

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRS for banks. See Note 51).

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Annual Report

Financial Statements, Management Report and Audit Report 2014

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank"), which comprise the balance sheet as at 31 December 2014, and the 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.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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


Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of Banco Bilbao Vizcaya Argentaria, S.A. as at 31 December 2014, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Bank and, in particular, with the accounting principles and rules contained therein.

Report on Other Legal and Regulatory Requirements

The accompanying directors' report for 2014 contains the explanations which the Bank's 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 2014. 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



José Manuel Domínguez
4 February 2015

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Balance sheets as of December 31, 2014 and 2013

ASSETS	Notes	Millions of Euros	
		2014	2013(*)
CASH AND BALANCES WITH CENTRAL BANKS	7	9,262	12,085
FINANCIAL ASSETS HELD FOR TRADING	8	64,495	56,631
Loans and advances to credit institutions		-	-
Loans and advances to customers		-	-
Debt securities		15,590	13,425
Equity instruments		4,264	4,148
Trading derivatives		44,641	39,058
Memorandum item: Loaned or advanced as collateral		7,525	9,111
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	9	-	-
Loans and advances to credit institutions		-	-
Loans and advances to customers		-	-
Debt securities		-	-
Equity instruments		-	-
Memorandum item: Loaned or advanced as collateral		-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	10	53,709	43,301
Debt securities		47,393	38,151
Equity instruments		6,316	5,150
Memorandum item: Loaned or advanced as collateral		34,719	19,200
LOANS AND RECEIVABLES	11	230,724	230,523
Loans and advances to credit institutions		23,813	20,410
Loans and advances to customers		203,865	208,313
Debt securities		3,046	1,800
Memorandum item: Loaned or advanced as collateral		26,689	37,215
HELD-TO-MATURITY INVESTMENTS		-	-
Memorandum item: Loaned or advanced as collateral		-	-
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	12	121	99
HEDGING DERIVATIVES	12	2,112	2,307
NON-CURRENT ASSETS HELD FOR SALE	13	2,771	2,195
EQUITY METHOD	14	26,153	25,602
Associates		261	818
Jointly controlled entities		3,948	3,865
Subsidiaries		21,944	20,919
INSURANCE CONTRACTS LINKED TO PENSIONS	21	2,189	1,989
TANGIBLE ASSETS	15	1,539	1,651
Property, plants and equipment		1,534	1,646
For own use		1,534	1,646
Other assets leased out under an operating lease		-	-
Investment properties		5	5
Memorandum item: Loaned or advanced as collateral		-	-
INTANGIBLE ASSETS	16	874	927
Goodwill		-	-
Other intangible assets		874	927
TAX ASSETS	17	8,385	8,664
Current		986	1,402
Deferred		7,399	7,262
OTHER ASSETS	18	1,507	1,078
TOTAL ASSETS		403,841	387,052

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

The accompanying Notes 1 to 51 and Appendices I to XIV are an integral part of the balance sheet as of December 31, 2014.



BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Balance sheets as of December 31, 2014 and 2013

LIABILITIES AND EQUITY	Notes	Millions of Euros	
		2014	2013(*)
FINANCIAL LIABILITIES HELD FOR TRADING	8	50,976	43,599
Deposits from central banks		-	-
Deposits from credit institutions		-	-
Customer deposits		-	-
Debt certificates		-	-
Trading derivatives		43,826	38,531
Short positions		7,150	5,068
Other financial liabilities		-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	9	-	-
Deposits from central banks		-	-
Deposits from credit institutions		-	-
Customer deposits		-	-
Debt certificates		-	-
Subordinated liabilities		-	-
Other financial liabilities		-	-
FINANCIAL LIABILITIES AT AMORTIZED COST	19	305,036	301,120
Deposits from central banks		18,400	25,487
Deposits from credit institutions		58,091	42,920
Customer deposits		187,731	188,013
Debt certificates		26,754	33,787
Subordinated liabilities		7,701	5,106
Other financial liabilities		6,359	5,807
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	12	-	-
HEDGING DERIVATIVES	12	1,959	1,507
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	13	-	-
PROVISIONS	20	6,157	5,782
Provisions for pensions and similar obligations		5,267	4,878
Provisions for taxes and other legal contingencies		-	-
Provisions for contingent exposures and commitments		238	221
Other provisions		652	683
TAX LIABILITIES	17	1,655	978
Current		29	-
Deferred		1,626	978
OTHER LIABILITIES	18	1,444	1,474
TOTAL LIABILITIES		367,227	354,460

