

# BBVA



# Financial Statements

**For the year ended December 31, 2011**

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

## AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

We have audited the financial statements of Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank"), which comprise the balance sheet at 31 December 2011 and the related income statement, statement of recognised income and expense, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors of the Bank are responsible for the preparation of the Bank's financial statements in accordance with the regulatory financial reporting framework applicable to the Bank (identified in Note 1.2 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying financial statements for 2011 present fairly, in all material respects, the equity and financial position of Banco Bilbao Vizcaya Argentaria, S.A. at 31 December 2011, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Bank and, in particular, with the accounting principles and rules contained therein.

The accompanying directors' report for 2011 contains the explanations which the directors consider appropriate about the Bank's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2011. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Bank's accounting records.

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



Miguel Ángel Bailón  
2 February 2012

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## MANAGEMENT REPORT



**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**  
**Balance sheets as of December 31, 2011 and 2010**

		Millions of Euros	
ASSETS	Notes	2011	2010 (*)
<b>CASH AND BALANCES WITH CENTRAL BANKS</b>	<b>7</b>	<b>13,629</b>	<b>4,165</b>
<b>FINANCIAL ASSETS HELD FOR TRADING</b>	<b>8</b>	<b>56,538</b>	<b>51,348</b>
Loans and advances to credit institutions		-	-
Loans and advances to customers		-	-
Debt securities		7,898	13,016
Equity instruments		997	4,608
Trading derivatives		47,643	33,724
Memorandum item: Loaned or advanced as collateral		4,988	8,669
<b>OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>9</b>	<b>-</b>	<b>-</b>
Loans and advances to credit institutions		-	-
Loans and advances to customers		-	-
Debt securities		-	-
Equity instruments		-	-
Memorandum item: Loaned or advanced as collateral		-	-
<b>AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>	<b>10</b>	<b>25,407</b>	<b>26,712</b>
Debt securities		21,108	22,131
Equity instruments		4,299	4,581
Memorandum item: Loaned or advanced as collateral		9,114	5,901
<b>LOANS AND RECEIVABLES</b>	<b>11</b>	<b>262,923</b>	<b>264,278</b>
Loans and advances to credit institutions		22,967	28,882
Loans and advances to customers		238,463	234,031
Debt securities		1,493	1,365
Memorandum item: Loaned or advanced as collateral		52,046	42,333
<b>HELD-TO-MATURITY INVESTMENTS</b>	<b>12</b>	<b>10,955</b>	<b>9,946</b>
Memorandum item: Loaned or advanced as collateral		2,327	-
<b>FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK</b>	<b>13</b>	<b>146</b>	<b>40</b>
<b>HEDGING DERIVATIVES</b>	<b>13</b>	<b>2,988</b>	<b>2,988</b>
<b>NON-CURRENT ASSETS HELD FOR SALE</b>	<b>14</b>	<b>1,462</b>	<b>958</b>
<b>EQUITY METHOD</b>	<b>15</b>	<b>27,954</b>	<b>24,368</b>
Associates		4,159	3,612
Jointly controlled entities		3,933	14
Subsidiaries		19,862	20,742
<b>INSURANCE CONTRACTS LINKED TO PENSIONS</b>	<b>22</b>	<b>1,832</b>	<b>1,847</b>
<b>TANGIBLE ASSETS</b>	<b>16</b>	<b>1,504</b>	<b>1,459</b>
Property, plants and equipment		1,503	1,458
For own use		1,503	1,458
Other assets leased out under an operating lease		-	-
Investment properties		1	1
Memorandum item: Loaned or advanced as collateral		-	-
<b>INTANGIBLE ASSETS</b>	<b>17</b>	<b>567</b>	<b>410</b>
Goodwill		-	-
Other intangible assets		567	410
<b>TAX ASSETS</b>	<b>18</b>	<b>3,647</b>	<b>3,161</b>
Current		282	324
Deferred		3,365	2,837
<b>OTHER ASSETS</b>	<b>19</b>	<b>921</b>	<b>431</b>
<b>TOTAL ASSETS</b>		<b>411,166</b>	<b>392,111</b>

(\*) Presented for comparison purposes only

The accompanying Notes 1 to 54 and Appendices I to XVI are an integral part of the balance sheet as of December 31, 2011.



**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**  
**Balance sheets as of December 31, 2011 and 2010**

		Millions of Euros	
LIABILITIES AND EQUITY	Notes	2011	2010 (*)
<b>FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>8</b>	<b>48,966</b>	<b>35,680</b>
Deposits from central banks		-	-
Deposits from credit institutions		-	-
Customer deposits		-	-
Debt certificates		-	-
Trading derivatives		45,803	32,294
Short positions		3,163	3,386
Other financial liabilities		-	-
<b>OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>9</b>	<b>-</b>	<b>-</b>
Deposits from central banks		-	-
Deposits from credit institutions		-	-
Customer deposits		-	-
Debt certificates		-	-
Subordinated liabilities		-	-
Other financial liabilities		-	-
<b>FINANCIAL LIABILITIES AT AMORTIZED COST</b>	<b>20</b>	<b>323,518</b>	<b>320,592</b>
Deposits from central banks		32,649	10,867
Deposits from credit institutions		44,676	42,015
Customer deposits		184,966	194,079
Debt certificates		46,559	56,007
Subordinated liabilities		9,895	13,099
Other financial liabilities		4,773	4,525
<b>FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK</b>	<b>13</b>	<b>-</b>	<b>(2)</b>
<b>HEDGING DERIVATIVES</b>	<b>13</b>	<b>1,391</b>	<b>1,391</b>
<b>LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE</b>	<b>14</b>	<b>-</b>	<b>-</b>
<b>PROVISIONS</b>	<b>21</b>	<b>6,397</b>	<b>6,613</b>
Provisions for pensions and similar obligations		4,966	5,177
Provisions for taxes and other legal contingencies		-	-
Provisions for contingent exposures and commitments		159	177
Other provisions		1,272	1,259
<b>TAX LIABILITIES</b>	<b>18</b>	<b>373</b>	<b>488</b>
Current		-	-
Deferred		373	488
<b>OTHER LIABILITIES</b>	<b>19</b>	<b>1,786</b>	<b>1,192</b>
<b>TOTAL LIABILITIES</b>		<b>383,515</b>	<b>365,954</b>

(\*) Presented for comparison purposes only





**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**  
**Balance sheets as of December 31, 2011 and 2010**

		Millions of Euros	
LIABILITIES AND EQUITY (Continued)	Notes	2011	2010 (*)
<b>STOCKHOLDERS' FUNDS</b>		<b>28,504</b>	<b>26,183</b>
Common Stock	23	2,403	2,201
Issued		2,403	2,201
Unpaid and uncalled (-)		-	-
Share premium	24	18,970	17,104
Reserves	25	6,817	5,114
Other equity instruments		29	23
Equity component of compound financial instruments		-	-
Other equity instruments		29	23
Less: Treasury stock	26	(19)	(84)
Income attributed		1,428	2,904
Less: Dividends and remuneration		(1,124)	(1,079)
<b>VALUATION ADJUSTMENTS</b>	27	<b>(853)</b>	<b>(26)</b>
Available-for-sale financial assets		(782)	39
Cash flow hedging		(30)	(62)
Hedging of net investment in foreign transactions		-	-
Exchange differences		(32)	(3)
Non-current assets held-for-sale		-	-
Other valuation adjustments		(9)	-
<b>TOTAL EQUITY</b>		<b>27,651</b>	<b>26,157</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>411,166</b>	<b>392,111</b>

  

		Millions of Euros	
MEMORANDUM ITEM	Notes	2011	2010 (*)
<b>CONTINGENT RISK</b>	29	<b>60,760</b>	<b>57,764</b>
<b>CONTINGENT COMMITMENTS</b>	29	<b>55,450</b>	<b>58,885</b>

(\*) Presented for comparison purposes only

The accompanying Notes 1 to 54 and Appendices I to XVI are an integral part of the balance sheet as of December 31, 2011.



**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**  
**Income statements for the years ended December 31, 2011 and 2010**

	Notes	Millions of Euros	
		2011	2010(*)
INTEREST AND SIMILAR INCOME	34	9,668	8,759
INTEREST AND SIMILAR EXPENSES	34	(5,653)	(3,718)
<b>NET INTEREST INCOME</b>		<b>4,015</b>	<b>5,041</b>
DIVIDEND INCOME	35	3,576	2,129
FEE AND COMMISSION INCOME	36	1,723	1,806
FEE AND COMMISSION EXPENSES	37	(297)	(270)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	38	490	738
Financial instruments held for trading		583	256
Other financial instruments at fair value through profit or loss		-	-
Other financial instruments not at fair value through profit or loss		(93)	482
Rest		-	-
EXCHANGE DIFFERENCES (NET)		72	112
OTHER OPERATING INCOME	39	103	102
OTHER OPERATING EXPENSES	39	(129)	(106)
<b>GROSS INCOME</b>		<b>9,553</b>	<b>9,552</b>
ADMINISTRATION COSTS	40	(3,641)	(3,409)
Personnel expenses		(2,278)	(2,202)
General and administrative expenses		(1,363)	(1,207)
DEPRECIATION AND AMORTIZATION	41	(322)	(276)
PROVISIONS (NET)	42	(792)	(405)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	43	(2,088)	(1,925)
Loans and receivables		(2,092)	(1,794)
Other financial instruments not at fair value through profit or loss		4	(131)
<b>NET OPERATING INCOME</b>		<b>2,710</b>	<b>3,537</b>

(\*) Presented for comparison purposes only.





**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**  
**Income statements for the years ended December 31, 2011 and 2010**

<b>(Continued)</b>	<b>Notes</b>	<b>Millions of Euros</b>	
		<b>2011</b>	<b>2010 (*)</b>
<b>NET OPERATING INCOME</b>		<b>2,710</b>	<b>3,537</b>
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	44	(1,510)	(258)
Goodwill and other intangible assets		-	-
Other assets		(1,510)	(258)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	45	13	5
NEGATIVE GOODWILL		-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	46	(244)	129
<b>INCOME BEFORE TAX</b>		<b>969</b>	<b>3,413</b>
INCOME TAX	18	459	(509)
<b>INCOME FROM CONTINUING TRANSACTIONS</b>		<b>1,428</b>	<b>2,904</b>
INCOME FROM DISCONTINUED TRANSACTIONS (NET)		-	-
<b>NET INCOME</b>		<b>1,428</b>	<b>2,904</b>

(\*) Presented for comparison purposes only.

The accompanying Notes 1 to 54 and Appendices I to XVI are an integral part of the income statement for the year ending December 31, 2011.



**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**  
**Statements of recognized income and expenses for the years ended December 31,**  
**2011 and 2010**

	Millions of Euros	
	2011	2010 (*)
<b>NET INCOME RECOGNIZED IN INCOME STATEMENT</b>	<b>1,428</b>	<b>2,904</b>
<b>OTHER RECOGNIZED INCOME (EXPENSES)</b>	<b>(827)</b>	<b>(1,669)</b>
<b>Available-for-sale financial assets</b>	<b>(990)</b>	<b>(2,038)</b>
Valuation gains/(losses)	(972)	(1,756)
Amounts removed to income statement	(18)	(282)
Reclassifications	-	-
<b>Cash flow hedging</b>	<b>32</b>	<b>(190)</b>
Valuation gains/(losses)	2	(159)
Amounts removed to income statement	30	(31)
Amounts removed to the initial carrying amount of the hedge	-	-
Reclassifications	-	-
<b>Hedging of net investment in foreign transactions</b>	<b>-</b>	<b>-</b>
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
<b>Exchange differences</b>	<b>(44)</b>	<b>-</b>
Valuation gains/(losses)	(47)	(4)
Amounts removed to income statement	3	4
Reclassifications	-	-
<b>Non-current assets held for sale</b>	<b>-</b>	<b>-</b>
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
<b>Actuarial gains and losses in post-employment plans</b>	<b>(12)</b>	<b>-</b>
<b>Rest of recognized income and expenses</b>	<b>-</b>	<b>-</b>
<b>Income tax</b>	<b>187</b>	<b>559</b>
<b>TOTAL RECOGNIZED INCOME/EXPENSES</b>	<b>601</b>	<b>1,235</b>

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The accompanying Notes 1 to 54 and Appendices I to XVI are an integral part of the statement of recognized income and expenses for the year ended December 31, 2011.

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRES for banks. See Note 54).  
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## BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

### Statements of changes in equity for the years ended December 31, 2011 and 2010

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

The accompanying Notes 1 to 54 and Appendices I to XVI are an integral part of the statement of changes in equity for the year ended December 31, 2011.

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRES for banks. See Note 54).  
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## BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

### Statements of changes in equity for the years ended December 31, 2011 and 2010

2010	Millions of Euros									Total Equity (*)
	Total Equity Attributed to the Parent Company									
	Stockholders' Funds							Valuation Adjustments (Note 31)		
	Common Stock (Note 27)	Share Premium (Note 28)	Reserves (Note 29)  Reserves (Accumulated Losses)	Other Equity Instruments	Less: Treasury Stock (Note 30)	Profit for the Year	Less: Dividends and Remunerations (Note 4)		Total Stockholders' Funds	
Balances as of January 1, 2010	1,837	12,453	3,893	10	(128)	2,981	(1,012)	20,034	1,643	21,677
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	1,837	12,453	3,893	10	(128)	2,981	(1,012)	20,034	1,643	21,677
Total income/expense recognized	-	-	-	-	-	2,904	-	2,904	(1,669)	1,235
Other changes in equity	364	4,651	1,221	13	44	(2,981)	(67)	3,245	-	3,245
Common stock increase	364	4,651	-	-	-	-	-	5,015	-	5,015
Common stock reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	13	-	-	-	13	-	13
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	(562)	(1,079)	(1,641)	-	(1,641)
Transactions including treasury stock and other equity instruments (net)	-	-	(88)	-	44	-	-	(44)	-	(44)
Transfers between total equity entries	-	-	1,407	-	-	(2,419)	1,012	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	(98)	-	-	-	-	(98)	-	(98)
Balances as of December 31, 2010	2,201	17,104	5,114	23	(84)	2,904	(1,079)	26,183	(26)	26,157

(\*) Presented for comparison purposes only.

(\*) Presented for comparison purposes only.

The accompanying Notes 1 to 54 and Appendices I to XVI are an integral part of the statement of changes in equity for the year ended December 31, 2011.



**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**  
**Statements of cash flows for the years ended December 31, 2011 and 2010**

	Notes	Millions of Euros	
		2011	2010 (*)
<b>CASH FLOW FROM OPERATING ACTIVITIES (1)</b>	<b>47</b>	<b>18,867</b>	<b>5,867</b>
Net income for the year		1,428	2,904
Adjustments to obtain the cash flow from operating activities:		2,060	(1,141)
Depreciation and amortization		322	276
Other adjustments		1,738	(1,417)
<b>Net increase/decrease in operating assets</b>		<b>4,547</b>	<b>(7,251)</b>
Financial assets held for trading		5,190	(6,184)
Other financial assets designated at fair value through profit or loss		-	-
Available-for-sale financial assets		(1,305)	(9,252)
Loans and receivables		(1,250)	7,963
Other operating assets		1,912	222
<b>Net increase/decrease in operating liabilities</b>		<b>20,385</b>	<b>(3,656)</b>
Financial liabilities held for trading		13,286	3,737
Other financial liabilities designated at fair value through profit or loss		-	-
Financial liabilities at amortized cost		6,046	(6,821)
Other operating liabilities		1,053	(572)
<b>Collection/Payments for income tax</b>		<b>(459)</b>	<b>509</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES (2)</b>	<b>47</b>	<b>(7,135)</b>	<b>(7,108)</b>
<b>Investment</b>		<b>8,588</b>	<b>8,329</b>
Tangible assets		262	222
Intangible assets		290	260
Investments		5,034	1,864
Other business units		-	-
Non-current assets held for sale and associated liabilities		1,185	1,014
Held-to-maturity investments		1,817	4,969
Other settlements related to investing activities		-	-
<b>Divestments</b>		<b>1,453</b>	<b>1,221</b>
Tangible assets		23	-
Intangible assets		-	-
Investments		238	12
Subsidiaries and other business units		-	-
Non-current assets held for sale and associated liabilities		384	749
Held-to-maturity investments		808	232
Other collections related to investing activities		-	228

(\*) Presented for comparison purposes only.



**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**  
**Statements of cash flows for the years ended December 31, 2011 and 2010**

		Millions of Euros	
(Continued)	Notes	2011	2010 (*)
<b>CASH FLOWS FROM FINANCING ACTIVITIES (3)</b>	47	(2,230)	2,121
<b>Investment</b>		5,415	7,622
Dividends		1,038	1,237
Subordinated liabilities		1,626	1,524
Common stock amortization		-	-
Treasury stock acquisition		2,751	4,828
Other items relating to financing activities		-	33
<b>Divestments</b>		3,185	9,743
Subordinated liabilities		339	-
Common stock increase		-	4,914
Treasury stock disposal		2,776	4,829
Other items relating to financing activities		70	-
<b>EFFECT OF EXCHANGE RATE CHANGES (4)</b>		(38)	(1)
<b>NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)</b>		9,464	879
<b>CASH OR CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		4,165	3,286
<b>CASH OR CASH EQUIVALENTS AT END OF THE YEAR</b>		13,629	4,165

		Millions of Euros	
COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR	Notes	2011	2010 (*)
Cash		595	616
Balance of cash equivalent in central banks		13,034	3,549
Other financial assets		-	-
Less: Bank overdraft refundable on demand		-	-
<b>TOTAL CASH OR CASH EQUIVALENTS AT END OF THE YEAR</b>	7	13,629	4,165

(\*) Presented for comparison purposes only.

The accompanying Notes 1 to 54 and Appendices I to XVI are an integral part of the statement of cash flows for the year ended December 31, 2011.

## **BBVA**

### **BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

## **Notes to annual financial statements for the year ended December 31, 2011**

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

#### **1.1 Introduction**

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

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

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

The Bank’s financial statements for the year ending December 31, 2010 were approved by the shareholders at the Bank’s Annual General Meeting (“AGM”) held on March 11, 2011.

The Bank’s financial statements for the year ending December 31, 2011 are pending approval by the Annual General Meeting. However, the Bank’s Board of Directors considers that the aforementioned financial statements will be approved without any changes.

#### **1.2 Basis for the presentation of the financial statements**

The Bank’s financial statements for 2011 are presented in accordance with Bank of Spain Circular 4/2004, of December 22 (and as amended thereafter). Circular 4/2004 implements and adapts the International Financial Reporting Standards (EU-IFRS) for banks, following stipulations established under Regulation 1606/2002 of the European Parliament and of the Council, of July 19, 2002, relating to the application of the International Accounting Standards.

The Bank’s financial statements for the year ended December 31, 2011 were prepared by the Bank’s directors (at the Board of Directors meeting on February 1, 2012) by applying the accounting policies and valuation criteria described in Note 2, so that they present fairly the Bank’s equity and financial position as of December 31, 2011, together with the results of its operations and cash flows generated during 2011.

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

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

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



### 1.3 Comparative information

The information contained in these financial statements for 2010 is presented solely for the purpose of comparison with information relating to December 31, 2011. It does not constitute the financial statements for the Bank for 2010.

### 1.4 Seasonal nature of income and expenses

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

### 1.5 Responsibility for the information and for the estimates made

The information contained in the BBVA's financial statements is the responsibility of the Bank's directors, who at times have to make estimates to determine the balances of some assets, liabilities, income, expenses and commitments recorded in them. These estimates relate mainly to the following:

- Impairment losses on certain financial assets (see Notes 5, 6, 9, 10, 11, 12 and 15).
- The assumptions used to quantify certain provisions (see Note 21) and for the actuarial calculation of post-employment benefit liabilities and commitments (see Note 22).
- The useful life and impairment losses of tangible and intangible assets (see Notes 14, 16 and 17).
- The fair value of certain financial assets and liabilities not traded on organized markets (see Notes 5, 6, 8, 9, 10 and 13).

Although these estimates were made on the basis of the best information available as of December 31, 2011 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 in accordance with applicable regulations and prospectively, recording the effects of changes in the estimates in the corresponding income statement.

### 1.6. BBVA Group internal control over financial reporting model

The description of the BBVA Group's Internal Financial Reporting Control model is described in the management report accompanying these financial statements (Chapter 10 of the Annual Corporate Governance Report).

### 1.7. Deposit guarantee fund

The Bank is part of the "Fondo de Garantía de Depósitos" (Deposit Guarantee Fund). The expense incurred by the contributions made to this Agency in 2011 and 2010 amounted to €52 million and €46 million, respectively. These amounts are recorded under the heading "Other operating expenses" of the accompanying income statement (see Note 39).

### 1.8. Consolidated financial statements

The consolidated financial statements of the BBVA Group for the year ended on December 31, 2011 were prepared in accordance with the International Financial Reporting Standards adopted by the EU, taking into account Bank of Spain Circular 4/2004 and subsequent amendments. The board of directors approved these consolidated financial statements at its meeting on February 1, 2012.

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

These changes are reflected in the consolidated financial statements of the BBVA Group for the year 2011, which the Bank's Board of Directors has also prepared. Appendix I includes the Group's consolidated financial

statements. In accordance with the content of these consolidated financial statements prepared following the International Financial Reporting Standards adopted by the European Union, the total amount of the BBVA Group's assets and consolidated equity at the close of 2011 amounted to €597,688 million and €40,058 million respectively, while the consolidated net profit for 2011 attributable to the parent company totaled €3,004 million.

## 2. Accounting policies and valuation criteria applied

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

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

### 2.1 Financial Instruments

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

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

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

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

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

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

- **"Available-for-sale financial assets"**

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

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

The amounts recognized under the headings "Valuation adjustments - Available-for-sale financial assets" and "Valuation adjustments - Exchange differences" continue to form part of the Bank's equity until the asset is derecognized from the balance sheet or until an impairment loss is recognized in the financial

instrument in question. If these assets are sold, these amounts are derecognized and entered under the headings "Net gains (losses) on financial assets and liabilities" or "Exchange differences (net)", as appropriate, in the income statement for the year in which they are derecognized (see Note 38).

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

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

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

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

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

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

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

Changes produced 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 instruments are recognized as follows:

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

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

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

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

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

- **Other financial instruments**

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

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

## **Impairment losses on financial assets -**

### **Definition of impaired financial assets**

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

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

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to the income statement for the year in which the impairment becomes known, and the recoveries of previously recognized impairment losses are recognized in the income statement for the year in which the impairment is reversed or reduced, 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 through financial statements, but under the heading "Valuation Adjustments - Available-for-sale financial assets" in the balance sheet.

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

In accordance with the Bank's policy, the likelihood of recovering an asset will be considered remote, and it will therefore be derecognized from the balance sheet, in the following cases:

- Any loan, except secured loans, with a bankrupt company or one in the last stages of insolvency proceedings.
- Financial assets (bonds, obligations, etc.) when their credit rating has been irrevocably downgraded.

At the same time, secured loans classified as non-performing will be derecognized from the balance sheet within a maximum of four years from the due payment date, while unsecured non-performing loans (consumer loans, credit cards, etc.) will be derecognized within a maximum of two years from the due date.

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

### **Calculation of impairment on financial assets**

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

- **Impairment of debt securities measured at amortized cost**

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

- » **Impairment losses determined individually**

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

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

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

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

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

- When there is evidence of a reduction in the obligor's capacity to pay, whether manifestly by default or for other reasons; and/or
- When country-risk materializes, understood as the common risk among debtors who are resident in a particular country as a result of factors other than normal commercial risk, such as sovereign risk, transfer risk or risks derived from international financial activity.

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

» **Impairment losses determined collectively**

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

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

The Bank calculates the inherent loss in relation to the credit risk assumed by Spanish banking institutions by applying the parameters set out in Annex IX of Bank of Spain Circular 4/2004, which are based on the Bank of Spain's experience of the Spanish banking sector.

Notwithstanding the above, the Bank has its own historical records of some of its portfolios, which are used in the models it has developed for determining the minimum regulatory capital requirements under the new Basel Accord (BIS II). These internal models (some of them approved by the Bank of Spain), include the concept of "expected loss" to quantify the cost of credit risk and include it when calculating the risk-adjusted return of transactions. It should be noted that the loan-loss provisions required of Spanish banks by Bank of Spain Circular 4/2004 are within the range of the provisions calculated under the internal models developed by the Bank.

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

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

**Allowance Percentages for Impairment Loans**

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

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

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

- a) Completed home that is the primary residence of the borrower: Includes homes with a current certificate of habitability or occupation, issued by the corresponding administrative authority, in which the borrower habitually lives and has the strongest personal ties.

The calculation of the value of the rights received as collateral shall be 80% of the cost of the completed home and the appraisal value of its current state, whichever is lower. For these purposes, the cost will be the purchase price declared by the borrower in the public deed. If the



deed is manifestly old, the cost may be obtained by adjusting the original cost by an indicator that accurately reflects the average change in price of existing homes between the date of the deed and that of the calculation.

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

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

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

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

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

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

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

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



between the amount for which they are registered in the asset and 90% of the fair value of these financial instruments.

2. **Non-impaired portfolio:** The debt instruments, whoever the obligor and whatever the guarantee or collateral, that do not have individually objective of impairment are collectively assesses, including the assets in a group with similar credit risk characteristics, including sector of activity of the debtor or the type of guarantee. The allowance percentages of hedge are as follows:

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

3. **Country Risk allowance or provision:** On the basis of the countries' economic performance, political situation, regulatory and institutional framework, and payment capacity and record, the Bank classifies the transactions in different groups, assigning to each group the provisions for insolvencies percentages, which are derived from those analyses.

However, due to the dimension of the Bank, and to the proactive management of its country risk exposure, the allowances recognized in this connection are not material with respect to the credit loss allowances recognized. As of December 31, 2011, these country risk allowances represent 0.74% of the credit loss allowances recognized of the Bank).

- **Impairment of other debt instruments**

The impairment losses on debt securities included under "Available-for-sale financial asset" (see Note 10) are equal to the positive difference between their acquisition cost (net of any principal repayment), after deducting any impairment loss previously recognized in the income statement, and their fair value.

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

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

- **Impairment of equity instruments**

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

- **Equity instruments measured at fair value:** The criteria for quantifying and recognizing impairment losses on equity instruments are similar to those for "Other debt instruments", with the exception that any recovery of previously recognized impairment losses for an investment in an equity instrument classified as available for sale are not recognized in the income statement but under the heading "Valuation adjustments - Available-for-sale financial assets" in the balance sheet (see Note 27).
- **Equity instruments measured at cost:** The impairment losses on equity instruments measured at acquisition cost are equal to the difference between their carrying amount and the present value of expected future cash flows discounted at the market rate of return for similar securities. These

impairment losses are determined taking into account the equity of the investee (except for valuation adjustments due to cash flow hedges) for the last approved balance sheet, adjusted for the unrealized gains at the measurement date.

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

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

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

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

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

In the specific case of securitizations, this liability is recognized under the heading “Financial liabilities at amortized cost - Customer deposits” in the balance sheets (see **Note 20**). As these liabilities do not constitute a current obligation, when measuring such a financial liability the Bank deducts those financial instruments owned by it which constitute financing for the entity to which the financial assets have been transferred, to the extent that these instruments are deemed specifically to finance the assets transferred.

- Both the income generated on the transferred (but not derecognized) financial asset and the expenses of the new financial liability continue to be recognized.

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

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

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

- **Securitization:** The Bank has applied the most stringent criteria while determining whether or not it retains the risks and rewards on such assets for all securitizations performed since January 1, 2004. As a result of this analysis, the Bank has concluded that none of the securitizations carried out since that date meet the prerequisites for derecognizing the underlying assets from the accompanying balance sheets, on the grounds that it retains substantially all the risks embodied by expected loan losses or associated with the possible variation in net cash flows, as it retains the subordinated loans and lines of credit extended by the Bank to these securitization funds and hedges the interest-rate risk affecting the funds that receive the securitized assets (see **Note 11** and **Appendix VII**).

## 2.3 Financial guarantees

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

In their initial recognition, the financial guarantees provided are accounted by recognizing a liability at fair value, which is generally the current value of the commissions and income receivable for those contracts throughout their life, the balancing entry in the asset being the amount of the commissions and similar income collected at the start of the operations and the receivables for the current value of future cash flows not yet received.

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 amount of such provision is determined by applying criteria similar to those established for quantifying impairment losses on debt instruments measured at amortized cost (see Note 2.1).

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

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

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

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

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

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

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

The fair value of non-current assets held for sale from foreclosures or recoveries is determined taking in consideration the valuations performed by authorized appraisers in each of the geographical areas in which the assets are located. The Bank applies the rule that these appraisals may not be older than one year, and their age is reduced if there is indication of deterioration in the assets.

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

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

## 2.5 Tangible assets

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

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

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

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

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

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

At each accounting close, the Bank analyzes whether there are internal or external indicators that a tangible asset may be impaired. When there is evidence of impairment, the Bank then analyzes whether this impairment actually exists by comparing the asset's net carrying amount with its recoverable amount. When the carrying amount exceeds the recoverable amount, the carrying amount is written down to the recoverable amount and 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 recoverable amount of the asset is estimated and recognized in the income statement, recording the reversal of the impairment loss registered in previous years and thus adjusting future depreciation charges. In no

circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have if no impairment losses had been recognized in prior years.

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

- **Other assets leased out under an operating lease:** The criteria used to recognize the acquisition cost of assets leased out under operating leases, to calculate their depreciation and their respective estimated useful lives and to record the impairment losses on them, are the same as those described in relation to tangible assets for own use.
- **Investment properties:** The heading "Tangible assets - Investment properties" in the balance sheets reflects the net values (purchase cost minus the corresponding accumulated repayment, and if appropriate, estimated impairment losses) of the land, buildings and other structures that are held either to earn rentals or for capital gains through sale, and that are neither expected to be sold off in the ordinary course of business nor are destined for own use (see Note 16).

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

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

## 2.6 Intangible assets

These assets may have an indefinite useful life if, based on an analysis of all relevant factors, it is concluded that there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Bank. In all other cases they have a finite useful life. The Bank has not recognized any intangible assets with an indefinite useful life.

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

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

## 2.7 Tax assets and liabilities

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

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

Deferred tax assets and liabilities include temporary differences, defined as at the amount expected to be payable or recoverable in future fiscal years for the differences between the carrying amount of assets and liabilities and their tax bases (the "tax value"), and tax loss and tax credit carry forwards. These amounts are

measured by applying to each temporary difference the tax rates that are expected to apply when the asset is realized or the liability settled (see Note 18).

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

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

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

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

## **2.8 Provisions, contingent assets and contingent liabilities**

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

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

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

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

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

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

## **2.9 Pensions and other post-employment commitments**

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



## Commitments' valuation: assumptions and actuarial gains/losses recognition

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

The actuarial assumptions should take into account that:

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

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

Consequently, the Bank does not apply the option of deferring actuarial gains and losses to any of its employee commitments using the so-called corridor approach.

## Post-employment benefit commitments

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

Pension commitments covered with insurance policies are recognized as follows:

- » Pension commitments to employees shall be recorded as pension provisions.
- » The insurance policy shall be recorded on the asset side as an insurance contract linked to pensions.
- » The expense for the period shall be recorded under the heading "Personnel expenses" net of the amount relating to the insurance contracts.

The amounts recognized under the heading "Provisions - Provisions for pensions and similar obligations" (see Note 21) amount to the difference, at the date of the financial statements, between the present values



of the commitments to defined-benefit expenses, adjusted by the past service cost and the fair value of plan assets linked to the commitments acquired.

- **Early retirements:** The Bank offered some employees in Spain the possibility of taking retirement before the age stipulated in the collective labor agreement then in force. The corresponding provisions made by the Bank are recognized with a charge to the heading “Provisions (net) – Provisions for pensions and similar obligations” in the accompanying income statements (see note 42) to cover the cost of commitments acquired by this item. The present values paid for early retirement are quantified on a case-by-case basis and are recognized under the heading “Provisions – Provisions for pensions and similar obligations” in the accompanying balance sheets (see Note 21).

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

- **Other post-employment welfare benefits:** The Bank has welfare benefit commitments whose effects extend beyond the retirement of the employees entitled to the benefits. These commitments relate to certain current employees and retirees, depending upon the employee group to which they belong.

The present values of the vested obligations for post-employment welfare benefits are quantified on a case-by-case basis. They are recognized in the heading “Provisions – Provisions for pensions and similar obligations” in the accompanying balance sheets (see Note 21) and charged to the heading “Personnel expenses – Other personnel expenses” in the accompanying income statements (see Note 40).

- **Other long-term commitments to employees**

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

Some of these commitments are measured using actuarial studies, so that the present values of the vested obligations for commitments with personnel are quantified on a case-by-case basis. They are recognized under the heading “Provisions – Other provisions” in the balance sheets (see Note 21).

The welfare benefits delivered by the Bank to active employees are recognized under the heading “Personnel expenses – Other personnel expenses” in the income statements (see Note 40).

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

## 2.10 Equity-settled share-based payment transactions

Equity-settled share-based payment transactions, when the instruments granted do not vest until the counterparty completes a specified period of service, shall be accounted for those services as they are rendered by the counterparty during the vesting period, with a corresponding increase in equity. These services are measured at fair value, unless this value cannot be calculated reliably. In this case, they are measured by reference to the fair value of the equity instruments committed, taking into account the date on which the commitments were assumed and the terms and other conditions included in the commitments.

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

## 2.11 Termination benefits

Termination benefits are recognized in the accounts when the Bank agrees to terminate employment contracts with its employees and has established a detailed plan to do so. As of December 31, 2011, there were no redundancy plans in the Bank, so it is not necessary to recognize a provision for this item.

## 2.12 Treasury stock

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

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

## 2.13 Foreign-currency transactions

- **Assets, liabilities and futures transactions**

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

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

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

The breakdown of the main balances in foreign currencies as of December 31, 2011 and 2010, with reference to the most significant foreign currencies, is set forth in Appendix IX.

- **Structural currency positions**

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

## 2.14 Recognition of income and expenses

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

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

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

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

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

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

## 2.16 Leases

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

When the Bank acts as the lessor of an asset in finance leases, the aggregate present values of the lease payments receivable from the lessee plus the guaranteed residual value (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 balance sheets.

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

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

## 2.17. Entities and branches located in countries with hyperinflationary economies

None of the functional currencies of the branches located abroad relate to hyperinflationary economies as defined by Circular 4/2004 and subsequent amendments. Accordingly, as of December 31, 2011 and 2010 it was not necessary to adjust the financial statements of any branch to correct for the effect of inflation.

## **2.18 Statements of recognized income and expenses**

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

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

## **2.19 Statements of changes in equity**

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

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

## **2.20 Statements of cash flows**

The indirect method has been used for the preparation of the statement of cash flows. This method starts from the Bank’s net income and adjusts its amount for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated 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 deposit balances from 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.
- Financing activities: Activities that result in changes in the size and composition of the Bank’s equity and of liabilities that do not form part of operating activities.

## **3. Allocation of earnings and the new system of shareholder remuneration**

### **New scheme for shareholder remuneration**

The new shareholder remuneration scheme called the “Dividend Option” was implemented in 2011 through two share capital increases charged to voluntary reserves approved by the Bank’s Shareholders’ Annual General Meeting held on March 11, 2011, as the fifth point of the Agenda. Under the new scheme, BBVA has offered its shareholders the chance to receive part of their remuneration in the form of free shares; however, they can still choose to receive it in cash by selling the rights assigned to them in each capital increase either to BBVA (by the Bank exercising its commitment to repurchase the free allotment rights) or on the market.

## Shareholder remuneration in 2011

In 2011, the following payments were made and settled to shareholders:

- A third interim dividend on 2010 earnings was paid and settled on January 10, 2011 for a gross amount of €0.09 per share (€0.0729 net).
- To implement the "Dividend Option", the first capital increase charged to voluntary reserves was carried out in April 2011. As a result, the Bank's share capital increased by €29,740,199.65, through the issue and circulation of 60,694,285 shares with a par value of €0.49 each (see Note 23). The Bank also acquired 909,945,425 pre-emptive subscription rights, at the guaranteed fixed price of €0.149 gross each, for a total of €135,581,868.33.
- An interim dividend on 2011 earnings was paid and settled on July 8, 2011 for a gross amount of €0.10 per share (€0.081 net).
- The second capital increase charged to voluntary reserves under the "Dividend Option" program was carried out in October 2011. As a result, the Bank's share capital increased by €38,422,617.94, through the issue and circulation of 78,413,506 shares with a par value of €0.49 each (see Note 23). The Bank also acquired 433,637,066 pre-emptive subscription rights, at the guaranteed fixed price of €0.10 gross each, for a total of €43,363,706.60.

On December 20, 2011, the Board of Directors agreed to pay a second interim dividend on 2011 earnings for a gross amount of €0.10 (€0.079 net) per share. It was paid to the shareholders on January 10, 2012.

## Dividends

The aggregate amount of the interim dividends for 2011 mentioned above was €945 million and is recognized under the heading "Stockholders' funds - Dividends and remuneration" in the accompanying balance sheet.

The provisional financial statement prepared by Banco Bilbao Vizcaya Argentaria, S.A. for 2011 in accordance with legal requirements evidenced the existence of sufficient earnings for the distribution of the amounts to the interim dividend, as follows:

	Millions of Euros	
	May 31, 2011	November 30, 2011
<b>Available amount for interim dividend payments</b>		
Profit at each of the dates indicated, after the provision for income tax	976	1,969
Less -		
Estimated provision for Legal Reserve	(6)	(40)
Acquisition by the bank of the free allotment rights in 2011 capital increase	(136)	(179)
Interim dividends for 2011 paid	-	(455)
<b>Maximum amount distributable</b>	<b>834</b>	<b>1,295</b>
<b>Amount of proposed interim dividend</b>	<b>455</b>	<b>490</b>
<b>BBVA cash balance available to the date</b>	<b>1,540</b>	<b>1,321</b>

The table below shows the allocation of the Bank's earnings for 2011 that the Board of Directors will submit to approval by the General Shareholders' Meeting:

Application of Earnings	Millions of euros
	2011
<b>Net income for year of 2011</b>	<b>1,428</b>
<b>Distribution:</b>	
- Interim dividends	945
Acquisition by the bank of the free allotment rights(*)	179
Legal reserve	41
Voluntary reserves	263
(*) Correspond to the remuneration to shareholders who choose to be paid in cash at the "Dividend Option"	

## 4. Earnings per share

According to the criteria established by IAS 33:

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

The following transactions were carried out in 2011 and 2010 with an impact in the calculation of basic and diluted earnings per share:

- In 2011 and 2010 the Bank carried out capital increases with pre-emptive subscription rights for former shareholders (see Note 23). According to IAS 33, when calculating the basic and diluted earnings per share all the years prior to the exercise of the rights must be taken into account, and a corrective factor applied to the denominator (the weighted average number of shares outstanding) only in the case of capital increases other than those for conversion of securities into shares. This corrective factor is the result of dividing the fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value per share. The basic and diluted earnings per share in 2010 were calculated on this basis for 2010.
- In **2009 and 2011** the Bank issued subordinated securities that were mandatory convertible into ordinary newly issued BBVA shares.
  - » In **2009** the Bank issued subordinated securities that were mandatory convertible into ordinary newly issued BBVA shares amounting to €2,000 million. At its meeting on June 22, 2011, the Board of Directors of BBVA agreed to convert all these bonds dated July 15, 2011 (see Note 23).
  - » On **December 30, 2011**, the Bank issued mandatory convertible subordinated bonds convertible into ordinary newly issued BBVA shares amounting to €3,430 million (see Note 20.4.1).

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



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

As a result, as can be seen in the following table, for 2011 and 2010 the amount of the basic earnings per share and diluted earnings per share coincide, as since the diluting effect of the conversion is obligatory, it should also be applied to the calculation of the basic earnings per share.

The calculation of earnings per share in 2011 and 2010 is as follows:

Basic and Diluted Earnings per Share	2011	2010 (*)
<b>Numerator for basic and diluted earnings per share (million of euros)</b>		
Resultado atribuido a la entidad dominante (*)	3,004	4,606
Adjustment: Mandatory convertible bonds interest expenses	38	70
<b>Net income adjusted (millions of euros) (A)</b>	<b>3,042</b>	<b>4,676</b>
<b>Denominator for basic earnings per share (number of shares outstanding)</b>		
Weighted average number of shares outstanding (1)	4,635	3,762
Weighted average number of shares outstanding x corrective factor (2)	-	3,876
Adjustment: Average number of estimated shares to be converted	134	221
<b>Adjusted number of shares (B)</b>	<b>4,769</b>	<b>4,097</b>
<b>Basic earnings per share (Euros per share)A/B</b>	<b>0.64</b>	<b>1.14</b>
<b>Diluted earnings per share (Euros per share)A/B</b>	<b>0.64</b>	<b>1.14</b>

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

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

(\*) Data of 2010 and 2009 have been recalculated due to the mentioned corrective factor.

As of December 31, 2011 and 2010, except for the aforementioned convertible bonds, there were no other financial instruments, share option commitments with employees or discontinued transactions that could potentially affect the calculation of the diluted earnings per share for the years presented.

## 5. Risk management

Financial institutions that deal in financial instruments must assume or transfer one or more types of risk in their transactions. The main risks associated with financial instruments are:

- » **Credit risk:** This arises from the probability that one party to a financial instrument will fail to meet its contractual obligations for reasons of insolvency or inability to pay and cause a financial loss for the other party.
- » **Market risk:** This is originated by the likelihood of losses in the value of the positions held as a result of changes in the market prices of financial instruments. It includes three types of risks:
- » **Interest-rate risk:** This arises from variations in market interest rates.
- » **Currency risk:** This is the risk resulting from variations in foreign-currency exchange rates.
- » **Price risk:** This is the risk resulting from variations in market prices, either due to factors specific to the instrument itself, or alternatively to factors which affect all the instruments traded on a specific market.



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

## Principles and policies

The aim of the Global Risk Management (GRM) function is to preserve the Bank's solvency, help define its strategy with respect to the risks it assumes and facilitate the development of its businesses. Its activity is governed by the following principles:

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

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

## Corporate governance system

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

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

According to Article 36 of the Board Regulations, the Risk Committee is assigned the following duties for these purposes:

- To analyze and evaluate proposals related to the Bank's risk management and oversight policies and strategies.
- To monitor the extent to which the risks actually assumed match the established risk profiles.
- To assess and approve, where applicable, any transactions whose size could compromise the Bank's capital adequacy or recurrent earnings, or that present significant potential operational or reputational risks.

- To ensure that the Bank possesses the means, systems, structures and resources in accordance with best practices to develop its risk management strategy.

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

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

- Corporate Risk Management: Responsible for the management and control of credit, market, technical, structural, real estate and non-banking risks.
- Validation & Control: Manages the internal control and operational risk systems, the internal validation of the measurement models and the acceptance of new risks.
- Technology & Methodologies: Responsible for the management of the technological and methodological developments required for risk management in the Bank.
- Technical Secretariat: Undertakes technical tests of the proposals made to the Risk Management Committee and the Risk Committee; prepares and promotes the regulations applicable to social and environmental risk management.

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

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

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

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

- The New Products Committee: The committee's functions are to assess and, if appropriate, to approve the characteristics of new products before they are put on the market; to undertake subsequent control and monitoring for newly authorized products; and to foster business in an orderly way to enable it to develop in a controlled environment.

## Tools, circuits and procedures

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

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

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

## Internal control system

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

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

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

- Its core element is the "process."
- The form in which the risks are identified, assessed and mitigated must be unique for each process; and the systems, tools and information flows that support the internal control and operational risk activities must be unique, or at least be administered fully by a single unit.
- The responsibility for internal control lies with the Group's business units, and at a lower level, with each of the entities that make them up. Each business unit's Internal Control and Operational Risk Management is responsible for implementing the system of control within its scope of responsibility and managing the existing risk by proposing any improvements to processes it considers appropriate.

- Given that some business units have a global scope of responsibility, there are cross-cutting control functions which supplement the control mechanisms mentioned earlier.
- The Internal Control and Operational Risk Committee in each business unit is responsible for approving suitable mitigation plans for each existing risk or weakness. This committee structure culminates at the Group's Global Internal Control and Operational Risk Committee.
- The specialized units promote policies and draw up internal regulations. It is the responsibility of the Corporate Risk Area to develop them further and apply them.

## **Risk concentrations**

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

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

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

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

## **5.1 Credit risk**

### **5.1.1 Maximum credit risk exposure**

The Bank's maximum credit risk exposure by headings in the balance sheet as of December 31, 2011 and 2010 is given below. It does not recognize the availability of collateral or other credit enhancements to guarantee compliance with payment obligations. The details are broken down by financial instrument and counterparties.

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

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

For trading and hedging derivatives, the information set out in the next table is a better reflection of the maximum credit risk exposure than the amounts shown on the balance sheet because it does not only include the market value on the date of the transactions (the carrying amount only shows this figure); it also estimates the potential risk of these transactions on their due date.

However, credit risk originating from the derivatives in which the Bank operates is mitigated through the contractual rights existing for offsetting accounts at the time of their settlement. This has reduced the Bank's exposure to credit risk to €37,119 million as of December 31, 2011 (€27,443 million as of December 31, 2010).

Maximum Credit Risk Exposure	Notes	Millions of Euros	
		2011	2010
<b>Financial assets held for trading</b>	<b>8</b>	<b>7,898</b>	<b>13,016</b>
Debt securities		7,898	13,016
<b>Other financial assets designated at fair value through profit or loss</b>	<b>9</b>	<b>-</b>	<b>-</b>
Debt securities		-	-
<b>Available-for-sale financial assets</b>	<b>10</b>	<b>22,612</b>	<b>23,430</b>
Debt securities		22,612	23,430
<b>Loans and receivables</b>	<b>11</b>	<b>267,703</b>	<b>269,224</b>
Loans and advances to credit institutions		22,886	28,847
Loans and advances to customers		243,314	239,002
Government		26,089	24,204
Agriculture		1,790	1,766
Industry		28,497	29,575
Real estate and construction		39,458	39,566
Trade and finance		33,393	32,658
Loans to individuals		89,426	89,118
Other		24,661	22,115
Debt securities		1,503	1,375
<b>Held-to-maturity investments</b>	<b>12</b>	<b>10,956</b>	<b>9,947</b>
<b>Derivatives (trading and hedging)</b>	<b>8-13</b>	<b>52,985</b>	<b>39,103</b>
<b>Total financial assets risk</b>		<b>362,154</b>	<b>354,720</b>
Financial guarantees	<b>29</b>	60,760	57,764
Drawable by third parties	<b>29</b>	51,107	55,330
Other contingent risks	<b>29</b>	4,343	3,555
<b>Total Contingent Risks and Commitments</b>		<b>116,210</b>	<b>116,649</b>
<b>Total maximum credit exposure</b>		<b>478,364</b>	<b>471,369</b>

The amount of financial assets that would be irregular if their conditions had not been renegotiated is not significant with respect to the Bank's total loans and receivables as of December 31, 2011.

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

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

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

- » Analysis of the financial risk of the operation, based on the debtor's capacity for repayment or generation of funds;
- » The constitution of guarantees that are adequate, or at any rate generally accepted, for the risk assumed; 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 collateral are set out in the Internal Manuals on Credit Risk Management Policies (retail and wholesale), which establish the basic principles for credit risk management, including the management of collateral 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 collaterals assigned must be properly drawn up and entered in the corresponding register. They must also have the approval of the Bank's legal units.

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

- **Financial instruments held for trading:** The guarantees or credit enhancements obtained directly from the issuer or counterparty are implicit in the clauses of the instrument.
- **Trading and hedging derivatives:** In derivatives, credit risk is minimized through contractual netting agreements, where positive- and negative-value derivatives with the same counterparty are offset for their net balance. There may likewise be other kinds of guarantees, depending on counterparty solvency and the nature of the transaction. The Bank has a broad range of credit derivatives. These contracts allow it to buy or sell protection against a share or index. The Bank uses credit derivatives to mitigate credit risk in its loan book and other cash positions and to cover risks assumed in market transactions with other clients and counterparties. Credit derivatives may follow different payment and netting agreements, under the rules of the International Swaps and Derivatives Association (ISDA). The triggers to the agreement include the bankruptcy of the credit institution in question, swiftly accumulating indebtedness, default, restructuring or the winding up of the entity.
- **Other financial assets and liabilities designated at fair value through profit or loss and Available-for-sale financial assets:** The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent to the structure of the instrument.
- **Loans and receivables:**
  - » Loans and advances to credit institutions: These usually only have the counterparty's personal guarantee.
  - » Loans and advances to customers: Most of these operations are backed by personal guarantees extended by the counterparty. There may also be collateral to secure loans and advances to customers (such as mortgages, cash guarantees, pledged securities and other collateral), or to obtain other credit enhancements (bonds, hedging, etc.).
  - » Debt securities: Guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent to the structure of the instrument.
- **Held-to-maturity investments:** Guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent to the structure of the instrument.
- **Financial guarantees, other contingent risks and drawable by third parties:** These have the counterparty's personal guarantee.

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

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

- **Scoring**

Scoring is a decision-making model that contributes to both the arrangement and management of retail loans: consumer loans, mortgages, credit cards for individuals, etc. Scoring is the tool used to decide to whom a loan should be assigned, what amount should be assigned and what strategies can help establish the price,



because it is an algorithm that sorts transactions by their credit quality. This algorithm enables us to assign a score to each transaction requested by a customer, on the basis of a series of objective characteristics that have statistically been shown to discriminate between the quality and risk of this type of transactions. The advantage of scoring lies in its simplicity and homogeneity: all that is needed is a series of objective data for each customer, and this data is analyzed automatically using an algorithm.

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

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

- **Rating**

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

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

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



The table below shows the abridged scale used to classify the Bank's outstanding risk as of December 31, 2011:

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

The table below outlines the distribution of exposure, including derivatives, by internal ratings, of the main items in the Bank's risk balance sheet with companies, financial institutions and other institutions (excluding sovereign risk), as of December 31, 2011:

Credit Risk Distribution by Internal Rating	2011	
	Amount (Millions of Euros)	%
AAA/AA+/AA/AA-	45,670	18.8%
A+/A/A-	92,815	38.2%
BBB+	22,872	9.4%
BBB	10,206	4.2%
BBB-	9,405	3.9%
BB+	11,470	4.7%
BB	9,671	4.0%
BB-	13,297	5.5%
B+	9,032	3.7%
B	10,202	4.2%
B-	5,332	2.2%
CCC/CC	3,206	1.3%
<b>Total</b>	<b>243,178</b>	<b>100.0%</b>

From all the possible range of transactions/customers with a credit rating, and therefore with a probability of default, homogeneous probability levels are established into which the portfolio is to be classified. The concentration of levels will be higher when more discrimination is needed, and lower when discrimination is not so important. These levels represent the ratings needed to ensure proper classification of the portfolio.

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

## 5.1.4 Policies for preventing excessive risk concentration

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

- The aim is, as far as possible, to combine the customer's credit needs (commercial/financial, short-term/long-term, etc.) with the interests of the Bank.
- Any legal limits that may exist concerning risk concentration are taken into account (relationship between risks with a customer and the capital of the entity that assumes them), the markets, the macroeconomic situation, etc.
- To undertake a proper management of risk concentration, and if necessary generate actions on such risks, a number of different levels of monitoring have been established according to the amount of global risks maintained with the same customer. Any risk concentrations with the same customer or group may generate losses of more than €18 million are authorized and monitored by the Risk Committee of the Bank's Board of Directors. In terms of exposure, this amount is equivalent to 10% of the Bank's eligible capital for a customer with an AAA credit rating and 1% for a customer with a BB credit rating.

## 5.1.5 Financial assets past due but not impaired

The table below provides details of financial assets past due as of December 31, 2011 and 2010, but not considered to be impaired, listed by their first past-due date:

Financial Assets Past Due but Not Impaired	Millions of Euros					
	2011			2010		
	Less than 1 Months Past-Due	1 to 2 Months Past-Due	1 to 3 Months Past-Due	Less than 1 Months Past-Due	1 to 2 Months Past-Due	1 to 3 Months Past-Due
Loans and advances to credit institutions	-	-	-	-	-	-
Loans and advances to customers	1,831	303	238	942	213	156
Government	186	47	23	122	28	32
Other sectors	1,645	256	215	820	185	124
Debt securities	-	-	-	-	-	-
<b>Total</b>	<b>1,831</b>	<b>303</b>	<b>238</b>	<b>942</b>	<b>213</b>	<b>156</b>

## 5.1.6 Impaired assets and impairment losses

The table below shows the composition of the impaired financial assets and risks as of December 31, 2011 and 2010, broken down by heading in the accompanying balance sheet:

	Millions of Euros	
	2011	2010
<b>Impaired Risks.</b>		
<b>Breakdown by Type of Asset and by Sector</b>		
<b>Asset Instruments Impaired</b>		
Available for sale financial assets	116	140
Debt securities	116	140
Loans and receivables	11,260	11,258
Loans and advances to credit institutions	22	76
Loans and advances to customers	11,228	11,172
Debt securities	10	10
<b>Total Asset Instruments Impaired (1)</b>	<b>11,376</b>	<b>11,398</b>
<b>Contingent Risks Impaired</b>		
Contingent Risks Impaired (2)	210	320
<b>Total Impaired Risks (1)+(2)</b>	<b>11,586</b>	<b>11,718</b>
Of which:	-	-
Government	132	113
Credit institutions	71	105
Other sectors	11,173	11,180
Contingent Risks Impaired	210	320
<b>Total impaired risks (1) + (2)</b>	<b>11,586</b>	<b>11,718</b>

The changes in 2011 and 2010 in the impaired financial assets and contingent risks are as follows:

	Millions of Euros	
	2011	2010
<b>Changes in Impaired Financial Assets and Contingent Risks</b>		
<b>Balance at the beginning</b>	<b>11,718</b>	<b>11,282</b>
Additions (1)	7,356	6,610
Recoveries (2)	(5,435)	(5,122)
<b>Net additions (1)+(2)</b>	<b>1,921</b>	<b>1,488</b>
Transfers to write-off	(2,206)	(1,594)
Exchange differences and others	153	542
<b>Balance at the end</b>	<b>11,586</b>	<b>11,718</b>
<b>Recoveries on entries (%)</b>	<b>74</b>	<b>77</b>

Below are details of the impaired financial assets as of December 31, 2011 and 2010, not including impaired contingent liabilities, classified by geographical area and by the time since their oldest past-due amount or the period since they were deemed impaired:

Impaired Assets by Geographic Area and Time					
	Millions of Euros				
	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
<b>2011</b>					
Spain	4,449	1,056	1,176	4,420	11,101
Rest of Europe	1	52	-	14	67
Rest of the world	133	75	-	-	208
<b>Total</b>	<b>4,583</b>	<b>1,183</b>	<b>1,176</b>	<b>4,434</b>	<b>11,376</b>

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRES for banks. See Note 54). This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

#### Impaired Assets by Geographic Area and Time

2010	Millions of Euros				
	Less than 6 Months	6 to 9 Months	9 to 12 Months	More than 12 Months	Total
	Past-Due	Past-Due	Past-Due	Past-Due	
Spain	4,547	984	736	4,584	10,851
Rest of Europe	10	27	-	33	70
Rest of the world	260	40	56	121	477
<b>Total</b>	<b>4,817</b>	<b>1,051</b>	<b>792</b>	<b>4,738</b>	<b>11,398</b>

Below are details of the impaired financial assets as on December 31, 2011 and 2010, not including impaired contingent liabilities, classified by type of loan in accordance with its associated guarantee, and by the time since their oldest past-due amount or the period since they were deemed impaired:

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

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

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

2010	Millions of Euros				
	Less than 6 Months	6 to 9 Months	9 to 12 Months	More than 12 Months	Total
	Past-Due	Past-Due	Past-Due	Past-Due	
Unsecured loans	2,416	277	192	1,543	4,428
Mortgage	2,288	774	591	3,020	6,673
Residential mortgage	395	224	217	1,193	2,029
Commercial mortgage (rural properties in operation and offices, and industrial buildings)	359	105	64	462	990
Rest of residential mortgage	587	126	88	582	1,383
Plots and other real state assets	947	319	222	783	2,271
Other partially secured loans	-	-	-	109	109
Others	113	-	9	66	188
<b>Total</b>	<b>4,817</b>	<b>1,051</b>	<b>792</b>	<b>4,738</b>	<b>11,398</b>

Below are the financial income accrued as of 31 December 2011 and 2010 with origin in the impaired assets that, as mentioned above in Note 2.1, are not recognized in the accompanying income statements as there are doubts as to the possibility of collection:

	Millions of Euros	
	2011	2010
<b>Financial Income from Impaired Assets</b>	<b>1,319</b>	<b>1,267</b>

## 5.1.7 Impairment losses

Below is a breakdown of the provisions recorded on the accompanying balance sheets to cover estimated impairment losses as of December 31, 2011 and 2010 in financial assets and contingent risks, according to the different headings under which they are classified in the balance sheet:

Impairment losses and provisions for contingent risks	Notes	Millions of Euros	
		2011	2010
<b>Available-for-sale portfolio</b>	<b>10</b>	<b>83</b>	<b>119</b>
<b>Loans and receivables</b>	<b>11</b>	<b>5,732</b>	<b>5,592</b>
Loans and advances to customers	11.2	5,694	5,525
Loans and advances to credit institutions	11.1	28	57
Debt securities	11.3	10	10
<b>Held to maturity investment</b>	<b>12</b>	<b>1</b>	<b>1</b>
<b>Impairment losses</b>		<b>5,816</b>	<b>5,712</b>
<b>Provisions for Contingent Risks and Commitments</b>	<b>21</b>	<b>159</b>	<b>177</b>
<b>Total</b>		<b>5,975</b>	<b>5,889</b>
Of which:			
For impaired portfolio		5,519	5,437
For current portfolio non impaired		456	452

Below are the changes in 2011 and 2010 in the provisions recorded to cover estimated impairment losses, broken down by headings on the accompanying balance sheet:

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

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

Changes in the year 2010: Impairment losses provisions (*)	Notes	Millions of Euros				
		Held to maturity investment	Available-for-sale portfolio	Loans and receivables	Contingent risks	Total
<b>Balance at the beginning</b>		1	155	5,102	201	5,459
Increase in impairment losses charged to income		-	39	3,517	-	3,556
Decrease in impairment losses credited to income		-	(29)	(1,614)	(23)	(1,666)
<b>Impairment losses (net)</b>	<b>42-43</b>	-	<b>10</b>	<b>1,903</b>	<b>(23)</b>	<b>1,890</b>
Entities incorporated in the year		-	(54)	(1,540)	-	(1,594)
Transfers to written-off loans		-	8	127	(1)	134
<b>Exchange differences and other</b>		<b>1</b>	<b>119</b>	<b>5,592</b>	<b>177</b>	<b>5,889</b>

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

The changes in 2011 and 2010 in financial assets derecognized from the accompanying balance sheet as their recovery is considered unlikely (hereinafter “write-offs”) is shown below:

<b>Changes in Impaired Financial Assets Written-Off from the Balance Sheet</b>	<b>Millions of Euros</b>	
	<b>2011</b>	<b>2010</b>
<b>Balance at the beginning</b>	<b>7,071</b>	<b>5,356</b>
<b>Increase:</b>	<b>3,354</b>	<b>2,015</b>
Assets of remote collectability	2,206	1,594
Past-due and not collected income	670	421
Contributions by mergers	478	-
<b>Decrease:</b>	<b>(800)</b>	<b>(303)</b>
Cash recovery	(187)	(109)
Foreclosed assets	(26)	-
Definitive derecognitions	(587)	(194)
Cancellation	(527)	(95)
Expiry of rights and other causes	(60)	(99)
<b>Net exchange differences</b>	<b>(1)</b>	<b>3</b>
<b>Balance at the end</b>	<b>9,624</b>	<b>7,071</b>

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

## 5.2 Market risk

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

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

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

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

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

Validity tests are performed periodically on the risk measurement models used by the Group. They estimate the maximum loss that could have been incurred in the positions assessed with a certain level of probability (backtesting), as well as measurements of the impact of extreme market events on risk positions (stress

testing). In addition, BBVA Research (the BBVA Group's Research Department) carries out stress analysis by simulating historical crisis scenarios and evaluating the impacts resulting from profound market alterations.

## 5.2.1 Trends in market risk in 2011

In 2011, the changes in the Bank's market risk in 2011, measured as VaR without smoothing (see Glossary) with a 99% confidence level and a 1-day horizon are as follows:



This represents a daily average VaR of €16 million in 2011, compared with €21 million in 2010. The number of risk factors currently used to measure portfolio risk is around 2,200. This number varies according to the possibility of doing business with other underlying assets and in other markets.

As of December 31, 2011 and 2010, VaR amounted to €12 million and €16 million, respectively. These figures can be broken down as follows:

VaR by Risk Factor	Millions of Euros	
	2011	2010
<b>Interest/Spread risk</b>	<b>17</b>	<b>19</b>
Currency risk	3	2
Stock-market risk	3	1
Vega/Correlation risk	8	10
<b>Diversification effect</b>	<b>(19)</b>	<b>(16)</b>
<b>Total</b>	<b>12</b>	<b>16</b>
<b>VaR medium in the period</b>	<b>16</b>	<b>21</b>
<b>VaR max in the period</b>	<b>30</b>	<b>27</b>
<b>VaR min in the period</b>	<b>9</b>	<b>15</b>

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.

The stress testing is carried out using historical crisis scenarios and economic scenarios supplied by BBVA Research as a base:



- » **Historical scenarios:** The base historical scenario is the collapse of Lehman Brothers in 2008.
- » **Economic crisis scenarios:** Unlike the historical scenarios, economic stress scenarios are updated monthly. The decision about which of the scenarios should be used is taken by the Market Stress Committee, in which BBVA Research takes an active part through the construction of ad hoc scenarios. The fundamental aim of this committee is to identify the most significant market risk positions in each of the Bank's treasuries and assess the impact of the movement of their risk drivers. To do so, the Stress Committee must identify and quantify unlikely but plausible crisis scenarios in the financial markets. This is achieved thanks to the participation of BBVA Research as a key member of the Committee. In addition, the economic stress scenarios are designed individually and are coherent with the positions of each of the treasuries. As a result, there may be no coherence at Bank level and thus the impacts cannot be aggregated.

The internal market risk model is validated periodically by backtesting. In 2011, portfolio losses exceeded daily VaR on 3 occasions in BBVA SA. This number of exceptions is within the bands set in the tests used in the Basel model. This is why no significant changes have been made either to the methodology of measurement, nor to the parametrics of the current measurement model.

## **5.2.2 Structural interest-rate risk**

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

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

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

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

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

## **5.2.3 Structural currency risk**

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

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

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

## 5.2.4 Structural equity risk

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

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

## 5.3 Liquidity risk

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

Management of liquidity and structural finance within the Group is based on the principle of financial autonomy of the institutions that make it up. This approach helps prevent and limit liquidity risk by reducing the Group's vulnerability in periods of high risk.

The management and monitoring of liquidity risk is carried out comprehensively in each of the Group's business units using a double (short and long-term) approach. The short-term liquidity approach has a time horizon of up to 366 days. It is focused on the management of payments and collections from the Treasury and market activity, and includes operations specific to the area and the Bank's possible liquidity requirements. The medium-term approach is focused on financial management of the whole balance sheet, with a time horizon of one year or more.

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

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

At the level of each Group entity, the managing areas request and propose a scheme of quantitative and qualitative limits and alerts related to short and medium term liquidity risks. Once agreed with GRM, controls and limits are proposed to the Bank's Board of Directors (through its delegate bodies), for approval at least

once a year. The proposals submitted by GRM are adapted to the situation of the markets according to the risk tolerance level aimed for by the Group.

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

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

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

One of the most significant aspects that have affected the Bank in 2011 was the continuation of the sovereign debt crisis, which started in 2010. The role played by official bodies in the euro zone and the ECB have been key in calming the markets and ensuring liquidity in the European banking system. However, BBVA has not had to make use of the extraordinary measures established by the Spanish authorities to mitigate the liquidity tension affecting many Spanish banks.

Given this situation, the regulators have established new regulatory requirements with the aim of strengthening the balance sheets of banks and making them more resistant to potential short-term liquidity shocks. The Liquidity Coverage Ratio (LCR) is the metric proposed by the Bank Supervisory Committee of the Bank for International Settlements in Basel to achieve this objective. It aims to ensure that financial institutions have a sufficient stock of liquid assets to allow them to survive a 30-day liquidity stress scenario. According to the most recent document published by the Basel Committee on Bank Supervision in December 2010, this ratio will remain subject to revision by the regulating bodies until mid-2013, and it will be incorporated as a regulatory requirement on January 1, 2015, though it must be reported to supervisory bodies as of January 2012.

In order to increase the weight of medium and long-term funding on the banks' balance sheets, the regulators have defined a new long-term funding ratio (over 12 months) called the Net Stable Funding Ratio (NSFR). It will be under review until mid-2016 and become a regulatory requirement starting on January 1, 2018.

Although the precise definition of these new ratios has still not been decided, the Bank has outlined a plan to adapt to them. This will allow it to adopt best practices and the most effective and strict criteria for their implementation sufficiently in advance.

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## 5.4 Residual maturity

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

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

2010	Millions of Euros						
	Demand	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
<b>ASSETS -</b>							
Cash and balances with central banks	4,165	-	-	-	-	-	4,165
Loans and advances to credit institutions	1,119	10,052	3,324	2,523	7,518	4,311	28,847
Loans and advances to customers	13,983	27,565	14,824	30,538	53,520	98,572	239,002
Debt securities	2	2,703	2,727	5,273	18,801	16,620	46,126
OTC derivatives	-	510	1,490	3,575	13,725	17,318	36,618
<b>LIABILITIES-</b>							
Deposits from central banks	3	5,008	3,129	2,704	-	-	10,844
Deposits from credit institutions	1,505	19,021	3,986	2,178	9,287	5,890	41,867
Deposits from customers	55,886	56,159	16,373	38,409	17,131	1,355	185,313
Debt certificates (including bonds)	-	5,017	9,747	4,483	27,370	14,377	60,994
Subordinated liabilities	-	-	-	100	3,101	9,457	12,658
Other financial liabilities	3,994	391	28	89	12	11	4,525
OTC derivatives	-	658	1,437	3,716	12,141	15,721	33,673

## 6. Fair value of financial instruments

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

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

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

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

## Determining the fair value of financial instruments

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

		Millions of Euros			
Fair Value and Carrying Amount	Notes	2011		2010	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>ASSETS-</b>					
Cash and balances with central banks	7	13,629	13,629	4,165	4,165
Financial assets held for trading	8	56,538	56,538	51,348	51,348
Available-for-sale financial assets	10	25,407	25,407	26,712	26,712
Loans and receivables	11	262,923	263,431	264,278	266,140
Held-to-maturity investments	12	10,955	10,190	9,946	9,189
Fair value changes of the hedges items in portfolio hedges of interes rate risk	13	146	146	40	40
Hedging derivatives	13	3,681	3,681	2,988	2,988
<b>LIABILITIES-</b>					
Financial assets held for trading	8	48,966	48,966	35,680	35,680
Financial liabilities at amortized cost	20	323,518	321,495	320,592	317,770
Fair value changes of the hedges items in portfolio hedges of interes rate risk	13	-	-	(2)	(2)
Hedging derivatives	13	2,475	2,475	1,391	1,391

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

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

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

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

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- **Level 3:** Measurement using techniques where some of the inputs are not taken from market observable data. As of December 31, 2011, the affected instruments accounted for approximately 1.45% of financial assets and 0.04% of the Bank's financial liabilities. Model selection and validation was undertaken by control units outside the market area.

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

		Millions of Euros					
Fair Value by Levels	Notes	2011			2010		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>ASSETS-</b>							
Financial assets held for trading	8	8,863	46,977	698	16,924	33,625	799
Debt securities		6,847	603	448	11,613	898	505
Other equity instruments		914	15	68	4,459	15	134
Trading derivatives		1,102	46,359	182	852	32,712	160
Available-for-sale financial assets	10	23,160	1,585	542	23,467	2,743	397
Debt securities		19,443	1,575	90	19,186	2,717	228
Other equity instruments		3,717	10	452	4,281	26	169
Hedging derivatives	13	-	3,681	-	-	2,988	-
<b>LIABILITIES-</b>							
Financial liabilities held for trading	8	4,358	44,585	23	4,285	31,370	25
Trading derivatives		1,195	44,585	23	899	31,370	25
Short positions		3,163	-	-	3,386	-	-
Hedging derivatives	13	-	2,475	-	-	1,391	-

The heading "Available-for-sale-financial assets" in the accompanying balance sheet as of December 31, 2011 and 2010, additionally includes €120 million and €105 million, respectively, accounted for at cost, as indicated in the section of this Note entitled "Financial instruments at cost".

The following table sets forth the main measurement techniques, hypotheses and inputs used in the estimation of fair value of the financial instruments classified under Levels 2 and 3, based on the type of financial asset and liability and the corresponding balances as of December 31, 2011:

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Financial Level 2	Instruments	Measurement techniques	Main assumptions	Main inputs used	2011 Fair value (millions of euros)	
<ul style="list-style-type: none"> <li>Debt securities</li> <li>Equity instruments</li> </ul>	Present-value method.		Calculation of the present value of financial instruments as the current value of future cash flows (discounted at market interest rates), taking into account: <ul style="list-style-type: none"> <li>the estimate of prepayment rates;</li> <li>the issuer credit risk; and</li> <li>current market interest rates.</li> <li>Net Asset Value (NAV) published recurrently, but not more frequently than every quarter.</li> </ul>	<ul style="list-style-type: none"> <li>Risk premiums.</li> <li>Observable interest rates</li> </ul> market	<b>Trading portfolio</b>	
					Debt securities	603
					Equity instruments	15
					<b>Available-for-sale financial assets</b>	
<ul style="list-style-type: none"> <li>Derivatives</li> </ul>	Analytic/semi-analytic formulae		For share, currency, inflation or commodity derivatives: <ul style="list-style-type: none"> <li>The Black-Scholes assumptions take into account possible convexity adjustments</li> </ul> For interest rate derivatives: <ul style="list-style-type: none"> <li>Black-Scholes assumptions apply a lognormal process for forward rates and consider possible convexity adjustments.</li> </ul>	For share, currency, or commodity derivatives: <ul style="list-style-type: none"> <li>Forward structure of the underlying asset.</li> <li>Volatility of options.</li> <li>Observable correlations between underlying assets.</li> </ul>	<b>Assets</b>	
					Trading derivatives	46,359
					Hedging Derivatives	3,681
	For share, currency, or commodity derivatives: <ul style="list-style-type: none"> <li>Monte Carlo simulations.</li> </ul>		Local volatility model: assumes a constant diffusion of the underlying asset with the volatility depending on the value of the underlying asset and the term.	For interest-rate derivatives:	<b>Liabilities</b>	
	For interest-rate derivatives: <ul style="list-style-type: none"> <li>Black-Derman-Toy Model, Libor Market Model and SABR.</li> <li>HW 1 factor</li> </ul>		This model assumes that: <ul style="list-style-type: none"> <li>The forward rates in the term structure of the interest rate curve are perfectly correlated.</li> </ul>	<ul style="list-style-type: none"> <li>The term structure of interest rates.</li> <li>Volatility of underlying asset.</li> </ul>	Trading derivatives	44,585
	For credit derivatives: <ul style="list-style-type: none"> <li>Diffusion models.</li> </ul>		These models assume a constant diffusion of default intensity.	For credit derivatives: <ul style="list-style-type: none"> <li>Credit default swap (CDS) prices.</li> <li>Historical CDS volatility.</li> </ul>	Hedging Derivatives	2,475



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Financial Level 3	Instruments	Measurement techniques	Main assumptions	Main unobservable inputs	2011 Fair value (millions of euros)	
• Debt securities	<ul style="list-style-type: none"><li>- Present-value method.</li><li>- “Time default” model for financial instruments in the collateralized debt obligations (CDOs) family.</li></ul>	<p>Determining the current value of financial instruments as the current value of future cash flows (discounted at market interest rates), taking into account:</p> <ul style="list-style-type: none"><li>- estimate of prepayment rates;</li><li>- issuer credit risk; and</li><li>- current market interest rates.</li></ul> <p>In the case of measurement of asset-backed securities (ABSs), future prepayments are calculated on the conditional prepayment rates that the issuers themselves provide. The “time-to-default” model is used to measure default probability. One of the main variables used is the correlation of defaults extrapolated from several index tranches (ITRA00 and CDX) with the underlying portfolio of our CDOs.</p>	<ul style="list-style-type: none"><li>- Prepayment rates</li><li>- Default correlation</li><li>- Credit spread (1)</li></ul>	Trading portfolio		
				Debt securities	448	
				Equity instruments	68	
				Available-for-sale financial assets		
				Debt securities	90	
• Equity instruments	<ul style="list-style-type: none"><li>- Present-value method.</li></ul>	Net asset value (NAV) for hedge fund and for equity instruments listed in thin or less active markets.	<ul style="list-style-type: none"><li>- Credit spread (1)</li><li>- NAV supplied by the fund manager or issuer of the securities.</li></ul>	Equity instruments	452	
• Trading derivatives	Trading derivatives for interest-rate futures and forwards: <ul style="list-style-type: none"><li>- Present-value method.</li><li>- “Libor Market” model.</li></ul>	The “Libor Market” model models the complete term structure of the interest-rate curve, assuming a constant elasticity of variance (CEV) lognormal process. The CEV lognormal process is used to measure the presence of a volatility shift.	<ul style="list-style-type: none"><li>- Correlation decay.(2)</li></ul>	Assets		
	For variable income and foreign exchange options: <ul style="list-style-type: none"><li>- Monte Carlo simulations</li><li>- Numerical integration</li><li>- Heston</li></ul>	The options are measured through generally accepted valuation models, to which the observed implied volatility is added.	<ul style="list-style-type: none"><li>- Vol-of-Vol (3)</li><li>- Reversion factor (4)</li><li>- Volatility Spot Correlation (5)</li></ul>	Trading derivatives	182	
				Liabilities		
	<ul style="list-style-type: none"><li>- Credit baskets</li></ul>	These models assume a constant diffusion of default intensity.	<ul style="list-style-type: none"><li>- Default correlation.</li><li>- Historical CDS volatility</li></ul>	Trading derivatives	23	

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

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

Millions of Euros				
Financial Assets Level 3 Changes in the Period	2011		2010	
	Assets	Liabilities	Assets	Liabilities
<b>Balance at the beginning</b>	<b>1,196</b>	<b>25</b>	<b>1,239</b>	<b>96</b>
Valuation adjustments recognized in the income statement	(1)	(2)	(124)	(13)
Acquisitions, disposals and liquidations	(6)	-	(18)	-
Net transfers to level 3	19	-	(133)	(58)
Exchange differences	32	-	232	-
	-	-	-	-
<b>Balance at the end</b>	<b>1,240</b>	<b>23</b>	<b>1,196</b>	<b>25</b>

(\*) Profit or loss that are attributable to gains or losses relating to those assets and liabilities held at the end of 2010 and 2009

The financial assets transferred between the different levels of measurement during 2011 were at the following amounts in the accompanying balance sheet as of December 31, 2011:

Millions of Euros							
Transfer between levels	From:	Level 1		Level 2		Level 3	
	To:	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
ASSETS							
Financial assets held for trading		12	-	32	16	-	36
Available-for-sale financial assets		27	23	48	38	-	-
Hedging derivatives		-	-	-	-	-	-
LIABILITIES-							
Financial liabilities held for trading		-	-	-	-	-	-
Hedging derivatives		-	-	-	-	-	-

As of December 31, 2011, the effect on earnings and equity of changing the main hypotheses used for the measurement of Level 3 financial instruments for other reasonably possible models, taking the highest (most favorable hypotheses) or lowest (least favorable) value of the range deemed probable, would be as follows:

Millions of Euros				
Financial Assets Level 3 Sensitivity Analysis	Potential Impact on Income Statement		Potential Impact on Total Equity	
	Most Favorable Hypotheses	Least Favorable Hypotheses	Most Favorable Hypotheses	Least Favorable Hypotheses
<b>ASSETS</b>				
Financial assets held for trading	21	(71)	-	-
Available-for-sale financial assets	-	-	4	(77)
Hedging derivatives	-	-	-	-
<b>LIABILITIES-</b>				
Financial liabilities held for trading	1	(1)	-	-
<b>Total</b>	<b>22</b>	<b>(72)</b>	<b>4</b>	<b>(77)</b>

## Loans and financial liabilities at fair value through profit or loss

As of December 31, 2011 and 2010, there were no loans or financial liabilities at fair value other than those recognized under the headings "Other financial assets designated at fair value through profit and loss" and "Other financial liabilities designated at fair value through profit and loss" in the accompanying balance sheets.

## Financial instruments at cost

As of December 31, 2011 and 2010, equity instruments, derivatives with these equity instruments as underlyings, and certain discretionary profit-sharing arrangements in some companies, were recognized at cost in the Group's balance sheets because their fair value could not be reliably determined, as they are not traded in organized markets and thus their unobservable inputs are significant. On the above dates, the balance of these financial instruments recognized in the portfolio of available-for-sale financial assets amounted to €120 million and €105 million, respectively.

