or functions, irrespective of the concept, including the current costs of servicing pension plans, own share based compensation schemes and capitalized personnel expenses. Amounts reimbursed by the state Social Security or other welfare entities in respect of employee illness are deducted from personnel expenses.
Equity	The residual interest in an entity's assets after deducting its liabilities. It includes owner or venturer contributions to the entity, at incorporation and subsequently, unless they meet the definition of liabilities, and accumulated net profits or losses, fair value adjustments affecting equity and, if warranted, minority interests.
Equity instruments	An equity instrument that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity method	The method used for the consolidation of the Group's holdings in associates. These holdings are recognized at cost on the purchase date and later evaluated. This amount will then be increased or decreased based on the differences that, after said date, the equity of the entity experiences and that corresponds to the investing institution, after considering the dividends received from them and other equity eliminations. The income statement of the investing institution shall include the corresponding proportion in the earnings of the investee.
Exchange/translation differences	Exchange differences (PyL): Includes the earnings obtained in currency trading and the differences arising on translating monetary items denominated in foreign currency to the functional currency. Exchange differences (valuation adjustments): those recorded due to the translation of the financial statements in foreign currency to the functional currency of the Group and others recorded against equity.
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
Fair value hedges	Derivatives that hedge the exposure to changes in the fair value of assets and liabilities or firm commitments that have not be recognized, or of an identified portion of said assets, liabilities or firm commitments, attributable to a specific risk, provided it could affect the income statement.
Fees	See Commissions, fees and similar items
Financial guarantees	Contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument, irrespective of its instrumentation. These guarantees may take the form of deposits, technical or financial guarantees, insurance contracts or credit derivatives.
Financial instrument	A financial instrument is any contract that gives rise to a financial asset of one entity and to a financial liability or equity instrument of another entity.
Financial liabilities at amortized cost	Financial liabilities that do not meet the definition of financial liabilities designated at fair value through profit or loss and arise from the financial entities' ordinary activities to capture funds, regardless of their instrumentation or maturity.
Full consolidation method	Method used for the consolidation of the accounts of the Group's subsidiaries. The assets and liabilities of the Group entities are incorporated line-by-line on the consolidate balance sheets, after conciliation and the elimination in full of intragroup balances, including amounts payable and receivable.
	Group entity income statement income and expense headings are similarly combined line by line into the consolidated income statement, having made the following consolidation eliminations: a) income and expenses in respect of intragroup transactions are eliminated in full. b) profits and losses resulting from intragroup transactions are similarly eliminated.
	The carrying amount of the parent's investment and the parent's share of equity in each subsidiary are eliminated.

Gains or losses on financial assets and liabilities, net	This heading reflects fair value changes in financial instruments - except for changes attributable to accrued interest upon application of the interest rate method and asset impairment losses (net) recognized in the income statement - as well as gains or losses generated by their sale - except for gains or losses generated by the disposal of investments in subsidiaries, jointly controlled entities and associates an of securities classified as held to maturity.
Goodwill	Goodwill acquired in a business combination represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not able to be individually identified and separately recognized.
Hedges of net investments in foreign operations	Foreign currency hedge of a net investment in a foreign operation .
Hedging derivatives	Derivatives designated as hedging instruments in an accounting hedge. The fair value or future cash flows of those derivatives is expected to offset the differences in the fair value or cash flows of the items hedged.
Held-to-maturity investments	Held-to-maturity investments are financial assets traded on an active market, with fixed maturity and fixed or determinable payments and cash flows that an entity has the positive intention and financial ability to hold to maturity.
Held for trading (assets and liabilities)	Financial assets and liabilities acquired or incurred primarily for the purpose of profiting from variations in their prices in the short term.
	This category also includes financial derivatives not qualifying for hedge accounting, and in the case of borrowed securities, financial liabilities originated by the firm sale of financial assets acquired under repurchase agreements or received on loan (“short positions”).
Impaired/doubtful/non-performing portfolio	Financial assets whose carrying amount is higher than their recoverable value, prompting the entity to recognize the corresponding impairment loss.
Impaired financial assets	A financial asset is deemed impaired, and accordingly restated to fair value, when there is objective evidence of impairment as a result of one or more events that give rise to:
	1. A measurable decrease in the estimated future cash flows since the initial recognition of those assets in the case of debt instruments (loans and receivables and debt securities).
	2. A significant or prolonged drop in fair value below cost in the case of equity instruments.
Income from equity instruments	Dividends and income on equity instruments collected or announced during the year corresponding to profits generated by investees after the ownership interest is acquired. Income is recognized gross, i.e., without deducting any withholdings made, if any.
Insurance contracts linked to pensions	The fair value of insurance contracts written to cover pension commitments.

Inventories	Assets, other than financial instruments, under production, construction or development, held for sale during the normal course of business, or to be consumed in the production process or during the rendering of services. Inventories include land and other properties held for sale at the real estate development business.
Investment properties	Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for own use or sale in the ordinary course of business.
Jointly controlled entities	Companies that form a joint business and, consequently, over which the Group exercises joint control. A joint business is a contractual agreement by virtue of which two or more entities undertake an economic activity under joint control; that is, a contractual agreement to share the power to guide the financial and operation policies of an entity or other economic activity, so as to benefit from its operations, and in which the unanimous consent of all participants is required in all financial and operational strategic decision-making.
Leases	A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time, a stream of cash flows that is essentially equivalent to the combination of principal and interest payments under a loan agreement.
	a) A lease is classified as a finance lease when it substantially transfers all the risks and rewards incidental to ownership of the asset forming the subject-matter of the contract.
	b) A lease will be classified as operating lease when it is not a financial lease.
Liabilities associated with non-current assets held for sale	The balance of liabilities directly associated with assets classified as non-current assets held for sale, including those recognized under liabilities in the entity's balance sheet at the balance sheet date corresponding to discontinued operations.
Liabilities under insurance contracts	The technical reserves of direct insurance and inward reinsurance recorded by the consolidated entities to cover claims arising from insurance contracts in force at period-end.
Loans and advances to customers	Loans and receivables, irrespective of their type, granted to third parties that are not credit entities.
Loans and receivables	Financial instruments with determined or determinable cash flows and in which the entire payment made by the entity will be recovered, except for reasons attributable to the solvency of the debtor. This category includes both the investments from the typical lending activity (amounts of cash available and pending maturity by customers as a loan or deposits lent to other entities, and unlisted debt certificates), as well as debts contracted by the purchasers of goods, or users of services, that form part of the entity's business. It also includes all finance lease arrangements in which the consolidated subsidiaries act as lessors.
Minority interests	The net amount of the profit or loss and net assets of a subsidiary attributable to associates outside the group (that is, the amount that is not owned, directly or indirectly, by the parent), including that amount in the corresponding part of the consolidated earnings for the period.

Mortgage-covered bonds	Financial asset or security created from mortgage loans and backed by the guarantee of the mortgage loan portfolio of the entity.
Non-current assets held for sale	A non-current asset or disposal group, whose carrying amount is expected to be realized through a sale transaction, rather than through continuing use, and which meets the following requirements: a) it is immediately available for sale in its present condition at the balance sheet date, i.e. only normal procedures are required for the sale of the asset. b) the sale is considered highly probable.
Non-monetary assets	Assets and liabilities that do not provide any right to receive or deliver a determined or determinable amount of monetary units, such as tangible and intangible assets, goodwill and ordinary shares subordinate to all other classes of capital instruments.
Non performing contingent risk	The balance of non performing risks, whether for reasons of default by customers or for other reasons as detailed in section II of Annex IX of Bank of Spain Circular 04/2004, for contingent risks. This figure is shown gross: in other words, it is not adjusted for value corrections (loan loss reserves) made.
Non Performing Loans (NPL)	The balance of non performing risks, whether for reasons of default by customers or for other reasons as detailed in section II of Annex IX of Bank of Spain Circular 04/2004, for exposures on balance loans to customers. This figure is shown gross: in other words, it is not adjusted for value corrections (loan loss reserves) made.
NPA Coveraged ratio	Impairment allowances (generic, specific and country risk allowance) as a percentage of the non performing assets (the sum of Substandard loans and advances to customers and Substandard contingent liabilities to customers)
NPA ratio	Represents the sum of Substandard loans and advances to customers and Substandard contingent liabilities to customers divided by the sum of Loans and advances to customers and Contingent liabilities to customers.
Other equity instruments	This heading reflects the increase in equity resulting from various forms of owner contributions, retained earnings, restatements of the financial statements and valuation adjustments.
Other financial assets/liabilities at fair value through profit or loss	Instruments designated by the entity from the start at fair value with changes in profit or loss. Only the following can be included in the category: assets and liabilities that are deemed “hybrid financial assets and liabilities” and for which the fair value of the embedded derivatives cannot be reliably determined.
	These are financial assets managed jointly with “Liabilities under insurance contracts” valued at fair value, in combination with derivatives written with a view to significantly mitigating exposure to changes in these contracts' fair value, or in combination with financial liabilities and derivatives designed to significantly reduce global exposure to interest rate risk.
	These headings also include customer loans and deposits effected via so-called unit-linked life insurance contracts, in which the policyholder assumes the investment risk.
Own/treasury shares	The amount of own equity instruments held by the entity.

Past service cost	It is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.
Post-employment benefits	Retirement benefit plans are arrangements whereby an enterprise provides benefits for its employees on or after termination of service.
Property, plant and equipment/tangible assets	Buildings, land, fixtures, vehicles, computer equipment and other facilities owned by the entity or acquired under finance leases.
Proportionate consolidation method	Method used for the integration of the accounts of the jointly-controlled entities in the Consolidated Financial Statements. The aggregation of the different headings of the balance sheet and income statement of the entities to the consolidated financial statements through this method is performed in the proportion of the Group's holding in its capital, excluding the portion corresponding to its own equity instruments. In the same proportion, reciprocal credit and debits will be eliminated, as will be the income, expenses and earnings from internal transactions.
Provisions	Provisions include amounts recognized to cover the Group's current obligations arising as a result of past events, certain in terms of nature but uncertain in terms of amount and/or cancellation date.
Provisions for contingent liabilities and commitments	Provisions recorded to cover exposures arising as a result of transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts, and provisions for contingent commitments, i.e., irrevocable commitments which may arise upon recognition of financial assets.
Provision for credit losses	Provisions recognized during the year, net of recoveries on amounts provisioned in prior years, with the exception of provisions for pensions and contributions to pension funds which constitute current or interest expense.
Provisions for pensions and similar obligation	Constitutes all provisions recognized to cover retirement benefits, including commitments assumed vis-à-vis beneficiaries of early retirement and analogous schemes.
Public-covered bonds	Financial asset or security created from public loans and backed by the guarantee of the public debt portfolio of the entity.
Reserves	Accumulated net profits or losses recognized in the income statement in prior years and retained in equity upon distribution. Reserves also include the cumulative effect of adjustments recognized directly in equity as a result of costs in the issue or reduction of own equity instruments, sale of own equity instruments, actuarial gains on pension plans and the retroactive restatement of the financial statements due to changes in accounting policy and the correction of errors.
Securitization fund	A fund that is configured as a separate equity and administered by a management company. An entity that would like funding sells certain assets to the securitization fund, which, in turn, issues securities backed by said assets.
Share premium	The amount paid in by owners for issued equity at a premium to the shares' nominal value.

Short positions	Financial liabilities arising as a result of the final sale of financial assets acquired under repurchase agreements or received on loan.
Subordinated liabilities	Financing received, regardless of its instrumentation, which ranks after the common creditors in the event of a liquidation.
Subsidiaries	Companies over which the Group exercises control. An entity is presumed to have control over another when it possesses the right to oversee its financial and operational policies, through a legal, statutory or contractual procedure, in order to obtain benefits from its economic activities. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of an entity's voting power, unless, exceptionally, it can be clearly demonstrated that ownership of more than one half of an entity's voting rights does not constitute control of it. Control also exists when the parent owns half or less of the voting power of an entity when there is:
	An agreement that gives the parent the right to control the votes of other shareholders;
Subsidiaries	Power to govern the financial and operating policies of the entity under a statute or an agreement; power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body;
	Power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.
Substandard risk	All debt instruments and contingent risks which do not meet the criteria to be classified individually as non-performing or written-off, but show weaknesses that may entail for the entity the need to assume losses greater than the hedges for impairment of risks subject to special monitoring.
Stockholders' funds	Contributions by stockholders, accumulated earnings recognized in the income statement and the equity components of compound financial instruments.
Structured credit products	Special financial instrument backed by other instruments building a subordination structure.
Tax liabilities	All tax related liabilities except for provisions for taxes.
Trading derivatives	The fair value in favor (assets) or again (liabilities) of the entity of derivatives not designated as accounting hedges.
TSR	Total Shareholder Return. The total return of a stock to an investor (capital gain plus dividends)
Unit-link	This is life insurance in which the policyholder assumes the risk. In these policies, the funds for the technical insurance provisions are invested in the name of and on behalf of the policyholder in shares of Collective Investment Institutions and other financial assets chosen by the policyholder, who bears the investment risk.

Value at Risk (VaR)	Value at Risk (VaR) is the basic variable for measuring and controlling the Group's market risk. This risk metric estimates the maximum loss that may occur in a portfolio's market positions for a particular time horizon and given confidence level
	VaR figures are estimated following two methodologies:
	- VaR without smoothing, which awards equal weight to the daily information for the immediately preceding last two years. This is currently the official methodology for measuring market risks vis-à-vis limits compliance of the risk.
	- VaR with smoothing, which weights more recent market information more heavily. This is a metric which supplements the previous one.
	VaR with smoothing adapts itself more swiftly to the changes in financial market conditions, whereas VaR without smoothing is, in general, a more stable metric that will tend to exceed VaR with smoothing when the markets show less volatile trends, while it will tend to be lower when they present upturns in uncertainty.

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRES for banks. See Note 54). This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

BBVA

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Management report for the year ended December 31, 2012

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Banco Bilbao Vizcaya Argentaria, S.A.

Management report for the year ended December 31, 2012

1. Introduction

Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, "the Bank" or "BBVA") is a private-law entity, subject to the rules and regulations governing banking institutions operating in Spain. The Bank conducts its business through branches and offices located throughout Spain and abroad.

The Bank's management report has been prepared using the individual accounting and management records of Banco Bilbao Vizcaya Argentaria, S.A.

BBVA is the parent company of the BBVA Group (hereinafter, "the Group"). It is an internationally diversified group with a significant presence in the business of traditional retail banking, asset management, private banking and wholesale banking.

The financial information included in this management report is presented in accordance with the criteria established by Bank of Spain Circular 4/2004, of December 22, on Public and Confidential Financial Reporting Rules and Formats for Financial Statements, and its subsequent amendments.

2. Economic environment in 2012

The slowdown intensifies in 2012

In 2012, the global economy has grown just over 3%, a year-on-year rate which is slightly lower than the average for the last three decades (3.5%). This slowdown in world growth is largely due to further flaring up of financial tensions in Europe. The rest of the slowdown has been caused by the contagion from Europe to other geographical areas, limited support from demand policies in emerging economies and uncertainties about how to define such policies in the United States.

GDP Increase	2012	2011
Global	3.2%	3.9%
Europe	-0.5%	1.5%
Spain	-1.4%	0.4%
United States	2.1%	1.8%
México	3.7%	3.9%
South America	2.7%	4.5%
China	7.6%	9.2%
Turkey	3.0%	8.5%

Source: BBVA Research

Europe is on the road toward more soundly based, but less speedy, economic and monetary union. Many events have occurred in 2012 which have triggered unease in the markets. First, uncertainties about how to reach fiscal austerity targets without hampering growth. Second, uncertainties arising from the state of the financial system in certain countries, which is subject to pressure due to lack of growth and suspicion spreading about the solvency of public administrations. Lastly, the degree of commitment of certain countries toward the common European project, which at some points during 2012 prompted fears of a break-up of the euro (fears which were later dispelled).

However, 2012 has also been a year marked by essential steps taken to resolve the financial crisis in Europe. First, the commitment toward the euro has been reinforced, once the Greek elections led to the formation of a government which took a responsible view of the adjustments needed for it to remain in the common monetary area. Second, peripheral countries have carried out major structural reforms. Third, significant progress has been made in restructuring the financial systems which were hardest hit by the crisis that began in late 2008 -such as Spain's- with the approval of a credit facility for the recapitalization of the most vulnerable institutions. Finally, the euro zone has also worked on its governance, with the establishment of a fiscal agreement, the setting-up of the European Stability Mechanism (ESM), the first steps taken toward banking union, and, decisively, the commitment of the European Central Bank (ECB) to do whatever is necessary to eliminate the risk of euro convertibility by announcing the launch of a bond repurchase program on the secondary market of those countries which request assistance from the ESM. Financial tensions in Europe have eased considerably in the latter part of 2012 thanks to the adoption of these measures. Nonetheless, these measures have not been enough to prevent the European economy from gradually slowing over the course of the year to the point of stagnation. Overall, GDP growth in the euro zone declined by 0.5%, from the growth of 1.5% it posted in 2011.

Meanwhile, the Spanish economy has been the focus of financial tensions, at their highest in spring 2012, when spreads were at their widest, while access to finance from the different sectors of the wholesale markets was severely restricted. However, important steps forward have also been taken. On the one hand, measures have been taken to meet fiscal targets, through a combination of tax hikes and reduced public spending. There was some progress made in this respect in the latter part of 2012, though probably not sufficient to offset the accumulated deviations. Second, the Spanish financial restructuring map is almost complete. For that purpose, the Spanish economy has obtained an advantageous credit facility from the ESM, enabling it to recapitalize institutions with solvency problems in stress scenarios. Critical structural reforms have also been implemented, such as in the labor market, thereby increasing the growth capacity of the Spanish economy. Spain has also benefited from decisions taken within the European framework, particularly in terms of the start-up of the ESM and the ECB's commitment toward supporting the financing of Spanish sovereign debt through the purchase of Spanish government debt once the authorities agree to request funds from the ESM. Overall, with the measures taken by the Spanish authorities and the support from euro zone measures, there has been a partial easing of financial tensions, despite the contraction in the economy in 2012 (-1.4%), following on growth of a mere 0.4% the previous year.

Economic recovery has continued in the United States throughout 2012, albeit at a slower pace than that reported in similar cyclical stages in the past. In fact, although GDP has grown in the region by around 2%, there has been a marked slowdown in the later part of the year. Private demand has remained feeble throughout the period, due to the high levels of uncertainty abroad and also to how the question of the so-called fiscal cliff would be resolved: the automatic activation of a tax hike and spending cuts program which might be on a sufficient scale to push the US economy into recession. However, there has been a certain degree of recovery in some sections of economic activity, such as the housing market. At the same time, monetary policy has helped to keep expectations positive through a new quantitative easing program and the commitment toward continuing with a low interest rate scenario for the time it takes to reduce the unemployment rate.

Emerging economies are not immune to the global deterioration, but they continue to report significant growth rates. Emerging markets in both Latin America and Asia have also felt the effects of the global financial tensions and the stagnation in the European economy, even though domestic demand in these countries has remained sound. Exports, however, have been adversely affected. As a result, growth in Latin America has slowed to around 3% in 2012 (due particularly to the poor performance in Brazil), while Asia (not including China) has grown a few tenths of a point below 4%.

Despite the weakness shown by its main foreign market (United States), the Mexican economy has reported above-average growth rates in the region and has also outstripped its own average for the last decade. In fact, growth has continued close to 2011 levels, at around 4%. This is largely due to sound domestic demand, underpinned by the rise in employment and the availability of credit, but also to the greater foreign competitiveness of the Mexican economy. Although Mexican inflation stands above the target set by the Central Bank, this is due to temporary factors affecting the prices of certain products. The outlook is thus for monetary policy to be maintained.

In South America, growth has been hampered by Brazil, which has hovered around stagnation during most of 2012. In most South American countries, however, growth has been even higher than expected, despite the deterioration abroad, given that commodity prices have remained high and financial tensions have eased. In this context, both consumption and investment have continued to be shored up by the strength of the labor and credit markets and by still expansive monetary policies.

The gentle slowdown which China has been experiencing for some time, largely due to the economic policy measures taken to minimize the risks of overheating, has been heightened as the environment abroad has weakened. This has sparked fears of a hard landing for the Chinese economy. Nevertheless, the economy has stabilized in the latter part of 2012 and the authorities have stated that they will continue to use both monetary policy and fiscal stimulus measures to keep China's growth at acceptable levels. Even though GDP has slowed to 7.6% in 2012 (from rates of between 9% and 10% in the three preceding years), there have been signs of an upturn in activity at the tail end of 2012.

Lastly, Turkey has been affected by European tensions, not only in its financial markets, but also from the knock-on effect of lack of external demand. Activity has also slowed down due to the measures taken to correct the imbalances accumulated on Turkey's current account and in inflation. Even so, Turkey grew by 3% in 2012. The authorities are continuing to push through measures designed to reduce the economy's traditional imbalances (such as energy dependence). In fact, there are clear signs of improvement in the external deficit.

Trends in exchange rates

In the currency markets, the euro depreciated significantly against the dollar in the first half of the year due to the heightened perception of risk with respect to the European debt crisis. Nonetheless, the steps taken by the ECB during the summer to reduce fragmentation in the euro zone's financial markets helped strengthen the euro in the second half of the year. Nevertheless, the euro suffered a 7.7% annual average depreciation against the dollar. Currency movements against the dollar in the emerging countries have also been determined by the increase or decrease in perceived risk. Given that the problems were focused on the euro zone, however, global liquidity has continued to rise and, as a result, the perception in these economies is of a sounder macro-economic environment. Thus, in relative terms, their currencies have been less affected by episodes of risk, resulting in favorable overall performance of the currencies with the greatest weight in BBVA's financial statements. As a result, exchange rates had a positive impact on the year-on-year comparison of the Bank's earnings.

Regarding year-end exchange rates, the dollar has appreciated 1.1% against the euro over the last twelve months, as have the Chilean peso (8.6%), Colombian peso (7.7%), Mexican peso (7.6%), Peruvian new sol (5.5%), Turkish lira (5.3%) and the Venezuelan bolivar fuerte (1.1%). The Argentinean peso, however, has depreciated. To sum up, the exchange-rate effect is also positive on the balance sheet and activity.

In 2013, the dollar is expected to continue appreciating slightly against the euro, while the currencies of emerging economies will have some room for appreciation against the dollar.

	Average Exchange Rates			Year-End Exchange Rates		
Currency	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**
Mexican peso	16.90	17.29	16.74	17.18	18.05	16.55
U.S.dollar	1.29	1.39	1.33	1.32	1.29	1.34
Argentine peso	5.84	5.75	5.27	6.48	5.57	5.49
Chilean peso	625.00	672.04	675.68	633.31	674.76	625.39
Colombian peso	2,309.47	2,570.69	2,518.89	2,331.00	2,512.56	2,557.54
Peruvian new sol	3.39	3.83	3.74	3.37	3.49	3.75
Venezuelan bolivar	5.52	5.98	5.62	5.66	5.56	5.74
Turkish lira	2.31	2.34	2.00	2.36	2.44	2.07
Chinese Yuan	8.11	8.99	8.97	8.22	8.16	8.82

Relevant events: the banking system

The achievement of banking and fiscal union in Europe will be crucial for giving greater credibility to the European project. For the banking sector in Europe, 2012 has been a year of great financial tensions, as mentioned before. These tensions mean that the positive effect of the ECB's liquidity injection on risk premiums has virtually dissipated.

In the second half of the year, it was again the ECB which took a decisive step to bring the debt crisis in Europe to an end by embarking on a new program to buy public debt. Following the Eurogroup summit in late June, Europe has been working on the design of a roadmap for banking and fiscal union, conditions which are considered to be necessary to make the European project credible.

In Spain, significant progress has been made in restructuring the financial system, with the implementation of major reforms, while evidencing the diverse nature of the Spanish banking sector. The following are some of the highlights:

- Enactment of the two Royal Decrees in February and May designed to provision for the risk of real-estate assets (problematic and non-problematic).
- Approval by the Eurogroup for a loan of up to €100,000 million to bolster the solvency of the Spanish financial system.
- Approval of Royal Decree-Law (and subsequent Act) for the Restructuring and Resolution of Credit Institutions, which is an essential tool for managing crisis in financial institutions. This is a major step forward in reforming the system, as it reinforces the instruments, the role of public institutions and the procedures for the restructuring and resolution of financial institutions.

- Publication of the results of the stress tests conducted on Spanish banks by two independent international consultants (top-down tests). The stress tests identified capital requirements of between €51,000 million and €62,000 million. Then the results of the stress tests on the same 14 Spanish banking groups carried out using individual analysis of each institution were published (bottom-up tests). The results revealed capital requirements of €54,000 million, limited to institutions which account for around 30% of the system's assets, and concentrated in those controlled by the Orderly Bank Restructuring Fund (FROB).
- Creation of the Asset Management Company for Assets Arising from Bank Restructuring (SAREB), controlled by the FROB with a minority stake. The SAREB will be responsible for managing assets linked to the real-estate sector transferred to it by nationalized banks and those requiring an injection of public funds. It will manage assets of around €51,000 million, of which €36,000 million have already been transferred to the four institutions controlled so far by the FROB.

In the midst of all these events, the financial industry has continued with its deleveraging process, which has involved a reduction in business volume and a negative impact on the NPA ratio of the sector, which at the end of October amounted to 11.23% for the system as a whole.

The easing of financial tensions in the closing months of 2012 has prompted a reduction of the net funds requested from the ECB, funds which amounted to €313,000 million in December, after a high of €389,000 million in August.

3. Balance sheet and business activity

The key figures in the Bank's balance sheet with respect to its main business are as follows:

The Bank's total balance sheet as of December 31, 2012 stood at €400,499 million (€411,166 million in 2011). At the close of 2012, "Loans and receivables – Loans and advances to customers" amounted to €213,944 million, compared with €238,463 million for the previous year. As of December 31, 2012, customer deposits stood at €163,798 million (€184,966 million in 2011).

4. Earnings

In 2012, the Bank had a net profit after tax of €1,428 million euros (€1,428 million in 2011).

Operating expenses increased from €3,641 million in 2011 to €3,668 million in 2012.

Gross income for 2012 totaled €11,250 million, compared with €9,519 million in 2011.

Net interest income in 2012 stood at €4,224 million (€4,015 million in 2011).

5. Risk management

BBVA's risk management system is outlined in Note 5, Risk Management, of the accompanying Financial Statements.

6. BBVA Group solvency and capital ratios

The BBVA Group's capital ratios

In line with current international standards (Basel II) for determining the solvency of financial institutions, the capital ratios are measured at consolidated group level. Below are the capital ratios and amounts of the main items used for calculating these ratios as of December 31, 2012 and 2011:

	Millions of Euros		
The Group capital base	**2012**	**2011**	**% Change 2012-2011**
Stockholders' funds	43,614	40,952	6.5
Adjustments	(9,401)	(10,221)	(8.0)
Mandatory convertible bonds	1,238	3,430	(63.9)
CORE CAPITAL	**35,451**	**34,161**	**3.8**
Preferred securities	1,860	1,759	5.7
Adjustments	(1,860)	(1,759)	5.7
CAPITAL (TIER I)	**35,451**	**34,161**	**3.8**
Subordinated debt and other	10,022	11,258	(11.0)
Deductions	(2,636)	(2,649)	(0.5)
OTHER ELIGIBLE CAPITAL (TIER II)	**7,386**	**8,609**	**(14.2)**
CAPITAL BASE (TIER I + TIER II) (a)	**42,836**	**42,770**	**0.2**
Minimum capital requirement (BIS II Regulations)	**26,323**	**26,462**	**(0.5)**
CAPITAL SURPLUS	**16,514**	**16,308**	**1.3**
RISK WEIGHTED ASSETS (b)	**329,033**	**330,771**	**(0.5)**
BIS RATIO (a)/(b)	**13.0%**	**12.9%**	
CORE CAPITAL	**10.8%**	**10.3%**	
TIER I	**10.8%**	**10.3%**	
TIER II	**2.2%**	**2.6%**	

The BBVA Group's capital base, calculated in accordance with the rules defined in the Basel II capital accord, stood at €42,836 million as of December 31, 2012, in line with the figure as of December 31, 2011.

Risk-weighted assets (RWA) barely decreased over the period, reaching €329,033 million as of December 31, 2012. The deleveraging process in Spain, reduced activity with wholesale customers and the sale of the Puerto Rico subsidiary have countered the positive effects on this item, such as the strength of the banking business in emerging countries and the incorporation of Unnim.

The minimum capital requirements under BIS II (8% of RWA) amounted to €26,323 million as of December 31, 2012. Thus the excess capital resources over and above the 8% of the risk-weighted assets required by the regulations stood at €16,514 million. Therefore, the Group has 62.7% of capital above the minimum required levels.

The quality of the capital base has improved, since core capital as of December 31, 2012 amounted to €35,451 million, up on the €34,161 million as of December 31, 2011. The increase is basically due to the generation of earnings attributed both to the Group and to non-controlling interests, and to foreign exchange differences (see Note 3 to the accompanying financial statements).

Core capital accounted for 10.8% of risk-weighted assets, compared with 10.3% as of December 31, 2011, an increase of 50 basis points.

Tier I capital stood at €35,451 million as of December 31, 2012. This amounts to 10.8% of risk-weighted assets, 50 basis points up on the figure for December 31, 2011. Preferred securities account for 5.25% of Tier I capital.

As of December 31, 2012, Tier II capital reached €7,386 million, i.e. 2.2% of risk-weighted assets, and is down 40 basis points, due mainly to repurchases and conversions of subordinated debt.

By aggregating Tier I and Tier II capital, as of December 31, 2012, the BIS total capital ratio is 13.0%, similar to the figure as of December 31, 2011.