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Balance sheets as of December 31, 2014 and 2013

LIABILITIES AND EQUITY (Continued)	Notes	Millions of Euros	
		2014	2013(*)
STOCKHOLDERS' FUNDS		34,923	32,708
Common Stock	22	3,024	2,835
Issued		3,024	2,835
Unpaid and uncalled (-)		-	-
Share premium	23	23,992	22,111
Reserves	24	7,642	7,244
Other equity instruments		47	43
Equity component of compound financial instruments		-	-
Other equity instruments		47	43
Less: Treasury stock	25	(46)	(20)
Income attributed		1,105	1,263
Less: Dividends and remuneration		(841)	(768)
VALUATION ADJUSTMENTS	26	1,691	(116)
Available-for-sale financial assets		1,781	(52)
Cash flow hedging		(82)	(45)
Hedging of net investment in foreign transactions		-	-
Exchange differences		12	1
Non-current assets held-for-sale		-	-
Other valuation adjustments		(20)	(20)
TOTAL EQUITY		36,614	32,592
TOTAL LIABILITIES AND EQUITY		403,841	387,052

MEMORANDUM ITEM	Notes	Millions of Euros	
		2014	2013(*)
CONTINGENT RISK	28	45,137	47,961
CONTINGENT COMMITMENTS	28	53,968	53,412

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Income statements for the years ended December 31, 2014 and 2013.

	Notes	Millions of Euros	
		2014	2013(*)
INTEREST AND SIMILAR INCOME	32	6,763	7,877
INTEREST AND SIMILAR EXPENSES	32	(3,493)	(4,589)
NET INTEREST INCOME		3,270	3,288
DIVIDEND INCOME	33	2,848	2,257
FEE AND COMMISSION INCOME	34	1,773	1,775
FEE AND COMMISSION EXPENSES	35	(308)	(332)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	36	1,154	1,125
Financial instruments held for trading		(8)	328
Other financial instruments at fair value through profit or loss		-	-
Other financial instruments not at fair value through profit or loss		1,162	797
Rest		-	-
EXCHANGE DIFFERENCES (NET)		109	195
OTHER OPERATING INCOME	37	120	131
OTHER OPERATING EXPENSES	37	(433)	(641)
GROSS INCOME		8,533	7,798
ADMINISTRATION COSTS	38	(3,664)	(3,877)
Personnel expenses		(2,194)	(2,352)
General and administrative expenses		(1,470)	(1,525)
DEPRECIATION AND AMORTIZATION	39	(517)	(502)
PROVISIONS (NET)	40	(872)	(730)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	41	(1,868)	(3,254)
Loans and receivables		(1,857)	(3,224)
Other financial instruments not at fair value through profit or loss		(11)	(30)
NET OPERATING INCOME		1,612	(565)

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

The accompanying Notes 1 to 51 and Appendices I to XIV are an integral part of the income statement for the year ended December 31, 2014.



BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Income statements for the years ended December 31, 2014 and 2013.