The table below outlines the financial assets and liabilities carried at cost that were sold in 2011 and 2010:

Sales of financial instruments at cost	Millions of Euros	
	2011	2010
Amount of Sale	19	42
Carrying Amount at Sale Date	8	23
Gains/Losses	11	19

## 7. Cash and balances with central banks

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

Cash and Balances with Central Banks	Notes	Millions of Euros	
		2011	2010
Cash		595	616
Balances at the Central Banks		12,886	3,549
Reverse repurchase agreements	32	148	-
Accrued interests		-	-
<b>Total</b>		<b>13,629</b>	<b>4,165</b>

Deposits from Central Banks	Notes	Millions of Euros	
		2011	2010
Deposits from Central Banks		23,900	10,844
Repurchase agreements	32	8,738	-
Accrued interest until expiration		11	23
<b>Total</b>	<b>20</b>	<b>32,649</b>	<b>10,867</b>

## 8. Financial assets and liabilities held for trading

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

Financial Assets and Liabilities Held-for-Trading	Millions of Euros	
	2011	2010
<b>ASSETS-</b>		
Debt securities	7,898	13,016
Equity instruments	997	4,608
Trading derivatives	47,643	33,724
<b>Total</b>	<b>56,538</b>	<b>51,348</b>
<b>LIABILITIES-</b>		
Trading derivatives	45,803	32,294
Short positions	3,163	3,386
<b>Total</b>	<b>48,966</b>	<b>35,680</b>

### 8.1 Debt securities

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

Debt Securities Held-for-Trading Breakdown by type of issuer	Millions of Euros	
	2011	2010
Issued by Central Banks	64	165
Spanish government bonds	4,324	7,953
Foreign government bonds	1,427	1,829
Issued by Spanish financial institutions	565	722
Issued by foreign financial institutions	285	369
Other debt securities	1,233	1,978
<b>Total</b>	<b>7,898</b>	<b>13,016</b>

The debt securities included under Financial Assets Held for Trading earned average annual interest of 2.879% in 2011 (1.874% in 2010).

### 8.2 Equity instruments

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

Equity Instruments Held-for-Trading Breakdown by Issuer	Millions of Euros	
	2011	2010
<b>Shares of Spanish companies</b>		
Credit institutions	60	304
Other sectors	132	2,470
<b>Subtotal</b>	<b>192</b>	<b>2,774</b>
<b>Shares of foreign companies</b>		
Credit institutions	125	239
Other sectors	474	1,089
<b>Subtotal</b>	<b>599</b>	<b>1,328</b>
<b>Shares in the net assets of mutual funds</b>	<b>206</b>	<b>506</b>
<b>Total</b>	<b>997</b>	<b>4,608</b>

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## 8.3 Trading derivatives

The trading derivatives portfolio arises from the Bank's need to manage the risks incurred by it in the course of normal business activity. As of December 31, 2011 and 2010, trading derivatives were principally contracted in over-the-counter (OTC) markets, with credit entities not resident in Spain as the main counterparties, and related to foreign-exchange, interest-rate and equity risk.

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

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

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2010	Millions of Euros							
	Currency Risk	Interest Rate Risk	Equity Price Risk	Precious Metals Risk	Commodities Risk	Credit Risk	Other Risks	Total
<b>Organized markets</b>								
Financial futures	-	-	-	-	-	-	-	-
Options	(3)	-	(27)	(11)	(6)	-	-	(47)
Other products	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>(3)</b>	<b>-</b>	<b>(27)</b>	<b>(11)</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>(47)</b>
<b>OTC markets</b>								
<b>Credit institutions</b>								
Forward transactions	(51)	-	-	-	-	-	-	(51)
Future rate agreements (FRAs)	-	(6)	-	-	-	-	-	(6)
Swaps	-	(1,785)	(4)	1	24	-	-	(1,764)
Options	(110)	(275)	40	-	-	-	-	(345)
Other products	-	-	-	-	-	(175)	-	(175)
<b>Subtotal</b>	<b>(161)</b>	<b>(2,066)</b>	<b>36</b>	<b>1</b>	<b>24</b>	<b>(175)</b>	<b>-</b>	<b>(2,341)</b>
<b>Other financial institutions</b>								
Forward transactions	54	-	-	-	-	-	-	54
Future rate agreements (FRAs)	-	(1)	-	-	-	-	-	(1)
Swaps	-	1,171	31	-	(5)	-	-	1,197
Options	(12)	(56)	(231)	-	-	-	-	(299)
Other products	-	-	-	-	-	319	-	319
<b>Subtotal</b>	<b>42</b>	<b>1,114</b>	<b>(200)</b>	<b>-</b>	<b>(5)</b>	<b>319</b>	<b>-</b>	<b>1,270</b>
<b>Other sectors</b>								
Forward transactions	385	-	-	-	-	-	-	385
Future rate agreements (FRAs)	-	-	-	-	-	-	-	-
Swaps	-	1,621	145	-	(34)	-	-	1,732
Options	(41)	84	393	-	-	-	-	436
Other products	-	-	-	-	-	(5)	-	(5)
<b>Subtotal</b>	<b>344</b>	<b>1,705</b>	<b>538</b>	<b>-</b>	<b>(34)</b>	<b>(5)</b>	<b>-</b>	<b>2,548</b>
<b>Subtotal</b>	<b>225</b>	<b>753</b>	<b>374</b>	<b>1</b>	<b>(15)</b>	<b>139</b>	<b>-</b>	<b>1,477</b>
<b>Total</b>	<b>222</b>	<b>753</b>	<b>347</b>	<b>(10)</b>	<b>(21)</b>	<b>139</b>	<b>-</b>	<b>1,430</b>
<b>of which: Asset Trading Derivatives</b>	<b>4,738</b>	<b>24,124</b>	<b>3,602</b>	<b>12</b>	<b>123</b>	<b>1,125</b>	<b>-</b>	<b>33,724</b>
<b>of which: Liability Trading Derivatives</b>	<b>(4,516)</b>	<b>(23,371)</b>	<b>(3,255)</b>	<b>(22)</b>	<b>(144)</b>	<b>(986)</b>	<b>-</b>	<b>(32,294)</b>

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

As of December 31, 2011 and 2010, this heading of the accompanying balance sheet had no balances.

## 10. Available-for-sale financial assets

### 10.1 Breakdown of the balance

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

Available-for-Sale (AFS) Financial Assets	Millions of Euros	
	2011	2010
Debt securities	21,191	22,250
Impairment losses	(83)	(119)
<b>Subtotal</b>	<b>21,108</b>	<b>22,131</b>
Equity instruments	4,522	4,812
Impairment losses	(223)	(231)
<b>Subtotal</b>	<b>4,299</b>	<b>4,581</b>
<b>Total</b>	<b>25,407</b>	<b>26,712</b>

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## 10.2 Debt securities

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

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

The changes in the balance of "Debt securities" in 2011 was mainly due to the decrease caused by the reclassification of some debt securities to the held-to-maturity investment portfolio, which has been partially offset with the increase in the value of the portfolios.

Debt Securities Available-for-Sale by Type of Financial Instrument				
2010	Millions of Euros			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>Domestic Debt Securities</b>				
Spanish Government and other government agency debt securities	13,129	1	(806)	12,324
Other debt securities	3,954	14	(124)	3,844
Issue by Central Banks	-	-	-	-
Issue by credit institutions	2,964	13	(81)	2,896
Issue by other issuers	990	1	(43)	948
<b>Subtotal</b>	<b>17,083</b>	<b>15</b>	<b>(930)</b>	<b>16,168</b>
<b>Foreign Debt Securities</b>				
<b>Mexico</b>	130	-	(5)	125
Mexican Government and other government agency debt securities	-	-	-	-
Other debt securities	130	-	(5)	125
Issue by Central Banks	-	-	-	-
Issue by credit institutions	130	-	(5)	125
Issue by other issuers	-	-	-	-
<b>The United States</b>	215	-	(21)	194
Government securities	128	-	(8)	120
US Treasury and other US Government agencies	128	-	(8)	120
States and political subdivisions	-	-	-	-
Other debt securities	87	-	(13)	74
Issue by Central Banks	-	-	-	-
Issue by credit institutions	48	-	(8)	40
Issue by other issuers	39	-	(5)	34
<b>Other countries</b>	6,002	12	(370)	5,644
securities	3,394	5	(327)	3,072
Other debt securities	2,608	7	(43)	2,572
Issue by Central Banks	-	-	-	-
Issue by credit institutions	1,994	5	(27)	1,972
Issue by other issuers	614	2	(16)	600
<b>Subtotal</b>	<b>6,347</b>	<b>12</b>	<b>(396)</b>	<b>5,963</b>
<b>Total</b>	<b>23,430</b>	<b>27</b>	<b>(1,326)</b>	<b>22,131</b>



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The decrease in the balance under the heading "Debt securities" in 2010 is mainly due to the sale of securities and changes in the valuations of these portfolios.

### 10.3 Equity instruments

The breakdown of the balance under the "Equity instruments" heading as of December 31, 2011 and 2010 is as follows:

**AFS-Equity Instruments. Breakdown by Type of Financial Instrument**

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

**AFS-Equity Instruments. Breakdown by Type of Financial Instrument**

2010	Millions of Euros			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>Equity instruments listed</b>				
Listed Spanish company shares	3,210	1,086	(4)	4,292
Credit institutions	-	-	-	-
Other entities	3,210	1,086	(4)	4,292
Listed foreign company shares	204	4	(24)	184
United States	11	1	-	12
Other countries	193	3	(24)	172
<b>Subtotal</b>	<b>3,414</b>	<b>1,090</b>	<b>(28)</b>	<b>4,476</b>
<b>Unlisted equity instruments</b>				
Unlisted Spanish company shares	23	-	-	23
Credit institutions	1	-	-	1
Other entities	22	-	-	22
Unlisted foreign companies shares	82	-	-	82
United States	54	-	-	54
Other countries	28	-	-	28
<b>Subtotal</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>105</b>
<b>Total</b>	<b>3,519</b>	<b>1,090</b>	<b>(28)</b>	<b>4,581</b>

## 10.4 Gains/losses

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

Changes in Valuation Adjustments - Available-for-Sale Financial Assets	Millions of Euros	
	2011	2010
<b>Balance at the beginning</b>	<b>39</b>	<b>1,567</b>
Valuation gains and losses	(972)	(1,756)
Income tax	169	510
Amounts transferred to income	(18)	(282)
<b>Balance at the end</b>	<b>(782)</b>	<b>39</b>
Of which:		
Debt securities	(1,053)	(909)
Equity instruments	271	948

The losses recognized under the heading “Valuation adjustments - Available-for-sale financial assets” in the income statement for 2011 correspond mainly to Spanish government debt securities.

Of the losses recognized under the heading “Valuation adjustments - Available-for-sale financial assets” and originating in debt securities, some 58,97% were generated over more than twelve months.

However, no impairment has been estimated, as following an analysis of these unrealized losses it can be concluded that they were temporary, because: 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 comply with his payment obligations, nor that future payments of both principal and interests will not be sufficient to recover the cost of the debt securities.

The recovery of impairment losses recognized under the heading “Impairment losses on financial assets (net) - Available-for-sale financial assets” in the accompanying income statement amounted to €4 million in 2011 (€131 million losses in 2010) (see Note 43).

## 11. Loans and receivables

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

Loans and Receivables	Notes	Millions of Euros	
		2011	2010
Loans and advances to credit institutions	11.1	22,967	28,882
Loans and advances to customers	11.2	238,463	234,031
Debt securities	11.3	1,493	1,365
<b>Total</b>		<b>262,923</b>	<b>264,278</b>

## 11.1 Loans and advances to credit institutions

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

		Millions of Euros	
Loans and Advances to Credit Institutions	Notes	2011	2010
Reciprocal accounts		40	94
Deposits with agreed maturity		12,180	18,633
Demand deposits		1,906	948
Reverse repurchase agreements	32	2,605	4,840
Other financial assets		6,133	4,256
Impaired assets		22	76
<b>Total gross</b>	5.1	<b>22,886</b>	<b>28,847</b>
<b>Valuation adjustments</b>		<b>81</b>	<b>35</b>
Impairment losses	5.1.7	(28)	(57)
Accrued interest and fees		109	92
Hedging derivatives and others		-	-
<b>Total</b>		<b>22,967</b>	<b>28,882</b>

## 11.2 Loans and advances to customers

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

		Millions of Euros	
Loans and Advances to Customers	Notas	2011	2010
Mortgage secured loans		98,900	103,661
Other secured loans		2,528	3,431
Other loans		83,378	78,895
Credit accounts		12,842	11,773
Commercial credit		13,108	13,637
Receivable on demand and other		3,503	2,794
Credit cards		1,323	1,376
Finance leases		4,236	4,778
Reverse repurchase agreements	32	7,117	4,741
Financial paper		5,151	2,744
Impaired assets	5.1.6	11,228	11,172
<b>Total gross</b>	5.1	<b>243,314</b>	<b>239,002</b>
<b>Valuation adjustments</b>		<b>(4,851)</b>	<b>(4,971)</b>
Impairment losses	5.1.7	(5,694)	(5,525)
Accrued interests and fees		124	72
Hedging derivatives and others		719	482
<b>Total net</b>		<b>238,463</b>	<b>234,031</b>

As of December 31, 2011, 20,91% of "Loans and advances to customers" with a maturity greater than one year were concluded with fixed-interest rates and 79,09% with variable interest.

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“Loans and advances to customers” includes finance lease arrangements provided by various entities in the Bank for their customers to finance the purchase of assets, including movable and immovable property. The breakdown of the finance leases as of December 31, 2011 and 2010 is as follows:

Financial Lease Arrangements	Millions of Euros	
	2011	2010
Movable property	2,046	2,306
Real Estate	2,190	2,472
Fixed rate	1,460	1,136
Floating rate	2,776	3,642

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

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

Securitized Loans	Millions of Euros	
	2011	2010
Securitized mortgage assets	31,793	32,266
Other securitized assets	7,182	6,595
Commercial and industrial loans	4,484	3,814
Finance leases	390	783
Loans to individuals	2,308	1,998
<b>Total</b>	<b>38,975</b>	<b>38,861</b>

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

Derecognized Securitized Loans	Millions of Euros	
	2011	2010
Securitized mortgage assets	-	2
Other securitized assets	122	176
<b>Total</b>	<b>122</b>	<b>178</b>

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### 11.3 Debt securities

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

Debt securities	Notes	Millions of Euros	
		2011	2010
Government		1,265	1,265
Credit institutions		4	4
Other sectors		234	106
<b>Total gross</b>	<b>5.1</b>	<b>1,503</b>	<b>1,375</b>
Valuation adjustments		(10)	(10)
<b>Total</b>		<b>1,493</b>	<b>1,365</b>

## 12. Held-to-maturity investments

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

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

Held-to-Maturity Investments. Breakdown by Type of Financial Instrument				
2010	Millions of Euros			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>Domestic Debt Securities</b>				
Spanish Government and other government agency debt securities	6,611	2	(671)	5,942
Other domestic debt securities	892	-	(63)	829
Issue by credit institutions	290	-	(13)	277
Issue by other issuers	602	-	(50)	552
<b>Subtotal</b>	<b>7,503</b>	<b>2</b>	<b>(734)</b>	<b>6,771</b>
<b>Foreign Debt Securities</b>				
Government and other government agency debt securities	2,181	10	(20)	2,171
Issue by credit institutions	262	6	(21)	247
<b>Subtotal</b>	<b>2,443</b>	<b>16</b>	<b>(41)</b>	<b>2,418</b>
<b>Total</b>	<b>9,946</b>	<b>18</b>	<b>(775)</b>	<b>9,189</b>

The foreign securities held by the Bank as of December 31, 2011 and 2010 in the held-to-maturity investments portfolio corresponded to European issuers.

With regard to sovereign debt securities issued by Greece, owing to its economic situation and considering the various agreements reached at the European leader summits on the plan to restructure Greek debt, the Group has recognized impairment losses on these assets for a total amount of €81 million, applying an expected loss of 50% of the nominal value of Greek debt owned by the Bank/Group, irrespective of its maturity.

After analyzing the unrealized losses, it was decided that, with the exception of those recognized for Greece's sovereign debt, the rest were temporary, as the interest payment dates of all the securities have been satisfied; and because there is no evidence that the issuer will not continue to comply with the payment obligations, nor that future payments of both principal and interests will not be sufficient to recover the cost of the debt securities.

The following is a summary of the gross changes in 2011 and 2010 under this heading in the accompanying balance sheets:

<b>Held-to-Maturity Investments Changes on the Period</b>	<b>Millions of Euros</b>	
	<b>2010</b>	<b>2009</b>
<b>Balance at the beginning</b>	<b>9,947</b>	<b>5,438</b>
Acquisitions	-	4,969
Reclassifications	1,817	-
Redemptions and other	(808)	(460)
<b>Balance at the end</b>	<b>10,956</b>	<b>9,947</b>
Impairment	(1)	(1)
<b>Total</b>	<b>10,955</b>	<b>9,946</b>

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

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

<b>Debt Securities reclassified to "Held to Maturity Investments"</b>	<b>Millions of Euros</b>			
	<b>As of Reclassification date</b>		<b>As of December 31, 2011</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Italy sovereign debt	1,739	1,739	1,749	1,645
Greece sovereign debt	56	56	63	28
Portugal sovereign debt	22	22	23	22
<b>Total</b>	<b>1,817</b>	<b>1,817</b>	<b>1,835</b>	<b>1,695</b>

The changes in fair value recognized in equity under "Valuation adjustments" for the reclassified financial assets are as follows:

<b>Change in Fair Value Recognised</b>	<b>Millions of Euros</b>	
	<b>From January 01, 2011 to reclassification</b>	<b>2010</b>
Italy sovereign debt	(11)	(69)
Greece sovereign debt	(13)	(30)
Portugal sovereign debt	(1)	(2)
<b>Total</b>	<b>(25)</b>	<b>(101)</b>

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The following table presents the amount recognized in the 2011 income statement from the valuation at amortized cost of the reclassified financial assets, as well as the impact recognized on the income statement and under the heading "Equity - Valuation adjustments", as of December 31, 2011, if the reclassification was not performed.

Effect on Income Statement and Other Comprehensive Income	Millions of Euros		
	Recognized in Income Statement	Effect of not Reclassifying	
		Income Statement	Equity "Valuation Adjustments"
Italy sovereign debt	(6)	-	(92)
Greece sovereign debt	(64)	(63)	(29)
Portugal sovereign debt	(1)	-	-
<b>Total</b>	<b>(71)</b>	<b>(63)</b>	<b>(121)</b>

(\*) Includes the impact on income statement for the impairment recognized after the reclassification

With respect to these reclassified values, the undiscounted future cash flows that, at the date of reclassification, were expected to be recovered, are indicated below.

Debt Securities reclassified to "Held to Maturity Investments"	Millions of Euros		
	Effective Interest Rate %	Estimated Cash Flows (Millions of Euros)	
		Reclassified Amount	Amortised Cost Valuation
Italy sovereign debt	3.79	1,739	61
Greece sovereign debt	2.12	56	69
Portugal sovereign debt	3.34	22	3
<b>Total</b>	<b>2.91</b>	<b>1,817</b>	<b>133</b>

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

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

Hedging derivatives and Fair value changes of the hedged items in portfolio hedges of interest rate risk	Millions of Euros	
	2011	2010
<b>ASSETS-</b>		
Fair value changes of the hedged items in portfolio hedges of interest rate risk	146	40
Hedging derivatives	3,681	2,988
<b>LIABILITIES-</b>		
Fair value changes of the hedged items in portfolio hedges of interest rate risk	-	(2)
Hedging derivatives	2,475	1,391

As of December 31, 2011 and 2010, the main positions hedged by the Bank and the derivatives assigned to hedge those positions were:



- **Fair value hedge:**
  - » Available-for-sale fixed-interest debt securities: This risk is hedged using interest-rate derivatives (fixed-variable swaps).
  - » Long-term fixed-interest debt securities issued by the Bank: This risk is hedged using interest-rate derivatives (fixed-variable swaps).
  - » Available-for-sale equity instruments: This risk is hedged using equity swaps.
  - » Fixed-interest loans: This risk is hedged using interest-rate derivatives (fixed-variable swaps).
  - » Fixed-interest deposit portfolio hedges: This risk is hedged using fixed-variable swaps and interest-rate options. The valuation of the deposit hedges corresponding to interest-rate risk is recognized under the heading "Changes in the fair value of the hedged items in the portfolio hedges of interest-rate risk."
- **Cash-flow hedges:** Most of the hedged items are floating interest-rate loans. This risk is hedged using foreign-exchange and interest-rate swaps.
- **Net foreign-currency investment hedge:** The risks hedged are foreign-currency investments in the Bank's subsidiaries based abroad. This risk is hedged mainly with foreign-exchange options and forward currency purchases.

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

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

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

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2010	Millions of Euros				
	Currency Risk	Interest Rate Risk	Equity Price Risk	Other Risks	Total
<b>OTC markets</b>					
<b>Credit institutions</b>					
Fair value hedge	-	1,557	6	3	1,566
Of which: Macro hedge	-	(282)	-	-	(282)
Cash flow hedge	(4)	(42)	-	-	(46)
<b>Subtotal</b>	<b>(4)</b>	<b>1,515</b>	<b>6</b>	<b>3</b>	<b>1,520</b>
<b>Other financial Institutions</b>					
Fair value hedge	-	74	5	-	79
Of which: Macro hedge	-	(20)	-	-	(20)
Cash flow hedge	-	(1)	-	-	(1)
<b>Subtotal</b>	<b>-</b>	<b>73</b>	<b>5</b>	<b>-</b>	<b>78</b>
<b>Other sectors</b>					
Fair value hedge	-	(1)	-	-	(1)
Of which: Macro hedge	-	(2)	-	-	(2)
Cash flow hedge	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
<b>Total</b>	<b>(4)</b>	<b>1,587</b>	<b>11</b>	<b>3</b>	<b>1,597</b>
Of which:					
Asset Hedging Derivatives	10	2,916	59	3	2,988
Liability Hedging Derivatives	(14)	(1,329)	(48)	-	(1,391)

The cash flows forecasts for the coming years for cash flow hedging recognized on the accompanying balance sheet as of December 31, 2011 are:

Cash Flows of Hedging Instruments	Millions of Euros				
	3 Months or Less	From 3 Months to 1 Year	From 1 to 5 Years	More than 5 Years	Total
Receivable cash inflows	4	13	52	89	158
Payable cash outflows	5	14	60	120	199

The cash flows indicated above will impact the income statements until 2025. The amounts previously recognized in equity from cash-flow hedging that were removed from equity and included in the accompanying income statement under the heading "Gains (losses) on financial assets and liabilities (net)" or "Exchange differences (net)" amounted to €30 million and €31 million in 2011 and 2010, respectively.

The volume of derivatives assigned as accounting hedges in the years 2011 and 2010 and that did not classify as such was not significant.

## 14. 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 balance sheets, broken down by the origin of the assets, is as follows:

Non-Current Assets Held-for-Sale Breakdown by type of Asset	Millions of Euros	
	2011	2010
From:		
Tangible fixed assets (net)	94	166
For own use	94	166
Assets leased out under an operating lease	-	-
Foreclosures or recoveries (net)	1,520	891
Foreclosures	1,430	830
Recoveries from financial leases	90	61
Accrued amortization (*)	(25)	(48)
Impairment losses	(127)	(51)
<b>Total</b>	<b>1,462</b>	<b>958</b>

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

As of December 31, 2011 and 2010, there were no liabilities associated with non-current assets held for sale.

Changes in the balances of said heading in 2011 and 2010 are as follows:

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

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

2010	Millions of Euros			
	Foreclosed	Recovered Assets from Operating Lease	From Own Use Assets (*)	Total
<b>Cost-</b>				
Balance at the beginning	348	26	253	627
Additions (Purchases)	939	75	-	1,014
Retirements (Sales)	(260)	(28)	(165)	(453)
Transfers	(197)	(12)	30	(179)
Balance at the end	830	61	118	1,009
<b>Impairment-</b>				
Balance at the beginning	41	8	8	57
Additions	185	9	3	197
Retirements (Sales)	(22)	(1)	(4)	(27)
Transfers	(171)	(5)	-	(176)
Balance at the end	33	11	7	51
<b>Total</b>	<b>797</b>	<b>50</b>	<b>111</b>	<b>958</b>

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

## 14.1 From tangible assets for own use

The most significant changes in the balance under the heading "Non-current assets held for sale - From tangible assets for own use", in 2011 and 2010, were due to the following operations:

In 2011 and 2010, the Bank sold 4 and 164 properties respectively in Spain (971 in 2009) to investors not related to the Bank for a corresponding total price of €79 million and €404 million. They were sold at market prices and without providing the buyers with finance to pay the cost of these transactions.

At the same time, the Bank signed long-term operating leases with the buyers of the properties (10, 15, 20, 25 and 30 years, which were renewable under certain conditions. The amount of the initial annual income from the properties under these operating leases was €122 million (since 2009 the number of buildings totals 1,139), though this income is updated annually according to the conditions established in the contracts.

In 2011 and 2010, the amounts registered under this item in the accompanying income statements under this heading were €138 and €113 million, respectively (see Note 40.2).

The sale agreements for these properties included purchase options for the Bank on termination of the respective operating lease contracts. The exercise price of the option will be determined by an independent expert on a case-by-case basis. As a result, the Bank considered these sales as firm sales and recognized gains of €67 million and €273 million respectively for this item. They were recognized under the headings "Gains (losses) in non-current assets held for sale not classified as discontinued operations" in the accompanying income statements for 2011 and 2010 (see Note 46).

The current value of the future minimum payments the Bank will incur in the effective period of the operating lease contracts, as of December 31, 2011, is €112 million in 1 year, €364 million between 2 and 5 years and €652 million in more than 5 years.

## 14.2 From foreclosures or recoveries

As of December 31, 2011 and 2010, the balance under the heading "Non-current assets held for sale - Foreclosures or recoveries" was made up of €1,233 and €733 million of assets for residential use, €151 and €98 million of assets for tertiary use (industrial, commercial or offices) and €11 and €8 million of assets for agricultural use, respectively.

The table below shows the length of time for which the main assets from foreclosures or recoveries that were on the balance sheet as of December 31, 2011 and 2010 had been held:

Non-Current Assets Held for Sale Period of Ownership	Millions of Euros	
	2011	2010
Up to one year	725	598
From 1 to 3 years	640	232
From 3 to 5 years	28	6
Over 5 years	2	3
<b>Total</b>	<b>1,395</b>	<b>839</b>

In 2011 and 2010, some of the sales operations of these assets were financed by the Bank. The amount of the loans granted to the buyers of these assets in 2011 and 2010 was €153 million and €175 million, respectively, with an average financed percentage of 94% and 90.5%, respectively, of the financed sales. The total nominal amount of these loans, which are recognized under “Loans and receivables”, was €510 million and €360 million, as of December 31, 2011 and 2010, respectively.

As of December 31, 2011 and 2010, the gains from the sale of assets financed by Bank (and, therefore, not recognized in the income statement), amounted to €29 and €31 million, respectively.

## 15. Investments in entities accounted for using the equity method

### 15.1. Associates

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

Associates Entities	Millions of Euros	
	2011	2010
<b>By currency:</b>		
In euros	58	68
In foreign currencies	4,101	3,544
<b>Total</b>	<b>4,159</b>	<b>3,612</b>
<b>By share price</b>		
Listed	3,619	3,092
Unlisted	540	520
<b>Total</b>	<b>4,159</b>	<b>3,612</b>
<b>Less:</b>		
Impairment losses	-	-
<b>Total</b>	<b>4,159</b>	<b>3,612</b>

The Bank's most significant stake, at a total €4,100 million as of December 31, 2011, is that in the CITIC Group. The stakes in associates as of December 31, 2011, as well as the most important data related to them, can be seen in Appendix IV.

The following is a summary of the changes in 2011 and 2010 under this heading in the accompanying balance sheets:

Associates Entities. Changes in the year	Millions of Euros	
	2011	2010
<b>Balance at the beginning</b>	<b>3,612</b>	<b>2,296</b>
Acquisitions and capital increases	424	1,198
Disposals and capital reductions	(9)	(9)
Transfers	(1)	-
Exchange differences and others	133	127
<b>Balance at the end</b>	<b>4,159</b>	<b>3,612</b>

#### Agreement with the CITIC Bank -

The BBVA Group's investment in the CITIC Group includes the investment in Citic International Financial Holdings Limited ("CIFH") and China National Citic Bank ("CNCB").

As of December 31, 2011, the BBVA Group maintained various agreements with the CITIC Group that were strategic for both Groups: for BBVA, as financial activity could be developed in continental China through this alliance and, for CNCB, as it allows CITIC to develop its international business. The BBVA Group has the status of "sole strategic investor" in CNCB.

On April 1, 2010, after obtaining the corresponding authorizations, the purchase of an additional 4.93% of CNCB's share capital was finalized for €1,197 million. On August 2, 2011, BBVA subscribed CNCB's capital increase for €424 million, and maintained the percentage of its stake.

As of December 31, 2011, BBVA had a 29.68% holding in CIFH and 15% in CNCB.

## 15.2. Jointly controlled entities

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

Jointly Controlled Entities	Millions of Euros	
	2011	2010
<b>By currency:</b>		
In euros	15	14
In foreign currencies	3,918	-
<b>Total</b>	<b>3,933</b>	<b>14</b>
<b>By share price</b>		
Listed	3,918	-
Unlisted	15	14
<b>Total</b>	<b>3,933</b>	<b>14</b>
<b>Less:</b>		
Impairment losses	-	-
<b>Total</b>	<b>3,933</b>	<b>14</b>

The following is a summary of the changes in 2011 and 2010 under this heading in the accompanying balance sheets:

Jointly Controlled Entities	Millions of Euros	
	2011	2010
<b>Balance at the beginning</b>	<b>14</b>	<b>17</b>
Acquisitions:	3,919	-
Transfers	1	-
Exchange differences and others	(1)	(3)
<b>Balance at end of year</b>	<b>3,933</b>	<b>14</b>

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

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

Appendix III shows details of jointly controlled entities as of December 31, 2011.

### 15.3. Holdings in Group entities

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

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

Subsidiaries.	Millions of Euros	
	2011	2010
<b>By currency:</b>		
In euros	3,990	3,491
In foreign currencies	19,378	19,272
<b>Total</b>	<b>23,368</b>	<b>22,763</b>
<b>By share price</b>		
Listed	346	337
Unlisted	23,022	22,426
<b>Total</b>	<b>23,368</b>	<b>22,763</b>
<b>Less:</b>		
Impairment losses	(3,506)	(2,021)
<b>Total</b>	<b>19,862</b>	<b>20,742</b>



The changes in 2011 and 2010 in the balance under this heading in the balance sheets, disregarding the balance of the impairment losses, are as follows:

Subsidiaries. Changes in the period.	Millions of Euros	
	2011	2010
<b>Balance at the beginning</b>	<b>22,763</b>	<b>21,597</b>
Acquisitions and capital increases	691	666
Sales	(225)	(7)
Transfers	-	-
Exchange differences and other	139	507
<b>Balance at the end</b>	<b>23,368</b>	<b>22,763</b>

The most notable transactions performed in 2011 and 2010 are as follows:

#### 2011 -

- The acquisition and subsequent takeover of Finanzia Banco de Crédito S.A.U.: In 2011 BBVA acquired 100% of Finanzia Banco de Crédito S.A. for a total of €174 million from Corporación General Financiera, S.A. and Cidessa Uno, S.L., both companies within the BBVA Group.

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

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

- Other significant transactions**

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

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

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

#### 2010.-

- Exchange of preferred securities for BBVA USA Bancshares stock**  
In 2010, the Bank exchanged €567 million in preferred securities issued by a holding company of BBVA USA Bancshares, Inc. for shares of BBVA USA Bancshares, Inc. itself.
- Restructuring of the various subsidiaries**  
2010 saw the restructuring of various investments through the takeover of Compañía Chilena de Inversiones, S.L. - Sociedad Unipersonal -, (acquiring company) and the companies Brookline Investments, S.L. - Sociedad Unipersonal -, Aragón Capital, S.L. - Sociedad Unipersonal - and BBVA Participaciones Internacional, S.L. - Sociedad Unipersonal -, (acquired companies).

## 15.4. Notifications about acquisition of holdings

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

## 15.5. Impairment

The breakdown of the changes in impairment losses in 2011 and 2010 under this heading is as follows:

Impairment.	Millions of Euros	
	2011	2010
<b>Balance at the beginning</b>	<b>2,021</b>	<b>1,790</b>
Increase in impairment losses charged to income	1,550	263
Decrease in impairment losses credited to income	(56)	(20)
Amount used	(41)	(21)
Other changes	32	9
<b>Balance at the end</b>	<b>3,506</b>	<b>2,021</b>

The most significant amount (€3,038 million) recognized as of December 31, 2011 for impairment losses in investments in Group entities corresponds to BBVA USA Bancshares, Inc. (the fully-owned United States subsidiary of BBVA S.A., dedicated to financial services).

In 2011, the difference between the carrying amount and the present value of expected cash flows amounted to €1,457 million. The figure is recognized as impairment losses under "Impairment losses on other assets (net)" in the income statement for 2011. The amount recognized as impairment losses includes the exchange differences resulting from the difference between the dollar exchange rate as of December 31, 2011 and the exchange rate at the time of acquisition.

## 16. Tangible assets

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

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

2010	Millions of Euros					
	For Own Use			Total Tangible Asset of Own Use	Investment Properties	Total
	Land and Buildings	Work in Progress	Furniture, Fixtures and Vehicles			
<b>Revalued cost -</b>						
<b>Balance at the beginning</b>	577	11	3,072	3,660	4	3,664
Additions	3	52	167	222	-	222
Contributions from merger transactions	-	-	-	-	-	-
Retirements	-	-	(96)	(96)	-	(96)
Transfers	(44)	-	(6)	(50)	(2)	(52)
Exchange difference and other	-	-	1	1	-	1
<b>Balance at the end</b>	536	63	3,138	3,737	2	3,739
<b>Accrued depreciation -</b>						
<b>Balance at the beginning</b>	128	-	2,063	2,191	1	2,192
Additions	7	-	175	182	-	182
Retirements	-	-	(91)	(91)	-	(91)
Transfers	(19)	-	(2)	(21)	-	(21)
Exchange difference and other	-	-	(1)	(1)	-	(1)
<b>Balance at the end</b>	116	-	2,144	2,260	1	2,261
<b>Impairment -</b>						
<b>Balance at the beginning</b>	8	-	-	8	-	8
Additions	11	-	5	16	-	16
Retirements	-	-	(5)	(5)	-	(5)
Transfers	-	-	-	-	-	-
Exchange difference and other	-	-	-	-	-	-
<b>Balance at the end</b>	19	-	-	19	-	19
<b>Net tangible assets -</b>						
<b>Balance at the beginning</b>	441	11	1,009	1,461	3	1,464
<b>Balance at the end</b>	401	63	994	1,458	1	1,459

*Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRES for banks. See Note 54). This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.*

As of December 31, 2011 and 2010, the totally amortized intangible assets still in use amounted to €1,459 and €1,387 million, respectively.

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

Bank Branches by Geographical Location	Number of Branches	
	2011	2010
Spain	3,015	3,022
Rest of the world	17	16
<b>Total</b>	<b>3,032</b>	<b>3,038</b>

As of December 31, 2011 and 2010, the percentage of branches leased from third parties in Spain was 85.64% and 85.34%, respectively.

## 17. Intangible assets

The breakdown of the balance under this heading in the balance sheets as of December 31, 2011 and 2010 relates in full to the net balance of the disbursements made on the acquisition of computer software. The average life of the Bank's intangible assets is 5 years.

The breakdown of the changes in 2011 and 2010 in the balance under this heading in the balance sheets is as follows:

Other Intangible Assets. Changes Over the Period	Notes	Millions of Euros	
		2011	2010
<b>Balance at the beginning</b>		<b>410</b>	<b>246</b>
Additions		290	260
Contributions from merger transactions		2	-
Retirements		-	(2)
Amortization in the year	41	(135)	(94)
<b>Balance at the end</b>		<b>567</b>	<b>410</b>

## 18. Tax assets and liabilities

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

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

In 2011, the Bank participated in corporate restructuring operations subject to the special regime for mergers, splits, transfers of assets and exchanges of securities under Chapter VIII of Title VII of the amended Corporation Tax Act, approved by Royal Legislative Decree 4/2004, of March 5.

- » Appendix XIV to these Financial Statements includes the latest closed balance sheet of the transferring entity.
- » Appendix XV to these Financial Statements includes the years that the transferring entity purchased the transferred assets subject to amortization.
- » No assets were acquired that were entered into the Bank's accounts for a value other than that stated in the accounts of the transferring entity.
- » The transferring entity has no tax benefits with respect to those that the Bank must assume pursuant to tax regulations for the consolidation or maintenance of the assets.

In 2009, the Bank also participated in corporate restructuring operations subject to the special regime for mergers, splits, transfers of assets and exchanges of securities under Chapter VIII of Title VII of the Amended Corporation Tax Act, as approved by Royal Legislative Decree 4/2004, of 5 March. The reporting requirements under the above legislation are included in the Notes to the financial statements of the relevant entities for 2009.

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

## **18.1. Years open for review by the tax authorities**

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

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

After considering the temporary nature of certain of the items assessed, the amounts, if any, that might arise from these assessments were provisioned in full in at 2011 year-end.

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

## 18.2 Reconciliation

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

Reconciliation of the Corporate Tax Expense Resulting from the Application of the Standard Rate and the Expense Registered by this Tax	Millions of Euros	
	2011	2010
<b>Corporation tax</b>	291	1,024
Decreases due to permanent differences:		
Tax credits and tax relief at consolidated Companies	(493)	(277)
Other items net	(345)	(345)
Net increases (decreases) due to temporary differences	547	(209)
<b>Charge for income tax and other taxes</b>	-	193
Deferred tax assets and liabilities recorded (utilized)	(547)	209
<b>Income tax and other taxes accrued in the period</b>	(547)	402
Adjustments to prior years' income tax and other taxes	88	107
<b>Income tax and other taxes</b>	(459)	509

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

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

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

Under the regulations in force until December 31, 2001, the amount of the aforementioned gains for each year had to be included in equal parts in the taxable profit of the seven tax years ending from 2000, 2001, 2002, 2003, 2004 and 2005, respectively. Following inclusion of the portion relating to 2001, the amount of the gains not yet included was €1.639 billion, with respect to which the Bank availed itself of Transitional Provision Three of Law 24/2001 (of 27 December) on Administrative, Tax, Labor and Social Security Measures. Almost all this amount (€1,634 million) was included as a temporary difference in the 2001 taxable profit.

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

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

The amount assumed in order to qualify for the above-mentioned tax credit is as follows:

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

In 2011 income attributable to the deduction for reinvestment amounted to €4 million, and the year's investment in the equity elements established by tax regulations was applied to reinvestment.

In 2011, the Bank deducted approximately €24 million from its taxable income as a result of the changes in the theoretical carrying amount of its investments in the Group's subsidiaries, jointly controlled entities and associates. The amounts pending addition to taxable income at year-end in connection with the aforementioned investments stands at approximately €459 million.

	Millions of Euros
	2011
<b>Pending addition to taxable income as of December 31, 2010</b>	<b>434</b>
Decrease income (included) 2011	25
Investments Equity as of December 31, 2010	1,104
Investments Equity as of December 31, 2011	861
Changes in Investments Equity	(243)
<b>Pending addition to taxable income as of December 31, 2011</b>	<b>459</b>



### 18.3. Tax recognized in equity

In addition to the income tax recognized in the Bank income statements, in 2011 and 2010 the Bank recognized the following amounts in equity:

Tax Recognized in Total Equity	Millions of Euros	
	2011	2010
<b>Charges to total equity</b>		
Debt securities	-	-
Equity instruments	-	(113)
Rest	-	-
<b>Subtotal</b>	<b>-</b>	<b>(113)</b>
<b>Credits to total equity</b>		
Debt securities	451	389
Equity instruments	3	-
Rest	31	27
<b>Subtotal</b>	<b>485</b>	<b>416</b>
<b>Total</b>	<b>485</b>	<b>303</b>

### 18.4. Deferred taxes

The balance of the heading “Tax assets” in the balance sheets includes the tax receivables relating to deferred tax assets; in turn, the balance of the heading Tax Liabilities includes the liability relating to the Bank’s various deferred tax liabilities.

The details of the most important tax assets and liabilities as of December 31, 2011 and 2010 are as follows:

Tax Assets and Liabilities. Breakdown	Millions of Euros	
	2011	2010
<b>Tax assets-</b>		
Current	282	324
Deferred	3,365	2,837
Pensions	1,205	1,297
Portfolio	1,126	801
Other assets	43	60
Impairment losses	711	507
Rest	101	172
Tax losses	179	-
<b>Total</b>	<b>3,647</b>	<b>3,161</b>
<b>Tax Liabilities-</b>		
Current	-	-
Deferred	373	488
Charge for income tax and other taxes	373	488
<b>Total</b>	<b>373</b>	<b>488</b>

## 19. Other assets and liabilities

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

Other Assets and Liabilities	Millions of Euros	
	2011	2010
<b>ASSETS-</b>		
Transactions in transit	30	14
Accrued interest	193	199
Unaccrued prepaid expenses	19	18
Other prepayments and accrued income	174	181
Other items	698	218
<b>Total</b>	<b>921</b>	<b>431</b>
<b>LIABILITIES-</b>		
Transactions in transit	29	36
Accrued interest	890	937
Discounted capital	-	-
Unpaid accrued expenses	581	628
Other accrued expenses and deferred income	309	309
Other items	867	219
<b>Total</b>	<b>1,786</b>	<b>1,192</b>

## 20. Financial liabilities at amortized cost

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

Financial Liabilities at Amortized Cost	Notes	Millions of Euros	
		2011	2010
Deposits from central banks	7	32,649	10,867
Deposits from credit institutions	20.1	44,676	42,015
Customer deposits	20.2	184,966	194,079
Debt certificates	20.3	46,559	56,007
Subordinated liabilities	20.4	9,895	13,099
Other financial liabilities	20.5	4,773	4,525
<b>Total</b>		<b>323,518</b>	<b>320,592</b>

### 20.1 Deposits from credit institutions

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

Deposits from Credit Institutions	Notas	Millions of Euros	
		2011	2010
Reciprocal accounts		12	78
Deposits with agreed maturity		30,918	33,907
Other accounts		1,269	1,411
Repurchase agreements	32	12,258	6,471
<b>Subtotal</b>		<b>44,457</b>	<b>41,867</b>
Valuation adjustments (*)		219	148
<b>Total</b>		<b>44,676</b>	<b>42,015</b>

(\*) Includes mainly accrued interest until expiration

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

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

Millions of Euros				
2010 Deposits from Credit Institutions	Demand Deposits	Deposits with Agreed Maturity	Repos	Total
Spain	916	10,854	340	12,110
Rest of Europe	156	16,403	6,115	22,674
Mexico	108	90	-	198
South América	104	1,097	-	1,201
The United States	150	2,080	16	2,246
Rest of the world	55	3,383	-	3,438
<b>Total</b>	<b>1,489</b>	<b>33,907</b>	<b>6,471</b>	<b>41,867</b>

## 20.2 Customer deposits

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

		Millions of Euros	
Customer Deposits	Notas	2011	2010
Government and other government agencies		31,187	22,447
Spanish		4,252	4,465
Foreign		2,902	5,053
Repurchase agreements	32	24,016	12,920
Accrued interest		17	9
Other resident sectors		127,979	142,817
Current accounts		29,979	17,766
Savings accounts		20,071	30,059
Fixed-term deposits		71,252	70,957
Reverse repos	32	5,666	23,215
Other accounts		233	125
Accrued interest		778	695
Non-resident sectors		25,800	28,815
Current accounts		1,386	1,491
Savings accounts		431	743
Fixed-term deposits		11,818	24,825
Repurchase agreements	32	12,012	1,609
Other accounts		127	80
Accrued interest		26	67
<b>Total</b>	<b>20</b>	<b>184,966</b>	<b>194,079</b>
Of which:			
Deposits from other creditors without valuation adjustment		184,146	193,308
Accrued interest		820	771
Of which:			
In euros		176,613	173,825
In foreign currency		8,353	20,254

The breakdown by geographical area and the nature of the related instruments under this heading in the accompanying balance sheets, disregarding valuation adjustments, is as follows:

2011 Customer Deposits	Millions of Euros				
	Demand Deposits	Savings Deposits	Deposits with Agreed Maturity	Repos	Total
Spain	33,343	20,227	72,345	29,682	155,597
Rest of Europe	2,532	278	10,109	12,012	24,931
Mexico	43	9	321	-	373
South América	213	79	901	-	1,193
The United States	87	15	601	-	703
Rest of the world	231	50	1,068	-	1,349
Total	36,449	20,658	85,345	41,694	184,146

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2010 Customer Deposits	Millions of Euros				
	Demand Deposits	Savings Deposits	Deposits with Agreed Maturity	Repos	Total
Spain	21,067	30,246	89,255	36,135	176,703
Rest of Europe	2,922	478	157	1,609	5,166
Mexico	36	16	294	-	346
South América	222	100	920	-	1,242
The United States	310	104	7,136	-	7,550
Rest of the world	189	46	2,066	-	2,301
<b>Total</b>	<b>24,746</b>	<b>30,990</b>	<b>99,828</b>	<b>37,744</b>	<b>193,308</b>

## 20.3 Debt certificates (including bonds)

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

Debt Certificates	Millions of Euros	
	2011	2010
Promissory notes and bills	2,362	12,851
Bonds and debentures issued	44,197	43,156
<b>Total</b>	<b>46,559</b>	<b>56,007</b>

The total cost of the interest accrued under “Debt certificates (including bonds)” in 2011 and 2010 was €1,802 million and 1,733 million respectively (see Note 34.2).

As of December 31, 2011 and 2010 the interest accrued pending payment from promissory notes and bills and bonds and debentures amounted to €1,017 million and €1,050 million, respectively.

The changes in 2011 and 2010 under the heading “Debt certificates (including bonds)” are described in Note 52.5.

### 20.3.1 Promissory notes and bills

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

Promissory notes and bills	Millions of Euros	
	2011	2010
In euros	1,543	7,308
In other currencies	819	5,543
<b>Total</b>	<b>2,362</b>	<b>12,851</b>

As of December 31, 2011 and 2010, the heading “Promissory notes and bills” recorded the balance of several issues with maturity of less than one year under debt security issue programs with a maximum amount of \$25,000 million (around €19,321 million) and €20,000 million in 2011, and \$25,000 million (around €18,710 million) and €20,000 million in 2010.

## 20.3.2 Bonds and debentures issued

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

Bonds and debentures issued	Millions of Euros	
	2011	2010
<b>In euros -</b>	<b>43,508</b>	<b>42,493</b>
Non-convertible bonds and debentures at floating interest rates	410	1,402
Non-convertible bonds and debentures at fixed interest rates	17,329	1,147
Covered bonds	42,930	39,223
Treasury stock	(20,501)	(2,064)
Accrued interest and others	3,340	2,785
<b>In foreign currency -</b>	<b>689</b>	<b>663</b>
Covered bonds	202	949
Other Non-convertible securities at fixed interest rates	772	-
Treasury stock	(298)	(302)
Accrued interest and others	13	16
<b>Total</b>	<b>44,197</b>	<b>43,156</b>

The "Non-convertible bonds and debentures at floating rate" account as of December 31, 2011, basically includes a 2009 issue of €260 million made in June 2009, divided into six tranches, with a maturity in June 2022. It pays quarterly coupons at a floating 3-month EURIBOR rate plus 120 basis points.

The difference in the balance as of December 31, 2011 is mainly due to the maturity in June 2011 of securities issued in June 2007 for €1,000 million.

The "Non-convertible bonds and debentures at fixed interest rates" account as of December 31, 2011, includes issues with various maturities, the latest in 2023.

The "Covered Bonds" account as of December 31, 2011, includes issues with various maturities, the latest in 2037.

## 20.4 Subordinated liabilities

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

Subordinated Liabilities	Millions of Euros	
	2011	2010
Subordinated debt	4,971	3,541
Subordinated deposits	4,453	9,117
Subtotal	9,424	12,658
Valuation adjustments and other concepts (*)	471	441
<b>Total</b>	<b>9,895</b>	<b>13,099</b>

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

This heading of the balance sheet includes those funds collected for the purpose of priority of claims that lies behind all the common creditors.

The details, interest rates and maturities of the Bank's outstanding subordinated debt issues as of December 31, 2011 and 2010 are shown in Appendix VIII.

## **20.4.1 Subordinated debt**

The variation of the balance in 2011 is mainly the result of the following transactions:

- **Conversion of subordinated bond issues**

As of December 31, 2010, subordinated debt included an issue by BBVA in September 2009 of subordinated bonds convertible into Bank shares amounting to €2,000 million. These bonds have a 5% annual coupon, payable quarterly, and can be converted into Bank shares after the first year, at the Bank's discretion, at each of the coupon payment dates, and mandatorily on the date of their final maturity (October 15, 2014). These obligations were recognized as financial liabilities since the number of Bank shares to be delivered can vary.

The Board of Directors of BBVA, at its meeting on June 22, 2011, agreed to the mandatory conversion of these convertible bonds. The conversion took place on July 15, 2011, an interest payment date, according to the procedure established to that effect under the terms and conditions of the issue. As a result, an increase of the Bank's common stock (approved by the Board of Directors at its meeting on July 27, 2009, in using the power delegated by the Annual General Meeting held on March 14, 2008 in point 6 of the Agenda) through the issue of ordinary BBVA shares needed to address the conversion of the Convertible Bonds (see Note 23).

- **Mandatory convertible subordinated bond issue**

The BBVA Board of Directors, at its meeting on November 22, 2011, agreed, in virtue of the authorization conferred by the AGM of March 14, 2008, to proceed to the issue of mandatory convertible subordinated obligations into new ordinary BBVA shares (hereinafter, the "Issue" or "Mandatory Convertible Subordinated Obligations" or "Bonds") for a maximum amount of €3,475 million.

This issue excluded the right to preferential subscription since it was exclusively designed for holders of preferential shares held by BBVA Capital Finance, S.A. Unipersonal (series A, B, C and D) and BBVA International Limited (series F), all secured by BBVA, S.A., who accept the purchase offer for said preferential shares on behalf of BBVA.

Thus, those who accepted the purchase offer would subscribe a nominal amount of "Mandatory Convertible Subordinated Obligations" equivalent to 100% of the nominal amount or cash for the preferred securities they owned and that would be acquired by BBVA.

As of December 30, 2011, the purchase offer for preferred securities and the subscription of "Bonds" amounted to €3,430 million, which represented 98.71% of the total preferred securities to be repurchased. The "Issue" was carried out at 100% of the nominal value of the "Convertible Bonds", which was €100. Thus, the Bank issued 34,300,002 "Bonds" for a total amount of €3,430 million. These "Bonds" were recognized as financial liabilities since the number of Bank shares to be delivered can vary. The remuneration of the "Bonds" was 6.5% annual over nominal, payable on a quarterly basis.

Without prejudice to the issuer's authority to convert the "Bonds" at any date of remuneration, on June 30, 2012, it is expected that 50% of the nominal value of the "Bonds" in circulation at said date shall be mandatorily converted into new ordinary BBVA, S.A. shares, and that the total conversion of the "Issue" take place on June 30, 2013. The conversion will be in terms of the market price of the BBVA share, according to the terms and conditions established in the "Issue" brochure.

## **20.4.2 Subordinated deposits**

The "Subordinated deposits" account as of December 31, 2011 and 2010, includes the deposits taken relating to the subordinated debt and preference share issues launched by BBVA Global Finance Ltd., BBVA Subordinated Capital S.A.U., BBVA International Preferred S.A.U., BBVA International Ltd., and BBVA Capital Finance, S.A. which are unconditionally and irrevocably secured by the Bank.



The change in the balance as of December 31, 2011 is mainly due to the purchase and early amortization of preferred securities for €3,430 million mentioned in the above section; and the amortization on maturity of an issue by the Banco de Crédito Local de España, S.A. for €1,000 million.

The total cost of the interest accrued under “Subordinated debt” in 2011 and 2010 was €454 million and €518 million respectively (see Note 34.2).

## 20.5 Other financial liabilities

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

Other financial liabilities	Millions of Euros	
	2011	2010
Creditors for other financial liabilities	1,717	1,734
Collection accounts	1,838	1,747
Creditors for other payment obligations	728	640
Dividend payable but pending payment	490	404
<b>Total</b>	<b>4,773</b>	<b>4,525</b>

As of December 31, 2011 and 2010, the “Dividend payable but pending payment” corresponded to the second interim dividend against 2011 earnings. It was paid in January 2011 (see Note 3).

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

## 21. Provisions

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

Provisions. Breakdown by concepts	Millions of Euros	
	2011	2010
Provisions for pensions and similar obligations	4,966	5,177
Provisions for contingent Risks and commitments	159	177
Other provisions	1,272	1,259
<b>Total</b>	<b>6,397</b>	<b>6,613</b>

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The changes in 2011 and 2010 in the balances of this heading in the accompanying balance sheets are as follows:

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

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

		Millions of Euros		
		2010		
Provisions. Changes over the Period	Notes	Pension fund and similar obligations (Note 22)	Commitments and contingent risks provisions	Taxes, other legal contingencies and other provisions
<b>Balance at the beginning</b>		<b>5,426</b>	<b>201</b>	<b>1,163</b>
Add -				
Increase charged to income		435	-	181
Interest and similar expenses	34.2	137	-	32
Personnel expenses		2	-	1
Provisions (net)	42	296	-	148
Increase charged to retained earnings (*)		-	-	-
Other changes		-	-	-
Less -				
Available allowances	42	(2)	(23)	(10)
Payments to early retirements		(624)	-	-
Credited to retained earnings		(5)	-	-
Derecognition of allowances		(20)	-	(67)
Other changes		(33)	(1)	(8)
<b>Balance at the end</b>		<b>5,177</b>	<b>177</b>	<b>1,259</b>

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

### Ongoing legal proceedings and litigation -

The Group participates in certain legal proceedings in various jurisdictions, including Spain, Mexico and the United States, arising from the ordinary course of the business. BBVA believes that none of those legal proceedings is material, individually or as a whole, and does not expect any significant impact on the operating results, liquidity or financial situation of the Bank to arise. The Group's management believes that the provisions given regarding the legal proceedings are adequate and does not believe it necessary to report any possible contingencies that could arise from the ongoing legal proceedings, given that it does not consider them material.

## 22. Pensions and other post-employment commitments

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

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

The employee welfare system in place at the Bank superseded and improved the terms and conditions of the collective labor agreement for the banking industry; the commitments envisaged in the event of retirement, death and disability cover all employees, including those hired after March 8, 1980. The Bank outsourced all its commitments to serving and retired employees pursuant to Royal Decree 1.588/1999, October 15. These commitments are instrumented in external pension plans, insurance contracts with a non-Group company and insurance contracts with BBVA Seguros, S.A. de Seguros y Reaseguros, which is 99.95% owned by the Banco Bilbao Vizcaya Argentaria Group.

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

### 22.1 Defined-contribution commitments

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

The amounts recognized under this item in the accompanying income statements for contributions to these plans in 2011 and 2010 were €31 and €33 million, respectively.

### 22.2 Defined-benefit plans and other long-term commitments

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

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

Commitments in Defined-Benefit Plans and Other Post-Employment Commitments	Millions of Euros				
	2011	2010	2009	2008	2007
Pension and post-employment benefits	5,414	5,657	5,924	6,119	5,705
Assets and insurance contracts coverage	448	480	498	468	521
<b>Total net liabilities</b>	<b>4,966</b>	<b>5,177</b>	<b>5,426</b>	<b>5,651</b>	<b>5,184</b>

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This information is presented in greater detail in the table below for 2011 and 2010, broken down by beneficiaries from the Bank in Spain and from the branches abroad:

	Millions of Euros					
	Commitments in Spain		Commitments Abroad		Total	
	2011	2010	2011	2010	2011	2010
<b>Pensions and Early-Retirement Commitments and Welfare Benefits: Spain and Abroad</b>						
Post-employment benefits						
Post-employment benefits	2,210	2,273	96	82	2,306	2,355
Early retirement	2,904	3,083	-	-	2,904	3,083
Post-employment welfare benefits	204	219	-	-	204	219
<b>Total post-employment benefits (1)</b>	<b>5,318</b>	<b>5,575</b>	<b>96</b>	<b>82</b>	<b>5,414</b>	<b>5,657</b>
Insurance contracts coverage						
Post-employment benefits	378	426	-	-	378	426
Other plan assets						
Post-employment benefits	-	-	70	54	70	54
Post-employment welfare benefits	-	-	-	-	-	-
<b>Total plan assets and insurance contracts coverage (2)</b>	<b>378</b>	<b>426</b>	<b>70</b>	<b>54</b>	<b>448</b>	<b>480</b>
<b>Net commitments (1) - (2)</b>	<b>4,940</b>	<b>5,149</b>	<b>26</b>	<b>28</b>	<b>4,966</b>	<b>5,177</b>
of which:						
With contracts to related companies	1,832	1,847	-	-	1,832	1,847

The balance under the heading "Provisions - Provisions for pensions and similar obligations" of the accompanying balance sheets as of December 31, 2011 included €206 million, for commitments for post-employment benefits maintained with previous members of the Board of Directors and the Bank's Management Committee. No charges for those concepts were recognized in the accompanying income statements in 2011.

In addition to the commitments to employees indicated above, the Bank has other less relevant commitments. These include long-service awards, consisting in a cash payment of a certain amount in cash or in the allotment of Banco Bilbao Vizcaya Argentaria, S.A. shares. These awards were granted to certain groups of employees when they complete a given number of years of effective service.

The Bank has offered these employees the option of an early payment of their awards. As of December 31, 2011 and 2010, the actuarial liabilities for outstanding awards amounted to €11 million in each case. The commitments above are recognized under the heading "Other provisions" of the accompanying balance sheets (see Note 21).

## 22.2.1 Commitments in Spain

The most significant actuarial assumptions used as of December 31, 2011 and 2010, to quantify these commitments with employees in Spain are as follows:

<b>Actuarial Assumptions Commitments with employees in Spain</b>	<b>2011</b>	<b>2010</b>
Mortality tables	PERM/F 2000P.	PERM/F 2000P.
Discount rate (cumulative annual)	4.5% AA Corporate Bond Yield Curve	4.5% AA Corporate Bond Yield Curve
Consumer price index (cumulative annual)	2%	2%
Salary growth rate (cumulative annual)	At least 3%	At least 3%
Retirement age	First date at which the employees are entitled to retire or contractually agreed at the individual level in the case of early retirements	

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

## Pension commitments in Spain -

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

The breakdown of pension commitments in defined-benefit plans as of December 31, 2011 and 2010 is as follows:

Pension commitments in defined-benefits plans	Millions of Euros	
	2011	2010
Commitments to retired employees	2,118	2,193
Vested contingencies in respect of current employees	92	80
<b>Total</b>	<b>2,210</b>	<b>2,273</b>
<b>Hedging at the end of the year</b>		
With insurance contracts to related companies	1,832	1,847
With insurance contracts to non-related companies	378	426
<b>Total</b>	<b>2,210</b>	<b>2,273</b>

Insurance contracts have been contracted with insurance companies not related to the Bank to cover some pension commitments in Spain. These commitments are covered by assets and therefore are presented in the accompanying balance sheets for the net amount of the commitment less plan assets. As of December 31, 2011 and 2010, the plan assets related to the aforementioned insurance contracts equaled the amount of the commitments covered; therefore, no amount for this item is included in the accompanying balance sheets.

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

Insurance contracts with insurance companies not linked to the Group and included in the above table reflect the amount of insurance contract coverage in these contracts. As of December 31, 2011 and 2010, the amount of the plan assets to the mentioned insurance contracts equaled the amount of the commitments covered.

The current contributions made by the Bank in relation to defined benefit retirement commitments are recorded with a charge to the "Personnel Expenses - Contributions to external pension funds" account of the accompanying income statement and amounted to €11 million and €13 million in 2011 and 2010, respectively.

## Early retirements in Spain -

In 2011 and 2010, the Bank offered certain employees the possibility of taking early retirement before the age stipulated in the collective labor agreement in force. This offer was accepted by 669 employees (670 in 2010).

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

The early retirements commitments in Spain as of December 31, 2011 and 2010 are recognized under the heading "Provisions - Provisions for pensions and similar obligations" (Note 21) in the accompanying balance sheets amounted to €2,904 million and €3,083 million, respectively.

The cost of early retirements for the year was recognized under the heading "Provision Expense (Net) - Transfers to funds for pensions and similar obligations - Early retirements" in the accompanying income statements (see Note 42).

The changes in 2011 and 2010 in the present value of the vested obligations for commitments to early retirees are as follows:

	Millions of Euros	
	2011	2010
<b>Early retirements commitments</b>		
<b>Changes in the year</b>		
<b>Current actuarial value at the beginning of the year</b>	<b>3,083</b>	<b>3,290</b>
+ Contributions from merger transactions	23	-
+ Interest costs	121	126
+ Early retirements in the period	297	290
- Payments and settlements	(611)	(624)
+/- Other changes	(6)	(5)
+/- Actuarial losses (gains)	(3)	6
<b>Current actuarial value at the end of the year</b>	<b>2,904</b>	<b>3,083</b>
<b>Heading at the end of the year</b>		
In internal funds (*)	2,904	3,083

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

#### Post-employment welfare benefits in Spain -

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

The details of these commitments as of December 31, 2011 and 2010 are as follows:

	Millions of Euros	
	2011	2010
<b>Post-employment Welfare Benefits Commitments</b>		
Commitments to employees	162	179
Vested contingencies in respect of current employees	42	40
<b>Total</b>	<b>204</b>	<b>219</b>
<b>Heading at the end of the year</b>		
In internal funds (*)	204	219

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

The changes in 2011 and 2010 in the present value of the vested obligation for post-employment welfare benefit commitments are as follows:

Post-employment Welfare Benefits Commitments Changes in the year	Millions of Euros	
	2011	2010
<b>Balance at the beginning</b>	<b>219</b>	<b>221</b>
+ Contributions from merger transactions	1	-
+ Interest costs	10	10
+ Current service cost	2	2
- Payments and settlements	(18)	(18)
+/- Past service cost	-	-
+/- Other changes	(6)	5
+/- Actuarial losses (gains)	(4)	(1)
<b>Balance at the end</b>	<b>204</b>	<b>219</b>

### Long-service bonuses

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

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

The following is the breakdown of the commitments recognized as of December 31, 2011 and 2010 under these headings:

Long-Service Awards	Millions of Euros	
	2011	2010
Long-service awards (in Cash)	8	8
Long-service awards (in Shares)	3	3
<b>Total</b>	<b>11</b>	<b>11</b>

### Other commitments with employees

Other benefits for active employees are earned and settled annually, not being necessary to provision them. The total cost of the employee welfare benefits provided by the Bank to its current employees as of December 31, 2011 and 2010 was €46 million and €61 million, respectively, and these amounts were recognized with a charge to "Personnel Expenses - Other" in the accompanying income statements (Note 40.1).



## Estimated future payments for commitments with employees in the Bank

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

Estimated Future Payments for Post-Employment Commitments in Spain	Millions of Euros					
	2012	2013	2014	2015	2016	2017-2021
Post-employment benefits	788	726	674	616	551	1,769
Of which:						
Early retirements	593	534	484	427	366	885

### 22.2.2. Commitments abroad

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

#### Defined-benefit commitments

The accrued liability for defined benefit commitments to current and/or retired employees, net, where appropriate, of the specific assets assigned to fund them, amounted to €26 million and €28 million as of 31 December 2011 and 2010, respectively, and is included under Provisions - Provisions for Pensions and Similar Obligations in the accompanying balance sheets.

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

The changes in 2011 and 2010, in the foreign network as a whole, in the balances of "Provisions - Pension funds and similar obligations", net of the plan assets, are as follows:

Net Commitments in Branches Abroad Changes in the year	Millions of Euros	
	2011	2010
Balance at the beginning	28	32
+ Interest costs	1	1
+ Current service cost	-	-
- Payments and settlements	(3)	(2)
+/- Other changes	1	1
+/- Actuarial losses (gains)	(2)	(5)
+/- Exchange differences	1	1
Balance at the end	26	28

The contributions to defined-contribution plans and pension commitments through defined-benefit plans in the foreign network recognized under "Personnel expenses" in the accompanying income statement amounted to €5 million and €4 million in 2011 and 2010, respectively.

## 22.2.3 Summary of the entries in the income statement and equity

The net charges in the income statements for 2011 and 2010 for all commitments to post-employment remuneration and benefits, both in Spain and the branches abroad, are summarized below:

		Millions of Euros	
Post-employments Benefits (Spain+Branches Abroad)	Notes	2011	2010
<b>Income Statements and Equity Effects.</b>			
<b>Interest and similar expenses</b>			
Interest cost of pension funds	34.2	132	137
<b>Personnel expenses</b>			
Contributions and provisions to pensions funds	40.1	47	50
Welfare benefits		2	2
<b>Provision (net)</b>			
Provisions to fund for pension and similar obligations			
Pension funds		(6)	6
Early retirements		297	290
Welfare benefits		(4)	(1)
<b>Total Effects in Income Statements</b>		<b>468</b>	<b>484</b>
<b>Total Effects in Retained Earning: Credit (Debit) (*)</b>		<b>1</b>	<b>(5)</b>
(*) Correspond to actuarial losses (gains) arising from pension commitments and certain welfare benefits recognized in "Valuation Adjustments". For Early retirements are recognized in the Income Statements (see Note 2.9.).			

## 23. Common stock

As of December 31, 2011, BBVA's share capital amounted to €2,402,571,431.47, divided into 4,903,207,003 fully subscribed and paid-up registered shares, all of the same class and series, at €0.49 par value each, represented through book-entry accounts. All of the Bank shares carry the same voting and dividend rights, and no single stockholder enjoys special voting rights. There are no shares that do not represent an interest in the Bank's common stock.

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

Also, as of December 31, 2011, the shares of BBVA Banco Continental, S.A.; Banco Provincial S.A.; BBVA Colombia, S.A.; BBVA Chile, S.A.; BBVA Banco Francés, S.A. and AFP Provida were listed on their respective local stock markets, the last two also being listed on the New York Stock Exchange. BBVA Banco Francés, S.A. is also listed on the Latin American market of the Madrid Stock Exchange.

As of December 31, 2011, Manuel Jove Capellán owned 5.046% of BBVA common stock through the company Inveravante Inversiones Universales, S.L. At that date, State Street Bank and Trust Co., Chase Nominees Ltd. and The Bank of New York Mellon, SA/NV, in their capacity as international custodian/depositary banks, held 7.49%, 7.13% and 3.73% 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 the BBVA common stock.

On February 4, 2010, the Blackrock, Inc. company reported to the Spanish Securities and Exchange Commission (CNMV) that, as a result of the acquisition (on December 1, 2009) of the Barclays Global Investors (BGI) company, it now has an indirect holding of BBVA common stock totaling 4.45% through the Blackrock Investment Management Company.

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

The changes in the heading “Common Stock” of the accompanying balance sheets were due to the following common stock increases:

## 2011 -

- **“Dividend Option” Program:** The AGM held on March 11, 2011, under the fifth point of its Agenda, resolved to perform two common stock increases charged to voluntary reserves to implement the program called the “Dividend Option”. This confers authority on the Board of Directors, pursuant to article 297.1 a) of the Corporations Act, to indicate the date on which such common stock increases must be carried out, within one year of the date on which the corresponding resolutions are taken.

The BBVA Board of Directors, at its meeting on March 29, 2011 agreed to carry out the first of the common stock increases charged to reserves, mentioned above, in accordance with the terms and conditions of the “Dividend Option” program. As a result of this increase, the Bank’s common stock increased by €29,740,199.65, through the issue and circulation of 60,694,285 shares with a €0.49 par value each.

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

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

As a result of the conversion, an increase of the Bank’s common stock was carried out (previously approved by the Board of Directors at its meeting on July 27, 2009, in using the power delegated by the Annual General Meeting held on March 14, 2008 in point 6 of the Agenda) through the issue and circulation of 273,190,927 ordinary BBVA shares with a €0.49 par value each.

The price of the conversion was established, pursuant to the terms and conditions of the issue, as the arithmetic mean of the closing prices of the BBVA share in the Spanish stock market in the five days of trading prior to July 15, 2011, which was €7.3206 per share.

As a result, and in accordance with the conversion agreed upon by the Bank’s Board of Directors at its meeting on June 22, 2011, the common stock increase due to the conversion of these bonds totaled a nominal amount of €133,863,554.23; the total share premium stood at €1,866,057,945.96 (see Note 24).

## 2010 -

At a meeting held on November 1, 2010, the Board of Directors, as delegated by the AGM on March 13, 2009, under the fifth point of the Agenda, resolved to carry out a capital increase with a preemptive subscription rights for shareholders. This common stock increase was €364,040,190.36, through the issue and circulation of 742,939,164 new ordinary shares with a €0.49 par value each and represented through book-entry accounts. The subscription price of the new shares was €6.75 per share, of which €0.49 corresponded to the par value and €6.26 the share premium (see Note 24). The total effective amount of the common stock increase was therefore €5,014,839,357.

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

- **Common stock Increases:** The Bank's AGM held on March 11, 2011 agreed, in Point Six of the Agenda, to confer authority on the Board of Directors to increase common stock in accordance with Article 297.1b) of the Corporations Act, on one or several occasions within the legal deadline of five years from the date the Agreement 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; in other words, €1,100,272,529.82. Likewise, an agreement was made to enable the Board of Directors to exclude the preemptive subscription right on those common stock increases in line with the terms of Article 506 of the Corporations Act. This authority is limited to 20% of the common stock of the Bank on the date the agreement is adopted.
- **Convertible securities:** At the AGM held on March 14, 2008 the shareholders resolved 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 €9,000 million. The powers include the right to establish the different aspects and conditions of each issue, including the power to exclude pre-emptive subscription right of shareholders in accordance with the Corporations Act, to determine the basis and methods of conversion and/or to exchange the Bank's common stock to address the commitments acquired as a result of those issues.
  - » Under this authorization, the Board of Directors of the Bank agreed at its meeting on July 27, 2009 to issue €2,000 million euros of convertible bonds, excluding the preemptive subscription right. The issue took place in September 2009 (see Note 20.4.1), and the conversion of all of the bonds into newly issued BBVA shares was completed on July 15, 2011.
  - » Under this authorization, the Board of Directors of the Bank agreed at its meeting on November 22, 2011 to issue €3,475 million of convertible bonds. The issue of these convertible bonds is exclusively designed for the holders of retail preferred securities issued by BBVA Capital Finance, S.A.U. and BBVA International Limited, all secured by BBVA within the framework of the purchase offer for those preferred securities presented by the Company, and consequently excluding the shareholders' preemptive subscription rights.Finally, on December 30, 2011, mandatory convertible bonds were issued, by virtue of the subscription orders received, for a total amount of three billion four-hundred thirty million two-hundred euros (€3,430,000,200).
- **Other securities:** The Bank's AGM held on March 11, 2011 agreed to delegate to the Board of Directors the authority to issue, within the five-year maximum period stipulated by law, on one or several occasions, directly or through subsidiaries, with the full guarantee of the Bank, any type of debt instruments, documented in obligations, bonds of any kind, promissory notes, all types of covered bonds, warrants, mortgage participation, mortgage transfers certificates and preferred securities (that are totally or partially exchangeable for shares already issued by the company itself, 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), subordinated or otherwise, for a limited or indefinite period of time, up to a maximum nominal amount of €250,000 million.

## 24. Share premium

The changes in the balances of this heading in the accompanying balance sheets are due to the common stock increases carried out in 2011 and 2010 (see Note 23).

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

## 25. Reserves

The breakdown of the balance for the main headings in the accompanying balance sheets is as follows:

Reserves. Breakdown by concepts	Millions of Euros	
	2011	2010
<b>Restricted reserves:</b>		
Legal reserve	440	367
Restricted reserve for retired capital	495	546
Revaluation Royal Decree-Law 7/1996	28	32
<b>Voluntary reserves:</b>		
Voluntary and others	5,854	4,169
<b>Total</b>	<b>6,817</b>	<b>5,114</b>

### 25.1 Legal reserve

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 available reserves available.

Under the amended Corporations Act, 10% of any profit made each year must be transferred to the legal reserve until the balance of this reserve reaches 20% of the share capital. This limit of 20% of legal reserve will be reached by the Bank once the proposal for the allocation of the 2011 earnings is approved (see Note 3).

### 25.2 Restricted reserves

As of December 31, 2011 and 2010, the Bank's restricted reserves are as follows:

Restricted Reserves	Millions of Euros	
	2011	2010
Restricted reserve for retired capital	88	88
Restricted reserve for Parent Company shares	405	456
Restricted reserve for redenomination of capital in euros	2	2
<b>Total</b>	<b>495</b>	<b>546</b>

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 by 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.

### 25.3 Revaluation and regularizations of the Balance Sheet

Prior to the merger, Banco de Bilbao, S.A. and Banco de Vizcaya, S.A. availed themselves of the legal provisions applicable to the regularization and revaluation of balance sheets. Thus, on December 31, 1996, Banco Bilbao Vizcaya, S.A. revalued its tangible assets pursuant to Royal Decree-Law 7/1996 of June 7 by applying the maximum coefficients authorized, up to the limit of the market value arising from the existing valuations. As a

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result of these updates, the increases in the cost and depreciation of tangible fixed assets were calculated and allocated as follows:

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

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

Revaluation and Regularization of the Balance Sheet	Millions of Euros	
	2011	2010
Legal revaluations and regularizations of tangible assets:		
Cost	187	187
Less:		
Single revaluation tax (3%)	(6)	(6)
<b>Balance as of December 31, 1999</b>	<b>181</b>	<b>181</b>
Rectification as a result of review by the tax authorities in 2000	(5)	(5)
Transfer to voluntary reserves	(148)	(144)
<b>Total</b>	<b>28</b>	<b>32</b>

## 26. Treasury stock

In 2011 and 2010 the Bank companies performed the following transactions with shares issued by the Bank:

Treasury Stock	2011		2010	
	Number of Shares	Millions of Euros	Number of Shares	Millions of Euros
Balance at beginning	58,046,967	552	16,642,054	224
+ Purchases	652,994,773	4,825	821,828,799	7,828
- Sales and other changes	(664,643,557)	(5,027)	(780,423,886)	(7,545)
+/- Derivatives over BBVA shares	-	(50)	-	45
<b>Balance at the end</b>	<b>46,398,183</b>	<b>300</b>	<b>58,046,967</b>	<b>552</b>
Of which:				
Held by BBVA	1,431,838	19	2,838,798	84
Held by Corporación General Financiera, S.A.	44,938,538	281	55,207,640	469
Held by other subsidiaries	27,807	-	529	-
Average purchase price in euros	7.39		9.53	
Average selling price in euros	7.53		9.48	
Net gain or losses on transactions (Stockholders' funds-Reserves)		(14)		(106)

The percentages of treasury stock held by the Bank in 2011 and 2010 are as follows:

Treasury Stock	2011		2010	
	Min	Max	Min	Max
<b>% treasury stock</b>	<b>0.649%</b>	<b>1.855%</b>	<b>0.352%</b>	<b>2.396%</b>

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The number of BBVA shares accepted by the Bank in pledge as of December 31, 2011 and 2010 is as follows:

Shares of BBVA Accepted in Pledge	2011	2010
Number of shares in pledge	119,003,592	107,180,992
Nominal value	0.49	0.49
% of share capital	2.43%	2.39%

The number of BBVA shares owned by third parties but managed by a company in the Group as of December 31, 2011 and 2010 is as follows:

Shares of BBVA Owned by Third Parties but Managed by the Group	2011	2010
Number of shares property of third parties	104,069,727	96,107,765
Nominal value	0.49	0.49
% of share capital	2.12%	2.14%

## 27. Valuation adjustments

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

Valuation Adjustments	Millions of Euros	
	2011	2010
Available-for-sale financial assets	(782)	39
Cash flow hedging	(30)	(62)
Hedging of net investments in foreign transactions	-	-
Exchange differences	(32)	(3)
Other valuation adjustments	(9)	-
<b>Total</b>	<b>(853)</b>	<b>(26)</b>

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

## 28. Capital base and capital management

### • Capital base

Bank of Spain Circular 3/2008, of 22 May 2008, and its subsequent amendments (the most recent by Bank of Spain Circulars 4/2001, of 5 December 2011, and 9/2010 of 22 December 2010), on the calculation and control of minimum capital base requirements, regulate the minimum capital base requirements for Spanish credit institutions -both as individual entities and as consolidated groups- and how to calculate them, as well as the various internal capital adequacy assessment processes they should have in place and the information they should disclose to the market.

The minimum capital base requirements established by Circular 3/2008 are calculated according to the Group's exposure to credit and dilution risk, counterparty and liquidity risk relating to the trading portfolio,



exchange rate risk and operational risk. In addition, the Group must fulfill the risk concentration limits established in said Circular and the internal Corporate Governance obligations.

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

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

The BBVA Group is adapting the ongoing regulatory changes and, in addition, is preparing for the significant modifications that will take place in the regulatory framework for solvency of financial entities in 2013, as regards the capital framework for banks (known as “Basel III”) and insurance entities (“Solvency II”):

As of December 31, 2011 and 2010, the Group's capital exceeded the minimum capital base level required by Bank of Spain regulations in force on each date as shown below:

<b>Capital Base</b>	<b>Millions of Euros</b>	
	<b>2011 (*)</b>	<b>2010</b>
<b>Basic equity</b>	<b>35,491</b>	<b>34,343</b>
Common Stock	2,403	2,201
Parent company reserves	33,656	28,738
Reserves in consolidated companies	1,552	1,720
Non-controlling interests	1,662	1,325
Other equity instruments	5,189	7,164
Deductions (Goodwill and others)	(10,839)	(10,331)
Attributed net income (less dividends)	1,868	3,526
<b>Additional equity</b>	<b>5,944</b>	<b>7,472</b>
<b>Other deductions</b>	<b>(5,303)</b>	<b>(4,477)</b>
<b>Additional equity due to mixed group (**)</b>	<b>1,070</b>	<b>1,291</b>
<b>Total Equity</b>	<b>37,202</b>	<b>38,629</b>
<b>Minimum equity required</b>	<b>26,462</b>	<b>25,066</b>

(\*) Provisional data.  
(\*\*) Mainly insurance companies in the Group.

