BBVA Group

Interim Report
June - 2015

Interim Consolidated Financial Statements, Management Report and Auditors' Report Corresponding to the Six Months Period ended June 30, 2015

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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. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Banco Bilbao Vizcaya Argentaria, S.A., at the request of the Board of Directors:

Report on the interim Consolidated Financial Statements

We have audited the accompanying interim consolidated financial statements of Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank") and companies composing, together with the Bank, the Banco Bilbao Vizcaya Argentaria Group ("the Group" – see Note 3), which comprise the consolidated balance sheet at 30 June 2015 and the related consolidated income statement, consolidated statement of recognised income and expense, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended.

Directors' Responsibility for the interim Consolidated Financial Statements

The Bank's directors are responsible for preparing the accompanying interim consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of the Group in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain (identified in Note 1.2 to the accompanying interim consolidated financial statements) and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these interim consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the interim consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Parent's directors of the interim consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Opinion

In our opinion, the accompanying interim consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Banco Bilbao Vizcaya Argentaria Group as at 30 June 2015, and its consolidated results and its consolidated cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2015 contains the explanations which the Bank's directors consider appropriate about the situation of the Group, the evolution of its business and other matters, but is not an integral part of the interim consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the interim consolidated financial statements for the six-month period ended 30 June 2015. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Banco Bilbao Vizcaya Argentaria, S.A. and subsidiaries.

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

José Manuel Domínguez

31 July 2015

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Contents

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS

APPENDICES

GLOSSARY

MANAGEMENT REPORT

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

BBVA Group

Consolidated balance sheets as of June 30, 2015 and December 31, 2014

		Millions of Euros	
ASSETS	Notes	June 2015	December 2014 (*)
CASH AND BALANCES WITH CENTRAL BANKS	9	**27,876**	**31,430**
FINANCIAL ASSETS HELD FOR TRADING	10	**82,499**	**83,258**
Loans and advances to credit institutions		-	-
Loans and advances to customers		175	128
Debt securities		35,776	33,883
Equity instruments		5,355	5,017
Trading derivatives		41,193	44,229
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	11	**3,003**	**2,761**
Loans and advances to credit institutions		-	-
Loans and advances to customers		-	-
Debt securities		792	737
Equity instruments		2,210	2,024
AVAILABLE-FOR-SALE FINANCIAL ASSETS	12	**103,533**	**94,875**
Debt securities		97,727	87,608
Equity instruments		5,806	7,267
LOANS AND RECEIVABLES	13	**399,984**	**372,375**
Loans and advances to credit institutions		27,929	27,059
Loans and advances to customers		361,091	338,657
Debt securities		10,963	6,659
HELD-TO-MATURITY INVESTMENTS	12	**-**	**-**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	14	**57**	**121**
HEDGING DERIVATIVES	14	**3,160**	**2,551**
NON-CURRENT ASSETS HELD FOR SALE	15	**3,890**	**3,793**
EQUITY METHOD	16	**4,660**	**4,509**
Associates		560	417
Joint ventures		4,100	4,092
INSURANCE CONTRACTS LINKED TO PENSIONS		**190**	**-**
REINSURANCE ASSETS	22	**545**	**559**
TANGIBLE ASSETS	17	**8,570**	**7,820**
Property, plants and equipment		6,945	6,428
For own use		6,477	5,985
Other assets leased out under an operating lease		468	443
Investment properties		1,625	1,392
INTANGIBLE ASSETS	18	**7,829**	**7,371**
Goodwill		6,130	5,697
Other intangible assets		1,698	1,673
TAX ASSETS	19	**15,932**	**12,426**
Current		1,289	2,035
Deferred		14,643	10,391
OTHER ASSETS	20	**7,477**	**8,094**
Inventories		4,613	4,443
Rest		2,864	3,651
TOTAL ASSETS		**669,204**	**631,942**

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

The accompanying Notes 1 to 56 and Appendices I to XII are an integral part of the consolidated balance sheet as of June 30, 2015.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

BBVA Group

Consolidated balance sheets as of June 30, 2015 and December 31, 2014.

		Millions of Euros	
LIABILITIES AND EQUITY	Notes	**June 2015**	**December 2014 (*)**
FINANCIAL LIABILITIES HELD FOR TRADING	10	**56,735**	**56,798**
Deposits from central banks		-	-
Deposits from credit institutions		-	-
Customer deposits		-	-
Debt certificates		-	-
Trading derivatives		42,023	45,052
Short positions		14,713	11,747
Other financial liabilities		-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	11	**2,821**	**2,724**
Deposits from central banks		-	-
Deposits from credit institutions		-	-
Customer deposits		-	-
Debt certificates		-	-
Subordinated liabilities		-	-
Other financial liabilities		2,821	2,724
FINANCIAL LIABILITIES AT AMORTIZED COST	21	**528,123**	**491,899**
Deposits from central banks		36,195	28,193
Deposits from credit institutions		54,338	65,168
Customer deposits		351,354	319,060
Debt certificates		61,041	58,096
Subordinated liabilities		16,103	14,095
Other financial liabilities		9,092	7,288
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	14	**420**	**-**
HEDGING DERIVATIVES	14	**2,585**	**2,331**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	15	**-**	**-**
LIABILITIES UNDER INSURANCE CONTRACTS	22	**10,322**	**10,460**
PROVISIONS	23	**8,927**	**7,444**
Provisions for pensions and similar obligations	24	6,013	5,970
Provisions for taxes and other legal contingencies		386	262
Provisions for contingent risks and commitments		617	381
Other provisions		1,911	831
TAX LIABILITIES	19	**3,876**	**4,157**
Current		624	980
Deferred		3,252	3,177
OTHER LIABILITIES	20	**4,397**	**4,519**
TOTAL LIABILITIES		**618,207**	**580,333**

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BBVA Group

Consolidated balance sheets as of June 30, 2015 and December 31, 2014.

LIABILITIES AND EQUITY (*Continued*)	Notes	Millions of Euros June 2015	 December 2014 (*)
STOCKHOLDERS' FUNDS		**52,177**	**49,446**
Common Stock	25	**3,090**	**3,024**
Issued		3,090	3,024
Unpaid and uncalled (-)		-	-
Share premium	26	**23,992**	**23,992**
Reserves	27	**22,560**	**20,936**
Accumulated reserves (losses)		21,626	20,304
Reserves (losses) of entities accounted for using the equity method		934	633
Other equity instruments	43.1.1	**26**	**67**
Equity component of compound financial instruments		-	-
Other equity instruments		26	67
Less: Treasury stock	28	**(75)**	**(350)**
Income attributed to the parent company		**2,759**	**2,618**
Less: Dividends and remuneration		**(175)**	**(841)**
VALUATION ADJUSTMENTS	29	**(2,909)**	**(348)**
Available-for-sale financial assets		2,228	3,816
Cash flow hedging		(119)	(46)
Hedging of net investment in foreign transactions		(477)	(373)
Exchange differences		(2,644)	(2,173)
Non-current assets held-for-sale		-	-
Entities accounted for using the equity method		(1,118)	(796)
Other valuation adjustments		(779)	(777)
NON-CONTROLLING INTEREST	30	**1,728**	**2,511**
Valuation adjustments		(882)	(53)
Rest		2,610	2,563
TOTAL EQUITY		**50,997**	**51,609**
TOTAL LIABILITIES AND EQUITY		**669,204**	**631,942**

MEMORANDUM ITEM	Notes	Millions of Euros June 2015	 December 2014 (*)
CONTINGENT RISKS	32	**34,230**	**33,741**
CONTINGENT COMMITMENTS	32	**124,396**	**106,252**

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

The accompanying Notes 1 to 56 and Appendices I to XII are an integral part of the consolidated balance sheet as of June 30, 2015.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

BBVA Group

Consolidated income statements for the six months ended June 30, 2015 and 2014.

	Notes	Millions of Euros June 2015	June 2014 (*)
INTEREST AND SIMILAR INCOME	36	10,665	11,000
INTEREST AND SIMILAR EXPENSES	36	(3,570)	(4,276)
NET INTEREST INCOME		**7,096**	**6,724**
DIVIDEND INCOME	37	236	370
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	38	195	155
FEE AND COMMISSION INCOME	39	2,801	2,617
FEE AND COMMISSION EXPENSES	40	(682)	(625)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	41	826	978
Financial instruments held for trading		161	496
Other financial instruments at fair value through profit or loss		14	(14)
Other financial instruments not at fair value through profit or loss		652	496
Rest		-	-
EXCHANGE DIFFERENCES (NET)		620	173
OTHER OPERATING INCOME	42	2,271	2,242
Income on insurance and reinsurance contracts		1,725	1,807
Financial income from non-financial services		358	274
Rest of other operating income		189	160
OTHER OPERATING EXPENSES	42	(2,144)	(2,552)
Expenses on insurance and reinsurance contracts		(1,233)	(1,386)
Changes in inventories		(264)	(218)
Rest of other operating expenses		(647)	(948)
GROSS INCOME		**11,219**	**10,082**
ADMINISTRATION COSTS	43	(4,927)	(4,542)
Personnel expenses		(2,888)	(2,638)
General and administrative expenses		(2,039)	(1,905)
DEPRECIATION AND AMORTIZATION	44	(572)	(548)
PROVISIONS (NET)	45	(392)	(433)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	46	(2,137)	(2,126)
Loans and receivables		(2,134)	(2,108)
Other financial instruments not at fair value through profit or loss		(3)	(18)
NET OPERATING INCOME		**3,192**	**2,433**

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

The accompanying Notes 1 to 56 and Appendices I to XII are an integral part of the consolidated income statement corresponding to the six months ended June 30, 2015.

BBVA Group

Consolidated income statements for the six months ended June 30, 2015 and 2014.

		Millions of Euros	
(Continued)	Notes	**June 2015**	**June 2014 (*)**
NET OPERATING INCOME		**3,192**	**2,433**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	47	(128)	(98)
Goodwill and other intangible assets		(3)	(4)
Other assets		(125)	(94)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	48	23	14
NEGATIVE GOODWILL	18	22	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	49	791	(281)
OPERATING PROFIT BEFORE TAX		**3,899**	**2,067**
INCOME TAX	19	(941)	(524)
PROFIT FROM CONTINUING OPERATIONS		**2,958**	**1,544**
PROFIT FROM DISCONTINUED OPERATIONS (NET)	49	-	-
PROFIT		**2,958**	**1,544**
Profit attributable to parent company		2,759	1,328
Profit attributable to non-controlling interests	30	200	215

		Euros	
	Notes	**June 2015**	**June 2014 (*)**
EARNINGS PER SHARE	5		
Basic earnings per share		0.43	0.21
Diluted earnings per share		0.43	0.21

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

The accompanying Notes 1 to 56 and Appendices I to XII are an integral part of the consolidated income statement corresponding to the six months ended June 30, 2015 and 2014.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

BBVA Group

Consolidated statements of recognized income and expenses for the six months ended June 30, 2015 and 2014.

	Millions of Euros	
	June 2015	June 2014 (*)
PROFIT RECOGNIZED IN INCOME STATEMENT	**2,958**	**1,544**
OTHER RECOGNIZED INCOME (EXPENSES)	**(3,390)**	**1,326**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**3**	**(9)**
Actuarial gains and losses from defined benefit pension plans	5	(13)
Non-current assets available for sale	-	-
Entities under the equity method of accounting	-	-
Income tax related to items not subject to reclassification to income statement	(2)	4
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**(3,393)**	**1,335**
Available-for-sale financial assets	**(2,297)**	**2,795**
Valuation gains/(losses)	(1,093)	3,049
Amounts reclassified to income statement	(1,211)	(253)
Reclassifications (other)	7	-
Cash flow hedging	**(83)**	**(5)**
Valuation gains/(losses)	(83)	(5)
Amounts reclassified to income statement	-	-
Amounts reclassified to the initial carrying amount of the hedged items	-	-
Reclassifications (other)	-	-
Hedging of net investment in foreign transactions	**(104)**	**(94)**
Valuation gains/(losses)	(104)	(94)
Amounts reclassified to income statement	-	-
Reclassifications (other)	-	-
Exchange differences	**(1,252)**	**(703)**
Valuation gains/(losses)	(1,253)	(702)
Amounts reclassified to income statement	1	(1)
Reclassifications (other)	-	-
Non-current assets held for sale	**-**	**(4)**
Valuation gains/(losses)	-	(4)
Amounts reclassified to income statement	-	-
Reclassifications (other)	-	-
Entities accounted for using the equity method	**(319)**	**195**
Valuation gains/(losses)	(319)	194
Amounts reclassified to income statement	-	1
Reclassifications (other)	-	-
Rest of recognized income and expenses	**-**	**-**
Income tax	**662**	**(850)**
TOTAL RECOGNIZED INCOME/EXPENSES	**(431)**	**2,870**
Attributable to the parent company	199	3,014
Attributable to non-controlling interest	(630)	(144)

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

The accompanying Notes 1 to 56 and Appendices I to XII are an integral part of the consolidated statement of recognized income and expenses for the six months ended June 30, 2015 and 2014.

BBVA Group

Consolidated statements of changes in equity for the six months ended June 30, 2015 and 2014.

	Millions of Euros												
	Total Equity Attributed to the Parent Company											Non-controlling Interests (Note 30)	Total Equity
	Stockholders' Funds									Valuation Adjustments (Note 29)	Total		
			Reserves (Note 27)										
JUNE 2015	Common Stock (Note 25)	Share Premium (Note 26)	Reserves (Accumulated Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock (Note 28)	Profit for the Period Attributable to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds				
Balances as of January 1, 2015	**3,024**	**23,992**	**20,304**	**633**	**67**	**(350)**	**2,618**	**(841)**	**49,446**	**(348)**	**49,098**	**2,511**	**51,609**
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**3,024**	**23,992**	**20,304**	**633**	**67**	**(350)**	**2,618**	**(841)**	**49,446**	**(348)**	**49,098**	**2,511**	**51,609**
Total income/expense recognized							**2,759**		**2,759**	**(2,560)**	**199**	**(630)**	**(431)**
Other changes in equity	**66**	**-**	**1,322**	**301**	**(41)**	**275**	**(2,618)**	**666**	**(29)**	**-**	**(29)**	**(153)**	**(182)**
Common stock increase	66	-	(66)	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	7	-	-	-	7	-	7	-	7
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	81	(81)	-	-	-	(96)	(96)	-	(96)	(139)	(235)
Transactions including treasury stock and other equity instruments (net)	-	-	4	-	-	275	-	-	279	-	279	-	279
Transfers between total equity entries	-	-	1,395	382	-	-	(2,618)	841	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	11	-	(48)	-	-	-	(37)	-	(37)	-	(37)
Rest of increases/reductions in total equity	-	-	(103)	-	-	-	-	(79)	(182)	-	(182)	(14)	(196)
Of which:													
Acquisition of the free allotment rights	-	-	-	-	-	-	-	(78)	(78)		(78)		(78)
Balances as of June 30, 2015	**3,090**	**23,992**	**21,626**	**934**	**26**	**(75)**	**2,759**	**(175)**	**52,177**	**(2,909)**	**49,269**	**1,728**	**50,997**

The accompanying Notes 1 to 56 and Appendices I to XII are an integral part of the consolidated statement of changes in equity for the six months ended June 30, 2015.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

BBVA Group

Consolidated statements of changes in equity for the six months ended June 30, 2015 and 2014 (continued).

	Millions of Euros												
	Total Equity Attributed to the Parent Company											Non-controlling Interests (Note 30)	Total Equity
	Stockholders' Funds									Valuation Adjustments (Note 29)	Total		
			Reserves (Note 27)										
JUNE 2014 (*)	Common Stock (Note 25)	Share Premium (Note 26)	Reserves (Accumulated Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock (Note 28)	Profit for the Period Attributable to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds				
Balances as of January 1, 2014	**2,835**	**22,111**	**19,317**	**450**	**59**	**(66)**	**2,084**	**(765)**	**46,025**	**(3,831)**	**42,194**	**2,371**	**44,565**
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**2,835**	**22,111**	**19,317**	**450**	**59**	**(66)**	**2,084**	**(765)**	**46,025**	**(3,831)**	**42,194**	**2,371**	**44,565**
Total income/expense recognized							**1,328**		**1,328**	**1,685**	**3,013**	**(144)**	**2,869**
Other changes in equity	**50**	**-**	**1,171**	**194**	**(20)**	**23**	**(2,228)**	**137**	**(673)**	**-**	**(673)**	**(179)**	**(852)**
Common stock increase	50	-	(50)	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	17	-	-	-	17	-	17	-	17
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	85	(85)	-	-	-	(524)	(524)	-	(524)	(219)	(743)
Transactions including treasury stock and other equity instruments (net)	-	-	13	-	-	23	-	-	36	-	36	-	36
Transfers between total equity entries	-	-	1,183	280	-	-	(2,228)	765	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	7	-	(37)	-	-	-	(30)	-	(30)	-	(30)
Rest of increases/reductions in total equity	-	-	(67)	(1)	-	-	-	(104)	(172)	-	(172)	40	(132)
Of which:													
Acquisition of the free allotment rights	-	-	-	-	-	-	-	(104)	(104)		(104)		(104)
Balances as of June 30, 2014	**2,885**	**22,111**	**20,488**	**644**	**39**	**(43)**	**1,184**	**(629)**	**46,680**	**(2,146)**	**44,534**	**2,048**	**46,582**

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

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BBVA Group

Consolidated statements of cash flows for the six month ended June 30, 2015 and 2014.

	Notes	Millions of Euros June 2015	 June 2014 (*)
CASH FLOW FROM OPERATING ACTIVITIES (1)	50	**2,086**	**(11,805)**
Profit for the year		**2,958**	**1,544**
Adjustments to obtain the cash flow from operating activities:		**1,789**	**3,933**
Depreciation and amortization		572	548
Other adjustments		1,217	3,385
Net increase/decrease in operating assets		**(7,718)**	**(26,833)**
Financial assets held for trading		1,516	(7,312)
Other financial assets designated at fair value through profit or loss		(158)	(180)
Available-for-sale financial assets		334	(8,565)
Loans and receivables		(8,946)	(10,939)
Other operating assets		(464)	163
Net increase/decrease in operating liabilities		**5,998**	**10,075**
Financial liabilities held for trading		(623)	6,101
Other financial liabilities designated at fair value through profit or loss		62	157
Financial liabilities at amortized cost		5,983	2,778
Other operating liabilities		576	1,039
Collection/Payments for income tax		**(941)**	**(524)**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	50	**(1,867)**	**4**
Investment		**(2,177)**	**(336)**
Tangible assets		(563)	(90)
Intangible assets		(154)	(148)
Investments		(158)	-
Subsidiaries and other business units		(1,302)	(98)
Non-current assets held for sale and associated liabilities		-	-
Held-to-maturity investments		-	-
Other settlements related to investing activities		-	-
Divestments		**310**	**340**
Tangible assets		86	68
Intangible assets		-	-
Investments		2	108
Subsidiaries and other business units		1	-
Non-current assets held for sale and associated liabilities		133	164
Held-to-maturity investments		-	-
Other collections related to investing activities		88	-

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

The accompanying Notes 1 to 56 and Appendices I to XII are an integral part of the consolidated statement of cash flows for the six months ended June 30, 2015.

BBVA Group

Consolidated statements of cash flows for the six months ended 2015 and 2014.

		Millions of Euros	
(Continued)	Notes	June 2015	June 2014 (*)
CASH FLOWS FROM FINANCING ACTIVITIES (3)	50	**1,215**	**2,645**
Investment		**(3,325)**	**(1,896)**
Dividends		(286)	(105)
Subordinated liabilities		(1,113)	(75)
Common stock amortization		-	-
Treasury stock acquisition		(1,787)	(1,501)
Other items relating to financing activities		(139)	(215)
Divestments		**4,540**	**4,541**
Subordinated liabilities		2,477	3,004
Common stock increase		-	-
Treasury stock disposal		2,063	1,537
Other items relating to financing activities		-	-
EFFECT OF EXCHANGE RATE CHANGES (4)		**(4,988)**	**(751)**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)		**(3,554)**	**(9,907)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**31,430**	**34,887**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**27,876**	**24,980**

		Millions of Euros	
COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR	Notes	June 2015	June 2014 (*)
Cash		5,107	4,217
Balance of cash equivalent in central banks		22,769	20,763
Other financial assets		-	-
Less: Bank overdraft refundable on demand		-	-
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9	**27,876**	**24,980**
Of which:			
Held by consolidated subsidiaries but not available for the Group		-	-

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

The accompanying Notes 1 to 56 and Appendices I to XII are an integral part of the consolidated statement of cash flows for the six months ended June 30, 2015.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

BBVA Group

Notes to the consolidated financial statements

1. Introduction, basis for the presentation of the consolidated financial statements, internal control of financial information and other 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 inspection at the Bank's registered address (Plaza San Nicolás, 4 Bilbao) as on its web site (www.bbva.com).

In addition to the transactions it carries out directly, the Bank heads a group of subsidiaries, joint venture and associates 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 separate financial statements, the Bank is therefore required to prepare the Group's consolidated financial statements.

As of June 30, 2015, the BBVA Group was made up of 354 consolidated entities and 154 entities accounted for using the equity method (see Notes 3 and 16 Appendices I to V).

The consolidated financial statements of the BBVA Group for the year ended December 31, 2014 were approved by the shareholders at the Annual General Meetings ("AGM") on March 13, 2015.

1.2 Basis for the presentation of the consolidated financial statements

The BBVA Group's consolidated financial statements are presented in accordance with the International Financial Reporting Standards endorsed by the European Union (hereinafter, "EU-IFRS") applicable as of June 30, 2015, considering the Bank of Spain Circular 4/2004, of 22 December (and as amended thereafter), and with any other legislation governing financial reporting applicable to the Group.

The BBVA Group's accompanying interim consolidated financial statements for the six months ended June 30, 2015 and the accompanying notes (hereinafter "the consolidated financial statements") were prepared by the Group's Directors (through the Board of Directors held July 30, 2015) by applying the principles of consolidation, accounting policies and valuation criteria described in Note 2, so that they present fairly the Group's consolidated equity and financial position as of June 30, 2015, together with the consolidated results of its operations and cash flows generated during the six months ended June 30, 2015.

These interim consolidated financial statements were prepared on the basis of the accounting records kept by the Bank and each of the other entities in the Group. Moreover, they include the adjustments and reclassifications required to harmonize the accounting policies and valuation criteria used by the Group (see Note 2.2).

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

The amounts reflected in the accompanying consolidated financial statements are presented in millions of euros, unless it is more appropriate to use smaller units. Some items that appear without a total in these consolidated financial statements do so because how the units are expressed. Also, in presenting amounts in millions of euros, the accounting balances have been rounded up or down. It is therefore possible that the totals 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 included in the accompanying consolidated financial statements and the explanatory notes referring to December 31, 2014 and June 30, 2015 are presented exclusively for the purpose of comparison with the information for June 30, 2015.

In the first six months ended June 30, 2015, the BBVA Group business segments have been changed with regard to the existing structure in 2014 (See Note 6). The information related to business segments as of December 31, 2014 and for the six months ended June 30, 2014 has been restated for comparability purposes, as required by IFRS 8 "Operating segments".

1.4 Seasonal nature of income and expenses

The nature of the most significant operations carried out by the BBVA Group's entities 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 BBVA Group's consolidated financial statements is the responsibility of the Group's Directors.

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

- Impairment on certain financial assets (see Notes 7, 8, 12, 13 and 16).
- The assumptions used to quantify certain provisions (see Notes 22 and 23) and for the actuarial calculation of post-employment benefit liabilities and commitments (see Note 24).
- The useful life and impairment losses of tangible and intangible assets (see Notes 15, 17, 18 and 20).
- The valuation of goodwill and price allocation of business combinations (see Note 18).
- The fair value of certain unlisted financial assets and liabilities (see Notes 7, 8, 10, 11, 12, and 14).
- The recoverability of deferred tax assets (See Note 19).

Although these estimates were made on the basis of the best information available as of June 30, 2015 on the events analyzed, future events may make it necessary to modify them (either up or down) over the coming years. This would be done prospectively in accordance with applicable standards, recognizing the effects of changes in the estimates in the corresponding consolidated income statement.

1.6 Internal Control of the BBVA Group's financial reporting

The financial information prepared by the BBVA Group is subject to a system of internal financial control system (hereinafter ""IFCS"), which provides reasonable assurance with respect to its reliability and integrity, and to ensure that the consolidated financial information as well as the transactions carried out and processed use the criteria established by the BBVA Group's management and comply with applicable laws and regulations.

The IFCS was developed by the BBVA Group's management in accordance with framework established by the Committee of Sponsoring Organizations of the Treadway Commission (hereinafter, "COSO"). The COSO framework stipulates five components that must form the basis of the effectiveness and efficiency of systems of internal control:

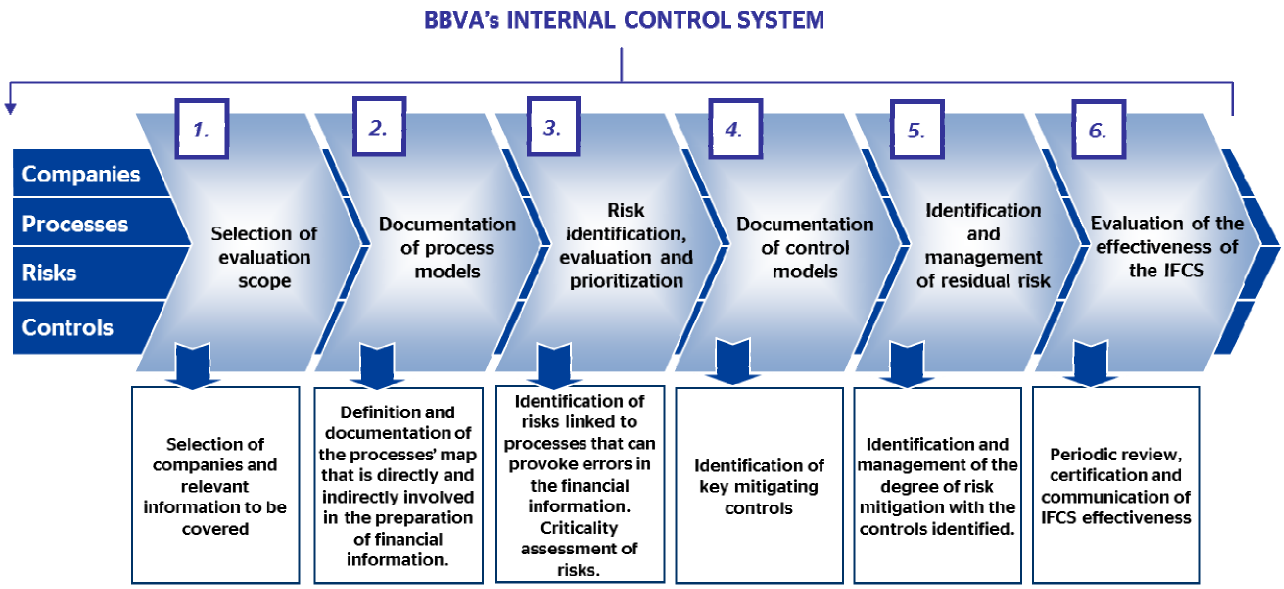
- Establishment of an appropriate control framework to monitor these activities.
- Assessment of all of the risks that could arise during the preparation of financial information.
- Design the necessary controls to mitigate the most critical risks.
- Establishment of an appropriate system of information flows to detect and report system weaknesses or flaws.
- Monitoring of the controls to ensure they perform correctly and are effective over time.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

In May 2013, COSO released an updated version of its framework called Internal Control Integrated Framework version. This update provides a broader framework than the previous guidance (17 principles) and clarifies the requirements for determining what constitutes effective internal control (84 points of focus). After analyzing the current version of the mentioned framework and its compliance level at BBVA, the internal control of financial information complies with the 2013 COSO model.

The IFCS is a dynamic framework that evolves continuously over time to reflect the reality of the BBVA Group's business at any time, together with the risks affecting it and the controls designed to mitigate these risks. It is subject to continuous evaluation by the internal control units located in the BBVA Group's different entities.

The Internal Control Units comply with a common and standard methodology issued by the corporate internal control units, which also perform a supervisory role over them, as set out in the following diagram:



In addition, the Internal Control Units, IFCS Model is subject to annual evaluations by the Group's Internal Audit Department and external auditors. It is also supervised by the Audit and Compliance Committee of the Bank's Board of Directors.

The BBVA Group annually files Form 20-F and consequently complies with the requirements of the section 404 of the Sarbanes-Oxley Act (hereafter "SOX") for consolidated financial statements as a listed company in the Securities Exchange Commission ("SEC"). The main senior executives of the Group take a part in the design, compliance and implementation of the internal control model to make it efficient and to ensure quality and accuracy of the financial information.

The latest Form 20-F report available for December 31, 2014, filed with SEC on April 15, 2015, included a certification statement on the responsibility of establishing and maintaining a system of internal control over financial reporting suitable for the Group and includes an evaluation of the IFCS which allows to assess that as of the end of 2014, such system was reliable and had no material weaknesses or significant deficiencies. Said Form 20-F report also included the external auditor's opinion on the effectiveness of the internal control system of the Group for the financial reporting year end of 2014.

The description of the Internal Financial Control System for financial information is detailed in the Corporate Governance Annual Report, which is included within the Management Report attached to the consolidated financial statements for the year ended December 31, 2014.

1.7 Mortgage market policies and procedures

The information on "Mortgage market policies and procedures" (for the granting of mortgage loans and for debt issues secured by such mortgage loans) required by Bank of Spain Circular 5/2011, applying Royal Decree 716/2009, dated April 24 (which developed certain aspects of Act 2/1981, dated 25 March, on the regulation of the mortgage market and other mortgage and financial market regulations), can be found in Appendix IX.

2. Principles of consolidation, accounting policies and measurement bases applied and recent IFRS pronouncements

The Glossary includes the definition of some of the financial and economic terms used in Note 2 and subsequent Notes of the interim consolidated financial statements.

2.1 Principles of consolidation

In terms of its consolidation, accordance with the criteria established by the IFRS, the BBVA Group is made up of four types of entities: subsidiaries, joint ventures, associates and structured entities, define as follows:

- Subsidiaries

  Subsidiaries are entities controlled by the Group (for definition of the criterion for control, see Glossary).The financial statements of the subsidiaries are fully consolidated with those of the Bank.

  The share of non-controlling interests from subsidiaries in the Group's consolidated total equity is presented under the heading "Non-controlling interests" in the consolidated balance sheet. Their share in the profit or loss for the period or year is presented under the heading "Profit attributable to non-controlling interests" in the accompanying consolidated income statement (see Note 30).

  Note 3 include information related to the main subsidiaries in the Group as of June 30, 2015. Appendix I includes other significant information on these entities.

- Joint ventures

  Joint ventures are those entities over which there is a joint arrangement to joint control with third parties other than the Group (for definitions of joint arrangement, joint control and joint venture, refer to Glossary).

  The investments in joint ventures are accounted for using the equity method (see Note 16). Appendix II shows the main figures for joint ventures accounted for using the equity method.

- Associates

  Associates are entities in which the Group is able to exercise significant influence (for definition of significant influence, see Glossary). Significant influence is deemed to exist when the Group owns 20% or more of the voting rights of an investee directly or indirectly, unless it can be clearly demonstrated that this is not the case.

  However, certain entities in which the Group owns 20% or more of the voting rights are not included as Group associates, since the Group does not have the ability to exercise significant influence over these entities. Investments in these entities, which do not represent material amounts for the Group, are classified as "Available-for-sale financial assets".

  In contrast, some investments in entities in which the Group holds less than 20% of the voting rights are accounted for as Group associates, as the Group is considered to have the ability to exercise significant influence over these entities.

  Appendix II shows the most significant information related to the associates (see Note 16), which are accounted for using the equity method.

- Structured Entities

  A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when the voting rights relate to administrative matters only and the relevant activities are directed by means of contractual arrangements (see Glossary).

  In those cases where the Group sets up entities, or has a holding in such entities, in order to allow its customers access to certain investments, or to transfer risks or for other purposes, in accordance with internal criteria and procedures and with applicable regulations, the Group determines whether control over the entity in question actually exists and therefore whether it should be subject to consolidation.

  Such methods and procedures determine whether there is control by the Group, considering how the decisions are made about the relevant activities, assesses whether the Group has all power over the relevant elements, exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns.

– Structured entities subject to consolidation

  To determine if a structured entity controls the investee, and therefore should be consolidated into the Group, the existing contractual rights (different from the voting rights) are analyzed. For this reason, an analysis of the structure and purpose of each investee is performed and, among others, the following factors will be considered:

  - Evidence of the current ability to manage the relevant activities of the entity according to the specific business needs (including any decisions that may arise only in particular circumstances).
  - Potential existence of a special relationship with the entity.
  - Implicit or explicit Group commitments to support the entity.
  - The ability to use the Group´s power over the investee to affect the amount of the investor's returns.

  There are cases where the Group has a high exposure to variable returns and maintains existing decision-making power over the entity, either directly or through an agent.

  The main structured entities of the Group are the so-called asset securitization funds, to which the BBVA Group transferred loan portfolios, and other vehicles, which allow the Group's customers to gain access to certain investments or to allow for the transfer of risks and other purposes (See Appendix I and V). BBVA maintains the decision-making power over the relevant activities of these vehicles through securitized market standard contractual financial support. The most common ones are: investment positions in equity note tranches, funding through subordinated debt, credit enhancements through derivative instruments or liquidity lines, management rights of defaulted securitized assets, "clean-up" call derivatives, and asset repurchase clauses by the grantor.

  For these reasons, the loans related to the vast majority of the securitizations carried out by the Bank or Group subsidiaries are not deregistered in the books of said entity and the issuances of these securitizations are registered as liabilities within the Group's consolidated balance sheet.

– Non-consolidated structured entities

  The Group owns other vehicles also for the purpose of allowing access to customers to certain investment, transfer risks, and other purposes, but without the control of these and which are considered non-consolidated in accordance with IFRS 10. The balance of assets and liabilities of these vehicles is not material in relation to the Group's consolidated financial statements.

  As of June 30, 2015, there was no material financial support from the Bank or subsidiaries to unconsolidated structured entities.

The Group does not consolidate any of the mutual funds it managed since the necessary control conditions are not met (see definition of control in the Glossary). Particularly, the BBVA Group does not act as arranger but as agent since it operates on behalf and for the benefit of invertors or parties (arranger of arrangers) and, for this reason it does not control the mutual funds when exercising its authority for decision making.

On the other hand, the mutual funds managed by the Group are not considered structured entities (generally, retail funds without corporate identity over which investors have participations which gives them ownership of said managed equity). These funds are not dependent on a capital structure that could prevent them to carry out activities without additional financial support, being in any case insufficient as far as the activities themselves are concerned. Additionally, the risk of the investment is absorbed by the fund participants, and the Group is only exposed when it becomes a participant, and as such, there is no other risk for the Group. Furthermore, in the case of secured investment funds, the investment policy is designed in such a way that the Group collateral does not have to be claimed.

In all cases, results of equity method investees acquired by the BBVA Group in a particular period are included taking into account only the period from the date of acquisition to the financial statements date. Similarly, the results of entities disposed of during any year are included taking into account only the period from the start of the year to the date of disposal.

The financial statements of subsidiaries, associates and joint ventures used in the preparation of the consolidated financial statements of the Group relate to the same date of presentation than the consolidated financial statements. If financial statements at those same dates are not available, the most recent will be used, as long as these are not older than three months, and adjusting to take into account the most significant transactions. As of June 30, 2015, all of the financial statements of all Group entities were available, save for the case of the financial statements of 6 non-material associates and joint-ventures for which the financial statements were as of May 31, 2015.

Our banking subsidiaries, associates and joint venture around the world, are subject to supervision and regulation from a variety of regulatory bodies in relation to, among other aspects, the satisfaction of minimum capital requirements. The obligation to satisfy such capital requirements may affect the ability of such entities to transfer funds in the form of cash dividends, loans or advances. In addition, under the laws of the various jurisdictions where such entities are incorporated, dividends may only be paid out through funds legally available for such purpose. Even when the minimum capital requirements are met and funds are legally available, the relevant regulator or other public administrations could discourage or delay the transfer of funds to the Group in the form of cash, dividends, loans or advances for prudential reasons.

Separate financial statements

The separate financial statements of the parent company of the Group (Banco Bilbao Vizcaya Argentaria, S.A.) are prepared under Spanish regulations (Circular 4/2004 of the Bank of Spain, and subsequent amendments) and following other regulatory requirements of financial information applicable to the Bank. The Bank uses the cost method to account in its separate financial statements its investments in subsidiaries, associates and joint venture entities, which are consistent with the requirements of IAS 27.

Appendix VIII shows BBVA's financial statements as of June 30, 2015 and December 31, 2014.

2.2 Accounting policies and valuation criteria applied

The accounting standards and policies and the valuation criteria applied in preparing these consolidated financial statements may differ from those used by some of the entities within the BBVA Group. For this reason, necessary adjustments and reclassifications have been made in the consolidation process to standardize these principles and criteria and comply with the EU-IFRS.

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

2.2.1 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 fair value of the 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 consolidated income statement for the year in which the change occurred (see Note 36). The dividends received from other entities are recognized under the heading "Dividend income" in the accompanying consolidated income statement for the year in which the right to receive them arises (see Note 37).

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 under these headings of the consolidated balance sheets are measured once acquired at fair value and changes in the fair value (gains or losses) are recognized as their net value under the heading "Net gains (losses) on financial assets and liabilities" in the accompanying consolidated income statements (see Note 41). However, changes in fair value resulting from variations in foreign exchange rates are recognized under the heading "Exchange differences (net)" in the accompanying consolidated income statements.

"Available-for-sale financial assets"

Assets recognized under this heading in the consolidated balance sheets are measured at their fair value. Subsequent changes in fair value (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 consolidated 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 consolidated balance sheets. Changes in foreign exchange rates resulting from monetary items are recognized under the heading "Exchange differences (net)" in the accompanying consolidated 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 Group's consolidated equity until the corresponding asset is derecognized from the consolidated balance sheet or until an impairment loss is recognized in the corresponding financial instrument. If these assets are sold, these amounts are derecognized and included under the headings "Net gains (losses) on financial assets and liabilities" or "Exchange differences (net)", as appropriate, in the consolidated income statement for the year in which they are derecognized.

The gains from sales of other equity instruments considered strategic investments included under "Available-for-sale financial assets" are recognized under the heading "Gains (losses) in non-current assets held-for-sale not classified as discontinued operations" in the consolidated income statement, even if they had not been classified in a previous balance sheet as non-current assets held for sale.

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 Note 46) in the consolidated income statements for that period.

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

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

Net impairment losses of assets recognized under these headings arising in a particular period 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" (see Note 46) in the consolidated income statement for that period.

"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 consolidated balance sheets are measured at fair value.

Changes occurring 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 consolidated income statement, with a corresponding item under the headings where hedging items ("Hedging derivatives") and 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 consolidated income statement, and the gains or losses that arise from the change in the fair value of the hedged item (attributable to the hedged risk) are recognized in the consolidated 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 consolidated 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 consolidated balance sheets. These differences are recognized in the accompanying consolidated 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 Group are for interest-rate risks. Therefore, the valuation changes are recognized under the headings "Interest and similar income" or "Interest and similar expenses", as appropriate, in the accompanying consolidated income statement (see Note 36).

Differences in the measurement of the hedging items corresponding to the ineffective portions of cash flow hedges are recognized directly in the heading “Net gains (losses) on financial assets and liabilities” in the consolidated income statement (See Note 41).

- In the hedges of net investments in foreign operations, the differences attributable to the effective portions of hedging items are recognized temporarily under the heading "Valuation adjustments – Hedging of net investments in foreign transactions" in the consolidated balance sheets. These differences in valuation are recognized under the heading “Exchange differences (net)" in the consolidated 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 consolidated balance sheet at acquisition cost; this may be adjusted, where appropriate, for any impairment loss. (see Note 8)
- Valuation adjustments arising from financial instruments classified at the consolidated balance sheet date as non-current assets held for sale are recognized with the corresponding entry under the heading “Valuation adjustments - Non-current assets held for sale” in the accompanying consolidated balance sheets.

Impairment losses on financial assets

Definition of impaired financial assets carried at amortized cost

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

- In the case of debt instruments (loans and advances and debt securities), reduce the future cash flows that were estimated at the time the transaction was entered into. So they are considered impaired when there are reasonable doubts that the carrying amounts 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 assets is adjusted with a charge to the consolidated income statement for the period in which the impairment becomes known. The recoveries of previously recognized impairment losses are reflected, if appropriate, in the consolidated income statement for the year in which the impairment is reversed or reduced, with an exception: 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 consolidated income statement, but under the heading "Valuation Adjustments - Available-for-sale financial assets" in the consolidated balance sheet (see Note 29).

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 unpaid principal.

When the recovery of any recognized amount is considered remote, such amount is written-off on the consolidated 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 other reasons.

According to the Group’s established policy, the recovery of a recognized amount is considered remote and, therefore, derecognized from the consolidated balance sheet in the following cases:

- Any loan (except for those carrying an sufficient guarantee) to a debtor 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 had been undergone a notable and irreversible deterioration.

Additionally, loans and advances classified as impaired secured loans are written off in the balance sheet within a maximum period of four years of their classification as impaired (non-guaranteed amount), while impaired unsecured loans (such as commercial and consumer loans, credit cards, etc.) in the non-guaranteed amount are written off within two years of their classification as impaired.

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 the financial assets. The BBVA Group recognizes impairment charges directly against the impaired financial asset when the likelihood of recovery is deemed remote, and uses an offsetting or allowance account when it recognizes non-performing loan provisions for the estimated losses.

Impairment of debt securities measured at amortized cost

With regard to impairment losses arising from insolvency risk of the obligors (credit risk), a debt instrument is impaired due to insolvency when a deterioration in the ability to pay by the obligor is evidenced, either due to past due status or for other reasons.

The BBVA Group has developed policies, methods and procedures to estimate losses which may be incurred as a result of outstanding credit risk. These policies, methods and procedures are applied in the study, approval and execution of debt instruments and contingent liabilities and commitments; as well as in identifying the impairment and, where appropriate, in calculating the amounts necessary to cover estimated losses.

The amount of impairment losses on debt instruments measured at amortized cost is calculated based on whether the impairment losses are determined individually or collectively. First it is determined whether there is objective evidence of impairment individually for individually significant financial assets, and collectively for financial assets that are not individually significant. In the case where the Group determines that no objective evidence of impairment in the case of assets analyzed individually will be included in a group of assets with similar risk characteristics and collectively impaired is analyzed.

In determining whether there is objective evidence of impairment the Group uses observable data on the following aspects:

- Significant financial difficulties of the debtor.
- Ongoing delays in the payment of interest or principal.
- Refinancing of credit conditions by the counterparty.
- Bankruptcy or reorganization / liquidation are considered likely.
- Disappearance of the active market for a financial asset because of financial difficulties.
- Observable data indicating a reduction in future cash flows from the initial recognition such as adverse changes in the payment status of the counterparty (delays in payments, reaching credit cards limits, etc.)
- National or local economic conditions that are linked to "defaults " (unemployment, falling property prices, etc).

Impairment losses on financial assets individually evaluated for impairment

The amount of the impairment losses incurred on financial assets represents the excess of their respective carrying amounts over the present values of their expected future cash flows. These cash flows are discounted using the original effective interest rate. If a financial asset 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 listed debt instruments is deemed to be a fair estimate of the present value of their expected 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 remaining life of the debt instrument; including, where appropriate, those which may result from the collateral and other credit enhancements provided for the debt 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 debt instrument is subject.
- The circumstances in which collections will foreseeably be made.

Impairment losses on financial assets collectively evaluated for impairment

Impairment losses on financial assets collectively evaluated for impairment are calculated by using statistical procedures, and they are deemed equivalent to the portion of losses incurred on the date that the accompanying consolidated financial statements are prepared that has yet to be allocated to specific asset. The BBVA Group estimates impairment losses through statistical processes that apply historical data and other specific parameters that, although having been generated as of closing date for these consolidated financial statements, have arisen on an individual basis following the reporting date.

With respect to loans that have no objective evidence of impairment, the Group applies statistical methods using historical experience and other specific information to estimate the losses that the Group has incurred as a result of events that have occurred as of the date of preparation of the consolidated financial statements but have not been known and will be apparent, individually after the date of submission of the information. This calculation is an intermediate step until these losses are identified on an individual level, at which these financial instruments will be segregated from the portfolio.

The incurred loss is calculated taking into account three key factors: exposure at default, probability of default and loss given default.

- Exposure at default (EAD) is the amount of risk exposure at the date of default by the counterparty.
- Probability of default (PD) is the probability of the counterparty failing to meet its principal and/or interest payment obligations. The PD is associated with the rating/scoring of each counterparty/transaction. In addition, the PD calculation includes the following parameters:
  - The ‘point-in-time’ parameter converts a ‘through-the-cycle’ probability of default (defined as the average probability of default over a complete economic cycle) into the probability of default at the reporting date (‘point-in-time’ probability).
  - The loss identification period (‘LIP’) parameter, which is the time lag period between the occurrence of a specific impairment or loss event and when objective evidence of impairment becomes apparent on an individual basis; in other words, the time lag period between the loss event and the date an entity identified its occurrence. The analysis of LIPs is performed on a homogenous portfolio basis.

  A PD of 100% is assigned when a loan is considered impaired. The definition of default used includes amounts past due by 90 days or more and cases in which there is no default but there are doubts as to the solvency of the counterparty (subjective doubtful assets).
- Loss given default (LGD) is the estimate of the loss arising in the event of default. It depends mainly on the characteristics of the counterparty, and the valuation of the guarantees or collateral associated with the asset.

  In order to calculate the LGD at each balance sheet date, the Group evaluates the estimated cash flows from the sale of the collateral by estimating its sale price (in the case of real estate collateral, the Group takes into account declines in property values which could affect the value of such collateral) and its estimated cost of sale. In the event of a default, the Group becomes contractually entitled to the property at the end of the foreclosure process or properties purchased from borrowers in distress, and is recognized in the financial statements. After the initial recognition of these assets classified as "Non-current assets held for sale" (see Note 2.2.4) or "Inventories" (see Note 2.2.6), they are valued at the lower of their carrying amount and their fair value less their estimated selling price.

As of June 30, 2015, the Group’s internal incurred losses model for credit risk shows no material differences when compared to the provisions calculation using Bank of Spain requirements.

Impairment of other debt instruments classified as financial assets available for sale

The impairment losses on other debt instruments included in the “Available-for-sale financial asset” portfolio are equal to the excess of their acquisition cost (net of any principal repayment), after deducting any impairment loss previously recognized in the consolidated income statement over their fair value.

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

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

Impairment of equity instruments

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

- *Equity instruments classified as available for sale:* When there is objective evidence that the negative differences arising on measurement of these equity instruments are due to impairment, they are no longer registered as "Valuation adjustments - Available-for-sale financial assets" and are recognized in the consolidated income statement. In general, the Group 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 Group takes into account the volatility in the price of each individual equity instrument to determine whether it is a percentage that can be recovered through its sale on the market; other different thresholds may exist for certain equity instruments or specific sectors.

  In addition, for individually significant investments, the Group compares the valuation of the most significant equity instruments against valuations performed by independent experts.

  Any recovery of previously recognized impairment losses for an investment in an equity instrument classified as available for sale is not recognized in the consolidated income statement, but under the heading "Valuation Adjustments - Available-for-sale financial assets" in the consolidated balance sheet (see Note 29).

- *Equity instruments measured at cost:* The impairment losses on equity instruments measured at acquisition cost are equal to the excess of their carrying amount over the present value of expected future cash flows discounted at the market rate of return for similar equity instruments. In order to determine these impairment losses, save for better evidence, an assessment of the equity of the investee is carried out (excluding valuation adjustments due to cash flow hedges) based on the last approved (consolidated) balance sheet, adjusted by the unrealized gains at measurement date.

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

2.2.2 Transfers and derecognition of financial assets and liabilities

The accounting treatment of transfers of financial assets is determined by the form in which risks and benefits associated with the financial assets involved are transferred to third parties. Thus the financial assets are only derecognized from the consolidated balance sheet when the cash flows that they generate are extinguished, when their implicit risks and benefits have been substantially transferred to third parties or when the control of financial asset is transferred even with no physical transfer or substantial retention of such assets. In the latter case, the financial asset transferred is derecognized from the consolidated 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 consolidated balance sheet only if their obligations are extinguished or acquired (with a view to subsequent cancellation or renewed placement).

The Group 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 financial 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 consolidated balance sheet and continues to be measured using the same criteria as those used before the transfer.
- A financial liability is recognized at the amount equal to the amount received, which is subsequently measured at amortized cost or fair value with changes in the income statement, whichever the case.
- Both the income generated on the transferred (but not derecognized) financial asset and the expenses of the new financial liability continue to be recognized.

2.2.3 Financial guarantees

Financial guarantees are considered to be those contracts that require their issuer to make specific payments to reimburse the holder of the financial guarantee 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 are recognized as liabilities in the consolidated 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 the Group simultaneously recognize a corresponding asset in the consolidated 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 2.2.1).

The provisions recognized for financial guarantees considered impaired are recognized under the heading "Provisions - Provisions for contingent risks and commitments" on the liability side in the consolidated balance sheets (see Note 23). These provisions are recognized and reversed with a charge or credit, respectively; to "Provisions (net)" in the consolidated income statements (see Note 45).

Income from financial guarantees is recorded under the heading "Fee and commission income" in the consolidated income statement and is calculated by applying the rate established in the related contract to the nominal amount of the guarantee (see Note 39).

2.2.4 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 consolidated balance sheets includes the carrying amount of assets that are not part of the BBVA Group's operating activities. The recovery of this carrying amount is expected to take place through the price obtained on its disposal (see Note 15).

This heading includes individual items and groups of items ("disposal groups") and disposal groups that form part of a major operating segment and are being held for sale as part of a disposal plan ("discontinued operations"). The individual items include the assets received by the subsidiaries from their debtors, in full or partial settlement of the debtors' payment obligations (assets foreclosed or donated in repayment of debt and recovery of lease finance transactions), unless the Group has decided to make continued use of these assets. The BBVA Group 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 consolidated balance sheets reflects the balances payable arising from disposal groups and discontinued operations.

Non-current assets held for sale are generally measured, at the acquisition date and at any later date deemed necessary, at either their carrying amount or the fair value of the property (less costs to sell), whichever is lower. The book value at acquisition date of the non-current assets held for sale from foreclosures or recoveries is defined as the balance pending collection on those assets that originated said purchases (net of provisions). Non-current assets held for sale are not depreciated while included under this heading.

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 in "Gains/(losses) on non-current assets held for sale not classified as discontinued operations" in the consolidated income statements (see Note 49). The remaining income and expense items associated with these assets and liabilities are classified within the relevant consolidated 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 "Profit from discontinued operations" in the consolidated 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 (see Note 49).

2.2.5 Tangible assets

Property, plant 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 BBVA Group and that it expects to hold for more than one year. It also includes tangible assets received by the consolidated entities in full or partial settlement of financial assets representing receivables from third parties and those assets expected to be held for continuing use.

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

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 consolidated income statements under the heading "Depreciation and amortization" (see Note 44) 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 various assets):

Type of Assets	Annual Percentage
Buildings for own use	1% - 4%
Furniture	8% - 10%
Fixtures	6% - 12%
Office supplies and hardware	8% - 25%

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

At each reporting date, the Group entities analyze whether there are internal or external indicators that a tangible asset may be impaired. When there is evidence of impairment, the Group analyzes whether this impairment actually exists by comparing the asset's net carrying amount with its recoverable amount (as the higher between its recoverable amount less disposal costs and its value in use). When the carrying amount exceeds the recoverable amount, the carrying amount is written down to the recoverable amount and depreciation charges going forward 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 consolidated entities will estimate the recoverable amounts of the asset and recognize it in the consolidated income statement, recording 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.

Running 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 consolidated income statements under the heading "Administration costs - General and administrative expenses - Property, fixtures and equipment" (see Note 43.2).

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 recognize 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 consolidated 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 17).

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

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

2.2.6 Inventories

The balance under the heading "Other assets - Inventories" in the consolidated balance sheets mainly includes the land and other properties that the BBVA Group's real estate entities hold for development and sale as part of their real estate development activities (see Note 20).

The cost of inventories includes those costs incurred in during their acquisition and development, as well as other direct and indirect costs incurred in getting them to their current condition and location.

In the case of the cost of real-estate assets accounted for as inventories, the cost is comprised of: the acquisition cost of the land, the cost of urban planning and construction, non-recoverable taxes and costs corresponding to construction supervision, coordination and management. Borrowing cost incurred during the year form part of cost, provided that the inventories require more than a year to be in a condition to be sold.

Properties purchased from customers in distress are measured, at the acquisition date and any subsequent time, at either their related carrying amount or the fair value of the property (less costs to sell), whichever is lower. The carrying amount at acquisition date of these properties is defined as the balance pending collection on those assets that originated said purchases (net of provisions).

Impairment

The amount of any subsequent adjustment due to inventory valuation for reasons such as damage, obsolescence, reduction in sale price to its net realizable value, as well as losses for other reasons and, if appropriate, subsequent recoveries of value up to the limit of the initial cost value, are registered under the heading "Impairment losses on other assets (net) – Other assets" in the accompanying consolidated income statements (see Note 47) for the year in which they are incurred.

In the case of real-Estate assets above mentioned, if the fair value less costs to sell is lower than the carrying amount of the loan recognized in the consolidated balance sheet, a loss is recognized under the heading "Impairment losses on other assets (net) – Other assets" in the consolidated income statement for the period (see Note 47). In the case of real-estate assets accounted for as inventories, the BBVA Group's criterion for determining their net realizable value is mainly based on independent appraisals no more than one year old, or less if there are indications of impairment.

Inventory sales

In sale transactions, the carrying amount of inventories is derecognized from the consolidated balance sheet and recognized as an expense under the income statement heading "Other operating expenses – Changes in inventories" in the year in which the income from its sale is recognized. This income is recognized under the heading "Other operating income – Financial income from non-financial services" in the consolidated income statements (see Note 42).

2.2.7 Business combinations

A business combination is a transaction, or any other deal, by which the Group obtains control of one or more businesses. It is accounted for by applying the acquisition method.

According to this method, the acquirer has to recognize the assets acquired and the liabilities and contingent liabilities assumed, including those that the acquired entity had not recognized in the accounts. The method involves the measurement of the consideration received for the business combination and its allocation to the assets, liabilities and contingent liabilities measured according to their fair value, at the purchase date, as well as the recognition of any non-controlling participation (minority interests) that may arise from the transaction.

In addition, the acquirer shall recognize an asset in the consolidated balance sheet under the heading "Intangible asset - Goodwill" if on the acquisition date there is a positive difference between:

- the sum of the consideration transferred, the amount of all the non-controlling interests and the fair value of stock previously held in the acquired business; and
- the fair value of the assets acquired and liabilities assumed.

If this difference is negative, it shall be recognized directly in the income statement under the heading "Gain on Bargain Purchase in business combinations".

Non-controlling interests in the acquired entity may be measured in two ways: either at their fair value; or at the proportional percentage of net assets identified in the acquired entity. The method of valuing non-controlling interest may be elected in each business combination. So far, the BBVA Group has always elected for the second method.

The purchase of non-controlling interests subsequent to obtaining control of an entity is recognized as an equity transaction; in other words, the difference between the consideration transferred and the carrying amount of the percentage of non-controlling interests acquired is recorded directly to equity.

2.2.8 Intangible assets

Goodwill

Goodwill represents payment in advance by the acquiring entity for the future economic benefits from assets that cannot be individually identified and separately recognized. Goodwill is never amortized. It is subject periodically to an impairment analysis, and is written off if it is clear that there has been impairment.

Goodwill is assigned to one or more cash-generating units that expect to be the beneficiaries of the synergies derived from the business combinations. The cash-generating units represent the Group's smallest identifiable asset groups that generate cash flows for the Group and that are largely independent of the flows generated from the Group's other assets or groups of assets. Each unit or units to which goodwill is allocated:

- is the lowest level at which the entity manages goodwill internally;
- is not larger than a business segment.

The cash-generating units to which goodwill has been allocated are tested for impairment (including the allocated goodwill in their carrying amount). This analysis is performed at least annually or more frequently if there is any indication of impairment.

For the purpose of determining the impairment of a cash-generating unit to which a part of goodwill has been allocated, the carrying amount of that cash-generating unit, adjusted by the theoretical amount of the goodwill attributable to the non-controlling interests, in the event they are not valued at fair value, is compared with its recoverable amount.

The recoverable amount of a cash-generating unit is equal to the fair value less sale costs and its value in use, whichever is greater. Value in use is calculated as the discounted value of the cash flow projections that the unit's management estimates and is based on the latest budgets approved for the coming years. The main assumptions used in its calculation are: a sustainable growth rate to extrapolate the cash flows indefinitely, and the discount rate used to discount the cash flows, which is equal to the cost of the capital assigned to each cash-generating unit, and equivalent to the sum of the risk-free rate plus a risk premium inherent to the cash-generating unit being evaluated for impairment.

If the carrying amount of the cash-generating unit exceeds the related recoverable amount, the Group recognizes an impairment loss; the resulting loss is apportioned by reducing, first, the carrying amount of the goodwill allocated to that unit and, second, if there are still impairment losses remaining to be recognized, the carrying amount of the remainder of the assets. This is done by allocating the remaining loss in proportion to the carrying amount of each of the assets in the unit. In the event the non-controlling interests are measured at fair value, the deterioration of goodwill attributable to non-controlling interests will be recognized. In any case, an impairment loss recognized for goodwill shall not be reversed in a subsequent period.

They are recognized under the heading "Impairment losses on other assets (net) – Goodwill and other intangible assets" in the consolidated income statements (see Note 47).

Other 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 consolidated entities. 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 defined useful time intangible asset is made up mainly of IT applications acquisition costs which have a useful life of 3 to 5 years. The depreciation charge of these assets is recognized in the accompanying consolidated income statements under the heading "Depreciation and amortization" (see Note 44).

The consolidated entities recognize 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 consolidated income statements (see Note 47). 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.

2.2.9 Insurance and reinsurance contracts

The assets of the BBVA Group’s insurance subsidiaries are recognized according to their nature under the corresponding headings of the consolidated balance sheets and the initial recognition and valuation is carried out according to the criteria set out in IFRS 4.

The heading “Reinsurance assets” in the accompanying consolidated balance sheets includes the amounts that the consolidated insurance subsidiaries are entitled to receive under the reinsurance contracts entered into by them with third parties and, more specifically, the share of the reinsurer in the technical provisions recognized by the consolidated insurance subsidiaries.

The heading “Liabilities under insurance contracts” in the accompanying consolidated balance sheets includes the technical provisions for direct insurance and inward reinsurance recognized by the consolidated insurance subsidiaries to cover claims arising from insurance contracts in force at period-end (see Note 22).

The income or expenses reported by the BBVA Group’s consolidated insurance subsidiaries on their insurance activities is recognized, attending to its nature, in the corresponding items of the consolidated income statements.

The consolidated insurance entities of the BBVA Group recognize the amounts of the premiums written to the income statement and a charge for the estimated cost of the claims that will be incurred at their final settlement to their consolidated income statements. At the close of each year the amounts collected and unpaid, as well as the costs incurred and unpaid, are accrued.

The most significant provisions registered by consolidated insurance entities with respect to insurance policies issued by them are set out by their nature in Note 22.

According to the type of product, the provisions may be as follows:

- Life insurance provisions:

  Represents the value of the net obligations undertaken with the life insurance policyholder. These provisions include:

  - Provisions for unearned premiums. These are intended for the accrual, at the date of calculation, of the premiums written. Their balance reflects the portion of the premiums accrued until the closing date that has to be allocated to the period from the closing date to the end of the insurance policy period.
  - Mathematical reserves: Represents the value of the life insurance obligations of the insurance entities at year-end, net of the policyholder's obligations, arising from life insurance contracted.

- Non-life insurance provisions:

  - Provisions for unearned premiums. These provisions are intended for the accrual, at the date of calculation, of the premiums written. Their balance reflects the portion of the premiums accrued until year-end that has to be allocated to the period between the year-end and the end of the policy period.
  - Provisions for unexpired risks: The provision for unexpired risks supplements the provision for unearned premiums by the amount by which that provision is not sufficient to reflect the assessed risks and expenses to be covered by the consolidated insurance subsidiaries in the policy period not elapsed at year-end.

- Provision for claims:

  This reflects the total amount of the outstanding obligations arising from claims incurred prior to year-end. Insurance subsidiaries calculate this provision as the difference between the total estimated or certain cost of the claims not yet reported, settled or paid, and the total amounts already paid in relation to these claims.

- Provision for bonuses and rebates:

  This provision includes the amount of the bonuses accruing to policyholders, insurees or beneficiaries and the premiums to be returned to policyholders or insurees, as the case may be, based on the behavior of the risk insured, to the extent that such amounts have not been individually assigned to each of them.

- Technical provisions for reinsurance ceded:

  Calculated by applying the criteria indicated above for direct insurance, taking account of the assignment conditions established in the reinsurance contracts in force.

- Other technical provisions:

  Insurance entities have recognized provisions to cover the probable mismatches in the market reinvestment interest rates with respect to those used in the valuation of the technical provisions.

The BBVA Group controls and monitors the exposure of the insurance subsidiaries to financial risk and, to this end, uses internal methods and tools that enable it to measure credit risk and market risk and to establish the limits for these risks.

2.2.10 Tax assets and liabilities

Expenses on corporate income tax applicable to the BBVA Group's Spanish entities and on similar income taxes applicable to consolidated foreign entities are recognized in the consolidated 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 or discounts allowable for tax purposes) and the change in deferred tax assets and liabilities recognized in the consolidated income statement.

Deferred tax assets and liabilities include temporary differences, defined as the amounts to be payable or recoverable in future years arising from the differences between the carrying amount of assets and liabilities and their tax bases (the "tax value"), and tax loss and tax credit or discount carry forwards. These amounts are calculated by applying to each temporary difference the income tax rate that is expected to be applied when the asset is realized or the liability settled (see Note 19).

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

The "Tax Assets" line item in the accompanying consolidated balance sheets includes the amount of all the assets of a tax nature, and distinguishes between: "Current" (amounts recoverable by tax in the next twelve months) and "Deferred" (covering taxes recoverable in future years, including loss carry forwards or tax credits for deductions and tax rebates pending application).

The "Tax Liabilities" line item in the accompanying consolidated balance sheets includes the amount of all the liabilities of a tax nature, except for provisions for taxes, broken down into: "Current" (income tax payable on taxable profit for the year and other taxes payable in the next twelve months) and "Deferred" (income taxes payable in subsequent years).

Deferred tax liabilities attributable to taxable temporary differences associated with investments in subsidiaries, associates or joint venture entities are recognized as such, except where the Group can control the timing of the reversal of the temporary difference and it is unlikely that it will reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is considered probable that the consolidated entities will have sufficient taxable profits in the future against which the deferred tax assets can be utilized and are not from the initial recognition (except in the case of a business combination) of other assets or liabilities in a transaction that does not affect the fiscal outcome or the accounting result.

The deferred tax assets and liabilities recognized are reassessed by the consolidated entities at each balance sheet date 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.

2.2.11 Provisions, contingent assets and contingent liabilities

The heading "Provisions" in the consolidated balance sheets includes amounts recognized to cover the BBVA Group'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 settlement date. The settlement of these obligations is deemed likely to entail an outflow of resources embodying economic benefits (see Note 23). The obligations may arise in connection with legal or contractual provisions, valid expectations formed by Group entities 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 Group will certainly be subject.

The provisions are recognized in the consolidated 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 consolidated 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 by some of the Group entities (mentioned in section 2.2.12), 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 Group. Contingent assets are not recognized in the consolidated balance sheet or in the consolidated income statement; however, they will be disclosed, should they exist, in the Notes to the consolidated financial statements, provided that it is probable that these assets will give rise to an increase in resources embodying economic benefits.

Contingent liabilities are possible obligations of the Group 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 Group. They also include the existing obligations of the Group 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.

Contingent liabilities are not recognized in the consolidated balance sheet or the income statement (save for contingent liabilities from business combination) but are reported in the consolidated financial statements.

2.2.12 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, of certain BBVA Group entities in Spain and abroad (see Note 24).

Commitments valuation: assumptions and actuarial gains/losses recognition

The present values of these commitments are quantified based on an individual member data. Current employee 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 or 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 future levels of wages and benefits are based on market expectations at the consolidated 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 consolidated financial statements on high quality bonds.

The BBVA Group recognizes actuarial gains or losses 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 consolidated income statement for the period in which these differences occur (see Note 45). The BBVA Group recognizes the actuarial gains or losses arising on all other defined-benefit post-employment commitments directly under the heading "Valuation adjustments – Other valuation adjustments" of equity in the accompanying consolidated balance sheets (see Note 29).

Post-employment benefit commitments

Pensions

The BBVA Group'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 BBVA Group's entities for these commitments are recognized with a charge to the heading "Personnel expenses - Defined-contribution plan expense" in the consolidated income statements (see Note 43.1).
- *Defined-benefit commitments*: Some of the BBVA Group's entities have defined-benefit commitments for the permanent disability and death of certain current employees and early retirees, as well as defined-benefit retirement commitments applicable only to certain groups of current employees, or employees taking early retirement and retired employees. These commitments are either funded by insurance contracts or recognized as provisions.

The amounts recognized under the heading "Provisions – Provisions for pensions and similar obligations" are the differences, at the date of the consolidated financial statements, between the present values of the commitments for defined-benefit commitments and the fair value of plan assets (see Note 23).

Payments made by the Group's entities for defined-benefit commitments covering current employees are charged to the heading "Administration cost - Personnel expenses" in the accompanying consolidated income statements (see Note 43.1).

Early retirement

The BBVA Group has offered certain employees in Spain the option of taking early retirement (that is earlier than the age stipulated in the collective labor agreement in force) and has recognized the corresponding provisions to cover the cost of the commitments related to this item. The present values of early retirement obligations are quantified based on an individual member data and are recognized under the heading "Provisions – Provisions for pensions and similar obligations" in the accompanying consolidated balance sheets (see Note 23).

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 pension commitments as mentioned in the previous section.

Other post-employment welfare benefits

Some of the BBVA Group's entities have 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 upon the employee group to which they belong.

The present values of post-employment welfare benefits are quantified based on an individual member data and are recognized under the heading "Provisions – Provisions for pensions and similar obligations" in the consolidated balance sheets (see Note 23).

Other long-term commitments to employees

Some of the BBVA Group's entities are obliged to deliver goods and services to groups of employees. The most significant of these, in terms of the type of compensation and the event giving rise to the commitments, are as follows: loans to employees, life insurance, study assistance and long-service awards.

These commitments are measured using actuarial studies, so that the present values of the vested obligations for commitments with personnel are quantified based on an individual member data. They are recognized under the heading "Provisions – Other provisions" in the accompanying consolidated balance sheets (see Note 23).

The cost of these benefits provided by Spanish entities in the BBVA Group to active employees are recognized under the heading "Personnel expenses - Other personnel expenses" in the consolidated income statements (see Note 43.1).

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.

2.2.13 Equity-settled share-based payment transactions

Provided they constitute the delivery of such equity instruments following the completion of a specific period of services, equity-settled share-based payment transactions are recognized as an expense for services being provided by employees, by way of a balancing entry under the heading "Stockholders' equity – Other equity instruments" in the consolidated balance sheet. These services are measured at fair value for the employees services received, unless such fair value cannot be calculated reliably. In such case, they are measured by reference to the fair value of the equity instruments granted, taking into account the date on which the commitments were granted 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 consolidated 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 equity instruments, but they are taken into account when determining the number of equity instruments to be granted. This will be recognized on the consolidated income statement with the corresponding increase in total equity.

2.2.14 Termination benefits

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

2.2.15 Treasury stock

The value of common stock issued by the BBVA Group's entities and held by them - basically, shares and derivatives on the Bank's shares held by some consolidated entities that comply with the requirements to be recognized as equity instruments - are recognized as a decrease to net equity, under the heading "Stockholders' funds - Treasury stock" in the consolidated balance sheets (see Note 28).

These financial assets are recognized at acquisition cost, and the gains or losses arising on their disposal are credited or debited, as appropriate, to the heading "Stockholders' funds - Reserves" in the consolidated balance sheets (see Note 27).

2.2.16 Foreign-currency transactions and exchange differences

The BBVA Group's functional currency, and thus the currency in which the consolidated financial statements are presented, is the euro. All balances and transactions denominated in currencies other than the euro are deemed to be denominated in "foreign currency".

Conversion to euros of the balances held in foreign currency is performed in two consecutive stages:

- Conversion of the foreign currency to the functional currency (currency of the main economic environment in which the entity operates); and
- Conversion to euros of the balances held in the functional currencies of the entities whose functional currency is not the euro.

Conversion of the foreign currency to the functional currency

Transactions denominated in foreign currencies carried out by the consolidated entities (or accounted for using the equity method) are initially accounted for in their respective currencies. Subsequently, the monetary balances in foreign currencies are converted to their respective functional currencies using the exchange rate at the close of the financial year. In addition,

- Non-monetary items valued at their historical cost are converted to the functional currency at the exchange rate in force on the purchase date.
- Non-monetary items valued at their fair value are converted at the exchange rate in force on the date on which such fair value was determined.
- Income and expenses are converted at the period's average exchange rates for all the operations carried out during the period. When applying this criterion the BBVA Group considers whether significant variations have taken place in exchange rates during the financial year which, owing to their impact on the statements as a whole, require the application of exchange rates as of the date of the transaction instead of such average exchange rates.

The exchange differences produced when converting the balances in foreign currency to the functional currency of the consolidated entities and their subsidiaries are generally recognized under the heading "Exchange differences (net)" in the consolidated income statements. However, the exchange differences in non-monetary items, measured at fair value, are recognized temporarily in equity under the heading "Valuation adjustments - Exchange differences" in the consolidated balance sheets.

Conversion of functional currencies to euros

The balances in the financial statements of consolidated entities whose functional currency is not the euro are converted to euros as follows:

- Assets and liabilities: at the average spot exchange rates as of the date of each of the consolidated financial statements.
- Income and expenses and cash flows are converted by applying the exchange rate in force on the date of the transaction, and the average exchange rate for the financial year may be used, unless it has undergone significant variations.
- Equity items: at the historical exchange rates.

The exchange differences arising from the conversion to euros of balances in the functional currencies of the consolidated entities whose functional currency is not the euro are recognized under the heading "Valuation adjustments – Exchange differences" in the consolidated balance sheets. Meanwhile, the differences arising from the conversion to euros of the financial statements of entities accounted for by the equity method are recognized under the heading "Valuation adjustments - Entities accounted for using the equity method" until the item to which they relate is derecognized, at which time they are recognized in the income statement.

The breakdown of the main consolidated balances in foreign currencies as of June 30, 2015 and December 31, 2014, with reference to the most significant foreign currencies, is set forth in Appendix VII.

With regards to the exchange rates used to convert the financial statements of the Group's subsidiaries in Venezuela into Euros, we note that the exchange rate used for the periods ended June 30, 2014 and December 31, 2014 was that fixed by the SICAD I (Complementary Currency Management System). Through this system, the Exchange rate for the U.S. dollar was fixed in open auctions for both individuals or companies, resulting in an exchange rate that fluctuates from auction to auction and which is published in the SICAD web page.

On February 10, 2015, the Venezuelan government announced the closure of SICAD II as a mechanism regulating the purchase and sale of foreign currency, its merger with SICAD I in a new SICAD (not yet in place) and the creation of a new foreign-currency system called SIMADI. The exchange rate to be used for currency conversion should be that rate which, according to the entity's judgment, best reflects the situation at the date of the financial statements. The exchange rate used by the Group for converting the Venezuelan currency as of June 30, 2015 is that of SIMADI.

The Exchange rates used as of June 30, 2015 and 2014 were:

	Average Exchange Rates		Year-End Exchange Rates	
Currency	**June 2015**	**December 2014**	**June 2015**	**December 2014**
Venezuelan bolivar	220.75	14.63	220.75	14.57

2.2.17 Recognition of income and expenses

The most significant criteria used by the BBVA Group 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 and advances (basically origination and analysis fees) are deferred and recognized in the income statement over the expected life of the loan. The direct costs incurred in originating these loans and advances can be deducted from the amount of financial fees and commissions recognized. These fees are part of the effective interest rate for the loans and advances. Also dividends received from other entities are recognized as income when the consolidated entities' right to receive them arises.

  However, when a loan is deemed to be impaired individually or is included in the category of instruments that are impaired because their recovery is considered to be remote, the recognition of accrued interest in the consolidated income statement is discontinued. 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 consolidated 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.

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

The heading "Other operating income - Financial income from non-financial services" in the consolidated income statements includes the proceeds of the sales of assets and income from the services provided by the Group entities that are not financial institutions. In the case of the Group, these entities are mainly real estate and service entities (see Note 42).

2.2.19 Leases

Lease contracts are classified as finance leases from the inception 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 consolidated entities act 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 (normally 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 accompanying consolidated balance sheets.

When the consolidated entities act as lessors of an asset in operating leases, the acquisition cost of the leased assets is recognized under "Tangible assets – Property, plant and equipment – Other assets leased out under an operating lease" in the consolidated balance sheets (see Note 17). 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 consolidated income statements on a straight-line basis within "Other operating expenses - Other of other operating expenses" (see Note 42).

If a fair value sale and leaseback results in an operating lease, the profit or loss generated from the sale is recognized in the consolidated income statement at the time of sale. If such a transaction gives rise to a finance lease, the corresponding gains or losses are accrued over the lease period.

The assets leased out under operating lease contracts to other entities in the Group are treated in the consolidated financial statements as for own use, and thus rental expense and income is eliminated and the corresponding depreciation is recognized.

2.2.20 Entities and branches located in countries with hyperinflationary economies

In order to assess whether an economy is under hyperinflation, the country's economic environment is evaluated, analyzing whether certain circumstances exist, such as:

- The country's population prefers to keep its wealth or savings in non-monetary assets or in a relatively stable foreign currency;
- Prices may be quoted in a relatively stable foreign currency;
- Interest rates, wages and prices are linked to a price index;
- The cumulative inflation rate over three years is approaching, or exceeds, 100%.

The fact that any of these circumstances is present will not be a decisive factor in considering an economy hyperinflationary, but it does provide some reasons to consider it as such.

Since 2009, the economy of Venezuela can be considered hyperinflationary under the above criteria. As a result, the financial statements of the BBVA Group's entities located in Venezuela have therefore been adjusted to correct for the effects of inflation (see Note 3). In accordance with IAS 29, the breakdown of the General Price Index is as follows:

General Price Index as of December 31	June 2015 (*)	December 2014
GPI	1,211.9	839.5
Average GPI	1,028.2	658.7
Inflation of the period	44.4%	68.5%

(*) Provisional data

During the six months ended June 30, 2015, the losses recognized under the heading "Profit attributable to the parent company" in the accompanying consolidated income statement as a result of the adjustment for inflation on net monetary position of the Group entities in Venezuela amounted to €24 million

2.3 Recent IFRS pronouncements

Changes introduced in the first semester of 2015

The following modifications to the IFRS standards or their interpretations (hereinafter "IFRIC") came into force after January 1, 2015. They have not had a material impact on the BBVA Group's interim consolidated financial statements corresponding to the period ended June 30, 2015.

Amended IAS 19 - "Employee Benefits. Defined Benefit Plans: Employee Contributions"

The new IAS 19 amends the accounting requirements for contributions to defined benefit plans to permit to recognize these contributions as a reduction in the service cost in the same period where they are paid if they meet certain requirements, without the need for calculations to attribute the contributions to the periods of service.

Annual Improvements cycle to IFRSs 2010-2012

Annual Improvements cycle to IFRSs 2010-2012 introduces small modifications and clarifications to IFRS 8 - Operating Segments, IFRS 13 - Fair Value Measurement, IAS 16 - Property, Plant and Equipment, IAS 24 – Related Party Disclosures and IAS 38 - Intangible Assets.

Annual Improvements to IFRSs 2011-2013 Cycle

Annual Improvements to IFRSs 2011-2013 Cycle introduces small modifications and clarifications to IFRS 1 - First-time Adoption of IFRSs, IFRS 3 - Business Combinations, IFRS 13 - Fair Value Measurement and IAS 40 - Investment Property.

Standards and interpretations issued but not yet effective as of June 30, 2015

New International Financial Reporting Standards together with their interpretations had been published at the date of preparation of the accompanying consolidated financial statements, but are not obligatory as of June 30, 2015. Although in some cases the IASB permits early adoption before they come into force, the BBVA Group has not done so as of this date, as it is still analyzing the effects that will result from them.

IFRS 9 - "Financial instruments"

As of July, 24, 2014, IASB issued the IFRS 9 which will replace IAS 39. The new standard introduces significant differences with respect to the current regulation with regards to financial assets; among others, the approval of a new classification model based on two single categories of amortized cost and fair value, the elimination of the current "Held-to-maturity-investments" and "Available-for-sale financial assets" categories, impairment analyses only for assets measured at amortized cost and non-separation of embedded derivatives in contracts of financial assets.

With regard to financial liabilities, the classification categories proposed by IFRS 9 are similar to those contained in IAS 39, so there should not be very significant differences save for the requirement to recognize changes in fair value related to own credit risk as a component of equity, in the case of financial liabilities designated at fair value through profit or loss. Hedge accounting requirements also differs from the current IAS 39 due to the new focus on the economic risk management.

The IASB has established January 1, 2018, as the mandatory application date, with the possibility of early adoption.

Amended IFRS 7 - "Financial instruments: Disclosures"

The IASB modified IFRS 7 in December 2011 to include new disclosures on financial instruments that entities will have to provide as soon as they apply IFRS 9 for the first time.

Amended IFRS 11 - "Joint Arrangements"

The amendments made to IFRS 11 require the acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs. These modifications will be applied to the accounting years starting on or after January 1, 2016, although early adoption is permitted.

Amended IAS 16 - "Property, Plant and Equipment" and Amended IAS 38 – "Intangible Assets".

The amendments made to IAS 16 and IAS 38 exclude, as general rule, as depreciation method to be used, those methods based on revenue that is generated by an activity that includes the use of an asset, because the revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits of the asset.

These modifications will be applied to the accounting years starting on or after January 1, 2018, although early adoption is permitted.

IFRS 15 - "Revenue from contracts with customers"

IFRS 15 contains the principles that an entity shall apply to account for revenue and cash flows arising from a contract with a customer.

The core principle of IFRS 15 is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services, in accordance with contractually agreed. It is considered that the good or service is transferred when the customer obtains control over it.

The new Standard replaces IAS 18 - Revenue IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 – Revenue-Transactions Involving Advertising Services

This Standard will be applied to the accounting years starting on or after January 1, 2017, although early adoption is permitted.

Amended IAS 27 – "Separate financial statements"

Changes to IAS 27 allow entities to use the equity method to account for investment in subsidiaries, joint ventures and associates, in their separate financial statements.

These changes will be applicable to accounting periods beginning January 1, 2016, although early adoption is permitted.

Amended IFRS 10 – "Consolidated financial statements" and IAS 28 amended

The amendments to IFRS 10 and IAS 28 establish that when an entity sells or transfers assets are considered a business (including its consolidated subsidiaries) to an associate or joint venture of the entity, the latter will have to recognize any gains or losses derived from such transaction in its entirety. Notwithstanding, if the assets sold or transferred are not considered a business, the entity will have to recognize the gains or losses derived only to the extent of the interests in the associate or joint venture with unrelated investors.

These changes will be applicable to accounting periods beginning January 1, 2018, although early adoption is allowed.

Annual improvements cycle to IFRSs 2012-2014

The annual improvements cycle to IFRSs 2012-2014 includes minor changes and clarifications to IFRS 5 – Non current assets held for sale and discontinued operations, IFRS 7 – Financial instruments: Information to disclose, IAS 19 – Employee benefits and IAS 34 – interim financial information.

These changes will be applicable to accounting periods beginning January 1, 2016, although early adoption is allowed.

Amended IAS 1 – Presentation of Financial Statements

The amendments made to IAS 1 further encourage companies to apply professional judgment in determining what information to disclose in their financial statements, in determining when line items are disaggregated and additional headings and subtotals included in the statement of financial position and the statement of profit or loss and other comprehensive income, and in determining where and in what order information is presented in the financial disclosures.

These modifications will be applied to the accounting years starting on or after January 1, 2016, although early adoption is permitted.

Amended IFRS 10 - "Consolidated Financial Statements", Amended IFRS 12 – "Disclosure of interests in other entities" and Amended IAS 28 – "Investments in Associates and Joint Ventures"

The amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities in three aspects:

- The amendments confirm that a parent entity that is a subsidiary of an investment entity has the possibility to apply the exemption from preparing consolidated financial statements
- The amendments clarify that if an investment entity has a subsidiary whose main purpose is to support the investment entity's investment activities by providing investment-related services or activities, to the entity or other parties, and that is not itself an investment entity, it shall consolidate that subsidiary; but if that subsidiary is itself an investment entity, the investment entity parent shall measure the subsidiary at fair value through profit or loss.
- The amendments require a non-investment entity investor to retain, when applying the equity method, the fair value measurement applied by an investment entity associate or joint venture to its interests in subsidiaries.

These modifications will be applied to the accounting years starting on or after January 1, 2016, although early adoption is permitted.

3. BBVA Group

The BBVA Group is an international diversified financial group with a significant presence in retail banking, wholesale banking, asset management and private banking. The Group also operates in other sectors such as insurance, real estate, operational leasing, etc.

Appendices I and II provide relevant information as of June 30, 2015 on the Group's subsidiaries, consolidated structured entities, and investments and joint venture entities accounted for by the equity method. Appendix III shows the main changes in investments for the six months ended June 30, 2015, and Appendix IV gives details of the consolidated subsidiaries and which, based on the information available, are more than 10% owned by non-Group shareholders as of June 30, 2015.

The following table sets forth information related to the Group's total assets as of June 30, 2015 and December 31, 2014, broken down by the Group's entities according to their activity:

	Millions of Euros	
Contribution to Consolidated Group Total Assets. Entities by Main Activities	**Jun 2015**	**Dec 2014**
Banks and other financial services	639,336	603,046
Insurance and pension fund managing companies	23,468	23,452
Other non-financial services	6,400	5,445
Total	**669,204**	**631,942**

The total assets and results of operations broken down by the geographical areas, in which the BBVA Group operates, are included in Note 6.