Other requirements on minimum capital levels

Irrespective of the aforementioned requirements, in 2011, the European Banking Authority (EBA) issued the recommendation of reaching, as of June 30, 2012, a new minimum capital level of 9%, in the ratio known as Core Tier 1 (CT1). In addition, this minimum ratio should have a sufficient excess amount to absorb the "sovereign buffer", calculated based on sovereign exposure (see section on "Exposure to sovereign risk in Europe"). As of June 30, 2012, the BBVA Group's EBA Core Tier I capital stood at 9.9%, thus complying with the minimum required level.

The Bank of Spain endorsed these recommendations for the Spanish banks that took part in the exercise conducted by the EBA, extending beyond June 30, 2012 the maintenance of that recommended minimum ratio. As of December 31, 2012, the BBVA Group still maintains an EBA *Core Tier I* of 9.7% (provisional figure), higher than the required minimum.

7. Customer Care Service and Customer Ombudsman

In accordance with the stipulations of Article 17 of the Ministry of Economy Order ECO/734/2004, dated March 11, regarding customer care and consumer ombudsman departments at financial institutions, and in line with the new "Regulations for Customer Protection in Spain" of the BBVA Group approved by the Board of Directors of BBVA on September 27, 2011, regulating the activities and powers of the Customer Care Service and Customer Ombudsman, a summary of related activities in 2012 has been prepared.

The Customer Care Service processes all the grievances and complaints addressed to the Customer Ombudsman and to the Customer Care Service itself, except for those which under the new Regulations are the responsibility of the Customer Ombudsman.

7.1 Report on the activity of the Customer Care Service department

Statistical summary of grievances and complaints handled in 2012

The number of customer complaints received by BBVA's Customer Care Service in Spain in 2012 was 7,969, of which 908 were finally not processed because they did not meet the requirements laid down by Ministerial Order ECO/734. 89.8% (6,338 complaints) of the complaints were resolved within the year, with 723 complaints still pending assessment as of December 31, 2012.

The grievances and complaints handled are classified**:**

Type of Complaint to the Customer Care Service	Percentage of Complaints
Assets products	29.9%
Operations	24.1%
Commisions and expenses	18.6%
Customer information	11.7%
Investments - Derivatives	3.4%
Collection and payment services	4.9%
Financial and welfare products	1.8%
Other	4.6%
Insurance	1.0%
Total	**100%**

The complaints handled in 2012, broken down by the nature of their final resolution, is as follows:

Final Resolution for Complaints to the Custumer Service Center	Number of Complaints
In favor of the person submitting the complaint	1,537
Partially in favor of the person submitting the complaint	1,264
In favor of the BBVA Group	3,537
Total	**6,338**

The principles and methods used by the Customer Care Service to resolve complaints are based on the application of the rules on transparency and customer protection and best banking practices. This department adopts its decisions independently, notifying the various units involved of any actions which require review or adaptation to the related regulations.

Recommendations or suggestions

In 2012, the Customer Care Service has implemented various initiatives in order to ensure compliance with best practices. These initiatives include:

- Setting up of the Product and Segment/LOB Quality Committees: in 2012, the CCS has set up a specific complaints Committee with the Product Unit, as well as a Committee with the Segment Units and LOBs, to convey proposals and recommendations and thus promote the implementation of actions aimed at improving the transparency, good practices and quality offered to our customers.
- A Preferred Securities Committee has also been set up which is assisted by the Legal Services Units in Spain and Portugal and by Communication, in order to unify criteria and adopt the required decisions related to the complaints lodged by the customers in this respect.

7.2 Report on the activity of the BBVA Customer Ombudsman

The following is a summary of the activities in 2012 of BBVA's Customer Ombudsman, in accordance with the provisions of Article 17 of Ministry of Economy Order ECO/734/2004, of March 11, on customer service departments and services, and Customer Ombudsmen for financial institutions:

Statistical summary of grievances and complaints handled in 2012

The number of customer complaints received by BBVA's Customer Ombudsman in 2012 was 1,334. Of these, 107 have finally not been processed as they did not fulfill the requirements of Ministerial Order ECO/734. 95.57% (1,275 complaints) of the complaints were resolved within the year, with 59 complaints still pending assessment as of December 31, 2012.

The grievances and complaints handled are classified in the table below in line with the criteria established by the Complaints Service of the Bank of Spain in its half-yearly requests for information:

Type of Complaint	Number of Complaints
Assets operations	380
Investment services	111
Liabilities operations	45
Other banking products (cash, ATM, etc.)	36
Collection and payment services	447
Insurance and welfare products	201
Other	114
Total	**1,334**

The details of the complaints resolved in 2012, broken down according to their final resolution, are as follows:

Final Resolution	Number of Complaints
In favor of the person submitting the complaint	15
Partially in favor of the person submitting the complaint	544
In favor of the BBVA Group	630
Total	**1,189**

Based on the above, it can be concluded that more than 41.90% of customers bringing a complaint before the Customer Ombudsman were in some way satisfied, either as a consequence of Ombudsman's formal resolution or because of the outcome of its action as mediator between the customer and the Bank.

The Customer Ombudsman's decisions are based on current legislation, on the contractual relationships in place between the parties, on current standards on transparency and customer protection, on best banking practices and, especially, on the principle of equity.

Independence is an essential aspect of the Customer Ombudsman. Resolutions by the Ombudsman that are favorable to the customer are binding on BBVA.

Recommendations or suggestions

Among the various initiatives implemented by the Bank at the behest of the Ombudsman in 2012, we would highlight the following:

- The corresponding departments have been notified of suggested ways to improve the Bank's complaints procedures in order to improve the Customer Care Service and make it more satisfactory for customers.
- Contractual compliance with the requirements imposed by MiFID Directive regulations has been subject to special monitoring.
- Operational recommendations to improve the customer service and defense system, as regards implementation of the electronic signature.
- Recommendations have been made on adapting the product profile to the customer profile, on advertising and advertising messages, and on expediting the process of wills.
- Group representatives are in constant contact and meet regularly with the Complaints Service of the Bank of Spain, the CNMV and the Spanish General Directorate of Insurance and Pension Funds. They all share the common goal of harmonizing criteria and fostering more robust customer protection and security.

Customers not satisfied with the resolution of the Customer Ombudsman can appeal before the Bank of Spain, the CNMV or the Spanish General Directorate of Insurance and Pension Funds. The Ombudsman always informs the customers of this option.

In 2012, 169 complaints by BBVA, S.A. customers were filed before the various public supervisory institutions, which were processed in the Office of the Ombudsman previously.

8. Innovation and Technology

In 2012, the Innovation and Technology (I&T) area has carried out its activity around four main lines of action:

- Technological Transformation
- Internal Transformation
- Transformation of the Distribution Model
- Innovation

In addition, the I&T Area performs a number of cross-cutting functions in order to guarantee proper operation of all of the Group's resources. This includes all internal control and information security measures, aimed at mitigating operational risk and reinforcing global fraud management.

Technological Transformation

In 2012, technology and operations in the BBVA Group have evolved with the implementation of advanced technology projects.

Following the inauguration last year of the data processing center (DPC) in Tres Cantos, the Group has continued to develop procedures and improvements to achieve greater efficiency. Worth mentioning are the migration of the Clara del Rey DPC to the new facilities, completion of the plans for migrating the communication and collaborative work tools to Google Apps and the integration of Alnova in the Network Control Center in Monterrey.

Significant progress was made in other projects, such as the Informational Platform, which has made relevant management tools available to the business units and central services, and in the Risk area, where tools are being implemented which enable the optimization of key management processes such as credit origination, as well as making possible improvements in capital requirements, for example, the new Operational Risk tool.

The Group is also implementing new systems aimed at developing a single procurement model for the various geographical areas.

Internal Transformation

As a continuation of the Transformation Project started in 2010, a number of initiatives have been boosted in 2012 aimed at optimizing BBVA's value chain in terms of both quality and productivity. The central services and factory Transformation Plans and the network process transformation plan have been launched:

Central services and factory transformation plan

The fundamental pillar consists of the Cross-cutting plans where, focusing on enhancing productivity, improvement plans have been implemented in each Corporate Functional Area. The goal is to make the most of the Group's economy of scale, transforming the organization and the processes of the support functions in order to achieve a simpler organization in which at least 75% of the staff performs functions involving a direct relationship with customers.

Network process transformation plan

The Network process plan has been defined and developed in 2012, based on 5 core elements:

- Automation, digitizing and monitoring
- High self-service capabilities
- Solving problems on the spot (agility)
- Collaborative and multi-channel management
- Simple and smart commercial processes

This plan seeks to enrich the customer's experience by providing the commercial processes with a greater and better customer view, while reducing the workload of the operating and administration processes.

Over 200 projects have been implemented in 2012 in all the geographical areas, which involve significant progress toward an aspirational model in which the time devoted to customer added-value tasks will be increased by 30%.

Transformation of the ways of working

These plans are supplemented by projects aimed at transforming the ways of working in the Group. Two projects stand out in this area: the Simplicity Plan, designed to simplify the ways of working and making life easier for others, and the Digitizing project, which involves evolving Central Services toward a "paperless" environment and optimizing the internal processes of the Areas.

Transformation of the Distribution Model

New branch formats

As a continuation of the work carried out last year and in order to meet the need to evolve the customer relationship and interaction model, the following activities have been carried out in 2012:

Two new branch formats have been implemented in Spain and Portugal.

In Madrid, at Capitán Haya, 24 and Paseo de la Castellana 107, two branches have been transformed, following a new concept we call "Easy Banking". These are innovative branches where all the external space is made available to the customers. They include the new ABIL self-service areas, which offer customers a very user-friendly way of carrying out transactions on their own. Advice is given on very distinctive pieces of furniture we call "cocoons", where the customer and the manager can share and view the computer screen at the same time, thus emphasizing sale transparency. All this in an environment which is transparent from the outside, with an attractive design and innovative use of digital media in advertising and information.

The former was opened in late 2011 and the latter in the second half of 2012. They have been received very positively by the customers, emphasizing both the self-service capabilities and the differentiated treatment and form of relationship they offer.

A new concept we call "flagship" branch was also inaugurated in July at Orense 58. It is a larger branch that acts as a main office for other branches in the area, offering innovative approaches.

In addition to having larger self-service and customer care areas –cocoons–, there is a reception area at the branch entrance that we refer to as "experience area", where the offerings and benefits of being a BBVA customer are displayed using digital media for different segments. It includes a multi-purpose area where events can be organized and the bank's sponsorships or product and service promotions are on display for both customers and non-customers in the area. This is where the Liga BBVA sponsorship was presented, along with the entrepreneurship work carried out by the BBVA Foundation and the Ruta Quetzal. They have all attracted both customers and non-customers. The top floor of the branch also has several meeting areas for customers, designed for occasions when a more private environment or more management time are required.

Telephone banking

As for Contact Centers, an initiative was launched in 2012 to define a global technological platform for the Group, which all the contact centers operated by third parties will start using gradually, connecting to the various global infrastructures that will be set up for this purpose. The initiative will be implemented gradually in 2013 and 2014. The aim is to achieve a qualitative leap in the operation of BBVA's contact centers through standardization of the service provider management model.

In 2012, the Speech Analytics tool received The Banker Award in the Capital Markets category. This tool involves automating the access and search processes for the conversations held by the Bank's agents with customers, in accordance with the new regulations in the sector.

Speech Analytics enables alarms to be entered and indexed in a keyword database, providing a greater level of control over the recordings, as regards both the customer advisability and suitability tests (a requirement set by the MiFID Directive) and the analysis of the conversation metadata. From the point of view of management, the tool also substantially speeds up access to the recordings and, in the event of conflicts, reduces their resolution time.

The adoption of Speech Analytics by BBVA represents the first implementation of this technology in the financial sector worldwide, and aims to increase efficiency and control of commercial banking transactions.

Development of virtual banking

2012 saw the consolidation of mobile banking as one of the fastest growing remote channels. Available natively on the main platforms for mobile devices, the BBVA Cell Phone solution has experienced the largest growth among the various remote channels and is also one of the most highly rated channels. Simultaneously and in order to provide coverage to 100% of the devices available on the market, the bbva.mobi and SMS solutions have been enhanced with new functionality demanded by customers.

In our ongoing effort to adapt our technology to the most advanced standards, the on-line banking website is being adapted according to the most recent recommendations proposed by W3C, an effort that will become a reality in the first quarter of 2013. The new technical developments, combined with the new functionality, will provide our customers with faster and more convenient access from any type of device available on the market.

2012 also saw the evolution of consumer electronics devices toward access points permanently connected to the Internet. The possibility of accessing the Internet from TV sets, domestic DVD players and other popular devices has made possible the development of new services that, using the same technological platform as the rest of the channels, require a high level of innovation in customer experience.

Apps

Apps are playing a fundamental role in the evolution of our customer relationship model. In 2012, the number of downloads of BBVA applications tripled, with an average of 110,000 downloads a month. This incremental trend is on the rise, with quarterly growth of 40%.

Today, 80.9% of the applications downloaded correspond to cell phones, 11.8% to iPads and 7.3% to Smart TV.

Innovation

Innovation Community

In 2012 we have consolidated the BBVA Innovation Center as a meeting point for the innovative and entrepreneur community. Last year, more than 14,000 people visited the Innovation Center. Of these, 1,688 took part in one of our guided visits and 10,422 attended one of the 157 events organized at the center.

This year we are offering the Open Days, which are intended to communicate the Group's innovation activity to those interested in this subject. Likewise, the Innovation Center hosted world-class events like TEDx, Knowsquare, Cloudstage or Hacks and Hackers, among others. In addition, we are promoting our own events on Simple Banking, Mobile Banking, Mobile Payments, Gamification & Banking or the "FutureBankingLab" think tank in partnership with the Inter-American Development Bank (IDB) and we have received well-known public figures like Eduard Punset, Alexander Osterwalder, Ken Morse or Sebastian Seung, who shared their projects and knowledge with visitors.

Far from being a physical experience, it has also been offered on the Internet, with over 333,000 unique visitors recorded on the Innovation Center's website last year. Our on-line presence also extends to social networks, where we chatted with our 9,097 followers on Twitter, who made 6,598 mentions and 7,723 RT, and impacted a total of 77,503,228 users. Not to mention the 3,213 fans on Facebook, with their 1,307 likes, 202 comments and 209 shares. Lastly, the 1,831 Linkedin members who follow us or the 54,240 views on YouTube of our nearly 400 videos confirm the growth of this community.

In 2012 we also launched Innovation Edge, the first corporate magazine for iPad focused on innovation in the banking industry. This is a collaborative exercise among many people who wanted to take part in its creation and has four issues on Apple Store. In Christmas 2012 it was one of the three most downloaded applications in its category. Users have completed 4,096 downloads of the pdf version through the website www.centrodeinnovacionbbva.com/innovation-edge (with a total of 20,232 visits) and 2,077 downloads of the App (with a total of 5,945 visits and 38,046 page views). .

Support for innovators and entrepreneurs

At BBVA we are aware that in order for our innovation activity to be effective we need to be close to the entrepreneur community. The BBVA Innovation Center has boosted even more the Open Talent program, with over 500 projects taking part in 2012. We support initiatives such as TR35, a Massachusetts Institute of Technology project that rewards young people aged under 35 who are achieving a great impact with their innovative projects. In 2012 we collaborated in the programs held in Spain, Argentina, Colombia and Mexico. Likewise, we have strengthened our alliances with pro-entrepreneurship initiatives like Iniciador or Red Innova, and we carry out activities and offer workshops at our facilities, including Copymes (Infonomía), EntreApps and The Api Hour.

Information security and fraud and reputational risk management

The BBVA Group has established computer security controls to prevent and mitigate computer attacks that may materially affect the Group's earnings. These controls are part of the risk assessment and mitigation system established in the corporate operational risk and internal control structure in order to ensure compliance with the Sarbanes-Oxley Act, with a view to guaranteeing their proper identification and effective control. During the processes carried out for reviewing and auditing such risks and controls, no material risks have been identified as a result of the effective mitigation offered by the controls implemented.

The identified risks are basically divided into those which may affect the availability of the computer systems and their supporting processes, and those which may affect the confidentiality and integrity of the information processed by such systems.

Risks related to lack of availability are managed and mitigated through the Business Continuity Plans and the Systems Continuity Plans.

Work is being carried out in the Business Continuity area in order to fully implement and update 128 continuity plans in 26 countries. Some of them have been activated during the year, as in the case of the New York floods.

The risks that may affect the confidentiality and integrity of the information are managed and mitigated within the programs established throughout the BBVA Group in the successive Information security master plans. These Plans are designed to mitigate the various risks through a security model that includes Identity Management, Security Architectures, Monitoring Systems and Incident Management.

The services outsourced by the BBVA Group are not exposed to material cyber security risks.

The BBVA Group has not undergone any security incidents which individually or in the aggregate can be considered material.

By type of business and operations carried out by the BBVA Group, no risks associated with cyber security incidents have been identified which could remain undetected for an extended period of time and represent a material risk. Moreover, and with a view to determining any possible banking-related cyber security risks which might affect the Group, there is no public evidence of incidents occurring in the financial sector which in the case of the Group might represent a material risk.

In 2012, fraud management in the various businesses and geographies has been focused primarily on fraud prevention and early detection of alerts through the use of technology.

9. Environmental information

Environmental commitment

The BBVA Group prioritizes sustainable development. As a financial institution, the Group's activities have a significant impact on the environment: be it through its consumption of natural resources, management of its properties, use of paper, travel, etc. (direct impacts), or through the consequences for the environment of the products and services it provides, particularly those related to financing, asset management and management of its chain of suppliers (indirect impacts).

Aims of the environmental policy

The objectives of the Bank's environmental policy, which forms part of the BBVA Group's policies and plans, are outlined below:

- Comply with the environmental legislation in place where BBVA operates.
- Continually improve the identification and management of environmental risks in BBVA's financial and investment operations.
- Integrate the environmental variables into the development of financial products and services.
- Eco-efficiency in the use of natural resources, setting and fulfilling objectives for improvement as established in the Global Eco-efficiency Plan.
- Manage direct impacts through an environmental management system based on ISO 14001 and other recognized environmental certifications.
- Have a positive influence on the environmental behavior of stakeholders through communication and raising awareness of the importance of the environment as an additional input in business and human management practice.
- Inform, raise awareness of, and train employees in environmental issues.
- Provide support for sponsorship, voluntary work and environmental research.
- Provide support for the main initiatives aimed at fighting and preventing climate change.

BBVA has made the following international environmental commitments:

- United Nations Global Compact (since 2002): www.globalcompact.org
- UNEP- FI (since 1998): www.unepfi.org
- Equator Principles (since 2004): www.equator-principles.com
- Carbon Disclosure Project (since 2004): www.cdproject.net
- Principles for Responsible Investment (since 2008): www.unpri.org

Environmental policy scope, governance and review

This environmental policy has worldwide scope and affects all the activities undertaken by the Group, i.e. the banks and subsidiaries in which BBVA has effective control.

The Eco-efficiency and Responsible Procurement Committee is responsible for coordinating the Environmental Policy and ensuring compliance with it through an environmental management system. The members of the BBVA Group's Management Committee oversee correct compliance with this Policy. To this end, its members make an effort to develop and oversee the implementation of this Policy in the Group. This Policy will be reviewed and updated at least every two years.

Main environmental actions in 2012

The main environmental actions that BBVA carried out in 2012 are as follows:

- Work within the framework of the 2008-2012 Global Eco-Efficiency Plan, aimed at minimizing the direct environmental impacts of the BBVA Group, and which has been allocated a budget of €19 million. It will result in significant annual savings through the efficient use of natural resources. The Plan's goals per employee are as follows:
    - A 20% reduction in CO_2 emissions
    - A 10% reduction in paper consumption
    - A 7% reduction in water consumption
    - A 2% reduction in energy consumption
    - A 20% increase in the number of employees working in ISO 14001 certified buildings (26,000 employees)
    - LEED Gold certification for the new headquarters in Madrid, Mexico and Paraguay (15,500 employees)

Work has been carried out in 2012 in order to provide continuity to the 2008-2012 Global Eco-Efficiency Plan, laying the foundations for a new 2013-2015 Plan.

- Improved environmental risk management systems in project finance (Equator Principles) and in determining borrower credit profiles (Ecorating).
- Leadership in financing of renewable energy projects internationally.
- Support for major international initiatives to fight against climate change. In 2012, the BBVA Group joined the CDP Carbon Action initiative. In addition, the Group is a signatory to the Investor CDP and CDP Water Disclosure programs.
- Development of ambitious environmental sponsorship programs, particularly through the BBVA Foundation. Worth noting are the BBVA Foundation Frontiers of Knowledge awards in the Ecology, Conservation Biology and Climate Change categories, each provided with €400,000.
- Social and environmental risk training for the Group's risk analysts.
- Environmental awareness-raising activities with the Group's employees.

As of December 31, 2012, there were no items in BBVA's financial statements that warranted inclusion in the separate environmental information document set out in the Ministry of the Economy Order dated October 8, 2001.

10. Other information

Capital and treasury stock

Information about common stock and transactions with treasury stock is detailed in Notes 23 and 26 of the accompanying Financial Statements.

Shareholder remuneration and allocation of earnings

Information about shareholder remuneration and application of earnings can be found in Note 3 of the accompanying Financial Statements.

Subsequent events

Subsequent to the close of the year, on January 31, 2013 the Boards of Directors of the companies Unnim Banc, S.A. (Sociedad Unipersonal) (hereinafter "Unnim") and Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter "BBVA") will decide on the approval of the project for the takeover of Unnim by BBVA and the subsequent transfer of all of Unnim's equity interest to BBVA, which will acquire all the rights and obligations of the merged company through universal succession.

If the merger project is approved by both Boards of Directors, the merger agreement will be submitted for approval to the AGMs of the companies involved in the merger, to take place in the first quarter of 2013. Given that the merged company is fully owned by Banco Bilbao Vizcaya Argentaria, S.A., in accordance with Article 49.1 of Act 3/2009, dated April 3, on the structural modifications of trading corporations, it will not be necessary for Banco Bilbao Vizcaya Argentaria, S.A. to carry out any stock capital increase, or for reports on the merger proposal to be prepared by the managers of the companies involved in the merger or by independent experts.

Under the powers delegated by the Company's AGM held on March 16, 2012, the same Board of Directors meeting on January 31, 2013 also plans to submit for approval under point five of the agenda, an agreement for the issue of debentures convertible into ordinary BBVA shares, excluding the preemptive subscription right.

Should the agreement be approved, and for the purposes set out in articles 414, 417 and 511 of the Spanish Corporations Act, the mandatory Directors report explaining the conversion conditions and types will be issued, justifying the proposal for the abolition of the pre-emptive subscription right, to be accompanied, as appropriate, by another report drafted by an auditor other than the company's auditor, appointed for this purpose by the Companies Register.

From January 1, 2013 to the date of preparation of these consolidated Financial Statements, no other subsequent events not mentioned above in these Financial Statements have taken place that significantly affect the Group's earnings or its equity position. The most significant events mentioned in the Financial Statements are the sale of Afore Bancomer (see Note 15) and the payment of the second interim dividend (see Note 3).

11. Annual corporate governance report

In accordance with the provisions of Article 61 bis of the Spanish Securities Market Act, the BBVA Group has prepared the Annual Corporate Governance Report for 2012, which is an integral part of this Management Report for that year, following the content guidelines set down in Order ECO 3722/2003, dated December 26, and in CNMV Circular 4/2007, dated December 27, including a section detailing the degree to which the Bank is compliant with existing corporate governance recommendations in Spain. In addition, all the information required by article 539 of the Spanish Securities Market Act can be accessed on BBVA's website (www.bbva.com) in the section entitled "Corporate Governance".

ANNUAL CORPORATE GOVERNANCE REPORT

PUBLICLY TRADED COMPANIES

ISSUER IDENTIFICATION

YEAR-ENDING: 31/DECEMBER/2012

TAX ID NO.: A-48265169

Corporate name: BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

STANDARD ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

To better understand the form and fill it in, first read the instructions at the end of this report.

A OWNERSHIP STRUCTURE

A.1. Fill in the following table on the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
19/OCT/2012	2,669,936,277.05	5,448,849,545	5,448,849,545

Indicate if there are different classes of shares with different rights associated to them:

NO

A.2. List the direct and indirect owners of significant holdings in your company at year-end, excluding directors:

Indicate the most significant movements in the shareholding structure during the year:

Name of shareholder (person or company)	Date of transaction	Description of the transaction
MANUEL JOVE CAPELLÁN	24/JUL/2012	Reduced from 3% of share capital

A.3. Fill in the following tables with the members of the company's Board of Directors with voting rights on company shares:

Name of director (person or company)	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
FRANCISCO GONZÁLEZ RODRÍGUEZ	1,372,256	1,431,940	0.051
ÁNGEL CANO FERNÁNDEZ	553,001	0	0.010
CARLOS LORING MARTÍNEZ DE IRUJO	51,250	0	0.001
ENRIQUE MEDINA FERNÁNDEZ	45,096	1,695	0.001
IGNACIO FERRERO JORDI	4,080	61,730	0.001
JOSÉ ANTONIO FERNÁNDEZ RIVERO	65,455	0	0.001
JOSÉ LUIS PALAO GARCÍA-SUELTO	9,607	0	0.000
JOSÉ MALDONADO RAMOS	73,264	0	0.001
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	183,515	0	0.003
JUAN PI LLORENS	35,892	0	0.001
RAMÓN BUSTAMANTE Y DE LA MORA	13,271	2,617	0.000
SUSANA RODRÍGUEZ VIDARTE	23,177	835	0.000
TOMÁS ALFARO DRAKE	14,436	0	0.000

% total voting rights held by the Board of Directors	0.072

Fill in the following tables with the members of the company's Board of Directors with voting rights on company shares:

Name of director (person or company)	Number of direct option rights	Number of indirect option rights	No. equivalent shares	% of total voting rights
FRANCISCO GONZÁLEZ RODRÍGUEZ	415,478	0	0	0.008
ÁNGEL CANO FERNÁNDEZ	305,889	0	0	0.006

A.4 Where applicable, indicate any family, trading, contractual or corporate relationships between holders of significant shareholdings, insofar as the company is aware of them, unless they are of little relevance or due to ordinary commercial traffic and exchange:

A.5 Where applicable, indicate any trading, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or due to ordinary commercial traffic and exchange:

A.6 Indicate if any shareholder agreements have been disclosed to the company that affect it under art. 112 of the Securities Exchange Act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

NO

Indicate whether the company knows the existence of concerted actions amongst its shareholders. If so, describe them briefly:

NO

If there has been any alteration or breakdown of said pacts or agreements or concerted actions, indicate this expressly:

A.7. Indicate whether any person or organisation exercises or may exercise control over the company pursuant to article 4 of the Securities Exchange Act. If so, identify names:

NO

A.8. Fill in the following tables regarding the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Total % share capital
4,508,308	10,954,556	0.284

(*) Through:

Name of direct owner of shareholding (person or company)	Number of direct shares
CORPORACIÓN GENERAL FINANCIERA, S.A.	10,870,987
BBVA SEGUROS, S.A.	76,968
UNNIM GESFONS	6,601

Total:	10,954,556

List significant changes occurring during the year, pursuant to Royal Decree 1362/2007:

Date reported	Total direct shares acquired	Total indirect shares acquired	Total of % share capital
07/FEB/2012	3,423,118	37,004,712	0.825
12/MAR/2012	8,023,368	40,186,192	0.984
28/MAR/2012	9,856,027	47,636,365	1.173
30/APR/2012	3,183,237	72,567,739	1.497
06/JUN/2012	1,266,751	87,441,329	1.725
25/JUN/2012	3,169,567	88,064,396	1.774
25/JUL/2012	3,202,212	95,645,610	1.836

28/AUG/2012	4,878,990	81,424,032	1.604
25/SEP/2012	2,978,746	80,442,511	1.550
15/OCT/2012	8,288,723	74,348,783	1.535
12/DEC/2012	331,732	27,689,139	0.514

Capital gain/(loss) on treasury stock divested during the period (€k)	**80,618**

A.9 Detail the terms and conditions of the current AGM authorisation to the Board of Directors to buy and/or transfer treasury stock:

The following is a transcription of the resolution adopted by the Annual General Meeting of Banco Bilbao Vizcaya Argentaria, S.A. shareholders, 12th March 2010, under agenda item three:

1.- Repealing the unavailed part from the resolution adopted at the Annual General Meeting, 13th March 2009, under agenda item seven to authorise the Bank, directly or via any of its subsidiaries, for a maximum of five years as of the date of this present AGM, to purchase Banco Bilbao Vizcaya Argentaria, S.A. shares at any time and on as many occasions as it deems appropriate, by any means permitted by law. This purchase may be charged to the year’s earnings and/or to unrestricted reserves and the shares may be sold or redeemed at a later date. All this shall comply with article 75 and concordant of the Companies Act.

2.- Approve the limits or requirements of these acquisitions, which shall be as follows:

- The nominal value of the shares acquired directly or indirectly, added to those that the Bank and its subsidiaries already owned, may at no time exceed ten percent (10%) of the subscribed Banco Bilbao Vizcaya Argentaria, S.A. share capital, or, where applicable, the maximum amount authorised by the applicable legislation at any time. In all cases, respect must be paid to the limits established on the purchase of treasury stock by the regulatory authorities of the markets where the Banco Bilbao Vizcaya Argentaria, S.A. shares are listed for trading.

- A restricted reserve may be charged to the Bank's net total assets on the balance sheet equivalent to the sum of treasury stock booked under Assets. This reserve must be maintained until the shares are sold or redeemed.

- The shares purchased must be fully paid up, unless the purchase is without consideration, and must not entail any obligation to provide ancillary benefits.