The main changes in 2011 in the amounts of capital resources shown in the above table have been:

- » The capital increases under the “Dividend Option” program mentioned in Notes 3 and 23.
- » The goodwill recognized for the acquisition of Garanti mentioned in Note 15, which increases the deduction in Capital.
- » The impairment of goodwill of the CGU of the United States mentioned in Note 15, which reduces the deduction in Capital Base.
- » The operation involving the repurchase of preferred securities and subsequent issue of convertible bonds, mentioned in Note 20.4.1.

- » However, the conversion of the Convertible Bonds mentioned in Notes 20.4.1 and 23 has had no impact on the total calculation of the Group's capital base, given that said bonds were already considered eligible for the purposes of the Group's basic funds from the date on which they were subscribed and paid since they were obligatorily convertible upon maturity.

In addition to that established in Circular 3/2008, Spanish financial groups and entities must comply with the capital requirements set forth by Royal Decree Act 2/2011 of 18 February 2011 reinforcing the Spanish financial system. This standard was issued for the purpose of improving the solvency of Spanish financial institutions. It thus establishes a new minimum requirement in terms of core capital on risk-weighted assets which is more restrictive than the one set out in the above Circular, and that must be greater than 8% or 10%, as appropriate. This new ratio, which was designed to be temporary, had to be satisfied prior to March 10, 2011, and the BBVA Group did not have to take any extraordinary actions to adapt to it.

As of December 31, 2011, the Group's capital exceeded the minimum capital base level required by Royal Decree Act 2/2011, together with the last issue of mandatory convertible bonds into shares (at the discretion of the issuer on any date of the payment of the remuneration), that comply with the eligibility requirements of the European Banking Authority (EBA), totaled approximately €5,700 million.

- **Stress test and new recommendations on minimum capital levels**

In the first half of 2011, 91 of the main European financial institutions underwent stress tests coordinated by the European Banking Authority (EBA) in cooperation with the European Central Bank (ECB), the European Commission and the European Systemic Risk Board (ESRB).

The results of these stress tests, released on July 15, 2011, showed that the BBVA Group was one of the European institutions that best maintained its solvency levels, even in the most adverse scenario anticipated at the time, which incorporated the impact of a possible sovereign risk crisis and a substantial reduction in the valuation of the real estate assets.

On October 26, 2011, the EBA, in cooperation with the competent national authorities, announced the conducting of a study on the capital levels of 71 financial institutions throughout Europe based on data available as of September 30, 2011.

As a result of this study and in order to restore market confidence in the European financial system, the EBA issued the recommendation of reaching, as of June 30, 2012, a new minimum capital level in the ratio known as Core Tier 1 ("CT1"), on an exceptional and temporary basis, in order to address, among other issues, the current situation of the sovereign risk crisis in Europe. The new recommended level is temporary in nature; as such, the EBA has announced its intention to lift it once confidence in the European financial markets is restored.

Based on the information released on December 8, 2011, the BBVA Group would need to increase its capital base by €6,329 million in order to reach this minimum level set for the CT1 ratio as of June 30, 2012. Of this amount, €2,313 million correspond to the temporary increase in the capital base for exposure to the aforementioned sovereign risk.

On January 20, 2012, the BBVA Group submitted to the Bank of Spain a specific action plan following the recommendations of the EBA that will enable it to reach the minimum level set for the CT1 ratio at the end of June 2012. This plan is being examined by the Bank of Spain jointly with the EBA.

The measures already taken under this plan include the issue of convertible subordinated debentures completed on December 30, 2011 (see Note 20.4.1). This action, together with organic generation of capital and other additional measures envisaged in the plan, will enable the BBVA Group to comply with the recommendations issued by the EBA without having to apply for government aid. As of December 31, 2011, 84% of the recommended capital base increase had been reached.

## • Capital management

Capital management in the BBVA Group has a twofold aim:

- Maintain a level of capitalization according to the business objectives in all countries in which it operates and, simultaneously,
- Maximize the return on shareholders' funds through the efficient allocation of capital to the different units, a good management of the balance sheet and appropriate use of the various instruments forming the basis of the Group's equity: shares, preferred securities and subordinated debt.

This capital management is carried out in accordance with the criteria of the Bank of Spain Circular 3/2008 and subsequent amendments both in terms of determining the capital base and the solvency ratios.

This regulation allows each entity to apply its own internal ratings based (IRB) approach to risk and capital management. The BBVA Group carries out an integrated management of its risks in accordance with its internal policies. Its internal capital estimation model has received the Bank of Spain's approval for certain portfolios.

Capital is allocated to each business area of the BBVA Group according to economic risk capital (ERC) criteria, which are based on the concept of unexpected loss with a specific confidence level, as a function of a solvency target determined by the Group, at two levels:

- Core equity, which determines the allocated capital and is used as a reference to calculate the return on equity (ROE) generated by each business; and
- Total capital, which determines the additional allocation in terms of subordinated debt and preferred securities.

Due to its sensitivity to risk, CaR is an element linked to management policies of the BBVA Group businesses themselves. It standardizes capital allocation between them in accordance with the risks incurred and makes it easier to compare profitability. The calculation of the CaR combines credit risk, market risk, structural risk associated with the balance sheet, equity positions, operational risk, fixed assets risks and technical risks in the case of insurance companies. Internal models were used that have been defined following the guidelines and requirements established under the Basel II Capital Accord, with economic criteria prevailing over regulatory ones.

## 29. Contingent risks and commitments

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

Financial Guarantees and Drawable by Third Parties	Millions of Euros	
	2011	2010
<b>Contingent Risks</b>		
Collateral, bank guarantees and indemnities	13,952	8,955
Rediscounts, endorsements and acceptances	1,695	1,606
Rest	45,113	47,203
<b>Total Contingent Risks</b>	<b>60,760</b>	<b>57,764</b>
<b>Contingent Commitments</b>		
Drawable by third parties	51,107	55,330
Credit institutions	2,421	2,289
Government and other government agency	3,132	4,105
Other resident sectors	21,857	25,114
Non-resident sector	23,697	23,822
<b>Other commitments</b>	<b>4,343</b>	<b>3,555</b>
<b>Total Contingent Commitments</b>	<b>55,450</b>	<b>58,885</b>
<b>Total contingent Risks and Commitments</b>	<b>116,210</b>	<b>116,649</b>

Since a significant portion of the amounts above will reach maturity without any payment obligation materializing for the companies, the aggregate balance of these commitments cannot be considered as an actual future requirement for financing or liquidity to be provided by the Bank to third parties.

In 2011 and 2010 no issuances of debt securities carried out by non-Group entities have been guaranteed.

### 30. Assets assigned to other own and third-party obligations

In addition to those mentioned in other Notes to these financial statements (see Notes 11 and 20), as of December 31, 2011 and 2010 the assets held by the Bank that guaranteed their own obligations amounted to €85,247 million and €67,984 million, respectively. These amounts mainly correspond to the issue of long-term covered bonds (see Note 20.3.2) that, pursuant to the Mortgage Market Act, are admitted as third-party collateral (€62,908 million as of December 31, 2011), and to assets allocated as collateral for certain lines of short-term finance assigned to the Bank by the Central European Bank (€22,339 million as of December 31, 2011).

As of December 31, 2011 and 2010, there were no other Bank assets linked to any third-party obligations.

### 31. Other contingent assets and liabilities

As of December 31, 2011 and 2010, there were no contingent assets or liabilities for significant amounts other than those registered in these Financial Statements.

### 32. Purchase and sale commitments and future payment obligations

The breakdown of the sale and purchase commitments of BBVA as of December 31, 2011 and 2010 is as follows:

		Millions of Euros	
Purchase and Sale Commitments	Notes	2011	2010
<b>Financial instruments sold with repurchase commitments</b>		<b>62,690</b>	<b>44,215</b>
Central Banks	7	8,738	-
Credit Institutions	20.1	12,258	6,471
Government and other government agencies	20.2	24,016	12,920
Other resident sectors	20.2	5,666	23,215
Non-resident sectors	20.2	12,012	1,609
<b>Financial instruments purchased with resale commitments</b>		<b>9,870</b>	<b>9,581</b>
Central Banks	7	148	-
Credit Institutions	11.1	2,605	4,840
Government and other government agencies	11.2	-	-
Other resident sectors	11.2	6,952	4,624
Non-resident sectors	11.2	165	117

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRS for banks. See Note 54). This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

Below is a breakdown of the maturity of other future payment obligations, not registered in previous Notes, due later than December 31, 2011:

Maturity of Future Payment Obligations	Millions of Euros				
	Up to 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
Finance leases	-	-	-	-	-
Operating leases	125	-	-	-	125
Purchase commitments	1	-	-	-	1
Technology and systems projects	-	-	-	-	-
Other projects	-	-	-	-	-
Tangible asset acquisitions	1	-	-	-	1
<b>Total</b>	<b>126</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126</b>

### 33. Transactions for the account of third parties

As of December 31, 2011 and 2010, the details of the most significant items under this heading are as follows:

Transactions on Behalf of Third Parties	Millions of Euros	
	2011	2010
Financial instruments entrusted by third parties	358,986	351,756
Conditional bills and other securities received for collection	2,832	3,033
Securities received in credit	861	175

As of December 31, 2011 and 2010, the off-balance sheet customer funds managed by the Bank are as follows:

Off-Balance Sheet Customer Funds by Type	Millions of Euros	
	2011	2010
Investment companies and mutual funds	22,246	26,013
Pension funds	15,855	15,602
Saving insurance contracts	3,446	2,843
Managed customers portfolio	3,385	3,744
<b>Total</b>	<b>44,932</b>	<b>48,202</b>

## 34. Interest Income and Expense and Similar Items

### 34.1. Interest and similar income

The breakdown of the most significant interest and similar income earned in the accompanying income statement is as follows:

Interest and Similar Income. Breakdown by Origin.	Millions of Euros	
	2011	2010
Central Banks	44	42
Loans and advances to credit institutions	411	425
Loans and advances to customers	7,709	6,737
Government and other government agency	785	497
Resident sector	6,284	5,651
Non resident sector	640	589
Debt securities	1,516	1,401
Trading	318	272
Investment	1,198	1,129
Rectification of income as a result of hedging transactions	(265)	(14)
Other income	253	168
<b>Total</b>	<b>9,668</b>	<b>8,759</b>

The amounts recognized in equity during the year in connection with hedging derivatives and the amounts derecognized from equity in 2011 and 2010 and taken to the income statement during the year are disclosed in the accompanying statements of recognized income and expenses.

The following table shows the adjustments in income resulting from hedge accounting, broken down by type of hedge:

Adjustments in Income Resulting from Hedge Accounting	Millions of Euros	
	2011	2010
Cash flow hedging	(2)	90
Fair value hedging	(263)	(104)
<b>Total</b>	<b>(265)</b>	<b>(14)</b>

## 34.2. Interest and similar expenses

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

Interest and Similar Expenses. Breakdown by Origin	Millions of Euros	
	2011	2010
Bank of Spain and other central banks	164	184
Deposits from credit institutions	835	595
Customers deposits	3,132	2,048
Debt certificates	1,802	1,733
Subordinated liabilities	454	518
Rectification of expenses as a result of hedging transactions	(1,034)	(1,552)
Cost attributable to pension funds	132	137
Other charges	168	55
<b>Total</b>	<b>5,653</b>	<b>3,718</b>

The following table shows the adjustments in expenses resulting from hedge accounting, broken down by type of hedge:

Adjustments in Expenses Resulting from Hedge Accounting	Millions of Euros	
	2011	2010
Cash flow hedging	(1)	1
Fair value hedging	(1,033)	(1,553)
<b>Total</b>	<b>(1,034)</b>	<b>(1,552)</b>

## 35. Dividend income

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

Dividend Income	Millions of Euros	
	2011	2010
Investments in associates	51	73
Investments in jointly controlled entities	5	4
Investments in group Entities	3,001	1,567
Other shares and equity instruments	519	485
<b>Total</b>	<b>3,576</b>	<b>2,129</b>



### 36. Fee and commission income

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

Fee and Commission Income	Millions of Euros	
	2011	2010
Commitment fees	121	121
Contingent risks	201	190
Letters of credit	18	18
Bank and other guarantees	183	172
Arising from exchange of foreign currencies and banknotes	1	1
Collection and payment services	510	579
Bills receivables	8	8
Current accounts	104	130
Credit and debt cards	253	282
Checks	10	13
Transfers and others payment orders	66	69
Rest	69	77
Securities services	236	235
Securities underwriting	62	57
Securities dealing	66	64
Custody securities	76	79
Rest assets management	32	35
Factoring transactions	33	29
Non-banking financial products sales	366	379
Other fees and commissions	255	272
<b>Total</b>	<b>1,723</b>	<b>1,806</b>

### 37. Fee and commission expenses

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

Fee and Commission Expenses	Millions of Euros	
	2011	2010
Brokerage fees on lending and deposit transactions	4	3
Fees and commissions assigned to third parties	159	151
Credit and debt cards	104	101
Transfers and others payment orders	2	2
Securities dealing	39	32
Rest	14	16
Other fees and commissions	134	116
<b>Total</b>	<b>297</b>	<b>270</b>

### 38. 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 income statements is as follows:

Net Gains (Losses) on Financial Assets and Liabilities	Millions of Euros	
	2011	2010
Financial assets held for trading	583	256
Other financial assets designated at fair value through profit or loss	-	-
Other financial instruments not designated at fair value through profit or loss	(93)	482
Available-for-sale financial assets	51	496
Loans and receivables	-	-
Rest	(144)	(14)
<b>Total</b>	<b>490</b>	<b>738</b>

The breakdown of the balance of this heading in the accompanying income statements by the nature of financial instruments is as follows:

Net Gains (Losses) on Financial Assets and Liabilities Breakdown by Nature of the Financial Instrument	Millions of Euros	
	2011	2010
Debt instruments	169	343
Equity instruments	(335)	(590)
Derivatives	731	947
Rest	(75)	38
<b>Total</b>	<b>490</b>	<b>738</b>

The breakdown of the balance of the impact of the derivatives (trading and hedging) on this heading in the accompanying income statements is as follows:

Derivatives Trading and Hedging	Millions of Euros	
	2011	2010
<b>Trading derivatives</b>		
Interest rate agreements	220	379
Security agreements	550	691
Commodity agreements	38	(9)
Credit derivative agreements	(8)	(62)
Other agreements	-	-
<b>Subtotal</b>	<b>800</b>	<b>999</b>
<b>Hedging Derivatives Ineffectiveness</b>		
Fair value hedging	(69)	(53)
Hedging derivative	(234)	(159)
Hedged item	165	106
Cash flow hedging	-	1
<b>Subtotal</b>	<b>(69)</b>	<b>(52)</b>
<b>Total</b>	<b>731</b>	<b>947</b>

In addition, in 2011 and 2010, under this heading of the income statement, net amounts of positive €5 million and negative €287 million, respectively, were registered for transactions with foreign-exchange trading derivatives.

### 39. Other operating income and expenses

The breakdown of the balance under the heading “Other operating income” in the accompanying income statements is as follows:

Other Operating Income. Breakdown by main Items	Millions of Euros	
	2011	2010
Real estate income	4	3
Financial income from non-financial services	62	49
Rest of operating income	37	50
<b>Total</b>	<b>103</b>	<b>102</b>

The breakdown of the balance under the heading “Other operating expenses” in the accompanying income statements is as follows:

Other Operating Expenses. Breakdown by main Item	Millions of Euros	
	2011	2010
Other operating expenses	129	106
Of which:		
Contributions to guaranted banks deposits funds	52	46
Real estate agencies	38	17
<b>Total</b>	<b>129</b>	<b>106</b>

### 40. Administration costs

#### 40.1 Personnel expenses

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

Personnel Expenses. Breakdown by main Concepts	Notes	Millions of Euros	
		2011	2010
Wages and salaries		1,765	1,696
Social security costs		322	315
Transfers to internal pension provisions	22.2.3	-	-
Contributions to external pension funds	22.2.3	47	50
Other personnel expenses		144	141
<b>Total</b>		<b>2,278</b>	<b>2,202</b>

The breakdown of the average number of employees in the Bank as of December 31, 2011 and 2010, by categories and gender, is as follows:

Number of Employees at the end of year Professional Category and Gender	2011		2010	
	Male	Female	Male	Female
Executive managers	922	198	900	178
Other line personnel	11,881	9,342	11,740	8,918
Clerical staff	2,163	1,659	2,342	1,836
General Services	19	4	21	4
Branches abroad	577	343	444	274
<b>Total</b>	<b>15,562</b>	<b>11,546</b>	<b>15,447</b>	<b>11,210</b>

#### 40.1.1 BBVA general remuneration policy

BBVA considers their remuneration policy to be a key element in value creation. Therefore, the Bank developed an advanced remuneration scheme based on the reciprocal generation of value for employees and for the Group that is in line with the interests of the shareholders. This system is subject to a constant process of progress and improvement that enables the Bank to incorporate those elements it believes necessary at any given time to align it with best international practices and applicable regulations into its policy.

The Bank's remuneration policy is structured in a way that takes into consideration the context of the situation and income of the entity. It also includes, amongst others, the following elements:

- Fixed remuneration based on the level of responsibility that constitutes a significant part of the total compensation.
- Variable remuneration linked to the realization of previously-defined objectives and prudent management of risks.

In this general framework, the Bank has established a series of principles to be applied specifically to the group of individuals carrying out professional activities that significantly affect the entity's risk profile or exercise supervisory functions, such as:

- In the total remuneration, the fixed and variable components are duly balanced, and the fixed component shall be sufficient to allow the variable remuneration elements to be designed in a flexible manner.
- In the case of employees who carry out supervisory functions, the variable remuneration will depend more heavily on the objectives related to their functions, by favoring their independence in terms of the business areas they supervise.
- The variable remuneration scheme seeks a balance between the amounts to receive in cash and in shares or financial instruments.
- The payments of a part of the total variable remuneration are deferred.
- Clauses have been established that may limit or impede, in certain cases, the receipt of part of the outstanding deferred variable remuneration.

#### 40.1.2 Equity-instrument-based employee remuneration

BBVA understands that to better align the interests of its shareholders and to promote the generation of long-term value, it must maintain a specific variable share-based remuneration system for the Bank's executives, considering their special influence on the Group's strategy and earnings.

## **Multi-Year Variable Share-Based Remuneration Plans for the BBVA Executive Team -**

- **Multi-year Variable Remuneration Plan 2010-2011:**

The Bank's Annual General Meeting held on March 12, 2010 approved a Multi-Year Variable Share-Based Remuneration Program for 2010/2011 designed for the members of BBVA's executive team. The result is obtained by multiplying the number of units assigned at the start of the Program to each beneficiary by a coefficient, between 0 and 2, established based on the evolution of the Bank's total shareholders return (TSR) in 2010/2011 as compared to the evolution of this same indicator in a group of 18 international reference banks.

Once the Program's duration is finalized, on December 31, 2011, a multiplier coefficient of 2 is applied to the units assigned to each beneficiary. These units reached 2,317,533 as of December 31, 2011.

This Program incorporated some restrictions to granting shares to the beneficiaries after the settlement. These shares are available as follows:

- » 40 percent of the shares received shall be freely transferable by the beneficiaries at the time of their delivery;
- » 30 percent of the shares are transferable one year after the settlement date of the program; and
- » The remaining 30 percent are transferable starting two years after the settlement date of the Program.

After this Program was established by the AGM, Royal Decree 771/2011 was published demanding the application of certain deferment, unavailability and limitation regulations to the remuneration granted and still unpaid prior to it taking effect, referring to services rendered since 2010.

Thus, this standard and the requirements established in the aforementioned Royal Decree 771/2011 must be applied to the 2010/2011 Program. Therefore, the AGM of the Bank set for March 16, 2012 will address the modification of the settlement and payment system of the 2010/2011 Program previously approved by the AGM to adapt it to the terms established in Royal Decree 771/2011. These specific rules will only be applied to those executive managers and members of the Board of Directors who are beneficiaries of this Program and whose professional activities could have a significant effect on the Bank's risk profile. The settlement and payment of shares under this Program will be carried out according to the scheme defined for this purpose, as described in Note 50.

- **Variable Share-based Remuneration System:**

BBVA's Ordinary General Meeting of Shareholders held on March 11, 2011 approved a new variable share-based remuneration system for BBVA's executive team (hereinafter, "the System").

This new system is based on a specific incentive for the members of the Executive Team (the "Incentive"). It consists of the annual allocation, to each beneficiary, of a number of units that serve as the basis for determining the number of shares that, if applicable, will correspond to them in the settlement of the Incentive based on the level of compliance with three indicators: Total Shareholder Return (TSR), the Group's attributed net income and the Group's recurrent Economic Profit (EP). Each of these indicators is scored from 0 to 2, based on the level achieved.

Once the Incentive terminated, on December 31, 2011, a multiplier coefficient of 1.3175 was applied to the units assigned to the beneficiaries. These units reached 4,125,283 as of December 31, 2011.

The resulting shares are subject to the following retention criteria:

- » 40 percent of the shares received shall be freely transferable by the beneficiaries at the time of their delivery;
- » 30 percent of the shares are transferable one year after the settlement date of the incentive; and
- » The remaining 30 percent are transferable starting two years after the settlement date of the incentive.

However, for those executives, including executive directors and members of the Management Committee, who are beneficiaries of this Incentive and whose professional activity may significantly influence the entity's risk profile, special regulations for settlement and payments are applied to their Annual Variable Remuneration System. This is in line with the scheme defined for that effect, as explained in Note 50.

The cost of these plans is accrued throughout their life, and their associated expenses in 2011 and 2010 amounted to €27 million and €18 million, respectively. They are recognized under the heading "Personnel expenses - Other personnel expenses" in the accompanying income statements, and a balancing entry has been made under the heading "Stockholders' funds - Other equity instruments" in the accompanying balance sheets, net of tax effect.

## 40.2 General and administrative expenses

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

General and Administrative Expenses. Breakdown by main concepts	Millions of Euros	
	2011	2010
Technology and systems	322	292
Communications	62	62
Advertising	152	143
Property, fixtures and materials	367	318
Of which: Rent expenses (*)	276	231
Taxes	29	21
Other administration expenses	431	371
<b>Total</b>	<b>1,363</b>	<b>1,207</b>

(\*) The Bank do not expect to terminate the lease contracts early.

## 41. Depreciation and amortization

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

Depreciation and Amortization	Notes	Millions of Euros	
		2011	2010
Tangible assets	16	187	182
For own use		181	175
Investment properties		6	7
Other Intangible assets	17	135	94
<b>Total</b>		<b>322</b>	<b>276</b>

## 42. Provisions (net)

In 2011 and 2010, the net allowances charged to the income statement under the headings “Provisions for pensions and similar obligations”, “Provisions for contingent risks and commitments”, “Provisions for taxes and other legal contingencies” and “Other provisions” in the accompanying income statements are as follows:

Provisions (Net)	Notes	Millions of Euros	
		2011	2010
Provisions for pensions and similar obligations		292	290
Provisions for contingent Risks and Commitments	21	(18)	(23)
Other Provisions	21	518	138
<b>Total</b>		<b>792</b>	<b>405</b>

## 43. Impairment losses on financial assets (net)

The breakdown of impairment losses on financial assets broken down by the nature of these assets in the accompanying income statements is as follows:

Impairment Losses on Financial Assets (Net) Breakdown by main concepts	Millions of Euros	
	2011	2010
Available-for-sale financial assets	(4)	131
Debt securities	(5)	10
Other equity instruments	1	121
Loans and receivables	2,092	1,794
Of which: Recovery of written-off assets	187	109
<b>Total</b>	<b>2,088</b>	<b>1,925</b>

## 44. Impairment losses on other assets (net)

The breakdown of impairment losses on non-financial assets broken down by the nature of these assets in the accompanying income statements is as follows:

Impairment Losses on Other Assets (Net)	Millions of Euros	
	2011	2010
Tangible assets	16	16
For own use	4	5
Investment properties	12	11
Rest	1,494	242
<b>Total</b>	<b>1,510</b>	<b>258</b>

The increase in “Investments and other” in 2011 is basically due to the impairment recorded by BBVA Compass for €1,457 million (see Note 15).



## 45. Gains (losses) on derecognized assets not classified as non-current assets held for sale

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

Gains and Losses on Derecognized Assets Not Classified as Non-current Assets Held for Sale	Millions of Euros	
	2011	2010
<b>Gains</b>		
Disposal of investments in entities	13	5
Disposal of intangible assets and other	-	-
<b>Losses:</b>		
Disposal of investments in entities	-	-
Disposal of intangible assets and other	-	-
<b>Total</b>	<b>13</b>	<b>5</b>

## 46. Gains (losses) on non-current assets held for sale not classified as discontinued transactions

The main headings including in the balance under this heading in the accompanying income statements is as follows:

Gains and Losses in Non-current Assets Held for Sale	Millions of Euros	
	2011	2010
Gains for real estate	87	327
Of which:		
Foreclosed	(8)	9
Sale of buildings for own use (Note 14.1)	99	273
Impairment of non-current assets held for sale	(336)	(196)
Other gains and losses	5	(2)
<b>Total</b>	<b>(244)</b>	<b>129</b>

"Gains for real estate" for 2011 correspond, fundamentally, to the sale of real estate in Spain with subsequent leaseback by the Bank. Profits on sales of €67 million were generated (see Note 14).

## 47. Statements of cash flows

Cash flows from operating activities increased in 2011 by €18,867 million (€5,867 million in 2010). The most significant causes of the increase in 2011 were linked to "Financial liabilities at amortized cost" and the "Financial instruments held for trading".

Cash flows in investing activities increased in 2011 by €7,135 million (€7,108 million down in 2010). The most significant changes in 2011 corresponded to the headings of "Investments" and "Held-to-maturity investments".

Cash flows from financing activities decreased in 2011 €2,230 million (€2,121 million up in 2010), corresponding to the most significant changes in 2011 in the acquisition and amortization of own equity instruments.

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The table below breaks down the main cash flows related to investing activities in 2011 and 2010:

Main Cash Flows in Investing Activities 2011		Millions of Euros	
		Cash Flows in Investment Activities	
		Investments (-)	Divestments (+)
Tangible assets		262	23
Intangible assets		290	-
Investments		5,034	238
Non-current assets and liabilities associated held for sale		1,185	384
Held-to-maturity investments		1,817	808

Main Cash Flows in Investing Activities 2010		Millions of Euros	
		Cash Flows in Investment Activities	
		Investments (-)	Divestments (+)
Tangible assets		222	-
Intangible assets		260	-
Investments		1,864	12
Non-current assets and liabilities associated held for sale		1,014	749
Held-to-maturity investments		4,969	232
Other settlements related with investment activities		-	228

## 48. Accountant fees and services

The breakdown of the fees for the services provided to the Bank by their auditors in 2011 is as follows:

Fees for Audits Conducted		Millions of Euros
		2011
Audits of the companies audited by firms belonging to the Deloitte worldwide organization and other reports related with the audit		7.0
Other reports required pursuant to applicable legislation and tax regulations issued by the national supervisory bodies of the countries in which the Group operates, reviewed by firms belonging to the Deloitte worldwide organization		0.9

In 2011, the Bank contracted services (other than audits) as follows:

Accountant Fees. Other Services Contracted		Millions of Euros
		2011
Firms belonging to the Deloitte worldwide organization(*)		0.9
Other firms		12.1

(\*) Includes €264 thousand relating to fees for tax services.

The services provided by our auditors meet the independence requirements established under Law 44/2002, of 22 November 2002, on Measures Reforming the Financial System and by the Sarbanes-Oxley Act of 2002 adopted by the Securities and Exchange Commission (SEC); accordingly they did not include the performance of any work that is incompatible with the auditing function.

## 49. Related party transactions

As a major financial institution, BBVA engages in transactions with related parties in the normal course of business. All of these transactions are of little relevance and are carried out in normal market conditions.

### 49.1 Significant transactions with shareholders

As of December 31, 2011, the balances of transactions with significant shareholders (see Note 23) correspond to "Customer deposits", at €32 million, "Loans and advances to customers", at €191 million and "Contingent risk", at €29 million, all of them in normal market conditions.

### 49.2 Transactions with BBVA Group entities

The balances of the main aggregates in the balance sheets arising from the transactions carried out by the Bank with Group companies, which consist of ordinary business and financial transactions carried out in normal market conditions, are as follows:

Balances arising from transactions with Entities of the Group	Millions of Euros	
	2011	2010
<b>Assets:</b>		
Loans and advances to credit institutions	6,342	13,657
Loans and advances to customers	8,819	5,972
Financial assets- Available for sale	523	547
<b>Liabilities:</b>		
Deposits from credit institutions	8,602	5,128
Customers deposits	22,030	19,830
Debt certificates	-	-
<b>Memorandum accounts:</b>		
Contingent Risks	31,280	29,150
Contingents Commitments	618	413

The balances of the main aggregates in the accompanying income statements arising from the transactions carried out by the Bank with Group companies, which consist of ordinary business and financial transactions carried out in normal market conditions, are as follows:

Balances of Income Statement arising from transactions with Entities of the Group	Millions of Euros	
	2011	2010
<b>Income statement:</b>		
Financial Incomes	982	936
Financial Costs	1,341	1,033

There are no other material effects on the financial statements of the Bank arising from dealings with these companies, other than the effects arising from using the equity method and from the insurance policies to cover pension or similar commitments (Note 22).

In addition, as part of its normal activity, the Bank has entered into agreements and commitments of various types with shareholders of subsidiaries and associates, which have no material effects on the financial statements.

### **49.3 Transactions with members of the Board of Directors and the Management Committee**

The information on the remuneration of key personnel (members of the Board of Directors of BBVA, S.A. and senior management) is included in Note 50.

As of December 31, 2011, there was no amount disposed of the loans granted by the Group's credit institutions to the members of the Bank's Board of Directors and, at that date, the loans granted by the Group's credit institutions to the members of the Management Committee (excluding the executive directors), amounted to €6,540 thousand.

The loans granted by the Group's credit institutions as of December 31, 2010 and 2009 to the members of the Board of Directors of the Bank amounted to €531 and €806 thousand, respectively, and, for the same periods, the loans granted by the Group's credit institutions to members of the Management Committee (excluding the executive directors), amounted to €4,924 and €3,912 thousand, respectively.

The amount disposed of the loans granted as of December 31, 2011 and 2010 to parties related to the members of the Bank's Board of Directors and Management Committee amounted to €20,593 and €28,493 thousand, respectively.

As of December 31, 2011, no guarantees were granted to any member of the Board of Administration, and the amount of guarantees granted to members of the Bank's Management Committee reached €9 thousand.

As of December 31, 2010, no guarantees, there were no financial leases or commercial loans granted to members of the Bank's Board of Directors or Management Committee.

As of December 31, 2011 and 2010, the amount granted for guarantee, financial lease and commercial loan transactions arranged with parties related to the members of the Bank's Board of Directors or Management Committee amounted to €10,825,000 and €4,424, 000 respectively.

### **49.4 Transactions with other related parties**

As of December 31, 2011 and 2010, the Bank did not perform any transactions with other related parties that did not belong to the normal course of their business, that was not under market conditions and that was relevant for the equity, income or the entity and financial situation of the Bank.

## 50. Remuneration and other benefits of the Bank's Board of Directors and members of the Management Committee

### • Remuneration of non-executive directors

The remuneration paid to non-executive directors who are members of the Board of Directors during 2011 is indicated below, broken down by type of remuneration:

Thousands of Euros							
Year 2011 Remuneration of Non-Executive Directors	Board of Directors	Standing-Executive Committee	Audit Committee	Risk Committee	Appointments Committee	Compensation Committee	Total
Tomás Alfaro Drake	129	-	71	-	102	-	302
Juan Carlos Álvarez Mezquíriz	129	167	-	-	7	36	338
Ramón Bustamante y de la Mora	129	-	71	107	-	-	307
José Antonio Fernández Rivero (1)	129	-	-	214	41	-	383
Ignacio Ferrero Jordi	129	167	-	-	-	43	338
Carlos Loring Martínez de Irujo	129	-	71	-	-	107	307
José Maldonado Ramos	129	111	-	44	41	43	368
Enrique Medina Fernández	129	167	-	107	-	-	402
Jose Luis Palao García-Suelto (2)	118	-	134	62	-	-	314
Juan Pi Llorens (3)	54	-	-	27	-	11	91
Susana Rodríguez Vidarte	129	-	71	-	41	43	284
<b>Total (4)</b>	<b>1,330</b>	<b>611</b>	<b>419</b>	<b>561</b>	<b>231</b>	<b>282</b>	<b>3,435</b>

(1) Mr. José Antonio Fernández Rivero, apart from the amounts detailed in the table above, also received a total of €652 thousand in early retirement benefit as a former director of BBVA.

(2) Mr. José Luis Palao García-Suelto was appointed as director of BBVA on February 1st, 2011.

(3) Mr. Juan Pi Llorens was appointed as director of BBVA on July 27, 2011.

(4) Mr. Rafael Bermejo Blanco, who resigned as director on March 29 2011, has received in the year 2011 the total amount of €104 thousand as compensation for his membership to the Board of Directors, to the Risks Committee and as President of the Audit Committee.

### • Remuneration of executive directors

The remuneration paid to executive directors of the Bank in 2011 is indicated below, broken down by type of remuneration:

Thousands of Euros			
Year 2011 Remuneration of Executive Directors	Fixed Remuneration	Variable Remuneration (1)	Total
Chairman and CEO	1,966	3,011	4,977
President and COO	1,748	1,889	3,637
<b>Total</b>	<b>3,714</b>	<b>4,900</b>	<b>8,614</b>

(1) The figures relate to variable remuneration for 2010 paid in 2011.

In addition, the executive directors were paid remunerations in kind and in other forms in 2011 for a total amount of €32.5 thousand, of which €10.8 thousand correspond to the Chairman and CEO and €21.7 thousand pertain to the President and COO.

### • Remuneration of the members of the Management Committee (\*)

The remuneration paid in 2011 to the members of BBVA's Management Committee amounted to €9,359 thousand in fixed remuneration and €14,296 thousand in variable remuneration accrued in 2010 and paid in 2011.

In addition, the members of the Management Committee received remuneration in kind and other items totaling €814 thousand in 2011.

(\*) This section includes relevant information on the members of the Management Committee who held this position on December 31, 2011, excluding executive directors.

## • **New Annual Variable Remuneration System**

BBVA's Ordinary General Meeting of Shareholders held on March 11, 2011 approved a new variable share-based remuneration system for BBVA's executive team, including the executive directors.

This new system is based on a specific incentive for the members of the Executive Team (the "Incentive"). It consists of the annual allocation, to each beneficiary, of a number of units that serve as the basis for determining the number of shares that, if applicable, will correspond to them in the settlement of the Incentive based on the level of compliance with three indicators established by the AGM: the course of Total Shareholder Return (TSR); the Group's recurrent Economic Profit (EP); and the Group's attributed net income.

Likewise, the total number of units assigned in the Incentive for 2011 was 155,000 for the Chairman and CEO and 117,000 for the President and COO; and a total of 620,500 units were assigned to all remaining members of the Management Committee who held that position on December 31, 2011.

This number of units will be divided into three parts associated to each one of the indicators based on the weights established at any time. Each one of these parts will be multiplied by a coefficient ranging from 0 to 2, on a scale defined each year for each of the indicators.

This Incentive, together with the ordinary variable remuneration in cash that corresponds to each executive, constitutes its annual variable remuneration (the "Annual Variable Remuneration").

The General Meeting held on March 11, 2011 likewise established a new settlement and payment system for the Annual Variable Remuneration applicable to the categories of employees whose professional activities may significantly affect the Bank's risk profile or who perform control functions. This includes executive directors and the rest of the members of the Management Committee, and was adapted to the requirements established in Directive 76/2010, which was transposed to Spanish law by means of Royal Decree 771/2011 of 3 June 2011 ("Royal Decree 771/2011").

The new Annual Variable Remuneration settlement system applicable to the executive directors and the rest of the members of the Management Committee established that they will receive at least 50% of the total of said remuneration in shares.

To this effect, if the economic value of the shares resulting from the Incentive corresponding to each executive director or to each member of the Management Committee in its settlement does not equal at least 50% of the amount of their Annual Variable Remuneration, they will be provided, in shares, the proportion of their ordinary variable remuneration that, added to the value of the shares from the Incentive, is needed to satisfy the percentage indicated. For this calculation, the value of the shares is considered to be the average closing price of the BBVA shares corresponding to the trading sessions between December 15, 2011 and January 15, 2012.

Once the amount of cash and shares corresponding to the executive directors and remaining members of the Management Committee in the settlement of their Annual Variable Remuneration has been determined, the payment will be subject to the conditions set forth in the AGM's agreement in 2011 such that:

- » The payment of 50% of the Annual Variable Remuneration, both from the part in cash and the part paid in shares, will be deferred. The deferred amount will, when applicable, be paid out in thirds over the next three years.
- » The shares that are provided each year from the settlement of the Annual Variable Remuneration will be unavailable for one additional year from the date they are provided; however, the sale of the number of shares needed to pay the taxes arising from the provision of the shares will be permitted.
- » The payment of the Annual Variable Remuneration will be subject to the non-occurrence of any of the situations established by the Board of Directors that limit or impede their provision.

Once 2011 was closed, the Annual Variable Remuneration of the executive directors for 2011 was determined, applying the aforementioned conditions agreed upon by the AGM in March 2011. It includes their ordinary variable remuneration and the Incentive for the Executive Team. Thus, in the first quarter of 2012, they will perceive the settlement of the Annual Variable Remuneration corresponding to 2011: €999,731 and 155,479 BBVA shares for the Chairman and CEO; and €635,865 euros and 98,890 BBVA shares in the case of the President and COO. In both cases, the shares will be unavailable for one year from the date they are provided, in line with the aforementioned terms.

Furthermore, in the first quarter of the years 2013, 2014 and 2015, the executive directors will receive the amount of €333,244 and 51,826 BBVA shares in the case of the Chairman and CEO, and €211,955 and 32,963 BBVA shares in the case of the President and COO, corresponding to the deferred portion of the Annual Variable Remuneration of 2011.

The payment of the deferred portions of the Annual Variable Remuneration will be subject to the non-occurrence of any of the situations established by the Board of Directors that limit or impede their payment, and will be subject to the updating of the terms set out by the Board of Directors. In addition, the shares provided each year will be unavailable for one year from the date they are provided, in line with the aforementioned terms.

As of December 31, 2011, these amounts are recognized under the heading “Other liabilities - Accruals” of the consolidated balance sheet.

- **Multi-year variable share-based remuneration programs for executive directors and members of the Management Committee**

- » Settlement of the multi-year variable share-based remuneration program for 2009-2010.
- » In the first quarter of 2011, the Multi-year Variable Share-based Remuneration Program for 2009-2010 was settled for the members of BBVA’s executive team, including the executive directors and other members of the Management Team. This had been approved by the AGM of March 13, 2009 and resulted in, after applying the conditions established initially, a multiplier coefficient of 0 for the units allocated. Thus, the Program was settled with no shares being awarded to its beneficiaries.
- » Multi-year variable share-based remuneration program for 2010-2011

The Bank’s Annual General Meeting held on March 12, 2010 approved a Multi-Year Variable Share-based Remuneration Program for 2010/2011 designed for the members of BBVA’s executive team, including the executive directors and members of the Management Committee (hereinafter, the “2010-2011 Program”). The result is obtained by multiplying the number of units assigned at the start of the Program to each beneficiary by a coefficient, between 0 and 2, established based on the evolution of the Bank’s total shareholders return (TSR) in 2010-2011 as compared to the evolution of this same indicator in a group of 18 international reference banks.

The number of units allocated to the executive directors, in accordance with the agreement of the AGM, was 105,000 for the Chairman and CEO and 90,000 for the President and COO; and a total of 385,000 units were allocated for all remaining members of the Management Committee who held that position on December 31, 2011.

The aforementioned AGM established that the shares, if applicable, arising from the settlement of the Program be awarded to the beneficiaries, who could have those shares available to them as follows: (i) 40 percent of the shares received will be freely transferable by the beneficiaries at the moment they are received; (ii) 30 percent of the shares received will be transferable one year after the settlement date of the Program; and (iii) the remaining 30 percent will be transferable starting two years after the settlement date of the Program.

Once the 2010/2011 Program finalized on December 31, 2011, according to the conditions established initially, the determination of the TSR or BBVA and the 18 reference banks was made. BBVA held fourth place in the comparison table. Therefore, under the terms established by the AGM, a multiplier coefficient of 2 was applied



to the units allocated to each beneficiary. Thus, in the settlement of the Program, 210,000 BBVA shares were awarded to the Chairman and CEO; 180,000 BBVA shares were awarded to the President and COO; and 770,000 BBVA shares were awarded to all other members of the Bank's Management Committee.

After this Program was established by the Board, Royal Decree 771/2011 was published demanding the application of the aforementioned deferment, unavailability and limitation regulations to the remuneration granted and still unpaid prior to it taking effect, referring to services rendered since 2010.

Thus, this standard and the requirements established in the aforementioned Royal Decree 771/2011 must be applied to the 2010/2011 Program. Therefore, the AGM of the Bank set for March 16, 2012 will address the modification of the settlement and payment system of the 2010/2011 Program previously approved by the AGM to adapt it to the terms established to that effect in Royal Decree 771/2011.

This change in the settlement and payment system will affect those Bank employees who, as beneficiaries of the 2010-2011 Program are considered to carry out professional activities that may significantly influence the Bank's risk profile or who perform control functions. This includes, in all cases, all executive directors and other members of the Management Committee.

The new system indicates that executive directors and the remaining members of the Management Committee will only receive 50% of the shares prior to April 15, 2012 corresponding to them as a result of the settlement of the Program. They will receive the remaining 50% deferred in thirds over the years 2013, 2014 and 2015, respectively.

Those shares will also be subject to, according to the requirements of Royal Decree 771/2011, the unavailability criteria indicated in the section regarding the New Annual Variable Remuneration System; as such, they will be unavailable for a period of one year from the date on which they were awarded. Furthermore, the awarding of the deferred shares will be subject to the non-occurrence of any situation that impedes or limits the provision of the Annual Variable Remuneration, which is subject to being updated. The above is in accordance with that set out by the Bank's Board of Directors.

Thus, in the application of this new settlement and payment system for the 2010-2011 Program, the executive directors will, as a result, receive 105,000 BBVA shares (in the case of the Chairman and CEO) and 90,000 shares (in the case of the President and COO) prior to April 15, 2012. Furthermore, on the same dates in the years 2013, 2014 and 2015, the executive directors will receive the amount of 35,000 BBVA shares in the case of the Chairman and CEO, and 30,000 BBVA shares in the case of the President and COO, corresponding to the deferred portion of this Program.

- **Scheme for remuneration for non-executive directors with deferred distribution of shares**

BBVA has a remuneration system with deferred distribution of shares in place for its non-executive directors that was approved by the AGM held on March 18, 2006 and renewed for an additional 5-year period through an agreement by the AGM held on March 11, 2011.

This system consists in the annual allocation of a number of "theoretical shares" to the non-executive directors equivalent to 20% of the total remuneration received by each in the previous year. This is based on the average closing prices of the BBVA shares during the sixty trading sessions prior to the dates of the ordinary general meetings approving the annual financial statements for each year.

The shares will be subject to being awarded, if applicable, to each beneficiary on the date he or she leaves the position of director for any reason except serious breach of duties.

The number of "theoretical shares" allocated to non-executive director deferred share distribution system beneficiaries in 2011, corresponding to 20% of the total remuneration received by each in 2010, is as follows:

<b>Scheme for Remuneration of Non-Executive Directors with Deferred Distribution of Shares</b>	<b>Theoretical Shares assigned in 2011</b>	<b>Accumulated Theoretical Shares</b>
Tomás Alfaro Drake	6,144	19,372
Juan Carlos Álvarez Mezquíriz	8,010	47,473
Ramón Bustamante y de la Mora	7,270	45,319
José Antonio Fernández Rivero	8,673	38,814
Ignacio Ferrero Jordi	8,010	48,045
Carlos Loring Martínez de Irujo	7,275	33,098
José Maldonado Ramos	6,733	6,733
Enrique Medina Fernández	9,527	61,314
Jose Luis Palao García-Suelto	-	-
Juan Pi Llorens	-	-
Susana Rodríguez Vidarte	6,315	31,039
<b>Total (*)</b>	<b>67,957</b>	<b>331,207</b>

(\*) Additionally, were also assigned to Don Rafael Bermejo Blanco, who resigned as director as of March 29, 2011, 9,806 theoretical shares

- **Pension commitments**

The provisions registered as of December 31, 2011 for pension commitments to the President and COO are €16,831 thousand, of which €2,417 thousand were charged against 2011 earnings. As of this date, there are no other pension obligations to executive directors.

Also, €99 thousand in insurance premiums were paid on behalf of non-executive directors who are members of the Board of Directors.

The provisions registered as of December 31, 2011 for pension commitments for the Management Committee members, excluding executive directors, amounted to €60,312 thousand. Of these, €8,832 thousand were charged against 2011 earnings.

- **Termination of the contractual relationship.**

There were no commitments as of December 31, 2011 for the payment of compensation to executive directors.

In the case of the President and COO, the contract lays down that in the event that he lose this status due to a reason other than his own will, retirement, disability or dereliction of duty, he shall take early retirement with a pension, which can be received as life income or common stock, equal to 75% of their pensionable salary if this occurs before he reaches the age of 55, or 85% after that age.

## 51. Detail of the Directors' holdings in companies with similar business activities

Pursuant to Article 229.2 of the Spanish Corporations Act, as of December 31, 2011, no member of BBVA's Board of Directors had a direct or indirect ownership interest in companies engaging in an activity that is identical, similar or complementary to the corporate purpose of BBVA, except for Mr. José Luis Palao García-Suelto, who at that date, held a direct holding of 3,977 shares in Banco Santander, S.A. and 5,147 shares in Caixabank, S.A. In addition, no member of the Bank's Board of Directors holds positions or functions in those companies.

Furthermore, it indicates that, as of December 31, 2011, individuals associated to the members of the Bank's Board of Directors were holders of 54,008 shares of Banco Santander, S.A. and of 414 shares of Banco Español de Crédito, S.A. (Banesto) and 3 shares of Bankinter, S.A.

## 52. Other information

### 52.1. Environmental impact

Given the activities in which the Bank engage, the Bank has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its equity, financial situation and profits. Consequently, as of December 31, 2011, there is no item in the financial statements that requires disclosure in an environmental information report pursuant to the Ministry of Economy Order of October 8, 2001, and no specific disclosure of information on environmental matters is included in these statements.

### 52.2. Breakdown of agents of credit institutions

Appendix XIII contains an inventory of the agents of the banks as required in accordance with article 22 of Royal Decree 1245/1995, July 14, of the Ministry of Economy and Finance.

### 52.3. Report on the activity of the Customer Service Department and the Customer Ombudsman

The report on the activity of the Customer Service Department and the Customer Ombudsman, required pursuant to Article 17 of Ministry of Economy Order ECO/734/2004 of March 11, is included in the Management Report accompanying these Financial Statements.

### 52.4 Mortgage market policies and procedures

The disclosure required by Bank of Spain Circular 5/2011 implementing the provisions of Spanish Royal Decree 716/09, of 24 April 2009 (developing certain aspects of Law 2/1981, of 25 March 1981, on the regulation of the mortgage market and other mortgage and financial market regulations), is detailed in Appendix XI.

### 52.5 CNMV information requirements

#### Dividends paid in the year -

The table below presents the dividends per share paid in cash in 2011 and 2010 (cash basis accounting, regardless of the year in which they were accrued), but not including other shareholder remuneration such as the "Dividend Option". See Note 3 for a complete analysis of all remuneration paid to shareholders in 2011.

Dividends Paid (*) ("Dividend Option" not included)	2011			2010		
	% Over Nominal	Euros per Share	Amount (Millions of Euros)	% Over Nominal	Euros per Share	Amount (Millions of Euros)
Ordinary shares	39%	0.19	859	67%	0.33	1,237
Rest of shares	-	-	-	-	-	-
<b>Total dividends paid in cash (*)</b>	<b>39%</b>	<b>0.19</b>	<b>859</b>	<b>67%</b>	<b>0.33</b>	<b>1,237</b>
Dividends with charge to income	39%	0.19	859	67%	0.33	1,237
Dividends with charge to reserve or share premium	-	-	-	-	-	-
Dividends in kind	-	-	-	-	-	-

(\*) Only included dividends paid in cash each year (cash-flows criteria), regardless of the year there were accrued.

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRES for banks. See Note 54). This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

## Issuances by market type -

Figures for “Debt certificates (including bonds) and “Subordinated liabilities” (see Notes 20.3 and 20.4) in 2011 and 2010 by the type of market in which they were issued are as follows:

2011 Debt Certificates and Subordinated Liabilities	Millions of Euros				
	Balance at the Beginning	Issuances	Repurchase or Redemption	Exchange Differences and Other	Balance at the End
Debt certificates issued in the European Union	59,916	80,599	(72,670)	(15,897)	51,948
With information brochure	59,916	80,599	(72,670)	(15,897)	51,948
Without information brochure	-	-	-	-	-
Subordinated deposits	9,190	-	(4,717)	33	4,506
<b>Total</b>	<b>69,106</b>	<b>80,599</b>	<b>(77,387)</b>	<b>(15,864)</b>	<b>56,454</b>

2010 Debt Certificates and Subordinated Liabilities	Millions of Euros				
	Balance at the Beginning	Issuances	Repurchase or Redemption	Exchange Differences and Other	Balance at the End
Debt certificates issued in the European Union	74,167	111,191	(125,362)	(80)	59,916
With information brochure	74,167	111,191	(125,362)	(80)	59,916
Without information brochure	-	-	-	-	-
Subordinated deposits	9,767	-	(773)	196	9,190
<b>Total</b>	<b>83,934</b>	<b>111,191</b>	<b>(126,135)</b>	<b>116</b>	<b>69,106</b>

## Interest and income by geographical area -

The breakdown of the balance of “Interest and Similar Income” in the accompanying income statements by geographical area is as follows:

Interest and Similar Income. Breakdown by Geographical Area	Millions of Euros	
	2011	2010
Domestic market	9,080	8,228
Foreign	588	531
European Union	318	292
Rest of OECD	55	49
Rest of countries	215	190
<b>Total</b>	<b>9,668</b>	<b>8,759</b>

## Average number of employees by gender -

The breakdown of the average number of employees in the Group in 2011 and 2010, by professional categories and geographical areas, is as follows:

Average number of employees	2011		2010	
	Male	Female	Male	Female
Executives	920	191	899	175
Other line personnel	11,875	9,141	11,855	8,859
Clerical staff	2,339	1,882	2,435	1,918
General Services	20	4	23	4
Branches abroad	533	313	404	262
<b>Total</b>	<b>15,687</b>	<b>11,531</b>	<b>15,616</b>	<b>11,218</b>

## 53. Subsequent events

After December 31, 2011, the Spanish's Government's intention to implement a series of extraordinary measures that would affect the Spanish financial system was made public. One of these measures was the Ministry of Economy's proposal to modify regulations regarding certain assets related to the Spanish real estate sector (loans and real estate) and the solvency requirements of financial institutions.

The Bank's financial statements as of December 31, 2011 properly reflect those assets in accordance with current accounting standards, and in no case will they be affected by the aforementioned regulatory changes.

On the date these Financial Statements were prepared, the Bank did not have sufficient information to determine the exact impact that the above measures would have on its equity and on the calculations of the Group's solvency ratios for 2012. However, BBVA believes that, with the information currently available, the amount of this impact will be lower than the surplus of the Group's eligible capital over requirements under the standards currently in force (See Note 28). In addition, in the framework of the recommendations issued by the European Banking Authority, the Group believes that it has the capacity to take the adequate actions to achieve the recommended levels as of June 30, 2012.

From January 1, 2012 until the preparation of these annual Financial Statements, no other events other than those mentioned in these Financial Statements have taken place.

## 54. Explanation added for translation to English

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Bank that conform with accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.



## **APPENDICES**

## APPENDIX I. Consolidated financial statements of the BBVA Group



### Consolidated balance sheets as of December 31, 2011, 2010 and 2009

ASSETS	Millions of Euros		
	2011	2010 (*)	2009 (*)
<b>CASH AND BALANCES WITH CENTRAL BANKS</b>	<b>30,939</b>	<b>19,981</b>	<b>16,344</b>
<b>FINANCIAL ASSETS HELD FOR TRADING</b>	<b>70,602</b>	<b>63,283</b>	<b>69,733</b>
Loans and advances to credit institutions	-	-	-
Loans and advances to customers	-	-	-
Debt securities	20,975	24,358	34,672
Equity instruments	2,198	5,260	5,783
Trading derivatives	47,429	33,665	29,278
<b>OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>2,977</b>	<b>2,774</b>	<b>2,337</b>
Loans and advances to credit institutions	-	-	-
Loans and advances to customers	-	-	-
Debt securities	708	688	639
Equity instruments	2,269	2,086	1,698
<b>AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>	<b>58,144</b>	<b>56,456</b>	<b>63,521</b>
Debt securities	52,914	50,875	57,071
Equity instruments	5,230	5,581	6,450
<b>LOANS AND RECEIVABLES</b>	<b>381,076</b>	<b>364,707</b>	<b>346,117</b>
Loans and advances to credit institutions	26,107	23,637	22,239
Loans and advances to customers	351,900	338,857	323,442
Debt securities	3,069	2,213	436
<b>HELD-TO-MATURITY INVESTMENTS</b>	<b>10,955</b>	<b>9,946</b>	<b>5,437</b>
<b>FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK</b>	<b>146</b>	<b>40</b>	<b>-</b>
<b>HEDGING DERIVATIVES</b>	<b>4,552</b>	<b>3,563</b>	<b>3,595</b>
<b>NON-CURRENT ASSETS HELD FOR SALE</b>	<b>2,090</b>	<b>1,529</b>	<b>1,050</b>
<b>INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD</b>	<b>5,843</b>	<b>4,547</b>	<b>2,922</b>
Associates	5,567	4,247	2,614
Jointly controlled entities	276	300	308
<b>INSURANCE CONTRACTS LINKED TO PENSIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REINSURANCE ASSETS</b>	<b>26</b>	<b>28</b>	<b>29</b>
<b>TANGIBLE ASSETS</b>	<b>7,330</b>	<b>6,701</b>	<b>6,507</b>
Property, plants and equipment	5,740	5,132	4,873
For own use	4,905	4,408	4,182
Other assets leased out under an operating lease	835	724	691
Investment properties	1,590	1,569	1,634
<b>INTANGIBLE ASSETS</b>	<b>8,677</b>	<b>8,007</b>	<b>7,248</b>
Goodwill	6,798	6,949	6,396
Other intangible assets	1,879	1,058	852
<b>TAX ASSETS</b>	<b>7,841</b>	<b>6,649</b>	<b>6,273</b>
Current	1,509	1,113	1,187
Deferred	6,332	5,536	5,086
<b>OTHER ASSETS</b>	<b>6,490</b>	<b>4,527</b>	<b>3,952</b>
Inventories	3,994	2,788	1,933
Rest	2,496	1,739	2,019
<b>TOTAL ASSETS</b>	<b>597,688</b>	<b>552,738</b>	<b>535,065</b>

(\*) Presented for comparison purposes only



# BBVA Group

## Consolidated balance sheets as of December 31, 2011, 2010 and 2009

	Millions of Euros		
LIABILITIES AND EQUITY	2011	2010 (*)	2009 (*)
<b>FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>51,303</b>	<b>37,212</b>	<b>32,830</b>
Deposits from central banks	-	-	-
Deposits from credit institutions	-	-	-
Customer deposits	-	-	-
Debt certificates	-	-	-
Trading derivatives	46,692	33,166	29,000
Short positions	4,611	4,046	3,830
Other financial liabilities	-	-	-
<b>OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>1,825</b>	<b>1,607</b>	<b>1,367</b>
Deposits from central banks	-	-	-
Deposits from credit institutions	-	-	-
Customer deposits	-	-	-
Debt certificates	-	-	-
Subordinated liabilities	-	-	-
Other financial liabilities	1,825	1,607	1,367
<b>FINANCIAL LIABILITIES AT AMORTIZED COST</b>	<b>479,904</b>	<b>453,164</b>	<b>447,936</b>
Deposits from central banks	33,147	11,010	21,166
Deposits from credit institutions	59,356	57,170	49,146
Customer deposits	282,173	275,789	254,183
Debt certificates	81,930	85,179	99,939
Subordinated liabilities	15,419	17,420	17,878
Other financial liabilities	7,879	6,596	5,624
<b>FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK</b>	<b>-</b>	<b>(2)</b>	<b>-</b>
<b>HEDGING DERIVATIVES</b>	<b>2,710</b>	<b>1,664</b>	<b>1,308</b>
<b>LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES UNDER INSURANCE CONTRACTS</b>	<b>7,737</b>	<b>8,034</b>	<b>7,186</b>
<b>PROVISIONS</b>	<b>7,561</b>	<b>8,322</b>	<b>8,559</b>
Provisions for pensions and similar obligations	5,577	5,980	6,246
Provisions for taxes and other legal contingencies	350	304	299
Provisions for contingent risks and commitments	291	264	243
Other provisions	1,343	1,774	1,771
<b>TAX LIABILITIES</b>	<b>2,330</b>	<b>2,195</b>	<b>2,208</b>
Current	772	604	539
Deferred	1,558	1,591	1,669
<b>OTHER LIABILITIES</b>	<b>4,260</b>	<b>3,067</b>	<b>2,908</b>
<b>TOTAL LIABILITIES</b>	<b>557,630</b>	<b>515,263</b>	<b>504,302</b>

(\*) Presented for comparison purposes only

## BBVA Group

### Consolidated balance sheets as of December 31, 2011, 2010 and 2009

Millions of Euros			
LIABILITIES AND EQUITY (Continued)	2011	2010 (*)	2009 (*)
<b>STOCKHOLDERS' FUNDS</b>	<b>40,952</b>	<b>36,689</b>	<b>29,362</b>
<b>Common Stock</b>	<b>2,403</b>	<b>2,201</b>	<b>1,837</b>
Issued	2,403	2,201	1,837
Unpaid and uncalled (-)	-	-	-
<b>Share premium</b>	<b>18,970</b>	<b>17,104</b>	<b>12,453</b>
<b>Reserves</b>	<b>17,940</b>	<b>14,360</b>	<b>12,074</b>
Accumulated reserves (losses)	17,580	14,305	11,765
Reserves (losses) of entities accounted for using the equity method	360	55	309
<b>Other equity instruments</b>	<b>51</b>	<b>37</b>	<b>12</b>
Equity component of compound financial instruments	-	-	-
Other equity instruments	51	37	12
<b>Less: Treasury stock</b>	<b>(300)</b>	<b>(552)</b>	<b>(224)</b>
<b>Income attributed to the parent company</b>	<b>3,004</b>	<b>4,606</b>	<b>4,210</b>
<b>Less: Dividends and remuneration</b>	<b>(1,116)</b>	<b>(1,067)</b>	<b>(1,000)</b>
<b>VALUATION ADJUSTMENTS</b>	<b>(2,787)</b>	<b>(770)</b>	<b>(62)</b>
Available-for-sale financial assets	(682)	333	1,951
Cash flow hedging	30	49	188
Hedging of net investment in foreign transactions	(158)	(158)	219
Exchange differences	(1,937)	(978)	(2,236)
Non-current assets held-for-sale	-	-	-
Entities accounted for using the equity method	188	(16)	(184)
Other valuation adjustments	(228)	-	-
<b>NON-CONTROLLING INTEREST</b>	<b>1,893</b>	<b>1,556</b>	<b>1,463</b>
Valuation adjustments	36	(86)	18
Rest	1,857	1,642	1,445
<b>TOTAL EQUITY</b>	<b>40,058</b>	<b>37,475</b>	<b>30,763</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>597,688</b>	<b>552,738</b>	<b>535,065</b>

Millions of Euros			
MEMORANDUM ITEM	2011	2010 (*)	2009 (*)
<b>CONTINGENT RISKS</b>	<b>39,904</b>	<b>36,441</b>	<b>33,185</b>
<b>CONTINGENT COMMITMENTS</b>	<b>93,766</b>	<b>90,574</b>	<b>92,323</b>

(\*) Presented for comparison purposes only

# BBVA Group

## Consolidated income statements for the years ended December 31, 2011, 2010 and 2009

	Millions of Euros		
	2011	2010 (*)	2009 (*)
INTEREST AND SIMILAR INCOME	24,188	21,134	23,775
INTEREST AND SIMILAR EXPENSES	(11,028)	(7,814)	(9,893)
<b>NET INTEREST INCOME</b>	<b>13,160</b>	<b>13,320</b>	<b>13,882</b>
DIVIDEND INCOME	562	529	443
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	600	335	120
FEE AND COMMISSION INCOME	5,618	5,382	5,305
FEE AND COMMISSION EXPENSES	(1,058)	(845)	(875)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	1,114	1,441	892
Financial instruments held for trading	1,054	643	321
Other financial instruments at fair value through profit or loss	4	83	79
Other financial instruments not at fair value through profit or loss	56	715	492
Rest	-	-	-
EXCHANGE DIFFERENCES (NET)	365	453	652
OTHER OPERATING INCOME	4,247	3,543	3,400
Income on insurance and reinsurance contracts	3,317	2,597	2,567
Financial income from non-financial services	656	647	493
Rest of other operating income	274	299	340
OTHER OPERATING EXPENSES	(4,042)	(3,248)	(3,153)
Expenses on insurance and reinsurance contracts	(2,436)	(1,815)	(1,847)
Changes in inventories	(298)	(554)	(417)
Rest of other operating expenses	(1,308)	(879)	(889)
<b>GROSS INCOME</b>	<b>20,566</b>	<b>20,910</b>	<b>20,666</b>
ADMINISTRATION COSTS	(9,104)	(8,207)	(7,662)
Personnel expenses	(5,311)	(4,814)	(4,651)
General and administrative expenses	(3,793)	(3,393)	(3,011)
DEPRECIATION AND AMORTIZATION	(847)	(761)	(697)
PROVISIONS (NET)	(510)	(482)	(458)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(4,226)	(4,718)	(5,473)
Loans and receivables	(4,201)	(4,563)	(5,199)
Other financial instruments not at fair value through profit or loss	(25)	(155)	(274)
<b>NET OPERATING INCOME</b>	<b>5,879</b>	<b>6,742</b>	<b>6,376</b>

(\*) Presented for comparison purposes only.

Millions of Euros			
(Continued)	2011	2010 (*)	2009 (*)
<b>NET OPERATING INCOME</b>	<b>5,879</b>	<b>6,742</b>	<b>6,376</b>
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(1,885)	(489)	(1,618)
Goodwill and other intangible assets	(1,444)	(13)	(1,100)
Other assets	(441)	(476)	(518)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	46	41	20
NEGATIVE GOODWILL	-	1	99
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	(270)	127	859
<b>INCOME BEFORE TAX</b>	<b>3,770</b>	<b>6,422</b>	<b>5,736</b>
INCOME TAX	(285)	(1,427)	(1,141)
<b>INCOME FROM CONTINUING TRANSACTIONS</b>	<b>3,485</b>	<b>4,995</b>	<b>4,595</b>
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	-	-	-
<b>NET INCOME</b>	<b>3,485</b>	<b>4,995</b>	<b>4,595</b>
Net Income attributed to parent company	3,004	4,606	4,210
Net income attributed to non-controlling interests	481	389	385
Euros			
	2011	2010 (*)	2009 (*)
Basic earnings per share	0.64	1.14	1.07
Diluted earnings per share	0.64	1.14	1.07
(*) Presented for comparison purposes only.			

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRES for banks. See Note 54). This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.



## Consolidated statements of changes in equity for the years ended December 31, 2011, 2010 and 2009

Millions of Euros													
2011	Total Equity Attributed to the Parent Company										Non-controlling Interests (Note 32)	Total Equity	
	Stockholders' Funds								Valuation Adjustments (Note 31)	Total			
	Common Stock (Note 27)	Share Premium (Note 28)	Reserves (Note 29)		Other Equity Instruments	Less: Treasury Stock (Note 30)	Income Attributed to the Parent Company	Less: Dividends and Remunerations (Note 4)					Total Stockholders' Funds
			Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method									
Balances as of January 1, 2011	2,201	17,104	14,305	55	37	(552)	4,606	(1,067)	36,689	(770)	35,919	1,556	37,475
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	2,201	17,104	14,305	55	37	(552)	4,606	(1,067)	36,689	(770)	35,919	1,556	37,475
Total income/expense recognized	-	-	-	-	-	-	3,004	-	3,004	(2,017)	987	604	1,591
Other changes in equity	202	1,866	3,275	305	14	252	(4,606)	(49)	1,259	-	1,259	(267)	992
Common stock increase	68	-	(68)	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	134	1,866	-	-	-	-	-	-	2,000	-	2,000	-	2,000
Increase of other equity instruments	-	-	-	-	14	-	-	-	14	-	14	-	14
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(937)	(937)	-	(937)	(273)	(1,210)
Transactions including treasury stock and other equity instruments (net)	-	-	(14)	-	-	252	-	-	238	-	238	-	238
Transfers between total equity entries	-	-	3,239	300	-	-	(4,606)	1,067	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	118	5	-	-	-	(179)	(56)	-	(56)	6	(50)
Of which:	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of the free allotment rights	-	-	-	-	-	-	-	(179)	(179)	-	(179)	-	(179)
Balances as of December 31, 2011	2,403	18,970	17,580	360	51	(300)	3,004	(1,116)	40,952	(2,787)	38,165	1,893	40,058

Millions of Euros													
2010	Total Equity Attributed to the Parent Company										Non-controlling Interests (Note 32)	Total Equity (*)	
	Stockholders' Funds					Less: Treasury Stock (Note 30)	Income Attributed to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds	Valuation Adjustments (Note 31)			Total
	Common Stock (Note 27)	Share Premium (Note 28)	Reserves (Note 29)		Other Equity Instruments								
			Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method									
Balances as of January 1, 2010	1,837	12,453	11,765	309	12	(224)	4,210	(1,000)	29,362	(62)	29,300	1,463	30,763
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	1,837	12,453	11,765	309	12	(224)	4,210	(1,000)	29,362	(62)	29,300	1,463	30,763
Total income/expense recognized	-	-	-	-	-	-	4,606	-	4,606	(708)	3,898	284	4,182
Other changes in equity	364	4,651	2,540	(254)	25	(328)	(4,210)	(67)	2,721	-	2,721	(191)	2,530
Common stock increase	364	4,651	-	-	-	-	-	-	5,015	-	5,015	-	5,015
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	25	-	-	-	25	-	25	-	25
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(558)	(1,067)	(1,625)	-	(1,625)	(197)	(1,822)
Transactions including treasury stock and other equity instruments (net)	-	-	(105)	-	-	(328)	-	-	(433)	-	(433)	-	(433)
Transfers between total equity entries	-	-	2,865	(213)	-	-	(3,652)	1,000	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	(220)	(41)	-	-	-	-	(261)	-	(261)	6	(255)
Balances as of December 31, 2010	2,201	17,104	14,305	55	37	(552)	4,606	(1,067)	36,689	(770)	35,919	1,556	37,475
(*) Presented for comparison purposes only													

(\*) Presented for comparison purposes only

Millions of Euros													
2009	Total Equity Attributed to the Parent Company										Non-controlling Interests (Note 32)	Total Equity	
	Stockholders' Funds								Total				
	Common Stock (Note 27)	Share Premium (Note 28)	Reserves (Note 29)		Other Equity Instruments	Less: Treasury Stock (Note 30)	Income Attributed to the Parent Company	Less: Dividends and Remunerations (Note 4)		Total Stockholders' Funds			Valuation Adjustments (Note 31)
Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method												
Balances as of January 1, 2009	1,837	12,770	8,801	609	89	(720)	5,020	(1,820)	26,586	(930)	25,656	1,049	26,705
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	1,837	12,770	8,801	609	89	(720)	5,020	(1,820)	26,586	(930)	25,656	1,049	26,705
Total income/expense recognized	-	-	-	-	-	-	4,210	-	4,210	868	5,078	578	5,656
Other changes in equity	-	(317)	2,964	(300)	(77)	496	(5,020)	820	(1,434)	-	(1,434)	(164)	(1,598)
Common stock increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	10	-	-	-	10	-	10	-	10
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)	(144)	(1,144)
Transactions including treasury stock and other equity instruments (net)	-	-	(238)	-	-	496	-	-	258	-	258	-	258
Transfers between total equity entries	-	-	3,378	(178)	-	-	(5,020)	-	1,820	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	0
Payments with equity instruments	-	(317)	-	-	(87)	-	-	-	(404)	-	(404)	-	(404)
Rest of increases/reductions in total equity	-	-	(176)	(122)	-	-	-	-	(298)	-	(298)	(20)	(318)
Balances as of December 31, 2009	1,837	12,453	11,765	309	12	(224)	4,210	(1,000)	29,362	(62)	29,300	1,463	30,763

(\*) Presented for comparison purposes only

(\*) Presented for comparison purposes only

# BBVA Group

## Consolidated statements of comprehensive income for the years ended December 31, 2011, 2010 and 2009

	Millions of Euros		
	2011	2010 (*)	2009 (*)
<b>NET INCOME RECOGNIZED IN INCOME STATEMENT</b>	<b>3,485</b>	<b>4,995</b>	<b>4,595</b>
<b>OTHER RECOGNIZED INCOME (EXPENSES)</b>	<b>(1,894)</b>	<b>(813)</b>	<b>1,061</b>
<b>Available-for-sale financial assets</b>	<b>(1,240)</b>	<b>(2,166)</b>	<b>1,502</b>
Valuation gains/(losses)	(1,351)	(1,963)	1,520
Amounts removed to income statement	89	(206)	(18)
Reclassifications	22	3	-
<b>Cash flow hedging</b>	<b>(32)</b>	<b>(190)</b>	<b>(32)</b>
Valuation gains/(losses)	(61)	(156)	(21)
Amounts removed to income statement	29	(34)	(11)
Amounts removed to the initial carrying amount of the hedged items	-	-	-
Reclassifications	-	-	-
<b>Hedging of net investment in foreign transactions</b>	<b>-</b>	<b>(377)</b>	<b>(27)</b>
Valuation gains/(losses)	-	(377)	(27)
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
<b>Exchange differences</b>	<b>(960)</b>	<b>1,384</b>	<b>68</b>
Valuation gains/(losses)	(963)	1,380	141
Amounts removed to income statement	3	4	(73)
Reclassifications	-	-	-
<b>Non-current assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
Valuation gains/(losses)	-	-	-
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
<b>Actuarial gains and losses in post-employment plans</b>	<b>(240)</b>	<b>-</b>	<b>-</b>
<b>Entities accounted for using the equity method</b>	<b>204</b>	<b>228</b>	<b>(88)</b>
Valuation gains/(losses)	204	228	(88)
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
<b>Rest of recognized income and expenses</b>	<b>(90)</b>	<b>-</b>	<b>-</b>
<b>Income tax</b>	<b>464</b>	<b>308</b>	<b>(362)</b>
<b>TOTAL RECOGNIZED INCOME/EXPENSES</b>	<b>1,591</b>	<b>4,182</b>	<b>5,656</b>
Attributed to the parent company	987	3,898	5,078
Attributed to minority interests	604	284	578

(\*) Presented for comparison purposes only.

# BBVA Group

## Consolidated statements of cash flows

generated in the years ended December 31, 2011, 2010 and 2009

	Millions of Euros		
	2011	2010 (*)	2009 (*)
<b>CASH FLOW FROM OPERATING ACTIVITIES (1)</b>	<b>19,811</b>	<b>8,503</b>	<b>2,567</b>
Net income for the year	3,485	4,995	4,595
Adjustments to obtain the cash flow from operating activities:	3,090	(534)	(591)
Depreciation and amortization	847	761	697
Other adjustments	2,243	(1,295)	(1,288)
<b>Net increase/decrease in operating assets</b>	<b>17,340</b>	<b>6,452</b>	<b>(9,781)</b>
Financial assets held for trading	7,319	(6,450)	(3,566)
Other financial assets designated at fair value through profit or loss	203	437	582
Available-for-sale financial assets	1,131	(7,064)	15,741
Loans and receivables	6,461	18,590	(23,377)
Other operating assets	2,226	939	839
<b>Net increase/decrease in operating liabilities</b>	<b>30,291</b>	<b>9,067</b>	<b>(12,359)</b>
Financial liabilities held for trading	14,090	4,383	(10,179)
Other financial liabilities designated at fair value through profit or loss	218	240	334
Financial liabilities at amortized cost	16,265	5,687	(3,564)
Other operating liabilities	(282)	(1,243)	1,050
<b>Collection/Payments for income tax</b>	<b>285</b>	<b>1,427</b>	<b>1,141</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES (2)</b>	<b>(6,622)</b>	<b>(7,078)</b>	<b>(643)</b>
<b>Investment</b>	<b>8,524</b>	<b>8,762</b>	<b>2,396</b>
Tangible assets	1,313	1,040	931
Intangible assets	612	464	380
Investments	430	1,209	2
Subsidiaries and other business units	4,653	77	7
Non-current assets held for sale and associated liabilities	1,516	1,464	920
Held-to-maturity investments	-	4,508	156
Other settlements related to investing activities	-	-	-
<b>Divestments</b>	<b>1,902</b>	<b>1,684</b>	<b>1,753</b>
Tangible assets	175	261	793
Intangible assets	1	6	147
Investments	-	1	1
Subsidiaries and other business units	18	69	32
Non-current assets held for sale and associated liabilities	870	1,347	780
Held-to-maturity investments	838	-	-
Other collections related to investing activities	-	-	-

(\*) Presented for comparison purposes only.



(Continued)	Millions of Euros		
	2011	2010 (*)	2009 (*)
<b>CASH FLOWS FROM FINANCING ACTIVITIES (3)</b>	<b>(1,269)</b>	<b>1,148</b>	<b>(74)</b>
<b>Investment</b>	<b>6,282</b>	<b>12,410</b>	<b>10,012</b>
Dividends	1,031	1,218	1,567
Subordinated liabilities	230	2,846	1,667
Common stock amortization	-	-	-
Treasury stock acquisition	4,825	7,828	6,431
Other items relating to financing activities	196	518	347
<b>Divestments</b>	<b>5,013</b>	<b>13,558</b>	<b>9,938</b>
Subordinated liabilities	-	1,205	3,103
Common stock increase	-	4,914	-
Treasury stock disposal	5,013	7,439	6,835
Other items relating to financing activities	-	-	-
<b>EFFECT OF EXCHANGE RATE CHANGES (4)</b>	<b>(960)</b>	<b>1,063</b>	<b>(161)</b>
<b>NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)</b>	<b>10,960</b>	<b>3,636</b>	<b>1,689</b>
<b>CASH OR CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>19,967</b>	<b>16,331</b>	<b>14,642</b>
<b>CASH OR CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>30,927</b>	<b>19,967</b>	<b>16,331</b>

COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR	Millions of Euros		
	2011	2010 (*)	2009 (*)
Cash	4,611	4,284	4,218
Balance of cash equivalent in central banks	26,316	15,683	12,113
Other financial assets	-	-	-
Less: Bank overdraft refundable on demand	-	-	-
<b>TOTAL CASH OR CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>30,927</b>	<b>19,967</b>	<b>16,331</b>
<i>Of which:</i>			
Held by consolidated subsidiaries but not available for the Group	-	-	-

(\*) Presented for comparison purposes only.

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRES for banks. See Note 54).