The BBVA Group's activities are mainly located in Spain, Mexico, South America and the United States, with active presence in other countries, as shown below:

- Spain

  The Group's activity in Spain is mainly through Banco Bilbao Vizcaya Argentaria, S.A., which is the parent company of the BBVA Group. The Group also has other entities that operate in Spain's banking sector, insurance sector, real estate sector, services and as operational leasing entities.

- Mexico

  The BBVA Group operates in Mexico, not only in the banking sector, but also in the insurance sector through Grupo Financiero Bancomer.

- South America

  The BBVA Group's activities in South America are mainly focused on the banking and insurance sectors, in the following countries: Argentina, Chile, Colombia, Peru, Paraguay, Uruguay and Venezuela. It has a representative office in Sao Paulo (Brazil).

  The Group owns more than 50% of most of the entities based in these countries. Appendix I shows a list of the entities which, although less than 50% owned by the BBVA Group as of June 30, 2015, are consolidated (see Note 2.1).

- United States

  The Group's activity in the United States is mainly carried out through a group of entities with BBVA Compass Bancshares, Inc. at their head, the New York branch and a representative office in Silicon Valley (California).

- Turkey

  Since 2011, the BBVA Group owns 25.01% of the share capital of the Turkish bank Turkiye Garanti Bankasi, AS (hereinafter, "Garanti", Garanti heads up a group of banking and financial institutions that operate in Turkey, Holland and some countries in Eastern Europe. BBVA also has a representative office in Istanbul.

- Rest of Europe

  The Group's activity in Europe is carried out through banks and financial institutions in Ireland, Switzerland, Italy and Portugal, branches in Germany, Belgium, France, Italy and the United Kingdom, and a representative office in Moscow.

- Asia-Pacific

  The Group's activity in this region is carried out through branches (in Taipei, Seoul, Tokyo, Hong Kong Singapore and Shanghai) and representative offices (in Beijing, Mumbai, Abu Dhabi, Sydney and Jakarta).

Acquisition of an additional 14.89% of Garanti

On November 19, 2014, the Group signed a new agreement with Dogus Holding AS, Ferit Faik Sahenk, Dianne Sahenk and Defne Sahenk (hereinafter "Dogus") to, among other terms, the acquisition of 62,538,000,000 shares of Garanti (equivalent to 14.89% of the capital of this entity) for a maximum total consideration of 8.90 Turkish lira per batch (Garanti traded in batches of 100 shares each).

In the same agreement stated that if the payment of dividends for the year 2014 was executed by Dogus before the closing of the acquisition, that amount would be deducted from the amount payable by BBVA. On April 27, 2015, Dogus received the amount of the dividend paid to shareholders of Garanti, which amounted to TL 0,135 per batch.

On July 27, after obtaining all the required regulatory approvals, the Group has materialized said participation increase after the acquisition of the new shares. Now the Group's interest in Garanti is 39.9%.

The total price effectively paid by BBVA amounts to 8.765 Turkish Liras per share (amounting to approximately TL5,481 million or €1,854 million applying a 2,9571 TL/EUR exchange rate).

In accordance with the EU-IFRS accounting rules, and as a consequence of the agreements reached, the BBVA Group shall, at the date of effective control, measure at fair value its previously acquired stake of 25.01% in Garanti (at present classified as a joint venture accounted for using the equity method, see Note 16) and shall fully consolidate Garanti in the consolidated financial statements of the BBVA Group, beginning on the above-mentioned effective control date.

Measuring the above-mentioned stake in Garanti Bank at fair value will result in a one-off negative impact in the Profit attributable to parent company of the BBVA Group in the second semester amounting to approximately €1,800 million. Such accounting impact does not translate into any additional cash outflow from BBVA. Most of this impact is generated by the exchange rate differences due to the depreciation of the TL against Euro since the initial acquisition by BBVA of the 25.01% stake in Garanti Bank up to the date of effective control. As of June 30, 2015, these exchange rate differences are already registered as "Valuation adjustments" deducting the stock shareholder's equity of the BBVA Group.

At the date of preparation of these consolidated financial statements, the calculation, in accordance with the purchase method of IFRS-3, to determine the potential existence of a goodwill related to this transaction was not complete, the existence of goodwill related to this acquisition.

Garanti Group has total assets over €85,000 million, of which €53,000 million are loans to customers, and a volume of customer deposits of €45,000 million.

Agreement to sell the participation in Citic International Financial Holding (CIFH)

On December 23, 2014, the BBVA Group signed an agreement to sell its participation of 29.68% in Citic International Financial Holdings Limited (hereinafter "CIFH"), to China CITIC Bank Corporation Limited (hereinafter "CNCB"). CIFH is a non-listed subsidiary of CNCB domiciled in Hong Kong. The selling price is HK$8,162 million. The closing of such agreement is subject to the relevant regulatory approvals. The estimated impact on the attributable profit of the consolidated financial statements of the BBVA Group will not be significant.

As of June 30, 2015, this participation is recognized under the heading "Non-Current assets held for sale" (see Note 15).

Changes in the Group in the first semester of 2015

Investments

Acquisition of Catalunya Banc

On July 21, 2014, the Management Commission of the Banking Restructuring Fund (known as "FROB") accepted BBVA´s bid in the competitive auction for the acquisition of Catalunya Banc, S.A. ("Catalunya Banc").

On April 24, 2015, once the necessary authorizations have been obtained and all the agreed conditions precedent have been fulfilled, BBVA announced that it acquired 1,947,166,809 shares of Catalunya Banc, S.A. (approximately 98.4% of its share capital) for a price of approximately €1,165 million.

As of June 30, 2015, Catalunya Banc contributed with a volume of assets of approximately €44,852 million, of which €20,074 million corresponded to "Loans and advances to customers". "Customer deposits" amounted to €38,455 million.

The amount that Catalunya Banc would have contributed to the consolidated Group had that business combination been performed at the start of 2015 is not material.

As of June 30, 2015, according to the purchase method, the comparison between the fair values assigned to the assets acquired and the liabilities assumed from Catalunya Banc, and the cash payment made to the FROB in consideration of the transaction generated a difference of €22 million, which is registered under the heading "Negative Goodwill in business combinations" in the accompanying consolidated income statement as of June 30, 2015. As of the date of preparation of these consolidated financial statements, the calculation for determining the final amount of this negative consolidation difference in accordance with IFRS 3 has not yet been completed, although the Group does not expect any significant changes in the valuations of the assets and liabilities related to this acquisition (see Note 18.1).

Divestitures

Sell of CNCB

On January 23, 2015 the Group BBVA signed an agreement to sell 4.9% in China CITIC Bank Corporation Limited (CNCB) to UBS AG, London Branch (UBS), who entered into transactions pursuant to which such CNCB shares will be transferred to a third party and the ultimate economic benefit of ownership of such CNCB shares will be transferred to Xinhu Zhongbao Co., Ltd (Xinhu) (the Relevant Transactions). On March 12, 2015, after having obtained the necessary approvals, BBVA completed the sale.

The selling price to UBS is HK$ 5.73 per share, amounting to a total of HK$ 13,136 million, equivalent to approximately €1,555 million.

In addition to the above mentioned 4.9%, during the six month ended June 30, 2015 various sales were made in the market to total a 6.434% participation sale. The impact of these sales on the consolidated financial statements of the BBVA Group was a gain net of taxes of approximately €705 million. This gain gross of taxes was recognized under "Gains (losses) in non-current assets available for sale" (See Note 49).

As of June 30, 2015, BBVA hold a 3.26% interest in CNCB, this participation is recognized under the heading "Available for sale financial assets".

4. Shareholder remuneration system and allocation of earnings

Shareholder remuneration system

During 2011, 2012, 2013 and 2014, a shareholder remuneration system called the "Dividend Option" was implemented.

Under this remuneration scheme, BBVA offers its shareholders the opportunity to receive part of their remuneration in the form of new ordinary shares; however, they can still choose to receive it in cash by selling their free allocation rights to BBVA (in execution of the commitment assumed by BBVA to acquire the free allocation rights attributed to the shareholders at a guaranteed fixed price) or by selling their free allocation rights on the market at the prevailing market price at that time.

On March 25, 2015, the Executive Committee approved the execution of the first of the capital increases charged to reserves as agreed by the AGM held on March 13, 2015 to implement the Dividend Option. As a result of this increase, the Bank's common stock increased by €39,353,896.26 (80,314,074 shares at a €0.49 par value each). 90.31% of shareholders opted to receive their remuneration in the form of ordinary shares of BBVA (see Note 25). The other 9.69% of the right owners opted to sell the rights assigned to them to BBVA, and as a result, BBVA acquired 602,938,646 rights for a total amount of €78,382,023.98; said shareholders were paid in cash at a gross fixed price of €0.13 per right, registered in "Total Equity- Dividends and remuneration" of the consolidated balance sheet as of June 30, 2015.

Dividends

At its meeting of July 1, 2015, the Board of Directors of BBVA approved the payment of an interim cash dividend against 2015 earnings of €0.08 gross (€0.0644 net) per outstanding share to be paid on July 16, 2015.

The expected 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, 2015**
Profit of BBVA, S.A. at each of the dates indicated, after the provision for income tax	1,596
Less -	
Estimated provision for Legal Reserve	13
Acquisition by the bank of the free allotment rights in 2015 capital increase	78
Additional Tier I capital instruments remuneration	96
Maximum amount distributable	**1,408**
Amount of proposed interim dividend	**504**
BBVA cash balance available to the date	**3,360**

The total amount of the 2015 interim dividend which was paid to the shareholders on July 16, 2015, after deducting the treasury shares held by the Group's entities, amounted to €504 million.

5. Earnings per share

Basic and diluted earnings per share are calculated in accordance with the criteria established by IAS 33. For more information see Glossary of terms

The calculation of earnings per share is as follows:

Basic and Diluted Earnings per Share	June 2015	June 2014 (*)
Numerator for basic and diluted earnings per share (millions of euros)		
Profit attributable to parent company	2,759	1,328
Adjustment: Mandatory convertible bonds interest expenses (1)	(96)	(53)
Profit adjusted (millions of euros) (A)	**2,663**	**1,275**
Denominator for basic earnings per share (number of shares outstanding)		
Weighted average number of shares outstanding (2)	6,264	5,831
Weighted average number of shares outstanding x corrective factor (3)	6,264	6,026
Adjusted number of shares - Basic earning per share (C)	**6,264**	**6,026**
Adjusted number of shares - diluted earning per share (D)	**6,264**	**6,026**
Basic earnings per share from continued operations (Euros per share)A-B/C	**0.43**	**0.21**
Diluted earnings per share from continued operations (Euros per share)A-B/D	**0.43**	**0.21**

(1) Remuneration in the period related to contingent convertible securities (See Note 21.4)

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

(3) 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 June 30, 2015 and 2014, there were no other financial instruments or share options awarded to employees that could potentially affect the calculation of the diluted earnings per share for the years presented. For this reason the basic and diluted earnings are matched.

6. Operating segment reporting

The information about operating segments is provided in accordance with IFRS 8. Operating segment reporting represents a basic tool in the oversight and management of the BBVA Group's various activities. The BBVA Group compiles reporting information on as disaggregated level as possible, and all data relating to the businesses these units manage is recognized in full. These minimum level units are then aggregated in accordance with the organizational structure determined by the BBVA Group management into higher level units and, ultimately, the reportable segments themselves.

During 2015, there have been changes in the reporting structure of the operating segments of the BBVA Group with regard to the current structure during 2014. The increase of participation in the Turkish bank Garanti up to 39.9%, (see Note 3), the balance sheet and income statement of Garanti is now presented separately from the Eurasia operating segment. The operating segment reporting structure is as follows:

- Banking activity in Spain which as in previous years includes:
  - The Retail network, with the segments of individual customers, private banking, and small businesses.
  - Corporate and Business Banking (CBB), which handles the SMEs, corporations and public sector in the country.
  - Corporate & Investment Banking (CIB), which includes business with large corporations and multinational groups and the trading floor and distribution business in the same geographical area.
  - Other units, among them BBVA Seguros and Asset Management (management of mutual and pension funds in Spain).
  - In addition, it also includes the portfolios, finance and structural interest-rate positions of the euro balance sheet.

- Real estate activity in Spain

  Manage the assets of the real-estate area accumulated by the Group as a result of the crisis in Spain. It therefore mainly combines loans to real-estate developers and foreclosed real estate assets.

- Turkey

  Includes the 25.01% stake in the Turkish bank Garanti as of June 30, 2015 and December 31, 2014.

- Mexico

  Comprising of the banking and insurance businesses. The banking business includes retail business through its Commercial Banking, Consumer Finance and Corporate and Institutional Banking units; and wholesale banking through CIB.

- The United States

  Encompasses the Group's businesses in the United States.

- South America

  Includes the banking and insurance businesses that BBVA carries out in the region.

- Rest of Eurasia

  Includes the business carried out in the rest of Europe and Asia, i.e. the retail and wholesale businesses of the BBVA Group in the area.

Finally, Corporate Center is an aggregate that contains the remainder of the items that have not been allocated to the operating segments, as it basically corresponds to the Group's holding function. It groups together the costs of the headquarters that have a corporate function; management of structural exchange-rate positions, carried out by the Financial Planning unit; specific issues of capital instruments to ensure adequate management of the Group's global solvency; portfolios and their corresponding results, whose management is not linked to customer relations, such as industrial holdings; certain tax assets and liabilities; funds due to commitments with pensioners; goodwill and other intangibles; and the results of certain corporate transactions.

The breakdown of the BBVA Group's total assets by operating segments as of June 30, 2015 and December 31, 2014 is as follows:

	Millions of Euros	
Total Assets by Operating Segments	**June 2015**	**December 2014 (*)**
Banking Activity in Spain	351,943	318,446
Real Estate Activity in Spain	17,919	17,365
Turkey (1)	22,499	22,342
Rest of Eurasia	19,952	22,325
Mexico	96,855	93,731
South America	71,441	84,364
United States	80,809	69,261
Subtotal Assets by Operating Segments	661,418	627,834
Corporate Center and other adjustments (2)	7,786	4,108
Total Assets BBVA Group	**669,204**	**631,942**

(1) The information is presented under management criteria, pursuant to which Garanti's assets and liabilities have been proportionally integrated based on our 25.01% interest in Garanti.

(2) Other adjustments include adjustments made to account for the fact that, in our Consolidated Financial Statements, Garanti is accounted for using the equity method rather than using the management criteria referred above.

(*) The figures corresponding to December 2014 have been restated in order to allow homogeneous comparisons due to changes in the scope of operating segments (see Note 1.3).

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

The attributable profit and main earning figures in the consolidated income statements for the six months period ended June 30, 2015 by operating segments are as follows:

	Millions of Euros									
		Operating Segments								
Main Margins and Profits by Operating Segments	**BBVA Group**	**Banking Activity in Spain**	**Real Estate Activity in Spain**	**Turkey**	**Rest of Eurasia**	**Mexico**	**South America**	**United States**	**Corporate Center**	**Adjusments (*)**
June 2015										
Net interest income	7,096	1,982	(14)	425	85	2,734	1,652	881	(225)	(425)
Gross income	11,219	3,711	(56)	510	265	3,558	2,297	1,332	(63)	(335)
Net operating income (1)	5,720	2,208	(125)	289	89	2,248	1,283	449	(605)	(116)
Operating profit /(loss) before tax	3,899	1,152	(437)	219	66	1,380	927	390	(652)	853
Profit	**2,759**	**809**	**(300)**	**174**	**43**	**1,041**	**474**	**286**	**230**	-
June 2014 (2)										
Net interest income	6,724	1,869	(22)	314	95	2,354	2,061	693	(325)	(314)
Gross income	10,082	3,384	(118)	442	463	3,134	2,362	1,037	(335)	(286)
Net operating income (1)	4,992	1,965	(193)	255	298	1,980	1,317	324	(852)	(101)
Operating profit /(loss) before tax	2,067	868	(661)	196	253	1,188	956	266	(957)	(42)
Profit	**1,328**	**608**	**(465)**	**155**	**208**	**900**	**481**	**196**	**(755)**	-

(1) Gross Income less Administrative Cost and Amortization

(2) The figures corresponding to June 2014 have been restated in order to allow homogeneous comparisons due to changes in the scope of operating segments (see Note 1.3).

(*) Includes adjustments due to the Garanti Group accounted for using the equity method instead of using management criteria as referenced earlier.

The accompanying Management Report shows more detail about the consolidated Income Statement as well as the main Balance sheet heading by operating segment.

7. Risk management

7.1 General risk management and control model

The BBVA Group has an overall control and risk management model (hereinafter 'the model') tailored to their business, their organization and the geographies in which it operates, allowing them to develop their activity in accordance with their strategy and policy control and risk management defined by the governing bodies of the Bank and adapt to a changing economic and regulatory environment, tackling risk management globally and adapted to the circumstances of each instance.

This model is applied comprehensively in the Group and consists of the basic elements listed below:

- Governance and organization
- Risk appetite
- Decisions and processes
- Assessment, monitoring and reporting
- Infrastructure

The Group encourages the development of a risk culture to ensure consistent application of the control and risk management model in the Group, and to ensure that the risk function is understood and assimilated at all levels of the organization.

7.1.1 Governance and organization

The governance model for risk management at BBVA is characterized by a special involvement of its corporate bodies, both in setting the risk strategy and in the ongoing monitoring and supervision of its implementation.

Thus, as developed below, the corporate bodies are the ones that approve this risk strategy and corporate policies for the different types of risk, being the risk function responsible for the management, its implementation and development, reporting to the governing bodies.

The responsibility for the daily management of the risks lies on the businesses which abide in the development of their activity to the policies, standards, procedures, infrastructure and controls, based on the framework set by the governing bodies, which are defined by the function risk.

To perform this task properly, the risk function in the BBVA Group is configured as a single, comprehensive and independent role of commercial areas.

Corporate governance system

BBVA Group has developed a corporate governance system that is in line with the best international practices and adapted to the requirements of the regulators in the countries in which its different business units operate.

The Board of Directors (hereinafter also referred to as "the Board") approves the risk strategy and supervises the internal control and management systems. Specifically, the strategy approved by the Board includes, at least, the Group's Risk Appetite statement, the fundamental metrics and the basic structure of limits by geographies, types of risk and asset classes, as well as the bases of the control and risk management model. The Board ensures that the budget is in line with the approved risk appetite.

On the basis established by the Board of Directors, the Executive Committee approves specific corporate policies for each type of risk. Furthermore, the committee approves the Group's risk limits and monitors them, being informed of both limit excess occurrences and, where applicable, the appropriate corrective measures taken.

Lastly, the Board of Directors has set up a Board committee specializing in risks, the Risk Committee ("RC"). This committee is responsible for analyzing and regularly monitoring risks within the remit of the corporate bodies and assists the Board and the SC in determining and monitoring the risk strategy and the corporate policies, respectively. Another task of special relevance it carries out is detailed control and monitoring of the risks that affect the Group as a whole, which enables it to supervise the effective integration of the risk strategy management and the application of corporate policies approved by the corporate bodies.

The head of the risk function in the executive hierarchy is the Group's Chief Risk Officer (CRO), who carries out its functions with independence, authority, capacity and resources to do so. He is appointed by the Board of Directors of the Bank as a member of its Senior Management, and has direct access to its corporate bodies (Board of Directors, Executive Standing Committee and Risk Committee), who reports regularly on the status of risks to the Group.

The Chief Risk Officer, for the utmost performance of its functions, is supported by a cross composed set of units in corporate risk and the specific risk units in the geographical and / or business areas of the Group structure. Each of these units is headed by a Risk Officer for the geographical and/or business area who, within his/her field of competence, carries out risk management and control functions and is responsible for applying the corporate policies and rules approved at Group level in a consistent manner, adapting them if necessary to local requirements and reporting to the local corporate bodies.

The Risk Officers of the geographical and/or business areas report both to the Group's Chief Risk Officer and to the head of their geographical and/or business area. This dual reporting system aims to ensure that the local risk management function is independent from the operating functions and that it is aligned with the Group's corporate risk policies and goals.

Organizational structure and committees

The risk management function, as defined above, consists of risk units from the corporate area, which carry out cross-cutting functions, and risk units from the geographical and/or business areas.

- The corporate area's risk units develop and present the Group's risk appetite proposal, corporate policies, rules and global procedures and infrastructures to the Group's Chief Risk Officer (CRO), within the action framework approved by the corporate bodies, ensure their application, and report either directly or through the Group's Chief Risk Officer (CRO) to the Bank's corporate bodies.

  Their functions include:

  - Management of the different types of risks at Group level in accordance with the strategy defined by the corporate bodies.
  - Risk planning aligned with the risk appetite principles defined by the Group.
  - Monitoring and control of the Group's risk profile in relation to the risk appetite approved by the Bank's corporate bodies, providing accurate and reliable information with the required frequency and in the necessary format.
  - Prospective analyses to enable an evaluation of compliance with the risk appetite in stress scenarios and the analysis of risk mitigation mechanisms.
  - Management of the technological and methodological developments required for implementing the Model in the Group.
  - Design of the Group's Internal Risk Control model and definition of the methodology, corporate criteria and procedures for identifying and prioritizing the risk inherent in each unit's activities and processes.
  - Validation of the models used and the results obtained by them in order to verify their adaptation to the different uses to which they are applied.

The risk units in the business units develop and present to the Risk Officer of the geographical and/or business area the risk appetite proposal applicable in each geographical and/or business area, independently and always within the Group's risk appetite. They also ensure that the corporate policies and rules approved consistently at a Group level are applied, adapting them if necessary to local requirements; they are provided with appropriate infrastructures for managing and controlling their risks; and they report to their corporate bodies and/or to senior management, as appropriate.

The local risk units thus work with the corporate area risk units in order to adapt to the risk strategy at Group level and share all the information necessary for monitoring the development of their risks.

The risk function has a decision-making process to perform its functions, underpinned by a structure of committees, where the Global Risk Management Committee (GRMC) acts as the highest committee within Risk. It proposes, examines and, where applicable, approves, among others, the internal risk regulatory framework and the procedures and infrastructures needed to identify, assess, measure and manage the material risks faced by the Group in its businesses. The members of this Committee are the Group's Chief Risk Officer and the heads of the risk units of the corporate area and of the most representative geographical and/or business areas.

The Global Risk Management Committee (GRMC) carries out its functions assisted by various support committees which include:

- Global Technical Operations Committee: It is responsible for decision-making related to wholesale credit risk admission in certain customer segments.
- Monitoring, Assessment & Reporting Committee: It guarantees and ensures the appropriate development of aspects related to risk identification, assessment, monitoring and reporting, with an integrated and cross-cutting vision.
- Asset Allocation Committee: The executive body responsible for analysis and decision-making on all credit risk matters related to the processes intended for obtaining a balance between risk and return in accordance with the Group's risk appetite.
- Technology and Methodologies Committee: It determines the need for new models and infrastructures and channels the decision-making related to the tools needed for managing all the risks to which the Group is exposed.

- Corporate Technological Risks and Operational Control Committee: It approves the Technological Risks and Operational Control Management Frameworks in accordance with the General Risk Management Model's architecture and monitors metrics, risk profiles and operational loss events.
- Global Market Risk Unit Committee: It is responsible for formalizing, supervising and communicating the monitoring of trading desk risk in all the Global Markets business units.
- Corporate Operational and Outsourcing Risk Admission Committee: It identifies and assesses the operational risks of new businesses, new products and services, and outsourcing initiatives.

Each geographical and/or business area has its own risk management committee (or committees), with objectives and contents similar to those of the corporate area, which perform their duties consistently and in line with corporate risk policies and rules.

Under this organizational scheme, the risk management function ensures the risk strategy, the regulatory framework, and standardized risk infrastructures and controls are integrated and applied across the entire Group. It also benefits from the knowledge and proximity to customers in each geographical and/or business area, and transmits the corporate risk culture to the Group's different levels.

Internal Risk Control and Internal Validation

The Group has a specific Internal Risk Control unit whose main function is to ensure there is an adequate internal regulatory framework in place, together with a process and measures defined for each type of risk identified in the Group, (and for other types of risk that could potentially affect the Group, to oversee their application and operation, and to ensure that the risk strategy is integrated into the Group's management. The Internal Risk Control unit is independent from the units that develop risk models, manage running processes and controls. Its scope is global both geographically and in terms of type of risk.

The Director of Group Internal Control Risk is responsible for the function, and reports its activities and work plans to the CRO and the Risk Committee of the Board, besides attending to it on issues deemed necessary.

For this purpose, the Risk area also has a Technical area independent from the units that develop risk models, manage running processes and controls, which gives the Commission the necessary technical support to better perform their functions.

The unit has a structure of teams at both corporate level and in the most relevant geographical areas in which the Group operates. As in the case of the corporate area, local units are independent of the business areas that execute the processes, and of the units that execute the controls. They report functionally to the Internal Risk Control unit. This unit's lines of action are established at Group level, and it is responsible for adapting and executing them locally, as well as for reporting the most relevant aspects.

Additionally, the Group has an Internal Validation unit, also independent rom the units that develop risk models and of those who use them to manage. Its functions include, among others, review and independent validation, internally, of the models used for the control and management of the Group's risks.

BBVA Group's internal control system is based on the best practices developed in "Enterprise Risk Management – Integrated Framework" by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013) and in the "Framework for Internal Control Systems in Banking Organizations" by the Bank for International Settlements (BIS).

The internal control model has a system with three lines of defense:

- The first line is made up of the Group's business units, which are responsible for control within their area and for executing any measures established by higher management levels.
- The second line consists of the specialized control units (Legal Compliance, Global Accounting & Information Management/Internal Financial Control, Internal Risk Control, IT Risk, Fraud & Security, Operations Control and the Production Divisions of the support units, such as Human Resources, Legal Services, etc.). This line supervises the control of the various units within their cross-cutting field of expertise, defines the necessary improvement and mitigating measures, and promotes their proper implementation. The Corporate Operational Risk Management unit also forms part of this line, providing a methodology and common tools for management.

- The third line is the Internal Audit unit, which conducts an independent review of the model, verifying the compliance and effectiveness of the corporate policies and providing independent information on the control model.

7.1.2 Risk appetite

The Group's risk appetite, approved by the Board of Directors, determines the risks (and their level) that the Group is willing to assume to achieve its business targets. These are expressed in terms of capital, liquidity, profitability, recurrent earnings, cost of risk or other metrics. The definition of the risk appetite has the following goals:

- To express the Group's strategy and the maximum levels of risk it is willing to assume, at both Group and geographical and/or business area level.
- To establish a set of guidelines for action and a management framework for the medium and long term that prevent actions from being taken (at both Group and geographical and/or business area level) which could compromise the future viability of the Group.
- To establish a framework for relations with the geographical and/or business areas that, while preserving their decision-making autonomy, ensures they act consistently, avoiding uneven behavior.
- To establish a common language throughout the organization and develop a compliance-oriented risk culture.
- Alignment with the new regulatory requirements, facilitating communication with regulators, investors and other stakeholders, thanks to an integrated and stable risk management framework.

Risk appetite is expressed through the following elements:

- Risk appetite statement: sets out the general principles of the Group's risk strategy and the target risk profile.

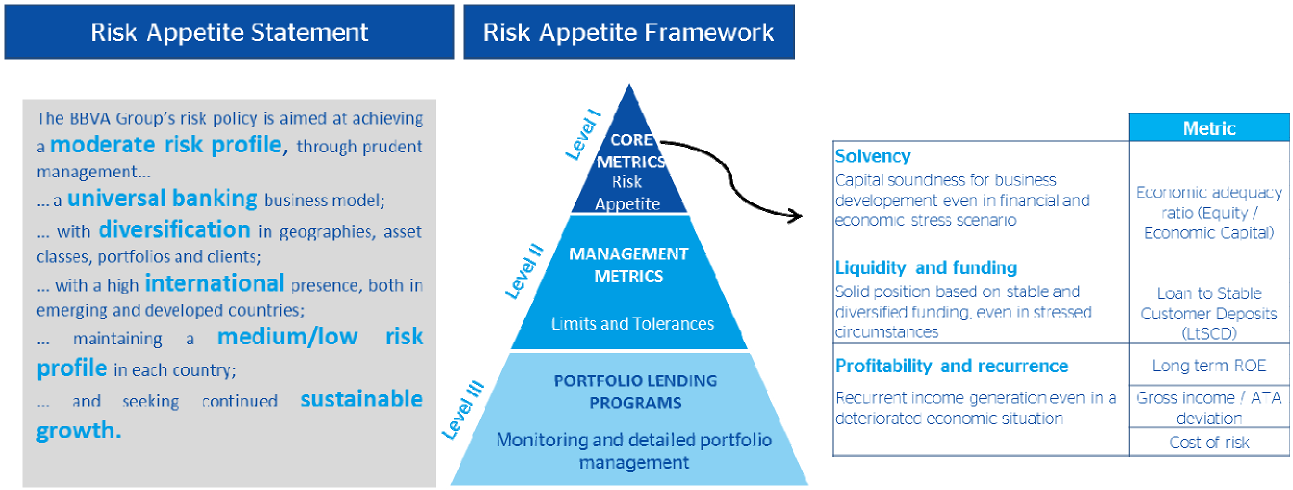
  BBVA's risk policy aims to maintain the risk profile set out in the Group's risk appetite statement, which is reflected in a series of metrics (fundamental metrics and limits).
- Fundamental metrics: they reflect, in quantitative terms, the principles and the target risk profile set out in the risk appetite statement.
- Limits: they establish the risk appetite at geographical and/or business area, legal entity and risk type level, or any other level deemed appropriate, enabling its integration into management.

The corporate risk area works with the various geographical and/or business areas to define their risk appetite, which will be coordinated with and integrated into the Group's risk appetite to ensure that its profile fits as defined.

The BBVA Group assumes a certain degree of risk to be able to provide financial services and products to its customers and obtain attractive returns for its shareholders. The organization must understand, manage and control the risks it assumes.

The aim of the organization is not to eliminate all risks, but to assume a prudent level of risks that allows it to generate returns while maintaining acceptable capital and fund levels and generating recurrent earnings.

The risk appetite defined by the Group expresses the levels and types of risk that the Bank is willing to assume to be able to implement its strategic plan with no relevant deviations, even in situations of stress.



Fundamental metrics

Those metrics that characterize the bank's objective behavior (as defined in the statement), enabling the expression of the risk culture at all levels in a structured and understandable manner. They summarize the bank's goals, and are therefore useful for communication to the stakeholders.

The fundamental metrics are strategic in nature. They are disseminated throughout the Group, understandable and easy to calculate, and objectifiable at business and/or geographical area level, so they can be subject to future projections.

Limits

Metrics that determine the Group's strategic positioning for the different types of risk: credit, ALM (Asset Liability Management), liquidity, markets, operational. They differ from the fundamental metrics in the following respects:

- They are levers, not the result. They are a management tool related to a strategic positioning that must be geared toward ensuring compliance with the fundamental metrics, even in an adverse scenario.
- Risk metrics: a higher level of specialization, they do not necessarily have to be disseminated across the Group.
- Independent of the cycle: they can include metrics with little correlation with the economic cycle, thus allowing comparability that is isolated from the specific macroeconomic situation.

Thus, they are levers for remaining within the thresholds defined in the fundamental metrics and are used for day-to-day risk management. They include tolerance limits, sub-limits and alerts established at the level of business and/or geographical areas, portfolios and products.

7.1.3 Decisions and processes

The transfer of risk appetite to ordinary management is supported by three basic aspects:

- A standardized set of regulations
- Risk planning
- Integrated management of risks over their life cycle

Standardized regulatory framework

The corporate GRM area is responsible for proposing the definition and development of the corporate policies, specific rules, procedures and schemes of delegation based on which risk decisions should be taken within the Group.

This process aims for the following objectives:

- Hierarchy and structure: well-structured information through a clear and simple hierarchy creating relations between documents that depend on each other.
- Simplicity: an appropriate and sufficient number of documents.
- Standardization: a standardized name and content of document.
- Accessibility: ability to search for, and easy access to, documentation through the corporate risk management library.

The approval of corporate policies for all types of risks corresponds to the corporate bodies of the Bank, while the corporate risk area endorses the remaining regulations.

Risk units of geographical and / or business areas continue to adapt to local requirements the regulatory framework for the purpose of having a decision process that is appropriate at local level and aligned with the Group policies. If such adaptation is necessary, the local risk area must inform the corporate GRM area, which must ensure the consistency of the set of regulations at the level of the entire Group, and thus must give its approval prior to any modifications proposed by the local risk areas.

Risk planning

Risk planning ensures that the risk appetite is integrated into management, through a cascade process for establishing limits, in which the function of the corporate area risk units and the geographical and/or business areas is to guarantee the alignment of this process against the Group's risk appetite.

It has tools in place that allow the risk appetite defined at aggregate level to be assigned and monitored by business areas, legal entities, types of risk, concentrations and any other level considered necessary.

The risk planning process is present within the rest of the Group's planning framework so as to ensure consistency among all of them.

Daily risk management

All risks must be managed integrally during their life cycle, and be treated differently depending on the type.

The risk management cycle is composed of 5 elements:

- Planning: with the aim of ensuring that the Group's activities are consistent with the target risk profile and guaranteeing solvency in the development of the strategy.
- Assessment: a process focused on identifying all the risks inherent to the activities carried out by the Group.
- Formalization: includes the risk origination, approval and formalization stages.
- Monitoring and reporting: continuous and structured monitoring of risks and preparation of reports for internal and/or external (market, investors, etc.) consumption.
- Active portfolio management: focused on identifying business opportunities in existing portfolios and new markets, businesses and products.

7.1.4 Assessment, monitoring and reporting

Assessment, monitoring and reporting is a cross-cutting element that should ensure that the Model has a dynamic and proactive vision to enable compliance with the risk appetite approved by the corporate bodies, even in adverse scenarios. The materialization of this process covers all the categories of material risks and has the following objectives:

- Assess compliance with the risk appetite at the present time, through monitoring of the fundamental management metrics and limits.
- Assess compliance with the risk appetite in the future, through the projection of the risk appetite variables, in both a baseline scenario determined by the budget and a risk scenario determined by the stress tests.
- Identify and assess the risk factors and scenarios that could compromise compliance with the risk appetite, through the development of a risk repository and an analysis of the impact of those risks.
- Act to mitigate the impact in the Group of the identified risk factors and scenarios, ensuring this impact remains within the target risk profile.
- Monitor the key variables that are not a direct part of the risk appetite, but that condition its compliance. These can be either external or internal.

The following phases need to be developed for undertaking this process:

- Identification of risk factors, aimed at generating a map with the most relevant risk factors that can compromise the Group's performance in relation to the thresholds defined in the risk appetite.
- Impact evaluation. This involves evaluating the impact that the materialization of one (or more) of the risk factors identified in the previous phase could have on the risk appetite metrics, through the occurrence of a given scenario.
- Response to undesired situations and realignment measures. Exceeding the parameters will trigger an analysis of the realignment measures to enable dynamic management of the situation, even before it occurs.
- Monitoring. The aim is to avoid losses before they occur by monitoring the Group's current risk profile and the identified risk factors.
- Reporting. This aims to provide information on the assumed risk profile by offering accurate, complete and reliable data to the corporate bodies and to senior management, with the frequency and completeness appropriate to the nature, significance and complexity of the risks.

7.1.5 Infrastructure

The infrastructure is an element that must ensure that the Group has the human and technological resources needed for effective management and supervision of risks in order to carry out the functions set out in the Group's risk Model and the achievement of their objectives.

With respect to human resources, the Group's risk function will have an adequate workforce, in terms of number, skills and experience.

With regards to technology, the Group ensures the integrity of management information systems and the provision of the infrastructure needed for supporting risk management, including tools appropriate to the needs arising from the different types of risks for their admission, management, assessment and monitoring.

The principles that govern the Group risk technology are:

- Standardization: the criteria are consistent across the Group, thus ensuring that risk handling is standardized at geographical and/or business area level.
- Integration in management: the tools incorporate the corporate risk policies and are applied in the Group's day-to-day management.
- Automation of the main processes making up the risk management cycle.
- Appropriateness: provision of adequate information at the right time.

Through the "Risk Analytics" function, the Group has a corporate framework in place for developing the measurement techniques and models. It covers all the types of risks and the different purposes and uses a standard language for all the activities and geographical/business areas and decentralized execution to make the most of the Group's global reach. The aim is to continually evolve the existing risk models and generate others that cover the new areas of the businesses that develop them, so as to reinforce the anticipation and proactiveness that characterize the Group's risk function.

Also the risk units of geographical and / or business areas shall ensure that they have sufficient means from the point of view of resources, structures and tools to develop a risk management in line with the corporate model.

7.1.6 Risk culture

BBVA considers risk culture to be an essential element for consolidating and integrating the other components of the Model. The culture transfers the implications that are involved in the Group's activities and businesses to all the levels of the organization. The risk culture is organized through a number of levers, including the following:

- Communication: promotes the dissemination of the Model, and in particular the principles that must govern risk management in the Group, in a consistent and integrated manner across the organization, through the most appropriate channels.

  GRM has a number of communication channels to facilitate the transmission of information and knowledge among the various teams in the function and the Group, adapting the frequency, formats and recipients based on the proposed goal, in order to strengthen the basic principles of the risk function. The risk culture and the management model thus emanate from the Group's corporate bodies and senior management and are transmitted throughout the organization.

- Training: its main aim is to disseminate and establish the model of risk management across the organization, ensuring standards in the skills and knowledge of the different persons involved in the risk management processes.

  Well defined and implemented training ensures continuous improvement of the skills and knowledge of the Group's professionals, and in particular of the GRM area, and is based on four aspects that aim to develop each of the needs of the GRM group by increasing its knowledge and skills in different fields such as: finance and risks, tools and technology, management and skills, and languages.

- Motivation: the aim in this area is for the incentives of the risk function teams to support the strategy for managing those teams and the function's values and culture at all levels. Includes compensation and all those elements related to motivation – working environment, etc… which contribute to the achievement Model objectives.

7.2 Risk events

As mentioned earlier, BBVA has processes in place for identifying risks and analyzing scenarios that enable the Group to manage risks in a dynamic and proactive way.

The risk identification processes are forward looking to ensure the identification of emerging risks and take into account the concerns of both the business areas, which are close to the reality of the different geographical areas, and the corporate areas and senior management.

Risks are captured and measured consistently using the methodologies deemed appropriate in each case. Their measurement includes the design and application of scenario analyses and stress testing and considers the controls to which the risks are subjected.

As part of this process, a forward projection of the risk appetite variables in stress scenarios is conducted in order to identify possible deviations from the established thresholds. If any such deviations are detected, appropriate measures are taken to keep the variables within the target risk profile.

To this extent, there are a number of emerging risks that could affect the Group's business trends. These risks are described in the following main blocks:

- Macroeconomic and geopolitical risks
  - The slowdown in economic growth in emerging countries and potential difficulties in the recovery of European economies is a major focus for the Group.
  - In addition, financial institutions are exposed to the risks of political and social instability in the countries in which they operate, which can have significant effects on their economies and even regionally.

  In this regard the Group's geographical diversification is a key to achieving a high level of recurring revenues, despite environmental conditions and economic cycles of the economies in which it operates.
- Regulatory, legal and reputational risks
  - Financial institutions are exposed to a complex and ever-changing regulatory and legal environment defined by governments and regulators. This can affect their ability to grow and the capacity of certain businesses to develop, and result in stricter liquidity and capital requirements with lower profitability ratios. The Group constantly monitors changes in the regulatory framework that allow for anticipation and adaptation to them in a timely manner, adopt best practices and more efficient and rigorous criteria in its implementation.
  - The financial sector is under ever closer scrutiny by regulators, governments and society itself. Negative news or inappropriate behavior can significantly damage the Group's reputation and affect its ability to develop a sustainable business. The attitudes and behaviors of the group and its members are governed by the principles of integrity, honesty, long-term vision and best practices through, inter alia, internal control Model, the Code of Conduct and Responsible Business Strategy of the Group.
- Business and operational risks
  - New technologies and forms of customer relationships: Developments in the digital world and in information technologies pose significant challenges for financial institutions, entailing threats (new competitors, disintermediation…) but also opportunities (new framework of relations with customers, greater ability to adapt to their needs, new products and distribution channels...). Digital transformation is a priority for the Group as it aims to lead digital banking of the future as one of its objectives.
  -
  - Technological risks and security breaches: The Group is exposed to new threats such as cyber-attacks, theft of internal and customer databases, fraud in payment systems, etc. that require major investments in security from both the technological and human point of view. The Group gives great importance to the active operational and technological risk management and control. One example was the early adoption of advanced models for management of these risks (AMA - Advanced Measurement Approach).

7.3 Credit risk

Credit risk 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.

It is the most important risk for the Group and includes counterparty risk, issuer risk, settlement risk and country risk management.

The principles underpinning credit risk management in BBVA are as follows:

- Availability of basic information for the study and proposal of risk, and supporting documentation for approval, which sets out the conditions required by the relevant body.
- Sufficient generation of funds and asset solvency of the customer to assume principal and interest repayments of loans owed.
- Establishment of adequate and sufficient guarantees that allow effective recovery of the operation, this being considered a secondary and exceptional method of recovery when the first has failed.

Credit risk management in the Group has an integrated structure for all its functions, allowing decisions to be taken objectively and independently throughout the life cycle of the risk.

- At Group level: frameworks for action and standard rules of conduct are defined for handling risk, specifically, the circuits, procedures, structure and supervision.
- At the business area level: they are responsible for adapting the Group's criteria to the local realities of each geographical area and for direct management of risk according to the decision-making circuit:
  - Retail risks: in general, the decisions are formalized according to the scoring tools, within the general framework for action of each business area with regard to risks. The changes in weighting and variables of these tools must be validated by the corporate GRM area.
  - Wholesale risks: in general, the decisions are formalized by each business area within its general framework for action with regard to risks, which incorporates the delegation rule and the Group's corporate policies.

7.3.1 Credit risk exposure

In accordance with IFRS 7, the BBVA Group's maximum credit risk exposure (see definition below) by headings in the balance sheets as of June 30, 2015 and December 31, 2014 is provided below. It does not consider the availability of collateral or other credit enhancements to guarantee compliance with payment obligations. The details are broken down by financial instruments and counterparties.

Maximum Credit Risk Exposure	Notes	Millions of Euros June 2015	Millions of Euros December 2014
Financial assets held for trading		**41,306**	**39,028**
Debt securities	10	35,776	33,883
Government		30,610	28,212
Credit institutions		2,623	3,048
Other sectors		2,543	2,623
Equity instruments		5,355	5,017
Customer lending		175	128
Other financial assets designated at fair value through profit or loss		**3,002**	**2,761**
Debt securities	11	792	737
Government		123	141
Credit institutions		37	16
Other sectors		632	580
Equity instruments		2,210	2,024
Available-for-sale financial assets		**103,736**	**95,049**
Debt securities	12	97,800	87,679
Government		70,663	63,764
Credit institutions		6,631	7,377
Other sectors		20,507	16,538
Equity instruments		5,936	7,370
Loans and receivables		**417,723**	**386,653**
Loans and advances to credit institutions	13.1	27,952	27,089
Loans and advances to customers	13.2	378,804	352,900
Government		39,772	37,113
Agriculture		3,725	4,348
Industry		40,832	37,580
Real estate and construction		34,851	33,152
Trade and finance		35,032	43,880
Loans to individuals		180,216	158,586
Other		44,375	38,242
Debt securities	13.3	10,967	6,664
Government		3,381	5,608
Credit institutions		9	81
Other sectors		7,577	975
Derivatives (trading and hedging)		**45,944**	**47,248**
Total Financial Assets Risk		**611,711**	**570,739**
Financial guarantees (Bank guarantees, letter of credits,..)		34,230	33,741
Drawable by third parties		108,970	96,714
Government		1,473	1,359
Credit institutions		880	1,057
Other sectors		106,617	94,299
Other contingent commitments		15,426	9,537
Total Contingent Risks and Commitments	32	**158,626**	**139,993**
Total Maximum Credit Exposure		**770,337**	**710,732**

The maximum credit exposure presented in the table above is determined by type of financial asset as explained below:

- In the case of financial assets recognized in the consolidated balance sheets, exposure to credit risk is considered equal to its carrying amount (not including impairment losses), with the sole exception of trading and hedging derivatives.
- The maximum credit risk exposure on financial guarantees granted is the maximum that the Group 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 fair 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 2.2.1, derivatives are accounted for as of each reporting date at fair value in accordance with IAS 39.
  - The second factor, potential risk ('add-on'), is an estimate 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 the fair value over the remaining term of the derivatives.
- 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, the BBVA Group has to consider not only the credit exposure of the derivatives on the reporting date, but also the potential changes in exposure during the life of the contract. This is especially important for derivatives, whose valuation changes substantially throughout their terms, depending on the fluctuation of market prices.

7.3.2 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 Group's exposure. The BBVA Group 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 Group requires prior evaluation 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 BBVA Group:

- 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 Corporate 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 collateral are in line with the best market practices and imply the use of appraisal of real-estate collateral, the market price in market securities, the trading price of shares in mutual funds, etc. All the collaterals assigned must be properly drawn up and entered in the corresponding register. They must also have the approval of the Group'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.

- 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 loans and advances are backed by personal guarantees extended by the own customer. There may also be collateral to secure loans and advances to customers (such as mortgages, cash collaterals, 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.

Collateralized loans granted by the Group as of June 30, 2015 and December 31, 2014 excluding balances deemed impaired, is broken down in the table below:

	Millions of Euros	
Collateralized Credit Risk	**June 2015**	**December 2014**
Mortgage loans	**139,288**	**124,097**
Operating assets mortgage loans	3,497	4,062
Home mortgages	122,647	109,031
Rest of mortgages (1)	13,144	11,005
Secured loans, except mortgage	**31,169**	**28,419**
Cash guarantees	507	468
Secured loan (pledged securities)	638	518
Rest of secured loans (2)	30,025	27,433
Total	**170,457**	**152,517**

(1) Loans with mortgage collateral (other than residential mortgage) for property purchase or construction.

(2) Includes loans with cash collateral, other financial assets with partial collateral.

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

7.3.3 Financial instrument netting

Financial assets and liabilities may be netted, i.e. they are presented for a net amount on the consolidated balance sheet only when the Group's entities satisfy with the provisions of IAS 32-Paragraph 42, so they have both the legal right to net recognized amounts, and the intention of settling the net amount or of realizing the asset and simultaneously paying the liability.

In addition, the Group has presented as gross amounts assets and liabilities on the consolidated balance sheet for which there are master netting arrangements in place, but for which there is no intention of settling net. The most common types of events that trigger the netting of reciprocal obligations are bankruptcy of the entity, surpassing certain level of indebtedness threshold, failure to pay, restructuring and dissolution of the entity.

In the current market context, derivatives are contracted under different framework contracts being the most widespread developed by the International Swaps and Derivatives Association (ISDA) and, for the Spanish market, the Framework Agreement on Financial Transactions (CMOF). Almost all portfolio derivative transactions have been concluded under these framework contracts, including in them the netting clauses mentioned in the preceding paragraph as "Master Netting Agreement", greatly reducing the credit exposure on these instruments. Additionally, in contracts signed with professional counterparts, the collateral agreement annexes called Credit Support Annex (CSA) are included, thereby minimizing exposure to a potential default of the counterparty.

Moreover, in transactions involving assets purchased or sold under a purchase agreement there has greatly increased the volume transacted through clearing houses that articulate mechanisms to reduce counterparty risk, as well as through the signature of various master agreements for bilateral transactions, the most widely used being the Global Master Repurchase Agreement (GMRA), published by ICMA (International Capital Market Association), to which the clauses related to the collateral exchange are usually added within the text of the master agreement itself.

The assets and liabilities subject to contractual netting rights at the time of their settlement are presented below as of June 30, 2015:

June 2015		Gross Amounts Recognized (A)	Gross Amounts Offset in the Condensed Consolidated Balance Sheets (B)	Net Amount Presented in the Condensed Consolidated Balance Sheets (C=A-B)	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheets (D)		Net Amount (E=C-D)
					Financial Instruments	Cash Collateral Received/ Pledged	
Derivative financial assets	10, 14	51,383	7,030	44,353	29,703	5,828	8,822
Reverse repurchase, securities borrowing and similar agreements	34	21,166	4,196	16,970	17,190	31	(251)
Total Assets		**72,549**	**11,226**	**61,323**	**46,893**	**5,859**	**8,571**
Derivative financial liabilities	10, 14	52,144	7,536	44,608	29,926	10,102	4,580
Repurchase, securities lending and similar agreements	34	69,853	4,196	65,657	67,292	72	(1,707)
Total Liabillities		**121,997**	**11,733**	**110,265**	**97,218**	**10,174**	**2,873**

7.3.4 Risk concentration

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, BBVA Group maintains maximum permitted risk concentration indices updated at individual and portfolio sector levels tied to the various observable variables within the field of credit risk management. The limit on the Group'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 Group's presence in a given market, based on the following guidelines:

- The aim is, as much as possible, to reconcile the customer's credit needs (commercial/financial, short-term/long-term, etc.) with the interests of the Group.

- 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.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Risk concentrations by geography

Below is a breakdown of the balances of financial instruments registered in the accompanying consolidated balance sheets by their concentration in geographical areas and according to the residence of the customer or counterparty. It does not take into account valuation adjustments, impairment losses or loan-loss provisions:

	Millions of Euros						
Risks by Geographical Areas June 2015	**Spain**	**Europe, Excluding Spain**	**Mexico**	**USA**	**South America**	**Rest**	**Total**
Financial assets -							
Financial assets held for trading	18,123	33,564	16,717	7,811	4,408	1,875	82,499
Loans and advances to customers	-	-	-	175	-	-	175
Debt securities	8,629	6,813	12,882	4,746	2,325	380	35,776
Equity instruments (*)	2,504	1,691	530	330	130	170	5,355
Derivatives	6,990	25,061	3,304	2,560	1,953	1,325	41,193
Other financial assets designated at fair value through profit or loss	201	149	2,022	628	3	-	3,002
Loans and advances to credit institutions	-	-	-	-	-	-	-
Debt securities	110	39	16	628	-	-	792
Equity instruments (*)	91	110	2,006	-	3	-	2,210
Available-for-sale portfolio	49,034	18,550	14,920	12,206	5,152	3,236	103,097
Debt securities	45,430	18,305	14,868	11,559	5,048	2,080	97,290
Equity instruments (*)	3,603	245	52	647	104	1,156	5,806
Loans and receivables	215,562	30,851	53,089	61,027	50,255	5,117	415,900
Loans and advances to credit institutions	5,895	13,038	1,936	3,834	1,845	1,329	27,876
Loans and advances to customers	200,202	17,782	51,153	56,145	48,008	3,768	377,057
Debt securities	9,466	31	-	1,048	402	20	10,967
Held-to-maturity investments	-	-	-	-	-	-	-
Hedging derivatives and macrohedging adjustments	1,192	1,396	530	72	27	1	3,218
Total Risk in Financial Assets	**284,112**	**84,509**	**87,278**	**81,745**	**59,844**	**10,229**	**607,716**
Contingent risks and liabilities							
Contingent risks	15,572	8,203	1,162	2,461	5,136	1,695	34,230
Contingent liabilities	38,194	24,208	21,777	32,436	6,590	1,190	124,396
Total Contingent Risk	**53,766**	**32,410**	**22,939**	**34,897**	**11,727**	**2,885**	**158,626**
Total Risks in Financial Instruments	**337,879**	**116,919**	**110,217**	**116,642**	**71,570**	**13,113**	**766,341**

(*) Equity instruments are shown net of valuation adjustments.

	Millions of Euros						
Risks by Geographical Areas 2014	**Spain**	**Europe, Excluding Spain**	**Mexico**	**USA**	**South America**	**Rest**	**Total**
Financial assets -							
Financial assets held for trading	17,461	36,039	17,091	6,126	4,337	2,206	83,258
Loans and advances to customers	-	-	-	128	-	-	128
Debt securities	7,816	6,512	13,747	2,654	2,656	499	33,883
Equity instruments (*)	2,541	1,334	342	457	171	172	5,017
Derivatives	7,103	28,193	3,003	2,886	1,510	1,535	44,229
Other financial assets designated at fair value through profit or loss	189	152	1,836	581	3	-	2,761
Loans and advances to credit institutions	-	-	-	-	-	-	-
Debt securities	94	62	-	581	-	-	737
Equity instruments (*)	95	90	1,836	-	3	-	2,024
Available-for-sale portfolio	45,465	13,673	13,169	10,780	6,079	4,958	94,125
Debt securities	42,267	13,348	13,119	10,222	5,973	1,929	86,858
Equity instruments (*)	3,198	326	50	558	106	3,029	7,267
Loans and receivables	185,924	31,597	52,157	52,080	57,911	4,792	384,460
Loans and advances to credit institutions	4,172	13,313	2,497	3,521	2,180	1,291	26,975
Loans and advances to customers	178,735	18,274	49,660	47,635	53,018	3,501	350,822
Debt securities	3,017	9	-	924	2,713	-	6,663
Held-to-maturity investments	-	-	-	-	-	-	-
Hedging derivatives and macrohedging adjustments	708	1,699	182	66	14	2	2,672
Total Risk in Financial Assets	**249,747**	**83,160**	**84,435**	**69,633**	**68,344**	**11,958**	**567,276**
Contingent risks and liabilities							
Contingent risks	13,500	8,454	1,220	3,161	5,756	1,650	33,741
Contingent liabilities	25,577	22,973	19,751	29,519	7,343	1,087	106,251
Total Contingent Risk	**39,077**	**31,427**	**20,971**	**32,680**	**13,099**	**2,738**	**139,992**
Total Risks in Financial Instruments	**288,824**	**114,587**	**105,406**	**102,313**	**81,443**	**14,696**	**707,268**

(*) Equity instruments are shown net of valuation adjustments.

The breakdown of the main figures in the most significant foreign currencies in the accompanying consolidated balance sheets is set forth in Appendix VII.

Sovereign risk concentration

Sovereign risk management

The risk associated with the transactions involving sovereign risk is identified, measured, controlled and tracked by a centralized unit integrated in the BBVA Group's Risk Area. Its basic functions involve the preparation of reports in the countries where sovereign risk exists (called "financial programs"), tracking such risks, assigning ratings to these countries and, in general, supporting the Group in terms of reporting requirements for any transactions involving sovereign risk. The risk policies established in the financial programs are approved by the relevant risk committees.

The country risk unit tracks the evolution of the risks associated with the various countries to which the Group are exposed (including sovereign risk) on an ongoing basis in order to adapt its risk and mitigation policies to any macroeconomic and political changes that may occur. Moreover, it regularly updates its internal ratings and forecasts for these countries. The internal rating assignment methodology is based on the assessment of quantitative and qualitative parameters which are in line with those used by certain multilateral organizations such as the International Monetary Fund (IMF) and the World Bank (WB), rating agencies and export credit organizations.

Sovereign risk exposure

The table below provides a breakdown of exposure to financial assets (excluding derivatives and equity instruments), as of June 30, 2015 and December 31, 2014 by type of counterparty and the country of residence of such counterparty. The below figures do not take into account valuation adjustments, impairment losses or loan-loss provisions:

	Millions of Euros				
	June 2015				
Risk Exposure by Countries	Sovereign Risk (*)	Financial Institutions	Other Sectors	Total	%
Spain	72,941	9,747	185,565	268,254	48.7%
Italy	11,345	1,137	1,526	14,009	2.5%
Rest of Europe	1,630	3,286	8,355	13,272	2.4%
United Kingdom	259	4,715	6,284	11,258	2.0%
France	1,168	4,780	2,557	8,505	1.5%
Portugal	650	40	4,909	5,599	1.0%
Germany	591	1,464	1,215	3,269	0.6%
Ireland	166	221	740	1,126	0.2%
Turkey	20	519	368	908	0.2%
Greece	-	-	61	61	0.0%
Europe	**88,772**	**25,908**	**211,582**	**326,262**	**59.2%**
Mexico	32,188	2,324	45,676	80,188	14.6%
The United States	14,644	4,250	60,039	78,933	14.3%
Other countries	4,339	4,754	56,329	65,422	11.9%
Total Other Countries	**51,170**	**11,328**	**162,044**	**224,542**	**40.8%**
Total Exposure to Financial Instruments	**139,942**	**37,236**	**373,626**	**550,803**	**100.0%**

	Millions of Euros				
	December 2014				
Risk Exposure by Countries	Sovereign Risk (*)	Financial Institutions	Other Sectors	**Total**	**%**
Spain	68,584	9,040	157,337	234,961	46.5%
Italy	9,823	713	2,131	12,667	2.5%
France	1,078	5,351	2,453	8,883	1.8%
United Kingdom	119	2,923	4,669	7,711	1.5%
Portugal	605	43	4,927	5,574	1.1%
Germany	590	1,129	1,565	3,284	0.6%
Ireland	167	148	565	880	0.2%
Turkey	21	214	246	482	0.1%
Greece	-	-	64	64	0.0%
Rest of Europe	1,182	6,011	4,800	11,993	2.4%
Europe	**82,170**	**25,573**	**178,757**	**286,499**	**56.7%**
Mexico	31,164	2,757	42,864	76,785	15.2%
The United States	11,241	3,941	52,849	68,031	13.5%
Rest of countries	7,676	4,669	62,052	74,398	14.7%
Total Rest of Countries	**50,081**	**11,367**	**157,765**	**219,213**	**43.3%**
Total Exposure to Financial Instruments	**132,251**	**36,939**	**336,522**	**505,713**	**100.0%**

(*) In addition, as of June, 2015 and December 31, 2014, undrawn lines of credit, granted mainly to the Spanish government or government agencies and amounted to €1,740 million and, €1,659 million, respectively.

The exposure to sovereign risk set out in the above table includes positions held in government debt securities in countries where the Group operates. They are used for ALCO's management of the interest-rate risk on the balance sheets of the Group's entities in these countries, as well as for hedging of pension and insurance commitments by insurance entities within the BBVA Group.

For additional information on sovereign risk in Europe see Appendix IX

Valuation and impairment methods

The valuation methods used to assess the instruments that are subject to sovereign risks are the same ones used for other instruments included in the relevant portfolios and are detailed in Note 8 to these consolidated financial statements. They take into account the exceptional circumstances that have taken place over the last two years in connection with the sovereign debt crisis in Europe.

Specifically, the fair value of sovereign debt securities of European countries has been considered equivalent to their listed price in active markets (Level 1 as defined in Note 8).

Risk related to the developer and Real-Estate sector in Spain

One of the main Group activities of the Group in Spain is focused on developer and mortgage loans. The policies and strategies established by the Group to deal with risks related to the developer and real-estate sector are explained below:

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, problem risks and legal, etc. It also includes the research department of the BBVA Group (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 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 one of the constant points that have helped ensure the success and transformation of construction land operations for customers' developments.

With regard 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 in the developer sector: avoidance of large corporate transactions, which had already reduced their share in the years of greatest market growth; non active 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 based on the rate of progress of the projects.

These actions have enabled BBVA to identify 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 (see Note 7.3.9). In the developer and real estate sector, they are based on clear solvency and viability criteria for projects, with demanding terms for additional guarantees and legal compliance, given a refinancing tool that standardizes criteria and 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 customers' sales directly, using BBVA's own channel (BBVA Services and our branches), creating incentives for sale and including sale orders for BBVA. In exceptional case we have even accepted partial haircuts, with the aim of making the sale easier.

In the case of ongoing construction work, the 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, the fact that the vast majority of the risk is urban land simplifies the management. Urban management and liquidity control to tackle urban planning costs are also subject to special monitoring.

For quantitative information about the risk related to the developer and Real-Estate sector in Spain see Appendix X.

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

The BBVA Group 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 Group has a series of tracking tools and historical databases that collect the pertinent internally generated information, 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 originate a loan, what amount should be originated and what strategies can help establish the price, because it is an algorithm that sorts transactions by their credit quality. This algorithm enables the BBVA Group 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.
- 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 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.

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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 BBVA Group to enable uniform classification of the Group's various asset risk portfolios.

The table below shows the abridged scale used to classify the BBVA Group's outstanding risk as of June 30, 2015:

External rating	Internal rating	Probability of default (basic points)		
Standard&Poor's List	Reduced List (22 groups)	Average	Minimum from >=	Maximum
AAA	AAA	1	-	2
AA+	AA+	2	2	3
AA	AA	3	3	4
AA-	AA-	4	4	5
A+	A+	5	5	6
A	A	8	6	9
A-	A-	10	9	11
BBB+	BBB+	14	11	17
BBB	BBB	20	17	24
BBB-	BBB-	31	24	39
BB+	BB+	51	39	67
BB	BB	88	67	116
BB-	BB-	150	116	194
B+	B+	255	194	335
B	B	441	335	581
B-	B-	785	581	1,061
CCC+	CCC+	1,191	1,061	1,336
CCC	CCC	1,500	1,336	1,684
CCC-	CCC-	1,890	1,684	2,121
CC+	CC+	2,381	2,121	2,673
CC	CC	3,000	2,673	3,367
CC-	CC-	3,780	3,367	4,243

The table below outlines the distribution of exposure, including derivatives, by internal ratings, to corporates, financial entities and institutions (excluding sovereign risk), of the main BBVA Group entities (does not include Catalunya Banc) as of June 30, 2015 and December 31, 2014:

Credit Risk Distribution by Internal Rating	December 2015		December 2014	
	Amount (Millions of Euros)	%	Amount (Millions of Euros)	%
AAA/AA+/AA/AA-	21,396	8.68%	30,306	11.49%
A+/A/A-	62,233	25.26%	70,850	26.86%
BBB+	35,861	14.56%	37,515	14.22%
BBB	26,820	10.89%	24,213	9.18%
BBB-	34,674	14.07%	33,129	12.56%
BB+	18,878	7.66%	22,595	8.57%
BB	13,607	5.52%	11,136	4.22%
BB-	7,734	3.14%	6,364	2.41%
B+	6,152	2.50%	7,475	2.83%
B	4,953	2.01%	4,966	1.88%
B-	3,862	1.57%	3,876	1.47%
CCC/CC	10,187	4.13%	11,362	4.31%
Total	**246,357**	**100.00%**	**263,786**	**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. These calculations establish the levels of probability of default for the BBVA Group's Master Rating Scale. Although this scale is common to the entire Group, the calibrations (mapping scores to PD sections/Master Rating Scale levels) are carried out at tool level for each country in which the Group has tools available.

7.3.6 Past due but not impaired Risks

The table below provides details of past due risks as of June 30, 2015 and December 31, 2014 but not considered to be impaired, listed by their first past-due date:

	Millions of Euros		
Financial Assets Past Due but Not Impaired June 2015	Less than 1 Month Past-Due	1 to 2 Months Past-Due	2 to 3 Months Past-Due
Loans and advances	3,279	594	442
General Governments	124	9	11
Credit institutions and other financial corporations	20	5	-
Non-financial corporations	1,095	192	165
Households	2,040	389	266
Debt securities	-	-	-
Total	**3,279**	**594**	**442**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

	Millions of Euros		
Financial Assets Past Due but Not Impaired December 2014	**Less than 1 Month Past-Due**	**1 to 2 Months Past-Due**	**2 to 3 Months Past-Due**
Loans and advances	3,286	794	657
General Governments	33	1	53
Credit institutions and other financial corporatic	6	-	17
Non-financial corporations	849	347	136
Households	2,398	446	451
Debt securities	-	-	-
Total	**3,286**	**794**	**657**

	Millions of Euros		
Financial Assets Past Due but Not Impaired June 2015	**Less than 1 Month Past-Due**	**1 to 2 Months Past-Due**	**2 to 3 Months Past-Due**
On demand	144	75	6
Credit card	134	31	146
Trade recivables	299	25	18
Finance leases	127	23	21
Other term loans	2,572	439	251
Advances and other	3	1	1
Total	**3,279**	**594**	**442**
Of which: by type of collateral			
Mortgage loans	1,220	276	113
Other collateralized loans	599	111	58

	Millions of Euros		
Financial Assets Past Due but Not Impaired December 2014	**Less than 1 Month Past-Due**	**1 to 2 Months Past-Due**	**2 to 3 Months Past-Due**
On demand	77	2	1
Credit card	128	36	12
Trade recievables	271	11	28
Finance leases	167	33	21
Other term loans	2,603	697	592
Advances and other	40	14	2
Total	**3,286**	**794**	**657**
Of which: by type of collateral			
Mortgage loans	2,005	539	53
Other collateralized loans	209	9	-

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7.3.7 Impaired assets and impairment losses

The table below shows the composition of the impaired financial assets and risks as of June 30, 2015 and December 31, 2014, broken down by heading in the accompanying consolidated balance sheets:

Impaired Risks. Breakdown by Type of Asset and by Sector	Millions of Euros June 2015	Millions of Euros December 2014
Asset Instruments Impaired		
Available-for-sale financial assets	91	91
Debt securities	91	91
Loans and receivables	25,325	22,730
Loans and advances to credit institutions	21	23
Loans and advances to customers	25,300	22,703
Debt securities	4	4
Total Asset Instruments Impaired	**25,416**	**22,821**
Contingent Risks Impaired	**590**	**413**
Total impaired risks	**26,006**	**23,234**

Below are the details of the impaired financial assets as of June 30, 2015 and December 31, 2014, classified by geographical area and by the time since their oldest past-due amount or the period since they were deemed impaired:

Financial Assets Past Due but Not Impaired June 2015	Less than 6 Month Past-Due	6 to 12 Months Past-Due	More than 1 year Past-Due	Total
	Millions of Euros			
European Union	9,018	4,045	9,161	22,224
Mexico	785	265	345	1,395
South America	763	239	181	1,183
The United States	561	54	-	615
Rest of the world	-	-	-	-
Total	**11,127**	**4,602**	**9,687**	**25,416**

Financial Assets Past Due but Not Impaired December 2014	Less than 6 Month Past-Due	6 to 12 Months Past-Due	More than 1 year Past-Due	Total
	Millions of Euros			
European Union	8,632	1,444	9,642	19,717
Mexico	697	265	417	1,378
South America	879	159	171	1,209
The United States	517	-	-	517
Rest of the world	-	-	-	-
Total	**10,724**	**1,867**	**10,230**	**22,821**

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Below are the details of the impaired financial assets as of June 30, 2015 and December 31, 2014 classified by type of loan according to its associated guarantee, and by the time since their oldest past-due amount or the period since they were deemed impaired:

	Millions of Euros			
Financial Assets Past Due but Not Impaired June 2015	**Less than 6 Month Past-Due**	**6 to 12 Months Past-Due**	**More than 1 year Past-Due**	**Total**
Loans and receivables	**11,035**	**4,602**	**9,687**	**25,325**
Credit institutions	21	-	-	21
Loans and advances	11,010	4,602	9,687	25,300
General governments	74	11	105	190
Other financial corporations	104	11	3	118
Non-financial corporations	6,637	842	6,793	14,271
Individuals	4,196	3,739	2,785	10,721
Debt securities	4	-	-	4
Credit institutions	4	-	-	4
Other financial corporations	-	-	-	-
Available for sale	**91**	**-**	**-**	**91**
Debt instruments	91	-	-	91
Credit institutions	18	-	-	18
Other financial corporations	74	-	-	74
TOTAL	**11,127**	**4,602**	**9,687**	**25,416**

	Millions of Euros			
Financial Assets Past Due but Not Impaired December 2014	**Less than 6 Month Past-Due**	**6 to 12 Months Past-Due**	**More than 1 year Past-Due**	**Total**
Loans and receivables	**10,633**	**1,868**	**10,230**	**22,730**
Credit institutions	23	-	-	23
Loans and advances	10,606	1,868	10,230	22,703
General governments	73	13	95	180
Other financial corporations	29	2	2	33
Non-financial corporations	6,294	1,038	7,432	14,764
Individuals	4,210	814	2,701	7,725
Debt securities	4	-	-	4
Credit institutions	4	-	-	4
Other financial corporations	-	-	-	-
Available for sale	**91**	**-**	**-**	**91**
Debt instruments	91	-	-	91
Credit institutions	17	-	-	17
Other financial corporations	75	-	-	75
TOTAL	**10,724**	**1,868**	**10,230**	**22,821**

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The breakdown of impaired loans and advances for default or reasons other than delinquency as of June 30, 2015 and December 31, 2014:

Carrying amount of the impaired assets by product	June 2015	December 2014
Loans and advances	**25,320**	**22,726**
On demand and short notice	679	664
Credit card debt	416	420
Trade recievables	590	852
Finance leases	419	310
Reverse repurchase loans	2	16
Other term loans	23,061	20,358
Advances that are not loans	153	105
Of which: by type of collateral		
Mortgage loans	17,710	14,609
Other collateralized loans	592	494

Below are the details of impaired financial assets as of June 30, 2015 and December 31, 2014, classified by whether they have been assigned individually or collectively determined provision:

	Millions of Euros	
Impaired portfolio and specific allowances	**June 2015**	**December 2014**
Impaired portfolio	**25,416**	**22,821**
Collectively determined impaired financial assets	15,237	14,712
Individually determined impaired financial assets	10,179	8,109
Specific allowances	**12,578**	**10,519**
Specific allowances for collectively assessed financial assets	9,223	8,018
Specific allowances for individually assessed financial assets	3,355	2,501

The detail of impaired financial assets and their collective allowance as of June 30 2015 and December 31, 2014, breaking down by individual or collective analysis

	Millions of Euros				
June 2015	**Carrying amount of the impaired assets**	**Specific allowances for individually assessed financial assets**	**Specific allowances for collectively assessed financial assets**	**Collective allowances for incurrred but not reported losses**	**Total**
Debt securities	**96**	**(21)**	**(13)**	**(44)**	**(78)**
General governments	-	-	-	(12)	(12)
Credit institutions	96	(21)	(13)	(15)	(48)
Non-financial corporations	-	-	-	(17)	(17)
Loans and advances	**25,320**	**(3,334)**	**(9,210)**	**(5,192)**	**(17,736)**
General governments	201	(1)	(35)	(32)	(68)
Credit institutions	145	(10)	(65)	(108)	(182)
Non-financial corporations	15,860	(2,389)	(6,386)	(2,878)	(11,653)
Households	9,114	(934)	(2,725)	(2,174)	(5,833)
Total	**25,416**	**(3,355)**	**(9,223)**	**(5,236)**	**(17,814)**

	Millions of Euros				
December 2014	Carrying amount of the impaired assets	Specific allowances for individually assessed financial assets	Specific allowances for collectively assessed financial assets	Collective allowances for incurrred but not reported losses	Total
Debt securities	**96**	**(12)**	**(21)**	**(42)**	**(75)**
General governments	-	-	-	-	-
Credit institutions	96	(12)	(21)	(14)	(47)
Non-financial corporations	-	-	-	(28)	(28)
Loans and advances	**22,726**	**(2,489)**	**(7,997)**	**(3,785)**	**(14,272)**
General governments	180	(9)	(16)	(24)	(49)
Credit institutions	50	(13)	(25)	(94)	(133)
Non-financial corporations	14,771	(2,155)	(5,556)	(1,938)	(9,648)
Households	7,725	(312)	(2,401)	(1,729)	(4,442)
Total	**22,821**	**(2,501)**	**(8,018)**	**(3,827)**	**(14,347)**

The breakdown of impaired loans by sector as of June 30, 2015 and December 31, 2014 is shown below:

Impaired Loans by Sector	June 2015			December 2014		
	Impaired Loans	Loan Loss Reserve	Impaired Loans as a % of Loans by Type	Impaired Loans	Loan Loss Reserve	Impaired Loans as a % of Loans by Type
Government	290	(41)	0.7%	180	(21)	0.5%
Credit institutions	25	(21)	0.1%	27	(22)	0.1%
Other sectors:	25,010	(12,486)	7.4%	22,522	(10,450)	7.1%
Agriculture	213	(95)	5.7%	250	(94)	5.7%
Industrial	1,973	(1,067)	4.8%	1,810	(823)	4.8%
Real estate and construction	9,224	(5,208)	26.5%	9,246	(5,162)	27.9%
Commercial and other financial	1,831	(855)	5.2%	1,595	(740)	3.6%
Loans to individuals	9,114	(3,659)	5.1%	7,139	(2,540)	4.5%
Other	2,654	(1,604)	6.0%	2,483	(1,091)	6.5%
Collective allowances for incurrred but not reported losses	-	(5,192)		-	(3,785)	
Total impaired loans	**25,325**	**(17,741)**		**22,730**	**(14,278)**	

The table below represents the accumulated financial income accrued as of June 30, 2015 and December 31, 2014 with origin in the impaired assets that, as mentioned in Note 2.2.1, are not recognized in the accompanying consolidated income statements as there are doubts as to the possibility of collection:

	Millions of Euros	
	June 2015	December 2014
Financial Income from Impaired Assets	**3,810**	**3,091**

The changes in the six month period ended June 30, 2015 and the previous year in the impaired financial assets and contingent risks are as follows:

Changes in Impaired Financial Assets and Contingent Risks	Millions of Euros June 2015	 December 2014
Balance at the beginning	**23,234**	**25,978**
Additions	4,506	8,874
Decreases (1)	(3,426)	(7,172)
Net additions	1,080	1,702
Amounts written-off	(2,257)	(4,720)
Exchange differences and other (*)	3,949	274
Balance at the end	**26,006**	**23,234**

(1) Reflects the total amount of impaired loans derecognized from the balance sheet throughout the period as a result of mortgage foreclosures and real estate assets received in lieu of payment as well as monetary recoveries. See Notes 15 and 20 to the consolidated financial statement for additional information.

(*) Includes the balance of the Catalunya Banc integration in April 2015 which amounted to €3,969 million.

The changes in the first semester of 2015 and 2014, and the previous year, in financial assets derecognized from the accompanying consolidated balance sheet as their recovery is considered unlikely (hereinafter "write-offs") is shown below:

Changes in Impaired Financial Assets Written-Off from the Balance Sheet	Millions of Euros June 2015	 June 2014
Balance at the beginning	**23,583**	**20,752**
Increase:	**2,821**	**2,520**
Decrease:	**(3,370)**	**(814)**
Re-financing or restructuring	(8)	(4)
Cash recovery (Note 46)	(213)	(188)
Foreclosed assets	(68)	(65)
Sales of written-off	(40)	(30)
Debt forgiveness	(2,679)	(473)
Time-barred debt and other causes	(362)	(53)
Net exchange differences	**1,306**	**(141)**
Balance at the end	**24,340**	**22,317**

As indicated in Note 2.2.1, although they have been derecognized from the consolidated balance sheet, the BBVA Group continues to attempt to collect on these written-off financial assets, until the rights to receive them are fully extinguished, either because it is time-barred debt, the debt is condoned, or other reasons.

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7.3.8 Impairment losses

Below is a breakdown of the provisions recognized on the accompanying consolidated balance sheets to cover estimated impairment losses as of June 30, 2015 and December 31, 2014 in financial assets and contingent risks, according to the different headings under which they are classified in the accompanying consolidated balance sheet:

Impairment Losses and Provisions for Contingent Risks	Notes	Millions of Euros June 2015	December 2014
Available-for-sale portfolio	12	**203**	**174**
Loans and receivables	13	**17,741**	**14,278**
Loans and advances to customers	13.2	17,712	14,244
Loans and advances to credit institutions	13.1	24	29
Debt securities	13.3	5	4
Impairment losses		**17,944**	**14,452**
Provisions to Contingent Risks and Commitments	23	**617**	**381**
Total		**18,561**	**14,833**

Below are the changes in the six months period ended June 30, 2015 and 2015, in the estimated impairment losses, broken down by the headings in the accompanying consolidated balance sheet:

June 2015	Notes	Millions of Euros Available-for-sale portfolio	Loans and receivables	Contingent Risks and Commitments	Total
Balance at the beginning		**174**	**14,279**	**381**	**14,834**
Increase in impairment losses charged to income		9	3,416	27	3,451
Decrease in impairment losses credited to income		(6)	(1,069)	(26)	(1,101)
Impairment losses (net)(*)	45-46	**3**	**2,347**	**1**	**2,350**
Entities incorporated in the year		29	4,154	218	4,401
Transfers to written-off loans		(1)	(2,282)	-	(2,283)
Exchange differences and other		(2)	(757)	17	(740)
Balance at the end		**203**	**17,741**	**617**	**18,561**

(*) Includes impairment losses on financial assets (Note 46) and the provisions for contingent risks (Note 45).

June 2014	Notes	Millions of Euros Available-for-sale portfolio	Loans and receivables	Contingent Risks and Commitments	Total
Balance at the beginning		**198**	**14,995**	**346**	**15,539**
Increase in impairment losses charged to income		26	6,102	103	6,231
Decrease in impairment losses credited to income		(8)	(3,806)	(69)	(3,883)
Impairment losses (net)(*)	45-46	**18**	**2,296**	**34**	**2,348**
Entities incorporated in the year		-	-	-	-
Transfers to written-off loans		(13)	(2,117)	-	(2,130)
Exchange differences and other		(2)	(448)	1	(449)
Balance at the end		**201**	**14,726**	**381**	**15,308**

(*) Includes impairment losses on financial assets (Note 46) and the provisions for contingent risks (Note 45).

7.3.9 Refinancing and restructuring operations

Group policies and principles with respect to refinancing and restructuring operations

Refinancing and restructuring operations (see definition in the Glossary) are carried out with customers who have requested such an operation in order to meet their current loan 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 refinancing and restructuring operation is to provide the customer with a situation of financial viability over time by adapting repayment of the loan incurred with the Group to the customer's new situation of fund generation. The use of refinancing and restructuring for other purposes, such as to delay loss recognition, is contrary to BBVA Group policies.

The BBVA Group's refinancing and 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 industry 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.
- This analysis is carried out from the overall customer or group perspective.
- Refinancing and restructuring operations do not in general increase the amount of the customer's loan, except for the expenses inherent to the operation itself.
- The capacity to refinance and restructure loan 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 evaluating 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 and restructuring loan is to avoid default arising from a customer's temporary liquidity problems by implementing structural solutions that do not increase the balance of customer's loan. The solution required is adapted to each case and the loan repayment 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 principal and interest.
- Refinancing and restructuring of operations is only allowed on those loans in which the BBVA Group originally entered into.
- Customers subject to refinancing and restructuring operations are excluded from marketing campaigns of any kind.

In the case of non-retail customers (mainly companies, enterprises and corporates), refinancing/restructuring is authorized according to an economic and financial viability plan based on:

- Forecasted future income, margins and cash flows over a sufficiently long period (around five years) to allow entities 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 of the plan.

In accordance with the Group's policy, the conclusion of a loan refinancing and restructuring operation does not imply the loan is reclassified from "impaired" or "potential problem" to outstanding risk; such a reclassification must be based on the analysis mentioned earlier of the viability and sufficiency of the new guarantees provided.

The Group maintains the policy of including risks related to refinanced and restructured loans 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.
- "Potential problem assets", because there is some material doubt as to possible non-compliance with the refinanced loan.
- "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 for their consideration as outstanding risk are met).

The conditions established for "normal-risk assets with special monitoring" to be reclassified out of this special monitoring category are as follows:

- The customer must have paid past-due amounts (principal and interest) since the date of the renegotiation or restructuring of the loan;
- At least two years must have elapsed since the renegotiation or restructuring of the loan;
- The customer must have paid at least 10% of the outstanding principal amount of the loan as well as all the past-due amounts (principal and interest) that were outstanding as of the date of the renegotiation or restructuring of the loan; and
- It is unlikely that the customer will have financial difficulties and, therefore, it is expected that the customer will be able to meet its loan payment obligations (principal and interest) in a timely manner.

The BBVA Group's refinancing and restructuring policy provides for the possibility of two modifications in a 24 month period for loans that are not in compliance with the payment schedule.

The internal models used to determine allowances for loan losses consider the restructuring and renegotiation of a loan, as well as re-defaults on such a loan, by assigning a lower internal rating to restructured/renegotiated loans than the average internal rating assigned to non-restructured/renegotiated loans. This downgrade results in an increase in the probability of default (PD) assigned to restructured/renegotiated loans (with the resulting PD being higher than the average PD of the non- renegotiated loans in the same portfolios)."

For quantitative information on refinancing and restructuring operations see Appendix VIII.

7.4 Market risk

7.4.1 Market risk portfolios

Market risk originates as a result of movements in the market variables that impact the valuation of traded financial products and assets. The main risks generated can be classified as follows:

- Interest-rate risk: This arises as a result of exposure to movements in the different interest-rate curves involved in trading. Although the typical products that generate sensitivity to the movements in interest rates are money-market products (deposits, interest-rate futures, call money swaps, etc.) and traditional interest-rate derivatives (swaps and interest-rate options such as caps, floors, swaptions, etc.), practically all the financial products are exposed to interest-rate movements due to the effect that such movements have on the valuation of the financial discount.
- Equity risk: This arises as a result of movements in share prices. This risk is generated in spot positions in shares or any derivative products whose underlying asset is a share or an equity index. Dividend risk is a sub-risk of equity risk, arising as an input for any equity option. Its variation may affect the valuation of positions and it is therefore a factor that generates risk on the books.

- Exchange-rate risk: This is caused by movements in the exchange rates of the different currencies in which a position is held. As in the case of equity risk, this risk is generated in spot currency positions, and in any derivative product whose underlying asset is an exchange rate. In addition, the quanto effect (operations where the underlying asset and the instrument itself are denominated in different currencies) means that in certain transactions in which the underlying asset is not a currency, an exchange-rate risk is generated that has to be measured and monitored.
- Credit-spread risk: Credit spread is an indicator of an issuer's credit quality. Spread risk occurs due to variations in the levels of spread of both corporate and government issues, and affects positions in bonds and credit derivatives.
- Volatility risk: This occurs as a result of changes in the levels of implied price volatility of the different market instruments on which derivatives are traded. This risk, unlike the others, is exclusively a component of trading in derivatives and is defined as a first-order convexity risk that is generated in all possible underlying assets in which there are products with options that require a volatility input for their valuation.

The metrics developed to control and monitor market risk in BBVA Group are aligned with best practices in the market and are implemented consistently across all the local market risk units.

Measurement procedures are established in terms of the possible impact of negative market conditions on the trading portfolio of the Group's Global Markets units, both under ordinary circumstances and in situations of heightened risk factors.

The standard metric used to measure market risk is Value at Risk (VaR), which indicates the maximum loss that may occur in the portfolios at a given confidence level (99%) and time horizon (one day). This statistic value is widely used in the market and has the advantage of summing up in a single metric the risks inherent to trading activity, taking into account how they are related and providing a prediction of the loss that the trading book could sustain as a result of fluctuations in equity prices, interest rates, foreign exchange rates and commodity prices. In addition, for some positions other risks also need to be considered, such as credit spread risk, basis risk, volatility risk and correlation risk.