- The purchase price will not be below the nominal price or be more than 20% above the listed price or any other price associated to the shares on the date of purchase. Operations to purchase treasury stock will comply with securities markets’ standards and customs.

3.- Express authorisation is given to earmark all or some of the shares purchased by the Bank or any of its subsidiaries hereunder for Company workers, employees or directors when they have an acknowledged right, either directly or as a result of exercising the option rights they hold, as established in the final paragraph of article 75, section 1 of the Companies Act.

4.- Reduce share capital in order to redeem such treasury stock as the Bank may hold on its Balance Sheet, charging this to profits or unrestricted reserves and to the amount which is appropriate or necessary at any time, up to the maximum value of the treasury stock held at any time.

5.- Authorise the Board of Directors, in compliance with article 30 c) of the Company Bylaws, to implement the above resolution to reduce share capital, on one or several occasions and within the maximum period of five years from the date of this General Meeting, undertaking such procedures, processes and authorisations as necessary or as required by the Companies Act and other applicable provisions. Specifically, the Board is authorised, within the period and limits established for the aforementioned implementation, to establish the date(s) of each specific capital reduction, its timeliness and appropriateness, taking into account market conditions, listed price, the Bank's economic and financial position, its cash position, reserves and business performance and any other factor relevant to the decision. It may specify the amount of the capital reduction; determine where to credit said amount, either to a restricted reserve or to freely available reserves, where relevant, providing the necessary guarantees and complying with legally established requirements; amend article 5 of the Company Bylaws to reflect the new figure for share capital; request de-listing of the redeemed stock and, in general, adopt such resolutions as necessary regarding this redemption and the consequent capital reduction, designating the people able to formalise these actions.

A.10 Indicate, where applicable, any legal or bylaw restriction on the exercise of voting rights, and legal restriction on the acquisition and/or transfer of shares in the company's capital. Indicate whether there are any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise under the legal restrictions	0

Indicate whether there are any bylaw restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise under bylaw restrictions	0

Indicate whether there are legal restrictions on the acquisition or transfer of shares in the company's capital:

YES

Description of the legal restrictions on the acquisition or transfer of shares in the company's capital:

Pursuant to article 56 and following in Act 26/1988, 9th July on discipline and oversight in financial institutions which establishes that any individual or corporation acting alone or in concertated action with others, intending to directly or indirectly acquire a significant holding in a Spanish financial institution (as defined in article 56 of the aforementioned Act 26/1988) or to directly or indirectly increase their holding in one in such a way that either the percentage of voting rights or of capital owned would be equal to or more than 20, 30 or 50%, or by virtue of the acquisition, might take control over the financial institution, must first notify the Bank of Spain. The Bank of Spain will have 60 working days after the date on which the notification was received, to evaluate the transaction and, where applicable, challenge the proposed acquisition on the grounds established by law.

A.11 Indicate whether the General Meeting has approved measures to neutralise a public takeover bid, pursuant to Act 6/2007:

NO

If so, explain the measures approved and the terms and conditions under which the restrictions would become ineffective.

B - GOVERNANCE STRUCTURE

B.1. Board of Directors

B.1.1. List the maximum and minimum number of directors established in the bylaws:

Maximum number of directors	15
Minimum number of directors	5

B.1.2. Fill in the following table on the Board members:

Name of director (person or company)	Representative	Post on the board	Date first appointed	Date last appointed	Election procedure
FRANCISCO GONZÁLEZ RODRÍGUEZ	-	CHAIRMAN & CEO	28/JAN/2000	12/MAR/2010	AGM BALLOT
ÁNGEL CANO FERNÁNDEZ	-	PRESIDENT & COO	29/SEP/2009	12/MAR/2010	AGM BALLOT
BELÉN GARIJO LÓPEZ	-	DIRECTOR	16/MAR/2012	16/MAR/2012	AGM BALLOT

CARLOS LORING MARTÍNEZ DE IRUJO	-	DIRECTOR	28/FEB/2004	11/MAR/2011	AGM BALLOT
ENRIQUE MEDINA FERNÁNDEZ	-	DIRECTOR	28/JAN/2000	16/MAR/2012	AGM BALLOT
IGNACIO FERRERO JORDI	-	DIRECTOR	28/JAN/2000	12/MAR/2010	AGM BALLOT
JOSÉ ANTONIO FERNÁNDEZ RIVERO	-	DIRECTOR	28/FEB/2004	16/MAR/2012	AGM BALLOT
JOSÉ LUIS PALAO GARCÍA-SUELTO	-	DIRECTOR	01/FEB/2011	11/MAR/2011	AGM BALLOT
JOSÉ MALDONADO RAMOS	-	DIRECTOR	28/JAN/2000	16/MAR/2012	AGM BALLOT
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	-	DIRECTOR	28/JAN/2000	11/MAR/2011	AGM BALLOT
JUAN PI LLORENS	-	DIRECTOR	27/JUL/2011	16/MAR/2012	AGM BALLOT
RAMÓN BUSTAMANTE Y DE LA MORA	-	DIRECTOR	28/JAN/2000	12/MAR/2010	AGM BALLOT
SUSANA RODRÍGUEZ VIDARTE	-	DIRECTOR	28/MAY/2002	11/MAR/2011	AGM BALLOT
TOMÁS ALFARO DRAKE	-	DIRECTOR	18/MAR/2006	11/MAR/2011	AGM BALLOT

Total number of directors	14

Indicate any directors that have left their seat on the Board during the period:

B.1.3. Fill in the following tables on the Board members and their different kinds of directorship:

EXECUTIVE DIRECTORS

Name of director (person or company)	Committee proposing his/her appointment	Post within the company organisation

FRANCISCO GONZÁLEZ RODRÍGUEZ	-	CHAIRMAN & CEO
ÁNGEL CANO FERNÁNDEZ	-	PRESIDENT & COO

Total number of executive directors	2
% of total directors	14.286

EXTERNAL PROPRIETARY DIRECTORS

EXTERNAL INDEPENDENT DIRECTORS

Name of director (person or company)

BELÉN GARIJO LÓPEZ

Profile

PRESIDENT OF THE INTERNATIONAL EXECUTIVE COMMITTEE OF PHARMA, ISEC (PHARMACEUTICAL RESEARCH AND MANUFACTURERS OF AMERICA) AND CHIEF OPERATING OFFICER OF MERCK SERONO, S.A., GENEVA, SWITZERLAND. OTHER RELEVANT POSTS: WAS PRESIDENT OF COMMERCIAL OPERATIONS IN EUROPE AND CANADA AT SANOFI AVENTIS.
READ MEDICINE AT UNIVERSIDAD DE ALCALÁ DE HENARES, MADRID.
CLINICAL PHARMACOLOGY SPECIALIST AT HOSPITAL DE LA PAZ - UNIVERSIDAD AUTÓNOMA DE MADRID.

Name of director (person or company)

CARLOS LORING MARTÍNEZ DE IRUJO

Profile

CHAIR OF THE BOARD'S REMUNERATION COMMITTEE. SPECIALIST IN CORPORATE GOVERNANCE. OTHER RELEVANT POSTS: WAS PARTNER AND MEMBER OF THE STEERING COMMITTEE AT ABOGADOS GARRIGUES LAW FIRM.
READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID.

Name of director (person or company)

ENRIQUE MEDINA FERNÁNDEZ

Profile

STATE ATTORNEY. OTHER RELEVANT POSTS: WAS DIRECTOR & COMPANY SECRETARY OF BANCO DEL PROGRESO, CORPORACIÓN FINANCIERA ALBA AND BANCO URQUIJO. WAS DEPUTY CHAIRMAN OF GINÉS NAVARRO CONSTRUCCIONES UNTIL ITS MERGER WITH GRUPO ACS. READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID.

Name of director (person or company)

IGNACIO FERRERO JORDI

Profile

MANAGING DIRECTOR OF NUTREXPA AND CHAIRMAN AND MANAGING DIRECTOR OF LA PIARA. CHAIRMAN OF ANETO NATURAL. OTHER RELEVANT POSTS: MEMBER OF THE BOARD OF THE MUTUA DE ACCIDENTES DE ZARAGOZA AND OF THE INSTITUTO DE EMPRESAS FAMILIAR. HE IS ALSO MEMBER OF THE BOARD OF THE ASOCIACIÓN ESPAÑOLA DE CODIFICACIÓN COMERCIAL.
READ LAW AT UNIVERSIDAD DE BARCELONA.

Name of director (person or company)

JOSÉ ANTONIO FERNÁNDEZ RIVERO

Profile

CHAIR OF THE BOARD’S RISKS COMMITTEE.

OTHER RELEVANT POSTS: WAS GENERAL MANAGER OF BBVA’S GROUP UNTIL JANUARY 2003. REPRESENTING BBVA AS A DIRECTOR ON THE BOARDS OF DIRECTORS OF: TELEFÓNICA, IBERDROLA, BANCO DE CRÉDITO LOCAL AND WAS CHAIRMAN OF ADQUIRA.

READ ECONOMICS AT UNIVERSIDAD DE SANTIAGO DE COMPOSTELA.

Name of director (person or company)

JOSÉ LUIS PALAO GARCÍA-SUELTO

Profile

CHAIR OF THE BOARD'S AUDIT & COMPLIANCE COMMMITTEE.

OTHER RELEVANT POSTS: WAS HEAD OF THE AUDIT & INSPECTION SERVICE AT INSTITUTO DE CRÉDITO OFICIAL AND PARTNER OF THE FINANCIAL DIVISION AT ARTHUR ANDERSEN IN SPAIN. HAS ALSO BEEN AN INDEPENDENT CONSULTANT.

READ AGRICULTURAL ENGINEERING AT ETS DE INGENIEROS AGRÓNOMOS DE MADRID AND BUSINESS STUDIES AT UNIVERSIDAD COMPLUTENSE DE MADRID.

Name of director (person or company)

JUAN CARLOS ÁLVAREZ MEZQUÍRIZ

Profile

MANAGING DIRECTOR OF GRUPO EL ENEBRO, S.A.

OTHER RELEVANT POSTS: WAS MANAGING DIRECTOR OF GRUPO EULEN, S.A.

READ ECONOMICS STUDIES AT UNIVERSIDAD COMPLUTENSE DE MADRID.

Name of director (person or company)

JUAN PI LLORENS

Profile

HAD A PROFESSIONAL CAREER AT IBM HOLDING VARIOUS SENIOR POSTS AT A NATIONAL AND INTERNATIONAL LEVEL INCLUDING VICE PRESIDENT FOR SALES AT IBM EUROPE, VICE PRESIDENT OF TECHNOLOGY & SYSTEMS AT IBM EUROPE AND VICE PRESIDENT OF THE FINANCE DEPARTMENT AT GMU (GROWTH MARKETS UNITS) IN CHINA. HE WAS EXECUTIVE CHAIRMAN OF IBM SPAIN.

READ INDUSTRIAL ENGINEERING AT UNIVERSIDAD POLITECNICA DE BARCELONA AND TOOK A GENERAL MANAGEMENT PROGRAMME AT IESE.

Name of director (person or company)

RAMÓN BUSTAMANTE Y DE LA MORA

Profile

WAS DIRECTOR AND GENERAL MANAGER AND NON-EXECUTIVE DEPUTY CHAIRMAN OF ARGENTARIA, AND CHAIRMAN OF UNITARIA.

OTHER RELEVANT POSTS: HELD VARIOUS SENIOR POSTS IN BANESTO.

READ LAW AND ECONOMICS STUDIES AT UNIVERSIDAD COMPLUTENSE DE MADRID.

Name of director (person or company)

SUSANA RODRÍGUEZ VIDARTE

Profile

FULL PROFESSOR OF STRATEGY AT THE SCHOOL OF ECONOMICS AND BUSINESS STUDIES AT UNIVERSIDAD DE DEUSTO. MEMBER OF THE INSTITUTO DE CONTABILIDAD Y AUDITORÍA DE CUENTAS (ACCOUNTANTS AND AUDITORS INSTITUTE) AND PHD FROM UNIVERSIDAD DE DEUSTO.
OTHER RELEVANT POSTS: WAS DEAN OF THE SCHOOL OF ECONOMICS AND BUSINESS STUDIES AT UNIVERSIDAD DE DEUSTO, DIRECTOR OF THE POSTGRADUATE AREA AND DIRECTOR OF THE INSTITUTO INTERNACIONAL DE DIRECCIÓN DE EMPRESAS (INSIDE).

Name of director (person or company)

TOMÁS ALFARO DRAKE

Profile

CHAIR OF THE BOARD'S APPOINTMENTS COMMITTEE. DIRECTOR OF INTERNAL DEVELOPMENT AND PROFESSOR AT THE ACADEMIC AREA OF FINANCE AT UNIVERSIDAD FRANCISCO DE VITORIA.
OTHER RELEVANT POSTS: WAS DIRECTOR OF THE BUSINESS ADMINISTRATION AND MANAGEMENT BACHELOR'S DEGREE, OF THE BUSINESS STUDIES DIPLOMA AND THE MARKETING AND BUSINESS ADMINISTRATION AND MANAGEMENT DEGREE AT UNIVERSIDAD FRANCISCO DE VITORIA. READ ENGINEERING AT ICAI.

Total number of independent directors	11
% of total directors	78.571

OTHER EXTERNAL DIRECTORS

Name of director (person or company)	Committee proposing appointment
JOSÉ MALDONADO RAMOS	-

Total number of other external directors	1
% of total directors	7.143

Detail the reasons why they cannot be considered proprietary or independent directors and their affiliations with the company or its management or its shareholders.

Name of director (person or company)

JOSÉ MALDONADO RAMOS

Company, manager or shareholder with whom affiliated

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Reasons

José Maldonado Ramos held the post of BBVA Company Secretary & Board Secretary until 22nd December 2009, when the Board resolved his retirement as Company executive. Pursuant to article 1 of the Board Regulations, Mr Maldonado is now an external director of the Bank.

Indicate any changes that may have occurred during the period in the type of directorship of each director:

B.1.4 Explain, where applicable, the reasons why proprietary directors have been appointed at the behest shareholders whose holding is less than 5% of the capital.

Indicate whether formal petitions for presence on the Board have been received from shareholders whose holding is equal to or higher than others at whose behest proprietary directors were appointed. Where applicable, explain why these petitions have not been satisfied.

NO

B.1.5 Indicate if any director has stood down before the end of his/her term in office, if the director has explained his/her reasons to the Board and through which channels, and in the event reasons were give in writing to the entire Board, explain below, at least the reasons that were given:

NO

B.1.6. Indicate any powers delegated to the managing director(s):

Name of director (person or company)

FRANCISCO GONZÁLEZ RODRÍGUEZ

Brief description

Holds wide-ranging powers of proxy and administration in keeping with the characteristics and needs of his post as Chairman & CEO of the Company.

Name of director (person or company)

ÁNGEL CANO FERNÁNDEZ

Brief description

Holds wide-ranging powers of proxy and administration in keeping with the characteristics and needs of his post as President & COO of the Company.

B.1.7 Identify any members of the Board holding posts as directors or managers in other companies that form part of the listed company's group:

Name of director (person or company)	Name of the group	Post
FRANCISCO GONZÁLEZ RODRÍGUEZ	BBVA BANCOMER, S.A.	DIRECTOR

FRANCISCO GONZÁLEZ RODRÍGUEZ	GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	DIRECTOR
ÁNGEL CANO FERNÁNDEZ	BBVA BANCOMER, S.A.	ACTING DIRECTOR
ÁNGEL CANO FERNÁNDEZ	CHINA CITIC BANK CORPORATION LIMITED (CNCB)	DIRECTOR
ÁNGEL CANO FERNÁNDEZ	GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	ACTING DIRECTOR
ÁNGEL CANO FERNÁNDEZ	TURKIYE GARANTI BANKASI A.S.	DIRECTOR

B.1.8 List, where applicable, any company directors that sit on Boards of other companies publicly traded in Spain outside the group, of which the company has been informed:

B.1.9 Indicate and, where applicable, explain whether the company has established rules on the number of Boards on which its directors may sit:

YES

Explanation of the rules
Article 11 of the Board Regulations establishes that in the performance of their duties, directors will be subject to the incompatibility and debarment rules established under current legislation and in particular under Act 31/1968, 27th July, on senior management incompatibilities in the private sector banking industry. This establishes the maximum number of boards to which a bank director may belong. Directors may not, on their own behalf or on behalf of a third party, engage in an activity that is identical, similar or supplementary to that which constitutes the Company's corporate purpose, except with express authorisation from the Company, by resolution of the General Meeting, to which end they must inform the Board of Directors of that fact. Directors may not provide professional services to companies competing with the Bank or of any of its Group companies. They will not agree to be an employee, manager or director of such companies unless they have received express prior authorisation from the Board of Directors or unless these activities had been provided or conducted before they joined the Board and they had informed the Bank of them at that time. Directors of the Bank may not hold office in any company in which the Bank holds an interest or in any company within its Group. As an exception and at the discretion of the Bank, executive directors are able to hold office in companies directly or indirectly controlled by the Bank with the approval of the Executive Committee, and in other associate companies with the approval of the Board of Directors. Loss of the office of executive director carries an obligation to resign from any office in a subsidiary or associate company that is held by virtue of such directorship.

Non-executive directors may hold office in the Bank's associate companies or in any other Group company provided the office is not related to the Group's holding in such companies. They must have prior approval from the Board of Directors. For these purposes, holdings of the Bank or its Group of companies resulting from its ordinary business activities, asset management, treasury trading, derivative hedging and/or other transactions will not be taken into account. Directors may not hold political office or engage in other activities that might have a public significance or affect the image of the Bank in any manner, unless this is with prior authorisation from the Board of Directors.

B.1.10 Regarding recommendation no. 8 of the Unified Code, list the general strategies and policies in the company that the Board reserves for plenary approval:

Investment and funding policy	YES
Definition of how the Group companies are structured	YES
The corporate governance policy	YES
The corporate social responsibility policy	YES
The strategic or business plan and the annual management and budgetary targets	YES
The policy for senior managers' remuneration and performance assessment	YES
The policy for overseeing and managing risks, and the periodic monitoring of the internal information and oversight systems.	YES
The dividend policy and the treasury-stock policy, especially their limits	YES

B.1.11 Fill in the following tables on the aggregate remuneration of directors accruing during the year:

a) In the company covered in this report:

Remuneration item	Data in €k
Fixed remuneration	7,577
Variable remuneration	1,636
Attendance fees	0

Bylaw perquisites	0
Share options and/or other financial instruments	2,901
Others	805

Total:	12,919

Other benefits	Data in €k
Advances	0
Loans granted	0
Funds and pension schemes: Contributions	0
Funds and pension schemes: Contractual obligations	22,703
Life-insurance premiums	0
Guarantees constituted by the company for the directors	0

b) For company directors sitting on other Boards of directors and/or belonging to the senior management of group companies:

Remuneration item	Data in €k
Fixed remuneration	0
Variable remuneration	0
Attendance fees	0
Bylaw perquisites	0
Share options and/or other financial instruments	0
Others	0

Total:	0

Other benefits	Data in €k
Advances	0
Loans granted	0

Funds and pension schemes: Contributions	0
Funds and pension schemes: Contractual obligations	0
Life-insurance premiums	0
Guarantees constituted by the company for the directors	0

c) Total remuneration by type of directorship:

Type of directorship	By company	By group
Executives	8,287	0
Proprietary directors	0	0
Independent External Directors	4,243	0
Other External Directors	389	0
Total:	12,919	0

d) Regarding the attributable profit of the dominant company:

Total remuneration of all directors (€k)	12,919
Total remuneration of all directors/attributable profit of dominant company (expressed as %)	0.8

B.1.12 Identify the members of the senior management that are not in turn executive directors, and indicate total remuneration accruing to them during the year:

Name (person or company)	Post
EDUARDO ARBIZU LOSTAO	LEGAL, AUDIT & COMPLIANCE SERVICES
MANUEL SÁNCHEZ RODRÍGUEZ	UNITED STATES
RAMÓN MARÍA MONELL VALLS	INNOVATION & TECHNOLOGY
CARLOS TORRES VILA	CORPORATE STRATEGY & DEVELOPMENT

GREGORIO PANADERO ILLERA	COMMUNICATION & BRAND
MANUEL GONZÁLEZ CID	FINANCE DEPARTMENT
MANUEL CASTRO ALADRO	GLOBAL RISK MANAGEMENT
IGNACIO DESCHAMPS GONZÁLEZ	RETAIL BANKING
VICENTE RODERO RODERO	MEXICO
JUAN ASÚA MADARIAGA	CORPORATE & INVESTMENT BANKING (CIB)
JUAN IGNACIO APOITA GORDO	HUMAN RESOURCES & SERVICES
JAIME SAENZ DE TEJADA	SPAIN AND PORTUGAL
RICARDO GÓMEZ BARREDO	GLOBAL ACCOUNTING & INFORMATION MANAGEMENT

Total senior management remuneration (€k)	17,731

B.1.13 Identify in aggregate terms whether there are ring-fence or guarantee clauses for cases of dismissal or changes of control in favour of the senior management, including executive directors, of the company or of its group. Indicate whether these contracts must be disclosed and/or approved by the company or group governance bodies:

Number of beneficiaries	13

	Board of Directors	**General Meeting**
Body authorising the clauses	YES	NO

Is the General Meeting informed of the clauses?	YES

B.1.14. Indicate the process to establish remuneration of Board members and the relevant Bylaw clauses.

Process to establish remuneration of Board members and the relevant Bylaw clauses.

As established in the Company Bylaws, the BBVA remuneration policy separates the remuneration system for executive directors, ie those delegated with permanent powers of executive management who perform senior management duties or are employees of BBVA or entities within its Group, from the system for non-executive directors who are jointly responsible for decision-making on the governing bodies.

Regarding executive directors, Article 50 b) of the Company Bylaws establishes:

Directors tasked with executive duties in the Company, whatever the nature of their legal relationship with it, will be entitled to receive remuneration for the performance of these duties. This will consist of: a fixed amount, in keeping with the services and responsibilities of the post; a variable supplement and any reward schemes established in general for the senior management of the Bank. This may comprise delivery of shares or share options or remuneration indexed to the share price subject to any requirements established by prevailing legislation. The remuneration also includes benefits, such as the relevant retirement and insurance schemes and social security. In the event of severance not due to dereliction of duties, they will be entitled to compensation.

Under the BBVA Board Regulations, the Remuneration Committee has powers to determine the extent and amount of the remuneration, entitlements and other economic rewards for the Chairman, the Chief Operating Officer and other executive directors of the Bank, so that these can be submitted to the Board of Directors and written into their contracts.

The Remuneration Committee, which comprises only external directors (and is currently made up of a majority of independent directors, including its Chair), annually determines the fixed and variable remuneration of the executive directors and establishes the applicable targets in order to determine their variable remuneration. This is later presented for the consideration of the Board of Directors.

Regarding non-executive directors, Article 33 bis of the Company Bylaws establishes the following:

Directorships will be remunerated.

The remuneration of directors for their directorship will comprise a fixed annual allocation, which will be distributed by the Board of Directors in the manner that the Board so determines, in view of the conditions, duties and responsibilities of each director attributed by the Board and their membership of the various Committees. This may give rise to different amounts of remuneration for each director. The Board will also determine the timing and form in which this allocation is paid, which may include insurance and pensions schemes established at any time.

The amount of the annual allocation for the Board of Directors will be the amount that the General Meeting determines. This amount will remain in force until the General Meeting resolves its amendment, although the Board of Directors may reduce it in years when it deems fit.

In addition to this allocation, the directors' remuneration may also comprise the vesting of shares or share options or amounts benchmarked to the share performance. The application of this remuneration modality will require a General Meeting resolution, expressing, as appropriate, the number of shares to be delivered, the strike price on the share options, the value of the shares to be benchmarked and how long this remuneration system will last.

Directors performing executive duties in the Company will be excluded from the remuneration system established in the foregoing paragraphs. Their remuneration will be regulated by article 50 bis of the Company Bylaws with the amount and conditions determined by the Board of Directors.

To this effect, the General Meeting, 16th March 2012, established the total allocation amount to be paid by the Bank to all its directors at €6 million, with subsequent approval of the annual amounts for 2012 by the Board pursuant to article 17 of its Regulations and as proposed by the Remuneration Committee.

To establish the remuneration of executive directors, the Remuneration Committee analyses the remuneration performance of top executives at benchmarked international financial entities, BBVA's position in comparison with its

peer group, the remuneration of the Bank's executive directors over previous years and expected salary increases for the senior management. This was determined using benchmark analytics and studies carried out by one of the best-in-class consultancy firms regarding executive and senior management remuneration, providing information on the metrics used at the large international banks that comprise BBVA's peer group. To establish the remuneration of non-executive directors, the Remuneration Committee analyses the responsibility, dedication and incompatibilities as a function of the post they hold as well as the remuneration performance of non-executive directors at other financial institutions.

State whether the Board, in plenary session, has reserved powers to approve the following resolutions:

At the proposal of the company's chief executive officer, the appointment and possible separation of senior managers from their posts, as well as their severance compensation clauses.	YES
Directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that must be included in their contracts.	YES

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and explain on which issues it pronounces its opinion:

YES

Amount of the fixed components, with breakdown, where applicable, of fees for attending the board and its committees meetings and an estimate of the fixed annual remuneration arising from the same	YES
Variable remuneration items	YES
Main specifications of the pension schemes, with an estimate of their amount or equivalent annual cost.	YES
Conditions that the contracts of executive directors in senior management positions must respect	YES

B.1.16 Indicate whether the Board of Directors submits an annual report on the directors pay policy to the General Meeting for consultation purposes. If so, explain the aspects of the report on the remuneration policy approved by the Board for future years, the most significant changes in this policy compared to the policy applied during the year and a global summary of how the remuneration policy was applied during the year. Describe the role played by the Remuneration Committee and if external advisors have been engaged, the identity of the consultants involved:

YES

Issues on which the Board pronounces on remuneration policy
The Remuneration Policy Report of the BBVA Board of Directors contains a description of the general principles of the Group remuneration policy and gives a breakdown of the remuneration system as applied to executive and non-executive directors. The report details the remuneration system for executive directors and its components, including both fixed and variable remuneration (comprising ordinary variable remuneration in cash and variable remuneration in shares); the pensions system and other remuneration items; the main characteristics of the executive directors' contracts with BBVA. It also includes the remuneration system for BBVA non-executive directors with fixed remuneration and the system of variable remuneration with Deferred Delivery of Shares; and the future policy offering maximum transparency in this regard. Pursuant to article 61 ter of the Securities Exchange Act, the Remuneration Policy of the BBVA Board of Directors also includes the policy approved by the Board for this year, the expected policy for future years, a global summary of how the remuneration policy was applied during the year and a breakdown of the individual remuneration paid to each director. The Remuneration Policy Report of the BBVA Board of Directors was issued by the Remuneration Committee and submitted to the approval of the Board of Directors. It was subsequently submitted to the consultative vote of the General Meeting, 16th March 2012 as a separate agenda item, and was approved by 96.34% of the shareholders attending the General Meeting.

Role of the Remuneration Committee
The duties of the Remuneration Committee are reflected in article 36 of the Board Regulations as follows: 1.- Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company Bylaws. This system will deal with the items comprising the system, their amounts and method of payment. 2.- Determine the extent and amount of the remuneration, entitlements and other economic rewards for the Chairman & CEO, the President & COO and, where applicable, other executive directors of the Bank, so that these can be reflected in their contracts. The Committee’s proposals on such matters will be submitted to the Board of Directors. 3.- Issue a report on the directors' remuneration policy each year. This will be submitted to the Board of Directors, which will report on this every year to the Company's Annual General Meeting. 4.- Propose the remuneration policy for senior management to the Board, and the basic conditions to be contained in their contracts, directly supervising the remuneration of the senior managers responsible for risk management and with compliance duties within the Entity. 5.- Propose the remuneration policy to the Board for employees whose professional activities may have a significant impact on the Entity's risk profile. 6.- Oversee observance of the remuneration policy established by the Company and periodically review the remuneration policy applied to executive directors, senior management and employees whose professional activities may have a significant impact on the Entity's risk profile.

7.- Any other duties that may have been allocated under these Regulations or given to the Committee by a Board of Directors resolution. The Remuneration Committee, comprising a majority of independent directors including its Chairman, is tasked with establishing both the amount of fixed and variable remuneration for executive directors and the remuneration policy applicable to those Group employees whose professional activities may have a significant impact on the Entity's risk profile, including members of the Group senior management, submitting the corresponding proposals to the Board. In order to perform its duties appropriately, the Remuneration Committee is supported by the Bank's in-house services and has free access to the external advisory services that it deems necessary. This Remuneration Committee carries out an annual evaluation of the application of the remuneration policy approved by the Bank's Board of Directors.

Has external consultancy been used?	YES

Identity of external consultants.
Towers Watson

B.1.17 Indicate, where applicable, the identity of Board members who also sit on boards or form part of the management of companies that hold significant shareholdings in the listed company and/or in its group companies:

List the relevant affiliations other than those considered in the above paragraph that link board members to significant shareholders and/or companies in their group:

B.1.18 Indicate whether during the year there has been any change in the Board Regulations:

NO

B.1.19 Indicate procedures for the appointment, re-election, evaluation and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

Appointment:

Articles 2 and 3 of the Board Regulations stipulate that members will be appointed to the Board by the General Meeting without prejudice to the Board’s right to co-opt members in the event of any vacancy.

In any event, persons proposed for appointment as directors must meet the requirements pursuant to applicable legislation, the special code of standardsfor financial institutions, and the Company Bylaws.

The Board of Directors will put its proposals to the Company's General Meeting in such a way that there is an ample majority of external directors over executive directors on the Board and that the number of independent directors accounts for at least one third of the total seats.
The Board will approve the proposals it submits to the General Meeting for appointment or re-election of directors and its resolutions to co-opt directors at the proposal of the Appointments Committee in the case of independent directors, and following a report from this Committee for all other directors.