This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

## APPENDIX II. Additional information on consolidated subsidiaries composing the BBVA Group

Company	Location	Activity	%of Voting Rights Controlled by the Bank			Net Carrying Amount	Thousands of Euros (*)			
			Direct	Indirect	Total		Affiliate Entity Data			
							Assets 31.12.11	Liabilities 31.12.11	Equity 31.12.11	Profit (Loss) 31.12.11
ADMINISTRADORA DE FONDOS DE PENSIONES PROVIDA, S.A. (AFP PROVIDA)	CHILE	PENSION FUNDS MANAGEMENT	12.70	51.62	64.32	294,327	576,887	114,652	345,782	116,453
ADMINISTRADORA DE FONDOS PARA EL RETIRO-BANCOMER,S.A DE C.V.	MEXICO	PENSION FUNDS MANAGEMENT	17.50	82.50	100.00	373,963	262,950	60,354	124,551	78,045
AFP GENESIS ADMINISTRADORA DE FONDOS Y FIDEICOMISOS, S.A.	ECUADOR	PENSION FUNDS MANAGEMENT	-	100.00	100.00	6,272	10,754	4,456	1,983	4,315
AFP HORIZONTE, S.A.	PERU	PENSION FUNDS MANAGEMENT	24.85	75.15	100.00	52,943	88,333	25,610	39,065	23,658
AFP PREVISION BBV-ADM.DE FONDOS DE PENSIONES S.A.	BOLIVIA	PENSION FUNDS MANAGEMENT	75.00	5.00	80.00	2,063	9,937	3,808	4,460	1,669
AMERICAN FINANCE GROUP, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	16,141	17,120	978	16,112	30
ANIDA DESARROLLOS INMOBILIARIOS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	264,143	573,302	382,003	220,276	(28,977)
ANIDA GERMANIA IMMOBILIEN ONE, GMBH	GERMANY	REAL ESTATE	-	100.00	100.00	4,377	20,186	15,301	4,588	297
ANIDA GRUPO INMOBILIARIO, S.L. (**)	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	-	(194,612)	617,252	(410,287)	(401,577)
ANIDA INMOBILIARIA, S.A. DE C.V.	MEXICO	INVESTMENT COMPANY	-	100.00	100.00	105,573	88,018	4	89,912	(1,898)
ANIDA OPERACIONES SINGULARES, S.L. (***)	SPAIN	REAL ESTATE	-	100.00	100.00	(1,339,944)	6,034,090	7,373,296	(1,060,036)	(279,170)
ANIDA PROYECTOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	86,912	130,811	43,897	89,296	(2,382)
ANIDA SERVICIOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	927	1,708	774	438	496
ANIDAPORT INVESTIMENTOS IMOBILIARIOS, UNIPESOA, LTDA	PORTUGAL	REAL ESTATE	-	100.00	100.00	(3,603)	20,679	24,282	(2,189)	(1,414)
APLICA SOLUCIONES ARGENTINAS, S.A.	ARGENTINA	IN LIQUIDATION	-	100.00	100.00	853	980	103	1,440	(563)
APLICA SOLUCIONES TECNOLOGICAS CHILE LIMITADA	CHILE	SERVICES	-	100.00	100.00	178	848	669	(65)	244
APLICA TECNOLOGIA AVANZADA OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	182	9,420	9,236	(3)	187
APLICA TECNOLOGIA AVANZADA SERVICIOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	16	1,349	1,341	2	6
APLICA TECNOLOGIA AVANZADA, S.A. DE C.V.- ATA	MEXICO	SERVICES	100.00	-	100.00	30,369	147,295	102,308	42,333	2,654
ARIZONA FINANCIAL PRODUCTS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	747,408	749,647	2,238	742,050	5,359
AUTOMERCANTIL-COMERCIO E ALUGER DE VEICULOS AUTOM.,LDA	PORTUGAL	FINANCIAL SERVICES	100.00	-	100.00	8,476	39,361	31,445	8,786	(870)
BAHIA SUR RESORT, S.C.	SPAIN	INACTIVE	99.95	-	99.95	1,436	1,438	15	1,423	-
BANCO BILBAO VIZCAYA ARGENTARIA (PANAMA), S.A.	PANAMA	BANKING	54.11	44.81	98.92	19,464	1,670,329	1,429,801	215,028	25,500
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	PORTUGAL	BANKING	41.09	58.91	100.00	343,492	7,139,601	6,800,126	357,240	(17,765)
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	CHILE	BANKING	-	68.18	68.18	570,382	12,488,604	11,650,550	727,432	110,622
BANCO BILBAO VIZCAYA ARGENTARIA PUERTO RICO	PUERTO RICO	BANKING	-	100.00	100.00	184,514	3,847,933	3,394,583	430,337	23,013
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	URUGUAY	BANKING	100.00	-	100.00	100,451	1,925,770	1,809,536	143,238	(27,004)
BANCO CONTINENTAL, S.A. (1)	PERU	BANKING	-	92.24	92.24	979,492	12,118,442	11,056,583	767,269	294,590
BANCO DE PROMOCION DE NEGOCIOS, S.A.	SPAIN	BANKING	-	99.86	99.86	15,173	33,228	200	32,578	450
BANCO DEPOSITARIO BBVA, S.A.	SPAIN	BANKING	-	100.00	100.00	1,595	981,089	905,865	58,628	16,596
BANCO INDUSTRIAL DE BILBAO, S.A.	SPAIN	BANKING	-	99.93	99.93	97,220	225,069	2,517	217,825	4,727
BANCO OCCIDENTAL, S.A.	SPAIN	BANKING	49.43	50.57	100.00	16,511	18,020	50	17,741	229
BANCO PROVINCIAL OVERSEAS N.V.(2)	CURACAO	BANKING	-	100.00	100.00	46,177	320,412	272,968	26,442	21,002
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	VENEZUELA	BANKING	1.85	53.75	55.60	494,702	12,906,067	11,497,031	1,095,391	313,645
BANCOMER FINANCIAL SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	2,034	2,267	233	1,996	38
BANCOMER FOREIGN EXCHANGE INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	3,346	5,316	1,968	1,604	1,744
BANCOMER PAYMENT SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	32	36	3	35	(2)
BANCOMER TRANSFER SERVICES, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	27,199	78,712	51,513	18,954	8,245
BBV AMERICA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	479,328	1,621,755	23,138	1,417,949	180,668

(\*) Information on foreign companies at exchange rate on December 31, 2011

(\*\*) This company has an equity loan from BBVA, S.A.

(\*\*\*) This company has an equity loan from ANIDA GRUPO INMOBILIARIO, S.L. In addition, the company has recognized impairment losses arising in its annual accounts due to property, real estate and stocks, which according to Royal Decree-Law 5/2010 of March 31, are not counted for purposes of Article 363 of the Companies Act Capital.

(1) The percentage of voting rights is the result of the agreements entered into with shareholders that enable the control of the entity. The ownership percentage is 46.1%.

(2) The percentage of voting rights is the result of the agreements entered into with shareholders that enable the control of the entity. The ownership percentage is 48.0%.

**Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)**

Company	Location	Activity	%of Voting Rights			Net Carrying Amount	Thousands of Euros (*)			
			Controlled by the Bank				Affiliate Entity Data			
			Direct	Indirect	Total		Assets 31.12.11	Liabilities 31.12.11	Equity 31.12.11	Profit (Loss) 31.12.11
BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A.	SPAIN	SECURITIES DEALER	100.00	-	100.00	5,831	7,715	47	7,641	27
BBVA ASESORIAS FINANCIERAS, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	5,153	6,462	1,310	860	4,292
BBVA ASSET MANAGEMENT (IRELAND) LIMITED	IRELAND	IN LIQUIDATION	-	100.00	100.00	168	218	50	233	(65)
BBVA ASSET MANAGEMENT ADMINISTRADORA GENERAL DE FONDOS S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	15,170	17,215	2,044	8,911	6,260
BBVA ASSET MANAGEMENT, S.A. SOCIEDAD FIDUCIARIA (BBVA FIDUCIARIA)	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	27,973	31,578	3,574	21,361	6,643
BBVA ASSET MANAGEMENT, S.A., SGIIC	SPAIN	FINANCIAL SERVICES	17.00	83.00	100.00	11,436	155,473	56,142	81,349	17,982
BBVA AUTORENTING SPA	ITALY	SERVICES	-	100.00	100.00	67,785	324,395	287,914	33,609	2,872
BBVA BANCO DE FINANCIACION S.A.	SPAIN	BANKING	-	100.00	100.00	64,200	5,582,973	5,509,776	72,660	537
BBVA BANCO FRANCES, S.A.	ARGENTINA	BANKING	45.61	30.43	76.04	197,486	6,736,137	6,037,782	523,372	174,983
BBVA BANCOMER GESTION, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	30,060	47,939	17,881	12,243	17,815
BBVA BANCOMER OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	42,317	242,141	199,825	37,765	4,551
BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	516	37,957	37,443	486	28
BBVA BANCOMER USA, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	37,917	36,465	(1,461)	27,910	10,016
BBVA BANCOMER, S.A., INSTITUCION DE BANCA MÚLTIPLE, GRUPO FINANCIERO BBVA BANCOMER	MEXICO	BANKING	-	100.00	100.00	6,394,937	69,157,933	62,777,123	5,024,054	1,356,756
BBVA BRASIL BANCO DE INVESTIMENTO, S.A.	BRASIL	BANKING	100.00	-	100.00	16,166	46,553	5,918	37,496	3,139
BBVA BROKER, CORREDURIA DE SEGUROS Y REASEGUROS, S.A.	SPAIN	FINANCIAL SERVICES	99.94	0.06	100.00	297	42,103	5,411	31,044	5,648
BBVA CAPITAL FINANCE, S.A.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	60	55,750	55,339	358	53
BBVA CARTERA DE INVERSIONES, SICAV, S.A.	SPAIN	VARIABLE CAPITAL	100.00	-	100.00	118,459	123,985	148	119,962	3,875
BBVA COLOMBIA, S.A.	COLOMBIA	BANKING	76.20	19.23	95.43	399,008	10,391,071	9,370,592	832,236	188,243
BBVA COMERCIALIZADORA LTDA.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	132	3,133	3,000	(1,073)	1,206
BBVA COMPASS BANCSHARES, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	8,081,622	8,177,773	96,150	9,314,735	(1,233,112)
BBVA COMPASS CONSULTING & BENEFITS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	13,886	14,131	246	13,888	(3)
BBVA COMPASS INSURANCE AGENCY, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	159,234	166,200	6,965	151,958	7,277
BBVA COMPASS INVESTMENT SOLUTIONS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	65,092	76,274	11,182	53,691	11,401
BBVA CONSOLIDAR SEGUROS, S.A.	ARGENTINA	INSURANCES SERVICES	87.78	12.22	100.00	7,198	65,733	43,539	18,652	3,542
BBVA CONSULTING (BEIJING) LIMITED	CHINA	FINANCIAL SERVICES	-	100.00	100.00	477	1,003	311	574	118
BBVA CONSULTORIA, S.A.	SPAIN	SERVICES	-	100.00	100.00	2,227	5,210	619	3,550	1,041
BBVA CORREDORA TECNICA DE SEGUROS LIMITADA	CHILE	FINANCIAL SERVICES	-	100.00	100.00	20,056	22,973	2,916	12,390	7,667
BBVA CORREDORES DE BOLSA LIMITADA	CHILE	SECURITIES DEALER	-	100.00	100.00	47,496	526,887	479,391	44,958	2,538
BBVA DINERO EXPRESS, S.A.U	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	2,186	7,816	2,442	5,220	154
BBVA DISTRIBUIDORA DE SEGUROS S.R.L.	URUGUAY	FINANCIAL SERVICES	-	100.00	100.00	143	252	111	99	42
BBVA FACTORING LIMITADA (CHILE)	CHILE	FINANCIAL SERVICES	-	100.00	100.00	6,290	55,138	48,848	6,270	20
BBVA FINANCE (UK), LTD.	UNITED KINGDOM	FINANCIAL SERVICES	-	100.00	100.00	3,324	11,659	16	11,607	36
BBVA FINANCE SPA.	ITALY	FINANCIAL SERVICES	100.00	-	100.00	4,648	6,585	1,034	5,437	114
BBVA FINANCIAMIENTO AUTOMOTRIZ, S.A.	CHILE	INVESTMENT COMPANY	-	100.00	100.00	139,004	247,461	108,455	112,551	26,455
BBVA FINANZIA, S.p.A	ITALY	FINANCIAL SERVICES	100.00	-	100.00	23,897	853,463	829,566	32,796	(8,899)
BBVA FRANCES ASSET MANAGMENT S.A. SOCIEDAD GERENTE DE FONDOS COMUNES DE INVERSIÓN.	ARGENTINA	FINANCIAL SERVICES	-	100.00	100.00	8,709	12,491	3,781	7,066	1,644
BBVA FRANCES VALORES SOCIEDAD DE BOLSA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	100.00	100.00	2,447	3,745	1,298	2,228	219
BBVA FUNDOS, S.Gestora Fundos Pensões, S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.00	100.00	998	10,780	577	8,235	1,968

(\*) Information on foreign companies at exchange rate on December 31, 2011

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRES for banks. See Note 54).

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**Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)**

			%of Voting Rights Controlled by the Bank			Thousands of Euros (*)				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Affiliate Entity Data			
							Assets 31.12.11	Liabilities 31.12.11	Equity 31.12.11	Profit (Loss) 31.12.11
BBVA GEST, S.G.DE FUNDOS DE INVERTIMENTO MOBILIARIO, S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.00	100.00	998	7,491	132	7,085	274
BBVA GLOBAL FINANCE LTD.	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	571,250	567,461	3,821	(32)
BBVA GLOBAL MARKETS B.V.	NETHERLANDS	FINANCIAL SERVICES	100.00	-	100.00	37	306,974	306,960	23	(9)
BBVA HORIZONTE PENSIONES Y CESANTIAS, S.A.	COLOMBIA	PENSION FUNDS MANAGEMENT	78.52	21.44	99.96	62,061	184,016	39,391	121,877	22,748
BBVA INMOBILIARIA E INVERSIONES, S.A.	CHILE	REAL ESTATE	-	68.11	68.11	5,182	43,842	36,234	7,692	(84)
BBVA INSTITUIÇÃO FINANCEIRA DE CREDITO, S.A.	PORTUGAL	FINANCIAL SERVICES	49.90	50.10	100.00	33,148	418,046	374,425	41,323	2,298
BBVA INTERNATIONAL LIMITED	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	-	100.00	1	16,111	13,532	2,664	(85)
BBVA INTERNATIONAL PREFERRED, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	60	1,723,047	1,722,329	769	(51)
BBVA INVERSIONES CHILE, S.A.	CHILE	FINANCIAL SERVICES	61.22	38.78	100.00	617,330	1,400,426	2,428	1,195,138	202,860
BBVA IRELAND PLC	IRELAND	FINANCIAL SERVICES	100.00	-	100.00	180,381	1,499,148	1,120,980	365,957	12,211
BBVA LEASIMO - SOCIEDADE DE LOCAÇÃO FINANCEIRA, S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.00	100.00	10,113	24,878	14,764	10,164	(50)
BBVA LUXINVEST, S.A.	LUXEMBOURG	INVESTMENT COMPANY	36.00	64.00	100.00	255,843	1,380,672	72,161	1,406,909	(98,398)
BBVA MEDIACION OPERADOR DE BANCA-SEGUROS VINCULADO, S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	60	73,103	62,681	5,798	4,624
BBVA NOMINEES LIMITED	UNITED KINGDOM	SERVICES	100.00	-	100.00	-	1	-	1	-
BBVA PARAGUAY, S.A.	PARAGUAY	BANKING	100.00	-	100.00	22,598	1,293,789	1,170,341	105,463	17,985
BBVA PARTICIPACIONES MEJICANAS, S.L.	SPAIN	INVESTMENT COMPANY	99.00	1.00	100.00	57	146	-	61	85
BBVA PATRIMONIOS GESTORA SGIIC, S.A.	SPAIN	FINANCIAL SERVICES	99.98	0.02	100.00	3,907	27,825	3,097	20,177	4,551
BBVA PENSIONES, SA, ENTIDAD GESTORA DE FONDOS DE PENSIONES	SPAIN	PENSION FUNDS MANAGEMENT	100.00	-	100.00	12,922	71,044	33,302	25,941	11,801
BBVA PLANIFICACION PATRIMONIAL, S.L.	SPAIN	FINANCIAL SERVICES	80.00	20.00	100.00	1	520	5	499	16
BBVA PROPIEDAD, S.A.	SPAIN	REAL ESTATE INVESTMENT COMPANY	-	100.00	100.00	1,322,422	1,406,279	50,235	1,394,242	(38,198)
BBVA RE LIMITED	IRELAND	INSURANCES SERVICES	-	100.00	100.00	656	75,941	42,713	27,284	5,944
BBVA RENTING, S.A.	SPAIN	FINANCIAL SERVICES	5.94	94.06	100.00	21,018	848,550	743,071	92,024	13,455
BBVA RENTING, SPA	ITALY	SERVICES	-	100.00	100.00	8,453	102,457	99,411	5,525	(2,479)
BBVA SECURITIES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	78,363	105,828	31,212	90,943	(16,327)
BBVA SECURITIES OF PUERTO RICO, INC.	PUERTO RICO	FINANCIAL SERVICES	100.00	-	100.00	4,726	7,526	787	6,434	305
BBVA SEGUROS COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.00	6.00	100.00	9,443	50,273	35,010	14,235	1,028
BBVA SEGUROS DE VIDA COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.00	6.00	100.00	13,885	390,249	323,584	53,407	13,258
BBVA SEGUROS DE VIDA, S.A.	CHILE	INSURANCES SERVICES	-	100.00	100.00	79,524	345,626	265,678	54,263	25,685
BBVA SEGUROS INC.	PUERTO RICO	FINANCIAL SERVICES	-	100.00	100.00	193	6,891	664	5,078	1,149
BBVA SEGUROS, S.A., DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES SERVICES	94.30	5.65	99.95	411,099	13,807,365	13,277,899	262,525	266,941
BBVA SENIOR FINANCE, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	60	16,349,503	16,348,362	728	413
BBVA SERVICIOS CORPORATIVOS LIMITADA	CHILE	FINANCIAL SERVICES	-	100.00	100.00	4,010	13,984	9,969	1,195	2,820
BBVA SERVICIOS, S.A.	SPAIN	SERVICES	-	100.00	100.00	354	11,607	2,819	7,031	1,757
BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	CHILE	FINANCIAL SERVICES	-	97.49	97.49	17,107	67,893	50,344	15,364	2,185
BBVA SUBORDINATED CAPITAL S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	130	2,212,310	2,211,687	510	113
BBVA SUIZA, S.A. (BBVA SWITZERLAND)	SWITZERLAND	BANKING	39.72	60.28	100.00	58,107	1,457,665	1,028,628	409,758	19,279
BBVA TRADE, S.A.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	6,379	24,473	11,035	10,238	3,200
BBVA U.S. SENIOR S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	255	1,393,435	1,393,337	124	(26)
BBVA USA BANCSHARES, INC	UNITED STATES	INVESTMENT COMPANY	100.00	-	100.00	7,804,414	8,108,679	387	9,341,918	(1,233,626)

(\*) Information on foreign companies at exchange rate on December 31, 2011

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**Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)**

			%of Voting Rights Controlled by the Bank			Thousands of Euros (*)				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Affiliate Entity Data			
							Assets 31.12.11	Liabilities 31.12.11	Equity 31.12.11	Profit (Loss) 31.12.11
BBVA VALORES COLOMBIA, S.A. COMISIONISTA DE BOLSA	COLOMBIA	SECURITIES DEALER	-	100.00	100.00	4,406	5,079	660	3,786	633
BBVA WEALTH SOLUTIONS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	25,388	26,069	680	26,171	(782)
BBVAPR HOLDING CORPORATION	PUERTO RICO	INVESTMENT COMPANY	100.00	-	100.00	322,837	184,807	7	184,888	(88)
BILBAO VIZCAYA HOLDING, S.A.	SPAIN	INVESTMENT COMPANY	89.00	11.00	100.00	34,771	230,364	15,948	212,643	1,773
BLUE INDICO INVESTMENTS, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	49,106	60,620	1,017	54,652	4,951
C B TRANSPORT ,INC.	UNITED STATES	SERVICES	-	100.00	100.00	13,004	13,545	540	12,846	159
CAPITAL INVESTMENT COUNSEL, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	25,883	27,848	1,965	23,716	2,167
CARTERA E INVERSIONES S.A., CIA DE	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	92,018	257,959	148,523	(396,086)	505,522
CASA DE BOLSA BBVA BANCOMER , S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	68,810	85,804	16,993	41,421	27,390
CASA DE CAMBIO MULTIDIVISAS, S.A. DE C.V.	MEXICO	IN LIQUIDATION	-	100.00	100.00	157	157	-	156	1
CIA. GLOBAL DE MANDATOS Y REPRESENTACIONES, S.A.	URUGUAY	IN LIQUIDATION	-	100.00	100.00	108	194	2	192	-
CIDESSA DOS, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	17,156	24,219	118	12,067	12,034
CIDESSA UNO, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	4,754	487,198	122	376,087	110,989
CIERVANA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	53,164	73,621	3,273	66,565	3,783
COMERCIALIZADORA CORPORATIVA SAC (1)	PERU	FINANCIAL SERVICES	-	99.99	99.99	158	1,021	863	465	(307)
COMERCIALIZADORA DE SERVICIOS FINANCIEROS, S.A.	COLOMBIA	SERVICES	-	100.00	100.00	1,113	2,194	1,078	928	188
COMPASS ASSET ACCEPTANCE COMPANY, LLC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	376,383	376,382	-	375,525	857
COMPASS AUTO RECEIVABLES CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	3,226	3,227	1	3,227	(1)
COMPASS BANK	UNITED STATES	BANKING	-	100.00	100.00	8,049,661	52,564,841	44,515,180	9,280,137	(1,230,476)
COMPASS CAPITAL MARKETS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	5,918,757	5,918,757	-	5,842,516	76,241
COMPASS CUSTODIAL SERVICES, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
COMPASS FINANCIAL CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	9,134	55,931	46,797	7,253	1,881
COMPASS GP, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	36,431	45,704	9,273	35,975	456
COMPASS INVESTMENTS, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
COMPASS LIMITED PARTNER, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	5,134,916	5,135,367	451	5,064,494	70,422
COMPASS LOAN HOLDINGS TRS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	62,110	62,114	4	60,209	1,901
COMPASS MORTGAGE CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	2,019,328	2,019,518	189	2,002,835	16,494
COMPASS MORTGAGE FINANCING, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	27	27	-	27	-
COMPASS MULTISTATE SERVICES CORPORATION	UNITED STATES	SERVICES	-	100.00	100.00	2,899	3,084	186	2,898	-
COMPASS SOUTHWEST, LP	UNITED STATES	BANKING	-	100.00	100.00	4,224,601	4,224,894	294	4,170,369	54,231
COMPASS TEXAS ACQUISITION CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	1,749	1,766	17	1,750	(1)
COMPASS TEXAS MORTGAGE FINANCING, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	27	27	-	27	-
COMPASS TRUST II	UNITED STATES	INACTIVE	-	100.00	100.00	-	1	-	1	-
COMPASS WEALTH MANAGERS COMPANY	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
COMPAÑIA CHILENA DE INVERSIONES, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	580,314	628,637	628	623,785	4,224
CONSOLIDAR A.F.J.P., S.A.	ARGENTINA	PENSION FUNDS MANAGEMEN	46.11	53.89	100.00	1,964	24,356	20,715	7,239	(3,598)
CONSOLIDAR ASEGURADORA DE RIESGOS DEL TRABAJO, S.A.	ARGENTINA	INSURANCES SERVICES	87.50	12.50	100.00	33,694	291,818	247,509	37,912	6,397
CONTENTS AREA, S.L.	SPAIN	SERVICES	-	100.00	100.00	2,528	5,469	2,309	5,411	(2,251)

(\*) Information on foreign companies at exchange rate on December 31, 2011

(1) The percentage of voting rights is the result of the agreements entered into with shareholders that enable the control of the entity. The ownership percentage is 50.0%.

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Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)			%of Voting Rights Controlled by the Bank			Thousands of Euros (*)				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Affiliate Entity Data			
							Assets 31.12.11	Liabilities 31.12.11	Equity 31.12.11	Profit (Loss) 31.12.11
CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA, S.A.(1)	PERU	SECURITIES DEALER	-	100.00	100.00	8,507	14,679	6,174	6,082	2,423
CONTINENTAL DPR FINANCE COMPANY (1)	CAYMAN ISLANDS	FINANCIAL SERVICES	-	100.00	100.00	-	323,582	323,581	1	-
CONTINENTAL S.A. SOCIEDAD ADMINISTRADORA DE FONDOS (1)	PERU	FINANCIAL SERVICES	-	100.00	100.00	11,227	14,667	3,441	8,774	2,452
CONTINENTAL SOCIEDAD TITULIZADORA, S.A.(1)	PERU	FINANCIAL SERVICES	-	100.00	100.00	488	525	35	476	14
CONTRATACION DE PERSONAL, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2,897	10,218	7,319	2,395	504
COPROMED S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	74	769	793	102	(126)
CORPORACION GENERAL FINANCIERA, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	509,716	1,939,644	741,658	1,017,587	180,399
DESARROLLADORA Y VENDEDORA DE CASAS, S.A	MEXICO	REAL ESTATE	-	100.00	100.00	7	8	1	12	(5)
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	SPAIN	REAL ESTATE	-	72.50	72.50	52,125	92,626	20,733	71,955	(62)
DESITEL TECNOLOGIA Y SISTEMAS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	1,521	1,524	3	1,480	41
ECASA, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	5,724	7,421	1,696	55	5,670
ECONTA GESTION INTEGRAL, S.L.	SPAIN	SERVICES	-	100.00	100.00	522	2,170	1,523	1,333	(686)
EL ENCINAR METROPOLITANO, S.A.	SPAIN	REAL ESTATE	-	99.04	99.04	4,564	7,643	1,054	6,183	406
EL MILANILLO, S.A.	SPAIN	REAL ESTATE	100.00	-	100.00	16,508	15,658	17	18,343	(2,702)
EL OASIS DE LAS RAMBLAS, S.L.	SPAIN	REAL ESTATE	-	70.00	70.00	167	285	122	282	(119)
EMPRENDIMIENTOS DE VALOR S.A.	URUGUAY	FINANCIAL SERVICES	-	100.00	100.00	2,603	7,788	3,711	3,091	986
ENTRE2 SERVICIOS FINANCIEROS, E.F.C., S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	9,139	9,582	31	9,503	48
ESPAÑHOLA COMERCIAL E SERVIÇOS, LTDA.	BRASIL	FINANCIAL SERVICES	100.00	-	100.00	-	731	410	6,104	(5,783)
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SPAIN	SERVICES	-	51.00	51.00	31	30	-	30	-
EUROPEA DE TITULIZACION, S.A., S.G.F.T.	SPAIN	FINANCIAL SERVICES	87.50	-	87.50	1,974	31,917	3,434	22,588	5,895
FACILEASING EQUIPMENT, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	49,246	459,491	408,790	47,647	3,054
FACILEASING S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	20,138	85,459	75,194	8,702	1,563
FIDEICOMISO 28991-8 TRADING EN LOS MCADOS FINANCIEROS	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	2,051	2,051	93	1,740	218
FINANCIERAS DERIVADAS CUENTA PROPIA	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	19,928	20,087	159	18,650	1,278
FINANCIERAS DERIVADAS CUENTA TERCEROS	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	34,405	34,796	391	30,945	3,460
FIDEICOMISO HARES BBVA BANCOMER F/ 47997-2	MEXICO	REAL ESTATE	-	89.97	89.97	24,192	26,505	1,179	23,950	1,376
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	-	86,819	84,677	3,208	(1,066)
MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 2ª)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	40,705	39,900	1,357	(552)
MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 3ª)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	243,795	215,869	18,137	9,789
MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 4ª)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	26	214,558	213,841	(2,179)	2,896
FIDEICOMISO Nº.402900-5 ADMINISTRACION DE INMUEBLES	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	2,611	2,823	208	2,615	-
FINANCEIRA DO COMERCIO EXTERIOR S.A.R.	PORTUGAL	INACTIVE	100.00	-	100.00	51	35	1	35	(1)
FINANCIERA AYUDAMOS S.A. DE C.V., SOFOMER	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	5,027	20,770	15,743	10,416	(5,389)
FINANZIA AUTORENTING, S.A.	SPAIN	SERVICES	100.00	-	100.00	68,561	496,100	471,727	15,469	8,904
FORUM COMERCIALIZADORA DEL PERU, S.A.	PERU	SERVICES	-	100.00	100.00	9,837	10,529	688	10,276	(435)
FORUM DISTRIBUIDORA DEL PERU, S.A.	PERU	FINANCIAL SERVICES	-	100.00	100.00	6,251	6,276	21	6,302	(47)
FORUM DISTRIBUIDORA, S.A.	CHILE	FINANCIAL SERVICES	-	75.52	75.52	11,463	114,658	102,920	8,478	3,260
FORUM SERVICIOS FINANCIEROS, S.A.	CHILE	FINANCIAL SERVICES	-	75.50	75.50	98,520	849,039	740,878	64,507	43,654
FUTURO FAMILIAR, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	515	1,752	1,236	399	117

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**Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)**

			%of Voting Rights Controlled by the Bank			Net Carrying Amount	Thousands of Euros (*)			
Company	Location	Activity	Direct	Indirect	Total		Affiliate Entity Data			
							Assets 31.12.11	Liabilities 31.12.11	Equity 31.12.11	Profit (Loss) 31.12.11
GESTION DE PREVISION Y PENSIONES, S.A.	SPAIN	PENSION FUNDS MANAGEMENT	60.00	-	60.00	8,830	25,550	1,798	20,870	2,882
GESTION Y ADMINISTRACION DE RECIBOS, S.A.	SPAIN	SERVICES	99.96	0.04	100.00	150	2,281	341	1,887	53
GOBERNALIA GLOBAL NET, S.A.	SPAIN	SERVICES	-	100.00	100.00	948	2,723	358	1,598	76
GRAN JORGE JUAN, S.A.	SPAIN	REAL ESTATE	100.00	-	100.00	293,646	716,526	457,010	242,217	17,299
GRANFIDUCIARIA	COLOMBIA	IN LIQUIDATION	-	90.00	90.00	-	169	130	90	(51)
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	99.97	-	99.97	6,677,151	7,390,699	949	5,787,052	1,602,698
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.	MEXICO	SERVICES	-	72.06	72.06	5,925	22,033	13,810	10,822	(2,599)
GUARANTY BUSINESS CREDIT CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	28,283	29,698	1,415	28,037	246
GUARANTY PLUS HOLDING COMPANY	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	(26,344)	47,495	73,841	(24,825)	(1,521)
GUARANTY PLUS PROPERTIES LLC-2	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	36,018	36,066	48	36,174	(156)
GUARANTY PLUS PROPERTIES, INC-1	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	9,649	9,654	5	9,654	(5)
HIPOTECARIA NACIONAL MEXICANA INCORPORATED	UNITED STATES	REAL ESTATE	-	100.00	100.00	233	324	92	316	(84)
HIPOTECARIA NACIONAL, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	31,975	55,887	8,077	44,950	2,860
HOLDING CONTINENTAL, S.A.	PERU	INVESTMENT COMPANY	50.00	-	50.00	123,678	1,035,228	1,201	750,007	284,020
HOMEOWNERS LOAN CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	7,793	8,041	247	8,023	(229)
HUMAN RESOURCES PROVIDER, INC	UNITED STATES	SERVICES	-	100.00	100.00	647,531	647,701	169	644,018	3,514
HUMAN RESOURCES SUPPORT, INC	UNITED STATES	SERVICES	-	100.00	100.00	645,397	645,397	-	642,178	3,219
IBERNEGOCIO DE TRADE, S.L.	SPAIN	SERVICES	-	100.00	100.00	5,115	11,705	-	3,688	8,017
INGENIERIA EMPRESARIAL MULTIBA, S.A. DE C.V.	MEXICO	SERVICES	-	99.99	99.99	-	-	-	-	-
INMUEBLES Y RECUPERACIONES CONTINENTAL S.A (1)	PERU	REAL ESTATE	-	100.00	100.00	4,819	7,023	2,204	738	4,081
INVERAHORRO, S.L. (**)	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	-	85,866	88,284	(1,580)	(838)
INVERSIONES ALDAMA, C.A.	VENEZUELA	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	CURAÇAO	IN LIQUIDATION	48.00	-	48.00	11,390	49,013	1,358	26,650	21,005
INVERSIONES BAPROBA, C.A.	VENEZUELA	FINANCIAL SERVICES	100.00	-	100.00	1,307	1,407	48	1,568	(209)
INVERSIONES P.H.R.4, C.A.	VENEZUELA	IN LIQUIDATION	-	60.46	60.46	-	27	-	27	-
INVERSORA OTAR, S.A.	ARGENTINA	INVESTMENT COMPANY	-	99.96	99.96	58,836	66,264	968	50,777	14,519
INVESCO MANAGEMENT Nº 1, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.00	100.00	9,145	9,306	193	9,721	(608)
INVESCO MANAGEMENT Nº 2, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.00	100.00	-	6,517	17,066	(9,302)	(1,247)
LIQUIDITY ADVISORS, L.P	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	945,337	945,398	60	930,585	14,753
MISAPRE, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	14,379	14,295	6,655	9,047	(1,407)
MULTIASISTENCIA OPERADORA S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	124	947	824	109	14
MULTIASISTENCIA SERVICIOS S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	366	1,778	1,412	348	18
MULTIASISTENCIA, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	19,505	24,467	4,959	16,480	3,028
OPCION VOLCAN, S.A.	MEXICO	REAL ESTATE	-	100.00	100.00	64,253	67,324	3,071	60,303	3,950
OPPLUS OPERACIONES Y SERVICIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	1,067	22,594	11,706	7,812	3,076
OPPLUS S.A.C	PERU	SERVICES	-	100.00	100.00	639	1,547	674	829	44
PARTICIPACIONES ARENAL, S.L.	SPAIN	INACTIVE	-	100.00	100.00	7,630	7,658	23	7,577	58
PECRI INVERSION S.A	SPAIN	OTHER INVESTMENT COMPANIES	100.00	-	100.00	89,132	93,952	4	92,026	1,922
PENSIONES BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	166,280	2,668,926	2,502,639	113,635	52,652

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(\*\*) This company has an equity loan from BBVA, S.A.

(1) The percentage of voting rights is the result of the agreements entered into with shareholders that enable the control of the entity. The ownership percentage is 46.1%.



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PHOENIX LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	321,850	341,106	19,254	324,399	(2,547)
PI HOLDINGS NO. 1, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	75,701	76,393	692	70,286	5,415
PI HOLDINGS NO. 3, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	21,900	21,900	-	22,108	(208)
PI HOLDINGS NO. 4, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1	1	-	1	-
PORT ARTHUR ABSTRACT & TITLE COMPANY	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1,891	2,133	242	1,898	(7)
PREMEIXSA, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	519	1,018	468	438	112
PREVENTIS, S.A.	MEXICO	INSURANCES SERVICES	9.73	90.27	100.00	12,435	28,521	14,946	11,031	2,544
PRO-SALUD, C.A.	VENEZUELA	SERVICES	-	58.86	58.86	-	-	-	-	-
PROMOCION EMPRESARIAL XX, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	1,213	12,879	11,280	1,528	71
PROMOTORA DE RECURSOS AGRARIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	139	129	-	122	7
PROVIDA INTERNACIONAL, S.A.	CHILE	PENSION FUNDS MANAGEMENT	-	100.00	100.00	47,000	47,155	155	34,298	12,702
PROVINCIAL DE VALORES CASA DE BOLSA, C.A.	VENEZUELA	FINANCIAL SERVICES	-	90.00	90.00	1,665	5,544	3,574	2,467	(497)
PROVINCIAL SDAD.ADMIN.DE ENTIDADES DE INV.COLECTIVA, C.A.	VENEZUELA	FINANCIAL SERVICES	-	100.00	100.00	1,829	1,890	119	1,535	236
PROVIVIENDA ENTIDAD RECAUDADORA Y ADMIN.DE APORTES, S.A.	BOLIVIA	PENSION FUNDS MANAGEMENT	-	100.00	100.00	912	4,992	4,025	878	89
PROXIMA ALFA INVESTMENTS (UK) LLP	UNITED KINGDOM	IN LIQUIDATION	-	51.00	51.00	-	87	2,368	(2,281)	-
PROXIMA ALFA INVESTMENTS (USA) LLC	UNITED STATES	IN LIQUIDATION	-	100.00	100.00	7,448	1,353	208	1,128	17
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) II INC.	UNITED STATES	IN LIQUIDATION	-	100.00	100.00	74	70	44	26	-
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) INC.	UNITED STATES	IN LIQUIDATION	100.00	-	100.00	72	7,452	3,459	3,993	-
PROXIMA ALFA SERVICES LTD.	UNITED KINGDOM	IN LIQUIDATION	100.00	-	100.00	105	2,413	1	2,412	-
RENTRUCKS, ALQUILER Y SERVICIOS DE TRANSPORTE, S.A.	SPAIN	INACTIVE	99.23	-	99.23	9,729	16,399	10,600	10,700	(4,901)
RESIDENCIAL CUMBRES DE SANTA FE, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	8,159	8,123	850	7,635	(362)
RIVER OAKS BANK BUILDING, INC.	UNITED STATES	REAL ESTATE	-	100.00	100.00	25,189	29,855	4,666	25,322	(133)
RIVER OAKS TRUST CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
RIVERWAY HOLDINGS CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	240	8,018	7,779	216	23
RWHC, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	564,328	565,443	1,115	560,328	4,000
SCALDIS FINANCE, S.A.	BELGIUM	INVESTMENT COMPANY	-	100.00	100.00	3,507	3,650	148	3,507	(5)
SEGUROS BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	24.99	75.01	100.00	444,396	2,543,867	2,152,552	212,270	179,045
SEGUROS PROVINCIAL, C.A.	VENEZUELA	INSURANCES SERVICES	-	100.00	100.00	26,100	49,003	22,897	10,875	15,231
SERVICIOS CORPORATIVOS BANCOMER, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	400	4,016	3,617	285	114
SERVICIOS CORPORATIVOS DE SEGUROS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	1,375	6,542	5,167	993	382
SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A DE C.V.	MEXICO	SERVICES	-	100.00	100.00	3,787	5,878	2,092	3,280	506
SERVICIOS TECNOLOGICOS SINGULARES, S.A.	SPAIN	SERVICES	-	100.00	100.00	1,897	11,668	9,818	(245)	2,095
SMARTSPREAD LIMITED (UK)	UNITED KINGDOM	IN LIQUIDATION	100.00	-	100.00	1	141	-	141	-
SOCIEDAD DE ESTUDIOS Y ANALISIS FINANCIERO.,S.A.	SPAIN	COMERCIAL	100.00	-	100.00	114,518	194,407	72	193,554	781
MERCADO HIPOTECARIO, S.A.	SPAIN	INACTIVE	77.20	-	77.20	138	221	67	146	8
SOCIETE IMMOBILIERE BBV D'ILBARRIZ	FRANCE	REAL ESTATE	-	100.00	100.00	1,466	1,496	30	1,507	(41)
SOUTHEAST TEXAS TITLE COMPANY	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	552	581	29	547	5
SPORT CLUB 18, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	33,090	62,514	28,746	31,053	2,715
STATE NATIONAL CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	363	11,958	11,595	352	11

(\*) Information on foreign companies at exchange rate on December 31, 2011

(\*) Information on foreign companies at exchange rate on December 31, 2011

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Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)			%of Voting Rights Controlled by the Bank			Thousands of Euros (*)				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Affiliate Entity Data			
							Assets 31.12.11	Liabilities 31.12.11	Equity 31.12.11	Profit (Loss) 31.12.11
STATE NATIONAL STATUTORY TRUST II	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	240	7,976	7,737	233	6
TEXAS LOAN SERVICES, LP.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	941,695	942,371	675	925,061	16,635
TEXAS REGIONAL STATUTORY TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1,196	39,887	38,691	1,161	35
TEXASBANC CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	602	20,037	19,434	585	18
TMF HOLDING INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	8,131	11,181	3,050	7,869	262
TRAINER PRO GESTION DE ACTIVIDADES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	2,886	5,908	-	2,931	2,977
TRANSITORY CO	PANAMA	REAL ESTATE	-	100.00	100.00	134	2,305	2,321	(30)	14
TUCSON LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	287,090	287,176	86	280,131	6,959
TWOENC, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	(1,203)	1,153	2,357	(1,203)	(1)
UNICOM TELECOMUNICACIONES S.DE R.L. DE C.V.	MEXICO	SERVICES	-	99.98	99.98	2	4	1	2	1
UNIDAD DE AVALUOS MEXICO, S.A. DE CV	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	2,079	3,255	1,500	1,420	335
UNITARIA GESTION DE PATRIMONIOS INMOBILIARIOS	SPAIN	REAL ESTATE	-	100.00	100.00	2,410	2,657	7	2,632	18
UNIVERSALIDAD "E5"	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	-	6,297	4,140	2,204	(47)
UNIVERSALIDAD TIPS PESOS E-9	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	-	81,897	62,962	13,584	5,351
UNO-E BANK, S.A.	SPAIN	BANKING	100.00	-	100.00	174,752	1,367,556	1,226,967	105,987	34,602
URBANIZADORA SANT LLORENC, S.A.	SPAIN	INACTIVE	60.60	-	60.60	-	108	-	108	-
VALANZA CAPITAL RIESGO S.G.E.C.R. S.A. UNIPERSONAL	SPAIN	VENTURE CAPITAL	100.00	-	100.00	1,200	17,223	837	15,527	859
VIRTUAL DOC, S.L.	SPAIN	IN LIQUIDATION	-	70.00	70.00	-	133	700	(155)	(412)
VISACOM, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2,282	2,282	1	1,033	1,248

(\*) Information on foreign companies at exchange rate on December 31, 2011

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### APPENDIX III. Additional information on the jointly controlled companies accounted for under the proportionate consolidation method in the BBVA Group

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Net Carrying Amount	Thousands of Euros (*)		
			Direct	Indirect	Total		Affiliate Entity Data		
							Assets 31.12.11	Liabilities 31.12.11	Equity 31.12.11
ADMINISTRADORA DE SOLUCIONES INTEGRALES, S.A. (ASI,S.A.)	URUGUAY	FINANCIAL SERVICES	-	34.00	34.00	1,869	7,855	2,358	3,377
ALTURA MARKETS, SOCIEDAD DE VALORES, S.A.	SPAIN	SECURITIES DEALER	50.00	-	50.00	12,600	1,278,158	1,239,179	30,381
DOMENIA CREDIT IFN SA	ROMANIA	FINANCIAL SERVICES	-	100.00	100.00	26,830	121,887	113,392	6,901
G NETHERLANDS BV	NETHERLANDS	INVESTMENT COMPANY	-	100.00	100.00	303,300	333,786	52,783	282,793
GARANTI BANK MOSCOW	RUSSIA	BANKING	-	100.00	100.00	61,874	295,082	236,586	55,397
GARANTI BANK SA	ROMANIA	BANKING	-	100.00	100.00	218,958	1,441,168	1,270,122	180,357
GARANTI BILISIM TEKNOLOJISI VE TIC. TAS	TURKEY	SERVICES	-	100.00	100.00	41,959	15,714	5,978	6,713
GARANTI EMEKLILIK VE HAYAT AS	TURKEY	INSURANCES SERVICES	-	84.91	84.91	23,144	1,265,694	1,084,728	143,163
GARANTI FACTORING HIZMETLERI AS	TURKEY	FINANCIAL SERVICES	-	81.84	81.84	28,139	521,886	487,099	20,153
GARANTI FINANSAL KIRALAMA A.S.	TURKEY	FINANCIAL SERVICES	-	99.96	99.96	45,327	1,106,303	908,436	175,105
GARANTI HIZMET YONETIMI A.S	TURKEY	FINANCIAL SERVICES	-	96.40	96.40	30	366	238	407
GARANTI HOLDING BV	NETHERLANDS	INVESTMENT COMPANY	-	100.00	100.00	301,416	304,532	-	304,598
(GARANTI MORTGAGE)	TURKEY	SERVICES	-	100.00	100.00	307	635	58	198
GARANTI ODEME SISTEMLERI A.S.(GOSAS)	TURKEY	FINANCIAL SERVICES	-	99.96	99.96	171	9,941	4,165	4,947
GARANTI PORTFOY YONETIMI AS	TURKEY	FINANCIAL SERVICES	-	100.00	100.00	3,451	7,381	1,051	6,094
TEKNOLJINET)	TURKEY	SERVICES	-	99.99	99.99	20	240	-	240
GARANTI YATIRIM MENKUL KIYMETLER AS	TURKEY	FINANCIAL SERVICES	-	100.00	100.00	24,651	16,359	3,306	12,916
GARANTIBANK INTERNATIONAL NV	NETHERLANDS	BANKING	-	100.00	100.00	357,034	4,159,934	3,796,990	320,374
GOLDEN CLOVER STICHTING CUSTODY	NETHERLANDS	FINANCIAL SERVICES	-	100.00	100.00	125	125	-	125
INVERSIONES PLATCO, C.A.	VENEZUELA	FINANCIAL SERVICES	-	50.00	50.00	13,372	37,229	10,483	31,029
MOTORACTIVE IFN SA	ROMANIA	FINANCIAL SERVICES	-	100.00	100.00	39,500	105,582	92,725	9,832
PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	50.00	50.00	12,922	239,405	213,561	19,611
RALFI IFN SA	ROMANIA	FINANCIAL SERVICES	-	100.00	100.00	41,864	70,760	64,362	4,329
SAFEKEEPING CUSTODY COMPANY B.V.	NETHERLANDS	FINANCIAL SERVICES	-	100.00	100.00	18	18	-	18
STICHTING SAFEKEEPING	NETHERLANDS	INVESTMENT COMPANY	-	100.00	100.00	-	18	18	-
STICHTING UNITED CUSTODIAN	NETHERLANDS	FINANCIAL SERVICES	-	100.00	100.00	125	125	-	125
TURKIYE GARANTI BANKASI A.S	TURKEY	BANKING	25.01	-	25.01	3,919,527	59,694,402	52,500,246	6,240,859

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## APPENDIX IV. Additional information on investments and jointly controlled companies accounted for under the equity method of consolidation in the BBVA Group (includes the most significant companies that together represent 98% of total investments in these companies)

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Thousands of Euros (*)				
			Direct	Indirect	Total	Net Carrying Amount	Affiliate Entity Data			
							Assets 31.12.11	Liabilities 31.12.11	Equity 31.12.11	Profit (Loss) 31.12.11
ADMINISTRADORA DE FONDOS DE CESANTIA DE CHILE, S.A.	CHILE	FINANCIAL SERVICES	-	37.80	37.80	5,377	14,806	4,784	5,797	4,225 (2)
ADQUIRA ESPANA, S.A.	SPAIN	SERVICES	-	40.00	40.00	2,237	11,865	6,760	5,770	(666) (2)
ALMAGRARIO, S.A.	COLOMBIA	SERVICES	-	35.38	35.38	4,007	38,554	13,541	24,973	40 (2)
ALTITUDE SOFTWARE SGPS, S.A.(*)	PORTUGAL	SERVICES	-	31.00	31.00	10,215	21,739	13,891	6,593	1,255 (2)
AUREA, S.A. (CUBA)	CUBA	REAL ESTATE	-	49.00	49.00	3,800	8,398	714	7,556	128 (2)
BBVA ELCANO EMPRESARIAL II, S.C.R., S.A.	SPAIN	VENTURE CAPITAL	45.00	-	45.00	22,505	92,935	16,045	81,799	(4,908) (2)
BBVA ELCANO EMPRESARIAL, S.C.R., S.A.	SPAIN	VENTURE CAPITAL	45.00	-	45.00	22,510	92,936	16,045	81,872	(4,981) (2)
CAMARATE GOLF, S.A.(*)	SPAIN	REAL ESTATE	-	26.00	26.00	2,485	18,881	3,501	16,516	(1,135) (2)
CHINA CITIC BANK LIMITED CNCB	CHINA	BANKING	15.00	-	15.00	4,840,101	235,923,186	221,806,430	11,689,116	2,427,640 (2)
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFIH	HONG-KONG	FINANCIAL SERVICES	29.68	-	29.68	546,676	14,607,059	12,944,212	1,563,232	99,615 (1) (2)
COMPANIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A.	SPAIN	FINANCIAL SERVICES	21.82	-	21.82	15,359	72,039	6,611	54,841	10,587 (2)
COMPANIA MEXICANA DE PROCESAMIENTO, S.A. DE C.V.	MEXICO	SERVICES	-	50.00	50.00	5,163	13,392	3,562	8,360	1,470 (2)
CORPORACION IBV PARTICIPACIONES EMPRESARIALES, S.A.(*)	SPAIN	INVESTMENT COMPANY	-	50.00	50.00	77,543	565,308	306,949	233,565	24,794 (1) (2)
FERROMOVIL 3000, S.L.(*)	SPAIN	SERVICES	-	20.00	20.00	5,846	622,894	594,085	28,401	408 (2)
FERROMOVIL 9000, S.L.(*)	SPAIN	SERVICES	-	20.00	20.00	4,349	393,921	372,505	20,927	488 (2)
I+D MEXICO, S.A. DE C.V.(*)	MEXICO	SERVICES	-	50.00	50.00	16,464	78,461	27,874	41,374	9,213 (1) (2)
IMOBILIARIA DUQUE D'AVILA, S.A. (*)	PORTUGAL	REAL ESTATE	-	50.00	50.00	5,464	24,149	13,713	10,058	377 (3)
LAS PEDRAZAS GOLF, S.L.(*)	SPAIN	REAL ESTATE	-	50.00	50.00	7,037	69,639	53,206	17,097	(664) (2)
OCCIDENTAL HOTELES MANAGEMENT, S.L.(*)	SPAIN	SERVICES	-	38.53	38.53	68,063	727,741	493,613	320,836	(86,708) (1) (2)
ROMBO COMPANIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	40.00	40.00	11,406	144,127	122,842	17,236	4,049 (2)
SERVICIOS DE ADMINISTRACION PREVISIONAL, S.A.	CHILE	PENSION FUNDS MANAGEMENT	-	37.87	37.87	3,915	23,104	10,208	5,913	6,983 (2)
SERVICIOS ELECTRONICOS GLOBALES, S.A. DE C.V.	MEXICO	SERVICES	-	46.14	46.14	4,843	17,534	7,257	10,211	66 (2)
SERVICIOS ON LINE PARA USUARIOS MULTIPLES, S.A. (SOLIUM)(*)	SPAIN	SERVICES	-	66.67	66.67	4,701	9,973	6,369	3,441	162 (2)
SERVIREO SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A.	SPAIN	FINANCIAL SERVICES	21.00	0.35	21.35	7,401	153,241	75,648	36,247	41,346 (1) (2)
TELEFONICA FACTORING ESPAÑA, S.A.	SPAIN	FINANCIAL SERVICES	30.00	-	30.00	3,736	91,139	78,453	6,849	5,837 (2)
TUBOS REUNIDOS, S.A.	SPAIN	INDUSTRY	-	22.77	22.77	50,590	685,741	473,869	226,055	(14,183) (1) (2)
VITAMEDICA S.A. DE C.V.(*)	MEXICO	INSURANCES SERVICES	-	50.99	50.99	2,654	12,846	6,422	6,207	217 (1) (2)
OTHER COMPANIES						88,398				
						5,842,845	254,535,609	237,479,110	14,530,843	2,525,655

(\*) Jointly controlled companies accounted for using the equity method

(\*\*) Data relating to the latest financial statements approved at the date of preparation of these notes to the consolidated statements

Information on foreign companies at exchange rate on reference date

(1) Consolidated Data

(2) Financial statement as of December 31, 2010

(3) Financial statement as of December 31, 2009

## APPENDIX V. Changes and notification of investments and divestments in the BBVA Group in 2011

Acquisitions or Increases of Interest Ownership in Consolidated Subsidiaries and Jointly Controlled Companies Accounted for Under the Proportionate Method							
Company	Type of Transaction	Activity	Thousands of Euros		% of Voting Rights		Effective Date for the Transaction (or Notification Date)
			Price Paid in the Transactions + Expenses directly attributable to the Transactions	Fair Value of Equity Instruments issued for the Transactions	% Participation (net) Acquired in the Period	Total Voting Rights Controlled after the Transactions	
CREDIT URUGUAY BANCO, S.A.	ACQUISITION	BANKING	75,595	-	100.00%	100.00%	18-1-2011
BBVA DISTRIBUIDORA DE SEGUROS S.R.L.	ACQUISITION	FINANCIAL SERVICES	75	-	100.00%	100.00%	18-1-2011
EMPRENDIMIENTOS DE VALOR S.A.	ACQUISITION	FINANCIAL SERVICES	2,603	-	100.00%	100.00%	18-1-2011
ADMINISTRADORA DE SOLUCIONES INTEGRALES, S.A. (ASI,S.A.)	ACQUISITION	FINANCIAL SERVICES	1,098	-	34.00%	34.00%	24-2-2011
TURKIYE GARANTI BANKASI A.S	ACQUISITION	BANKING	4,390,596	-	24.89%	24.89%	22-3-2011
TURKIYE GARANTI BANKASI A.S	ACQUISITION	BANKING	17,635	-	0.12%	25.01%	4-4-2011
GARANTIBANK INTERNATIONAL NV	ACQUISITION	BANKING	-	-	100.00%	100.00%	22-3-2011
GARANTI BANK SA	ACQUISITION	BANKING	-	-	100.00%	100.00%	22-3-2011
G NETHERLANDS BV	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	22-3-2011
RALFI IFN SA	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	22-3-2011
DOMENIA CREDIT IFN SA	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	22-3-2011
MOTORACTIVE IFN SA	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	22-3-2011
LEASEMART HOLDING BV	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	22-3-2011
GARANTI HOLDING BV	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	22-3-2011
GARANTI BANK MOSCOW	ACQUISITION	BANKING	-	-	100.00%	100.00%	22-3-2011
GARANTI FINANSAL KIRALAMA A.S.	ACQUISITION	FINANCIAL SERVICES	-	-	99.96%	99.96%	22-3-2011
GARANTI FACTORING HIZMETLERI AS	ACQUISITION	FINANCIAL SERVICES	-	-	81.84%	81.84%	22-3-2011
GARANTI EMEKLILIK VE HAYAT AS	ACQUISITION	INSURANCES SERVICES	-	-	84.91%	84.91%	22-3-2011
GARANTI YATIRIM MENKUL KIYMETLER AS	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	22-3-2011
GARANTI PORTFOY YONETIMI AS	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	22-3-2011
GARANTI BILISIM TEKNOLOJISI VE TIC. TAS	ACQUISITION	SERVICES	-	-	100.00%	100.00%	22-3-2011
SAFEKEEPING CUSTODY COMPANY B.V.	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	22-3-2011
GARANTI ODEME SISTEMLERI A.S.(GÖŞAS)	ACQUISITION	FINANCIAL SERVICES	-	-	99.96%	99.96%	22-3-2011
GARANTI TEKNOLOJINET İLETİSİM HİZ. VE TIC. A.S. (GARANTI TEKNOLOJINET)	ACQUISITION	SERVICES	-	-	99.99%	99.99%	22-3-2011
GARANTI HİZMET YONETİMİ A.S	ACQUISITION	FINANCIAL SERVICES	-	-	96.40%	96.40%	22-3-2011
GARANTI KONUT FİNANSMANI DANIŞMANLIK HİZMETLERİ AS (GARANTI MORTGAGE)	ACQUISITION	SERVICES	-	-	100.00%	100.00%	22-3-2011
GOLDEN CLOVER STICHTING CUSTODY	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	22-3-2011
STICHTING UNITED CUSTODIAN	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	22-3-2011
STICHTING SAFEKEEPING	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	22-3-2011
GARANTI BROKER DE ASIGURARE SRL	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	22-3-2011
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.	ACQUISITION	SERVICES	1,507	-	7.65%	66.06%	31-3-2011
RENTRUCKS, ALQUILER Y SERVICIOS DE TRANSPORTE, S.A.	DILUTION EFFECT	FINANCIAL SERVICES	-	-	48.93%	98.93%	30-4-2011
BBVA & PARTNERS ALTERNATIVE INVESTMENT AV SA	ACQUISITION	SECURITIES DEALER	4,500	-	30.00%	100.00%	30-4-2011
BBVA BANCO FRANCES S.A.	ACQUISITION	BANKING	141	-	0.01%	76.01%	31-5-2011
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	ACQUISITION	FINANCIAL SERVICES	25	-	0.00%	99.97%	31-5-2011
FACILEASING S.A. DE C.V.	ACQUISITION	SERVICES	20,023	-	100.00%	100.00%	1-7-2011
COPROMED S.A. DE C.V.	ACQUISITION	SERVICES	-	-	100.00%	100.00%	1-7-2011
FORUM COMERCIALIZADORA DEL PERU, S.A.	ACQUISITION	SERVICES	4,627	-	100.00%	100.00%	29-8-2011
FORUM DISTRIBUIDORA DEL PERU, S.A.	ACQUISITION	FINANCIAL SERVICES	2,827	-	100.00%	100.00%	29-8-2011
EL MILANILLO, S.A.	ACQUISITION	REAL ESTATE	27,179	-	100.00%	100.00%	30-9-2011
BBVA BANCO FRANCES, S.A.	MERGER	BANKING	-	-	0.02%	76.04%	30-9-2011
FORUM SERVICIOS FINANCIEROS, S.A.	ACQUISITION	FINANCIAL SERVICES	93,416	-	24.50%	75.50%	30-9-2011
FORUM DISTRIBUIDORA, S.A.	ACQUISITION	FINANCIAL SERVICES	9,629	-	24.48%	75.52%	30-9-2011
PREVENTIS, S.A.	ACQUISITION	INSURANCES SERVICES	-	-	9.73%	90.27%	30-11-2011
EL ENCINAR METROPOLITANO	TREASURY STOCK	REAL ESTATE	-	-	0.03%	99.04%	30-11-2011
BANCO DE PROMOCION DE NEGOCIOS, S.A.	ACQUISITION	BANKING	8	-	0.01%	99.86%	31-12-2011
RENTRUCKS, ALQUILER Y SERVICIOS DE TRANSPORTE, S.A.	DILUTION EFFECT	FINANCIAL SERVICES	-	-	0.30%	99.23%	31-12-2011
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.	DILUTION EFFECT	SERVICES	1,245	-	6.00%	72.06%	31-12-2011

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRES for banks. See Note 54).

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Disposals or Reduction of Interest Ownership in Consolidated Subsidiaries and Jointly Controlled Companies Accounted for Under the Proportionate Method						
Company	Type of Transaction	Activity	Thousands of Euros	% of Voting Rights		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	
BCL INTERNATIONAL FINANCE. LTD.	LIQUIDATION	FINANCIAL SERVICES	-	100.00%	-	30-04-11
PROMOTORA RESIDENCIAL GRAN EUROPA, S.L.	LIQUIDATION	REAL ESTATE	(5)	58.50%	-	30-04-11
CREDIT URUGUAY BANCO, S.A.(1)	MERGER	BANKING	-	100.00%	-	30-04-11
CONSOLIDAR CIA. DE SEGUROS DE RETIRO, S.A.	DISPOSAL	INSURANCES SERVICES	17,421	100.00%	-	30-06-11
JARDINES DE SARRIENA, S.L.	LIQUIDATION	REAL ESTATE	34	85.00%	-	30-06-11
FIDEICOMISO MIRASIERRA BBVA-BANCOMER N° F/70413-0	MERGER	REAL ESTATE	-	0.13%	45.35%	30-06-11
FINANZIA, BANCO DE CREDITO, S.A.(2)	MERGER	BANKING	-	100.00%	-	01-07-11
CONSOLIDAR COMERCIALIZADORA, S.A.(3)	MERGER	FINANCIAL SERVICES	-	100.00%	-	01-07-11
INMOBILIARIA BILBAO, S.A.(4)	MERGER	REAL ESTATE	-	100.00%	-	30-09-11
S.A.(4)	MERGER	REAL ESTATE	-	100.00%	-	30-09-11
LEASEMART HOLDING BV(5)	MERGER	INVESTMENT COMPANY	-	100.00%	-	30-09-11
GARANTI BROKER DE ASIGURARE SRL	LIQUIDATION	FINANCIAL SERVICES	-	100.00%	-	30-11-11
PROMOTORA METROVACESA, S.L.(6)	MERGER	REAL ESTATE	-	100.00%	-	31-12-11
ANIDA DESARROLLOS SINGULARES, S.L.(6)	MERGER	REAL ESTATE	-	100.00%	-	31-12-11
ANIDA INMUEBLES ESPAÑA Y PORTUGAL, S.L.(6)	MERGER	REAL ESTATE	-	100.00%	-	31-12-11
CORPORACION DE ALIMENTACION Y BEBIDAS, S.A.(7)	MERGER	INVESTMENT COMPANY	-	100.00%	-	31-12-11
BILBAO VIZCAYA AMERICA B.V.(8)	MERGER	INVESTMENT COMPANY	-	100.00%	-	31-12-11
DINERO EXPRESS SERVICIOS GLOBALES, S.A.	LIQUIDATION	FINANCIAL SERVICES	(122)	100.00%	-	31-12-11
FIDEICOMISO BBVA BANCOMER SERVICIOS N° F/47433-8, S.A.	LIQUIDATION	FINANCIAL SERVICES	1,454	100.00%	-	31-12-11

(1) Merger company: BBVA URUGUAY,SA  
(2) Merger company: BBVA,SA  
(3) Merger company: BBVA BANCO FRANCES,SA  
(4) Merger company: CIDESSA DOS,SA  
(5) Merger company: GARANTI HOLDING BV  
(6) Merger company: ANIDA OPERACIONES SIGULARES, S.L.  
(7) Merger company: BANCO INDUSTRIAL DE BILBAO, S.A.  
(8) Merger company: BBV AMERICA, S.L.

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**Business Combinations and Other Acquisitions or Increases of Interest Ownership in Consolidated Subsidiaries and Jointly Controlled Companies Accounted for Under the Proportionate Method**

Company	Type of Transaction	Activity	Thousands of Euros		% of Voting Rights		Effective Date for the Transaction (or Notification Date)
			Price Paid in the Transactions + Expenses Directly Attributable to the Transactions	Fair Value of Equity Instruments Issued for the Transactions	% Participation (Net) Acquired in the Period	Total Voting Rights Controlled After the Transactions	
CABAL URUGUAY, S.A.	ACQUISITION	FINANCIAL SERVICES	102	-	33.33%	33.33%	18-1-2011
REDBANC, S.A.(URUGUAY)	ACQUISITION	FINANCIAL SERVICES	22	-	28.57%	28.57%	18-1-2011
ALTITUDE SOFTWARE SGPS, S.A.	ACQUISITION	SERVICES	164	-	0.53%	31.00%	31-3-2011
SISTARBANC S.R.L.	ACQUISITION	SERVICES	22	-	20.00%	20.00%	18-1-2011
REDSYS SERVICIOS DE PROCESAMIENTO, S.L.	SPLIT	FINANCIAL SERVICES	1,344	-	16.19%	16.19%	30-4-2011
MOTORACTIVE MULTISERVICIOS SRL	ACQUISITION	SERVICES	-	-	100.00%	100.00%	22-3-2011
GARANTI FILO YONETIM HIZMETLERI A.S.	ACQUISITION	SERVICES	-	-	100.00%	100.00%	22-3-2011
GARANTI KULTUR AS	ACQUISITION	SERVICES	-	-	100.00%	100.00%	22-3-2011
TRIFOI REAL ESTATE SRL	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	22-3-2011
SOLIUM OPERADORA, S.A. DE C.V.	ACQUISITION	SERVICES	2	-	100.00%	100.00%	30-9-2011
PROMOTORA METROVACESA	DILUTION EFFECT	REAL ESTATE	2,950	-	50.00%	100.00%	30-9-2011
TUBOS REUNIDOS, S.A.	TREASURY STOCK	INDUSTRY	-	-	0.26%	24.38%	31-10-2011

**Disposal or Reduction of Interest Ownership in Consolidated Subsidiaries and Jointly Controlled Companies Accounted for Under the Proportionate Method**

Company	Type of Transaction	Activity	Thousands of Euros	% of Voting Rights		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	
HESTENAR, S.L.	LIQUIDATION	REAL ESTATE	(356)	43.34%	-	30-04-11
HESTERALIA MALAGA, S.L.	LIQUIDATION	REAL ESTATE	(16)	50.00%	-	31-05-11
REDBANC, S.A.(URUGUAY)	% ADJUSTMENT	FINANCIAL SERVICES	6	8.57%	20.00%	30-08-11
BLUE VISTA PLATAFORMA DE EMISION EN NUEVOS MEDIOS, S.L.	DISPOSAL	SERVICES	(12)	51.00%	-	31-12-11



### Changes in other Companies quoted recognize as Available-For-Sale

Company	Type of Transaction	Activity	% Voting rights		Effective Date for the Transaction (or Notification Date)
			% Participation Acquired (Sold) in the Period	Totally Controlled after Transaction	
REPSOL YPF, S.A.(*)	DISPOSAL	SERVICES	-1.06%	2.97%	25-1-2011
REPSOL YPF, S.A.(*)	ADQUISITION	SERVICES	0.06%	3.03%	28-1-2011
REPSOL YPF, S.A.(*)	DISPOSAL	SERVICES	-0.15%	2.93%	1-2-2011
REPSOL YPF, S.A.(*)	ADQUISITION	SERVICES	0.04%	3.02%	4-2-2011
REPSOL YPF, S.A.(*)	DISPOSAL	SERVICES	-0.95%	2.11%	21-2-2011
ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A.(*)	DISPOSAL	SERVICES	-0.23%	2.87%	14-1-2011
ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A.(*)	ADQUISITION	SERVICES	0.32%	3.10%	27-1-2011
SOL MELIA, S.A.(*)	DISPOSAL	SERVICES	-2.86%	1.25%	23-2-2011
REPSOL YPF, S.A.(*)	ADQUISITION	SERVICES	0.75%	3.41%	6-4-2011
REPSOL YPF, S.A.(*)	DELEGATION VOTES	SERVICES	-3.25%	0.21%	15-4-2011
REPSOL YPF, S.A.(*)	DISPOSAL	SERVICES	-2.27%	1.19%	18-4-2011
ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A.(*)	DISPOSAL	SERVICES	-1.17%	1.99%	2-5-2011
REPSOL YPF, S.A.(*)	ADQUISITION	SERVICES	2.07%	3.92%	5-7-2011
METROVACESA, S.A.(*)	CAPITAL INCREASE	REAL ESTATE	16.53%	17.34%	2-8-2011
REPSOL YPF, S.A.(*)	DISPOSAL	SERVICES	-0.06%	2.94%	12-9-2011

(\*) Notifications realized

## APPENDIX VI. Fully consolidated subsidiaries with more than 10% owned by non-Group shareholders as of December 31, 2011

Company	Activity	% of Voting Rights Controlled by the Bank		
		Direct	Indirect	Total
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	BANKING	-	68.18	68.18
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	BANKING	1.85	53.75	55.60
BBVA INMOBILIARIA E INVERSIONES, S.A.	REAL ESTATE	-	68.11	68.11
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	REAL ESTATE	-	72.50	72.50
EL OASIS DE LAS RAMBLAS, S.L.	REAL ESTATE	-	70.00	70.00
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SERVICES	-	51.00	51.00
FIDEICOMISO HARES BBVA BANCOMER F/ 47997-2	REAL ESTATE	-	89.97	89.97
FORUM DISTRIBUIDORA, S.A.	FINANCIAL SERVICES	-	75.52	75.52
FORUM SERVICIOS FINANCIEROS, S.A.	FINANCIAL SERVICES	-	75.50	75.50
GESTION DE PREVISION Y PENSIONES, S.A.	PENSION FUND MANAGEMENT	60.00	-	60.00
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.	SERVICES	-	72.06	72.06
HOLDING CONTINENTAL, S.A.	INVESTMENT COMPANY	50.00	-	50.00
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	IN LIQUIDATION	48.00	-	48.00
INVERSIONES P.H.R.4, C.A.	IN LIQUIDATION	-	60.46	60.46
PRO-SALUD, C.A.	SERVICES	-	58.86	58.86
VIRTUAL DOC, S.L.	IN LIQUIDATION	-	70.00	70.00

## APPENDIX VII. BBVA Group's securitization funds

Securitization Fund	Company	Origination Date	Thousands of Euros	
			Total Securitized Exposures at the Origination Date	Total Securitized Exposures as of December 31, 2011
BBVA AUTOS 1 FTA	BBVA, S.A.	10/2004	1,000,000	37,005
BBVA-3 FTPYME FTA	BBVA, S.A.	11/2004	1,000,023	69,198
BBVA AUTOS 2 FTA	BBVA, S.A.	12/2005	1,000,000	183,673
BBVA HIPOTECARIO 3 FTA	BBVA, S.A.	06/2005	1,450,013	250,213
BBVA-4 PYME FTA	BBVA, S.A.	09/2005	1,250,025	92,899
BBVA CONSUMO 1 FTA	BBVA, S.A.	05/2006	1,499,999	245,266
BBVA-5 FTPYME FTA	BBVA, S.A.	10/2006	1,900,022	268,652
BCL MUNICIPIOS 1 FTA	BBVA, S.A.	06/2000	1,205,059	123,849
2 PS RBS (ex ABN)	BBVA SDAD DE LEASING INMOBILIARIO, S.A.	09/2002	8,325	5,554
BBVA CONSUMO 2 FTA	BBVA, S.A.	11/2006	1,500,000	352,090
BBVA CONSUMO 3 FTA	BBVA, S.A.	04/2008	975,000	328,333
BBVA CONSUMO 4 FTA	BBVA, S.A.	12/2009	1,100,000	742,690
BBVA CONSUMO 5 FTA	BBVA, S.A.	12/2010	899,999	862,019
BBVA UNIVERSALIDAD E10	BBVA COLOMBIA, S.A.	03/2009	29,553	8,507
BBVA UNIVERSALIDAD E11	BBVA COLOMBIA, S.A.	05/2009	19,509	6,054
BBVA UNIVERSALIDAD E12	BBVA COLOMBIA, S.A.	08/2009	31,341	7,999
BBVA UNIVERSALIDAD E5	BBVA COLOMBIA, S.A.	11/2004	138,769	1,870
BBVA UNIVERSALIDAD E9	BBVA COLOMBIA, S.A.	12/2008	56,037	17,490
BBVA EMPRESAS 1 FTA	BBVA, S.A.	11/2007	1,450,002	282,774
BBVA EMPRESAS 2 FTA	BBVA, S.A.	03/2009	2,850,062	1,237,017
BBVA EMPRESAS 3 FTA	BBVA, S.A.	12/2009	2,600,011	1,189,154
BBVA EMPRESAS 4 FTA	BBVA, S.A.	07/2010	1,700,025	1,029,825
BBVA EMPRESAS 5 FTA	BBVA, S.A.	03/2011	1,250,050	929,566
BBVA EMPRESAS 6 FTA	BBVA, S.A.	12/2011	1,200,154	1,167,385
BACOMCB 07	BBVA BANCOMER, S.A.	12/2007	146,447	84,388
BACOMCB 08	BBVA BANCOMER, S.A.	03/2008	63,970	39,789
BACOMCB 08U	BBVA BANCOMER, S.A.	08/2008	315,526	242,810
BACOMCB 08-2	BBVA BANCOMER, S.A.	12/2008	322,609	213,367
BACOMCB 09	BBVA BANCOMER, S.A.	08/2009	362,578	284,113
BBVA-FINANZIA AUTOS 1 FTA	BBVA, S.A.	04/2007	800,000	190,633
GAT FTGENCAT 2005 FTA	BBVA, S.A.	12/2005	249,943	35,031
BBVA RMBS 1 FTA	BBVA, S.A.	02/2007	2,500,000	1,681,555
BBVA RMBS 2 FTA	BBVA, S.A.	03/2007	5,000,000	3,318,029
BBVA RMBS 3 FTA	BBVA, S.A.	07/2007	3,000,000	2,215,718
BBVA RMBS 4 FTA	BBVA, S.A.	11/2007	4,900,001	3,261,080
BBVA RMBS 5 FTA	BBVA, S.A.	05/2008	5,000,001	3,807,310
BBVA RMBS 6 FTA	BBVA, S.A.	11/2008	4,995,005	3,855,001
BBVA RMBS 7 FTA	BBVA, S.A.	11/2008	8,500,005	5,970,303
BBVA RMBS 9 FTA	BBVA, S.A.	04/2010	1,295,101	1,214,413
BBVA RMBS 10 FTA	BBVA, S.A.	06/2011	1,600,065	1,577,645
BBVA LEASING 1 FTA	BBVA, S.A.	06/2007	2,500,000	575,305
PEP80040F110	BANCO CONTINENTAL, S.A.	12/2007	7,165	6,983
BBVA-6 FTPYME FTA	BBVA, S.A.	06/2007	1,500,101	305,427
BBVA-7 FTGENCAT FTA	BBVA, S.A.	02/2008	250,010	69,941
BBVA-8 FTPYME FTA	BBVA, S.A.	07/2008	1,100,127	379,397
BBVA RMBS 8 FTA	BBVA, S.A.	07/2009	1,220,000	1,007,773
2 PS INTERAMERICANA	BBVA CHILE, S.A.	10/2004	12,120	4,876
2 PS INTERAMERICANA	BBVA SDAD DE LEASING INMOBILIARIO, S.A.	10/2004	19,726	7,937
FannieMae- Lender No. 227300000	COMPASS BANK	12/2001	157,774	17,639
FannieMae- Lender No. 227300000	COMPASS SOUTHWEST	12/2001	32,361	3,619
FANNIE MAE - LENDER No. 2273000027	COMPASS BANK	12/2003	7,818	1,972
FANNIE MAE - LENDER No. 2273000027	COMPASS SOUTHWEST	12/2003	280,670	70,804

## APPENDIX VIII. Details of the outstanding subordinated debt and preferred securities issued by the Bank as of December 31, 2011

	Millions of Euros				
	2011	2010	Interest rate in force in 2011	Fix (F) or Variable (V)	Maturity date
Non-convertible					
July-96	27	27	9.37%	F	22-dic-2016
October-04	992	992	4.37%	V	20-oct-2019
February-07	297	297	4.50%	V	16-feb-2022
March-08	125	125	6.03%	V	3-mar-2033
July-08	100	100	6.20%	F	4-jul-2023
Convertible					
September-09	-	2,000			15-oct-2014
	3,430	-	6.50%	F	30-jun-2013
Subtotal	4,971	3,541			
Subordinated deposits	4,453	9,117			
Total	9,424	12,658			

## APPENDIX IX. Balance sheets held in foreign currency as of December 31, 2011 and 2010

2011	Millions of Euros			
	USD	Pounds Sterling	Other Currencies	TOTAL
<b>Assets -</b>				
Financial assets held for trading	2,242	328	947	3,517
Available-for-sale financial assets	848	206	172	1,226
Loans and receivables	16,397	1,598	4,027	22,022
Investments	14,319	-	9,976	24,295
Tangible assets	6	3	5	14
Rest	1,448	55	37	1,540
<b>Total</b>	<b>35,260</b>	<b>2,190</b>	<b>15,164</b>	<b>52,614</b>
<b>Liabilities -</b>				
Financial assets held for trading	1,956	332	1,216	3,504
Financial liabilities at amortized cost	19,795	3,670	2,540	26,005
Rest	21	38	41	100
<b>Total</b>	<b>21,772</b>	<b>4,040</b>	<b>3,797</b>	<b>29,609</b>

2010	Millions of Euros			
	USD	Pounds Sterling	Other Currencies	TOTAL
Financial assets held for trading	1,297	269	1,113	2,679
Available-for-sale financial assets	1,469	156	130	1,755
Loans and receivables	16,419	2,144	4,603	23,166
Investments	1,676	0	19,488	21,164
Tangible assets	4	1	2	7
Rest	177	93	39	309
<b>Total</b>	<b>21,042</b>	<b>2,663</b>	<b>25,375</b>	<b>49,080</b>
<b>Liabilities -</b>				
Financial assets held for trading	1,015	216	382	1,613
Financial liabilities at amortized cost	35,240	7,965	3,277	46,482
Rest	65	60	42	167
<b>Total</b>	<b>36,320</b>	<b>8,241</b>	<b>3,701</b>	<b>48,262</b>

## APPENDIX X. Income statement corresponding to the first and second half of 2011 and 2010

	Millions of Euros			
	1H11	1H10	2H11	2H10
INTEREST AND SIMILAR INCOME	4,549	4,425	5,119	4,334
INTEREST EXPENSE AND SIMILAR CHARGES	(2,594)	(1,554)	(3,059)	(2,164)
INCOME FROM EQUITY INSTRUMENTS	-	-	-	-
<b>NET INTEREST INCOME</b>	<b>1,955</b>	<b>2,871</b>	<b>2,060</b>	<b>2,170</b>
INCOME FROM EQUITY INSTRUMENTS	1,310	858	2,266	1,271
FEE AND COMMISSION INCOME	874	930	849	876
FEE AND COMMISSION EXPENSES	(140)	(134)	(157)	(136)
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (NET)	320	627	170	111
EXCHANGE DIFFERENCES	122	(51)	(50)	163
OTHER OPERATING INCOME	51	45	52	57
OTHER OPERATING EXPENSES	(61)	(50)	(68)	(56)
<b>GROSS INCOME</b>	<b>4,431</b>	<b>5,096</b>	<b>5,122</b>	<b>4,456</b>
ADMINISTRATION COSTS	(1,771)	(1,683)	(1,870)	(1,726)
Personnel expenses	(1,109)	(1,079)	(1,169)	(1,123)
General expenses	(662)	(604)	(701)	(603)
AMORTIZATION	(153)	(131)	(169)	(145)
PROVISIONS (NET)	(315)	(147)	(477)	(258)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(859)	(910)	(1,229)	(1,015)
<b>NET OPERATING INCOME</b>	<b>1,333</b>	<b>2,225</b>	<b>1,377</b>	<b>1,312</b>
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(10)	(23)	(1,500)	(235)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	13	-	-	5
NEGATIVE GOODWILL IN BUSINESS COMBINATIONS CLASSIFIED AS DISCONTINUED TRANSACTIONS	-	-	-	-
CLASSIFIED AS DISCONTINUED TRANSACTIONS	(66)	27	(178)	102
<b>INCOME BEFORE TAX</b>	<b>1,270</b>	<b>2,229</b>	<b>(301)</b>	<b>1,184</b>
INCOME TAX	(141)	(422)	600	(87)
<b>INCOME FROM CONTINUING TRANSACTIONS</b>	<b>1,129</b>	<b>1,807</b>	<b>299</b>	<b>1,097</b>
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	-	-	-	-
<b>PROFIT FOR THE YEAR</b>	<b>1,129</b>	<b>1,807</b>	<b>299</b>	<b>1,097</b>

## **APPENDIX XI. Information on data derived from the special accounting registry**

The information required by Bank of Spain Circular 5/2011 is shown below.

### **a) Mortgage market policies and procedures**

The Bank has express policies and procedures in place regarding its activities in the mortgage market, which provide for full compliance with applicable legislation pursuant to Royal Decree 716/2009, of 24 April, 2009 implementing certain aspects of Act 2/1981, of 25 March 1981, regulating the mortgage market and other standards of the mortgage and financial system.

The mortgage granting policy is based in principles focused on assessing the adequate ratio between the amount of the loan, and the payments, and the net income of the applicant. Applicants must in all cases prove sufficient repayment ability (present and future) to meet their repayment obligations, for both the mortgage debt and for other debts detected in the financial system, and even those from an estimate of their current expenses deduced from socio-demographic information. Therefore, the applicant's repayment ability is a key aspect within the credit decision-making tools and retail risk acceptance manuals, and has a high weighting in the final decision.

During the mortgage risk transaction analysis process, documentation supporting the applicant's income (payroll, etc.) is required, and the applicant's position in the financial system is checked through automated default database queries (internal and external), as well as verification in CIRBE. This information is used for calculation purposes in order to determine the level of indebtedness/compliance with the rest of the system. This documentation is kept in the transaction's file.