Most of the headings on the Group's consolidated balance sheet subject to market risk are positions whose main metric for measuring their market risk is VaR. This table shows the accounting lines of the balance sheet in which there is a market risk in trading activity subject to this measurement:

	Millions of Euros	
	Main market risk metrics	
June 2015 Headings of the balance sheet under market risk RELATION OF RISK METRICS TO BALANCE SHEET OF GROUP'S CONSOLIDATED POSITION	VaR	Others (*)
Assets subject to market risk		
Financial assets held for trading	73,241	8,070
Available for sale financial assets	63	63,546
Of which: Equity instruments	-	6,377
Hedging derivatives	935	1,707
Liabilities subject to market risk		
Financial liabilities held for trading	49,103	7,452
Hedging derivatives	2,040	234

(*) Includes mainly assets and liabilities managed by COAP.

Although the prior table shows details the financial positions subject to market risk, it should be noted that the data are for information purposes only and do not reflect how the risk is managed in trading activity, where it is not classified into assets and liabilities.

With respect to the risk measurement models used in BBVA Group, the Bank of Spain has authorized the use of the internal model to determine bank capital requirements deriving from risk positions on the BBVA S.A. and BBVA Bancomer trading book, which jointly account for around 80% of the Group's trading-book market risk. For the rest of the geographical areas (mainly South America and Compass), bank capital for the risk positions in the trading book is calculated using the standard model.

The current management structure includes the monitoring of market-risk limits, consisting of a scheme of limits based on VaR (Value at Risk), economic capital (based on VaR measurements) and VaR sub-limits, as well as stop-loss limits for each of the Group's business units. The global limits are approved annually by the Executive Committee at the proposal of the market risk unit, following presentation to the GRMC and the Board of Directors' Risk Committee. This limits structure is developed by identifying specific risks by type, trading activity and trading desk. In addition, the market risk unit maintains consistency between the limits. The control structure in place is supplemented by limits on losses and a system of warning signals to anticipate the effects of adverse situations in terms of risk and/or result.

The model used estimates VaR in accordance with the "historical simulation" methodology, which involves estimating losses and gains that would have taken place in the current portfolio if the changes in market conditions that took place over a specific period of time in the past were repeated. Based on this information, it infers the maximum expected loss of the current portfolio within a given confidence level. This model has the advantage of reflecting precisely the historical distribution of the market variables and not assuming any specific distribution of probability. The historical period used in this model is two years.

VaR figures are estimated following two methodologies:

- VaR without smoothing, which awards equal weight to the daily information for the previous two years. This is currently the official methodology for measuring market risks for the purpose of monitoring compliance with risk limits.
- VaR with smoothing, which gives a greater weight to more recent market information. This metric supplements the previous one.

In the case of South America, a parametric methodology is used to measure risk in terms of VaR.

At the same time, and following the guidelines established by the Spanish and European authorities, BBVA incorporates metrics in addition to VaR with the aim of meeting the Bank of Spain's regulatory requirements with respect to the calculation of bank capital for the trading book. Specifically, the new measures incorporated in the Group since December 2011 (stipulated by Basel 2.5) are:

- VaR: In regulatory terms, the VaR charge incorporates the stressed VaR charge, and the sum of the two (VaR and stressed VaR) is calculated. This quantifies the losses associated with the movements of the two risk factors inherent to market operations (interest rates, FX, RV, credit…). Both VaR and stressed VaR are rescaled by a regulatory multiplier set at three and by the square root of ten to calculate the capital charge.
- Specific Risk: Incremental Risk Capital ("IRC") Quantification of the risks of default and downgrading of the credit ratings of the bond and credit derivative positions in the portfolio. The specific capital risk by IRC is a charge exclusively used in the geographical areas with the internal model approved (BBVA S.A. and Bancomer). The capital charge is determined according to the associated losses (at 99.9% in a 1-year horizon under the hypothesis of constant risk) due to the rating migration and/or default state the issuer of an asset. In addition, the price risk is included in sovereign positions for the items specified.
- Specific Risk: Securitization and correlation portfolios. Capital charge for securitizations and the correlation portfolio to include the potential losses associated at the level of rating a specific credit structure (rating). Both are calculated by the standard method. The scope of the correlation portfolios refers to the FTD-type market operation and/or tranches of market CDOs and only for positions with an active market and hedging capacity.

Validity tests are performed regularly on the risk measurement models used by the Group. They estimate the maximum loss that could have been incurred in the positions 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.

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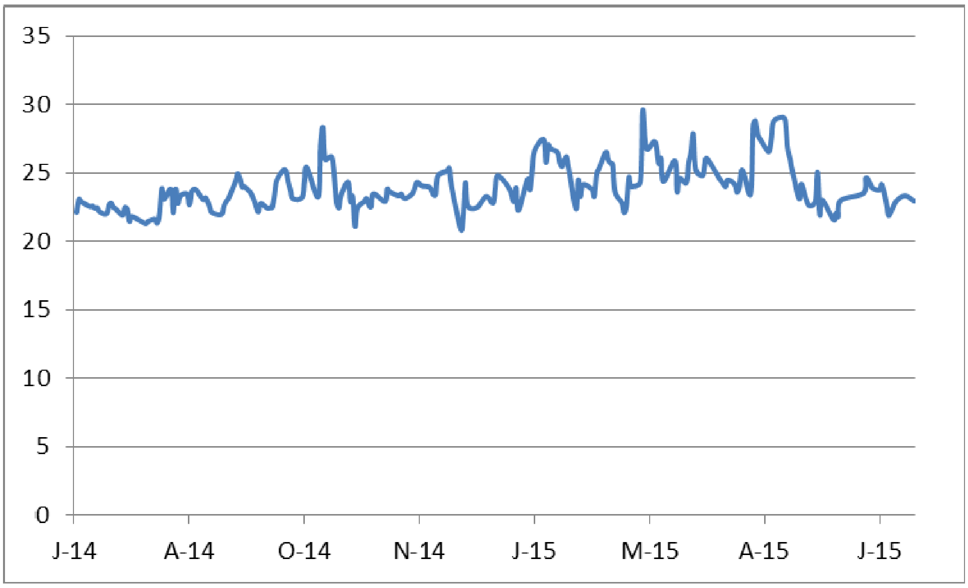
Market risk in the first semester of 2015

The Group's market risk remains at low levels compared with the risk aggregates managed by BBVA, particularly in terms of credit risk. This is due to the nature of the business and the Group's policy of minimal proprietary trading. In the first semester of 2015 the average VaR was €25 m, slightly above 2014 figure, with a high on March 4, of €30 m. The evolution in the BBVA Group's market risk in the second half of 2014 and the first semester of 2015, measured as VaR without smoothing (see Glossary) with a 99% confidence level and a 1-day horizon (shown in millions of Euros) is as follows:



By type of market risk assumed by the Group's trading portfolio, the main risk factor for the Group continues to be that linked to interest rates, with a weight of 60% of the total at the end of the first semester of 2015 (this figure includes the spread risk). The relative weight has decreased compared with the close of 2014 (67%). Exchange-rate risk accounts for 13%, increasing its proportion with respect to December 2014 (12%), while equity, volatility and correlation risk have increased, with a weight of 27% at the close of the first semester of 2015 (vs 20% at the close of 2014).

As of June 30, 2015 and December 31, 2014 the balance of VaR was €23 million and €25 million, respectively. These figures can be broken down as follows:

	Millions of Euros					
VaR by Risk Factor	**Interest/Spread Risk**	**Currency Risk**	**Stock-market Risk**	**Vega/Correlation Risk**	**Diversification Effect(*)**	**Total**
June 2015						
VaR average in the period						25
VaR max in the period	32	5	3	9	(18)	30
VaR min in the period	24	5	3	8	(19)	22
End of period VaR	25	5	4	8	(19)	23
December 2014						
VaR average in the period						23
VaR max in the period	31	6	4	10	(22)	28
VaR min in the period	24	4	3	11	(23)	20
End of period VaR	30	5	2	7	(20)	25

(*) 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.

Validation of the model

The internal market risk model is validated on a regular basis by backtesting in both BBVA S.A. and Bancomer.

The aim of backtesting is to validate the quality and precision of the internal model used by BBVA Group to estimate the maximum daily loss of a portfolio, at a 99% level of confidence and a 250-day time horizon, by comparing the Group's results and the risk measurements generated by the model. These tests showed that the internal market risk model of both BBVA, S.A. and Bancomer is adequate and precise.

Two types of backtesting have been carried out in the six months period ended June 30, 2015:

- "Hypothetical" backtesting: the daily VaR is compared with the results obtained, not taking into account the intraday results or the changes in the portfolio positions. This validates the appropriateness of the market risk metrics for the end-of-day position.
- "Real" backtesting: the daily VaR is compared with the total results, including intraday transactions, but discounting the possible minimum charges or fees involved. This type of backtesting includes the intraday risk in portfolios.

In addition, each of these two types of backtesting was carried out at the level of risk factor or business type, thus making a deeper comparison of the results with respect to risk measurements.

For the period between the second half of 2014 and the first semester of 2015, it was carried out the backtesting of the internal VaR calculation model, comparing the daily results obtained with the estimated risk level estimated by the VaR calculation model. At the end of the year the comparison showed the model was working correctly, within the "green" zone (0-4 exceptions), thus validating the model, as has occurred each year since the internal market risk model was approved for the Group.

Stress test analysis

A number of stress tests are carried out on BBVA Group's trading portfolios. First, global and local historical scenarios are used that replicate the behavior of an extreme past event, such as for example the collapse of Lehman Brothers or the "Tequilazo" crisis. These stress tests are complemented with simulated scenarios, where the aim is to generate scenarios that have a significant impact on the different portfolios, but without being anchored to any specific historical scenario. Finally, for some portfolios or positions, fixed stress tests are also carried out that have a significant impact on the market variables affecting these positions.

Historical scenarios

The historical benchmark stress scenario for the BBVA Group is Lehman Brothers, whose sudden collapse in September 2008 led to a significant impact on the behavior of financial markets at a global level. The following are the most relevant effects of this historical scenario:

- Credit shock: reflected mainly in the increase of credit spreads and downgrades in credit ratings.
- Increased volatility in most of the financial markets (giving rise to a great deal of variation in the prices of different assets (currency, equity, debt).
- Liquidity shock in the financial systems, reflected by a major movement in interbank curves, particularly in the shortest sections of the euro and dollar curves.

Simulated scenarios

Unlike the historical scenarios, which are fixed and therefore not suited to the composition of the risk portfolio at all times, the scenario used for the exercises of economic stress is based on Resampling methodology. This methodology is based on the use of dynamic scenarios are recalculated periodically depending on the main risks held in the trading portfolios. On a data window wide enough to collect different periods of stress (data are taken from 1-1-2008 until today), a simulation is performed by resampling of historic observations, generating a loss distribution and profits to analyze most extreme of births in the selected historical window. The advantage of this methodology is that the period of stress is not predetermined, but depends on the portfolio maintained at each time, and making a large number of simulations (10,000 simulations) allows a richer information for the analysis of expected shortfall than what is available in the scenarios included in the calculation of VaR.

The main features of this approach are: a) The generated simulations respect the correlation structure of the data, b) Flexibility in the inclusion of new risk factors and c) allows to introduce a lot of variability in the simulations (desirable to consider extreme events).

The impact of the stress test simulated scenarios (*Expected shortfall* 95% to 20 days) as of June 30, 2015 is as follows:

	Millions of Euros						
	Europe	Bancomer	Peru	Venezuela	Argentina	Colombia	Chile
Expected Shortfall	(62)	(56)	(11)	(10)	(0)	(6)	(9)

7.4.2 Structural risk

Structural interest-rate risk

The structural interest-rate risk (SIRR) is related to the potential impact that variations in market interest rates have on an entity's net interest income and equity. In order to properly measure SIRR, BBVA takes into account the main sources that generate this risk: repricing risk, yield curve risk, option risk and basis risk, which are analyzed from two complementary points of view: net interest income (short term) and economic value (long term).

BBVA's structural interest-rate risk management control and monitoring is based on a set of metrics and tools that enable the Entity's risk profile to be monitored correctly. A wide range of scenarios are measured on a regular basis, including sensitivities to parallel movements in the event of different shocks, changes in slope and curve, as well as delayed movements. Other probabilistic metrics based on statistical scenario-simulating methods are also assessed, such as income at risk (IaR) and economic capital (EC), which are defined as the maximum adverse deviations in net interest income and economic value, respectively, for a given confidence level and time horizon. Impact thresholds are established on these management metrics both in terms of deviations in net interest income and in terms of the impact on economic value. The process is carried out separately for each currency to which the Group is exposed, and the diversification effect between currencies and business units is considered after this.

In order to guarantee its effectiveness, the model is subjected to regular internal validation, which includes backtesting. In addition, the banking book's interest-rate risk exposures are subjected to different stress tests in order to reveal balance sheet vulnerabilities under extreme scenarios. This testing includes an analysis of adverse macroeconomic scenarios designed specifically by BBVA Research, together with a wide range of potential scenarios that aim to identify interest-rate environments that are particularly damaging for the Entity. This is done by generating extreme scenarios of a breakthrough in interest rate levels and historical correlations, giving rise to sudden changes in the slopes and even to inverted curves.

The model is necessarily underpinned by an elaborate set of hypotheses that aim to reproduce the behavior of the balance sheet as closely as possible to reality. Especially relevant among these assumptions are those related to the behavior of “accounts with no explicit maturity”, for which stability and remuneration assumptions are established, consistent with an adequate segmentation by type of product and customer, and prepayment estimates (implicit optionality). The hypotheses are reviewed and adapted regularly to signs of changes in behavior, kept properly documented and reviewed on a regular basis in the internal validation processes.

The impacts on the metrics are assessed both from a point of view of economic value (gone concern) and from the perspective of net interest income, for which a dynamic model (going concern) consistent with the corporate assumptions of earnings forecasts is used.

The table below shows the profile of sensitivities to net interest income and value of the main entities in BBVA Group to the six months period ended June 30, 2015:

Sensitivity to Interest-Rate Analysis - June 2015	Impact on Net Interest Income (*)		Impact on Economic Value (**)	
	100 Basis-Point Increase	100 Basis-Point Decrease	100 Basis-Point Increase	100 Basis-Point Decrease
Europe	11.00%	(3.51)%	4.01%	(3.26)%
Mexico	1.69%	(1.45)%	(4.35)%	4.71%
USA	7.65%	(4.99)%	(1.73)%	(3.63)%
South America	2.27%	(2.22)%	(2.40)%	2.66%
BBVA Group	**4.71%**	**(2.57)%**	**2.00%**	**(2.12)%**

(*) Percentage of "1 year" net interest income forecast for each unit.

(**) Percentage of net assets for each unit.

In the first semester of 2015, the accommodative monetary policies continued with the aim of boosting demand and investment, with interest rates in Europe in historical lows with the implementation of non-conventional measures (QE); as well as in the United States where there was a delay in the application of a gradual increase in official rates.

BBVA Group's positioning in terms of its BSMUs (Balance Sheet Management Unit) as a whole has a positive sensitivity in its net interest income to interest rate hikes, while in terms of economic value the sensitivity is negative to interest rate increases, except for the euro balance sheet. Mature markets, both in Europe and the United States, show greater sensitivity in relative terms of their projected net interest income to a parallel interest-rate shock. However, in 2015 this negative sensitivity to cuts has been confined by the limited downward trend in interest rates. In this interest-rate environment, appropriate management of the balance sheet has maintained BBVA's exposure at moderate levels, in accordance with the Group's target risk profile.

Structural exchange-rate risk

In BBVA Group, structural exchange-rate risk arises from the consolidation of holdings in subsidiaries with functional currencies other than the euro. Its management is centralized in order to optimize the joint handling of permanent foreign currency exposures, taking into account the diversification.

The corporate Balance Sheet Management unit, through ALCO, designs and executes hedging strategies with the main purpose of controlling the potential negative effect of exchange-rate fluctuations on capital ratios and on the equivalent value in euros of the foreign-currency earnings of the Group's subsidiaries, considering transactions according to market expectations and their cost.

The risk monitoring metrics included in the system of limits are integrated into management and supplemented with additional assessment indicators. At corporate level they are based on probabilistic metrics that measure the maximum deviation in capital, CET1 ("Common Equity Tier 1") ratio, and net attributable profit. The probabilistic metrics make it possible to estimate the joint impact of exposure to different currencies taking into account the different variability in currency rates and their correlations.

The suitability of these risk assessment metrics is reviewed on a regular basis through backtesting exercises. The final element of structural exchange-rate risk control is the analysis of scenarios and stress with the aim of identifying in advance possible threats to future compliance with the tolerance levels set, so that any necessary preventive management actions can be taken. The scenarios are based both on historical situations simulated by the risk model and on the risk scenarios provided by BBVA Research.

As for the market, in the six month ended June 30, 2015 the US dollar continues to be strong, with a drive that began in 2014, which has led to the appreciation against the euro of the currencies in which the Group concentrates its exposure. Furthermore, in general terms, volatility in exchange markets has slowed down relative to the latter part of last year. The most notable exception to this favorable performance is the Turkish lira, affected by political tensions. Also noteworthy is the significant adjustment in the Venezuelan currency, with the creation of a new exchange rate of the Marginal Currency System (Simadi), listed well below the preferential rate.

The Group's structural exchange-rate risk exposure level has decreased during the first six months of 2015 as a result of the sale of participations in the Citic Group. The risk mitigation level of the book value of BBVA Group's holdings in foreign currency remained on average at 45% and hedging of foreign-currency earnings in the six month ended June 30, 2015 stood at 46%.

Structural equity risk

BBVA Group's exposure to structural equity risk stems basically 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.

Structural management of equity portfolios is the responsibility of the Group's units specializing in this area. Their activity is subject to the corporate risk management policies for equity positions in the equity portfolio. The aim is to ensure that they are handled consistently with BBVA's business model and appropriately to its risk tolerance level, thus enabling long-term business sustainability.

The Group's risk management systems also make it possible to anticipate possible negative impacts and take appropriate measures to prevent damage being caused to the Entity. The risk control and limitation mechanisms are focused on the exposure, annual operating performance and economic capital estimated for each portfolio. Economic capital is estimated in accordance with a corporate model based on Monte Carlo simulations, taking into account the statistical performance of asset prices and the diversification existing among the different exposures.

Backtesting is carried out on a regular basis on the risk measurement model used.

The six month ended June 30, 2015 has been characterized by a strong European stock market performance, particularly in the telecommunications sector, where a large part of BBVA's exposure is concentrated. This performance has boosted the returns on these investments and the Group's equity portfolios.

Structural equity risk, measured in terms of economic capital, has decreased significantly in the period as a result of the sales carried out, among which, the participation in the Citic Group is considered material.

Stress tests and analyses of sensitivity to different simulated scenarios are carried out periodically to analyze the risk profile in more depth. They are based on both past crisis situations and forecasts made by BBVA Research. This checks that the risks are limited and that the tolerance levels set by the Group are not at risk.

7.5 Liquidity Risk

Management of liquidity and structural finance within the BBVA Group is based on the principle of the 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. This decentralized management avoids possible contagion due to a crisis that could affect only one or various BBVA Group entities, which must cover their liquidity needs independently in the markets where they operate. Liquidity Management Units have been set up for this reason in the geographical areas where the main foreign subsidiaries operate, and also for the parent BBVA S.A., within the Euro currency scope, specifically BBVA Portugal and the recent Catalunya Banc acquisition.

Thus a core principle of the BBVA Group's liquidity management is the financial independence of its banking subsidiaries. This aims to ensure that the cost of liquidity is correctly reflected in price formation. Accordingly, a liquidity pool is maintained at an individual entity level, both in Banco Bilbao Vizcaya Argentaria, S.A. and in the banking subsidiaries, including BBVA Compass, BBVA Bancomer and the Latin American subsidiaries.

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The table below shows the liquidity available by instrument as of June 30, 2015 for the most significant entities:

June 2015	Millions of Euros			
	BBVA Eurozone (1)	BBVA Bancomer	BBVA Compass	Others
Cash and balances with central banks	8,531	5,510	2,059	5,884
Assets for credit operations with central banks	56,984	6,998	20,590	4,440
Central governments issues	36,088	4,326	5,336	4,142
Of Which: Spanish government securities	28,945	-	-	-
Other issues	20,896	2,672	1,859	298
Loans	-	-	13,395	-
Other non-eligible liquid assets	6,791	484	23	812
ACCUMULATED AVAILABLE BALANCE	**72,305**	**12,992**	**22,672**	**11,136**
AVERAGE BALANCE	**64,825**	**12,710**	**23,321**	**11,229**

(1) It includes Banco Bilbao Vizcaya Argentaria, S.A., Catalunya Banc and Banco Bilbao Vizcaya Argentaria (Portugal), S.A.

The Strategy and Finance Division, through Balance Sheet Management, manages BBVA Group's liquidity and funding. It plans and executes the funding of the long-term structural gap of each Liquidity Management Unit (LMUs) and proposes to ALCO the actions to adopt in this regard in accordance with the policies and limits established by the Standing Committee.

The Bank's target behavior, in terms of liquidity and funding risk is characterized through the Loan to Stable Customer Deposits (LtSCD) ratio. The aim is to preserve a stable funding structure in the medium term for each of the LMUs making up BBVA Group, taking into account that maintaining an adequate volume of stable customer funds is key to achieving a sound liquidity profile.

For the purpose of establishing the (maximum) target levels for LtSCD in each LMU and providing an optimal funding structure reference in terms of risk appetite, GRM-Structural Risks identifies and assesses the economic and financial variables that condition the funding structures in the various geographical areas.

The second core element in liquidity and funding risk management is to achieve proper diversification of the wholesale funding structure, avoiding excessive reliance on short-term funding and establishing a maximum level of short-term wholesale borrowing.

The third element promotes the short-term resilience of the liquidity risk profile, making sure that each LMU has sufficient collateral to address the risk of wholesale markets closing. Basic Capacity is the short-term liquidity risk management and control metric that is defined as the relationship between the available explicit assets and the maturities of wholesale liabilities and volatile funds, at different terms, with special relevance being given to 30-day maturities.

The above metrics are completed with a series of indicators with thresholds levels that aim to avoid the concentration of wholesale funding by product, counterparty, market and term, as well as to promote diversification by geographical area. In addition, reference thresholds are established on a series of advance indicators that make it possible to anticipate stress situations in the markets and adopt, if necessary, preventive actions.

Stress analyses are also a basic element of the liquidity and funding risk monitoring system, as they help anticipate deviations from the liquidity targets and limits set out in the risk appetite as well as establish tolerance ranges at different management levels. They also play a key role in the design of the Liquidity Contingency Plan and in defining the specific measures for action for realigning the risk profile. For each of the scenarios, a check is carried out whether the Bank has a sufficient stock of liquid assets to ensure the ability to meet the liquidity commitments/outflows in the different periods analyzed. The analysis considers four scenarios, one core and three crisis-related: systemic crisis; unexpected internal crisis with a considerable rating downgrade and/or affecting the ability to issue in wholesale markets and the perception of business risk by the banking intermediaries and the bank's customers; and a mixed scenario, as a combination of the two aforementioned scenarios. Each scenario considers the following factors: liquidity existing on the market, customer behavior and sources of funding, impact of rating downgrades, market values of liquid assets and collateral, and the interaction between liquidity requirements and the performance of the bank's asset quality. The results of these stress analyses carried out regularly reveal that BBVA has a sufficient buffer of liquid assets to deal with the estimated liquidity outflows in a scenario such as a combination of a systemic crisis and an unexpected internal crisis with a major downgrade in the bank's rating (by up to three notches).

For the first semester of 2015, both long and short-term wholesale funding markets continued to be stable thanks to the positive trend in sovereign risk premiums and the setting of negative rates by the ECB for the marginal deposit facility, in an environment marked by greater uncertainty on growth in the Eurozone, which has led to new actions by the ECB. The last two targeted long-term refinancing operations (TLTRO) auctions were held in March and June 2015. BBVA took €6,000 million as a whole (See Note 9). In the six month ended June 30, 2015, the improvement in the Bank's liquidity and funding profile has made it possible to increase the survival period in each of the stress scenarios analyzed.

The situation in the rest of the LMUs outside Europe has also been very positive, as the liquidity position has once again been reinforced in all the geographical areas in which the Group operates.

In this context of improved access to the market, BBVA has maintained its objective of strengthening the funding structure of the different Group entities based on growing their self-funding from stable customer funds, while guaranteeing a sufficient buffer of fully available liquid assets, diversifying the various sources of funding available, and optimizing the generation of collateral available for dealing with stress situations in the markets. The liquidity risk exposure has been kept within the risk appetite and the limits approved by the Board of Directors.

7.6 Encumbered Assets

As of June 30, 2015 and December 31, 2014, the encumbered (those provided as collateral for certain liabilities) and unencumbered assets are broken down as follows:

	Millions of Euros	
	Encumbered assets	Unencumbered assets
June 2015 Assets	Book value	Book value
Assets	**150,067**	**519,137**
Equity instruments	3,102	10,269
Debt Securities	51,480	93,778
Other assets	95,485	415,090

	Millions of Euros	
	Encumbered assets	Unencumbered assets
December 2014 Assets	Book value	Book value
Assets	**130,585**	**501,357**
Equity instruments	3,602	10,706
Debt Securities	54,454	74,433
Other assets	72,530	416,217

These assets are mainly linked to covered bonds. Such assets relate mainly to loans linked to the issue of mortgage bonds, covered bonds or long term securitized bonds (see Note 21.3); to debt securities that are committed in repurchase agreements; collateral pledged and also loans or debt instruments, in order to access to financing transactions with central banks. The encumbered assets caption also includes any type of collateral pledged to derivative transactions.

As of June 30, 2015 and December 31, 2014, collateral pledge mainly due to repurchase agreements and securities lending, and those which could be committed in order to obtain funding are provided below:

June 2015 Collateral received	Millions of Euros Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received	**19,924**	**7,312**
Equity instruments	-	848
Debt securities	19,924	4,785
Other collateral received	-	1,679
Own debt securities issued other than own covered bonds or ABSs	**-**	**354**

December 2014 Collateral received	Millions of Euros Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received	**18,496**	**4,899**
Equity instruments	1	78
Debt securities	18,496	3,873
Other collateral received	-	947
Own debt securities issued other than own covered bonds or ABSs	**-**	**534**

As of June 30, 2015 and December 31, 2014, financial liabilities issued related to encumbered assets in financial transactions were as follows:

June 2015 Sources of encumbrance	Millions of Euros Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Book value of financial liabilities	**149,586**	**169,991**

December 2014 Sources of encumbrance	Millions of Euros Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Book value of financial liabilities	**136,372**	**149,082**

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7.7 Residual maturity

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

	Millions of Euros						
Contractual Maturities June 2015	**Demand**	**Up to 1 Month**	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 years**	**Total**
Asset -							
Cash and balances with central banks	22,541	3,682	27	920	706	-	27,876
Loans and advances to credit institutions	6,239	14,697	588	4,301	254	1,796	27,875
Loans and advances to customers	23,694	28,785	17,734	56,842	92,923	157,241	377,219
Debt securities	43	3,163	2,488	24,643	56,417	58,073	144,826
Derivatives (trading and hedging)	116	1,770	1,957	4,932	12,295	23,283	44,353
Total	**52,633**	**52,097**	**22,794**	**91,637**	**162,594**	**240,393**	**622,150**
Liabilities -							
Deposits from central banks	103	16,924	3,167	3,374	12,586	-	36,155
Deposits from credit institutions	4,740	27,744	3,223	8,689	7,248	2,583	54,228
Deposits from customers	170,915	52,818	21,877	60,040	34,992	9,901	350,544
Debt certificates (including bonds)	3	287	3,443	10,937	26,813	18,364	59,849
Subordinated liabilities	-	-	12	102	2,087	13,461	15,662
Other financial liabilities	904	5,610	815	377	1,331	54	9,092
Short positions	14,713	-	-	-	-	-	14,713
Liabilities under insurance contracts	-	-	95	1,709	3,134	5,384	10,322
Derivatives (trading and hedging)	44	1,904	1,825	4,942	13,438	22,454	44,608
Total	**191,421**	**105,288**	**34,457**	**90,172**	**101,631**	**72,202**	**595,173**
Contingent Risk							
Financial guarantees	845	1,070	1,018	1,767	2,013	751	7,464

	Millions of Euros						
Contractual Maturities December 2014	**Demand**	**Up to 1 Month**	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
Asset -							
Cash and balances with central banks	26,553	1,779	915	616	1,566	-	31,430
Loans and advances to credit institutions	2,308	18,518	756	1,895	1,421	2,076	26,975
Loans and advances to customers	20,974	26,691	17,130	46,278	90,541	149,337	350,950
Debt securities	44	1,610	3,484	10,275	50,691	62,038	128,142
Derivatives (trading and hedging)	592	2,117	2,316	4,229	11,680	25,846	46,780
Total	**50,471**	**50,715**	**24,601**	**63,293**	**155,899**	**239,297**	**584,277**
Liabilities -							
Deposits from central banks	102	13,823	6,848	1,926	5,481	-	28,179
Deposits from credit institutions	4,851	36,038	5,215	6,797	9,242	2,876	65,018
Deposits from customers	165,920	44,136	17,461	51,463	32,669	6,488	318,136
Debt certificates (including bonds)	-	2,026	4,797	5,287	30,723	13,285	56,118
Subordinated liabilities	-	-	2	77	1,382	12,155	13,606
Other financial liabilities	475	5,091	467	207	1,024	24	7,288
Short positions	11,747	-	-	-	-	-	11,747
Liabilities under insurance contracts	-	20	120	906	2,961	6,452	10,460
Derivatives (trading and hedging)	429	2,646	2,551	4,228	12,302	25,228	47,383
Total	**183,524**	**103,780**	**37,461**	**70,891**	**95,784**	**66,508**	**557,935**
Contingent Risk							
Financial guarantees	757	1,289	323	2,401	2,165	744	7,678

7.8 Operational Risk

Operational risk is defined as one that could potentially cause losses due to human errors, inadequate or faulty internal processes, system failures or external events. This definition includes legal risk but excludes strategic and/or business risk and reputational risk.

Operational risk is inherent to all banking activities, products, systems and processes. Its origins are diverse (processes, internal and external fraud, technology, human resources, commercial practices, disasters, suppliers). Operational risk management is a part of the BBVA Group Global risk management structure.

Operational risk management framework

Operational risk management in the Group is based on the value-adding drivers generated by the advanced measurement approach (AMA), as follows:

- Active management of operational risk and its integration into day-to-day decision-making means:
  - Knowledge of the real losses associated with this type of risk.
  - Identification, prioritization and management of real and potential risks.
  - The existence of indicators that enable the Bank to analyze operational risk over time, define warning signals and verify the effectiveness of the controls associated with each risk.

  The above helps create a proactive model for making decisions about control and business, and for prioritizing the efforts to mitigate relevant risks in order to reduce the Group's exposure to extreme events.
- Improved control environment and strengthened corporate culture.
- Generation of a positive reputational impact.

Operational Risk Management Principles

Operational risk management in BBVA Group should:

- Be aligned with the risk appetite statement set out by the Board of Directors of BBVA.
- Anticipate the potential operational risks to which the Group would be exposed as a result of new or modified products, activities, processes, systems or outsourcing decisions, and establish procedures to enable their evaluation and reasonable mitigation prior to their implementation.
- Establish methodologies and procedures to enable a regular reassessment of the relevant operational risks to which the Group is exposed in order to adopt appropriate mitigation measures in each case, once the identified risk and the cost of mitigation (cost/benefit analysis) have been considered, while preserving the Group's solvency at all times.
- Identify the causes of the operational losses sustained by the Group and establish measures to reduce them. Procedures must therefore be in place to enable the capture and analysis of the operational events that cause those losses.
- Analyze the events that have caused operational risk losses in other institutions in the financial sector and promote, where appropriate, the implementation of the measures needed to prevent them from occurring in the Group.
- Identify, analyze and quantify events with a low probability of occurrence and high impact in order to ensure their mitigation. Due to their exceptional nature, it is possible that such events may not be included in the loss database or, if they are, they have impacts that are not representative.
- Have an effective system of governance in place, where the functions and responsibilities of the areas and bodies involved in operational risk management are clearly defined.

These principles reflect BBVA Group's vision of operational risk, on the basis that the resulting events have an ultimate cause that should always be identified, and that the impact of the events is reduced significantly by controlling that cause.

Irrespective of the adoption of all the possible measures and controls for preventing or reducing both the frequency and severity of operational risk events, BBVA ensures at all times that sufficient capital is available to cover any expected or unexpected losses that may occur.

Three lines of defense

El The BBVA Group's Operational Risk management model is organized into 3 lines of defense:

- First line: management in the business and support lines for Operational Risk in products, activities, processes and systems.

All areas must integrate Operational Risk management on a day-to-day basis, and collaborate in identifying and evaluating risks, establishing target risk, carrying out controls, and implementing mitigation plans for risks with a higher than can be assumed residual risk.

In all spheres of OR management, the Operational Risk Managers (Business ORM) will be the ones to ensure the proper management of operational risk in their respective areas by promoting the identification of target risk, assuring the implementation of mitigation plans and the correct performance of controls. OR management in the units is described, specified and monitored in the Operational Risk Management Committee (ORM Committee).

- Second line: the functions of Corporate Operational Risk Management (CORM) and country-level Operational Risk Management, independent of the first line, responsible for designing and maintaining the Group's Operational Risk model and for checking its correct application within the scope of the different areas.

  Second-line activities include those performed by the specialist control units: Regulatory Compliance, Internal Risk Control, Internal Financial Control, Operational Control, IT Risk, Fraud & Security, and the managers of Purchasing Production, Premises and Services, HR and Strategy and Finance in Spain. The activities carried out by this second line are:

  - Identify and evaluate the main risks within the specialist scope of the areas.
  - Define mitigating measures and ensure they are implemented by the areas.
  - Help the areas to comply with their responsibility.

  The Holding specialists will endow the Group model with a cross-cutting vision and establish risk benchmarks and controls for its local specialists to guarantee an independent, expert and consistent vision.

- Third line: performed by BBVA's Internal Audit, which:

  - Carries out an independent review of the model, checking the compliance and effectiveness of the corporate policies established.
  - Provides independent information on the control environment to the Global Committee.

8. Fair value

8.1 Fair value of financial instrument

The fair value of financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is therefore a market-based measurement and not specific to each entity.

All financial instruments, both assets and liabilities are initially recognized at fair value, which at that point is equivalent to the transaction price, unless there is evidence to the contrary in an active market. Subsequently, depending on the type of financial instrument, it may continue to be recognized at fair value through adjustments in the profit and loss or equity.

When possible, the fair value is determined as the market price of a financial instrument. However, for many of the financial assets and liabilities of the Group, especially in the case of derivatives, there is no market price available, so 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 of the fair value derived from the use of 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 process for determining the fair value established in the entity to ensure that trading portfolio assets are properly valued, BBVA has established, at a geographic level, a structure of New Product Committees responsible for validating and approving new products or types of financial assets and liabilities before being contracted. The members of these Committees, responsible for valuation, are independent from the business (see Note 7).

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These areas are required to ensure, prior to the approval stage, the existence of not only technical and human resources, but also adequate informational sources to measure these financial assets and liabilities, in accordance with the rules established by the Global Valuation Area and using models that have been validated and approved by the Department of Methodologies that reports to Global Risk Management.

Additionally, for financial assets and liabilities that show significant uncertainty in inputs or model parameters used for assessment, criteria is established to measure said uncertainty and activity limits are set based on these. Finally, these measurements are compared, as much as possible, against other sources such as the measurements obtained by the business teams or those obtained by other market participants.

The process for determining the fair value required the classification of the financial assets and liabilities according to the measurement processes used 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 - according to the Group policies. 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 material inputs are not taken from market observable data. As of June 30, 2015, the affected instruments accounted for approximately 0.02% of financial assets and 0.10% of the Group's financial liabilities registered at fair value. Model selection and validation is undertaken by control areas outside the market units.

Below is a comparison of the carrying amount of the Group's financial instruments in the accompanying consolidated balance sheets and their respective fair values.

		Millions of Euros			
		June 2015		December 2014	
Fair Value and Carrying Amount	**Notes**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
ASSETS-					
Cash and balances with central banks	9	27,876	27,876	31,430	31,430
Financial assets held for trading	10	82,499	82,499	83,258	83,258
Other financial assets designated at fair value through profit or loss	11	3,003	3,003	2,761	2,761
Available-for-sale financial assets	12	103,533	103,533	94,875	94,875
Loans and receivables	13	399,984	406,941	372,375	373,397
Fair value changes of the hedges items in portfolio hedges of interest	14	57	57	121	121
Hedging derivatives	14	3,160	3,160	2,551	2,551
LIABILITIES-					
Financial assets held for trading	10	56,735	56,735	56,798	56,798
Other financial liabilities designated at fair value through profit or loss	11	2,821	2,821	2,724	2,724
Financial liabilities at amortized cost	21	528,123	528,737	491,899	486,904
Fair value changes of the hedged items in portfolio hedges of interest	14	420	420	-	-
Hedging derivatives	14	2,585	2,585	2,331	2,331

Not all financial assets and liabilities are recorded at fair value, so below we provide the information on financial instruments at fair value and subsequently the information of those recorded at cost (including their fair value), although this value is not used when accounting for these instruments.

8.1.1 Fair value of financial instrument recognized at fair value

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

		Millions of Euros					
		June 2015			December 2014		
Fair Value by Levels	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
ASSETS-							
Financial assets held for trading	10	42,561	39,837	103	39,603	43,459	195
Loans and advances to customers		-	175	-	-	128	-
Debt securities		35,222	550	7	33,150	691	43
Equity instruments		5,261	57	37	4,923	17	77
Trading derivatives		2,079	39,055	59	1,530	42,623	76
Other financial assets designated at fair value through profit or loss	11	2,925	78	-	2,690	71	-
Loans and advances to credit institutions		-	-	-	-	-	-
Debt securities		715	78	-	666	71	-
Equity instruments		2,210	-	-	2,024	-	-
Available-for-sale financial assets	12	82,354	20,507	529	76,693	17,236	406
Debt securities		77,417	20,301	8	70,225	16,987	396
Equity instruments		4,937	206	521	6,468	249	10
Hedging derivatives	14	68	3,092	-	59	2,491	-
LIABILITIES-							
Financial liabilities held for trading	10	16,461	40,261	13	13,627	43,135	36
Trading derivatives		1,749	40,261	13	1,880	43,135	36
Short positions		14,713	-	-	11,747	-	-
Other financial liabilities designated at fair value through profit or loss	11	-	2,821	-	-	2,724	-
Hedging derivatives	14	347	2,155	84	-	2,270	62

The heading "Available-for-sale financial assets" in the accompanying consolidated balance sheets as of June 30, 2015 and December 31, 2014 additionally includes €142 million and €540 million for equity instruments, 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 valuation 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 June 30, 2015:

Financial Instruments Level 2	Fair Value (Millions of euros)	Valuation technique(s)	Unobservable inputs
Loans and advances to customers		**Present-value method** (Discounted future cash flows)	- Prepayment rates - Issuer credit risk - Current market interest rates
Available-for-sale financial assets	175		
Debt securities		**Present-value method** (Discounted future cash flows)	- Prepayment rates - Issuer credit risk - Current market interest rates
Trading portfolio	550		
Other financial assets at fair value through profit and loss	78	**Active price in inactive market**	- Brokers/dealers quotes - External contributing prices - Market benchmarks
Available-for-sale financial assets	20,301	**Comparable pricing** (Observable price in a similar market)	
Equity Instruments		**Comparable pricing** (Observable price in a similar market)	- Brokers quotes - Market operations - NAVs published
Trading portfolio	57		
Available-for-sale financial assets	206		
Other financial liabilities		**Present-value method** (Discounted future cash flows)	- Prepayment rates - Issuer credit risk - Current market interest rates
Other financial liabilities designated at fair value through profit or loss	2,821		
Derivatives		• Commodities: **Discounted cash flows and moment adjustment** • Credit products: **Default model and Gaussian copula** • Exchange rate products: **Discounted cash flows, Black, Local Vol and Moment adjustment** • Fixed income products: **Discounted cash flows** • Equity instruments: **Local-Vol, Black, Moment adjustment and Discounted cash flows** • Interest rate products: - Interest rate swaps, Call money Swaps y FRA: **Discounted cash flows** - Caps/Floors: **Black, Hull-White y SABR** - Bond options: **Black** - Swaptions: **Black, Hull-White y LGM** - Interest rate options: **Black, Hull-White y SABR** - Constant Maturity Swaps: **SABR**	- Exchange rates - Market quoted future prices - Market interest rates - Underlying assests prices: shares, funds, commodities - Market observable volatilities - Issuer credit spread levels - Quoted dividends - Market listed correlations
Trading derivatives			
Trading asset portfolio	39,055		
Trading liability portfolio	40,261		
Hedging derivatives			
Assets	3,092		
Liability	2,155		

Financial Instruments Level 3	Fair Value (Millions of euros)	Valuation technique(s)	Unobservable inputs
Debt securities		**Present-value method** (Discounted future cash flows)	- Credit spread - Recovery rates - Interest rates - Market benchmark - Default correlation
Trading portfolio	7		
Available-for-sale financial assets	8	**Comparable pricing** (Comparison with prices of similar instruments)	- Prices of similar instruments or market benchmark
Equity Instruments		**Net Asset Value**	- NAV provided by the administrator of the fund
Trading portfolio	37		
Available-for-sale financial assets	521	**Comparable pricing** (Comparison with prices of similar instruments)	- Prices of similar instruments or market benchmark
Derivatives		Credit Option: **Gaussian Copula**	- Correlatio default - Credit spread - Recovery rates - Interest rate yields
Trading derivatives			
Trading asset portfolio	59	Equity OTC Options : **Heston**	- Volatility of volatility - Interest rate yields - Dividends - Assets correlation
Trading liability portfolio	13		
Hedging derivatives		Interest rate options: **Libor Market Model**	- Beta - Correlation rate/credit - Credit default volatility
Liability	84		

Quantitative information of non-observable inputs used to calculate Level 3 valuations is presented below:

Financial instrument	Valuation technique(s)	Significant unobservable inputs	Min	Max	Average	Units
Debt Securities	Net Present Value	Credit Spread	19.76	19.76	19.76	b.p.
		Recovery Rate	0.25	40.00	39.23	%
	Comparable pricing	Price	0.25	89.89	88.11	%
Equity instruments	Net Asset Value	Net Asset Value (*)	-	-	-	-
	Comparable pricing	Price (*)	-	-	-	-
Credit Option	Gaussian Copula	Correlation Default	36.65	89.31	56.03	%
Corporate Bond Option	Black 76	Price Volatillity	10.00	10.00	10.00	Vegas
Equity OTC Option	Heston	Forward Volatility Skew	15.27	89.43	37.33	Vegas
Interest Rate Option	Libor Market Model	Beta	0.25	18.00	9.00	%
		Correlation Rate/Credit	(100.00)	100.00	(**)	%
		Credit Default Volatility	0.00	0.00	0.00	Vegas

(*) Range is not provided as it would be too wide to take into account the diverse nature of the different positions.

(**) Depending on the sensitivity of the worst scenario transaction by transaction.

The techniques used for the assessment of the main instruments classified in Level 3, and its main unobservable inputs, are described below:

- The net present value: This model uses the future cash flows of each instrument, which are established in the different contracts, and discounted to their present value. This model often includes many observable market parameters, but may also include unobservable market parameters directly, as described below.
  - Credit Spread: represents the difference in yield of an instrument and the reference rate, reflecting the additional return that a market participant would require to take the credit risk of that instrument. Therefore, the credit spread of an instrument is part of the discount rate used to calculate the present value of future cash flows.
  - Recovery rate: defines how the percentage of principal and interest recovered from a debt instrument that has defaulted.
- Comparable prices: prices of comparable instruments and benchmarks are used to calculate its yield from the entry price or current rating making further adjustments to account for differences that may exist between valued asset and it is taken reference. It can also be assumed that the price of an instrument is equivalent to the other.
- Net asset value: represents the total value of the financial assets and liabilities of a fund and is published by the fund manager thereof.
- Gaussian copula: dependent on credit instruments of various references, the joint density function to integrate to value is constructed by a Gaussian copula that relates the marginal densities by a normal distribution, usually extracted from the correlation matrix of events approaching default by CDS issuers.
- Heston: the model, typically applied to equity options assumes stochastic behavior of volatility. According to which, the volatility follows a process that reverts to a long-term level and is correlated with the underlying instrument. As opposed to local volatility models, in which the volatility evolves deterministically, the Heston model is more flexible, allowing it to be similar to that observed in the short term today.
- Libor market model: This model assumes that the dynamics of the interest rate curve can be modeled based on the set of forwards that compose the process. The correlation matrix is parameterized on the assumption that the correlation between any two forwards decreases at a constant rate, beta, to the extent of the difference in their respective due dates. The multifactorial frame of this model makes it ideal for the valuation of instruments sensitive to the slope or curve.

Adjustments to the valuation for risk of default

The credit valuation adjustments ("CVA") and debit valuation adjustments ("DVA") are a part of derivative valuations, both financial assets and liabilities, to reflect the impact in the fair value of the credit risk of the counterparty and its own, respectively.

These adjustments are calculated by estimating Exposure At Default, Probability of Default and Loss Given Default, for all derivative products on any instrument at the legal entity level (all counterparties under a same ISDA / CMOF) in which BBVA has exposure.

As a general rule, the calculation of CVA is done through simulations of market and credit variables to calculate the expected positive exposure, given the Exposure at Default and multiplying the result by the Loss Given Default of the counterparty. Consequently, the DVA is calculated as the result of the expected negative exposure given the Exposure at Default and multiplying the result by the Loss Given Default of the counterparty. Both calculations are performed throughout the entire period of potential exposure.

The information needed to calculate the exposure at default and the loss given default come from the credit markets (Credit Default Swaps or iTraxx Indexes), save for cases where an internal rating is available. For those cases where the information is not available, BBVA implements a mapping process based on the sector, rating and geography to assign probabilities of both probability of default and loss given default, calibrated directly to market or with an adjustment market factor for the probability of default and the historical expected loss.

The impact recorded under "Net gains (losses) on financial asset and liabilities" in the consolidated income statement for the six month ended June 30, 2015 corresponding to the credit risk assessment of the asset derivative positions as "Credit Valuation Adjustment" (CVA) and liabilities derivative position as "Debit Valuation Adjustment" (DVA), was approximately €42 and €58 million respectively.

Financial assets and liabilities classified as Level 3

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

	Millions of Euros			
	June 2015		December 2014	
Financial Assets Level 3 Changes in the Period	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Balance at the beginning	**601**	**98**	**881**	**52**
Valuation adjustments recognized in the income statement (*)	(59)	(10)	39	46
Valuation adjustments not recognized in the income statement	7	2	(43)	1
Acquisitions, disposals and liquidations (**)	64	2	(153)	(6)
Net transfers to Level 3	(35)	-	5	-
Exchange differences and others	54	5	(130)	5
Balance at the end	**632**	**96**	**601**	**98**

(*) Profit or loss that is attributable to gains or losses relating to those financial assets and liabilities held at the June 30, 2015 and December 31, 2014. Valuation adjustments are recorded under the heading "Net gains (losses) on financial assets and liabilities (net)".

(**) Of which, in the first semester of 2015, the assets roll forward is comprised of €85 million of acquisitions and €21 million of disposals and liabilities of €2 million.

As of June 30, 2015, the profit/loss on sales of financial instruments classified as level 3 recognized in the accompanying income statement was not material.

Transfers between levels

The Global Valuation Area, in collaboration with the Technology and Methodology Area, has established the rules for a proper portfolio asset classification according to the fair value hierarchy defined by international accounting standards.

On a monthly basis, any new assets added to the portfolio are classified, according to this criterion, by the accounting subsidiary. Then, there is a quarterly review of the portfolio in order to analyze the need for a change in classification of any of these assets.

The financial instruments transferred between the different levels of measurement in the first semester of 2015 are at the following amounts in the accompanying consolidated balance sheets as of June 30, 2015:

		Millions of Euros					
	From:	Level I		Level 2		Level 3	
Transfer Between Levels	To:	Level 2	Level 3	Level 1	Level 3	Level 1	Level2
ASSETS							
Financial assets held for trading		8	-	53	12	-	53
Available-for-sale financial assets		61	-	71	6	-	-
Total		**69**	-	**124**	**18**	**-**	**53**

The amount of financial instruments that were transferred between levels of valuation for the first semester of 2015 is not material relative to the total portfolios, basically corresponding to the above revisions of the classification between levels because these assets had modified some of its features. Specifically:

- Transfers of Levels 1 and 2 to Level 3 €18 million because certain equity instruments ceased to be observable quotes and prices (for example bankruptcy or liquidation), so they have gone from Level 2 to Level 3 in an amount of €18 million.

- Transfers between Levels 1 and 2 for a net €55 million: Mainly due to the reclassification from €124 million of debt instruments that had had any observable trading on the market and have been transferred from Level 2 to Level 1.

Sensitivity Analysis

Sensitivity analysis is performed on financial instruments with significant unobservable inputs (financial instruments included in level 3), in order to obtain a reasonable range of possible alternative valuations. This analysis is carried out on a monthly basis, based on the criteria defined by the Global Valuation Area taking into account the nature of the methods used for the assessment and the reliability and availability of inputs and proxies used. In order to establish, with a sufficient degree of certainty, the valuating risk that is incurred in such assets without applying diversification criteria between them.

As of June 30, 2015, the effect on the consolidated income and consolidated 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 hypotheses) value of the range deemed probable, would be as follows:

	Millions of Euros			
	Potential Impact on Consolidated Income Statement		Potential Impact on Total Equity	
Financial Assets Level 3 Sensitivity Analysis	Most Favorable Hypothesis	Least Favorable Hypothesis	Most Favorable Hypothesis	Least Favorable Hypothesis
ASSETS				
Financial assets held for trading	17	(19)		
Available-for-sale financial assets			3	(3)
LIABILITIES-				
Financial liabilities held for trading	1	(1)		
Total	**19**	**(21)**	**3**	**(3)**

8.1.2 Fair value of financial instruments carried at cost

The valuation methods used to calculate the fair value of financial assets and liabilities carried at cost are presented below:

- The fair value of "Cash and balances with central banks" approximates their book value, as it is mainly short-term balances.
- The fair value of the "Loans and advances to customers" and "financial liabilities at amortized cost" was estimated using the method of discounted expected future cash flows using market interest rates at the end of each year. Additionally, factors such as prepayment rates and correlations of default are taken into account.

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The following table presents key financial instruments carried at amortized cost in the accompanying consolidated balance sheets, broken down according to the method of valuation used to estimate their fair value:

		Millions of Euros					
		June 2015			December 2014		
Fair Value by Levels	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
ASSETS-							
Cash and balances with central banks	9	27,876	-	-	31,430	-	-
Loans and receivables	13	-	3,044	403,898	-	3,046	370,352
LIABILITIES-							
Financial liabilities at amortized cost	21	-	-	528,737	-	-	486,904

The main valuation techniques, hypotheses and inputs used to estimate the fair value of financial instruments accounted for at cost and classified in levels 2 and 3 is shown below. These are broken down by type of financial instrument and the balances correspond to those at June 30, 2015:

Financial Instruments Level 2	Fair Value (Millions of euros)	Valuation technique(s)	Unobservable inputs
Loans and receivables		**Present-value method** (Discounted future cash flow s)	- Credit spread - Interest rates
Debt securities	3,044		

Financial Instruments Level 3	Fair Value (Millions of euros)	Valuation technique(s)	Unobservable inputs
Loans and receivables		**Present-value method** (Discounted future cash flow s)	- Credit spread - Prepayment rates - Market interest rates
Loans and advances to credit institutions	28,569		
Loans and advances to customers	367,397		
Debt securities	7,932		
Financial liabilities at amortized cost		**Present-value method** (Discounted future cash flow s)	- Credit spread - Prepayment rates - Market interest rates
Deposits from central banks	36,188		
Deposits from credit institutions	53,623		
Customer deposits	348,630		
Debt certificates	63,640		
Subordinated liabilities	17,149		
Other financial liabilities	9,507		

Financial instruments at cost

As of June 30, 2015 and December 31, 2014, there were equity instruments and certain discretionary profit-sharing arrangements in some entities which were recognized at cost in the Group's consolidated balance sheets because their fair value could not be reliably determined, as they were not traded in organized markets and, thus, their unobservable inputs are significant. On the above dates, the balances of these financial instruments recognized in the portfolio of available-for-sale financial assets amounted to €638 million and €540 million, respectively.

The table below outlines the financial assets and liabilities carried at cost that were sold in the six months period ended June 30, 2015 and 2014:

Sales of Financial Instruments at Cost	Millions of Euros June 2015	 December 2014
Amount of Sale	1	71
Carrying Amount at Sale Date	-	21
Gains/Losses	**1**	**50**

8.2 Assets measured at fair value on a nonrecurring basis

As indicated in Note 2.2.4, non-current assets held for sale are measured at the lower of their fair value less costs to sell and its carrying amount. As of June 30, 2015 nearly the entire book value of the non-current assets held for sale from foreclosures or recoveries match their fair value (see Note 15).The global valuation of the portfolio of assets has been carried out using a statistical methodology based on real estate and local macroeconomic variables.

Real estate properties have been appraised individually considering a hypothetical stand-alone sale and not as part of a real estate portfolio type of sale.

The portfolio of assets held for sale by type of asset as of June 30, 2015 and December 31, 2014 is provided below by hierarchy of fair value measurements:

	Millions of Euros							
	June 2015				December 2014			
Fair Value by Levels	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Housing	-	2,087	14	2,101	-	2,045	9	2,054
Offices, warehouses and other	-	426	8	434	-	399	8	407
Land	-	7	242	249	-	-	237	237
TOTAL	**-**	**2,520**	**263**	**2,783**	-	**2,444**	**255**	**2,699**

Since the amount classified in Level 3 (€263 million) is not significant compared to the total consolidated assets and that the inputs used in the valuation are very diverse depending on the type and geographic location, they have not been disclosed.

9. 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 consolidated balance sheets is as follows:

Cash and Balances with Central Banks	Notes	Millions of Euros June 2015	 December 2014
Cash		5,107	6,247
Balances at the Central Banks		22,357	24,974
Reverse repurchase agreements	34	412	209
Total		**27,876**	**31,430**

During the first semester of 2015, the changes in this item are mainly due to the decrease in deposits with ECB and to the depreciation in Venezuela.

Deposits from Central Banks	Notes	Millions of Euros June 2015	 December 2014
Deposits from Central Banks		26,891	19,405
Repurchase agreements	**34**	9,263	8,774
Accrued interest until expiration		40	14
Total	**21**	**36,195**	**28,193**

During the six months period ended June 30, 2015, the variation of the heading "Financial liabilities at amortized cost - Deposits at central Banks" is due mainly to an increase in deposits at the European Central Bank and the integration of Catalunya Banc.

10. Financial assets and liabilities held for trading

10.1 Breakdown of the balance

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

Financial Assets and Liabilities Held-for-Trading	Millions of Euros June 2015	 December 2014
ASSETS-		
Loans and advances to customers	175	128
Debt securities	35,776	33,883
Equity instruments	5,355	5,017
Trading derivatives	41,193	44,229
Total Assets	**82,499**	**83,258**
LIABILITIES-		
Trading derivatives	42,023	45,052
Short positions	14,713	11,747
Total Liabilities	**56,735**	**56,798**

10.2 Debt securities

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

	Millions of Euros	
Debt Securities Held-for-Trading Breakdown by issuer	**June 2015**	**December 2014**
Issued by Central Banks	231	193
Spanish government bonds	7,160	6,332
Foreign government bonds	23,219	21,688
Issued by Spanish financial institutions	743	879
Issued by foreign financial institutions	1,880	2,169
Other debt securities	2,543	2,623
Total	**35,776**	**33,883**

10.3 Equity instruments

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

	Millions of Euros	
Equity Instruments Held-for-Trading Breakdown by Issuer	**June 2015**	**December 2014**
Shares of Spanish companies		
Credit institutions	1,012	865
Other sectors	1,492	1,677
Subtotal	2,504	2,541
Shares of foreign companies		
Credit institutions	136	107
Other sectors	2,714	2,368
Subtotal	2,851	2,476
Total	**5,355**	**5,017**

10.4 Trading derivatives

The trading derivatives portfolio arises from the Group's need to manage the risks it is exposed to in the normal course of business and also to market certain products amongst the Group's customers. As of June 30, 2015 and December 31, 2014, trading derivatives were mainly contracted in over-the-counter (OTC) markets, with counterparties which are mainly foreign credit institutions, 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 and notional amounts of trading derivatives recognized in the accompanying consolidated balance sheets, divided into organized and OTC markets:

	Millions of Euros		
Trading derivatives by type of risk / by product or by type of market - June 2015	**Assets**	**Liabilities**	**Notional amount - Total**
Interest rate	**22,924**	**23,503**	**1,226,466**
OTC options	3,377	3,360	220,976
OTC other	19,545	20,142	991,684
Organized market options	1	1	3,385
Organized market other	-	-	10,421
Equity	**3,866**	**4,436**	**127,438**
OTC options	1,697	2,936	69,145
OTC other	118	113	3,004
Organized market options	2,049	1,387	53,075
Organized market other	1	-	2,213
Foreign exchange and gold	**13,932**	**13,701**	**421,048**
OTC options	400	426	36,076
OTC other	13,005	12,753	382,192
Organized market options	-	-	4
Organized market other	527	522	2,777
Credit	**457**	**353**	**38,675**
Credit default swap	402	352	37,496
Credit spread option	4	1	1,169
Total return swap	-	-	-
Other	51	-	10
Commodity	**10**	**19**	**189**
Other	**3**	**11**	**496**
DERIVATIVES	**41,193**	**42,023**	**1,814,311**
of which: OTC - credit institutions	*23,129*	*27,693*	*1,000,161*
of which: OTC - other financial corporations	*9,539*	*8,549*	*591,283*
of which: OTC - other	*5,947*	*3,871*	*150,991*

	Millions of Euros		
Trading derivatives by type of risk / by product or by type of market - December 2014	**Assets**	**Liabilities**	**Notional amount - Total**
Interest rate	**29,504**	**28,770**	**1,160,445**
OTC options	3,919	4,301	214,621
OTC other	25,578	24,283	936,281
Organized market options	1	25	1,470
Organized market other	6	162	8,073
Equity	**2,752**	**3,980**	**108,327**
OTC options	1,229	1,874	64,552
OTC other	169	1,068	3,382
Organized market options	1,353	1,038	38,185
Organized market other	1	-	2,209
Foreign exchange and gold	**11,409**	**11,773**	**360,573**
OTC options	243	372	33,119
OTC other	10,862	11,098	323,275
Organized market options	1	-	10
Organized market other	303	304	4,170
Credit	**548**	**504**	**45,066**
Credit default swap	545	335	43,406
Credit spread option	3	1	1,650
Total return swap	-	-	-
Other	-	167	10
Commodity	**14**	**24**	**378**
Other	**1**	**1**	**247**
DERIVATIVES	**44,229**	**45,052**	**1,675,036**
of which: OTC - credit institutions	*29,041*	*32,807*	*931,198*
of which: OTC - other financial corporations	*6,557*	*7,455*	*556,090*
of which: OTC - other	*6,966*	*3,261*	*133,631*

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

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

	Millions of Euros	
Other Financial Assets Designated at Fair Value through Profit or Loss.	**June 2015**	**December 2014**
ASSETS-		
Debt securities	792	737
Unit-linked products	152	157
Other securities	640	580
Equity instruments	2,210	2,024
Unit-linked products	2,095	1,930
Other securities	115	94
Total Assets	**3,003**	**2,761**
LIABILITIES-		
Other financial liabilities	2,821	2,724
Unit-linked products	2,821	2,724
Total Liabilities	**2,821**	**2,724**

As of June 30, 2015 and December 31, 2014 the most significant balances within other financial assets and liabilities at fair value through profit and loss related to assets and liabilities linked to insurance products where the policyholder bears the risk ("Unit-Link"). This type of product is sold only in Spain, through BBVA Seguros SA, insurance and reinsurance and BBVA Vida S.A., insurance and reinsurance, and in Mexico through Seguros Bancomer S.A. de CV.

Since the liabilities linked to insurance products in which the policyholder assumes the risk are valued the same way as the assets associated to these insurance products, there is no credit risk component borne by the Group in relation to these liabilities.

12. Available-for-sale financial assets

12.1 Available-for-sale financial assets - Balance details

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

	Millions of Euros	
Available-for-Sale Financial Assets	**June 2015**	**December 2014**
Debt securities	97,800	87,679
Impairment losses	(74)	(70)
Subtotal	97,727	87,608
Equity instruments	5,936	7,370
Impairment losses	(129)	(103)
Subtotal	5,806	7,267
Total	**103,533**	**94,875**

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12.2 Debt securities

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

	Millions of Euros			
Debt Securities Available-for-Sale June 2015	**Amortized Cost (*)**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic Debt Securities				
Spanish Government and other government agency debt securities	38,873	1,573	(115)	40,331
Other debt securities	4,897	221	(32)	5,087
Issued by Central Banks	-	-	-	-
Issued by credit institutions	2,914	133	(28)	3,019
Issued by other issuers	1,984	88	(4)	2,068
Subtotal	43,770	1,794	(146)	45,418
Foreign Debt Securities				
Mexico	14,627	332	(181)	14,778
Mexican Government and other government agency debt securities	12,320	308	(155)	12,473
Other debt securities	2,307	24	(25)	2,306
Issued by Central Banks	-	-	-	-
Issued by credit institutions	133	1	(2)	132
Issued by other issuers	2,174	23	(23)	2,174
The United States	11,482	74	(108)	11,448
Government securities	5,090	22	(19)	5,093
US Treasury and other US Government agencies	1,658	4	(11)	1,651
States and political subdivisions	3,432	19	(8)	3,442
Other debt securities	6,392	52	(89)	6,355
Issued by Central Banks	-	-	-	-
Issued by credit institutions	22	-	-	22
Issued by other issuers	6,371	52	(89)	6,333
Other countries	25,652	755	(326)	26,082
Other foreign governments and other government agency debt securities	10,791	478	(160)	11,109
Other debt securities	14,862	277	(166)	14,973
Issued by Central Banks	2,056	3	(4)	2,055
Issued by credit institutions	3,305	159	(47)	3,416
Issued by other issuers	9,501	116	(115)	9,502
Subtotal	51,761	1,161	(615)	52,308
Total	**95,532**	**2,956**	**(761)**	**97,727**

(*) The amortized cost includes portfolio gains/losses linked to insurance contracts in which the policyholder assumes the risk in case of redemption.

Debt Securities Available-for-Sale December 2014	Millions of Euros Amortized Cost (*)	Unrealized Gains	Unrealized Losses	Fair Value
Domestic Debt Securities				
Spanish Government and other government agency debt securities	34,445	2,290	(55)	36,680
Other debt securities	5,892	252	(22)	6,122
Issued by Central Banks	-	-	-	-
Issued by credit institutions	3,567	162	(13)	3,716
Issued by other issuers	2,325	90	(9)	2,406
Subtotal	40,337	2,542	(77)	42,802
Foreign Debt Securities				
Mexico	12,662	493	(96)	13,060
Mexican Government and other government agency debt securities	10,629	459	(76)	11,012
Other debt securities	2,034	34	(20)	2,048
Issued by Central Banks	-	-	-	-
Issued by credit institutions	141	3	(3)	142
Issued by other issuers	1,892	31	(17)	1,906
The United States	10,289	102	(83)	10,307
Government securities	4,211	28	(8)	4,231
US Treasury and other US Government agencies	1,539	6	(3)	1,542
States and political subdivisions	2,672	22	(5)	2,689
Other debt securities	6,078	73	(76)	6,076
Issued by Central Banks	-	-	-	-
Issued by credit institutions	24	-	-	24
Issued by other issuers	6,054	73	(76)	6,052
Other countries	20,705	1,044	(310)	21,439
Other foreign governments and other government agency debt securities	10,355	715	(104)	10,966
Other debt securities	10,350	329	(206)	10,473
Issued by Central Banks	1,540	10	(9)	1,540
Issued by credit institutions	3,352	175	(55)	3,471
Issued by other issuers	5,459	143	(141)	5,461
Subtotal	43,657	1,639	(490)	44,806
Total	**83,994**	**4,181**	**(566)**	**87,608**

(*) The amortized cost includes portfolio gains/losses linked to insurance contracts in which the policyholder assumes the risk in case of redemption.

The credit ratings of the issuers of debt securities in the available-for-sale portfolio as of June 30, 2015 and December 31, 2014 are as follows:

Available for Sale financial assets Debt Securities by Rating	June 2015 Fair Value (Millions of Euros)	June 2015 %	December 2014 Fair Value (Millions of Euros)	December 2014 %
AAA	4,203	4.3%	1,459	1.7%
AA+	9,681	9.9%	7,620	8.7%
AA	767	0.8%	329	0.4%
AA-	630	0.6%	1,059	1.2%
A+	957	1.0%	597	0.7%
A	2,049	2.1%	2,223	2.5%
A-	11,737	12.0%	13,606	15.5%
BBB+	8,692	8.9%	9,980	11.4%
BBB	50,770	52.0%	41,283	47.1%
BBB-	2,574	2.6%	2,568	2.9%
BB+ or below	4,165	4.3%	3,942	4.5%
Without rating	1,502	1.5%	2,942	3.4%
Total	**97,727**	**100.0%**	**87,608**	**100.0%**

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12.3 Equity instruments

The breakdown of the balance under the heading "Equity instruments" of the accompanying financial statements as of June 30, 2015 and December 31, 2014 is as follows:

	Millions of Euros			
Equity Instruments Available-for-Sale June 2015	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Equity instruments listed				
Listed Spanish company shares	3,389	142	(2)	3,529
Credit institutions	-	-	-	-
Other entities	3,389	142	(2)	3,529
Listed foreign company shares	1,031	442	(21)	1,452
United States	41	2	-	43
Mexico	56	-	(5)	51
Other countries	934	440	(16)	1,358
Subtotal	4,420	584	(23)	4,981
Unlisted equity instruments				
Unlisted Spanish company shares	74	1	(1)	74
Credit institutions	4	-	-	4
Other entities	70	1	(1)	70
Unlisted foreign companies shares	722	33	(4)	751
United States	585	19	-	604
Mexico	-	-	-	1
Other countries	136	14	(4)	146
Subtotal	796	34	(5)	825
Total	**5,216**	**618**	**(28)**	**5,806**

	Millions of Euros			
Equity Instruments Available-for-Sale December 2014	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Equity instruments listed				
Listed Spanish company shares	3,129	92	(71)	3,150
Credit institutions	2	1	-	3
Other entities	3,126	92	(71)	3,147
Listed foreign company shares	2,227	1,235	(34)	3,428
United States	54	2	-	56
Mexico	54	-	(5)	49
Other countries	2,118	1,233	(28)	3,323
Subtotal	5,356	1,327	(105)	6,578
Unlisted equity instruments				
Unlisted Spanish company shares	48	1	-	49
Credit institutions	-	-	-	-
Other entities	48	1	-	49
Unlisted foreign companies shares	616	28	(3)	641
United States	486	16	-	502
Mexico	1	-	-	1
Other countries	129	12	(3)	138
Subtotal	664	29	(3)	690
Total	**6,020**	**1,356**	**(108)**	**7,267**

12.4 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 consolidated balance sheets are as follows:

Changes in Valuation Adjustments - Available-for-Sale Financial Assets	Millions of Euros June 2015	 December 2014
Balance at the beginning	**3,816**	**851**
Valuation gains and losses	(1,003)	4,841
Income tax	610	(1,414)
Amounts transferred to income	(1,202)	(462)
Other reclassifications	7	-
Balance at the end	**2,228**	**3,816**
Of which:		
Debt securities	1,747	2,965
Equity instruments	481	851

As of June 30, 2015, 50.8% 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 considered, 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 June 30, 2015, the Group 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 30 June, 2015, 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 losses recognized under the heading "Impairment losses on financial assets (net) – Available-for-sale financial assets" in the accompanying consolidated income statement amounted to €3 and €18 million for the six months ended June 30, 2015 and 2014, respectively (see Note 46).

13. Loans and receivables

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

Loans and Receivables	Notes	Millions of Euros June 2015	 December 2014
Loans and advances to credit institutions	13.1	27,929	27,059
Loans and advances to customers	13.2	361,091	338,657
Debt securities	13.3	10,963	6,659
Total		**399,984**	**372,375**

13.1 Loans and advances to credit institutions

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

Loans and Advances to Credit Institutions	Notes	Millions of Euros June 2015	 December 2014
Reciprocal accounts		289	126
Deposits with agreed maturity		3,655	3,679
Demand deposits		2,321	1,592
Other accounts		11,603	11,138
Reverse repurchase agreements	34	10,007	10,440
Total gross	7.3.1	**27,875**	**26,975**
Valuation adjustments		53	85
Impairment losses	7.3.8	(24)	(29)
Accrued interests and fees		78	114
Hedging derivatives and others		(1)	-
Total net		**27,929**	**27,059**

13.2 Loans and advances to customers

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

Loans and Advances to Customers	Notes	Millions of Euros June 2015	 December 2014
Mortgage secured loans	7.3.2	139,288	124,097
Other loans secured with security interest	7.3.2	31,169	28,419
Unsecured loans		122,222	119,002
Credit lines		13,754	12,851
Commercial credit		10,196	10,015
Receivable on demand and other		9,826	7,021
Credit cards		10,393	11,756
Finance leases		7,499	7,095
Reverse repurchase agreements	34	6,551	6,990
Financial paper		859	873
Impaired assets	7.3.7	25,300	22,703
Total gross		**377,057**	**350,822**
Valuation adjustments		**(15,966)**	**(12,166)**
Impairment losses	7.3.8	(17,712)	(14,244)
Accrued interests and fees		605	863
Hedging derivatives and others		1,141	1,215
Total net		**361,091**	**338,657**

The changes during the six months ended June 30, 2015, are mainly as a result of the acquisition of Catalunya Banc.

As of June 30, 2015, 30% of "Loans and advances to customers" with maturity greater than one year have fixed-interest rates and 70% have variable interest rates.

The heading "Loans and receivables – Loans and advances to customers" in the accompanying consolidated balance sheets also includes certain secured loans that, as mentioned in Note 7.6 and pursuant to the Mortgage Market Act, are linked to long-term mortgage-covered bonds. This heading also includes some loans that have been securitized. The balances recognized in the accompanying consolidated balance sheets corresponding to these securitized loans are as follows:

Securitized Loans	Millions of Euros June 2015	 December 2014
Securitized mortgage assets	**28,845**	**25,099**
Other securitized assets	**2,306**	**2,225**
Commercial and industrial loans	1,159	735
Finance leases	184	219
Loans to individuals	907	1,213
Other	56	58
Total	**31,151**	**27,324**
Of which:		
Liabilities associated to assets retained on the balance sheet (*)	5,578	5,215

(*) These liabilities are recognized under "Financial liabilities at amortized cost - Debt securities" in the accompanying consolidated balance sheets (Note 21.3).

13.3 Debt securities

The breakdown of the balance under this heading in the accompanying consolidated balance sheets, according to the issuer of the debt security, is as follows:

Debt securities	Notes	Millions of Euros June 2015	 December 2014
Government		3,381	5,608
Credit institutions		9	81
Other sectors		7,577	975
Total gross	7.3.1	**10,967**	**6,663**
Valuation adjustments	7.3.8	(5)	(4)
Total net		**10,963**	**6,659**

The changes during the six months ended June 30, 2015, are mainly as a result of the acquisition of Catalunya Banc.

14. 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 consolidated balance sheets is as follows:

	Millions of Euros	
Hedging derivatives and Fair value changes of the hedged items in portfolio hedges of interest rate risk	**June 2015**	**December 2014**
ASSETS-		
interest rate risk	57	121
Hedging derivatives	3,160	2,551
LIABILITIES-		
interest rate risk	420	-
Hedging derivatives	2,585	2,331

As of June 30, 2015 and December 31, 2014, the main positions hedged by the Group and the derivatives designated 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 forwards.
  - Fixed-interest loans: This risk is hedged using interest rate derivatives (fixed-variable swaps).
  - Fixed-interest deposit portfolio hedges: in order to provide stability to net interest income and to protect the economic value of the balance sheet from rate fluctuations, cash flow and fair value hedge derivatives are put in place
- Cash-flow hedges

  Most of the hedged items are floating interest-rate loans and asset hedges linked to the inflation of the available for sale portfolio. This risk is hedged using foreign-exchange, interest-rate swaps, inflation and FRA's ("Forward Rate Agreement").
- Net foreign-currency investment hedges:

  The risks hedged are foreign-currency investments in the Group's foreign subsidiaries. This risk is hedged mainly with foreign-exchange options and forward currency purchases.

Note 7 analyzes the Group's main risks that are hedged using these derivatives.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

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

	Millions of Euros		
Derivatives - Hedge accounting: Breakdown by type of risk and type of hedge - June 2015	**Assets**	**Liabilities**	**Notional amount - Total hedging**
Interest rate	1,610	492	57,090
OTC options	152	-	1,480
OTC other	1,458	492	55,611
Organized market options	-	-	-
Organized market other	-	-	-
Equity	31	84	2,103
OTC options	-	79	388
OTC other	31	5	1,715
Organized market options	-	-	-
Organized market other	-	-	-
Foreign exchange and gold	504	235	3,468
OTC options	-	-	6
OTC other	504	235	3,463
Organized market options	-	-	-
Organized market other	-	-	-
Credit	-	-	-
OTC options	-	-	-
OTC other	-	-	-
Organized market options	-	-	-
Organized market other	-	-	-
Commodity	-	-	-
Other	-	-	-
FAIR VALUE HEDGES	**2,145**	**811**	**62,662**
Interest rate	258	345	13,753
OTC options	-	-	-
OTC other	258	345	13,753
Organized market options	-	-	-
Organized market other	-	-	-
Equity	-	-	-
OTC options	-	-	-
OTC other	-	-	-
Organized market options	-	-	-
Organized market other	-	-	-
Foreign exchange and gold	72	90	6,370
OTC options	45	66	4,999
OTC other	28	24	1,371
Organized market options	-	-	-
Organized market other	-	-	-
Credit	-	-	-
OTC options	-	-	-
OTC other	-	-	-
Organized market options	-	-	-
Organized market other	-	-	-
Commodity	-	-	-
Other	-	-	-
CASH FLOW HEDGES	**331**	**434**	**20,123**
HEDGE OF NET INVESTMENTS IN A FOREIGN OPERATION	**-**	**586**	**5,045**
PORTFOLIO FAIR VALUE HEDGES OF INTEREST RATE RISK	**685**	**754**	**18,457**
PORTFOLIO CASH FLOW HEDGES OF INTEREST RATE RISK	**-**	**-**	**-**
DERIVATIVES-HEDGE ACCOUNTING	**3,160**	**2,585**	**106,286**
of which: OTC - credit institutions	3,004	1,975	58,272
of which: OTC - other financial corporations	146	503	46,576
of which: OTC - other	10	107	1,438

	Millions of Euros		
Derivatives - Hedge accounting: Breakdown by type of risk and type of hedge- December 2014	**Assets**	**Liabilities**	**Notional amount - Total hedging**
Interest rate	2,174	990	56,125
OTC options	-	-	2
OTC other	2,174	990	56,123
Organized market options	-	-	-
Organized market other	-	-	-
Equity	13	101	578
OTC options	8	89	578
OTC other	6	12	-
Organized market options	-	-	-
Organized market other	-	-	-
Foreign exchange and gold	-	12	2,741
OTC options	-	-	-
OTC other	-	12	2,741
Organized market options	-	-	-
Organized market other	-	-	-
Credit	-	-	20
OTC options	-	-	20
OTC other	-	-	-
Organized market options	-	-	-
Organized market other	-	-	-
Commodity	-	-	-
Other	-	61	115
FAIR VALUE HEDGES	**2,188**	**1,164**	**59,578**
Interest rate	265	272	6,014
OTC options	3	7	-
OTC other	262	265	5,777
Organized market options	-	-	-
Organized market other	-	-	238
Equity	-	-	-
OTC options	-	-	-
OTC other	-	-	-
Organized market options	-	-	-
Organized market other	-	-	-
Foreign exchange and gold	36	27	2,070
OTC options	22	12	1,064
OTC other	14	16	1,006
Organized market options	-	-	-
Organized market other	-	-	-
Credit	-	-	-
OTC options	-	-	-
OTC other	-	-	-
Organized market options	-	-	-
Organized market other	-	-	-
Commodity	-	-	-
Other	-	-	-
CASH FLOW HEDGES	**301**	**299**	**8,085**
HEDGE OF NET INVESTMENTS IN A FOREIGN OPERATION	**-**	**502**	**4,160**
PORTFOLIO FAIR VALUE HEDGES OF INTEREST RATE RISK	**62**	**366**	**10,783**
PORTFOLIO CASH FLOW HEDGES OF INTEREST RATE RISK	**-**	**-**	**-**
DERIVATIVES-HEDGE ACCOUNTING	**2,551**	**2,331**	**82,606**
of which: OTC - credit institutions	2,305	1,954	42,723
of which: OTC - other financial corporations	236	280	39,169
of which: OTC - other	10	97	476

The cash flows forecasts for the coming years for cash flow hedging recognized on the accompanying consolidated balance sheet as of June 30, 2015 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	223	979	1,030	905	3,137
Payable cash outflows	199	972	946	870	2,986

The above cash flows will have an impact on the Group's consolidated income statements until 2050.

In the six months ended June 30, 2015 and in 2014 there was no reclassification in the accompanying consolidated income statements of any amount corresponding to cash flow hedges that was previously recognized in equity.

The amount for derivatives designated as accounting hedges that did not pass the effectiveness test during the six months ended June 30, 2015 and 2014 was not material.

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

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

	Millions of Euros	
Non-Current Assets Held-for-Sale and Liabilities Associated	**June 2015**	**December 2014**
Business sale - Assets (*)	925	924
Other assets from:		
Property, plants and equipment	328	315
Buildings for own use	290	272
Operating leases	38	43
Investment properties (***)	176	-
Foreclosures and recoveries	3.599	3.330
Foreclosures	3.404	3.144
Recoveries from financial leases	195	186
Accrued amortization (**)	(73)	(74)
Impairment losses	(1.065)	(702)
Total Non-Current Assets Held-for-Sale	**3.890**	**3.793**

(*) As of June 30, 2015 and December 31, 2014, mainly included the investment in CIFH (see Note 3).

(**) Net of accumulated amortization until reclassified as non-current assets held for sale.

(***) Arising from the acquisition of Catalunya Banc.

16. Investments in entities accounted for using the equity method

The breakdown of the balances of "Investments in entities accounted for using the equity method" in the accompanying consolidated balance sheets is as follows:

	Millions of Euros	
Investments in Entities Accounted for Using the Equity Method	**June 2015**	**December 2014**
Associates entities	560	417
Joint ventures	4,100	4,092
Total	**4,660**	**4,509**

16.1 Associates

The following table shows the carrying amount of the most significant of the Group's investments in associates:

	Millions of Euros	
Associates Entities	**June 2015**	**December 2014**
Metrovacesa	379	233
Brunara SICAV, S.A.	54	52
Other associates	127	132
Total	**560**	**417**

Appendix II shows the details of the associates as of June 30, 2015.

The following is a summary of the changes in the six months ended June 30, 2015 and in 2014 under this heading in the accompanying consolidated balance sheets:

	Millions of Euros	
Associates Entities. Changes in the Year	**June 2015**	**December 2014**
Balance at the beginning	**417**	**1,272**
Acquisitions and capital increases	162	1
Disposals and capital reductions	(3)	(2)
Transfers and changes of consolidation method	(2)	(948)
Share of profit and loss (Note 38)	4	26
Exchange differences	1	89
Dividends, valuation adjustments and others	(19)	(21)
Balance at the end	**560**	**417**

The changes in the six months ended June 30, 2015 are mainly a result of the Metrovacesa capital increase.

The changes in the year ended December 31, 2014 are mainly as a result of the reclassification to "Non-current assets available for sale (Note 3).

During the year ended December 31, 2014, the investment on Occidental Hoteles Management, S.L. was reclassified to "Non-current assets available for sale". Also, BBVA sold 6.89% of its participation in Tubos Reunidos, S.A., decreasing its participation to 14.47%, which meant a loss of significant influence and triggered therefore the reclassification of this investment to "Financial assets available for sale" in an amount of €47 million. The impact in equity and the consolidated income statement was not material.

16.2 Investments in joint venture entities

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

	Millions of Euros	
Joint ventures	**June 2015**	**December 2014**
Garanti Group	3,653	3,853
Banca seguros Cantalunya Banc	213	-
Other joint ventures	234	239
Total	**4,100**	**4,092**

Details of the joint ventures accounted for using the equity method as of December 31, 2014 are shown in Appendix II.

The following is a summary of the changes as date of June 30, 2015 and as of December 31, 2014 under this heading in the accompanying consolidated balance sheets:

	Millions of Euros	
Joint ventures. Changes in the Year	**June 2015**	**December 2014**
Balance at the beginning	**4,092**	**3,470**
Acquisitions and capital increases	245	35
Disposals and capital reductions	(3)	(8)
Transfers and changes of consolidation method	-	-
Share of profit and loss (Note 38)	191	317
Exchange differences	(211)	146
Dividends, valuation adjustments and others	(214)	132
Balance at the end	**4,100**	**4,092**

The variation of the six month ended June 30, 2015 corresponds mainly to the integration of the Catalunya Banc joint venture in an amount of €230 million and the results from Garanti.

16.3 Other information about associates and joint ventures

The following table provides relevant information of the balance sheets and income statements of Garanti Group.

	Millions of Euros	
Garanti: Financial Main figures (*)	**June 2015**	**December 2014**
Total assets	21,360	21,540
Of which: Loans and advances to customers	*13,260*	*13,077*
Total liabilities	19,011	19,133
Of which: Customer deposits	*11,289*	*11,153*
Net interest margin	189	718
Gross income	362	1,114
Net operating income	113	420
Net income attributable to Garanti Group	89	359

(*) Financial statements of Garanti Group under IFRS and without consolidation adjustments, and multiplied by the voting rights controlled by the bank. Figures available at the time of closing (March 2015).