To such end, the Board Regulations establish that the Committee will evaluate the skills, knowledge and expertise that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in view of the needs that the Company's governing bodies may have at any time. The Committee will ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought are included as potential candidates in the event of no or few female directors.

The Board's resolutions and deliberations on these matters will take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave the room.

Directors will stay in office for the term defined by the Company Bylaws under a resolution passed by the General Meeting. If they have been co-opted, they will stay in office until the next General Meeting is held. The General Meeting may then ratify their appointment for the term of office remaining to the director whose vacancy they have covered through co-option, or else appoint them for the term of office established under the Company Bylaws.

Re-election:

See above section.

Evaluation:

Article 17 of the Board Regulations indicates that the Board of Directors will be responsible for assessing the quality and efficiency in the operation of the Board and its Committees, on the basis of the reports that said Committees submit. The Board is also tasked with assessing the performance of the Chairman of the Board and, where pertinent, of the Company's Chief Executive Officer, on the basis of the report submitted by the Appointments Committee.

Moreover, article 5 of the Board Regulations establishes that the Chairman, who is responsible for the efficient running of the Board, will organise and coordinate with the Chairs of the relevant Committees to carry out periodic assessment of the Board, and of the Chief Executive Officer of the Bank, when this post is not also held by the Chairman.

Pursuant to the provisions of these Board Regulations, as in previous years, in 2012 the Board of Directors assessed the quality and efficiency of its own operation and that of its Committees, as well as the performance of the duties of the Chairman, both as Chairman of the Board and as Chief Executive Officer of the Bank.

Severance:

Directors will stand down from office when the term for which they were appointed has expired, unless they are re-elected.

Directors must apprise the board of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them and any significant changes that may arise in their standing before the courts.

Directors must place their directorship at the disposal of the Board of Directors and accept its decision regarding their continuity in office. If its decision is negative, they are obliged to tender their resignation under the circumstances listed in section B.1.20 below.

Directors will resign their positions on reaching 75 years of age. They must present their resignation at the first meeting of the Bank's Board of Directors after the General Meeting that approves the accounts for the year in which they reach this age.

B.1.20 Indicate the circumstances under which directors are obliged to resign.

Apart from the cases established in the applicable legislation, article 12 of the BBVA Board Regulations establishes that board members must place their directorship at the disposal of the Board of Directors and accept the Board's decision regarding their continuity in office. Should the Board decide against their continuity, they are obliged to present their formal resignation. Such circumstances would arise in the following cases:

- When they are affected by circumstances of incompatibility or debarment as defined under prevailing legislation, in the Company's Bylaws or in the Director's Charter.

- When significant changes occur in their professional situation or that may affect the condition by virtue of which they were appointed to the Board.

- When they are in dereliction of their duties as directors.

- When the director, acting as such, has caused severe damage to the Company's assets or its reputation or credit, and/or no longer displays the commercial and professional honour required to hold a Bank directorship.

B.1.21 Explain whether the role of Chief Executive Officer in the company is played by the Chairman of the Board. If so, indicate the measures taken to limit the risks of accumulating powers in a single person:

YES

Measures to limit risks
Article 5 of the Board Regulations establishes that the Chairman of the Board will also be the Bank's Chief Executive Officer unless the Board resolves to separate the posts of Chairman and Chief Executive Officer on the grounds of the Company's best interests. However BBVA has a system of Corporate Governance that establishes effective mechanisms to avoid the concentration of power in one sole individual and guarantees effective control and efficient supervision of the Bank's executives. These include: - As provided for in the Bank's Company Bylaws, BBVA has a President & Chief Operating Officer that holds the broadest powers delegated by the Board. He is empowered to manage and represent the Company in keeping with the post. The heads of all Business Areas of the Company and of some of the Supporting Areas immediately below the President & COO's office in the organisation, report to the President & COO, who in turn reports directly to the Board of Directors each month on the Company's performance The BBVA Board of Directors comprises an ample majority of independent directors, allowing an appropriate balance between the oversight and control duties of the corporate bodies. Pursuant to the Board Regulations, any director may request the inclusion of items on the agenda that they deem advisable for the interests of the Group. Article 18 of the Board Regulations also establishes the possibility that if those directors that represent one quarter of the Board members appointed at any time so wish, they may request a Board Meeting be held. - BBVA has a Executive Committee, mainly comprising external directors with the following authority: To formulate and propose general policy guidelines, the criteria for setting targets and preparing programmes, examining the proposals put to it in this regard, evaluating and approving the actions and results of any direct or indirect activity carried out by the Entity; to determine the volume of investment in each individual activity; to approve or reject transactions, determining methods and conditions; to arrange inspections and internal or external audits of all the Entity's areas of operation; and in general to exercise the authority conferred on it by the Board of Directors. The BBVA Executive Committee meets every two weeks and reports directly to the Chief Risk Officer, the Chief Financial Officer and the heads of the Business Areas. It performs executive duties including the approval of specific operations, establishing risk limits and proposing policy. It also has oversight duties such as the analysis of the Bank's activity and earnings prior to the Board meetings, share performance analysis, market situations and liquidity, credit and market risk management. To better perform its duties with respect to management oversight and key issues such as the management of risks, remuneration, appointments and reviews of financial situations, the Board has brought in support from various Committees, including the Audit & Compliance Committee, Appointments Committee, Remuneration Committee and the Risks Committee. These Committees assist the Board on those issues that correspond to matters within its remit. Their composition and organisational standards and operation are detailed in section B.2.3 below.

These specialist Committees only comprise external directors, the majority of whom are independent (the Audit & Compliance Committee and the Risks Committee are wholly comprised of independent directors and the Appointments Committee and Remuneration Committee have a majority of independent directors).

Likewise, all the Chairs of the Committees are independent directors that decide the agenda for the corresponding Committees, call meetings and have direct access to the Bank's executives.

This structure and organisation of the managing bodies, together with the high number of independent directors comprising the Board and its Committees, alongside the operational system of the Board (based on specialist assistance on the most relevant issues from Board Committees that operate under a system independent of the Bank's executives, setting their own agendas, calling the Bank executives to meetings as necessary and accessing all information required for the decision-making process), guarantees a System of Corporate Governance that properly combines all its elements to avoid the accumulation of powers in one sole individual.

Indicate and where applicable explain whether rules have been established to empower one of the independent directors to request a Board meeting be called or new business included on the agenda, to coordinate and give voice to the concerns of external directors and to direct the assessment by the Board of Directors

NO

B.1.22 Are reinforced majorities required, other than the legal majorities, for any type of resolution?

NO

Indicate how resolutions are adopted in the Board of Directors, giving at least the minimum quorum for attendance and the type of majorities required to adopt resolutions:

Description of resolution:
Appointment of an Executive Committee and appointment of the President & Chief Operating Officer

Quorum	%
Half plus one of its members, present or represented	50.01

Type of majority	%
Favourable vote of 2/3 of members	66.66

Description of resolution:

Other resolutions

Quorum	%
Half plus one of its members, present or represented	50.01

Type of majority	%
Absolute majority of votes present of represented.	50.01

B.1.23 Explain whether there are specific requirements, other than those regarding directors, to be appointed Chairman.

NO

B.1.24 Indicate whether the Chairman has a casting vote:

NO

B.1.25 Indicate whether the Bylaws or the Board Regulations establish any age limit for directors:

YES

Age limit for Chairman	Age limit for Managing Director	Age limit for Directors
0	0	75

B.1.26 Indicate whether the Bylaws or the Board Regulations establish any limit for independent directors' term of office:

NO

Maximum number of years in office	0

B.1.27 If there are few or no female directors, explain the reasons and the initiatives adopted to correct the situation

Explanation of reasons and initiatives

Article 3 of the Board Regulations establishes that the proposals that the Board submits to the Company's General Meeting for the appointment or re-election of directors and the resolutions to co-opt directors made by the Board of Directors will be approved at the proposal of the Appointments Committee in the case of independent directors and on the basis of a report from said Committee in the case of all other directors. The Board's resolutions and deliberations on these matters will take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave the room.

The Appointments Committee is tasked with formulating and providing information for the proposals to appoint and re-elect directors.

To such end, the Board Regulations establish that the Committee will evaluate the skills, knowledge and expertise that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in view of the needs that the Company's governing bodies may have at any time. The Committee will ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought are included as potential candidates in the event of no or few female directors.

In the latest selection processes, the Appointments Committee has ensured that there are no implicit biases that may hinder the access of women to the vacancies. It evaluated the skills, knowledge and expertise of all the candidates according to the needs of the governing bodies at any time, assessing the dedication necessary to be able to suitably perform their duties. For these selection processes, the Committee has received support from one of the most prestigious consultancy firms on the international market in the selection of directors.

During these processes, the external expert was expressly requested to include women with the suitable profile among the candidates to be presented and the Committee analysed the personal and professional profiles of all the candidates presented on the basis of the information provided by the consultancy firm, according to the needs of the Bank's governing bodies at any time. The skills, knowledge and expertise necessary to be a Bank director were evaluated and the rules on incompatibilities and conflicts of interest as well as the dedication deemed necessary to be able to comply with the duties was taken into account.

The last selection process that took place between 2011 and 2012, concluded with the proposal to the Board of the appointment of Ms Belén Garijo López as director of the Bank, with the status of independent director. She was appointed by the General Meeting, 16th March 2012 as a result of which the Bank currently has two female directors.

In particular, indicate whether the Appointments & Remuneration Committee have established procedures for selecting female directors, and deliberately seeks candidates meeting the required profile:

YES

Indicate the main procedures

See previous section. During the selection processes, the Appointments Committee pursuant to the Board Regulations, has ensured that women who meet the sought-after professional profile are included among the potential candidates. In addition it has made sure that the selection procedures do not include implicit biases that might hinder the selection of female directors.

B.1.28 Indicate whether there are formal processes for delegating votes on the Board of Directors. If so, describe them briefly.

The BBVA Board Regulations establishes that directors are obliged to attend the meetings of corporate bodies and the meetings of the Board Committees on which they sit, unless for a justifiable reason. Directors shall participate in the discussions and debates on matters submitted for their consideration.

However, article 21 of the Board Regulations establishes that should it not be possible for a director to attend any of the Board meetings, she or he may give a proxy to another director to represent and vote for her or him. This will be done by a letter, fax, telegram or electronic mail sent to the Company with the information required for the proxy director to be able to follow the absent director's indications.

B.1.29 Indicate the number of meetings the Board of Directors has held during the year. Where applicable, indicate how many times the board has met without the Chairman in attendance:

Number of Board Meetings	14
Number of Board Meetings not attended by the Chairman	0

Indicate the number of meetings the Board’s different Committees have held during the year.

Number of Executive Committee meetings	22
Number of Audit Committee meetings	12
Number of Appointments & Remuneration Committee meetings	0
Number of Appointments Committee meetings	5
Number of Remuneration Committee meetings	8

B.1.30 Indicate the number of meetings the Board of Directors has held during the year without the attendance of all its members. In calculating this number, non-attendance shall include proxies given without specific instructions:

Number of non-attendances by directors during the year	0
% of non-attendances to total votes during the year	0.000

B.1.31 Indicate whether the individual and consolidated financial statements presented to the Board's approval are certified beforehand:

NO

Where applicable, identify the person(s) who has(have) certified the individual and consolidated financial statements to be filed by the Board:

B.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements that it files from being presented to the General Meeting with a qualified auditor's report.

Article 2 of the BBVA Audit & Compliance Committee's Regulations establishes that the Committee, consisting exclusively of independent directors, shall have the task of assisting the Board of Directors in supervising the BBVA Group's financial statements and in the exercise of its oversight duties for the BBVA Group. The following are included within the scope of its duties: Supervising the sufficiency, adequacy and effectiveness of the internal oversight systems and ensuring the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in the annual and quarterly reports. This also applies to the accounting and financial information required by the Bank of Spain or other regulatory bodies of countries where the Group operates.

The Committee will verify that the audit schedule is being carried out under the service agreement with suitable periodicity, and that it satisfies the requirements of the competent authorities (in particular the Bank of Spain) and the Bank's governing bodies. It will periodically (at least once a year) request the auditors to provide an assessment of the quality of internal oversight procedures in the Group.

The Committee shall also be apprised of any infractions, situations requiring corrections, or anomalies of relevance that may be detected while the external audit is being carried out. Relevance shall mean any situations that, on their own or together as a whole, may originate significant material damage or impact on the Group's net worth, earnings or reputation. The external auditor has full discretion to decide what is of relevance and, in the event of any doubt, the auditor must opt for disclosure.

B.1.33 Is the Company Secretary a director?

NO

B.1.34 Explain the appointment and severance procedures for the Secretary of the Board, indicating whether his/her appointment and severance have been reported to the Appointments Committee and approved by the Board in a plenary meeting.

Appointment and severance procedure

The BBVA Board Regulations establish that the Board of Directors will appoint a Secretary from amongst its members, on the basis of a report from the Appointments Committee, unless it resolves to commend these duties to a person other than a Board member. The same procedure will be applicable for the severance of the Secretary from his or her duties.

Does the Appointments Committee have a say in his/her appointment?	YES
Does the Appointments Committee have a say in his/her severance?	YES
Does the Board, in plenary, approve the appointment?	YES
Does the Board, in plenary, approve the severance?	YES

Does the Secretary of the Board have the duty to specifically oversee good governance recommendations?

YES

Observations
Article 23 of the Board Regulations establishes that the Secretary, as well as performing the duties attributed by law and by the Company Bylaws, will also oversee the formal and material legality of the Board's actions, ensuring they comply with the Company Bylaws, the General Meeting Regulations and the Board Regulations, and that they take into account any recommendations on good governance that the Company has underwritten at any time.

B.1.35 Indicate what mechanisms the company has established, if any, to preserve the independence of the auditor, the financial analysts, the investment banks and the rating agencies.

The BBVA Audit & Compliance Committee Regulations establish that this Committee's duties, described in section B.2.3.2, include ensuring the independence of the external audit in two ways:

- ensuring that the auditors' warnings, opinions and recommendations cannot be compromised.

- establishing the incompatibility between the provision of audit and consultancy services, unless there are no alternatives in the market to the auditors or companies in the auditors' group of equal value in terms of their content, quality or efficiency. In such event, the Committee must grant its approval, which can be done in advance by delegation to its Chair.

This matter is subjected to special attention by the Audit Committee, which holds periodic meetings with the external auditor, without Bank directors being present, to know the details of the progress and quality of the external audit work, as well as to confirm the independence of the performance of their duties. It also monitors the engagement of consultancy services to ensure compliance with the Committee's Regulations and the applicable legislation in order to safeguard the independence of the external auditor.

Likewise, in compliance with point six of section 4 of the additional provision 18 to the Securities Exchange Act and article 30 of the BBVA Board Regulations, each year, before the audit report is issued, the Audit & Compliance Committee must submit a report expressing an opinion on the independence of the auditors or audit firms. This report must, in all events, state the provision of any additional services provided to Group entities. The external auditor must also issue a report each year, confirming its independence from BBVA or entities directly or indirectly related to BBVA. The report must also include information on additional services of any kind provided to such entities by said auditors or by persons or entities related to them, pursuant to the consolidated text of the Accounts Auditing Act.

In compliance with these obligations, in 2012 the corresponding reports have been issued that confirm the independence of the auditor.

Additionally, as BBVA shares are listed on the New York stock exchange, the Bank is subject to compliance with the standards established in this respect under the Sarbanes Oxley Act and its implementing regulations.

B.1.36 Indicate whether the company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

NO

Outgoing auditor	Incoming auditor

If there were disagreements with the outgoing auditor, explain their grounds**:**

NO

B.1.37 Indicate whether the audit firm does other work for the company and/or its group other than the audit. If so, declare the amount of fees received for such work and the percentage of such fees in the total fees charged to the company and/or its group.

YES

	Company	Group	Total
Amount of non-audit work (€k)	1,586	1,701	3,287
Amount of non-audit work / total amount billed by the audit firm (%)	17.090	10.020	12.520

B.1.38 Indicate whether the audit report on the annual financial statements for the previous year contained reservations or qualifications. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of such reservations or qualifications.

NO

B.1.39 Indicate the number of years during which the current audit firm has been doing the audit of the financial statements for the company and/or its group without interruption. Indicate the percentage of the number of years audited by the current audit firm to the total number of years in which the annual financial statements have been audited:

	Company	Group
Number of consecutive years	10	10

	Company	Group
Number of years audited by current audit firm / number of years the company has been audited (%)	83.3	83.3

B.1.40 Indicate the holdings of the company's Board members in the capital of institutions that have the same, an equivalent or a supplementary kind of activity to that of the corporate object of the company and its group, that have been communicated to the company. Indicate the posts or duties they exercise in these institutions:

Name of director (person or company)	Name of institution	% holding	Post or duties
BELÉN GARIJO LÓPEZ	BANKIA, S.A.	0.000	--
IGNACIO FERRERO JORDI	UBS AG	0.000	--
IGNACIO FERRERO JORDI	CREDIT SUISSE AG	0.000	--
IGNACIO FERRERO JORDI	DEUTSCHE BANK AG	0.000	--
JOSÉ LUIS PALAO GARCÍA-SUELTO	BANCO SANTANDER, S.A.	0.000	--
JOSÉ LUIS PALAO GARCÍA-SUELTO	CAIXABANK, S.A.	0.000	--

B.1.41 Indicate and, where applicable, give details on the existence of a procedure for directors to engage external advisory services:

YES

Details of the procedure
Article 6 of the BBVA Board Regulations expressly recognises that directors may request any additional information or advice they require to comply with their duties, and may ask the Board of Directors for expert help from outside the Bank for any matters put to their consideration whose special complexity or importance makes this advisable. The Audit & Compliance Committee, pursuant to article 31 of the Board Regulations, may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence. Under articles 34, 37 and 40 of the Board Regulations, the rest of the Committees may request the advisory services they consider necessary to establish an informed opinion regarding issues within their scope of powers. They will channel the request through the Secretary of the Board.

B.1.42 Indicate and, where applicable, give details on the existence of a procedure for directors to obtain the information they need to prepare the meetings of the governing bodies in sufficient time:

YES

Details of the procedure
Article 6 of the Board Regulations establishes that directors will be apprised of sufficient information to be able to form their own opinions regarding the questions that the Bank's governing bodies are empowered to deal with. They may request any additional information or advice they require to comply with their duties. Exercise of these rights must be channelled through the Chairman and/or Secretary of the Board of Directors. The Chairman and/or Secretary will attend to requests by providing the information directly or by establishing suitable arrangements within the organisation for this purpose, unless a specific procedure has been established in the regulations governing the Board Committees.

B.1.43 Indicate and, where applicable give details, whether the company has established rules obliging directors to report and, where applicable, resign under circumstances that may undermine the company's credit and reputation:

YES

Explanation of the rules
Article 12 of the Board Regulations establishes that directors must apprise the Board of any circumstances affecting them that might damage the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts. Directors must place their office at the disposal of the Board and accept its decision regarding their continuity or non-continuity in office. Should the Board resolve they not continue, they will accordingly tender their resignation when events that can be traced to the director as such have caused serious damage to the company's assets, credit and/or reputation or when they have lost the commercial and professional honour necessary to hold a Bank directorship.

B.1.44. Indicate whether any Board member has informed the company of being sued or having any court proceedings opened against him or her for any of the offences listed in article 124 of the Companies Act:

NO

Indicate whether the Board of Directors has analysed the case. If so, explain the grounds for the decision reached as to whether or not the director should remain on the Board.

NO

Decision taken	Explanation

B.2. Board of Directors' Committees

B.2.1 List all the Board of Directors' Committees and their members:

EXECUTIVE COMMITTEE

Name	Post	Type
FRANCISCO GONZÁLEZ RODRÍGUEZ	CHAIRMAN	EXECUTIVE
ENRIQUE MEDINA FERNÁNDEZ	MEMBER	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	INDEPENDENT
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	MEMBER	INDEPENDENT
ÁNGEL CANO FERNÁNDEZ	MEMBER	EXECUTIVE

AUDIT COMMITTEE

Name	Post	Type
JOSÉ LUIS PALAO GARCÍA-SUELTO	CHAIRMAN	INDEPENDENT
BELÉN GARIJO LÓPEZ	MEMBER	INDEPENDENT
CARLOS LORING MARTÍNEZ DE IRUJO	MEMBER	INDEPENDENT
RAMÓN BUSTAMANTE Y DE LA MORA	MEMBER	INDEPENDENT
SUSANA RODRÍGUEZ VIDARTE	MEMBER	INDEPENDENT
TOMÁS ALFARO DRAKE	MEMBER	INDEPENDENT

APPOINTMENTS COMMITTEE

Name	Post	Type
TOMÁS ALFARO DRAKE	CHAIRMAN	INDEPENDENT
JOSÉ ANTONIO FERNÁNDEZ RIVERO	MEMBER	INDEPENDENT
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	MEMBER	INDEPENDENT

SUSANA RODRÍGUEZ VIDARTE	MEMBER	INDEPENDENT

REMUNERATION COMMITTEE

Name	Post	Type
CARLOS LORING MARTÍNEZ DE IRUJO	CHAIRMAN	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	INDEPENDENT
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JUAN PI LLORENS	MEMBER	INDEPENDENT
SUSANA RODRÍGUEZ VIDARTE	MEMBER	INDEPENDENT

RISKS

Name	Post	Type
JOSÉ ANTONIO FERNÁNDEZ RIVERO	CHAIRMAN	INDEPENDENT
ENRIQUE MEDINA FERNÁNDEZ	MEMBER	INDEPENDENT
JOSÉ LUIS PALAO GARCÍA-SUELTO	MEMBER	INDEPENDENT
JUAN PI LLORENS	MEMBER	INDEPENDENT
RAMÓN BUSTAMANTE Y DE LA MORA	MEMBER	INDEPENDENT

B.2.2 Indicate the duties assigned to the Audit Committee:

Supervise the process of drawing up the financial information and its integrity for the Company and its Group, reviewing compliance with regulatory requirements, suitable scope of the consolidation perimeter and the correct application of accounting principles.	YES
Periodically review the systems of internal risk management and oversight to ensure the main risks are properly identified, managed and made known.	YES
Ensure the independence and efficacy of the internal audit; propose the selection, appointment, re-election and severance of the internal audit officer; propose the budget for the internal audit service; receive periodic information on their activities; and verify that the senior management pay due heed to the conclusions and recommendations of their reports	YES
Establish and supervise a mechanism that enables employees to confidentially and, if this is deemed appropriate, anonymously communicate irregularities they notice within the Company that may be of potential importance, especially financial and accounting irregularities.	YES
Put to the Board the proposals for selection, appointment, re-election and substitution of the external	YES

auditor and the terms and conditions of engagement.	
Receive regular information from the external auditor on the audit plan and the outcome of its execution, verifying that the senior management takes due note of its recommendations.	YES
Ensure the independence of the external auditor	YES
In the case of groups, help the group auditor take responsibility for the audits of the companies comprising it.	YES

B.2.3. Give a description of the rules governing the organisation and running of each of the Board Committees and the responsibilities attributed to each.

Name of Committee:

APPOINTMENTS COMMITTEE

Brief description:

B.2.3.4 Appointments Committee

The Board Regulations establish the following:

Article 32. Composition: The Appointments Committee will comprise at least three members, appointed by the Board of Directors which will also appoint the Committee Chair. All the Committee members must be external directors, with a majority of independent directors. Its Chair must be an independent director. When the Chair cannot be present, his/her duties will be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

Article 33. Duties: The duties of the Appointments Committee will be as follows: 1. Draw up and report proposals for appointment and re-election of directors under the terms and conditions established in the first paragraph of article 3 of the Board Regulations. To such end, the Committee will evaluate the skills, knowledge and expertise that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in view of the needs that the Company's governing bodies may have at any time. The Committee will ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought are included on the shortlists, when there are no or few female directors. When drawing up proposals for the appointment and re-election of directors, the Committee will take into account, in case they may be considered suitable, any applications that may be made by any Board member for potential candidates to fill the vacancies. 2. Review the status of each director each year, so that this may be reflected in the Annual Corporate Governance Report. 3. Report on the performance of Chairman of the Board and, where applicable, the Company's Chief Executive Officer, such that the Board can make its periodic assessment, under the terms established in these Regulations. 4. Should the chairmanship of the Board or the post of Chief Executive Officer fall vacant, the Committee will examine or organise, in the manner it deems suitable, the succession of the Chairman and/or Chief Executive Officer and put corresponding proposals to the Board for an orderly, well-planned succession. 5. Report any appointment and severance of senior managers. 6. Any other duties that may have been allocated under these regulations or attributed to the Committee by a Board of Directors resolution. In the performance of its duties, the Appointments

Committee will consult with the Chairman of the Board and, where applicable, the Chief Executive Officer via the Committee Chair, especially with respect to matters related to executive directors and senior managers.

Article 34. Rules of organisation and operation: The Appointments Committee will meet as often as necessary to perform its duties, convened by its Chair or by whomever stands in for its Chair pursuant to article 32 of the Board Regulations. The Committee may request the attendance at its sessions of persons with tasks in the Group that are related to the Committee's duties. It may also obtain advice as necessary to establish criteria related to its business. This will be done through the Secretary of the Board. The system for convening meetings, quorums, the adoption of resolutions, minutes and other details of its operation will be in accordance with the provisions of these Board of Directors Regulations insofar as they are applicable.

Name of Committee:

REMUNERATION COMMITTEE

Brief description:

B.2.3.5 Remuneration Committee:

The Board Regulations establish the following:

Article 35. Composition: The Remuneration Committee will consist of at least three members, appointed by the Board of Directors which will also appoint the Committee Chair. All the Committee members must be external directors, with a majority of independent directors. Its Chair must be an independent director. When the Chair cannot be present, his/her duties will be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

Article 36. Duties: The functions of the Remuneration Committee will be as follows:

1. Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company Bylaws. This system will deal with the items comprising the system, their amounts and method of payment.

2. Determine the extent and amount of the remuneration, entitlements and other economic rewards for the Chairman & CEO, the President & COO and, where applicable, other executive directors of the Bank, so that these can be reflected in their contracts. The Committee’s proposals on such matters will be submitted to the Board of Directors.

3. Issue a report on the directors' remuneration policy each year. This will be submitted to the Board of Directors, which will report on this to the Company's Annual General Meeting.

4. Propose the remuneration policy for senior management to the Board, and the basic terms and conditions to be contained in their contracts, directly supervising the remuneration of the senior managers responsible for risk management and with compliance functions within the Entity.

5. Propose the remuneration policy to the Board for employees whose professional activities may have a significant impact on the Entity's risk profile.

6. Oversee observance of the remuneration policy established by the Company and periodically review the remuneration policy applied to executive directors, senior management and employees whose professional activities may have a significant impact on the Entity's risk profile.

7. Any others that may have been allocated under these Regulations or attributed to the Committee by a Board of Directors resolution.

In the performance of its duties, the Remuneration Committee will consult with the Chairman of the Board and, where applicable, the Company's Chief Executive Officer via the Committee Chair, especially with respect to matters related to executive directors and senior managers.

Article 37. Rules of organisation and operation: The Remuneration Committee will meet as often as necessary to perform its duties, convened by its Chair or by whomever stands in for its Chair pursuant to article 35 above. The Committee may request the attendance at its sessions of persons with tasks in the Group that are related to the Committee's duties. It may also obtain advice as necessary to establish criteria related to its business. This will be done through the Secretary of the Board. The system for convening meetings, quorums, the adoption of resolutions, minutes and other details of its operation will be in accordance with the provisions of these Board of Directors Regulations insofar as they are applicable.

Name of Committee:

EXECUTIVE COMMITTEE

Brief description:

B.2.3.1 Executive Committee

Article 26 of the Board Regulations establishes the following:

In accordance with Company Bylaws, the Board of Directors may appoint an Executive Committee, once two-thirds of its members vote for it and record of the resolution is duly filed at the Companies Registry. It will try to ensure that it has a majority of external directors to executive directors.

The Executive Committee will be chaired by the Chairman of the Board of Directors, or when this is not possible, by whomever the Company Bylaws determines.

The Secretary of the Committee will be the Secretary of the Board. If absent, the person the meeting's members appoint for this purpose will stand in for the Board Secretary.

Article 27 of the Board Regulations establishes the functions of the Executive Committee within the Company, as follows:

The Executive Committee will deal with the business that the Board of Directors delegates to it in accordance with prevailing legislation or with the Company Bylaws.

Specifically, the Executive Committee is entrusted with evaluation of the Bank's system of corporate governance. This will be analysed in the context of the Company's development and of the results it has obtained, taking into account any regulations that may be passed and recommendations made regarding best market practices, adapting these to the Company's specific circumstances.

Additionally, article 28 of the Board Regulations establishes the following rules regarding the Committee's organisation and operation:

The Executive Committee will meet on the dates indicated in the annual calendar of scheduled meetings and when the Chairman or acting chairman so decides.

All other aspects of its organisation and operation will be subject to the provisions these Regulations establish for the Board of Directors.

Once the minutes of the meeting of the Executive committee are approved, they shall be signed by the Secretary and countersigned by whomever chaired the meeting.

Directors will be given access to the approved minutes of the Executive Committee at the beginning of Board meetings, so that they can be apprised of the content of its meetings and the resolutions it has adopted.

Name of Committee:

AUDIT COMMITTEE

Brief description:

B.2.3.2 Audit & Compliance Committee

The Board Regulations establish the following:

Article 29. Composition

The BBVA Audit & Compliance Committee will be formed exclusively by independent directors who are not members of the Bank's Executive Committee. They are tasked with assisting the Board of Directors in supervising the financial statements and exercising oversight for the BBVA Group. It will have a minimum of four members appointed by the Board in view of their knowledge and expertise in accounting, audit and/or risk management. One of these members will act as Chair, also by Board appointment.