In addition, the mortgage granting policy assesses the adequate ratio between the amount of the loan and the appraisal value of the mortgaged asset. If an appropriate level is not exceeded, additional collateral is required to reinforce the transaction's hedging. The policy also establishes that the property to be mortgaged be appraised by an independent appraisal company unrelated to the Group and authorized by the Bank of Spain. BBVA selects those companies whose reputation, standing in the market and independence ensure that their appraisals adapt to the market reality in each region. Each appraisal is reviewed and checked before the loan is granted by BBVA staff and, in those cases where the loan is finally granted, it is kept in the transaction's file.

As for issues related to the mortgage market, the Group's Finance Division annually defines the wholesale finance issue strategy, and more specifically mortgage bond issues, such as mortgage covered bonds or mortgage securitization. The Assets and Liabilities Committee ("ALCO") tracks the budget monthly. The volume and type of assets in these transactions is determined in accordance with the wholesale finance plan, the trend of the Bank's "Loans and receivables" outstanding balances and market conditions.

The Bank's Board of Directors authorizes each of the mortgage covered bonds or loan and credit securitizations based on the agreements to issue fixed-rate debt securities approved at the AGM.

Of the total non-securitized mortgage loans and credits, the assets suitable for the issue of covered bonds must be secured by first mortgage on the freehold, and the amount of the loan may not exceed 80% of the appraisal value for home mortgages and 60% for other assets. In addition, the appraisal must be carried out by an independent appraisal company unrelated to the Group and authorized by the Bank of Spain; the loan cannot be in a default or non-performing situation; and the mortgaged property must be covered at least by a current damage insurance policy.

The Bank has set up a series of controls for mortgage covered bonds, which regularly control the total volume of issued mortgage covered bonds and the remaining eligible collateral, to avoid exceeding the maximum limit on issuing mortgage covered bonds set by Royal Decree 716/2009, which is 80% of the eligible collateral. 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 are 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. The data referred to as of December 31, 2010 have been reworked in accordance with the clarifications on this Circular issued by the Bank of Spain in a letter to all the financial institutions on June 14, 2011. The main change is that the following tables do not include the loans subject to mobilization through mortgage transfer certificates to third parties (securitizations).

### b.1) Assets operations

		Millions of Euros	
<b>Mortgage loans.</b>		<b>2011</b>	<b>2010</b>
<b>Eligibility for the purpose of the mortgage market.</b>			
Nominal value of outstanding loans and mortgage loans	(A)	107,437	111,660
<i>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.</i>	(B)	(31,962)	(32,217)
<b>Nominal value of outstanding loans and mortgage loans, excluding securitized loans</b>	<b>(A)-(B)</b>	<b>75,475</b>	<b>79,443</b>
<i>Of which:</i>		-	-
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)	60,335	62,063
<i>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.</i>	(D)	(4,287)	(5,349)
<b>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</b>	<b>(C)-(D)</b>	<b>56,048</b>	<b>56,714</b>
Issuance limit: 80% of eligible loans and mortgage loans that can be used as collateral	(E)	44,839	45,371
<b>Issued mortgage-covered bonds</b>	<b>(F)</b>	<b>44,702</b>	<b>34,671</b>
Capacity to issue mortgage-covered bonds (*)	(E)-(F)	137	10,700
<i>Memorandum items:</i>		-	-
Percentage of overcollateralization across the portfolio		169%	229%
Percentage of overcollateralization across the eligible used portfolio		125%	164%
Nominal value of available sums (committed and unused) from all loans and mortgage loans.		1,572	2,422
<i>Of which:</i>			
<i>Potentially eligible</i>		1,485	2,303
<i>Ineligible</i>		87	119
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.		15,140	17,379
Nominal value of the replacement assets subject to the issue of mortgage-covered bonds.		-	-

(\*) Including €1,620 million maintained on the balance sheet, consequently the real capacity to issue would be 1.757m. as of December 31 2011



		Millions of Euros	
Mortgage loans. Eligibility for the purpose of the mortgage market.		2011	2010
<b>Total loans</b>	(1)	<b>107,437</b>	<b>111,660</b>
<b>Issued mortgage participations</b>	(2)	-	-
Of which: recognized on the balance sheet		-	-
<b>Issued mortgage transfer certificates</b>	(3)	<b>31,962</b>	<b>32,217</b>
Of which: recognized on the balance sheet		<b>31,962</b>	<b>32,207</b>
<b>Mortgage loans as collateral of mortgage bonds</b>	(4)	-	-
<b>Loans supporting the issuance of mortgage-covered bonds</b>	1-2-3-4	<b>75,475</b>	<b>79,443</b>
Non eligible loans		15,140	17,380
Comply requirements to be eligible except the limit provided for under the article 5.1 of the Spanish Royal Decree 716/2009		15,140	17,380
Rest		-	-
<b>Eligible loans</b>		<b>60,335</b>	<b>62,063</b>
That can not be used as collateral for issuances		4,287	5,349
That can be used as collateral for issuances		56,048	56,714
Loans used to collateralize mortgage bonds		-	-
Loans used to collateralize mortgage-covered bonds		56,048	56,714

Millions of Euros						
Mortgage loans. Classification of the nominal values according to different characteristics:	2011			2010		
	Total mortgage loans	Elegibles (*)	Elegibles that can be used as collateral for issuances (**)	Total mortgage loans	Elegibles (*)	Elegibles that can be used as collateral for issuances (**)
<b>TOTAL</b>	<b>75,475</b>	<b>60,335</b>	<b>56,048</b>	<b>79,443</b>	<b>62,063</b>	<b>56,714</b>
<b>By source of the operations</b>						
Originated by the bank	62,083	47,903	43,625	65,820	49,710	44,361
Subrogated by other institutions	1,110	996	997	1,139	1,012	1,012
Rest	12,282	11,436	11,426	12,484	11,341	11,341
<b>By Currency</b>						
In euros	75,475	60,335	56,048	79,163	61,840	56,500
In foreign currency				280	223	214
<b>By payment situation</b>						
Normal payment	70,168	57,263	53,699	74,487	59,265	54,608
Other situations	5,307	3,072	2,349	4,956	2,798	2,106
<b>By residual maturity</b>						
Up to 10 years	15,111	11,770	10,604	15,837	12,244	10,965
10 to 20 years	20,904	18,660	18,132	21,989	19,329	18,685
20 to 30 years	25,817	21,569	19,363	27,109	22,155	19,500
Over 30 years	13,643	8,336	7,950	14,508	8,335	7,564
<b>By Interest Rate</b>						
Fixed rate	2,721	2,114	1,937	2,586	1,959	1,878
Floating rate	72,754	58,221	54,111	76,857	60,104	54,836
Mixed rate						
<b>By Target of Operations</b>						
For business activity	22,579	16,804	12,566	25,486	19,197	13,886
From wich: public housing	12,020	8,474	4,237	14,232	10,561	5,280
For households	52,896	43,531	43,483	53,957	42,866	42,828
<b>By type of guarantee</b>						
<b>Secured by completed assets/buildings</b>	<b>66,717</b>	<b>55,377</b>	<b>52,692</b>	<b>69,103</b>	<b>55,923</b>	<b>52,837</b>
Residential use	58,362	48,969	46,391	59,847	48,957	45,962
From wich: public housing	6,218	5,413	5,052	6,015	5,127	4,932
Commercial	8,099	6,408	6,301	9,043	6,966	6,875
Other	256	-	-	213	-	-
<b>Secured by assets/buildings under construction</b>	<b>3,837</b>	<b>2,497</b>	<b>1,724</b>	<b>4,618</b>	<b>3,229</b>	<b>1,995</b>
Residential use	3,405	2,141	1,388	4,111	2,843	1,620
From wich: public housing	340	170	90	426	248	150
Commercial	432	356	336	507	386	375
Other	-	-	-	-	-	-
<b>Secured by land</b>	<b>4,921</b>	<b>2,461</b>	<b>1,632</b>	<b>5,722</b>	<b>2,911</b>	<b>1,882</b>
Urban	2,820	1,269	705	3,358	1,553	810
Non-urban	2,101	1,192	927	2,364	1,358	1,072

(\*) 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

Millions of Euros						
Loan to Value (Last available appraisal risk)						
2011 Eligible loans used to collateralize mortgage-covered bonds	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	11,233	16,937		23,185		51,355
Other mortgages	4,845	4,135	-			8,980
<b>Total</b>	<b>16,078</b>	<b>21,072</b>	<b>-</b>	<b>23,185</b>	<b>-</b>	<b>60,335</b>

Millions of Euros						
Loan to Value (Last available appraisal risk)						
2010 Eligible loans used to collateralize mortgage-covered bonds	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	11,246	17,027		23,849		52,122
Other mortgages	5,203	4,738	-			9,941
<b>Total</b>	<b>16,449</b>	<b>21,765</b>	<b>-</b>	<b>23,849</b>	<b>-</b>	<b>62,063</b>

Millions of Euros		
2011		
Elegible and non eligible mortgage loans. Changes of the nominal values in the period	Elegibles (*)	Non eligible
<b>Balance at the beginning</b>	<b>62,063</b>	<b>17,380</b>
<b>Retirements</b>	<b>(9,176)</b>	<b>(5,125)</b>
Held-to-maturity cancellations	(5,741)	(1,477)
Anticipated cancellations	(2,534)	(771)
Subrogations to other institutions	(50)	(22)
Rest	(851)	(2,855)
<b>Additions</b>	<b>7,448</b>	<b>2,885</b>
Originated by the bank	5,638	2,665
Subrogations to other institutions	58	25
Rest	1,752	195
<b>Balance at the end</b>	<b>60,335</b>	<b>15,140</b>

(\*) Not taking into account the thresholds established by Article 12 of Spanish Royal Decree 716/2009

Millions of Euros		
2011		
Mortgage loans supporting the issuance of mortgage-covered bonds	2011	2010
<b>Nominal value.</b>		
Potentially eligible	1,485	2,303
Ineligible	87	119
<b>Total</b>	<b>1,572</b>	<b>2,422</b>

## b.2) Liabilities operations

The following information relates to loans and mortgage loans in accordance with Royal Decree 716/2009, April 24:

Given the characteristics of the type of covered bonds issued by the Bank, there is no substituting collateral related to these issues.

Issued Mortgage Bonds	Millions of euros			
	2011		2010	
	Nominal value	Average residual maturity	Nominal value	Average residual maturity
<b>Mortgage bonds</b>	-		-	
<b>Mortgage-covered bonds</b>	44,702		34,671	
<i>Of which: Non recognized as liabilities on balance</i>	9,089		1,900	
Debt securities issued through public offer	33,908		27,350	
Residual maturity up to 1 year	2,300		2,700	
Residual maturity over 1 year and less than 2 years	6,630		2,000	
Residual maturity over 2 years and less than 3 years	6,207		6,300	
Residual maturity over 3 years and less than 5 years	8,098		5,500	
Residual maturity over 5 years and less than 10 years	8,473		9,250	
Residual maturity over 10 years	2,200		1,600	
Debt securities issued without public offer	9,573		6,121	
Residual maturity up to 1 year	-		268	
Residual maturity over 1 year and less than 2 years	3,745		300	
Residual maturity over 2 years and less than 3 years	2,650		200	
Residual maturity over 3 years and less than 5 years	2,150		1,970	
Residual maturity over 5 years and less than 10 years	886		2,609	
Residual maturity over 10 years	142		774	
<b>Deposits</b>	1,221		1,200	
Residual maturity up to 1 year	-		100	
Residual maturity over 1 year and less than 2 years	300		-	
Residual maturity over 2 years and less than 3 years	200		300	
Residual maturity over 3 years and less than 5 years	400		400	
Residual maturity over 5 years and less than 10 years	281		400	
Residual maturity over 10 years	40		-	
<b>Mortgage participations</b>	-		-	
Issued through public offer	-		-	
issued without public offer	-		-	
<b>Mortgage transfer certificates</b>	31,962	272	32,207	276
Issued through public offer	31,962	272	32,207	276
issued without public offer	-		-	

The Bank does not hold any derivative financial instruments relating to mortgage bond issues, as defined in the aforementioned Royal Decree.

## **APPENDIX XII. Risks related to the developer and real-estate sector in Spain**

### **a) Policies and strategies established by the Group to deal with risks related to the developer and real-estate sector.**

BBVA has teams specializing in the management of the Real Estate Sector risk, given its economic importance and specific technical component. This specialization is not only in the Risk-Acceptance teams, but throughout the handling, commercial, problematic management and legal aspects, and includes the research department (BBVA Research), which helps determine the medium/long-term vision needed to manage this portfolio. Specialization has been increased and the management teams in the areas of recovery and the Real Estate Unit itself have been reinforced.

The portfolio management policies, established to address the risks related to the developer and real-estate sector, aims 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 our customers' developments.

As regards the participation of the Risk Acceptance teams, they have a direct link and participate in the committees of areas such as Recoveries and the Real Estate Unit. This guarantees coordination and exchange of information in all the processes.

The following strategies have been implemented with customers: avoidance of large corporate transactions, which had already reduced their share in the years of greatest market growth; non-participation in the second-home market; commitment to public housing financing; and participation in land operations with a high level of urban development security, giving priority to land open to urban development.

#### **Risk monitoring policies**

The base information for analyzing the real estate portfolios is updated monthly. The tools used include the "watch-list", which is updated monthly with the progress of each client under watch, and the different strategic plans for management of special groups. There are plans that involve an intensification of the review of the portfolio for financing land, while, in the case of ongoing promotions, they are classified for monitoring purposes based on the rate of progress of the projects.

These actions have enabled the Bank to anticipate possible impairment situations, by always keeping an eye on BBVA's position with each customer (whether or not as first creditor). In this regard, key aspects include management of the risk policy to be followed with each customer, contract review, deadline extension, improved collateral, rate review (repricing) and asset purchase.

Proper management of the relationship with each customer requires knowledge of various aspects such as the identification of the source of payment difficulties, an analysis of the company's future viability, the updating of the information on the debtor and the guarantors (their current situation and business course, economic-financial information, debt analysis and generation of funds), and the updating of the appraisal of the assets offered as collateral.

BBVA has a classification of debtors in accordance with legislation in force in each country, usually categorizing each one's level of difficulty for each risk.

Based on the information above, a decision is made whether to use the refinancing tool, whose objective is to adjust the structure of the maturity of the debt to the generation of funds and the customer's payment capacity.

As for the policies relating to risk refinancing with the developer and real-estate sector, they are the same as the general policies used for all of the Group's risks. In the developer and real estate sector, they are based on clear solvency and viability criteria for projects, with demanding terms for guarantees and legal compliance. The policy on refinancing uses outstanding risk rather than nonperforming assets, with a refinancing tool that standardizes criteria and values up to a total of 19 variables when considering any refinancing operation.

In the case of refinancing, the tools used for enhancing the Bank's position are: the search for new intervening parties with proven solvency and initial payment to reduce the principal debt or outstanding interest; the improvement of the debt bond in order to facilitate the procedure in the event of default; the provision of new or

additional collateral; and making refinancing viable with new conditions (period, rate and repayments), adapted to a credible and sufficiently verified business plan.

### Policies applied in the management of real estate assets in Spain

The policy applied for managing these assets depends on the type of real-estate asset, as detailed below.

In the case of completed homes, the final aim is the sale of these homes to private individuals, thus diluting the risk and beginning a new business cycle. Here, the strategy has been to help subrogation (the default rate in this channel of business is notably lower than in any other channel of residential mortgages) and to support our customers' sales directly, using BBVA's own channel (BBVA Services and our branches), creating incentives for sale and including sale orders for BBVA that set out sale prices which are notably lower than initial ones. In exceptional case we have even accepted partial haircuts, with the aim of making the sale easier.

In the case of ongoing construction work, our strategy has been to help and promote the completion of the works in order to transfer the investment to completed homes. The whole developer Works in Progress portfolio has been reviewed and classified into different stages with the aim of using different tools to support the strategy. This includes the use of developer accounts-payable financing as a form of payment control, the use of project monitoring supported by the Real Estate Unit itself, and the management of direct suppliers for the works as a complement to the developer's own management.

With respect to land, our presence at advanced stages in land development, where the vast majority of our risk is urban land, simplifies our management. Urban management and liquidity control to tackle urban planning costs are also subject to special monitoring.

### b) Quantitative information on activities in the real-estate market in Spain

Lending for real estate development according to the purpose of the loans as of December 31, 2011 and 2010, is shown below:

Millions of Euros			
2011 Financing allocated to construction and real estate development and its coverage	Gross amount	Drawn over the guarantee value	Provision coverage
<b>Loans recorded by the BBVA Bank (Business in Spain)</b>	<b>14,158</b>	<b>4,846</b>	<b>1,441</b>
<i>Of which: Impaired assets</i>	3,743	1,725	1,123
<i>Of which: Potencial problem assets</i>	2,052	911	318
Memorandum item:			
Write-offs	182		

Millions of Euros			
2010 Financing allocated to construction and real estate development and its coverage	Gross amount	Drawn over the guarantee value	Provision coverage
<b>Loans recorded by the BBVA Bank (Business in Spain)</b>	<b>16,608</b>	<b>4,869</b>	<b>1,224</b>
<i>Of which: Impaired assets</i>	3,543	1,355	893
<i>Of which: Potencial problem assets</i>	2,381	1,185	331
Memorandum item:			
Write-offs	23		

Memorandum item:	Millions of Euros	
	2011	2010
Total loans and advances to customers, excluding the Public Sector (Business in Spain)	187,968	186,961
Total Assets (BBVA,S.A.)	411,166	392,111
Impairment losses determined collectively (BBVA, SA)	256	452

As of December 31, 2011, 29% of the impaired assets in this sector are up-to-date on payments, but were classified as non-performing in accordance with the provisions of Appendix IX of Circular 4/2004 of the Bank of Spain. Substandard risk amounted to 14.5% of total developer risk.

The drawn over the guarantee value shown in the tables above corresponds to the difference between the gross amount of each loan and the value of the real rights that, if applicable, were received as security, calculated according to Bank of Spain Circular 3/2010, which complements Appendix IX of Bank of Spain Circular 4/2004. This means that additional regulatory corrective factors ranging from 30% to 50%, based on the type of asset, have been applied to the updated appraisal values.

After applying said corrective factors, the excess value above the guarantee value, which represents the amount to be provisioned, amounted to €1,725 and €911 million for nonperforming assets and substandard assets, respectively as of December 31, 2011 (€1,355 million and €1,185 million as of December 31, 2010).

In addition, as of December 31, 2011 and 2010, specific provisions were allocated, amounting to €1,441 and €1,224 million, respectively.

As of December 31, 2011 and 2010, the updated appraisal values, without the application of said corrective factors, rose to €19,288 and €25,327 million, respectively (an average LTV of 73.4% and 65.5%, respectively) which broadly covers the amount of the debt.

The following is a description of the real estate credit risk based on the types of associated guarantees:

Financing allocated to construction and real estate development (Gross)	Millions of Euros	
	2011	2010
Without secured loan	988	1,259
With secured loan	13,053	15,249
Terminated buildings	6,930	7,403
Homes	6,431	7,018
Other	499	385
Buildings under construction	2,448	3,531
Homes	2,374	3,320
Other	74	211
Land	3,675	4,315
Urbanized land	2,404	2,922
Rest of land	1,271	1,393
With others secured	117	100
<b>Total</b>	<b>14,158</b>	<b>16,608</b>

As of December 31, 2011, 66% of loans to developers were guaranteed with buildings (94% were homes), and only 26% by land, of which 65% is urbanized.

The information on the retail mortgage portfolio risk as of December 31, 2011 and 2010 is as follows:

Housing-acquisition loans to households (Business in Spain)	Millions of Euros	
	2011	2010
With secured loan (gross amount)	78,480	80,027
of which: Impaired	2,370	2,324

The loan to value (LTV) ratio (resulting from dividing the pending risk at any particular date by the amount of the latest available appraisal) of the above portfolio is as follows:

2011 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	12,314	19,485	32,607	12,850	1,224	78,480
of which: Impaired	275	218	695	922	260	2,370

2010 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	12,092	19,037	33,342	14,399	1,157	80,027
of which: Impaired	309	238	672	903	202	2,324

Outstanding home mortgage loans as of December 31, 2011 and 2010 had an average weighted LTV of 50% and 51% respectively.

In addition, as of December 31, 2011 and 2010, the Bank also had a balance of €968 million in non-mortgage loans for the purchase of housing (of which €64 million were NPA).

The breakdown of foreclosed, acquired, purchased or exchanged assets from debt from loans relating to business in Spain, as well as the holdings and financing to non-consolidated companies holding such assets is as follows:

Information about assets received in payment of debts (Business in Spain)	Millions of Euros					
	2011			2010		
	Gross Value	Provisions	Carrying Amount	Gross Value	Provisions	Carrying Amount
<b>Real estate assets from loans to the construction and real estate development sectors in Spain.</b>	<b>36</b>	<b>6</b>	<b>30</b>	<b>36</b>	<b>5</b>	<b>31</b>
Terminated buildings	36	6	30	36	5	31
Homes	-	-	-	-	-	-
Other	36	6	30	36	5	31
<b>Buildings under construction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Homes	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Land</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Urbanized land	-	-	-	-	-	-
Rest of land	-	-	-	-	-	-
<b>Real estate assets from mortgage financing for households for the purchase of a home</b>	<b>1,509</b>	<b>401</b>	<b>1,108</b>	<b>875</b>	<b>193</b>	<b>682</b>
<b>Rest of foreclosed real estate assets</b>	<b>403</b>	<b>167</b>	<b>236</b>	<b>204</b>	<b>77</b>	<b>127</b>
<b>Equity instruments, investments and financing to non-consolidated companies holding said assets</b>	<b>719</b>	<b>289</b>	<b>430</b>	<b>455</b>	<b>287</b>	<b>168</b>
<b>Total</b>	<b>2,667</b>	<b>863</b>	<b>1,804</b>	<b>1,570</b>	<b>562</b>	<b>1,008</b>



As of December 31, 2011 and 2010, the gross book value of BBVA's real-estate assets from corporate financing for real estate construction and development was €36 million and €36 million, respectively, with an average coverage ratio of 17% and 14%, respectively.

The gross book value of real-estate assets from mortgage lending to households for home purchase as of December 31, 2011 and 2010 amounted to €1,509 million and €875 million, respectively, with an average coverage ratio of 27% and 22%, respectively.

As of December 31, 2011 and 2010, the amount of real-estate assets on BBVA's balance sheet, including other real-estate assets received as debt payment, was €1,948 million and €1,115 million, respectively. The average coverage ratio was 30% and 25%, respectively.

## ANEXO XIII. Agents Network

3U EMPRESA DE SERVICIOS PROFESIONALES, S.L.	ALBENDIZ GONZALEZ, IRENE	ANDIPLAN, S.L.
A.M. DE SERVEIS EMPRESARIALS LLEIDA, S.L.	ALBERDI ZUBIZARRETA, EDUARDO	ANDRADA RINCON, SOLEDAD
ABOGADOS ASOCIADOS, C.B.	ALBERICH FORTUNY, PILAR	ANDRES SIERRA, FERNANDO IGNACIO
ACENTEJO CONSULTORES, S.A.L.	ALBERTO ROMERO FINANZAS PERSONALES, S.L.	ANGOITIA LIZARRALDE, MARIA DEL CARMEN
ACOFIRMA, S.L.	ALBIÑANA BOLUDA, AMPARO	ANTEQUERA ASESORES, S.L.
ACREMUN, S.L.	ALCANTARA CARBO, S.L.	ANTONIO SALAMANCA, S.L.
ADA PROMOCIONES Y NEGOCIOS, S.A.	ALCANTARA IZQUIERDO, CRISTINA	ANTONIO Y CATALINA TRAMULLAS, S.L.
ADAN ROLDAN, FRANCISCO DE ASIS	ALCANTARA RUIZ, MARIA TERESA	ANTUNEZ FITEC CONSULTORES, S.L.
ADLANTA SERVICIOS PROFESIONALES, S.L.	ALCES GRUPO ASEGURADOR, S.L.	APALATEGUI GARCIA, JOSE RAMON
ADMI-EXPRES-GMC, S.L.	ALCOCEBRE GESPROIECT, S.L.U.	ARANDA GARRANCHO, ANA MARIA
ADMINISTRACIONES TERESA PATRICIA CELDRAN, S.L.	ALCOR CONSULTORES Y ASESORES, S.L.	ARANDA GONZALEZ, DOLORES
ADOE ASESORES, S.L.	ALDA CLEMENTE, MARIA LUISA	ARANDA RAMOS, REMEDIOS
ADVICE LABOUR FINANCE SOCIETY, S.L.	ALDERNEY GESTION DE ACTIVOS, S.L.	ARANDA RODRIGUEZ, ANTONIO
AESTE, S.L.	ALF CONSULTORES Y SERVICIOS FINANCIEROS Y SEGUROS, S.L.	ARANE PROMOCION Y GESTION, S.L.
A-EXPERTRADE, S.L.	ALFEVA 2000, S.L.	ARANGUREN EIZAGUIRRE, LUIS MARIA
AFDA XXI, S.L.	ALGESORES NAVARRO Y ASOCIADOS, S.L.	ARANZABAL SERVICIOS FINANCIEROS, S.L.
AFITEC INVERSIONES, S.L.	ALONSO BAJO, LORENZO	ARASANZ LAPLANA, JOSE ANTONIO
AGENCIA FERRERO Y LAGARES, S.L.	ALONSO HEVIA, AMPARO	ARCAS GONZALEZ, JOSE MANUEL
AGL CONSEJEROS EMPRESARIALES, S.L.	ALONSO PAREDES, JOSE IGNACIO	ARCOS GONZALEZ, FELIX
AGRAMUNT BUILDING, S.L.	ALONSO VALLE, ESTEBAN	ARDORA CORPORATE, S.L.
AGRUPACION KAISER, S.L.	ALONSO ZARRAGA, MIKEL	ARECHAVALA CASUSO, CARLOS
AGUILAR VELASCO, MARIA PAZ	ALSINA MARGALL, MIREIA	ARENAS GONZALEZ, AMPARO
AGUSTIN FERNANDEZ CRUZ AFC, S.L.	ALTURA PLATA, PASTORA	ARES CONSULTORES, S.L.
AGUSTIN VILAPLANA, S.L.	ALZAGA ASESORES, S.L.	AREVALO AREVALO, MARÍA DEL CARMEN
AHUJA AHUJA, RAKESH	ALZO CAPITAL, S.L.	AREVALO GANDAL, JAVIER
AIFOS PROPERTIES & RENT, S.L.	AMENEIROS GARCIA, JOSE	ARGENTA MONTERO, JOSE MARCOS
ALAMILLO ALVAREZ, CRISTINA	AMOEDO MOLDES, MARIA JOSE	ARGIGES BERMEO, S.L.
ALBELLÁ ESTEVE, MARIA MERCEDES	ANAI INTEGRAL, S.L.	ARGOITIA GARMENDIA, JOSEBA ANDONI

ARIAS DELGADO, MARIA MERCEDES	ASESORES E INVERSORES EPILA, S.L.	ASESORIA INTEGRAL GESTORES Y ASESORES, S.L.
ARIAS TORRES, MIGUEL	ASESORES Y CONSULTORES, C.B.	ASESORIA JIMENEZ, S.C.
ARILLA CIUDAD ASESORES, S.L.	ASESORIA ACTUEL, S.L.	ASESORIA JOSE ADOLFO GARCIA, S.L.
ARIÑO MODREGO, FRANCISCO JAVIER	ASESORIA AREGUME, S.L.U.	ASESORIA JURIDICA Y DE EMPRESAS, S.L.
ARIS GESTION FINANCIERA, S.L.	ASESORIA ASETRA, S.L.	ASESORIA LIZARDI, S.L.
ARJANDAS DARYNANI, DILIP	ASESORIA BASTIAS, S.L.	ASESORIA MERCANTIL DE ZALLA, S.L.
ARMENDARIZ BARNECHEA, MIKEL	ASESORIA BIRRETE, S.L.	ASESORIA MERFISA, C.B.
ARNER MURO, FRANCISCO	ASESORIA CATALAN FABO, S.L.	ASESORIA ORTEGA Y AYALA, S.L.
ARRANZ MAGDALENO, JUAN ALBERTO	ASESORIA CERVANTES, S.L.	ASESORIA PYME 2000, S.L.
ARROYO ROMERO, CARLOS GUSTAVO	ASESORIA CM, C.B.	ASESORIA ROBLES PIZARRO, S.L.
ARROYO ROMERO, FRANCISCO JAVIER	ASESORIA CONDE, S.L.	ASESORIA RURAL PARQUE, S.L.L.
ARRUFAT Y ASOCIADOS, S.L.	ASESORIA DE EMPRESAS CARANZA, S.L.	ASESORIA SANCHEZ & ALCARAZ, S.L.
ARTAL PEREZ, JOSE CARLOS	ASESORIA DE EMPRESAS HERNANDEZ CAMINO, S.L.	ASESORIA SORIANO GRANADA, S.L.
ARTEAGA PARDO, JOSE	ASESORIA EL TUNEL, S.L.	ASESORIA TOLEDO DE SACEDON, S.L.
ARTI INVERSIONES Y PATRIMONIOS, S.L.	ASESORIA EMPRESARIAL POSE, S.L.	ASESORIA VALERO, S.L.
ARTIÑANO DEL RIO, PABLO	ASESORIA EMPRESAS J. MADERA, S.C.	ASESORIA VELSINIA, S.L.
ARUFE ESPÍÑA, PABLO	ASESORIA ERAKIN AHOLKULARITZA, S.L.	ASESORIA VICO, S.L.
ARUMI RAURELL, XAVIER	ASESORIA EUROBILBAO, S.L.	ASESORIA Y SERVICIOS, S.L.
ASDE ASSESSORS, S.L.	ASESORIA EXPANSION 2001, S.L.	ASESPA , S.L.
ASEFISTEN, S.L.	ASESORIA FINANCIERA IBAIGANE, S.L.	ASFI SERVICIOS INTEGRALES, S.L.
ASEM INDAFISA GESTION EMPRESARIAL, S.L.	ASESORIA FINANCIERA LUGO, S.L.	ASFITO, S.L.
ASEMYL, S.L.	ASESORIA FISCAL CONTABLE Y LABORAL TRIBUTO, S.L.	ASLAFIS, S.L.
ASENSIO CANO, AMBROSIO JESUS	ASESORIA FORS, S.L.	ASMERI CORREDURIA DE SEGUROS, S.L.
ASES, C.B.	ASESORIA GENERAL DE PONTEAREAS, S.L.	ASOCIACION DE SERVICIOS PROFESIONALES LOS REALEJOS, S.L.L.
ASESJARA, C.B.	ASESORIA GONZALEZ VALDES, S.L.	ASOCIADOS BILBOINFORM 2000, S.L.
ASESORAMIENTO TECNICO ENERGIAS LIMPIAS, S.L.	ASESORIA GORROTXA ASEGURROAK, S.L.	ASOCIADOS CUTOGA, S.L.
ASESORES CONSULTORES ABOGADOS TORAN, S.L.	ASESORIA HERGON, S.L.	ASSESSORAMENT EMPRESARIAL CABRE I ASSOCIATS, S.L.
ASESORES DE EMPRESA Y GESTION ADMINISTRATIVA MARIN & MARIN, S.L.	ASESORIA INTEGRAL DE FARMACIAS Y EMPRESAS, S.L.L.	ASSESSORAMENTS I SERVEIS LLEIDA, S.L.

ASSESSORIA CAMATS GARDEL CORREDURIA DE SEGUROS, S.L.	BARBA ESQUINAS, JUAN JOSE	BIRMANI PROMOCIONS, S.L.
ASSESSORIA DOMINGO VICENT, S.L.	BARBESULA MAR, S.L.	BIZKAIBOLSA, S.A.
ASSESSORIA FEBRER 87, S.L.	BARCELO ALBERNI, MONTSERRAT	BLADYDUNA, S.L.
ASSESSORIA PLA DE L'ESTANY, S.L.	BARDAJI LANAU, MARIANO	BLAI GABINET DE SERVEIS, S.L.
ASSESSORIA POLIGEST, S.L.	BARDAJI PLANA, AGUSTIN	BLANCO PARRONDO, C.B.
ASSESSORIA VISERTA, S.L.	BARO CLARIANA, SERGI	BLANCO RODRIGUEZ, JUAN ANTONIO
ATIPA MAKER, S.L.	BARRIGA ROLO, IVAN	BLANCO Y PARADA ASESORES, S.L.
AUDAL CONSULTORES AUDITORES, S.L.	BARRIONUEVO VACA, JOSE LUIS	BLASCO SAMPIETRO, FRANCISCO JAVIER
AULES ASESORES, S.L.	BARTOMEU FERRANDO, JOAN	BLAYA FAJARDO, MARIA FERNANDA
AURELIO ALVAREZ SALAMANCA, S.L.	BASCHWITZ GOMEZ DE LAS BARCENAS, ANA LUCRECIA	BOADO ORORBIA, LEOPOLDO
AURIA CIUDAD ASESORES, S.L.	BASCUAS ASESORES, S.L.	BOLAPE UXO, S.L.
AURVIR & PEÑA CONSULTORES, S.L.	BATISTE ANGLES, AMADEO	BONILLO GOMEZ, LOURDES
AUXILIAR DE SERVICIOS ADMINISTRATIVOS DE ALCALA, S.L.	BAZAR NAVAS, S.L.	BORDA GARMENDIA, ANGEL MARIA
AVELLANEDA GARCIA, ANGEL FERNANDO	BB INVESTMENTS AND DEALERS, S.L.	BORONAT RODA, CARLOS
AVENIDA DE CONSULTING DE NEGOCIOS, S.L.	BECKER GUST, MONIKA	BORONDO ALCAZAR, JOSE
AZ BILBAO GESTION INTEGRAL, S.L.	BEDOVARG & ASESORES, S.L.	BOTELLO NUÑEZ, FELIPE
B&S GLOBAL OPERATIONS CONSULTING, S.A.	BEHOBIDE PERALTA, JORGE	BRAIN STA, S.L.
B2M GESLAW, S.L.	BELMONTE SUBTIL, AUREA	BRAVO MASA, M <sup>a</sup> INMACULADA
BAILEN ASESORES CONSULTORES, S.L.	BENEDETTI SANMARTIN, SONIA	BRIONES PEREZ DE LA BLANCA, FERNANDO
BALADA ROLDAN, MARIA DEL ROSARIO	BENITO ZABACO, ANTONIO JOSE	BRIONES SERRANO, CLARA MARIA
BALIBREA LUCAS, MIGUEL ANGEL	BERLINCHES TORGUET, JUAN ANTONIO	BRU FORES, RAUL
BALLESTER VAZQUEZ, IGNACIO JAVIER	BERNAOLA ASEGURADO ARTEKARITZA, S.L.	BRUSCA PALACIOS, FRANCISCO
BALLESTEROS CORDERO, VICENTE	BERNIER RUIZ DE GOPEGUI, MARIA ISABEL	BUESO MONTERO, EMILIO
BAÑOS COSTUMERO, JOSE ANGEL	BERNOIS INVERSIONES, S.L.	BUFET MILARA, S.L.
BAÑOS RODRIGUEZ, JOSE ANTONIO	BETA MERCAT INMOBILIARI, S.L.	BUFETE CHAMIZO GALAVIS, S.L.
BAÑUELOS DIEZ, MARTA LUISA	BETRIU ADVOCATS, S.C.P.	BUFETE JURIDICO LEGAL JCB, S.L.
BAO RODRIGUEZ, FERNANDO	BINIPOL 2001, S.L.	BUFETE MARTINEZ GARCIA, C.B.
BARAHONA VIÑES, JORDI	BIOK ZERBITZUAK, S.L.	BULLON DE DIEGO, FRANCISCO JAVIER
BURGOS RECUENCO, ANGEL LUIS	CARCELLE SUAREZ, RAMON	CAUCE CONSULTORES DE NEGOCIO, S.L.

BUSILIS GOLD, S.L.	CARCOLE ARDEVOL, JOSE	CAURIA PROMOCIONES, S.L.
BUSONS DEL CASTILLO CORREDURIA DE SEGUROS, S.L.	CARDENAS SANCHEZ, GABRIEL	CEBRIAN CLAVER, JOSE JUAN
BUSTAMANTE FONTES, MAYDA LOURDES	CARDENO CHAPARRO, FRANCISCO MANUEL	CEJUDO RODRIGUEZ, JUAN CARLOS
CABALLERO ASENCIO, ANTONIO	CARNE SALES, MARIA JOSE	CELDRAÑ CARMONA, JOSE MARIA
CABEZAS LABRADOR, JUAN JOSE	CARO VIEJO, JUAN ANTONIO	CENTRE ASSESSOR TERRAFERMA, S.L.
CABRADILLA ANTOLIN, LEONILA	CARRASCAL PRIETO, LUIS EUSEBIO	CENTRE CORPORATIU INI 6, S.L.
CABRITO FERNANDEZ, JUAN CRUZ	CARRASCO FRUTOS, JOSE MARIA	CENTRE FINANCER BERENGUER SAPENA XABIA, S.L.
CAEM SIGLO XXI, S.L.	CARRASCO GONZALEZ, MARIA DEL AMOR	CENTRO INDEPENDENCIA ASESORES TRIBUTARIOS, S.L.
CALDERON CALDERON, CLEMENCIA	CARRASCO MARTIN, ELOY	CERDAN GARCIA, INMACULADA
CALDERON CARDEÑOSA, MARIA LUISA	CARRASCO MARTINEZ, RAMON	CERDEIRA BRAVO DE MANSILLA, ALFONSO
CALDERON MORILLO, MARIA LUISA	CARRASCO MORALES, ANA ISABEL	CERQUEIRA CRUCIO, FERNANDO
CALVET GARCIA, FRANCISCO JAVIER	CARRERA MARTIN, JOSE	CERRATO LUJAN, JOSE
CAMACHO MARTINEZ, PEDRO	CARRIL GONZALEZ BARROS, ALEJANDRO SERGIO	CERRATO RUIZ, MARIA LUISA
CAMPDEPADROS CORREDURIA D'ASSEGURANCES, S.L.	CARRILERO PEREZ, AGUSTIN	CERTOVAL, S.L.
CAMPOMANES IGLESIAS, MARIA TERESA	CASADO DE AMEZUA BUESA, GABRIEL	CERVERA AMADOR, ANTONIO
CAMPOS CARRERO, MARIA JOSEFA	CASADO GALLARDO, GERARDO	CERVERA GASCO, NURIA PILAR
CANO FERNANDEZ, ANTONIO	CASADO HERRERO, JOSEFA	CHACON ARRUE, MARIA
CANO NAVARRO, JOSE MARIA	CASADO RODRIGUEZ, MARIA MARBELLA	CHACON SEVILA, RAFAEL IGNACIO
CANOVAS ASSESSORAMENT I GESTIO, S.L.	CASSO MAYOR, FRANCISCA	CHICAN AMERIGRUP, S.L.
CANTARERO MARTINEZ, BARTOLOME	CASTAÑOSA ALCAINE, IGNACIO	CHULIA OLMOS, ENRIQUE SALVADOR
CANTELAR Y SAINZ DE BARANDA, S.L.	CASTELL AMENGUAL, MARIA	CLAVER SANCHEZ, MARIA EUGENIA
CAÑAS AYUSO, FRANCISCO	CASTELLANOS JARQUE, MANUEL	CLEMENTE BLANCO, PAULA ANDREA
CAPAFONS Y CIA, S.L.	CASTILLA ALVAREZ, RAFAEL JOSE	CLIMENT MARTOS, MARIA ROSARIO
CAPITALIZACIONES E INVERISIONES HERNANDEZ MARTIN, S.L.	CASTILLO MARZABAL, FRANCISCO JOSE	CLUB AVOD, S.L.
CARBO ROYO, JOSE JORGE	CASTILLO ORTEGA, NICOLAS	CLUSTER BUSINESS GROUP, S.L.
CARBONELL ALSINA, CHANTAL	CASTRO JESUS, FRANCISCO JAVIER	COBO MACHIN, LUIS JORGE
CARBONELL CHANZA, FRANCISCO	CASTRO VEGA, XOSE	COCA LOZA, M <sup>a</sup> DOLORES GENOVEVA
COLL PEREZ-GRIFO, ANA MARTA	COSTAS NUÑEZ ASESORES, S.L.	DE VREDE, LEONARDUS CORNELIS ANTONIUS
COMPAÑÍA VIZCAINA DE ASESORIA, S.L.	COSTAS SUAREZ, ISMAEL	DEL CACHO CASADEBAIG, LUCAS LEON

COMPINSA, S.L.	CREDILIFE, S.L.	DEL GUAYO MARTIN, MARIA NOEMI
CONCHEIRO FERNANDEZ, JAIME	CREDITAXI SERVICIOS FINANCIEROS, S.L.	DEL RIO OLIVARES, FRANCISCO
CONDE SANCHEZ, PABLO	CREIXELL GALLEGO, XAVIER	DEL RIO SERRANO, JUAN FELIX
CONFIANZ, S.A.P.	CRESPO SANTIAGO, MARIA GLORIA	DEL RIO USABEL, IDOIA
CONFIDENTIAL GESTION, S.L.	CRiado ANAYA, LUIS	DELFOs ASESORIA FISCAL, S.L.
CONMEDIC GESTIONS MEDICAS, S.L.	CRISTOBAL LOPEZ, MANUEL DE	DELGADO GARCIA, JOSE LUIS
CONOCIMIENTO, EXPERIENCIA Y SOLUCIONES, S.L.	CRITERION SONSULTING, S.L.	DELGADO GARCIA, MANUEL ANTONIO
CONSULTING DONOSTI, S.L.	CRUJEIRAS BRINGAS, JOSE LUIS	DELGADO RUIZ, DIEGO
CONSULTING INMOBILIARIA 4B, S.L.	CRUZ FERNANDEZ, PEDRO JULIAN	DELTA CONSULTING FINANCES, S.L.
CONSULTOR FINANCIERO Y TRIBUTARIO, S.A.	CUBERO PATRIMONIOS, S.L.	DESPACHO ABACO, S.A.
CONSULTORES DEL SEGURO SEYVER, S.L.	CUENA VELA Y ASOCIADOS, S.L.	DESPACHO FG Y ASOCIADOS, S.C.
CONSULTORES FINANCIEROS LABORALES, S.L.	CUENCA OLIVEIRA, ANTONIO	DESPACHO GUADALIX PAJARES, S.C.P.
CONSULTORES FISCALES J. CANO, S.L.P.	DAENJOGEST, S.L.	DESPACHO J.M. COARASA, S.L.
CONSULTORES GRUPO DELTA PAMPLONA, S.L.	DATAGEST CONSULTORS EMPRESARIALS, S.L.	DESPACHO, TRAMITACION Y GESTION DE DOCUMENTOS, S.L.
CONSULTORIA ADMINISTRATIVA DE EMPRESAS CADE, S.L.	DÁVILA ÁLVAREZ, JULIO	DIANA VALDEOLIVAS, ANGEL
CONSULTORIA CIUDADANA EN GESTION Y SEGUROS, S.L.U.	DAYBEL CORREDURIA DE SEGUROS, S.A.	DIAZ DE ESPADA LOPEZ DE GAUNA, LUIS MARIA
CONSULTORIA FINANCIERA GARCIA CRUZ, S.L.	DE CAMBRA ANTON, VICTOR	DIAZ FLORES, JUAN FRANCISCO
CONSULTORIA SANTA FE, S.L.	DE CASTRO DIAZ, SILVANO	DIAZ GARCIA, MARINA
CONSULTORIA Y AUDITORIA PACO CONDE, S.L.	DE LA FUENTE & MARTIN ALONSO ABOGADOS, S.L.	DIAZ GÜEMES ESCUDERO, IGNACIO
CONSULTORS I ADVOCATS ASSOCIATS MASIA RIBERA, S.L.	DE LA FUENTE TORRES, ANAIS BEATRIZ	DIAZ LORENZO, LORENZO
CONSULTYN LUIS TORRES, S.L.P.	DE LA SIERRA PEÑA, ANDRES	DIAZ-BENITO DIAZ-MADROÑERO, JUAN
CORCUERA BRIZUELA, JOSE MARIA	DE LA TORRE DEL CASTILLO, CANDELARIA	DIEGO MARTI, FRANCISCO JOSE
CORNADO CUBELLS, GEORGINA	DE MIGUEL CAMPOS, CARLOS JAVIER	DIEZ AMORETTI, FRANCISCO
CORSAN FINANCE, S.L.	DE PABLO DAVILA, MARIA VICTORIA	DIEZ MARIN, JESUS
COSTA CALAF, MONTSERRAT	DE PABLOS SOLDEVILLA, PEDRO	DOBARGANES GOMEZ, JOSE MARIA
COSTA CAMBRA, ANGEL	DE PASCUAL BASTERRA, IÑIGO	DOBLAS GEMAR, ANTONIO
DOBLE A AVILA ASESORES, S.L.	ESB Y COMPAÑIA, S.R.L.	EZQUERRO TEJADO, MARIA DOLORES
DOCUMENTS NOTARIALS, S.L.	ESCALONA BELINCHON, JOSE ANTONIO	FABAR GESTION 2020, S.L.
DOMINGO GARCÍA-MILA, JORDI	ESCAMILLA FERRO, MARIA MATILDE	FARIÑAS MARTINEZ, JOSE ANTONIO

DOMINGUEZ CANELA, INES	ESCRIBANO ABOGADOS, S.L.	FASE ASESORES, S.L.
DOMINGUEZ JARA, RAFAEL JESUS	ESCUDERO SANCHEZ, RAFAEL PEDRO	FASER 89, S.L.
DOMINGUEZ RODES, JUAN LUIS	ESCUTIA DOTTI, MARIA VICTORIA	FELEZ BIELSA, S.L.
DOMUS AVILA, S.L.	ESHKERI Y GRAU, S.L.P.	FELEZ MARTIN, FERMIN
DORRONSORO URDAPILLETA, S.L.	ESINCO CONSULTORIA, S.L.	FELIPE FONTANILLO, MARIA DEL PILAR
DUPAMA CONSULTING, S.L.	ESPALLARGAS MONTSERRAT, MARIA TERESA	FELIPE REUS, ANDREU
DURAN & MATUTE, S.C.P.	ESPARCIA CUESTA, FELISA	FELIX AHOLKULARITZA, S.L.
DURFERAL, S.L.	ESPARCIA PINAR, S.L.	FEO MORALES, JUAN
DUTILH & ASOCIADOS, S.L.	ESPASA ROIG, YOLANDA	FERMALLOL CORREDURIA DE SEGUROS, S.L.
DYE CONSULTING, S.L.	ESPEJO SANZ, MARIA TERESA	FERNANDEZ & PALOMAR ASESORES, S.L.
ECHANIZ LIZAU, MARIA BELEN	ESPIN INIESTA, MARIA JOSE	FERNANDEZ ALMANSA, ANGEL ALEJANDRINO
ECHART FERNANDEZ, CARLOS NORBERTO	ESPINILLA ORTIZ, ROSARIO	FERNANDEZ BERMEJO DIAZ CAMBRONERO, EDUARDO
EFILSA, S.C.	ESPUNY CURTO, M <sup>a</sup> . NATIVIDAD	FERNANDEZ MARTIN, EDUARDO
EGADI CONSULTORES, S.L.	ESQUIROZ RODRIGUEZ, ISIDRO	FERNANDEZ MORAY, EVA MARIA
EKO - LAN CONSULTORES, S.L.	ESTEBAN ZAPATA, JUAN JOSE	FERNANDEZ ONTAÑON, DANIEL
EKONO VALENCIA 96, S.L.	ESTEBAN TAVIRA, ANTONIO	FERNANDEZ PIÑEIRO, ALBERTO
EL PINOS GESTION LABORAL, S.C.	ESTEVAN SORIANO, MARIA CARMEN	FERNANDEZ REBOLLO, JULIA
ELCANO REAL STATE, S.L.	ESTHA PATRIMONIOS, S.L.	FERNANDEZ REYES SILVESTRE, EULOGIO
ELGUEA OMATOS, EMILIO	ESTOVIN, S.L.	FERNANDEZ RIOS, MARIA GORETTI
EMPRESA DE GESTION RIAZ, S.L.	ESTRADA DA GRANXA 6, S.L.	FERNANDEZ RIVERO, JAVIER
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FERREIRO CASTRO, MARIA TERESA	FREJ HELLIN, FRANCISCO	GARAY AZCORRA, PEDRO ANGEL



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GARZON ASOCIADOS GESTION EMPRESARIAL, S.L.	GESTIONES PINEDO, S.L.	GOMEZ EBRI, CARLOS
GASCON ASESORES, S.L.	GESTIONS I ASSEGURANCES PERSONALITZADES, S.L.	GOMEZ LOBO, JUAN
GASEM SERVICIOS, S.L.	GESTORED CONSULTING, S.L.	GOMEZ MARTINEZ, LUIS
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GESPYME GESTIO I ASSESSORAMENT DE PYMES, S.L.	GIETALIA, S.L.	GONZALEZ DIAZ, VICTORINO
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GESTION 93 ASESORES DE EMPRESAS, S.L.	GIL FERNANDEZ, JUAN JOSE	GONZALEZ ESPARZA, JUANA MARIA
GESTION BALEAR DE PREVENCIÓN, S.L.	GIL MANSERGAS, C.B.	GONZALEZ FERNANDEZ, MIGUEL ANGEL
GESTION DE INVERSIONES Y PROMOCIONES ELKA CANARIAS, S.L.	GIL TIO, JULIA	GONZALEZ GARCIA, DAVID
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GONZALEZ GRACIA, S.L.	GRUPO EMPRESARIAL GUERRERO, S.L.	HIDALBEROLA CONSULTORES, S.L.
GONZALEZ HUESCAR, JOSE MARIA	GRUPO FERRERO DE ASESORIA, S.L.	HIDALGO GOMEZ, VALENTINA
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GOPAR MARRERO, PABLO	GUTIERREZ LORENZO, ANGEL	IGLESIAS GONZALEZ, MARIA ARANZAZU
GORDO GUARDIA, MARIA ISABEL	GUZMAN GONZALEZ, EMILIANO	IGLESIAS SEXTO, JOSE LUIS
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GRUP SBD ASSESSORAMENT I GESTIO, S.L.	HERNANDEZ MANRIQUE, CARLOS MANUEL	INGARBO, S.L.
GRUPAMERO ADMINISTRACION, S.L.	HERNANDEZ MANZANO, ENRIQUE SANTIAGO	INICIATIVAS ARAGONESAS SOMAR, S.L.
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GRUPO DTM CONSULTING, S.L.	HERRERA MORENO, MONICA	INMOBILIARIA DONADAVI, S.L.
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INTASSE EMPRESARIAL, S.L.	JAUREGUI ARCO, FLORENTINO	LANAU SERRA, MARIA FRANCISCA
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INVERSIONES TECNICAS GRUPO CHAHER, S.L.	JIMENEZ CALERO, CONSUELO	LAUKIDE ABOGADOS, C.B.
INVERSIONES TRAVESERA, S.A.	JIMENEZ PINEDA, MERCEDES	LEAL RODRIGUEZ, JESUS
INVERSIONES Y GESTION AINARCU, S.L.	JIMENEZ URDA, ISABEL MARIA	LEASING E INVERSION EMPRESARIAL, S.L.
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INVERSUR 4 CUATROS, S.L.	JOSE ANGEL ALVAREZ, S.L.U.	LEÑA CAMACHO, ROSA MARIA
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INVEST GAIA, S.L.	JULIAN SANZ, MARIA	LIARTE BENEDI, MARIA INMACULADA
IRIGOYEN GARCIA, VICTORIA EUGENIA	JULIAN ARRUEGO, MARIA BEGOÑA	LIMONCHI LOPEZ, HERIBERTO
ISACH GRAU, ANA MARIA	JULVEZ GIRAL, PEDRO	LINARES LOPEZ, RAMÓN
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JANQUIN ROMERO, JEAN CLAUDE	LAMBERT, JONATHAN RAYMOND	LOPEZ FERNANDEZ, RAQUEL
LOPEZ JIMENEZ, FRANCISCO	MALAYER CASTILLO, JOSE MANUEL	MARTIN SANCHEZ, IGNACIO
LOPEZ MARTINEZ, MANUELA	MALLORCA ECONOMISTES, S.L.P.	MARTIN VALENCIANO, FERNANDO 000680010S, S.L.N.E.
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LOPEZ SARALEGUI, ELENA MARIA TRINIDAD	MANUEL LEMA PUÑAL Y FERNANDO GARCIA CASTRO, S.C.	MARTINENA RODRIGO, IÑIGO
LOPEZ TORRES, PATRICIA	MARANDI ASSL, MOHAMMAD	MARTINEZ BERMUDEZ, JOSE FRANCISCO
LOPEZ VIGIL, JOSE MANUEL	MARAÑON OTEIZA, MARIA CRISTINA	MARTINEZ BLANQUE, BERNARDO
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LUQUE FERNANDEZ, JULIA	MARTIN HERREROS, JOSE	MARTINEZ RUIZ, AMAYA
M CASTAÑO E HIJOS ASESORES, S.L.	MARTIN JIMENEZ, MANUEL MARIA	MARTINEZ SANCHEZ, FELIX
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MAZON GINER, JOSE FERNANDO	MONGE GARCIA, REYES	MORUNO AMAYA, MARIA DEL CARMEN
MAZOR ASESORES, S.L.	MONROY CABAÑAS, JULIAN	MORUNO MAXIMIANO, CRISTINA

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MERELAS CASTRO, SONIA	MONTERO BEJARANO, FRANCISCO JAVIER	MUÑOZ MARTINEZ, CRISTOBAL
MERELLO DIEZ, RODRIGO	MONTES SADABA, FRANCISCO JAVIER	MUÑOZ MOLIO, JOSE
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MIARONS TUNEU, JULIA	MORENO AVILA, MARIA	MUZAS BALCAZAR, JESUS ANGEL
MIGUEL BENITO, JOSE ANDRES	MORENO CAMPOS, JOAQUIN	NACHER NAVARRO, MARIA VANESSA
MIGUEL UCETA, FRANCISCO	MORENO CARNASA, ROSA MARIA	NANOBOLSA, S.L.
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MOLINA LOPEZ, RAFAEL	MORENO RAMIREZ, ANA MARIA	NAVARRO GONZALO, JESUS
NAVARRO MORALES, JOAQUIN	ORDOYO CASAS, ANA MARIA	PATÍÑO ROBLES, MARIA CONCEPCION
NAVARRO RAMOS, ANGEL FRANCISCO	OREMFI LEVANTE, S.L.	PAYMAIN, S.L.
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NAVARRO UNAMUNZAGA, FRANCISCO JAVIER	ORIBIO ASESORES, S.L.	PEDEVILLA BURKIA, ADOLFO
NAVES DIAZ ASSOCIATS, S.L.	ORRIOLS GESE, JORDI	PEDROLA GALINDO, NATIVIDAD
NAYACH RIUS, XAVIER	ORTEGA PAUNEDO, JESUS	PEDROSA PUERTAS, JUAN CARLOS
NEGOCONT BILBAO 98, S.L.	ORTEGA JIMENEZ, FRANCISCO	PEDROSILLO SANCHEZ, CARLOS
NERAMA DE SERVICIOS, S.L.	ORTIZ ACUÑA, FRANCISCO	PEIRO CERVERA, AMPARO

NIETO GARCIA, MARIA CELESTE	ORTIZ I SIMO ASSESSORS, S.L.	PELLICER BARBERA, MARIANO
NIETO GONZALEZ, RUFINO	ORTIZ MARTIN, FRANCISCO EULOGIO	PEÑA LOPEZ, MILAGROS
NISTAL PEREZ, FIDEL	ORTIZ SOLANA, CRESCENCIO	PEÑA NAVAL, JESUS
NOE GARCIA RODRIGUEZ, S.L.	ORTIZ, S.C.	PEÑA PEÑA, MANUEL
NOECOR INVERSIONES, S.L.	ORTUÑO CAMARA, JOSE LUIS	PEÑALVER GOMEZ, MARIA DOLORES
NOGUERAS CEBRERO, JOSE MANUEL	OSACAR GARAICOECHEA, ENRIQUE FERNANDO	PEÑAS BRONCHALO, JOSE MIGUEL
NOVAGESTION MARINA BAIXA, S.L.	OTAL CONSULTING, S.L.	PEÑATE SANTANA, DUNIA
NUÑEZ MAILLO, VICENTE JESUS	OTC ASESORES, S.L.	PERARNAU PUJOL, MONTSERRAT
NUÑO NUÑO, AZUCENA	OTTESA FISCAL ASSOCIATS, S.L.	PERDOMO PEÑA, PATRICIA
OBJETIVOS & PROYECTOS DE FUTURO, S.L.	OUTEIRIÑO VAZQUEZ, JOSE MARIA	PERES BALTA, RAMON
ODIMED CONSULTORIA SERVICIOS, S.L.	P V 1, S.L.	PEREZ - ALBERT NOGUERA, ANDREA
OFICINAS EMA, S.L.	PABLOS MUÑOZ, MARIA JESUS	PEREZ ALVAREZ, LAURA
OLABE GARAITAGIOTIA, MARIA ELENA	PACHECO MUÑOZ, ROSARIO	PEREZ ASESORIA Y SERVICIOS EMPRESARIALES, S.L.
OLALDE GOROSTIZA, LEONCIO LUIS	PADILLA MOLINA, MARIA	PEREZ CHAVARRIA, JOAQUIN MIGUEL
OLAZABAL Y ASOCIADOS, S.C.	PADILLA ORTEGA, GENOVEVA	PEREZ COSTAS, JESUS ANTONIO
OLIVA PAPIOL, ENRIQUE	PALAU CEMELI, MARIA PILAR	PEREZ GUTIERREZ, SANTIAGO
OLIVERAS TARRES, S.C.	PALAU DE NOGAL, JORGE IVAN	PEREZ MAGALLARES, EMILIO
OMEGA GESTION INTEGRAL, S.L.	PALOMAR PEREZ, GEMA CARMEN	PEREZ MASCUÑAN, JORGE
OMF ASESORES, S.L.	PANO MAYNAR, ENRIQUE	PEREZ MORENO, MANUEL
OPTIMA SAT, S.L.	PARADA TRAVESO, IVAN JOSE	PEREZ PEREZ, JOSE MANUEL
ORDEN MONTOLIO, SANDRA DE LA	PAREDES VERA, GRACIA	PEREZ RODRIGUEZ, MARIA
PEREZ RODRIGUEZ, MODESTO	PRADILLO CONSULTORES, S.L.	RAMOS LAZARO, MIGUEL ANGEL
PEREZ SANTOS, ALFONSO	PRADO PAREDES, ALEJANDRO	RAMOS ROMERO, JUAN JESUS
PEREZ SIMON, ROSARIO	PRETERSA, S.L.	RCI EXPANSION FINANCIERA, S.L.U.
PEREZ SOTO, PABLO MANUEL	PRIETO RICO, MAURO	REAMOBA, S.L.
PEREZ YAGUE, AGUSTIN ANGEL	PRIMALANI DARYANANI, LALITKUMAR NARAIN	REBOLLO CAMBRILES, JUAN ROMAN
PEREZ-FANDON ASESORES, S.L.	PRIMICIA AZPILICUETA, ALEJANDRO	REDONDO BERDUGO, MARIA DE LOS ANGELES
PEROLADA VALLDEPEREZ, ANDRES	PROCESOS Y SOLUCIONES BARAKALDOKO, S.L.	REGA RODRIGUEZ, MARIA LUISA
PERUCHET GRUP CONSULTOR D'ENGINYERIA, S.C.P.	PROMOCIONES BOHNWAGNER, S.L.	REGLERO BLANCO, MARIA ISABEL



PIÑOL & PUJOL ASSESSORIA D'EMPRESSES, S.L.	PROYECTOS INTEGRALES FINCASA, S.L.	REIFS PEREZ, MANUEL
PIRACES INVERSIONES, S.L.	PUERTA DE ATOCHA ASESORES, S.L.	REINA GARCIA, ANA ESTHER
PISONERO PEREZ, JAVIER	PUERTOLLANO GESTION FINANCIERA, S.L.	RELAÑO CAÑAVÉRAS, CRISTOBAL
PLA NAVARRO, EMILIA	PUIGVERT BLANCH, JULIA	REMENTERIA LECUE, AITOR
PLAMBECK ANDERL, WALTER	PUJOL HUGUET, AMADEU	REMON SAENZ, CESAR
PLANELLs ROIG, JOSE VICENTE	PURO CONSULTING, S.L.N.E.	RENTEK 2005, S.L.
PLANNING ASESORES, S.C.	PYME BUSSINES TWO, S.L.	RETAMERO VEGA, MANUEL
PLANO IZAGUIRRE, JOSE DANIEL	PYME'S ASESORIA, S.L.	REY DE LA BARRERA, MANUEL
PLASENCIA DARIAS, FRANCISCO REYES	QUEIJA CONSULTORES, S.L.	REYES BLANCO, FRANCISCO JAVIER
PLAZA GUERRERO, FRANCISCO JOSE	QUILEZ CASTILLO, EDUARDO	REYES BLANCO, RAFAEL
POGGIO, S.A.	QUINTANA O'CON, RAFAEL DE	REYES CARRION, JUAN CARLOS
POLO ROMANO, ANTONIO	QUINTERO BENCOMO, CARLOS	REYMONDEZ , S.L.
PONCE VELAZQUEZ, JOSEFA	QUINTERO GONZALEZ, JOSE FERNANDO	RIBERA AIGE, JOSEFA
PONS SOLVES, CONCEPCION	R. & J. ASSESSORS D' ASSEGURANCES ASEGUR XXI, S.L.	RIBES ESTRELLA, JOAN MARC
PORTAL MURGA, LEONARDO	RACA INVERSIONES Y GESTION, S.L.	RINCON GARCIA, FRANCISCO
PORTILLA ARROYO, ALICIA	RAFAEL BORDERAS Y ASOCIADOS, S.L.	RINCON GUTIERREZ, MARIA PILAR
POU ADVOCATS, S.L.P.	RAMIREZ JORQUERA, MIGUEL ANGEL	RIO RODRIGUEZ, MARIA VICTORIA
POUS ANDRES, JUAN	RAMIREZ RUBIO, JOSE RAMON	RIVAS ANORO, FERNANDO
POZA SOTO INVESTIMENTOS, S.L.	RAMIREZ Y ZAMBRANO, C.B.	RIVAS FERNANDEZ, RAFAEL
PRADA PRADA, MARIA CARMEN	RAMOS CAGIAO, AMPARO	RM REYMA, S.L.
ROALGA GESTION DE RIESGOS, S.L.	ROYO POLA, ANA CARMEN	SAINZ TAJADURA, MARIA VICTORIA
ROCA SANS, LUIS	RUA PIRAME, ENRIQUE	SAIZ SEPULVEDA, FRANCISCO JAVIER
ROCHE BLASCO Y ROCHE ASESORES, S.L.	RUBIO BERNARDEAU, ANTONIA MILAGROSA	SALA AZORIN, AURORA
RODENAS RUBIO, MERCEDES	RUBIO SIERRA, FRANCISCO JOSE	SALADICH OLIVE, LUIS
RODES BIOSCA, CARLOS RAFAEL	RUEDA LOBO, CARLOS MIGUEL	SALES HERNANDEZ, JOSE
RODRIGO TORRADO, JUAN JOSE	RUFAT FONTANET, JORGE	SALMEAN VINACHES, CESAR JAVIER
RODRIGUEZ ALVAREZ, MARIA ISABEL	RUIPEREZ MATOQUE, MARIA TERESA	SALMON ALONSO, JOSE LUIS
RODRIGUEZ CARDEÑAS, BERNARDINO	RUIZ ASESORES, S.C.	SALVADOR MINGUILLON, FERNANDO
RODRIGUEZ DELGADO, RENE	RUIZ AYUCAR Y ASOCIADOS, S.L.	SALVIA FABREGAT, MARIA PILAR

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RODRIGUEZ GALVAN, MARIA	RUIZ BIOTA, ANA BELEN	SALVO POMAR, JESUS MANUEL
RODRIGUEZ GAVIN, SANTIAGO	RUIZ CASAS, JUAN BAUTISTA	SAMPEDRO PEREZ, JOSE MANUEL
RODRIGUEZ LLOPIS, MIGUEL ANGEL	RUIZ DEL RIO, ROSA MARIA	SAMPEDRO RUNCHINSKY, MARCOS IGNACIO
RODRIGUEZ LOPEZ, JOSE ENRIQUE	RUIZ ESCALONA, ANTONIO	SAMPER CAMPANALS, PILAR
RODRIGUEZ RUIZ, JUAN ANTONIO	RUIZ GONZALEZ, GEMA	SANCHEZ BURUAGA, MARTA
RODRIGUEZ SANCHEZ, MARCOS	RUIZ MORENO, EVA	SANCHEZ CRUZ, JOSEP MARIA
ROGADO ROLDAN, ROSA	RUIZ POYATOS, VIRGINIA	SANCHEZ ELIZALDE, JUAN FRANCISCO
ROGNONI NAVARRO, CONCEPCION BARBARA	RUIZ TARI, ROGELIO	SANCHEZ GARCIA, YOLANDA
ROIG FENOLLOSA, JUAN BAUTISTA	RUIZ-ESTELLER HERNANDEZ, GUSTAVO	SANCHEZ HERNANDEZ, M <sup>a</sup> BELEN
ROJAS ALBENDIN, S.L.	RUZAFIA VILLAR, SALVADOR	SANCHEZ HERRERO CLEMENTE, MARIO FRANCISCO
ROJAS SIMON, ALEJANDRO	S.M. ASESORES ARAÑUELO, S.L.	SANCHEZ LOPEZ, MIGUEL
ROJAS TRONCOSO, PEDRO	SABATE NOLLA, TERESA	SANCHEZ MARTINEZ, JAVIER
ROLDAN SACRISTAN, JESUS HILARIO	SABES TORQUET, JUAN CARLOS	SANCHEZ MESA, FRANCISCO
ROMAN BERMEJO, MARIA ISABEL	SACRISTAN ASESORES, S.L.	SANCHEZ NUEZ, JOSE ANTONIO
ROMERO MEGIAS, MARIA TERESA	SAEZ SAUGAR, ALEJANDRO JOSE	SANCHEZ RODRIGUEZ, M <sup>a</sup> TERESA CARMEN
ROMERO MENDEZ, JUAN ANTONIO	SAEZ NICOLAS, JOSE RAMON	SANCHEZ SAN VICENTE, GUILLERMO JESUS
ROS PETIT, S.A.	SAFE SERVICIOS DE ASESORAMIENTO FISCAL DE LA EMPRESA, S.L.	SANCHEZ SECO VIVAR, CARLOS JAVIER
ROY ASSESSORS, S.A.	SAFOR CONSULTORES INMOBILIARIOS, S.L.	SANCHIS MARTIN , LAURA
ROYO GARCIA, FRANCISCO JAVIER	SAGEM XX, S.L.	SANTAMANS ASESORES LEGALES Y TRIBUTARIOS, S.L.
SANTANA DIAZ, SEBASTIAN	SERVEIS FINANCERS PALA FRUGELL, S.L.	TABORGA ONTAÑON, ANTONIO JOAQUIN
SANTIVERI GESTIO I ASSESSORAMENT, S.L.	SERVICES BUSSINES ALONSO, S.L.	TACASA BIAR, S.L.
SANTOS GARCIA, MANUEL	SERVICIOS FINANCIEROS AZMU, S.L.	TAMG, S.C.
SANTOS CARBAYO, MARIA JESUS	SERVICIOS FINANCIEROS GABIOLA, S.L.	TARRACO FORMAGEST AEH, S.L.
SANTOS ELORDUY, ESTIBALIZ	SERVIGEST GESTION EMPRESARIAL, S.L.	TEBAR LILLO, JULIO JAVIER
SANTOS MACIAS, MARIA ESTHER	SEVILLANO MARTINEZ, JUAN	TECNICOS AUDITORES CONTABLES Y TRIBUTARIOS EN SERVICIOS DE ASESORAMIENTO, S.L.
SANTOS ROMAN, MARIA NURIA	SIERRA TORRE, MIGUEL	TELLECHEA ABASCAL, PEDRO MANUEL
SANZ CALDERON, FRANCISCO JAVIER	SIGNES ASESORES, S.L.	TENA LAGUNA, LORENZO
SANZ EMPERADOR, JESUS ANGEL	SILJORINE, S.L.	THE GADO GROUP. S.L.

SARDA ANTON, JUAN IGNACIO	SIMON BENITO, JOSE JUAN	TIGALMA , S.L.
SARRI SOLE, FRANCESC XAVIER	SINBAHER, S.L.	TINAQUERO HERRERO, JULIO ANTONIO
SARRIO TIERRASECA, LEON	SINDIN RODRIGUEZ, NOELIA	TIO & CODINA ASSESSOR D'INVERSIONS, S.L.
SARROCA GIL, MOISES	SISTEMA ASESORES FERROL, S.L.	TODOGESTION COSTA DE LA LUZ, S.L.
SAURA MARTINEZ, PEDRO	SISTEMAS INTEGRADOS DE GESTION PARA LA EMPRESA ANDALUZA, S.L.	TOGARING, S.L.
SAURINA DELGADO ADVOCATS, S.L.	SOCOGADEM, S.L.	TOLEDO ANDRES, RAFAEL
SAYAGO REINA, ANTONIO	SOLER SERRANO, MIGUEL ANGEL	TOLEDO GUTIERREZ, VICTOR
SCG SERVICIOS DE CONSULTORIA GENERALES, S.L.	SOLONKA INVERSIONES Y FINANZAS, S.L.	TOLOCONSULTING, S.L.
SECO FERNANDEZ, LUIS ALBERTO	SOLUCIONES FISCALES DE GALICIA, S.L.L.	TOMAS SECO ASESORES, S.L.L.
SELIMO, S.L.	SOLYGES CIUDAD RODRIGO, S.L.U.	TORRE DE LA CUESTA CORREDURIA DE SEGUROS, S.L.
SELUCON, C.B.	SORIANO ORTEGA, MARIA SAMPEDRO	TORRECILLAS BELMONTE, JOSE MARIA
SEDA GESTION, S.L.	SOSA BLANCO, SERVANDO	TORRES BONACHE, MARIA DEL CARMEN
SERCOM ARAGON S.XXI, S.L.	SOSA LOZANO, JOSE RAUL	TORRES CALVO, AGUSTIN
SERDIS ASESORES, S.L.	SPI SERVICIOS JURIDICOS EMPRESARIALES, S.L.	TORRES MONTEJANO, FELIX
SERRANO DOMINGUEZ, FRANCISCO JAVIER	STM NUMMOS, S.L.	TORRICO Y SALMERON, S.C.
SERRANO QUEVEDO, RAMON	SUAREZ GARRUDO, JUAN FRANCISCO	TRAMIT CONSULTING, S.L.L.
SERRANO RODRIGUEZ, RAFAEL	SUAREZ JIMENEZ, FRANCISCO	TRAMITES FACILES SANTANDER ASESORES Y CONSULTORES, S.L.L.
SERTE RIOJA, S.A.P.	SUGRAÑES ASSESSORS, S.L.	TRAYSERCAN, S.L.
SERVEIS FINANCERS DE CATALUNYA, S.L.	T.S. GESTIO, S.L.	TRILLO ASESORES, S.L.
TRUELUX COACHING EMPRESARIAL, S.L.	VAZQUEZ DIEGUEZ, JOSE ANDRES	WALS FERNANDEZ, PETRA
TRUJILLO RODRIGUEZ, MANUEL JESUS	VAZQUEZ FIGUEIRAS, JULIA	WEISSE KUSTE, S.L.
TUGUI COMPANY HCA, S.L.	VEIGUELA LASTRA, CARLOS MARIA	WHITE ORR, ROBERT HENRY
TUÑON GARCIA, JOSE GIL	VEJERIEGA CONSULTING, S.L.	XESPRODEM ASESORES, S.L.L.
TURBON ASESORES LEGALES Y TRIBUTARIOS, S.L.	VELASCO FERNANDEZ, ALFONSO	XESTADEM, S.L.
TXIRRIENA, S.L.	VELASCO GONZALEZ, JOSE	YUS ICM CONSULTORES, S.A.
UBK PATRIMONIOS, S.L.	VELASCO LOZANO, FRANCISCO	YUSTE SORIANO, MARIA BELEN
UCAR ESTEBAN, ROSARIO	VELAZQUEZ JIMENEZ, MANUEL	ZAPATA PIÑERO, DIEGO
UGARTE ASOCIADOS SERVICIOS EMPRESARIALES, S.L.	VENZAL CONTRERAS, FRANCISCO JAVIER	ZARRALUQUI ABOGADOS DE FAMILIA, S.L.

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URBANSUR GLOBAL, S.L.	VICENTE GONZALEZ, ANGEL	ZATOSTE,S.L.
URIAGUEREC A CARRILERO, FRANCISCO JAVIER	VICENTE JUAN ASESORES, S.L.	ZURAWKA, ERHARD RUDOLF
URIBE-ECHEBARRIA ZUAZO, IÑIGO	VICENTE OYA AMATE Y DOS MAS, C.B.	
URRESTI SERBITZUAK, S.L.	VICENTE ROJAS, MARIA INMACULADA	
USKARTZE, S.L.	VIDAL JAMARDO, LUIS RAMON	
V.S. SERVICOS JURIDICOS, S.L.	VIDBEN ASSESSORS, S.L.P.	
VAAMONDE CAMARA, JAVIER	VIECO MIRANDA, S.L.	
VADILLO ALMAGRO, MARIA VICTORIA	VIGON 21, S.L.	
VALCARCEL LOPEZ , ALFONSO A	VIGUE PUJOL, S.L.	
VALCARCEL GRANDE, FRANCISCO JAVIER	VIGUERA Y ROMAN ASESORES, S.L.	
VALDES CABAÑAS, JAIME ANGEL	VILARRUBI LLORENS, JORGE	
VALENCIA PROJECT MANAGEMENT, S.L.	VILLACE MEDINA, JUAN CARLOS	
VALENCIA TRENADO, MANUEL RODRIGO	VILLAGRASA ROS, ANTONIO	
VALENZUELA TENA, CARMEN	VILLANUEVA VILAR, ANTONIO ANDRES	
VALLVE FORNOS, SALVADOR	VINYES SABATA, MERCE	
VALOR AFEGIT OSONA, S.L.	VIÑA ARASA, RICARDO	
VAN CAMP, VANESSA IRMA	VIÑAO BALLARIN, MARIA ANGELES	
VAZ FERNANDEZ, JUAN BENITO	VITAL ASESORES, C.B.	
VAZQUEZ CASTRO, RAQUEL	VIVER MIR, JAIME JAVIER	

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## APPENDIX XIV. Balance sheet of Finanzia, Banco de Crédito, S.A.