On November 19, 2014, the Group subscribed a new agreement with Dogus for the acquisition of an additional 14.89% in Garanti (see Note 3). In accordance with the applicable accounting rules the BBVA Group shall value its current stake in Garanti Bank at fair value and shall fully consolidate Garanti Bank in the consolidated financial statements of the BBVA Group as from the date of the actual acquisition of control (see Note 3).

The main adjustments made to the financial statements of Garanti to properly accounted for it under the equity method are related to the purchase price allocation (PPA). None of these adjustments is material.

The following table provides relevant information of the balance sheets and income statements of associates and joint ventures, excluding Garanti, as of June 30, 2015 and December 31, 2014, respectively.

	Millions of Euros			
Associates and Joint ventures	**June 2015**		**December 2014**	
Financial Main figures (*)	**Associates**	**Joint-ventures**	**Associates**	**Joint-ventures**
Interest Margin	13	(1)	(28)	(1)
Gross income	34	48	76	82
Profit from continuing operations	17	6	(10)	-
Profit from discontinued operations (net)	-	-	-	-
Total	17	6	(10)	-

(*) Dates of the company's financial statements updated at the most recent available information. Information applying the corresponding ownership and without the corresponding standardization and consolidation adjustments.

As of June 30, 2015 there was no financial support agreement or other contractual commitment to associates and joint ventures entities from the holding or the subsidiaries that are not recognized in the financial statements (see Note 52.2).

As of June 30, 2015 there was no contingent liability in connection with the investments in joint ventures and associates (see Note 52.2).

16.4 Notifications about acquisition of holdings

Appendix III provides notifications on acquisitions and disposals of holdings in associates or joint ventures, in compliance with Article 155 of the Corporations Act and Article 53 of the Securities Market Act 24/1988.

16.5 Impairment

As described in IAS 36, when there is indicator of impairment, the book value of the associates and joint venture entities should be compared with their recoverable amount, being the latter calculated as the higher between the value in use and the fair value minus the cost of sale. As of June 30, 2015 and 2014, there was no impairment recognized.

17. Tangible assets

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

	Millions of Euros	
Tangible Assets. Breakdown by Type of Asset Cost Value, Amortizations and Depreciations	**June 2015**	**December 2014**
Property, plants and equipment		
For own use		
Land and Buildings (*)	4,368	4,168
Work in Progress	1,188	1,085
Furniture, Fixtures and Vehicles (*)	6,323	5,904
Accrued depreciation	(5,067)	(5,008)
Impairment	(335)	(164)
Subtotal	6,477	5,985
Assets leased out under an operating lease		
Assets leased out under an operating lease	697	674
Accrued depreciation	(223)	(226)
Impairment	(6)	(6)
Subtotal	468	443
Subtotal	**6,945**	**6,428**
Investment properties		
Building rental	2,149	2,014
Other (*)	428	167
Accrued depreciation	(140)	(102)
Impairment	(812)	(687)
Subtotal	**1,625**	**1,392**
Total	**8,570**	**7,820**

(*) The increase when compared to 2014 is due to the Catalunya Banc acquisition.

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

	Number of Branches	
Branches by Geographical Location	**June 2015**	**December 2014**
Spain	3,869	3,112
Mexico	1,831	1,831
South America	1,684	1,677
The United States	675	675
Rest of the world	76	76
Total	**8,135**	**7,371**

The increase in the number of branches in Spain from December 31, 2014 to June 30, 2015 is due to the integration of 774 branches of Catalunya Banc, of which, 757 branches are commercial banking, 15 are corporate banking and 2 are institutions.

The following table shows the detail of the net carrying amount of the tangible assets corresponding to Spanish and foreign subsidiaries as of June 30, 2015 and December 31, 2014:

	Millions of Euros	
Tangible Assets by Spanish and Foreign Subsidiaries Net Assets Values	**June 2015**	**December 2014**
BBVA and Spanish subsidiaries	4,811	4,083
Foreign subsidiaries	3,759	3,737
Total	**8,570**	**7,820**

18. Intangible assets

18.1 Goodwill

The breakdown of the balance under this heading in the accompanying consolidated balance sheets, according to the cash-generating units (CGUs), to which the Goodwill are allocated for purposes of impairment testing, is as follows:

	Millions of Euros					
Breakdown by CGU and Changes during the first semester of 2015	**Balance at the Beginning**	**Additions (*)**	**Exchange Differences**	**Impairment**	**Other**	**Balance at the End**
The United States	4,767	12	406	-	-	**5,184**
Mexico	638	-	12	-	-	**650**
Colombia	208	-	1	-	-	**209**
Chile	65	-	2	-	-	**68**
Other	20	-	-	-	-	**20**
Total	**5,697**	**12**	**421**	**-**	**-**	**6,130**

(*) Corresponding to the acquisition of the entity "4D Internet Solutions Inc." also knows as "Spring Studio".

	Millions of Euros					
Breakdown by CGU and Changes during the first semester of 2014	**Balance at the Beginning**	**Additions**	**Exchange Differences**	**Impairment**	**Other**	**Balance at the End**
The United States	4,133	77	41	-	(1)	4,250
Mexico	630	-	13	-	-	643
Colombia	227	-	8	-	-	235
Chile	65	-	(3)	-	-	62
Other	12	-	-	-	-	12
Total	**5,069**	**77**	**58**	**-**	**(1)**	**5,203**

Impairment Test

As described in Note 2.2.8, the cash-generating units (CGUs) to which goodwill has been allocated are periodically tested for impairment by including the allocated goodwill in their carrying amount. This testing is performed at least annually and whenever there is any indication of impairment.

As of June 30, 2015, no indicators of impairment have been identified in any of the main CGUs.

Goodwill in business combinations

As stated in Note 3, in the six month ended June 30, 2015 the Group acquired 98.4% of the share capital of the Catalunya Banc.

Shown below are details of the carrying amount of the consolidated assets and liabilities of Unnim prior to its acquisition and the corresponding fair values, gross of tax, which have been estimated in accordance with the IFRS-3 acquisition method.

	Millions of Euros	
Valuation and calculation of badwill for the acquisition of 98.4% stake in Catalunya Banc	**Carrying Amount**	**Fair Value**
Acquisition cost (A)	**-**	**1,165**
Cash	616	616
Held for Trading	341	341
Other Financial Assets designated at Fair Value Through Profit or Loss	-	-
Available for Sale	1,845	1,855
Loans and receivables	23,321	22,087
Held to Maturity Investments	14,188	14,676
Fair Value Changes of the Hedged items in Portfolio hedges of interest	23	23
Hedging Derivatives	845	845
Non-current assets held for sale	274	28
Investments in entities accounted for Using the equity method	209	275
Tangible assets	908	736
Intangible assets	7	125
Other assets	581	581
Financial Liabilities Held for Trading	(332)	(332)
Other Financial Liabilities designated at fair value through Profit or	-	-
Financial liabilities at Amortized Cost	(41,271)	(41,502)
Fair Value Changes of the Hedged items in Portfolio hedges of interest	(490)	(490)
Hedging Derivatives	(535)	(535)
Provisions	(1,248)	(1,684)
Other liabilities	(73)	(73)
Deferred tax	3,312	3,630
Total fair value of assets and liabilities acquiered (B)	**-**	**1,202**
Non controlling Interest Catanlunya Banc Group (*) (C)	2	2
Non controlling Interest after purchase (D)	-	13
Badwill (A)-(B)+(C)+(D)	-	**(22)**

(*) Non-controlling interests that Catalunya Banc maintained prior to the acquisition.

Because the resulting goodwill was negative, a gain was recognized in the accompanying consolidated income statement for 2015 under the heading "Badwill" (see Note 2.2.7).

The calculation of this amount is subject to change, since the estimate of all the fair values is being reviewed and, according to IFRS-3, they may be modified during a period of one year from the acquisition date (March 2015). However, the Group does not expect any significant changes in this amount

The valuations were reviewed by independent experts (other than the Group's accounts external auditor) by applying different valuation methods on the basis of each asset and liability. The valuation methods used are: the method for calculating the discounted value of future cash flows, the market transaction method and the cost method.

18.2 Other intangible assets

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

	Millions of Euros	
Other intangible assets	**June 2015**	**December 2014**
Computer software acquisition expenses	1,449	1,519
Other deferred charges	23	22
Other intangible assets	230	134
Impairment	(4)	(2)
Total	**1,698**	**1,673**

During the six month ended June 30, 2015, the variation of "Other intangible assets" is due to the integration of Catalunya Banc. The amortization amounts included under this heading for the six months ended June 30, 2015 and 2014 are detailed in Note 44.

19. Tax assets and liabilities

19.1 Consolidated tax group

Pursuant to current legislation, the BBVA Consolidated Tax Group includes the Bank (as the parent company) and its Spanish subsidiaries that meet the requirements provided for under Spanish legislation regulating the taxation regime for the consolidated profit of corporate groups.

The Group's non-Spanish other banks and subsidiaries file tax returns in accordance with the tax legislation in force in each country.

19.2 Years open for review by the tax authorities

The years open to review in the BBVA Consolidated Tax Group as of June 30, 2015 are 2010 and subsequent years for the main taxes applicable.

The remainder of the Spanish consolidated entities in general have the last four years open for inspection by the tax authorities for the main taxes applicable, except for those in which there has been an interruption of the limitation period due to the start of an inspection.

In the year 2014 as a consequence of the tax authorities examination reviews, inspections were initiated until the year 2009 inclusive, all of them signed in acceptance during the year 2014.

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 reasonably estimated at the present time. However, the Group considers 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 Group's accompanying consolidated financial statements.

19.3 Reconciliation

The reconciliation of the Group's corporate income tax expense resulting from the application of the Spanish corporation income tax rate and the income tax expense recognized in the accompanying consolidated income statements is as follows:

Reconciliation of Taxation at the Spanish Corporation Tax Rate to the Tax Expense Recorded for the Period	June 2015 Amount	June 2015 Effective Tax %	June 2014 Amount	June 2014 Effective Tax %
	Millions of Euros			
Consolidated profit before tax	**3,899**	**-**	**2,067**	-
From continuing operations	3,899	-	2,067	-
From discontinued operations	-	-	-	-
Taxation at Spanish corporation tax rate 30%	1,170	-	620	-
Lower effective tax rate from our foreign entities (*)	(105)	-	(91)	-
Mexico	(77)	24.49%	(67)	24.43%
Chile	(14)	15.87%	(26)	9.22%
Colombia	(12)	24.54%	-	30.06%
Peru	(6)	27.66%	(6)	27.28%
Others	4	-	8	-
Decrease of tax expense (Amortization of certain goodwill)	-	-	-	-
Revenues with lower tax rate (dividends)	(46)	-	(50)	-
Equity accounted earnings	(83)	-	(66)	-
Other effects	5	-	111	-
Current income tax	**941**	**-**	**524**	-
Of which:	**-**	-		-
Continuing operations	941	-	524	-
Discontinued operations	-	-	-	-

(*) Calculated by applying the difference between the tax rate in force in Spain and the one applied to the Group's earnings in each jurisdiction.

The effective income tax rate for the Group in the six months ended June 30, 2015 and in 2014 is as follows:

Effective Tax Rate	June 2015	June 2014
	Millions of Euros	
Income from:		
Consolidated Tax Group	1,138	(330)
Other Spanish Entities	61	11
Foreign Entities	2,700	2,386
Total (*)	**3,899**	**2,067**
Income tax and other taxes	941	524
Effective Tax Rate	**24.13%**	**25.35%**

19.4 Income tax recognized in equity

In addition to the income tax expense recognized in the accompanying consolidated income statements, the Group has recognized the following income tax charges for these items in the consolidated total equity:

Tax recognized in total equity	Millions of Euros June 2015	December 2014
Charges to total equity (*)		
Debt securities	(627)	(953)
Equity instruments	(111)	(188)
Subtotal	(738)	(1,141)
Credits to total equity		
Equity instruments	-	-
Debt securities and others	-	-
Subtotal	-	-
Total	**(738)**	**(1,141)**

(*) Tax impact charged to equity, accrued mainly from securities gains.

19.5 Deferred taxes

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

Tax assets and liabilities	Millions of Euros June 2015	December 2014
Tax assets-		
Current	1,289	2,035
Deferred	14,643	10,391
Pensions	909	902
Portfolio	995	920
Other assets (investments in subsidiaries)	515	535
Impairment losses	1,218	1,041
Other	916	905
Secured tax assets (*)	9,039	4,881
Tax losses	1,051	1,207
Total	**15,932**	**12,426**
Tax Liabilities-		
Current	624	980
Deferred	3,252	3,177
Portfolio	1,726	2,096
Charge for income tax and other taxes	1,526	1,081
Total	**3,876**	**4,157**

(*) Laws guaranteeing the deferred tax assets have been approved in Spain and Portugal in 2013 and 2014.

Of the deferred tax assets contained in the above table, the detail of the items and amounts guaranteed by the Spanish and Portuguese governments, broken down by the items that originated those assets is as follows:

	Millions of Euros	
Secured tax assets	**June 2015**	**December 2014**
Pensions	1,728	1,741
Impairment losses	7,311	3,140
Total (*)	**9,039**	**4,881**

(*) The increase is mainly due to the integration of Catalunya Banc.

As of June 30, 2015, non-guaranteed net deferred tax assets of the above table amounted to €2,352 million (€2,333 million as of December 31, 2014), which broken down by major geographies is as follows:

- Spain: Net deferred tax assets recognized in Spain totaled €1,371 million as of June 30, 2015 (€1,383 million as of December 31, 2014). €1,051 million of the figure recorded in the six months ended June 30, 2015 for net deferred tax assets related to tax credits and tax loss carry forwards and €321 million relate to temporary differences.
- Mexico: Net deferred tax assets recognized in Mexico amounted to €417 million as of June 30, 2015 (€399 million as of December 31, 2014). 99.93% of deferred tax assets as of June 30, 2015 relate to temporary differences. The remainder are tax credits carry forwards.
- South America: Net deferred tax assets recognized in South America amounted to €374 million as of June 30, 2015 (€364 million as of December 31, 2014). All the deferred tax assets relate to temporary differences.
- United States: Net deferred tax assets recognized in the United States amounted to €163 million as of June 30, 2015 (€160 million as of December 31, 2014). All the deferred tax assets relate to temporary differences.

Based on the information available as of June 30, 2015, including historical levels of benefits and projected results available to the Bank for the coming years, it is considered that sufficient taxable income will be generated for the recovery of above mentioned unsecured deferred tax assets when they become deductible according to the tax laws.

As of June 30, 2015 and December 31, 2014 the aggregate amount of temporary differences associated with investments in foreign subsidiaries, branches and associates and investments in joint venture entities, for which no deferred tax liabilities have been recognized in the accompanying consolidated balance sheets, were €595 million and €497 million, respectively.

20. Other assets and liabilities

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

	Millions of Euros	
Other assets and liabilities. Breakdown by nature	**June 2015**	**December 2014**
ASSETS-		
Inventories	4,613	4,443
Real estate companies	4,503	4,389
Others	110	54
Transactions in transit	82	230
Accruals	829	706
Unaccrued prepaid expenses	557	491
Other prepayments and accrued income	272	215
Other items	1,953	2,715
Total Assets	**7,477**	**8,094**
LIABILITIES-		
Transactions in transit	89	77
Accruals	2,218	2,370
Unpaid accrued expenses	1,607	1,772
Other accrued expenses and deferred income	611	598
Other items	2,090	2,072
Total Liabilities	**4,397**	**4,519**

The heading "Inventories" includes the net book value of land and building purchases that the Group's Real estate entities have available for sale or as part of their business. Balances under this heading include mainly real estate assets acquired by these entities from distressed customers (mostly in Spain), net of their corresponding losses. The losses included under the heading "Financial losses on other assets (net)" of the accompanying consolidated financial statements were €100 million and €70 million for the six months ended June 30, 2015 and 2014 respectively (see Note 47).The roll-forward of our inventories from distressed customers is provided below:

	Millions of Euros	
Inventories from Distressed Customers	**June 2015**	**June 2014**
Gross value		
Balance at the beginning	**9,119**	**9,343**
Business combinations and disposals (*)	580	-
Acquisitions	338	263
Disposals	(428)	(365)
Others	141	229
Balance at the end	**9,750**	**9,470**
Accumulated impairment losses	(5,316)	(5,019)
Carrying amount	**4,434**	**4,451**

(*) Catalunya Banc acquisition

21. Financial liabilities at amortized cost

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

Financial Liabilities at Amortized Cost	Notes	June 2015 (Millions of Euros)	December 2014 (Millions of Euros)
Deposits from Central Banks	9	36,195	28,193
Deposits from Credit Institutions	21.1	54,338	65,168
Customer deposits	21.2	351,354	319,060
Debt certificates	21.3	61,041	58,096
Subordinated liabilities	21.4	16,103	14,095
Other financial liabilities	21.5	9,092	7,288
Total		**528,123**	**491,899**

21.1 Deposits from credit institutions

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

Deposits from credit institutions	Notes	June 2015 (Millions of Euros)	December 2014 (Millions of Euros)
Reciprocal accounts		310	218
Deposits with agreed maturity		28,497	26,731
Demand deposits		4,470	5,082
Other accounts		260	51
Repurchase agreements	34	20,690	32,935
Subtotal		54,227	65,017
Accrued interest until expiration		111	151
Total		**54,338**	**65,168**

The breakdown by geographical area and the nature of the related instruments of this heading in the accompanying consolidated balance sheets, is as follows:

Deposits from credit institutions June 2015	Demand Deposits & Reciprocal Accounts	Deposits with Agreed Maturity	Repurchase Agreements	Total
	Millions of Euros			
Spain	915	6,606	2,303	9,824
Rest of Europe	1,200	9,988	16,332	27,520
Mexico	75	836	996	1,907
The United States	1,986	6,148	47	8,181
South America	533	3,110	558	4,201
Rest of the world	68	2,183	454	2,705
Total	**4,777**	**28,871**	**20,690**	**54,338**

Deposits from Credit Institutions 2014	Demand Deposits & Reciprocal Accounts	Deposits with Agreed Maturity	Repurchase Agreements	Total
	Millions of Euros			
Spain	1,327	6,504	2,442	10,273
Rest of Europe	1,191	9,925	27,940	39,056
Mexico	125	1,066	1,875	3,065
South America	961	3,221	456	4,638
The United States	1,668	4,743	-	6,411
Rest of the world	33	1,461	231	1,725
Total	**5,305**	**26,920**	**32,944**	**65,168**

21.2 Customer deposits

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

Customer deposits	Notes	June 2015	December 2014
		Millions of Euros	
Government and other government agencies		30,263	22,121
Of which:			
Repurchase agreements	34	12,359	3,022
Current accounts		99,179	96,414
Savings accounts		70,926	65,555
Fixed-term deposits		126,002	111,796
Repurchase agreements	34	23,344	21,595
Other accounts		832	677
Accrued interests		809	901
Total		**351,354**	**319,060**
Of which:			
In Euros		193,657	160,078
In foreign currency		157,697	158,983
Of which:			
Deposits from other creditors without valuation adjustment		350,707	318,387
Accrued interests		647	673

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

Customer Deposits June 2015	Demand Deposits	Savings Deposits	Deposits with Agreed Maturity	Repurchase Agreements	Total
			Millions of Euros		
Spain	50,369	28,676	70,645	16,988	166,678
Rest of Europe	3,140	609	14,480	11,783	30,012
Mexico	23,857	9,982	11,280	6,245	51,364
The United States	21,608	20,875	13,593	138	56,214
South America	12,989	12,358	19,115	554	45,016
Rest of the world	495	-	1,575	-	2,070
Total	**112,458**	**72,500**	**130,688**	**35,708**	**351,354**

Customer Deposits 2014	Millions of Euros Demand Deposits	Savings Deposits	Deposits with Agreed Maturity	Repurchase Agreements	Total
Spain	43,732	24,054	66,125	9,783	143,694
Rest of Europe	2,267	532	7,352	8,036	18,187
Mexico	22,550	9,592	8,177	6,359	46,678
South America	23,118	14,159	20,274	441	57,992
The United States	19,020	19,333	12,548	1	50,902
Rest of the world	734	-	873	-	1,607
Total	**111,421**	**67,670**	**115,349**	**24,620**	**319,060**

21.3 Debt certificates (including bonds and debentures)

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

Debt Certificates	Millions of Euros June 2015	December 2014
Promissory notes and bills	506	1,070
Bonds and debentures	60,534	57,026
Total	**61,041**	**58,096**

The changes in the balances under this heading, together with the "Subordinated Liabilities" for the six months ended June 30, 2015 and the year ended December 31, 2014 are included in Note 54.2.

21.3.1 Promissory notes and bills

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

Promissory notes and bills	Millions of Euros June 2015	December 2014
In Euros	89	410
In other currencies	417	660
Total	**506**	**1,070**

These promissory notes were issued by BBVA Banco de Financiación, S.A., BBVA Senior Finance, S.A. Unipersonal and BBVA US Senior, S.A. Unipersonal. The promissory notes issued by BBVA Banco de Financiación, S.A., BBVA Senior Finance, S.A. Unipersonal and BBVA US Senior, S.A. Unipersonal, are guaranteed jointly, severally and irrevocably by the Bank.

21.3.2 Bonds and debentures issued

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

	Millions of Euros	
Bonds and debentures issued	**June 2015**	**December 2014**
In Euros -	**45,737**	**43,890**
Non-convertible bonds and debentures at floating interest rates	3,755	2,376
Non-convertible bonds and debentures at fixed interest rates	7,569	8,555
Mortgage Covered bonds	27,903	26,119
Hybrid financial instruments	315	234
Securitization bonds made by the Group	5,151	4,741
Other securities	-	-
Accrued interest and others (*)	1,044	1,865
In Foreign Currency -	**14,797**	**13,136**
Non-convertible bonds and debentures at floating interest rates	884	588
Non-convertible bonds and debentures at fixed interest rates	10,842	9,898
Mortgage Covered bonds	164	117
Hybrid financial instruments	2,331	1,945
Other securities associated to financial activities	-	-
Securitization bonds made by the Group	427	474
Other securities	-	-
Accrued interest and others (*)	149	114
Total	**60,534**	**57,026**

(*) Hedging operations and issuance costs.

Most of the foreign-currency issuances are denominated in US dollars.

The senior debt issued by BBVA Senior Finance, S.A.U., BBVA U.S. Senior, S.A.U. and BBVA Global Finance, Ltd. are guaranteed jointly, severally and irrevocably by the Bank and are mainly non-convertible bonds and debentures.

The following table shows the weighted average interest rates of fixed and floating rate bonds and debentures issued in euros and foreign currencies outstanding as of June 30, 2015 and December 31, 2014:

	June 2015		June 2014	
Interests Rates of Promissory Notes and Bills Issued	**Euros**	**Foreign Currency**	**Euros**	**Foreign Currency**
Fixed rate	3.54%	4.58%	3.75%	4.66%
Floating rate	1.56%	3.74%	2.93%	3.61%

21.4 Subordinated liabilities

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

		Millions of Euros	
Subordinated Liabilities	**Notes**	**June 2015**	**December 2014**
Convertible		4,358	2,735
Convertible perpetual securities		4,358	2,735
Non-convertible		11,296	10,871
Preferred Stock		959	1,910
Other subordinated liabilities		10,336	8,961
Subtotal		**15,654**	**13,606**
Valuation adjustments and other concepts (*)		449	489
Total	21	**16,103**	**14,095**

(*) Includes accrued interest payable and valuation adjustment of hedging derivatives

Of the above, the issuances of BBVA International Preferred, S.A.U., BBVA Subordinated Capital, S.A.U., BBVA Global Finance, Ltd., Caixa Terrassa Societat de Participacions Preferents, S.A. Unipersonal and CaixaSabadell Preferents, S.A. Unipersonal, are jointly, severally and irrevocably guaranteed by the Bank.

These issuances are non-convertible subordinated debt and accordingly, for debt seniority purposes, they rank behind ordinary debt, but ahead of the Bank's shareholders, respecting nonetheless any debtor ranking that may exist among them. The breakdown of this heading in the accompanying consolidated balance sheets, excluding valuation adjustments, by currency of issuance and interest rate is shown in Appendix VI.

The balance changes in this caption for the first semester of 2015 and 2014, along with that of "Marketable debt securities" are shown in Note 54.2.

The balance variances are mainly due to the following transactions:

Contingent convertible securities

On February 10, 2015, BBVA issued perpetual securities eventually convertible into new ordinary shares of BBVA, (Additional level I capital instruments) without pre-emption rights, for a total amount of €1,500 million. This issuance was targeted only towards qualified foreign investors and in any case would not be made or subscribed in Spain or by Spanish-resident investors. These securities are listed in the Global Exchange Market of the Irish Stock Exchange.

During 2014 and 2013 respectively, BBVA issued perpetual securities eventually convertible into new ordinary shares of BBVA, (Additional level I capital instruments) without pre-emption rights, for a total amount of €1,500 million and $1,500 million (€1,345 million as of June 30, 2015). Both issuances were targeted only towards qualified foreign investors and in any case would not be made or subscribed in Spain or by Spanish-resident investors. These securities are listed in the Singapore Exchange Securities Trading Limited.

These convertible perpetual securities are convertible into new common shares if the trigger event occurs, that is, if BBVA's Common Equity Tier 1 capital ratio falls below 5.125%, among other assumptions.

Preferred securities

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

Preferred Securities by Issuer	Millions of Euros June 2015	 December 2014
BBVA International Preferred, S.A.U. (*)	829	1,750
Unnim Group (**)	109	109
Phoenix Loan Holdings, Inc.	21	20
BBVA Capital Finance, S.A.U.	-	25
BBVA International, Ltd.	-	7
Total	**959**	**1,910**

(*) Listed on the London and New York stock markets.

(**) Unnim Group: Issues prior to the acquisition by BBVA.

These issues were fully subscribed at the moment of the issue by investors outside the Group and are redeemable at the issuer company's option after five years from the issue date, depending on the terms of each issue and with prior consent from the Bank of Spain.

Amortization of preferred securities

On December 19, 2014 the amortization in full of preferred securities called "Issue of Series E Preferred Securities" and "Issue of Series F Preferred Securities" was announced. at their nominal amount of €633 million and 251 million pounds (approximately €323 million) respectively. These issues were made by BBVA International Preferred, S.A. Unipersonal on October 19, 2009. On January 21, 2015, after obtaining the necessary authorizations, BBVA International Preferred, S.A. Unipersonal proceeded to its effective amortization.

Other subordinated liabilities

Subordinated bonds

In April 2014 there was an issuance of subordinated bonds by BBVA Subordinated Capital, S.A.U. in an amount of €1,500 million and it is guaranteed jointly and irrevocably by BBVA and is listed in the London Stock Exchange.

21.5 Other financial liabilities

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

Other financial liabilities	Millions of Euros June 2015	 December 2014
Creditors for other financial liabilities	2,433	1,692
Collection accounts	3,232	2,402
Creditors for other payment obligations (*)	3,427	3,194
Total	**9,092**	**7,288**

(*) As of December 31, 2014, includes €69 million corresponding to the remuneration to shareholders who choose to be paid in cash through the "Dividend Option" paid in January 2015.

22. Insurance and reinsurance contracts

The Group has insurance subsidiaries mainly in Spain and Latin America (mostly in Mexico). The main product offered by the insurance subsidiaries is life insurance to cover the risk of death (risk insurance) and life-savings insurance. Within life and accident insurance, a distinction is made between freely sold products and those offered to customers who have taken mortgage or consumer loans, which cover the principal of those loans in the event of the customer's death.

There are two types of life-saving insurance products: individual insurance, which seeks to provide the customer with savings for retirement or other events, and group insurance, which is taken out by employers to cover their commitments to their employees.

The most significant provisions recognized by consolidated insurance subsidiaries with respect to insurance policies issued by them are under the heading "Liabilities under insurance contracts" in the accompanying consolidated balance sheets.

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

	Millions of Euros	
Liabilities under Insurance Contracts Technical Reserve and Provisions	**June 2015**	**December 2015**
Mathematical reserves	9,053	9,352
Provision for unpaid claims reported	637	578
Provisions for unexpired risks and other provisions	632	530
Total	**10,322**	**10,460**

The cash flows of those liabilities under insurance contracts are shown below:

	Millions of Euros				
Maturity	**Up to 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**Over 5 Years**	**Total**
Liabilities under insurance contracts	1,804	1,528	1,606	5,384	10,322

The modeling methods and techniques used to calculate the mathematical reserves for the insurance products are actuarial and financial methods and modeling techniques approved by the respective country's insurance regulator or supervisor. The most important insurance entities are located in Spain and Mexico (which together account for approximately 95% of the insurance revenues), where the modeling methods and techniques are reviewed by the insurance regulator in Spain (General Directorate of Insurance) and Mexico (National Insurance and Bonding Commission), respectively. The modeling methods and techniques used to calculate the mathematical reserves for the insurance products are based on IFRS and primarily involve the valuation of the estimated future cash flows, discounted at the technical interest rate for each policy. To ensure this technical interest rate, asset-liability management is carried out, acquiring a portfolio of securities that generate the cash flows needed to cover the payment commitments assumed with the customers.

The table below shows the key assumptions used in the calculation of the mathematical reserves for insurance products in Spain and Mexico, respectively:

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

MATHEMATICAL RESERVES	Mortality table		Average technical interest type	
	Spain	Mexico	Spain	Mexico
Individual life insurance (1)	GKM80/GKM95/ Own tables	Tables of the Comision Nacional De Seguros y Fianzas 2000-individual	1.4 - 3.9%	2.5%
Group insurance (2)	PERM/F2000NP	Tables of the Comision Nacional De Seguros y Fianzas 2000-group	1.7 - 4.2%	5.5%

(1) Provides coverage in the case of one or more of the following events: death and disability

(2) Insurance policies purchased by companies (other than Group BBVA entities) on behalf of their employees

The table below shows the mathematical reserves by type of product as of June 30, 2015 and December 31, 2014:

Technical Reserves by type of insurance product	Millions of Euros June 2015	December 2014
Mathematical reserves	9,053	9,352
Individual life insurance (1)	5,548	5,683
Savings	4,861	5,073
Risk	687	610
Group insurance (2)	3,506	3,669
Savings	2,991	3,207
Risk	515	462
Provision for unpaid claims reported	637	578
Provisions for unexpired risks and other provisions	632	529
Total	**10,322**	**10,460**

(1) Provides coverage in the event of death or disability

(2) The insurance policies purchased by employers (other than BBVA Group) on behalf of its employees

The table below shows the contribution of each insurance product to the Group's income (see Note 42) in the six months ended June 30, 2015 and 2014:

Revenues by type of insurance product	Millions of Euros June 2015	June 2014
Life insurance	277	165
Individual	129	114
Savings	43	(2)
Risk	86	116
Group insurance	148	51
Savings	11	5
Risk	137	46
Non-Life insurance	215	256
Home insurance	69	128
Other non-life insurance products	146	128
Total	**492**	**421**

The heading "Reinsurance assets" in the accompanying consolidated balance sheets includes the amounts that the consolidated insurance entities are entitled to receive under the reinsurance contracts entered into by them with third parties and, more specifically, the share of the reinsurer in the technical provisions recognized by the consolidated insurance subsidiaries. As of June 30, 2015 and December 31, 2014 the balance is €545 million and €559 million, respectively.

23. Provisions

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

	Millions of Euros	
Provisions. Breakdown by concepts	**June 2015**	**December 2014**
Provisions for pensions and similar obligations (Note 24)	6,013	5,970
Provisions for taxes and other legal contingencies	386	262
Provisions for contingent risks and commitments	617	381
Other provisions (*)	1,911	831
Total	**8,927**	**7,444**

(*) Provisions corresponding to different concepts and different geographies that are not individually significant individually

The changes in the headings "Other provisions" and "Provisions for contingent risks and commitments" during the six months ended June 30, 2015, are as a result of the acquisition of Catalunya Banc.

The changes in the heading "Provisions for contingent risks and commitments" in the accompanying consolidated balance sheets are presented in Note 7.3.8. together with the changes in impairment losses of other financial instruments.

Ongoing legal proceedings and litigation

Several entities of the Group are party to legal actions in a number of jurisdictions (including, among others, Spain, Mexico and the United States) arising in the ordinary course of business. According to the procedural status of these proceedings and the criteria of the respective lawyers, BBVA considers that none of such actions is material, individually or in the aggregate, and none is expected to result in a material adverse effect on the Group's financial position, results of operations or liquidity, either individually or in the aggregate. The Group´s Management believes that adequate provisions have been made in respect of such legal proceedings and considers that the possible contingencies that may arise from such on-going lawsuits are not material enough to require disclosure to the markets.

24. Post-employment commitments and others

As stated in Note 2.2.12, the Group has assumed commitments with employees including defined contribution plans, defined benefit plans (see Glossary), medical benefits as well as other post-employment commitments.

Employees are covered by defined contribution plans in practically all of the countries in which the Group operates, with the plans in Spain and Mexico being the most significant. Most defined benefit plans are closed to new employees and with liabilities relating largely to retired employees, the most significant being those in Spain, Mexico and the United States. In Mexico, the Group provides post-retirement medical benefits to a closed group of employees and their family members.

The breakdown of the balance sheet net defined benefit liability as of June 30, 2015 and December 31, 2014 is provided below:

	Millions of Euros	
Net Defined Benefit Liability (asset) on the Balance Sheet	**June 2015**	**December 2014**
Pension commitments	4,872	4,737
Early retirement commitments	2,739	2,803
Medical benefits commitments	1,150	1,083
Total commitments	**8,761**	**8,622**
Pension plan assets	1,742	1,697
Early retirement plan assets	-	-
Medical benefit plan assets	1,303	1,240
Total plan assets	**3,046**	**2,937**
Total net liability / asset on the balance sheet	**5,715**	**5,685**
Of which:		
Net asset on the balance sheet (1)	**(298)**	**(285)**
Net liability on the balance sheet (2)	**6,013**	**5,970**

(1) Recorded under the heading “Other Assets - Other” of the consolidated balance sheet (See Note 20)

(2) Recorded under the heading “Provisions - Provisions for pensions and similar obligations” of the consolidated balance sheet (See Note 23)

The amounts relating to post-employment benefits charged to the profit and loss account and valuation adjustment for the six months ended June 30, 2015 and 2014 are as follows:

		Millions of Euros	
Consolidated Income Statement Impact	**Notes**	**June 2015**	**June 2014**
Interest and similar expenses (*)	36.2	**54**	**96**
Interest expense		151	177
Interest income		(97)	(82)
Personnel expenses		**77**	**77**
Defined contribution plan expense	43.1	44	47
Defined benefit plan expense	43.1	33	30
Provisions (net)	45	**309**	**322**
Early retirement expense		336	299
Past service cost expense		6	5
Other provision expenses		(33)	18
Total impact on Consolidated Income Statement: Debit (Credit)		**439**	**494**

(*) Interest and similar charges includes interest charges/credits.

The amounts relating to post-employment benefits charged to the balance sheet as of June 30, 2015 and 2014 are as follows:

	Millions of Euros	
Equity Impact	**June 2015**	**June 2014**
Defined benefit plans	(1)	7
Post-employment medical benefits	-	-
Total impact on equity: Debit (Credit) (*)	**(1)**	**7**

(*) Actuarial gains (losses) on remeasurement of the net defined benefit liability relating to pension commitments before income taxes.

24.1 Defined benefit plans

Defined benefit pension commitments relate mainly to employees who have already retired or taken early retirement from the Group, certain closed groups of active employees still accruing defined benefit pensions, and in-service death and disability benefits provided to most active employees. For the latter the Group pays the required premiums to fully insure the related liability. The change in these pension commitments during the six months ended June 30, 2015 and 2014 is presented below.

	Millions of Euros					
	June 2015			June 2014		
Pension Commitments	**Defined Benefit Obligation**	**Plan Assets**	**Net Liability (asset)**	**Defined Benefit Obligation**	**Plan Assets**	**Net Liability (asset)**
Balance at the beginning	**8,240**	**2,555**	**5,685**	**7,327**	**1,990**	**5,337**
Current service cost	33	-	33	30	-	30
Interest income or expense	151	97	52	174	82	92
Contributions by plan participants	-	-	-	-	-	-
Employer contributions	-	2	(2)	-	1	(1)
Past service costs (1)	282	-	282	304	-	304
Return on plan assets (2)	-	-	-	-	-	-
Remeasurements arising from changes in demographic assumptions	-	-	-	-	-	-
Remeasurements arising from changes in financial assumptions	-	-	-	6	-	6
Other actuarial gain and losses	(1)	-	(1)	2	-	2
Benefit payments	(505)	(45)	(460)	(465)	(40)	(425)
Settlement payments	(1)	-	(1)	-	2	(2)
Business combinations and disposals	173	-	173	-	-	-
Effect on changes in foreign exchange rates	29	71	(41)	15	34	(19)
Other effects	(4)	1	(4)	12	-	12
Balance at the end	**8,396**	**2,681**	**5,715**	**7,403**	**2,067**	**5,337**
Of which						
Spain	5,910	-	5,910	5,391	-	5,391
Mexico	1,712	1,993	(281)	1,382	1,558	(176)
The United States	396	353	43	281	246	35

(1) Including gains and losses arising from settlements.

(2) Excluding interest, which is recorded under "Interest income or expense".

The balance under the heading "Provisions - Provisions for pensions and similar obligations" of the accompanying consolidated balance sheet as of June 30, 2015 includes €343 million relating to post-employment benefit commitments of former members of the Board of Directors and the Bank's Management Committee.

The most significant commitments are those in Spain and Mexico and, to a lesser extent, in the United States. The remaining commitments are located mostly in Portugal and South America. Unless otherwise required by local regulation, all defined plans have been closed to new entrants, who instead are able to participate in the Group´s defined contribution plans. We include a detailed breakdown for Spain, México and the United States which, in aggregate, account for approximately 95% of the total commitments. Both the costs and the present value of the commitments are determined by independent qualified actuaries using the "projected unit credit" method. The main hypotheses used in this calculation have not changed from December 31, 2014 to those used in June 30, 2015. The following table shows the main actuarial hypotheses used to value commitments as of December 31, 2014:

Actuarial Assumptions	Spain	Mexico	USA
Discount rate	2.25%	8.75%	3.97%
Rate of salary increase	2.00%	4.75%	3.25%
Rate of pension increase		2.13%	2.25%
Medical cost trend rate		6.75%	8.00%
Mortality tables	PERM/F 2000P	EMSSA 97	RP 2014

In addition to the commitments to employees shown above, the Group has other less material commitments. These include long-service awards, which consist of either an established monetary award or some vacation days granted to certain groups of employees when they complete a given number of years of service. As of June 30, 2015 and December 31, 2014 the actuarial liabilities for the outstanding awards amounted to €49 million and €45 million, respectively. These commitments are recorded under the heading "Other provisions" of the accompanying consolidated balance sheet (see Note 23).

As described above, the Group maintains both pension and medical benefit commitments with their employees. Further details are provided below on each of these.

Post-employment commitments and other long-term benefits

These pension commitments relate mostly to pensions already in payment, and which have been determined based on salary and years of service in accordance with the specific plan rules. For most plans pension payments are due on retirement, death and long term disability.

In addition, during the six months ended June 30, 2015, Group entities in Spain offered certain employees the option to take early retirement (that is, earlier than the age stipulated in the collective labor agreement in force). This offer was accepted by 695 employees (744 during the six months ended June 30, 2014). These commitments include both the liability for the benefit payments due as well as the contributions payable to external pension funds during the early retirement period. As of June 30, 2015 and December 31, 2014 the value of these commitments amounted to €2,739 and €2,803 million respectively.

The change in the defined benefit plan obligations and plan assets during the six months ended June 30, 2015 was as follows:

	Millions of Euros								
	Defined Benefit Obligation			Plan Assets			Net Liability (asset)		
June 2015	Spain	Mexico	USA	Spain	Mexico	USA	Spain	Mexico	USA
Balance at the beginning	**5,830**	**574**	**362**	**-**	**668**	**324**	**5,830**	**(94)**	**38**
Current service cost	8	4	2	-	-	-	8	4	2
Interest income or expense	61	25	7	-	30	7	61	(5)	-
Contributions by plan participants	-	-	-	-	-	-	-	-	-
Employer contributions	-	-	-	-	-	-	-	-	-
Past service costs (1)	287	(5)	-	-	-	-	287	(5)	-
Return on plan assets (2)	-	-	-	-	-	-	-	-	-
Remeasurements arising from changes in demographic assumptions	-	-	-	-	-	-	-	-	-
Remeasurements arising from changes in financial assumptions	-	-	-	-	-	-	-	-	-
Other actuarial gain and losses	-	-	-	-	-	-	-	-	-
Benefit payments	(447)	(32)	(6)	-	(21)	(5)	(447)	(11)	(1)
Settlement payments	-	-	-	-	-	-	-	-	-
Business combinations and disposals	173	-	-	-	-	-	173	-	-
Effect on changes in foreign exchange rates	2	10	31	-	12	27	2	(2)	4
Other effects	(4)	-	-	-	1	-	(4)	(1)	-
Balance at the end	**5,910**	**576**	**396**	**-**	**689**	**353**	**5,910**	**(113)**	**43**
Of which									
Vested benefit obligation relating to current employees	196	-	-	-	-	-	196	-	-
Vested benefit obligation relating to retired employees	5,714	-	-	-	-	-	5,714	-	-

(1) Including gains and losses arising from settlements.

(2) Excluding interest, which is recorded under "Interest income or expense".

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

The change in net defined benefit plan liabilities (assets) during the six months ended June 30, 2014 was as follows:

	Millions of Euros								
	Defined Benefit Obligation			Plan Assets			Net Liability (asset)		
June 2014	**Spain**	**Mexico**	**USA**	**Spain**	**Mexico**	**USA**	**Spain**	**Mexico**	**USA**
Balance at the beginning	**5,393**	**514**	**276**	**-**	**552**	**244**	**5,393**	**(38)**	**32**
Current service cost	11	4	2	-	-	-	11	4	2
Interest income or expense	88	24	6	-	25	5	88	(1)	1
Contributions by plan participants	-	-	-	-	-	-	-	-	-
Employer contributions	-	-	-	-	-	-	-	-	-
Past service costs (1)	304	-	-	-	-	-	304	-	-
Return on plan assets (2)	-	-	-	-	-	-	-	-	-
Remeasurements arising from changes in demographic assumptions	-	-	-	-	-	-	-	-	-
Remeasurements arising from changes in financial assumptions	-	-	-	-	-	-	-	-	-
Other actuarial gain and losses	-	-	-	-	-	-	-	-	-
Benefit payments	(419)	(19)	(7)	-	(19)	(4)	(419)	-	(3)
Settlement payments	-	-	-	-	-	-	-	-	-
Business combinations and disposals	-	-	-	-	-	-	-	-	-
Effect on changes in foreign exchange rates	-	11	3	-	12	2	-	(1)	-
Other effects	15	(1)	-	-	-	(1)	15	(1)	1
Balance at the end	**5,391**	**533**	**281**	**-**	**570**	**246**	**5,391**	**(38)**	**35**
Of which									
Vested benefit obligation relating to current employees	215	-	-	-	-	-	215	-	-
Vested benefit obligation relating to retired employees	5,176	-	-	-	-	-	5,176	-	-

(1) Includes gains and losses from settlements.

(2) Excludes interest which is reflected in the line item “Interest income and expenses”.

In Spain, local regulation requires that pension and death benefit commitments must be funded, either through the assets held for a qualified pension plan or an insurance contract.

These insurance contracts meet the requirements of the accounting standard regarding the non-recoverability of contributions. However, a significant number of the insurance contracts are held with BBVA Seguros, S.A. – a consolidated subsidiary – and consequently these policies cannot be considered plan assets under IAS 19. For this reason, the liabilities insured under these policies are fully recognized under the heading "Provisions – Provisions for pensions and similar obligations" of the accompanying consolidated balance sheet (see Note 23), while the related assets held by the insurance company are included within the Group´s consolidated assets (registered according to the classification of the corresponding financial instruments). As of June 30, 2015 the value of these separate assets was €2,680 million, representing direct rights of the insured employees held in the consolidated balance sheet, hence these benefits are effectively fully funded,

On the other hand, some pension commitments have been funded through insurance contracts held with insurance companies not related to the Group, and can therefore be considered qualifying insurance policies and plan assets under IAS 19. In this case the accompanying consolidated balance sheet reflects the value of the obligations net of the fair value of the qualifying insurance policies. As of June 30, 2015 and December 31, 2014, the fair value of the aforementioned insurance contracts (€365 and €382 million, respectively) exactly match the value of the corresponding obligations and therefore no amount for this item has been recorded in the accompanying consolidated balance sheet.

Pensions are paid by the insurance companies with whom BBVA has effected the insurance contracts and to whom all insurance premiums have been paid. The premiums are determined by the insurance companies using “cash flow matching” techniques to ensure that benefits can be met when due, guaranteeing both the actuarial and interest rate risk.

In Mexico, there is a defined benefit plan for employees hired prior to 2001. Other employees participate in a defined contribution plan. External funds/trusts have been constituted locally to meet benefit payments as required by local regulation.

In The United States there are mainly two defined benefit plans, both closed to new employees, who instead are able to join a defined contribution plan. External funds/trusts have been constituted locally to fund the plans, as required by local regulation.

The Bank also has the duty to pay indemnities to certain employees and members of the Group’s Senior Management in the event that they cease to hold their positions for reasons other than their own will, retirement, disability or dereliction of duty. The amount will be calculated according to the salary and professional conditions of each, taking into consideration fixed elements of the employee’s remuneration and length of office at the Bank. Under no circumstances will it be paid in cases of disciplinary dismissal for misconduct by decision of the employer on grounds of the employee's dereliction of duties.

In the first semester of 2015 as a consequence of certain Senior Management members leaving the Group, indemnities for a total of €23,438 thousand were paid, which have been recorded as Other Personnel Expenses (see Note 43). Moreover, beneficiaries were paid part of the sums that the Group had previously provisioned to satisfy contractual pension commitments to the value of €11,458 thousand.

Medical benefit commitments

In Mexico there is a medical benefit plan for employees hired prior to 2007. New employees from 2007 are covered by medical insurance policy. An external trust has been constituted locally to fund the plan, in accordance with local legislation and Group policy. The change in medical plan obligations and plan assets during the six months ended June 30, 2015 and 2014 was as follows:

	Millions of Euros					
	June 2015			June 2014		
Medical Benefits Commitments	Defined Benefit Obligation	Plan assets	Net liability (asset)	Defined Benefit Obligation	Plan assets	Net liability (asset)
Balance at the beginning	**1,069**	**1,240**	**(171)**	**799**	**938**	**(140)**
Current service cost	16	-	16	11	-	11
Interest income or expense	49	57	(8)	37	44	(7)
Contributions by plan participants	-	-	-	-	-	-
Employer contributions	-	-	-	-	-	-
Past service costs (1)	-	-	-	-	-	-
Return on plan assets (2)	-	-	-	-	-	-
Remeasurements arising from changes in demographic assumptions	-	-	-	-	-	-
Remeasurements arising from changes in financial assumptions	-	-	-	-	-	-
Other actuarial gain and losses	-	-	-	-	-	-
Benefit payments	(15)	(15)	-	(16)	(16)	-
Settlement payments	-	-	-	-	-	-
Business combinations and disposals	-	-	-	-	-	-
Effect on changes in foreign exchange rates	18	22	(4)	17	20	(3)
Other effects	-	-	-	-	1	(1)
Balance at the end	**1,136**	**1,303**	**(167)**	**849**	**987**	**(138)**

(1) Including gains and losses arising from settlements.

(2) Excluding interest, which is recorded under "Interest income or expense".

The valuation of these benefits and their accounting treatment in the accompanying consolidated financial statements follow the same methodology as that employed in the valuation of pension commitments.

Estimated benefit payments

The estimated benefit payments over the next ten years for all the entities in Spain, Mexico and the United States are as follows:

	Millions of Euros					
Estimated Benefit Payments	2015	2016	2017	2018	2019	2020-2024
Commitments in Spain	419	756	677	591	510	1,517
Commitments in Mexico	39	80	86	93	99	583
Commitments in The United States	7	13	14	15	16	94
Total	**465**	**849**	**777**	**699**	**625**	**2,194**

Plan assets

The majority of the Group´s defined benefit plans are funded by plan assets held in external funds/trusts legally separate from the Group sponsoring entity. However, in accordance with local regulation, some commitments are funded through internally held provisions, principally those relating to early retirements in Spain.

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Plan assets are those assets which will be used to directly settle the assumed commitments and which meet the following conditions: they are not part of the Group sponsoring entity´s assets, they are available only to pay post-employment benefits and they cannot be returned to the Group sponsoring entity.

To manage the assets associated with defined benefit plans, BBVA Group has established investment policies designed according to criteria of prudence and minimizing the financial risks associated with plan assets.

The investment policy consists of investing in a low risk and diversified portfolio of assets with maturities consistent with the term of the benefit obligation and which, together with contributions made to the plan, will be sufficient to meet benefit payments when due, thus mitigating the plans' risks.

In those countries where plan assets are held in pension funds or trusts, the investment policy is developed consistently with local regulation. When selecting specific assets, current market conditions, the risk profile of the assets and their future market outlook are all taken into consideration. In all the cases, the selection of assets takes into consideration the term of the benefit obligations as well as short-term liquidity requirements.

The risks associated with these commitments are those which give rise to a deficit in the defined benefit plan. A deficit could arise from factors such as a fall in the market value of plan assets, an increase in long-term interest rates leading to a decrease in the fair value of fixed income securities, or a deterioration of the economy resulting in more write-downs and credit rating downgrades.

The table below shows the allocation plan assets as of June 30, 2015 for the Group entities in Spain, Mexico and United States:

	Millions of Euros
Plan Assets Breakdown	**June 2015**
Cash or cash equivalents	71
Other debt securities (Goverment bonds)	2,182
Mutual funds	1
Asset-backed securities	92
Insurance contracts	365
Total	**2,711**
Of which:	
Debt securities issued by BBVA	3

The following table provides details of investments in quoted markets (Level 1) as of June 30, 2015:

	Millions of Euros
Investments in quoted markets	**June 2015**
Cash or cash equivalents	71
Other debt securities (Goverment bonds)	2,182
Mutual funds	1
Asset-backed securities	92
Total	**2,346**
Of which:	
Debt securities issued by BBVA	3

The remainder of the assets are invested in Level 2 assets in in accordance with the classification established under IFRS 13 (mainly insurance contracts).

As of December 31, 2014 the plan assets covering these commitments were similar to the information contained in the above tables.

24.2 Defined contribution commitments

Certain Group entities sponsor defined contribution plans. Some of these plans allow employees to make contributions which are then matched by the employer.

Contributions are recognized as and when they are accrued, with a charge to the consolidated income statement in the corresponding financial year. No liability is therefore recognized in the accompanying consolidated balance sheet (See Note 43.1).

25. Common stock

As of June 30, 2015, BBVA's common stock amounted to €3,089,566,626.88 divided into 6,305,238,012 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. Each and every share is part of the Bank's common stock.

The Bank's shares are traded on the Spanish stock market, 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 June 30, 2015, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., and BBVA Banco Frances, S.A. were listed on their respective local stock markets. BBVA Banco Frances, S.A. is also listed on the Latin American market of the Madrid Stock Exchange and on the New York Stock Exchange.

As of June 30, 2015, State Street Bank and Trust Co., The Bank of New York Mellon SA NV and Chase Nominees Ltd in their capacity as international custodian/depositary banks, held 14.51%, 4.42%, and 5.02% 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 outstanding.

On May 13, 2015, the Blackrock, Inc. reported to the Spanish Securities and Exchange Commission (CNMV) that, it now has an indirect holding of BBVA common stock totaling 4.9%.

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 consolidated balance sheets are due to the following common stock increases:

Capital Increase	Number of Shares	Common Stock (Millions of Euros)
As of December 31, 2013	**5,785,954,443**	**2,835**
Dividend option - April 2014	101,214,267	50
Dividend option - October 2014	41,746,041	20
Capital increase - November 2014	242,424,244	119
As of December 31, 2014	**6,171,338,995**	**3,024**
Dividend option - January 2015	53,584,943	26
Dividend option - April 2015	80,314,074	39
As of June 30, 2015	**6,305,238,012**	**3,090**

"Dividend Option" Program in 2015:

The AGM held on March 13, 2015 under Point Four of the Agenda, adopted four resolutions on capital increase to be charged to reserves, to once again implement the program called the "Dividend Option" (see Note 4), pursuant to article 297.1 a) of the Spanish Corporate Enterprises Act, conferring on the Board of Directors the authority to indicate the date on which said capital increases should be carried out, within one year of the date of the AGM, including the power not to implement any of the resolutions, when deemed advisable.

On March 25, 2015, the Board of Directors of BBVA approved the execution of the first of the capital increases charged to reserves agreed by the aforementioned AGM. As a result of this increase, the Bank's common stock increased by €39,353,896.26 through the issue and circulation of 80,314,074 shares with a €0.49 par value each.

"Dividend Option" Program in 2014:

The AGM held on March 14, 2014 under Point Four of the Agenda, resolved to perform four common stock increases, charged to voluntary reserves, to once again implement the program called the "Dividend Option" (see Note 4), pursuant to article 297.1 a) of the Corporations Act, delegating in the Board of Directors the ability 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, including the power not to implement any of the resolutions, when deemed advisable.

On March 26, 2014, the Board of Directors of BBVA approved the execution of the first of the capital increases charged to reserves agreed by the aforementioned AGM. As a result of this increase, the Bank's common stock increased by €49,594,990.83 through the issue and circulation of 101,214,267 shares with a €0.49 par value each.

Likewise, on September 24, 2014, Board of Directors of BBVA approved the execution of the second of the capital increases charged to reserves agreed by the aforementioned AGM of March 14, 2014. As a result of this increase, the Bank's common stock increased by €20,455,560.09 through the issue and circulation of 41,746,041 ordinary shares with a €0.49 par value each.

Similarly, on December 17, 2014, Board of Directors of BBVA approved the execution of the third of the capital increases charged to reserves agreed by the aforementioned AGM. As of January 14, 2015, the Bank's common stock increased by €26,256,622.07 through the issue and circulation of 53,584,943 ordinary shares with a €0.49 par value each, of the same class and series as the shares currently in circulation, without issuance premium and represented by book entries.

Capital increase

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 297.1.b) 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.

On November 19, 2014, the Board of Directors of BBVA, exercising the authority delegated by the AGM held on March 16, 2012 under point Three of its Agenda, decided to carry out a capital increase, excluding preferential subscription rights, through an accelerated bookbuilt offering.

On November 20, 2014, the capital increase finished with a total par value of €118,787,879.56 through the issue of 242,424,244 shares of BBVA, each with a par value of forty-nine euro cents, of the same class and series as the shares currently in circulation and represented by book entries. The subscription price of these new shares was determined to be €8.25 per share (corresponding €0.49 to par value and €7.76 to share premium). Therefore, the total effective amount of the Capital Increase was of €2,000,000,013 corresponding €118,787,879.56 to par value and €1,881,212,133.44 to share premium (see Note 26).

Convertible and/or exchangeable 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 billion. 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 Banks common stock as required to address the conversion commitments.

During 2014 and 2013 respectively, BBVA, exercising the authority delegated by the AGM held on March 16, 2012 under point Five of its Agenda, issued perpetual securities eventually convertible into new ordinary shares of BBVA, (Additional level I capital instruments) without pre-emption rights, for a total amount of €1,500 million and $1,500 million (€1,345 million as of June 30, 2015). Similarly on February 10, 2015, BBVA issued perpetual securities eventually convertible into new ordinary shares of BBVA, (Additional level I capital instruments) without pre-emption rights, for a total amount of €1,500 million (see Note 21.4).

Other securities:

The Bank's AGM held on March 13, 2015, in Point Three of the agenda, agreed to delegate to the Board of Directors, the authority to issue, within the three-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 fixed-income securities, 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 Bank 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 billion.

26. Share premium

As of June 30, 2015, the balance under this heading in the accompanying consolidated balance sheets was €23,992 million. During the six months ended June 30, 2015 there were no changes.

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.

27. Reserves

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

		Millions of Euros	
Reserves. Breakdown by concepts	**Notes**	**June 2015**	**December 2014**
Legal reserve	27.1	605	567
Restricted reserve for retired capital	27.2	239	268
Reserves for balance revaluations		23	23
Voluntary reserves		6,971	6,784
Total reserves holding company (*)		7,837	7,642
Consolidation reserves attributed to the Bank and dependents consolidated companies.		14,723	13,294
Total Reserves		**22,560**	**20,936**

(*) Total reserves of BBVA, S.A. (See Appendix VIII).

27.1 Legal reserve

Under the amended Corporations Act, 10% of any profit made each year must be transferred to the legal reserve. The transfer must be made until the legal reserve reaches 20% of the share capital.

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.

27.2 Restricted reserves

As of June 30, 2015 and December 31, 2014, the Bank's restricted reserves are as follows:

	Millions of Euros	
Restricted Reserves	**June 2015**	**December 2014**
Restricted reserve for retired capital	88	88
Restricted reserve for Parent Company shares and loans for those shares	149	178
Restricted reserve for redenomination of capital in euros	2	2
Total	**239**	**268**

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 at 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.

27.3 Reserves (losses) by entity

The breakdown, by company or corporate group, under the heading "Reserves" in the accompanying consolidated balance sheets is as follows:

	Millions of Euros	
Reserves Assigned to the Consolidation Process	**June 2015**	**December 2014**
Accumulated reserves (losses)		
Holding Company (*)	11,249	11,604
BBVA Bancomer Group	8,550	7,564
BBVA Seguros, S.A.	1,839	1,727
Corporacion General Financiera, S.A.	938	746
BBVA Banco Provincial Group	1,624	1,592
BBVA Chile Group	1,113	1,045
Compañía de Cartera e Inversiones, S.A.	(22)	(15)
Anida Grupo Inmobiliario, S.L.	274	339
BBVA Suiza, S.A.	(4)	(17)
BBVA Continental Group	506	437
BBVA Luxinvest, S.A.	346	467
BBVA Colombia Group	785	492
BBVA Banco Francés Group	625	439
Banco Industrial De Bilbao, S.A.	33	43
Uno-E Bank, S.A.	(61)	(64)
Gran Jorge Juan, S.A.	(40)	(45)
BBVA Portugal Group	(509)	(519)
Participaciones Arenal, S.L.	(180)	(180)
BBVA Propiedad S.A.	(412)	(342)
Anida Operaciones Singulares, S.L.	(1,828)	(1,536)
Grupo BBVA USA Bancshares	(1,468)	(1,811)
Unnim Real Estate	(1,698)	(1,651)
Bilbao Vizcaya Holding S.A	74	70
Finanzia Autorenting, S.A.	(18)	(30)
Other	(90)	(51)
Subtotal	21,626	20,304
Reserves (losses) of entities accounted for using the equity method:		
Citic International.Financial Holdings Limited (**)	267	197
Garanti Turkiye Bankasi Group	873	609
Metrovacesa	(143)	(68)
Occidental Hoteles Management, S.L.(**)	(88)	(94)
Other	25	(11)
Subtotal	934	633
Total Reserves	**22,560**	**20,936**

(*) Corresponds to the reserve of the Bank after adjustments made through the consolidation process.

(**) Reclassified during 2014 to "Non-current assets available for sale" (Note 15).

For the purpose of allocating the reserves and accumulated losses to the consolidated entities and to the parent company, the transfers of reserves arising from the dividends paid and transactions between these entities are taken into account in the period in which they took place.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

28. Treasury stock

In the six months ended June 30, 2015 and 2014 the Group entities performed the following transactions with shares issued by the Bank:

Treasury Stock	June 2015		June 2014	
	Number of Shares	Millions of Euros	Number of Shares	Millions of Euros
Balance at beginning	**41,510,698**	**350**	**6,876,770**	**66**
+ Purchases	207,345,203	1,793	167,420,778	1,501
- Sales and other changes	(240,558,916)	(2,063)	(170,575,069)	(1,524)
+/- Derivatives on BBVA shares	-	(5)	-	-
+/- Other changes	-	-	-	-
Balance at the end	**8,296,985**	**75**	**3,722,479**	**43**
Of which:				
Held by BBVA, S.A.	2,838,648	27	2,387,072	31
Held by Corporación General Financiera, S.A.	5,426,095	48	1,307,467	12
Held by other subsidiaries	32,242	-	27,940	-
Average purchase price in Euros	8.64		8.97	
Average selling price in Euros	8.60		9.04	
Net gain or losses on transactions (Stockholders' funds-Reserves)		2		13

The percentages of treasury stock held by the Group in the six months ended June 30, 2015 and 2014 are as follows:

Treasury Stock	June 2015		June 2014	
	Min	Max	Min	Max
% treasury stock	**0.000%**	**0.806%**	**0.000%**	**0.286%**

The number of BBVA shares accepted by the Group in pledge of loans as of June 30, 2015 and December 31, 2014 is as follows:

Shares of BBVA Accepted in Pledge	June 2015	December 2014
Number of shares in pledge	95,667,478	97,795,984
Nominal value	0.49	0.49
% of share capital	1.52%	1.58%

The number of BBVA shares owned by third parties but under management of a company within the Group as of June 30, 2015 and December 31, 2014 is as follows:

Shares of BBVA Owned by Third Parties but Managed by the Group	June 2015	December 2014
Number of shares owned by third parties	97,720,677	101,425,692
Nominal value	0.49	0.49
% of share capital	1.55%	1.64%

29. Valuation adjustments

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

		Millions of Euros	
Valuation Adjustments	**Notes**	**June 2015**	**December 2014**
Available-for-sale financial assets	12.4	2,228	3,816
Cash flow hedging		(119)	(46)
Hedging of net investments in foreign transactions		(477)	(373)
Exchange differences		(2,644)	(2,173)
Non-current assets held for sale		-	-
Entities accounted for using the equity method		(1,118)	(796)
Other valuation adjustments (Remeasurements)		(779)	(776)
Total		**(2,909)**	**(348)**

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

Changes in the six months ended June 30, 2015 in the table above are mainly due to the valuation of debt securities and "Exchange rate differences".

Within "Exchange rate differences", the exchange rate used for the Venezuelan currency in the six month ended June 30, 2015 is the Simadi rate, while in 2014 the SICAD I rate was used. In the six months ended June 30, 2015 under the heading "Valuation adjustments - Exchange differences" the first application of the Simadi as Venezuelan bolivar fuerte is recognized with an impact of approximately €1,630 million. The exchange rate of the Simadi as of June 30, 2015 applied in the conversion of financial statements is 220.75 Venezuelan bolivar fuerte per euro (see Note 2.2.16).

30. Non-controlling interests

The breakdown by groups of consolidated entities of the balance under the heading "Non-controlling interests" of total equity in the accompanying consolidated balance sheets is as follows:

	Millions of Euros	
Non-Controlling Interest	**June 2015**	**December 2014**
BBVA Colombia Group	59	59
BBVA Chile Group	322	347
BBVA Banco Continental Group	847	839
BBVA Banco Provincial Group (*)	115	958
BBVA Banco Francés Group	261	230
Other companies	124	78
Total	**1,728**	**2,511**

(*) Decrease due to the application of SIMADI.

These amounts are broken down by groups of consolidated entities under the heading "Profit attributable to non-controlling interests" in the accompanying consolidated income statements:

	Millions of Euros	
Profit attributable to Non-Controlling Interests	**June 2015**	**June 2014**
BBVA Colombia Group	7	5
BBVA Chile Group	25	30
BBVA Banco Continental Group	105	88
BBVA Banco Provincial Group (*)	7	59
BBVA Banco Francés Group	37	28
Other companies	19	5
Total	**200**	**215**

(*)Decrease due to the application of SIMADI.

Dividends distributed to non-controlling interests of the Group during the six months ended June 30, 2015 are: BBVA Banco Francés €9 million, BBVA Banco Continental €113 million, BBVA Chile €9 million, BBVA Colombia €4 million and other Spanish entities accounted for €3 million.

31. Capital base and capital management

As of June 30, 2015 and December 31, 2014, equity is calculated in accordance with current regulation on 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 the current regulation 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 regulation and the internal Corporate Governance obligations.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

The Group's bank capital in accordance with the aforementioned applicable regulation, considering entities scope required by the above regulation, as of June 30, 2015 and December 31, 2014 is shown below: (please note that the information for the latter period has been adapted to the new presentation format for comparison purposes):

	Millions of euros	
Capital Base	**June 2015 (*)**	**December 2014**
Common Equity Tier 1 Capital	**43,422**	**41,831**
Common Stock	3,090	3,024
Parent company reserves	42,190	42,406
Reserves in consolidated companies	(124)	(1,204)
Non-controlling interests	1,215	1,885
Deductions and others	(5,098)	(6,151)
Attributed net income (less dividends)	2,150	1,871
Aditional Tier 1 Capital	**-**	**-**
Capital instruments eligible and perpetual securities eventually convertible	5,341	4,205
Deductions and others	(5,341)	(4,205)
Total Tier 1 Capital	**43,422**	**41,831**
Tier 2 Capital	**11,276**	**11,046**
Other deductions		
Total Own Funds	**54,698**	**52,877**
Total Minimum equity required	**28,223**	**28,065**

(*) Provisional data

Changes during the six months ended June 30, 2015 in the amount of Tier 1 capital in the table above are mainly due to the accumulated profit net dividends until December and reissuing contingent convertible perpetual securities (see Note 21.4.)

The Tier 2 capital increase is mainly due to movements in other subordinated liabilities (see Note 21.4).

With regard to minimum capital requirements, the increase is mainly due to the integration of Catalunya Banc, partially offset by the depreciation of most of the currencies, as well as the sales of participation of CNCB.

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A reconciliation of total equity and regulatory capital is provides below:

	Millions of Euros
Eligible capital resources	**Reconciliation of total equity with regulatory capital June 2015**
Total Equity	**50,996**
Capital	3,090
Share premium	23,992
Reserves	22,560
Other equity instruments	26
Own shares in portfolio	(75)
Attributable net income	2,759
Attributable dividend	(175)
Valuation adjustments	(2,909)
Non-controlling interests	1,728
Shares and other eligible preferred securities	**5,341**
Deductions	**(3,987)**
Goodwill and other and other intangible assets	(3,650)
Funding Treasury stock	(110)
Funding own shares	(227)
Equity not eligible at solvency level	**(1,477)**
Capital gains from the Available for sale fixed-income portfolio	(1,031)
Capital gains from the Available-for-sale equity portfolio	(291)
Differences from solvency and accounting level	(155)
Other adjustments and deductions	**(2,110)**
Tier 1 (before deductions)	**48,763**
(-) Deductions Tier 1	**(5,341)**
Tier 1	**43,422**

A reconciliation of the balance sheet to the accounting regulatory perimeter (provisional data) as of June 30, 2015 is provided below:

		Millions of Euros		
Public balance sheet headings	**Public balance sheet**	**Insurance companies and real estate companies**	**Jointly-controlled entities and other adjustments**	**Regulatory balance sheet**
Cash and balances with central banks	27,876	(1)	2,338	30,213
Financial assets held for trading	82,499	(1,008)	2,590	84,081
Other financial assets designated at fair value through profit or loss	3,003	(2,189)	(173)	641
Available for sale financial assets	103,533	(18,394)	3,981	89,120
Loans and receivables	399,984	(936)	18,591	417,639
Held to maturity investments	-	-	-	-
Fair value changes of the hedged items in portfolio hedges of interest rate risk	57	-	-	57
Hedging derivatives	3,160	(169)	67	3,058
Non-current assets held for sale	3,890	(20)	(16)	3,854
equity method	4,660	3,593	(3,790)	4,463
Other	40,542	(1,874)	7,325	45,993
Total assets	**669,204**	**(20,998)**	**30,913**	**679,119**

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 subordinate debt.

This capital management is carried out determining the capital base and the solvency ratios established by the prudential and minimum capital requirements also have to be met for the entities subject to prudential supervision in each country.

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 and its internal capital estimation model has received the Bank of Spain's approval for certain portfolios (see Note 7).

32. Contingent risks and commitments

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

	Millions of euros	
Contingent Risks and Commitments	**June 2015**	**December 2014**
Contingent Risks		
Collateral, bank guarantees and indemnities	29,281	28,297
Rediscounts, endorsements and acceptances	74	47
Letter of credit and others	4,875	5,397
Total Contingent Risks	**34,230**	**33,741**
Contingent Commitments		
Balances drawable by third parties:	108,970	96,714
Credit institutions	880	1,057
Government and other government agencies	1,473	1,359
Other resident sectors	28,760	21,784
Non-resident sector	77,857	72,514
Other contingent liabilities	15,426	9,538
Total Contingent Commitments	**124,396**	**106,252**
Total contingent risks and contingent commitments	**158,626**	**139,993**

Since a significant portion of the amounts above will expire without any payment obligation materializing for the consolidated entities, the aggregate balance of these commitments cannot be considered as an actual future requirement for financing or liquidity to be provided by the BBVA Group to third parties.

In the six months ended June 30, 2015 and in 2014 no issuance of debt securities carried out by associates of the BBVA Group, joint venture entities or non-Group entities have been guaranteed.

33. Other contingent assets and liabilities

As of June 30, 2015 and December 31, 2014 there were no material contingent assets or liabilities other than those disclosed in the accompanying notes to the financial statements.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

34. Purchase and sale commitments and future payment obligations

The breakdown of purchase and sale commitments of the BBVA Group as of June 30, 2015 and December 31, 2014 is as follows:

Purchase and Sale Commitments	Notes	June 2015	December 2014
		Millions of Euros	
Financial instruments sold with repurchase commitments		**65,656**	**66,326**
Central Banks	9	9,263	8,774
Credit Institutions	21.1	20,690	32,935
Government and other government agencies	21.2	12,359	3,022
Other resident sectors	21.2	16,169	13,306
Non-resident sectors	21.2	7,175	8,289
Financial instruments purchased with resale commitments		**16,970**	**17,639**
Central Banks	9	412	209
Credit Institutions	13.1	10,007	10,440
Government and other government agencies	13.2	-	378
Other resident sectors	13.2	5,659	5,932
Non-resident sectors	13.2	892	680

A breakdown of the maturity of other payment obligations, not included in previous notes, due after June 30, 2015 is provided below:

Maturity of Future Payment Obligations	Up to 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
	Millions of Euros				
Finance leases	-	-	-	-	-
Operating leases	267	272	272	2,342	3,153
Purchase commitments	27	-	-	-	27
Technology and systems projects	10	-	-	-	10
Other projects	17	-	-	-	17
Total	**294**	**272**	**272**	**2,342**	**3,180**

35. Transactions on behalf of third parties

As of June 30, 2015 and December 31, 2014 the details of the most significant items under this heading are as follows:

Transactions on Behalf of Third Parties	June 2015	December 2014
	Millions of Euros	
Financial instruments entrusted by third parties	674,694	602,791
Conditional bills and other securities received for collection	4,804	4,438
Securities lending	3,765	3,945

As of June 30, 2015 and December 31, 2014 the off-balance sheet customer assets managed by the BBVA Group are as follows:

	Millions of Euros	
Off-Balance Sheet Customer Funds by Type	**June 2015**	**December 2014**
Commercialized and managed by the Group		
Investment companies and mutual funds	73,858	82,587
Pension funds	37,042	26,361
Customer portfolios managed on a discretionary basis	39,917	35,129
Of which:		
Portfolios managed on a discretionary	18,245	17,187
Commercialized by the Group managed by third parties outside the Group		
Investment companies and mutual funds	4,086	3,197
Pension funds	33	30
Saving insurance contracts	43	-
Total	**154,979**	**147,304**

36. Interest income and expense and similar items

36.1 Interest and similar income

The breakdown of the interest and similar income recognized in the accompanying consolidated income statement is as follows:

	Millions of Euros	
Interest and Similar Income. Breakdown by Origin.	**June 2015**	**June 2014**
Central Banks	62	110
Loans and advances to credit institutions	102	126
Loans and advances to customers	8,310	8,397
Government and other government agency	294	358
Resident sector	1,690	1,940
Non resident sector	6,326	6,099
Debt securities	1,563	1,693
Held for trading	505	609
Available-for-sale financial assets	1,059	1,084
Adjustments of income as a result of hedging transactions	(161)	(121)
Insurance activity	507	564
Other income	282	233
Total	**10,665**	**11,000**

The amounts recognized in consolidated equity in connection with hedging derivatives and the amounts derecognized from consolidated equity and taken to the consolidated income statement during both periods are given in the accompanying "Consolidated 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	**June 2015**	**June 2014**
Cash flow hedging	28	25
Fair value hedging	(189)	(146)
Total	**(161)**	**(121)**

36.2 Interest and similar expenses

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

	Millions of Euros	
Interest and Similar Expenses. Breakdown by Origin	**June 2015**	**June 2014**
Bank of Spain and other central banks	47	32
Deposits from credit institutions	447	526
Customers deposits	1,721	2,133
Debt certificates	914	1,088
Subordinated liabilities	245	234
Adjustments of expenses as a result of hedging transactions	(439)	(453)
Cost attributable to pension funds (Note 24)	54	96
Insurance activity	365	418
Other charges	216	200
Total	**3,570**	**4,276**

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	**June 2015**	**June 2014**
Cash flow hedging	(15)	3
Fair value hedging	(424)	(456)
Total	**(439)**	**(453)**

36.3 Average return on investments and average borrowing cost

The detail of the average return on investments in the six months ended June 30, 2015 and 2014 is as follows:

	Millions of Euros					
	June 2015			June 2014		
Asset	**Average Balances**	**Interest and Similar Income**	**Average Interest Rates (%)**	**Average Balances**	**Interest and Similar Income**	**Average Interest Rates (%)**
Cash and balances with central banks	27,754	62	0.45	25,996	110	0.85
Securities portfolio and derivatives	197,660	1,951	1.99	168,490	2,179	2.61
Loans and advances to credit institutions	29,560	122	0.83	22,843	152	1.34
Loans and advances to customers	353,392	8,437	4.81	322,588	8,495	5.31
Euros	188,383	2,181	2.33	189,074	2,507	2.67
Foreign currency	165,009	6,256	7.65	133,514	5,988	9.04
Other finance income	-	-	-	-	-	-
Other assets	53,239	93	0.35	44,124	64	0.29
Totals	**661,606**	**10,665**	**3.25**	**584,042**	**11,000**	**3.80**

The average borrowing cost in the six months ended June 30, 2015 and 2014 is as follows:

	Millions of Euros					
	June 2015			June 2014		
Liabilities	**Average Balances**	**Interest and Similar Expenses**	**Average Interest Rates (%)**	**Average Balances**	**Interest and Similar Expenses**	**Average Interest Rates (%)**
Deposits from central banks and credit institutions	88,739	611	1.39	80,329	679	1.70
Customer deposits	337,880	1,719	1.03	298,443	2,190	1.48
Euros	174,413	566	0.65	159,072	960	1.22
Foreign currency	163,468	1,154	1.42	139,370	1,230	1.78
Debt certificates and subordinated liabilities	84,885	837	1.99	81,070	947	2.36
Other finance expenses	-	-	-	-	-	-
Other liabilities	97,085	403	0.84	79,086	459	1.17
Equity	53,016	-	-	45,113	-	-
Totals	**661,606**	**3,570**	**1.09**	**584,042**	**4,276**	**1.48**

The change in the balance under the headings "Interest and similar income" and "Interest and similar expenses" in the accompanying consolidated income statements is the result of exchange rate effect, changing prices (price effect) and changing volume of activity (volume effect), as can be seen below:

	Millions of Euros					
	June 2015/ June 2014			June 2014 / June 2013		
Interest Income and Expense and Similar Items. Change in the Balance	**Volume Effect (1)**	**Price Effect (2)**	**Total Effect**	**Volume Effect (1)**	**Price Effect (2)**	**Total Effect**
Cash and balances with central banks	7	(55)	(48)	(8)	(24)	(32)
Securities portfolio and derivatives	377	(606)	(228)	(14)	3	(12)
Loans and advances to credit institutions	45	(74)	(30)	(26)	(24)	(49)
Loans and advances to customers						
In Euros	(9)	(316)	(326)	(319)	(360)	(679)
In other currencies	1,413	(1,145)	268	136	(193)	(58)
Other assets	13	15	29	(3)	2	(1)
Interest and similar incomes			**(335)**			**(831)**
Deposits from central banks and credit institutions	71	(140)	(68)	(88)	(50)	(138)
Customer deposits						
In Euros	93	(487)	(394)	54	(90)	(36)
In other currencies	213	(289)	(77)	32	(117)	(85)
Debt certificates and subordinated liabilities	45	(154)	(110)	(272)	(166)	(438)
Other liabilities	105	(161)	(57)	(34)	74	40
Interest and similar expenses			**(706)**			**(656)**
Net Interest Income	-	-	**371**	**-**	**-**	**(175)**

(1) The volume effect is calculated as the result of the interest rate of the initial period multiplied by the difference between the average balances of both periods.

(2) The price effect is calculated as the result of the average balance of the last period multiplied by the difference between the interest rates of both periods.

37. Income from equity instruments

The balances for this heading in the accompanying consolidated income statements correspond to dividends on shares and equity instruments other than those from shares in entities accounted for using the equity method (see Note 38), as can be seen in the breakdown below:

	Millions of Euros	
Dividend Income	**June 2015**	**June 2014**
Dividends from:		
Financial assets held for trading	89	88
Available-for-sale financial assets	147	282
Total	**236**	**370**

38. Share of profit or loss of entities accounted for using the equity method

The breakdown of the share of profit or loss of entities accounted for using the equity method in the accompanying consolidated income statements is as follows:

	Millions of Euros	
Investments in Entities Accounted for Using the Equity Method	**June 2015**	**June 2014**
CIFH (*)	-	37
Garanti Group	176	155
Metrovacesa, S.A.	(15)	(60)
Other	35	22
Total	**195**	**155**

(*) As of June 30, 2014 this investment includes the results of CIFH which was reclassified to "Non-current assets available for sale in November 2014 (see Note 3).

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39. Fee and commission income

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

	Millions of Euros	
Fee and Commission Income	**June 2015**	**June 2014**
Commitment fees	84	94
Contingent risks	154	148
Letters of credit	19	22
Bank and other guarantees	135	126
Arising from exchange of foreign currencies and banknotes	2	8
Collection and payment services income	1,493	1,427
Bills receivables	38	31
Current accounts	176	166
Credit and debit cards	937	921
Checks	115	101
Transfers and others payment orders	187	155
Rest	40	53
Securities services income	626	581
Securities underwriting	38	41
Securities dealing	105	100
Custody securities	159	151
Investment and pension funds	260	226
Rest assets management	64	63
Counseling on and management of one-off transactions	8	7
Financial and similar counseling services	55	36
Factoring transactions	14	18
Non-banking financial products sales	81	54
Other fees and commissions	284	244
Total	**2,801**	**2,617**

40. Fee and commission expenses

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

	Millions of Euros	
Fee and Commission Expenses	**June 2015**	**June 2014**
Brokerage fees on lending and deposit transactions	1	-
Fees and commissions assigned to third parties	508	470
Credit and debit cards	414	398
Transfers and others payment orders	39	31
Securities dealing	1	2
Rest	54	39
Other fees and commissions	173	155
Total	**682**	**625**

41. Net gains (losses) on financial assets and liabilities (net)

The breakdown of the balance under this heading, by source of the related items, in the accompanying consolidated income statements is as follows:

	Millions of Euros	
Gains (Losses) on Financial Assets and Liabilities Breakdown by Heading of the Balance Sheet	**June 2015**	**June 2014**
Financial assets held for trading	161	496
Other financial assets designated at fair value through profit or loss	14	(14)
Other financial instruments not designated at fair value through profit or loss	652	496
Available-for-sale financial assets	613	700
Loans and receivables	37	8
Other	2	(211)
Total	**826**	**978**

The breakdown of the balance under this heading in the accompanying income statements by the nature of financial instruments is as follows:

	Millions of Euros	
Gains (Losses) on Financial Assets and Liabilities Breakdown by Nature of the Financial Instrument	**June 2015**	**June 2014**
Debt instruments	303	989
Equity instruments	160	492
Loans and advances to customers	40	9
Derivatives	316	(525)
Customer deposits	(6)	(3)
Rest	14	16
Total	**826**	**978**

The breakdown of the balance of the impact of the derivatives (trading and hedging) under this heading in the accompanying consolidated income statements is as follows:

	Millions of Euros	
Derivatives Trading and Hedging	**June 2015**	**June 2014**
Trading derivatives		
Interest rate agreements	411	(177)
Security agreements	136	(394)
Commodity agreements	-	(1)
Credit derivative agreements	99	19
Foreign-exchange agreements	(333)	110
Other agreements	4	1
Subtotal	316	(442)
Hedging Derivatives Ineffectiveness		
Fair value hedging	(10)	(67)
Hedging derivative	161	(206)
Hedged item	(171)	139
Cash flow hedging	10	(16)
Subtotal	-	(83)
Total	**316**	**(525)**

In addition, in six months ended June 30, 2015 and 2014, under the heading "Exchange differences (net)" of the income statement, net amounts of positive €105 million and negative €90 million, respectively, were recognized for transactions with foreign exchange trading derivatives.