Members of the Committee do not necessarily have to be experts in financial matters but must understand the nature of the Group's businesses and the basic risks associated with them. It is also essential that they be prepared to apply the judgement skills ensuing from their professional experience, with an independent and critical attitude. In any event, the Committee Chair will have experience in financial management and will understand the accounting procedures and standards required by the bodies regulating the sector. The Chair must be replaced every four years and may be re-elected after one year has elapsed since separation from the position.

When the Chair cannot be present, his/her duties will be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

The Committee will appoint a Secretary who may or may not be a Committee member but may not be an executive director.

Article 30. Functions

The Committee will have the powers established under the Company Bylaws, with the following scope:

1. Report to the General Meeting on matters that are raised at its meetings on matters within its scope of competence.

2. Supervise the efficacy of the Company's internal control and oversight, internal audit, where applicable, and the risk-management systems, and discuss with the auditors or audit firms any significant issues in the internal control system detected when the audit is conducted.

3. Supervise the process of drawing up and reporting regulatory financial information.

4. Propose the appointment of auditors or audit firms to the Board of Directors for it to submit the proposal to the General Meeting, in accordance with applicable regulations.

5. Establish correct relations with the auditors or audit firms in order to receive information on any matters that may jeopardise their independence, for examination by the Committee, and any others that have to do with the process of auditing the accounts; as well as those other communications provided for by law and in auditing standards. It must unfailingly receive written confirmation by the auditors or audit firms each year of their independence with regard to the Entity or entities directly or indirectly related to it, and information on additional services of any kind provided to these entities by said auditors or audit firms, or by persons or entities linked to them as provided under Act 19/1988, 12th July, on the auditing of accounts.

6. Each year, before the audit report is issued, to submit a report expressing an opinion on the independence of the auditors or audit firms. This report must, in all events, state the provision of any additional services referred to in the previous subsection.

7. Oversee compliance with applicable domestic and international regulations on matters related to money laundering, conduct on the securities markets, data protection and the scope of Group activities with respect to anti-trust regulations. Also to ensure that any requests for action or information made by official authorities in these matters are dealt with in due time and in due form.

8. Ensure that the internal codes of ethics and conduct and securities market trading, as they apply to Group personnel, comply with legislation and are properly suited to the Bank.

9. Especially enforce compliance with provisions contained in the BBVA Director's Charter, and ensure that directors satisfy applicable standards regarding their conduct on the securities markets.

10. Any others that may have been allocated under these regulations or attributed to the Committee by a Board of Directors resolution. As part of this objective scope, the Board shall detail the duties of the Committee in specific regulations establishing procedures by which it may perform its mission. These shall supplement the provisions of the present regulations.

Article 31. Rules of organisation and operation

The Audit & Compliance Committee will meet as often as necessary to comply with its functions although an annual calendar of meetings will be drawn up in accordance with its duties.

The officers responsible for Accounts & Consolidation, Internal Audit and Regulatory Compliance may be invited to attend Committee meetings. They may request other staff be invited from their areas who have particular knowledge or responsibility in the matters contained in the agenda, when their presence at the meeting is deemed advisable. However, only the Committee members and the Secretary shall be present when the results and conclusions of the meeting are evaluated.

The Committee may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence.

The Committee may call on the personal co-operation and reports of any employee or member of the management team when it considers that this is necessary to carry out its functions with regard to relevant issues. The usual channel for a request of this nature shall be through the reporting lines of the Company organisation. However, in exceptional cases the request can be notified directly to the person in question.

The system of convening meetings, quorums, the approval of resolutions, minutes and other details of its system of operation shall be governed by the provisions of these regulations for the Board of Directors insofar as they are applicable and by any specific regulations that might be established for this Committee.

Name of the Committee:

RISKS

Brief description:

B.2.3.3 Risks Committee:

The Board Regulations establish the following:

Article 38. Composition: The Risks Committee will have a majority of external directors, with a minimum of three members, named by the Board of Directors, which will also appoint its Chair. When the Chair cannot be present, his/her duties will be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

Article 39. Duties: The functions of the Board of Directors' Risks Committee will be as follows: Analyse and evaluate proposals related to the Group's risk management and oversight policies and strategy. In particular, these will identify:

a) The risk map;
b) The setting of the level of risk considered acceptable according to the risk profile (expected loss) and capital map (risk capital) broken down by the Group's businesses and areas of activity;
c) The internal reporting and oversight systems used to control and manage risks;
d) The measures established to mitigate the impact of risks identified should they materialise: Monitor the match between risks accepted and the profile established. Evaluate and approve any risks whose size might compromise the Group's capital adequacy or recurrence of its earnings or that might entail operational or

reputation risks. Ensure that the Group possesses the means, systems, structures and resources benchmarked against best practices to allow implementation of its risk management strategy.

Article 40. Rules of organisation and operation: The Risks Committee will meet as often as necessary to comply with its duties, convened by its Chair or by whoever stands in for its Chair pursuant to the provisions of the above paragraph, although an annual calendar of meetings will be drawn up in accordance with its tasks. The Committee may request the attendance at its sessions of persons with tasks in the Group that are related to the Committee's duties. It may also obtain advice as necessary to establish criteria related to its business. This will be done through the Secretary of the Board. The system of convening meetings, quorums, the adoption of resolutions, minutes and other details of its procedures will be governed by the provisions defined in these Regulations for the Board of Directors insofar as they are applicable to the Committee and by any specific regulations that might be established.

B.2.4. Indicate the powers of advisory services, consultation and, where applicable, proxies for each of the commissions:

Name of Committee:
APPOINTMENTS COMMITTEE
Brief description:
SEE B.2.3.4

Name of Committee:
REMUNERATION COMMITTEE
Brief description:
SEE B.2.3.5

Name of Committee:
EXECUTIVE COMMITTEE
Brief description:
Article 45 of the Company Bylaws establishes that BBVA has an Executive Committee, to which the Board has delegated all its powers of administration, except those that the law and/or bylaws deem may not be delegated due to their essential nature.

Article 46 of the Company Bylaws establishes the following:

The Executive Committee will meet as often as its Chairman or the person acting in his/her stead considers appropriate or at the request of a majority of its members. It will consider matters falling within the responsibility of the Board which the Board, pursuant to prevailing legislation or these Company Bylaws, resolves to entrust to it. These may include but are not limited to the following powers:

To formulate and propose general policy guidelines, the criteria for setting targets and preparing programmes, examining the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the Entity; to determine the volume of investment in each individual activity; to approve or reject transactions, determining methods and conditions; to arrange inspections and internal or external audits of all the Entity's areas of operation; and in general to exercise the authority conferred on it by the Board of Directors.

Any investment or divestment worth over €50 millions must be submitted to Executive Committee approval.

The duties of this Committee are detailed in section B.2.3.1.

Name of Committee:

AUDIT COMMITTEE

Brief description:

Article 48 of the Company Bylaws establishes that for the oversight both of the financial statements and of the manner in which the control duties are exercised, the Board of Directors will have an Audit Committee, which will have the powers and means it needs to perform its duties.

The Audit Committee will comprise a minimum of four non-executive directors appointed by the Board of Directors, who have the dedication, capacity and expertise required to pursue their duties. The Board will appoint one of them to chair the Committee, who must be replaced every four years and may be re-elected to the post when one year has elapsed since he/she stood down. At least one of the Audit Committee members must be an independent director and be appointed taking into account his/her knowledge and expertise in accounting, auditing or in both.

The maximum number of members on the Committee will be the number established in article 34 of these Bylaws, and there will always be a majority of non-executive directors.

The Committee will have its own set of specific regulations, approved by the Board of Directors. These will determine its duties and establish the procedures to enable it to comply with its mission. In all cases, the arrangements for calling meetings, the quorum and the adoption and documentation of resolutions will be governed by the provisions of these Company Bylaws with respect to the Board of Directors. The Audit Committee will have the powers established by law, by the Board Regulations and by its own regulations.

The duties of this committee are detailed in section B.2.3.2.

Name of Committee:

RISKS

Brief description:

SEE B.2.3.3

B.2.5.Indicate, where applicable, the existence of regulations for the Board Committees, where they can be consulted and any amendments made to them during the year. Indicate whether an annual report on the activities of each Committee has been drawn up voluntarily.

Name of Committee:

APPOINTMENTS COMMITTEE

Brief description:

The Board Regulations, which can be consulted on the corporate website, include a specific section, as detailed in section B.2.3 of this report, on the Appointments Committee regulating its composition, duties and operating rules.

The Chair of the Appointments Committee presented a report to the BBVA Board of Directors on its activities during 2012, describing the tasks carried out with respect to the appointments and re-elections of directors in the course of the year, the assessment of the Chairman of the Board, the review of the status of the independent directors and the changes in the composition of the Management Committee.

Name of Committee:

REMUNERATION COMMITTEE

Brief description:

The Board Regulations, which can be consulted on the corporate website, include a specific section, as detailed in section B.2.3 of this report, on the Remuneration Committee regulating its composition, duties and operating rules.

The Chair of the Appointments Committee presented a report to the BBVA Board of Directors on its activities during 2012, describing the following aspects: the adjustments brought into the BBVA remuneration policy to adapt it to Royal Decree 771/2011, transposing the Community regulations regarding remuneration into national law; the analysis of the remuneration system for the non-executive directors for its amendment in the Bylaws; the analysis of the remuneration issues for executive directors, such as establishing the fixed and variable reference remuneration for 2012, setting targets for 2012 variable remuneration, and the settlement of the Annual Variable Remuneration for 2011 and the Long Term Incentive Programme for 2010/2011. The report also described the tasks carried out with respect to the annual report on the Board remuneration policy, how the BBVA Group Remuneration Policy had been applied during the year and the oversight of the remuneration of the Risks and the Compliance officers.

Name of Committee:

AUDIT COMMITTEE

Brief description:

The BBVA Audit & Compliance Committee has a set of specific Regulations approved by the Board, which govern its operation and powers. These Regulations are available on the corporate website and no changes have been made to them during 2012.

The Board Regulations, as detailed in section B.2.3 of this report, include specific sections regulating the composition, functions and operation of each Committee.

The Chair of the Audit Committee presented a report to the Board of Directors on its activities during the year, describing the tasks the Committee carried out with respect to its duties. This gave detail on the four areas on which these activities concentrate, namely: the Group Internal Audit, reporting on its activity plan during the year and the review of the duties of independent experts, including the outcome of the review; the Compliance Unit, reporting that it had covered its annual plan without incident; the Global Accounting Area, highlighting the work done to draw up, supervise and control the financial statements published by the Group, and attention to the requirements of the different supervisors; and the External Audit, describing the work done during the year, and reporting that, pursuant to the applicable regulations, the corresponding reports had been issued on the auditor's independence, confirming it.

Name of Committee:

RISKS

Brief description:

The BBVA Risks Committee has a set of specific Regulations approved by the Board, which govern its operation and powers. These Regulations are available on the corporate website and no changes have been made to them during 2012.

The Board Regulations, as detailed in section B.2.3 of this report, include a specific section for this Committee regulating its composition, duties and operation.

The Chair of the Risks Committee presented a report to the Board of Directors regarding the most significant aspects of its activity during 2012, in performance of its duties. It stated that the duties had been covered by the meetings held weekly by the Committee, highlighting the risk transactions that had been approved as a function of the delegation regulations.

The Chair reported on the Group risk management and control model and also reported on the monitoring of the Group's capital and the performance of the various regulatory capital ratios applied to the Bank and the capital adequacy and funding ratios. He also reported on the work done by the Committee to manage and monitor credit risk, and the analysis and monitoring of the principal risks that the BBVA Group manages, and the analysis and assessment of the proposals regarding Group risk policies and strategies; the monitoring of the degree to which the risks admitted by the Bank match the profile established and checking of the implementation of suitable means, systems and structures to implement its strategy in risk management.

B.2.6 Indicate whether the composition of the Executive Committee reflects the distribution of different classes of directorship on the Board:

YES

C RELATED-PARTY TRANSACTIONS

C.1. State whether the Board in plenary session has reserved the powers to approve, on the basis of a favourable report from the Audit Committee or any other entrusted with such a report, the transactions in which the company engages with directors, significant shareholders or shareholders represented on the Board or parties related to them:

YES

C.2 List any relevant transactions entailing a transfer of resources or obligations between the company or its group companies, and the company’s significant shareholders:

C.3. List the relevant transactions entailing a transfer of resources or obligations between the company or its group companies, and the company's directors and/or senior managers:

C.4.List the relevant transactions in which the company has engaged with other companies belonging to the same group, except those that are eliminated in the process of drawing up the consolidated financial statements and that do not form part of the company's habitual traffic with respect to its object and conditions:

C.5. Indicate whether the Board members have come across any situation of conflicting interests during the year, as defined under article 127 of the Companies Act.

NO

C.6. List the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or its group, and its directors, managers and/or significant shareholders.

Articles 8 and 9 of the Board Regulations regulate issues relating to possible conflicts of interest as follows:

Article 8.

Directors will act ethically and in good faith.

For this reason directors must notify the Board of any direct or indirect conflict that they might have with the Company's interests, any stake they might have in a company whose activities are the same, similar or complementary to the Company's corporate object and the offices or functions which they perform in it. They must also notify the Board of any activities that are the same, similar or complementary to those pursued by the Company when performed on their own behalf or on behalf of a third party.

Directors must inform the Appointments Committee of their other professional obligations, in case these might interfere with the dedication required to comply with their duties as directors.

Article 9.

Directors must refrain from taking part or intervening in those cases where a conflict of interest with the Company might arise.

Directors will not be present when the corporate bodies to which they belong are discussing matters in which they might have a direct or indirect interest, or matters that might affect persons with whom they are related or affiliated under legally established terms and conditions.

Directors must also refrain from taking a direct or indirect stake in businesses or enterprises in which Bank or companies of its Group hold an interest, unless such stake was held prior to joining the Board or at the time when the Group took out its holding in such business or enterprise, or unless such companies are listed on domestic or international stock exchanges, or unless authorised to do so by the Board of Directors.

Directors may not use their position in the Company to obtain material gain. Nor may they take advantage for themselves or for persons related to them, from any business opportunity that they have become aware of as a result of their Bank directorship, unless this opportunity has been previously offered to the Bank and the Bank had decided not to take it up and the director has been authorised to do so by its Board.

Directors must comply at all times with the applicable provisions of the BBVA Group Code of Conduct on the Securities Markets, with legislation and with any other internal codes regarding requests for loans, bank bonds and guarantees made to the financial subsidiaries of the BBVA Group. They must refrain from conducting or from suggesting to a third party any transaction involving shares of the Company and/or its subsidiary, affiliated or associate companies when their directorship has led to possession of privileged or confidential information before such information is known to the public.

Since BBVA is a financial institution, it is subject to Act 31/1968, 27th July, on incompatibilities and limitations of chairmen, directors and senior managers in private-sector banking. This Act states that chairmen, deputy chairmen, directors and general managers or similar operating in the private-sector banking industry in Spain may not obtain credits, bonds or guarantees from the bank on whose board or management they work, unless expressly authorised by the Bank of Spain.

All the members of the Board of Directors and the senior management are subject to the Company's Code of Conduct on Securities Markets.

The BBVA Group's Code of Conduct on the Securities Markets is intended to control possible conflicts of interest. It establishes that everyone subject to this Regulation must notify the head of their area and the Regulatory Compliance unit of situations that could potentially and under specific circumstances may entail conflicts of interest that could compromise their impartiality, before they engage in any transaction or conclude any business in which they could arise.

The above notwithstanding, the parties subject to the code have a permanent form filed with the Regulatory Compliance department, which they must keep up to date, with a standard declaration that they are given, declaring certain economic and family affiliations specified in the code.

Where there is any doubt about the existence of conflicts of interest, any party subject to the code must show maximum prudence and notify the head of his/her area and the Regulatory Compliance department of the specific circumstances surrounding their case, so that they may judge the situation for themselves.

C.7. Are more than one of the Group's companies listed in Spain as publicly traded companies?

NO

Identify subsidiaries listed in Spain:

D - RISK CONTROL SYSTEMS

D.1. Give a general description of risk policy in the company and/or its group, listing and evaluating the risks dealt with by the system, along with an explanation of how far these systems match the profile of each type of risk.

BBVA believes that excellence in the management of risk is an essential part of its competitive strategy. In line with corporate strategy, the Board of Directors, pursuant to the Board Regulations, is the body tasked with approving the risk management and control policy, and periodic monitoring of the internal control and reporting systems. On the basis of the general policies established by the Board of Directors, the Executive Committee establishes the necessary corporate policies that specify the policies approved by the Board of Directors in addition to the Group's risk tolerance limits by countries, sectors and "Corporate framework for action with respect to risks" portfolios. In this context, and to perform its duties appropriately, the Executive Committee relies on the essential duties carried out by the Board Risks Committee whose mission includes analysing and evaluating the proposals on these matters that are put to the Executive Committee for approval.

The general principles guiding the Group in its definition and monitoring of risk profiles are as follow:

1. The risk function is unique, independent and global; 2. The risks borne must be compatible with the target capital adequacy level. They must be identified, measured and evaluated, and there must be procedures in place to monitor and manage them, as well as robust control and mitigation mechanisms; 3. All the risks must be managed in an integrated manner over their life cycle. The treatment given will differ according to their type, and the portfolios will be actively managed on the basis of a common yardstick (economic capital); 4. The business areas are responsible for proposing and maintaining the risk profile within its scope of accountability and the corporate framework of action, through an appropriate risks infrastructure; 5. The risks infrastructure must be appropriate in terms of people, tools, databases, information systems and procedures, so that it can provide a clear definition of roles and responsibilities, ensuring efficient allocation of resources between the corporate area and the risk units in the business areas. On the basis of these principles, the Group has developed a global risk management system structured in three main blocks:

- A corporate risk governance scheme, based on the control and management policies established at corporate level, which is rolled out in the various areas and units of the bank with separation between their duties and responsibilities.
- A set of tools, circuits and procedures that comprise the differentiated management models.
- A system of internal controls.

The management of risks in the BBVA Group on the basis of the corporate framework of action established by the Bank's governing bodies is carried out by corporate risk management units and by the business units themselves. Thus, at corporate level, Global Risk Management function (hereinafter GRM) is distributed over the risks units in the business areas as well as in the Corporate GRM Area. The Corporate GRM Area defines the global strategies and policies, while the risk units in the business areas are empowered to propose and maintain each customer's risk profile autonomously within the corporate framework of action. The

Corporate GRM Area combines a view of individual risks types with a global view of the entire business. It comprises the Corporate Risk Management unit which, along with Risk Portfolio Management, covers the different categories of financial risk; the Technical Secretariat responsible for the technical testing along with the transversal units, Technology and Methodology for measuring the risks; Operational Risk & Control, which manages operational risk, internal risk control and internal validation of the measurement models and admission of new risks. Finally, in 2012, a Retail Banking area has been set up in order to focus the business, especially with respect to emerging economies. This area has responsibilities in Turkey, Switzerland and Asia, providing them with support for development and innovation in Retail Banking. It also supports the insurance, asset management, consumer finance and payment systems LoB's (Lines of Business). With this structure, the risks function guarantees firstly the integration, control and management of all the Group's risks; secondly, the application of standardised risk metrics, policies and principles throughout the entire Group; and thirdly, the necessary level of knowledge about each geographical area and each business. This organisational structure is supplemented with various committees, including the following:

The Risks Management Committee (GRM) comprises the heads of the risks units in the business areas and the heads of the Corporate GRM Area units. It meets each month to deal with matters such as the definition of the Group's risks strategy (especially with regard to the risk policies and structure of the risk function), proposes the risk structure to the Group's governing bodies for approval, monitors the risk management and control in the Group and, where appropriate, takes due measures to deal with these. The Global Risk Management Committee comprises the corporate heads of the risk function in the Group and the country-level heads of risks. It meets every six months and its scope includes a review of the Group's risks strategy and the revision and pooling of the main projects and initiatives relating to risks from the business areas. The Risk Management Committee comprises the following permanent members: the head of Global Risk Management; the head of Corporate Risk Management and the head of the Technical Secretariat. The composition of the rest of the Committee depends on the transactions that it must analyse. The Committee analyses and decides on the financial programmes and transactions that fall within its mandate and debate those that exceed this, passing them on to the Risks Committee when they have issued a favourable opinion. The ALCO (Assets & Liability Committee) actively manages the interest-rate and exchange-rate structural exposure, global liquidity and the Group's own equity. The Technology & Methodology Committee is the forum in which decisions are reached on the hedging of the requirements stemming from the business areas' models and infrastructures within the operational framework of GRM. The New Businesses and Products Committees study and, where appropriate, approve the implementation of new businesses, products and services before they start up activities; carry out the control and subsequent monitoring of the newly authorised products and foster orderly business practices so that developments can be made within a controlled environment. The Global Corporate Assurance Committee is tasked with the periodic review of the control environment and operation of the Internal Control & Operational Risk Models at Group and Unit level. It also monitors and contextualises the major operational risks to which the Group is exposed, including those of a transversal nature. This Committee has become the highest instance of operational risk management in the Group.

Below is a brief summary of the management of each risk category:

CREDIT RISK. Credit risk is defined as the loss that may occur stemming from the failure by a customer to fulfil the agreed contractual obligations in financial transactions with BBVA or from impairment of their asset quality. Credit risk management includes managing counter-party risk, issuer risk, settlement risk and country risk. The Group's credit risk management includes the process of analysis prior to taking decisions, the decision-making itself, the instrumentation and monitoring of the transactions formalised and their recovery. It also covers the entire process of control and reporting at customer, segment, sector, business unit and subsidiary level. Any credit risk decision must be adequately evaluated and all customers must be classified in order to put the decision to the body with their respective profile, including the following:

The main underpinnings for decisions on credit risk are: whether customers generate sufficient resources and have sufficient net worth to undertake repayment of the capital and interest on the money owed, and the constitution of adequate, sufficient guarantees and collateral to enable effective recovery of the value of the transaction. All credit transactions recorded and disbursed must be accompanied by the basic information for studying their risk and the risk proposal. They must be supported by the approval documents, reflecting the conditions granted by the pertinent body. The Group's credit risk management is based on an integrated structure covering all the functions, permitting objective, independent decision-making throughout the life cycle of the risk. The Group has standardised criteria for action and standards of conduct in order to deal with credit risk in an independent manner without detriment to the specialisation of each Business Unit or the specificities of the legislation prevailing in each country.

In order to guarantee this uniformity, the definitions and proposal of the management criteria for credit risk, circuits, procedures, structure and oversight of the management are the responsibility of the Group's Corporate GRM Area. The Business Units are tasked with managing credit risk according to the pre-defined criteria as part of the decision-making circuit. For retail segments, the following are the key aspects of the decision-making circuit: authorisation arises from the empowerment level conferred on the retail business units and offices and branches, and the decisions must be based on the outcome of scoring tools. Changes in weighting and variables within these tools must be validated by the Group's Corporate GRM Area. For the wholesale segments, authorisation stems from the levels of empowerment granted according to the delegation rules. The decisions are taken at the respective Risks Committees. The decisions adopted at the Risks Committees are not collegiate but joint and several, with the person with the highest-level of empowerment deciding the criterion.

Within the risk management structure described, for credit risk transactions, the Board Risks Committee analyses and, where appropriate, authorises the risk proposals whose volume may compromise the Group's solvency and capital adequacy or the recurrence of its earnings. It does the same for other risk proposals that might present potential operational risks or reputational risks in the terms established by the Executive Committee. The rest of the risks proposals are managed by lower-level bodies in accordance with an empowerment model defined using an iso-risk curve based on BBVA's credit rating and validated by the Corporate GRM Area, which means that each Business Unit's principal risks with customers or transactions are decided by the Corporate GRM Area Committees or higher instances. Within this area, criteria are also established on the development and use of tools (such as scoring and rating tools). These include the construction, implementation and monitoring of the models by Corporate Risk Management and their importance in calculating Cost-Earnings and Price Earnings ratios, customer monitoring, pricing, etc. In line with the abovementioned empowerment model, the Corporate GRM Area is responsible for proposing the terms of empowerment in each of the Business Units. This proposal will at all times be coherent with the characteristics of each unit's business; the relative size of its economic capital; the extent to which the Group's decision-making circuits, procedures and standardised tools have been implemented; and the appropriate organisational structure for correct credit risk management. Periodic validation tests will be carried out on the risk measurement models used by the Group to estimate the maximum loss that could have occurred in positions considered at a certain level of probability (back-testing), and to measure the impact of extreme market swings on the Group's risk positions (stress-testing).

STRUCTURAL RISKS

Structural interest risk. The management of the BBVA Group balance sheet exposure to interest risk aims to keep exposure at levels in keeping with the Group's strategy and risk profile when market interest rates change. With this aim, the ALCO actively manages the balance sheet by trading to optimise the level of risk incurred with regard to expected earnings and to comply with the highest level of tolerable risk. The ALCO activities are underpinned by interest risk measurements calculated by the Corporate GRM Area. Acting as an independent unit, this Area regularly quantifies the impact that a market interest rate variation of 100 basis points would have on the BBVA Group's net interest income and economic value. The Group also uses interest rate curves simulation models to carry out probabilistic calculations for the economic capital (estimated maximum loss in economic value) and income at risk (estimated maximum loss in net interest income) based on the structural interest risk of the banking activity (excluding trading activity). It also does periodic stress testing and scenario analyses to provide a thorough assessment of the Group's interest risk profile. All risk measurements are subsequently analysed and monitored. The Group's governing and management bodies are informed of the levels of risk incurred and their degree of compliance with the limits authorised by the Executive Committee.

Structural exchange-rate risk. Structural exchange-rate risk mainly originates in exposure to changes in exchange rates arising in the Group's non-Spanish subsidiaries and the provisions to the branches outside Spain that are financed in a currency other than that of the loan-book. The ALCO is tasked with carrying out hedging transactions to minimise the impact of fluctuations in exchange rates on the Group's capital ratios, in accordance with its expectations regarding their trends. These transactions must also guarantee the counter-value in euros of the earnings that its subsidiaries are expected to generate in other currencies.

Structural exchange-rate risk management is underpinned by measurements taken by the Corporate GRM Area using simulation modelling of exchange rate scenarios. This makes it possible to quantify changes in value that could occur for a given confidence level and a predetermined timeframe.

Structural equity risk. The Group's exposure to structural risk on equities mainly stems from its holdings in industrial and financial companies with mid-term and long-term investment horizons. It is reduced by taking short net positions in derivative instruments on the underlying assets themselves in order to limit the portfolio's sensitivity to potential drops in prices. The Corporate GRM Area is responsible for effectively measuring and monitoring structural equities risk by assessing the sensitivity and the capital needed to hedge possible unexpected losses due to variations in the value of the companies comprising the Group's investment portfolio. It does so with a confidence level that matches the entity's target rating, taking into account the liquidity of each holding and the statistical performance of the assets to be considered. These measurements are shored up with stress-testing, back-testing and scenario analysis.

Liquidity risk. The short-term aim of the control, monitoring and management of liquidity and funding risk is to ensure the BBVA Group entities can meet their payment commitments in due time and form, without having to raise funds under sub-optimal conditions. In the medium term, it aims to safeguard the Group's financial structure and respond to the economic situation, market conditions and regulatory changes. The Group's structural liquidity and funding management is based on the principle that each entity be financially independent. This approach helps to prevent and cap liquidity risk by making the Group less vulnerable in periods of high risk. Liquidity risk management and monitoring are comprehensively carried out in each of the Group's Business Units with a two-fold focus (short- and long-term). The short-term focus covers a period up to 365 days and centres on managing treasury payments and collections and on market trading, and the possible liquidity requirements of the entity as a whole. The medium-term focus deals with the financial management of the entire consolidated balance sheet and has a minimum timeframe of one year or more.

Integrated liquidity management is carried out by the ALCO of each Business Unit. Reporting to the Finance Department, the Balance Sheet Management Unit analyses the funding and liquidity implications of the entity's projects and their compatibility with the target funding structure and the state of financial markets. In light of the budgets approved, the Balance Sheet Management Unit executes the decisions made by the ALCO and manages liquidity risk in accordance with a wide range of limits and alerts approved by the Executive Committee. The Corporate GRM Area independently measures and controls these, in addition to providing managers with support tools and metrics for decision-making. Each of the local risks areas, all independent of the local manager, complies with the corporate principles of liquidity risk control established, from GRM, by the Global Structural Risks Unit for the Group as a whole. At the level of each entity within the Group, the management areas request and propose a set of quantitative and qualitative limits and alerts related to both short- and medium-term liquidity risk. These are agreed with GRM and at least once a year, the limits and controls are then put to the Risks Committee which submits them to the Executive Committee for approval if deemed appropriate. The proposals made by the GRM are based on the Group's target level of risk appetite and tailored to local market conditions. The development and updating of the Corporate Liquidity and Funding Policy has contributed to a stricter structure of liquidity risk management, not just in terms of limits and alerts, but also in procedures and processes. In line with the Corporate Policy, GRM carries out periodic measurements of risk incurred and monitors limit consumption, developing management tools and adapting evaluation models, carrying out regular stress tests, and reporting liquidity risk levels to the ALCO and the Group Management Committee on a monthly basis and more frequently to the management areas themselves. Under the prevailing Contingency Plan, the Liquidity Committee sets out the frequency of notification and the nature of the information to be reported at the behest of the Technical Liquidity Group (hereinafter TLG). In the event of an alert signal or sign of a possible crisis, the TLG carries out the initial analysis of the short- and long-term liquidity situation of the entity affected. The TLG comprises technical personnel from the Short-Term Trading Desk and the Balance Sheet Management and the Structural Risks Areas. When such alerts highlight certain levels of stress, the TLG reports to the Liquidity Committee, which is made up of the heads of the corresponding areas. If necessary, the Liquidity Committee must then convene a meeting of the Funding Committee, which comprises the Group President & COO and the heads of the Finance, GRM, Corporate & Investment Banking, and the Business Areas of the country in question.