### FINANZIA, BANCO DE CRÉDITO, S.A.

BALANCE SHEET AS OF DECIEMBER 31, 2011

ASSETS	Thousands of euros	LIABILITIES AND EQUITY	Thousands of euros
<b>CASH AND BALANCES WITH CENTRAL BANKS</b>	<b>749</b>	<b>FINANCIAL LIABILITIES HELD FOR TRADING</b>	<b>8</b>
<b>FINANCIAL ASSETS HELD FOR TRADING</b>		Deposits from central banks	
Loans and advances to credit institutions		Deposits from credit institutions	
Loans and advances to customers		Customers deposits	
Debt securities		Debt certificates	
Equity instruments		Trading derivatives	8
Trading derivatives		Short positions	
Memorandum item: Loaned or advanced as collateral		Other financial liabilities	
<b>OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	
Loans and advances to credit institutions		Deposits from central banks	
Loans and advances to customers		Deposits from credit institutions	
Debt securities		Customer deposits	
Equity instruments		Debt certificates	
Memorandum item: Loaned or advanced as collateral		Subordinated liabilities	
<b>AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>	<b>7</b>	Other financial liabilities	
Debt securities		<b>FINANCIAL LIABILITIES AT AMORTIZED COST</b>	<b>7,614,557</b>
Equity instruments	7	Deposits from central banks	
Memorandum item: Loaned or advanced as collateral		Deposits from credit institutions	7,350,956
<b>LOANS AND RECEIVABLES</b>	<b>7,600,918</b>	Customer deposits	253,493
Loans and advances to credit institutions	2,697,218	Debt certificates	
Loans and advances to customers	4,903,700	Subordinated liabilities	6,016
Debt securities		Other financial liabilities	4,092
Memorandum item: Loaned or advanced as collateral	1,917,545	<b>FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK</b>	
<b>HELD-TO-MATURITY INVESTMENTS</b>		<b>HEDGING DERIVATIVES</b>	<b>3,080</b>
Memorandum item: Loaned or advanced as collateral		<b>LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE</b>	
<b>FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK</b>		<b>PROVISIONS</b>	<b>23,832</b>
<b>HEDGING DERIVATIVES</b>	<b>3,262</b>	Provisions for pensions and similar obligations	22,370
<b>NON-CURRENT ASSETS HELD FOR SALE</b>	<b>495</b>	Provisions for taxes and other legal contingencies	
<b>INVESTMENTS</b>	<b>113,613</b>	Provisions for contingent exposures and commitments	199
Associates	46	Other provisions	1,263
Jointly controlled entities	211	<b>TAX LIABILITIES</b>	<b>7,337</b>
Subsidiaries	113,356	Current	
<b>INSURANCE CONTRACTS LINKED TO PENSIONS</b>		Deferred	7,337
<b>TANGIBLE ASSETS</b>	<b>2,970</b>	<b>OTHER LIABILITIES</b>	<b>5,179</b>
Property, plants and equipment	2,970	<b>TOTAL LIABILITIES</b>	<b>7,653,993</b>
For own use	2,970		
Other assets leased out under an operating lease		<b>STOCKHOLDERS' FUNDS</b>	<b>102,249</b>
Investment properties		<b>Common Stock</b>	<b>32,658</b>
Memorandum item: Acquired under financial lease		Issued	32,658
<b>INTANGIBLE ASSETS</b>	<b>1,513</b>	Less: Unpaid and uncalled (-)	
Goodwill		<b>Share premium</b>	<b>44,156</b>
Other intangible assets	1,513	<b>Reserves</b>	<b>12,575</b>
<b>TAX ASSETS</b>	<b>18,828</b>	<b>Other equity instruments</b>	
Current	39	Equity component of compound financial instruments	
Deferred	18,789	Other equity instruments	
<b>OTHER ASSETS</b>	<b>13,887</b>	<b>Less: Treasury stock</b>	
<b>TOTAL ASSETS</b>	<b>7,756,242</b>	<b>Profit for the year</b>	<b>12,860</b>
		<b>Less: Dividends and remuneration</b>	
		<b>VALUATION ADJUSTMENTS</b>	
		Available-for-sale financial assets	
		Cash flow hedging	
		Hedging of net investment in a foreign transactions	
		Exchange differences	
		Non-current assets held for sale	
		Other valuation adjustments	
		<b>TOTAL EQUITY</b>	<b>102,249</b>
		<b>TOTAL LIABILITIES AND EQUITY</b>	<b>7,756,242</b>
		<b>MEMORANDUM ITEM</b>	
		<b>CONTINGENT EXPOSURES</b>	<b>95,959</b>
		<b>CONTINGENT COMMITMENTS</b>	<b>82,294</b>

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**APPENDIX XV. Years in which the company that has been dissolved, Finanzia, Banco de Crédito, S.A., acquired the assets subject to amortization that were transferred to the Bank for the corresponding dissolution without liquidation.**

**ASSETS TRANSFERRED BY FINANZIA, BANCO DE CRÉDITO, S.A.**

FINANZIA, BANCO DE CRÉDITO, S.A.														
Millions of Euros														
	Previous years	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TOTAL
Property														-
Fixtures	1	-	-	-	0	-	-	-	-	0	-	0	0	1
Computer equipment	5	1	0	-	1	0	1	0	1	0	0	0	0	10
Furniture	1	0	0	0	0	-	0	0	-	-	-	0	0	1
<b>TOTAL GROSS COST</b>	<b>7</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12</b>
Property Accrued depreciation														3
Fixtures Accrued depreciation														10
Computer equipment Accrued depreciation														2
Furniture Accrued depreciation														
<b>TOTAL ACCRUED DEPRECIATION</b>														<b>15</b>
<b>TOTAL NET COST AS OF DECEMBER 31, 2010</b>														<b>(3)</b>

## APPENDIX XVI. Glossary

<b>Adjusted acquisition cost</b>	The acquisition cost of the securities less accumulated amortizations, plus interest accrued, but not net of any other valuation adjustments.
<b>Amortized cost</b>	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.
<b>Associates</b>	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.
<b>Available-for-sale financial assets</b>	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.
<b>Basic earnings per share</b>	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
<b>Business combination</b>	A business combination is a transaction, or any other event, through which a single entity obtains the control of one or more businesses
<b>Cash flow hedges</b>	Those that hedge the exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could effect profit or loss.
<b>Commissions and fees</b>	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.
<b>Contingencies</b>	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.
<b>Contingent liabilities</b>	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.
<b>Contingent risks</b>	Transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts.
<b>Correlation risk</b>	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.
<b>Current service cost</b>	Current service cost is the increase in the present value of a defined benefit obligation resulting from employee service in the current period.
<b>Current tax assets</b>	Taxes recoverable over the next twelve months.



<b>Current tax liabilities</b>	Corporate income tax payable on taxable profit for the year and other taxes payable in the next twelve months.
<b>Debt securities</b>	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.
<b>Deferred tax assets</b>	Taxes recoverable in future years, including loss carryforwards or tax credits for deductions and tax rebates pending application.
<b>Deferred tax liabilities</b>	Income taxes payable in subsequent years.
<b>Defined benefit plans.</b>	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.
<b>Defined contribution plans</b>	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.
<b>Deposits from central banks</b>	Deposits of all classes, including loans and money market operations, received from the Bank of Spain and other central banks.
<b>Deposits from credit institutions</b>	Deposits of all classes, including loans and money market operations received, from credit entities.
<b>Deposits from customers</b>	Redeemable cash balances received by the entity, with the exception of debt certificates, money market operations through counterparties and subordinated liabilities, that are not received from either central banks or credit entities. This category also includes cash deposits and consignments received that can be readily withdrawn.
<b>Diluted earnings per share</b>	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.
<b>Early retirements</b>	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.
<b>Economic capital</b>	Eligible capital for regulatory capital adequacy calculations.

<b>Effective interest rate</b>	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.
<b>Employee expenses</b>	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.
<b>Equity</b>	The residual interest in an entity's assets after deducting its liabilities. It includes owner or venturer contributions to the entity, at incorporation and subsequently, unless they meet the definition of liabilities, and accumulated net profits or losses, fair value adjustments affecting equity and, if warranted, minority interests.
<b>Equity instruments</b>	An equity instrument that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
<b>Equity method</b>	The method used for the consolidation of the Group's holdings in associates. These holdings are recognized at cost on the purchase date and later evaluated. This amount will then be increased or decreased based on the differences that, after said date, the equity of the entity experiences and that corresponds to the investing institution, after considering the dividends received from them and other equity eliminations. The income statement of the investing institution shall include the corresponding proportion in the earnings of the investee.
<b>Fair value</b>	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
<b>Fair value hedges</b>	Derivatives that hedge the exposure to changes in the fair value of assets and liabilities or firm commitments that have not been 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.
<b>Fees</b>	<i>See Commissions, fees and similar items</i>
<b>Financial guarantees</b>	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.
<b>Financial instrument</b>	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.
<b>Financial liabilities at amortized cost</b>	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.
<b>Gains or losses on financial assets and liabilities, net</b>	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 and of securities classified as held to maturity.
<b>Goodwill</b>	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.
<b>Hedges of net investments in foreign</b>	Foreign currency hedge of a net investment in a foreign operation .

<b>operations</b>	
<b>Hedging derivatives</b>	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.
<b>Held-to-maturity investments</b>	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.
<b>Held for trading (assets and liabilities)</b>	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").
<b>Impaired/doubtful/non-performing portfolio</b>	Financial assets whose carrying amount is higher than their recoverable value, prompting the entity to recognize the corresponding impairment loss
<b>Impaired financial assets</b>	A financial asset is deemed impaired, and accordingly restated to fair value, when there is objective evidence of impairment as a result of one or more events that give rise to:  1. A measurable decrease in the estimated future cash flows since the initial recognition of those assets in the case of debt instruments (loans and receivables and debt securities).  2. A significant or prolonged drop in fair value below cost in the case of equity instruments.
<b>Income from equity instruments</b>	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.
<b>Insurance contracts linked to pensions</b>	The fair value of insurance contracts written to cover pension commitments.
<b>Inventories</b>	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.
<b>Investment properties</b>	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.
<b>Jointly controlled entities</b>	Companies that form a joint business and, consequently, over which the Group exercises joint control. A joint business is a contractual agreement by virtue of which two or more entities undertake an economic activity under joint control; that is, a contractual agreement to share the power to guide the financial and operation policies of an entity or other economic activity, so as to benefit from its operations, and in which the unanimous consent of all participants is required in all financial and operational strategic decision-making.
<b>Leases</b>	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.
<b>Liabilities associated with non-current assets held for sale</b>	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.
<b>Liabilities under insurance contracts</b>	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.
<b>Loans and advances to customers</b>	Loans and receivables, irrespective of their type, granted to third parties that are not credit entities.
<b>Loans and receivables</b>	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.
<b>Minority interests</b>	The net amount of the profit or loss and net assets of a subsidiary attributable to associates outside the group (that is, the amount that is not owned, directly or indirectly, by the parent), including that amount in the corresponding part of the consolidated earnings for the period.
<b>Mortgage-covered bonds</b>	Financial asset or security created from mortgage loans and backed by the guarantee of the mortgage loan portfolio of the entity.
<b>Non-current assets held for sale</b>	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.
<b>Non-monetary assets</b>	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.
<b>NPA Covered ratio</b>	Impairment allowances (generic, specific and country risk allowance) as a percentage of the non performing assets (the sum of Substandard loans and advances to customers and Substandard contingent liabilities to customers)
<b>NPA ratio</b>	Represents the sum of Substandard loans and advances to customers and Substandard contingent liabilities to customers divided by the sum of Loans and advances to customers and Contingent liabilities to customers.
<b>Other equity instruments</b>	This heading reflects the increase in equity resulting from various forms of owner contributions, retained earnings, restatements of the financial statements and valuation adjustments.
<b>Other financial assets/liabilities at fair value through profit or loss</b>	Instruments designated by the entity from the start at fair value with changes in profit or loss. Only the following can be included in the category: assets and liabilities that are deemed "hybrid financial assets and liabilities" and for which the fair value of the embedded derivatives cannot be reliably determined.

	<p>These are financial assets managed jointly with “Liabilities under insurance contracts” valued at fair value, in combination with derivatives written with a view to significantly mitigating exposure to changes in these contracts’ fair value, or in combination with financial liabilities and derivatives designed to significantly reduce global exposure to interest rate risk.</p> <p>These headings also include customer loans and deposits effected via so-called “unit-link” life insurance contracts, in which the policyholder assumes the investment risk.</p>
<b>Own/treasury shares</b>	The amount of own equity instruments held by the entity.
<b>Past service cost</b>	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.
<b>Post-employment benefits</b>	Retirement benefit plans are arrangements whereby an enterprise provides benefits for its employees on or after termination of service.
<b>Property, plant and equipment/tangible assets</b>	Buildings, land, fixtures, vehicles, computer equipment and other facilities owned by the entity or acquired under finance leases.
<b>Proportionate consolidation method</b>	Method used for the integration of the accounts of the jointly-controlled entities in the Consolidated Financial Statements. The aggregation of the different headings of the balance sheet and income statement of the entities to the consolidated financial statements through this method is performed in the proportion of the Group’s holding in its capital, excluding the portion corresponding to its own equity instruments. In the same proportion, reciprocal credit and debits will be eliminated, as will be the income, expenses and earnings from internal transactions.
<b>Provisions</b>	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.
<b>Provisions for contingent liabilities and commitments</b>	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.
<b>Provision for credit losses</b>	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.
<b>Provisions for pensions and similar obligation</b>	Constitutes all provisions recognized to cover retirement benefits, including commitments assumed vis-à-vis beneficiaries of early retirement and analogous schemes.
<b>Public-covered bonds</b>	Financial asset or security created from public loans and backed by the guarantee of the public debt portfolio of the entity.
<b>Reserves</b>	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
<b>Securitization fund</b>	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.



<b>Share premium</b>	The amount paid in by owners for issued equity at a premium to the shares' nominal value.
<b>Short positions</b>	Financial liabilities arising as a result of the final sale of financial assets acquired under repurchase agreements or received on loan.
<b>Subordinated liabilities</b>	Financing received, regardless of its instrumentation, which ranks after the common creditors in the event of a liquidation.
<b>Subsidiaries</b>	<p>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:</p> <ul style="list-style-type: none"> <li>· An agreement that gives the parent the right to control the votes of other shareholders;</li> <li>· 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;</li> <li>· 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.</li> </ul>
<b>Substandard risk</b>	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.
<b>Stockholders' funds</b>	Contributions by stockholders, accumulated earnings recognized in the income statement and the equity components of compound financial instruments.
<b>Structured credit products</b>	Special financial instrument backed by other instruments building a subordination structure
<b>Tax liabilities</b>	All tax related liabilities except for provisions for taxes.
<b>Trading derivatives</b>	The fair value in favor (assets) or again (liabilities) of the entity of derivatives not designated as accounting hedges.
<b>Unit-link</b>	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.
<b>Value at Risk (VaR)</b>	<p>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</p> <ul style="list-style-type: none"> <li>- VaR figures are estimated following two methodologies:</li> <li>- 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.</li> <li>- VaR with smoothing, which weights more recent market information more heavily. This is a metric which supplements the previous one.</li> </ul>

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRES for banks. See Note 54).

This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

	- 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.
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**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

## **Management report for the year ended December 31, 2011**

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**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

## **Management report for the year ended December 31, 2011**

### **1. Introduction**

Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, “the Bank” or “BBVA”) is a private-law entity, subject to the rules and regulations governing banking institutions operating in Spain. The Bank conducts its business through branches and offices located throughout Spain and abroad.

The Bank’s management report has been prepared using the individual accounting and management records of Banco Bilbao Vizcaya Argentaria, S.A.

BBVA is the parent company of the BBVA Group (hereinafter, “the Group”). It is an internationally diversified group with a significant presence in the business of traditional retail banking, asset management, private banking and wholesale banking.

The financial information included in this management report is presented in accordance with the criteria established by Bank of Spain Circular 4/2004, of December 22, on Public and Confidential Financial Reporting Rules and Formats for Financial Statements, and its subsequent amendments.

### **2. Economic environment in 2011**

- **Slowdown in the global economy in 2011 against a background of great uncertainty**

In 2011 the global economy suffered a moderate slowdown in a year featuring uncertainty generated by the financial markets, in particular the European sovereign debt markets. In 2011 **global GDP** growth was slightly under 4%, one percentage point below the figure for 2010. Although this figure can still be called solid, the slowdown has begun to be noted with varying intensity in different regions. The greatest contribution has continued to come from emerging countries.

<b>GDP Increase</b>	<b>2011</b>	<b>2010</b>
<b>Global</b>	<b>3.9%</b>	<b>5.0%</b>
Europe	1.6%	1.7%
Spain	0.7%	-0.1%
United States	1.8%	3.0%
México	3.8%	5.4%
South America	4.5%	6.6%
China	9.1%	10.3%
Turkey	8.5%	8.2%

Source: BBVA Research

Attention has focused on the progress and setbacks in the resolution of the debt crisis in **Europe**. In 2011 the global economy has followed events in Europe closely, both in terms of progress towards fiscal consolidation and in relation to changes in the structure of governance in the euro zone. The difficulties in generating adequate progress in both areas lie behind the increased contagion of financial turmoil throughout the year. The initial impact has been on the European periphery that had been unaffected by bailout programs, such as

Italy and Spain, and which required occasional market intervention by the European Central Bank (ECB). Next, financial tension also extended to some segments of the financial system that were affected by recapitalization plans implemented by the European authorities. Finally, doubts about the capacity of governments in the zone to resolve the crisis meant that even core European countries with sound finances were affected by the tension. Successive European summits over 2011 have not been able to clear up the uncertainty, although there has been progress towards both fiscal harmonization and governance in the euro zone. Against this background, growth in the European economy as a whole has been weak, a fraction under 2% (in line with the growth posted in 2010), although there was a major slowdown towards the end of the year, and great differences between countries. After an early upward movement, the ECB began to lower rates in response to the increase of risks in the euro zone.

The **Spanish economy** continues to be immersed in its own adjustments, and growth in 2011 has barely been below 1%. The trend is for a gradual slowdown over the year. However, some of these adjustments are progressing at a good rate. Fiscal consolidation continues, although with some deviation from the 2011 target, and competitiveness is increasing significantly. This has been reflected in a considerable increase in exports.

As for the **sovereign risk of European countries**, despite the agreements reached at the European summit held at the end of July, sovereign debt markets, including those in Spain, and especially Italy, continue to be subject to intense pressure since mid-August. Sovereign debt spreads in Europe have continued to rise: in Italy from 50 basis points (bp) against 10-year German bonds in April to more than 400 bp at the end of the year. The increase has been more moderate in Spain, from 200 bp to 400 bp over the same period; in the case of Portugal, from more than 500 bp to around 1,000 bp. The fact that sovereign tensions hit Italy directly (the risk premium exceeded Spain's for the first time since the start of the crisis) revealed that the European Financial Stability Facility (EFSF) alone would not be sufficient to build a firewall against possible contagion from Greece. These pressures were reflected in a sudden rise in bank CDS spreads (for example Intesa, from 150 to 400 bp and BBVA or Santander from 150 to 300 bp) to levels higher than those recorded after the fall of Lehman Brothers.

The solutions to the crisis, proposed in October 2011 by the European authorities, are going in the right direction. This is the case of the measures that attempt to solve Greece's insolvency and considerably increase the power of the EFSF. The recapitalization program reinforces the resilience of the banking system, although it does not measure the quality of portfolios and fails to counteract the market's mistrust on the debt of countries which are solvent. Moreover, because the agreements fail to specify many details that will need to be negotiated in the coming months, the risk of implementation is high and its effectiveness remains to be seen. The new Italian government has approved austerity measures to the value of €30bn, which should suffice to eliminate the public deficit in 2013. However, the structural reforms needed by the Italian economy have not yet been carried out. In the case of **Portugal**, the first inspection by the troika expressed its satisfaction with the economy, but also doubts about the country's ability to achieve the targets set for 2011. This led to a number of measures aimed at covering Madeira's deficit and the poorer cyclical performance of its economy, including rises in income tax and VAT and the sale of concessions. As a result, GDP is expected to continue to shrink for at least one year, due particularly to the bad situation of the countries that import Portuguese products. Although the deficit targets for 2011 will predictably be met, the need for additional measures for reaching 2012 targets cannot be ruled out. In **Spain**, the 2011 deviation in relation to the commitments undertaken in terms of deficit, together with the downward revisions of economic activity for next year, means that fiscal consolidation will need to be more intense than estimated previously for 2012.

The **United States** shows greater than expected cyclical weakness, with significant challenges in fiscal policy. The United States surprised with data that suggested a recovery that quickly ran out of steam, although towards the end of 2011 this trend has been partially reversed. Growth slowed in 2011 to 1.8% (the figure for 2010 was 3%). Fiscal policy has also been key over the year, given the difficulties experienced by the authorities to prepare a plan that balanced the need to support economic activity in the short term with a credible process of long-term consolidation.

**Emerging economies** are moving towards a soft landing, despite the global uncertainty. Despite the slowdown in advanced economies, emerging economies continue to grow solidly, but towards more sustainable levels, in particular supported by the strength of domestic demand. However, the increase of

global risk aversion has also been transferred to the emerging markets. This has been reflected in lower capital inflows, falls in equity markets and foreign-exchange tension.

Economic activity in **Mexico** is showing some positive signs, but with a trend towards moderation. In 2011 growth is estimated to be a fraction under 4%. At the same time, inflation has remained at around 3.5% and allowed the Bank of Mexico to send more dovish monetary policy messages. The high degree of economic openness of the Mexican economy means that global slowdown has had a local effect, but this has been mainly offset by improved competitiveness in some manufacturing sectors and positive credit conditions.

In **South America** the global slowdown is resulting in a moderation of the rate of growth towards the end of 2011, with an increase in risk premiums, falls in commodity prices, falling equity markets and above all, weakness in many of the region's currencies. This has meant that most central banks in the zone have intervened to moderate (or even reverse) currency losses. Even so, in the year as a whole, economic growth has been sound, at around 4.5%, nearly two points below the figure in 2010.

GDP growth in **China** has moderated following the efforts made to avoid overheating. Domestic demand and output remain strong and the pace of the slowdown has been in line with that of a soft landing. However, the problems caused by the external situation have increased and foreign demand is weaker. Inflation is moderating, although from a very high starting point. The above, combined with increasing downside risks, is impacting the implementation of a package of policies to support growth. In 2011 China's economic growth will be slightly above 9% (10.3% in 2010).

Finally, **Turkey** has been more exposed to periods of financial contagion from Europe, with a lower rate of capital inflows, falls in equity markets and a loss of value of the lira, forcing the Central Bank to intervene. Even so, the economy grew strongly in 2011, at around 8.5%, and although inflation was still high, it fell back to 6.5% (8.6% in 2010).

- **Trends in exchange rates**

In the currency markets, the euro gained significantly against the dollar in the first half of the year due to the increasing spread between interest rates. This has been due to the different monetary policy approaches adopted by the ECB (preventive and focused on upward inflation risks) and the Federal Reserve (supporting recovery and focused on risks to growth). However, the deepening European debt crisis has weakened the euro's position in the second half of the year. Nevertheless, as an annual average the dollar has lost 5.3% against the euro.

This combination of a strong euro and the relative strength of the emerging currencies against the dollar has resulted in a generally unfavorable performance of the currencies with the greatest weight in the BBVA Group's financial statements. As a result, the effect of exchange rates on a year-on-year comparison of the Group's results is negative. In terms of final interest rates, the euro has practically not varied against the dollar. However, a more important loss of value in Latin American currencies with impact on the Group's balance sheet is in terms of annual averages. Its effect is also negative in on balance sheet items and volume of business. In 2012 the forecast is for appreciation of the dollar against the euro, while emerging currencies will have room for appreciation against the dollar.

Currency	Average Exchange Rates			Year-End Exchange Rates		
	2011	2010	2009	2011	2010	2009
Mexican peso	<b>17.2906</b>	16.7372	18.7988	<b>18.0512</b>	16.5475	18.9222
U.S.dollar	<b>1.3916</b>	1.3257	1.3948	<b>1.2939</b>	1.3362	1.4406
Argentine peso	<b>5.7467</b>	5.2686	5.2649	<b>5.5679</b>	5.4851	5.5571
Chilean peso	<b>672.0430</b>	675.68	777.60	<b>674.76</b>	625.39	730.46
Colombian peso	<b>2,570.69</b>	2,518.89	2,976.19	<b>2,512.56</b>	2,557.54	2,941.18
Peruvian new sol	<b>3.8323</b>	3.7448	4.1905	<b>3.4890</b>	3.7528	4.1626
Venezuelan bolivar	<b>5.9765</b>	5.6217	2.9950	<b>5.5569</b>	5.7385	3.0934
Turkish lira	<b>2.3383</b>	1.9965	2.1631	<b>2.4432</b>	2.0694	2.1547
Chinese Yuan	<b>8.9932</b>	8.9713	9.5277	<b>8.1588</b>	8.8220	9.8350

### 3. Balance sheet and business activity

The key figures in the Bank's balance sheet with respect to its main business are as follows:

The Bank's total balance sheet as of December 31, 2011 was €411,166 million (€392,111 million in 2010). At the close of 2011, "Loans and receivables - Loans and advances to customers" amounted to €238,463 million, an increase of 1.9% on the figure for the previous year. Customer deposits stood at €184,966 million, a slight fall of 0.5% on the figure for 2010.

### 4. Earnings

In 2011, the Bank had a net profit after tax of €1,428 million euros (€2,904 million in 2010).

Operating expenses increased from €3,409 million in 2010 to €3,641 million in 2011.

Gross income for 2011 was €9,553 million, compared with €9,552 million in 2010.

Net interest income in 2011 was €4,015 million (€5,041 million in 2010).

### 5. Risk management

BBVA's risk management system is outlined in Note 5, Risk Management, of the Annual Financial Statements.

### 6. BBVA Group solvency and capital ratios

- The BBVA Group's capital ratios

In line with current international standards (Basel II) for determining the solvency of financial institutions, the capital ratios are measured at consolidated group level. Below are the capital ratios and amounts of the main items used when calculating these ratios as of December 31, 2011 and 2010:

The Group capital base	Millions of Euros		
	2011	2010	% Change 2010-2009
Stockholders' funds	40,952	36,689	11.6
Adjustments	(10,221)	(8,592)	19.0
Mandatory convertible bonds	3,430	2,000	71.5
<b>CORE CAPITAL</b>	<b>34,161</b>	<b>30,097</b>	<b>13.5</b>
Preferred securities	1,759	5,164	(65.9)
Adjustments	(1,759)	(2,239)	(21.4)
<b>CAPITAL (TIER I)</b>	<b>34,161</b>	<b>33,023</b>	<b>3.4</b>
Subordinated debt and other	11,258	12,140	(7.3)
Deductions	(2,649)	(2,239)	18.4
<b>OTHER ELIGIBLE CAPITAL (TIER II)</b>	<b>8,609</b>	<b>9,901</b>	<b>(13.1)</b>
<b>CAPITAL BASE (TIER I + TIER II) (a)</b>	<b>42,770</b>	<b>42,924</b>	<b>(0.4)</b>
Minimum capital requirement (BIS II Regulations)	26,462	25,066	5.6
<b>CAPITAL SURPLUS</b>	<b>16,308</b>	<b>17,858</b>	<b>(8.7)</b>
<b>RISK WEIGHTED ASSETS (b)</b>	<b>330,771</b>	<b>313,327</b>	<b>5.6</b>
<b>BIS RATIO (a)/(b)</b>	<b>12.9%</b>	<b>13.7%</b>	
<b>CORE CAPITAL</b>	<b>10.3%</b>	<b>9.6%</b>	
<b>TIER I</b>	<b>10.3%</b>	<b>10.5%</b>	
<b>TIER II</b>	<b>2.6%</b>	<b>3.2%</b>	

The BBVA Group's **capital base**, calculated in accordance with the rules defined in the **Basel II** capital accord, stood at €42,770 million as of December 31, 2011, with a very slight reduction of 0.4% compared with the figure as of December 31, 2010.

**Risk-weighted assets (RWA)** increased by 5.6% over the period to €330,771 million as of December 31, 2011 (€313,327 million as of December 31, 2010), due mainly to the entry of RWA from Garanti and to the growth of lending in Mexico and South America. The tighter requirements set out by Basel 2.5 (increased RWA for market risk when including stressed VAR) came into effect in the fourth quarter of 2011. This was offset by a lower operational risk requirement due to the elimination of the capital floor in the advanced models. (This floor was established in December 2009 when the internal operational risk models for Spain and Mexico came into effect.)

The minimal capital requirements (8% of RWA) amounted to €26,462 million as of December 31, 2011. Thus the **excess capital resources** over and above the 8% of the risk-weighted assets required by the regulations stood at €16,308 million. Therefore, the Group has 61.6% of capital above the minimum required levels.

The quality of the capital base has improved substantially. Thus, **core capital** amounted to €34,161 million as of December 31, 2011, €4,064 million more than the figure posted as of December 31, 2010. This increase is mainly due to the exchange of preferred securities for mandatory convertible bonds, which are 100% eligible as core capital, for the amount of €3,430 million, completed at the end of the year. The additional increase is mainly due to the organic generation of capital, explained by the recurrence of income and by the current "Dividend Option" dividend policy (see Note 3 of the Financial Statements).

Core capital amounted to 10.3% of risk-weighted assets, compared with 9.6% as of December 31, 2010, an increase of 0.7 percentage points.

Early conversion of all the mandatory convertible subordinate bonds issued in September 2009 for the amount of €2,000 million and distributed among the Bank's customers was completed in the first half of 2011. The final result was the issue of 273,190,927 new shares, which began to be traded on July 19, 2011. It is important to note that this conversion did not affect the calculation of the Group's capital base, as these convertible bonds were already considered as core capital from the date on which they were effectively subscribed and paid-up.

**Tier I** capital stood at €34,161 million as of December 31, 2011. This amounts to 10.3% of risk-weighted assets, 0.2 percentage points down on the figure for December 31, 2010, due to the steeper increase in RWA. Preferred securities account for 5.1% of Tier I capital.

Other eligible capital (**Tier II**) mainly consists of subordinated debt, latent capital gains and excess generic provisions up to the limit set forth in regulations. As of December 31, 2011, Tier II capital stood at €8,609 million, i.e., 2.6% of risk-weighted assets, down 0.6 percentage points due to amortization of the subordinate debt issue.

By aggregating Tier I and Tier II capital, as of December 31, 2011, the **BIS total capital ratio** stood at 12.9%, 0.8 percentage points down on the figure of 13.7% as of December 31, 2010.

- **Stress test and new recommendations on minimum capital levels**

In the first half of 2011, 91 of the main European financial institutions underwent stress tests coordinated by the European Banking Authority (EBA) in cooperation with the European Central Bank (ECB), the European Commission and the European Systemic Risk Board (ESRB).

The results of these stress tests, released on July 15, 2011, showed that the BBVA Group was one of the European institutions that best maintained its solvency levels, even in the most adverse scenario anticipated at the time, which incorporated the impact of a possible sovereign risk crisis and a substantial reduction in the valuation of the real estate assets.

On October 26, 2011, the EBA, in cooperation with the competent national authorities, announced the conducting of a study on the capital levels of 71 financial institutions throughout Europe based on data available as of September 30, 2011.

As a result of this study and in order to restore market confidence in the European financial system, the EBA issued the recommendation of reaching, as of June 30, 2012, a new minimum capital level in the ratio known as

Core Tier 1 (“CT1”), on an exceptional and temporary basis, in order to address, among other issues, the current situation of the sovereign risk crisis in Europe. This new recommended level is temporary in nature; as such, the EBA has announced its intention to lift it once confidence in the European financial markets is restored.

Based on the information released on December 8, 2011, the BBVA Group would need to increase its capital base by €6,329 million in order to reach this minimum level set for the CT1 ratio as of June 30, 2012. Of this amount, €2,313 million correspond to the temporary increase in the capital base for exposure to the aforementioned sovereign risk.

On January 20, 2012, the BBVA Group submitted to the Bank of Spain a specific action plan following the recommendations of the EBA that will enable it to reach the minimum level set for the CT1 ratio at the end of June 2012. This plan is being examined by the Bank of Spain jointly with the EBA.

The measures already taken under this plan include the issue of convertible subordinated debentures completed on December 30, 2011 (see Note 20.4.1). This action, together with organic generation of capital and other additional measures envisaged in the plan, will enable the BBVA Group to comply with the recommendations issued by the EBA without having to apply for government aid. As of December 31, 2011, 84% of the recommended capital base increase had been reached.

## 7. Customer Care Service and Customer Ombudsman

On September 27, 2011, the Board of Directors of BBVA approved the BBVA Group's new Regulations for Customer Protection in Spain. These regulations govern the activities and powers of the Customer Care Service and the Customer Ombudsman, including the preparation of a summary of the activities carried out in 2011.

The Customer Care Service processes all the grievances and complaints addressed to the Customer Ombudsman and to the Customer Care Service itself, except for those which under the new Regulations are the responsibility of the Customer Ombudsman.

### 7.1 Report on the activity of the Customer Care Service department

- **Statistical summary of grievances and complaints handled in 2011**

The number of customer complaints received by BBVA's Customer Care Service in Spain in 2011 was 7,250, of which 757 were finally not processed because they did not meet the requirements laid down by Ministerial Order ECO/734. 97.2% (6,312) of the complaints were resolved within the year, with 181 complaints still pending assessment as of December 31, 2011.

The complaints managed can be classified as follows:

Type of Complaint to the Customer Care Service	Percentage of Complaints
Assets products	24.4%
Operations	18.6%
Commissions and expenses	18.6%
Customer information	14.1%
Investments - Derivatives	7.2%
Collection and payment services	5.8%
Financial and welfare products	5.3%
Other	4.4%
Insurance	1.6%
<b>Total</b>	<b>100.0%</b>



The complaints handled in 2011, broken down by the nature of their final resolution, are as follows:

Final Resolution for Complaints to the Customer Service Center	Number of Complaints
In favor of the person submitting the complaint	1,916
Partially in favor of the person submitting the complaint	1,382
In favor of the BBVA Group	3,014
<b>Total</b>	<b>6,312</b>

The principles and methods used by the Customer Care Service to resolve complaints are based on the application of the rules on transparency and customer protection and best banking practices. This department adopts its decisions independently, notifying the various units involved of any actions which require review or adaptation to the related regulations.

- **Recommendations or suggestions**

In 2011, the Customer Care Service aided in the resolution of a significant number of claims, working closely with customers in branch offices. This encouraged amicable settlements to disputes which, undoubtedly, boost customer satisfaction and perceptions of quality. Moreover, it has implemented an action plan aimed at reducing customer complaint response times, which have been cut significantly.

In addition, by working closely with customers in the implementation of certain initiatives and procedures, the Customer Care Service has ensured that the criteria issued by the regulators are present in its decisions, improving perception and customer service.

## 7.2 Report on the activity of the BBVA Customer Ombudsman

The following is a summary of the activities in 2011 of BBVA's Customer Ombudsman, in accordance with the provisions of Article 17 of Ministry of Economy Order ECO/734/2004, of March 11, on customer service departments and services, and Customer Ombudsmen for financial institutions:

- **Statistical summary of grievances and complaints handled in 2011**

The number of customer complaints received by BBVA's Customer Ombudsman in 2011 was 1,473. Of these, 116 were finally not processed as they did not fulfill the requirements of the Ministerial Order ECO/734. 97.15% (1,431) of the complaints were resolved within the year, with 41 complaints still pending assessment as of December 31, 2011.

The grievances and complaints handled are classified in the table below in line with the criteria established by the Complaints Service of the Bank of Spain in its half-yearly requests for information:

Type of Complaint	Number of Complaints
Assets operations	480
Investment services	273
Liabilities operations	223
Other banking products (cash, ATM, etc.)	103
Collection and payment services	99
Insurance and welfare products	81
Other	214
<b>Total</b>	<b>1,473</b>

The details of the files resolved in 2011, broken down according to their final resolution, are as follows:

Final Resolution	Number of Complaints
In favor of the person submitting the complaint	37
Partially in favor of the person submitting the complaint	792
In favor of the BBVA Group	486
<b>Total</b>	<b>1,315</b>

Based on the above, it can be concluded that more than 63% of customers bringing a complaint before the Customer Ombudsman were in some way satisfied, either as a consequence of Ombudsman's formal resolution or because of the outcome of its action as mediator between the customer and the Bank.

The Customer Ombudsman's decisions are based on current legislation, the contractual relationships in place between the parties, current standards on transparency and customer protection, on best banking practices and, especially, on the principle of equity.

Independence is an essential aspect of the Customer Ombudsman. Resolutions by the Ombudsman that are favorable to the customer are binding on BBVA.

- **Recommendations or suggestions**

Among the various initiatives implemented by the Bank at the behest of the Ombudsman in 2011, we would highlight the following:

- The corresponding departments have been notified of suggested ways to improve the Bank's complaints procedures in order to improve the Customer Care Service and make it more satisfactory for customers.
- Contractual compliance with the requirements imposed by MiFID Directive regulations has been subject to special monitoring.
- Operational recommendations to improve the customer service and defense system, as regards implementation of the electronic signature.
- Recommendations have been made on adapting the product profile to the customer profile, on advertising and advertising messages, and on streamlining the process of wills.
- Group representatives are in constant contact and meet regularly with the Complaints Service of the Bank of Spain, the CNMV and the Spanish General Directorate of Insurance and Pension Funds. They all share the common goal of harmonizing criteria and fostering more robust customer protection and security.

Customers not satisfied with the resolution of the Customer Ombudsman can appeal before the Bank of Spain, the CNMV or the Spanish General Directorate of Insurance and Pension Funds. The Ombudsman always informs the customers of this option.

In 2011, 147 claims (11% of the total) were filed by customers of BBVA, S.A. before the various public supervisory bodies after processing by the Ombudsman.



## 8. Research and development

In 2011, the Innovation and Technology (I&T) area, using technology as a cross-cutting element for Transformation, carried out its activity around three areas:

- » Optimizing the current value chain
- » Defining a new customer experience
- » Developing a new innovation management model

In addition, the I&T area performs a number of cross-cutting functions in order to guarantee proper operation of all of the Group's resources. This includes all internal control and information security measures, aimed at mitigating operational risk and reinforcing global fraud management.

### • Value chain transformation

As a continuation of the **Transformation Project** started in 2010, a number of initiatives have been boosted in 2011 aimed at optimizing BBVA's value chain in terms of both quality and productivity. The **Central service and factory transformation plan** and the **network process transformation plan** have been launched:

#### - Central service and factory transformation plan

The fundamental pillar consists of the **Cross-cutting plans** where, focusing on enhancing productivity, improvement plans have been implemented in each Corporate Functional Area. The goal is to make the most of the Group's economy of scale, transforming the organization and the processes of the support functions in order to achieve a simpler organization in which at least 75% of the staff perform functions involving a direct relationship with customers.

#### - Network process transformation plan

The **Network process plan** has been defined and developed in 2011, based on 5 core elements:

- » Automation, digitizing and monitoring
- » High self-service capabilities
- » Solving problems on the spot (agility)
- » Collaborative and multi-channel management
- » Simple and smart commercial processes

This plan seeks to enrich the customer's experience by providing the commercial processes with a greater and better customer view, while reducing the workload of the operating and administration processes.

Over 200 projects have been implemented in 2011 in all the geographies, which involve significant progress towards an aspirational model in which the time devoted to customer added-value tasks will be increased by 30%.

### • Technology and operations

In 2011, the BBVA Group's technology and operations have evolved by combining the implementation of technologically advanced projects with the development of the 2011-2015 Transformation Plan, whose ultimate goal is to reach a new frontier of internal excellence, boosting the role played by Technology and Innovation as the driving force behind the Group's transformation.

One of the most significant achievements in 2011 is the **inauguration of the data processing center (DPC) in Tres Cantos**, which has enabled BBVA to become the first company in Europe to receive the Tier IV double certification, in design and construction, awarded by the Uptime Institute. The implementation of the new DPC consolidates the BBVA Group's position as a global benchmark in terms of technology, security and energy efficiency.

**Migration to the Google Apps communication and collaboration tools** also began in 2011, a process that will be completed in 2012 and extended to the rest of the geographies. This solution, together with the new global intranet and the progress made in workstation virtualization in branches and central services, is

contributing to the implementation of a new way of working at BBVA, aimed at promoting communication, collaboration and knowledge management globally. Moreover, the steps taken in 2011 as regards reduced use of paper, known as **Paperless**, are promoting digitizing of documents versus their sending via internal mail.

As for applications, 2011 has seen the **revamping of the BBVA customer website**, while work has been carried out to develop services on alternative channels such as tablets or smartphones. Upgrades have also been made to the **Asset platform** in order to prepare it for implementation in the various geographies; the **Informational platform**, using the most advanced information analysis technologies; the **Operational risk control platform** to meet the standards required by the Basel III regulatory framework; while the first versions of the new **Advanced asset management platform** have been implemented.

The plan for extending a 3-layer **operations model** to all the geographies began in 2011. It has already been implemented in Spain to improve the efficiency of back-office operations. In this regard, initial proccets have been carried out in 2011 which will subsequently give way to full implementation of the model.

An ambitious **quality plan** has been carried out in order to establish greater control throughout the product's life cycle, with the resulting decrease in the number of incidents and the shortening of response times, which will enable a more efficient use of resources.

- **Transformation of the distribution model**

In order to meet the need to evolve the customer relationship and interaction model, an initiative known as **"Concept Car"** has been developed in 2011 aimed at offering customers solutions adapted to their needs. This new "Bank of the Future" model creates more channels and more granularity, with smart processes executed in real time, with high customization capabilities, solutions based on the understanding of our customers and better functionality with a clear Customer Centric Bank approach. In short, a new customer relationship model.

The showroom where BBVA's proposal for the future can be experienced today can be visited at the BBVA Innovation Center (CiBBVA), with the various models for approaching the customers: Easy Bank, Flagship, Stand...

An **"Easy Bank" pilot project**, a new branch model, has been developed in Madrid at a Commercial Banking Center (CBC) for Spain and Portugal, with a value proposition based on terms such as lay out, collaborative front, self-service area (ABIL) and new roles and ways of working.

This initiative complements other similar ones developed within the Group, such as the Ulysses Project, a pilot for a new segmented commercial model in Mexico, or the "light" office in Chile. They will all continue in 2012, maintaining the efforts towards the transformation of the Group's distribution models.

Transformation of the **Contact Centers** model is another key element in the evolution of the customer relationship model. February 2011 saw the completion of stage I (begun in 2010), consisting of preliminary diagnosis of the Group's contact centers. Stage II was presented in September. Its main objective is to achieve a qualitative leap in the operation of BBVA's contact centers through standardization of the service provider management model.

- **Development of virtual banking**

A major effort took place in 2011 for developing banking solutions in the mobile world. One result of this effort has been the creation of a native BBVA Cell Phone solution for each smartphone platform available on the market, as well as the development of the [www.bbva.mobi](http://www.bbva.mobi) and SMS service for non-smart devices, thus providing 100% coverage for all existing devices in all the countries where the BBVA Group operates.

The evolution of transactional services that began in 2010 has continued in 2011, adapting the infrastructures, the content and the way in which the Group's websites are developed, according to the new technologies that have become consolidated this year, and emphasizing accessible development according to W3C standards.

Integration of the various virtual channels with the world of social networks has enabled the Group to develop a more social, more participative social website which is more closely connected to our customers. A result of this integration has been the creation in 2011 of several financial crowd funding tools fully integrated in the world of social networks.

2011 has seen the final consolidation of new channels more integrated with the customer's day-to-day life. Consumer electronics has completed its integration with the world of the Internet, and devices such as TV sets and media players are now fully connected elements. Through its firm commitment to innovation and technology, BBVA has developed applications adapted to these devices in order to enable easy access to existing products and services.

- **Innovation model in the medium and long term**

- » **BBVA Innovation Centers (CiBBVA)**

2011 saw the **inauguration of the Innovation Center** in Madrid. Francisco González, Chairman of BBVA, officially inaugurated the CiBBVA on July 7 with the attendance of Joy Ito, Director of the MIT Media Lab, Cristina Garmendia, Minister of Science and Innovation, Alberto Ruiz Gallardón, Mayor of Madrid, Esperanza Aguirre, President of the Madrid Regional Government, and the renowned Spanish scientist Eduard Punset.

On the same day, the "**OpenMind**" innovation community was launched and the book *Innovación, perspectivas para el Siglo XXI* (Innovation, prospects for the 21<sup>st</sup> century) was presented.

It can be said that 2011 marked the beginning of the consolidation of an international configuration of the Group's Innovation Centers, with the inauguration of the San Francisco Office, the Birmingham Center and the Innovation Center in Mexico.

- » **Innovation products/projects**

With regard to products, **ABIL** strengthened its position as a global benchmark in its sector. Throughout the year it was featured at many international conferences, awards and honors such as the "Talk to Me" exhibition at the MOMA in New York, where its man-machine interaction capacity was acknowledged in the presence of Ángel Cano, BBVA's COO. Expansion of the ABIL family will continue in 2012 with new developments that will build on the success achieved, providing greater versatility to the solution.

Another major milestone in 2011 is the implementation of **High Performance Desktop (HPD)**, the new BBVA intranet based on cloud computing, with Google as partner. This major leap in the way in which the Group's work is organized has been announced officially on January 9, 2012.

This year saw the migration of the technical areas in Spain to HPD, its integration as a social network and the final deployment of HPD in Spain in non-technological areas. The year ended with 8,500 users migrated.

- » **Creating disruptive innovation**

The BBVA Innovation Center carries out lines of work that are based on the analysis of specific trends and methodologies in the field of innovation that seek to identify possible solutions that go beyond the conventional in our business in order to provide a vision of the future and detect business and value generation opportunities for the Bank and its customers.

- » **International innovation network and virtual community**

The **global innovation network** became established in 2011 with the inclusion of companies, experts and institutions from all over the world that contribute to BBVA's innovation projects.

Similarly, the CiBBVA participated in, and supported the holding of various leading events, both national and international, linked to innovation, new technologies and scientific, academic and enterprising communities, including Ideágoras, iniciador, El Ser Creativo, TED, La Red Innova, Foro Internacional de ATM, Expo Smart Cities, Emtech and TR35 Spain (MIT), among others.

Moreover, the CiBBVA head office in Madrid has become a meeting place for innovation communities. Over 80 events have been held in 2011, and 11,778 visitors have been received.

As a core element for the creation and monitoring of **virtual communities**, the Innovation Center's website has been launched: [www.centrodeinnovacionbbva.com](http://www.centrodeinnovacionbbva.com), along with the OpenMind community:

[www.bbvaopenmind.com](http://www.bbvaopenmind.com) and the profiles on social networks such as Facebook and Twitter. Tens of thousands of people have participated in the conversations and interacted with the content.

- **Partly-owned companies**

Projects have continued to be promoted in 2011 in order to generate innovation and transformation levers for the Group, through the various partly-owned companies.

**BBVA Globalnet** has refocused its service catalog, specializing in emerging technologies like HTML5 and mobile technologies (IOS, Android, etc.) and in the development of cloud applications, with Google Application Engine (GAE) deserving a special mention.

Moreover, **Solium** has continued to make progress in adapting its services towards a cloud computing and pay-per-use model, and has launched a new security line with the involvement of a team highly renowned in the market.

**BBVA Soluciones Avanzadas de Asesoramiento y Gestión** (formerly Econta Gestión Integral) has made a significant effort to develop a new technological platform offering greater functionality and scalability, aimed at the commercial relaunching of the service in 2012 under the new trademark Tugestionline.com.

Finally, **BBVA Consultoría** has launched two new projects in partnership with the Corporate Training Area in order to sell the corporate online training catalog to external customers, under the brand BBVA e-learning, as well as face-to-face courses offered by prestigious national and international business schools, under the brand Campus BBVA.

Altogether, the companies within the unit's management perimeter have contributed €8.2 million to the Group's consolidated net income.

- **Information security and fraud management**

The BBVA Group has established computer security controls to prevent and mitigate computer attacks that may materially affect the Group's results. These controls are part of the risk assessment and mitigation system established in the corporate operational risk and internal control structure in order to ensure compliance with the Sarbanes-Oxley Act, with a view to guaranteeing their proper identification and effective control. During the processes carried out for reviewing and auditing such risks and controls, no material risks have been identified as a result of the effective mitigation offered by the controls implemented.

The identified risks are basically divided into those which may affect the availability of the computer systems and their supporting processes, and those which may affect the confidentiality and integrity of the information processed by such systems.

Risks related to lack of availability are managed and mitigated through the **Business Continuity Plans** and the **Systems Continuity Plans**.

Work is being carried out in the **Business Continuity** area in order to fully implement and update 126 continuity plans in 25 countries. Some of them have been activated during the year, as in the case of the tornados and floods that ravaged the south of the United States, Mexico, Colombia and Venezuela, the earthquake in Lorca (Spain) and the volcanic emissions in Patagonia (Argentina).

The Critical Infrastructure Protection Act has been approved in Spain in 2011 in order to meet the requirements of the European Directive of the same name. BBVA is available and ready to fulfill any possible obligations and requirements derived from this Act.

The risks that may affect the confidentiality and integrity of the information are managed and mitigated within the programs established throughout the BBVA Group in the successive **Information security master plans**. These Plans are designed to mitigate the various risks through a security model that includes Identity Management, Security Architectures, Monitoring Systems and Incident Management.

The services outsourced by the BBVA Group are not exposed to material cyber security risks.

The BBVA Group has not undergone any security incidents which individually or in the aggregate can be considered material.

By type of business and operations carried out by the BBVA Group, no risks associated with cyber security incidents have been identified which could remain undetected for an extended period of time and represent a material risk. Moreover, and with a view to determining any possible banking-related cyber security risks which might affect the Group, there is no public evidence of incidents occurring in the financial sector which in the case of the Group might represent a material risk.

In 2011, **fraud management** in the various businesses and geographies has been focused primarily on fraud prevention and early detection of alerts through the use of technology. The Group has also laid the foundations for the launch of new projects that will enable a more efficient management of this risk and will be carried out in 2012.

- **Monitoring of the BBVA Group strategic transformation plan**

In 2011, the I&T Area has continued to play a key role in the monitoring and promotion of the lines of work set out in the Group's 2010 - 2015 Strategic Transformation Plan, an activity based on a **Global Project Office**, aimed at strengthening the Plan, supporting the definition and monitoring of corporate metrics, and collaborating in cultural evolution initiatives and in the associated Communication Plan.

## 9. Environmental information

- **Environmental commitment**

BBVA prioritizes sustainable development. As a financial institution, its activities have a significant impact on the environment, whether through consumption of natural resources, management of properties, use of paper, travel, etc. (direct impacts), or due to the environmental consequences of the products and services it provides, particularly those related to financing, asset management and management of its chain of suppliers (indirect impacts).

- **Aims of the environmental policy**

The objectives of the Bank's environmental policy, which forms part of the BBVA Group's policies and plans, are outlined below:

- » Comply with the environmental legislation in place where BBVA operates.
- » Continuously improve identification and management of the environmental risks involved in BBVA's financial and investment operations.
- » Develop environmentally-friendly financial products and services.
- » Use of natural resources in an eco-efficient way; set and meet targets for improvement.
- » Manage direct impacts through an environmental management system based on the ISO 14001 standard.
- » Have a positive influence on the environmental behavior of stakeholders by communicating and raising awareness of the importance of the environment as an additional input in business and people management practice.
- » Inform, communicate, make aware and train employees in environmental issues.
- » Provide support for sponsorship, voluntary work and environmental research.
- » Provide support for the main initiatives aimed at fighting and preventing climate change.

BBVA has made the following international environmental commitments:

- » United Nations Global Compact (since 2002) [www.globalcompact.org](http://www.globalcompact.org)
- » UNEP- FI (since 1998) [www.unepfi.org](http://www.unepfi.org)
- » Equator Principles (since 2004) [www.equator-principles.com](http://www.equator-principles.com)
- » Carbon Disclosure Project (since 2004) [www.cdproject.net](http://www.cdproject.net)



» Principles for Responsible Investment (since 2008): [www.unpri.org](http://www.unpri.org)

- **Environmental policy scope, governance and review**

This environmental policy has worldwide scope and affects all the activities undertaken by the Group, i.e., the banks and subsidiaries in which BBVA has effective control. Until May 2011, the Corporate Responsibility and Reputation (CRR) Committee was responsible for coordinating the environmental policy and ensuring compliance with it through an environmental management system.

Since that date, the corporate responsibility governance system has made great progress: the Group's Management Committee begins to perform the function of the CRR Committee, submitting these matters to the Bank's highest executive body. This same model will be replicated locally in all the major countries.

Within this new CRR governance framework, 2012 will see the setting up of the Eco-efficiency and Responsible Procurement Committee, which will become the main body in this area within the Group, responsible for supervising and updating the environmental policy, among other functions.

- **Main environmental actions in 2011**

BBVA's main environment-related activity in 2011 is as follows:

- » Work within the framework of the 2008-2012 Global Eco-Efficiency Plan, aimed at minimizing BBVA's direct environmental impacts. The Plan has been allocated a budget of €19 million, and will involve an annual saving of €1.5 million through efficient use of natural resources. The Plan's goals per employee are as follows:
  - A 20% reduction in CO2 emissions.
  - A 10% reduction in paper consumption.
  - A 7% reduction in water consumption.
  - A 2% reduction in energy consumption.
  - 20% of employees working in ISO 14001 certified buildings.
  - LEED Gold certification for the new Madrid headquarters.
- » Improved environmental risk management systems in project finance (Equator Principles) and in determining borrower credit profiles (Ecorating).
- » Leadership in financing of renewable energy projects internationally.
- » Support for major international initiatives to fight against climate change. In 2011, the BBVA Group subscribed the following international environmental initiatives: Investor CDP, CDP Water Disclosure Project and the 2°C Challenge Communiqué.
- » Development of ambitious environmental sponsorship programs, particularly through the BBVA Foundation. Worth noting are the BBVA Foundation Frontiers of Knowledge awards in the Ecology, Conservation Biology and Climate Change categories, each provided with €400,000. Moreover, in 2010 the BBVA Foundation, in partnership with CSIC, implemented a scholarship program and a publication relating to the Malaspina 2010 expedition, which seeks to assess the impact of global change on the oceans and study their biodiversity.
- » Launch of an internal communication plan within the framework of the 2008-2012 Global Eco-Efficiency Plan in order to raise environmental awareness among BBVA employees.
- » Social and environmental risk training for the Bank's risk analysts.

As of December 31, 2011, there were no items in BBVA's financial statements that warranted inclusion in the separate environmental information document under the Ministry of the Economy Order dated October 8, 2001.

## 10. Other information

- **Capital and treasury stock**

Information about common stock and transactions with treasury stock is detailed in Notes 23 and 26 of the accompanying Financial Statements.

- **Shareholder remuneration and application of earnings**

Information about shareholder remuneration and application of earnings can be found in Note 3 of the accompanying Financial Statements.

- **Subsequent events**

After December 31, 2011, the Spanish's Government's intention to implement a series of extraordinary measures that would affect the Spanish financial system was made public. One of these measures was the Ministry of Economy's proposal to modify regulations regarding certain assets related to the Spanish real estate sector (loans and real estate) and the solvency requirements of financial institutions.

The Bank's financial statements as of December 31, 2011 properly reflect those assets in accordance with current accounting standards, and in no case will they be affected by the aforementioned regulatory changes.

On the date these Financial Statements were prepared, the Bank did not have sufficient information to determine the exact impact that the above measures would have on its equity and on the calculations of the Group's solvency ratios for 2012. However, BBVA believes that, with the information currently available, the amount of this impact will be lower than the surplus of the Group's eligible capital over requirements under the standards currently in force (See Note 28 of the Financial Statements). In addition, in the framework of the recommendations issued by the European Banking Authority, the Group believes that it has the capacity to take the adequate actions to achieve the recommended levels as of June 30, 2012.

From January 1, 2012 until the preparation of the Financial Statements, no events other than those mentioned herein have taken place.

## 11. Corporate governance annual report

In accordance with the provisions of Article 61b of the Spanish Securities Market Act, the BBVA Group has prepared the Annual Corporate Governance Report for 2011, which is an integral part of this Management Report, following the content guidelines set down in Order ECO 3722/2003, dated December 26, and in CNMV Circular 4/2007, dated December 27, including a section detailing the degree to which the Bank is compliant with existing corporate governance recommendations in Spain.

In addition, all the information required by Article 539 of the Spanish Securities Market Act can be accessed on BBVA's website ([www.bbva.es](http://www.bbva.es)) in the section entitled "Corporate Governance".

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## **ANNUAL CORPORATE GOVERNANCE REPORT**

### **PUBLICLY TRADED COMPANIES**

### **ISSUER IDENTIFICATION**

YEAR ENDING: 31/12/2011

TAX ID NO.: A-48265169

Corporate name: BANCO BILBAO VIZCAYA ARGENTARIA, S.A.



## STANDARD ANNUAL CORPORATE GOVERNANCE REPORT OF PUBLICLY TRADED COMPANIES

To better understand and complete the form, first read the instructions at the end of this report.

### A OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
20/OCT/2011	2,402,571,431.47	4,903,207,003	4,903,207,003

Indicate if there are different classes of shares with different rights associated to them:

NO

A.2. List the direct and indirect owners of significant holdings in your company at year end, excluding directors:

Name of shareholder (person or company)	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
MANUEL JOVE CAPELLÁN	0	247,405,517	5.046

Name of indirect owner of shareholding (person or company)	Through: Name of direct owner of shareholding (person or company)	Number of indirect voting rights (*)	% of total voting rights
MANUEL JOVE CAPELLÁN	INVERAVANTE INVERSIONES UNIVERSALES, S.L.	247,405,517	5.046

Indicate the most significant movements in the shareholding structure during the year:

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A.3. Fill in the following tables with the members of the company's board of directors with voting rights on company shares:

Name of director (person or company)	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
FRANCISCO GONZÁLEZ RODRÍGUEZ	1,106,145	1,342,582	0.050
ÁNGEL CANO FERNÁNDEZ	344,260	0	0.007
CARLOS LORING MARTÍNEZ DE IRUJO	49,411	0	0.001
ENRIQUE MEDINA FERNÁNDEZ	42,299	1,592	0.001
IGNACIO FERRERO JORDI	3,826	59,516	0.001
JOSÉ ANTONIO FERNÁNDEZ RIVERO	62,552	0	0.001
JOSÉ MALDONADO RAMOS	73,264	0	0.001
JOSÉ LUIS PALAO GARCÍA-SUELTO	9,263	0	0.000
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	176,928	0	0.004
JUAN PI LLORENS	34,602	0	0.001
RAMÓN BUSTAMANTE DE LA MORA	12,795	2,524	0.000
SUSANA RODRÍGUEZ VIDARTE	22,000	3,124	0.001
TOMÁS ALFARO DRAKE	13,534	0	0.000

Fill in the following tables with the members of the company's board of directors with rights on company shares:

% total voting rights held by the Board of Directors	0.069
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Name of director (person or company)	Number of direct option rights	Number of indirect option rights	Number of equivalent shares	% of total voting rights
FRANCISCO GONZÁLEZ RODRÍGUEZ	884,000	0	0	0.018
ÁNGEL CANO FERNÁNDEZ	207,000	0	0	0.004

A.4. Where applicable, indicate any family, trading, contractual or corporate relationships between holders of significant shareholdings, insofar as they are known to the company, unless they are of little relevance or are due to the ordinary course of business:

A.5. Where applicable, indicate any family, trading, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or are due to the ordinary course of business:

A.6. Indicate if any shareholder agreements have been disclosed to the company that affect it under article 112 of the Securities Exchange Act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

NO

Indicate whether the company knows the existence of concerted actions among its shareholders. If so, describe them briefly.

NO

If there has been any alteration or break-up of said pacts or agreements or concerted actions, indicate this expressly:

A.7. Indicate whether any person or organisation exercises or may exercise control over the company pursuant to article 4 of the Securities Exchange Act. If so, identify names:

NO

A.8. Fill in the following tables regarding the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	% total share capital
1,431,838	44,966,345	0.950

(\*) Through:

Name of direct owner of shareholding (person or company)	Number of direct shares
CORPORACIÓN GENERAL FINANCIERA, S.A.	44,938,538
BBVA DINERO EXPRESS, S.A.U.	27,807

<b>Total</b>	44,966,345
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List significant changes occurring during the year, pursuant to Royal Decree 1362/2007:

Date reported	Total direct shares acquired	Total indirect shares acquired	% of total voting rights
24/JAN/2011	1,809,248	43,277,532	1.004
11/FEB/2011	10,781,806	34,920,316	1.018
16/MAR/2011	1,817,045	31,118,872	0.733
06/APR/2011	7,741,686	27,427,565	0.783
03/MAY/2011	9,355,118	30,633,675	0.890
30/MAY/2011	9,639,304	43,679,809	1.172
29/JUN/2011	8,522,622	48,390,275	1.250
15/JUL/2011	3,826,442	46,957,295	1.116
22/JUL/2011	3,557,040	50,444,282	1.186
17/AUG/2011	1,726,138	64,273,190	1.368
21/SEP/2011	5,478,686	81,248,626	1.798
13/OCT/2011	4,977,991	56,624,928	1.277
02/NOV/2011	2,283,088	52,555,747	1.119
23/NOV/2011	2,802,952	66,206,925	1.407
29/DEC/2011	8,086,569	49,636,495	1.177

Capital gain/(loss) on treasury stock divested during the period (€k)	- 14,006
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**A.9. Detail the terms and conditions of the current AGM authorisation to the board of directors to buy and/or transfer treasury stock:**

The following is a transcription of the resolution adopted by the Annual General Meeting of Banco Bilbao Vizcaya Argentaria, S.A. shareholders, 12th March 2010, under agenda item three:

“1.- Repealing the unavailed part from the resolution adopted at the Annual General Meeting, 13th March 2009, to authorise the Bank, directly or via any of its subsidiaries, for a maximum of five years as of the date of this present AGM, to purchase Banco Bilbao Vizcaya Argentaria, S.A. shares at any time and on as many occasions as it deems appropriate, by any means permitted by law. The purchase may be charged to the year’s earnings and/or to unrestricted reserves and the shares may be sold or redeemed at a later date. All this shall comply with article 75 and concordant of the Companies Act.

2.- To approve the limits or requirements of these acquisitions, which shall be as follows:

- The nominal value of the shares acquired directly or indirectly, added to those that the Bank and its subsidiaries already own, may at no time exceed ten percent (10%) of the subscribed Banco Bilbao Vizcaya Argentaria, S.A. share capital, or, where applicable, the maximum amount authorised by the applicable legislation at any time. In all cases, respect must be paid to the limits established on the purchase of treasury stock by the regulatory authorities of the markets where the Banco Bilbao Vizcaya Argentaria, S.A. shares are listed for trading.

- A restricted reserve may be charged to the Bank's net total assets on the balance sheet equivalent to the sum of treasury stock booked under Assets. This reserve must be maintained until the shares are sold or redeemed.

- The shares purchased must be fully paid up, unless the purchase is without consideration, and must not entail any obligation to provide ancillary benefits.

- The purchase price will not be below the nominal price or more than 20% above the listed price or any other price associated to the stock on the date of purchase. Operations to purchase treasury stock will comply with securities markets' standards and customs.

3.- Express authorisation is given to earmark the shares purchased by the Bank or any of its subsidiaries hereunder for Company workers, employees or directors when they have an acknowledged right, either directly or as a result of exercising the option rights they hold, as established in the final paragraph of article 75, section 1 of the Companies Act.

4.- Reduce share capital in order to redeem such treasury stock as the Bank may hold on its Balance Sheet, charging this to profits or unrestricted reserves and to the amount which is appropriate or necessary at any time, up to the maximum value of the treasury stock held at any time.

5.- Authorise the Board of Directors, in compliance with article 30 c) of the company bylaws, to implement the above resolution to reduce share capital, on one or several occasions and within the maximum period of five years from the date of this General Meeting, undertaking such procedures, processes and authorisations as necessary or as required by the Companies Act and other applicable provisions. Specifically, the Board is authorised, within the deadlines and limits established for the aforementioned implementation, to establish the date(s) of each capital reduction, its timeliness and appropriateness, taking into account market conditions, listed price, the Bank's economic and financial position, its cash position, reserves and business performance and any other factor relevant to the decision. It may specify the amount of the capital reduction; determine where to credit said amount, either to a restricted reserve or to freely available reserves, where relevant, providing the necessary guarantees and complying with legally established requirements; amend article 5 of the company bylaws to reflect the new figure for share capital; request de-listing of the redeemed stock and, in general, adopt such resolutions as necessary regarding this redemption and the consequent capital reduction, appointing the people able to formalise these actions."

A.10. Indicate, where applicable, any legal or bylaw restriction on the exercise of voting rights and legal restriction on the acquisition and/or transfer of shares in the company's capital. Indicate whether there are any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise due to legal restrictions	0
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Indicate whether there are any bylaw restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise due to bylaw restrictions	0
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Indicate whether there are legal restrictions on the acquisition or transfer of shares in the company's capital:

YES

Description of the legal restrictions on the acquisition or transfer of shares in the company's capital:
Compliant with the provisions of articles 56 and following in Act 26/1988, 9th July, on discipline and oversight in financial institutions, amended by Act 5/2009, 29th June, which establishes that any individual or corporation, acting alone or in concert with others, intending to directly or indirectly acquire a significant holding in a Spanish financial institution (as defined in article 56 of the aforementioned Act 26/1998) or to directly or indirectly increase their holding in one in such a way that either the percentage of voting rights or of capital owned would be equal to or more than 20, 30 or 50%, or by virtue of the acquisition, might take control over the financial institution, must first notify the Bank of Spain. The Bank of Spain will have 60 working days starting from the date on which the notification was received, to evaluate the transaction and, where applicable, challenge the proposed acquisition on the grounds established by law.

A.11. Indicate whether the General Meeting has approved measures to neutralise a public takeover bid, pursuant to Act 6/2007:

NO

If so, explain the measures approved and the terms and conditions under which the restrictions would become ineffective.

## **B - GOVERNANCE STRUCTURE**

### **B.1. Board of Directors**

B.1.1. List the maximum and minimum number of directors established in the bylaws:

Maximum number of directors	15
Minimum number of directors	5

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**B.1.2. Fill in the following table on the board members:**

<b>Name of director (person or company)</b>	<b>Representative</b>	<b>Post on the Board</b>	<b>Date first appointed</b>	<b>Date last appointed</b>	<b>Election procedure</b>
FRANCISCO GONZÁLEZ RODRÍGUEZ	--	CHAIRMAN & CEO	28/JAN/2000	12/MAR/2010	AGM BALLOT
ÁNGEL CANO FERNÁNDEZ	--	PRESIDENT & COO	29/SEP/2009	12/MAR/2010	AGM BALLOT
CARLOS LORING MARTÍNEZ DE IRUJO	--	DIRECTOR	28/FEB/2004	11/MAR/2011	AGM BALLOT
ENRIQUE MEDINA FERNÁNDEZ	--	DIRECTOR	28/JAN/2000	13/MAR/2009	AGM BALLOT
IGNACIO FERRERO JORDI	--	DIRECTOR	28/JAN/2000	12/MAR/2010	AGM BALLOT
JOSÉ ANTONIO FERNANDEZ RIVERO	--	DIRECTOR	28/FEB/2004	13/MAR/2009	AGM BALLOT
JOSÉ MALDONADO RAMOS	--	DIRECTOR	28/JAN/2000	13/MAR/2009	AGM BALLOT
JOSÉ LUIS PALAO GARCÍA-SUELTO	--	DIRECTOR	01/FEB/2011	11/MAR/2011	AGM BALLOT
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	--	DIRECTOR	28/JAN/2000	11/MAR/2011	AGM BALLOT
JUAN PI LLORENS	--	DIRECTOR	27/JUL/2011	27/JUL/2011	CO-OPTION
RAMÓN BUSTAMANTE DE LA MORA	--	DIRECTOR	28/JAN/2000	12/MAR/2010	AGM BALLOT
SUSANA RODRÍGUEZ VIDARTE	--	DIRECTOR	28/MAY/2002	11/MAR/2011	AGM BALLOT
TOMÁS ALFARO DRAKE	--	DIRECTOR	18/MAR/2006	11/MAR/2011	AGM BALLOT

<b>Total number of directors</b>	<b>13</b>
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**Indicate which directors have left their seat on the board during the period:**

<b>Name of director (person or company)</b>	<b>Status of director at time of severance</b>	<b>Severance Date</b>
RAFAEL BERMEJO BLANCO	INDEPENDENT	29/MAR/2011



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B.1.3. Fill in the following tables on the board members and their different kinds of directorship:

#### EXECUTIVE DIRECTORS

Name of director (person or company)	Committee proposing his/her appointment	Post within the company organisation
FRANCISCO GONZÁLEZ RODRÍGUEZ	--	CHAIRMAN & CEO
ÁNGEL CANO FERNÁNDEZ	--	PRESIDENT & COO

Total number of executive directors	2
% of total directors	15.385

#### EXTERNAL PROPRIETARY DIRECTORS

#### EXTERNAL INDEPENDENT DIRECTORS

##### Name of director (person or company)

CARLOS LORING MARTÍNEZ DE IRUJO

##### Profile

CHAIR OF THE BOARD'S REMUNERATION COMMITTEE, SPECIALIST IN CORPORATE GOVERNANCE.

OTHER RELEVANT POSTS: PARTNER AT ABOGADOS GARRIGUES LAW FIRM.

READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID

##### Name of director (person or company)

ENRIQUE MEDINA FERNÁNDEZ

##### Profile

STATE ATTORNEY ON SABBATICAL.

OTHER RELEVANT POSTS: WORKED IN VARIOUS FINANCIAL INSTITUTIONS. DEPUTY CHAIRMAN OF GINÉS NAVARRO CONSTRUCCIONES UNTIL ITS MERGER WITH GRUPO ACS.

READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID

##### Name of director (person or company)

IGNACIO FERRERO JORDI

##### Profile

MANAGING DIRECTOR OF NUTREXPA Y LA PIARA. CHAIRMAN OF ANETO NATURAL.

READ LAW AT UNIVERSIDAD DE BARCELONA.

##### Name of director (person or company)

JOSÉ ANTONIO FERNÁNDEZ RIVERO

##### Profile

CHAIR OF RISKS COMMITTEE.

OTHER RELEVANT POSTS: GENERAL MANAGER OF THE GROUP UNTIL JANUARY 2003. HAS BEEN DIRECTOR REPRESENTING BBVA ON THE BOARDS OF TELEFÓNICA, IBERDROLA, BANCO DE CRÉDITO LOCAL, AND CHAIRMAN OF ADQUIRA. READ ECONOMICS AT UNIVERSIDAD DE SANTIAGO DE COMPOSTELA

**Name of director (person or company)**

JOSÉ LUIS PALAO GARCÍA-SUELTO

**Profile**

CHAIR OF BOARD AUDIT & COMPLIANCE COMMITTEE.

OTHER RELEVANT POSTS: WAS HEAD OF THE AUDIT & INSPECTION SERVICE AT INSTITUTO DE CRÉDITO OFICIAL AND PARTNER IN THE FINANCIAL DIVISION AT ARTHUR ANDERSEN IN SPAIN. HAS ALSO BEEN AN INDEPENDENT CONSULTANT. READ AGRICULTURAL ENGINEERING AT ETS DE INGENIEROS AGRÓNOMOS DE MADRID, ECONOMICS AND BUSINESS STUDIES AT UNIVERSIDAD COMPLUTENSE DE MADRID.

**Name of director (person or company)**

JUAN CARLOS ÁLVAREZ MEZQUÍRIZ

**Profile**

MANAGING DIRECTOR OF GRUPO EL ENEBRO, S.A.

READ ECONOMICS AND BUSINESS STUDIES AT UNIVERSIDAD COMPLUTENSE DE MADRID.

**Name of director (person or company)**

JUAN PI LLORENS

**Profile**

WAS EXECUTIVE CHAIRMAN OF IBM SPAIN AND HAS HELD VARIOUS SENIOR POSITIONS IN IBM AT AN INTERNATIONAL LEVEL.

READ INDUSTRIAL ENGINEERING AT UNIVERSIDAD POLITÉCNICA DE BARCELONA AND TOOK A GENERAL MANAGEMENT PROGRAMME AT IESE.

**Name of director (person or company)**

RAMÓN BUSTAMANTE DE LA MORA

**Profile**

DIRECTOR AND GENERAL MANAGER AND NON-EXECUTIVE DEPUTY CHAIRMAN OF ARGENTARIA, AND CHAIRMAN OF UNITARIA.

OTHER RELEVANT POSTS: VARIOUS SENIOR POSITIONS IN BANESTO.

READ ECONOMICS AND BUSINESS STUDIES AT UNIVERSIDAD COMPLUTENSE DE MADRID.

**Name of director (person or company)**

SUSANA RODRÍGUEZ VIDARTE

**Profile**

WAS DEAN OF THE SCHOOL OF ECONOMICS AND BUSINESS STUDIES, "LA COMERCIAL", DEUSTO FROM 1996 TO 2009 AND SINCE 2003 HAS BEEN DIRECTOR AT THE INSTITUTO INTERNACIONAL DE DIRECCIÓN DE EMPRESAS. HEADS THE POSTGRADUATE AREA AT THE SCHOOL OF ECONOMICS AND BUSINESS STUDIES AND IS MEMBER OF INSTITUTO DE CONTABILIDAD Y AUDITORÍA DE CUENTAS (Accountants and Auditors Institute).

PHD IN ECONOMICS AND BUSINESS STUDIES FROM UNIVERSIDAD DE DEUSTO.

**Name of director (person or company)**

TOMÁS ALFARO DRAKE

**Profile**

CHAIR OF THE BOARD APPOINTMENTS COMMITTEE.

DIRECTOR OF THE BACHELOR'S DEGREE IN BUSINESS ADMINISTRATION & MANAGEMENT, THE BUSINESS SCIENCES DIPLOMA AND THE DEGREES IN BUSINESS ADMINISTRATION & MANAGEMENT AND MARKETING AT UNIVERSIDAD FRANCISCO DE VITORIA. READ ENGINEERING AT ICAI.

<b>Total number of independent directors</b>	10
<b>% of total directors</b>	76.923

#### OTHER EXTERNAL DIRECTORS

<b>Name of director (person or company)</b>	Committee proposing his/her name
<b>JOSÉ MALDONADO RAMOS</b>	-----

<b>Total number of other external directors</b>	1
<b>% of total directors</b>	7.6923

Detail the reasons why they cannot be considered proprietary or independent directors and their affiliations with the company or its management or its shareholders.

Name of director (person or company)

JOSÉ MALDONADO RAMOS

Company, manager or shareholder with whom affiliated

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Reasons

Mr. José Maldonado Ramos was the BBVA Company Secretary and Board Secretary until 22nd December 2009, when the Board resolved his retirement as Company executive. Pursuant to article 1 of the Board Regulations, Mr Maldonado is an external director of the Bank.

Indicate any changes that may have occurred during the period in the type of directorship of each director:

B.1.4. Explain, where applicable, the reasons why proprietary directors have been appointed at the behest of shareholders whose holding is less than 5% of the capital.

Indicate whether formal petitions for presence on the board have been received from shareholders whose holding is equal to or higher than others at whose behest proprietary directors would have been appointed. Where applicable, explain why these petitions have not been satisfied.

NO

B.1.5. Indicate if any director has stood down before the end of his/her term in office, if the director has explained his/her reasons to the board and through which channels, and in the event reasons were given in writing to the entire board, explain below, at least the reasons that were given:

YES

**Name of director**

RAFAEL BERMEJO BLANCO

**Reason for leaving**

At the Board of Directors meeting on 29th March 2011, the director, Rafael Bermejo Blanco presented his resignation as he had reached the age then established under the BBVA Board Regulations. This event was reported to the securities exchange commission (CNMV) and filed as a Relevant Event.

B.1.6. Indicate any powers delegated to the managing directors managing directors(s):

**Name of director (person or company)**

FRANCISCO GONZÁLEZ RODRÍGUEZ

**Brief description**

Holds wide-ranging powers of proxy and administration in keeping with the characteristics and needs of his post as Chairman & CEO of the Company.

**Name of director (person or company)**

ÁNGEL CANO FERNÁNDEZ

**Brief description**

Holds wide-ranging powers of proxy and administration in keeping with the characteristics and needs of his post as President & COO of the Company.

B.1.7. Identify any members of the board holding posts as directors or managers in other companies that form part of the listed company's group:

<b>Name of director (person or company)</b>	<b>Name of the group</b>	<b>Position</b>
FRANCISCO GONZÁLEZ RODRÍGUEZ	BBVA BANCOMER, S.A.	DIRECTOR
FRANCISCO GONZÁLEZ RODRÍGUEZ	GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	DIRECTOR
ÁNGEL CANO FERNÁNDEZ	CHINA CITIC BANK CORPORATION LIMITED DIRECTOR (CNCB)	DIRECTOR
ÁNGEL CANO FERNÁNDEZ	TURKIYE GARANTI BANKASI A.S	DIRECTOR
ÁNGEL CANO FERNÁNDEZ	GRUPO FINANCIERO BBVA BANCOMER , S.A. DE C.V.	ACTING DIRECTOR

ÁNGEL CANO FERNÁNDEZ	BBVA BANCOMER, S.A.	ACTING DIRECTOR
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B.1.8. List, where applicable, any company directors that sit on boards of other companies publicly traded in Spain outside the group, of which the company has been informed:

B.1.9. Indicate and, where applicable, explain whether the company has established rules on the number of boards on which its directors may sit:

YES

Explanation of the rules
<p>Article 11 of the Board Regulations establishes that in the performance of their duties, directors will be subject to the incompatibility and debarment rules established under current legislation and in particular under Act 31/1968, 27th July, on senior-management incompatibilities in the private-sector banking industry. This establishes the maximum number of boards to which a bank director may belong.</p> <p>Directors may not, on their own behalf or on behalf of a third party, engage in an activity that is identical, similar or supplementary to that which constitutes the Company's corporate purpose, unless it is with the express authorisation of the Company, by resolution of the General Meeting, for the purpose of which they must inform the Board of Directors of that fact.</p> <p>Directors may not provide professional services to companies competing with the Bank or of any of its Group companies. They will not agree to be an employee, manager or director of such companies unless they have received express prior authorisation from the Board of Directors or unless these activities had been provided or conducted before they joined the Board and they had informed the Bank of them at that time.</p> <p>Directors of the Bank may not hold office in any company in which the Bank holds an interest or in any company within its Group.</p> <p>As an exception and at the discretion of the Bank, executive directors are able to hold office in companies directly or indirectly controlled by the Bank with the approval of the Executive Committee, and in other associate companies with the approval of the Board of Directors. Loss of the office of executive director carries an obligation to resign from any office in a subsidiary or associate company held by virtue of such directorship.</p> <p>Non-executive directors may hold office in the Bank's associate companies or in any other Group company provided the office is not related to the Group's holding in such companies. They must have prior approval from the Board of Directors.</p> <p>Directors may not hold political office or engage in other activities that might have a public significance or affect the image of the Bank in any manner, unless this is with prior authorisation from the Board of Directors.</p>

B.1.10. Regarding the recommendation no. 8 of the Unified Code, list the general strategies and policies in the company that the board reserves for plenary approval:

<b>Investment and funding policy;</b>	YES
<b>Definition of how the Group companies are structured</b>	YES
<b>The corporate governance policy</b>	YES
<b>The corporate social responsibility policy</b>	YES
<b>The strategic or business plan and the annual management and budgetary targets</b>	YES
<b>The policy for senior managers' remuneration and performance assessment</b>	YES
<b>The policy for overseeing and managing risks, and the periodic monitoring of the internal information and oversight systems.</b>	YES
<b>The pay-out policy and the treasury-stock policy, especially their limits</b>	YES

B.1.11. Fill in the following tables on the aggregate remuneration of directors accruing during the year:

a) In the company covered in this report:

<b>Remuneration item</b>	<b>Data in €k</b>
Fixed remuneration	7,253
Variable remuneration	4,900
Attendance fees	0
Bylaw perquisites	0
Share options and/or other financial instruments	0
Others	784

<b>Total:</b>	<b>12,937</b>
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*This English version is a translation of the original in Spanish for information purposes only.  
In the event of a discrepancy, the original Spanish-language version prevails.*

Other benefits	Data in €k
Advances	0
Loans granted	0
Funds and pension schemes: Contributions	0
Funds and pension schemes: Contractual obligations	16,831
Life insurance premiums	0
Guarantees constituted by the company for the directors	0

b) For company directors sitting on other boards of directors and/or belonging to the senior management of group companies:

Remuneration item	Data in €k
Fixed remuneration	0
Variable remuneration	0
Attendance fees	0
Bylaw perquisites	0
Share options and/or other financial instruments	0
Others	0

<b>Total:</b>	<b>0</b>
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Other benefits	Data in €k
Advances	0
Loans granted	0
Funds and pension schemes: Contributions	0
Funds and pension schemes: Contractual obligations	0
Life insurance premiums	0
Guarantees constituted by the company for the directors	0

c) Total remuneration by type of directorship:

Type of directorship	By company	By group
Executives	8,647	0
Proprietary directors	0	0
Independent External Directors	3,913	0
Other External Directors	377	0
Total:	12,937	0

d) Regarding the allocated profit of the dominant company:

Total remuneration of all directors (€k)	12,937
Total remuneration all directors/attribution profit of dominant company (expressed as %)	0.4

B.1.12. Identify the members of the senior management that are not in turn executive directors, and indicate total remuneration accruing to them during the year:

Name (person or company)	Position
VICENTE RODERO RODERO	SOUTH AMERICA
JUAN ASÚA MADARIAGA	BUSINESSES SPAIN (SPAIN & PORTUGAL)
JUAN IGNACIO APOITA GORDO	HUMAN RESOURCES AND SERVICES
EDUARDO ARBIZU LOSTAO	LEGAL, AUDIT & COMPLIANCE SERVICES
JOSÉ MARÍA GARCÍA MEYER-DOHNER	GLOBAL RETAIL & BUSINESS BANKING
MANUEL SÁNCHEZ RODRÍGUEZ	UNITED STATES
RAMÓN MARÍA MONELL VALLS	INNOVATION & TECHNOLOGY
CARLOS TORRES VILA	CORPORATE STRATEGY & DEVELOPMENT
GREGORIO PANADERO ILLERA	COMMUNICATION & BRAND



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MANUEL GONZÁLEZ CID	FINANCE DEPARTMENT
MANUEL CASTRO ALADRO	RISKS
JOSÉ BARREIRO HERNÁNDEZ	CORPORATE & INVESTMENT BANKING
IGNACIO DESCHAMPS GONZÁLEZ	MEXICO

Total senior management remuneration (€k)	24,469
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B.1.13. Identify in aggregate terms whether there are any ring-fence or guarantee clauses for cases of dismissal or changes of control in favour of the senior management, including executive directors, of the company or of its group. Indicate whether these contracts must be disclosed and/or approved by the company or group governance bodies:

Number of beneficiaries	13
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	Board of Directors	General Meeting
Body authorising the clauses	YES	NO

Is the General Meeting informed of the clauses?	YES
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B.1.14. Indicate the process to establish remuneration of board members and the relevant bylaw clauses.