(Continuación)	Notas	Millones de euros	
		2014	2013(*)
RESULTADO DE LA ACTIVIDAD DE EXPLOTACIÓN		1.612	(565)
PÉRDIDAS POR DETERIORO DEL RESTO DE ACTIVOS (NETO)	42	40	145
Fondo de comercio y otro activo intangible		-	-
Otros activos		40	145
GANANCIAS (PÉRDIDAS) EN LA BAJA DE ACTIVOS NO CLASIFICADOS COMO NO CORRIENTES EN VENTA	43	(1)	(127)
DIFERENCIA NEGATIVA EN COMBINACIONES DE NEGOCIO		-	-
GANANCIAS (PÉRDIDAS) DE ACTIVOS NO CORRIENTES EN VENTA NO CLASIFICADOS COMO OPERACIONES INTERRUMPIDAS	44.1	(371)	(370)
RESULTADO ANTES DE IMPUESTOS		1.280	(917)
IMPUESTO SOBRE BENEFICIOS	17	(175)	1.119
RESULTADO DEL EJERCICIO PROCEDENTE DE OPERACIONES CONTINUADAS		1.105	202
RESULTADO DE OPERACIONES INTERRUMPIDAS (NETO)	44.2	-	1.061
RESULTADO DEL EJERCICIO		1.105	1.263

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

The accompanying Notes 1 to 51 and Appendices I to XIV are an integral part of the income statement for the year ended December 31, 2014.



BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Statements of recognized income and expenses for the years ended December 31, 2014 and 2013.

	Millions of Euros	
	2014	2013(*)
NET INCOME RECOGNIZED IN INCOME STATEMENT	1,105	1,263
OTHER RECOGNIZED INCOME (EXPENSES)	1,807	861
ITEMS NOT SUBJECT TO RECLASSIFICATION TO P&L	-	(2)
Actuarial gains and losses from defined benefit pension plans	-	(3)
Non-current assets available for sale	-	-
Income tax related to items not subject to reclassification to p&l	-	1
ITEMS SUBJECT TO RECLASSIFICATION TO P&L	1,807	863
Available-for-sale financial assets	2,770	1,294
Valuation gains/(losses)	3,124	1,360
Amounts removed to income statement	(354)	(66)
Reclassifications	-	-
Cash flow hedging	(53)	(8)
Valuation gains/(losses)	(53)	(7)
Amounts removed to income statement	-	(1)
Amounts removed to the initial carrying amount of the hedge	-	-
Reclassifications	-	-
Hedging of net investment in foreign transactions	-	-
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
Exchange differences	16	(17)
Valuation gains/(losses)	17	1
Amounts removed to income statement	(1)	(18)
Reclassifications	-	-
Non-current assets held for sale	-	-
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
Rest of recognized income and expenses	-	-
Income tax relating to items that may be reclassified to profit or (-) loss	(926)	(406)
TOTAL RECOGNIZED INCOME/EXPENSES	2,912	2,124

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

The accompanying Notes 1 to 51 and Appendices I to XIV are an integral part of the statement of recognized income and expenses for the year ended December 31, 2014

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Statements of changes in equity for the years ended December 31, 2014 and 2013.

2014	Millions of Euros									Total Equity
	Total Equity Attributed to the Parent Company									
	Stockholders' Funds								Valuation Adjustments (Note 26)	
	Common Stock (Note 22)	Share Premium (Note 23)	Reserves (Note 24)	Other Equity Instruments	Less: Treasury Stock (Note 25)	Profit for the Year	Less: Dividends and Remunerations	Total Stockholders' Funds		
Balances as of January 1, 2014 (*)	2,835	22,111	7,384	43	(20)	1,406	(768)	32,991	(116)	32,875
Effect of changes in accounting policies (*)			(140)			(143)		(283)		(283)
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	2,835	22,111	7,244	43	(20)	1,263	(768)	32,708	(116)	32,592
Total income/expense recognized	-	-	-	-	-	1,105	-	1,105	1,807	2,912
Other changes in equity	189	1,881	398	4	(26)	(1,263)	(73)	1,110	-	1,110
Common stock increase	189	1,881	(70)	-	-	-	-	2,000	-	2,000
Common stock reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	34	-	-	-	34	-	34
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(597)	(597)	-	(597)
Transactions including treasury stock and other equity instruments (net)	-	-	(7)	-	(26)	-	-	(33)	-	(33)
Transfers between total equity entries	-	-	499	(4)	-	(1,263)	768	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	(24)	(26)	-	-	(244)	(294)	-	(294)
Of which:										
Acquisition of the free allotment rights (Note 3)	-	-	-	-	-	-	(244)	(244)	-	(244)
Balances as of December 31, 2014	3,024	23,992	7,642	47	(46)	1,105	(841)	34,923	1,691	36,614