OPERATIONAL RISK. Operational risk is the risk of loss due to human error, inappropriate or defective internal processes, system faults or external events. This definition includes legal risk and excludes strategic and/or business risk and reputational risk.
Operational risk is inherent to all banking activities, products, systems and processes, and stems from a wide range of causes (processes; internal and external fraud; technology; human resources; suppliers; commercial practices and disasters). The management of operational risk forms an integral part of the Group's global risk management structure. In 2012, an integrated operational risk and internal control methodology has been

implemented throughout the Group, based on a later generation of the Ev-Ro automatic valuation tool. The original tool has been updated and maintained in parallel. The methodology makes it possible to identify the risks in the organisational areas, generate exercises to allocate priorities to risks in line with their estimated residual risk (after incorporating the impact of the controls), benchmark the risks to processes and establish a target level for each risk that, when compared against its residual risk, identifies gaps to be managed. The Group has new corporate software to support this methodology: STORM (Support Tool for Operational Risk Management). This includes indicator and scenario modules. To provide this methodology with the necessary support, the Group has a new corporate application. The operational risk management framework defined by the BBVA Group includes a governance structure based on: three lines of defence with clear delimitation of responsibilities; policies and processes that are common to the entire Group; systems to identify, measure, monitor, control and mitigate operational risks; and tools and methodologies to quantify the exposure of capital ratios to operational risk. Operational risk management in BBVA is designed and coordinated from the Corporate Operational Risk Management function, belonging to Global Risk Management, and from the Operational Risk Management (ORM) units, which are located in the Risks Units of each country and business area. The business and support areas in turn have operational risk managers reporting up to them, tasked with implementing the model in the areas daily business. This structure gives the Group a grass-roots view of the process, which is where the risks are identified and prioritised and where mitigation decisions can be taken. Aggregating this level provides a macro vision of risk at the different levels within the Group. Each business and support area has one or more ORM Committees that meet every quarter. These Committees analyse the information provided by the tools and take the necessary mitigation decisions. Above the ORM Committees are the ORM Country Committees that deal with major-impact risks and corresponding mitigation plans and transversal risks that cut across several areas. At the top of this committee structure is the Global Corporate Assurance Committee (GCA), which carries out overall monitoring of the Group's principal operational risks. There is also the Board of Directors which establishes the over-arching risk management and control policy and periodically monitors the internal reporting and control systems.

The Group's operational risk management is constructed around the following value drivers from the Advanced Measurement Approach model (AMA):

1. Active management of operational risk and its mainstreaming into everyday decisions entails:

- Knowledge of actual losses associated to this risk (SIRO database).
- Identifying, prioritising and managing potential and actual risks.
- Using indicators to analyse operational risk performance over time, define alert signals and check the effectiveness of risk-related controls.

These measures enable the Group to anticipate risk and make control and business decisions as well as to prioritise mitigation efforts for significant risks, thereby reducing the Group's exposure to extreme events.

2. Improves the control environment and reinforces corporate culture.

3. Generates a positive impact on reputation.

D.2. Indicate if any of the risks facing the company and/or its group (operational, technological, financial, legal, reputational, tax, etc) have materialised.

YES

If so, indicate the circumstances and whether the control systems worked properly:

Risk materialised in the financial year

See following sections

Circumstances that led to this

Risk is inherent to financial activities and therefore the materialisation of risk, to a greater or lesser degree, is absolutely unavoidable.

Operation of the control systems

The Bank has sophisticated risk measurement and control systems and tools, for each kind of risk, that limit the maximum impact of risks, should they materialise. The control systems have functioned satisfactorily during 2012. Below, we give details on the most relevant parameters for risk management in the BBA Group for the year:

CREDIT RISK

Mitigation of credit risk, collateral and other credit enhancements, including hedging and risk mitigation policies:

Maximum exposure to credit risk, in most cases, is reduced by collateral, credit enhancement and other actions that mitigate the Group's exposure. The credit risk hedging and mitigation policy in the Group stems from its core concept of banking business, with a strong focus on relationship banking. The demand for collateral is a necessary but not a sufficient instrument when granting risks, since the risks the Group accepts require a prior check on the borrowers' repayment capacity and/or that the borrowers can generate sufficient resources to afford to pay off the risk taken on under the agreed conditions.

Consequently, the risk admission policy is instrumented at three different levels within the BBVA Group: analysis of the financial risk of the transaction, based on the borrowers' capacity to repay or generate funds; where applicable, constitution of suitable guarantees for the risk taken on (in any of the generally acceptable forms; money, property, personal or hedge guarantees); and finally, valuation of the recovery risk (liquidity of the asset) on the collateral received. The procedures for managing and valuing collateral are described in the Internal Credit Risk Management Policies & Procedures Manual (for both retail and wholesale credit risk). This establishes the core principles of credit risk management, including the management of the collateral and guarantees received in transactions with customers.

The methods used to value the collateral reflect best market practices and entail the use of appraisals of the property-based collateral, the fair price of exchange-traded securities, the listed values of the units in mutual funds, etc. All collateral must be correctly instrumented and duly registered. It must also be approved by the Group's Legal Affairs units.

The following is a description of the main collateral received for each category of financial instruments:

Trading portfolio: The collateral or credit enhancement obtained directly from the issuer or counterparty are implicit in the clauses of the instrument.

Derivatives of tradable instruments and hedges: credit risk is minimised by contractual clearing contracts, under which derivative assets and liabilities with the same counterparty are netted out for

settlement. There may also be other kinds of collateral, depending on the solvency of the counterparty and the nature of the transaction. The Group has a broad range of credit derivatives. Under these contracts, the Group buys or sells protection over a share or an index. The Group uses credit derivatives to mitigate the credit risk on its loan book and other cash positions. Credit derivatives also hedge the risks taken on in market transactions with other customers and counterparties. The credit derivatives can use different payment and clearance agreements, in compliance with the International Swaps & Derivatives Association (ISDA). The triggers of the agreement include the bankruptcy of the financial institution of reference, acceleration in the accumulation of debt, failure to pay, restructuring and winding up of the entity. Other financial assets at fair value with changes in losses and gains and financial assets booked as available for sale: the collateral or credit enhancement obtained directly from the issuer or counterparty is an inherent part of the instrument's structure.
Credit investments: - Deposits in financial institutions (usually these only have a personal guarantee from the counterparty); - Credit to customers (most of the transactions are underwritten with a personal guarantee from the counterparty. Property-based collateral is also acceptable, such as mortgages, money, pledges of securities or other security rights. Other kinds of credit enhancement may also be required, such as underwriting, hedges, etc. - Securities representing debt: the collateral or credit enhancement obtained directly from the issuer or counterparty is an inherent part of the instrument's structure.
Portfolio of investments held to maturity: the collateral or credit enhancement obtained directly from the issuer or counterparty is an inherent part of the instrument's structure.
Financial guarantees, other contingent liabilities and risks available for third parties: these have the personal guarantee of the counterparty.

At 31st December 2012, the weighted average of the amount outstanding on the mortgage loan-book was 51% of the value of the collateral.

Unimpaired mature financial assets:

The 2012 BBVA Group Annual Report includes detailed information on the balances of financial assets that are outstanding but not deemed to be impaired. At 31st December 2012, including any amount outstanding on that date, it is €2,032m. Of these, 53.95% have been outstanding for less than one month; 30.68% between one and two months; and 15.37% have been outstanding for between 2 or 3 months since their due date.

Non-performing or impaired assets and impairment losses:

The balance of non-performing or impaired contingent risks and financial assets at 31st December 2012 was €20,732m. Of this sum, €20,325m come from the loan book and €90m from AFS debt securities. At 31st December 2012, the amount of impaired contingent liabilities was €317m.

The non-performing asset ratio on the Group's "Customer Lending" and "Contingent Risks" at 31st December 2012 was 5.06%. This was up 1.1 decimal points against the previous year.

Renegotiated financial assets:

Detailed information is included on this aspect in the 2012 Notes to the BBVA Consolidated Annual Financial Statements.

MARKET RISK

The BBVA Group's exposure to markets went down in 2012 against previous years. The average market risk in the year was €22m (benchmarked against gross Value at Risk). The year-on-year change in daily average Value at Risk (VaR) in 2012 against 2011 was mainly due to the fact that Global Markets Europe brought down its average risk by 14% in 2012 (with a daily average VaR of €13.8m). Global Market Bancomer & Global Market South America and Compass increased their average VaR by 13% and 17% respectively. Their average daily VaR in 2012 was €5.1m and €3.5m, respectively.

D.3. Indicate whether there is any Committee or other governing body in charge of establishing and supervising these control systems.

YES

If so, give details of what their duties are

Name of the Committee or Body

RISKS COMMITTEE

Description of duties

The Risks Committee of the Bank's Board of Directors, pursuant to the Board Regulations, has the following remit: Analyse and evaluate proposals on the Group's risk management and control policies and strategy. In particular, these will identify: a) The establishment of a level of risk deemed acceptable according to the risk profile (expected loss) and capital map (capital at risk) broken down by the Group’s businesses and areas of activity; b) The internal control and reporting systems used to oversee and manage risks; c) The measures established to mitigate the impact of the risks identified, should they materialise. Monitor the match between risks accepted and the profile established. Evaluate and approve, where appropriate, any risks whose volume might compromise the Group's capital adequacy or recurrence of its earnings or that might entail significant potential operational or reputational risks. Ensure that the Group possesses the means, systems, structures and resources benchmarked against best practices to allow implementation of its risk management strategy.

D.4. Identify and describe the compliance processes for the regulations and standards affecting the company and/or its Group.

The Group's Risks function is the authority of first instance with regard to compliance with the entire set of financial and operational risk regulations affecting the Bank and its Group. As explained above, the system ensures that this function enjoys the necessary independence from the Business Units to allow it to enforce not just regulatory compliance but also compliance with the strictest standards and most advanced practices. A specific unit has been established for internal risk control. Its mission is to enforce and validate the existence of a pre-defined policy, process and set of measures for each risk category identified within the Entity, and for those categories of risk that could have a potential impact on the Entity. There are also two basic mechanisms to enforce compliance with the various sets of regulations affecting the Group's companies. These are based on controls that are applied by the following areas: The

Internal Audit Area monitors compliance with internal procedures and their adaptation to regulatory requirements. And the Compliance Area, whose purpose is to enforce global compliance with legal requirements that affect the Group. Within the scope of risk management, there are already internal models approved by the Supervisor to calculate capital consumption for market risk, credit risk in Spain, credit card risk in Mexico and operational risk in Spain and in Mexico.

Similarly, the Internal Validation Area ensures that the capital consumption of the approved internal credit and operational risk models comply with the regulatory requirements. The Group co-operates actively with the supervisors to make consistent and co-ordinated progress in the validation of advanced models.

E - GENERAL MEETING

E.1. Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Companies Act with respect to the quorum and constitution of the General Meeting.

YES

	% quorum different from quorum in art. 102 of the Companies Act	% quorum different from quorum in art. 103 of the Companies Act, for the special cases cited in art. 103
Quorum required at first summons	0	66.670
Quorum required at second summons	0	60.000

Description of differences
Article 194 of the Corporate Enterprises Act establishes that in order for a General Meeting (whether annual or extraordinary) to validly resolve to increase or reduce capital or any other amendment to the Bylaws, bond issuance, the suppression or limitation of pre-emptive subscription rights over new shares, or the transformation, merger or spin-off of the company or global assignment of assets and liabilities or the offshoring of domicile, the shareholders present and represented by proxy at first summons must possess at least fifty percent of the subscribed capital with voting rights. On second summons, twenty-five percent of said capital will be sufficient. The above notwithstanding, article 25 of the BBVA Bylaws establish that a reinforced quorum of two thirds of subscribed capital is required at first summons and of 60% of said capital at second summons, in order for the following resolutions to be validly adopted: substitution of the corporate purpose, transformation, total break-up, winding-up of the Company and amendment of the article in the Bylaws establishing this reinforced quorum.

E.2. Indicate and where applicable give details, whether there are any differences from the minimum standards established under the Companies Act with respect to the adoption of corporate resolutions:

NO

Describe any differences from the guidelines established under the Companies Act.

E.3. List all shareholders' rights regarding the general meetings different from than those established under the Companies Act.

There are no shareholders' rights in the Company other than those established under the Corporate Enterprises Act with respect to General Meetings.

Shareholders' rights in this respect are also shown in detail in the General Meeting Regulations, which are publicly available on the corporate website

E.4. Indicate measures adopted, if any, to encourage shareholder participation at General Meetings.

BBVA, in order to encourage the participation of its wide base of shareholders in its General Meetings, apart from establishing all the information channels required by law, also sends an attendance card to the domicile of all shareholders with the right to attend. This gives the shareholders the agenda and information on the date, time and place where the General Meeting is to be held sufficiently in advance of that date.

It also posts information on the General Meeting to its website, with the agenda, details on its arrangements, the proposed resolutions that the Board of Directors will put to it and the channels of communication between the Company and its shareholders, via which shareholders may apply for further details regarding the General Meeting.

To facilitate our shareholders' participation in the General Meetings, article 31 of the Company Bylaws establishes a procedure to enable shareholders that are not planning to attend the General Meeting to vote and grant proxy remotely. This procedure has been used in all General Meetings held over recent years.

In this manner, and in accordance with the law and the Company Bylaws, shareholders may delegate or exercise their voting rights by post, e-mail or any other means of remote communication, provided the voter's identity is duly guaranteed.

The Company has an Online Shareholder Forum on the website (www.bbva.com), pursuant to article 539.2 of the Corporate Enterprises Act.

Votes and proxies can also be sent via e-mail through the Bank's corporate website (www.bbva.com), following the instructions given there. This information is available in English and Spanish.

E.5. Indicate whether the General Meeting is chaired by the Chairman of the Board of Directors. List measures, if any, adopted to guarantee the independence and correct operation of the General Meeting:

YES

Details of the measures
Article 26 of the Company Bylaws establishes that: the Chairman of the General Meeting will be Chairman of the Board of Directors. When this is not possible, it will be the Deputy Chairman. Should there be more than one Deputy Chairman, the order established by the Board of Directors on appointment will be followed, otherwise, age seniority will prevail. Where none of the above are available, the General Meeting will be chaired by the director whom the Board of Directors has appointed for such purpose. The Secretary of the Board will act as Secretary of the General Meeting, and when this is not possible, the Deputy Secretary. If this is not possible, the Secretary of the General Meeting will be the person the Board of Directors appoints in his/her stead. Correct operation of the General Meeting is guaranteed under the General Meeting Regulations approved by the Company shareholders at the General Meeting, February 2004 and amended by the General Meetings, 11th March 2011 and 16th March 2012. General Meetings will be convened at the initiative of and according to the agenda determined by the Board of Directors, which must necessarily convene them whenever it deems this necessary or advisable for the Company's interests, and in any case on the dates or in the periods determined by law and the Company Bylaws. A General Meeting must also be convened if requested by one or several shareholders representing at least five per cent of the share capital. The request must expressly state the business to be dealt with. In such event, the Board of Directors must call the General Meeting so that it is held within the legally established period as of the date on which the Board of Directors is served duly attested notice to call it. The agenda must without fail include the business to which the request for a Meeting referred. The announcement will indicate the date, time and place of the Meeting and its agenda, which will state all the matters that the Meeting will cover, and any other references that may be required by law. It must also state the date on which the General Meeting will be held at second summons. At least twenty-four hours must be allowed to elapse between the Meetings held at first and second summons. The General Meeting announcement will also state the date on which shareholders must have registered their shares in their name in order to be able to take part and vote at the General Meeting; the place and the form in which to obtain the complete transcription of the proposed resolutions, the reports and other documents required by law and by the Company Bylaws, as well as the address of the corporate website where the information will be available. Once the announcement has been published and until the date on which the General Meeting is held, the corporate website will contain the documents relating to the General Meeting, including the announcement giving notice of meeting, the total number of shares and voting rights on the date of the notice of meeting, the documents and reports that will be presented to the General Meeting, the complete transcription of the resolutions proposed, the forms to be used for proxy and remote voting, and any relevant information that shareholders may need to issue their vote and any information required by applicable legislation.

It will also include necessary details regarding shareholder information services, indicating telephone numbers, e-mail addresses, offices and opening hours.

Moreover, where applicable, information will be provided on how to follow or attend the General Meeting over remote media, where this has been established, pursuant to the Company Bylaws. Information on anything else considered useful or convenient for the shareholders for such purposes will also be included.

Pursuant to applicable legislation, the Company will establish an Online Shareholder Forum on its website on the occasion of each General Meeting, providing duly secured access both for individual shareholders and any voluntary associations of shareholders that may be set up, in order to facilitate their communication in the run-up to the General Meeting. Shareholders may post proposals on the Online Forum that they intend to present as supplements to the agenda announced in the notice of Meeting, requests to second such proposals, initiatives to reach the threshold for minority rights established by law, and offers or requests for voluntary proxy.

Shareholders representing at least five per cent of the share capital may requisition publication of a supplement to the notice of meeting for an Annual General Meeting, including one or more items on the agenda, providing the new items are accompanied by substantiation of their grounds or, where appropriate, a duly substantiated proposed resolution. The right to do this may be enforced by duly attested notification to the Bank's registered office within five days after the notice of meeting is published. The supplement to the notice of Meeting must be published at least fifteen days prior to the date on which the General Meeting is scheduled.

Shareholders representing at least five per cent of the share capital may, within the same period established in the previous section, present duly substantiated proposals on matters already included or that must be included in the agenda of the General Meeting being called. The Company will ensure that these proposed resolutions and the documents that may be attached to them are disseminated amongst the other shareholders.

Until the seventh day before the date for which the General Meeting is scheduled, shareholders may ask the Board for information or clarification, or submit written questions regarding the matters on the agenda. Within the same period, shareholders may send in written request for any clarification they deem necessary regarding the publicly accessible information that the Company has filed with the CNMV (securities exchange authority) since the last General Meeting was held and regarding the auditor's report. Once this period has elapsed, shareholders are entitled to request information and clarification and ask questions during the General Meeting in the form established by article 18 of the General Meeting Regulations.

The right to information may be exercised through the corporate website, which will disseminate the lines of communication open between the Company and its shareholders and explain how shareholders may enforce their right to information. It will indicate the postal and e-mail addresses at which shareholders may contact the Company for such purposes.

The General Meetings that the Company holds may be attended by anyone owning the minimum number of shares established in the Bylaws, providing that, five days before the date on which the General Meeting is to be held, their ownership is recorded on the corresponding company ledgers and they retain at least this same number of shares until the General Meeting is actually held. Holders of fewer shares may group together until achieving the required number, appointing a representative. Any shareholder entitled to attend may be represented by another person, who need not necessarily be a shareholder.

The Company Bylaws establish that shareholders may vote on proposals on matters in the agenda items at any kind of General Meeting by proxy or by post, e-mail or any other means of remote communication, provided the voter's identity is duly guaranteed in the manner described in sections E.4, E.9 and E.10 of this report and articles 8 to 10 of the General Meeting Regulations. The General Meetings will be held in such manner as to guarantee the shareholders' participation and exercise of voting rights. The Company will take such measures as it deems necessary to preserve order in running the General Meeting.

Appropriate means of surveillance, protection and law enforcement will be established for each General Meeting. These will include such entrance control and identification systems as may be deemed suitable at any time in view of the circumstances under which the sessions are held.

The General Meeting Regulations contain clauses on how the attendance list is to be drawn up, how the General Meetings are to be organised and how the proposed resolutions are to be voted in such a way as to guarantee the smooth running of the Meetings.

E.6. Indicate any changes brought into the General Meeting Regulations during the year.

The General Meeting, 16th March 2012, approved the following amendments to the General Meeting Regulations, to adapt it to the Corporate Enterprises Act, in the wording given under Act 25/2011 and to match it to the wording of the Company Bylaws: Article 5. Publication of the notice of meeting (to adapt it to articles 516, 517 and 518 of the Corporate Enterprises Act, regarding the means for disseminating the announcement; the content of the notice of meeting and the information to be published on the corporate website; Article 6. Shareholders' right to information prior to the General Meeting (to adapt it to article 29 of the Company Bylaws); Article 8. Voting and proxies over means of remote communication, to adapt it to article 31 of the Company Bylaws, including improvements to the wording; Article 9. Proxies for the General Meeting, to adapt it to article 522 of the Corporate Enterprises Act; Article 10. Public call for proxy, to adapt it to articles 523 and 526 of the Corporate Enterprises Act; Article 18. Organisation of General Meetings, to adapt it to article 29 of the Company Bylaws and article 520 of the Corporate Enterprises Act; Article 19. Voting the resolution proposals to include rules on the order of voting on the alternative proposals and on voting by financial intermediaries; and article 23. Publication of the resolutions to include the publication of the outcome of the ballots. The General Meeting also approved the inclusion of a new article 5 bis on the Supplement to the notice of meeting and new draft resolution proposals to include the regulation of these rights, adapting them to article 20 of the Company Bylaws and article 519 of the Corporate Enterprises Act.

A detailed explanation of these amendments can be found in the Directors' Report explaining the proposal, which was made available to shareholders when the General Meeting in question was convened.

E.7. Give attendance data on the General Meetings held during the year to which this report refers:

Attendance figures					
Date of General Meeting	% shareholders present	% attending by proxy	% voting remotely		Total
			E-voting	Others	
16/MAR/2012	3.770	38.380	0.030	22.340	64.520

E.8 Briefly indicate the resolutions adopted at the General Meetings held during the year and the percentage of votes by which each resolution was passed:

A summary is given below of the resolutions adopted at the Annual General Meeting, 16th March 2012, along with the percentage of votes by which each was passed.

ITEM ONE.- Examination and approval of the annual financial statements (balance sheet, income statement, statement of changes in net equity, cash flow statement and annual report) and the management reports for Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated Group. Allocation of profits or losses. Approval of corporate management. All these refer to the year ending 31st December 2011.

Resolution One adopted by 99.54 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,149,163,842
- Number of votes against: 13,135,570
- Number of abstentions: 1,320,828

ITEM TWO.- Adoption of resolutions on re-election, ratification and appointment of members of the Board of Directors:

2.1. Re-election of Mr José Antonio Fernández Rivero
2.2. Re-election of Mr José Maldonado Ramos
2.3. Re-election of Mr Enrique Medina Fernández
2.4. Ratification and appointment of Mr Juan Pi Llorens
2.5. Appointment of Ms Belén Garijo López

Pursuant to paragraph 2 of article 34 of the Company Bylaws, determination of the number of directors at whatever the number may be in compliance with the resolutions adopted under this agenda item, which will be reported to the General Meeting for all due effects.

Resolution 2.1 adopted by 99.39 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,144,350,520
- Number of votes against: 18,437,410
- Number of abstentions: 832,310

Resolution 2.2 adopted by 98.26 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,108,663,448
- Number of votes against: 53,634,438
- Number of abstentions: 1,322,354

Resolution 2.3 adopted by 98.67 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,121,364,356
- Number of votes against: 40,616,014
- Number of abstentions: 1,639,870

Resolution 2.4 adopted by 99.79 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,156,820,371
- Number of votes against: 6,110,736
- Number of abstentions: 689,133

Resolution 2.5 adopted by 99.79 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,156,979,931
- Number of votes against: 5,895,247
- Number of abstentions: 745,062

ITEM THREE.- Conferral of authority on the Board of Directors, pursuant to article 297.1.b) of the Corporate Enterprises Act, to increase share capital, over a five year period, up to a maximum amount corresponding to 50% of the Company's share capital on the date of the authorisation, on one or several occasions, to the amount that the Board decides, by issuing new ordinary or preferred shares with or without voting rights or shares of any other kind permitted by law, including redeemable shares, expressly envisaging the possibility of incomplete subscription pursuant to article 311 of the Corporate Enterprises Act; conferring authority to amend article 5 of the Company Bylaws. Likewise, conferral of authority on the Board of Directors, under the terms and conditions of article 506 of the Corporate Enterprises Act, to exclude pre-emptive subscription rights over said share issues. This authority will be limited to 20% of the Bank's share capital.

Resolution Three adopted by 94.59 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 2,992,366,413
- Number of votes against: 168,397,323
- Number of abstentions: 2,856,504

ITEM FOUR.- Approve two capital increases chargeable to reserves in order to comply with the shareholder remuneration schedule:

4.1. Increase the share capital by the amount to be determined according to the terms of the resolution, by issuance of new ordinary shares each with a nominal value of forty-nine euro cents (€0.49), without issue premium, of the same class and series as the shares currently outstanding, to be charged to voluntary reserves coming from undistributed earnings. Express provision for the possibility of the capital increase being undersubscribed. Conferral of authority on the Board of Directors to set the conditions of the increase insofar as these are not established by this General Meeting, to carry out the measures necessary for its execution, to adapt the wording of article 5 of the Company Bylaws to the new figure for share capital. Request the competent Spanish and non-Spanish authorities for the new shares to be listed for trading on the Madrid, Barcelona, Bilbao and Valencia securities exchanges, on the SIBE electronic trading platform, and on the non-Spanish exchanges on which the Banco Bilbao Vizcaya Argentaria, S.A. shares are already listed, in the form required by each one.

4.2. Increase the share capital by the amount to be determined according to the terms of the resolution, by issuance of new ordinary shares each with a nominal value of forty-nine euro cents (€0.49), without issue premium, of the same class and series as the shares currently outstanding, to be charged to voluntary reserves coming from undistributed earnings. Express provision for the possibility of the capital increase being undersubscribed. Conferral of authority on the Board of Directors to set the conditions of the increase insofar as these are not established by this General Meeting, to carry out the measures necessary for its execution, to adapt the wording of article 5 of the Company Bylaws to the new figure for share capital. Request the competent Spanish and non-Spanish authorities for the new shares to be listed for trading on the Madrid, Barcelona, Bilbao and Valencia securities exchanges, on the SIBE electronic trading platform, and on the non-Spanish exchanges on which the Banco Bilbao Vizcaya Argentaria, S.A. shares are already listed, in the form required by each one.

Resolution 4.1 adopted by 99.69 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,153,824,607

- Number of votes against: 9,243,772
- Number of abstentions: 551,861

Resolution 4.2 adopted by 99.69 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,153,849,636
- Number of votes against: 9,218,743
- Number of abstentions: 551,861

ITEM FIVE.- Confer authority on the Board of Directors, for a maximum period of 5 years, to issue securities convertible into and/or exchangeable for shares in the Company up to a maximum value of €12,000,000,000 (TWELVE BILLION EUROS), and authority to exclude or not exclude pre-emptive subscription rights as established in article 511 of the Corporate Enterprises Act; establish the terms and modalities of the conversion and the increase in share capital by the amount necessary, amending article 5 of the Company Bylaws where applicable.

Resolution Five adopted by 96.83 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,063,237,866
- Number of votes against: 96,223,099
- Number of abstentions: 4,159,275

ITEM SIX.- Adoption of resolutions on remuneration:

6.1. Approval of the modification of the settlement and payment system of the Multi-Year Variable Share Remuneration Programme for 2010/2011, approved by the General Meeting, 12th March 2010, in compliance with the requirements established to such effect under Royal Decree 771/2011, 3rd June.

6.2. Approve the conditions of a variable system of remuneration with BBVA shares for 2012 targeted at the management team, including executive directors and members of the senior management.

Resolution 6.1 adopted by 98.34 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,111,123,994
- Number of votes against: 47,826,786
- Number of abstentions: 4,669,460

Resolution 6.2 adopted by 96.25 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,044,980,320
- Number of votes against: 108,791,160
- Number of abstentions: 9,848,760

ITEM SEVEN.- Bylaw amendments:

7.1. Approval of the amendment to the following articles in the Company Bylaws in order to adapt them to the Corporate Enterprises Act, in the wording given under Act 25/2011, 1st August: article 20. Notice of meeting (to include a new paragraph on the request for a supplement to the notice of meeting and new draft resolution proposals, pursuant to article 519 of the Corporate Enterprises Act); article 21. Form and content of the notice of meeting (to include the new measures for disseminating the announcement pursuant to article 516 of the Corporate Enterprises Act); article 29. Shareholders' right to information (to include the possibility of requesting clarification regarding the information filed with the CNMV and the auditor's report); article 31. Adoption of resolutions (to adapt it to articles 521 and 526 of the Corporate Enterprises Act); article 40. Board meetings and notice of meetings (to include a new paragraph on the calling of the meeting by one third of the directors pursuant to article 246.2 of the Corporate Enterprises Act); and article 41. Quorum and adoption of resolutions (to adapt it to article 247 of the Corporate Enterprises Act);

7.2. Approve the amendment of article 53 of the Company Bylaws on the Allocation of profit or losses (to eliminate sections a), b) and c) and to adapt to the provisions of article 273 of the Corporate Enterprises Act) and inclusion of a new article 33 bis Remuneration (regarding the directors' remuneration system); and consequently, determination of the annual allocation.