Process to establish remuneration of board members and the relevant bylaw clauses.
<p>The remuneration system for the the pay of all the members of the Board of Directors, as directors, has to be approved by the board, pursuant to article 36 of the Board Regulations, at the proposal of the Remuneration committee, made up exclusively by external directors. Thus, section b of article 17 of the Board Regulations establishes that the Board must approve directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that their contracts must include.</p> <p>Article 53 of the BBVA Bylaws "Allocation of profit or losses" establishes the following:</p> <p>The General Meeting will resolve on the allocation of profit or losses from the year, in accordance with the balance sheet approved.</p> <p>The Company's net earnings will be distributed in the following order:</p> <p>a) Allocation to insurance-benefit reserves and funds required by prevailing legislation and, where applicable, to</p>

the minimum dividend mentioned under article 13 of these Company Bylaws.

- b) A minimum of four per cent of the paid-up capital, allocated to shareholder dividends.
- c) Four per cent allocated to remuneration for the services of the Board of Directors and of the Executive Committee, except where the Board resolves to reduce that percentage in years when it deems this appropriate. The resulting figure will be made available to the Board of Directors to distribute amongst its members at the time and in the form and proportion that the Board determines. It may be paid in cash or, if the General Meeting so resolves pursuant to the law, by delivery of shares, share options or remuneration indexed to the share price.

This amount may only be taken out after the shareholders' right to the minimum four per cent dividend mentioned above has been duly recognised.

Article 50 bis of the BBVA Bylaws establishes the following for executive directors:

Article 50 bis

Directors who have executive functions in the Company attributed to them, whatever the nature of their legal relationship with it, will be entitled to receive remuneration for providing these services. This will consist of: a fixed amount, in keeping with the services and responsibilities of the post; a variable supplement and any reward schemes established in general for the senior management of the Bank. These may comprise delivery of shares or share options or remuneration indexed to the share price, subject to any requirements established by prevailing legislation. Their remuneration also includes benefits, such as the relevant retirement and insurance schemes and social security. In the event of severance not due to breach of duties, these directors will be entitled to compensation. Under the BBVA Board Regulations, the Remuneration Committee has powers to determine the extent and amount of the remuneration, entitlements and other economic rewards for the Chairman & CEO, the President & COO and, where applicable, other executive directors of the Bank, Chairman, the Chief Operating Officer and other executive directors of the Bank, so that these can be submitted to the Board of Directors. The Remuneration Committee, which comprises only external directors, which must comprise exclusively external directors (and is currently made up of a majority of independent directors), annually determines the updating of the fixed and variable remuneration of the executive directors and establishes the applicable targets in order to determine their variable remuneration. This is later approved by the Board of Directors.

Remuneration linked to Bank shares:

In this case, the law establishes that resolution must be passed by the General Meeting, at the proposal of the Board of Directors, following a proposal from the Remuneration Committee. Thus, the Bank's General Meeting, 12th March 2010, approved a Multi-Year Variable Share Remuneration Programme for 2010 and 2011. The Programme allocates each beneficiary (members of the Group senior management, including executive directors and members of the Management committee) a number of units, according to their level of responsibility, which may, at the end of the Programme, give rise to the delivery of ordinary shares in BBVA as a function of BBVA's TSR performance benchmarked against a peer group. Similarly, the Bank's General Meeting, 11th March 2011, adopted a system of Variable Remuneration in Shares for the Management for 2011. The system is based on an incentive for the management. Each year, every manager is awarded an allocation of units that will serve as the basis for establishing how many shares will be delivered on the settlement date. This number will be associated with the manager's degree of compliance with a set of Group-level indicators.

The following is established for the non-executive directors:

Pursuant to article 53 of the Company Bylaws, the Board of Directors adopted a remuneration system for the Company directors that is not applicable to the executive directors. The system determines a fixed amount for the directorship, valuing the responsibility, dedication and incompatibilities the directorship entails. It also comprises another fixed amount for the members of the various Board Committees, valuing the responsibility, dedication and incompatibilities sitting on these committees involves, applying a heavier weighting to the post of chair on each committee. The General Meeting, 11th March 2011, resolved to renew the remuneration system with deferred delivery of shares approved at the General Meeting, 18th March 2006. This comprises the annual allocation over five years of “theoretical BBVA shares” to non-executive directors in the Bank, as part of their pay, which will be delivered, where applicable, on the date on which they cease to be directors on any grounds other than serious dereliction of duty.

In the General Meeting scheduled for 16th March 2012, the Company is planning to propose the amendment of article 53 of the Bank's Company Bylaws and to include a new article 33 bis which regulates the remuneration of the Board of Directors..

State whether the board, in plenary session, has reserved powers to approve the following resolutions:

<b>At the proposal of the company's chief executive officer, the appointment and possible separation of senior managers from their posts, as well as their severance compensation clauses.</b>	YES
<b>Directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that must be included in their contracts.</b>	YES

B.1.15. Indicate whether the board of directors approves a detailed remuneration policy and explain on which issues it pronounces its opinion:

YES

<b>Amount of the fixed components, with breakdown, where applicable, of fees for attending the board and its committee meetings and an estimate of the fixed annual remuneration arising from the same</b>	YES
<b>Variable remuneration items</b>	YES
<b>Main specifications of the pension schemes, with an estimate of their amount or equivalent annual cost.</b>	YES
<b>Conditions that the contracts of executive directors in senior management positions must respect</b>	YES

B.1.16. Indicate whether the board of directors submits an annual report on the directors pay policy to the General Meeting for consultation purposes. If so, explain the aspects of the report on the remuneration policy approved by the board for future years, the most significant changes in this policy compared to the policy applied during the year and a global summary of how the remuneration policy was applied during the year. Describe the role played by the remuneration committee and if external advisors have been engaged, the identity of the consultants involved:

YES

Issues on which the board pronounces on remuneration policy
<p>The report on the BBVA Board of Directors Remuneration Policy contains a description of the general principles of the Group remuneration policy and its specific application to BBVA directors; the remuneration system for the executive directors and its components, including both fixed and variable remuneration (comprising an ordinary variable remuneration in cash and another variable remuneration in shares); distribution of the total annual remuneration, corporate pension scheme and other remuneration items; the main characteristics of the executive directors' contracts with BBVA; the remuneration system for non-executive BBVA directors, including fixed remuneration and the remuneration system with deferred delivery of shares; the evolution of the total remuneration of the Board and future policy, thereby offering maximum transparency in this matter.</p> <p>The report on the BBVA Board of Directors Remuneration Policy was furnished by the Remuneration Committee and submitted to the Board of Directors for its approval. It was then put to a consultative vote at the Bank's General Meeting, 11th March 2011, as a separate agenda item. The General Meeting approved it.</p>

Role of the Remuneration and Appointments Committee
<p>The duties of the Remuneration Committee are reflected in article 36 of the Board Regulations as follows:</p> <ol style="list-style-type: none"> <li>1. Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company Bylaws. This system will deal with the items comprising the system, their amounts and method of payment.</li> <li>2. - Determine the extent and amount of the remuneration, entitlements and other economic rewards for the Chairman &amp; CEO, the President &amp; COO and, where applicable, other executive directors of the Bank, so that these can be reflected in their contracts. The Committee's proposals on such matters will be submitted to the Board of Directors.</li> <li>3. Issue a report on the directors' remuneration policy each year. This will be submitted to the Board of Directors, which will apprise the Company's Annual General Meeting of this.</li> <li>4. Propose the remuneration policy for senior management to the Board and the basic terms and conditions to be contained in their contracts, directly supervising the remuneration of the senior managers responsible for risk management and with compliance functions within the Entity.</li> <li>5. Propose the remuneration policy to the Board for employees whose professional activities may have a significant impact on the Entity's risk profile.</li> <li>6. Oversee observance of the remuneration policy established by the Company and periodically review the remuneration policy applied to executive directors, senior management and employees whose professional activities may have a significant impact on the Entity's risk profile.</li> <li>7. Any other duties that may have been allocated under these Regulations or attributed to the Committee by a Board of Directors resolution.</li> </ol> <p>In the performance of its duties, the Remuneration Committee will consult with the Chairman of the Board and, where applicable, the Company's chief executive officer via the Committee Chair, especially with respect to matters related to executive directors and senior managers.</p>

Has external consultancy been used?	YES
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<b>Identity of external consultants.</b>
Towers Watson and Garrigues Human Capital

B.1.17. Indicate, where applicable, the identity of board members who also sit on boards or form part of the management of companies that hold significant shareholdings in the listed company and/or in its group companies:

List the relevant affiliations other than those considered in the above paragraph that link board members to significant shareholders and/or companies in their group:

B.1.18. Indicate whether during the year there has been any change in the board regulations:

YES

<b>Description of changes</b>
<p>During 2011, the BBVA Board of Directors resolved to amend the following articles of the Board Regulations: Article 1. Conditions of directorship, to amend the definition of independent and proprietary directors; Article 4. Term of office, to amend the age limit for directors and to introduce a technical improvement regarding the term of directors co-opted pursuant to article 244 of the Corporate Enterprises Act; Article 11. Incompatibility, to adapt the regulations to article 230 of the Corporate Enterprises Act regarding debarment of directors; Article 17. Functions of the Board of Directors, to adapt it to Directive 76/2010 regarding the approval of the remuneration policy for employees whose professional activities may have a significant impact on the Entity's risk profile; Article 20. Quorum and approval of resolutions, to adapt its wording to article 247.2 of the Corporate Enterprises Act; Article 22. Adoption of resolutions in writing without meeting, to eliminate references to the Companies Act; Article 24. Meeting procedures, to include the possibility of holding Board meetings over remote communication media; Article 26. Composition (of the Executive Committee), to amend the composition of the Executive Committee; Article 29. Composition (of the Audit &amp; Compliance Committee) and Article 30. Functions of the Audit &amp; Compliance Committee, to adapt these to the Additional Provision 18 of the Securities Exchange Act, including the functions this Committee must have; Article 36. Functions (of the Remuneration Committee), to adapt it to Directive 76/2010 and Royal Decree 771/2011, including amongst its functions the proposal to the Board of the remuneration policy for employees subject to the principles in the Directive and direct oversight of the remuneration of senior managers tasked with the Bank's risk management and compliance functions; Article 40. Rules of organisation and operation (of the Risks Committee) to include the Risks Committee's power to request attendance at its meetings of persons with positions in the Group that are related to the Committee's functions and to receive advice from experts.</p> <p>The aforementioned amendments to the Board Regulations were analysed by the Executive Committee prior to their approval by the Board of Directors. The Board Regulations can be read on the Bank's corporate website (<a href="http://www.bbva.com">www.bbva.com</a>).</p>

**B.1.19. Indicate procedures for the appointment, re-election, evaluation and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.**

**Appointment:**

Articles 2 and 3 of the Board Regulations stipulate that members will be appointed to the Board by the General Meeting without prejudice to the Board's right to co-opt members in the event of any vacancy.

In any event, persons proposed for appointment as directors must meet the requirements pursuant to applicable legislation, the special code for financial institutions and the Company bylaws.

The Board of Directors will put its proposals to the Company's General Meeting in such a way that there is an ample majority of external directors over executive directors on the Board and that the number of independent directors accounts for at least one third of the total seats.

The Board will approve the proposals it submits to the General Meeting for appointment or re-election of directors and its resolutions to co-opt directors at the proposal of the Appointments Committee in the case of independent directors, and following a report from said Committee for all other directors.

The Board's resolutions and deliberations on these matters will take place in the absence of the director whose re-election is proposed. If the director is at the meeting, he/she must leave the room.

Directors will stay in office for the term defined by the Company Bylaws under a resolution passed by the General Meeting. If they have been co-opted, they will stay in office until the first General Meeting is held. The General Meeting may then ratify their appointment for the term of office remaining to the director whose vacancy they have covered through co-option, or else appoint them for the term of office established under the Company Bylaws.

**Re-election:**

See above Section

**Evaluation:**

Article 17 of the Board Regulations indicates that the Board of Directors will be responsible for assessing the quality and efficiency in the operation of the Board and its Committees, on the basis of the reports that said Committees submit. Also to assess the performance of the Chairman of the Board and, where pertinent, of the Company's chief executive officer, on the basis of the report submitted by the Appointments Committee.

Moreover, article 5 of the Board Regulations establishes that the Chairman, who is responsible for the efficient running of the Board, will organise and coordinate with the chairs of the relevant committees to carry out periodic assessment of the Board, and of the chief executive officer of the Bank when this post is not also held by the Chairman.

Pursuant to the provisions of these Board Regulations, the Board of Directors assessed the quality and efficacy of its own performance and that of its Committees and the performance of the duties of the Chairman, both as Chairman of the Board and as Chief Executive Officer of the Bank.

Severance:

Directors will stand down from office when the term for which they were appointed has expired, unless they are re-elected.

Directors must apprise the Board of any circumstances affecting them that might harm the Company's corporate reputation and credit and, in particular, of any criminal charges brought against them and any significant changes that may arise in their standing before the courts.

Directors must place their directorship at the disposal of the Board and accept its decision regarding their continuity in office. If its decision is negative, they are obliged to tender their resignation under the circumstances listed in section B.1.20. below.

Directors will resign their positions on reaching 75 years of age. They must present their resignation at the first meeting of the Bank's Board of Directors after the General Meeting that approves the accounts for the year in which they reach this age.

#### **B.1.20. Indicate the circumstances under which directors are obliged to resign.**

Apart from the cases established in the applicable legislation, article 12 of the BBVA Board Regulations establishes that board members must place their directorship at the disposal of the board of directors and accept the board's decision on whether or not they are to continue to sit on it. Should the Board decide against their continuity, they are obliged to present their formal resignation in the following circumstances:

- When they are affected by circumstances of incompatibility or debarment as defined under prevailing legislation, in the Company's Bylaws or in the Director's Charter.
- When significant changes occur in their professional situation or that may affect the condition by virtue of which they were appointed to the Board.
- When they are in serious dereliction of their duties as directors.
- When the director, acting as such, has caused severe damage to the Company's assets or its reputation or credit, and/or no longer displays the commercial and professional honour required to hold a Bank directorship.

**B.1.21. Explain whether the role of chief executive officer in the company is played by the chairman of the board. If so, indicate the measures taken to limit the risks of accumulating powers in a single person:**

YES

Measures to limit risks
<p>Article 5 of the Board Regulations establishes that the Chairman of the Board will also be the Bank's chief executive officer unless the Board resolves to separate the posts of chairman and chief executive officer on the grounds of the Company's best interests. Under the Company Bylaws, the Chairman will, in all cases, be the highest-ranking representative of the Company. However, under article 45 and 46 of the Bylaws, the Company has an Executive Committee with the following powers: To formulate and propose general policy guidelines, the criteria for setting targets and preparing programmes, examining the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the Entity; to determine the volume of investment in each individual activity; to approve or reject transactions, determining methods and conditions; to arrange inspections and internal or external audits of all areas of operation of the Entity; and in general to exercise the authority conferred on it by the Board of Directors. Likewise, article 49 of the Bylaws establishes that the Company has a President &amp; Chief Operating Officer. He/she has broad-ranging powers delegated by the Board, with the powers inherent to this post to administer and represent the Company. The heads of all the Company's business areas and some of the Company's support areas report to him/her. Finally, the Board has the support of various committees to help it better perform its duties. These include the Audit &amp; Compliance Committee, the Appointment Committee, the Remuneration Committee and the Risks Committee, which help the Board on issues corresponding to business within the scope of their powers. Their composition, rules of organisation and operation are reflected in section B.2.3. below.</p>

Indicate and, where applicable, explain whether rules have been established to empower one of the independent directors to request a board meeting be called or new business included on the agenda, to coordinate and give voice to the concerns of external directors and to direct the assessment by the Board of Directors

NO

**B.1.22. Are reinforced majorities required, other than the legal majorities, for any type of resolution?**

NO

Indicate how resolutions are adopted in the board of directors, giving at least the minimum quorum for attendance and the type of majorities required to adopt resolutions:

**Description of resolution:**

1) Appointment of an Executive committee and appointment of the President & Chief Operating Officer

Quorum	%
Half plus one of its members, present or represented	50.01



Type of majority	%
Favourable vote of 2/3 of members	66.66

**Description of resolution:**

**Other resolutions**

Quorum	%
Half plus one of its members, present or represented	50.01

Type of majority	%
Absolute majority of votes, present or represented	50.01

B.1.23. Explain whether there are specific requirements, other than those regarding directors, to be appointed chairman?

NO

B.1.24. Indicate whether the chairman has a casting vote:

NO

B.1.25. Indicate whether the bylaws or the board regulations establish any age limit for directors:

YES

Age limit for chairman	Age limit for managing director (COO)	Age limit for directors
0	0	75

B.1.26. Indicate whether the bylaws or the board regulations establish any limit for independent directors' term of office:

NO

Maximum number of years in office	0
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**B.1.27. If there are few or no female directors, explain the reasons and the initiatives adopted to correct the situation**

Explanation of reasons and initiatives
<p>Article 3 of the Board Regulations establishes that the proposals that the Board submits to the Company's General Meeting for the appointment or re-election of directors and the resolutions to co-opt directors made by the Board of Directors will be approved at the proposal of the Appointments Committee in the case of independent directors and on the basis of a report from said Committee in the case of all other directors. The Board's resolutions and deliberations on these matters will take place in the absence of the director whose re-election is proposed. If the director is at the meeting, he/she must leave the room. The Appointments Committee is tasked with formulating and providing information for the proposals to appoint and re-elect directors. To such end, the Board Regulations establish that the Committee will evaluate the skills, knowledge and expertise that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in view of the needs that the Company's governing bodies may have at any time. The Committee will ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought are included on the shortlists in the event of no or few female directors.</p> <p>During 2011, the Appointments Committee carried out two selection processes. In both, the Committee ensured that there are no implicit biases that may hinder the access of women to the vacancies. It evaluated the skills, knowledge and expertise of all the candidates according to the needs of the governing bodies at any time, assessing the dedication necessary to be able to suitably perform their duties in view of the needs that the Company's governing bodies may have at any time. For these selection process, the Committee has received support from one of the most prestigious consultancy firms on the international market in the selection of directors. In both process, the external expert was expressly requested to include women with the suitable profile amongst the candidates to be presented and the Committee analysed the personal and professional profiles of all the candidates presented on the basis of the information provided by the consultancy firm, according to the needs of the Bank's governing bodies at any time. The skills, knowledge and expertise necessary to be a Bank director were evaluated and the rules on incompatibilities and conflicts of interest as well as the dedication deemed necessary to be able to comply with the duties was taken into account. These selection processes ended in the proposal to the Board that Mr José Luís Palao García-Suelto and Mr Juan Pi Llorens be appointed as Bank directors, both with the status of independent directors.</p> <p>Following the above procedures, the Board also carried out another process to select a new candidate as BBVA director for proposal to the General Meeting ending in the selection of Ms Belén Garijo López. It is expected that the Board, at the proposal of the Appointments Committee, will propose her appointment to the General Meeting to be held in March 2012.</p>

In particular, indicate whether the appointments & remuneration committee has established procedures for selecting female directors and deliberately seeks candidates meeting the required profile:

YES

Indicate the main procedures.
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See previous Section.

The Appointments Committee, in compliance with the Board Regulations, takes care to ensure that the director recruitment procedures include women who meet the professional profile sought amongst potential candidates, such that there are no implicit biases hindering the selection of female directors.

**B.1.28. Indicate whether there are formal processes for delegating votes on the board of directors. If so, describe them briefly.**

The BBVA Board Regulations establishes that directors are obliged to attend the meetings of corporate bodies and the meetings of the Board Committees on which they sit, unless for a justifiable reason. Directors will participate in the discussions and debates on matters submitted for their consideration.

However, article 21 of the Board Regulations establishes that should it not be possible for a director to attend any of the Board meetings, he or she may grant proxy to another director to represent and vote for him or her. This will be done by a letter, fax, telegram or email sent to the Company with the information required for the proxy director to be able to follow the absent director's indications.

**B.1.29. Indicate the number of meetings the Board of Directors has held during the year. Where applicable, indicate how many times the board has met without the chairman in attendance:**

<b>Number of Board Meetings</b>	<b>12</b>
<b>Number of Board Meetings not attended by the Chairman</b>	<b>0</b>

Indicate the number of meetings the board's different committees have held during the year.

<b>Number of Executive Committee meetings</b>	<b>18</b>
<b>Number of Audit Committee meetings</b>	<b>12</b>
<b>Number of Appointments &amp; Remuneration Committee meetings</b>	<b>0</b>
<b>Number of Appointments Committee meetings</b>	<b>10</b>
<b>Number of Remuneration Committee meetings</b>	<b>9</b>

**B.1.30. Indicate the number of meetings the board of directors has held during the year without the attendance of all its members. In calculating this number, non-attendance shall include proxies given without specific instructions:**

<b>Number of non-attendances by directors during the year</b>	<b>1</b>
<b>% of non-attendances to total votes during the year</b>	<b>0.69</b>

B.1.31. Indicate whether the individual and consolidated financial statements presented to the board's approval are certified beforehand:

NO

Where applicable, identify the person(s) who has(have) certified the individual and consolidated financial statements to be filed by the board:

B.1.32. Explain the mechanisms, if any, established by the board of directors to prevent the individual and consolidated financial statements that it files from being presented to the AGM with a qualified auditor's report.

Article 2 of the BBVA Audit & Compliance Committee's regulations establishes that the Committee, consisting exclusively of independent directors, will have the task of assisting the Board of Directors in supervising the BBVA Group's financial statements and in the exercise of its oversight duties for the BBVA Group. The following are included within the scope of its duties: supervising the sufficiency, adequacy and effectiveness of the internal oversight systems and to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in the annual and quarterly reports. This also applies to the accounting and financial information required by the Bank of Spain or other regulatory bodies of countries where the Group operates.

The Committee will verify that the audit schedule is being carried out under the service agreement with suitable periodicity and that it satisfies the requirements of the competent authorities (in particular the Bank of Spain) and the Bank's governing bodies. It will periodically (at least once a year) request the auditors to provide an assessment of the quality of internal oversight procedures in the Group.

The Committee will also be apprised of any infractions, situations requiring corrections, or anomalies of relevance that may be detected while the external audit is being carried out. Relevance will mean any circumstances that, on their own or together as a whole, may give rise to significant material damage or impact on the Group's net worth, earnings or reputation. It is up to the external auditor's discretion to decide what is of relevance and, in the event of any doubt, the auditor will opt for communication.

B.1.33. Is the company secretary a director?

NO

B.1.34. Explain the appointment and severance procedures for the secretary of the board, indicating whether his/her appointment and severance has been reported to the appointments committee and approved by the board in a plenary meeting.

<b>Appointment and severance procedure</b>
--

The BBVA Board Regulations establish that the Board of Directors will appoint a secretary from amongst its members, on the basis of a report from the Appointments & Remuneration Committee, unless it resolves to commend these duties to a person other than a Board member. The same procedure will apply to the severance of the secretary from his or her duties.

<b>Does the Appointments Committee have a say in his/her appointment?</b>	YES
<b>Does the Appointments Committee have a say in his/her severance?</b>	YES
<b>Does the Board, in plenary, approve the appointment?</b>	YES
<b>Does the Board, in plenary, approve the severance?</b>	YES

Does the secretary of the board have the duty to take special care in overseeing good governance recommendations?

YES

<b>Observations</b>
Article 23 of the Board Regulations establishes that the secretary, as well as performing the duties attributed by law and by the Company Bylaws, will be concerned with the formal and material legality of the Board's actions, ensuring they are in compliance with the Company Bylaws, the General Meeting Regulations and the Board Regulations, and that they take into account recommendations on good governance that the Company has underwritten at any time.

**B.1.35. Indicate what mechanisms the company has established, if any, to preserve the independence of the auditor, the financial analysts, the investment banks and the rating agencies.**

The BBVA Audit & Compliance Committee regulations establish that this Committee's duties, described in section B.2.3.2., include ensuring the independence of the external audit in two ways:

- ensuring that the auditors' warnings, opinions and recommendations cannot be compromised.
- establishing the incompatibility between the provision of audit services and the provision of consultancy, unless there are no alternatives in the market to the auditors or companies in the auditors' group of equal value in terms of their content, quality or efficiency. In such event, the Committee must grant its approval, which can be done in advance by delegation to its chair.

This matter is subjected to special attention by the Audit Committee, which holds periodic meetings with the external auditor, without Bank directors being present, to know the details of the progress and quality of the external audit work, as well as to confirm the independence of the performance of their duties. It also monitors the engagement of consultancy services to ensure compliance with the Committee's Regulations and the applicable legislation in order to safeguard the independence of the external auditor.

*This English version is a translation of the original in Spanish for information purposes only.  
In the event of a discrepancy, the original Spanish-language version prevails.*

Likewise, in compliance with point six of section 4 of the additional provision 18 to the Securities Exchange Act and article 30 of the BBVA Board Regulations, each year, before the audit report is issued, the Audit & Compliance Committee must submit a report expressing an opinion on the independence of the auditors or audit firms. This report must, in all events, state the provision of any additional services provided to Group entities. The external auditor must also issue a report each year, confirming its independence from BBVA or entities directly or indirectly related to BBVA. The report must also include information on additional services of any kind provided to such entities by said auditors or by persons or entities related to them, pursuant to the Accounts Auditing Act.

In compliance with these obligations, the corresponding reports have been issued on the independence of the auditor.

Additionally, as BBVA shares are listed on the New York stock exchange, the Bank is subject to compliance with the standards established in this respect under the Sarbanes Oxley Act and its ramifications.

B.1.36. Indicate whether the company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

NO

Outgoing auditor	Incoming auditor

If there were disagreements with the outgoing auditor, explain their grounds:

NO

B.1.37. Indicate whether the audit firm does other work for the company and/or its group other than the audit. If so, declare the amount of fees received for such work and the percentage of such fees in the total fees charged to the company and/or its group.

YES

	Company	Group	Total
<b>Amount of non-audit work (€k)</b>	860	2,506	3,366
<b>Amount of non-audit work / total amount billed by the audit firm (%)</b>	9.760	15.990	13.750

B.1.38. Indicate whether the audit report on the annual financial statements for the previous year contained reservations or qualifications. If so, indicate the reasons given by the chairman of the audit committee to explain the content and scope of such reservations or qualifications.

NO

B.1.39. Indicate the number of consecutive years during which the current audit firm has been doing the audit of the financial statements for the company and/or its group. Indicate the percentage of the number of years audited by the current audit firm to the total number of years in which the annual financial statements have been audited:

	Company	Group
<b>Number of consecutive years</b>	9	9

	Company	Group
<b>Number of years audited by current audit firm / number of years the company has been audited (%)</b>	90.0	90.0

B.1.40. Indicate the holdings of the company's board members in the capital of institutions that have the same, an equivalent or a supplementary kind of activity to that of the corporate object of the company and its group, that have been communicated to the company. Indicate the posts or duties they exercise in these institutions:

B.1.41. Indicate and, where applicable, give details on the existence of a procedure for directors to engage external advisory services:

YES

<b>Details of the procedure</b>
<p>Article 6 of the BBVA Board Regulations expressly recognises that the directors may request any additional information or advice they require to comply with their duties, and may ask the Board of Directors for expert help from outside the Bank for any matters put to their consideration whose special complexity or importance makes this advisable.</p> <p>The Audit &amp; Compliance Committee, pursuant to article 31 of the Board Regulations, may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence.</p> <p>Under articles 34, 37 and 40 of the Board Regulations, the rest of the Committees may request the advisory services they consider necessary to establish an informed opinion regarding issues within their scope of powers. They will channel the request through the Secretary of the Board.</p>

Indicate and, where applicable, give details on the existence of a procedure for directors to obtain the information they need to prepare the meetings of the governing bodies in sufficient time:

YES

Details of the procedure
Article 6 of the Board Regulations establishes that directors will be apprised of sufficient information to be able to form their own opinions regarding the questions that the Bank's governing bodies are empowered to deal with. They may request any additional information or advice they require to comply with their duties. Exercise of these rights will be channelled through the Chairman and/or Secretary of the Board of Directors. The Chairman and/or Secretary will attend to requests by providing the information directly or by establishing suitable arrangements within the organisation for this purpose, unless a specific procedure has been established in the regulations governing the Board Committees.

B.1.43. Indicate and, where applicable give details, whether the company has established rules obliging directors to report and, where applicable, resign under circumstances that may undermine the company's credit and reputation:

YES

Explanation of the rules
Article 12 of the Board Regulations establishes that directors must apprise the Board of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them and any significant changes that may arise in their standing before the courts.  Directors must place their office at the disposal of the Board and accept its decision regarding their continuity or non-continuity in office. Should the Board resolve they not continue, they will accordingly tender their resignation when, for events that can be traced to the director as such, have caused serious damage to the company's net worth, credit and/or reputation or no longer displays the commercial and professional honour necessary to hold a Bank directorship.

B.1.44. Indicate whether any board member has informed the company of being sued or having any court proceedings opened against him or her for any of the offences listed in article 124 of the Companies Act:

NO

Indicate whether the board of directors has analysed the case. If so, explain the grounds for the decision reached as to whether or not the director should remain on the board.

NO

Decision taken	Explanation

## B.2. Board of Directors' committees

B.2.1. List all the Board of Directors' committees and their members:



#### EXECUTIVE COMMITTEE

Name	Position	Type
FRANCISCO GONZÁLEZ RODRÍGUEZ	CHAIRMAN & CEO	EXECUTIVE
ÁNGEL CANO FERNÁNDEZ	MEMBER	EXECUTIVE
ENRIQUE MEDINA FERNÁNDEZ	MEMBER	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	INDEPENDENT
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	MEMBER	INDEPENDENT

#### AUDIT COMMITTEE

Name	Position	Type
JOSÉ LUIS PALAO GARCÍA-SUELTO	CHAIR	INDEPENDENT
CARLOS LORING MARTÍNEZ DE IRUJO	MEMBER	INDEPENDENT
RAMÓN BUSTAMANTE DE LA MORA	MEMBER	INDEPENDENT
SUSANA RODRÍGUEZ VIDARTE	MEMBER	INDEPENDENT
TOMAS ALFARO DRAKE	MEMBER	INDEPENDENT

#### APPOINTMENTS COMMITTEE

Name	Position	Type
TOMÁS ALFARO DRAKE	CHAIR	INDEPENDENT
JOSÉ ANTONIO FERNÁNDEZ RIVERO	MEMBER	INDEPENDENT
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	MEMBER	INDEPENDENT
SUSANA RODRÍGUEZ VIDARTE	MEMBER	INDEPENDENT

#### REMUNERATION COMMITTEE

Name	Position	Type
CARLOS LORING MARTÍNEZ DE IRUJO	CHAIR	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	INDEPENDENT
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JUAN PI LLORENS	MEMBER	INDEPENDENT
SUSANA RODRÍGUEZ VIDARTE	MEMBER	INDEPENDENT

#### RISKS COMMITTEE

Name	Position	Type
JOSÉ ANTONIO FERNÁNDEZ RIVERO	CHAIR	INDEPENDENT
ENRIQUE MEDINA FERNÁNDEZ	MEMBER	INDEPENDENT
JOSÉ LUIS PALAO GARCÍA-SUELTO	MEMBER	INDEPENDENT
JUAN PI LLORENS	MEMBER	INDEPENDENT
RAMÓN BUSTAMANTE DE LA MORA	MEMBER	INDEPENDENT

#### B.2.2. Indicate the duties assigned to the audit committee:

<b>Supervise the process of drawing up the financial information and its integrity for the Company and its Group, reviewing compliance with regulatory requirements, the appropriate scope of the consolidation perimeter and the correct application of accounting principles</b>	YES
<b>Periodically review the systems of internal risk management and oversight to ensure the main risks are properly identified, managed and made known.</b>	YES
<b>Ensure the independence and effectiveness of the internal audit; propose the selection, appointment, re-election and severance of the internal audit officer; propose the budget for the internal audit service; receive periodic information on their activities; and verify that the senior management pay due heed to the conclusions and recommendations of their reports</b>	YES
<b>Establish and supervise a mechanism that enables employees to confidentially and, if this is deemed appropriate, anonymously communicate irregularities they notice within the Company that may be of potential importance, especially financial and accounting irregularities.</b>	YES
<b>Put to the Board the proposals for selection, appointment, re-election and substitution of the external</b>	YES

<b>auditor and the terms and conditions of engagement.</b>	
<b>Receive regular information from the external auditor on the audit plan and the outcome of its execution, verifying that the senior management takes due note of its recommendations.</b>	YES
<b>Ensure the independence of the external auditor</b>	YES
<b>In the case of groups, help the group auditor take responsibility for the audits of the companies comprising it.</b>	YES

**B.2.3. Give a description of the rules governing the organisation and operation of each of the board committees and the responsibilities attributed to each.**

**Name of the Committee:**

APPOINTMENTS COMMITTEE

**Brief description:**

B.2.3.4. Appointments Committee:

The Board Regulations establish the following:

Article 32. Composition: The Appointments Committee will consist of at least three members, appointed by the Board of Directors, which will also appoint the Committee Chair. All the Committee members must be external directors, with a majority of independent directors. Its Chair must be an independent director. When the Chair cannot be present, his/her duties will be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

Article 33. Functions: The functions of the Appointments Committee will be as follows: 1. Draw up and report proposals for appointment and re-election of directors under the terms and conditions established in the first paragraph of article 3 of the Board Regulations. To such end, the Committee will evaluate the skills, knowledge and expertise that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in view of the needs that the Company's governing bodies may have at any time. The Committee will ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought are included on the shortlists, when there are no or few female directors. When drawing up proposals for the appointment and re-election of directors, the Committee will take into account, in case they are considered suitable, any applications that may be made by any Board member for potential candidates to fill the vacancies. 2. Review the status of each director each year, so that this may be reflected in the Annual Corporate Governance Report. 3. Report on the performance of Chairman of the Board and, where applicable, the Company's chief executive, such that the Board can make its periodic assessment, under the terms established in the Board Regulations. 4. Should the chairmanship of the Board or the post of chief executive officer fall vacant, the Committee will examine or organise, in the manner it deems suitable, the succession of the Chairman and/or chief executive officer and put corresponding proposals to the Board for an orderly, well-planned succession. 5. Report any appointment and severance of senior managers. 6. Any others that may have been allocated under the Board Regulations or attributed to the Committee by a Board of Directors resolution. In the performance of its duties, the Appointments Committee will consult with the Chairman of the Board and, where applicable, the chief executive

officer via the Committee Chair, especially with respect to matters related to executive directors and senior managers.

Article 34. Rules of organisation and operation: The Appointments Committee will meet as often as necessary to perform its duties, convened by its Chair or by whosoever stands in for its Chair pursuant to article 32 of the Board Regulations. The Committee may request the attendance at its sessions of persons with positions in the group that are related to the Committee's functions. It may also obtain advice as necessary to establish criteria related to its business. This will be done through the Secretary of the Board. The system for convening meetings, quorums, the adoption of resolutions, minutes and other details of its operation will be in accordance with the provisions of the Board of Directors Regulations insofar as they are applicable.

**Name of the Committee:**

REMUNERATION COMMITTEE

**Brief description:**

B.2.3.5. Remuneration Committee:

The Board Regulations establish the following:

Article 35. Composition: The Remuneration Committee will consist of at least three members, appointed by the Board of Directors, which will also appoint the Committee Chair. All the Committee members must be external directors, with a majority of independent directors. Its Chair must be an independent director. When the Chair cannot be present, his/her duties will be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

Article 36. Functions: The functions of the Remuneration Committee will be as follows:

1. Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company Bylaws. This system will deal with the items comprising the system, their amounts and method of payment.
2. Determine the extent and amount of the remuneration, entitlements and other economic rewards for the Chairman & CEO, the President & COO and, where applicable, other executive directors of the Bank, so that these can be reflected in their contracts. The Committee's proposals on such matters will be submitted to the Board of Directors.
3. Issue a report on the directors' remuneration policy each year. This will be submitted to the Board of Directors, which will apprise the Company's annual General Meeting of this.
4. Propose the remuneration policy for senior management to the Board, and the basic terms and conditions to be contained in their contracts, directly supervising the remuneration of the senior managers responsible for risk management and with compliance functions within the Entity.
5. Propose the remuneration policy to the Board for employees whose professional activities may have a significant impact on the Entity's risk profile.
6. Oversee observance of the remuneration policy established by the Company and periodically review the remuneration policy applied to executive directors, senior management and employees whose professional

activities may have a significant impact on the Entity's risk profile.

7. Any others that may have been allocated under the Board Regulations or attributed to the Committee by a Board of Directors resolution.

In the performance of its duties, the Remuneration Committee will consult with the Chairman of the Board and, where applicable, the Company's chief executive officer via the Committee Chair, especially with respect to matters related to executive directors and senior managers.

Article 37. Rules of organisation and operation: The Remuneration Committee will meet as often as necessary to perform its duties, convened by its Chair or by whomever stands in for its Chair pursuant to article 35 of the Board Regulations. The Committee may request the attendance at its sessions of persons with positions in the group that are related to the Committee's functions. It may also obtain advice as necessary to establish criteria related to its business. This will be done through the Secretary of the Board. The system for convening meetings, quorums, the adoption of resolutions, minutes and other details of its operation will be in accordance with the provisions of the Board of Directors Regulations insofar as they are applicable.

**Name of the Committee:**

EXECUTIVE COMMITTEE

**Brief description:**

B.2.3.1. Executive Committee

Article 26 of the Board Regulations establishes the following: In accordance with Company Bylaws, the Board of Directors may appoint an Executive Committee, once two-thirds of its members vote for it and record of the resolution is duly filed at the Companies Registry. It will try to ensure that it has a majority of external directors over the number of executive directors. The Executive Committee will be chaired by the Chairman of the Board of Directors, or when this is not possible, by whomever the Company Bylaws may determine. The Secretary of the Committee will be the Secretary of the Board. If absent, the person the meeting's members appoint for this purpose will stand in for the Board Secretary.

Article 27 of the Board Regulations establishes the functions of the Executive Committee within the Company, as follows: The Executive Committee will deal with the business that the Board of Directors delegates to it in accordance with prevailing legislation or with the Company's Bylaws. Specifically, the Executive Committee is entrusted with evaluation of the Bank's system of corporate governance. This will be analysed in the context of the Company's development and of the results it has obtained, taking into account any regulations that may be passed and recommendations made regarding best market practices, adapting these to the Company's specific circumstances.

Additionally, article 28 of the Board Regulations establishes the following rules regarding the Committee's organisation and operation:

The Executive Committee will meet on the dates indicated in the annual calendar of scheduled meetings and when the Chairman or acting chairman so decides.

All other aspects of its organisation and operation will be subject to the provisions the Board Regulations establish for the Board of Directors. Once the minutes of the meeting of the Executive Committee are approved,

they will be signed by the Secretary and countersigned by whomever chaired the meeting. Directors will be given access to the approved minutes of the Executive Committee at the beginning of Board meetings, so that they can be apprised of the content of its meetings and the resolutions it has adopted.

**Name of the Committee:**

Audit & Compliance Committee

**Brief description:**

B.2.3.2. Audit & Compliance Committee

The Board Regulations establish the following:

Article 29. Composition

The BBVA Audit & Compliance Committee will be formed exclusively by independent directors who are not members of the Bank's Executive Committee. They are tasked with assisting the Board of Directors in supervising the financial statements and exercising oversight for the BBVA Group. It will have a minimum of four members appointed by the Board in view of their knowledge and expertise in accounting, audit and/or risk management. One of these members will act as Chair, also by Board appointment. Members of the Committee do not necessarily have to be experts in financial matters but must understand the nature of the Group's businesses and the basic risks associated with them. It is also essential that they be prepared to apply the judgement skills ensuing from their professional experience, with an independent and critical attitude. In any event, the Committee Chair will have experience in financial management and will understand the accounting procedures and standards required by the bodies regulating the sector. The Chair must be replaced every four years and may be re-elected after one year has elapsed since separation from the position.

When the Chair cannot be present, his/her duties will be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

The Committee will appoint a Secretary who may or may not be a Committee member but may not be an executive director.

Article 30. Functions

The Committee will have the powers established under the Company Bylaws, with the following scope:

1. Report to the General Meeting on matters that are raised at its meetings on matters within its scope of competence.
2. Supervise the efficacy of the Company's internal control and oversight, internal audit, where applicable, and the risk-management systems, and discuss with the auditors or audit firms any significant issues in the internal control system detected when the audit is conducted.
3. Supervise the process of drawing up and reporting regulatory financial information.
4. Propose the appointment of auditors or audit firms to the Board of Directors for it to submit the proposal to the General Meeting, in accordance with applicable regulations.
5. Establish correct relations with the auditors or audit firms in order to receive information on any matters that may jeopardise their independence, for examination by the Committee, and any others that have to do with the process of auditing the financial statements; as well as those other communications provided for in laws and standards of audit. It must unfailingly receive written confirmation by the auditors or audit firms each year of their independence with regard to the Entity or entities directly or indirectly related to it, and information on additional services of any kind provided to these entities by said auditors or audit firms, or by persons or entities linked to them as provided under Act 19/1988, 12th July, on the auditing of financial statements.

6. Each year, before the audit report is issued, to submit a report expressing an opinion on the independence of the auditors or audit firms. This report must, in all events, state the provision of any additional services referred to in the previous subsection.
7. Oversee compliance with applicable domestic and international regulations on matters related to money laundering, conduct on the securities markets, data protection and the scope of Group activities with respect to anti-trust regulations. Also to ensure that any requests for action or information made by official authorities in these matters are dealt with in due time and in due form.
8. Ensure that the internal codes of ethics and conduct and securities market trading, as they apply to Group personnel, comply with legislation and are appropriate for the Bank.
9. Especially to enforce compliance with provisions contained in the BBVA Director's Charter, and ensure that directors satisfy applicable standards regarding their conduct on the securities markets.
10. Any others that may have been allocated under the Board Regulations or attributed to the Committee by a Board of Directors resolution. As part of this objective scope, the Board will detail the duties of the Committee in specific regulations establishing procedures by which it may perform its mission. These will supplement the provisions of the Board Regulations.

#### Article 31. Rules of organisation and operation

The Audit & Compliance Committee will meet as often as necessary to comply with its functions although an annual calendar of meetings will be drawn up in accordance with its duties.

Executives heading the Accounts & Consolidation, Internal Audit and Regulatory Compliance departments may be invited to attend its meetings and, at the request of these executives, other staff from these departments who have particular knowledge or responsibility in the matters contained in the agenda, can also be invited when their presence at the meeting is deemed appropriate. However, only the Committee members and the Secretary will be present when the results and conclusions of the meeting are evaluated. The Committee may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence. The Committee may call on the personal co-operation and reports of any employee or member of the management when it considers that this is necessary to carry out its functions with regard to relevant issues. The usual channel for a request of this nature will be through the reporting lines of the Company organisation. However, in exceptional cases the request can be notified directly to the person in question. The system of calling meetings, quorums, the approval of resolutions, minutes and other details of its system of operation will be governed by the provisions of the Board of Directors Regulations insofar as they are applicable and by any specific regulations that might be established for this Committee.

#### **Name of the Committee:**

RISKS COMMITTEE

#### **Brief description:**

B.2.3.3. Risks Committee:

The Board Regulations establish the following:

Article 38. The Risks Committee will have a majority of external directors, with a minimum of three members, named by

the Board of Directors, which will also appoint its Chair. When the Chair cannot be present, his/her duties will be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

Article 39. The functions of the Board of Directors' Risk Committee will be as follows: Analysing and evaluating proposals related to the Group's risk management and oversight policies and strategy. In particular, these will identify:

- a) The risk map;
- b) The setting of the level of risk considered acceptable according to the risk profile (expected loss) and capital map (capital at risk) broken down by the Group's businesses and areas of activity;
- c) The internal reporting and oversight systems used to control and manage risks;
- d) The measures envisaged for mitigate the impact of the risks identified, in should they materialize. Monitoring the match between risks accepted and the profile established. Analysing and approving any risks that might compromise the Group's capital adequacy or recurrence of its earnings in view of their size or might entail significant operational or reputation risk. Ensuring that the Group possesses the means, systems, structures and resources benchmarked against best practices to allow implementation of its risk management strategy.

Article 40. The Risks Committee will meet as often as necessary to comply with its duties, convened by its Chair or by whoever stands in for its Chair pursuant to the provisions of the above paragraph, although an annual calendar of meetings will be drawn up in accordance with its tasks. The Committee may request the attendance at its sessions of persons with positions in the group that are related to the Committee's functions. It may also obtain advice as necessary to establish criteria related to its business. This will be done through the Secretary of the Board. The system of calling meetings, quorums, the adoption of resolutions, minutes and other details of its procedures will be governed by the provisions defined in the Board of Directors Regulations insofar as they are applicable to the Committee and by any specific regulations that might be established.

#### B.2.4. Indicate the powers of advice, queries and, where applicable, proxies for each of the commissions:

**Name of the Committee:**

APPOINTMENTS COMMITTEE

**Brief description:**

SEE SECTION B.2.3.4.

**Name of the Committee:**

REMUNERATION COMMITTEE

**Brief description:**

SEE SECTION B.2.3.5.

**Name of the Committee:**

EXECUTIVE COMMITTEE

**Brief description:**

Article 45 of the Company Bylaws establishes that BBVA has an Executive Committee, to which the Board has delegated all its powers of administration, except those that the law and/or bylaws deem may not be delegated due to their essential nature.



Article 46 of the Company Bylaws establishes the following: The Executive Committee will meet as often as its Chair or the person acting in his/her stead considers appropriate or at the request of a majority of its members. It will consider matters falling within the responsibility of the Board, which the Board, pursuant to prevailing legislation or these Company Bylaws, resolves to entrust to it. These may include but are not limited to the following powers:

formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix goals, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the Entity; to determine the volume of investment in each individual activity; approve or reject transactions, determining methods and conditions; arrange inspections and internal or external audits of all or any areas of the Entity's operation; and in general to exercise the authority conferred on it by the Board of Directors.' Any investment or divestment worth over €50m must be submitted to Executive Committee for approval.

The duties of this committee are detailed in section B.2.3.1.

**Name of the Committee**

AUDIT COMMITTEE

**Brief description**

Article 48 of the Company Bylaws establishes that for the supervision both of the financial statements and of the manner in which the control function is exercised, the Board of Directors will have an Audit Committee, which will have the necessary powers and means to perform its duties. The Audit Committee will comprise a minimum of four non-executive directors appointed by the Board of Directors, who have the dedication, capacity and expertise required to pursue their duties. The Board will appoint one of them to chair the Committee, who must be replaced every four years and may be re-elected to the post when one year has elapsed since he/she stood down. At least one of the Audit Committee members must be an independent director and be appointed taking into account his/her knowledge and expertise in accounting, auditing or in both. The maximum number of members on the Committee will be the number established in article 34 of the Company Bylaws. There will always be a majority of non-executive directors. The Committee will have its own set of specific regulations, approved by the Board of Directors. These will determine its duties and establish the procedures to enable it to comply with its mission. In all cases, the arrangements for calling meetings, the quorum and the adoption and documentation of resolutions will be governed by the provisions of the Company Bylaws with respect to the Board of Directors. The Audit Committee will have the powers established by law, by the Board Regulations and by its own regulations.

The duties of this committee are detailed in section B.2.3.2.

**Name of the Committee**

RISKS COMMITTEE

**Brief description**

SEE SECTION B.2.3.3.

B.2.5. Indicate, where applicable, the existence of regulations for the board committees, where they can be consulted and any amendments made to them during the year. Indicate whether an annual report on the activities of each committee has been drawn up voluntarily.

**Name of the Committee:**

APPOINTMENTS COMMITTEE

**Brief description:**

The Board Regulations, available on the Company's website, include specific sections regulating the composition, functions and operating rules for each Committee. The Chair of the Appointments Committee presented a report to the BBVA Board of Directors on its activities during 2011, describing the tasks carried out with respect to the appointments, re-elections and severances of directors and other matters, such as the review of the status of the independent directors.

**Name of the Committee:**

REMUNERATION COMMITTEE

**Brief description:**

The Chair of the Remuneration Committee presented a report to the BBVA Board of Directors on its activities during 2011, describing the tasks carried out with respect to the annual report on the Board remuneration policy and its amendments as well as the adaption of the BBVA remuneration policy to the new rules on remuneration. During 2011, article 36 of the Board Regulations was amended to adapt the functions of the Committee to the new rules on remuneration.

**Name of the Committee:**

AUDIT COMMITTEE

**Brief description:**

The BBVA Audit & Compliance Committee has a set of specific regulations approved by the Board, which govern its operation and powers, amongst other issues. These regulations are available on the Company's website ([www.bbva.com](http://www.bbva.com)). During 2011, no amendments were made to the Audit & Compliance Committee Regulations. The Board Regulations, as detailed in section B.2.3. of this report, include a specific section for this Committee regulating its composition, functions and operation. During 2011, articles 29 and 30 of the Board Regulations regarding the composition and functions of the Audit & Compliance Committee have been amended to adapt them to Act 12/2010, 30th June, amending the Accounts Audit Act and the Securities Exchange Act. The Chair of the Audit Committee presented the Board of Directors a report on its activities, describing the tasks the Committee carried out with respect to its duties and, especially, with respect to the financial statements of the Bank and its Group, its work with the Group's external auditors and the core features of the external audit plan for 2011, the monitoring of the internal control on financial information and the communications sent to the Group by the different regulators and the approval of the Regulatory Compliance Plan for the year.

**Name of the Committee:**

RISKS COMMITTEE

**Brief description:**

The BBVA Risks Committee has a set of specific regulations approved by the Board, which govern its operation and powers. These regulations are available on the Company's website ([www.bbva.com](http://www.bbva.com)). During 2011, no amendments were made to the BBVA Risks Committee Regulations. The Board Regulations, as detailed in section B.2.3. of this report, include a specific section for this Committee regulating its composition, functions and operation. During 2011, article 40 of the Board Regulations was amended regarding the organisation and operation of the Risks Committee, to include the Committee's power to request help at its meetings from people within the organisation whose jobs are related to its functions, and to receive advice from experts. The Chair of

the Risks Committee presented a report to the Board of Directors regarding the most significant aspects of the tasks undertaken during the year, including describing the analysis and evaluation of proposals on the Group's risk policies and strategies on the global risk map; the monitoring of the degree to which the risks borne by the Bank match the profile established and checking of the implementation of proper means, systems and structures to implement its risk management strategy.

B.2.6. Indicate whether the composition of the executive committee reflects the distribution of different classes of directorship on the Board:

YES

## **C RELATED-PARTY TRANSACTIONS**

C.1. State whether the board in plenary session has reserved the powers to approve, on the basis of a favourable report from the audit committee or any other entrusted with such a report, the transactions in which the company engages with directors, significant shareholders or shareholders represented on the board or parties related to them:

YES

C.2. List any relevant transactions entailing a transfer of resources or obligations between the company or its group companies, and the company's significant shareholders:

C.3. List the relevant transactions entailing a transfer of resources or obligations between the company or its group companies, and the company's directors and/or senior managers:

C.4. List the relevant transactions in which the company has engaged with other companies belonging to the same group, except those that are eliminated in the process of drawing up the consolidated financial statements and that do not form part of the company's normal course of business with respect to its purpose and conditions:

C.5. Indicate whether the board members have come across any situation of conflicting interests during the year, as defined under article 127 ter of the Companies Act.

NO

C.6. List the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or its group, and its directors, managers and/or significant shareholders.

Articles 8 and 9 of the Board Regulations regulate issues relating to possible conflicts of interest as follows:

Article 8.

Directors will act ethically and in good faith. For this reason, directors must notify the Board of any direct or indirect conflict that they might have with the Company's interests, any stake they might have in a company

whose activities are identical, similar or supplementary to the Company's corporate purpose and the offices or functions which they perform in it. They must also notify the Board of any activities that are identical, similar or supplementary to those pursued by the Company when performed on their own behalf or on behalf of a third party.

Directors must inform the Appointments Committee of their other professional obligations, in case these might interfere with the dedication required to comply with their duties as directors.

#### Article 9.

Directors must refrain from taking part or intervening in those cases where a conflict of interest with the Company might arise. Directors will not be present when the corporate bodies to which they belong are discussing matters in which they might have a direct or indirect vested interest, or matters that might affect persons with whom they are related or affiliated under legally established terms and conditions.

Directors must also refrain from taking a direct or indirect stake in businesses or enterprises in which Bank or companies of its Group hold an interest, unless such stake was held prior to joining the Board or at the time when the Group took out its holding in such business or enterprise, or unless such companies are listed on domestic or international securities exchanges, or unless authorised to do so by the Board of Directors.

Directors may not use their position in the Company to obtain material gain. Nor may they take advantage directly for themselves or indirectly for persons related to them, of any business opportunity that they have become aware of as a result of their Bank directorship, unless this opportunity has been previously offered to the Bank and the Bank had decided not to take it up and the director has been authorised to do so by its Board. Directors must comply at all times with the applicable provisions of the BBVA Group code of conduct on the securities markets, with legislation and with any other internal codes regarding requests for loans, bank bonds and guarantees made to the financial subsidiaries of the BBVA Group. They must refrain from conducting or from suggesting to a third party any transaction involving shares of the Company and/or its subsidiary, affiliated or associate companies when their directorship has led to possession of privileged or confidential information before such information is known to the public. Since BBVA is a financial institution, it is subject to Act 31/1968 on incompatibilities and limitations of chairs, directors and senior managers in the non-State banking sector. This act states that chairs, deputy chairs, directors and general managers or similar operating in the private-sector banking industry in Spain may not obtain credits, bonds or guarantees from the bank on whose board or management team they work, unless expressly authorised by the Bank of Spain. All the members of the Board and the senior management are subject to the Company's code of conduct on securities markets. The BBVA Group's code of conduct on the securities markets is intended to control possible conflicts of interest. It establishes that everyone subject to the code must notify the head of their area and the Regulatory Compliance department of situations that could potentially and under specific circumstances give rise to conflicts of interest that could compromise their impartiality, before they engage in any transaction or conclude any business.

The above notwithstanding, the parties subject to the code have a permanent form filed with the Regulatory Compliance department, which they must keep up to date, with a standard declaration that they are given, declaring certain economic and family affiliations specified in the code.

Where there is any doubt about the existence of conflicts of interest, any party subject to the code must show maximum prudence and notify the head of his/her area and the Regulatory Compliance department of the specific circumstances surrounding their case, so that they may judge the situation for themselves.

C.7. Are more than one of the group's companies listed in Spain as publicly traded companies?

NO

Identify subsidiaries listed in Spain:

## **D - RISK CONTROL SYSTEMS**

D.1. Give a general description of risk policy in the company and/or its group, listing and evaluating the risks dealt with by the system, along with an explanation of how far these systems match the profile of each type of risk.

BBVA believes that excellence in the management of risk is an essential part of its competitive strategy. In accordance with this corporate strategy, the Board of Directors establishes general principles defining the Institution's target risk profile and approves the risk management and control policy, periodically monitoring the internal reporting and control systems. To enhance its exercise of this function, the Board receives support from the Executive Committee and from a Risks Committee whose core mission is to help it to carry out its duties related to risk management and control. For these purposes, article 39 of the Board Regulations allocates the functions to the Risks Committee that are described below in section D.3. The general guiding principles behind the Group's definition and monitoring of the risk profile are as follows:

1. The risk function is unique, independent and global; 2. The risks borne must be compatible with the target solvency level. They must be identified, measured and evaluated, and there must be procedures in place to monitor and manage them, as well as robust control and mitigation mechanisms; 3. All the risks must be managed in an integrated manner over their life cycle. The treatment given will differ according to their type, and the portfolios will be actively managed based on a common yardstick (economic capital); 4. The business areas are responsible for proposing and maintaining the risk profile within its scope of accountability and the framework of corporate action (defined as the set of risk policies and procedures), through an appropriate risk infrastructure; 5. The risks infrastructure must be appropriate in terms of people, tools, databases, information systems and procedures, so that it can provide a clear definition of roles and responsibilities, ensuring an efficient allocation of resources between the corporate area and the risk units in the business areas. Based on these principles, the Group has developed an integrated risk management system structured in three main blocks:

- A corporate structure of risk governance, with firewalls between functions and responsibilities
- A set of tools, circuits and procedures comprising differentiated management methodologies;
- A system of internal controls.

The risk function in the Group: Global Risk Management, hereinafter GRM, is distributed over the risks units in the business areas and the Corporate GRM Area. The Corporate GRM Area defines the global strategies and policies, whilst the risk units in the business areas are empowered to propose and maintain each customer's risk profile within the framework of corporate activity. The Corporate GRM Area combines a view of individual risks types with a global view of the entire business. It comprises the Corporate Risk Management Unit, which covers the different types of financial risk; the Technical Secretariat in charge of technical benchmarking along with the transversal units; Technology & Methodology Committee (risk measurement), and the Validation & Control

Committee, comprising internal risk control, corporate operational risk management and internal validation. With this set-up, the risks function ensures firstly the integration, control and management of all the Group's risks; secondly, the application of standardised risk metrics, policies and principles throughout the entire Group; and thirdly, the necessary level of knowledge of each geographical area and each business. Various committees, including the following, supplement this organisational structure: The Global Internal Control & Operational Risk Committee periodically reviews the control environment and operation of the internal control and operational risk models on a Group and unit level. It also monitors and locates the major operational risks to which the Group is exposed, including those of a transversal nature. This Committee becomes the highest instance of operational risk management in the Group. The GRM Management Committee comprises the heads of the risks units in the business areas and the heads of the GRM Corporate Area units. It meets each month to deal with matters including the definition of the Group risks strategy (especially with regard to the policies and structure of the function within the Group), proposes the risk strategy to the Group's governing bodies for approval, monitors the risk management and control in the Group and, where applicable, adopts the corresponding measures. The GRM Committee comprises the corporate heads of the risk function in the Group and the heads of risk in the different countries. It meets every six months and its scope includes a review of the Group risks strategy and the review and pooling of the main projects and initiatives from the business areas relating to risks. The Risk Management Committee comprises the following permanent members: the head of GRM; the head of Corporate Risk Management and the head of the Technical Secretariat. The remaining members of this Committee are there to deal with the transactions that have to be analysed in each of its meetings. The Committee analyses and decides on the financial programmes and transactions that fall within its mandate and debate those that exceed this, where appropriate passing on the Committee's opinion to the Risks Committee. The ALCO (Assets & Liability Committee) actively manages the interest rate and exchange rate structural exposure, global liquidity and the Group's own equity. The Technology & Methodology Committee is the forum where decisions are taken on the hedging of the requirements arising from the business areas' models and infrastructures within the operational framework established by GRM. The New Products Committee is tasked with studying and, where applicable, approving, the implementation of new products before initiating activities; carrying out the control and subsequent monitoring of the newly authorised products and fostering orderly business practices so that developments can be made within a controlled environment.

**CREDIT RISK** Credit risk is defined as the loss that may occur arising from the failure by a customer to fulfil the agreed contractual obligations in financial transactions with BBVA or from deterioration of their asset quality. Credit risk management includes managing counter-party risk, issuer risk, liquidation risk and country risk. The Group credit risk management covers the process of analysis prior to taking decisions, the decision, instrumentation and monitoring of the transactions entered into and may end with their recovery. It also covers the entire process of control and reporting at customer, segment, sector, business unit or subsidiary level. Any credit risk decision must be properly evaluated and all customers must be classified for decision by the corresponding body. The main bases underpinning decisions on credit risk are: sufficient generation of customer funds to undertake the repayment of the capital and interest on the credits owed; sufficient net worth solvency and the constitution of adequate, sufficient guarantees to enable an effective recovery of the worth of the transaction. All credit transactions booked and paid up must be accompanied by the basic risk study information and the risk proposal. They must be supported by the approval documents, reflecting the conditions granted by the pertinent body. The Group credit risk management is based on an integrated structure covering all its

functions, permitting objective, independent decision-making throughout the life cycle of the risk. The Group has standardised criteria for action and standards of conduct in order to handle credit risk in an independent manner without prejudice to the specialisation of each business unit or the specific legislation prevailing in each country.

In order to guarantee this standardisation, the definitions and proposal of the management criteria for credit risk, circuits, procedures, structure and oversight of the management are the responsibility of the Group Corporate Risks Area. The business units are empowered to manage credit risk according to the pre-defined criteria as part of the decision-making circuit. For retail segments, the following are the key aspects of the decision-making circuit. Authorisation arises from the powers conferred on retail business units, offices and branches and the decisions are taken based on the outcome of scoring tools. Changes in weighting and variables in these tools must be validated by the Group Corporate Risks Area. For wholesale segments, the following are the key aspects of the decision-making circuit: Authorisation arises from the powers conferred according to the rules of delegation and decisions are taken at the respective Risks Committees. The decisions adopted at the Risks Committees are not collegiate but joint and several, the person with the highest level of empowerment deciding the criterion. The rules of delegation specify those cases where the decision on policies for customers or transactions cannot be delegated due to reputational or other risks that the governing bodies deem opportune. In other cases, the delegation will be given based on an iso-risk curve as a function of the BBVA rating validated by the Corporate Risk Area. This means that the main risks with customers or transactions in each business unit are decided at the level of the Corporate Risk Area Committees or higher. The criteria for developing and using scoring and rating tools are established by the Central Corporate Risks Area. They include the construction, implementation and monitoring of the models from Corporate Risk Management and the importance that the Corporate Risk Management gives to calculating economic capital, expected loss, customer monitoring, pricing, etc. Based on the powers conferred by the governing bodies to the BBVA Group's President & Chief Operating Office and in accordance with the delegation rules, the Corporate Risks Area is responsible for proposing the terms of delegation for each of the business units. This proposal will at all times be coherent with the characteristics of each unit's business; its relative size in terms of economic capital; the extent to which the Group's decision-making circuits, procedures and standardised tools have been implemented; and the appropriate organisational structure for proper credit risk management. Periodic validation tests will be carried out on the risk measurement models used by the Group to estimate the maximum loss that may have occurred in positions considered at a certain level of probability (back testing), and to measure the impact of extreme market swings on the Group's risk positions (stress testing). The BBVA Research Department also carries out stress analyses, simulating historic crisis scenarios and evaluating the impact that would arise as a result of profound alterations in the markets.

**STRUCTURAL RISKS.** Structural interest rate risk. Managing the interest risk on the balance sheet aims to maintain the BBVA Group exposure to changes of market interest rates at levels in line with its risk profile and strategy. To do so, the ALCO actively manages the balance sheet by trades made to optimise the level of risk incurred with regard to expected earnings and to comply with the highest levels of tolerable risk. The ALCO activities are underpinned by interest risk measurements calculated by the Risks Area. Acting as an independent unit, this area regularly quantifies the impact that a market interest rate variation of 100 basis points would have on the BBVA Group net interest income and economic value. The Group also uses interest rate curves simulation models to calculate the probabilities of the economic capital (estimated maximum loss in economic value) and the income at risk (estimated maximum loss in net interest income) arising from the structural interest risk of the banking activity (excluding Treasury). Additionally, it carries out periodic stress testing and scenario analyses to complete the assessment of the Group's interest risk profile. All risk measurements are subsequently analysed and

monitored. The Group's governing and management bodies are informed of the levels of risk undertaken and their degree of compliance with the limits authorised by the Executive Committee.

**Structural exchange risk.** Structural exchange risk mainly originates in exposure to changes in exchange rates arising in the BBVA Group's non-euro subsidiaries and the provisions made for branches outside Spain that are financed in a currency other than that of the loan-book. The ALCO is tasked with actively managing the exchange rate risk by drawing up hedging policies to minimise the impact on the Group's capital ratios from fluctuations in exchange rates, in accordance with its expectations for evolution, and guaranteeing the counter-value in euros of the foreign currency earnings that its subsidiaries are expected to achieve.

Structural exchange risk management is based on the measurements taken by the Risks Area using a simulation modelling of exchange rate scenarios. This makes it possible to quantify variations in value that could occur for a given confidence level and a predetermined timeframe. The Executive Committee authorises the limits and alerts structure for these risks, which include a sub-limit for economic capital (unexpected loss caused due to the exchange risk of equity stakes financed in a foreign currency).

**Structural equities risk.** The Group's exposure to structural equities risk mainly arises from its holdings in industrial and financial companies with mid-term and long-term investment horizons. Its exposure is reduced by the short net positions maintained in derivative instruments on the same underlying assets in order to limit the portfolio's sensitivity to potential drops in prices. The Risks Area is responsible for effectively measuring and monitoring the structural equities risk by assessing sensitivity and the capital needed to hedge possible unexpected losses due to variations in the value of the companies comprising the Group's investment portfolio. It does so with a confidence level that matches the entity's objective rating, taking into account the liquidity of each holding and the statistical performance of the assets in question. These measurements are shored up with stress testing, back testing and scenario analysis.

**Liquidity risk.** The short-term aim of risk control, monitoring and management is to ensure the BBVA Group can meet its payment commitments in due time and form, without having to raise funds under suboptimal conditions or damage the image and reputation of the entities. In the medium term, its aim is to monitor the suitability of the Group's financial structure and its evolution within the framework of the financial and market conditions and regulatory changes. The Group's liquidity and structural funding management is based on the principle that each entity be financially independent. This approach helps to prevent and cap liquidity risk by making the Group less vulnerable during periods of high risk. Liquidity risk management and monitoring is comprehensively carried out in each of the Group's business units with a twofold focus (short and long term). The short-term focus covers a period up to 366 days and centres on managing wholesale payments and collections and on market trading, and the possible liquidity requirements of the Bank as a whole. The medium-term structural focus deals with the financial management of the consolidated balance sheet over a period of 366 days or more.

Integrated liquidity management is the responsibility of the ALCO in each business unit. Reporting to the Finance Department, the Financial Management Unit analyses the implications (in terms of funding and liquidity) of the different Group projects and their compatibility with the target funding structure and the status of the financial markets. In the light of the budgets approved, the Financial Management Unit executes the decisions made by the ALCO and manages liquidity risk in accordance with a wide range of limits, sub-limits and alerts approved by the Executive Committee. These are independently measured and controlled by the Risks Area, in addition to providing managers with the support tools and metrics required for decision-making. Each of the local risks areas, all independent from the local manager, comply with the corporate principles of liquidity risk control established by the Structural Market Risks Unit for the Group as a whole from GRM. At the level of each entity, the managing



areas request and propose a set of quantitative and qualitative limits and alerts related to both short- and mid-term liquidity risk. These are agreed with GRM and the limit controls are then put to the Bank's Board of Directors through the bodies authorised for approval at least once a year. The proposals made by GRM are based on the Group's level of risk tolerance and adapted to local market conditions. The Liquidity & Funding Manual implemented throughout the entire BBVA Group in 2011 involved strict rules for liquidity risk management, not only relating to limits and alerts but also procedures. Thus, GRM carries out periodic measurements of the risk incurred and monitors limit consumption, developing management tools and adapting evaluation models, carrying out regular stress tests and reporting liquidity risk levels to the ALCO and senior management monthly and to managing areas and the Risk Management Committee on a more frequent basis. Under the prevailing Contingency Plan, the Liquidity Committee sets out the frequency for notification and the nature of the information to be reported at the behest of the Technical Liquidity Group (hereinafter, TLG). In the event of an alert or sign of a possible crisis, the TLG carries out an initial analysis of the short- or long-term liquidity situation of the entity affected. The TLG comprises members from the areas involved in the management and monitoring of liquidity and funding from each entity. When such alerts highlight a critical situation, the TLG reports to the Liquidity Committee, which is made up of the heads of the corresponding areas. If necessary, the Liquidity Committee is tasked with calling a meeting of the Funding Committee, which comprises the President & COO and the heads of the Finance, GRM, Corporate & Investment Banking, and the business areas of the country in question.

**OPERATIONAL RISK.** Operational risk is the risk of loss due to human error, inadequate or defective internal processes, system failures or external events. This definition includes legal risk and excludes strategic and/or business risk.

Operational risk is inherent to all banking activities, products, systems and processes and arises from a wide range of causes (processes; internal and external fraud; technology; human resources; suppliers; trading practices and disasters). Operational risk management forms part of the Group's Global Risk Management structure. With a view to continuously improving the operational risk management model, an integrated internal control and operational risk methodology was rolled out in 2011. This enables the risks identified through the Group's processes inventory module to be linked to its organisational units. It creates improved methods for identifying and prioritising residual risks and linking them to the processes, establishing a target risk level for each risk that, following comparison with the residual risk, identifies gaps to be managed. The Group has developed a new corporate software application to provide the necessary support for this methodology. The operational risk management framework defined by the BBVA Group includes a governance structure based on three lines of defence with clear delimitation of responsibilities: policies, criteria and processes that are common to the entire Group; systems to identify, measure, monitor, control and mitigate operational risks; and tools and methodologies to quantify operational risks in terms of capital. The BBVA operational risk management is carried out by the business and support units that form part of the country framework. Each country has an Internal Control & Operational Risk Unit. The business and support areas, in turn, have Internal Control & Operational Risk Units that report up to the country level units. This gives the Group insight at the process level, which is where risks are identified and prioritised and mitigation decisions made. As a whole, it also affords a macro perspective at different levels. Every business and support unit has one or more Internal Control & Operational Risk Committees that meet quarterly to analyse the information generated by the tools and take mitigation decisions as needed. The Country-level Internal Control & Operational Risk Committees above deal with major-impact risks and their related mitigation plans and risks that cut across several areas. At the top of this committee structure is

the Global Internal Control & Operational Risk Committee, which carries out overall monitoring of the Group's principal operational risks. Its work is overseen by the Board of Directors, which is responsible for the highest level of operational risk management within the Group.

The Group's operational risk management is constructed around the following value drivers from the Advanced Measurement Approach model (AMA):

Actively managing operational risk and factoring it into day-to-day management decisions entails:

1. Knowledge of actual losses associated with this risk (SIRO database).
2. Identifying, prioritising and managing potential and actual risks.
3. Using indicators to analyse operational risk performance over time, define alerts and check the effectiveness of risk-related controls.

These measures enable the Group to anticipate risk and make control and business decisions as well as to prioritise mitigation efforts for significant risks, thereby limiting the Group exposure to extreme events. They enhance the control environment and strengthen corporate culture as well as generating a positive impact on its reputation.

D.2. Indicate if any of the risks facing the company and/or its group (operational, technological, financial, legal, reputational, tax, etc) have materialised.

YES

If so, indicate the circumstances and whether the control systems worked properly:

**Risk materialised in the financial year**

See following sections

**Circumstances that led to this**

Risk is inherent to financial activities and therefore the materialisation of risk, to a greater or lesser degree, is absolutely unavoidable.

**Operation of the control systems**

The Bank has sophisticated risk measurement and control systems and tools, for each kind of risk, that limit the maximum impact of risks, should they materialise. The control systems have functioned satisfactorily during 2011. Below, we give details on the most relevant parameters for risk management in the BBA Group for the year:

**CREDIT RISK**

Mitigation of credit risk, collateral and other loan enhancements, including hedging and risk mitigation policies: Maximum exposure to credit risk, in most cases, is reduced by collateral, credit enhancement and other actions that mitigate the Group's exposure. The hedging and mitigation policy in the Group stems from its core concept of what the banking business is, with a strong focus on relational banking. Thus, the demand for collateral may be a necessary but not sufficient instrument when granting risks, since the risks the Group accepts require a prior check on the borrowers' repayment capacity and/or that the borrowers can generate sufficient resources to afford to pay off the risk taken on under the agreed conditions. Consequently, the risk acceptance policy is instrumented at three different levels within the BBVA Group: analysis of the financial risk of the transaction, based on the borrowers' capacity to repay or generate funds;

where applicable, constitution of suitable guarantees for the risk accepted (in any of the generally acceptable forms; money, security rights, personal or hedge guarantees); and finally, valuation of the recovery risk (asset liquidity) on the guarantees received. The procedures for managing and valuing collateral are described in the Internal Credit Risk Management Policies Manual (retail and wholesale), which establish the basic principles for credit risk management, including the management of the collateral and guarantees received in transactions with customers. The methods used to value the collateral reflect best market practices and entail the use of appraisals of the property-based collateral, the market price of exchange-traded securities, the listed values of the units in mutual funds, etc. All collateral must be correctly instrumented and duly registered. It must also be approved by the Group's Legal Affairs units.

The following is a description of the main collateral received for each category of financial instruments:

**Trading portfolio:** The collateral or credit enhancement obtained directly from the issuer or counterparty are implicit in the clauses of the instrument. **Derivatives of tradable instruments and hedges:** credit risk is minimised by contractual clearing agreements, in which derivative assets and liabilities with the same counterparty are netted out for settlement. There may also be other kinds of collateral, depending on the solvency of the counterparty and the nature of the transaction. The BBVA Group has a broad range of credit derivatives. Under these contracts, the Group buys or sells protection over a share or an index. The Group uses credit derivatives to mitigate the credit risk on its loan book and other cash positions and to hedge the risks accepted in market transactions with other customers and counterparties. The credit derivatives can use different payment and clearance agreements, in compliance with the International Swaps & Derivatives Association (ISDA). The triggers of the agreement include the bankruptcy of the financial institution of reference, acceleration in the accumulation of debt, failure to pay, restructuring and winding up of the entity. Other financial assets at fair value with changes in losses and gains and financial assets booked as available for sale: the collateral or credit enhancement obtained directly from the issuer or counterparty are an inherent part of the instrument's structure.

**Credit investments:** - Deposits in financial institutions: these usually simply have a personal guarantee from the counterparty. - Customer credit: most transactions include a personal guarantee from the counterparty. On top of that, security rights may also be attached to secure the customer credit transactions (such as mortgage or money guarantees, pledges of security certificates or other security rights) or other kinds of credit enhancement may be sought (underwriting, hedging, etc). - Securities representing debt: the collateral or credit enhancement obtained directly from the issuer or counterparty are an inherent part of the instrument's structure. **Portfolio of investments held to maturity:** the collateral or credit enhancement obtained directly from the issuer or counterparty are an inherent part of the instrument's structure. **Financial guarantees, other contingent liabilities and risks available for third parties:** These have the personal guarantee of the counterparty. At 31st December 2011, the weighted average of the amount outstanding on the mortgage loan-book was 53.1% of the value of the collateral. Unimpaired matured financial assets:

The balance on matured financial assets that are due but unimpaired at 31st December 2011, including any amount outstanding on that date, is €1,670m. Of these, 64.8% have been outstanding for less than one month; 18.6% between one and two months; and 16.6% have been outstanding for between 2 or 3 months since their due date.

Doubtful or impaired assets and impairment losses: The balance of doubtful contingent risks or impaired financial assets at 31st December 2011 was €16,027m. Of this sum, €15,685m come from the loan book and €123m from AFS debt securities. At 31st December 2011, the amount of impaired contingent liabilities was €219m. Changes have been booked during 2011 for impaired financial assets and contingent risks. A total of €13,045m have been added; €9,082m have been recovered; €4,093m have been charged down and €221m have been booked as exchange rate and other differences. The non-performing asset ratio on the Group's "Customer Lending" and "Contingent Risks" at 31st December 2011 was 3.96%. This was down 1.4 decimal points against the previous year. Renegotiated financial assets: At 31st December 2011 the amount of financial assets that would have been in an irregular situation had their conditions not been renegotiated was not significant relative to the BBVA Group's total loan book. MARKET RISK Market risk in 2011: The BBVA Group's exposure to markets went down in 2011 against previous years. The average market risk in the year was €24m (benchmarked against gross VaR). The change in the Group's market risk profile from 2010 to 2011 is mainly due to the 24% reduction in Wholesale Banking Europe (whose daily average VaR in 2011 was €16m), but also to the 39% fall in the Wholesale Banking Bancomer business (average daily VaR in 2011 €5m).