42. Other operating income and expenses

The breakdown of the balance under the heading "Other operating income" in the accompanying consolidated income statements is as follows:

	Millions of Euros	
Other Operating Income	**June 2015**	**June 2014**
Income on insurance and reinsurance contracts	1,725	1,807
Financial income from non-financial services	358	274
Of Which: Real estate companies	267	185
Rest of other operating income	189	160
Of Which: from rented buildings	43	32
Total	**2,271**	**2,242**

The breakdown of the balance under the heading "Other operating expenses" in the accompanying consolidated income statements is as follows:

	Millions of Euros	
Other Operating Expenses	**June 2015**	**June 2014**
Expenses on insurance and reinsurance contracts	1,233	1,386
Change in inventories	264	218
Of Which: Real estate companies	233	188
Rest of other operating expenses	647	948
Total	**2,144**	**2,552**

43. Administration costs

43.1 Personnel expenses

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

		Millions of euros	
Personnel Expenses	**Notes**	**June 2015**	**June 2014**
Wages and salaries		2,221	1,990
Social security costs		348	342
Defined contribution plan expense	24	44	47
Defined benefit plan expense	24	33	30
Other personnel expenses		242	229
Total		**2,888**	**2,638**

The breakdown of the average number of employees in the BBVA Group in the six months ended June 30, 2015 and 2014 by professional categories and geographical areas, is as follows:

	Average Number of Employees	
Average Number of Employees by Geographical Areas	**June 2015**	**June 2014**
Spanish banks		
Management Team	1,030	1,100
Other line personnel	21,841	21,711
Clerical staff	3,667	3,972
Branches abroad	749	767
Subtotal	27,287	27,550
Companies abroad		
Mexico	29,476	28,704
United States	9,931	10,375
Venezuela	5,234	5,227
Argentina	5,638	5,327
Colombia	5,596	5,419
Peru	5,335	5,263
Other	4,719	4,795
Subtotal	65,929	65,110
Pension fund managers	329	271
Other non-banking companies	17,038	16,494
Total	**110,583**	**109,425**

The breakdown of the number of employees in the BBVA Group as of June 30, 2015 and 2014 by category and gender, is as follows:

Number of Employees at the period end	June 2015		June 2014	
Professional Category and Gender	**Male**	**Female**	**Male**	**Female**
Management Team	1,546	358	1,658	364
Other line personnel	25,275	22,972	24,392	21,870
Clerical staff	26,955	37,122	25,848	35,318
Total	**53,776**	**60,452**	**51,898**	**57,552**

The breakdown of the average number of employees in the BBVA Group in the six months ended June 30, 2015 and 2014 is as follows:

Average Number of Employees	June 2015		June 2014	
Breakdown by Gender	**Male**	**Female**	**Male**	**Female**
Average Number of Employees BBVA Group	52,056	58,527	51,898	57,527
Of which:				
BBVA, S.A.	13,747	12,007	15,085	12,446

43.1.1 Share-based employee remuneration

The amounts recognized under the heading "Personnel expenses - Other personnel expenses" in the consolidated income statements for the six months ended June 30, 2015 and 2014 corresponding to the plans for remuneration based on equity instruments in each year, amounted to €16 and €68 million, respectively. These amounts have been recognized with a corresponding entry under the heading "Stockholders' funds – Other equity instruments" in the accompanying consolidated balance sheets, net of tax effect.

The characteristics of the Group's remuneration plans based on capital instruments are described below.

System of Variable Remuneration in Shares

The remuneration policy of the BBVA Group prevailing until 2014 provided for a System of Variable Remuneration in Shares for the BBVA Management Team, including the executive directors and members of the Senior Management (the "System of Variable Remuneration in Shares" or the "System"). This system was approved by the Annual General Meeting of BBVA shareholders, March 11, 2011, and the conditions for the 2014 financial year approved by the Annual General Meeting, March 14, 2014.

The System was based on a specific incentive for the (approximately 2,200) people comprising Senior Management (hereinafter, the "Incentive"), which consisted in the annual allocation to each beneficiary of a number of units which had been the basis for determining how many shares that individual would receive when the Incentive was settled, depending on the level of compliance with indicators set every year by the General Meeting. For 2014 these indicators were: the performance of the Total Shareholder Return (TSR), the Group's Recurring Economic Profit without one-offs and the Group's Attributable Profit without one-offs.

This incentive, together with the variable cash remuneration due to each director ("ordinary variable remuneration"), would constitute their annual variable remuneration (hereinafter, the "Annual Variable Remuneration").

Once each financial year is closed, the number of units allocated was divided into three parts indexed to each one of the indicators as a function of the weightings established at any time and each one of these parts was multiplied by a coefficient of between 0 and 2 as a function of the scale defined for each indicator every year.

The shares resulting from this calculation were subject to the following withholding criteria:

- 40% of the shares received were freely transferrable by the beneficiaries from the time of their vesting;

- 30% of the shares received were transferrable once a year has elapsed after the Incentive settlement date; and
- The remaining 30% were transferrable as of two years after the Incentive settlement date.

Apart from this, the Bank also had a specific system for settlement and payment of the variable remuneration applicable to employees and managers, including the executive directors and members of the Senior Management, performing professional activities that may have a significant impact on the risk profile of the entity or performing control duties (hereinafter, the "Identified Staff").

The specific rules for settlement and payment of the Annual Variable Remuneration of executive directors and members of the Senior Management are described in Note 53, while the rules listed below are applicable to the rest of the Identified Staff:

- At least 50% of the total Annual Variable Remuneration of the members of the Identified Staff will be paid in BBVA shares.
- People in the Identified Staff who are not members of the management team will receive 50% of their ordinary variable remuneration in BBVA shares.
- The payment of 40% of their variable remuneration, both in cash and in shares, will be deferred. The deferred amount will be paid in thirds over the following three years.
- All the shares delivered to these beneficiaries pursuant to the rules explained in the previous paragraph would be unavailable for one year after they have vested. This withholding would be applied against the net amount of the shares, after deducting any tax accruing on the shares received. A prohibition was also established against hedging with unavailable vested shares and shares pending reception.
- Moreover, circumstances have been established in which the payment of the deferred Annual Variable Remuneration payable may be limited or impeded ("malus" clauses), and the adjustment to update these deferred parts has also been determined.
- Finally, the variable component of the remuneration corresponding to any one financial year of those in the Identified Staff was limited to an upper threshold of 100% of the fixed component of the total remunerations, unless the General Meeting should resolve to raise this limit which, in any event, may not exceed 200% of the fixed component of the total remuneration.

In this regard, the General Meeting, March 14, 2014, resolved, in line with applicable legislation, that the variable component of the remuneration corresponding to any one financial year of certain employees whose professional activities have a significant impact on the Bank's risk profile or who perform control functions may be as much as 200% of the fixed component of their total remuneration. This is entirely consistent with the Recommendations Report issued by the BBVA's Board of Directors, January 30, 2014.

When the Incentive for 2014 ended on December 31, 2014, a multiplication factor of 0.4775 was applied to the units initially allocated to each beneficiary on that date, resulting in a total of 3.137.941 shares for the Management Team as a whole, subject to the settlement and payment system described above.

Similarly, in the first semester of 2015 the shares corresponding to the deferred parts of the Annual Variable Remuneration, and their corresponding adjustments in cash, were delivered to the beneficiary members of the Identified Staff.

Thus, in the first semester of 2015, a total of 455,620 shares corresponding to the first deferred third of the 2013 Annual Variable Remuneration were granted, and €187,600 as adjustments to the shares granted; a total of 525,939 shares corresponding to the second deferred third of the 2012 Annual Variable Remuneration, and €385,735 in adjustments for updates; and a total of 802,343 shares corresponding to the final third of the 2011 Annual Variable Remuneration 2011, with €925,687 in adjustments for updates.

Likewise, in the first semester of 2015 beneficiaries in the Identified Staff received the shares corresponding to the deferred parts of the 2010/2011 Multi-Year Variable Share Remuneration Programme (hereinafter, the "Programme" or "LTI 2010/2011"), as well as the shares corresponding to long-term incentive programmes in the United States, as outlined below:

2010/2011 Multi-Year Variable Share Remuneration Programme

Once the LTI 2010/2011 approved by the General Meeting, March 12, 2010 ended on December 31, 2011, it was settled by applying the conditions established at its outset.

The above notwithstanding, the settlement and payment system indicated was applied to beneficiaries of the programme who are members of the Identified Staff, as agreed by the General Shareholders Meeting, March 16, 2012, with the result that:

- The payment of 40% of the shares resulting from settlement of the Programme (50% in the case of executive directors and other members of the Senior Management) was deferred to vest in thirds in 2013, 2014 and 2015.
- The shares paid may not be availed for one year as of their vesting date. This withholding is applicable to the net amount of the shares, after deducting the taxes payable on the shares received.
- The vesting of the deferred shares will be subject to the application of the circumstances limiting or impeding payment of the variable remuneration ("malus" clauses) established by the Board of Directors; and
- The deferred shares will be subject to adjustments to update their value.

Thus, for the Identified Staff, pursuant to the conditions established in the Programme, in the first quarter of 2015 a total of 341,684 shares were vested, corresponding to the final third of the deferred part of shares resulting from the programme's settlement, and €391,887 in adjustments to the value of the shares vested as an adjustment for the updated value of the shares vested.

The settlement and payment of the shares originating in this Programme for the executive directors and members of Senior Management was conducted according to the scheme defined for this purpose, as described in Note 53.

BBVA Long-Term Incentive in BBVA Compass

When the term of the Long-Term Incentive 2010-2012 Plan for the BBVA Compass Management Team ended, on December 31, 2012, it was settled pursuant to the conditions established when it began.

For those beneficiaries of this programme who are members of the Identified Collective, it was agreed that the same settlement and payment rules would be applied as those established for the Multi-Year Variable Share Remuneration Programme 2010-2011 detailed above.

Thus, in the first semester of 2015 those beneficiaries who are members of the Identified Staff in BBVA Compass have been awarded 6,323 shares, corresponding to the second third of the deferred part of the shares resulting from the settlement of the 2010-2012 Long-Term Incentive Share Plan, and €4,795 in the adjustment to the updated share value, with the final third yet to vest in 2016.

Additionally, BBVA Compass' remuneration structure includes long-term incentive programmes for remuneration in shares for employees in certain key positions. These plans run over a three-year term. On June 30, 2015 there are three coexisting programmes (2013-2015, 2014-2016 and 2015-2017).

Once the 2012-2014 plan have finished, 221,143 shares corresponding to its programme were delivered in the first semester of 2015.

Remunerations policy applicable from 2015 onwards

The Bank has modified its remunerations policy for 2015, 2016 and 2017, in order to align itself more closely with market best practices, regulatory requirements and its internal organization and strategy. At the end of 2014 the Management Team Incentive (MTI) plan ended, unifying the variable remuneration components into a single annual incentive (the "Annual Variable Remuneration"). This policy for BBVA directors was approved at the General Meeting, March 13, 2015.

The new remuneration policy also contains a specific settlement and payment scheme for Annual Variable Remuneration as it applies to the Identified Staff. The rules are as follows:

- The Annual Variable Remuneration of members of the Identified Staff will be paid in equal parts in cash and BBVA shares.

- The payment of 40% of the Annual Variable Remuneration – 50% in the case of executive directors and Senior Management – both in cash and shares will be deferred in its entirety for three years. Its accrual and payment will be subject to compliance with a series of multi-year indicators related to share performance and the Group's basic control and risk management metrics measuring solvency, liquidity and profitability, which will be calculated throughout the deferral period (hereinafter "Multi-Annual Assessment Indicators"). These Multi-year Performance Indicators may lead to a reduction in the amount deferred, and might even bring it down to zero, but they will not be used under any circumstances to increase the aforementioned deferred remuneration.
- All the shares vesting to these beneficiaries pursuant to the rules explained in the previous paragraph will be unavailable for six months after they have vested. This withholding will be applied against the net amount of the shares, after deducting the tax accruing on the shares received. A prohibition has also been established against hedging with unavailable vested shares and outstanding shares.
- Moreover, circumstances have been established in which the payment of the deferred Annual Variable Remuneration payable may be limited or impeded ("malus" clauses), and the adjustment to update these deferred parts has also been determined.
- Lastly, the variable component in the remuneration corresponding to any one financial year for people in the Identified Staff will have a maximum threshold of 100% of the fixed component of total remuneration, unless the General Meeting agrees to raise this threshold. However, under no circumstances may it exceed 200% of the fixed component of total remuneration.

On this issue, the General Meeting, March 13, 2015, resolved to enlarge the set of staff members whose professional activities have a significant impact on the Group's risk profile or who perform control functions, and whose variable remuneration will be subject to the maximum threshold of 200% of the fixed component of their total remuneration. This is entirely consistent with the Recommendations Report produced by the BBVA's Board of Directors on February 3, 2015.

The first disbursement in shares under this new policy will be the initial payment of the Annual Variable Remuneration for 2015 to be paid in shares, which will take place in the first semester of 2016.

43.2 General and administrative expenses

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

	Millions of Euros	
General and Administrative Expenses	**June 2015**	**June 2014**
Technology and systems	293	275
Communications	122	134
Advertising	97	91
Property, fixtures and materials	464	435
Of which: Rent expenses (*)	271	226
Taxes other than income tax	203	190
Other expenses	860	780
Total	**2,039**	**1,905**

(*) The consolidated companies do not expect to terminate the lease contracts early.

44. Depreciation and amortization

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

Depreciation and Amortization	Notes	Millions of Euros June 2015	 June 2014
Tangible assets	17	287	284
For own use		276	273
Investment properties		11	11
Assets leased out under financial lease		-	-
Other Intangible assets	18.2	285	264
Total		**572**	**548**

45. Provisions (net)

In the six months ended June 30, 2015 and 2014 the net allowances charged to the income statement were as follows:

Provisions (Net)	Notes	Millions of Euros June 2015	 June 2014
Provisions for pensions and similar obligations	24	309	322
Provisions for contingent risks and commitments	7.3.8	1	34
Provisions for taxes and other legal contingencies		11	14
Other Provisions		71	63
Total		**392**	**433**

46. Impairment losses on financial assets (net)

The breakdown of impairment losses on financial assets by the nature of those assets in the accompanying consolidated income statements is as follows:

Impairment Losses on Financial Assets (Net)	Notes	Millions of Euros June 2015	 June 2014
Available-for-sale financial assets	12	3	18
Debt securities		2	5
Other equity instruments		1	13
Loans and receivables	7.3.8	2,134	2,108
Of which: Recovery of written-off assets	7.3.7	213	188
Total		**2,137**	**2,126**

47. Impairment losses on other assets (net)

The impairment losses on non-financial assets broken down by the nature of those assets in the accompanying consolidated income statements are as follows:

Impairment Losses on Other Assets (Net)	Notes	Millions of Euros June 2015	June 2014
Goodwill and investment in entities	18.1 - 16	-	-
Other intangible assets	18.2	3	4
Tangible assets	17	25	27
For own use		16	9
Investment properties		9	18
Inventories	20	100	70
Rest		-	(3)
Total		**128**	**98**

48. 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 consolidated income statements is as follows:

Gains and Losses on Derecognized Assets Not Classified as Non-current Assets Held for Sale	Millions of Euros June 2015	June 2014
Gains		
Disposal of investments in subsidiaries	(25)	16
Disposal of tangible assets and other	51	10
Losses:		
Disposal of investments in subsidiaries	-	-
Disposal of tangible assets and other	(3)	(12)
Total	**23**	**14**

49. Gains (losses) on non-current assets held for sale

The main items included in the balance under this heading in the accompanying consolidated income statements are as follows:

Gains (Losses) in Non-current Assets Held for Sale not classified as discontinued operations	Notes	Millions of Euros June 2015	 June 2014
Gains (losses) on sale of real estate		12	(14)
Impairment of non-current assets held for sale	15	(99)	(255)
Impairment and gains (losses) on sale of investments classified as assets held for sale		-	(11)
Gains (losses) on sale of equity instruments classified as assets held for sale (*)		878	-
Total		**791**	**(281)**

(*) Includes various sales in CNCB (see Note 3)

50. Consolidated statements of cash flows

Cash flows from operating activities increased in six months ended June 30, 2015 by €2,086 million (compared with a decrease of €11,805 million in six months ended June 30, 2014). The most significant reasons for the change occurred under the headings "Financial liabilities at amortized cost" and "Financial instruments held for trading".

The variances in cash flows from investing activities decreased in the six month ended June 30, 2015 by €1,867 million (€4 million increase in the same period of 2014). The most significant impact corresponds to "Subsidiaries and other business units".

Cash flows from financing activities increased during the six months ended June 30, 2015 and by €1,215 million (compared to €2,645 million increase in six months ended June 30, 2014), with the most significant changes corresponding to the disposal of own equity instruments and "Subordinated liabilities".

51. Accountant fees and services

The details of the fees for the services contracted by entities of the BBVA Group in the six months ended June 30, 2015 with their respective auditors and other audit entities are as follows:

Fees for Audits Conducted	Millions of Euros June 2015
Audits of the companies audited by firms belonging to the Deloitte worldwide organization and other reports related with the audit (*)	12.4
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	1.8
Fees for audits conducted by other firms	0.0

(*) Including fees pertaining to annual statutory audits (€9.9 million).

In the six months ended June 30, 2015, other entities in the BBVA Group contracted other services (other than audits) as follows:

Other Services Contracted	Millions of Euros June 2015
Firms belonging to the Deloitte worldwide organization(*)	1.1
Other firms	13.0

(*) Including €0.4 million related to fees for tax services.

The services provided by the auditors meet the independence requirements established under Audit of Accounts Law RD 1/2011 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.

52. Related-party transactions

As financial institutions, BBVA and other entities in the Group engage in transactions with related parties in the normal course of their business. All of these transactions are not material and are carried out under normal market conditions.

52.1 Transactions with significant shareholders

As of June 30, 2015 there were no shareholders considered significant (see Note 25).

52.2 Transactions with BBVA Group entities

The balances of the main aggregates in the accompanying consolidated balance sheets arising from the transactions carried out by the BBVA Group with associates and joint venture entities accounted for using the equity method are as follows:

Balances arising from transactions with Entities of the Group	Millions of Euros June 2015	 December 2014
Assets:		
Loans and advances to credit institutions	656	544
Loans and advances to customers	654	1,145
Liabilities:		
Deposits from credit institutions	42	142
Customer deposits	949	84
Memorandum accounts:		
Contingent risks	1,218	960
Contingent commitments	112	161

The balances of the main aggregates in the accompanying consolidated income statements resulting from transactions with associates and joint venture entities that are accounted for under the equity method are as follows:

Balances of Income Statement arising from transactions with Entities of the Group	Millions of Euros June 2015	 June 2014
Income statement:		
Financial incomes	28	28
Financial costs	2	16

There were no other material effects in the consolidated financial statements arising from dealings with these entities, other than the effects from using the equity method (see Note 2.1) and from the insurance policies to cover pension or similar commitments, as described in Note 24; and the futures transactions arranged by BBVA Group with these entities, associates and joint ventures, being the most representative those that corresponded to financial derivative transactions with the Garanti Group.

In addition, as part of its normal activity, the BBVA Group has entered into agreements and commitments of various types with shareholders of subsidiaries and associates, which have no material effects on the accompanying consolidated financial statements.

52.3 Transactions with members of the Board of Directors and Senior Management

The information on the remuneration of the members of the BBVA Board of Directors and Senior Management is included in Note 53.

As of June 30, 2015 and December 31, 2014, the amount availed against the loans by the Group's entities to the members of the Board of Directors was €248 and €235 thousand, respectively. As of June 30, 2015 and December 31, 2014 the amount availed against the loans by the Group's entities to the members of Senior Management (excluding the executive directors) amounted to €3,165 and €4,614 thousand, respectively.

As of June 30, 2015 the amount availed against the loans to parties related to the members of the Bank's Board of Directors was €14 million, and as of December 31, 2014, there were no loans to parties related to the members of the Bank's Board of Directors. As of June 30, 2015 and December 31, 2014 the amount availed against the loans to parties related to members of the Senior Management amounted to €101 and €291 thousand, respectively.

As of June 30, 2015 and December 31, 2014 no guarantees had been granted to any member of the Board of Directors.

As of June 30, 2015 and December 31, 2014 no guarantees had been granted to any member of the Senior Management

As of June 30, 2015 and December 31, 2014 the amount availed against commercial loans and guarantees arranged with parties related to the members of the Bank's Board of Directors and the Senior Management totaled €1,833 and €419 thousand, respectively.

52.4 Transactions with other related parties

In the six months ended June 30, 2015 and the year ended December 31, 2014 the Group did not conduct any transactions with other related parties that are not in the ordinary course of its business, which were carried out at arm's-length market conditions and of marginal relevance; whose information is not necessary to give a true picture of the BBVA Group's consolidated net equity, net earnings and financial situation.

53. Remuneration and other benefits received by the Board of Directors and members of the Bank's Senior Management

- **Remuneration of non-executive directors received in the first semester of 2015**

The remuneration paid to the non-executive members of the Board of Directors during the first semester of 2015 is indicated below. The figures are given individually for each non-executive director and itemised:

Non-Executive Directors remuneration	Thousands of Euros Board of Directors	Executive Committee	Audit & Compliance	Risks Committee	Remuneration Committee	Appointments Committee	Total
Tomás Alfaro Drake	64	-	36	-	21	51	172
José Miguel Andrés Torrecillas (1)	43	-	30	18	-	-	90
Ramón Bustamante y de la Mora	64	-	-	54	7	-	125
José Antonio Fernández Rivero	64	-	-	107	-	20	192
Ignacio Ferrero Jordi	64	83	-	-	21	-	169
Belén Garijo López	64	-	36	-	-	-	100
Carlos Loring Martínez de Irujo	64	-	36	-	54	-	154
Lourdes Máiz Carro	64	-	12	-	-	-	76
José Maldonado Ramos	64	83	-	-	18	20	186
José Luis Palao García-Suelto	64	-	60	54	-	20	198
Juan Pi Llorens	64	-	-	54	21	-	139
Susana Rodríguez Vidarte	64	83	-	54	-	20	222
Total	**751**	**250**	**208**	**339**	**143**	**132**	**1,823**

(1) Mr. José Miguel Andrés Torrecillas was named director on March 13, 2015.

Moreover, in the six month ended June 30, 2015, €106 thousand were paid in health and casualty insurance premiums for non-executive members of the Board of Directors.

- ## Remuneration of executive directors received in the first semester of 2015

The remuneration scheme for the executive directors matches the general model applied to BBVA senior managers. This comprises a fixed remuneration and a variable remuneration, which for 2014 and the previous years was further broken down into an ordinary variable remuneration in cash and a variable remuneration in shares, based on the Management Team Incentive (hereinafter the "Annual Variable Remuneration").

Thus, during the first semester of 2015, the executive directors were paid the fixed remuneration corresponding to the first semester of the year, and the parts of the variable remuneration from previous years, payment of which vested during the first quarter of this year under the settlement and payment system approved by the General Meeting (hereinafter the "Settlement and Payment System"). This determined that:

- At least 50% of the total Annual Variable Remuneration would be paid in BBVA shares.
- The payment of 50% of the Annual Variable Remuneration, in cash and in shares, would be deferred in time, the deferred amount vesting in thirds over the three-year period following its settlement.
- All the shares vested to these beneficiaries pursuant to the rules explained in the previous paragraph would be unavailable for one year after they have vested. This withholding will be applied against the net amount of the shares, after discounting the necessary part to pay the tax accruing on the shares received.
- Moreover, circumstances have been establisehd in which disbursement of the deferred Annual Variable Remuneration payable may be limited or impeded ("malus" clauses), and
- The deferred parts of the Annual Variable Remuneration would be adjusted to update them under the terms established by the Board of Directors.

Pursuant to the above, the remuneration paid to the executive directors during the first semester of 2015 is shown below. The figures are given individually for each executive director and itemised:

Executive Directors remuneration	Thousands of Euros Fixed Remuneration	2014 Annual Variable Remuneration in cash (2)	Deferred Variable Remuneration in cash (3)	Total Cash	2014 Annual Variable Remuneration in BBVA Shares (2)	Deferred Variable Remuneration in BBVA Shares (3)	Total Shares
Chairman and CEO	983	866	1,005	2,854	112,174	152,546	264,720
President and COO (1)	609	272	240	1,121	35,298	36,199	71,497
José Manuel González-Páramo Martínez-Murillo	397	85	17	499	11,041	1,768	12,809
Total	**1,989**	**1,223**	**1,262**	**4,474**	**158,513**	**190,513**	**349,026**

(1) The remuneration paid to the current President & COO, who was appointed on May 4, 2015, includes the remuneration vesting as Digital Banking Officer during the period in which he held this position (as fixed and variable remuneration from previous years).

(2) Amounts corresponding to 50% of 2014 Annual Variable Remuneration.

(3) Amounts corresponding to the sum of the deferred parts of the Annual Variable Remuneration from previous years (2013, 2012 and 2011) and the LTI 2010-2011 in shares, and their respective updated cash adjustments, payment or delivery of which was made in the first semester of 2015, in application of the Settlement and Payment System, as broken down below:

- 1st third of deferred Annual Variable Remuneration from 2013:

Under this item, the executive directors received: €277,772 and 29,557 BBVA shares in the case of the Chairman & CEO; €74,591 and 7,937 BBVA shares in the case of the President & COO; and € 16,615 and 1,768 BBVA shares in the case of Mr. José Manuel González-Páramo.

- 2nd third of deferred Annual Variable Remuneration from 2012

Under this item, the Chairman & CEO received €288,003 and 36,163 BBVA shares, while the President & COO received €64,680 and 8,122 BBVA shares.

- 3rd third of deferred Annual Variable Remuneration from 2011

Under this item, the Chairman & CEO received €399,417 and 51,826 BBVA shares, while the President & COO received €90,986 and 11,806 BBVA shares.

- 3rd third of the deferred shares from the Multi-Year Variable Share Remuneration Programme for 2010/2011 ("LTI 2010-2011").

Under this item, the Chairman & CEO received 35,000 BBVA shares and €40,075 as updated adjustments of the value of deferred shares, while the President & COO received 8,334 BBVA shares and €9,542 as update.

In application of the Settlement & Payment System described, during the first quarter of each of the next three years, the executive directors will receive the deferred parts of the Annual Variable Remuneration from 2014, 2013 and 2012, as applicable subject to the aforementioned conditions.

Likewise, during the first semester of 2015, the executive directors received payment in kind and others amounting to an overall total of €36,483. Of which €16,454 was paid to the Chairman & CEO; €6,074 to the President & COO; and €13,956 to Mr. José Manuel González-Páramo Martínez-Murillo.

During the first semester of 2015, the previous President & COO, who took early retirement on May 4,2015, received: €596,763 as fixed remuneration; €530,169 and 68,702 BBVA shares corresponding to 50% of the 2014 Annual Variable Remuneration; and €636,361 and 103,351 BBVA shares as settlement of the deferred parts of the Annual Variable Remuneration from 2013, 2012 and 2011 and of the LTI 2010-2011, payment of which vested in the first quarter of 2015, including the corresponding adjustment for updating their value; and €19,532 as remuneration in kind, including insurance premiums, and other remuneration in kind.

- **Remuneration of the members of the Senior Management received in the first semester of 2015**

During the first semester of 2015, the remuneration paid to the members of the BBVA Senior Management as a whole, excluding the executive directors, is shown below. The figures are given individually for each director and itemized:

	Thousands of Euros						
Members of the Senior Management remuneration	Fixed Remuneration	2014 Annual Variable Remuneration in cash (1)	Deferred Variable Remuneration in cash (2)	Total Cash	2014 Annual Variable Remuneration in BBVA Shares (1)	Deferred Variable Remuneration in BBVA Shares (2)	Total Shares
Total Members of the Senior Management (*)	4,670	2,744	1,692	9,106	285,926	249,639	535,565

(*) This section includes aggregate information regarding the members of the BBVA Group Senior Management, excluding executive directors, who were members of the Senior Management at June 30, 2015 (18 members).

(1) Amounts corresponding to 50% of 2014 Annual Variable Remuneration.

(2) Amounts corresponding to the sum of the deferred parts of the Annual Variable Remuneration of previous years (2013, 2012 and 2011) and the LTI 2010-2011 in shares, and their corresponding adjustments for updating in cash, payment or delivery of which was made in the first semester of 2015, to the members of the Senior Management who had generated this right, as broken down below:

- 1st third of deferred Annual Variable Remuneration from 2013

Overall amount of €567 thousand and 60,244 BBVA shares.

- 2nd third of deferred Annual Variable Remuneration from 2012

Overall amount of €493 thousand and 61,814 BBVA shares.

- 3rd third of deferred Annual Variable Remuneration from 2011

Overall amount of €570 thousand and 74,115 BBVA shares.

- 3rd third of deferred shares from the LTI 2010-2011

Overall amount of 53,466 shares and €61 thousand to update the value of the deferred shares vesting.

During the first quarter of each of the next three years, all Senior Management will receive the amounts that correspond to them under the Settlement and Payment System of the variable remuneration applicable to each, stemming from the settlement of the deferred Annual Variable Remuneration from previous years (2014, 2013 and 2012) and subject to the conditions the system establishes.

Moreover, during the first semester of 2015, all the members of the Senior Management, with the exception of the executive directors, received remuneration in kind, including insurance premiums and other remuneration in kind for a total overall amount of €250 thousand.

On the other hand, during the first semester of 2015 (6), members of the BBVA Group Senior Management who ceased to hold their positions as such during this period received a total amount of: €1,968 thousand as fixed remuneration; €1,414 thousand and 181,256 BBVA shares corresponding to 50% of the 2014 Annual Variable Remuneration; and €1,432 thousand and 196,539 BBVA shares as settlement of the deferred parts of the Annual Variable Remuneration from 2013, 2012 and 2011 and of the LTI 2010-2011, payment of which vested in the first quarter of 2015, including the corresponding adjustment for updating their value; and remuneration in kind and others for the sum of €679 thousand.

- **System of Remuneration in Shares with Deferred Delivery for non-executive directors**

BBVA has a remuneration system in share with deferred delivery for its non-executive directors, which was approved by the General Meeting, March 18, 2006 and extended for a further 5-year period under General Meeting resolution, March 11, 2011.

This System is based on the annual allocation to non-executive directors of a number of "theoretical shares", equivalent to 20% of the total remuneration in cash received by each of them in the previous year, according to the closing prices of the BBVA share during the sixty trading sessions prior to the Annual General Meeting approving the corresponding financial statements for each year.

These shares, where applicable, will be delivered to each beneficiary on the date they leave the position as director for any reason other than dereliction of duty.

The number of "theoretical shares" allocated to the non-executive directors in the first semester of 2015 as beneficiaries of the system of deferred delivery of shares, corresponding to 20% of the total remuneration received in cash by said directors for these during 2014, is as follows:

	Theoretical shares allocated in 2015	Theoretical shares accumulated as of June 30, 2015
Tomás Alfaro Drake	7,930	51,089
Ramón Bustamante y de la Mora	7,531	77,043
José Antonio Fernández Rivero	9,400	78,413
Ignacio Ferrero Jordi	8,298	83,000
Belén Garijo López	4,909	12,866
Carlos Loring Martínez de Irujo	7,536	64,843
Lourdes Maiz Carro	2,631	2,631
José Maldonado Ramos	9,296	45,564
José Luis Palao García-Suelto	10,657	40,315
Juan Pi Llorens	6,830	23,195
Susana Rodríguez Vidarte	10,082	64,001
Total	**85,100**	**542,960**

- **Pensions commitments**

The commitments undertaken regarding pension benefits for the President & COO and Mr. José Manuel González-Páramo Martínez-Murillo, pursuant to the Company Bylaws and their respective contracts with the Bank, include a pension system covering retirement, disability and death.

The President & COO's contractual conditions determine that he will retain the pension system to which he was entitled previously as senior manager in the Group, with the benefits and the provisions being adjusted to the new remuneration conditions of the position that he currently holds.

Mr. José Manuel González-Páramo Martínez-Murillo retains the same pension system he has had since with his appointment in 2013, comprising a defined-contributions system that allocates 20% a year on the fixed remuneration received to cover retirement commitments.

To such end, the provisions recorded as of June 30, 2015 to cover pension commitments undertaken for the executive directors stood at €12,327 thousand for the President & COO, including both those accumulated as a Group senior executive and those accumulating from his current position as President & COO under the terms described above; and €353 thousand for Mr. José Manuel González-Páramo Martínez-Murillo; having provisioned €8,953 thousand and €130 thousand for the President & COO and for Mr. José Manuel González-Páramo Martínez-Murillo, respectively, during the first semester of 2015, to cover the contingencies recognized in their contracts.

There are no other pension obligations in the name of other executive directors.

During the first semester of 2015, the Board of Directors determined the pension rights of the previous President & COO pursuant to the contractual conditions agreed at the time, which established that in the event of his ceasing to hold his position on grounds other than his own will, retirement, disability or dereliction of duty, he would take early retirement with a pension of 75% of his pensionable base pay, which he could receive as a lifelong annuity or as a lump sum, at his own choice. It was established that his pension rights would be a lifelong annuity for a gross annual amount of €1,795 thousand, which will be paid in twelve monthly payments, deducting the tax payable at source.

For these purposes, the provision recorded as of May 4, 2015 to cover the commitments undertaken with regard to the previous President & COO's pension scheme stood at €45,209 thousand, of which €26,026 thousand were already charged to the income statements of previous years, while during the first semester of 2015 a further €19,252 thousand were set aside.

The provisions recorded at June 30, 2015 for pension commitments for members of the Senior Management, excluding executive directors, stood at €51,812 thousand of which €2,087 were set aside during 2015.

- Extinction of contractual relationship

The Bank has no commitments to pay severance indemnity to executive directors other than to Mr. José Manuel González-Páramo Martínez-Murillo, whose contract recognizes his right to receive an indemnity equivalent to two times his fixed remuneration should he cease to hold his position on grounds other than his own will, death, retirement, disability or dereliction of duty.

The contractual conditions of the President & COO with regard to his pension arrangements determine that in the event of his ceasing to hold his position on grounds other than his own will, retirement, disability or dereliction of duty, he will take early retirement with a pension that he may receive as a lifelong annuity or as a capital lump sum, at his own choice. The annual amount will be calculated as a function of the provisions which, according to the actuarial criteria applicable at any time, the Bank may have made to that date to cover the retirement pension commitments provided for in his contract, without this commitment in any way obliging the Bank to set aside additional provisions. Moreover, this pension may not be greater than 75% of the pensionable base should the event occur before he reaches the age of 55, or 85% of the pensionable base should the event occur after having reached the age of 55.

54. Other information

54.1 Environmental impact

Given the activities BBVA Group entities engage in, the Group has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its consolidated equity, financial situation and profits. Consequently, as of June 30, 2015, there is no item in the Group's accompanying consolidated 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 use of entities obliged to publish such information, and no specific disclosure of information on environmental matters is included in these financial statements.

54.2 Reporting requirements of the Spanish National Securities Market Commission (CNMV)

Dividends paid in the year

In the six month ended June 30, 2015 and 2014 there has been no cash basis dividend, regardless of the year in which they were accrued, but without including other shareholder remuneration, such as the "Dividend Option". See Note 4 for a complete analysis of all remuneration awarded to shareholders during the six months ended June 30, 2015 and 2014.

Earnings and ordinary income by business segment

The detail of the consolidated profit for the six months ended June 30, 2015 and 2014 for each operating segment is as follows:

	Millions of Euros	
Profit Attributable by Operating Segments	**June 2015**	**June 2014 (*)**
Banking Activity in Spain	809	608
Real Estate Activity in Spain	(300)	(465)
Turkey (1)	174	155
Rest of Eurasia	43	208
Mexico	1,041	900
South America	474	481
United States	286	196
Subtotal operating segments	2,528	2,083
Corporate Center	231	(755)
Profit attributable to parent company	**2,759**	**1,328**
Non-assigned income	-	-
Elimination of interim income (between segments)	-	-
Other gains (losses) (2)	200	215
Income tax and/or profit from discontinued operations	(941)	(524)
Operating profit before tax	**3,899**	**2,067**

(1) The information is presented under management criteria according to which the assets and liabilities of Garanti Group are integrated proportionally based on the ownership interest by the Group which is the 25.01%.

(2) Profit attributable to non-controlling interests.

(*) The balances for June 2014 have been restated to facilitate comparison with June 2015 (see Note 1.3).

For the six months ended June 30, 2015 and 2014 the detail of the BBVA Group's ordinary income for each operating segment, which is made up of the "Interest and similar income", "Dividend income", "Fee and commission income", "Net gains (losses) on financial assets and liabilities" and "Other operating income", is as follows:

	Millions of Euros	
Ordinary Profit by Operating Segments	**June 2015**	**June 2014 (*)**
Banking Activity in Spain	3,711	3,384
Real Estate Activity in Spain	(56)	(118)
Turkey (1)	510	442
Rest of Eurasia	265	463
Mexico	3,558	3,134
South America	2,297	2,362
United States	1,332	1,037
Corporate Center	(63)	(335)
Adjustments and eliminations of ordinary profit between segments (**)	(335)	(286)
Total Ordinary Profit BBVA Group	**11,219**	**10,082**

(1) The information is presented under management criteria according to which the assets and liabilities of Garanti Group are integrated proportionally based on the ownership interest by the Group which is the 25.01%.

(*) The balances for June 2014 have been restated to facilitate comparison with June 2015 (see Note 1.3).

(**) Includes adjustments made to take account of the fact that in the consolidated financial statements, Garanti is accounted for using the equity method instead of using management criteria referred to above.

Issuances by market type

Changes in debt certificates (including bonds) and subordinated liabilities (see Note 21.3 and 21.4) in the six months ended June 30, 2015 and 2014 by the type of market in which they were issued are as follows:

	Millions of Euros				
Debt Certificates and Subordinated Liabilities June 2015	**Balance at the Beginning**	**Issuances**	**Repurchase or Redemption**	**Exchange Differences and Other (*)**	**Balance at the End**
Debt certificates issued in the European Union	55,508	6,097	(9,747)	6,280	58,138
With information brochure	55,339	6,097	(9,747)	6,280	57,970
Without information brochure	169	-	-	-	169
Other debt certificates issued outside the European Union	16,683	2,526	(1,080)	877	19,006
Total	**72,191**	**8,623**	**(10,826)**	**7,157**	**77,144**

(*) €7,107 million corresponds to Catalunya Banc issuances integrated into the Group's balance.

	Millions of Euros				
Debt Certificates and Subordinated Liabilities June 2014	**Balance at the Beginning**	**Issuances**	**Repurchase or Redemption**	**Exchange Differences and Other**	**Balance at the End**
Debt certificates issued in the European Union	61,606	6,506	(8,887)	1,686	60,911
With information brochure	61,437	6,506	(8,887)	1,686	60,742
Without information brochure	169	-	-	-	169
Other debt certificates issued outside the European Union	13,073	2,308	(1,276)	287	14,392
Total	**74,679**	**8,815**	**(10,163)**	**1,973**	**75,303**

Interest and income by geographical area

The breakdown of the balance of "Interest and Similar Income" in the accompanying consolidated income statements by geographical area is as follows:

	Millions of Euros	
Interest and Similar Income. Breakdown by Geographical Area	**June 2015**	**June 2014**
Domestic market	3,113	3,579
Foreign	7,552	7,421
European Union	226	234
Other OECD countries	5,175	4,616
Other countries	2,151	2,571
Total	**10,665**	**11,000**

55. Subsequent events

From July 1, 2015 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 relevant ones are mentioned in Note 3 (Additional acquisition of 14.89% Garanti) and Note 4 (Dividend payment) of the consolidated financial statements.

56. Explanation added for translation into English

These accompanying consolidated financial statements are presented on the basis of IFRS, as adopted by the European Union. Certain accounting practices applied by the Group that conform to EU-IFRS may not conform to other generally accepted accounting principles.

BBVA Group

Appendices

APPENDIX I Additional information on consolidated subsidiaries and consolidated structured entities composing the BBVA Group

Additional Information on Consolidated Subsidiaries and consolidated structured entities composing the BBVA Group

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 06.30.15	Liabilities 06.30.15	Equity 06.30.15	Profit (Loss) 06.30.15
4D INTERNET SOLUTIONS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	16	18	2	17	(1)
ACA, S.A. (2)	SPAIN	SECURITIES DEALER	37.50	25.00	62.50	5	9	1	10	(2)
ACTIVOS MACORP, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	4	96	88	8	-
ALCALA 120 PROMOC. Y GEST.IMMOB. S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	16	24	8	16	-
ALGARVETUR, S.L. (**) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	45	61	(16)	-
AMERICAN FINANCE GROUP, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	19	19	-	19	-
ANIDA DESARROLLOS INMOBILIARIOS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	44	508	469	52	(12)
ANIDA GERMANIA IMMOBILIEN ONE, GMBH	GERMANY	INACTIVE	-	100.00	100.00	4	7	-	7	-
ANIDA GRUPO INMOBILIARIO, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	120	1,782	1,727	271	(216)
ANIDA INMOBILIARIA, S.A. DE C.V.	MEXICO	INVESTMENT COMPANY	-	100.00	100.00	148	137	-	133	4
ANIDA OPERACIONES SINGULARES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	55	4,521	4,443	268	(189)
ANIDA PROYECTOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	96	122	26	92	4
ANIDA SERVICIOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2	2	-	2	-
ANIDAPORT INVESTIMENTOS IMOBILIARIOS, UNIPESSOAL, LTDA	PORTUGAL	REAL ESTATE	-	100.00	100.00	31	108	94	15	(1)
APLICA SOLUCIONES TECNOLOGICAS CHILE LIMITADA	CHILE	SERVICES	-	100.00	100.00	-	1	-	-	-
APLICA TECNOLOGIA AVANZADA OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	5	11	6	5	-
APLICA TECNOLOGIA AVANZADA SERVICIOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	-	3	2	-	-
APLICA TECNOLOGIA AVANZADA, S.A. DE C.V.- ATA	MEXICO	SERVICES	100.00	-	100.00	203	359	115	242	3
AREA TRES PROCAM, S.L. (2)	SPAIN	REAL ESTATE	-	50.00	50.00	-	-	-	-	-
ARIZONA FINANCIAL PRODUCTS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	874	874	-	872	1
ARRAHONA AMBIT, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	71	111	(37)	(4)
ARRAHONA GARRAF, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	18	65	(41)	(5)
ARRAHONA IMMO, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	53	272	183	87	2
ARRAHONA NEXUS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	214	325	(93)	(18)
ARRAHONA RENT, S.L.U.	SPAIN	REAL ESTATE	-	100.00	100.00	9	11	-	10	-
ARRELS CT FINSOL, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	269	344	(56)	(19)
ARRELS CT LLOGUER, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	39	45	(4)	(1)
ARRELS CT PATRIMONI I PROJECTES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	118	151	(30)	(2)
ARRELS CT PROMOU, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	13	23	(10)	-
AUMERAVILLA, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	2	2	-	2	-
BAHIA SUR RESORT, S.C.	SPAIN	INACTIVE	99.95	-	99.95	1	1	-	1	-
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	PORTUGAL	BANKING	100.00	-	100.00	144	5,136	4,935	218	(17)
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	CHILE	BANKING	-	68.18	68.18	724	17,109	16,046	994	68
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	URUGUAY	BANKING	100.00	-	100.00	110	2,860	2,685	167	7
BANCO CONTINENTAL, S.A. (1)	PERU	BANKING	-	46.12	46.12	1,443	20,193	18,629	1,373	192
BANCO DE PROMOCION DE NEGOCIOS, S.A.	SPAIN	BANKING	-	99.86	99.86	15	19	-	19	-
BANCO DEPOSITARIO BBVA, S.A.	SPAIN	BANKING	-	100.00	100.00	2	3,440	3,406	21	14
BANCO INDUSTRIAL DE BILBAO, S.A.	SPAIN	BANKING	-	99.93	99.93	97	149	25	121	3
BANCO OCCIDENTAL, S.A.	SPAIN	BANKING	49.43	50.57	100.00	17	18	-	18	-
BANCO PROVINCIAL OVERSEAS N.V.	CURAÇAO	BANKING	-	100.00	100.00	56	561	504	57	-

Impairment losses due to property, real estate and stocks, of Spanish Real Estate companies, according to Royal Decree-Law 10/2008 and successive, are not counted for purposes of Article 363 of the Companies Act Capital.

(*) Information on foreign companies at exchange rate on June 30, 2015

(**) This company has an equity loan from Catalunya Caixa Inmobiliaria, S.A.

(1) Full consolidation method is used according to accounting rules (see Glossary)

(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and June 2015

Additional Information on Consolidated Subsidiaries and strucuted entities composing the BBVA Group (Continued)

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
			Direct	Indirect	Total	Net Carrying Amount	Assets 06.30.15	Liabilities 06.30.15	Equity 06.30.15	Profit (Loss) 06.30.15
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	VENEZUELA	BANKING	1.46	53.75	55.21	91	1,786	1,609	193	(16)
BANCOMER FINANCIAL SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	2	2	-	2	-
BANCOMER FOREIGN EXCHANGE INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	8	9	1	6	2
BANCOMER PAYMENT SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
BANCOMER TRANSFER SERVICES, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	42	89	46	37	5
BBV AMERICA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	479	1,000	-	1,745	(745)
BBVA ASESORIAS FINANCIERAS, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	1	1	-	1	-
BBVA ASSET MANAGEMENT ADMINISTRADORA GENERAL DE FONDOS S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	12	19	7	8	3
BBVA ASSET MANAGEMENT CONTINENTAL S.A. SAF (1)	PERU	FINANCIAL SERVICES	-	46.12	46.12	16	20	4	14	2
BBVA ASSET MANAGEMENT, S.A. SOCIEDAD FIDUCIARIA (BBVA FIDUCIARIA)	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	29	33	3	26	3
BBVA ASSET MANAGEMENT, S.A., SGIIC	SPAIN	OTHER INVESTMENT COMPANIES	17.00	83.00	100.00	11	142	103	17	22
BBVA AUTOMERCANTIL, COMERCIO E ALUGER DE VEICULOS AUTOMOVEIS,LDA.	PORTUGAL	FINANCIAL SERVICES	100.00	-	100.00	5	20	15	5	-
BBVA AUTORENTING, S.A.	SPAIN	SERVICES	100.00	-	100.00	69	415	355	53	7
BBVA BANCO DE FINANCIACION S.A.	SPAIN	BANKING	-	100.00	100.00	64	1,978	1,903	74	-
BBVA BANCO FRANCES, S.A.	ARGENTINA	BANKING	45.61	30.34	75.95	158	8,188	7,052	972	163
BBVA BANCOMER GESTION, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	19	36	17	11	8
BBVA BANCOMER OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	167	378	211	162	5
BBVA BANCOMER SEGUROS SALUD, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	23	33	11	22	1
BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	19	102	83	17	2
BBVA BANCOMER USA, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	56	56	-	49	7
BBVA BANCOMER, S.A.,INSTITUCION DE BANCA MÚLTIPLE, GRUPO FINANCIERO BBVA BANCOMER	MEXICO	BANKING	-	100.00	100.00	7,977	88,671	80,703	7,127	841
BBVA BRASIL BANCO DE INVESTIMENTO, S.A.	BRASIL	BANKING	100.00	-	100.00	16	34	3	31	-
BBVA BROKER, CORREDURIA DE SEGUROS Y REASEGUROS, S.A.	SPAIN	FINANCIAL SERVICES	99.94	0.06	100.00	-	29	13	13	3
BBVA CAPITAL FINANCE, S.A.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	-	-	-	-
BBVA COLOMBIA, S.A.	COLOMBIA	BANKING	77.41	18.06	95.47	355	15,868	14,592	1,160	116
BBVA COMERCIALIZADORA LTDA.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	2	4	1	4	(1)
BBVA COMPASS BANCSHARES, INC	UNITED STATES	INVESTMENT COMPANY	100.00	-	100.00	10,065	11,019	117	10,653	248
BBVA COMPASS FINANCIAL CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	232	534	302	232	-
BBVA COMPASS INSURANCE AGENCY, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	145	147	3	142	3
BBVA CONSOLIDAR SEGUROS, S.A.	ARGENTINA	INSURANCES SERVICES	87.78	12.22	100.00	10	136	91	35	9
BBVA CONSULTING (BEIJING) LIMITED	CHINA	FINANCIAL SERVICES	-	100.00	100.00	-	2	-	2	-
BBVA CONSULTORIA, S.A.	SPAIN	SERVICES	-	100.00	100.00	4	6	1	5	-
BBVA CONSUMER FINANCE ENTIDAD DE DESARROLLO A LA PEQUEÑA Y MICRO EMPRESA, EDPYME, S.A. (BBVA CONSUMER FINANCE - EDPYME) (1)	PERU	FINANCIAL SERVICES	-	66.32	66.32	15	53	35	18	-
BBVA CORREDORA TECNICA DE SEGUROS LIMITADA	CHILE	FINANCIAL SERVICES	-	100.00	100.00	4	7	3	-	4
BBVA CORREDORES DE BOLSA LIMITADA	CHILE	SECURITIES DEALER	-	100.00	100.00	54	716	662	52	2
BBVA DATA & ANALYTICS, S.L.	SPAIN	SERVICES	-	100.00	100.00	6	3	2	1	-
BBVA DINERO EXPRESS, S.A.U	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	2	5	1	4	-
BBVA DISTRIBUIDORA DE SEGUROS S.R.L.	URUGUAY	FINANCIAL SERVICES	-	100.00	100.00	2	2	-	1	1
BBVA ELCANO EMPRESARIAL II, S.A. EN LIQUIDACIÓN	SPAIN	IN LIQUIDATION	45.00	-	45.00	16	42	4	22	16
BBVA ELCANO EMPRESARIAL, S.A. EN LIQUIDACIÓN	SPAIN	IN LIQUIDATION	45.00	-	45.00	16	42	4	22	16

Impairment losses due to property, real estate and stocks, of Spanish Real Estate companies, according to Royal Decree-Law 10/2008 and successive, are not counted for purposes of Article 363 of the Companies Act Capital.

(*) Information on foreign companies at exchange rate on June 30, 2015

(1) Full consolidation method is used according to accounting rules (see Glossary)

Additional Information on Consolidated Subsidiaries and strucuted entities composing the BBVA Group (Continued)

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
			Direct	Indirect	Total	Net Carrying Amount	Assets 06.30.15	Liabilities 06.30.15	Equity 06.30.15	Profit (Loss) 06.30.15
BBVA FACTORING LIMITADA (CHILE)	CHILE	FINANCIAL SERVICES	-	100.00	100.00	8	105	96	9	-
BBVA FINANZIA, S.p.A	ITALY	FINANCIAL SERVICES	100.00	-	100.00	29	211	185	27	-
COMUNES DE INVERSIÓN.	ARGENTINA	FINANCIAL SERVICES	-	100.00	100.00	11	21	5	13	3
BBVA FRANCES VALORES, S.A.	ARGENTINA	SECURITIES DEALER	-	100.00	100.00	3	4	-	3	1
BBVA FUNDOS, S.GESTORA FUNDOS PENSOES,S.A.	PORTUGAL	PENSION FUNDS MANAGEMENT	-	100.00	100.00	1	15	-	14	1
BBVA GEST, S.G.DE FUNDOS DE INVESTIMENTO MOBILIARIO, S.A.	PORTUGAL	SECURITIES DEALER	-	100.00	100.00	1	8	-	8	-
BBVA GLOBAL FINANCE LTD.	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	411	407	4	-
BBVA GLOBAL MARKETS B.V.	NETHERLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	721	720	-	-
BBVA INMOBILIARIA E INVERSIONES, S.A.	CHILE	REAL ESTATE	-	68.11	68.11	5	45	38	7	-
BBVA INSTITUIÇAO FINANCEIRA DE CREDITO, S.A.	PORTUGAL	FINANCIAL SERVICES	49.90	50.10	100.00	39	252	205	46	1
BBVA INTERNATIONAL LIMITED	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	3	-	3	-
BBVA INTERNATIONAL PREFERRED, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	846	845	1	-
BBVA INVERSIONES CHILE, S.A.	CHILE	INVESTMENT COMPANY	61.22	38.78	100.00	483	1,467	2	1,399	66
BBVA IRELAND PLC	IRELAND	FINANCIAL SERVICES	100.00	-	100.00	180	480	271	206	3
BBVA LEASIMO - SOCIEDADE DE LOCAÇAO FINANCEIRA, S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.00	100.00	9	11	3	9	-
BBVA LUXINVEST, S.A.	LUXEMBOURG	INVESTMENT COMPANY	36.00	64.00	100.00	256	305	7	288	9
BBVA MEDIACION OPERADOR DE BANCA-SEGUROS VINCULADO, S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	3	235	222	9	3
BBVA NOMINEES LIMITED	UNITED KINGDOM	SERVICES	95.00	-	95.00	-	-	-	-	-
BBVA PARAGUAY, S.A.	PARAGUAY	BANKING	100.00	-	100.00	23	1,787	1,638	137	12
BBVA PARTICIPACIONES MEJICANAS, S.L.	SPAIN	INVESTMENT COMPANY	99.00	1.00	100.00	-	-	-	-	-
BBVA PENSIONES, SA, ENTIDAD GESTORA DE FONDOS DE PENSIONES	SPAIN	PENSION FUNDS MANAGEMENT	100.00	-	100.00	13	61	39	16	6
BBVA PLANIFICACION PATRIMONIAL, S.L.	SPAIN	FINANCIAL SERVICES	80.00	20.00	100.00	-	1	-	1	-
BBVA PREVISION AFP S.A. ADM.DE FONDOS DE PENSIONES	BOLIVIA	PENSION FUNDS MANAGEMENT	75.00	5.00	80.00	2	15	8	5	2
BBVA PROCUREMENT SERVICES AMERICA DEL SUR SpA	CHILE	SERVICES	-	100.00	100.00	5	5	-	5	-
BBVA PROPIEDAD, S.A.	SPAIN	REAL ESTATE INVESTMENT COMPANY	-	100.00	100.00	1,159	1,174	13	1,177	(16)
BBVA RE LIMITED	IRELAND	INSURANCES SERVICES	-	100.00	100.00	1	96	48	41	7
BBVA REAL ESTATE MEXICO, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	1	1	(1)	-
BBVA RENTAS E INVERSIONES LIMITADA	CHILE	INVESTMENT COMPANY	-	100.00	100.00	308	231	-	206	25
BBVA RENTING, S.A.	SPAIN	FINANCIAL SERVICES	5.94	94.06	100.00	21	706	615	84	7
BBVA SECURITIES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	177	4,975	4,799	162	15
BBVA SEGUROS COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.00	6.00	100.00	10	73	56	15	2
BBVA SEGUROS DE VIDA COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.00	6.00	100.00	14	422	328	75	19
BBVA SEGUROS DE VIDA, S.A.	CHILE	INSURANCES SERVICES	-	100.00	100.00	54	248	193	52	3
BBVA SEGUROS, S.A., DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES SERVICES	94.36	5.60	99.96	431	17,675	16,123	1,430	122
BBVA SENIOR FINANCE, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	11,533	11,532	1	-
BBVA SERVICIOS CORPORATIVOS LIMITADA	CHILE	SERVICES	-	100.00	100.00	-	7	7	-	-
BBVA SERVICIOS, S.A.	SPAIN	COMERCIAL	-	100.00	100.00	-	10	1	9	-
BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	CHILE	FINANCIAL SERVICES	-	97.49	97.49	22	71	48	21	2
BBVA SOLUCIONES AVANZADAS DE ASESORAMIENTO Y GESTION, S.L. (**)	SPAIN	SERVICES	-	100.00	100.00	1	1	1	-	-
BBVA SUBORDINATED CAPITAL S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	1,741	1,740	1	-

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(**) This company has an equity loan from Blue Indico Investments, S.L.

Additional Information on Consolidated Subsidiaries and strucuted entities composing the BBVA Group (Continued)

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 06.30.15**	**Liabilities 06.30.15**	**Equity 06.30.15**	**Profit (Loss) 06.30.15**
BBVA SUIZA, S.A. (BBVA SWITZERLAND)	SWITZERLAND	BANKING	39.72	60.28	100.00	67	1,067	896	163	7
BBVA TRADE, S.A.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	21	34	13	21	-
BBVA U.S. SENIOR S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	1,806	1,806	-	-
BBVA VALORES COLOMBIA, S.A. COMISIONISTA DE BOLSA	COLOMBIA	SECURITIES DEALER	-	100.00	100.00	4	6	1	4	-
BBVA VIDA, S.A.DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES SERVICES	100.00	-	100.00	122	2,006	1,846	152	9
BBVA WEALTH SOLUTIONS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	5	5	-	5	-
BILBAO VIZCAYA HOLDING, S.A.	SPAIN	INVESTMENT COMPANY	89.00	11.00	100.00	35	189	69	105	14
BLUE INDICO INVESTMENTS, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	6	24	18	-	6
CAIXA DE MANLLEU PREFERENTS, S.A.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	-	-	-	-
CAIXA MANRESA IMMOBILIARIA ON CASA, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	5	(2)	-
CAIXA MANRESA IMMOBILIARIA SOCIAL, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	4	4	1	-
CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	1	76	75	2	-
CAIXASABADELL PREFERENTS, S.A.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	92	90	1	-
CAIXASABADELL TINELIA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	41	42	1	42	-
CAPITAL INVESTMENT COUNSEL, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	13	14	1	13	-
CARTERA E INVERSIONES S.A., CIA DE	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	92	109	77	32	-
CASA DE BOLSA BBVA BANCOMER, S.A. DE C.V.	MEXICO	SECURITIES DEALER	-	100.00	100.00	49	65	16	32	17
CATALONIA GEBIRA, S.L. (**)	SPAIN	REAL ESTATE	-	81.66	81.66	-	14	19	(5)	(1)
CATALONIA PROMODIS 4, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	13	16	(2)	-
CATALUNYA BANC, S.A. (CX) (2)	SPAIN	BANKING	98.40	0.55	98.95	1,172	49,811	47,034	2,748	29
CATALUNYACAIXA CAPITAL, S.A. (2)	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	93	105	10	94	1
CATALUNYACAIXA IMMOBILIARIA, S.A. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	146	291	199	95	(2)
CATALUNYACAIXA INVERSIO, SGIIC, S.A. (2)	SPAIN	OTHER INVESTMENT COMPANIES	-	100.00	100.00	32	38	4	34	-
CATALUNYACAIXA MEDIACIO , S.L. (2)	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	3	21	9	11	1
CATALUNYACAIXA SERVEIS, S.A. (2)	SPAIN	SERVICES	-	100.00	100.00	2	26	23	2	-
CB TRANSPORT ,INC.	UNITED STATES	INACTIVE	-	100.00	100.00	17	17	-	17	-
CDD GESTIONI, S.R.L.	ITALY	REAL ESTATE	100.00	-	100.00	5	6	-	6	-
CERBAT, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	9	25	-	24	-
CETACTIUS, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	1	22	(20)	-
CIA. GLOBAL DE MANDATOS Y REPRESENTACIONES, S.A.	URUGUAY	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
CIDESSA DOS, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	15	15	-	15	-
CIDESSA UNO, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	5	160	117	42	1
CIERVANA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	53	62	2	60	-
CLUB GOLF HACIENDA EL ALAMO, S.L. (2)	SPAIN	REAL ESTATE	-	97.87	97.87	-	-	-	-	-
COMERCIALIZADORA CORPORATIVA SAC (1)	PERU	FINANCIAL SERVICES	-	50.00	50.00	-	1	1	-	-
COMERCIALIZADORA DE SERVICIOS FINANCIEROS, S.A.	COLOMBIA	SERVICES	-	100.00	100.00	2	10	8	1	1
COMPASS ASSET ACCEPTANCE COMPANY, LLC	UNITED STATES	INACTIVE	-	100.00	100.00	436	436	-	436	-
COMPASS AUTO RECEIVABLES CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	4	4	-	4	-

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(*) Information on foreign companies at exchange rate on June 30, 2015

(**) This company has an equity loan from ARRELS CT PATRIMONI I PROYECTES, S.A.

(1) Full consolidation method is used according to accounting rules (see Glossary)

(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and June 2015

Additional Information on Consolidated Subsidiaries and strucuted entities composing the BBVA Group (Continued)

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 06.30.15**	**Liabilities 06.30.15**	**Equity 06.30.15**	**Profit (Loss) 06.30.15**
COMPASS BANK	UNITED STATES	BANKING	-	100.00	100.00	10,683	79,869	69,186	10,446	236
COMPASS CAPITAL MARKETS, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	7,109	7,109	-	7,066	43
COMPASS CUSTODIAL SERVICES, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	-	-	-	-	-
COMPASS GP, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	43	54	11	43	-
COMPASS INVESTMENTS, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	-	-	-	-	-
COMPASS LIMITED PARTNER, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	6,192	6,193	1	6,151	42
COMPASS LOAN HOLDINGS TRS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	72	72	-	72	-
COMPASS MORTGAGE CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	2,726	2,784	59	2,704	21
COMPASS MORTGAGE FINANCING, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
COMPASS MULTISTATE SERVICES CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	3	3	-	3	-
COMPASS SOUTHWEST, LP	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	5,105	5,105	-	5,068	37
COMPASS TEXAS ACQUISITION CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	2	2	-	2	-
COMPASS TEXAS MORTGAGE FINANCING, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
COMPASS TRUST II	UNITED STATES	INACTIVE	-	100.00	100.00	-	-	-	-	-
COMPAÑIA CHILENA DE INVERSIONES, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	580	781	1	781	-
COMPLEMENTOS INNOVACIÓN Y MODA, S.L. (**)	SPAIN	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
CONJUNT RESIDENCIAL FREIXA, S.L. (***) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	3	(1)	-
CONSOLIDAR A.F.J.P., S.A.	ARGENTINA	IN LIQUIDATION	46.11	53.89	100.00	-	6	5	1	-
CONSORCIO DE CASAS MEXICANAS, S.A.P.I. DE C.V.	MEXICO	REAL ESTATE	-	99.99	99.99	-	26	15	11	-
CONTENTS AREA, S.L.	SPAIN	SERVICES	-	100.00	100.00	6	6	-	6	-
CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA, S.A. (1)	PERU	SECURITIES DEALER	-	46.12	46.12	8	10	3	5	3
CONTINENTAL DPR FINANCE COMPANY (1)	CAYMAN ISLANDS	FINANCIAL SERVICES	-	46.12	46.12	-	294	294	-	-
CONTINENTAL SOCIEDAD TITULIZADORA, S.A. (1)	PERU	FINANCIAL SERVICES	-	46.12	46.12	1	1	-	1	-
CONTRATACION DE PERSONAL, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	5	9	4	5	-
COPROMED S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	-	-	-	-	-
CORPORACION BETICA INMOBILIARIA, S.A. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	13	23	15	8	-
CORPORACION GENERAL FINANCIERA, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	510	1,312	10	1,187	115
CX PROPIETAT, FII (2)	SPAIN	REAL ESTATE INVESTMENT COMPANY	-	67.74	67.74	41	61	-	61	-
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	SPAIN	REAL ESTATE	-	75.54	75.54	70	110	19	92	(1)
DESITEL TECNOLOGIA Y SISTEMAS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2	2	-	2	-
DEUTSCHE BANK MEXICO SA FIDEICOMISO F/1859	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	23	23	-	-
DEUTSCHE BANK MEXICO SA FIDEICOMISO F/1860	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	23	23	-	-
ECASA, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	11	12	1	8	2
ECOARENYS, S.L. (****)	SPAIN	REAL ESTATE	-	50.00	50.00	-	16	55	(37)	(1)
EL ENCINAR METROPOLITANO, S.A.	SPAIN	REAL ESTATE	-	99.05	99.05	4	8	4	4	-
EL MILANILLO, S.A. (*****)	SPAIN	REAL ESTATE	-	100.00	100.00	9	8	1	7	-
EMPRENDIMIENTOS DE VALOR S.A.	URUGUAY	FINANCIAL SERVICES	-	100.00	100.00	3	7	4	2	-
ENTRE2 SERVICIOS FINANCIEROS, E.F.C., S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	9	9	-	9	-
ESPAIS SABADELL PROMOCIONS INMOBILIARIES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	6	11	3	7	-
ESPANHOLA COMERCIAL E SERVIÇOS, LTDA.	BRASIL	IN LIQUIDATION	100.00	-	100.00	-	-	-	-	-

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(**) This company has an equity loan from BBVA Elcano Empresarial, S.A. en liquidación y BBVA Elcano Empresarial II en liquidación

(***) This company has an equity loan from EXPANSIÓN INTERCOMARCAL, S.L.

(****) This company has an equity loan from PROMOTORA DEL VALLES, S.L.

(*****) This company has an equity loan from ANIDA OPERACIONES SINGULARES, S.A.

(1) Full consolidation method is used according to accounting rules (see Glossary)

(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and June 2015

Additional Information on Consolidated Subsidiaries and strucuted entities composing the BBVA Group (Continued)

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 06.30.15**	**Liabilities 06.30.15**	**Equity 06.30.15**	**Profit (Loss) 06.30.15**
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SPAIN	SERVICES	-	51.00	51.00	-	-	-	-	-
EUROPEA DE TITULIZACION, S.A., S.G.F.T.	SPAIN	FINANCIAL SERVICES	88.99	-	88.99	2	42	7	34	2
EXPANSION INTERCOMARCAL, S.L. (2)	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	26	30	3	27	-
F/253863 EL DESEO RESIDENCIAL	MEXICO	REAL ESTATE	-	65.00	65.00	-	1	-	1	-
F/403035-9 BBVA HORIZONTES RESIDENCIAL	MEXICO	REAL ESTATE	-	65.00	65.00	-	-	-	-	-
FACILEASING EQUIPMENT, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	51	525	437	80	9
FACILEASING S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	75	776	710	60	5
FIDEICOMISO 28991-8 TRADING EN LOS MCADOS FINANCIEROS	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	3	3	-	3	-
FINANCIERAS DERIVADAS	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	50	50	-	49	1
FIDEICOMISO HARES BBVA BANCOMER F/ 47997-2	MEXICO	REAL ESTATE	-	100.00	100.00	24	29	6	18	5
FIDEICOMISO N.989, EN THE BANK OF NEW YORK MELLON, S.A. INSTITUCION DE BANCA MULTIPLE, FIDUCIARIO (FIDEIC.00989 6 EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	2	187	185	(3)	5
FIDEICOMISO Nº 711, EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 1ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	44	44	-	-
FIDEICOMISO Nº 752, EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 2ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	22	22	-	-
FIDEICOMISO Nº 781, EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 3ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	150	86	59	5
FIDEICOMISO Nº 847, EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 4ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	116	117	(1)	-
FINANCEIRA DO COMERCIO EXTERIOR S.A.R.	PORTUGAL	INACTIVE	100.00	-	100.00	-	-	-	-	-
FINANCIERA AYUDAMOS S.A. DE C.V., SOFOMER	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	9	25	16	10	(2)
FODECOR, S.L. (2)	SPAIN	REAL ESTATE	-	60.00	60.00	-	-	1	(1)	-
FORUM COMERCIALIZADORA DEL PERU, S.A. (1)	PERU	SERVICES	-	66.32	66.32	3	5	1	4	-
FORUM DISTRIBUIDORA DEL PERU, S.A. (1)	PERU	FINANCIAL SERVICES	-	66.32	66.32	6	19	12	6	1
FORUM DISTRIBUIDORA, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	25	168	145	21	2
FORUM SERVICIOS FINANCIEROS, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	162	1,087	939	125	24
FUTURO FAMILIAR, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	1	3	2	1	-
GARRAF MEDITERRANIA, S.A. (2)	SPAIN	REAL ESTATE	-	90.58	90.58	(1)	35	64	(29)	-
GESCAT LLEVANT, S.L. (**) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	17	20	(3)	-
GESCAT LLOGUERS, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	6	15	(9)	-
GESCAT POLSKA, SP. ZOO (2)	POLAND	REAL ESTATE	-	100.00	100.00	-	13	1	12	-
GESCAT SINEVA, S.L. (**) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	3	(1)	-
GESCAT, GESTIO DE SOL, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	33	49	(15)	-
GESCAT, VIVENDES EN COMERCIALITZACIO, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	275	614	(337)	(2)
GESTIO D'ACTIUS TITULITZATS, S.A. (2)	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	1	5	2	3	-
GESTION DE PREVISION Y PENSIONES, S.A.	SPAIN	PENSION FUNDS MANAGEMENT	60.00	-	60.00	9	31	5	21	4
GESTION Y ADMINISTRACION DE RECIBOS, S.A. - GARSA	SPAIN	SERVICES	-	100.00	100.00	1	2	-	1	-
GOBERNALIA GLOBAL NET, S.A.	SPAIN	SERVICES	-	100.00	100.00	1	10	5	4	1
GRAN JORGE JUAN, S.A. (***)	SPAIN	REAL ESTATE	100.00	-	100.00	424	998	607	388	3
GRANFIDUCIARIA	COLOMBIA	IN LIQUIDATION	-	90.00	90.00	-	-	-	-	-
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	99.97	-	99.97	6,677	9,526	1	8,528	998
GUARANTY BUSINESS CREDIT CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	33	33	-	33	-
GUARANTY PLUS HOLDING COMPANY	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	(37)	58	94	(36)	(1)
GUARANTY PLUS PROPERTIES LLC-2	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	41	41	-	41	-

Impairment losses due to property, real estate and stocks, of Spanish Real Estate companies, according to Royal Decree-Law 10/2008 and successive, are not counted for purposes of Article 363 of the Companies Act Capital.

(*) Information on foreign companies at exchange rate on June 30, 2015

(**) This company has an equity loan from Catalunya Caixa Inmobiliaria, S.A.

(***) This company has an equity loan from BBVA, S.A.

(1) Full consolidation method is used according to accounting rules (see Glossary)

(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and June 2015

Additional Information on Consolidated Subsidiaries and strucuted entities composing the BBVA Group (Continued)

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 06.30.15**	**Liabilities 06.30.15**	**Equity 06.30.15**	**Profit (Loss) 06.30.15**
GUARANTY PLUS PROPERTIES, INC-1	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	11	11	-	11	-
HABITAT ZENTRUM, S.L. (**) (2)	SPAIN	REAL ESTATE	-	50.00	50.00	-	-	6	(6)	-
HABITATGES INVERCAP, S.L. (***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	-	1	(1)	-
HABITATGES INVERVIC, S.L. (***) (1)	SPAIN	REAL ESTATE	-	35.00	35.00	-	1	12	(11)	(1)
HABITATGES JUVIPRO, S.L. (***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	2	(1)	-
HIPOTECARIA NACIONAL MEXICANA INCORPORATED	UNITED STATES	REAL ESTATE	-	100.00	100.00	-	-	-	-	-
HIPOTECARIA NACIONAL, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	10	18	8	9	1
HOLDING CONTINENTAL, S.A.	PERU	INVESTMENT COMPANY	50.00	-	50.00	124	1,463	-	1,285	177
HOMEOWNERS LOAN CORPORATION	UNITED STATES	IN LIQUIDATION	-	100.00	100.00	8	8	-	8	-
HUMAN RESOURCES PROVIDER, INC	UNITED STATES	SERVICES	-	100.00	100.00	557	557	-	553	4
HUMAN RESOURCES SUPPORT, INC	UNITED STATES	SERVICES	-	100.00	100.00	553	553	-	550	4
IMOBILIARIA DUQUE DE AVILA, S.A.	PORTUGAL	REAL ESTATE	-	100.00	100.00	10	23	13	9	-
INFORMACIO I TECNOLOGIA DE CATALUNYA, S.L. (2)	SPAIN	SERVICES	-	50.00	50.00	1	4	2	1	-
INMESP DESARROLLADORA, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	39	39	-	39	-
INMUEBLES Y RECUPERACIONES CONTINENTAL S.A (1)	PERU	REAL ESTATE	-	46.12	46.12	9	10	-	8	1
INNOVATION 4 SECURITY, S.L.	SPAIN	SERVICES	-	100.00	100.00	-	2	1	1	-
INPAU, S.A. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	2	28	28	-	-
INVERAHORRO, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	19	77	58	19	(1)
INVERCARTERA INTERNACIONAL, S.L. (2)	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	8	8	-	8	-
INVERPRO DESENVOLUPAMENT, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	1	15	13	2	-
INVERSIONES ALDAMA, C.A.	VENEZUELA	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	CURAÇAO	INVESTMENT COMPANY	48.00	-	48.00	11	60	2	58	-
INVERSIONES BAPROBA, C.A.	VENEZUELA	FINANCIAL SERVICES	100.00	-	100.00	1	-	-	-	-
INVERSIONES DE INNOVACION EN SERVICIOS FINANCIEROS, S.L. (****)	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	26	57	34	23	-
INVERSIONES P.H.R.4, C.A.	VENEZUELA	INACTIVE	-	60.46	60.46	-	-	-	-	-
INVESCO MANAGEMENT Nº 1, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.00	100.00	8	9	-	8	-
INVESCO MANAGEMENT Nº 2, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.00	100.00	-	3	17	(13)	-
IRIDION SOLUCIONS IMMOBILIARIES, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	3	123	(120)	-
JALE PROCAM, S.L. (*****) (2)	SPAIN	REAL ESTATE	-	50.00	50.00	-	2	41	(37)	(1)
L'EIX IMMOBLES, S.L. (******)	SPAIN	REAL ESTATE	-	100.00	100.00	-	21	25	(4)	-
LIQUIDITY ADVISORS, L.P	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1,120	1,120	-	1,117	3
MADIVA SOLUCIONES, S.L.	SPAIN	SERVICES	-	100.00	100.00	9	1	-	1	-
MILLENNIUM PROCAM, S.L. (*****) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	-	1	-	-
MISAPRE, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	1	1	-	1	-
MOMENTUM SOCIAL INVESTMENT 2011, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	3	3	-	3	-
MOMENTUM SOCIAL INVESTMENT 2012, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	2	2	-	2	-
MOMENTUM SOCIAL INVESTMENT 2013, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	2	2	-	2	-
MOMENTUM SOCIAL INVESTMENT HOLDING, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	7	8	-	7	-
MULTIASISTENCIA OPERADORA S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	-	1	1	-	-
MULTIASISTENCIA SERVICIOS S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	1	4	3	1	-

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(*) Information on foreign companies at exchange rate on June 30, 2015

(**) This company has an equity loan from EXPANSIÓN INTERCOMARCAL, S.L.

(***) This company has an equity loan from INVERPRO DESENVOLUPAMENT, S.L.

(****)This company has an equity loan from BILBAO VIZCAYA HOLDING, S.A.

(*****) This company has an equity loan from CATALUNYA CAIXA INMOBILIARIA, S.A.

(******)This company has an equity loan from PROMOTORA DEL VALLES S.L.