Resolution 7.1 adopted by 99.87 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,159,480,363
- Number of votes against: 3,527,518
- Number of abstentions: 612,359

Resolution 7.2 adopted by 97.58 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,087,202,092
- Number of votes against: 35,144,511
- Number of abstentions: 41,273,637

ITEM EIGHT.- Approve the amendment of the following articles of the General Meeting Regulations to adapt them to the Corporate Enterprises Act, in the wording given under Act 25/2011, 1st August, and to adjust them to the wording of the Company Bylaws following the adoption of the previous resolution: article 5. Publication of the notice of meeting (to adapt it to articles 516, 517 and 518 of the

Corporate Enterprises Act, regarding the means for disseminating the announcement; the content of the notice of meeting and the information to be published on the corporate website); article 6. Shareholders' right to information prior to the General Meeting (to adapt it to article 29 of the Company Bylaws); article 8. Voting and proxies over means of remote communication (to adapt it to article 31 of the Company Bylaws, including improvements to the wording); article 9. Proxies for the General Meeting (to adapt it to article 522 of the Corporate Enterprises Act); article 10. Public call for proxy (to adapt it to articles 523 and 526 of the Corporate Enterprises Act); article 18. Organisation of General Meetings (to adapt it to article 29 of the Company Bylaws and article 520 of the Corporate Enterprises Act); article 19. Voting the resolution proposals (to include rules on the order of voting on the alternative proposals and on voting by financial intermediaries) and article 23. Publication of the resolutions (to include the publication of the outcome of the ballots); and inclusion of a new article 5 bis on the Supplement to the notice of meeting and new draft resolution proposals (to include the regulation of these rights in adaptation to article 20 of the Company Bylaws and article 519 of the Corporate Enterprise Act);

Resolution Eight adopted by 99.90 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,160,459,953
- Number of votes against: 2,589,387
- Number of abstentions: 570,900

ITEM NINE.- Re-election of the firm to audit the accounts of Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated Group in 2012.

Resolution nine adopted by 99.57 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,150,066,620
- Number of votes against: 10,904,217
- Number of abstentions: 2,649,403

ITEM TEN.- Conferral of authority on the Board of Directors, which may in turn delegate said authority, to formalise, correct, interpret and implement the resolutions adopted by the General Meeting.

Resolution Ten adopted by 99.90 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,160,492,915
- Number of votes against: 2,565,393
- Number of abstentions: 561,932

ITEM ELEVEN.- Consultative vote on the BBVA Board of Directors remuneration policy report.

Resolution Eleven adopted by 96.34 %:

- Number of votes issued: 3,163,620,240
- Number of votes in favour: 3,047,766,938
- Number of votes against: 107,681,557
- Number of abstentions: 8,171,745

E.9. Indicate the number of shares, if any, that are required to be able to attend the General Meeting and whether there are any restrictions on such attendance in the bylaws.

YES

Number of shares necessary to attend the General Meeting	500

E.10. Indicate and explain the policies pursued by the company with reference to proxy voting at the General Meeting.

As indicated above, any shareholder entitled to attend maybe represented by another person, who need not necessarily be a shareholder.

Proxies must be conferred specifically for each General Meeting, using the proxy form established by the Company, which will be recorded on the attendance card. A single shareholder may not be represented at the General Meeting by more than one proxy.

Representation conferred to someone not eligible by law to act as proxy will be null and void; as will Proxies conferred by holders in trust or in apparent agency.

Proxies must be conferred in writing or by means of remote communication that comply with the requirements of law regarding remote voting. They must be specific for each General Meeting.

Proxies will always be revocable. Should the shareholder represented attend the General Meeting in person, his/her proxy will be deemed null and void.

E.11. Indicate whether the company is aware of the institutional investors' policy regarding whether or not to participate in the company's decision making:

NO

E.12. Indicate the address and mode of access to the content on corporate governance on your website:

The corporate governance content is directly accessible at www.bbva.com/Shareholders and Investors/Corporate Governance

F - DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the Company follows the recommendations of the unified code on corporate governance. Should the Company not have complied with any of them, explain the recommendations, standards, practices and/or criteria that the company does apply.

1. The Bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Compliant

2. When a dominant and a subsidiary company are publicly traded, the two should provide detailed disclosure on:

a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

Not applicable

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Meeting for approval or ratification. In particular:

a) The transformation of listed companies into holding companies through the process of subsidiarisation, ie, reallocating core activities to subsidiaries that were previously carried out by the holding company, even though the holding company retains full control of the subsidiaries;

b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate object;

c) Operations that effectively entail the company's liquidation.

Compliant

4. Detailed proposals of the resolutions to be adopted at the General Meeting, including the information stated in Recommendation 28, should be made available at the same time as publication of the call to meeting.

Compliant

5. Separate votes should be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

a) The appointment or ratification of directors, with separate ballot for each candidate;

b) Amendments to the Bylaws, with votes taken on all articles or groups of articles that are materially different

See sections: E.8

Compliant

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See sections: E.4

Compliant

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the Company's best interests and, as such, strive to maximise its value over time.

It should likewise ensure that the Company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant

8. The Board should see its core mission as approving the Company's strategy and authorising the organisational resources to carry it forward, and ensuring that management meets the objectives set while pursuing the Company's interests and corporate object. As such, the Board in full should reserve the right to approve:

a) The Company's general strategies and policies, and in particular:

i. The strategy or business plan and the annual management and budgetary targets;
ii. The investment and funding policy;
iii. The definition of how the Group companies are structured:
iv. The corporate governance policy;
v. The corporate social responsibility policy;
vi. The policy for senior managers' remuneration and performance assessment;
vii. The policy for controlling and managing risks, and the periodic monitoring of the internal information and oversight systems;
viii. The dividend policy and the treasury-stock policy, especially their limits.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following resolutions:

i. At the proposal of the Company's Chief Executive Officer, the appointment and possible separation of senior managers from their posts, as well as their severance compensation clauses.

See section: B.1.14.

ii. Directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that their contracts must include.

See section: B.1.14.

iii. The financial information that the Company, as a publicly traded company, must disclose periodically.
iv. Investments and/or transactions of any kind, whose high value or special characteristics make them strategic, unless the General Meeting is tasked with approving them;
v. The creation or acquisition of shares in special-purpose entities or entities domiciled in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity could undermine the Group's transparency.

c) Transactions between the Company and its directors, its significant shareholders and/or shareholders represented on the Board, and/or parties related to them ("related-party transactions")

However, Board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

1. They are carried out under arms' length contracts with standard terms and conditions, applicable *en masse* to a large number of customers;
2. They are carried out at market rates set in general by the supplier of the goods or services;
3. They are worth less than 1% of the Company's annual revenues.

Related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or any other Committee entrusted with such a report; and the directors involved should neither vote nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

The above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full Board.

See sections: C.1 and C.6

Compliant

9. In the interests of maximising effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Compliant

10. External, proprietary and independent directors should occupy an ample majority of Board places, while the number of executive directors should be the minimum required to deal with the complexity of the corporate group and reflect the ownership interests they control.

See sections: A.2, A.3, B.1.3 and B.1.14

Compliant

11. If any external director cannot be considered a proprietary or an independent director, the company should disclose this circumstance and the affiliations between the director and the company or its senior officers, or its shareholders.

See section: B.1.3.

Compliant

12. Amongst external directors, the ratio between the number of proprietary and independent directors should reflect the percentage of shares held by the company that the proprietary director represents and the remaining share capital.

This strict proportionality can be attenuated so the percentage of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In large-cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested in absolute terms.
2. In companies with a plurality of shareholders represented on the board but not otherwise related to each other.

See sections: A.2, A.3 and B.1.3

Compliant

13. Independent directors should account for at least one third of the total number of seats.

See section: B.1.3.

Compliant

14. The Board should explain the type of each directorship to the General Meeting that must appoint the director or ratify their appointment. This should be confirmed or reviewed each year in the annual report on

corporate governance, after verification by the Appointments Committee. Said report should also disclose the reasons for the appointment of proprietary directors at the behest of shareholders controlling less than 5% of capital; and it should explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a Proprietary directorship.
See sections: B.1.3 and B.1.4

Compliant

15. If there are few or no female directors, the Board should explain the reasons and the initiatives adopted to correct the situation. In particular, the Appointments Committee should take steps to ensure that, when vacancies arise:
a) The procedure for filling board vacancies has no implicit bias that hinders the selection of female directors;
b) The company makes a conscious effort to seek and shortlist women with the sought-after professional profile.
See sections: B.1.2, B.1.27 and B.2.3

Compliant

16. The Chairman, who is responsible for the efficient operation of the Board, shall ensure that the directors receive sufficient prior information for the meetings: encourage directors to debate and participate actively in the Meetings, safeguarding their freedom to take their own stance and express their own opinion. He/she should organise and coordinate periodic assessment of the Board with the Chairs of the relevant Committees and with the Bank’s managing director or Chief Executive Officer, when this is not also the Chairman.
See sections: B.1.42.

Compliant

17. That, when the Chairman of the Board is also the Chief Executive Officer in the company, one of the independent directors be empowered to request Board Meetings be held and/or the inclusion of new items on the agenda; to coordinate and voice the concerns of external directors; and to direct the Board's evaluation of its Chairman.
See section: B.1.21.

Explain

Article 5 of the Board Regulations establishes that the Chairman of the Board will also be the Bank’s Chief Executive Officer unless the Board resolves to separate the posts of Chairman and Chief Executive Officer on the grounds of the Company’s best interests. However BBVA has a system of Corporate Governance that establishes effective mechanisms to avoid the concentration of power in one sole individual and guarantees an effective control and efficient supervision of the Bank’s executives. These include:

- As provided for in the Bank's Company Bylaws, BBVA has a President & Chief Operating Officer that holds the broadest powers delegated by the Board. He is empowered to manage and represent the Company in keeping with the post. The heads of all Business Areas of the Company and of some of the Supporting Areas immediately below the President & COO's office in the organisation, report to the President & COO, who in turn reports directly to the Board of Directors each month on the Company's performance

- The BBVA Board of Directors comprises an ample majority of independent directors, allowing an appropriate balance between the oversight and control duties of the corporate bodies. Pursuant to the Board Regulations, any director may request the inclusion of items on the agenda that they deem advisable for the interests of the Group. Article 18 of the Board Regulations also establishes the possibility that if those directors that represent one quarter of the Board members appointed at any time so wish, they may request a Board Meeting be held.

- BBVA has an Executive Committee, mainly comprising external directors with the following authority:

To formulate and propose general policy guidelines, the criteria for setting targets and preparing programmes, examining the proposals put to it in this regard, evaluating and approving the actions and results of any direct or indirect activity carried out by the Entity; to determine the volume of investment in each individual activity; to approve or reject transactions, determining methods and conditions; to arrange inspections and internal or external audits of all the Entity's areas of operation; and in general to exercise the authority conferred on it by the Board of Directors.

The BBVA Executive Committee meets every two weeks and reports directly to the Chief Risk Officer, the Chief Financial Officer and the heads of the Business Areas. It performs executive duties including the approval of specific transactions, establishing risk limits and proposing policy. It also has oversight duties such as the analysis of the Bank's activity and earnings prior to Board meetings, the analysis of share performance, market situations and liquidity, credit and market risk management.

To better perform its duties with respect to management oversight and key issues such as the management of risks, remuneration, appointments and reviews of financial situations, the Board has brought in support from various Committees, including the Audit & Compliance Committee, Appointments Committee, Remuneration Committee and the Risks Committee. These Committees assist the Board on those issues that correspond to matters within its remit. Their composition and organisational standards and operation are detailed in section B.2.3 below.

These specialist Committees only comprise external directors, the majority of whom are independent (the Audit & Compliance Committee and the Risks Committee are wholly comprised of independent directors and the Appointments Committee and Remuneration Committee have a majority of independent directors).

Likewise, all the Chairs of the Committees are independent directors that decide the agenda for the corresponding Committees, call meetings and have direct access to the Bank's executives.

The structure and organisation of the managing bodies, together with the high number of independent directors comprising the Board and its Committees, alongside the operational system of the Board (based on specialist assistance on the most relevant issues from Board Committees that operate under a system independent of the Bank's executives, setting their own agendas, calling the Bank executives to meetings as necessary and accessing all information required for the decision-making process), guarantees a System of Corporate Governance that properly combines all its elements to avoid the accumulation of powers in one sole individual.

18. The Secretary should ensure that the Board's actions:

a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulators;

b) Comply with the Company Bylaws and the Regulations of the General Meeting, the Board of Directors or others;

c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Company Secretary, his or her appointment and removal should be proposed by the Appointments Committee and approved by a full Board meeting; and that these appointment and removal procedures are spelled out in the Board's regulations.

See section: B.1.34.

Compliant

19. The Board shall meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29.

Compliant

20. Directors should keep their absences to the bare minimum. Absences should be quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 and B.1.30

Compliant

21. When directors or the Company Secretary express concerns about some proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the Meeting, the person expressing them may request they be recorded in the minutes.

Compliant

22. The Board in full should evaluate the following points on a yearly basis:

a) The quality and efficiency of the Board's operation;

b) Starting from a report submitted by the Appointments Committee, how well the Chairman and Chief Executive Officer have carried out their duties;

c) The performance of its Committees on the basis of the reports furnished by such Committees.

See section: B.1.19.

Compliant

23. All directors should be able to exercise their right to receive any additional information they require on matters within the Board's remit. Unless the Bylaws or Board Regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary of the Board.

See sections: B.1.42.

Compliant

24. All directors should be entitled to call on the Company for the advice and guidance they need to perform their duties. The Company should provide suitable channels for the exercise of this right. Under special circumstances it could include external assistance at the Company's expense.
See section: B.1.41

Compliant

25. Companies should organise induction programmes for new directors to acquaint them rapidly and sufficiently with the workings of the Company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Compliant

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) The directors must inform the Appointments Committee of their other professional obligations, in case these interfere with the dedication required to perform their duties.

b) Companies should lay down rules about the number of directorships their Board members can hold.

See sections: B.1.8, B.1.9 and B.1.17

Compliant

27. The proposal for the appointment or renewal of directors which the Board submits to the General Meeting, as well as provisional appointments by co-option, should be approved by the Board:

a) At the proposal of the Appointments Committee for independent directors;

b) On the basis of a report by the Appointments Committee for all other directors.

See sections: B.1.2

Compliant

28. Companies should publish the following director particulars on their website and keep them permanently updated:

a) Professional experience and background;

b) Directorships held in other companies, listed or otherwise;

c) An indication as to whether the directorship is executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or to whom they are affiliated;

d) The date of their first and subsequent appointments as a company director; and

e) Shares and/or share options held in the company.

Compliant

29. Independent directors should not stay on as such for a continuous period of more than 12 years.
See section: B.1.2

Explain

BBVA considers that the years over which the directors remain on the Board should not, in themselves, constrain the independence of those directors. Rather, their independence should be analysed taking into account all the circumstances that may be relevant for each directorship.

To such ends, the independence of the directors is reviewed each year by the Appointments Committee, which analyses all the circumstances that might affect their status as independents, pursuant to article 1 of the Board Regulations. After its analysis in 2012, the Appointments Committee confirmed the independence of all the independent directors. This is expressly stated in this Corporate Governance Report.

The above notwithstanding, 50% of the seats on BBVA's Board of Directors are occupied by directors whose term of office is not more than 12 years.

30. Proprietary directors must resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the number of such proprietary directors should be reduced accordingly.

See sections: A.2, A.3 and B.1.2

Compliant

31. The Board of Directors must not propose the removal of independent directors before the expiry of their term in office pursuant to the Company Bylaws, except where due cause is found by the Board, based on a report from the Appointments Committee. In particular, due cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disbarment grounds enumerated in section III.5 (Definitions) of this Code.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Compliant

32. Companies should establish rules obliging directors to inform the Board of any circumstance that might undermine the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent proceedings.

If a director is indicted or tried for any of the crimes stated in article 124 of the Companies Act, the Board should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not he or she should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43, B.1.44

Compliant

33. All the directors should clearly express their opposition when they consider that a resolution submitted to the Board may not be in the Company's best interest. More specifically, independent directors and other directors not affected by the potential conflict interest should do this when the Board is deliberating resolutions that may prejudice shareholders not represented on the Board.

When the Board adopts material or reiterated resolutions on issues about which a director has expressed serious reservations, said director must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

This Recommendation should also apply to the Secretary of the Board, even if the secretary is not a director.

Compliant

34. If leaving office before the end of its term, the director should explain the reasons in a letter sent to all board members. Whether or not such resignation is filed as a significant event, the reasons for leaving must be explained in the Annual Corporate Governance Report.
See section: B.1.5.

Compliant

35. The Company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

a) Amount of the fixed components, itemised where applicable, for fees for attending the Board and its Committee meetings and an estimate of the fixed annual remuneration ensuing on this.

b) Variable remuneration items, including, in particular.

i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.

ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;

iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and

iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.

c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost;

d) Conditions that the contracts of executive directors in senior management must respect, including:

i) Duration

ii) Notice periods; and

iii) Any other clauses covering hiring bonuses, as well as indemnities or ring-fencing in the event of early termination or rescission of the contractual relationship between company and executive director.

See section: B.1.15.

Compliant

36. Remuneration comprising the delivery of shares in the Company or other companies in the group, share options or other share-indexed instruments, payments indexed to the Company's performance or membership of pension schemes should be confined to executive directors.
The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their term of office.
See section: A.3 and B.1.3

Compliant

37. External directors' remuneration should sufficiently compensate them for the dedication, qualifications and responsibilities that the post entails; but should not be so high as to compromise their independence

Compliant

38. Deductions should be made to remuneration linked to Company earnings, for any qualifications stated in the external auditor’s report that reduce such earnings.

Compliant

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company’s sector, atypical or exceptional transactions or circumstances of this kind.

Compliant

40. The Board should submit a report on the directors’ remuneration policy to the advisory vote of the General Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the Board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will highlight the most significant changes in these policies compared to those applied during the year prior to that put before the General Meeting. It will also include a global summary of how the remuneration policy was applied during said prior year.

The Board should also report to the General Meeting on the role of the Remuneration Committee in designing the policy, and identify any external advisors engaged.

See section: B.1.16.

Compliant

41. The Notes to the Annual Accounts should list individual directors' remuneration in the year, including:

a) Itemisation of each company director’s remuneration, to include where appropriate:

i) Attendance fees and other fixed payments for directorship;

ii) Additional remuneration for acting as Chairman or member of a Board Committee;

iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;

iv) The payments made to any director's defined-benefit pension scheme; or increase in the director's vested rights when linked to contributions to defined-benefit schemes:

v) Any severance packages agreed or paid;

vi) Any remuneration they receive as directors of other companies in the group;

vii)The remuneration executive directors receive in respect of their senior management posts;

viii) Any kind of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.

b) A breakdown of shares, share options or other share-based instruments delivered to each director, itemised by:

i) Number of shares or options awarded in the year, and the terms set for exercising the options;

ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;

iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;

iv) Any change during the year in the conditions for exercising previously awarded options.

c) Information on the relationship in the previous year between the remuneration obtained by executive directors and the company's earnings or any other measure of performance.

Compliant

42. When the Company has an Executive Committee, the breakdown of its members by director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See sections: B.2.1. and B.2.6

Compliant

43. The Board should be kept fully informed of the business transacted and resolutions adopted by the Executive Committee. To this end, all Board members should receive a copy of the Committee's minutes.

Compliant

44. In addition to the Audit Committee required under the Securities Exchange Act, the Board of Directors should form a Committee, or two separate Committees, for Appointments and Remuneration.

The rules governing the composition and operation of the Audit Committee and the Committee(s) for Appointments and Remuneration should be set forth in the Board Regulations, and include the following:

a) The Board of Directors should appoint the members of such Committees with regard to the knowledge, skills and experience of its directors and the terms of reference of each Committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first full Board Meeting following each meeting;

b) These Committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior management may also attend meetings at the Committees' express invitation.

c) These Committees should be chaired by an independent director.

d) They may engage external advisors, when they deem this necessary for the discharge of their duties.

e) Meeting proceedings should be minuted and a copy sent to all Board members.

See sections: B.2.1 and B.2.3

Compliant

45. The supervision of compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Appointments Committee or, as the case may be, separate Compliance or Corporate Governance Committees.

Compliant

46. All members of the Audit Committee, particularly its Chair, should be appointed with regard to their knowledge and background in accounting, auditing and risk management.

Compliant

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

Compliant

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Compliant

49. The oversight and risk management policy should specify at least:

a) The different types of risk (operational, technological, financial, legal, reputational, etc) the Company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;

b) The level of risk that the Company considers acceptable;

c) The measures established to mitigate the impact of the risks identified, should they materialise;

d) The internal oversight and reporting systems that will be used to control and manage said risks, including contingent liabilities and off-balance-sheet risks.

See sections: D

Compliant

50. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

a) To supervise the process of drawing up the financial information and its integrity for the Company and its group, reviewing compliance with regulatory requirements, suitable scope of the consolidation perimeter and the correct application of accounting principles.

b) To periodically review the systems of internal risk management and oversight to ensure the main risks are identified, managed and sufficiently well known.

c) To ensure the independence and efficacy of the internal audit; propose the selection, appointment, re-election and severance of the internal audit officer; propose the budget for the internal audit service; receive periodic information on their activities; and verify that the senior management pay due heed to the conclusions and recommendations of their reports.

d) To establish and supervise a mechanism that enables employees to confidentially and, if this is deemed appropriate, anonymously communicate irregularities they notice within the company that may be of potential importance, especially financial and accounting irregularities.

2. With respect to the external auditor:

a) To put to the board the proposals for selection, appointment, re-election and substitution of the external auditor and the terms and conditions of engagement.

b) To receive regular information from the external auditor on the audit plan and the outcome of its execution, verifying that the senior management takes due heed of its recommendations;

c) To ensure the independence of the external auditor, to which end:

i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

ii) Also to ensure that the Company and the external auditor respect prevailing standards on the provision of services other than auditing, the limits on concentration of the auditor's business and, in general, other standards established to guarantee auditor's independence;

iii) Should the external auditor resign, to examine the circumstances leading to the resignation.

d) In groups, to help the group auditor take responsibility for auditing the companies belonging to it.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Partially compliant

The BBVA Audit & Compliance Committee Regulations establish broad-ranging powers with respect to the internal audit, which are detailed in section B.2.2 of this Report. These include ensuring the independence and efficacy of the internal audit function and being apprised of the appointment and severance of the head of the internal audit service. However, its duties do not include proposing the selection of the head of the service or its budget, as this is considered an integral part of the Bank's overall organisation.

51. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant

52. The Audit Committee should prepare information on the following points from Recommendation 8 for input to Board decision-making:

a) The financial information that the company, as a publicly traded company, must disclose periodically. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.

b) The creation or acquisition of shares in special-purpose entities or entities domiciled in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity could undermine the group's transparency.

c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: B.2.2. and B.2.3

Compliant

53. The Board of Directors shall try to avoid the accounts it has filed being presented to the General Meeting with reservations and qualifications. When this is not possible, both the chair of the Audit Committee and the auditors must clearly explain the content and scope of discrepancies to the markets and shareholders.

See section: B.1.38.

Compliant

54. The majority of Appointments Committee members – or Appointments & Remuneration Committee members should this be one sole Committee – should be independent directors.

See section: B.2.1.

Compliant

55. The Appointments Committee should have the following duties in addition to those stated in earlier recommendations:

a) Evaluate the balance of skills, knowledge and experience required on the Board, define the roles and capabilities required of the candidates to fill each vacancy accordingly, and decide the time and dedication necessary for them to properly perform their duties.

b) Examine or organise, in the manner it deems suitable, the succession of the Chairman and the Chief Executive Officer and put corresponding proposals to the Board for an orderly, well-planned succession.

c) Report on the senior officer appointments and removals that the Chief Executive Officer proposes to the Board.

d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See sections: B.2.3.

Compliant

56. The Appointments Committee shall consult with the Company Chairman and the Chief Executive Officer with respect to matters related to executive directors.

Any Board member may suggest potential directorship candidates to the Appointments Committee for is consideration.

Compliant

57. The Appointments Committee should have the following duties in addition to those stated in earlier recommendations:

a) Make proposals to the Board of Directors regarding:

i) The policy for directors' and senior managers' remuneration;

ii) The individual remuneration and other contractual conditions of executive directors;

iii) The core conditions for senior officer employment contracts.

b) Oversee compliance with the remuneration policy set by the Company.

See sections: B.1.14 and B.2.3

Compliant

58. The Appointments & Remuneration Committee shall consult with the Company Chairman and the Chief Executive Officer, especially with respect to matters related to executive directors and senior managers.

Compliant

G - OTHER INFORMATION OF INTEREST

List and explain below the contents of any relevant principles or aspects of corporate governance applied by the Company that have not been covered by this Report.

It is stated that the data in this Report refer to the year ending 31st December 2012, except in those cases when another date of reference is specifically stated.

Further to Section A.2, State Street Bank and Trust Co., Chase Nominees Ltd and The Bank of New York Mellon SA NV, as international custodial/depositary banks, on 31st December 2012, held 7.214%, 6.719% and 4.898% of the BBVA share capital, respectively. Among the positions held by the custodians, the existence of individual shareholders with direct or indirect holdings of 3% or over of the BBVA share capital has not been notified.

Filings of significant holdings to CNMV: In 2010, Blackrock Inc. filed a report to the CNMV (Securities Exchange Commission) stating that as a consequence of the acquisition of the Barclays Global Investors (BGI) business, it now had an indirect holding of 4.45% of the BBVA share capital, through the company Blackrock Investment Management.

Further to the information in section A.3: pursuant to the instruction of CNMV Circular 4/2007, no indirect owner of shareholdings has been identified among the Board members as no director has more than a 3% holding, nor are any of them residents in tax havens.

The following "rights over shares" of BBVA executive directors are included: 1) The deferred shares pending payment under the Multi-Year Variable Share Remuneration Programme for 2010/2011 (35,000 shares in 2013, 2014 and 2015 for the Chairman & CEO, and 30,000 shares in 2013, 2014 and 2015 for the President & COO) 2) The deferred shares pending payment under the Variable Share Remuneration System for 2011 (51,826 shares in 2013, 2014 and 2015 for the Chairman & CEO, and 32,963 shares in 2013, 2014 and 2015 for the President & COO); and 3) The units allocated under the Variable Share Remuneration System for 2012 (155,000 units for the Chairman & CEO and 117,000 for the President & COO). See details on how both operate and their system for settlement and payment in the supplement to section B.1.11.

Further to the information in section A.8: regarding earnings from treasury-stock trading, rule 21 of Circular 4/2004 and IAS 32 (paragraph 33) expressly prohibit the recognition in the income statement of profits or losses made on transactions carried out with treasury stock, including their issue and redemption. Said profits and losses are directly booked against the Company's net assets. In the chart of significant changes, in the section on the date of disclosure includes the date of the CNMV incoming register of Annexes VI of communications with treasury stock. The capital gain on treasury stock shown in section A.8 is expressed in thousand euros.

Further to section B.1.3: Mr Francisco González Rodríguez was appointed as a BBVA director by the BBV and Argentaria Merger General Meetings, 18th December 1999. The Board, pursuant to article 3 of the Board Regulations, resolved on 29th September 2009, with a favourable report from the Appointments & Remuneration Committee, to co-opt Ángel Cano as Board member and President & Chief Operating Officer. Both Mr González and Mr Cano were later re-elected by the General Meeting, 12th March 2010, at the proposal of the Board and following a favourable report from the Appointments & Remuneration Committee. José Maldonado was appointed as a BBVA director at the BBV and Argentaria Merger General Meetings, 18th December 1999, and re-elected at the BBVA General Meeting, 16th March 2012, at the proposal of the Board and following a favourable report from the Appointments Committee, pursuant to section B.1.19.

Further to section B.1.7.: Mr Ángel Cano is director in substitution of Mr Francisco González on the Mexican companies of the BBVA Group, Grupo Financiero BBVA Bancomer, S.A. de CV and BBVA Bancomer, S.A.

Further to sections B.1.11 and B.1.14, an itemised list of remuneration for each of BBVA's directors in 2012 is given below, showing each item and also the pension obligations that the Bank has for each director (Note 56 of the BBVA Consolidated Annual Accounts).

Remuneration and other benefits to the Board of Directors and members of the Bank's Management Committee

- Remuneration of non-executive directors

The remuneration paid to non-executive directors who were members of the Board of Directors during 2012 is indicated below, broken down by type of remuneration:

	Thousands of Euros						
Remuneration of Non-Executive Directors	Board of Directors	Executive Committee	Audit Committee	Risk Committee	Appointments Committee	Compensation Committee	Total
Tomás Alfaro Drake	129	-	71	-	102	-	302
Juan Carlos Álvarez Mezquíriz	129	167	-	-	41	-	336
Ramón Bustamante y de la Mora	129	-	71	107	-	-	307
José Antonio Fernández Rivero (1)	129	-	-	214	41	-	383
Ignacio Ferrero Jordi	129	167	-	-	-	43	338
Belén Garijo López (2)	107	-	24	-	-	-	131
Carlos Loring Martinez de Irujo	129	-	71	-	-	107	307
José Maldonado Ramos	129	167	-	-	41	43	379
Enrique Medina Fernández	129	167	-	107	-	-	402
Jose Luis Palao García-Suelto	129	-	179	107	-	-	414
Juan Pi Llorens	129	-	-	107	-	43	278
Susana Rodríguez Vidarte	129	-	71	-	41	43	284
Total	**1,523**	**667**	**488**	**642**	**265**	**278**	**3,863**

(1) Mr. José Antonio Fernández Rivero, apart from the amounts detailed in the table above, also received a total of € 652 thousand in early retirement benefit as a former director of BBVA.

(2) Ms. Belén Garijo López was appointed as director of BBVA on March 16, 2012 and member of the Audit Committee on September 26, 2012.

- Remuneration of executive directors

The remuneration paid to executive directors of the Bank in 2012 is indicated below, broken down by type of remuneration:

	Thousands of Euros			
Remuneration of Executive Directors	Fixed Remuneration	Variable Remuneration (1)	Total Cash (2)	Variable Remuneration in BBVA Shares (1)
Chairman and CEO	1,966	1,000	2,966	155,479
President and COO	1,748	636	2,384	98,890
Total	**3,714**	**1,636**	**5,350**	**254,369**

(1) These amounts correspond to Variable Annual Remuneration for 2011 and received in 2012. The Annual Variable Remuneration is made up of ordinary variable remuneration in cash and variable remuneration paid in shares, based on the Incentive for the executive team of the BBVA Group, whose settlement and payment conditions are detailed below.