D.3. Indicate whether there is any committee or other governing body in charge of establishing and supervising these control systems.

YES

If so, give details of what their duties are

**Name of the Committee or Body**

RISKS COMMITTEE

**Description of duties**

According to the recommendations of the Basel Committee, monitoring and supervision of risk management at financial entities is the duty of the Board of Directors. This body holds ultimate responsibility for approval and periodic review of the Bank's risk strategies and policies, which reflect its risk tolerance and the expected level of return. However, the growing complexity of risk management at financial entities requires them to define a risk profile that matches their strategic goals. They must advance gradually, as circumstances permit, towards a model that establishes a system of empowerment and delegation based on amounts and ratings. This also applies to active monitoring of exposure to quantifiable risks by a map of capital at risk, expected losses and control over non-quantifiable risks. Since the analysis and periodic tracking of risk management is one of the duties of the Bank's governing bodies, it has set up a specific Board committee for this purpose. Within the scope of its mandate, this committee must apply the necessary dedication to analyse the way risk is handled throughout the entire Group. Consequently, the Board's Risk Committee has been assigned the following duties, in accordance with the Board Regulations: Analyse and evaluate proposals related to the Group's risk management and oversight policies and strategy. In particular, these will identify: a) establishing the level of risk deemed acceptable according to the risk profile (expected loss) and capital map (capital at risk) broken down by the Group's businesses and areas of activity; b) the internal reporting and internal control systems used to oversee and manage risks; c) the measures established to mitigate the impact of the risks identified, should they materialise. Monitor the match between risks accepted and the profile established. Evaluate and approve any risks whose size might

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

compromise the Group's capital adequacy or recurrence of its earnings or that might entail operational or reputational risks. Ensure that the Group possesses the means, systems, structures and resources benchmarked against best practices to allow implementation of its risk management strategy.

D.4. Identify and describe the compliance processes for the regulations and standards affecting the company and/or its group.

The Group's Risks function is the authority of first instance with regard to compliance with the entire set of financial and operational risk regulations affecting the Bank and its Group. As explained above, the Group has ensured that this function enjoys due independence from the business units to allow it to enforce not just regulatory compliance but also compliance with the strictest standards and most advanced practices. A specific unit has been established for internal risk control. Its mission is to enforce and validate the existence of a pre-defined policy, process and set of measures for each risk type identified within the Group, and those risk types that could have a potential impact on the Group. There are also two basic mechanisms to enforce compliance with the various sets of regulations affecting the Group's companies. These are based on controls that are applied by the following areas. The Internal Audit area monitors compliance with internal procedures and their adaptation to regulatory requirements. The purpose of the Compliance area is to enforce global compliance with legal requirements that affect the Group. Within the scope of risk management, there are already internal models approved by the Supervisor for the calculation of capital consumption for market risk, credit risk in Spain, credit card risk in Mexico and operational risk in Spain and in Mexico. The Internal Validation Area similarly ensures that the capital consumption of the approved internal credit and operational risk models comply with the regulatory requirements. The Group is actively co-operating with the supervisors to move forward in a consistent and co-ordinated fashion with validation of the advanced models.

## E - GENERAL MEETING

E.1. Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Companies Act with respect to the quorum and constitution of the General Meeting.

YES

	% quorum different from quorum in art. 102 of the Companies Act	% quorum different from quorum in art. 103 of the Companies Act, for the special cases cited in art. 103
Quorum required at first summons	0	66.670
Quorum required at second summons	0	60.000

Description of differences
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Article 194 of the Corporate Enterprises Act establishes that in order for a General Meeting (whether annual or extraordinary) to validly resolve to increase or reduce capital or any other amendment to the bylaws, bond issuance, the suppression or limitation of pre-emptive subscription rights over new shares, or the transformation, merger or spin-off of the company or global assignment of assets and liabilities or the offshoring of domicile, the shareholders present and represented at first summons must possess at least fifty per cent of the subscribed capital with voting rights

At second summons, twenty-five per cent of said capital will be sufficient.

The above notwithstanding, article 25 of the BBVA Bylaws establish that a reinforced quorum of two thirds of subscribed capital is required at first summons and of 60% of said capital at second summons, in order for the following resolutions to be validly adopted: substitution of the corporate purpose, transformation, total spin-off, winding-up of the Company and amendment of the article in the bylaws establishing this reinforced quorum.

E.2. Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Companies Act with respect to the adoption of corporate resolutions:

NO

Describe any differences from the guidelines established under the Companies Act.

E.3. List all shareholders' rights regarding the general meetings other than those established under the Companies Act.

There are no shareholders' rights in the Company other than those established under the Corporate Enterprises Act with respect to General Meetings.

Shareholders' rights in this respect are also shown in detail in the General Meeting Regulations, which are publicly available on the Company website.

E.4. Indicate measures adopted, if any, to encourage shareholder participation at General Meetings.

In order to encourage the participation of its wide base of shareholders in its General Meetings, apart from establishing all the information channels required by law, BBVA also sends an attendance card to the domicile of all shareholders with the right to attend. This gives the shareholders the agenda and information on the date, time and place where the General Meeting is to be held sufficiently in advance of that date.

It also posts information on the General Meeting to its website, with the agenda, details on its arrangements, the proposed resolutions that the Board of Directors will put to it and the channels of communication between the Company and its shareholders, via which shareholders may apply for further details regarding the General Meeting.

To facilitate our shareholders' participation in the General Meetings, article 31 of the Company Bylaws establishes a procedure to enable shareholders that are not planning to attend the General Meeting to vote by proxy or remotely. This procedure has been used in all General Meetings held over recent years.

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In this manner, and in accordance with the law and the Company Bylaws, shareholders may delegate their voting rights or submit their vote by post, e-mail or any other remote communication media, provided the voter's identity is duly guaranteed.

The Company has an e-Forum for its shareholders on the website ([www.bbva.com](http://www.bbva.com)), pursuant to article 539.2 of the Corporate Enterprises Act.

Votes and proxies can also be sent via e-mail, through the Bank's website ([www.bbva.com](http://www.bbva.com)), following the instructions given there. This information is available in English and Spanish.

E.5. Indicate whether the General Meeting is chaired by the chairman of the board of directors. List measures, if any, adopted to guarantee the independence and correct operation of the General Meeting:

YES

Details of the measures
<p>Article 26 of the Company Bylaws establishes that: The Chairman of the General Meeting will be Chairman of the Board of Directors. When this is not possible, it will be the Deputy Chairman. Should there be several Deputy Chairmen, the order established by the Board of Directors itself when appointing them will be followed. Otherwise, age seniority will prevail. Where none of the above are available, the General Meeting will be chaired by the director appointed by the Board of Directors for that purpose. The Secretary of the Board will act as Secretary of the General Meeting, and when this is not possible, the Deputy Secretary. If this is not possible, the Secretary of the General Meeting will be the person the Board of Directors appoints in his/her stead.</p> <p>Correct operation of the General Meeting is guaranteed under the General Meeting Regulations approved by the Company shareholders at the General Meeting, February 2004 and amended by the General Meeting, 11th March 2011. The Bank is planning to amend certain articles in the General Meeting Regulations in the forthcoming General Meeting scheduled for March 2012, in order to adapt them to the Corporate Enterprises Act in the wording given under Act 25/2011, 1st August, and to match them to the Company Bylaws.</p> <p>General Meetings will be convened at the initiative of and according to the agenda determined by the Board of Directors, which must necessarily convene them whenever it deems this necessary or advisable for the Company's interests, and in any case on the dates or in the periods determined by law and the Company Bylaws. A General Meeting must also be convened if requested by one or several shareholders representing at least five per cent of the share capital. The request must expressly state the business to be dealt with. In such event, the Board of Directors must call the General Meeting so that it is held within the legally established period as of the date on which the Board of Directors is served duly attested notice to call it. The agenda must without fail include the business to which the request for a Meeting referred.</p> <p>The Notice of Meeting will indicate the date, time and place of the Meeting at first summons and its agenda, which will state all the business that the Meeting will deal with, and any other references that may be required by law. It must also state the date on which the General Meeting will be held at second summons. At least twenty-four hours must be allowed to elapse between the Meetings held at first and second summons.</p> <p>The Notice of General Meeting will state the shareholders' right, as of the date of its publication, to immediately obtain at the registered office any proposed resolutions, reports and other documents required by law and by the Bylaws, immediately and free of charge.</p> <p>It will also include necessary details regarding shareholder information services, indicating telephone numbers,</p>

e-mail addresses, offices and opening hours.

Once the Notice has been published, documents relating to the General Meeting will be posted to the Company website, with information on the agenda, the proposals from the Board of Directors, and any relevant information shareholders may need to vote.

Where applicable, information will be provided on how to follow or attend the General Meeting using remote media, when this has been established, pursuant to the Company Bylaws. Information on anything else considered useful or convenient for the shareholders for such purposes will also be included.

Shareholder representing at least five percent of the share capital may requisition publication of a supplement to the Notice calling a General Meeting, adding one or more agenda items. The right to do this may be enforced by duly attested notification to the Bank registered office within five days after the Notice of Meeting is published. The supplement to the Notice of Meeting must be published at least fifteen days prior to the date on which the General Meeting is scheduled.

Pursuant to applicable legislation, the Company will establish an Online Shareholder Forum on its website on the occasion of each General Meeting, providing duly secured access both for individual shareholders and any voluntary associations that may be set up, in order to facilitate their communication in advance of the General Meeting. Shareholders may post proposals on the Online Forum that they intend to present as supplements to the agenda announced in the Notice of Meeting, requests to second such proposals, initiatives to reach the threshold for minority rights established by law, and offers or requests for voluntary proxy.

Until the seventh day before the General Meeting date, shareholders may ask the Board for information or clarification, or submit written questions regarding agenda items and information available to the public that the company may have been provided by the CNMV (Spanish securities exchange commission) since the last General Meeting was held. After this deadline, shareholders have the right to request information and clarification or ask questions during the General Meeting as established under article 18 of the General Meeting Regulations.

The right to information may be exercised through the Company website, which will disseminate the lines of communication open between the Company and its shareholders and explain how shareholders may enforce this right. It will indicate the postal and e-mail addresses which shareholders may use to contact the Company for such purposes.

The General Meeting that the Company holds may be attended by anyone owning the minimum number of shares established in the Bylaws, providing that, five days before the date on which the General Meeting is to be held, their ownership is recorded on the corresponding company ledgers and they retain at least this same number of shares until the General Meeting is actually held. Holders of fewer shares may group together until achieving the required number, appointing a representative. Any shareholder entitled to attend maybe represented by another person, who need not necessarily be a shareholder.

The Company Bylaws establish that shareholders may vote by proxy or by post, e-mail or any other remote communication media, provided the voter's identity is duly guaranteed in the manner described in sections E.4., E.9. and E.10. of this report and articles 8 to 10 of the General Meeting Regulations. The General Meetings will be held in such manner as to guarantee the shareholders' participation and exercise of voting rights. The Company will take such measures as it deems necessary to preserve order in running the General Meeting.

Appropriate means of surveillance, protection and law enforcement will be established for each General Meeting. These will include such entrance control and identification systems as may be deemed suitable at any time in view of the circumstances under which the sessions are held.

The General Meeting Regulations contain clauses on how the attendance list is to be drawn up, how the General



Meetings are to be organised and how the proposed resolutions are to be voted in such a way as to guarantee the smooth running of the Meetings.

**E.6. Indicate any changes brought into the General Meeting Regulations during the year.**

The General Meeting, 11th March 2011, approved the following amendments to the General Meeting Regulations: Article 2. Categories of General Meetings, to adapt this to the wording of articles 163 to 165 of the Corporate Enterprises Act; Article 3. Powers of the General Meeting, to adapt it to the Company Bylaws, pursuant to article 160 of the Corporate Enterprises Act. Article 4. Notice of Meeting, to substitute the 15 day period by the period applicable under prevailing legislation; Article 5. Publication of the Notice of Meeting, to include new aspects regarding the suppression of the requirement for publication in the press and to include a section on the supplement to the Notice of Meeting and the online shareholder forum; Article 9. Proxies for the General Meeting, to adapt it to the Company Bylaws and suppress the requirement that the proxy be a shareholder; Article 10. Public call for proxy, to suppress a reference to the Companies Act; Article 11. Place and organisation, to adapt it to the wording of article 175 of the Corporate Enterprises Act. Article 18. Organisation of the General Meetings and Article 20. Adoption of resolutions, to adapt these to the terminology in the Corporate Enterprises Act.

Detailed explanation of these amendments can be found in the Directors Report explaining the proposal, made available to shareholders when the General Meeting in question was called.

**E.7. Give attendance data on the general meetings held during the year to which this report refers:**

Attendance figures					
Date of general meeting	% shareholders present	% attending by proxy	% voting remotely		Total
			E-voting	Others	
11/MAR/2011	2.550	44.050	0.020	19.100	65.720

**E.8. Briefly indicate the resolutions adopted at the General Meetings held during the year and the percentage of votes by which each resolution was passed.**

A summary is given below of the resolutions adopted at the General Meeting, 11th March 2011, along with the percentage of votes by which each was passed.

ITEM ONE.- Examination and approval of the annual financial statements (balance sheet, income statement, statement of changes in net equity, cash flow statement and annual report) and the management report for Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated Group. Allocation of profits; dividend payout. Approval of corporate management. All these refer to the year ending 31st December 2010.

Resolution One adopted by 99.42 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,934,089,584
- Number of votes against: 9,207,246
- Number of abstentions: 8,003,226

ITEM TWO.- Adoption, where forthcoming, of the following resolutions on the ratification and re-election of Board members:

- 2.1. Re-election of Mr Tomás Alfaro Drake
- 2.2. Re-election of Mr Juan Carlos Álvarez Mezquíriz
- 2.3. Re-election of Mr Carlos Loring Martínez de Irujo
- 2.4. Re-election of Ms Susana Rodríguez Vidarte
- 2.5. Ratification and re-election of Mr José Luis Palao García-Suelto

Pursuant to paragraph 2 of article 34 of the Company Bylaws, determination of the number of directors whatever the number may be, in compliance with the resolutions adopted under this agenda item, which will be reported to the General Meeting for all due effects.

Resolution 2.1 adopted by 99.58 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,938,910,550
- Number of votes against: 8,780,115
- Number of abstentions: 3,609,391

Resolution 2.2 adopted by 99.13 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,925,746,933
- Number of votes against: 21,475,343
- Number of abstentions: 4,077,780

Resolution 2.3 adopted by 98.78 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,915,354,015
- Number of votes against: 32,338,935
- Number of abstentions: 3,607,106

Resolution 2.4 adopted by 98.38 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,903,482,496
- Number of votes against: 43,030,086
- Number of abstentions: 4,787,474

Resolution 2.5 adopted by 99.56 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,938,405,357
- Number of votes against: 9,293,251
- Number of abstentions: 3,601,448

ITEM THREE.- Examination and approval of the merger plan for Banco Bilbao Vizcaya Argentaria, S.A. (absorbing company) and Finanzia Banco de Crédito, S.A. (Unipersonal) (absorbed company); approval of the balance-sheet of Banco Bilbao Vizcaya Argentaria, S.A. for the year ending 31st December 2010 as merger balance sheet, verified by the Company Auditors. Approval of the merger between the companies Banco Bilbao Vizcaya

Argentaria, S.A. (absorbing company) and Finanzia Banco de Crédito, S.A. (Unipersonal) (absorbed company). All this will comply with the provisions of the aforementioned merger plan. Application of the special tax scheme established under chapter VIII of title VII of the Corporation Tax Act (Consolidated Text) to the merger.

Resolution Three adopted by 99.93 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,949,292,233
- Number of votes against: 1,036,961
- Number of abstentions: 970,862

ITEM FOUR.- Conferral of authority on the Board of Directors, pursuant to article 297.1.b) of the Corporate Enterprises Act, to increase share capital, over a period of five years, up to a maximum amount corresponding to 50% of the Company's share capital on the date of the authorisation, on one or several occasions, to the amount that the Board decides, by issuing new ordinary or preferred shares with or without voting rights or shares of any other kind permitted by law, including redeemable shares; envisaging the possibility of incomplete subscription pursuant to article 311 of the Corporate Enterprises Act; and conferring authority to amend article 5 of the Company Bylaws. Likewise, confer authority, under the terms and conditions of article 506 of the Corporate Enterprises Act, to exclude pre-emptive subscription rights over said share issues. This authority will be limited to 20% of the Company's share capital.

Resolution Four adopted by 92.69 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,735,517,823
- Number of votes against: 209,337,388
- Number of abstentions: 6,444,845

ITEM FIVE.- Approve two capital increases chargeable to reserves in order to comply with the shareholder remuneration schedule for 2011:

5.1 Increase the share capital by the amount to be determined according to the terms of the resolution, by issuance of new ordinary shares each with a nominal value of forty-nine euro cents (€0.49), without issue premium, of the same class and series as the shares currently outstanding, to be charged to voluntary reserves coming from undistributed earnings. Express recognition of possibly incomplete subscription. Conferral of authority on the board of directors to establish the conditions of the increase insofar as these are not established by this General Meeting; to take the measures necessary for its implementation; to adapt the wording of article 5 of the Company Bylaws to the new figure for share capital and to grant any public and/or private documents that may be necessary in order to make the increase. Request the competent Spanish and non-Spanish authorities to allow trading of the new shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges, under the continuous market system (Sistema de Interconexión Bursátil), and trading on the non-Spanish exchanges on which the Banco Bilbao Vizcaya Argentaria, S.A. shares are already listed, in the form required by each one.

5.1 Increase the share capital by the amount to be determined according to the terms of the resolution, by issuance of new ordinary shares each with a nominal value of forty-nine euro cents (€0.49), without issue premium, of the same class and series as the shares currently outstanding, to be charged to voluntary reserves coming from undistributed earnings. Express recognition of possibly incomplete subscription. Conferral of authority on the board of directors to establish the conditions of the increase insofar as these are not established by this General Meeting; to take the measures necessary for its implementation; to adapt the wording of article 5 of the Company Bylaws to the new figure for share capital, and to grant any public and/or private documents that may be necessary in order to make the increase. Request the competent Spanish and

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non-Spanish authorities to allow trading of the new shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges, under the continuous market system (Sistema de Interconexión Bursátil), and trading on the non-Spanish exchanges on which the Banco Bilbao Vizcaya Argentaria, S.A. shares are already listed, in the form required by each one.

Resolution 5.1 adopted by 99.66 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,941,284,741
- Number of votes against: 6,553,393
- Number of abstentions: 3,461,922

Resolution 5.2 adopted by 99.62 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,940,258,170
- Number of votes against: 7,557,933
- Number of abstentions: 3,483,953

ITEM SIX.- Conferral of authority on the Board of Directors to issue any kind of debt instruments of any class or kind, including exchangeable debt, not convertible into equity, or any other analogous securities representing or creating debt, up to a maximum nominal amount of €250,000,000,000 (two hundred fifty billion euros), within a five year period, repealing the unavailed part of the authority conferred by the General Meeting, 18th March 2006, whose amount was raised by resolutions of the General Meetings held on 16th March 2007, 14th March 2008 and 13th March 2009, whilst maintaining the authority in force for the part availed.

Resolution Six adopted by 98.92 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,919,356,630
- Number of votes against: 27,625,535
- Number of abstentions: 4,317,891

ITEM SEVEN.- Approval of a variable scheme of remuneration with BBVA shares for the Group's management, including executive directors and members of the senior management.

Resolution Seven adopted by 96.85 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,858,194,842
- Number of votes against: 88,773,246
- Number of abstentions: 4,331,968

Extension of the remuneration scheme with deferred delivery of shares for non-executive directors of Banco Bilbao Vizcaya Argentaria, S.A. adopted by the General Meeting, 18th March 2006.

Resolution Eight adopted by 98.73 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,913,730,337
- Number of votes against: 36,040,039
- Number of abstentions: 1,529,680

ITEM NINE.- Re-election of the firm to audit the accounts of Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated Group for 2011.

Resolution Nine adopted by 99.8 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,945,322,223
- Number of votes against: 2,773,729
- Number of abstentions: 3,204,104

ITEM TEN.- Adoption of the amendment to the following articles in the Company Bylaws: Article 1. Registered name, Article 6. Capital increase or reduction, Article 9. Capital at call, Article 13 ter. Privileged shares, Article Shareholders rights, Article 16. Obligations of shareholders, Article 19. Categories of General Meetings, Article 20. Notice of Meeting: Body, Article 21. Form and content of the Notice of Meeting, Article 22. Place, Article 24. Proxies for the General Meeting (to allow proxy by any person), Article 28. Content of the General Meetings, Article 30. Powers of the General Meetings, Article 31. Adoption of resolutions, Article 32. Minutes of the General Meetings, Chapter Four: Board Committees, Article 48. Audit Committee, Article 51. Duration of financial year, Article 52. Filing of Annual Financial Statements, Article 53. Allocation of profit or losses, Article 54. Grounds for dissolution, Article 56. Liquidation and the suppression of Additional Provisions: One, Two and Three, for their adaptation to the amendments brought in under the consolidated text of the Corporate Enterprises Act, adopted by Legislative Royal Decree 1/2010, 2nd July and to Act 12/2010, 30th June, amending Act 19/1988, 12th July, on the auditing of accounts, Act 24/1988, 28th July, on securities exchanges, and the consolidated text of the Companies Act adopted under Legislative Royal Decree 1564/1989, 22nd December, and to bring in certain technical enhancements.

Resolution Ten adopted by 99.28 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,930,155,293
- Number of votes against: 13,082,694
- Number of abstentions: 8,062,069

ITEM ELEVEN.- Adoption of the amendment of the following articles of the General Meeting Regulations: Article 2. Categories of General Meetings, Article 3. Powers of the General Meetings, Article 4. Notice of Meeting, Article 5. Publication of the Notice of Meeting, Article 9. Proxies for the General Meeting (to allow proxy by any person), Article 10. Public call for proxy, Article 11. Place and organisation, Article 18. Organisation of the General Meetings and Article 20. Adoption of resolutions, to adapt them to the amendments brought in under the consolidated text of the Corporate Enterprises Act, adopted by Legislative Royal Decree 1/2010, 2nd July and to match it to the Company Bylaws, and to bring in certain technical enhancements.

Resolution Eleven adopted by 99.9 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,948,274,975
- Number of votes against: 2,055,421
- Number of abstentions: 969,660

ITEM TWELVE.- Conferral of authority on the Board of Directors, which may in turn delegate said authority, to formalise, correct, interpret and implement the resolutions adopted by the General Meeting.

Resolution Twelve adopted by 99.92 %:

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- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,948,914,187
- Number of votes against: 1,692,646
- Number of abstentions: 693,223

ITEM THIRTEEN.- Consultative vote on the Report on the BBVA Board of Directors remuneration policy.

Resolution Thirteen adopted by 97.52 %:

- Number of votes issued: 2,951,300,056
- Number of votes in favour: 2,878,173,700
- Number of votes against: 65,013,008
- Number of abstentions: 8,113,348

E.9. Indicate the number of shares, if any, that are required to be able to attend the General Meeting and whether there are any restrictions on such attendance in the bylaws.

YES

<b>Number of shares necessary to attend the General Meeting</b>	<b>500</b>
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E.10. Indicate and explain the policies pursued by the company with reference to proxy voting at the General Meeting.

As indicated above, any shareholder entitled to attend may be represented by another person, who need not necessarily be a shareholder.

Proxies must be conferred specifically for each General Meeting, using the proxy form established by the Company, which will be recorded on the attendance card. A single shareholder may not be represented at the General Meeting by more than one proxy.

Representation conferred to someone not eligible by law to act as proxy will be null and void, as will Proxies conferred by holders in trust or in apparent agency.

Proxies must be conferred in writing or by remote communication media that comply with the requirements of law regarding remote voting. They must be specific for each General Meeting.

Proxies will always be revocable. Should the shareholder represented attend the General Meeting in person, his/her proxy will be deemed null and void.

E.11. Indicate whether the company is aware of the institutional investors' policy regarding whether or not to participate in the company's decision-making:

NO

E.12. Indicate the address and form of access to the content on corporate governance on your website:

The corporate governance content is directly accessible at [www.bbva.com/Information](http://www.bbva.com/Information) for Shareholders and Investors/Corporate Governance.

## **F - DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

Indicate the extent to which the company follows the recommendations of the unified code on good governance. Should the company not have complied with any of them, explain the recommendations, standards, practices and/or criteria that the company does apply.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9., B.1.22., B.1.23. and E.1., E.2.

Compliant

2. When a dominant and a subsidiary company are publicly traded, the two should provide detailed disclosure on:

- a) The type of activity in which they engage and any business dealings between them, as well as between the subsidiary and other group companies;
- b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4. and C.7.

Not applicable

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Meeting for approval or ratification. In particular:

- a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e., reallocating core activities to subsidiaries that were previously carried out by the holding company, even though the holding company retains full control of the subsidiaries;
- b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;
- c) Operations that effectively entail the company's liquidation.

Compliant

4. Detailed proposals of the resolutions to be adopted at the General Meeting, including the information stated in Recommendation 28, should be made available at the same time as publication of the Notice of Meeting.

Compliant

5. Separate votes should be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

- a) The appointment or ratification of directors, with separate ballot for each candidate;

b) Amendments to the Company Bylaws, with votes taken on all articles or groups of articles that are substantially different.

See sections: E.8.

Compliant

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See sections: E.4.

Compliant

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interests and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant

8. The Board of Directors should see its core mission as approving the company's strategy and authorising the specific organisational resources to carry it forward, and ensuring that management meets the objectives set while pursuing the company's interests and corporate object. As such, the Board in full should reserve the right to approve:

a) The Company's general strategies and policies, and in particular:

- i. The strategic or business plan and the annual management and budgetary targets;
- ii. The investment and funding policy;
- iii. The definition of how the Group companies are structured;
- iv. The corporate governance policy;
- v. The corporate social responsibility policy;
- vi. The policy for senior managers' remuneration and performance assessment;
- vii. The policy for controlling and managing risks, and the periodic monitoring of the internal information and oversight systems.
- viii. The pay-out policy and the treasury-stock policy, especially their limits.

See sections: B.1.10., B.1.13., B.1.14. and D.3.

b) The following resolutions:

- i. At the proposal of the company's chief executive officer, the appointment and eventual separation of senior managers from their posts, as well as their severance compensation clauses.

See section: B.1.14.

- ii. Directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that their contracts must include.

See section: B.1.14.

- iii. The financial information that the company, as a publicly traded entity, must disclose periodically.



- iv. Investments and/or transactions of any kind, whose high value or special characteristics make them strategic, unless the General Meeting is charged with approving them;
- v. The creation or acquisition of shares in special-purpose entities or entities domiciled in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity could undermine the group's transparency.
- c) Transactions between the company and its directors, its significant shareholders and/or shareholders represented on the board, and/or parties related to them ("related-party transactions")

However, Board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

- 1. They are carried out under arms' length contracts with standard terms and conditions, applicable en masse to a large number of customers;
- 2. They are undertaken at market rates set in general by the supplier of the goods or services;
- 3. They are worth less than 1% of the Company's annual revenues.

Related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or any other committee entrusted with such a report; and the directors involved should neither vote nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

The above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full Board.

See sections: C.1. and C.6.

Compliant

- 9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1.

Compliant

- 10. External, proprietary and independent directors should occupy an ample majority of Board places, while the number of executive directors should be the minimum required to deal with the complexity of the corporate group and reflect the ownership interests they control.

See sections: A.2., A.3., B.1.3. and B.1.14.

Compliant

- 11. If any external director cannot be considered a proprietary or an independent director, the company should disclose this circumstance and the affiliations it has with the director and the company or its senior officers, or its shareholders.

See section: B.1.3.

Compliant

- 12. Amongst external directors, the ratio between the number of proprietary and independent directors should reflect the percentage of shares held by the company that the proprietary director represents and the remaining share capital.

This strict proportionality can be relaxed so the percentage of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In highly capitalised companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested in absolute terms.
2. In companies with a plurality of shareholders represented on the board but not otherwise related to each other.

See sections: B.1.3., A.2. and A.3.

Compliant

13. Independent directors should account for at least one third of the total number of seats.

See section: B.1.3.

Compliant

14. The Board should explain the type of each directorship to the General Meeting that must appoint the director or ratify their appointment. This should be confirmed or reviewed each year in the Annual Corporate Governance Report, after verification by the Appointments Committee. Said report should also disclose the reasons for the appointment of proprietary directors at the behest of shareholders controlling less than 5% of capital; and it should explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: B.1.3. and B.1.4.

Compliant

15. If there are few or no female directors, the Board should explain the reasons and the initiatives adopted to correct the situation. In particular, the Appointments Committee should take steps to ensure that, when vacancies arise:

- a) The procedure for filling board vacancies has no implicit bias against women candidates;
- b) The company makes a conscious effort to seek and shortlist women with the target profile among the candidates for Board places.

See sections: B.1.2., B.1.27. and B.2.3.

Compliant

16. The chairman, who is responsible for the efficient running of the Board, shall ensure that the directors receive sufficient prior information for the meetings: encourage directors to debate and participate actively in the meetings, safeguarding their freedom to take their own stance and express their own opinion. He/she should organise and coordinate periodic assessment of the Board with the chairs of the relevant committees and with the Bank's managing director or chief executive officer, when this is not also the chairman.

See sections: B.1.42.

Compliant

17. When a company's chairman is also its chief executive, an independent director should be empowered to request a board meeting be called or new business included on the agenda; to

coordinate and give voice to the concerns of external directors; and to lead the Board's evaluation of the chairman.

See section: B.1.21.

#### Explain

Article 5 of the Board Regulations establishes that the Chairman of the Board will also be the Bank's chief executive officer unless the Board resolves to separate the posts of chairman and chief executive officer on the grounds of the Company's best interests. Under the Company Bylaws, the chairman, in all cases, shall be the highest-ranking representative of the Company.

However, under article 45 of the Bylaws, the Company has an Executive Committee with the following powers: To formulate and propose general policy guidelines, the criteria for setting targets and preparing programmes, examining the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the Entity; to determine the volume of investment in each individual activity; to approve or reject transactions, determining methods and conditions; to arrange inspections and internal or external audits of all the Entity's areas of operation; and in general to exercise the authority conferred on it by the Board of Directors.

Article 49 of the Company Bylaws establishes that the Company has a chief operating officer who has wide-ranging powers delegated by the Board, with the powers inherent to this post to administer and represent the Company. The heads of all the Company's business areas and the Company's support areas report to him/her.

Finally, the Board has the support of various committees to help it best perform its duties. These include the Audit & Compliance Committee, the Appointments Committee, the Remuneration Committee and the Risks Committee, which help the Board on issues corresponding to business within the scope of their powers. Their composition and the rules governing their organisation and working are contained in the corresponding sections.

Under article 18, the Board Regulations also establish the possibility if at least one quarter of the Board members appointed at any time so wish, they may request a Board meeting be held. The agenda shall include the matters determined by the Chairman of the Board, either at his/her own initiative or at the suggestion of any director, deemed to be advisable for the Company's best interests.

#### 18. The Secretary should take care to ensure that the Board's actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulators;
- b) Comply with the Company Bylaws and the regulations of the General Meeting, the Board of Directors or others;
- c) Take into account the good governance recommendations of the Unified Code to which the company has subscribed.

In order to safeguard the independence, impartiality and professionalism of the company secretary, his or her appointment and removal should be proposed by the Appointment Committee and approved by a full Board meeting; and that these appointment and removal procedures are spelled out in the Board's Regulations.

See section: B.1.34.

Compliant

19. The Board shall meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29.

Compliant

20. Directors should keep their absences to the bare minimum. Absences should be quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28. and B.1.30.

Compliant

21. When directors or the company secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them may request they be recorded in the minutes.

Compliant

22. The Board in full should evaluate the following points on a yearly basis:

- a) The quality and efficiency of the Board's operation;
- b) Starting from a report submitted by the Appointments Committee, how well the chairman and chief executive have carried out their duties;
- c) The performance of its committees on the basis of the reports furnished by such committees.

See section: B.1.19.

Compliant

23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the chairman or secretary.

See sections: B.1.42.

Compliant

24. All directors should be entitled to call on the company for the advice and guidance they need to perform their duties. The company should provide suitable channels for the exercise of this right. Under special circumstances this may include external assistance at the company's expense.

See section: B.1.41.

Compliant

25. Companies should organise induction programmes for new directors to acquaint them rapidly and sufficiently with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Compliant

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

- a) The directors must inform the Appointments Committee of their other professional obligations, in case these interfere with the dedication required to perform their duties.
- b) Companies should lay down rules about the number of directorships their board members can hold.

See sections: B.1.8., B.1.9. and B.1.17.

Compliant

27. The proposal for the appointment or re-election of directors which the Board submits to the General Meeting, as well as provisional appointments by co-option, should be approved by the board:

- a) At the proposal of the Appointments Committee for independent directors;
- b) On the basis of a report by the Appointments Committee for all other directors.

See sections: B.1.2.

Compliant

28. Companies should publish the following director particulars on their website and keep them permanently updated:

- a) Professional profile and experience;
- b) Directorships held in other companies, publicly traded or otherwise;
- c) An indication as to whether the directorship is executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or to whom they are affiliated;
- d) The date of their first and subsequent appointments as a company director; and
- e) Shares and/or share options held in the company.

Compliant

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2.

Compliant

30. Proprietary directors must resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to Proprietary directors, the number of such proprietary directors should be reduced accordingly.

See sections: A.2., A.3. and B.1.2.

Compliant

31. The Board of Directors must not propose the removal of independent directors before the expiry of their term in office pursuant to the Company Bylaws, except where due cause is found by the Board, based on a report from the Appointments Committee. In particular, due cause will be presumed when a director is in breach of his or her fiduciary duties or arising under one of the disbarment grounds enumerated in section III.5 (Definitions) of this Code.

The severance of independent directors may be proposed in light of public takeover bids, mergers or other corporate transactions that entail a change in the capital structure of the company when such structural changes to the Board are propitiated by the criterion of proportionality shown in Recommendation 12.

See sections: B.1.2., B.1.5. and B.2.26.

Compliant

32. Companies should establish rules obliging directors to inform the Board of any circumstance that might undermine the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent proceedings.

If a director is indicted or tried for any of the crimes stated in article 124 of the Companies Act, the Board should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not he or she should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43. and B.1.44.

Compliant

33. All the directors should clearly express their opposition when they consider that a resolution submitted to the Board may not be in the Company's best interest. More specifically, independent directors and other directors not affected by the potential conflict interest should do this when the Board is deliberating resolutions that may prejudice shareholders not represented on the Board.

When the Board adopts material or reiterated resolutions on issues about which a director has expressed serious reservations, said director must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

This Recommendation should also apply to the Secretary of the Board, even if the secretary is not a director.

Compliant

34. If leaving office before the end of its term, the director should explain the reasons in a letter sent to all Board members. Whether or not such resignation is filed as a significant event, the reasons for leaving must be explained in the Annual Corporate Governance Report.

See section: B.1.5.

Compliant

35. The company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

- a) Amount of the fixed components, itemised where applicable, for attendance fees for attending the Board and its Committees and an estimate of the fixed annual remuneration arising from this.
- b) Variable remuneration items, including, in particular.
  - i) The types of directors they apply to, with an explanation of the relative importance of variable to fixed remuneration items.
  - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;
  - iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and
  - iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, depending on the degree of compliance with pre-set targets or benchmarks.
- c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost;
- d) Conditions that the contracts of executive directors in senior management must respect, including:
  - i) Duration;
  - ii) Notice periods; and
  - iii) Any other clauses covering hiring bonuses, as well as indemnities or ring-fencing in the event of early termination or rescission of the contractual relationship between company and executive director.

See section: B.1.15.

Compliant

36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-indexed instruments, payments indexed to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their term of office.

See section: A.3. and B.1.3.

Compliant

37. External directors' remuneration should sufficiently compensate them for the dedication, qualifications and responsibilities that the post entails; but should not be so high as to compromise their independence.

Compliant

38. Deductions should be made to remuneration linked to company earnings, for any qualifications stated in the external auditor's report that reduce such earnings.

Compliant

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply arise from the general progress of the markets or the company's sector or circumstances of this kind.

Compliant

40. The Board should submit a report on the directors' remuneration policy to the advisory vote of the General Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the Board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will highlight the most significant changes in these policies compared to those applied during the year prior to that put before the General Meeting. It will also include a global summary of how the remuneration policy was applied during said prior year.

The Board should also report to the General Meeting on the role of the Remuneration Committee in designing the policy, and, where applicable, identify any external advisors engaged.

See section: B.1.16.

Compliant

41. The notes to the annual accounts should list individual directors' remuneration in the year, including:

a) Itemisation of each company director's remuneration, to include where appropriate:

- i) Attendance fees and other fixed payments for directorship;
- ii) Additional remuneration for acting as chairman or member of a Board committee;
- iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
- iv) The payments made to any director's defined-benefit pension scheme; or increase in the director's vested rights when linked to contributions to defined-benefit schemes;
- v) Any severance packages agreed or paid;
- vi) Any remuneration they receive as directors of other companies in the group;
- vii) The remuneration executive directors receive in respect of their senior management posts;
- viii) Any kind of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.

b) A breakdown of shares, share options or other share-based instruments delivered to each director, itemised by:

- i) Number of shares or options awarded in the year, and the terms set for exercising the options;
- ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
- iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
- iv) Any change during the year in the conditions for exercising previously awarded options.

c) Information on the relationship in the previous year between the remuneration obtained by executive directors and the company's earnings or any other measure of performance.

Compliant



42. When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See sections: B.2.1. and B.2.6.

Compliant

43. The Board should be kept fully informed of the business transacted and resolutions adopted by the Executive Committee. To this end, all Board members should receive a copy of the committee's minutes.

Compliant

44. In addition to the Audit Committee required under the Securities Exchange Act, the Board of Directors should form a committee, or two separate committees, for Appointments and Remuneration.

The rules governing the composition and operation of the Audit Committee and the committee(s) for Appointments and remuneration should be set forth in the board regulations, and include the following:

- a) The Board of Directors should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first full board meeting following each meeting;
- b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior management may also attend meetings at the committees' express invitation.
- c) These committees should be chaired by an independent director.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meeting proceedings should be minuted and a copy sent to all Board members.

See sections: B.2.1. and B.2.3.

Compliant

45. The supervision of compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Appointments Committee or, as the case may be, separate Compliance or Corporate Governance Committees.

Compliant

46. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management.

Compliant

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

Compliant

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Compliant

49. The oversight and risk management policy should specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational, etc) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- b) The level of risk that the company considers acceptable;
- c) The measures established to mitigate the impact of the risks identified, should they materialise;
- d) The internal oversight and reporting systems that will be used to control and manage said risks, including contingent liabilities and off-balance-sheet risks.

See sections: D

Compliant

50. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

- a) To supervise the process of drawing up the financial information and its integrity for the company and its group, reviewing compliance with regulatory requirements, suitable scope of the consolidation perimeter and the correct application of accounting principles.
- b) To periodically review the systems of internal risk management and oversight to ensure the main risks are identified, managed and sufficiently well known.
- c) To ensure the independence and efficacy of the internal audit; propose the selection, appointment, re-election and severance of the internal audit officer; propose the budget for the internal audit service; receive periodic information on their activities; and verify that the senior management pay due heed to the conclusions and recommendations of their reports.
- d) To establish and supervise a mechanism that enables employees to confidentially and, if this is deemed appropriate, anonymously communicate irregularities they notice within the company that may be of potential importance, especially financial and accounting irregularities.

2. With respect to the external auditor:

- a) To put to the Board the proposals for selection, appointment, re-election and substitution of the external auditor and the terms and conditions of engagement.
- b) To receive regular information from the external auditor on the audit plan and the outcome of its execution, verifying that the senior management takes due heed of its recommendations;
- c) To ensure the independence of the external auditor, to which end:

- i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- ii) Also to ensure that the company and the external auditor respect prevailing standards on the provision of services other than auditing, the limits on concentration of the auditor's business and, in general, other standards established to guarantee auditors' independence;
- iii) Should the external auditor resign, to examine the circumstances leading to such resignation.
- d) In groups, to help the group auditor take responsibility for auditing the companies belonging to it.

See sections: B.1.35., B.2.2., B.2.3. and D.3.

#### Partially compliant

The Audit & Compliance Committee Regulations attribute the broadest powers to this Committee with respect to the internal audit. These are detailed in the note to section B.2.2. herein. They include ensuring the independence and efficacy of the internal audit and to be apprised of the appointment and severance of the head of the internal audit service. However, its duties do not include proposing the selection of the head of the service or its budget, as this is considered an integral part of the Bank's overall organisation.

51. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

#### Compliant

52. The Audit Committee should prepare information on the following points from Recommendation 8 for input to Board decision-making:

- a) The financial information that the company, as a publicly traded company, must disclose periodically. The committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
- b) The creation or acquisition of shares in special-purpose entities or entities domiciled in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity could undermine the group's transparency.
- c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: B.2.2. and B.2.3.

#### Compliant

53. The Board of Directors should try to avoid the accounts it has filed being presented to the General Meeting with reservations and qualifications. When this is not possible, both the chair of the Audit

Committee and the auditors must clearly explain the content and scope of discrepancies to the markets and shareholders.

See section: B.1.38.

Compliant

54. The majority of Appointments Committee members – or Appointments & Remuneration Committee members as the case may be – should be independent directors.

See section: B.21.1.

Compliant

55. The Appointments Committee should have the following duties in addition to those stated in earlier recommendations:

- a) Evaluate the balance of skills, knowledge and experience required on the Board, define the roles and capabilities required of the candidates to fill each vacancy accordingly, and decide the time and dedication necessary for them to properly perform their duties.
- b) Examine or organise, in the manner it deems suitable, the succession of the chairman and/or chief executive officer and put corresponding proposals to the board for an orderly, well-planned succession.
- c) Report on the senior officer appointments and removals that the chief executive proposes to the board.
- d) Report to the board on the gender diversity issues discussed in Recommendation 14 of this code.

See sections: B.2.3.

Compliant

56. The Appointments & Remuneration Committee shall consult with the company chairman and the chief executive officer with respect to matters related to executive directors.

Any board member may suggest potential directorship candidates to the Appointment Committee for its consideration.

Compliant

57. The Appointments Committee should have the following duties in addition to those stated in earlier recommendations:

- a) Make proposals to the Board of Directors regarding:
  - i) The policy for directors' and senior managers' remuneration;
  - ii) The individual remuneration and other contractual conditions of executive directors;
  - iii) The core conditions for senior officer employment contracts.
- b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14. and B.2.3.

Compliant

58. The Appointments & Remuneration Committee shall consult with the company chairman and the chief executive officer, especially with respect to matters related to executive directors and senior managers.

Compliant

## **G - OTHER INFORMATION OF INTEREST**

List and explain below the contents of any relevant principles or aspects of corporate governance applied by the company that have not been covered by this report.

It is stated that the data in this report refer to the year ending 31st December 2011, except in those cases when another date of reference is specifically stated.

Further to Section A.2.: State Street Bank and Trust Co, Chase Nominees Ltd and the Bank of New York Mellon, S.A. N.V., as international custodian/depositary banks, held 7.49%, 7.13% and 3.73% of BBVA's share capital, respectively, as at 31st December 2011.

Filings of significant holdings to CNMV: On 4th February 2010, Blackrock Inc. filed a report to the CNMV (securities exchange commission) stating that as a consequence of the acquisition of the Barclays Global Investors (BGI) business on 1st December 2009, it had come to hold an indirect holding of 4.45% of the BBVA share capital, through the company Blackrock Investment Management.

In December 2011, BNP Paribas, S.A. also disclosed to the CNMV that its total holding in the BBVA share capital had gone up from 2.373% to 3.185%, albeit distinguishing between its own portfolio (which had gone up from 0.189% to 1.010%) from others (which had gone down from 2.184% to 2.176%). On 13th January 2012, BNP Paribas disclosed to the CNMV that its holding in BBVA had gone down to 3%.

Further to the information in section A.3.: Pursuant to the instruction of CNMV Circular 4/2007, no indirect owner of shareholdings has been identified amongst the Board members as no director has more than a 3% holding, or 1% in the case of residents in tax havens.

The section on rights over shares includes the rights over shares of members of the BBVA Board of Directors stemming from the Multi-Year Variable Share Remuneration Programme for 2010 and 2011 (2010/2011 Programme) and the System of Multi-Annual Variable Remuneration in Shares for 2011. The 2010/2011 Programme allocated 105,000 units to the Chairman of the Board and 90,000 units to the President & COO and the 2011 System of Variable Remuneration in Shares allocated 155,000 units to the Chairman and 117,000 to the President & COO. See details on how both operate and their system for settlement and payment in the supplement to section B.1.11.

At 31st December 2011, Francisco González holds 624,000 call options over shares, registered in the corresponding CDO form filed with the CNMV, whose conditions are described in said form.

Further to section A.5.: see Note corresponding to section C (Related-Party Transactions).

Further to the information in section A.8.: regarding earnings from treasury-stock trading, rule 21 of the Circular 4/2004 and IAS 32 (paragraph 33) expressly prohibit the recognition in the income statement of profits or losses made on transactions carried out with treasury stock, including their issue and redemption. Said profits and losses are directly recorded against the Company's net assets. In the chart of significant changes, in the section on the date of disclosure includes the date of the CNMV incoming register of Annexes VI of communications with treasury stock. The capital loss on treasury stock shown in section A.8. is expressed in thousand euros.

*This English version is a translation of the original in Spanish for information purposes only.  
In the event of a discrepancy, the original Spanish-language version prevails.*

Further to section B.1.3.: Francisco González was appointed as a BBVA director by the BBV and Argentaria merger General Meetings, 18th December 1999. The Board, pursuant to article 3 of the Board Regulations, resolved on 29th September 2009, with a favourable report from the Appointments & Remuneration Committee, to co-opt Ángel Cano as Board member and President & Chief Operating Officer. Both Mr González and Mr Cano were later re-elected by the General Meeting, 12th March 2010, following a favourable report from the Appointments & Remuneration Committee.

José Maldonado was appointed as a BBVA director at the BBV and Argentaria merger General Meetings, 18th December 1999, and re-elected at the BBVA General Meeting, 13th March 2009, following a favourable report from the Appointments & Remuneration committee, pursuant to section B.1.19.

Ángel Cano is the director in the stead of Francisco González in the Mexican companies of the BBVA Group, Grupo Financiero BBVA Bancomer, S.A. de CV and BBVA Bancomer, S.A.

Further to sections B.1.11. and B.1.14., an itemised list of remuneration for each of BBVA's directors in 2011, is given below, showing each item and also the pension obligations that the Bank has for each director (Note 56 of the BBVA Consolidated Annual Accounts)

#### REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration paid to non-executive directors who are members of the Board of Directors during 2011 is indicated below, broken down by type of remuneration:

Year 2011 Remuneration of Non-Executive Directors	Thousands of Euros						Total
	Board of Directors	Standing-Executive Committee	Audit Committee	Risk Committee	Appointments Committee	Compensation Committee	
Tomás Alfaro Drake	129	-	71	-	102	-	302
Juan Carlos Álvarez Mezquiriz	129	167	-	-	7	36	338
Ramón Bustamante y de la Mora	129	-	71	107	-	-	307
José Antonio Fernández Rivero (1)	129	-	-	214	41	-	383
Ignacio Ferrero Jordi	129	167	-	-	-	43	338
Carlos Loring Martínez de Irujo	129	-	71	-	-	107	307
José Maldonado Ramos	129	111	-	44	41	43	368
Enrique Medina Fernández	129	167	-	107	-	-	402
Jose Luis Palao García-Suelto (2)	118	-	134	62	-	-	314
Juan Pi Llorens (3)	54	-	-	27	-	11	91
Susana Rodríguez Vidarte	129	-	71	-	41	43	284
<b>Total (4)</b>	<b>1,330</b>	<b>611</b>	<b>419</b>	<b>561</b>	<b>231</b>	<b>282</b>	<b>3,435</b>

(1) Mr. José Antonio Fernández Rivero, apart from the amounts detailed in the table above, also received a total of €652 thousand in early retirement benefit as a former director of BBVA.

(2) Mr. José Luis Palao García-Suelto was appointed as director of BBVA on February 1st, 2011.

(3) Mr. Juan Pi Llorens was appointed as director of BBVA on July 27, 2011.

(4) Mr. Rafael Bermejo Blanco, who resigned as director on March, 29 2011, has received in the year 2011 the total amount of €104 thousand as compensation for his membership to the Board of Directors, to the Risks Committee and as President of the Audit Committee.

#### REMUNERATION OF EXECUTIVE DIRECTORS

The remuneration paid to executive directors of the Bank in 2011 is indicated below, broken down by type of remuneration:

Year 2011 Remuneration of Executive Directors	Thousand of Euros		
	Fixed Remuneration	Variable Remuneration (1)	Total
Chairman and CEO	1,966	3,011	4,977
President and COO	1,748	1,889	3,637
<b>Total (2)</b>	<b>3,714</b>	<b>4,900</b>	<b>8,614</b>

(1) The figures relate to variable remuneration for 2010 paid in 2011.

In addition, the executive directors were paid remunerations in kind and in other forms in 2011 for a total amount of €32.5 thousand, of which €10.8 thousand correspond to the Chairman and CEO and €21.7 thousand pertain to the President and COO.

#### REMUNERATION OF THE MEMBERS OF THE MANAGEMENT COMMITTEE (\*)

The remuneration paid in 2011 to the members of BBVA's Management Committee amounted to €9,359 thousand in fixed remuneration and €14,296 thousand in variable remuneration accrued in 2010 and paid in 2011.

In addition, the members of the Management Committee received remuneration in kind and other items totaling €814 thousand in 2011.

(\*) This section includes relevant information on the members of the Management Committee who held this position on December 31, 2011, excluding executive directors.

#### NEW ANNUAL VARIABLE REMUNERATION SYSTEM

BBVA's Ordinary General Meeting of Shareholders held on March 11, 2011 approved a new variable share-based remuneration system for BBVA's executive team, including the executive directors.

This new system is based on a specific incentive for the members of the Executive Team (the "Incentive"). It consists of the annual allocation, to each beneficiary, of a number of units that serve as the basis for determining the number of shares that, if applicable, will correspond to them in the settlement of the Incentive based on the level of compliance with three indicators established by the AGM: the course of Total Shareholder Return (TSR); the Group's recurrent Economic Profit (EP); and the Group's attributed net income.

The total number of units assigned in the Incentive for 2011 was 155,000 for the Chairman and CEO and 117,000 for the President and COO; and a total of 620,500 units were assigned to all remaining members of the Management Committee who held that position on December 31, 2011.

This number of units will be divided in three parts associated to each one of the indicators based on the weights established at all times, and each one of these parts will be multiplied by a coefficient ranging from 0 and 2 based on the scale defined each year for each of the indicators.

This Incentive, together with the ordinary variable remuneration in cash that corresponds to each executive, constitutes its annual variable remuneration (the "Annual Variable Remuneration").

The General Meeting held on March 11, 2011 likewise established a new settlement and payment system for the Annual Variable Remuneration applicable to the categories of employees whose professional activities may significantly affect the Bank's risk profile or who perform control functions. This includes executive directors and the rest of the members of the Management Committee, and was adapted to the requirements established in Directive 76/2010, which was transposed to Spanish law by means of Royal Decree 771/2011 of 3 June 2011 ("Royal Decree 771/2011").

The new Annual Variable Remuneration settlement system applicable to the executive directors and the rest of the members of the Management Committee established that they will receive at least 50% of the total of said remuneration in shares.

To this effect, if the economic value of the shares resulting from the Incentive corresponding to each executive director or to each member of the Management Committee in its settlement does not equal at least 50% of the amount of their Annual Variable Remuneration, they will be provided, in shares, the proportion of their ordinary variable remuneration that, added to the value of the shares from the Incentive, is needed to satisfy the percentage indicated. For this calculation, the value of the shares is considered to be the average closing price of the BBVA shares corresponding to the trading sessions between December 15, 2011 and January 15, 2012.

Once the amount of cash and shares corresponding to the executive directors and remaining members of the Management Committee in the settlement of their Annual Variable Remuneration has been determined, the payment will be subject to the conditions set forth in the AGM's agreement in 2011 such that:

- » The payment of 50% of the Annual Variable Remuneration, both from the part in cash and the part paid in shares, will be deferred. The deferred amount will, when applicable, be paid out in thirds over the next three years.
- » The shares that are provided each year from the settlement of the Annual Variable Remuneration will be unavailable for one additional year from the date they are provided; however, the sale of the number of shares needed to pay the taxes arising from the provision of the shares will be permitted.
- » The payment of the Annual Variable Remuneration will be subject to the non-occurrence of any of the situations established by the Board of Directors that limit or impede their provision.

Once 2011 was closed, the Annual Variable Remuneration of the executive directors for 2011 was determined, applying the aforementioned conditions agreed upon by the AGM in March 2011. It includes their ordinary variable remuneration and the Incentive for the Executive Team. Thus, in the first quarter of 2012, they will perceive the settlement of the Annual Variable Remuneration corresponding to 2011: €999,731 and 155,479 BBVA shares for the Chairman and CEO; and €635,865 euros and 98,890 BBVA shares in the case of the President and COO. In both cases, the shares will be unavailable for one year from the date they are provided, in line with the aforementioned terms.

Furthermore, in the first quarter of the years 2013, 2014 and 2015, the executive directors will receive the amount of €333,244 and 51,826 BBVA shares in the case of the Chairman and CEO, and €211,955 and 32,963 BBVA shares in the case of the President and COO, corresponding to the deferred portion of the Annual Variable Remuneration of 2011.

The payment of the deferred portions of the Annual Variable Remuneration will be subject to the non-occurrence of any of the situations established by the Board of Directors that limit or impede their payment, and will be subject to the updating of the terms set out by the Board of Directors. In addition, the shares provided each year will be unavailable for one year from the date they are provided, in line with the aforementioned terms.

As of December 31, 2011, these amounts were recognized under the heading "Other liabilities - Accruals" of the consolidated balance sheet.

#### **MULTI-YEAR VARIABLE SHARE-BASED REMUNERATION PROGRAMS FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE**

##### **SETTLEMENT OF THE MULTI-YEAR VARIABLE SHARE-BASED REMUNERATION PROGRAM FOR 2009-2010**

In the first quarter of 2011, the Multi-year Variable Share-based Remuneration Program for 2009-2010 was settled for the members of BBVA's executive team, including the executive directors and other members of the Management Team. This had been approved by the AGM of March 13, 2009 and resulted in, after applying the conditions established initially, a multiplier coefficient of 0 for the units allocated. Thus, the Program was settled with no shares being awarded to its beneficiaries.

##### **MULTI-YEAR VARIABLE SHARE-BASED REMUNERATION PROGRAM FOR 2010-2011**

The Bank's Annual General Meeting held on March 12, 2010 approved a Multi-Year Variable Share-based Remuneration Program for 2010/2011 designed for the members of BBVA's executive team,



including the executive directors and members of the Management Committee (hereinafter, the “2010-2011 Program”). The result is obtained by multiplying the number of units assigned at the start of the Program to each beneficiary by a coefficient, between 0 and 2, established based on the evolution of the Bank’s total shareholders return (TSR) in 2010-2011 as compared to the evolution of this same indicator in a group of 18 international reference banks.

The number of units allocated to the executive directors, in accordance with the agreement of the AGM, was 105,000 for the Chairman and CEO and 90,000 for the President and COO; and a total of 385,000 units were allocated for all remaining members of the Management Committee who held that position on December 31, 2011.

The aforementioned AGM established that the shares, if applicable, arising from the settlement of the Program be awarded to the beneficiaries, who could have those shares available to them as follows: (i) 40 percent of the shares received will be freely transferable by the beneficiaries at the moment they are received; (ii) 30 percent of the shares received will be transferable one year after the settlement date of the Program; and (iii) the remaining 30 percent will be transferable starting two years after the settlement date of the Program.

Once the 2010/2011 Program finalized on December 31, 2011, according to the conditions established initially, the determination of the TSR or BBVA and the 18 reference banks was made. BBVA held fourth place in the comparison table. Therefore, under the terms established by the AGM, a multiplier coefficient of 2 was applied to the units allocated to each beneficiary. Thus, in the settlement of the Program, 210,000 BBVA shares were awarded to the Chairman and CEO; 180,000 BBVA shares were awarded to the President and COO; and 770,000 BBVA shares were awarded to all other members of the Bank’s Management Committee.

After this Program was established by the Board, Royal Decree 771/2011 was published demanding the application of the aforementioned deferment, unavailability and limitation regulations to the remuneration granted and still unpaid prior to it taking effect, referring to services rendered since 2010.

Thus, this standard and the requirements established in the aforementioned Royal Decree 771/2011 must be applied to the 2010/2011 Program. Therefore, the AGM of the Bank set for March 16, 2012 will address the modification of the settlement and payment system of the 2010/2011 Program previously approved by the AGM to adapt it to the terms established to that effect in Royal Decree 771/2011.

This change in the settlement and payment system will affect those Bank employees who, as beneficiaries of the 2010-2011 Program are considered to carry out professional activities that may significantly influence the Bank’s risk profile or who perform control functions. This includes, in all cases, all executive directors and other members of the Management Committee.

The new system indicates that executive directors and the remaining members of the Management Committee will only receive 50% of the shares prior to April 15, 2012 corresponding to them as a result of the settlement of the Program. They will receive the remaining 50% deferred in thirds over the years 2013, 2014 and 2015, respectively.

Those shares will also be subject to, according to the requirements of Royal Decree 771/2011, the unavailability criteria indicated in the section regarding the New Annual Variable Remuneration System; as such, they will be unavailable for a period of one year from the date on which they were awarded. Furthermore, the awarding of the deferred shares will be subject to the non-occurrence of any situation that impedes or limits the provision of the Annual Variable Remuneration, which is subject to being updated. The above is in accordance with that set out by the Bank’s Board of Directors.

Thus, in the application of this new settlement and payment system for the 2010-2011 Program, the executive directors will, as a result, receive 105,000 BBVA shares (in the case of the Chairman and CEO) and 90,000 shares (in the case of the President and COO) prior to April 15, 2012. Furthermore,

on the same dates in the years 2013, 2014 and 2015, the executive directors will receive the amount of 35,000 BBVA shares in the case of the Chairman and CEO, and 30,000 BBVA shares in the case of the President and COO, corresponding to the deferred portion of this Program.

#### SCHEME FOR REMUNERATION FOR NON-EXECUTIVE DIRECTORS WITH DEFERRED DISTRIBUTION OF SHARES

BBVA has a remuneration system with deferred distribution of shares in place for its non-executive directors that was approved by the AGM held on March 18, 2006 and renewed for an additional 5-year period through an agreement by the AGM held on March 11, 2011.

This system consists in the annual allocation of a number of “theoretical shares” to the non-executive directors equivalent to 20% of the total remuneration received by each in the previous year. This is based on the average closing prices of the BBVA shares during the sixty trading sessions prior to the dates of the ordinary general meetings approving the annual financial statements for each year.

The shares will be subject to being awarded, if applicable, to each beneficiary on the date he or she leaves the position of director for any reason except serious breach of duties.

The number of “theoretical shares” allocated to non-executive director deferred share distribution system beneficiaries in 2011, corresponding to 20% of the total remuneration received by each in 2010, is as follows:

<b>Scheme for Remuneration of Non-Executive Directors with Deferred Distribution of Shares</b>	<b>Theoretical Shares assigned in 2011</b>	<b>Accumulated Theoretical Shares</b>
Tomás Alfaro Drake	6,144	19,372
Juan Carlos Álvarez Mezquíriz	8,010	47,473
Ramón Bustamante y de la Mora	7,270	45,319
José Antonio Fernández Rivero	8,673	38,814
Ignacio Ferrero Jordi	8,010	48,045
Carlos Loring Martínez de Irujo	7,275	33,098
José Maldonado Ramos	6,733	6,733
Enrique Medina Fernández	9,527	61,314
Susana Rodríguez Vidarte	6,315	31,039
<b>Total (*)</b>	<b>67,957</b>	<b>331,207</b>

(\*) Additionally, were also assigned to Don Rafael Bermejo Blanco, who resigned as director as of March 29, 2011, 5,986 theoretical shares

#### PENSION COMMITMENTS

The provisions registered as of December 31, 2011 for pension commitments to the President and COO are €16,831 thousand, of which €2,417 thousand were charged against 2011 earnings. As of this date, there are no other pension obligations to executive directors.

Also, €99 thousand in insurance premiums were paid on behalf of non-executive directors who are members of the Board of Directors.

The provisions registered as of December 31, 2011 for pension commitments for the Management Committee members, excluding executive directors, amounted to €60,312 thousand. Of these, €8,832 thousand were charged against 2011 earnings.

#### TERMINATION OF THE CONTRACTUAL RELATIONSHIP

There were no commitments as of December 31, 2011 for the payment of compensation to executive directors.

In the case of the President and COO, the contract lays down that in the event that he lose this status due to a reason other than his own will, retirement, disability or dereliction of duty, he shall take early retirement with a pension, which can be received as life income or common stock, equal to 75% of their pensionable salary if this occurs before he reaches the age of 55, or 85% after that age.

Further to section B.1.13.: At the date of this report, there are no severance payment commitments for executive directors. Regarding the senior management: the Annex to this report includes the additional information required in article 61 bis of the Securities Exchange Act and reports on the agreements between the Company and its managers that have severance compensation when they resign or are unfairly dismissed.

Further to section B.1.29. and section B.2.3., the Risks Committee has held 43 meetings during 2011.

With regard to section B.1.31., as BBVA shares are listed on the New York Stock Exchange, it is subject to the supervision of the Securities & Exchange Commission (SEC) and thus, in compliance with the Sarbanes Oxley Act (SOA) and its ramifications, each year the Chairman & CEO, President & COO and the executive tasked with preparing the accounts sign and submit the certificates described in sections 302 and 906 of the SOA, relating to the content of the annual financial statements. These certificates are contained in the annual registration statement (20-F) the Company files with this authority for the official record.

Further to section B.1.40. and section C.5., and in compliance with article 229.2 of the Corporate Enterprises Act, at 31st December 2011, persons affiliated to the members of the BBVA Board of Directors owned 54,008 shares in Banco Santander, S.A., 414 shares in Banco Español de Crédito, S.A. (Banesto) and 3 shares in Bankinter, S.A.

With respect to the duties of the Audit & Compliance Committee established in section B.2.2., under the Audit Committee Regulations, its duties include ensuring that the Internal Audit department has the means and resources required, with enough personnel, material elements, systems, procedures and operating manuals to perform its duties in the Group and that it will be apprised of any obstacles that may have arisen to the performance of its duties. It will analyse and, where appropriate, approve the Annual Internal Audit Plan, as well as any other additional occasional or specific plans that have to be put in place on account of regulatory changes or Group business organisational needs. It will be apprised of the extent to which the audited units have complied with the corrective measures recommended by the Internal Audit in previous audits, and any cases that might pose a relevant risk for the Group will be reported to the Board. The Committee will be informed of any material irregularities, anomalies or breaches that Internal Audit detects in the course of its actions, material being construed as any that may cause a significant and material impact or damage to the Group's net worth, results or reputation. The Internal Audit department, at its discretion, will judge whether they constitute such cause and, in case of doubt, must report the matter. It will also be apprised of and issue an opinion on the appointment or substitution of the head of Internal Audit, although it does not approve his/her appointment or propose the budget for the Internal Audit service.

Further to section C. (Related-Party Transactions), see Note 55 to the BBVA 2011 consolidated annual financial statements.

Further to section D.2., detailed information on the BBVA Group's risk exposure is given in the BBVA Annual Report and in the BBVA Management Report, which includes the most noteworthy data.

Regarding recommendation number 45 in section F.: Article 30 of the Board Regulations empowers the Audit Committee to oversee the internal code of conduct. Article 27 of the Board Regulations empowers the Executive Committee to assess the Bank's corporate governance system, which it will analyse as a function of the Company evolution and the outcome of its development of any standards that may be established, and recommendations on best market practices that are in keeping with its corporate reality.

During 2011, the BBVA Board of Directors approved the Bank's adhesion to the Code of Best Tax Practices (Código de Buenas Prácticas Tributarias) approved by *Foro de Grandes Empresas* in the wording proposed by the State Tax Administration Agency (AEAT).

Binding definition of independent director:

Indicate whether any of the independent directors has or has had any relationship with the company, its significant shareholders and/or its executives which, if sufficiently significant, would have meant that the director could not be considered independent under the definition given in section 5 of the unified code of good governance:

Date and signature:

This Annual Corporate Governance Report has been approved by the Company's Board of Directors on

01/02/2010

Indicate whether any members have voted against or abstained with respect to the approval of this report.

NO

**INFORMATION CONTENT ADDITIONAL TO THE ANNUAL BANCO BILBAO VIZCAYA ARGENTARIA S.A. CORPORATE GOVERNANCE REPORT, REQUIRED UNDER ARTICLE 61 BIS OF THE SECURITIES EXCHANGE ACT**

This section includes the information content additional to the Annual Corporate Governance Report required under article 61 bis of Act 24/1988 of the Securities Exchange Act pursuant to the wording brought in by the Sustainable Economy Act.

This content is not included in the prevailing form used for the Annual Corporate Governance Report approved by the CNMV Circular 4/2007, 27th December, that is still in force, and is thus included as additional information in this Annex to that Report.

**Securities not traded on a regulated EU exchange, indicating, where applicable, the different classes of shares and, for each class of shares, the rights and obligations they confer and the percentage of total share capital they represent:**

All the shares in BBVA's capital bear the same voting and economic rights. There are no distinct voting rights for any shareholder. There are no shares that do not represent capital.

BBVA shares are traded on the continuous market of the Spanish securities exchanges and on the London and Mexico markets. BBVA American Depositary Shares (ADS) are listed on the New York Stock Exchange and also traded on the Lima exchange (Peru) under an exchange agreement between both markets.

Additionally, at 31st December 2011, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Francés, S.A. and AFP Provida were traded on their respective local securities markets, and the BBVA Banco Francés, S.A. and AFP Provida shares were also traded on the New York Stock Exchange. BBVA Banco Francés, S.A. is also listed on the LatAm market of Bolsa de Madrid.

**Any restriction on the transferability of the securities and any restriction on voting rights.**

This information is included under section A.10. of the 2011 Annual Corporate Governance Report of Banco Bilbao Vizcaya Argentaria, S.A.

There are no legal or bylaw restrictions on the free acquisition or transfer of shares in the Company's capital other than those established in articles 56 and following of Act 26/1988, 9th July, on discipline and oversight in financial institutions, amended by Act 5/2009, 29th June, which establishes that any individual or corporation, acting alone or in concert with others, intending to directly or indirectly acquire a significant holding in a Spanish financial institution (as defined in article 56 of the aforementioned Act 26/1988) or to directly or indirectly increase their holding in one in such a way that either the percentage of voting rights or of capital owned were equal to or more than 20, 30 or 50%, or by virtue of the acquisition, might take control over the financial institution, must first notify the Bank of Spain.

The Bank of Spain will have 60 working days starting from the date on which the notification was received, to evaluate the transaction and, where applicable, challenge the proposed acquisition on the grounds established by law.

There are no legal or bylaw restrictions on the exercise of voting rights.

#### **Rules applicable to the amendment of the Company Bylaws**

Article 30 of the BBVA Company Bylaws establishes that the General Meeting has powers to amend the Company Bylaws, and to confirm or rectify the manner in which the Board of Directors interprets them.

To such end, the rules established under articles 285 and following of the Corporate Enterprises Act will apply.

The above paragraph notwithstanding, article 25 of the Company Bylaws establishes that two-thirds of the subscribed capital with voting rights must attend the General Meeting at first summons, or 60% of said capital at second summons in order to validly adopt resolutions on any change in the corporate purpose, transformation, total spin-off or winding up of the Company and amendment of the second paragraph of this article.

#### **Significant agreements reached by the company that come into force, are amended or concluded in the event of a change in the control of the Company stemming from a public takeover bid, and its effects.**

No significant agreement reached by the Company is known that will come into force, be amended or concluded in the event of a change in the control of the Company stemming from a public takeover bid.

#### **Agreements between the Company and its directors and managers and employees who are entitled to compensation when they resign or are unfairly dismissed or if their employment relationship terminates due to a public takeover bid.**

At 31st December 2011, there are no commitments to pay compensation payments to executive directors.

The contract of the President & COO determines that in the event of him losing this condition on any grounds other than his own will, retirement, disability or severe dereliction of duty, he will take early retirement with a pension payable, as he chooses, through a lifelong annuity pension, or by payment of a lump sum. This pension will be 75% of his pensionable salary if the severance occurs before he is 55 and 85% if it occurs after reaching said age.

The Bank has recognised the entitlement of some members of its senior management, 43 managers, 13 of whom belong to the Management Committee, to receive a compensation payment in the event of severance not due to their own will, retirement, disability or dereliction of duties. Its amount will be calculated by factoring in the fixed elements of the remuneration and the seniority of the Bank employee. No indemnity payments will be made in the event of disciplinary termination of contract due to the employer's decision on the grounds of serious dereliction of duties.

The Bank has also agreed compensation clauses with some employees (50 members of the technical and specialist staff) in the event of unfair dismissal. The amount of this compensation is calculated according to the wage and professional conditions of each employee.

## **Description of the main characteristics of the internal control and risk management systems with respect to the financial reporting process.**

### **1. The entity's control environment**

The BBVA Audit & Compliance Committee Regulations establish that the Committee's duties include the provision of sufficient, adequate and efficient supervision of the way in which the internal control systems work. This must ensure firstly that the financial statements of the Entity and its consolidated Group contained in the annual and quarterly reports and secondly, the information on accounts or financials required by the Bank of Spain and/or other regulatory bodies including those in other countries where the Group operates are correct, reliable, sufficient and clear. The Board of Directors, pursuant to article 17 of the Board Regulations, analyses the quarterly financial statements and approves the Half-Year and Annual Financial Report of BBVA and its consolidated Group.

To ensure that the internal control system is working requires a structure to take responsibility for this throughout the entire organisation. There are mechanisms in charge of the design and review of the organisational structure that clearly define the lines of accountability and authority and a suitable distribution of tasks and duties, carried out by the corporate internal control units to facilitate the financial reporting for the members of the organisation in compliance with applicable standards.

Additionally, advancing through the employees' commitment to the internal control system, there is a Code of Conduct approved by the Board of Directors, the channel for whistleblowers regarding possible breaches of that Code and ongoing training and refresher courses for key staff in the financial area. The Code of Conduct is applicable to all the companies and persons comprising the organisation. It has been distributed so that they can be apprised of its content. It is based on the following values: ethical values; relational integrity; integrity in the markets; personal integrity and organisational integrity. It makes specific mention of transparency in the information provided to the market.

The duties of the Audit & Compliance Committee include ensuring that the internal codes of ethics and conduct and securities market trading, as they apply to Group personnel, comply with the legislation and are appropriate for the Bank. The Regulatory Compliance unit is in charge of analysing possible breaches of the Code of Conduct and proposing corrective or disciplinary measures. Regarding the whistle-blowing channels, as specified in the Code of Conduct, communications will be passed on to any of the units designated for this purpose. The units are obliged to preserve the anonymity of the person blowing the whistle on a possible breach of the Code.

Training and periodic refresher courses will be held on accounting standards, internal control and risk management in units involved in preparing and reviewing the financial information and in evaluating the internal control system.

### **2. Financial reporting risk assessment**

Within the organisation a process is carried out each month to identify and update the consolidation perimeter. This covers all the objectives of financial reporting.

The process of identifying risks of error, falsehood or omission carried out by the Financial Reporting Internal Control unit is based on calculating materiality. It selects the material accounting items, processes and companies where the risks are identified, thereby determining the scope of the annual assessment ensuring the coverage of their risks that are critical to the financial statements. Identification of potential risks that must necessarily be covered by the annual assessment begins with the management's business understanding and insight, taking into account quantitative criteria (probability of occurrence, economic impact and materiality) and qualitative criteria associated with the type, complexity and nature of the risks and/or of the business structure itself. As proof, the effects of

other types of risk (operating, technology, financial, legal, reputational, environmental risks, etc) are taken into account insofar as they impact on the financial statements.

The system for identifying and assessing financial reporting internal control risks is dynamic. It evolves continuously, always reflecting the reality of the Group's business, the risks affecting it and the controls that mitigate them. The process is documented at least once a year. It is supervised by the Audit & Compliance Committee and the Global Internal Control & Operational Risk Committee is also apprised of it.

### **3. Control activities**

There are descriptions of processes documented in a management tool to maintain the flows of activities and controls for the different types of critical transactions and to develop a suitable procedure for signing off the financial statements to cover the risks identified for this process.

The internal control policies establish controls and procedures on the operation of the reporting systems and security of access, functional segregation, development and/or modification of computer applications, and on the management of subcontracted activities, or those aspects of assessment, calculation or valuation entrusted to independent experts. Likewise, there are procedures for the governance bodies to review and authorise the financial information disseminated to the securities markets, including specific review of the relevant judgements, estimates and projections.

### **4. Information and communication**

The organisation has an Accounting Policies committee and unit. Their mission is to act as arbiter to establish the accounting and solvency criteria applicable to ensure the correct recording of transactions to the accounts and the calculation of capital requirements within the framework of standards issued by the Bank of Spain, the European Union (International Accounting Standards Board, Equity Directives) and the Basel Committee. There is an updated accounting manual, disseminated over the Company intranet to all the units through which the Entity operates.

Control measures have been implemented to guarantee that all the data underpinning the financial information are collected in a comprehensive, exact and timely manner, and are reported in due time and form. The format of the financial reporting system is unique and standardised. It is applicable to and used by all the Group units. This format underpins the principal financial statements and the notes. There are also control measures and procedures to ensure that the information broadcast to the markets includes an appropriate level of detail and is suitably transmitted in line with the way that the investors and users of the financial information understand and interpret it.

### **5. Supervision of how the system works**

The Entity has an internal audit unit that provides support to the Audit Committee in supervising the financial reporting internal control system. In the final instance, the internal control system, pursuant to the Technical Audit Notes, is examined by the Group's accounts auditor, who reports to the Audit & Compliance Committee and issues an opinion on the effectiveness of the internal control system with respect to the financial information contained in the Group's annual consolidated statements at 31st December each year, in order for the financial information to be filed with the Securities & Exchange Commission. At the date of this report, the auditor of the consolidated accounts has not reported any significant or material issue to the Audit Committee, the Board of Directors or the Management Committee.

During 2011, the internal control areas have carried out a complete assessment of the financial reporting internal control in which no material or significant issue has been manifested to date. The assessment was reported to the Audit Committee, the Management Committee, the external auditor and the Global Internal Control & Operational Risk Committee.

Not all the control issues are of equal relevance or of equal economic significance: for each issue, there is an estimate of the expected economic impact and the probability of occurrence. The issues are then ranked as a function of these estimates. An action plan is established for each of the issues identified by

the internal control units and the issues detected by the internal or external auditor, to correct or mitigate the risks.

The internal control supervision carried out by the Audit & Compliance Committee, described in the Audit & Compliance Committee Regulations, published on the Group website, includes the following activities:

- Supervise the internal control systems' sufficiency, appropriateness and efficacy in order to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in their annual and quarterly reports. Also supervise the accounting and financial information that the Bank of Spain or other regulators from Spain and abroad may require.
- Ensure that the internal codes of ethics and conduct and securities market trading, as they apply to Group personnel, comply with legislation and are appropriate for the Bank.
- Analyse the financial statements of the Bank and its consolidated Group contained in the annual and quarterly reports prior to their presentation to the Board, and with the necessary depth to check their accuracy, reliability, scope and clarity. For this purpose, the Committee will have all the necessary information with the level of detail it deems appropriate, and be provided the necessary support of the Group's executive management, especially that of the Finance Area and that of the Company auditor.
- Review all the relevant changes relating to the accounting principles used and the presentation of the financial statements and ensures that they are given due publicity.
- Select the external auditor for the Bank and the consolidated Group and for all the companies comprising the Group. The Committee will oversee its independence and ensure that its audit schedule is carried through.
- Approve the annual Internal Audit schedule, monitor it and be apprised of the degree to which the units audited comply with the corrective measures recommended.



## DECLARATION OF LIABILITY FOR THE ANNUAL FINANCIAL REPORT

The members of the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. hereby declare that, as far as they are aware, the individual and consolidated financial statements for 2011, filed at their meeting, 1st February 2012, drawn up according to applicable accounting standards, provide a true picture of the net worth, the financial situation and the results of Banco Bilbao Vizcaya Argentaria, S.A. and the companies it consolidates taken as a whole, and that the consolidated and individual management reports include a true analysis of the evolution and position of Banco Bilbao Vizcaya Argentaria, S.A. and the companies that it consolidates taken as a whole, along with a description of the main risks and uncertainties that they face.

Madrid, 1st February 2012.

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D. Francisco González Rodríguez  
Presidente

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D. Ángel Cano Fernández  
Consejero Delegado

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D. Tomás Alfaro Drake  
Consejero

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D. Juan Carlos Álvarez Mezquíriz  
Consejero

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D. Ramón Bustamante y de la Mora  
Consejero

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D. José Antonio Fernández Rivero  
Consejero

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D. Ignacio Ferrero Jordi  
Consejero

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D. Carlos Loring Martínez de Irujo  
Consejero

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D. José Maldonado Ramos  
Consejero

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D. Enrique Medina Fernández  
Consejero

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D. José Luis Palao García-Suelto  
Consejero

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D. Juan Pi Llorens  
Consejero

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D<sup>a</sup> Susana Rodríguez Vidarte  
Consejera

<p><b>WARNING:</b> The English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.</p>
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