(1) Full consolidation method is used according to accounting rules (see Glossary)

(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and June 2015

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued) and consolidated structured entities

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 06.30.15**	**Liabilities 06.30.15**	**Equity 06.30.15**	**Profit (Loss) 06.30.15**
MULTIASISTENCIA, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	34	42	8	31	3
NOIDIRI, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	-	11	(11)	-
NOVA EGARA-PROCAM, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	1	1	-	1	-
NOVA TERRASSA 3, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	5	12	7	4	-
OPCION VOLCAN, S.A.	MEXICO	REAL ESTATE	-	100.00	100.00	22	42	20	3	18
OPPLUS OPERACIONES Y SERVICIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	1	30	12	12	6
OPPLUS S.A.C	PERU	IN LIQUIDATION	-	100.00	100.00	1	1	-	1	-
PARCSUD PLANNER, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	7	9	(2)	-
PARTICIPACIONES ARENAL, S.L.	SPAIN	INACTIVE	-	100.00	100.00	8	8	-	8	-
PECRI INVERSION S.A	SPAIN	OTHER INVESTMENT COMPANIES	100.00	-	100.00	88	83	-	83	-
PENSIONES BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	288	4,392	4,104	271	18
PHOENIX LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	402	423	21	398	4
PI HOLDINGS NO. 1, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	84	84	-	84	-
PI HOLDINGS NO. 3, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	25	25	-	25	-
PORTICO PROCAM, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	25	25	-	25	-
PRO-SALUD, C.A.	VENEZUELA	INACTIVE	-	58.86	58.86	-	-	-	-	-
PROCAMVASA, S.A. (2)	SPAIN	REAL ESTATE	-	51.00	51.00	-	8	7	1	-
PROMOCION EMPRESARIAL XX, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	8	8	-	8	-
PROMOTORA DEL VALLES, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	-	139	233	(90)	(4)
PROMOU CT 3AG DELTA, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	9	10	(1)	-
PROMOU CT EIX MACIA, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	9	8	(2)	2
PROMOU CT GEBIRA, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	8	11	(3)	(1)
PROMOU CT OPENSEGRE, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	16	31	(15)	(1)
PROMOU CT VALLES, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	2	10	8	2	-
PROMOU GLOBAL, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	67	110	(39)	(4)
PRONORTE UNO PROCAM, S.A. (***) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	5	14	(10)	-
PROV-INFI-ARRAHONA, S.L. (****)	SPAIN	REAL ESTATE	-	100.00	100.00	-	10	16	(6)	-
PROVINCIAL DE VALORES CASA DE BOLSA, C.A.	VENEZUELA	SECURITIES DEALER	-	90.00	90.00	-	-	-	-	-
PROVINCIAL SDAD.ADMIN.DE ENTIDADES DE INV.COLECTIVA, C.A.	VENEZUELA	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
PROVIURE BARCELONA, S.L. (***) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	2	-	-
PROVIURE CIUTAT DE LLEIDA, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	1	-	-
PROVIURE PARC D'HABITATGES, S.L. (***) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	4	3	-	1
PROVIURE, S.L. (***) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	4	5	(1)	-
PROVIVIENDA ENTIDAD RECAUDADORA Y ADMIN.DE APORTES, S.A.	BOLIVIA	PENSION FUNDS MANAGEMENT	-	100.00	100.00	1	8	7	1	-
PROXIMA ALFA INVESTMENTS (USA) LLC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	9	1	-	1	-
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) II INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	-	-	-	-	-
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) INC.	UNITED STATES	IN LIQUIDATION	100.00	-	100.00	-	9	4	5	-
PUERTO CIUDAD LAS PALMAS, S.A. (*****) (2)	SPAIN	REAL ESTATE	-	96.64	96.64	-	51	56	(5)	-
RENTRUCKS, ALQUILER Y SERVICIOS DE TRANSPORTE, S.A.	SPAIN	INACTIVE	99.32	-	99.32	2	2	1	2	-

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(*) Information on foreign companies at exchange rate on June 30, 2015
(**) This company has an equity loan from ARRELS CT PROMOU, S.A.
(***) This company has an equity loan from CATALUNYA CAIXA INMOBILIARIA, S.A.
(****)This company has an equity loan from PROMOTORA DEL VALLES S.L.
(*****) This company has an equity loan from INPAU, S.A. y de CATALUNYA CAIXA INMOBILIARIA, S.A.
(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and June 2015

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued) and consolidated structured entities

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 06.30.15	Liabilities 06.30.15	Equity 06.30.15	Profit (Loss) 06.30.15
RESIDENCIAL CUMBRES DE SANTA FE, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	10	10	-	9	1
RWHC, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	702	703	-	694	8
S.B.D. NORD, S.L. (2)	SPAIN	REAL ESTATE	-	75.00	75.00	-	-	-	-	-
SATICEM GESTIO, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	11	88	(77)	-
SATICEM HOLDING, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	5	5	-	5	-
SATICEM IMMOBILIARIA, S.L. (2)	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	9	17	1	16	-
SATICEM IMMOBLES EN ARRENDAMENT, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	28	84	(56)	-
SCALDIS FINANCE, S.A.	BELGIUM	INVESTMENT COMPANY	-	100.00	100.00	4	18	-	18	-
SEGUROS BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	606	3,819	3,213	492	114
SEGUROS PROVINCIAL, C.A.	VENEZUELA	INSURANCES SERVICES	-	100.00	100.00	2	3	1	3	(1)
SERVICIOS CORPORATIVOS BANCOMER, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	5	12	7	4	-
SERVICIOS CORPORATIVOS DE SEGUROS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2	10	7	2	-
SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A DE C.V.	MEXICO	SERVICES	-	100.00	100.00	6	18	12	5	-
SERVICIOS TECNOLOGICOS SINGULARES, S.A.	SPAIN	SERVICES	-	100.00	100.00	2	4	2	2	-
SERVIMANRESA ACTIUS EN LLOGUER, S.L. (2)	SPAIN	INVESTMENT COMPANY	-	85.00	85.00	6	11	4	7	-
SIMPLE FINANCE TECHNOLOGY CORP.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	98	102	3	106	(8)
SOCIEDAD DE ESTUDIOS Y ANALISIS FINANCIERO.,S.A.	SPAIN	SERVICES	100.00	-	100.00	109	109	-	110	(1)
SOCIEDAD GESTORA DEL FONDO PUBLICO DE REGULACION DEL MERCADO HIPOTECARIO, S.A.	SPAIN	INACTIVE	77.20	-	77.20	-	-	-	-	-
SPORT CLUB 18, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	15	15	-	15	-
STATE NATIONAL CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	14	13	-	-
STATE NATIONAL STATUTORY TRUST II	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	9	9	-	-
TEXAS LOAN SERVICES, LP.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1,125	1,125	-	1,120	5
TEXAS REGIONAL STATUTORY TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1	46	45	1	-
TEXASBANC CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1	23	22	1	-
TEXTIL TEXTURA, S.L.	SPAIN	COMERCIAL	-	68.67	68.67	2	-	-	-	-
TMF HOLDING INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	12	17	5	11	1
TUCSON LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	99	99	-	98	1
UNIDAD DE AVALUOS MEXICO, S.A. DE CV	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	3	5	2	3	-
UNITARIA GESTION DE PATRIMONIOS INMOBILIARIOS	SPAIN	REAL ESTATE	-	100.00	100.00	2	3	-	3	-
UNIVERSALIDAD TIPS PESOS E-9	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	-	149	119	28	1
UNNIM SOCIEDAD PARA LA GESTION DE ACTIVOS INMOBILIARIOS,S.A.	SPAIN	REAL ESTATE	100.00	-	100.00	-	967	922	144	(99)
UNO-E BANK, S.A.	SPAIN	BANKING	100.00	-	100.00	175	1,422	1,244	164	14
URBANIZADORA SANT LLORENC, S.A.	SPAIN	INACTIVE	60.60	-	60.60	-	-	-	-	-
VALANZA CAPITAL RIESGO S.G.E.C.R. S.A. UNIPERSONAL	SPAIN	VENTURE CAPITAL	100.00	-	100.00	1	15	7	7	1
VOLJA LUX, SARL (2)	LUXEMBOURG	INVESTMENT COMPANY	-	71.78	71.78	-	20	20	-	1
VOLJA PLUS SL (2)	SPAIN	INVESTMENT COMPANY	18.61	56.75	75.36	10	20	5	-	14

Impairment losses due to property, real estate and stocks, of Spanish Real Estate companies, according to Royal Decree-Law 10/2008 and successive, are not counted for purposes of Article 363 of the Companies Act Capit

(*) Information on foreign companies at exchange rate on June 30, 2015

(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and June 2015

APPENDIX II Additional information on investments in associates accounted for under the equity method in the BBVA Group

Including the most significant entities, jointly representing 99.71% of all investment in this group

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Millions of Euros(**) Affiliate Entity Data				
			Direct	Indirect	Total	Net Carrying Amount	Assets 06.30.15	Liabilities 06.30.15	Equity 06.30.15	Profit (Loss) 06.30.15
ADQUIRA ESPAÑA, S.A.	SPAIN	COMERCIAL	-	40.00	40.00	3	17	10	6	1
ADQUIRA MEXICO, S.A. DE C.V.(*)	MEXICO	COMERCIAL	-	50.00	50.00	2	7	2	4	-
ALTITUDE SOFTWARE SGPS, S.A. (*)	PORTUGAL	SERVICES	-	31.55	31.55	8	21	19	3	(2) (1)(4)(5)
ALTURA MARKETS, SOCIEDAD DE VALORES, S.A. (*)	SPAIN	SECURITIES DEALER	50.00	-	50.00	18	1,884	1,849	30	5
AUREA, S.A. (CUBA)	CUBA	REAL ESTATE	-	49.00	49.00	4	9	-	9	-
BRUNARA, SICAV, S.A.	SPAIN	VARIABLE CAPITAL	1.64	76.57	78.21	54	169	8	154	7
CANCUN SUN & GOLF COUNTRY CLUB, S.A.P.I. DE C.V.	MEXICO	REAL ESTATE	-	33.33	33.33	36	84	28	60	(4)
CATALUNYACAIXA ASSEGURANCES GENERALS, S.A. (*)	SPAIN	INSURANCES SERVICES	-	49.99	49.99	33	52	33	19	1 (6)
CATALUNYACAIXA VIDA, S.A. (*)	SPAIN	INSURANCES SERVICES	-	50.00	50.00	179	2,370	2,110	257	3 (6)
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFH	HONG-KONG	INVESTMENT COMPANY	29.68	-	29.68	675	20,593	18,584	1,791	219 (1)(2)(4)(5)
COMPAÑIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A.	SPAIN	FINANCIAL SERVICES	16.67	-	16.67	17	108	7	99	3
COMPAÑIA MEXICANA DE PROCESAMIENTO, S.A. DE C.V. (*)	MEXICO	SERVICES	-	50.00	50.00	7	14	-	13	-
CORPORACION IBV PARTICIPACIONES EMPRESARIALES, S.A. (*)	SPAIN	INVESTMENT COMPANY	-	50.00	50.00	111	443	172	270	- (2)
DESARROLLOS METROPOLITANOS DEL SUR, S.L. (*)	SPAIN	REAL ESTATE	-	50.00	50.00	11	43	20	23	-
FERROMOVIL 3000, S.L. (*)	SPAIN	SERVICES	-	20.00	20.00	4	521	491	30	-
FERROMOVIL 9000, S.L. (*)	SPAIN	SERVICES	-	20.00	20.00	3	338	315	22	-
FIDEICOMISO 1729 INVEX ENAJENACION DE CARTERA (*)	MEXICO	REAL ESTATE	-	32.25	32.25	71	220	-	220	-
FIDEICOMISO F 403853- 5 BBVA BANCOMER SERVICIOS ZIBATA (*)	MEXICO	REAL ESTATE	-	30.00	30.00	21	116	44	68	4
FIDEICOMISO F/402770-2 ALAMAR (*)	MEXICO	REAL ESTATE	-	42.400	42.40	10	24	-	24	-
FIDEICOMISO F/403112-6 DE ADMINISTRACION DOS LAGOS (*)	MEXICO	REAL ESTATE	-	50.00	50.00	8	16	-	16	-
FIDEICOMISO SCOTIABANK INVERLAT SA F100322742 (*)	MEXICO	REAL ESTATE	-	33.19	33.19	11	72	37	36	-
I+D MEXICO, S.A. DE C.V. (*)	MEXICO	SERVICES	-	50.00	50.00	13	29	-	27	3 (1)
METROVACESA, S.A.	SPAIN	REAL ESTATE	19.42	-	19.42	379	5,058	3,892	1,351	(185) (1)(4)
OCCIDENTAL HOTELES MANAGEMENT, S.L.	SPAIN	SERVICES	-	57.54	57.54	104	625	445	180	- (2)
PARQUE REFORMA SANTA FE, S.A. de C.V.	MEXICO	REAL ESTATE	-	30.00	30.00	5	63	45	16	3
PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A. (*)	ARGENTINA	BANKING	-	50.00	50.00	25	215	163	38	13
REAL ESTATE DEAL II, S.A. (*)	SPAIN	OTHER INVESTMENT COMPANIES	20.06	-	20.06	5	39	11	28	-
REDSYS SERVICIOS DE PROCESAMIENTO, S.L.	SPAIN	FINANCIAL SERVICES	16.75	4.87	21.62	6	117	87	24	6
ROMBO COMPAÑIA FINANCIERA, S.A.	ARGENTINA	BANKING	-	40.00	40.00	21	217	167	37	13
SERVICIOS ELECTRONICOS GLOBALES, S.A. DE C.V.	MEXICO	SERVICES	-	46.14	46.14	6	14	-	12	2
SERVICIOS ON LINE PARA USUARIOS MULTIPLES, S.A. (SOLIUM) (*)	SPAIN	SERVICES	-	66.67	66.67	7	12	4	8	1 (1)
SERVIRED SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A.	SPAIN	FINANCIAL SERVICES	22.30	6.42	28.72	10	46	13	29	4
SOCIEDAD ADMINISTRADORA DE FONDOS DE CESANTIA DE CHILE II, S.A.	CHILE	PENSION FUNDS MANAGEMENT	-	48.60	48.60	9	22	4	18	1
TELEFONICA FACTORING ESPAÑA, S.A.	SPAIN	FINANCIAL SERVICES	30.00	-	30.00	4	69	50	7	12 (4)
TURKIYE GARANTI BANKASI A.S (*)	TURKEY	BANKING	25.01	-	25.01	3,650	21,343	18,996	2,258	89 (3)
VITAMEDICA ADMINISTRADORA, S.A. DE C.V	MEXICO	SERVICES	-	51.00	51.00	4	14	7	7	- (1)
OTRAS SOCIEDADES			-	-	-	16	-	-	-	-

(*) Joint venture entities accounted for using the equity method.
(**) Information on foreign companies at exchange rate on June 30, 2015
(1) Consolidated data
(2) Non-currents sets held for sale
(3) Information on Garanti Group multiplied by the voting rights controlled by the bank. Total market capitalization as of June 30, 2015 was €12,722 million. Total received dividends in 2015 amounted to €48 million.
(4) Figures according to the budget.
(5) Figures as of December 31, 2013
(6) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and June 2015

APPENDIX III Changes and notification of investments and divestments in the BBVA Group in the six month ended June 30, 2015

Acquisitions or Increases of Interest Ownership in Consolidated Subsidiaries

			Millions of Euros		% of Voting Rights		
Company	Type of Transaction	Activity	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	Effective Date for the Transaction (or Notification Date)
BBVA PROCUREMENT SERVICES AMERICA DEL SUR SpA	FOUNDING	SERVICES	5	-	100.00%	100.00%	2/1/2015
FORUM SERVICIOS FINANCIEROS, S.A.	ACQUISITION	FINANCIAL SERVICES	103	-	24.50%	100.00%	3/26/2015
FORUM DISTRIBUIDORA, S.A.	ACQUISITION	FINANCIAL SERVICES	17	-	24.48%	100.00%	3/26/2015
4D INTERNET SOLUTIONS, INC	ACQUISITION	FINANCIAL SERVICES	13	-	100.00%	100.00%	4/14/2015
ACA, S.A.	ACQUISITION	SECURITIES DEALER	-	-	25.00%	62.50%	4/24/2015
ARRAHONA GARRAF, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	100.00%	4/24/2015
GARRAF MEDITERRANIA, S.A.	ACQUISITION	REAL ESTATE	-	-	45.29%	90.58%	4/24/2015
CATALUNYA BANC, S.A. (CX)	ACQUISITION	BANKING	1,165	-	98.40%	98.95%	4/24/2015
CATALUNYACAIXA INVERSIO, SGIIC, S.A.	ACQUISITION	OTHER INVESTMENT COMPANIES	-	-	100.00%	100.00%	4/24/2015
CATALUNYACAIXA CAPITAL, S.A.	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	4/24/2015
CATALUNYACAIXA SERVEIS, S.A.	ACQUISITION	SERVICES	-	-	100.00%	100.00%	4/24/2015
CATALUNYACAIXA IMMOBILIARIA, S.A.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CATALUNYACAIXA MEDIACIO , S.L.	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	4/24/2015
INPAU, S.A.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
FODECOR, S.L.	ACQUISITION	REAL ESTATE	-	-	60.00%	60.00%	4/24/2015
CERBAT, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
ALCALA 120 PROMOC. Y GEST.IMMOB. S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PORTICO PROCAM, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
NOVA TERRASSA 3, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
GESTIO D'ACTIUS TITULITZATS, S.A.	ACQUISITION	OTHER INVESTMENT COMPANIES	-	-	100.00%	100.00%	4/24/2015
INFORMACIO I TECNOLOGIA DE CATALUNYA, S.L.	ACQUISITION	SERVICES	-	-	50.00%	50.00%	4/24/2015
INVERCARTERA INTERNACIONAL, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	4/24/2015
PROCAMVASA, S.A.	ACQUISITION	REAL ESTATE	-	-	51.00%	51.00%	4/24/2015
S.B.D. NORD, S.L.	ACQUISITION	REAL ESTATE	-	-	75.00%	75.00%	4/24/2015
PRONORTE UNO PROCAM, S.A.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
GESCAT LLEVANT, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PUERTO CIUDAD LAS PALMAS, S.A.	ACQUISITION	REAL ESTATE	-	-	96.64%	96.64%	4/24/2015
PROVIURE, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CLUB GOLF HACIENDA EL ALAMO, S.L.	ACQUISITION	REAL ESTATE	-	-	97.87%	97.87%	4/24/2015
AREA TRES PROCAM, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
JALE PROCAM, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
GESCAT SINEVA, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PROVIURE CIUTAT DE LLEIDA, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PROVIURE BARCELONA, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
NOVA EGARA-PROCAM, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
ALGARVETUR, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CORPORACION BETICA INMOBILIARIA, S.A.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
MILLENNIUM PROCAM, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015

Acquisitions or Increases of Interest Ownership in Consolidated Subsidiaries

Company	Type of Transaction	Activity	Millions of Euros: Price Paid in the Transactions + Expenses directly attributable to the Transactions	Millions of Euros: Fair Value of Equity Instruments issued for the Transactions	% of Voting Rights: % Participation (net) Acquired in the Period	% of Voting Rights: Total Voting Rights Controlled after the Transactions	Effective Date for the Transaction (or Notification Date)
GESCAT POLSKA, SP. ZOO	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PROVIURE PARC D'HABITATGES, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
VOLJA LUX, SARL	ACQUISITION	INVESTMENT COMPANY	-	-	71.78%	71.78%	4/24/2015
ACTIVOS MACORP, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
GESCAT, GESTIO DE SOL, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
GESCAT, VIVENDES EN COMERCIALITZACIO, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
GESCAT LLOGUERS, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
EXPANSION INTERCOMARCAL, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	4/24/2015
CONJUNT RESIDENCIAL FREIXA, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
IRIDION SOLUCIONS IMMOBILIARIES, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
NOIDIRI, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CETACTIUS, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
HABITAT ZENTRUM, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
CAIXA MANRESA IMMOBILIARIA SOCIAL, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
SATICEM IMMOBILIARIA, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	4/24/2015
SATICEM HOLDING, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CAIXA MANRESA IMMOBILIARIA ON CASA, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
SATICEM IMMOBLES EN ARRENDAMENT, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
SATICEM GESTIO, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
SERVIMANRESA ACTIUS EN LLOGUER, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	85.00%	85.00%	4/24/2015
CX PROPIETAT, FII	ACQUISITION	FINANCIAL SERVICES	-	-	67.74%	67.74%	4/24/2015
VOLJA PLUS SL	ACQUISITION	INVESTMENT COMPANY	-	-	75.35%	75.35%	4/24/2015
BBVA BANCO FRANCES, S.A.	ACQUISITION	BANKING	1	-	0.02%	75.95%	5/4/2015

Disposals or Reduction of Interest Ownership in Consolidated Subsidiaries

Company	Type of Transaction	Activity	Millions of Euros: Profit (Loss) in the Transaction	Millions of Euros: Changes in the Equity due to 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)
UNIVERSALIDAD "E5"	LIQUIDATION	FINANCIAL SERVICES	(2)	-	100.00%	-	1/31/2015
PROMOTORA DE RECURSOS AGRARIOS, S.A.	LIQUIDATION	COMMERCIAL	-	-	100.00%	-	2/26/2015
BBVA FINANCE (UK), LTD.	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	-	4/1/2015

Business Combinations and Other Acquisitions or Increases of Interest Ownership in Associates and Joint-Ventures Accounted for Under the Equity Method

Company	Type of Transaction	Activity	Millions of Euros: Price Paid in the Transactions + Expenses Directly Attributable to the Transactions	Millions of Euros: Fair Value of Equity Instruments Issued for the Transactions	% of Voting Rights: % Participation (Net) Acquired in the Period	% of Voting Rights: Total Voting Rights Controlled After the Transactions	Effective Date for the Transaction (or Notification Date)
FIDEICOMISO DE ADMINISTRACION 2038-6	ACQUISITION	REAL ESTATE	-	-	33.70%	33.70%	1/31/2015
REDSYS SERVICIOS DE PROCESAMIENTO, S.L.	ACQUISITION	FINANCIAL SERVICES	-	-	4.64%	21.61%	4/24/2015
SERVIRED SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A.	ACQUISITION	FINANCIAL SERVICES	-	-	6.13%	28.72%	4/24/2015
CATALUNYACAIXA VIDA, S.A.	ACQUISITION	INSURANCES SERVICES	-	-	50.00%	50.00%	4/24/2015
LANDOMUS, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
NOU MAPRO, S.A.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
PROVICAT SANT ANDREU, S.A.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
INMOBILIARIA MONTE BOADILLA, S.L.	ACQUISITION	REAL ESTATE	-	-	51.00%	51.00%	4/24/2015
EUGESA PROCAM, S.L.	ACQUISITION	REAL ESTATE	-	-	55.00%	55.00%	4/24/2015
ESPAIS CATALUNYA INV. IMMOB., S.L.	ACQUISITION	REAL ESTATE	-	-	50.84%	50.84%	4/24/2015
INNOVA 31, S.C.R., S.A.	ACQUISITION	FINANCIAL SERVICES	-	-	25.00%	25.00%	4/24/2015
NOVA TERRASSA 30, S.L.	ACQUISITION	REAL ESTATE	-	-	51.00%	51.00%	4/24/2015
PROMOCIONS TERRES CAVADES, S.A.	ACQUISITION	REAL ESTATE	-	-	39.39%	39.39%	4/24/2015
PROMOCIONES MIES DEL VALLE, S.L.	ACQUISITION	REAL ESTATE	-	-	51.00%	51.00%	4/24/2015
ESPAIS CERDANYOLA, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
SANYRES SUR, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CENTROS RESIDENCIALES SANYRES SUR, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
ALZAMBRA SANYRES, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PROMAR 21, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
S.C.I. MAGNAN SAINT PHILIPPE	ACQUISITION	REAL ESTATE	-	-	25.00%	25.00%	4/24/2015
TEIN CENTRO TECNOLOGICO DEL PLASTICO, S.L.	ACQUISITION	SERVICES	-	-	40.00%	40.00%	4/24/2015
CATALUNYACAIXA ASSEGURANCES GENERALS, S.A.	ACQUISITION	INSURANCES SERVICES	-	-	49.99%	49.99%	4/24/2015
PROVIURE CZF, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
EURO LENDERT, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
OCYCANDEY 2006, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	50.00%	50.00%	4/24/2015
INICIATIVAS EOLICAS CASTELLANAS, S.A.	ACQUISITION	INDUSTRIAL	-	-	97.50%	97.50%	4/24/2015
UNION SANYRES, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
SANIDAD Y RESIDENCIAS 21, S.A.	ACQUISITION	SERVICES	-	-	40.73%	40.73%	4/24/2015
VERTIX PROCAM PATRIMONIAL, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CAPASATUS, S.L	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
SARDENYA CENTRE, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
TAGE CENTRE PROMOCIONS IMMOBILIARIES, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
FACTOR HABAST, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
CRUILLA CENTRE, S.L.	ACQUISITION	REAL ESTATE	-	-	49.04%	49.04%	4/24/2015
HARMONIA BADALONA, S.L.	ACQUISITION	REAL ESTATE	-	-	45.00%	45.00%	4/24/2015
IMMOCENTRE 3000, S.L.	ACQUISITION	REAL ESTATE	-	-	40.00%	40.00%	4/24/2015
VISOREN CENTRE, S.L.	ACQUISITION	REAL ESTATE	-	-	40.00%	40.00%	4/24/2015
KUARS CENTRE, S.L.	ACQUISITION	REAL ESTATE	-	-	40.00%	40.00%	4/24/2015
SENDERAN GESTION DE ACTIVOS, S.L.	ACQUISITION	REAL ESTATE	-	-	40.00%	40.00%	4/24/2015
EUROESPAI 2000, S.L.	ACQUISITION	REAL ESTATE	-	-	35.00%	35.00%	4/24/2015
L'ERA DE VIC, S.L.	ACQUISITION	REAL ESTATE	-	-	40.00%	40.00%	4/24/2015
OLESA BLAVA, S.L.	ACQUISITION	REAL ESTATE	-	-	29.07%	29.07%	4/24/2015
AMBIT D'EQUIPAMENTS, S.A.	ACQUISITION	REAL ESTATE	-	-	35.00%	35.00%	4/24/2015
HARMONIA PLA DE PONENT, S.L.	ACQUISITION	REAL ESTATE	-	-	22.33%	22.33%	4/24/2015
IMPULS LLOGUER, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PROVIURE CZF PARC D'HABITATGES, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
NAVIERA ELECTRA, AIE	ACQUISITION	SERVICES	-	-	19.50%	40.50%	4/24/2015
LAGOS	DILUTION EFFECT	REAL ESTATE	0	-	3.09%	50.00%	4/30/2015
METROVACESA, S.A. (1)	CAPITAL INCREASE	REAL ESTATE	159	-	1.11%	19.42%	5/1/2015
DESARROLLOS METROPOLITANOS DEL SUR, S.L.	FOUNDING	REAL ESTATE	12	-	50.00%	50.00%	6/19/2015

(1) Excluded from exchange trading since May 23, 2013.

Disposal or Reduction of Interest Ownership in Associates and Joint-Ventures Companies Accounted for Under the Equity Method

Company	Type of Transaction	Activity	Millions of Euros	% of Voting Rights		Effective Date for the Transaction (or Notification Date)
			Profit (Loss) in the Transaction	% Participation Sold in the Period	Total Voting Rights Controlled after the Disposal	
ALMAGRARIO, S.A.	DISPOSAL	SERVICES	(1)	35.38%	-	4/30/2015
FIDEICOMISO SCOTIABANK INVERLAT SA F100322742	DILUTION EFFECT	REAL ESTATE	-	0.42%	33.19%	4/30/2015
SBD CEAR, S.L.	DISPOSAL	REAL ESTATE	-	50.00%	-	5/28/2015
OSONA CIPSA, S.L.	LIQUIDATION	REAL ESTATE	-	50.00%	-	6/10/2015
ASOCIACION TECNICA CAJAS DE AHORROS, A.I.E. (ATCA, AIE)	LIQUIDATION	SERVICES	-	31.00%	-	6/30/2015

APPENDIX IV Fully consolidated subsidiaries with more than 10% owned by non-Group shareholders as of June 30, 2015

Company	Activity	% of Voting Rights Controlled by the Bank		
		Direct	Indirect	Total
HOLDING CONTINENTAL, S.A.	INVESTMENT COMPANY	50	-	50
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	BANKING	1	54	55
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	INVESTMENT COMPANY	48	-	48
PRO-SALUD, C.A.	NO ACTIVITY	-	59	59
INVERSIONES P.H.R.4, C.A.	NO ACTIVITY	-	60	60
BBVA INMOBILIARIA E INVERSIONES, S.A.	REAL ESTATE	-	68	68
TEXTIL TEXTURA, S.L.	COMERCIAL	-	69	69
BBVA ELCANO EMPRESARIAL, S.A. EN LIQUIDACION	IN LIQUIDATION	45	-	45
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	REAL ESTATE	-	76	76
GESTION DE PREVISION Y PENSIONES, S.A.	PENSION FUNDS MANAGEMENT	60	-	60
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SERVICES	-	51	51
FORUM COMERCIALIZADORA DEL PERU, S.A.	SERVICES	-	66	66
FORUM DISTRIBUIDORA DEL PERU, S.A.	FINANCIAL SERVICES	-	66	66
BBVA CONSUMER FINANCE ENTIDAD DE DESARROLLO A LA PEQUEÑA Y MICRO EMPRESA, EDPYME, S.A. (BBVA CONSUMER FINANCE - EDPYME)	FINANCIAL SERVICES	-	66	66
F/403035-9 BBVA HORIZONTES RESIDENCIAL	REAL ESTATE	-	65	65
F/253863 EL DESEO RESIDENCIAL	REAL ESTATE	-	65	65
CATALONIA GEBIRA, S.L.	REAL ESTATE	-	82	82
ECOARENYS, S.L.	REAL ESTATE	-	50	50
HABITATGES INVERVIC, S.L.	REAL ESTATE	-	35	35
FODECOR, S.L.	REAL ESTATE	-	60	60
INFORMACIO I TECNOLOGIA DE CATALUNYA, S.L.	SERVICES	-	50	50
PROCAMVASA, S.A.	REAL ESTATE	-	51	51
S.B.D. NORD, S.L.	REAL ESTATE	-	75	75
AREA TRES PROCAM, S.L.	REAL ESTATE	-	50	50
JALE PROCAM, S.L.	REAL ESTATE	-	50	50
VOLJA LUX, SARL	INVESTMENT COMPANY	-	72	72
HABITAT ZENTRUM, S.L.	REAL ESTATE	-	50	50
VOLJA PLUS SL	INVESTMENT COMPANY	19	57	75

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APPENDIX V BBVA Group's structured entities. Securitization funds

Securitization Fund (consolidated)	Company	Origination Date	Millions of Euros	
			Total Securitized Exposures at the Origination Date	Total Securitized Exposures as of June 30, 2015
FTA IM TERRASSA MBS-1	BBVA, S.A	07/2006	525	139
TDA 20-MIXTO, FTA	BBVA, S.A	06/2004	100	25
AYT HIPOTECARIO MIXTO, FTA	BBVA, S.A	03/2004	100	22
AYT HIPOTECARIO MIXTO IV, FTA	BBVA, S.A	06/2005	100	31
AYT CAIXA SABADELL HIPOTECARIO I, FTA	BBVA, S.A	07/2008	300	128
FTA TDA-27	BBVA, S.A	12/2006	275	129
FTA TDA-28	BBVA, S.A	07/2007	250	130
FTA GAT FTGENCAT 2007	BBVA, S.A	11/2007	225	42
FTA GAT FTGENCAT 2008	BBVA, S.A	08/2008	350	106
BBVA HIPOTECARIO 3 FTA	BBVA, S.A	10/2006	1,450	65
BBVA-5 FTPYME FTA	BBVA, S.A	11/2006	1,900	60
BBVA CONSUMO 3 FTA	BBVA, S.A	07/2011	975	35
BBVA CONSUMO 4 FTA	BBVA, S.A	07/2009	1,100	101
BBVA SECURITISED FUNDING 1.FTA	BBVA, S.A	03/2013	848	479
BBVA CONSUMO 6 FTA	BBVA, S.A	10/2014	299	271
BBVA EMPRESAS 4 FTA	BBVA, S.A	07/2010	1,700	241
BBVA-FINANZIA AUTOS 1 FTA	BBVA, S.A	04/2007	800	21
BBVA RMBS 1 FTA	BBVA, S.A	02/2007	2,500	1,346
BBVA RMBS 2 FTA	BBVA, S.A	03/2007	5,000	2,574
BBVA RMBS 3 FTA	BBVA, S.A	07/2007	3,000	1,784
BBVA RMBS 5 FTA	BBVA, S.A	05/2008	5,000	2,956
BBVA RMBS 9 FTA	BBVA, S.A	04/2010	1,295	1,025
BBVA RMBS 10 FTA	BBVA, S.A	06/2011	1,600	1,385
BBVA RMBS 11 FTA	BBVA, S.A	06/2012	1,400	1,227
BBVA RMBS 12 FTA	BBVA, S.A	12/2013	4,350	4,025
BBVA RMBS 13 FTA	BBVA, S.A	07/2014	4,100	3,904
BBVA RMBS 14 FTA	BBVA, S.A	11/2014	700	643
BBVA RMBS 15 FTA	BBVA, S.A	05/2015	4,000	3,970
BBVA LEASING 1 FTA	BBVA, S.A	06/2007	2,500	171
BBVA-6 FTPYME FTA	BBVA, S.A	06/2007	1,500	81
BBVA-8 FTPYME FTA	BBVA, S.A	07/2008	1,100	115
BBVA PYME 9 FTA	BBVA, S.A	12/2012	470	177
FTA TDA-22 MIXTO	BBVA, S.A	12/2004	62	21
FTA TDA-22 MIXTO	Catalunya Caixa	12/2004	50	16
HIPOCAT 7 FTA	Catalunya Caixa	06/2004	1,400	361
HIPOCAT 8 FTA	Catalunya Caixa	05/2005	1,500	447
HIPOCAT 9 FTA	Catalunya Caixa	11/2005	1,000	340
HIPOCAT 10 FTA	Catalunya Caixa	07/2006	1,500	521
GAT FTGENCAT 2006 FTA	Catalunya Caixa	09/2006	441	42
HIPOCAT 11 FTA	Catalunya Caixa	03/2007	1,600	526
GAT FTGENCAT 2007 FTA	Catalunya Caixa	11/2007	397	73
GAT FTGENCAT 2008 FTA	Catalunya Caixa	08/2008	400	71
GAT ICO-FTVPO I, FTH	Catalunya Caixa	06/2009	271	145
TDA 19 FTA	Catalunya Caixa	03/2004	200	45
TDA 23 FTA	Catalunya Caixa	03/2005	300	99
GC FTGENCAT TARRAGONA 1 FTA	Catalunya Caixa	06/2008	283	86
TDA TARRAGONA 1 FTA	Catalunya Caixa	12/2007	397	170
2 PS Interamericana	BBVA COLOMBIA, S.A.	10/2004	10	3
2 PS Interamericana	BBVA COLOMBIA, S.A.	10/2004	20	6
BBVA UNIVERSALIDAD E10	BBVA COLOMBIA, S.A.	03/2009	26	2
BBVA UNIVERSALIDAD E11	BBVA BANCOMER, S.A	05/2009	17	1
BBVA UNIVERSALIDAD E12	BBVA BANCOMER, S.A	08/2009	27	3
BBVA UNIVERSALIDAD E9	BBVA BANCOMER, S.A	12/2008	49	5
BBVA UNIVERSALIDAD N6	BBVA BANCOMER, S.A	08/2012	74	17
BACOMCB 07	BBVA BANCOMER, S.A	12/2007	151	43
BACOMCB 08	BBVA BANCOMER, S.A	03/2008	66	21
BACOMCB 08-2U	BBVA BANCOMER, S.A	08/2008	325	145
BACOMCB 08-2	BBVA BANCOMER, S.A	12/2008	332	115
BACOMCB 09-3	BBVA BANCOMER, S.A	08/2009	373	180
BMERCB 13	BBVA BANCOMER, S.A	06/2013	618	178
PEP80040F110	BANCO CONTINENTAL, S.A	12/2007	22	3

Securitization Fund (not consolidated)	Company	Origination Date	Millions of Euros	
			Total Securitized Exposures at the Origination Date	Total Securitized Exposures as of June 30, 2015
FTA TDA13	BBVA, S.A	12/2000	84	8
FTA TDA-18 MIXTO	BBVA, S.A	11/2003	91	18
AYT 1 HIPOTECARIO, FTH	BBVA, S.A	06/1999	149	3
HIPOCAT 4 FTA	Catalunya Caixa	07/2001	300	40
HIPOCAT 5 FTA	Catalunya Caixa	10/2002	696	109
HIPOCAT 6 FTA	Catalunya Caixa	07/2003	850	173
TDA 13 MIXTO FTA	Catalunya Caixa	12/2000	90	9
2 PS RBS (ex ABN)	BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	09/2001	8	5

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APPENDIX VI Details of the outstanding subordinated debt and preferred securities issued by the Bank or entities in the Group consolidated as of June 30, 2015 and December 31, 2014.

Outstanding as of June 30, 2015 and December 31, 2014 of subordinated issues

Issuer Entity and Issued Date	Currency	Millions of Euros June 2015	Millions of Euros December 2014	Prevailing Interest Rate as of June 30, 2015	Maturity Date
Issues in Euros					
BBVA					
July-96	EUR	27	27	9.37%	12/22/2016
February-07	EUR	255	253	4.50%	2/16/2022
March-08	EUR	125	125	6.00%	3/3/2033
July-08	EUR	100	100	6.20%	7/4/2023
December-11	EUR		--		
February-14	EUR	1,500	1,500	7.00%	Perpetual
February-15	EUR	1,500	-	6.75%	Perpetual
Different issues	EUR	288	315		
Subtotal	**EUR**	**3,795**	**2,320**		
BBVA GLOBAL FINANCE, LTD. (*)					
July-99	EUR	60	58	6.35%	10/16/2015
October-11	EUR	10	10	6.71%	10/10/2016
October-01	EUR	46	46	0.61%	10/15/2016
November-01	EUR	53	53	0.70%	11/2/2016
December-01	EUR	56	56	0.69%	12/20/2016
Subtotal	**EUR**	**225**	**223**		
BBVA SUBORDINATED CAPITAL, S.A.U. (*)					
October-05	EUR	96	96	0.31%	10/13/2020
October-05	EUR		--		10/20/2017
April-07	EUR	68	66	0.59%	4/4/2022
May-08	EUR	50	50	3.00%	5/19/2023
July-08	EUR	20	20	6.11%	7/22/2018
April-14	EUR	1,500	1,485	3.50%	4/11/2024
Subtotal	**EUR**	**1,734**	**1,717**		
Total issued in Euros		**5,754**	**4,260**		

(*)'The issuances of BBVA International, Ltd., BBVA Capital Finance, S.A.U., BBVA International Preferred, S.A.U, BBVA Subordinated Capital, S.A.U. and BBVA Global Finance, Ltd, are jointly, severally and unconditionally guaranteed by the Bank

Outstanding as of June 30, 2015 and December 31, 2014 of subordinated issues (Continued)

		Millions of Euros			
Issuer Entity and Issued Date	**Currency**	**June 2015**	**December 2014**	**Prevailing Interest Rate as of June 30, 2015**	**Maturity Date**
Issues in foreign currency					
BBVA					
May-13	USD	1.341	1.235	9,00%	Perpetual
Subtotal	**USD**	**1.341**	**1.235**		
BBVA GLOBAL FINANCE, LTD. (*)					
December-95	USD	179	165	7,00%	12/1/2025
BANCO BILBAO VIZCAYA ARGENTARIA, CHILE	**USD**				
Different issues	CLP	599	578		
Subtotal	**CLP**	**599**	**578**		
BBVA BANCOMER, S.A. de C.V.					
May-07	USD	447	413	6,00%	5/17/2022
April-10	USD	895	825	7,00%	4/22/2020
March-11	USD	1.118	1.031	7,00%	3/10/2021
July-12	USD	895	825	7,00%	9/30/2022
September-12	USD	447	413	7,00%	9/30/2022
November-14	USD	179	165	5,00%	11/12/2029
Subtotal	**USD**	**3.981**	**3.672**		
December-08	MXN	163	160	4,00%	11/26/2020
Subtotal	**MXN**	**163**	**160**		
BBVA URUGUAY					
December-14	USD	13	**12**	5,00%	12/16/2024
Subtotal	**USD**	**13**	**12**		
BBVA PARAGUAY					
November-14	USD	18	**16**	6,75%	11/5/2021
Subtotal	USD	**18**	**16**		
TEXAS REGIONAL STATUTORY TRUST I					
February-04	USD	45	41	3,13%	3/17/2034
Subtotal	**USD**	**45**	**41**		

(*)'The issuances of BBVA International, Ltd., BBVA Capital Finance, S.A.U., BBVA International Preferred, S.A.U, BBVA Subordinated Capital, S.A.U. and BBVA Global Finance, Ltd, are jointly, severally and unconditionally guaranteed by the Bank

Outstanding as of June 30, 2015 and December 31, 2014 of subordinated issues

Millions of Euros

Issuer Entity and Issued Date	Currency	June 2015	December 2014	Prevailing Interest Rate as of June 30, 2015	Maturity Date
STATE NATIONAL CAPITAL TRUST I					
July-03	USD	13	12	3.32%	9/30/2033
Subtotal	**USD**	**13**	**12**		
STATE NATIONAL STATUTORY TRUST II					
March-04	USD	9	8	3.07%	3/17/2034
Subtotal	**USD**	**9**	**8**		
TEXASBANC CAPITAL TRUST I					
June-04	USD	22	21	2.88%	7/23/2034
Subtotal	**USD**	**22**	**21**		
COMPASS BANK					
March-05	USD	198	182	5.50%	4/1/2020
March-06	USD	61	56	5.90%	4/1/2026
September-07	USD	312	288	6.40%	10/1/2017
April-15	USD	616	-	3.88%	4/10/2025
Subtotal	**USD**	**1,187**	**526**		
BBVA COLOMBIA, S.A.					
September-11	COP	37	36	8.76%	9/19/2021
September-11	COP	54	54	9.01%	9/19/2026
September-11	COP	35	35	8.60%	9/19/2018
February-13	COP	69	69	7.93%	2/19/2023
February-13	COP	57	57	8.21%	2/19/2028
November-14	COP	55	55	8.81%	11/26/2034
November-14	COP	31	31	8.70%	11/26/2029
April-15	COP	357	-	4.88%	4/21/2025
Subtotal	**COP**	**695**	**337**		
BANCO CONTINENTAL, S.A.					
December-06	USD	27	25	3.00%	2/15/2017
May-07	USD	18	17	6.00%	5/14/2027
September-07	USD	18	16	2.00%	9/24/2017
February-08	USD	18	17	6.00%	2/28/2028
June-08	USD	-	25		6/15/2018
November-08	USD	-	17		2/15/2019
October-10	USD	179	165	7.00%	10/7/2040
October-13	USD	40	37	7.00%	10/8/2028
September-14	USD	266	246	5.00%	9/22/2029
Subtotal	**USD**	**566**	**565**		
May-07	PEN	11	11	6.00%	5/7/2022
June-07	PEN	20	19	3.00%	6/18/2032
November-07	PEN	18	17	4.00%	11/19/2032
July-08	PEN	15	15	3.00%	7/8/2023
September-08	PEN	17	16	3.00%	9/9/2023
December-08	PEN	10	10	4.00%	12/15/2033
Subtotal	**PEN**	**91**	**88**		
Others					
Subtotal			**--**		
Total issues in foreign currencies (Millions of Euros)		**8,922**	**7,436**		

Outstanding as of June 30, 2015 and December 31, 2014 of preferred issues

Issuer Entity and Issued Date	June 2015		December 2014	
	Currency	Amount Issued (Millions)	Currency	Amount Issued (Millions)
BBVA (*)				
December-07	EUR	14	EUR	14
BBVA International, Ltd.				
December-02	-	-	EUR	9
BBVA Capital Finance, S.A.U.				
December-03	-	-	EUR	350
July-04	-	-	EUR	500
December-04	-	-	EUR	1,125
December-08	-	-	EUR	1,000
BBVA International Preferred, S.A.U.				
September-05	EUR	85	EUR	85
September-06	EUR	164	EUR	164
April-07	USD	600	USD	600
July-07	GBP	31	GBP	31
October-09	-	-	EUR	645
October-09	-	-	GBP	251
Phoenix Loan Holdings Inc.				
November-00	USD	21	USD	21
Caixa Terrasa Societat de Participacion				
August-05	EUR	75	EUR	75
Caixasabadell Preferents, S.A.				
December-04	-	-	EUR	1
July-06	EUR	90	EUR	90
Others			-	-

(*) Unnim Banc, S.A. issuance

APPENDIX VII Consolidated balance sheets held in foreign currency as of December 31, 2014, 2013 and 2012

	Millions of Euros			
June 2015	**USD**	**Mexican Pesos**	**Other Foreign Currencies**	**Total Foreign Currencies**
Assets -				
Cash and balances with central banks	10,504	5,177	4,059	19,740
Financial assets held for trading	7,445	16,242	4,142	27,829
Available-for-sale financial assets	16,129	12,887	6,885	35,901
Loans and receivables	86,822	41,669	42,436	170,927
equity method	5	226	3,674	3,905
Tangible assets	769	2,166	781	3,716
Other assets	1,344	4,858	4,406	10,608
Total	**123,018**	**83,225**	**66,383**	**272,626**
Liabilities-				
Financial liabilities held for trading	5,789	5,467	2,422	13,678
Financial liabilities at amortised cost	121,669	59,110	48,932	229,711
Other liabilities	1,299	9,159	2,213	12,671
Total	**128,757**	**73,736**	**53,567**	**256,060**

	Millions of Euros			
December 2014	**USD**	**Mexican Pesos**	**Other Foreign Currencies**	**Total Foreign Currencies**
Assets -				
Cash and balances with central banks	8,331	5,892	9,138	23,361
Financial assets held for trading	5,727	16,745	4,073	26,545
Available-for-sale financial assets	13,590	11,623	9,565	34,779
Loans and receivables	76,510	40,744	50,182	167,435
Investments in entities accounted for using the equity method	5	227	3,700	3,931
Tangible assets	726	1,894	1,076	3,696
Other assets	3,874	3,861	3,934	11,669
Total	**108,762**	**80,985**	**81,668**	**271,415**
Liabilities-				
Financial liabilities held for trading	3,828	5,776	1,907	11,511
Financial liabilities at amortised cost	106,582	57,856	61,404	225,841
Other liabilities	1,612	8,620	2,657	12,889
Total	**112,021**	**72,252**	**65,968**	**250,241**

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APPENDIX VIII Financial Statements of Banco Bilbao Vizcaya Argentaria, S.A.

Balance sheets as of June 30 2015 and December 31, 2014 of BBVA, S.A.

Millions of Euros

ASSETS	June 2015	December 2014
CASH AND BALANCES WITH CENTRAL BANKS	**9,537**	**9,262**
FINANCIAL ASSETS HELD FOR TRADING	**62,176**	**64,495**
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	16,558	15,590
Other equity instruments	4,718	4,264
Trading derivatives	40,900	44,641
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**-**
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	-	-
Other equity instruments	-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**50,889**	**53,709**
Debt securities	46,132	47,393
Other equity instruments	4,757	6,316
LOANS AND RECEIVABLES	**233,472**	**230,724**
Loans and advances to credit institutions	28,401	23,813
Loans and advances to customers	202,030	203,865
Debt securities	3,041	3,046
HELD-TO-MATURITY INVESTMENTS	**-**	**-**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**67**	**121**
HEDGING DERIVATIVES	**1,689**	**2,112**
NON-CURRENT ASSETS HELD FOR SALE	**2,907**	**2,771**
INVESTMENTS	**27,714**	**26,153**
Associates	401	261
Jointly controlled entities	3,943	3,948
Group entities	23,370	21,944
INSURANCE CONTRACTS LINKED TO PENSIONS	**2,133**	**2,189**
TANGIBLE ASSETS	**1,512**	**1,539**
Property, plants and equipment	**1,507**	**1,534**
For own use	1,507	1,534
Other assets leased out under an operating lease	-	-
Investment properties	**5**	**5**
INTANGIBLE ASSETS	**802**	**874**
Goodwill	-	-
Other intangible assets	802	874
TAX ASSETS	**7,847**	**8,385**
Current	516	986
Deferred	7,331	7,399
OTHER ASSETS	**940**	**1,507**
TOTAL ASSETS	**401,685**	**403,841**

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Balance sheets as of June 30 2015 and December 31, 2014 of BBVA, S.A.

	Millions of Euros	
LIABILITIES AND EQUITY	**June 2015**	**December 2014**
FINANCIAL LIABILITIES HELD FOR TRADING	**48,054**	**50,976**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Customer deposits	-	-
Debt certificates	-	-
Trading derivatives	39,991	43,826
Short positions	8,063	7,150
Other financial liabilities	-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**-**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Customer deposits	-	-
Debt certificates	-	-
Subordinated liabilities	-	-
Other financial liabilities	-	-
FINANCIAL LIABILITIES AT AMORTIZED COST	**305,475**	**305,036**
Deposits from central banks	26,319	18,400
Deposits from credit institutions	47,944	58,091
Customer deposits	192,665	187,731
Debt certificates	23,542	26,754
Subordinated liabilities	8,278	7,701
Other financial liabilities	6,727	6,359
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO	**-**	**-**
HEDGING DERIVATIVES	**1,592**	**1,959**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**
PROVISIONS	**6,109**	**6,157**
Provisions for pensions and similar obligations	5,196	5,267
Provisions for taxes and other legal contingencies	-	-
Provisions for contingent exposures and commitments	237	238
Other provisions	676	652
TAX LIABILITIES	**1,185**	**1,655**
Current	27	29
Deferred	1,158	1,626
OTHER LIABILITIES	**1,988**	**1,444**
TOTAL LIABILITIES	**364,403**	**367,227**

Balance sheets as of June 30 2015 and December 31, 2014 of BBVA, S.A.

	Millions of Euros	
LIABILITIES AND EQUITY (Continued)	**June 2015**	**December 2014**
STOCKHOLDERS' EQUITY	**36,380**	**34,923**
Common Stock	**3,090**	**3,024**
Issued	3,090	3,024
Less: Unpaid and uncalled (-)	-	-
Share premium	**23,992**	**23,992**
Reserves	**7,837**	**7,642**
Other equity instruments	**19**	**47**
Equity component of compound financial instruments	-	-
Other equity instruments	19	47
Less: Treasury stock (-)	**(27)**	**(46)**
Net Income	**1,644**	**1,105**
Less: Dividends and remuneration (-)	**(175)**	**(841)**
VALUATION ADJUSTMENTS	**902**	**1,691**
Available-for-sale financial assets	1,016	1,781
Cash flow hedging	(93)	(82)
Hedges of net investments in foreign operations	-	-
Exchange differences	(1)	12
Non-current assets held-for-sale	-	-
Other valuation adjustments	(20)	(20)
TOTAL EQUITY	**37,282**	**36,614**
TOTAL LIABILITIES AND EQUITY	**401,685**	**403,841**

	Millions of Euros	
MEMORANDUM ITEM	**June 2015**	**December 2014**
CONTINGENT EXPOSURES	**45,227**	**45,137**
CONTINGENT COMMITMENTS	**62,983**	**53,968**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Income Statements for the six months ended June 30, 2015 and 2014 of BBVA, S.A.

	Millions of Euros	
	June 2015	**June 2014**
INTEREST AND SIMILAR INCOME	2,821	3,473
INTEREST AND SIMILAR EXPENSES	(1,165)	(1,893)
NET INTEREST INCOME	**1,656**	**1,580**
DIVIDEND INCOME	1,580	1,910
FEE AND COMMISSION INCOME	892	896
FEE AND COMMISSION EXPENSES	(149)	(166)
LIABILITIES	670	753
Financial instruments held for trading	242	391
Other financial instruments at fair value through profit or loss	-	-
Other financial instruments not at fair value through profit or loss	428	362
Other		-
EXCHANGE DIFFERENCES (NET)	148	(58)
OTHER OPERATING INCOME	56	56
OTHER OPERATING EXPENSES	(112)	(194)
GROSS INCOME	**4,741**	**4,778**
ADMINISTRATION COSTS	(1,889)	(1,838)
Personnel expenses	(1,106)	(1,093)
General and administrative expenses	(783)	(745)
DEPRECIATION AND AMORTIZATION	(256)	(259)
PROVISION (NET)	(308)	(352)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(791)	(918)
Loans and receivables	(791)	(911)
Other financial instruments not at fair value through profit or loss	-	(8)
NET OPERATING INCOME	**1,497**	**1,411**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(181)	(259)
Goodwill and other intangible assets		-
Other assets	(181)	(259)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	-	(2)
NEGATIVE GOODWILL	-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	**431**	**(254)**
INCOME BEFORE TAX	**1,747**	**895**
INCOME TAX	(103)	86
INCOME FROM CONTINUING TRANSACTIONS	**1,644**	**981**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)		-
NET INCOME FOR THE PERIOD	**1,644**	**981**

Statements of Recognized Income and Expenses for the six months ended June 30, 2015 and 2014 of BBVA, S.A.

Millions of Euros	June 2015	June 2014
NET INCOME FOR THE PERIOD	**1,644**	**981**
OTHER RECOGNIZED INCOME (EXPENSES)	**(789)**	**1,210**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO P&L	**-**	**-**
Actuarial gains and losses from defined benefit pension plans	-	-
Non-current assets available for sale	-	-
Income tax related to items not subject to reclassification to p&l	-	-
ITEMS SUBJECT TO RECLASSIFICATION TO P&L	**(789)**	**1,210**
Available-for-sale financial assets	**(1,135)**	**1,798**
Valuation gains/(losses)	(305)	2,014
Amounts removed to income statement	(830)	(216)
Reclassifications	-	-
Cash flow hedging	**(16)**	**(3)**
Valuation gains/(losses)	(16)	(3)
Amounts removed to income statement	-	-
Amounts removed to the initial carrying amount of the hedged	-	-
Reclassifications	-	-
Hedges of net investment in foreign operations	**-**	**-**
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
Exchange differences	**(19)**	**(5)**
Valuation gains/(losses)	(20)	(4)
Amounts removed to income statement	1	(1)
Reclassifications	-	-
Non-current assets held for sale	**-**	**-**
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
Rest of recognized income and expenses		**-**
Income tax	**381**	**(580)**
TOTAL RECOGNIZED INCOME/EXPENSES	**855**	**2,191**

Statement of Changes in Equity for the six months ended June 30, 2015 of BBVA, S.A.

Millions of Euros

June 2015	Stockholder's Equity								Valuation Adjustments	Total Equity
	Common Stock	Share premium	Reserves	Other Equity Instruments	Less: Treasury Stock	Profit for the Period	Less: Dividends and Remunerations	Total Stockholders' Equity		
Balances as of January 1, 2015	**3,024**	**23,992**	**7,642**	**47**	**(46)**	**1,105**	**(841)**	**34,923**	**1,691**	**36,614**
Effect of changes in accounting policies (*)	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors (*)	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**3,024**	**23,992**	**7,642**	**47**	**(46)**	**1,105**	**(841)**	**34,923**	**1,691**	**36,614**
Total income/expense recognized	**-**	**-**	**-**	**-**	**-**	**1,644**	**-**	**1,644**	**(789)**	**855**
Other changes in equity	**66**	**-**	**195**	**(28)**	**19**	**(1,105)**	**666**	**(187)**	**-**	**(187)**
Common stock increase	66		(66)	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	6	-	-	-	6	-	6
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(97)	(97)	-	(97)
Transactions including treasury stock and other equity instruments (net)	-	-	(4)	-	19	-	-	15	-	15
Transfers between total equity entries	-	-	272	(8)	-	(1,105)	841	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increase/reductions in total equity	-	-	(7)	(26)	-	-	(78)	(111)	-	(111)
Of which:									-	
Acquisition of the free allotment rights	-	-	-	-	-	-	(78)	(78)	-	(78)
Balances as of June 30, 2015	**3,090**	**23,992**	**7,837**	**19**	**(27)**	**1,644**	**(175)**	**36,380**	**902**	**37,282**

(*) Balances as of December 31, 2013, as previously published (see Note 1.3)

Statement of Changes in Equity for the six months ended June 30, 2014 of BBVA, S.A.

Millions of Euros

June 2014	Stockholder's Equity									
	Common Stock	Share premium	Reserves	Other Equity Instruments	Less: Treasury Stock	Profit for the Period	Less: Dividends and Remunerations	Total Stockholders' Equity	Valuation Adjustments	Total Equity
Balances as of January 1, 2014	**2,835**	**22,111**	**7,384**	**44**	**(20)**	**1,406**	**(768)**	**32,991**	**(116)**	**32,875**
Effect of changes in accounting policies (*)	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors (*)	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**2,835**	**22,111**	**7,384**	**44**	**(20)**	**1,406**	**(768)**	**32,991**	**(116)**	**32,875**
Total income/expense recognized	-	-	-	-	-	**981**	-	**981**	**1,210**	**2,191**
Other changes in equity	**50**	-	**585**	**(14)**	**(10)**	**(1,406)**	**140**	**(656)**	-	**(656)**
Common stock increase	50	-	(50)	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	453	453	-	453
Transactions including treasury stock and other equity instruments (net)	-	-	1	-	(10)	-	-	(10)	-	(10)
Transfers between total equity entries	-	-	642	(4)	-	(1,371)	733	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increase/reductions in total equity	-	-	(9)	(26)	-	(35)	(140)	(210)	-	(210)
Of which:										
Acquisition of the free allotment rights										
Balances as of June 30, 2014	**2,885**	**22,111**	**7,968**	**30**	**(30)**	**981**	**(629)**	**33,316**	**1,094**	**34,410**

(*) Balances as of December 31, 2012, as previously published (see Note 1.3)

Cash Flows Statements for the six months ended June 30, 2015 and 2014 of BBVA, S.A.

	Millions of Euros	
	June 2015	**June 2014**
CASH FLOW FROM OPERATING ACTIVITIES (1)	**68**	**(7,388)**
Profit for the period	**1,644**	**981**
Adjustments to obtain the cash flow from operating activities:	**(558)**	**2,933**
Amortization	256	259
Other adjustments	(814)	2,673
Net increase/decrease in operating assets	**2,222**	**(17,054)**
Financial assets held for trading	2,318	(4,171)
Other financial assets at fair value through profit or loss		-
Available-for-sale financial assets	1,268	(8,148)
Loans and receivables	(2,740)	(4,082)
Other operating assets	1,376	(653)
Net increase/decrease in operating liabilities	**(3,343)**	**5,846**
Financial liabilities held for trading	(2,921)	4,785
Other financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at amortized cost	(68)	151
Other operating liabilities	(354)	910
Collection/Payments for income tax	**103**	**(94)**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	**62**	**(578)**
Investment	**(2,174)**	**(815)**
Tangible assets	(81)	(59)
Intangible assets	(86)	(83)
Investments	(1,439)	(109)
Subsidiaries and other business units	-	-
Non-current assets held for sale and associated liabilities	(568)	(564)
Held-to-maturity investments	-	-
Other settlements related to investing activities	-	-
Divestments	**2,236**	**237**
Tangible assets	5	48
Intangible assets	-	-
Investments	2	13
Subsidiaries and other business units	-	-
Non-current assets held for sale and associated liabilities	2,229	176
Held-to-maturity investments	-	-
Other collections related to investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES (3)	**297**	**2,916**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

CASH FLOWS STATEMENTS (Continued)	Millions of Euros June 2015	June 2014
CASH FLOWS FROM FINANCING ACTIVITIES [3]	**297**	**2,916**
Investment	**(2,732)**	**(1,246)**
Dividends	(244)	(158)
Subordinated liabilities	(1,069)	-
Treasury stock amortization	-	-
Treasury stock acquisition	(1,419)	(1,088)
Other items relating to financing activities	-	-
Divestments	**3,029**	**4,161**
Subordinated liabilities	1,500	3,015
Common stock increase	-	-
Treasury stock disposal	1,430	1,077
Other items relating to financing activities	99	69
EFFECT OF EXCHANGE RATE CHANGES ON CASH OR CASH EQUIVALENTS [4]	**(152)**	**-**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS	**275**	**(5,050)**
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**9,262**	**12,085**
CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	**9,537**	**7,034**

COMPONENTS OF CASH AND EQUIVALENTS AT END OF THE PERIOD	Millions of Euros June 2015	June 2014
Cash	624	557
Balance of cash equivalent in central banks	8,913	6,478
Other financial assets	-	-
Less: Bank overdraft refundable on demand	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	**9,537**	**7,034**

APPENDIX IX 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 regulations.

The mortgage origination policy is based in principles focused on assessing the adequate ratio between the amount of the loan, and the payments, and the 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 database queries (internal and external). This information is used for calculation purposes in order to determine the level of indebtedness/compliance with the remainder of the system. This documentation is kept in the transaction's file.

In addition, the mortgage origination 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 as established by Circular 3/2010. 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 outstanding mortgage-covered bonds issued by a bank may not exceed 80% of a calculation base determined by adding the outstanding principal 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.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

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.		**June 2015**	**December 2014**
Nominal value of outstanding loans and mortgage loans	(A)	101,828	104,217
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)	(26,275)	(24,390)
Nominal value of outstanding loans and mortgage loans, excluding securitized loans	**(A)-(B)**	**75,553**	**79,827**
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)	42,828	42,920
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)	(2,654)	(2,738)
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)**	**40,174**	**40,182**
Issuance limit: 80% of eligible loans and mortgage loans that can be used as collateral	(E)	32,139	32,145
Issued Mortgage-covered bonds	**(F)**	**29,041**	**29,958**
Outstanding Mortgage-covered bonds		**24,388**	**27,210**
Capacity to issue mortgage-covered bonds	(E)-(F)	3,098	2,187
Memorandum items:			
Percentage of overcollateralization across the portfolio		260%	266%
Percentage of overcollateralization across the eligible used portfolio		138%	134%
Nominal value of available sums (committed and unused) from all loans and mortgage loans.		1,940	1,900
Of which:			
Potentially eligible		1,342	1,322
Ineligible		598	578
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.		25,834	30,810
Nominal value of the replacement assets subject to the issue of mortgage-covered bonds.		-	-

Mortgage loans. Eligibility for the purpose of the mortgage market.		Millions of Euros June 2015	December 2014
Total loans	(1)	**101,828**	**104,217**
Issued mortgage participations	(2)	**3**	**3**
Of which: recognized on the balance sheet			
Issued mortgage transfer certificates	(3)	**26,272**	**24,387**
Of which: recognized on the balance sheet		26,232	24,345
Mortgage loans as collateral of mortgages bonds	(4)		
Loans supporting the issuance of mortgage-covered bonds	1-2-3-4	**75,553**	**79,827**
Non elegible loans		32,725	36,907
Comply requirements to be elegible except the limit provided for under the article 5.1 of the Spanish Royal Decree 716/2009		25,834	30,810
Rest		6,891	**6,097**
Elegible loans		42,828	42,920
That can not be used as collateral for issuances		2,654	2,738
That can be used as collateral for issuances		40,174	40,182
Loans used to collateralize mortgage bonds		-	-
Loans used to collateralize mortgage-covered bonds		40,174	40,182

Mortgage loans. Classification of the nominal values according to different characteristics	June 2015 Total mortgage loans	June 2015 Elegibles (*)	June 2015 Elegibles that can be used as collateral for issuances (**)	December 2014 Total mortgage loans	December 2014 Elegibles (*)	December 2014 Elegibles that can be used as collateral for issuances (**)
TOTAL	**75,553**	**42,828**	**40,174**	**79,827**	**42,920**	**40,182**
By source of the operations						
Originated by the bank	66,255	35,766	33,192	69,794	35,600	32,945
Subrogated by other institutions	782	677	674	928	703	698
Rest	8,516	6,385	6,308	9,105	6,617	6,539
By Currency						
In euros	74,969	42,828	40,174	79,462	42,920	40,182
In foreign currency	584	-	-	365	-	-
By payment situation						
Normal payment	56,384	36,164	35,440	59,012	35,268	34,509
Other situations	19,169	6,664	4,734	20,815	7,652	5,673
By residual maturity						
Up to 10 years	19,625	11,601	10,213	18,434	10,733	9,377
10 to 20 years	24,743	18,085	17,408	24,768	17,939	17,276
20 to 30 years	19,628	9,750	9,270	23,027	10,619	10,030
Over 30 years	11,557	3,392	3,283	13,598	3,629	3,499
By Interest Rate						
Fixed rate	3,487	929	709	3,211	863	687
Floating rate	72,066	41,899	39,465	76,616	42,057	39,495
Mixed rate				-	-	-
By Target of Operations						
For business activity	22,717	7,922	5,787	22,483	7,232	5,065
From w ich: public housing	9,675	2,419	873	10,421	2,519	875
For households	52,836	34,906	34,387	57,344	35,688	35,117
By type of guarantee						
Secured by completed assets/buildings	**68,886**	**41,444**	**39,425**	**72,770**	**41,565**	**39,471**
Residential use	57,959	36,700	35,325	63,083	37,547	36,038
From w ich: public housing	5,812	3,717	3,418	6,253	3,845	3,536
Commercial	10,343	4,744	4,100	9,687	4,018	3,433
Other	584	-	-	-	-	-
Secured by assets/buildings under construction	**2,260**	**447**	**312**	**2,350**	**380**	**262**
Residential use	1,737	302	191	1,888	261	163
From w ich: public housing	85	8	4	100	7	3
Commercial	523	145	121	462	119	99
Other	-	-	-	-	-	-
Secured by land	**4,407**	**937**	**437**	**4,707**	**975**	**449**
Urban	1,753	392	113	2,021	442	135
Non-urban	2,654	545	324	2,686	533	314

(*) 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

June 2015 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%	Over 60% but less than or equal to 80%	Over 80%	Total
Home mortgages	9,654	13,665		13,839	-	37,158
Other mortgages	2,672	2,998	-			5,670
Total	**12,326**	**16,663**	**-**	**13,839**	**-**	**42,828**

December 2014 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%	Over 60% but less than or equal to 80%	Over 80%	Total
Home mortgages	9,518	13,848		14,617	-	37,983
Other mortgages	2,454	2,483				4,937
Total	**11,972**	**16,331**	**-**	**14,617**	**-**	**42,920**

Elegible and non elegible mortgage loans. Changes of the nominal values in the period	Millions of Euros June 2015 Elegibles (*)	 June 2015 Non elegible	 December 2014 Elegibles (*)	 December 2014 Non elegible
Balance at the begining	**42,920**	**36,907**	**58,742**	**28,669**
Retirements	**2,883**	**7,608**	**17,832**	**5,901**
Held-to-maturity cancellations	2,250	1,638	5,055	3,231
Anticipated cancellations	609	1,099	342	606
Subrogations to other institutions	9	8	-	-
Rest	15	4,863	12,435	2,064
Additions	**2,791**	**3,426**	**2,010**	**14,139**
Acquisition of Unnim				
Originated by the bank	1,287	2,712	1,819	3,382
Subrogations to other institutions	5	6	5	3
Rest	1,499	708	186	10,754
Balance at the end	**42,828**	**32,725**	**42,920**	**36,907**

(*) 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 June 2015	 December 2014
Potentially eligible	1,342	1,322
Ineligible	598	578
Total	**1,940**	**1,900**

b.2) Liabilities operations

	Millions of Euros			
	June 2015		December 2014	
Issued Mortgage Bonds	Nominal value	Average residual maturity	Nominal value	Average residual maturity
Mortgage bonds			-	
Mortgage-covered bonds (*)	**29,041**		**29,958**	
Of which:Non recognized as liabilities on balance	4,652		2,748	
Of Which: outstanding	24,388		27,210	
Debt securities issued through public offer	20,273		22,620	
Residual maturity up to 1 year	4,500		3,598	
Residual maturity over 1 year and less than 2 years	4,772		4,500	
Residual maturity over 2 years and less than 3 years	2,000		6,772	
Residual maturity over 3 years and less than 5 years	-			
Residual maturity over 5 years and less than 10 years	8,801		5,550	
Residual maturity over 10 years	200		2,200	
Debt securities issued without public offer	4,275		2,272	
Residual maturity up to 1 year	-		-	
Residual maturity over 1 year and less than 2 years	150		-	
Residual maturity over 2 years and less than 3 years	-		150	
Residual maturity over 3 years and less than 5 years	-		-	
Residual maturity over 5 years and less than 10 years	4,000		2,000	
Residual maturity over 10 years	125		122	
Deposits	4,493		5,066	
Residual maturity up to 1 year	1,434		993	
Residual maturity over 1 year and less than 2 years	300		1,064	
Residual maturity over 2 years and less than 3 years	435		460	
Residual maturity over 3 years and less than 5 years	735		815	
Residual maturity over 5 years and less than 10 years	949		843	
Residual maturity over 10 years	640		891	
Mortgage participations	-		-	
Issued through public offer	-		-	
Issued without public offer	-		-	
Mortgage transfer certificates	**26,232**	**300**	**24,345**	**289**
Issued through public offer	26,232	300	24,345	289
Issued without public offer	-	-	-	-

(*) Including mortgage-covered bonds hold by the BBVA Group's companies

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.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

APPENDIX X Quantitative information on refinancing and restructuring operations and other requirement under Bank of Spain Circular 6/2012

a) Quantitative information on refinancing and restructuring operations

The breakdown of refinancing and restructuring operations as of June 30, 2015 and December 31, 2014 is as follows:

BBVA GROUP JUNE 2015
BALANCE OF FORBEARANCE
(Millions of Euros)

	NORMAL						
	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	47	62	21	771	35	23	
2 Other legal entities and individual entrepreneurs	6,916	2,078	1,307	422	16,247	1,781	
Of which: Financing the construction and property development	1,464	572	66	13	149	21	
3 Other individuals	57,873	3,323	10,840	1,146	78,785	489	
4 Total	**64,836**	**5,463**	**12,168**	**2,339**	**95,067**	**2,293**	

	POTENTIAL PROBLEM LOANS						
	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	2	1	15	2	5	8	1
2 Other legal entities and individual entrepreneurs	3,908	1,506	1,013	924	10,232	1,286	674
Of which: Financing the construction and property development	570	*579*	*131*	*135*	*86*	*38*	*230*
3 Other individuals	13,117	1,301	8,744	1,488	19,036	175	182
4 Total	**17,027**	**2,807**	**9,772**	**2,415**	**29,273**	**1,469**	**857**

	IMPAIRED						
	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	2	5	-	-	9	7	6
2 Other legal entities and individual entrepreneurs	12,496	4,731	4,682	3,382	17,362	2,701	5,689
Of which: Financing the construction and property development	3,266	*2,284*	*2,245*	*2,477*	*1,766*	*610*	*3,278*
3 Other individuals	34,368	2,197	12,516	1,918	76,670	478	1,396
4 Total	**46,866**	**6,933**	**17,198**	**5,301**	**94,041**	**3,186**	**7,090**

	TOTAL						
	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	51	68	36	774	49	39	7
2 Other legal entities and individual entrepreneurs	23,320	8,315	7,002	4,729	43,841	5,768	6,363
Of which: Financing the construction and property development	*5,300*	*3,434*	*2,442*	*2,625*	*2,001*	*669*	*3,508*
3 Other individuals	105,358	6,820	32,100	4,552	174,491	1,142	1,578
4 Total	**128,729**	**15,203**	**39,138**	**10,055**	**218,381**	**6,948**	**7,947**

(a) Includes mortgage-backed real estate operations with loan to value ratio of greater than 1, and secured operations, other than transactions secured by real estate mortgage regardless of their loan to value ratio.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

BBVA GROUP DECEMBER 2014
BALANCE OF FORBEARANCE
(Millions of Euros)

NORMAL

	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	-	-	28	893	22	25	
2 Other legal entities and individual entrepreneurs	5,576	2,137	1,029	419	17,397	2,458	
Of which: Financing the construction and property development	*905*	*722*	*61*	*13*	*153*	*23*	
3 Other individuals	78,354	3,381	9,913	1,134	81,706	450	
4 Total	**83,930**	**5,518**	**10,970**	**2,445**	**99,125**	**2,934**	

POTENTIAL PROBLEM LOANS

	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	1	1	-	-	1	1	-
2 Other legal entities and individual entrepreneurs	4,649	1,324	1,171	680	11,831	1,424	660
Of which: Financing the construction and property development	*457*	*459*	*159*	*211*	*105*	*42*	*262*
3 Other individuals	13,001	1,213	6,662	1,096	22,050	204	145
4 Total	**17,651**	**2,538**	**7,833**	**1,776**	**33,882**	**1,629**	**805**

IMPAIRED

	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	-	-	1	3	15	3	2
2 Other legal entities and individual entrepreneurs	9,733	4,254	5,387	3,457	16,324	2,519	5,108
Of which: Financing the construction and property development	*2,880*	*2,235*	*2,537*	*2,648*	*1,362*	*579*	*3,188*
3 Other individuals	28,142	1,823	12,081	2,038	71,016	397	1,201
4 Total	**37,875**	**6,076**	**17,469**	**5,497**	**87,355**	**2,919**	**6,310**

TOTAL

	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	1	1	29	896	38	29	2
2 Other legal entities and individual entrepreneurs	19,958	7,715	7,587	4,555	45,552	6,402	5,768
Of which: Financing the construction and property development	*4,242*	*3,417*	*2,757*	*2,872*	*1,620*	*644*	*3,450*
3 Other individuals	119,497	6,416	28,656	4,268	174,772	1,051	1,345
4 Total	**139,456**	**14,132**	**36,272**	**9,719**	**220,362**	**7,482**	**7,115**

a) Includes mortgage-backed real estate operations with loan to value ratio of greater than 1, and secured operations, other than transactions secured by real estate mortgage regardless of their loan to value ratio.

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In addition to the restructuring and refinancing transactions mentioned in this section, loans that were not considered impaired or renegotiated have been modified based on the criteria set out in paragraph 59 (c) of IAS 39. These loans have not been classified as renegotiated or impaired, since they were modified for commercial or competitive reasons (for instance, to improve our relationship with the client) rather than for economic or legal reasons relating to the borrower's financial situation.

The table below provides a roll forward of refinanced assets as of June 30, 2015 and December 31, 2014 is as follows:

	Millions of Euros				
Refinanced assets Roll forward 2015	**Normal**	**Potential Problem**	**Impaired**	**TOTAL**	
	Risk	**Risk**	**Risk**	**Risk**	**Coverage**
Beginning balance	**10,898**	**5,943**	**14,492**	**31,333**	**7,115**
Update of estimations	(620)	185	435	-	(11)
Acquisitions	893	384	1,904	3,181	1,199
Period changes	(1,076)	180	(1,412)	(2,308)	(356)
Ending balance	**10,095**	**6,692**	**15,419**	**32,206**	**7,947**

	Millions of Euros				
Refinanced assets Roll forward 2014	Normal	Potential Probnlem	Impaired	TOTAL	
	Risk	Risk	Risk	Risk	Coverage
Beginning balance	**9,658**	**6,427**	**14,834**	**30,919**	**6,925**
Update of estimations	393	(1,844)	1,451	-	76
Period changes	847	1,359	(1,793)	414	114
Ending balance	**10,898**	**5,943**	**14,492**	**31,333**	**7,115**

NPL ratio by type of renegotiated loan

The non performing ratio of the renegotiated portfolio is defined as the impaired balance of renegotiated loans that shows signs of difficulties as of the closing of the reporting period, divided by the total payment outstanding in that portfolio.

As of June 30, 2015, the non performing ratio for each of the portfolios of renegotiated loans is as follows:

June 2015 **NPL ratio renegotiated loan portfolio**	**Ratio of Impaired loans - Past due**
Government agencies	1%
Commercial	57%
Of which: Construction and developer	80%
Other consumer	37%

49% of the renegotiated loans classified as impaired was for reasons other than default (delinquency).

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b) Quantitative information on the concentration of risk by activity

Loans and advances to customers by activity (carrying amount)

Millions of Euros

June 2015	TOTAL (*)	Of which: Mortgage loans	Of which: Secured loans	Collateralized Credit Risk. Loan to value				
				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	39,713	4,158	3,728	610	774	1,012	2,017	3,473
2 Other financial institutions	13,358	601	9,506	742	554	226	8,148	437
3 Non-financial institutions and individual entrepreneurs	141,421	39,720	21,239	20,343	15,347	11,029	5,417	8,823
3.1 Construction and property development	17,045	12,689	1,589	3,474	5,656	3,805	737	606
3.2 Construction of civil works	8,477	2,203	1,000	856	712	564	295	776
3.3 Other purposes	115,899	24,828	18,650	16,013	8,979	6,660	4,385	7,441
3.3.1 Large companies	68,986	8,101	12,839	5,632	4,640	3,915	2,767	3,986
3.3.2 SMEs (**) and individual entrepreneurs	46,913	16,727	5,811	10,381	4,339	2,745	1,618	3,455
4 Rest of households and NPISHs (***)	170,427	126,489	8,997	25,952	34,315	47,398	19,585	8,236
4.1 Housing	122,163	119,304	510	21,611	31,560	43,478	16,699	6,466
4.2 Consumption	34,004	3,384	3,623	2,422	1,082	1,327	1,812	364
4.3 Other purposes	14,260	3,801	4,864	1,919	1,673	2,593	1,074	1,406
SUBTOTAL	364,919	170,968	43,470	47,647	50,990	59,665	35,167	20,969
5 Less: Valuation adjustments due to impairment of assets not attributable to specific operations	3,653	-	-	-	-	-	-	-
6 TOTAL	361,266	170,968	43,470	47,647	50,990	59,665	35,167	20,969
MEMORANDUM:								
Forbereance operations	24,269	15,196	4,362	2,885	2,799	3,660	3,532	6,682

(*) The amounts included in this table are net of impairment losses.

(**) Small and medium enterprises

(***) Nonprofit institutions serving households.

				Millions of Euros				
				Collateralized Credit Risk. Loan to value				
December 2014	**TOTAL (*)**	**Of which: Mortgage loans**	**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	38,765	2,279	4,082	389	348	448	2,005	3,171
2 Other financial institutions	16,516	649	9,951	623	371	155	8,801	650
3 Non-financial institutions and individual entrepreneurs	133,577	33,185	16,878	13,780	9,955	11,390	6,826	8,112
3.1 Construction and property development	11,896	10,697	784	2,143	2,229	2,873	1,959	2,277
3.2 Construction of civil works	6,252	1,182	609	368	327	416	368	312
3.3 Other purposes	115,429	21,306	15,485	11,269	7,399	8,101	4,499	5,523
3.3.1 Large companies	75,808	8,060	11,470	4,874	3,861	5,509	2,899	2,387
3.3.2 SMEs (**) and individual entrepreneurs	39,621	13,246	4,015	6,395	3,538	2,592	1,600	3,136
4 Rest of households and NPISHs (***)	152,533	111,298	7,950	22,050	28,301	40,428	16,448	12,021
4.1 Housing	107,549	105,542	437	18,586	25,956	37,079	14,127	10,231
4.2 Consumption	28,642	2,707	5,832	2,106	1,517	2,322	1,698	896
4.3 Other purposes	16,342	3,049	1,681	1,358	828	1,027	623	894
SUBTOTAL	341,391	147,411	38,861	36,842	38,975	52,421	34,080	23,954
5 Less: Valuation adjustments due to impairment of assets not attributable to specific operations	2,606							
6 TOTAL	338,785	147,411	38,861	36,842	38,975	52,421	34,080	23,954
MEMORANDUM:								
Forbereance operations	24,218	17,088	1,444	2,807	2,298	3,102	3,250	7,075

(*) The amounts included in this table are net of impairment losses.

(**) Small and medium enterprises

(***) Nonprofit institutions serving households.

c) information on the concentration of risk by activity and geographical areas.

	Millions of Euros				
June 2015	**TOTAL(*)**	**Spain**	**European Union Other**	**America**	**Other**
Credit institutions	76,674	14,423	34,622	17,956	9,673
Government agencies	143,277	75,587	16,140	51,187	363
Central Administration	97,819	47,368	15,395	34,725	331
Other	45,458	28,219	745	16,462	32
Other financial institutions	51,092	18,522	16,196	15,089	1,285
Non-financial institutions and individual entrepreneurs	192,319	75,252	23,454	86,961	6,652
Construction and property development	18,421	6,450	93	11,871	7
Construction of civil works	13,965	8,529	2,129	2,926	381
Other purposes	159,933	60,273	21,232	72,164	6,264
Large companies	108,997	36,584	19,721	46,483	6,209
SMEs and individual entrepreneurs	50,936	23,689	1,511	25,681	55
Other households and NPISHs	171,392	102,943	3,289	64,847	313
Housing	122,164	90,362	2,766	28,770	266
Consumer	34,038	6,392	439	27,199	8
Other purposes	15,190	6,189	84	8,878	39
SUBTOTAL	634,754	286,727	93,701	236,040	18,286
Less: Valuation adjustments due to impairment of assets not attributable to specific operations	3,686	-	-	-	-
TOTAL	**631,068**	**286,727**	**93,701**	**236,040**	**18,286**

(*) 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				
December 2014	**TOTAL(*)**	**Spain**	**European Union Other**	**America**	**Other**
Credit institutions	79,081	13,764	41,614	16,454	7,249
Government agencies	139,222	71,274	13,540	53,718	690
Central Administration	94,079	43,114	13,036	37,391	538
Other	45,143	28,160	504	16,327	152
Other financial institutions	41,477	14,639	11,811	14,772	255
Non-financial institutions and individual entrepreneurs	182,632	70,830	23,399	82,737	5,666
Construction and property development	16,468	6,946	69	9,447	6
Construction of civil works	9,436	4,025	1,615	3,723	73
Other purposes	156,728	59,859	21,715	69,567	5,587
Large companies	106,448	41,167	19,189	41,337	4,755
SMEs and individual entrepreneurs	50,280	18,692	2,526	28,230	832
Other households and NPISHs	154,287	83,501	3,438	67,109	239
Housing	109,046	74,799	2,766	31,278	203
Consumer	28,642	5,699	562	22,378	3
Other purposes	16,599	3,003	110	13,453	33
SUBTOTAL	596,699	254,008	93,802	234,790	14,099
Less: Valuation adjustments due to impairment of assets not attributable to specific operations	2,629	-	-	-	-
TOTAL	**594,070**	**254,008**	**93,802**	**234,790**	**14,099**

(*) 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.

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APPENDIX XI Additional information on Sovereign Risk

Sovereign risk exposure in Europe

The table below provides a breakdown of the exposure of the Group's credit institutions to European sovereign risk as of June 30, 2015 and December 31, 2014, by type of financial instrument and the country of residence of the counterparty, under EBA (European Banking Authority) requirements:

	Millions of Euros								
	June 2015								
	Debt securities				Derivatives (2)				
Exposure to Sovereign Risk by European Union Countries (1)	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments	Loans and Receivables	Direct Exposure	Indirect Exposure	Total (2)	Contingent risks and commitments	%
Spain	7,165	33,211	-	25,639	358	(4)	66,369	1,618	82.0%
Italy	2,391	8,114	-	103	-	5	10,613	-	13.1%
France	914	113	-	35	-	-	1,062	-	1.3%
Germany	575	-	-	-	-	(1)	574	-	0.7%
Portugal	352	1	-	298	(190)	-	461	11	0.6%
United Kingdom	-	255	-	-	-	2	257	1	0.0%
Greece	-	-	-	-	-	-	-	-	0.0%
Hungary	-	-	-	-	-	-	-	-	0.0%
Ireland	1	165	-	-	-	-	166	-	0.2%
Rest of European Union	1,314	131	-	33	-	-	1,478	110	1.8%
Total Exposure to Sovereign Counterparties (European Union)	**12,712**	**41,990**	**-**	**26,108**	**168**	**2**	**80,980**	**1,740**	**100.0%**

(1) This table shows sovereign risk balances with EBA criteria. Therefore, sovereign risk of the Group's insurance companies (€7,882 million as of June 30, 2015) is not included.

(2) Includes credit derivatives CDS (Credit Default Swaps) shown at fair value.

	Millions of Euros								
	2014								
	Debt securities				Derivatives (2)				
Exposure to Sovereign Risk by European Union Countries (1)	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments	Loans and Receivables	Direct Exposure	Indirect Exposure	Total	Contingent risks and commitments	%
Spain	6,332	28,856	-	25,997	431	-	61,616	1,647	83.0%
Italy	2,462	6,601	-	142	-	2	9,208	-	12.4%
France	872	40	-	28	-	-	940	-	1.3%
Germany	482	92	-	-	(97)	(1)	476	-	0.6%
Portugal	302	23	-	280	-	-	605	11	0.8%
United Kingdom	-	115	-	-	-	2	117	1	-
Greece	-	-	-	-	-	-	-	-	-
Hungary	-	-	-	-	-	-	-	-	-
Ireland	1	167	-	-	-	-	168	-	0.2%
Rest of European Union	910	131	-	33	-	1	1,075	-	1.4%
Total Exposure to Sovereign Counterparties (European Union)	**11,361**	**36,026**	**-**	**26,480**	**334**	**4**	**74,205**	**1,659**	**100.0%**

(1) This table shows sovereign risk balances with EBA criteria. Therefore, sovereign risk of the Group's insurance companies (€13,406 million as of December 31, 2014) is not included.

(2) Includes credit derivatives CDS (Credit Default Swaps) shown at fair value.

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The following table provides a breakdown of the notional value of the CDS in which the Group's credit institutions act as sellers or buyers of protection against the sovereign risk of European countries as of June 30, 2015 and December 31, 2014:

	Millions of Euros			
	June 2015			
	Credit derivatives (CDS) and other contracts in which the Group act as a protection seller		Credit derivatives (CDS) and other contracts in which the Group act as a protection buyer	
Exposure to Sovereign Risk by European Countries	Notional value	Fair value	Notional value	Fair value
Spain	5	2	15	(6)
Italy	672	(13)	774	18
Germany	94	-	94	(1)
France	64	1	51	(1)
Portugal	25	(1)	25	1
Poland	-	-	-	-
Belgium	-	-	-	-
United Kingdom	104	-	105	-
Greece	-	-	-	-
Hungary	-	-	-	-
Ireland	-	-	-	-
Rest of European Union	456	5	383	(5)
Total exposure to Sovereign Counterparties	**1,420**	**(6)**	**1,447**	**6**

	Millions of Euros			
	December 2014			
	Credit derivatives (CDS) and other contracts in which the Group act as a protection seller		Credit derivatives (CDS) and other contracts in which the Group act as a protection buyer	
Exposure to Sovereign Risk by European Countries	Notional value	Fair value	Notional value	Fair value
Spain	-	-	-	-
Italy	704	(11)	699	8
Germany	154	-	129	(1)
France	173	-	89	(1)
Portugal	37	(1)	37	1
Poland	-	-	-	-
Belgium	-	-	-	-
United Kingdom	138	3	118	(1)
Greece	-	-	-	-
Hungary	2	-	2	-
Ireland	-	-	-	-
Rest of European Union	485	5	415	4
Total exposure to Sovereign Counterparties	**1,693**	**(4)**	**1,489**	**10**

The main counterparties of these CDS are credit institutions with a high credit quality. The CDS contracts are standard in the market, with the usual clauses covering the events that would trigger payouts.

As it can be seen in the above tables, exposure to sovereign risk in Europe is concentrated in Spain. As of June 30, 2015 and December 31, the breakdown of total exposure faced by the Group's credit institutions to Spain and other countries, by maturity of the financial instruments, is as follows:

Maturities of Sovereign Risks European Union	Millions of Euros – June 2015								
	Debt securities				Derivatives (2)				
	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments	Loans and Receivables	Direct Exposure	Indirect Exposure	Total	Contingent risks and commitments	%
Spain	7,165	33,211	-	25,639	358	(4)	66,370	1,618	82.0%
Up to 1 Year	3,680	2,673	-	9,511	4	-	15,869	944	19.6%
1 to 5 Years	1,985	16,716	-	7,903	10	-	26,613	246	32.9%
Over 5 Years	1,500	13,822	-	8,225	344	(4)	23,888	428	29.5%
Rest of Europe	5,547	8,779	-	469	(190)	6	14,611	122	18.0%
Up to 1 Year	2,379	411	-	339	-	(1)	3,127	122	3.9%
1 to 5 Years	2,153	4,315	-	-	(67)	5	6,407	-	7.9%
Over 5 Years	1,015	4,053	-	130	(123)	2	5,076	-	6.3%
Total Exposure to European Union Sovereign Counterparties	**12,712**	**41,990**	**-**	**26,108**	**168**	**2**	**80,980**	**1,740**	**100.0%**

Maturities of Sovereign Risks European Union	Millions of Euros – December 2014								
	Debt securities				Derivatives				
	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments	Loans and Receivables	Direct Exposure	Indirect Exposure	Total	Contingent risks and commitments	%
Spain	6,332	28,856	-	25,997	431	-	61,616	1,647	83.0%
Up to 1 Year	1,562	1,233	-	9,675	23	-	12,493	997	16.8%
1 to 5 Years	1,729	11,424	-	6,312	5	-	19,469	270	26.2%
Over 5 Years	3,041	16,200	-	10,010	403	-	29,653	380	40.0%
Rest of Europe	5,030	7,170	-	483	(97)	4	12,589	12	17.0%
Up to 1 Year	1,581	328	-	329	(14)	-	2,224	12	3.0%
1 to 5 Years	1,441	4,349	-	23	(19)	3	5,796	-	7.8%
Over 5 Years	2,008	2,493	-	131	(64)	1	4,569	-	6.2%
Total Exposure to European Union Sovereign Counterparties	**11,361**	**36,026**	**-**	**26,480**	**334**	**4**	**74,205**	**1,659**	**100%**

APPENDIX XII Quantitative information on activities in the real-estate market in Spain

The following quantitative information on real-estate activities in Spain has been prepared using the reporting models required by Bank of Spain Circular 5/2011, of November 30.

As of June 30, 2015 and December 31, 2014, exposure to the construction sector and real-estate activities in Spain stood at €20,676 and €19,077 million, respectively. Of that amount, risk from loans to construction and real-estate development activities accounted for €10,937 and €10,986 million, respectively, representing 6.7% and 7.6% of loans and advances to customers of the balance of business in Spain (excluding the government and other government agencies) and 1.6% and 1.7% of the total assets of the Consolidated Group. The changes are influenced by the integration of Catalunya Banc.

Lending for real estate development of the loans as of June 30, 2015 and December 31, 2014 is shown below:

	Millions of Euros		
June 2015 Financing Allocated to Construction and Real Estate Development and its Coverage	**Gross Amount**	**Drawn Over the Guarantee Value**	**Specific coverage**
Loans recorded by the Group's credit institutions (Business in Spain)	**10,937**	**4,665**	**4,533**
Of which: Impaired assets	7,213	3,559	4,212
Of which: Potential problem assets	999	355	321
Memorandum item:			
Write-offs	1,345		

	Millions of Euros		
December 2014 Financing Allocated to Construction and Real Estate Development and its Coverage	**Gross Amount**	**Drawn Over the Guarantee Value**	**Specific coverage**
Loans recorded by the Group's credit institutions (Business in Spain)	**10,986**	**4,832**	**4,572**
Of which: Impaired assets	7,418	3,686	4,225
Of which: Potential problem assets	981	374	347
Memorandum item:			
Write-offs	1,075		

	Millions of Euros	
Memorandum item: Consolidated Group Data (carrying amount)	**June 2015**	**December 2014**
Total loans and advances to customers, excluding the Public Sector (Business in Spain)	163,553	144,528
Total consolidated assets (total business)	669,204	631,942
Impairment losses determined collectively (total business)	3,661	2,767

The following is a description of the real estate credit risk based on the types of associated guarantees:

Credit: Gross amount (Business in Spain)	June 2015	December 2014
	Millions of Euros	
Without secured loan	**1,143**	**1,007**
With secured loan	**9,794**	**9,979**
Terminated buildings	5,725	5,776
Homes	4,777	4,976
Other	948	800
Buildings under construction	841	883
Homes	760	861
Other	81	22
Land	3,228	3,320
Urbanized land	1,696	1,881
Rest of land	1,532	1,439
Total	**10,937**	**10,986**

As of June 30, 2015 and December 31, 2014, 60%and 61% of loans to developers were guaranteed with buildings (84.3%, and 87.6% are homes), and only 29.5% and 30.2% by land, of which 52.5% and 56.7% is urbanized, respectively.