(*) Balance as of December 31, 2013, previously published (note 1.3)

The accompanying Notes 1 to 51 and Appendices I to XIV are an integral part of the statement of changes in equity for the year ended December 31, 2014.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Statements of changes in equity for the years ended December 31, 2014 and 2013.

2013	Millions of Euros									Total Equity (*)
	Total Equity Attributed to the Parent Company									
	Stockholders' Funds							Valuation Adjustments (Note 26)		
Common Stock (Note 22)	Share Premium (Note 23)	Reserves (Note 29)	Other Equity Instruments	Less: Treasury Stock (Note 35)	Profit for the Year	Less: Dividends and Remunerations	Total Stockholders' Funds			
Balances as of January 1, 2013 (**)	2,670	20,968	7,049	43	(41)	1,428	(1,334)	30,783	(977)	29,806
Effect of changes in accounting policies (**)	-	-	(123)	-	-	(17)	-	(140)	-	(140)
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	2,670	20,968	6,926	43	(41)	1,411	(1,334)	30,643	(977)	29,666
Total income/expense recognized	-	-	-	-	-	1,263	-	1,263	861	2,124
Other changes in equity	165	1,143	318	-	21	(1,411)	566	802	-	802
Common stock increase	71	-	(71)	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	94	1,143	-	-	-	-	-	1237	-	1237
Increase of other equity instruments	-	-	-	27	-	-	-	27	-	27
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(607)	(607)	-	(607)
Transactions including treasury stock and other equity instruments (net)	-	-	-	-	21	-	-	21	-	21
Transfers between total equity entries	-	-	90	(13)	-	(1,411)	1,334	-	-	-
Increase/Reduction due to business combinations	-	-	308	-	-	-	-	308	-	308
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	(9)	(14)	-	-	(161)	(184)	-	(184)
Of which:	-	-	-	-	-	-	-	-	-	-
Acquisition of the free allotment rights (Note 3)	-	-	-	-	-	-	(161)	(161)	-	(161)
Balances as of December 31, 2013	2,835	22,111	7,244	43	(20)	1,263	(768)	32,708	(116)	32,592

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

(*) Balance as of December 31, 2012, previously published (note 1.3)

The accompanying Notes 1 to 51 and Appendices I to XIV are an integral part of the statement of changes in equity for the year ended December 31, 2014.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Statements of cash flows for the years ended December 31, 2014 and 2013.

	Notes	Millions of Euros	
		2014	2013(*)
CASH FLOW FROM OPERATING ACTIVITIES (1)	45	(4,709)	3,912
Net income for the year		1,105	1,263
Adjustments to obtain the cash flow from operating activities:		4,749	3,885
Depreciation and amortization		517	502
Other adjustments		4,232	3,383
Net increase/decrease in operating assets		(18,714)	13,597
Financial assets held for trading		(7,864)	7,139
Other financial assets designated at fair value through profit or loss		-	-
Available-for-sale financial assets		(10,408)	(10,203)
Loans and receivables		(201)	6,506
Other operating assets		(241)	10,155
Net increase/decrease in operating liabilities		7,976	(13,798)
Financial liabilities held for trading		7,377	(9,835)
Other financial liabilities designated at fair value through profit or loss		-	-
Financial liabilities at amortized cost		1,250	(4,388)
Other operating liabilities		(651)	425
Collection/Payments for income tax		175	(1,035)
CASH FLOWS FROM INVESTING ACTIVITIES (2)	45	(1,711)	(3,101)
Investment		2,194	6,957
Tangible assets		156	517
Intangible assets		265	498
Investments		714	4,895
Other business units		-	-
Non-current assets held for sale and associated liabilities		1,059	1,047
Held-to-maturity investments		-	-
Other settlements related to investing activities		-	-
Divestments		483	3,856
Tangible assets		14	28
Intangible assets		-	-
Investments		147	1,359
Subsidiaries and other business units		-	-
Non-current assets held for sale and associated liabilities		322	2,030
Held-to-maturity investments		-	439
Other collections related to investing activities		-	-