(2) In addition, the executive directors were paid remunerations in kind and in other forms in 2012 for a total amount of €36 thousand, of which €12 thousand correspond to the Chairman and CEO and €24 thousand to the President and COO.

In 2012 the executive directors received the fixed remuneration corresponding to that year and 50% of the Annual Variable Remuneration in cash and shares for 2011, under the settlement and payment system agreed by the AGM held on March 11, 2011.

This settlement and payment system for the Annual Variable Remuneration ("Settlement and Payment System") is applied to all categories of employees who carry out professional activities with a material impact on the Bank's risk profile or who perform control functions. It also establishes the following conditions for executive directors and other members of the Management Committee:

- At least 50% of the total Annual Variable Remuneration shall be paid in BBVA shares.

- Payment of 50% of the variable remuneration, in both cash and shares, shall be deferred, with the deferred amount being paid over a period of three years.

- All shares awarded under the aforementioned rules shall not be available for one year from their award. This restriction shall be applied on the net value of the shares, after deducting the part necessary for the beneficiaries to meet their tax liabilities on the shares received.

- In addition, under certain circumstances payment of the Annual Variable Remuneration that is deferred and pending payment may be limited or even stopped, and it has been decided to update these deferred amounts.

- Deferred part of the Variable Remuneration for 2011

Under the Settlement and Payment System, payment of the remaining 50% of the Annual Variable Remuneration of the executive directors for 2011 has been deferred for a 3-year period, to be paid out in thirds during the first quarter of 2013, 2014 and 2015, under the aforementioned conditions. As a result, after the corresponding update, on 2013 the executive directors will be paid €364,519 and 51,826 shares in the case of the Chairman and CEO, and €231,848 and 32,963 shares in the case of the President and COO. Payment of the remaining two-thirds of the deferred part of the Variable Remuneration for 2011 has been deferred until the first quarter of 2014 and 2015, each third representing an amount of €333,244 and 51,826 BBVA shares in the case of the Chairman and CEO, and €211,955 and 32,963 BBVA shares in the case of the President and COO.

- Annual Variable Remuneration for 2012

At the close of 2012, the Annual Variable Remuneration for the executive directors corresponding to that year has been determined by applying the conditions established by the AGM. Thus, in the first quarter of 2013, the executive directors will receive 50% of this remuneration, amounting to €785,028 and 108,489 BBVA shares in the case of the Chairman and CEO and €478,283 and 66,098 BBVA shares in the case of the President and COO. Payment of the remaining 50% has been deferred for a 3-year period. In the first quarter of 2014, 2015 and 2016, the Chairman and CEO will be paid €261,676 and 36,163 BBVA shares, while the President and COO will receive €159,428 and 22,032 BBVA shares.

Payment of the deferred part of the Annual Variable Remuneration for 2012 is subject to the conditions set out in the Settlement and Payment System established in accordance with the resolution adopted by the AGM.

As of December 31, 2012, these amounts were recognized under the heading "Other liabilities - Accrued interest" of the consolidated balance sheet.

- Remuneration of the members of the Management Committee (*)

The remuneration paid in 2012 to the members of BBVA's Management Committee amounted to a total of €8,563 in fixed remuneration and €3,142thousand and 485.207 BBVA shares in variable remuneration.

In addition, the members of the Management Committee received remuneration in kind and other items totaling €729 thousand, in 2012.

The amounts received as variable remuneration in 2012 amount to 50% of the Annual Variable Remuneration for 2011 for this group, under the Settlement and Payment System approved by the AGM in March 2011.

Payment of the remaining 50% of the Annual Variable Remuneration for 2011 has been deferred for a 3-year period, to be paid out in thirds during the first quarter of 2013, 2014 and 2015, under the aforementioned conditions. As a result, after the corresponding update, in 2013 the members of the Management Committee as a whole will be paid €1,120thousand and 158,214 BBVA shares. Payment of the remaining two-thirds of the deferred part of the Variable Remuneration for 2011 has been deferred until the first quarter of 2014 and 2015, each third representing the amount of €1,024 thousand and 158,214 BBVA shares.

(*) This section includes aggregate information on the members of the Management Committee who held this position as of December 31, 2012 (13 members, including the deferments pending for the members of the Management Committee who joined in 2012), excluding the executive directors.

- Multi-Year Variable Share-Based Remuneration Program for 2010-2011

Under the Settlement and Payment System agreed by the 2012 AGM for the Multi-Year Variable Share-Based Remuneration Program for 2010-2011 (hereinafter "the Program" or "2010-2011 ILP") approved by the AGM on March 12, 2010, in 2012 the executive directors and remaining members of the Management Committee received 50% of the shares due to them under the settlement of the Program, i.e. 105,000 BBVA shares for the Chairman and CEO, 90,000 BBVA shares for the President and COO and 329,000 shares for all the remaining members of the Management Committee.

The remaining 50% of the shares resulting from the settlement of the "2010-2011 ILP" corresponding to the executive directors and the rest of the members of the Management Committee have been deferred, to be paid out in thirds in 2013, 2014 and 2015. As a result, in 2013 the executive directors will be paid as follows: 35,000 shares for the Chairman and CEO and 30,000 shares for the President and COO, in addition to an amount in cash of €15 thousand in the case of the Chairman and CEO and €13,000 in the case of the President and COO as a result of the update. Delivery of the remaining two-thirds of the deferred part of the 2010-2011 ILP has been deferred, so that the Chairman and CEO will be paid 35,000 shares and the President and COO will receive 30,000 shares in the first quarter of 2014 and 2015.

The rest of the members of the Management Committee will receive 106,998 shares in 2013, in addition to €45 thousand resulting from the corresponding update. Delivery to this group of the remaining two-thirds of the deferred shares for 2014 and 2015 has been deferred.

- Scheme for remuneration for non-executive directors with deferred distribution of shares

BBVA has a remuneration system with deferred distribution of shares in place for its non-executive directors that was approved by the AGM held on March 18, 2006 and renewed for an additional 5-year period through a resolution of the AGM held on March 11, 2011.

This system consists in the annual allocation of a number of "theoretical shares" to the non-executive directors equivalent to 20% of the total remuneration received by each in the previous year. This is based on the average closing prices of the BBVA shares during the sixty trading sessions prior to the dates of the ordinary general meetings approving the annual financial statements for each year.

The shares will be delivered to each beneficiary, as appropriate, on the date he or she leaves the position of director for any reason except serious breach of duties.

The number of "theoretical shares" allocated in 2012 to the non-executive directors who are beneficiaries of the deferred share distribution system, corresponding to 20% of the total remuneration received by each in 2011, is as follows:

	Theoretical Shares assigned in 2012	Accumulated Theoretical Shares as of December 31, 2012
Tomás Alfaro Drake	8,987	28,359
Juan Carlos Álvarez Mezquíriz	10,061	57,534
Ramón Bustamante y de la Mora	9,141	54,460
José Antonio Fernández Rivero	11,410	50,224
Ignacio Ferrero Jordi	10,072	58,117
Carlos Loring Martínez de Irujo	9,147	42,245
José Maldonado Ramos	10,955	17,688
Enrique Medina Fernández	11,979	73,293
Jose Luis Palao García-Suelto	9,355	9,355
Juan Pi Llorens	2,712	2,712
Susana Rodríguez Vidarte	8,445	39,484
Total	**102,264**	**433,471**

- Pension commitments

Under rule 78 of IAS 19, at the close of 2012 the situation in the high-quality corporate bond markets required an update of the interest rates used by the entities to discount post-employment benefits. Without changing the commitments assumed by the Bank, this has resulted in an increase in the amount of the provisions needed to cover them and the amounts to be provisioned in 2012.

Thus, the provisions registered as of December 31, 2012 for pension commitments to the President and COO amount to €22,703 thousand. Of this amount, under current accounting regulations, €1,701 have been provisioned in 2012 against earnings and €4,307 thousand against equity in order to adapt the interest rate assumption used for the valuation of pension commitments in Spain. As of that date there are no further pension commitments with the executive directors.

As for the rest of the members of the Management Committee, the provisions registered as of December 31, 2012 for pension commitments amount to €80,602 thousand. Of this amount, under current accounting regulations, €13,077 thousand have been charged in 2012 against earnings and €17,347 thousand against equity in order to adapt the aforementioned interest rate assumption.

Also, €117 thousand in insurance premiums were paid on behalf of non-executive directors who are members of the Board of Directors.

- Termination of the contractual relationship

There were no commitments as of December 31, 2012 for the payment of compensation to executive directors.

In the case of the President and COO, the contract lays down that in the event that he lose this status due to a reason other than his own will, retirement, disability or dereliction of duty, he shall take early retirement with a pension, which can be received as a life annuity or lump sum equivalent to 75% of his pensionable salary if this occurs before he reaches the age of 55, or 85% after that age.

In 2012, one member of the Management Committee left the Group, as a result of which he received a payment of €1,302 thousand.

The table in section B.1.11 on Share Options includes the value of the shares vesting to executive directors in 2012 following the settlement and delivery of 50% of the 2011 Annual Variable Remuneration, and the settlement of the Variable Remuneration in Shares Programme for 2010/2011. This was 254,369 shares from the 2011 Annual Variable Remuneration and 195,000 from the Variable Remuneration in Shares Programme for 2010/2011. None of these shares may be availed for one year as of their vesting date. The valuation of the shares was made at their price on their vesting date (€6.87 for shares under the Variable Remuneration System and €5.92 for shares under the Variable Remuneration in Shares Programme for 2010/2011).

Further to Section B.1.12: during 2012 there have been some changes in the compositions of the Management Committee:

1) On 16th May 2012, Juan Asúa, then Director of the Spain & Portugal Area, was appointed as the chief officer in the Corporate & Investment Banking Area (CIB), replacing José Barreiro, who left the Group on that date. Jaime Saenz de Tejada was simultaneously appointed as Director of the Spain & Portugal Area and member of the Management Committee.

2) On 16th July 2012, Ignacio Deschamps was appointed to head a new Area (Retail Banking), which merged the previous Global Retail and Business Banking Area (GRBB), headed by José María García Meyer-Dohner, who left the Group on this date, with the South America Area, headed by Vicente Rodero, who was appointed to run Bancomer, taking on the posts of Chairman and Chief Executive Officer.

3) On 6th November 2012, Ricardo Gómez Barredo, Director of Global Accounts and Management Information, was appointed as a new member on the Management Committee.

Finally, with effects as of 1st January 2013, Ignacio Moliner was appointed as a new Director of the Communication & Brand Area, replacing Gregorio Panadero, and occupying his seat on the Management Committee.

Further to Section B.1.16: as stated in the Remuneration Report, the Committee and the Board has been advised by the in-house BBVA services and the market information facilitated by one of the global consultancy firms regarding the compensation of directors and senior management, Towers Watson.

Further to Section B.1.21: pursuant to the Board Regulations, any director may request that the Board agenda include matters they deem advisable for the corporate interest. Moreover, article 18 of the Board Regulations also establishes the possibility that directors representing at least one quarter of the board members appointed at any time may request a Board of Directors meeting be held.

Further to section B.1.29 and section B.2.3: the Risks Committee held 46 meetings during 2012.

With regard to section B.1.31: as BBVA shares are listed on the New York stock exchange, it is subject to the supervision of the Securities & Exchange Commission (SEC) and thus, in compliance with the Sarbanes Oxley Act (SOA) and its implementing regulations, each year the Chairman & CEO, President & COO and the executive tasked with preparing the accounts sign and submit the certificates described in sections 302 and 906 of the SOA, related to the content of the annual financial statements. These certificates are contained in the annual registration statement (20-F) the Company files with this authority for the official record.

Further to Section B.1.40 and section C.5, and pursuant to article 229.2 of the Corporate Enterprises Act, on 31st December 2012, parties related to the members of the Bank's Board of Directors held 135,982 shares in Banco Santander, S.A., 4,500 shares in Bank of America Corporation, 414 shares in Banco Español de Crédito S.A. (Banesto) and 3 shares in Bankinter, S.A.

With respect to the duties of the Audit & Compliance Committee set forth in section B.2.2, under the Audit Committee Regulations, the Committee's duties include ensuring that the Internal Audit department has the means and resources required, with enough personnel, material elements, systems, procedures and operating manuals to perform its duties in the Group and that it will be apprised of any obstacles that may have arisen to the performance of its duties. It will analyse and, where appropriate, approve the Annual Internal Audit Plan, as well as those other additional occasional or specific plans that have to be put in place on account of regulatory changes or Group business organisational needs. It will be apprised of the extent to which the audited units have complied with the corrective measures recommended by the Internal Audit in previous audits, and any cases that might pose a relevant risk for the Group will be reported to the Board. The Committee will be informed of any material irregularities, anomalies or breaches that Internal Audit detects in the course of its actions, material being construed as any that may cause a significant and material impact or damage to the Group’s net worth, results or reputation. The Internal Audit department will judge such nature at its discretion and, in case of doubt, must report the matter. It will also be apprised of and issue an opinion on the appointment or substitution of the head of Internal Audit, although it does not approve his or her appointment or propose the budget for the Internal Audit department.

Further to section C (Related-party transactions), see Note 55 to the BBVA 2012 consolidated annual financial statements.

Further to Section C.1: article 10 of the Board Regulations deals with issues related to related-party transactions. It establishes the following:

The Board of Directors will be apprised of the transactions between the Company and its directors, its significant shareholders and/or shareholders represented on the Board, and/or parties related to them.

The execution of such transactions will require urgent authorisation from the Board of Directors or the Executive Committee, based on a favourable report from the Audit & Compliance Committee, unless they are credit risk transactions, which will be governed by their own specific standards.

No Board authorisation will be required for related-party transactions that amount to no more than 1% of the Company's annual revenues, when these are conducted under contracts with standard terms and conditions applicable in block to many customers and at prices or rates established in a general manner, or whose terms and conditions are an extension of those applicably to Bank staff in general, or are agreed under procedures guaranteeing competition, unless they are credit risk transactions, which will be governed by their own specific standards.

Further to section D.2: detailed information on the BBVA Group's risk exposure is given in the BBVA Annual Report and in the BBVA Management Report, which includes the most noteworthy data.

Regarding Recommendation 45 in Section F on corporate governance: article 30 of the Board Regulations empowers the Audit Committee to oversee the internal Code of Conduct on the Securities Markets. Article 27 of the Board Regulations empowers the Executive Committee to assess the Bank's corporate governance system. It will analyse this as a function of the Company's performance over time and the impact of any regulations that may be established, and recommendations on best market practices adapted to the real conditions of its business.

During 2011, the BBVA Board of Directors approved the Bank's adhesion to the Code of Best Tax Practices (Código de Buenas Prácticas Tributarias) approved by Foro de Grandes Empresas in the wording proposed by the State Tax Administration Agency (AEAT). During this year, it has been compliant with the contents of this Code.

This section may include any other relevant information, clarification or detail related to previous sections of the report insofar as they are relevant and not reiterative.

Specifically indicate whether the Company is subject to corporate governance legislation from any country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

Binding definition of independent director:

Indicate whether any of the independent directors has or has had any relationship with the Company, its significant shareholders and/or its executives which, if sufficiently significant, would have meant that the director could not be considered independent under the definition given in section 5 of the unified code of good governance:

NO

Date and signature:

This Annual Report on Corporate Governance has been approved by the Company's Board of Directors on

31/JAN/2013

Indicate whether any members have voted against or abstained with respect to the approval of this report.

NO

ADDITIONAL INFORMATION FURTHER TO THE CONTENT OF THE ANNUAL BANCO BILBAO VIZCAYA ARGENTARIA S.A. CORPORATE GOVERNANCE REPORT, REQUIRED UNDER ARTICLE 61 BIS OF THE SECURITIES EXCHANGE ACT

This section includes additional information further to the content of the Annual Corporate Governance Report, required under article 61 bis of Act 24/1988 on Securities Exchanges.

This content is not included in the prevailing form used for the Annual Corporate Governance Report approved by the CNMV Circular 4/2007, 27th December, which is still in force, and is thus attached as additional information in this Annex to that Report.

Securities not traded on a regulated EU exchange, indicating, where applicable, the different classes of shares and, for each class of shares, the rights and obligations they confer and the percentage of total share capital they represent:

All the shares in BBVA's capital bear the same voting and economic rights. There are no distinct voting rights for any shareholder. There are no shares that do not represent capital.

BBVA shares are traded on the SIBE electronic trading platform of the Spanish securities exchanges and on the London and Mexico markets. BBVA American Depositary Shares (ADS) are traded on the New York Stock Exchange and also traded on the Lima Exchange (Peru) under an exchange agreement between both markets.

Additionally, at 31st December 2012, the shares of BBVA Banco Continental, S.A.; Banco Provincial S.A.; BBVA Colombia, S.A.; BBVA Chile, S.A.; BBVA Banco Francés, S.A. and AFP Provida were traded on their respective local securities markets, and the BBVA Banco Francés, S.A. and AFP Provida shares were also traded on the New York Stock Exchange. BBVA Banco Francés, S.A. is also traded on the Latibex market of the Madrid securities exchange.

Any restriction on the transferability of the securities and any restriction on voting rights.

This information is included under section A.10 of the 2012 Annual Corporate Governance Report of Banco Bilbao Vizcaya Argentaría, S.A.

There are no legal or Bylaw restrictions on the free acquisition or transfer of shares in the Company's capital other than those established in articles 56 and following in Act 26/1988, 29th July, on discipline and oversight in credit institutions, which establishes that any individual or corporation, acting alone or taking concerted action with others, intending to directly or indirectly acquire a significant holding in a Spanish credit institution (as defined in article 56 of the aforementioned Act 26/1988) or to directly or indirectly increase their holding in one in such a way that either the percentage of voting rights or of capital owned would be equal to or more than 20, 30 or 50%, or by virtue of the acquisition, might take control over the financial institution, must first notify the Bank of Spain.

The Bank of Spain will have 60 working days after the date on which the notification is received, to evaluate the transaction and, where applicable, challenge the proposed acquisition on the grounds established by law.

There are no legal or Bylaw restrictions on the exercise of voting rights.

Rules applicable to the amendment of the Company Bylaws

Article 30 of the BBVA Company Bylaws establishes that the General Meeting has the power to amend the Company Bylaws and to confirm or rectify the manner in which the Board of Directors has interpreted them.

To such end, the rules established under articles 285 and following of the Corporate Enterprises Act will be applicable.

The above paragraph notwithstanding, article 25 of the Company Bylaws establishes that two-thirds of the subscribed capital with voting rights must attend the General Meeting at first summons, or 60% of said capital at second summons in order to validly adopt resolutions on any change in the corporate purpose, transformation, total spin-off or winding up of the Company and amendment of the second paragraph of this article.

Significant agreements reached by the Company that come into force, are amended or concluded in the event of a change in the control of the Company stemming from a public takeover bid, and its effects.

No significant agreement reached by the Company is known that will come into force, be amended or concluded in the event of a change in the control of the Company stemming from a public takeover bid.

Agreements between the Company and its directors and managers and employees who are entitled to compensation when they resign or are unfairly dismissed or if their employment relationship terminates due to a public takeover bid.

At 31st December 2012 there are no severance payment commitments to executive directors.
The contract of the President & COO determines that in the event of him losing this post on any grounds other than his own will, retirement, disability or dereliction of duty, he will take early retirement with a pension payable, as he chooses, through a lifelong annuity pension, or by a lump-sum payment. This pension will be 75% of his pensionable salary if the severance occurs before he is 55, and 85% if it occurs after reaching that age.

During 2012, one member of the Management Committee has left the Group. The sum of €1.302k was paid out as a consequence of this.

The Bank has recognised the entitlement of some members of its senior management, 44 managers, 13 of whom belong to the Management Committee, to receive compensation payment in the event of severance on grounds other than their own will, retirement, disability or dereliction of duties. Its amount will be calculated by factoring in the fixed elements of the Bank employee's remuneration and length of office. No indemnity payments will be made in the event of disciplinary termination of contract at the employer's decision on the grounds of the employee's dereliction of duties.

The Bank has also agreed compensation clauses with some employees (45 members of the technical and specialist staff) in the event of unfair dismissal. The amount of this compensation is calculated as a function of the wage and professional conditions of each employee.

Description of the main characteristics of the internal control and risk management systems with respect to the financial reporting process.

The entity's control environment

The Board of Directors, pursuant to article 17 of the Board Regulations, approves the financial information that it is required to publish periodically as a publicly traded company. The Board of Directors has an Audit & Compliance Committee, whose mission is to assist the Board in the supervision of its financial statements and in the exercise of the BBVA Group oversight function.

The BBVA Audit & Compliance Committee Regulations establish that the Committee's duties include the supervision of the sufficient, adequate and efficient operation of the internal control systems in order to ensure firstly the accuracy, reliability, scope and clarity of the financial statements of the Entity and its consolidated Group contained in the annual and quarterly reports and secondly, the accounting and financial information required by the Bank of Spain and/or other regulatory bodies including those in other countries where the Group operates.

To ensure that the internal control system is working requires a structure to take responsibility for this throughout the entire organisation. There are mechanisms in charge of the design and review of the organisational structure that clearly define the lines of accountability and authority, and a suitable distribution of tasks and duties, carried out by the corporate internal control units to facilitate the financial reporting for the members of the organisation in compliance with applicable standards.

BBVA has a Code of Conduct approved by the Board of Directors, which establishes the channel for whistleblowers regarding possible breaches of that Code, and ongoing training and refresher courses for key staff in the financial area.

The Code of Conduct is applicable to all entities within the BBVA Group and all its employees and management staff. It has thus been distributed to apprise them of its content and is also published on the Bank's corporate website (www.bbva.com). The Code of Conduct is based on the following values: ethical values; relational integrity; integrity on markets; personal integrity and organisational integrity. It makes specific mention of transparency in the information provided to the market.

The duties of the Audit & Compliance Committee include ensuring that the internal codes of ethics and conduct and on the securities market trading, as they apply to Group personnel, comply with the legislation and are appropriate for the Bank. The Regulatory Compliance unit is in charge of analysing possible breaches of the Code of Conduct and proposing corrective or disciplinary measures. Regarding the whistle-blowing channels, as specified in the Code of Conduct, communications will be passed on to any of the units designated for this purpose. The units are obliged to preserve the anonymity of the person blowing the whistle on a possible breach of the Code.

Training and periodic refresher courses will be held on accounting standards, internal control and risk management in units involved in preparing and reviewing the financial information and in evaluating the internal control system.

Financial reporting risk assessment

Within the organisation a process is carried out each month to identify and update the consolidation perimeter. This covers all the objectives of financial reporting.

The Group's internal control model is underpinned by the specialist units at holding level, where all the critical risks in all Group activities are identified and appropriate controls established for their mitigation. These are replicated at local level in each country and evaluated periodically, at least once a year. The information on these is aggregated at Group level to test that they have been effective and have worked adequately.

The process of identifying risks of error, falsehood or omission carried out by the Financial Reporting Internal Control unit is based on calculating materiality. It selects the material accounting items, processes and companies where the risks are identified, thereby determining the scope of the annual assessment ensuring the coverage of their risks that are critical to the financial statements. Identification of potential risks that must necessarily be covered by the annual assessment begins with the management's business understanding and insight, taking into account quantitative criteria (probability of occurrence, economic impact and materiality) and qualitative criteria associated with the type, complexity and nature of the risks and/or of the business structure itself. As proof that the effects of other types of risk have been taken into account (operational, technology, financial, legal, reputational, environmental risks, etc) insofar as they impact the financial statements.

The system for identifying and assessing the risks of internal control over financial reporting is dynamic. It evolves continuously, always reflecting the reality of the Group's business, the risks affecting it and the controls that mitigate them.

The process is documented at least once a year. It is supervised by the Group's Internal Audit Area and the Global Corporate Assurance Committee, previously called the Operational Risk Management Committee. Moreover, the head of Internal Audit reports each year to the Audit & Compliance Committee on the analysis and certification work carried out pursuant to the SOX methodology to comply with the legal requirements of the Sarbanes Oxley Act on internal control systems for the financial information reported in the Form 20-F filing.

Control activities

There are descriptions of processes documented in a management tool to maintain the flows of activities and controls for the different types of critical transactions and to develop a suitable procedure for signing off the financial statements to cover and hedge the risks identified for this process.
The internal control policies establish controls and procedures on the operation of the reporting systems and security of access, functional segregation, development and/or modification of computer applications, and on the management of subcontracted activities, or those aspects of assessment, calculation or valuation entrusted to independent experts. These include specific revision of relevant judgements, estimates and projections.

Procedures are also in place for the governing bodies to revise and authorise regulated financial reporting disclosed to the securities markets.

Information and communication

The organisation has an Accounting Policies Committee and unit. Their mission is to referee the determination of the accounting and capital adequacy criteria applicable to ensure the correct recording of transactions to the accounts and the calculation of capital requirements within the standards issued by the Bank of Spain, the European Union (International Accounting Standards Board, Equity Directives) and the Basel Committee. There is an updated accounting manual, disseminated over the Company intranet to all the units through which the Entity operates.

Control measures have been implemented to guarantee that all the data underpinning the financial information are collected in a comprehensive, exact and timely manner, and are reported in due time and form. The format of the financial reporting system is unique and standardised. It is applicable to and used by all the Group units. This format underpins the principal financial statements and the notes. There are also control measures and procedures to ensure that the information broadcast to the markets includes an appropriate level of detail and is suitably transmitted in line with the way that the investors and users of the financial information understand and interpret it.

Supervision of how the system works

The Entity has an Internal Audit Unit, which provides support to the Audit & Compliance Committee in the oversight of the financial reporting internal control system. In the final instance, the internal control system, pursuant to the Technical Audit Notes, is examined by the Group's Auditor of Accounts, which reports to the Audit & Compliance Committee and issues an opinion on the effectiveness of the internal control system with respect to the financial information contained in the Group's annual consolidated statements at 31st December each year, in order for the financial information to be filed with the Securities & Exchange Commission. At the date of this report, the Auditor of the consolidated accounts has not reported any significant or material issue to the Audit Committee, the Board of Directors or the Management Committee.

During 2012, the internal control areas have carried out a complete assessment of the financial reporting internal control in which no material or significant issue has been manifested to date. The assessment was reported to the Audit Committee, the Group's Operational Corporate Assurance Committee, the Management Committee, the External Auditor, the Operational Risk Management Committee and in the final instance, the Group's Global Corporate Assurance Committee.

Not all the control issues are of equal relevance or of equal economic import: for each issue, there is an estimate of the expected economic impact and the probability of occurring. The issues are then ranked as a function of these estimates. An action plan is established for each of the issues identified by the internal control units and the issues detected by the internal or external auditor, to correct or mitigate the risks.

The internal control oversight carried out by the Audit & Compliance Committee, described in the Audit & Compliance Committee Regulations, published on the corporate website, includes the following activities:

- Oversee the internal control systems' sufficiency, appropriateness and efficacy in order to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in their annual and quarterly reports. Also oversee the accounting and financial information that the Bank of Spain or other regulators from Spain and abroad may require, including those in countries where the Group operates.

- Ensure that the internal Codes of Ethics and Conduct and securities market trading, as they apply to Group personnel, comply with legislation and are appropriate for the Bank.

- Analyse the financial statements of the Bank and its consolidated Group contained in the annual and quarterly reports prior to their presentation to the Board, with the necessary depth to check their accuracy, reliability, scope and clarity. For this purpose, the Committee will have all the necessary information with the level of detail it deems appropriate, and be provided the necessary support of the Group's executive management, especially that of the Finance Area and that of the Company auditor.

- The Committee reviews all the relevant changes relating to the accounting principles used and the presentation of the financial statements, and ensures that due publicity is given to them.

- It selects the external auditor for the Bank and the consolidated Group, and all the companies comprising the Group. It will oversee its independence and ensure that its audit schedule is carried through.

- It approves the annual Internal Audit schedule, monitoring it and being apprised of the degree to which the units audited are complying with the corrective measures recommended.

DECLARATION OF LIABILITY FOR THE ANNUAL FINANCIAL REPORT

The members of the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. hereby declare that, as far as they are aware, the individual and consolidated financial statements for 2012, filed at their meeting, 31st January 2013, drawn up according to applicable accounting standards, provide a true picture of the net worth, the financial situation and the results of Banco Bilbao Vizcaya Argentaria, S.A. and the companies it consolidates taken as a whole, and that the consolidated and individual management reports include a true analysis of the evolution and position of Banco Bilbao Vizcaya Argentaria, S.A. and the companies that it consolidates taken as a whole, along with a description of the main risks and uncertainties that they face.

Madrid, 31st January 2013.

D. FRANCISCO GONZÁLEZ RODRÍGUEZ
Chairman and CEO

D. ÁNGEL CANO FERNÁNDEZ
President and COO

D. TOMÁS ALFARO DRAKE
Director

D. JUAN CARLOS ÁLVAREZ MEZQUÍRIZ
Director

D. RAMÓN BUSTAMANTE Y DE LA MORA
Director

D. JOSÉ ANTONIO FERNÁNDEZ RIVERO
Director

D. IGNACIO FERRERO JORDI
Director

Dª BELÉN GARIJO LÓPEZ
Director

D. CARLOS LORING MARTINEZ DE IRUJO
Director

D. JOSÉ MALDONADO RAMOS
Director

D. ENRIQUE MEDINA FERNÁNDEZ
Director

D. JOSÉ LUIS PALAO GARCÍA - SUELTO
Director

D. JUAN PI LLORENS
Director

Dª SUSANA RODRÍGUEZ VIDARTE
Director