The information on the retail mortgage portfolio risk (housing mortgage) as of June 30. 2015 and December 31, 2014 is as follows:

Housing-acquisition Loans to Households (Business in Spain)	June 2015	December 2014
	Millions of Euros	
With secured loan (gross amount)	91,922	78,913
of which: Impaired loans	4,998	4,401
Total	**91,922**	**78,913**

The loan to value (LTV) ratio of the above portfolio is as follows:

June 2015 LTV Breakdown of Secured Loans to Households for the Purchase of a Home	Millions of Euros Total risk over the amount of the last valuation available (*Loan To Value*-LTV)					
	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	18,093	27,172	32,754	8,045	5,858	91,922
of which: Impaired loans	221	395	823	1,072	2,487	4,998

December 2014 LTV Breakdown of Secured Loans to Households for the Purchase of a Home (Business in Spain)	Millions of Euros — Total risk over the amount of the last valuation available (*Loan To Value*-LTV)					
	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	14,593	22,424	29,060	7,548	5,288	78,913
of which: Impaired loans	199	276	533	843	2,550	4,401

Outstanding home mortgage loans as of June 30, 2015 and December 31, 2014 had an average LTV of 47% in both periods.

As of June 30, 2015 and the Group also had a balance of €1,475 million in non-mortgage loans for the purchase of housing (of which €36 million, respectively, 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 entities holding such assets is as follows:

Information about Assets Received in Payment of Debts (Business in Spain)	Millions of Euros — June 2015			
	Gross Value	Valuation adjustments on impaired assets	Provisions	Carrying Amount
Real estate assets from loans to the construction and real estate development sectors in Spain.	**9,140**	**5,323**	**2,852**	**3,817**
Finished buildings	3,027	1,481	777	1,546
Homes	1,692	800	428	892
Other	1,335	681	349	654
Buildings under construction	721	393	174	328
Homes	695	377	167	318
Other	26	16	7	10
Land	5,392	3,449	1,901	1,943
Urbanized land	3,728	2,390	1,372	1,338
Rest of land	1,664	1,059	529	605
Real estate assets from mortgage financing for households for the purchase of a home	**4,815**	**2,540**	**1,125**	**2,275**
Rest of foreclosed real estate assets	**1,268**	**617**	**128**	**651**
Equity instruments, investments and financing to non-consolidated companies holding said assets	**896**	**504**	**405**	**392**
Total	**16,119**	**8,984**	**4,510**	**7,135**

Information about Assets Received in Payment of Debts (Business in Spain)	Millions of Euros December 2014 Gross Value	Valuation adjustments on impaired assets	Provisions	Carrying Amount
Real estate assets from loans to the construction and real estate development sectors in Spain.	**8,629**	**4,901**	**2,575**	**3,728**
Finished buildings	2,751	1,248	611	1,503
Homes	1,705	780	382	925
Other	1,046	468	229	578
Buildings under construction	830	448	194	382
Homes	806	433	191	373
Other	24	15	3	9
Land	5,048	3,205	1,770	1,843
Urbanized land	3,357	2,142	1,236	1,215
Rest of land	1,691	1,063	533	628
Real estate assets from mortgage financing for households for the purchase of a home	**3,250**	**1,452**	**489**	**1,798**
Rest of foreclosed real estate assets	**1,137**	**532**	**105**	**605**
Equity instruments, investments and financing to non-consolidated companies holding said assets	**737**	**492**	**393**	**245**
Total	**13,753**	**7,377**	**3,562**	**6,376**

As of June 30, 2015 and December 31, 2014, the gross book value of the Group's real-estate assets from corporate financing of real-estate construction and development was €9,140 and €8,629 million, respectively, with an average coverage ratio of 58.2% and 56.8% respectively.

The gross book value of real-estate assets from mortgage lending to households for home purchase as of June 30, 2015 and December 31, 2014, amounted to €4,815 and €3,250 million, respectively, with an average coverage ratio of 52.7% and 44.7% respectively.

As of June 30, 2015 and December 31, 2014, the gross book value of the BBVA Group's total real-estate assets (business in Spain), including other real-estate assets received as debt payment, was €15,223 and €13,016 million, respectively. The coverage ratio was 55.7%, and 52.9% respectively.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Glossary

Additional Tier 1 capital	Includes Preferred securities and contingent convertible securities and deductions
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 affect 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.
Common Equity Tier 1 capital	Includes parent company reserves, reserves in consolidated companies, non-controlling interests, convertible securities, deductions and attributed net income.

Consolidated statements of cash flows	The indirect method has been used for the preparation of the consolidated statement of cash flows. This method starts from the entity's consolidated profit 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 equivalents. When preparing these financial statements the following definitions have been used: – Cash flows: Inflows and outflows of cash and 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 Group's equity and of liabilities that do not form part of operating activities.
Consolidated statements of changes in equity	The consolidated statements of changes in equity reflect all the movements generated in each year in each of the headings of the consolidated 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 29), are included in the Group's total consolidated equity net of tax effect, which has been recognized as deferred tax assets or liabilities, as appropriate.
Consolidated statements of recognized income and expenses	The consolidated statements of recognized income and expenses reflect the income and expenses generated each year. Such statement distinguishes between income and expenses recognized in the consolidated income statements and "Other recognized income (expenses)" recognized directly in consolidated 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 consolidated total equity and the consolidated profit for the year comprise the "Total recognized income/expenses of the year".
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.

Control	An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. An investor controls an investee if and only if the investor has all the following: a) Power; An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns. b) Returns; An investor is exposed, or has rights, to variable returns from its involvement with the investee when the investor's returns from its involvement have the potential to vary as a result of the investee's performance. The investor's returns can be only positive, only negative or both positive and negative. c) Link between power and returns; An investor controls an investee if the investor not only has power over the investee and exposure or rights to variable returns from its involvement with the investee, but also has the ability to use its power to affect the investor's returns from its involvement with the investee.
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.
Credit Valuation Adjustment (CVA)	An adjustment to the valuation of OTC derivative contracts to reflect the creditworthiness of OTC derivative counterparties.
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.
Debit Valuation Adjustment (DVA)	An adjustment made by an entity to the valuation of OTC derivative liabilities to reflect within fair value the entity's own credit risk.
Deferred tax assets	Taxes recoverable in future years, including loss carry forwards or tax credits for deductions and tax rebates pending application.
Deferred tax liabilities	Income taxes payable in subsequent years.
Defined benefit 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.

Defined contribution 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.
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, 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 operating segments; 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, non-controlling 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	Is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.
Exchange/translation differences	Exchange differences (P&L): 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.
Exposure at default	EAD is the amount of risk exposure at the date of default by the counterparty.
Fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
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: - 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). - 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.
Joint arrangement	An arrangement of which two or more parties have joint control.
Joint control	The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
Joint venture	A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.
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.
Loss given default (LGD)	It is the estimate of the loss arising in the event of default. It depends mainly on the characteristics of the counterparty, and the valuation of the guarantees or collateral associated with the asset.
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-controlling interests	The equity in a subsidiary not attributable, directly or indirectly, to a parent.
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 Coverage ratio	Impairment allowances (generic, specific and country risk allowance) as a percentage of the non-performing assets (the sum of impaired loans and advances to customers and impaired contingent liabilities to customers).
NPA ratio	Represents the sum of impaired loans and advances to customers and impaired 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 inception at fair value with changes in profit or loss. An entity may only designate a financial instrument at fair value through profit or loss, if doing so more relevant information is obtained, because: a) It eliminates or significantly reduces a measurement or recognition inconsistency (sometimes called "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. It might be acceptable to designate only some of a number of similar financial assets or financial liabilities if doing so a significant reduction (and possibly a greater reduction than other allowable designations) in the inconsistency is achieved. b) The performance of a group of financial assets or financial liabilities is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity´s key management personnel. These are financial assets managed jointly with “Liabilities under insurance contracts” measured 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 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.
Potential problem 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.

Probability of default (PD)	It is the probability of the counterparty failing to meet its principal and/or interest payment obligations.
Property, plant and equipment/tangible assets	Buildings, land, fixtures, vehicles, computer equipment and other facilities owned by the entity or acquired under finance leases.
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 backed by the guarantee of the public debt portfolio of the entity.
Recurring revenues	Include net interest margin and income and expenses relating to commissions and similar fees.
Refinanced Operation	An operation which is totally or partially brought up to date with its payments as a result of a refinancing operation made by the entity itself or by another company in its group.
Refinancing Operation	An operation which, irrespective of the holder or guarantees involved, is granted or used for financial or legal reasons related to current or foreseeable financial difficulties that the holder(s) may have in settling one or more operations granted by the entity itself or by other companies in its group to the holder(s) or to another company or companies of its group, or through which such operations are totally or partially brought up to date with their payments, in order to enable the holders of the settled or refinanced operations to pay off their loans (principal and interest) because they are unable, or are expected to be unable, to meet the conditions in a timely and appropriate manner.
Renewal Operation	An operation arranged to replace another one granted previously by the entity itself, when the borrower is not experiencing financial difficulties, and is not expected to experience them in the future, i.e. the operation is arranged for reasons other than refinancing.

Restructured Operation	An operation whose financial conditions are modified for economic or legal reasons related to the holder's (or holders') current or foreseeable financial difficulties, in order to enable payment of the loan (principal and interest), because the holder is unable, or is expected to be unable, to meet those conditions in a timely and appropriate manner, even if such modification is provided for in the contract. In any event, the following are considered restructured operations: operations in which a haircut is made or assets are received in order to reduce the loan, or in which their conditions are modified in order to extend their maturity, change the amortization table in order to reduce the amount of the installments in the short term or reduce their frequency, or to establish or extend the grace period for the principal, the interest or both; except when it can be proved that the conditions are modified for reasons other than the financial difficulties of the holders and, are similar to those applied on the market on the modification date for operations granted to customers with a similar risk profile.
Renegotiated Operation	An operation whose financial conditions are modified when the borrower is not experiencing financial difficulties, and is not expected to experience them in the future, i.e. the conditions are modified for reasons other than restructuring.
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.
Separate vehicle	A separately identifiable financial structure, including separate legal entities or entities recognized by statute, regardless of whether those entities have a legal personality.
Share premium	The amount paid in by owners for issued equity in excess of 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.

Significant influence	Is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If an entity holds, directly or indirectly (e.g. through subsidiaries), 20 per cent or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the entity holds, directly or indirectly (e.g. through subsidiaries), less than 20 per cent of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence. The existence of significant influence by an entity is usually evidenced in one or more of the following ways: a) representation on the board of directors or equivalent governing body of the investee; b) participation in policy-making processes, including participation in decisions about dividends or other distributions; c) material transactions between the entity and its investee; d) interchange of managerial personnel; or e) provision of essential technical information.
Structured Entities	A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: a) restricted activities. b) a narrow and well-defined objective, such as to effect a tax-efficient lease, carry out research and development activities, provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors. c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support. d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).
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: a) an agreement that gives the parent the right to control the votes of other shareholders; b) 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; c) 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.
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.
Tier 2 capital	Includes: subordinated issues, preferred securities, general credit risk adjustments and non-controlling interests.
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 weighs 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 the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Management Report

January-June 2015

Contents

BBVA Group highlights

BBVA Group highlights

(Consolidated figures)

	30-06-15	Δ%	30-06-14	31-12-14
Balance sheet (million euros)				
Total assets	689,071	11.7	617,131	651,511
Loans and advances to customers (gross)	393,158	11.0	354,202	366,536
Deposits from customers	363,373	13.3	320,796	330,686
Other customer funds	128,323	17.9	108,841	115,275
Total customer funds	491,695	14.4	429,637	445,961
Total equity	50,997	8.8	46,867	51,609
Income statement (million euros)				
Net interest income	7,521	6.9	7,038	15,116
Gross income	11,554	11.4	10,368	21,357
Operating income	5,836	14.6	5,093	10,406
Income before tax	3,046	44.4	2,109	4,063
Net attributable profit	2,759	107.7	1,328	2,618
Data per share and share performance ratios				
Share price (euros)	8.79	(5.6)	9.31	7.85
Market capitalization (million euros)	55,436	1.2	54,804	48,470
Net attributable profit per share (euros)	0.43	101.0	0.21	0.42
Book value per share (euros)	8.28	3.7	7.98	8.01
P/BV (Price/book value; times)	1.1		1.2	1.0
Significant ratios (%)				
ROE (Net attributable profit/average equity)	9.8		5.8	5.6
ROTE (Net attributable profit/average tangible equity)	11.4		6.7	6.5
ROA (Net income/average total assets)	0.77		0.52	0.50
RORWA (Net income/average risk-weighted assets)	1.45		0.93	0.90
Efficiency ratio	49.5		50.9	51.3
Cost of risk	1.16		1.24	1.25
NPL ratio	6.1		6.4	5.8
NPL coverage ratio	72		62	64
Capital adequacy ratios (%) (1)				
CET1	12.3		11.6	11.9
Tier I	12.3		11.6	11.9
Total ratio	15.5		14.7	15.1
Other information				
Number of shares (millions)	6,305	7.1	5,887	6,171
Number of shareholders	940,619	(1.4)	954,325	960,397
Number of employees (2)	114,228	4.4	109,450	108,770
Number of branches (2)	8,135	10.5	7,359	7,371
Number of ATMs (2)	24,337	13.8	21,383	22,159

General note: The financial information included in this document with respect to the stake in Garanti Group is presented as continuous with previous years, and integrated in the proportion corresponding to the Group's percentage holding at 30-6-2015. For the reconciliation of the BBVA Group's consolidated financial statements, see pages 42 and 43.

(1) The capital ratios are calculated under CRD IV, applying a 40% phase in for 2015.
(2) Excluding Garanti.

Group information

Relevant events

Results (pages 4-8)

- Incorporation of Catalunya Banc (hereinafter Cx) from April 24, although this has had a practically neutral effect on the net attributable profit for the quarter.
- Positive trend in revenue items: good performance of the most recurring items, payment of the Telefónica dividend and capital gains in net trading income (NTI) from the sales in the securities portfolio.
- Operating expenses grow below gross income. Efficiency continues to improve.
- Impairment losses on financial assets slightly below those in the previous quarter.
- Sale on the stock market of 0.8% of China Citic Bank (CNCB) in the quarter, generating net gains after tax of €122m.

Balance sheet and business activity (pages 9-10)

- Figures affected by the incorporation of Cx.
- Excluding this effect, growing trend in gross customer lending and customer funds, with a reduction of NPA risks.

Solvency (page 11)

- Sound capital position (fully-loaded CET1 ratio of 10.4% at the close of June 2015), clearly above regulatory requirements, and with an extraordinary quality (the fully-loaded leverage ratio was 5.9% on the same date).
- Moody's has upgraded its ratings for unsecured senior debt issued by BBVA (to Baa1) and for deposits (to A3), both with a stable outlook.

Risk management (pages 12-13)

- Good performance in the main asset quality indicators on a comparable scale.
- The incorporation of Cx increases the NPA ratio due to higher levels of non-performing loans, but the coverage ratio has increased.

The BBVA share (page 14)

- Distribution to shareholders on July 16, 2015 of a cash amount for 8 cents of euro gross per share.

Business areas (starting on page 16)

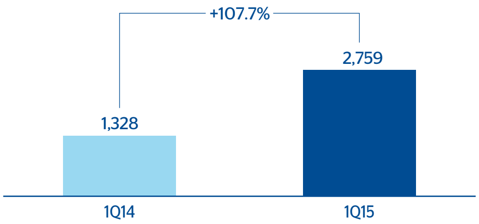
- The purchase of Cx was completed on April 24. With this operation, BBVA has acquired 1.5 million customers, doubled its market share in Catalonia and become the most important player in Spain.
- BBVA has completed the acquisition of 14.89% stake in the share capital of Turkiye Garanti Bankasi, A.S. (Garanti Bank). The effects of this purchase are stated in the relevant event published on July 27th.

Other matters of interest

- The Board of Directors has appointed Carlos Torres Vila as President and COO. It has also approved an organizational structure whose top priority is to boost the business and continue to grow profitably, increasing the number of customers with the focus on their satisfaction. To gain market share, customers and business, BBVA is committed to investing in new capabilities associated with customer experience, big data, technology and engineering, marketing and digital sales, and talent and new digital businesses.
- BBVA has drawn up a new Code of Conduct to adapt to social, technological and regulatory changes. It strengthens the Bank's commitment to its customers, employees and society as a whole.

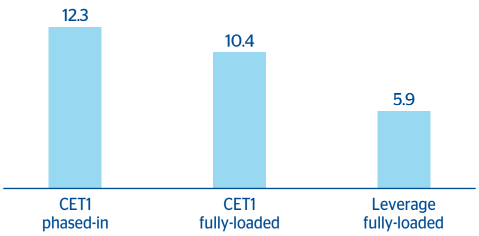
Net attributable profit

(Million euros)



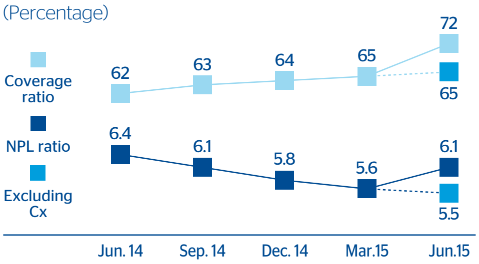
Capital and leverage ratios

(Percentage as of 30-06-2015)



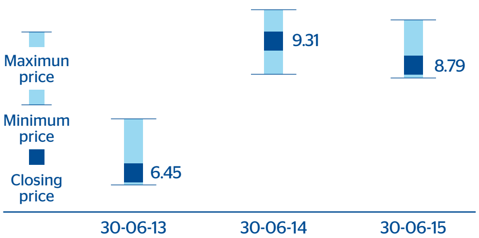
NPL and coverage ratios

(Percentage)



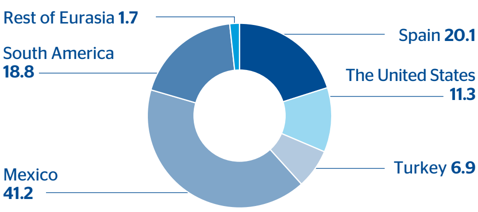
BBVA share

(Euros)



Net attributable profit breakdown (1)

(Percentage)



(1) Excludes the Corporate Center.

Results

BBVA Group has generated a half-yearly **net attributable profit** of €2,759m. As already mentioned above, these earnings include those generated by Cx, whose effect is practically neutral at the level of net attributable profit.

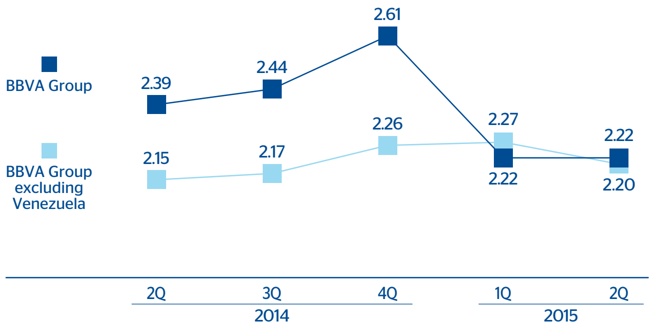
Gross income

Net interest income increased year-on-year in the first six months thanks to increased activity in emerging countries and the United States and the reduction in the cost of deposits in Spain and Turkey.

Good performance of accumulated net fees and commissions in the half-year, despite the regulatory limitations that came into force recently in some countries. Overall, another positive performance from the **more recurring revenue** (net interest income plus net fees and commissions) through June 30.

Net interest income/ATA

(Percentage)



Consolidated income statement: quarterly evolution (1)

(Million euros)

	2015		2014			
	2Q	1Q	4Q	3Q	2Q	1Q
Net interest income	**3,858**	**3,663**	**4,248**	**3,830**	**3,647**	**3,391**
Net fees and commissions	1,140	1,077	1,168	1,111	1,101	985
Net trading income	650	775	514	444	426	751
Dividend income	194	42	119	42	342	29
Income by the equity method	18	3	3	31	16	(14)
Other operating income and expenses	62	73	(287)	(234)	(215)	(90)
Gross income	**5,922**	**5,632**	**5,765**	**5,223**	**5,317**	**5,051**
Operating expenses	(2,942)	(2,776)	(2,905)	(2,770)	(2,662)	(2,613)
Personnel expenses	(1,538)	(1,460)	(1,438)	(1,438)	(1,359)	(1,375)
General and administrative expenses	(1,106)	(1,024)	(1,147)	(1,037)	(1,017)	(959)
Depreciation and amortization	(299)	(291)	(320)	(296)	(286)	(279)
Operating income	**2,980**	**2,857**	**2,860**	**2,453**	**2,655**	**2,438**
Impairment on financial assets (net)	(1,089)	(1,119)	(1,168)	(1,142)	(1,073)	(1,103)
Provisions (net)	(164)	(230)	(513)	(199)	(298)	(144)
Other gains (losses)	(123)	(66)	(201)	(136)	(191)	(173)
Income before tax	**1,604**	**1,442**	**978**	**976**	**1,092**	**1,017**
Income tax	(429)	(386)	(173)	(243)	(292)	(273)
Net income from ongoing operations	**1,175**	**1,056**	**805**	**733**	**800**	**744**
Results from corporate operations (2)	144	583	-	-	-	-
Net income	**1,319**	**1,639**	**805**	**733**	**800**	**744**
Non-controlling interests	(97)	(103)	(116)	(132)	(95)	(120)
Net attributable profit	**1,223**	**1,536**	**689**	**601**	**704**	**624**
Net attributable profit (excluding results from corporate operations)	**1,078**	**953**	**689**	**601**	**704**	**624**
Basic earnings per share (euros)	**0.19**	**0.24**	**0.11**	**0.09**	**0.11**	**0.10**

(1) Financial statements with the revenues and expenses of the Garanti Group consolidated in proportion to the percentage of the Group's stake.
(2) 2015 includes the capital gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB and the badwill from Cx operation.

Consolidated income statement [1]

(Million euros)

	1H15	Δ%	Δ% at constant exchange rates	1H14
Net interest income	**7,521**	**6.9**	**11.4**	**7,038**
Net fees and commissions	2,216	6.2	4.7	2,086
Net trading income	1,425	21.1	25.2	1,176
Dividend income	236	(36.3)	(36.8)	371
Income by the equity method	21	n.m.	n.m.	1
Other operating income and expenses	135	n.m.	129.3	(305)
Gross income	**11,554**	**11.4**	**10.7**	**10,368**
Operating expenses	(5,718)	8.4	6.6	(5,275)
Personnel expenses	(2,998)	9.6	6.6	(2,734)
General and administrative expenses	(2,130)	7.8	7.4	(1,976)
Depreciation and amortization	(590)	4.5	4.0	(565)
Operating income	**5,836**	**14.6**	**14.9**	**5,093**
Impairment on financial assets (net)	(2,208)	1.5	1.2	(2,177)
Provisions (net)	(394)	(11.1)	(5.8)	(443)
Other gains (losses)	(188)	(48.3)	(48.3)	(365)
Income before tax	**3,046**	**44.4**	**44.2**	**2,109**
Income tax	(815)	44.1	49.3	(566)
Net income from ongoing operations	**2,231**	**44.5**	**42.5**	**1,544**
Results from corporate operations [2]	727	-	-	-
Net income	**2,958**	**91.6**	**88.9**	**1,544**
Non-controlling interests	(200)	(7.3)	14.3	(215)
Net attributable profit	**2,759**	**107.7**	**98.3**	**1,328**
Net attributable profit (excluding results from corporate operations)	**2,031**	**52.9**	**46.0**	**1,328**
Basic earnings per share (euros)	**0.43**			**0.21**

(1) Financial statements with the revenues and expenses of the Garanti Group consolidated in proportion to the percentage of the Group's stake.
(2) 2015 includes the capital gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB and the badwill from Cx operation.

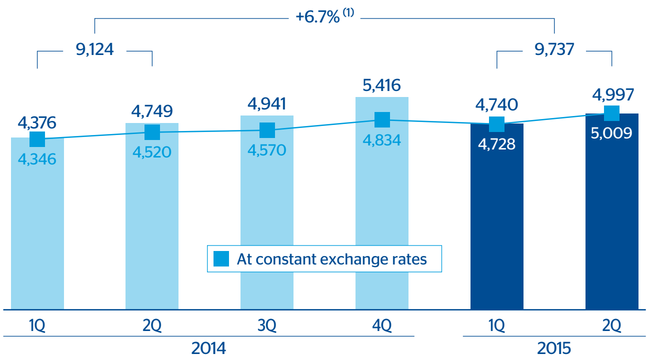
Quarterly **NTI** was below the figure reported for the first quarter, basically due to lower capital gains from portfolio sales. However, the cumulative half-yearly total is higher than in the same period of 2014 due mainly to the positive evolution of the Global Markets unit so far this year.

The **dividends** item basically includes the payment by Telefónica in May.

As a result of the above, the Group's **gross income** for the first half of the year grew by 11.4% in year-on-year terms (up 10.7% at constant exchange rates) to €11,554m.

Net interest income plus fees and commissions

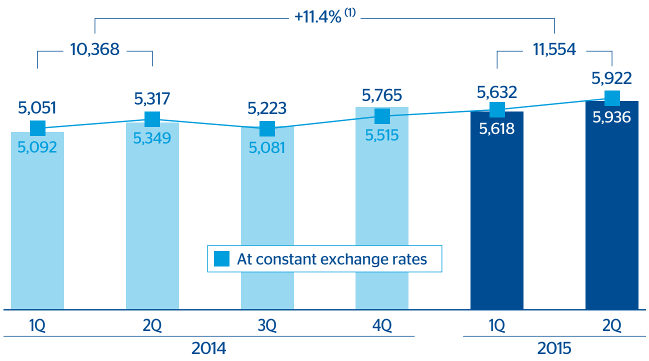
(Million euros)



(1) At constant exchange rates: +9.8%.

Gross income

(Million euros)



(1) At constant exchange rates: +10.7%.

Operating income

Operating expenses continue to be affected by the efforts to keep them in check in Spain, the Rest of Eurasia, and the Corporate Center, as opposed to their growth in the rest of geographical areas, due to the year-on-year general appreciation of foreign currencies against the euro (though they depreciated over the quarter), and the high inflation in some countries. The

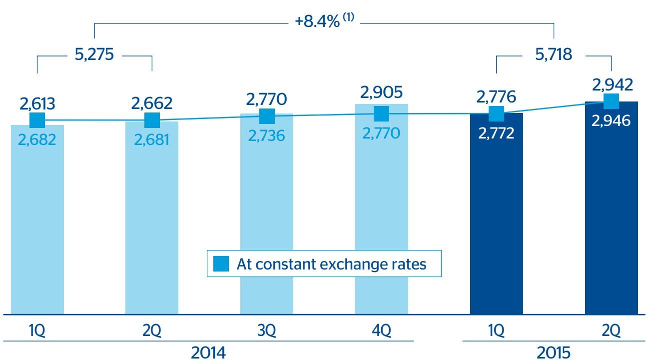
Breakdown of operating expenses and efficiency calculation

(Million euros)

	1H15	Δ%	1H14
Personnel expenses	2,998	9.6	2,734
Wages and salaries	2,307	11.7	2,066
Employee welfare expenses	440	1.9	431
Training expenses and other	251	6.0	236
General and administrative expenses	2,130	7.8	1,976
Premises	493	7.5	459
IT	428	10.9	386
Communications	130	(8.1)	142
Advertising and publicity	176	1.2	174
Corporate expenses	48	4.0	46
Other expenses	641	12.3	571
Levies and taxes	214	7.1	199
Administration expenses	5,127	8.9	4,710
Depreciation and amortization	590	4.5	565
Operating expenses	5,718	8.4	5,275
Gross income	11,554	11.4	10,368
Efficiency ratio (Operating expenses/gross income, in %)	49.5		50.9

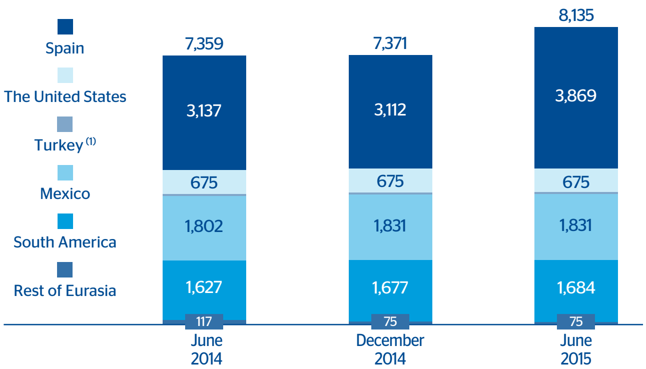
Operating expenses

(Million euros)



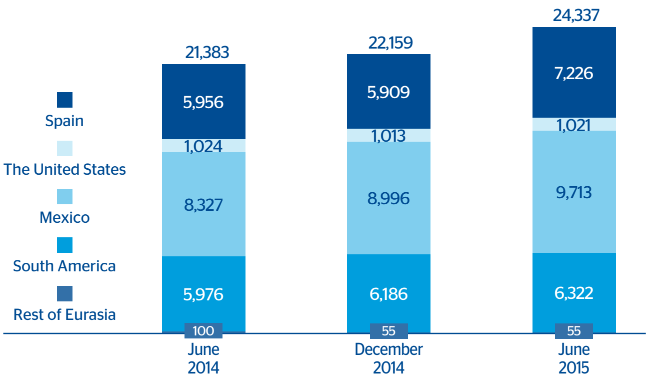
(1) At constant exchange rates: +6.6%.

Number of branches [(1)]



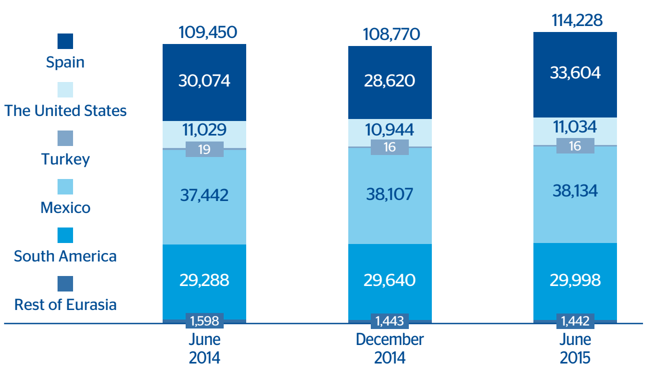
(1) Excludes Garanti but includes BBVA's Representative Office in Turkey.

Number of ATMs [(1)]



(1) Excluding Garanti.

Number of employees [(1)]

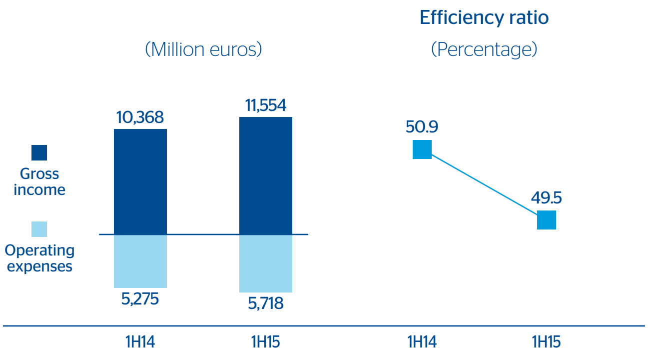


(1) Excluding Garanti.

transformation plans the Group is undertaking in all its units also continue to affect costs. These programs are aimed at boosting alternative sales channels. Thanks to these programs, BBVA is already the leading financial institution in terms of customer satisfaction in Spain, both in mobile banking and online banking, according to the FRS ranking.

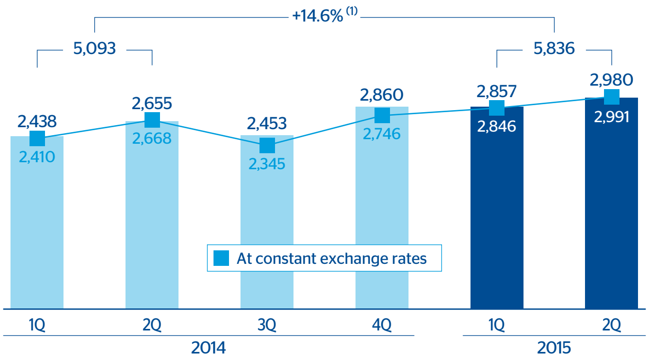
There was further improvement in the efficiency ratio (to 49.5% from 50.9% in the first half of 2014), thanks to the strength of revenue lines and control of overall costs, which boosted **operating income** over the half-year to €5,836m, 14.6% more than in the same period in 2014.

Efficiency



Operating income

(Million euros)



(1) At constant exchange rates: +14.9%.

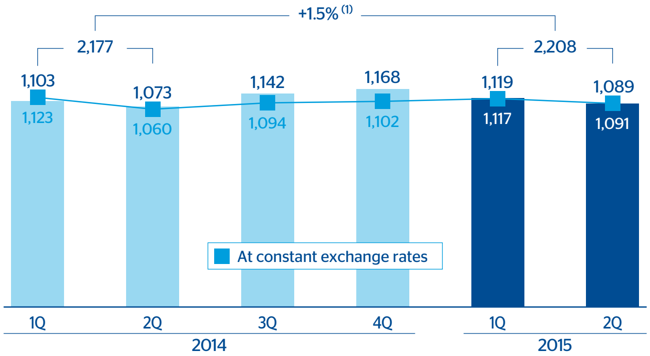
Provisions and other

Impairment losses on financial assets in the second quarter were slightly below the figure for the previous quarter. By areas, there was a fall in the Eurozone and a limited increase in the rest of the geographical areas very much in line with the increase in activity. Overall, the figure for the half-year is up 1.5% on the same period in 2014.

Transfers to **provisions**, which include the cost of the transformation plans, provisions for contingent liabilities and other

Impairment losses on financial assets

(Million euros)



(1) At constant exchange rates: +1.2%.

commitments, as well as contributions to pension funds, total €394m in the half year (down 11.1% year-on-year).

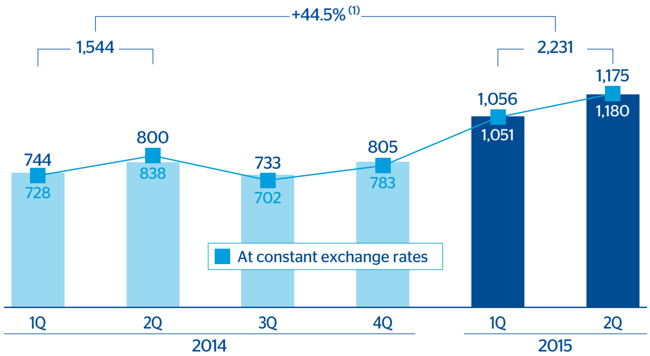
Other earnings performed well over the half year, largely due to lower impairment losses on real-estate activity and foreclosed or acquired assets in Spain.

Profit

As a result of the above, **net income from ongoing operations** in the first half of 2015 grew year-on-year by 44.5%.

Net income from ongoing operations

(Million euros)



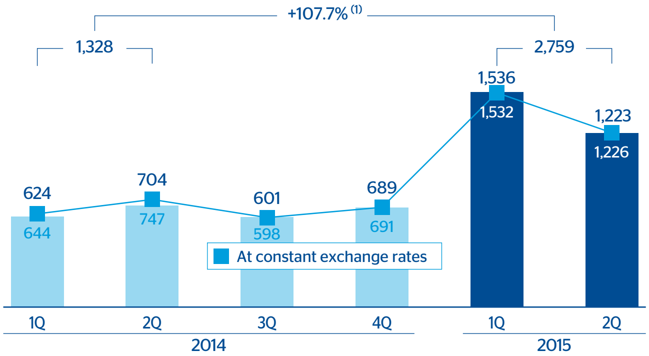
(1) At constant exchange rates: +42.5%.

The **results from corporate operations** line includes the capital gains over the half year (€705m net of taxes) from various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB (of which 0.8% happened in the second quarter) and the credit of €22m, also net of taxes, for the badwill generated in the Cx deal.

As a result, the **net attributable profit** in the second quarter was €1,223m. The cumulative total for the first six months is €2,759m, a figure that is more than double that of the same period in 2014.

Net attributable profit

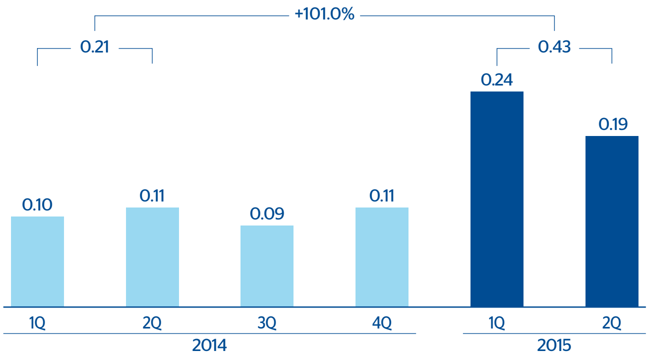
(Million euros)



(1) At constant exchange rates: +98.3%.

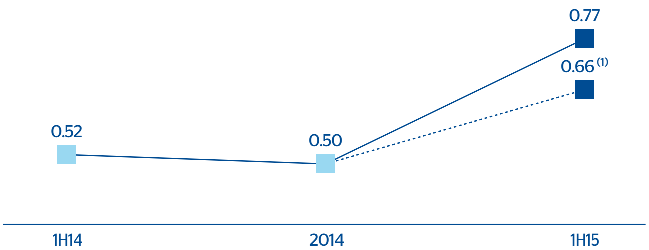
Earnings per share

(Euros)



ROA

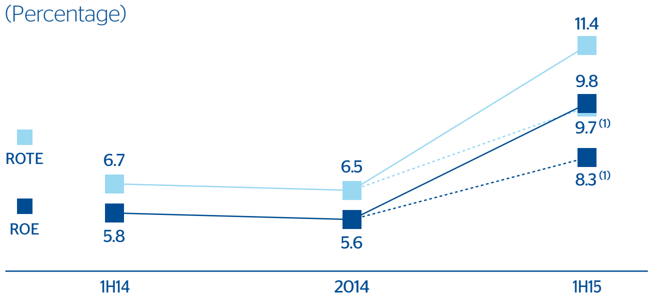
(Percentage)



(1) Excluding results from corporate operations.

ROE and ROTE

(Percentage)



(1) Excluding results from corporate operations.

By **business area**, banking activity in Spain has contributed €809m, real-estate activity in Spain generated a loss of €300m, the United States contributed €286m, Turkey €174m, Mexico €1,041m, South America €474m (€465m without Venezuela) and the Rest of Eurasia €43m.

BBVA Group excluding Venezuela

For a more uniform comparison (due to the exchange-rate impact), below is the Group's income statement excluding Venezuela.

Consolidated income statement of BBVA Group excluding Venezuela (1)

(Million euros)

	1H15	Δ%	Δ% at constant exchange rates	1H14
Net interest income	**7,427**	**17.9**	**10.8**	**6,298**
Net fees and commissions	2,202	11.1	4.4	1,982
Net trading income	1,336	21.9	17.9	1,095
Other income/expenses	462	3.7	0.2	446
Gross income	**11,426**	**16.4**	**9.8**	**9,821**
Operating expenses	(5,684)	12.7	6.3	(5,042)
Operating income	**5,742**	**20.2**	**13.6**	**4,779**
Impairment on financial assets (net)	(2,199)	4.4	0.9	(2,105)
Provisions (net) and other gains (losses)	(551)	(28.5)	(29.3)	(771)
Income before tax	**2,992**	**57.3**	**42.6**	**1,902**
Income tax	(778)	58.1	43.8	(492)
Net income from ongoing operations	**2,215**	**57.0**	**42.2**	**1,410**
Results from corporate operations (2)	727	-	-	-
Net income	**2,942**	**108.6**	**88.9**	**1,410**
Non-controlling interests	(192)	23.5	12.7	(156)
Net attributable profit	**2,749**	**119.2**	**98.3**	**1,254**
Net attributable profit (excluding results from corporate operations)	**2,022**	**61.2**	**45.9**	**1,254**

(1) Financial statements with the revenues and expenses of the Garanti Group consolidated in proportion to the percentage of the Group's stake.
(2) 2015 includes the capitral gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB and the badwill from Cx operation.

Balance sheet and business activity

The BBVA Group's business activity and balance sheet as of **30-Jun-2015** include the balances from Cx. Not including these, the observed trends are as follows:

- General depreciation of **exchange rates** against the euro over the quarter.
- Growth in **gross lending to customers** (up 7.3% since December 2014 at current exchange rates). In Spain, apart from the incorporation of Cx, more new loans have been granted, basically in the retail segment (mortgages, consumer finance and small businesses). At the close of the previous year, 1.1 million households are being financed by BBVA in Spain. Also worth noting is the positive trend in funding for SMEs, particularly in Mexico and South America. Of note in this respect is the SME support program "Camino al Éxito" (Road to Success), which was launched in South America at the end of March 2015.
- Increase in **customer deposits** in all the areas, in line with previous quarters (up 9.9% year to date also at current exchange rates). In Spain, not including the Cx figures, the decline in the balance of time deposits moderated in the quarter, while current and savings accounts continue to grow.

Consolidated balance sheet [1]

(Million euros)

	30-06-15	Δ%	30-06-14	31-03-15	31-12-14
Cash and balances with central banks	30,192	11.0	27,210	27,553	33,908
Financial assets held for trading	82,693	3.9	79,589	94,883	83,427
Other financial assets designated at fair value	3,499	17.0	2,990	3,603	3,236
Available-for-sale financial assets	107,136	16.1	92,316	101,183	98,734
Loans and receivables	415,020	11.5	372,180	398,558	386,839
Loans and advances to credit institutions	29,074	4.3	27,874	33,672	28,254
Loans and advances to customers	374,888	10.6	339,063	360,265	351,755
Debt securities	11,058	110.9	5,243	4,622	6,831
Held-to-maturity investments	-	-	-	-	-
Investments in entities accounted for using the equity method	1,013	(24.4)	1,339	674	661
Tangible assets	8,753	17.2	7,466	8,057	8,014
Intangible assets	9,212	12.1	8,219	9,493	8,840
Other assets	31,553	22.2	25,822	28,593	27,851
Total assets	**689,071**	**11.7**	**617,131**	**672,598**	**651,511**
Financial liabilities held for trading	56,977	9.8	51,869	67,438	56,990
Other financial liabilities designated at fair value	3,746	10.4	3,395	3,903	3,590
Financial liabilities at amortized cost	546,480	12.2	486,889	518,819	509,974
Deposits from central banks and credit institutions	94,763	15.9	81,772	92,547	97,735
Deposits from customers	363,373	13.3	320,796	339,675	330,686
Debt certificates	62,299	(0.6)	62,645	58,259	59,393
Subordinated liabilities	16,126	16.7	13,821	15,723	14,118
Other financial liabilities	9,919	26.3	7,854	12,616	8,042
Liabilities under insurance contracts	10,333	0.7	10,266	11,193	10,471
Other liabilities	20,538	15.1	17,846	18,879	18,877
Total liabilities	**638,074**	**11.9**	**570,264**	**620,232**	**599,902**
Non-controlling interests	1,728	(15.6)	2,048	1,692	2,511
Valuation adjustments	(2,909)	35.6	(2,146)	327	(348)
Shareholders' funds	52,177	11.1	46,965	50,347	49,446
Total equity	**50,997**	**8.8**	**46,867**	**52,366**	**51,609**
Total equity and liabilities	**689,071**	**11.7**	**617,131**	**672,598**	**651,511**
Memorandum item:					
Contingent liabilities	37,812	7.7	35,098	38,923	37,070

(1) Financial statements with the assets and liabilities of the Garanti Group consolidated in proportion to the percentage of the Group's stake.

Loans and advances to customers

(Million euros)

	30-06-15	∆%	30-06-14	31-03-15	31-12-14
Domestic sector	**181,356**	**8.1**	**167,789**	**160,938**	**162,652**
Public sector	22,998	(2.7)	23,637	23,106	23,362
Other domestic sectors	158,358	9.9	144,152	137,832	139,290
Secured loans	100,443	11.3	90,270	86,144	87,371
Other loans	57,915	7.5	53,881	51,688	51,920
Non-domestic sector	**186,036**	**14.9**	**161,858**	**191,148**	**180,719**
Secured loans	78,147	18.1	66,158	79,500	72,836
Other loans	107,889	12.7	95,701	111,648	107,883
Non-performing loans	**25,766**	**4.9**	**24,554**	**22,787**	**23,164**
Domestic sector	21,142	6.9	19,769	18,058	18,563
Non-domestic sector	4,624	(3.4)	4,785	4,729	4,601
Loans and advances to customers (gross)	**393,158**	**11.0**	**354,202**	**374,873**	**366,536**
Loan-loss provisions	(18,271)	20.7	(15,139)	(14,607)	(14,781)
Loans and advances to customers	**374,888**	**10.6**	**339,063**	**360,265**	**351,755**

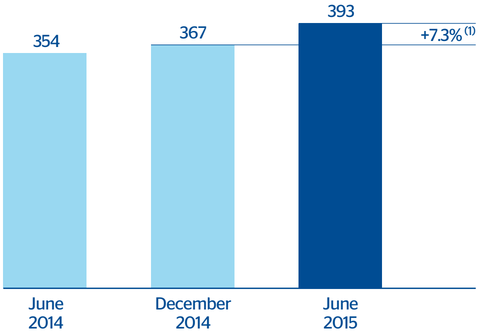
Customer funds

(Million euros)

	30-06-15	∆%	30-06-14	31-03-15	31-12-14
Deposits from customers	**363,373**	**13.3**	**320,796**	**339,675**	**330,686**
Domestic sector	**178,581**	**15.8**	**154,244**	**150,512**	**145,251**
Public sector	17,851	10.4	16,176	13,142	10,651
Other domestic sectors	160,729	16.4	138,069	137,370	134,600
Current and savings accounts	73,247	27.9	57,278	62,783	59,509
Time deposits	70,270	5.3	66,744	56,571	60,783
Assets sold under repurchase agreement and other	17,213	22.5	14,047	18,016	14,308
Non-domestic sector	**184,792**	**11.0**	**166,552**	**189,163**	**185,435**
Current and savings accounts	108,784	7.2	101,493	113,399	113,795
Time deposits	68,197	25.1	54,504	69,107	62,705
Assets sold under repurchase agreement and other	7,811	(26.0)	10,555	6,657	8,935
Other customer funds	**128,323**	**17.9**	**108,841**	**127,364**	**115,275**
Spain	**78,789**	**19.7**	**65,799**	**74,824**	**69,943**
Mutual funds	32,892	27.7	25,752	30,743	28,695
Pension funds	23,106	8.2	21,364	22,595	21,880
Customer portfolios	22,791	22.0	18,683	21,485	19,368
Rest of the world	**49,534**	**15.1**	**43,042**	**52,540**	**45,332**
Mutual funds and investment companies	26,125	13.4	23,046	26,798	24,087
Pension funds	6,283	37.2	4,580	6,349	5,484
Customer portfolios	17,126	11.1	15,416	19,394	15,761
Total customer funds	**491,695**	**14.4**	**429,637**	**467,039**	**445,961**

Loans and advances to customers (gross)

(Billion euros)

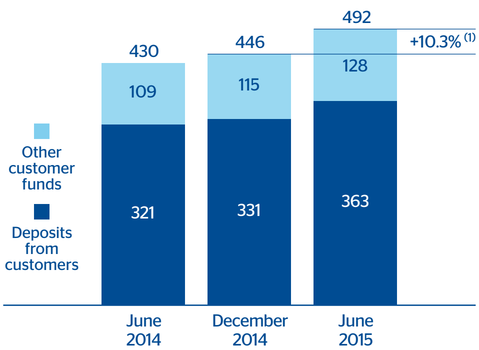


(1) At constant exchange rates: +10.4%.

- The increase in **non-performing loans** in the quarter is due basically to the incorporation of those from Cx. Not including these, the positive trend seen in previous quarters has been maintained.
- **Off-balance-sheet funds** continue to perform very favorably, above all in Spain, although they have also increased in the other geographical areas.
- Lastly, the use of **digital channels** continues to increase. At the close of the first half of the year, the Group had 13.5 million digital customers (including Garanti's), with year-on-year growth of 20.6%. Of these, 7.0 million access these channels from mobile devices.

Customer funds

(Billion euros)



(1) At constant exchange rates: +14.5%.

Solvency

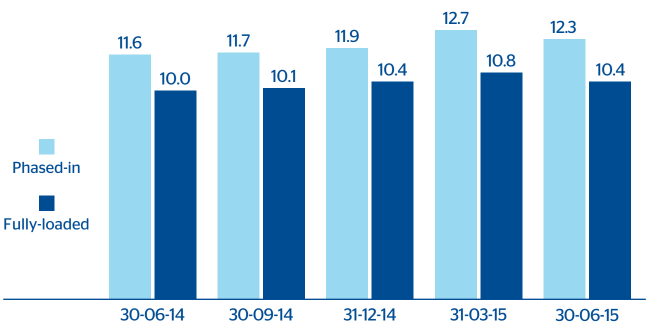
Capital base

BBVA ended the **first half of 2015** with comfortable capital levels clearly above the minimum regulatory requirements, and a leverage ratio (fully-loaded) that continues to compare very favorably with the rest of its peer group. The highlights in the period, apart from the incorporation of Cx, were the following:

- New "**dividend option**" program in April for 13 cents of euro gross per share, which was highly successful: 90.3% of shareholders chose to receive bonus BBVA shares, which resulted in the issue of 80,314,074 new ordinary shares, totaling a share capital increase with a nominal value of €39,353,896.26.
- Distribution to shareholders on July 16th of a **cash** amount of 8 cents of euro gross per share, which has involved a disbursement of €504.4m.
- **Issue** of subordinated debt by BBVA Compass and BBVA Colombia for USD 700 million and USD 400 million, respectively.
- Exercise of the early **repayment** option for eight issues of preferred debt and eight subordinated debt issues subject to grandfathering.
- Lastly, increase in risk weighted assets –**RWA**– (up 1.6% in the quarter and up 0.6% over the year). During the quarter, impacts such as increased lending activity outside Spain and the incorporation of Cx have been offset by the general depreciation of currencies, as well as by the sale of BBVA Group's stake in CNCB and the switch to advanced models of the portfolios from Unnim.
- These factors, together with the other impacts of CET1 (organic growth and declines due to exchange rates), bring the phased-in **core capital** ratio to 12.3% (10.4% fully-loaded).
- BBVA Group continues to maintain a high **leverage** ratio (6.2% using phased-in criterion).

CET1 ratio evolution

(Percentage)



Ratings

After the publication by **Moody's** of the new bank rating methodology on March 16, the agency has upgraded by one notch the rating for the senior unsecured debt issued by BBVA from Baa2 to Baa1, with a stable outlook (1 notch above Spain's sovereign rating), and the rating for BBVA's deposits by two notches, from Baa2 to A3, also with a stable outlook, as was anticipated in the first quarter.

Ratings

	Long term	Short term	Outlook
DBRS	A	R-1 (baja)	Stable
Fitch	A-	F-2	Stable
Moody's	Baa1	P-2	Stable
Scope Ratings	A	S-1	Stable
Standard & Poor's	BBB	A-2	Stable

Capital base

(Million euros)

	CRD IV phased-in				
	30-06-15	31-03-15	31-12-14	30-09-14	30-06-14
Common equity Tier I	43,422	43,995	41,832	40,422	38,978
Capital (Tier I)	43,422	43,995	41,832	40,422	38,978
Other eligible capital (Tier II)	11,276	10,686	10,986	10,893	10,421
Capital base	54,698	54,681	52,818	51,316	49,399
Risk-weighted assets	352,782	347,096	350,803	345,381	336,584
Total ratio (%)	15.5	15.8	15.1	14.9	14.7
CET1 (%)	12.3	12.7	11.9	11.7	11.6
Tier I (%)	12.3	12.7	11.9	11.7	11.6
Tier II (%)	3.2	3.1	3.1	3.2	3.1

Risk management

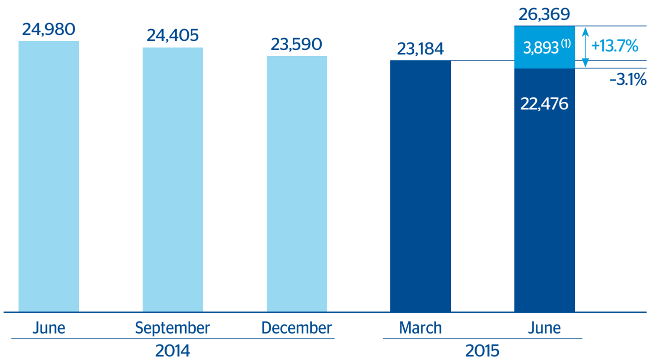
Credit risk

In the **first half of 2015** the main variables related to the Group's credit risk management have been positive. The increase in credit risk and non-performing loans, as well as the performance of the main risk indicators, have been affected by the incorporation of Cx. On a comparable basis, the general tone remains positive.

- The Group's **credit risk** has increased by 4.2% in the quarter (down 1.9% excluding Cx) and 6.7% in the semester.
- **Non-performing loans** amount to €26,369m. Excluding those from Cx, this heading declined 3.1% in the quarter to €22,476m, mainly from the business in Spain and Europe.

Non-performing loans

(Million euros)



(1) Catalunya Banc.

Credit risks (1)

(Million euros)

	30-06-15	31-03-15	31-12-14	30-09-14	30-06-14
Non-performing loans and contingent liabilities	26,369	23,184	23,590	24,405	24,980
Credit risks	430,870	413,687	403,633	397,952	389,355
Provisions	18,909	15,002	15,157	15,335	15,515
NPL ratio (%)	6.1	5.6	5.8	6.1	6.4
NPL coverage ratio (%)	72	65	64	63	62
NPL ratio (%) (excluding Cx)	5.5	-	-	-	-
NPL coverage ratio (%) (excluding Cx)	65	-	-	-	-

(1) Include gross customer lending plus contingent exposures.

Non-performing loans evolution

(Million euros)

	2Q15	1Q15	4Q14	3Q14	2Q14
Beginning balance	**23,184**	**23,590**	**24,405**	**24,980**	**25,445**
Entries	2,223	2,359	2,363	2,429	2,092
Recoveries	(1,643)	(1,751)	(1,935)	(1,840)	(1,781)
Net variation	**580**	**608**	**427**	**589**	**311**
Write-offs	(1,105)	(1,152)	(1,248)	(1,297)	(961)
Exchange rate differences and other	3,709	138	5	133	185
Period-end balance	**26,369**	**23,184**	**23,590**	**24,405**	**24,980**
Memorandum item:					
Non-performing loans	25,766	22,787	23,164	23,983	24,554
Non-performing contingent liabilities	602	398	426	422	426

- 26.0% increase in **loan-loss provisions** since the end of March and 24.8% since the end of 2014. Not including Cx, there was a 2.4% decline since 31-Mar-2015.

- As a result, the **NPA and coverage ratios** are up in the quarter. On a uniform basis, the trend in the NPA and coverage ratios is favorable, since the NPA ratio fell by 7 basis points, while the coverage ratio increased 0.4 percentage points against the close of March.

- Lastly, improvement in the **cost of risk** (1.16% accumulated to June 2015, compared with 1.21% in the previous quarter).

Structural risks

Liquidity and funding

Management of **liquidity and funding** aims to finance the recurring growth of the banking business at suitable maturities and costs, using a wide range of instruments that provide access to a large number of alternative sources of finance.

A core principle in BBVA's management of the Group's liquidity and funding is the financial independence of its banking subsidiaries abroad. This principle prevents the propagation of a liquidity crisis among the Group's different areas and ensures that the cost of liquidity is correctly reflected in price formation.

In the **second quarter of 2015**, the liquidity conditions have remained comfortable across BBVA's global footprint:

- The fourth TLTRO auction was held in June, at which BBVA borrowed €4,000m.

- The long-term wholesale funding markets have remained stable in Europe and in the other geographical areas where the Group operates.

- Short-term funding has also continued to perform extremely well, in a context marked by a high level of liquidity.

- In general, the financial soundness of the Group's banks is based on the funding of lending activity, basically through the use of customer funds.

Foreign exchange

Foreign-exchange risk management of BBVA's long-term investments, basically stemming from its franchises abroad, aims to preserve the Group's capital adequacy ratios and ensure the stability of its income statement.

The **second quarter** of the year was characterized by the volatility of the currencies of emerging economies, affected by weak global growth. In this context, BBVA has maintained a policy of actively hedging its investments in Mexico, Chile, Colombia, Turkey and the dollar area. In addition to this corporate-level hedging, dollar positions are held at a local level by some of the subsidiary banks. The foreign-exchange risk of the earnings expected from abroad for 2015 is also managed.

Interest rate

The aim of managing this risk is to maintain sustained growth of net interest income in the short and medium term, irrespective of interest-rate fluctuations.

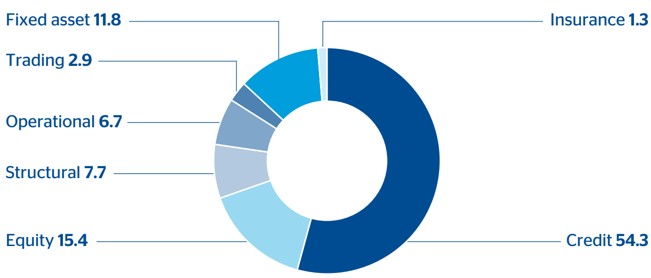
In the **second quarter of 2015**, the results of this management have been satisfactory, with limited risk strategies in Europe, the United States and Mexico. The amount of NTI generated in these geographical regions is the result of prudent portfolio management strategies, particularly in terms of sovereign debt, in a context marked by low interest rates.

Economic capital

Attributable economic risk capital (ERC) consumption at the end of June stood at €31,071m, up 0.8% in the quarter. The most significant aspect in the period has been the increase in ERC as a result of the integration of Cx (affecting mainly credit and fixed-asset risk).

Attributable economic risk capital breakdown

(Percentage as of June 2015)



The BBVA share

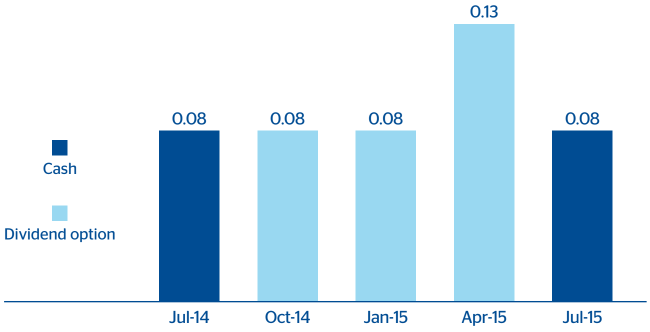
In the first half of 2015, the **global economy** slowed its pace of growth due to the contraction of activity in the United States, considered to be temporary, and the slowdown of the main emerging economies. This has taken place against a backdrop of a steady upturn in financial volatility, some geopolitical tension, the gradual recovery of inflation rates and accommodative monetary policies, in the lead-up to the start of interest-rate rises in the United States.

The main **stock-market indices** ended the period with gains so far this year (+4.8% for the Ibex 35, +8.8% for Euro Stoxx 50 and +0.2% for the S&P 500), although there were falls over the quarter (–6.5% for the Ibex 35, –7.4% for the Euro Stoxx 50 and –0.2% for the S&P 500). At the industry level, Euro Stoxx Banks lost 4.9% over the quarter, though it posted cumulative gains of 11.4% in 2015. However, the S&P Regional Banks in the U.S. posted a quarterly gain of 4.6% and 3.7% as a cumulative total for the year so far.

The **BBVA share** closed on June 30, 2015 at €8.79 (+11.9% in 2015 and –6.5% since March), with a better evolution than the Euro Stoxx 50 (both in the year to date and over the quarter), and also the Ibex 35 since the end of 2014. Its weighting in the Ibex 35 and the Euro Stoxx 50 has increased slightly with respect to the previous quarter, to 10.58% in the Ibex 35 and 2.54% in the Euro Stoxx 50.

Shareholder remuneration

(Euros –gross–/share)



With respect to **shareholder remuneration**, apart from the execution in April of the new "dividend option" program (see section on Solvency), the Board of Directors of BBVA agreed on July 1st the distribution of an amount of 8 cents of euro gross for each of the outstanding shares, paid on July 16, 2015.

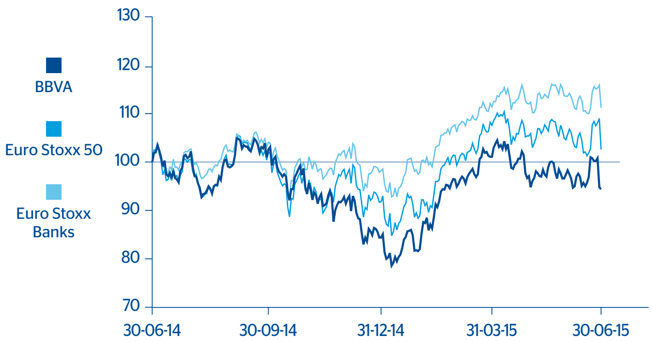
The BBVA share and share performance ratios

	30-06-15	31-03-15
Number of shareholders	940,619	944,631
Number of shares issued	6,305,238,012	6,224,923,938
Maximum price (euros)	9.77	9.60
Minimum price (euros)	8.51	7.21
Closing price (euros)	8.79	9.41
Book value per share (euros)	8.28	8.09
Market capitalization (million euros)	55,436	58,564
Price/book value (times)	1.1	1.2
PER (Price/earnings; times)	15.1	15.9
Yield (Dividend/price; %) (1)	4.2	4.3

(1) Calculated by dividing the median of the forecast dividend per share of a consensus of analysts by the BBVA share price at the end of each quarter.

BBVA share evolution compared with European indices

(Base indice 100=30-06-2014)



Responsible banking

The highlights of the period in terms of responsible banking were as follows:

- Creation of a **unit specifically dedicated to responsible banking** (Responsible Business). The unit allows BBVA to enhance the integration of all aspects related to responsible banking into the business and its relations with the different stakeholders, while reaffirming its commitment to make people the focus of its strategy.
- The presentation of the **2014 Social Impact Report of BBVA in Spain**, which explains simply and directly the Bank's influence on society and shows how its products and services are improving the lives of people across the age spectrum, from financial literacy programs for children and scholarships for young people to finance for adults and pension plans. It also stresses two issues that are of concern to the general population: housing and unemployment. BBVA has adopted a social housing policy that has prevented the most vulnerable families from being left without a home. With respect to the labor market, over 100,000 jobs, accounting for 0.6% of the occupied active population in Spain, are linked to BBVA's activity.

In addition, BBVA has renewed its place on the Ethibel Excellence, Euronext Vigeo (Eurozone and Europe) and MSCI Global **sustainability indices**.

TCR Communication

BBVA has anticipated the risk warning light for financial products proposed by the Securities Exchange Commission (CNMV), developing **TCR leaflets** to explain the vast majority of its financial products (90%) clearly and fully.

Financial Literacy

For the second year in a row, **BBVA Bancomer** has won the award for Best Financial Literacy Program for Children at the EIFLE Awards organized by the Institute for Financial Literacy. Since the launch of "Valores de Futuro" (Future Values), more than 100,000 workshops have been run, benefiting over 25,000 children and young people.

BBVA Compass has taken a further step to improve people's financial future with the launch of two websites: Money Fit and Great Ideas for Small Businesses.

Products with a high social impact

BBVA has signed an agreement with the **European Investment Bank** (EIB) to help kick-start the economy and boost job creation in Spain. It consists of a credit line of €1 billion to help finance SMEs.

BBVA Colombia has joined the **"40,000 Primeros Empleos"** (40,000 First Jobs) program, a Colombian government initiative that aims to help young people find their first job.

Momentum Project Spain is into its fifth year. The 15 entrepreneurship projects selected will have access to a training program, strategic mentoring and finance which will help them improve their projects, multiply their impact and develop sustainable business models.

BBVA has called for applications for a new edition of the **BBVA Open Talent** awards, which recognize innovative startups that are transforming financial services, or are linked to security, user experience or big data.

BBVA Suma has launched a donation campaign to collaborate with Nepal.

Society

Education for society

The **BBVA Bancomer Foundation** and the National Institute for Adult Education (INEA) have concluded an agreement to work together on the National Campaign for Literacy and Defeat of Educational Backwardness.

Ruta BBVA has presented its 30th edition. This year, the 176 participants will travel through Spain and Colombia on a route called an "adventure to the emerald country".

The environment

BBVA has joined the **Spanish Green Growth Group**, a public-private partnership platform that aims to make joint progress in the fight against climate change and toward a low-carbon economy. In May, the Group presented the Barcelona Declaration, a document that includes 10 recommendations designed to create an appropriate environment for transforming the potential of a low-carbon economy into economic growth and employment.

Through the **Digitization & NFT** (New Forms of Work) project, the Bank in Spain has got rid of paper equivalent to 350 tons.

Science and Culture

The BBVA Foundation has held the 7th **Frontiers of Knowledge Awards**, which recognize people who have made particularly significant progress in a wide range of areas.

The team

BBVA has been named one of the **Best Companies to Work For** in Latin America in 2015 in the annual ranking prepared by Great Place to Work. The overall recognition has been achieved thanks to the local awards received in Argentina, Chile, Mexico, Paraguay, Peru and Venezuela.

The **Territorios Solidarios** program, now in its fourth year, aims to continue encouraging the greatest possible participation among employees resident in Spain to carry out projects headed up by non-profit organizations.

Business areas

This section presents and analyzes the most relevant aspects of the Group's different areas. Specifically, it shows a summary of the income statement and balance sheet, data on business activity and the most significant ratios in each of them.

In 2015 changes have been made to the **reporting structure** of BBVA Group's business areas with respect to that in place during 2014. Due to the agreement to increase of the stake in the Turkish bank Garanti to 39.9%, its balance sheet and earnings are presented separately from the rest of Eurasia. Thus, the business areas are:

- **Banking activity in Spain** includes, as in previous years, the Retail Network, Corporate and Business Banking (CBB), Corporate & Investment Banking (CIB), BBVA Seguros and Asset Management. It also includes the portfolios, funding and structural interest-rate positions of the euro balance sheet. And from April 24th brings together the activity, balance sheet and results of Cx banking business.
- **Real-estate activity in Spain** basically covers lending to real-estate developers and foreclosed real-estate assets in the country (including those coming from Cx).
- The **United States** encompasses the business conducted by the Bank in that country through BBVA Compass, the office in New York and the US companies Simple and Spring Studio bought in February 2014 and April 2015 respectively as part of BBVA's strategy to lead the technological transformation of the financial industry.
- **Turkey** includes BBVA's stake in the Turkish bank Garanti (25.01%, as the additional 14.89% will follow in the third quarter of 2015.
- **Mexico** includes the banking and insurance businesses in the country.
- **South America** includes the banking and insurance businesses that BBVA carries out in the region.
- The **rest of Eurasia** includes the business carried out in the rest of Europe and Asia, i.e. the Group's retail and wholesale businesses in the area.

In addition to the above, all the areas include a remainder made up of other businesses and a supplement that includes deletions and allocations not assigned to the units making up the above areas.

Lastly, the **Corporate Center** is an aggregate that contains the rest of the items that have not been allocated to the business areas, as it basically corresponds to the Group's holding function. It includes: the costs of the head offices that have a corporate function; management of structural exchange-rate positions; specific issues of capital instruments to ensure adequate management of the Group's global solvency; portfolios and their corresponding results, whose management is not linked to customer relations, such as industrial holdings; certain tax assets and liabilities; funds due to commitments with employees; goodwill and other intangibles. It also comprises the result from certain corporate operations carried out by the Group that are commented at various points in this report.

In addition to this geographical breakdown, **supplementary information** is provided for all the wholesale businesses carried out by BBVA, i.e. Corporate & Investment Banking (CIB). This aggregate business is considered relevant to better understand the Group because of the characteristics of the customers served, the type of products offered and the risks assumed.

Lastly, as usual, in the case of the Americas and Turkey the results of applying constant **exchange rates** are given in addition to the variations at current exchange rates.

The Group compiles **information by areas** based on units at the lowest level, and all the data related to the business they manage is recorded in full. These basic units are then aggregated in accordance with the organizational structure established by the Group for higher-level units and, finally, the business areas themselves. Similarly, all the companies making up the Group are also assigned to the different units according to the geographical area in which they carry out their activity.

Once the composition of each business area has been defined, certain **management criteria** are applied, of which the following are particularly important:

- **Capital**. Capital is allocated to each business according to ERC criteria. This is based on the concept of unexpected loss at a specific confidence level, depending on the Group's capital adequacy targets. The calculation of the ERC combines credit risk, market risk, structural balance-sheet risk, equity positions, operational risk, fixed-asset risk and technical risks in the case of insurance companies. These calculations are carried out using internal models that have been defined following the guidelines and requirements established under the Basel III capital accord, with economic criteria taking precedence over regulatory ones.

  ERC is risk-sensitive and thus linked to the management policies of the businesses themselves. It standardizes capital allocation among them in accordance with the risks incurred. In other words, it is calculated in a way that is standard and integrated for all kinds of risks and for each operation, balance or risk position, allowing its risk-adjusted return to be assessed and an aggregate to be calculated for profitability by client, product, segment, unit or business area.
- **Internal transfer prices**. BBVA Group has a transfer prices system whose general principles apply in the Bank's different

entities, business areas and units. Within each geographical area, internal transfer rates are established to calculate the net interest income of its businesses, under both the asset and liability headings. These rates consist of a reference rate (an index whose use is generally accepted on the market) that is applied based on the transaction's revision period or maturity, and a liquidity premium, i.e. a spread, that is established based on the conditions and outlook of the financial markets in this respect. There are also agreements for the allocation of earnings between the product-generating units and the distribution units.

- **Allocation of operating expenses**. Both direct and indirect costs are allocated to the business areas, except where there is no clearly defined relationship with the businesses, i.e. when they are of a clearly corporate or institutional nature for the Group as a whole.

- **Cross-selling**. In some cases, consolidation adjustments are made to eliminate double entries in the results of two or more units as a result of cross-selling incentives between businesses.

Mayor income statement items by business area

(Million euros)

		Business areas								
	BBVA Group [1]	Banking activity in Spain	Real-estate activity in Spain	The United States	Turkey [1]	Mexico	South America	Rest of Eurasia	∑ Business areas	Corporate Center
1H15										
Net interest income	7,521	1,982	(14)	881	425	2,734	1,652	85	7,746	(225)
Gross income	11,554	3,711	(56)	1,332	510	3,558	2,297	265	11,617	(63)
Operating income	5,836	2,208	(125)	449	289	2,248	1,283	89	6,441	(605)
Income before tax	3,046	1,152	(437)	390	219	1,380	927	66	3,698	(652)
Net attributable profit	**2,759**	**809**	**(300)**	**286**	**174**	**1,041**	**474**	**43**	**2,528**	**230**
1H14										
Net interest income	7,038	1,869	(22)	693	314	2,354	2,061	95	7,363	(325)
Gross income	10,368	3,384	(118)	1,037	442	3,134	2,362	463	10,703	(335)
Operating income	5,093	1,965	(193)	324	255	1,980	1,317	298	5,945	(852)
Income before tax	2,109	868	(661)	266	196	1,188	956	253	3,066	(957)
Net attributable profit	**1,328**	**608**	**(465)**	**196**	**155**	**900**	**481**	**208**	**2,083**	**(755)**

(1) Financial statements with the revenues and expenses of the Garanti Group consolidated in proportion to the percentage of the Group's stake.

Breakdown of gross income, operating income and net attributable profit by geography [1]

(1H15. Percentage)

	Banking activity in Spain	Spain [2]	The United States	Turkey	Mexico	South America	Rest of Eurasia
Gross income	31.9	31.5	11.5	4.4	30.6	19.8	2.3
Operating income	34.3	32.3	7.0	4.5	34.9	19.9	1.4
Net attributable profit	**32.0**	**20.1**	**11.3**	**6.9**	**41.2**	**18.8**	**1.7**

(1) Excludes the Corporate Center.
(2) Including real-estate activity in Spain.

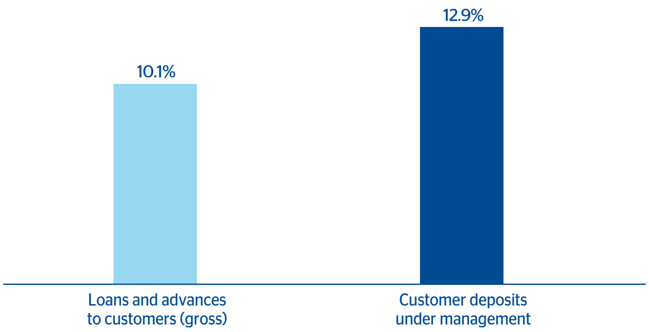
Banking activity in Spain

Highlights

- Integration of Cx since April 24.
- Continuing growth in origination of new loans.
- Very favorable trend in all revenue items.
- Good performance of risk indicators.

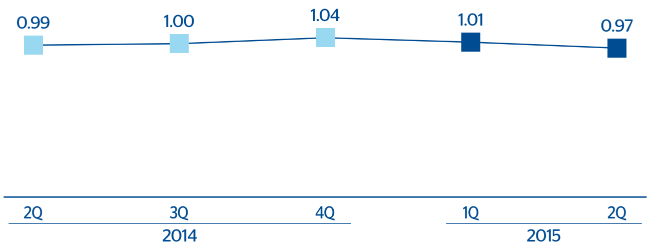
Business activity

(Year-on-year change. Data as of 30-06-2015)



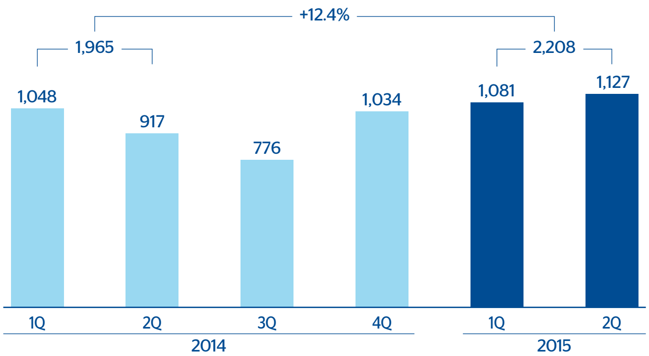
Net interest income/ATA

(Percentage)



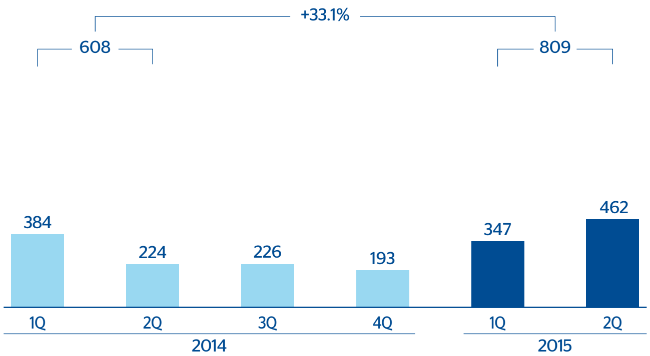
Operating income

(Million euros)



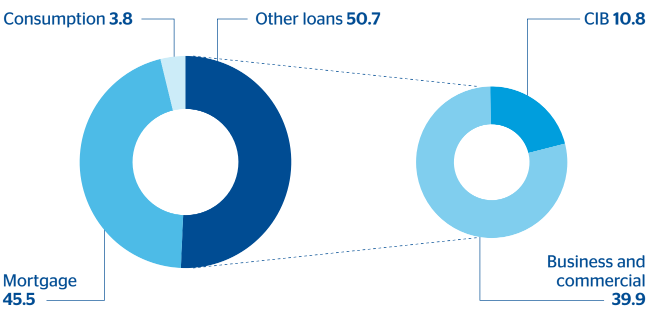
Net attributable profit

(Million euros)



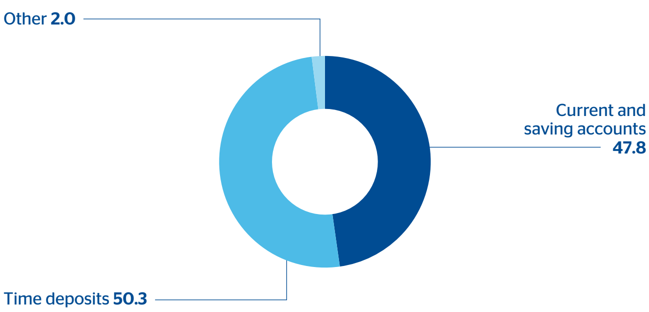
Breakdown of loans and advances to customers (gross)

(Percentage as of 30-06-2015)



Breakdown of customer deposits under management

(Percentage as of 30-06-2015)



Macro and industry trends

The recovery in the Spanish **economy** is becoming more firmly established thanks to factors that are both external (stimulus measures by the European Central Bank (ECB), depreciation of the euro over the year and a reduction in the price of oil) and domestic (increased confidence in the private sector, incipient recovery of the real-estate market, job creation and a less restrictive fiscal policy).

In the **banking system**, the trend in recovery over the last few months continues. The total figure of non-performing loans continues to fall and the NPA ratio is still improving (with information of the Bank of Spain available as of May 2015 it stands at 11.4%, the best figure since May 2013). In activity, the deleveraging process is still underway (the volume of loans is down 4.6% year-on-year, also according to Bank of Spain data available as of May 2015), despite the fact that the flow of new loans continues to improve (up 18.0% year-on-year as of May 2015).

Activity

The purchase of **Catalunya Banc** was completed on April 24. As of June 30, this bank contributed €23,459m to the loan book and €29,555m in customer funds.

As a result, **the loan book** in the area increased by 12.9% in the year so far and 13.5% over the quarter. Excluding the effect of the change in the basis of comparison due to Cx, the rate of year-on-year decline in gross customer lending is continuing to level off every quarter (down 0.6% since December 2014), thanks to the good performance of new loans, above all to the retail sector (mortgages, consumer finance and small businesses).

With respect to **asset quality**, the incorporation of Cx has led to an increase in non-performing loans, and as a result a rise in the NPA ratio, but also an increased coverage ratio. On a comparable basis, there was a notable reduction in NPA flows over the quarter, thanks to the limitation of gross additions and a good rate of recoveries. As a result, the NPA ratio improved by 4 basis points over the quarter, with a stable coverage ratio compared with the data as of the close of March 2015 (up 0.8 percentage points compared with the figure for 31-Mar-2015).

Growth in customer **deposits** under management since December 2014 of 15.6% (up 17.2% over the quarter). Excluding the Cx data, there has been a fall of 2.5% due to the reduction

Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	1H15	∆%	1H14
Net interest income	**1,982**	**6.1**	**1,869**
Net fees and commissions	810	10.5	733
Net trading income	675	5.0	642
Other income/expenses	244	74.2	140
Gross income	**3,711**	**9.7**	**3,384**
Operating expenses	(1,503)	5.9	(1,419)
Personnel expenses	(869)	1.4	(857)
General and administrative expenses	(578)	13.4	(510)
Depreciation and amortization	(56)	6.9	(52)
Operating income	**2,208**	**12.4**	**1,965**
Impairment on financial assets (net)	(775)	(9.7)	(859)
Provisions (net) and other gains (losses)	(280)	17.6	(238)
Income before tax	**1,152**	**32.8**	**868**
Income tax	(341)	32.3	(258)
Net income	**811**	**33.0**	**610**
Non-controlling interests	(2)	9.0	(2)
Net attributable profit	**809**	**33.1**	**608**

Balance sheet	30-06-15	∆%	30-06-14
Cash and balances with central banks	7,922	35.8	5,835
Financial assets	122,872	9.7	112,019
Loans and receivables	216,897	11.2	195,026
Loans and advances to customers	187,962	8.4	173,370
Loans and advances to credit institutions and other	28,936	33.6	21,656
Inter-area positions	1,260	(80.7)	6,521
Tangible assets	701	(5.0)	738
Other assets	2,290	37.6	1,665
Total assets/liabilities and equity	**351,943**	**9.4**	**321,805**
Deposits from central banks and credit institutions	61,816	13.4	54,519
Deposits from customers	187,968	15.9	162,241
Debt certificates	43,677	(9.5)	48,275
Subordinated liabilities	2,202	(0.1)	2,204
Inter-area positions	-	-	-
Financial liabilities held for trading	41,361	(3.1)	42,694
Other liabilities	6,220	70.5	3,647
Economic capital allocated	8,698	5.8	8,223

Relevant business indicators	30-06-15	31-03-15	30-06-14
Loans and advances to customers (gross)	196,615	173,234	178,656
Customer deposits under management [1]	159,725	136,250	141,510
Mutual funds	32,892	30,743	25,752
Pension funds	23,106	22,595	21,364
Efficiency ratio (%)	40.5	39.5	41.9
NPL ratio (%)	6.8	5.9	6.3
NPL coverage ratio (%)	62	46	44
Cost of risk (%)	0.86	0.99	0.97

(1) Excluding repos.

in the balance of funds in time deposits (down 8.8%) and their transfer to current and savings accounts (up 11.1%) and mutual funds (up 7.7%), as mentioned in recent quarters. It is also worth noting that the rate of decline in time deposits has slowed this quarter.

Results

The incorporation of Cx affects the different lines in the area's income statement, but the effect is practically neutral at the level of net attributable profit. The most significant aspects in the half year are as follows:

Positive trend in **more recurring revenue**:

- Year-on-year growth in net interest income (up 6.1% with the figures of Cx and up 3.1% on a comparable basis), basically due to cheaper deposits, both retail (reduction in the cost of deposits) and wholesale. As a result, customer spreads barely moved in the quarter, despite the abundance of liquidity in the system and to the fact that the average yield on assets is strongly influenced by the trend in interest rates.
- Good performance of income from fees and commissions (up 10.5% year-on-year including Cx and up 6.3% not including those from Cx), the best figure in the last six quarters, despite the regulatory limitations currently in place governing credit cards and pension fund management. This positive performance is determined by the excellent trend in fees and commissions from funds, both in terms of the volume under management and their mix, and by the plans underway to improve this revenue heading.