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

The accompanying Notes 1 to 51 and Appendices I to XIV are an integral part of the statement of cash flows for the year ended December 31, 2014.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Statements of cash flows for the years ended December 31, 2014 and 2013.

		Millions of Euros	
(Continued)	Notes	2014	2013(*)
CASH FLOWS FROM FINANCING ACTIVITIES (3)	45	3,749	168
Investment		4,108	3,735
Dividends		772	1,313
Subordinated liabilities		678	88
Common stock amortization		-	-
Treasury stock acquisition		2,658	2,325
Other items relating to financing activities		-	9
Divestments		7,857	3,903
Subordinated liabilities		3,015	1,559
Common stock increase		2,000	-
Treasury stock disposal		2,623	2,344
Other items relating to financing activities		219	-
EFFECT OF EXCHANGE RATE CHANGES (4)		(152)	27
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)		(2,823)	1,006
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE YEAR		12,085	11,079
CASH OR CASH EQUIVALENTS AT END OF THE YEAR		9,262	12,085

		Millions of Euros	
COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR	Notes	2014	2013(*)
Cash		726	659
Balance of cash equivalent in central banks		8,536	11,426
Other financial assets		-	-
Less: Bank overdraft refundable on demand		-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF THE YEAR	7	9,262	12,085

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

The accompanying Notes 1 to 51 and Appendices I to XIV are an integral part of the statement of cash flows for the year ended December 31, 2014.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Notes to the financial statements for the year ended December 31, 2014.

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

1.1 Introduction

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

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

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

The Bank's financial statements for the year ended December 31, 2014 were approved by the shareholders at the Bank's Annual General Meeting ("AGM") held on March 14, 2014.

The Bank's financial statements for the year ended December 31, 2014 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 2014 are presented in accordance with Bank of Spain Circular 4/2004, dated December 22, and its subsequent amendments, and with any other legislation governing financial reporting applicable to the Bank. Circular 4/2004 implements and adapts the International Financial Reporting Standards (EU-IFRS) to Spanish credit institutions, following stipulations established under Regulation 1606/2002 of the European Parliament and of the Council, dated July 19, 2002, relating to the application of the International Accounting Standards.

The Bank's financial statements for the year ended December 31, 2014 have been prepared by the Bank's directors (at the Board of Directors meeting held on February 2, 2015) 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, 2014, together with the results of its operations and cash flows generated during the year ended on that date.

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

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

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

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1.3 Comparative information

The information contained in these financial statements for 2013 is presented solely for the purpose of comparison with information relating to December 31, 2014. It does not constitute the Bank's financial statements for 2012.

The Bank has proceeded to make a change in accounting policy with respect to contributions made to the Deposit Guarantee Fund retroactively, and therefore proceeded to restate certain amounts for the year 2013, presented for comparative purposes (see Appendix XIV).

The main effect of this change is that:

- With respect to the income statements for the year 2013, the balances for the following line items have been modified: "Other Income and Expenses" and consequently the line items of "Gross Margin", "Operating income", "Operating Profit & Loss before tax" and "Profit attributable to parent company". Therefore, the "profit attributable to parent company" for the year 2013 becomes €1,263 million compared to €1,406 million registered under the previous regulation.
- With respect to the balance sheet from year 2013, this change affects in a material manner the balances for the following line items: "Deferred tax assets", "Financial liabilities at amortized cost - Other financial liabilities", "Reserves" and consequently the line items "Total assets", "Total liabilities", "Stockholders' funds" and "Total equity".