Greater contribution of **NTI** than in the first half of 2014, mainly due to the positive performance of the Global Markets unit.

Growth of **operating expenses** (up 5.9%) although below the figure for gross income (up 9.7%) as a consequence of the inclusion of Cx and the related integration costs. On a comparable basis, expenses continue in check (down 0.3% year-on-year).

Impairment losses on financial assets continue the declining trend of previous quarters. They have fallen by 9.7% in year-on-year terms and 15.8% over the quarter. As a result the cumulative cost of risk for the half-year has fallen to 0.86%.

Provisions (net) and other gains/losses are in line with expectations. This heading includes the costs derived from the transformation process, as mentioned in previous quarters.

As a result, the **net attributable profit** generated by banking activity in Spain in the first half of 2015 was €809m, a year-on-year increase of 33.1%.

Real-estate activity in Spain

Highlights

- Integration of Cx real-estate activities since April 24.
- Stabilization of prices.
- Negative contribution to earnings continues to decline.

Industry trends

The increase in new loan production has begun to support the moderate recovery in **home** sales, which in the first five months of 2015 grew year-on-year by 4.7%. The improved demand is resulting in an increase in construction activity (new home starts are 30% up on 2014) and is contributing to the stabilization of prices.

Exposure

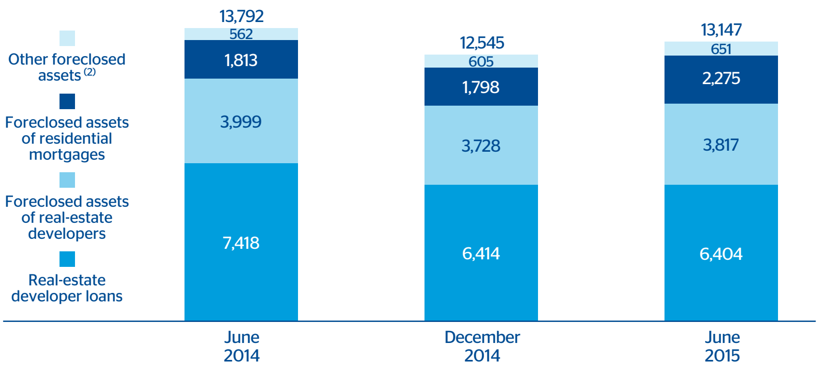
BBVA continues with the strategy of reducing its net **exposure** to the real-estate sector in Spain. However, with the incorporation of Cx, the net exposure of the group in Spain as of 30-Jun-2015 stood at €13,147m, up 5.6% in the quarter and 4.8% since 31-Dec-2014.

Non-performing loans, excluding those from Cx, have fallen again over the quarter, with new additions to NPA remaining in check over the period. Including Cx's, NPLs increased 1.6% since the end of March (+0.9% if in addition, substandard volumes are taken into consideration). Thus, the coverage of NPLs and substandard loans was 55% as of 30-Jun-2015. In terms of the total real-estate exposure, including the outstanding loans to developers, foreclosed assets and other BBVA and Cx assets, the coverage ratio stands at 50%.

Sales of real-estate assets in the quarter (excluding Cx) totaled 2,414 units, or 5,465 if the sales of developer assets on the balance-sheet are added to this sum. In the second quarter of 2015, the number of sales increased on the previous quarter by 33%, although it is still at figures that are very similar to those of the same period in 2014 (down 3.8%). Progress continues in the shift in strategy begun in 2014 for selective sales that prioritize profitability.

Net exposure to real estate (1)

(Million euros)



(1) Transparency scope according to Bank of Spain Circular 5/2011 dated November 30.
(2) Other foreclosed assets include foreclosed assets that do not stem from financing family home buying.

Coverage of real-estate exposure in Spain

(Million of euros as of 30-06-15)

	Risk amount	Provision	% Coverage over risk
NPL + Substandard	8,212	4,533	55
NPL	7,213	4,212	58
Substandard	999	321	32
Foreclosed real-estate and other assets	15,223	8,480	56
From real-estate developers	9,140	5,323	58
From dwellings	4,815	2,540	53
Other	1,268	617	49
Subtotal	**23,435**	**13,013**	**56**
Performing	2,725	-	-
With collateral	2,413		
Finished properties	1,880		
Construction in progress	299		
Land	234		
Without collateral and other	312		
Real-estate exposure	**26,160**	**13,013**	**50**

Results

BBVA's real-estate business in Spain registered a **loss** of €300m in the first half of 2015 (including Cx), lower than the figure of €465m on the same period in 2014, basically due to the reduced need for loan-loss and real-estate provisions, as well as improved results from sales.

Financial statements

(Million euros)

Income statement	1H15	∆%	1H 14
Net interest income	**(14)**	**(35.1)**	**(22)**
Net fees and commissions	1	57.8	1
Net trading income	2	n.m.	0
Other income/expenses	(45)	(53.9)	(97)
Gross income	**(56)**	**(52.6)**	**(118)**
Operating expenses	(69)	(8.2)	(75)
Personnel expenses	(36)	(8.7)	(40)
General and administrative expenses	(21)	(12.6)	(24)
Depreciation and amortization	(12)	2.5	(12)
Operating income	**(125)**	**(35.3)**	**(193)**
Impairment on financial assets (net)	(116)	(8.1)	(126)
Provisions (net) and other gains (losses)	(196)	(42.5)	(341)
Income before tax	**(437)**	**(33.9)**	**(661)**
Income tax	136	(30.0)	195
Net income	**(301)**	**(35.5)**	**(466)**
Non-controlling interests	0	(68.1)	1
Net attributable profit	**(300)**	**(35.4)**	**(465)**

Balance sheet	30-06-15	∆%	30-06-14
Cash and balances with central banks	7	22.1	6
Financial assets	555	48.7	373
Loans and receivables	8,532	(12.1)	9,711
Loans and advances to customers	8,532	(12.1)	9,711
Loans and advances to credit institutions and other	-	-	-
Inter-area positions	-	-	-
Tangible assets	1,608	11.0	1,449
Other assets	7,217	(0.5)	7,256
Total assets/liabilities and equity	**17,919**	**(4.7)**	**18,795**
Deposits from central banks and credit institutions	-	-	-
Deposits from customers	174	153.6	69
Debt certificates	-	-	-
Subordinated liabilities	870	(0.7)	876
Inter-area positions	13,422	(6.4)	14,346
Financial liabilities held for trading	-	-	-
Other liabilities	0	n.m.	-
Economic capital allocated	3,453	(1.4)	3,504

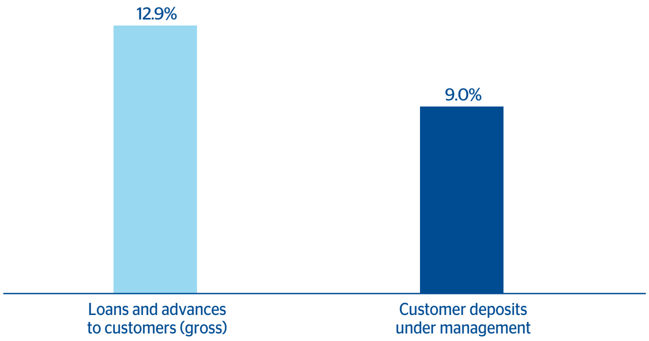
The United States

Highlights

- Activity continues the growing trend of previous periods.
- Positive performance of all revenue items.
- Incorporation of Spring Studio in April.
- Risk indicators continue at minimum levels.

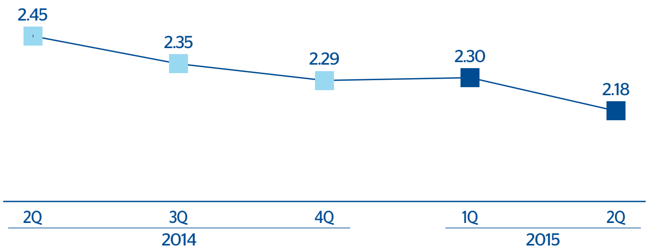
Business activity

(Year-on-year change at constant exchange rate. Data as of 30-06-2015)



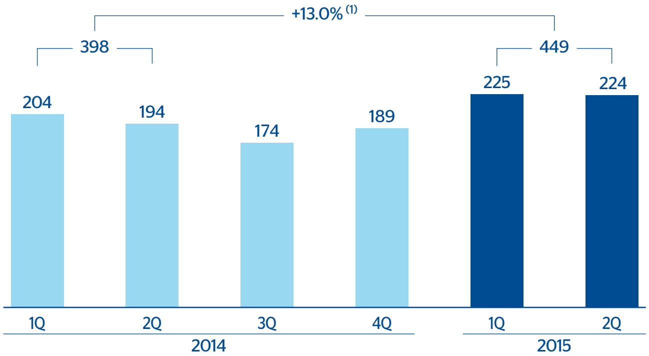
Net interest income/ATA

(Percentage. Constant exchange rate)



Operating income

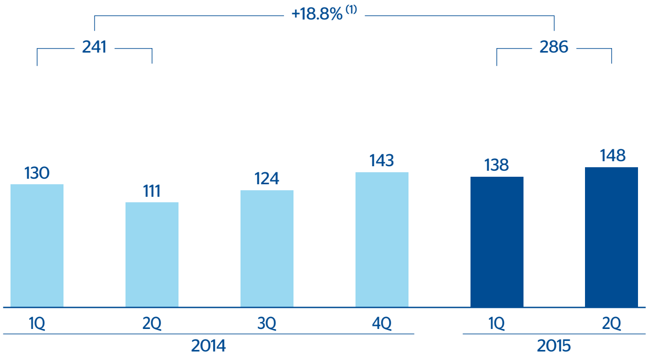
(Million euros at constant exchange rate)



(1) At current exchange rate: +38.7%.

Net attributable profit

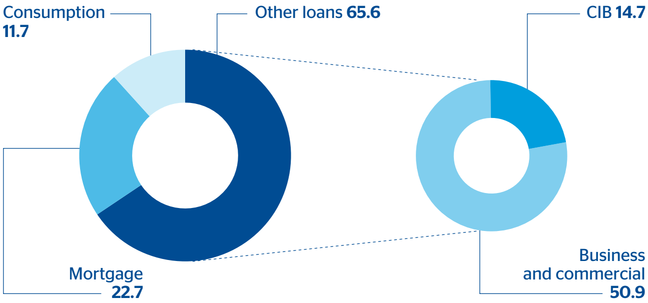
(Million euros at constant exchange rate)



(1) At current exchange rate: +45.9%.

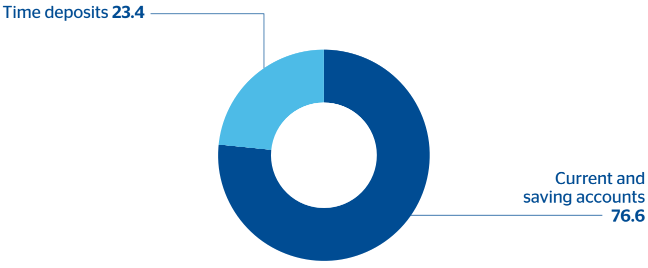
Breakdown of loans and advances to customers (gross)

(Percentage as of 30-06-2015)



Breakdown of customer deposits under management

(Percentage as of 30-06-2015)



Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	1H15	∆%	∆%[1]	1H14
Net interest income	**881**	**27.3**	**3.6**	**693**
Net fees and commissions	317	18.4	(3.6)	268
Net trading income	117	57.8	28.6	74
Other income/expenses	16	n.m.	n.m.	2
Gross income	**1,332**	**28.5**	**4.6**	**1,037**
Operating expenses	(883)	23.8	0.8	(713)
Personnel expenses	(508)	22.8	0.0	(414)
General and administrative expenses	(270)	27.2	3.6	(212)
Depreciation and amortization	(104)	20.3	(2.1)	(87)
Operating income	**449**	**38.7**	**13.0**	**324**
Impairment on financial assets (net)	(62)	50.3	22.3	(42)
Provisions (net) and other gains (losses)	3	n.m.	n.m.	(16)
Income before tax	**390**	**46.6**	**19.4**	**266**
Income tax	(104)	48.7	21.0	(70)
Net incomes	**286**	**45.9**	**18.8**	**196**
Non-controlling interests	0	50.0	22.1	0
Net attributable profit	**286**	**45.9**	**18.8**	**196**

Balance sheet	30-06-15	∆%	∆%[1]	30-06-14
Cash and balances with central banks	4,608	19.2	(2.4)	3,867
Financial assets	14,897	90.2	55.8	7,834
Loans and receivables	58,722	38.6	13.5	42,370
Loans and advances to customers	56,414	38.1	13.1	40,857
Loans and advances to credit institutions and other	2,308	52.6	25.0	1,512
Inter-area positions	100	n.m.	n.m.	9
Tangible assets	769	17.6	(3.6)	653
Other assets	1,713	(18.9)	(33.6)	2,112
Total assets/liabilities and equity	**80,809**	**42.2**	**16.5**	**56,845**
Deposits from central banks and credit institutions	7,806	63.9	34.3	4,761
Deposits from customers	57,569	30.8	7.1	44,024
Debt certificates	896	n.m.	n.m.	-
Subordinated liabilities	1,405	115.7	76.7	651
Inter-area positions	-	-	-	-
Financial liabilities held for trading	4,581	n.m.	n.m.	183
Other liabilities	5,624	16.3	(4.7)	4,834
Economic capital allocated	2,929	22.5	0.4	2,391

Relevant business indicators	30-06-15	31-03-15	30-06-14
Loans and advances to customers (gross)[1]	57,176	55,653	50,653
Customer deposits under management[1-2]	56,458	56,179	51,791
Mutual funds	-	-	-
Pension funds	-	-	-
Efficiency ratio (%)	66.3	65.9	68.8
NPL ratio (%)	0.9	0.9	0.9
NPL coverage ratio (%)	151	164	168
Cost of risk (%)	0.23	0.23	0.21

(1) Figures at constant exchange rate.
(2) Excludes repos.

Macro and industry trends

GDP contracted in the first quarter of 2015, although this is considered to be temporary due to the strength exhibited by the labor market and its effect on disposable income, as well as spending on private consumption. Against this backdrop, a start to the normalization of monetary policy by the Federal Reserve (Fed) is considered feasible, although the trend in interest rate increases will likely be steady given the lack of inflationary pressure and a somewhat uncertain global environment.

With regard to **exchange rates**, the U.S. dollar weakened against the euro in the second quarter, in contrast with the appreciation seen in the first few months of the year. However, the divergence between ECB monetary policies (extension of the debt purchase program) and the Fed (moving toward interest rate increases), the difference in growth between the United States and the Eurozone, and the instability arising from the management of the Greek crisis, will all continue to provide support for the U.S. dollar. All the rates of change below are expressed at a constant exchange rate, unless expressly stated otherwise.

The **banking sector** performance has been positive with respect to its main risk indicators, with the NPA ratio at historical lows compared to the last decade. In terms of activity, both lending and deposits continue to grow at positive rates.

Activity

Lending maintained its upward trend of prior periods, up 6.1% since the end of the year and 2.7% over the quarter. There has been significant growth in all of the portfolios, particularly developer (up 13.1% since December 2014, although starting from a lower base), commercial (up 7.8% since 31-Dec-2014) and consumer finance (up 7.5% over the same period).

Asset quality indicators remain at the minimum cyclical levels, with a NPA ratio (0.9%) that is relatively the same as at the close of March 2015 and a coverage ratio of 151%. The cumulative cost of risk over the first half of the year is at a very similar level to that in the first quarter of 2015.

Customer **deposits** under management maintained the strength of previous quarters, with year-over-year growth of 3.9%. Time deposits increased more (up 8.6%) during the quarter than current and savings accounts (up 2.5%).

Results

The area generated a **net attributable profit** over the quarter 7.2% higher than the first quarter of the year. Year to date this heading amounted to €286m, 18.8% up over the figure for the first half of 2014. The most relevant points are as follows:

- Positive quarterly and year-over-year growth in **net interest income** (up 0.8% and 3.6% respectively) due to strong balance sheet activity. Customer spreads have stabilized.
- **Net fees and commissions** maintained the same trend as in previous quarters.
- **NTI** is higher than in the same period last year as a result of capital gains from the sale of ALCO portfolios and the positive performance of the Global Markets unit over the half year.
- **Operating expenses** increased but significantly below the growth rate of gross income and despite the incorporation of Spring Studio in the quarter. This is a California based company focused on design specialized around consumer experience.
- Finally, **impairment losses on financial assets** increased year-over-year by 22.3% through the first six months of 2015 due in part to growth in activity, although the cost of risk remains at very low levels.

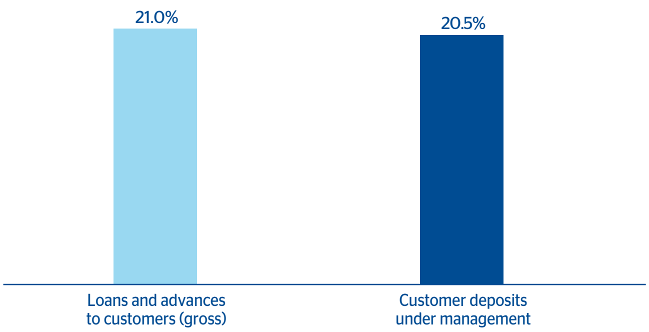
Turkey

Highlights

- Strong growth in lending continues.
- Good performance of customer funds and good management of the cost of funding.
- Outstanding net interest income.
- Stable asset quality indicators.

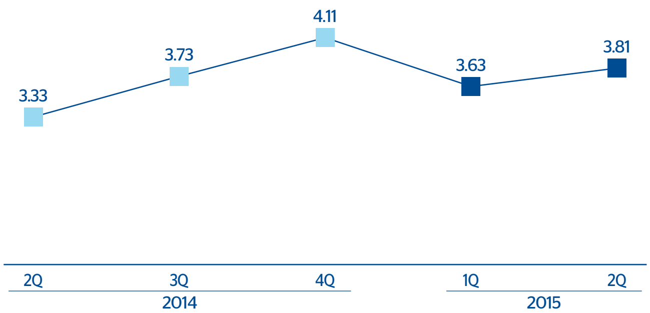
Business activity

(Year-on-year change at constant exchange rate. Data as of 30-06-2015)



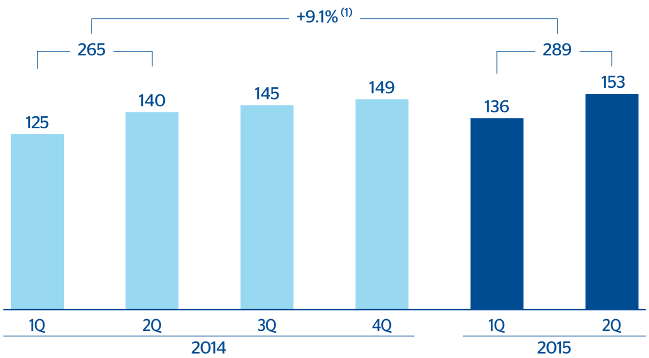
Net interest income/ATA

(Percentage. Constant exchange rate)



Operating income

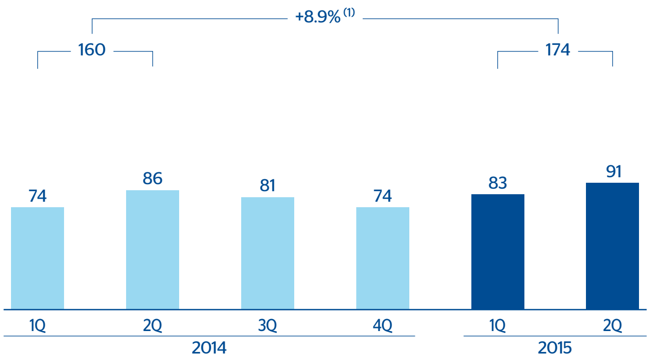
(Million euros at constant exchange rate)



(1) At current exchange rate: +13.2%.

Net attributable profit

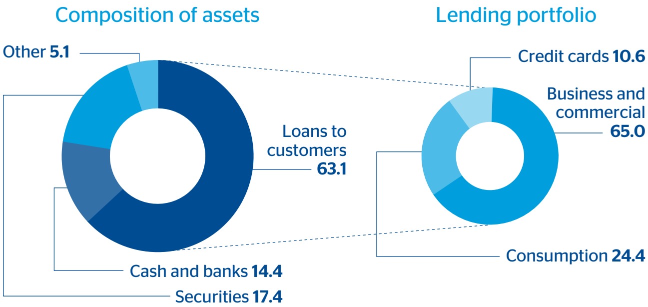
(Million euros at constant exchange rate)



(1) At current exchange rate: +12.9%.

Garanti. Composition of assets and lending portfolio [1]

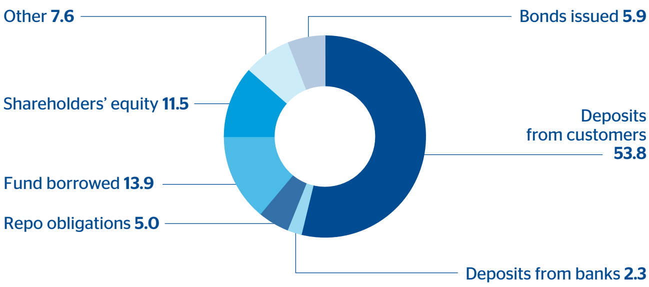
(Percentage as of 30-06-2015)



(1) Garanti Bank only.

Garanti. Composition of liabilities [1]

(Percentage as of 30-06-2015)



(1) Garanti Bank only.

Macro and industry trends

Turkey's real **GDP** registered year-on-year growth in the first quarter of 2015 that was better than expected by the market, thanks to strong private consumption, which has offset the greater weakness of exports in the quarter. The outlook for the year as a whole remains favorable, despite the high level of inflation, the depreciation accumulated by the Turkish lira, and political uncertainty, which together significantly limit the Central Bank's (CBRT) room for maneuver for carrying out further cuts in reference interest rates.

As regards the **banking sector**, lending growth picked up steam in the second quarter of the year, posting a year-on-year rise of 25% in May according to information from CBRT, supported by growth in the corporate segment. Customer fund gathering in the private sector has increased by 20% (also according to information from CBRT as of May). The NPA ratio in the sector remains stable at around 3%. Lastly, the sector has sound capitalization and profitability levels.

Activity

All the comments below on rates of change will be expressed at a constant exchange rate, unless expressly stated otherwise.

Gross lending to customers remains strong (up 11.4% over the year and 3.7% in the quarter), supported by the positive performance of the mortgage loan portfolio (up 14.1% since December and 7.3% in the quarter), consumer lending (up 5.7% since 31-Dec-2014 and 2.2% since March) and credit cards (up 7.3% since the end of 2014 and 6.1% in the quarter). In all three, Garanti maintains its leading position with gains in market share in the quarter, based on the figures for the system published by the regulator (BRSA). There has been a moderation in the quarterly increase in the so-called general purpose loans (unsecured personal loans) in Garanti and lower demand for foreign-currency loans as a result of exchange-rate volatility.

The main **asset quality** indicators remain stable. The NPA ratio increased by a mere 2 basis points since March 31 and the coverage ratio is up 0.9 percentage points, in both cases better than the average for the sector.

Customer **deposits** continue to grow, with an increase of 2.8% in the quarter and 12.2% over the year. In Garanti, there has been moderate growth in Turkish lira-denominated customer funds and a significant increase in foreign-currency deposits

Financial statements and relevant business indicators

(Million euros and percentage)

Income statement [1]	1H15	Δ%	Δ% [2]	1H14
Net interest income	**425**	**35.5**	**30.7**	**314**
Net fees and commissions	98	3.6	(0.1)	95
Net trading income	(22)	n.m.	n.m.	26
Other income/expenses	9	21.6	17.2	7
Gross income	**510**	**15.6**	**11.5**	**442**
Operating expenses	(221)	18.9	14.7	(186)
Personnel expenses	(112)	14.4	10.4	(97)
General and administrative expenses	(91)	27.1	22.6	(72)
Depreciation and amortization	(19)	9.6	5.7	(17)
Operating income	**289**	**13.2**	**9.1**	**255**
Impairment on financial assets (net)	(71)	40.6	35.6	(50)
Provisions (net) and other gains (losses)	1	n.m.	n.m.	(9)
Income before tax	**219**	**11.5**	**7.5**	**196**
Income tax	(44)	6.5	2.7	(41)
Net income	**174**	**12.9**	**8.9**	**155**
Non-controlling interests	-	-	-	-
Net attributable profit	**174**	**12.9**	**8.9**	**155**

Balance sheet [1]	30-06-15	Δ%	Δ% [2]	30-06-14
Cash and balances with central banks	2,317	5.0	8.6	2,206
Financial assets	4,298	4.3	7.8	4,122
Loans and receivables	15,037	14.8	18.7	13,096
Loans and advances to customers	13,796	16.7	20.6	11,824
Loans and advances to credit institutions and other	1,241	(2.5)	0.9	1,272
Tangible assets	183	1.0	4.4	181
Other assets	665	7.4	11.0	619
Total assets/liabilities and equity	**22,499**	**11.3**	**15.0**	**20,224**
Deposits from central banks and credit institutions	4,231	0.3	3.7	4,219
Deposits from customers	12,018	16.1	20.0	10,354
Debt certificates	1,258	10.4	14.2	1,139
Subordinated liabilities	23	(3.3)	(0.1)	24
Financial liabilities held for trading	242	101.6	108.4	120
Other liabilities	3,725	5.0	8.6	3,548
Economic capital allocated	1,002	22.1	26.3	821

Relevant business indicators	30-06-15	31-03-15	30-06-14
Loans and advances to customers (gross) [2]	14,355	13,845	11,868
Customer deposits under management [2-3]	11,644	11,323	9,667
Mutual funds	352	365	374
Pension funds	563	572	444
Efficiency ratio (%)	43.4	44.0	42.2
NPL ratio (%)	2.7	2.6	2.7
NPL coverage ratio (%)	119	118	112
Cost of risk (%)	1.00	0.94	0.85

(1) Financial statements with the revenues and expenses of the Garanti Group consolidated in proportion to the percentage of the Group's stake.
(2) Figures at constant exchange rate.
(3) Excluding repos.

(of lower cost than those in local currency), with the fund mix continuing to evolve toward a lower-cost structure.

Results

Turkey generated a net attributable **profit** of €174m in the first half of the year, up 8.9% year-on-year, supported by:

- Better performance of **net interest income** than in the previous quarter. This heading increased by 8.5% in the last three months and 30.7% in year-on-year terms on the cumulative figure for the first half of the year, thanks to strong activity. Customer spreads remain stable.
- **Fees and commissions** closely in line with the figure for the first half of 2014. The diversified revenue base from fees and commissions has mitigated the impact of the new regulation approved in October 2014, which limits the fees on consumer loans and credit cards. The quarter-on-quarter comparison is affected by one-off revenues posted in the previous quarter from the closing of several project finance deals.
- **NTI** in the semester was affected by the performance of the wholesale financial markets.
- **Operating expenses** have been negatively affected by the high level of inflation and higher reimbursements of fees and commissions to customers in the quarter.
- Lastly, **impairment losses on financial assets** increased in the first half of the year, in line with the year-on-year growth in lending activity.

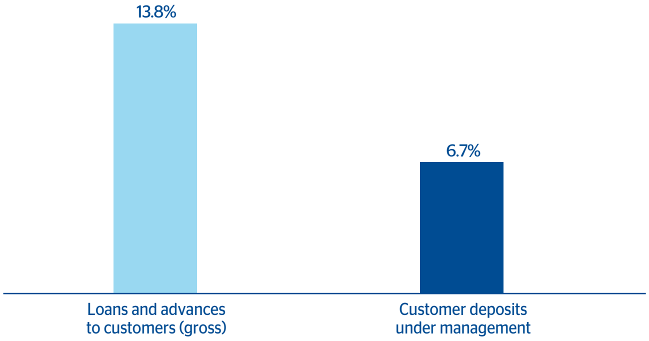
Mexico

Highlights

- Lending still growing at double-digit rates, in an environment of moderate economic growth.
- Increase in the portfolio biased toward wholesale segments.
- Sound and resilient earnings in the area.
- Good risk indicators that compare favorably with the banking system as a whole.

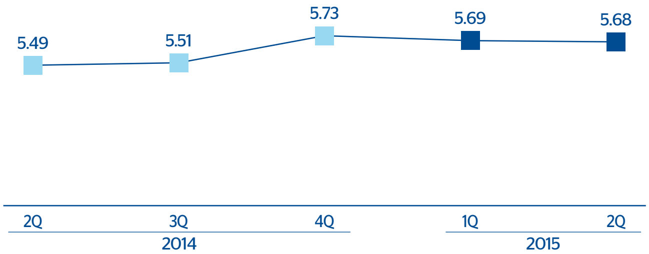
Business activity

(Year-on-year change at constant exchange rate. Data as of 30-06-2015)



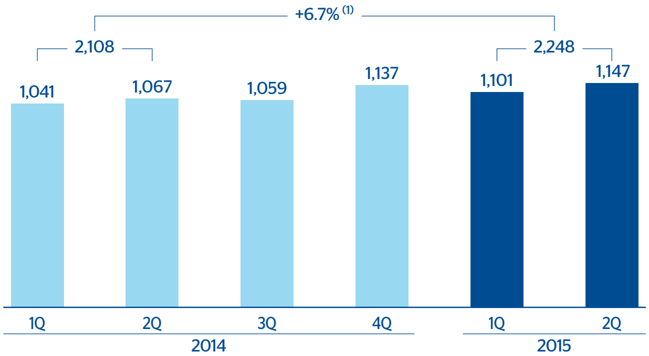
Net interest income/ATA

(Percentage. Constant exchange rate)



Operating income

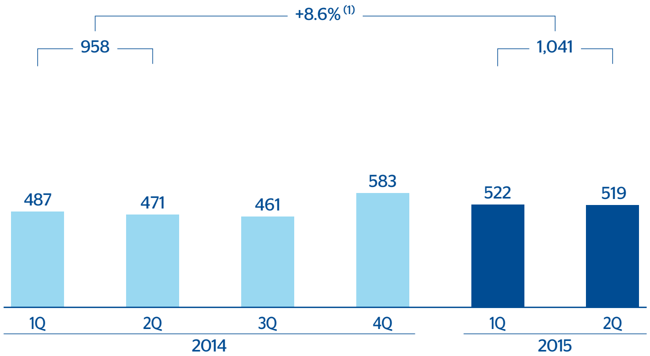
(Million euros at constant exchange rate)



(1) At current exchange rate: +13.6%.

Net attributable profit

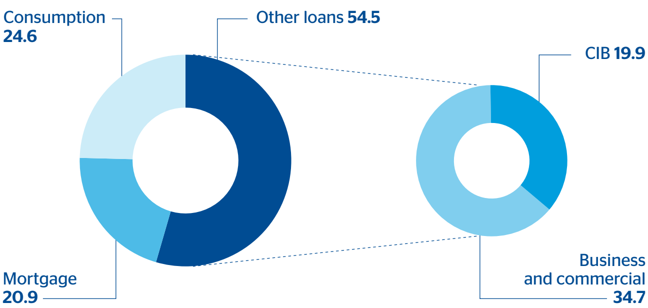
(Million euros at constant exchange rate)



(1) At current exchange rate: +15.7%.

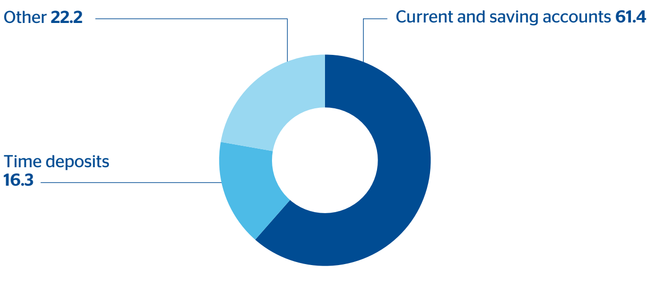
Breakdown of loans and advances to customers (gross)

(Percentage as of 30-06-2015)



Breakdown of customer deposits under management

(Percentage as of 30-06-2015)



Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	1H15	Δ%	Δ% [2]	1H14
Net interest income	**2,734**	**16.1**	**9.1**	**2,354**
Net fees and commissions	605	8.0	1.4	560
Net trading income	109	1.4	(4.8)	108
Other income/expenses	110	(2.2)	(8.2)	112
Gross income	**3,558**	**13.5**	**6.6**	**3,134**
Operating expenses	(1,309)	13.4	6.5	(1,155)
Personnel expenses	(580)	16.4	9.4	(498)
General and administrative expenses	(621)	9.2	2.6	(568)
Depreciation and amortization	(108)	23.1	15.6	(88)
Operating income	**2,248**	**13.6**	**6.7**	**1,980**
Impairment on financial assets (net)	(852)	13.5	6.6	(750)
Provisions (net) and other gains (losses)	(16)	(60.3)	(62.7)	(42)
Income before tax	**1,380**	**16.2**	**9.2**	**1,188**
Income tax	(339)	18.0	10.8	(287)
Net income	**1,042**	**15.7**	**8.6**	**901**
Non-controlling interests	0	15.5	8.5	0
Net attributable profit	**1,041**	**15.7**	**8.6**	**900**

Balance sheet	30-06-15	Δ%	Δ% [1]	30-06-14
Cash and balances with central banks	5,326	19.9	18.7	4,442
Financial assets	35,356	1.4	0.4	34,870
Loans and receivables	50,340	14.6	13.4	43,942
Loans and advances to customers	48,006	15.7	14.5	41,504
Loans and advances to credit institutions and other	2,334	(4.3)	(5.2)	2,438
Tangible assets	1,899	34.6	33.2	1,411
Other assets	3,935	3.2	2.1	3,813
Total assets/liabilities and equity	**96,855**	**9.5**	**8.4**	**88,479**
Deposits from central banks and credit institutions	8,851	2.7	1.7	8,617
Deposits from customers	50,497	9.7	8.6	46,030
Debt certificates	5,448	25.4	24.1	4,345
Subordinated liabilities	4,466	18.4	17.2	3,770
Financial liabilities held for trading	7,252	(0.5)	(1.5)	7,291
Other liabilities	15,092	10.7	9.6	13,627
Economic capital allocated	5,250	9.5	8.3	4,797

Relevant business indicators	30-06-15	31-03-15	30-06-14
Loans and advances to customers (gross) [1]	49,627	48,690	43,598
Customer deposits under management [1-2]	47,326	47,325	44,357
Mutual funds	20,260	20,797	18,362
Pension funds	-	-	-
Efficiency ratio (%)	36.8	36.9	36.8
NPL ratio (%)	2.8	2.8	3.4
NPL coverage ratio (%)	116	116	113
Cost of risk (%)	3.43	3.44	3.61

(1) Figures at constant exchange rate.
(2) Including all the repos.

Macro and industry trends

The **Mexican economy** continues to grow steadily, sustained by the positive export sector, in an environment of inflation levels below 3%. The process of rises in reference interest rates will be linked to the Fed's monetary normalization cycle, although it is expected to be slow.

As regards the **exchange rate**, the Mexican peso lost against the dollar and the euro in the quarter, in response to doubts about the impact of the stabilization of the oil price at low levels and the uncertainty about the effects of the Fed's monetary policy on capital flows into the country. All the comments below on rates of change will be expressed at constant exchange rates, unless expressly stated otherwise.

Trends in the country's **financial system** remain similar to the previous quarter: double-digit growth in the loan portfolio (information as of May 2015 from the National Banking and Securities Commission, CNBV), a high solvency level and improvement in the past-due portfolio ratio (NPA ratio under local criteria) to around 3%.

Activity

Lending continues to grow year-on-year at double-digit rates (13.8%). Year to date it grows 4.1%

The **wholesale portfolio** has grown the most (up 20.8% year-on-year and up 3.9% since December) thanks to the positive progress in commercial and public sector loans (both segments show increases of more than 20% year-on-year and above 5% against the figure for December 2014). Finance for housing developers is beginning to grow, closing the first half of the year with an increase of 7.8% since the closing of 2014. As a result, BBVA in Mexico has managed to increase its market share in the commercial portfolio by more than 100 basis points in the first half of the year, according to the latest public information on local banks from the CNBV as at the close of May 2015.

The **retail portfolio** has also grown (+7.5% year-on-year and +3.4% since 31-Dec-2014). The biggest rises have been in SMEs, which have grown 10.5% in the semester. Payroll and personal loans have performed well (up 11.2% in the semester), strongly supported by the strategy of pre-approved loans for the customer base. As a result, BBVA in Mexico has gained 81 basis points in market share since the end of 2014 in the two portfolios. Lastly, origination of new mortgage loans has performed outstandingly (up 19.4% year-on-year, with public information as of the closing of May 2015 from the CNBV).

In terms of **credit quality**, the NPA and coverage ratios remained stable over the quarter. It is worth noting that, taking into account local data, the BBVA subsidiary in Mexico has posted better indicators than the average of its main competitors, according to the latest information available from the CNBV.

Total customer **funds** have also performed well (up 7.5% year-on-year and up 5.2% since 31-Dec-2014). The best performers in customer funds are bank deposits, which have grown 6.7% in the semester thanks to the favorable performance of current and savings accounts (up 1.8%), and above all time deposits (up 18.1%). Lastly, assets under management by investment companies have grown 6.4% since the end of 2014.

Results

BBVA in Mexico has shown great resilience in its earnings in 2015, with an improvement in the **net attributable profit** of 8.6% with respect to the figure for the same period of the previous year. This has all happened in an environment of moderate economic growth in the country.

Net interest income performed better than in the previous quarter. Its moderate progress in comparison with that of activity is mainly due to an increase in the portfolio that is biased toward wholesale segments (with lower yields, but also with a better risk profile) and more limited revenue derived from the Global Markets unit.

Net fees and commissions are slightly higher than in the same period in 2014, boosted by a rise in related transactions, above all credit cards, as well as cash management products geared toward the commercial segment.

There was a slight fall in **NTI**, compared with a very high figure obtained in the same period in 2014.

The decline in **other income/expenses** is due to the larger contribution in comparison with the same period of 2014 to the local deposit guarantee fund, the IPAB, linked to the increased volume of liabilities. However, under this heading there has been growth in the earnings generated by the insurance business as a result of its improved performance. Over the quarter this unit has launched a new product called Wibe, the first online digital channel for buying car insurance in Mexico.

Year-on-year growth in **operating expenses**, due to the investment plans being executed in Mexico since 2013, has remained in check. Overall, the increase in both revenue and costs has kept the efficiency ratio at a very similar level to the same period the previous year and the first quarter of 2015.

Lastly, **impairment losses on financial assets** have increased slightly less than the loan portfolio, due partly to the change in the loan portfolio mix (with an increase in the weight of wholesale customers, with a better risk profile), and a favorable performance of corporate clients, developers and the portfolio of residential real-estate mortgages. This puts the cumulative cost of risk as of June 2015 at very similar levels to those of the previous quarter and far below the figure for the first half of 2014.

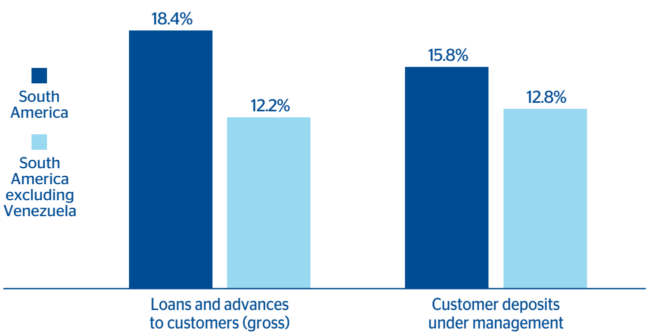
South America

Highlights

- Strength in activity.
- Favorable performance of more recurring revenue.
- Costs conditioned by investment plans and high inflation in Argentina.
- Risk indicators are stable.

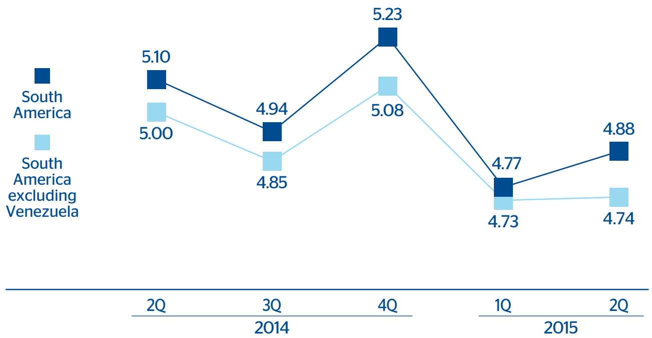
Business activity

(Year-on-year change at constant exchange rates. Data as of 30-06-2015)



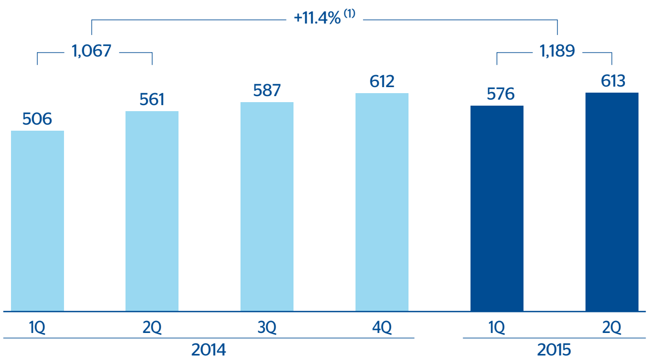
Net interest income/ATA

(Percentage. Constant exchange rates)



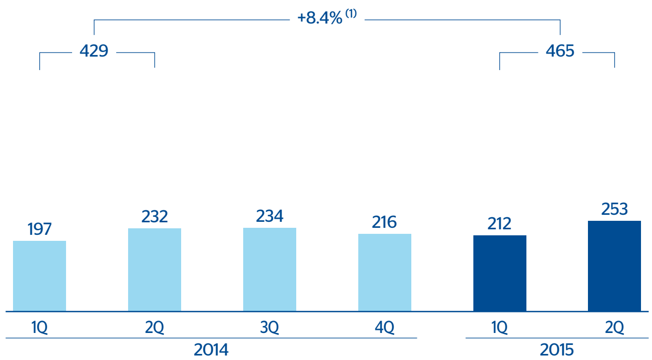
South America excluding Venezuela. Operating income

(Million euros at constant exchange rates)



(1) At current exchange rates: +18.6%.

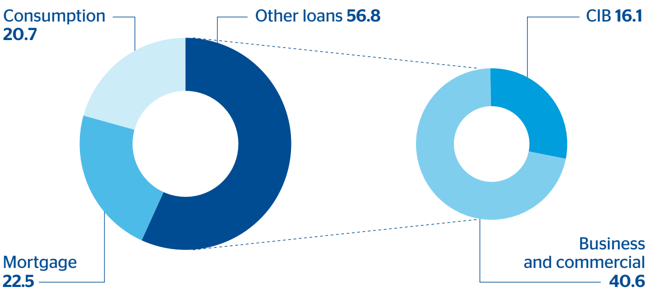
South America excluding Venezuela. Net attributable profit (Million euros at constant exchange rates)



(1) At current exchange rates: +14.4%.

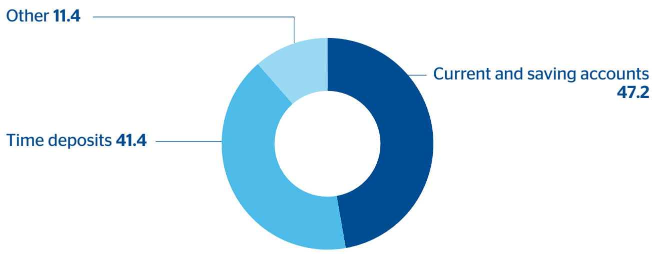
South America excluding Venezuela. Breakdown of loans and advances to customers (gross)

(Percentage as of 30-06-2015)



South America excluding Venezuela. Breakdown of customer deposits under management

(Percentage as of 30-06-2015)



Macro and industry trends

South America is having to deal with a less favorable international **environment** than in recent years, above all due to falls in commodity prices and the slowdown in China. A gradual recovery in the rate of growth is expected in 2015, but with different rates in each country. The recent increase in inflation generated from the depreciation of currencies and idiosyncratic factors, such as increases in taxes or administered prices in some countries, suggest reference interest rates should remain stable in most of the region.

The **financial systems** in the region remain sound in general, with good levels of capitalization and profitability and NPA ratios in check. In activity there has been a positive trend in lending and deposits, although the rates of growth are more moderate than in previous years.

Activity

All the rates of change given below refer to constant exchange rages, and do not include earnings and activity in Venezuela, unless expressly stated otherwise.

Gross lending to customers has remained strong since the start of the year, with growth since the end of December of 5.8%, thanks to the good performance of all the countries in the region, particularly Argentina, Colombia and Peru.

By **segment**, the individual business has performed well, boosted by growth in credit cards (14.0% since 31-Dec-2014), the mortgage portfolio (4.7% over the year) and consumer finance (4.4% in the semester). There was also a good performance in commercial lending (up 6.0% in the same timeframe).

Asset quality over the quarter showed stability of the NPA ratio and slight improvement of the coverage ratio.

Total customer **funds** (both on and off-balance-sheet) have grown at a rate of 6.6% so far this year (up 6.2% for customer deposits under management), with current and savings accounts performing best (up 7.9%). There was also an outstanding 10.2% increase in mutual funds in the first six months of the year. By country, the best performance of total customer funds in the first six months of 2015 has been in Argentina (up 19.5%) and Peru (up 12.0%).

Financial statements and relevant business indicators

(Million euros and percentage)

	South America	South America excluding Venezuela			
Income statement	**1H15**	**1H15**	**Δ%**	**Δ% (1)**	**1H14**
Net interest income	**1,652**	**1,558**	**18.0**	**11.3**	**1,320**
Net fees and commissions	360	346	20.5	11.4	287
Net trading income	306	217	31.7	22.3	164
Other income/expenses	(22)	48	12.8	6.2	43
Gross income	**2,297**	**2,169**	**19.5**	**12.2**	**1,814**
Operating expenses	(1,014)	(981)	20.7	13.2	(812)
Personnel expenses	(527)	(514)	21.0	13.1	(425)
General and administrative expenses	(434)	(417)	21.6	14.3	(343)
Depreciation and amortization	(53)	(49)	10.9	4.9	(44)
Operating income	**1,283**	**1,189**	**18.6**	**11.4**	**1,002**
Impairment on financial assets (net)	(310)	(300)	28.0	21.0	(234)
Provisions (net) and other gains (losses)	(45)	(15)	(19.3)	(27.4)	(18)
Income before tax	**927**	**874**	**16.6**	**9.4**	**749**
Income tax	(272)	(235)	23.3	16.2	(190)
Net income	**655**	**639**	**14.3**	**7.2**	**559**
Non-controlling interests	(181)	(174)	14.2	4.0	(152)
Net attributable profit	**474**	**465**	**14.4**	**8.4**	**407**

Balance sheet	**30-06-15**	**30-06-15**	**Δ%**	**Δ% (1)**	**30-06-14**
Cash and balances with central banks	9,722	9,282	50.7	45.3	6,160
Financial assets	9,736	9,472	27.6	27.9	7,422
Loans and receivables	49,513	47,826	16.1	14.0	41,203
Loans and advances to customers	45,018	43,856	14.1	12.3	38,450
Loans and advances to credit institutions and other	4,495	3,969	44.2	36.8	2,753
Tangible assets	767	731	21.0	16.6	604
Other assets	1,701	1,628	22.8	19.5	1,325
Total assets/liabilities and equity	**71,441**	**68,939**	**21.6**	**19.4**	**56,714**
Deposits from central banks and credit institutions	6,407	6,399	50.4	43.4	4,255
Deposits from customers	43,338	41,320	13.1	12.0	36,545
Debt certificates	5,119	5,119	20.0	13.8	4,266
Subordinated liabilities	2,056	2,056	62.9	60.1	1,262
Financial liabilities held for trading	3,445	3,445	150.3	139.4	1,376
Other liabilities	8,482	8,120	21.1	17.3	6,704
Economic capital allocated	2,594	2,479	7.5	9.4	2,305

	South America	South America excluding Venezuela		
Relevant business indicators	**30-06-15**	**30-06-15**	**31-03-15**	**30-06-14**
Loans and advances to customers (gross) (1)	46,403	45,207	43,573	40,291
Customer deposits under management (1-2)	43,284	41,288	39,886	36,608
Mutual funds	4,328	4,327	4,399	3,161
Pension funds	5,381	5,381	5,411	3,828
Efficiency ratio (%)	44.2	45.2	45.9	44.8
NPL ratio (%)	2.3	2.3	2.3	2.1
NPL coverage ratio (%)	122	120	119	134
Cost of risk (%)	1.23	1.34	1.21	1.23

(1) Figures at constant exchange rates.
(2) Excluding repos and including specific marketable debt securities.

Results

South America posted a **net attributable profit** in the first half of the 2015 of €465m (€474m including Venezuela), equivalent to a year-on-year growth of 8.4%. Highlights for the half-year:

- Positive performance of **net interest income**, which has grown year-on-year by 11.3% thanks to the strength of activity and maintenance of spreads.
- Good rise in **net fees and commissions** (up 11.4%).
- **NTI** is 22.3% higher than in the same period in 2014, due to the significant effect of the depreciation of the currencies against the U.S. dollar.
- The trend in **operating expenses** is strongly influenced by the investments made over recent years and the high inflation in Argentina. Even so, the efficiency ratio has improved compared with the first quarter of 2015 and is at similar levels to the first six months of 2014.
- The rate of growth of **impairment losses on financial assets** is higher than the year-on-year increases in activity, partly due to a less favorable environment than in previous periods.
- By country, **Argentina** has grown significantly in all the income lines thanks to the strength of activity and maintenance of spreads. In **Colombia** earnings have been boosted by the good performance of gross income and by cost control. **Peru** has maintained strong gross income, supported by recurring revenue and NTI, as reflected in the net attributable profit. **Chile** has recorded in the first halft of the year the negative impact on tax due to the increased tax rate under the reform that came into force in January.

South America. Relevant business indicators per country

(Million euros)

	Argentina		Chile		Colombia		Peru		Venezuela	
	30-06-15	30-06-14	30-06-15	30-06-14	30-06-15	30-06-14	30-06-15	30-06-14	30-06-15	30-06-14
Loans and advances to customers (gross) (1)	4,741	3,699	12,871	12,387	11,505	10,037	13,149	11,836	1,196	522
Customer deposits under management (1-2)	5,794	4,618	8,533	8,279	11,401	10,616	11,729	9,922	1,996	896
Mutual funds	942	317	1,376	1,087	708	670	1,301	1,087	1	10
Efficiency ratio (%)	51.5	51.2	48.0	46.1	39.3	41.0	35.4	35.8	26.3	42.6
NPL ratio (%)	0.8	0.9	2.5	2.4	2.4	2.0	2.6	2.3	1.1	2.1
NPL coverage ratio (%)	401	373	67	82	133	152	128	146	279	160
Cost of risk (%)	1.66	1.43	1.09	0.97	1.50	1.48	1.46	1.39	0.35	1.92

(1) Figures at constant exchange rates.
(2) Excluding repos and including specific marketable debt securities.

South America. Data per country

(Million euros)

	Operating income				Net attributable profit			
Country	1H15	Δ%	Δ% at constant exchange rates	1H14	1H15	Δ%	Δ% at constant exchange rates	1H14
Argentina	303	39.6	28.0	217	124	32.4	21.4	93
Chile	186	7.6	(1.6)	173	74	(4.4)	(12.5)	78
Colombia	296	9.4	12.8	270	159	21.4	25.1	131
Peru	367	20.3	8.4	305	92	19.2	7.4	77
Venezuela	94	(70.1)	n.m.	315	9	(87.6)	87.3	74
Other countries (1)	38	0.5	(8.2)	37	16	(41.1)	(45.6)	27
Total	**1,283**	**(2.6)**	**17.9**	**1,317**	**474**	**(1.3)**	**9.3**	**481**

(1) Paraguay, Uruguay and Bolivia. Additionally, it includes eliminations and other charges.

Rest of Eurasia

Highlights

- Lending activity conditioned by the maturity of wholesale operations.
- Year-on-year comparison affected by the dividend received from CNCB in 2014.

Macro and industry trends

Economic activity in the **euro zone** in the quarter has been marked by the ECB's asset purchase program and its impact on the currency's depreciation (although over the quarter the euro appreciated against the U.S. dollar) and the reduction in funding costs as a result of the current environment of all-time low interest rates. The incipient recovery in the demand for new bank lending is reflected in a gradual improvement of household spending, which will contribute to GDP growth in 2015.

In **China** economic activity continues to slow, although demand, tax and, particularly, monetary policies have room to achieve GDP growth of 7%, the level set as a target by the country's authorities for 2015.

Activity

Decline in **gross lending to customers** in the area as a result of the maturity of relevant operations in the quarter for some of CIB's wholesale customers.

Asset quality indicators have once again performed very well, both in the quarter and over the last 12 months.

Customer **deposits** under management have increased significantly, 51.0% in year-on-year terms (up 5.9% in the semester), influenced by the good performance of deposits in the wholesale segment in Europe.

Results

Generation of a cumulative **net attributable profit** of €43m, which is lower than the amount for the first half of 2014. This decline has been strongly influenced by the CNCB dividend collected in the same period in 2014. Moreover, the high volume of liquidity in the euro zone

Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	1H15	∆%	1H14
Net interest income	**85**	**(10.3)**	**95**
Net fees and commissions	90	(6.2)	96
Net trading income	89	(5.7)	95
Other income/expenses	0	(99.9)	177
Gross income	**265**	**(42.7)**	**463**
Operating expenses	(176)	6.8	(165)
Personnel expenses	(100)	10.0	(91)
General and administrative expenses	(68)	0.5	(68)
Depreciation and amortization	(7)	33.9	(5)
Operating income	**89**	**(70.1)**	**298**
Impairment on financial assets (net)	(28)	(33.7)	(42)
Provisions (net) and other gains (losses)	5	n.m.	(4)
Income before tax	**66**	**(73.7)**	**253**
Income tax	(23)	(47.7)	(44)
Net income	**43**	**(79.3)**	**208**
Non-controlling interests	-	-	-
Net attributable profit	**43**	**(79.3)**	**208**

Balance sheet	30-06-15	∆%	30-06-14
Cash and balances with central banks	277	45.2	191
Financial assets	3,134	(28.4)	4,376
Loans and receivables	15,890	(7.7)	17,214
Loans and advances to customers	15,070	(3.6)	15,626
Loans and advances to credit institutions and other	820	(48.4)	1,589
Inter-area positions	-	-	-
Tangible assets	51	(35.5)	79
Other assets	600	104.7	293
Total assets/liabilities and equity	**19,952**	**(9.9)**	**22,153**
Deposits from central banks and credit institutions	5,652	6.7	5,295
Deposits from customers	11,809	52.7	7,735
Debt certificates	0	(4.7)	-
Subordinated liabilities	325	(38.5)	529
Inter-area positions	444	(92.7)	6,123
Financial liabilities held for trading	97	(52.2)	202
Other liabilities	324	110.1	154
Economic capital allocated	1,301	(38.5)	2,115

Financial statements and relevant business indicators

(Million euros and percentage)

Relevant business indicators	30-06-15	31-03-15	30-06-14
Loans and advances to customers (gross)	15,742	16,868	16,364
Customer deposits under management (1)	11,707	12,858	7,631
Mutual funds	1,185	1,236	1,139
Pension funds	338	365	307
Efficiency ratio (%)	66.4	54.8	35.6
NPL ratio (%)	3.4	3.4	4.0
NPL coverage ratio (%)	86	82	79
Cost of risk (%)	0.34	0.55	0.46

(1) Excluding repos.

following the ECB's actions has resulted in a narrowing of the spreads for new lending transactions, particularly in the wholesale business, with the consequent negative effect on net interest income and also on income from fees and commissions.

Corporate Center

The Corporate Center posted a positive **result** in the first half of 2015 of €230m, which compares with the loss recorded in the same period the previous year (-€755m). These figures are heavily conditioned by:

- The improved trend in **net interest income** basically due to lower costs of wholesale finance.
- Excellent performance of **NTI**, basically due to the posting of certain capital gains from the Holdings in Industrial and Financial Companies unit.
- Receipt of the Telefónica **dividend** in the quarter.
- The **earnings from corporate operations** heading includes the capital gains of €705m net of taxes from various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB and €22m for the badwill generated in the Cx deal.

Financial statements

(Million euros)

Income statement	1H15	Δ%	1H14
Net interest income	**(225)**	**(30.7)**	**(325)**
Net fees and commissions	(65)	13.2	(57)
Net trading income	148	n.m.	(15)
Other income/expenses	80	28.7	62
Gross income	**(63)**	**(81.3)**	**(335)**
Operating expenses	(542)	4.9	(517)
Personnel expenses	(265)	20.7	(220)
General and administrative expenses	(46)	(30.8)	(66)
Depreciation and amortization	(231)	0.0	(231)
Operating income	**(605)**	**(29.0)**	**(852)**
Impairment on financial assets (net)	5	n.m.	(1)
Provisions (net) and other gains (losses)	(53)	(48.8)	(103)
Income before tax	**(652)**	**(31.8)**	**(957)**
Income tax	172	(15.9)	205
Net income from ongoing operations	**(480)**	**(36.1)**	**(752)**
Results from corporate operations [(1)]	727	n.m.	-
Net income	**247**	**n.m.**	**(752)**
Non-controlling interests	(17)	n.m.	(3)
Net attributable profit	**230**	**n.m.**	**(755)**
Net attributable profit (excluding results from corporate operations)	**(497)**	**(34.1)**	**(755)**

(1) 2015 includes the capitral gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB and the badwill from Cx operation.

Balance sheet	30-06-15	Δ%	30-06-14
Cash and balances with central banks	13	(35.5)	20
Financial assets	3,491	1.1	3,453
Loans and receivables	90	150.9	36
Loans and advances to customers	90	150.9	36
Loans and advances to credit institutions and other	-	-	-
Inter-area positions	-	-	-
Tangible assets	2,775	32.3	2,097
Other assets	22,645	35.4	16,721
Total assets/liabilities and equity	**29,014**	**30.0**	**22,327**
Deposits from central banks and credit institutions	0	n.m.	0
Deposits from customers	0	25.0	0
Debt certificates	5,900	27.8	4,619
Subordinated liabilities	4,780	6.1	4,504
Inter-area positions	(12,505)	(10.3)	(13,939)
Financial liabilities held for trading	-	-	-
Other liabilities	6,499	11.2	5,846
Shareholders' funds	49,567	7.2	46,226
Economic capital allocated	(25,228)	1.2	(24,930)

Annex

Interest rates

(Quarterly averages)

	2015		2014			
	2Q	1Q	4Q	3Q	2Q	1Q
Official ECB rate	0.05	0.05	0.05	0.12	0.22	0.25
Euribor 3 months	(0.01)	0.05	0.08	0.16	0.30	0.30
Euribor 1 year	0.17	0.25	0.33	0.44	0.57	0.56
USA Federal rates	0.25	0.25	0.25	0.25	0.25	0.25
TIIE (Mexico)	3.30	3.30	3.29	3.29	3.67	3.79
CBRT (Turkey)	8.26	7.99	8.40	8.40	9.79	9.22

Exchange rates

(Expressed in currency/euro)

	Year-end exchange rates				Average exchange rates	
	30-06-15	Δ% on 30-06-14	Δ% on 31-03-15	Δ% on 31-12-14	1H15	Δ% on 1H14
Mexican peso	17.5331	1.0	(5.8)	1.9	16.8845	6.5
U.S. dollar	1.1189	22.1	(3.8)	8.5	1.1155	22.9
Argentinean peso	10.1617	9.3	(6.7)	2.2	9.8345	9.0
Chilean peso	710.23	5.9	(5.1)	3.8	693.00	9.3
Colombian peso	2,890.17	(11.1)	(4.2)	0.6	2,770.08	(3.0)
Peruvian new sol	3.5527	7.3	(6.2)	1.7	3.4576	11.0
Venezuelan bolivar fuerte	220.7506	(93.4)	(6.0)	(93.4)	220.7506	(93.4)
Turkish lira	2.9953	(3.3)	(6.1)	(5.5)	2.8623	3.7

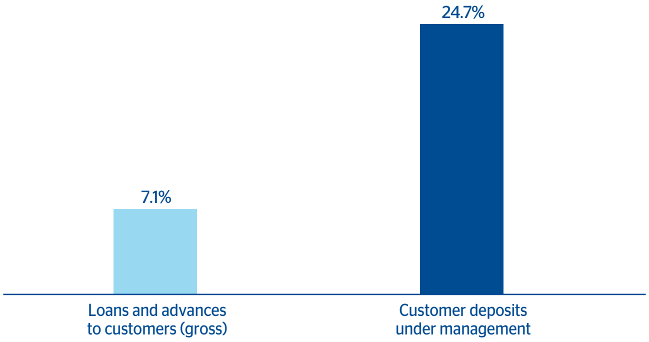
Other information: Corporate & Investment Banking

Highlights

- Growth of the loan book in most geographical areas.
- Good performance of new deposits.
- Favorable performance of revenue from the GTB, Corporate Finance and Global Markets units.

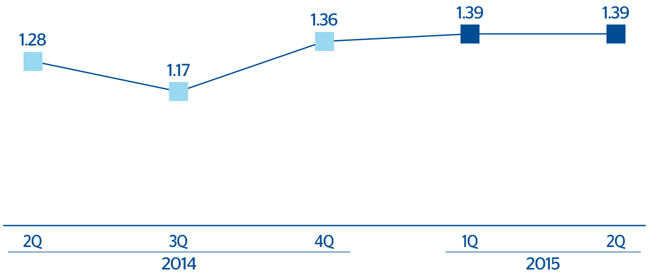
Business activity

(Year-on-year change at constant exchange rates. Data as of 30-06-2015)



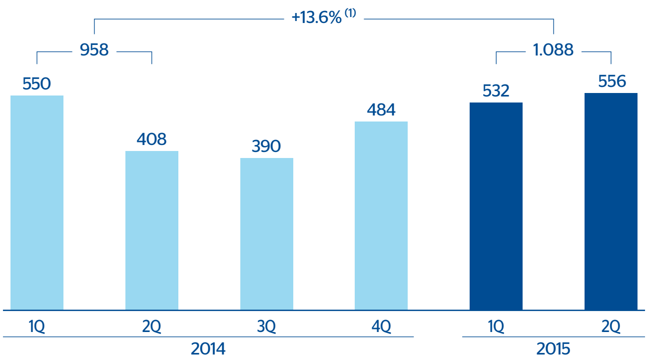
Gross income/ATA

(Percentage. Constant exchange rates)



Operating income

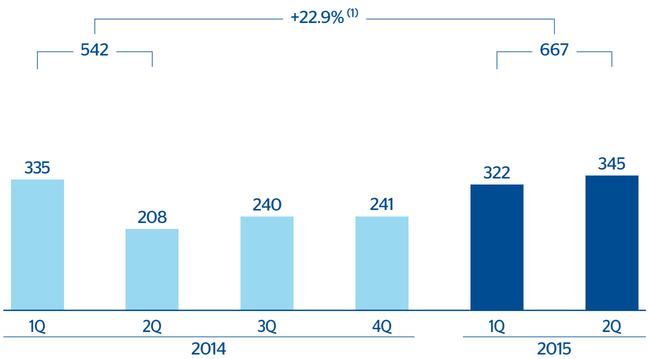
(Million euros at constant exchange rates)



(1) At current exchange rates: +9.4%.

Net attributable profit

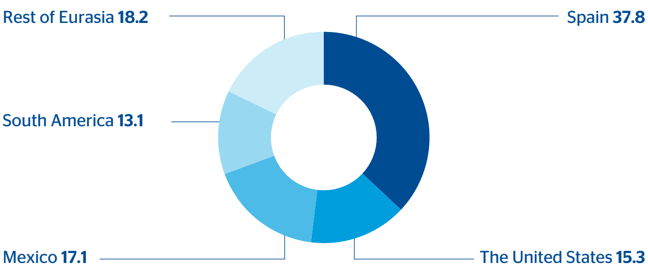
(Million euros at constant exchange rates)



(1) At current exchange rates: +20.8%.

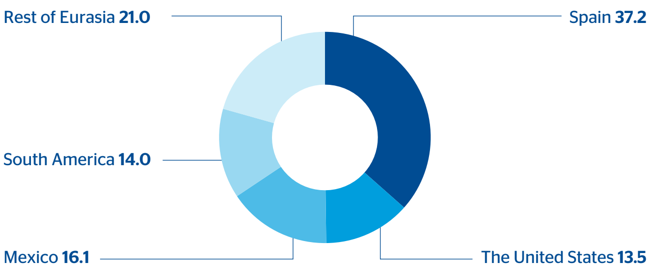
Breakdown of loans and advances to customers (gross)

(Percentage as of 30-06-2015)



Breakdown of customer deposits under management

(Percentage as of 30-06-2015)



Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	1H15	Δ%	Δ% (1)	1H14
Net interest income	**703**	**(6.4)**	**0.7**	**751**
Net fees and commissions	363	(2.5)	(6.1)	372
Net trading income	447	64.2	69.2	272
Other income/expenses	66	36.3	(4.1)	49
Gross income	**1,579**	**9.3**	**11.4**	**1,444**
Operating expenses	(491)	9.3	6.6	(449)
Personnel expenses	(252)	6.6	2.1	(236)
General and administrative expenses	(227)	11.7	11.8	(204)
Depreciation and amortization	(11)	22.9	13.3	(9)
Operating income	**1,088**	**9.4**	**13.6**	**995**
Impairment on financial assets (net)	(46)	(60.3)	(59.8)	(117)
Provisions (net) and other gains (losses)	7	n.m.	n.m.	(8)
Income before tax	**1,049**	**20.7**	**25.2**	**870**
Income tax	(309)	25.4	24.8	(246)
Net income	**740**	**18.8**	**25.3**	**623**
Non-controlling interests	(74)	3.2	52.6	(71)
Net attributable profit	**667**	**20.8**	**22.9**	**552**

Balance sheet	30-06-15	Δ%	Δ% (1)	30-06-14
Cash and balances with central banks	2,681	(33.2)	(25.3)	4,015
Financial assets	93,237	5.0	4.7	88,782
Loans and receivables	81,741	12.8	10.4	72,482
Loans and advances to customers	55,455	10.2	7.4	50,336
Loans and advances to credit institutions and other	26,285	18.7	17.3	22,146
Inter-area positions	-	-	-	-
Tangible assets	51	112.5	97.9	24
Other assets	3,045	(28.8)	(29.4)	4,277
Total assets/liabilities and equity	**180,756**	**6.6**	**5.7**	**169,581**
Deposits from central banks and credit institutions	55,402	(2.1)	(2.5)	56,592
Deposits from customers	51,364	12.8	19.1	45,519
Debt certificates	1,588	n.m.	n.m.	(70)
Subordinated liabilities	1,663	32.1	30.9	1,259
Inter-area positions	5,264	(7.3)	(42.4)	5,680
Financial liabilities held for trading	56,572	8.7	8.5	52,035
Other liabilities	4,745	6.6	6.7	4,451
Economic capital allocated	4,159	1.1	0.4	4,115

Relevant business indicators	30-06-15	31-03-15	30-06-14
Loans and advances to customers (gross) (1)	56,405	57,088	52,690
Customer deposits under management (1-2)	37,092	39,104	29,750
Mutual funds	1,332	1,314	766
Pension funds	-	-	-
Efficiency ratio (%)	31.1	31.3	31.1
NPL ratio (%)	0.9	0.9	1.5
NPL coverage ratio (%)	133	119	83
Cost of risk (%)	0.39	0.17	0.47

(1) Figures at constant exchange rates.
(2) Including area's repos in Mexico.

Macro and industry trends

The most important macroeconomic and industry trends affecting the Group's wholesale business in the **first semester of 2015** have been:

- Increased volatility in the financial markets, above all the stock markets, due to the Greek crisis, uncertainty about the Fed's interest rate rises and the economic slowdown in China.
- More investor activity, boosted by a series of significant events (including the ECB's bond purchase program, the end to the fixed exchange rate between the euro and the Swiss franc, appreciation of the dollar and uncertainty regarding Greece).

Activity

All the comments below on rates of change are expressed at a constant exchange rate, unless expressly stated otherwise.

Lending grows 5.5% over the year. Since the end of December 2014 there has been an increase in the wholesale loan portfolio in Spain (up 7.2%), which leaves its volume at the same level as a year ago. This rise was positively influenced by more than 30 syndicated loan operations closed in the quarter in Spain. There has been a notable rise in Mexico, as commented in the corresponding section. It is worth noting that BBVA is a leader in the syndicated loan market by volume in Latin America.

In customer **funds**, new deposits have performed well, with a rise of 12.2% in the semester, mainly due to Europe. The positive trend is largely the result of the development of solutions covering the transaction needs of customers and the incorporation of new functionalities and improvements in online banking by the Global Transaction Banking (GTB) unit.

Results

The following are the most important features of the results of the **first half of 2015** for CIB:

Good performance by **gross income**, influenced by the positive figures from the GTB, Corporate Finance and Global Markets units. The Global Markets unit had outstanding revenue figures from the corporates segment in all products (up 41.0% year-on-year), as well as the foreign-currency business (up 78.0%

year-on-year). By geographical areas, Europe had the best performance in the period.

Operating expenses have grown by 6.6% in year-on-year terms, influenced by ongoing investment in technology, and also by the high level of inflation in some countries. Thus, the efficiency ratio accumulated to June is at similar level to that of the same period in 2014 and to the first quarter of 2015.

Lastly, **impairment losses on financial assets** for the second quarter of 2015 are in line with the first quarter of the year, and there has been a year-on-year fall of 59.8% in the cumulative total.

Conciliation of the BBVA Group's financial statements

These headings present the reconciliation of the Group's financial statements with the Garanti Group using the equity method versus consolidation in proportion to the percentage of the BBVA Group's stake in the Turkish entity. In terms of reporting to the market, this consolidation method is deemed better for evaluating the nature and financial effects of the Garanti Group's business activities, consistent with the information from previous periods, and more coherent in its effects on solvency. Moreover, the corporate operations heading in 2015 includes the capitral gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB and the badwill from Cx operation.

Consolidated income statement BBVA Group

(Million euros)

	Garanti Group consolidated in proportion to the percentage of the Group's stake and with the heading "Results from corporate operations"		Garanti Group consolidated using the equity method	
	1H15	1H14	1H15	1H14
Net interest income	**7,521**	**7,038**	**7,096**	**6,724**
Net fees and commissions	2,216	2,086	2,119	1,992
Net trading income (1)	1,425	1,176	1,446	1,151
Dividend income	236	371	236	370
Income by the equity method	21	1	195	155
Other operating income and expenses	135	(305)	127	(310)
Gross income	**11,554**	**10,368**	**11,219**	**10,082**
Operating expenses	(5,718)	(5,275)	(5,499)	(5,091)
Personnel expenses	(2,998)	(2,734)	(2,888)	(2,638)
General and administrative expenses	(2,130)	(1,976)	(2,039)	(1,905)
Depreciation and amortization	(590)	(565)	(572)	(548)
Operating income	**5,836**	**5,093**	**5,720**	**4,991**
Impairment on financial assets (net)	(2,208)	(2,177)	(2,137)	(2,126)
Provisions (net)	(394)	(443)	(392)	(433)
Other gains (losses) (2)	(188)	(365)	708	(365)
Income before tax	**3,046**	**2,109**	**3,899**	**2,067**
Income tax	(815)	(566)	(941)	(524)
Net income from ongoing operations	**2,231**	**1,544**	**2,958**	**1,544**
Net income from discontinued operations	-	-	-	-
Results from corporate operations	727	-	-	-
Net income	**2,958**	**1,544**	**2,958**	**1,544**
Non-controlling interests	(200)	(215)	(200)	(215)
Net attributable profit	**2,759**	**1,328**	**2,759**	**1,328**

(1) Includes "Net trading income" and "Exchange rate differences (net)".
(2) Includes "Impairment losses on other assets (net)", "Gains (losses) on derecognized assets not classified as non-recurrent assets held for sale" and "Gains (losses) in non-current assets held for sale not classified as discontinued operations".

Consolidated balance sheet BBVA Group

(Million euros)

	Garanti Group consolidated in proportion to the percentage of the Group's stake	Garanti Group consolidated using the equity method
	30-06-15	30-06-15
Cash and balances with central banks	30,192	27,876
Financial assets held for trading	82,693	82,499
Other financial assets designated at fair value	3,499	3,003
Available-for-sale financial assets	107,136	103,533
Loans and receivables	415,020	399,984
Loans and advances to credit institutions	29,074	27,929
Loans and advances to customers	374,888	361,091
Debt securities	11,058	10,963
Held-to-maturity investments	-	-
Investments in entities accounted for using the equity method	1,013	4,660
Tangible assets	8,753	8,570
Intangible assets	9,212	7,829
Other assets (1)	31,553	31,250
Total assets	**689,071**	**669,204**
Financial liabilities held for trading	56,977	56,735
Other financial liabilities designated at fair value	3,746	2,821
Financial liabilities at amortized cost	546,480	528,123
Deposits from central banks and credit institutions	94,763	90,533
Deposits from customers	363,373	351,354
Debt certificates	62,299	61,041
Subordinated liabilities	16,126	16,103
Other financial liabilities	9,919	9,092
Liabilities under insurance contracts	10,333	10,322
Other liabilities (2)	20,538	20,206
Total liabilities	**638,074**	**618,207**
Non-controlling interests	1,728	1,728
Valuation adjustments	(2,909)	(2,909)
Shareholders' funds	52,177	52,177
Total equity	**50,997**	**50,997**
Total equity and liabilities	**689,071**	**669,204**
Memorandum item:		
Contingent liabilities	37,812	34,230

(1) Includes "Fair value changes of the hedge items in portfolio hedges of interest-rate risk", "Hedging derivatives", "Non-current assets held for sale", "Reinsurance assets", "Tax assets" and "Other assets".
(2) Includes "Hedging derivatives", "Provisions", "Tax liabilities" and "Other liabilities".

The reconciliation of the balances of the Group with balances business areas as of June 30, 2015 and December 31, 2014 is as follows:

Millions of Euros

Balance Sheet	BBVA Group	Adjustments	BBVA Group under management criteria	Operating Segments							Corporate Center and other (*)
				Spain	Real Estate	Turkey	Rest of Eurasia	Mexico	South America	United States	
June 2015											
TOTAL ASSETS	**669,204**	**19,867**	**689,071**	**351,943**	**17,919**	**22,499**	**19,952**	**96,855**	**71,441**	**80,809**	**27,653**
CASH AND BALANCES WITH CENTRAL BANKS	27,876	2,316	30,192	7,922	7	2,317	277	5,326	9,722	4,608	13
SECURITIES PORTFOLIO (1)	193,695	645	194,340	122,872	555	4,298	3,135	35,356	9,736	14,897	3,490
LOANS AND RECEIVABLES	399,984	15,036	415,020	216,897	8,532	15,037	15,890	50,340	49,513	58,722	90
Loans and advances to customers	361,091	13,797	374,888	187,962	8,532	13,796	15,070	48,006	45,018	56,414	90
Loans and advances to credit institutions and others (2)	38,892	1,241	40,133	28,936	-	1,241	820	2,334	4,495	2,308	-
TANGIBLE ASSETS	8,570	183	8,753	701	1,608	183	51	1,899	767	769	2,775
INTANGIBLE ASSETS	7,829	1,383	9,212	1,044	13	364	20	403	143	528	6,698
OTHER ASSETS (3)	31,250	303	31,553	1,247	7,204	300	580	3,177	1,559	1,185	16,301
TOTAL LIABILITIES AND EQUITY	**669,204**	**19,867**	**689,071**	**351,943**	**17,919**	**22,499**	**19,952**	**96,855**	**71,441**	**80,809**	**27,653**
FINANCIAL LIABILITIES HELD FOR TRADING	56,735	242	56,977	41,361	0	242	97	7,252	3,445	4,581	-
DEPOSITS FROM CENTRAL BANKS AND CREDIT INSTITUTIONS (4)	90,533	4,230	94,763	61,816	-	4,231	5,652	8,851	6,407	7,806	(0)
CUSTOMER DEPOSITS	351,354	12,019	363,373	187,968	174	12,018	11,809	50,497	43,338	57,569	-
DEBT CERTIFICATES	61,041	1,258	62,299	43,677	-	1,258	0	5,448	5,119	896	5,900
SUBORDINATED LIABILITIES	16,103	23	16,126	2,202	870	23	325	4,466	2,056	1,405	4,780
OTHER LIABILITIES (5)	20,205	333	20,538	(4,797)	7	2,838	343	6,109	4,365	4,362	7,310
ECONOMIC CAPITAL ALLOCATED (6)	49,567	0	49,567	8,698	3,453	1,002	1,301	5,250	2,594	2,929	24,340

(1) Includes: "Financial Assets Held for Trading", "Other Financial Assets designated at Fair Value through Profit or Loss", "Available for Sale Financial Assets" and "Equity Method"
(2) Includes: "Loans and Advances to Credit Institutions" and "Debt Securities"
(3) Includes: "Intangible Assets", "Fair Value changes of the Hedged Items in Portfolio Hedges of Interest Rate Risk", "Hedging Derivatives", "Non-current Assets Held for Sale", "Reinsurance Assets", "Tax Assets" and "Other Assets"
(4) Includes: "Deposits from Central Banks" and "Deposits from Credit Institutions"
(5) Includes: "Other Finance Liabilities designated at Fair Value through Profit or Loss", " Financial Liabilities at Amortized Cost", "Hedging Derivatives", "Fair Value changes of the Hedged Items in Portfolio Hedges of Interest Rate Risk", "Liabilities under Insurance Contracts", "Provisions", "Tax Liabilities", "Other Liabilities", "Other Equity Instruments", "Income attributed to the Parent Company", "Less: Dividends and Remunerations", " Valuation adjustments" and "Non-controlling interests"
(6) Includes: "Common Stock", "Share Premium" and "Less: Treasury Stock"
(*) Includes: "Inter-areas positions"

				Millions of Euros							
				Operating Segments							
Balance Sheet	BBVA Group	Adjustments	BBVA Group under management criteria	Spain	Real Estate	Turkey	Rest of Eurasia	Mexico	South America	United States	Corporate Center and other (*)
December 2014											
TOTAL ASSETS	**631,942**	**19,569**	**651,511**	**318,446**	**17,365**	**22,342**	**22,325**	**93,731**	**84,364**	**69,261**	**23,676**
CASH AND BALANCES WITH CENTRAL BANKS	31,430	2,478	33,908	7,876	6	2,478	198	6,004	13,523	3,808	14
SECURITIES PORTFOLIO (1)	185,403	655	186,058	116,016	346	4,508	5,119	34,311	10,671	11,892	3,195
LOANS AND RECEIVABLES	372,375	14,464	386,839	191,278	8,814	14,464	16,277	47,800	57,212	50,970	24
Loans and advances to customers	338,657	13,098	351,755	169,216	8,814	13,098	15,101	45,224	51,302	48,976	24
Loans and advances to credit institutions and others (2)	33,718	1,367	35,085	22,062	-	1,366	1,176	2,576	5,910	1,994	-
TANGIBLE ASSETS	7,820	194	8,014	700	1,373	194	52	1,662	1,062	725	2,245
OTHER ASSETS (3)	34,914	1,777	36,691	2,576	6,826	697	678	3,953	1,896	1,866	18,199
TOTAL LIABILITIES AND EQUITY	**631,942**	**19,569**	**651,511**	**318,446**	**17,365**	**22,342**	**22,325**	**93,731**	**84,364**	**69,261**	**23,676**
FINANCIAL LIABILITIES HELD FOR TRADING	56,798	192	56,990	43,977	0	192	217	7,616	2,648	2,341	-
DEPOSITS FROM CENTRAL BANKS AND CREDIT INSTITUTIONS (4)	93,361	4,374	97,735	64,765	-	4,374	5,443	11,617	5,770	5,765	-
CUSTOMER DEPOSITS	319,060	11,626	330,686	154,261	53	11,626	11,045	45,937	56,370	51,394	-
DEBT CERTIFICATES	58,096	1,297	59,393	41,689	-	1,297	0	5,033	4,677	822	5,875
SUBORDINATED LIABILITIES	14,095	23	14,118	2,128	871	23	609	4,128	1,658	742	3,958
OTHER LIABILITIES (5)	42,930	2,056	44,986	3,467	12,959	3,913	2,571	14,421	9,834	5,645	(7,823)
ECONOMIC CAPITAL ALLOCATED (6)	47,602	0	47,602	8,158	3,483	918	2,439	4,979	3,408	2,552	21,666

(1) Includes: "Financial Assets Held for Trading", "Other Financial Assets designated at Fair Value through Profit or Loss", "Available for Sale Financial Assets" and "Equity Method"
(2) Includes: "Loans and Advances to Credit Institutions" and "Debt Securities"
(3) Includes: "Intangible Assets", "Fair Value changes of the Hedged Items in Portfolio Hedges of Interest Rate Risk", "Hedging Derivatives", "Non-current Assets Held for Sale", "Reinsurance Assets", "Tax Assets" and "Other Assets"
(4) Includes: "Deposits from Central Banks" and "Deposits from Credit Institutions"
(5) Includes: "Other Finance Liabilities designated at Fair Value through Profit or Loss", " Financial Liabilities at Amortized Cost", "Hedging Derivatives", "Fair Value changes of the Hedged Items in Portfolio Hedges of Interest Rate Risk", "Liabilities under Insurance Contracts", "Provisions", "Tax Liabilities", "Other Liabilities", "Other Equity Instruments", "Income attributed to the Parent Company", "Less: Dividends and Remunerations", "Valuation adjustments"' and "Non-controlling interests"
(6) Includes: "Common Stock", "Share Premium" and "Less: Treasury Stock"
(*) Includes: "Inter-areas positions"

Main risks and uncertainties

The BBVA Group's risk management system and risk exposure is described in Note 7 "Risk management" of the accompanying consolidated financial statements.

Subsequent events

From July 1, 2015 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 relevant ones are mentioned in Note 3 (Additional acquisition of 14.89% Garanti) and Note 4 (Dividend payment) of the consolidated financial statements.