1.4 Seasonal nature of income and expenses

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

1.5 Responsibility for the information and for the estimates made

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

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

- Impairment on certain financial assets (see Notes 5, 6, 10, 11, 12 and 14).
- The assumptions used to quantify certain provisions (see Note 20) for the actuarial calculation of post-employment benefit liabilities and commitments (see Note 21).
- The useful life and impairment losses of tangible and intangible assets (see Notes 13, 15 and 16).
- The fair value of certain unlisted financial assets and liabilities in organized markets (see Notes 5, 6, 8, 9, 10 and 12).

Although these estimates were made on the basis of the best information available as of December 31, 2014 on the events analyzed, future events may make it necessary to modify them (either up or down). This would be done in accordance with applicable regulations and prospectively, recording the effects of changes in the estimates in the corresponding income statement.

1.6 Control of the BBVA Group's financial reporting

The description of the BBVA Group's Internal Financial Reporting Control model is described in the management report accompanying the Financial Statements for 2014.

1.7 Deposit guarantee fund

The Bank is part of the "Fondo de Garantía de Depósitos" (Deposit Guarantee Fund). Adjusting to the previously mentioned accounting criteria modification, the expense incurred by the contributions made to this Agency in 2014 and 2013 amounted to €215 million and €516 million, respectively. These amounts are registered under the heading "Other operating expenses" of the accompanying income statements (see Note 37).

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The previously mentioned amount registered in year 2013 includes the extraordinary contribution established by the Royal Decree-Law 6/2013. A one-off Deposit Guarantee Fund contribution, applicable to 3 per thousand of eligible deposits. The first contribution (40%) amounted to 121 million euros paid in 2013. Of the second contribution (remaining 60%) in 2014 a seventh part was paid and according to the new payment schedule established by the Management Committee of the Deposit Guarantee Fund. The remaining part of the previously mentioned second contribution is recognized as a liability (see Note 1.3). This amount will be paid off in two settlements, being the first one in June, 30th 2015 and the second one in June 30th 2016.

1.8 Consolidated financial statements

The consolidated financial statements of the BBVA Group for the year ended December 31, 2014 have been prepared by the Bank's Directors (at the Board of Directors meeting held on February 3, 2015) in accordance with the International Financial Reporting Standards adopted by the European Union and applicable at the close of 2014, taking into account Bank of Spain Circular 4/2004, dated December 22, and subsequent amendments, and with any other legislation governing financial reporting applicable to the Group.

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

These changes are reflected in the consolidated financial statements of the BBVA Group for the year 2014, 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 2013 amounted to €631,942 million and €51,609 million, respectively, while the consolidated net profit attributed to the parent company totaled €2,618 million.

2. Accounting policies and valuation criteria applied

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

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

2.1 Financial instruments

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

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

All the changes in the value of financial instruments, except in trading derivatives, arising from the accrual of interests and similar items are recognized under the headings "Interest and similar income" or "Interest and similar expenses", as appropriate, in the accompanying income statement for the year in which the accrual took place (see Note 32). 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 33).

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:

2.1.1 “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 36). However, changes resulting from variations in foreign exchange rates are recognized under the heading “Exchange differences (net)” in the accompanying income statements.

2.1.2 “Available-for-sale financial assets”

Assets recognized under this heading in the balance sheets are measured at their fair value. Subsequent changes in this measurement (gains or losses) are recognized temporarily for their amount net of tax effect under the heading “Valuation adjustments - Available-for-sale financial assets” in the balance sheets (see Note 26).

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

The amounts recognized under the headings “Valuation adjustments - Available-for-sale financial assets” and “Valuation adjustments - Exchange differences” continue to form part of the Bank’s equity until the asset is derecognized from the balance sheet or until an impairment loss is recognized in the financial instrument in question. If these assets are sold, these amounts are derecognized and entered under the headings “Net gains (losses) on financial assets and liabilities” or “Exchange differences (net)”, as appropriate, in the income statement for the year in which they are derecognized (see Note 36).

In the specific case of the sale of equity instruments considered strategic investments and recognized under the heading “Available-for-sale financial assets”, the gains or losses generated are recognized under the heading “Gains (losses) in non-current assets held-for-sale not classified as discontinued operations” in the income statement, even if they had not been classified in a previous balance sheet as non-current assets held for sale, as indicated in Rule 56 of Circular 4/2004 and its subsequent amendments (see Note 44).

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 statement for that year (see Note 41).

2.1.3 “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 41).

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

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

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

- In fair value hedges, the changes in the fair value of the derivative and the hedged item attributable to the hedged risk are recognized under the heading “Net gains (losses) on financial assets and liabilities” in the income statement (see Note 36), with a balancing item under the headings of the balance sheet where hedging items (“Hedging derivatives”) or the hedged items are recognized, as applicable.

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

- In cash flow hedges, the gain or loss on the hedging instruments relating to the effective portion are recognized temporarily under the heading “Valuation adjustments – Cash flow hedging” in the balance sheets. These differences are recognized in the accompanying income statement at the time when the gain or loss in the hedged instrument affects profit or loss, when the forecast transaction is executed or at the maturity date of the hedged item. Almost all of the hedges used by the Bank are for interest-rate risks. Therefore, the valuation changes are recognized under the headings “Interest and similar income” or “Interest and similar expenses” in the accompanying income statement (see Note 32).

Differences in the measurement of the hedging items corresponding to the ineffective portions of cash flow hedges are recognized directly under the heading “Net gains (losses) on financial assets and liabilities” in the income statement (see Note 36).

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

2.1.5 Other financial instruments

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

- Equity instruments whose fair value cannot be determined in a sufficiently objective manner and financial derivatives that have those instruments as their underlying asset and are settled by delivery of those instruments remain in the balance sheet at acquisition cost; this may be adjusted, where appropriate, for any impairment loss.
- Valuation adjustments arising from financial instruments classified at balance sheet date as non-current assets held for sale are recognized with a balancing entry under the heading “Valuation adjustments - Non-current assets held for sale” in the accompanying balance sheets (see Note 26).

2.2 Impairment losses on financial assets

2.2.1 Definition of impaired financial assets

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

- In the case of debt instruments (loans and debt securities), give rise to an adverse impact on the future cash flows that were estimated at the time the transaction was arranged. So they are considered impaired when there are reasonable doubts that the balances will be recovered in full and/or the related interest will be collected for the amounts and on the dates initially agreed.

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- In the case of equity instruments, it means that their carrying amount may not be fully recovered.

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to the income statement for the year in which the impairment becomes known, and the recoveries of previously recognized impairment losses are recognized in the income statement for the year in which the impairment is reversed or reduced. Any recovery of previously recognized impairment losses for an investment in an equity instrument classified as financial assets available for sale is not recognized in the income statement, but under the heading "Valuation Adjustments - Available-for-sale financial assets" (see Note 26) in the balance sheet.

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

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

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

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

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

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

Calculation of impairment on financial assets

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

2.2.2 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.

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

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

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

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

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

Impairment losses determined collectively

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

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

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

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

- Impaired financial assets

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

Allowance Percentages for Impairment Loans

Age of the Past-due Amount	Allowance Percentage
Up to 180 days	25%
Over 180 days and up to 270 days	50%
Over 270 days and up to 1 year	75%
Over 1 year	100%

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

- 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:

- Completed home that is the primary residence of the borrower

Includes homes with a current certificate of habitability or occupancy, issued by the corresponding administrative authority, in which the borrower usually lives and feels more attached to.

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

- 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.

- Finished homes (rest)

Includes finished homes that, on the date referred to by the financial statements, have the corresponding current certificate of habitability or occupancy issued by the corresponding administrative authority, but that do not qualify for consideration under above section "Completed home that is the primary residence of the borrower".

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

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

- 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 the previous section.

- Transactions secured by other collateral (not real estate):

Transactions that have as collateral any of the pledges indicated below shall be hedged by applying the following criteria:

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

- Non-impaired portfolio

- Average Risk

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

Risk	Allowance Range	
Negligible risk	0%	0%
Low risk	0.06%	0.75%
Medium-low risk	0.15%	1.88%
Medium risk	0.18%	2.25%
Medium-high risk	0.2%	2.50%
High risk	0.25%	3.13%

- Substandard Risk

Loans classified in the Substandard Risk category will be analyzed to determine the necessary generic provision, which is the difference between the amount recognized in assets for these instruments and the present value of cash flows expected to be received for the group, discounted at the average contractual interest

The coverage to be performed for each of the homogeneous groups of debt instruments classified as substandard risks for belonging to a troubled range, will be collectively estimated for assets with similar credit risk characteristics to the group's based on historical loss experience. This historical experience is adjusted on the basis of observable data to reflect the effect of current conditions that did not affect the period that has been extracted from historical experience, and to remove the effects of conditions in the historical period that do not exist today.

- Country risk allowance or provision

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

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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, 2014, these country risk allowances represent 0.29% of the credit loss allowances recognized of the Bank).

Impairment of other debt instruments

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

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

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

Impairment of equity instruments

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

- *Equity instruments measured at fair value:* The criteria for quantifying and recognizing impairment losses on equity instruments are similar to those for "Debt instruments", with the exception that any recovery of previously recognized impairment losses for an investment in an equity instrument classified as available for sale is not recognized in the income statement but under the heading "Valuation adjustments - Available-for-sale financial assets" in the balance sheet (see Note 26).

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

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

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

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

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

Impairment of holdings in subsidiaries, associates or jointly controlled entities

When evidence of impairment exists in the holdings in subsidiaries, associates or jointly controlled entities, the entity will estimate the amount of the impairment losses by comparing their recoverable amount, which is the fair value minus the necessary sale costs or their value in use, whichever is greater, with their carrying amount. Impairment losses are recognized immediately under the heading "Impairment losses on other assets (net)" in the income statement (see Note 42). Recoveries subsequent to impairment losses recognized previously are recognized under the same heading in the income statement for the period.

2.2.3 Transfers and derecognition of financial assets and liabilities

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

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

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

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

In the specific case of securitizations, this liability is recognized under the heading "Financial liabilities at amortized cost - Customer deposits" in the balance sheets (see Note 19). As these liabilities do not constitute a current obligation, when measuring such a financial liability the Bank deducts those financial instruments owned by it which constitute financing for the entity to which the financial assets have been transferred, to the extent that these instruments are deemed specifically to finance the transferred assets.

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

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

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

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

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

2.3 Financial guarantees

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

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

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Financial guarantees, irrespective of the guarantor, instrumentation or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, to consider whether a provision is required for them. The credit risk is determined by application of criteria similar to those established for quantifying impairment losses on debt instruments measured at amortized cost (see Note 2.2).

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 20). These provisions are recognized and reversed with a charge or credit, respectively, to "Provisions (net)" in the income statements (see Note 40).

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 34).

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 13).

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

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

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

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

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

Gains and losses generated on the disposal of assets and liabilities classified as non-current held for sale, and related impairment losses and subsequent recoveries, where pertinent, are recognized under the heading "Gains (losses) on non-current assets held for sale not classified as discontinued transactions" in the income statements (see Note 44). The remaining income and expense items associated with these assets and liabilities are classified within the relevant income statement headings.

Income and expenses for discontinued operations, whatever their nature, generated during the year, even if they have occurred before their classification as discontinued operations, are presented net of the tax effect as a single amount under the heading "Income from discontinued transactions" in the income statement, whether the business remains on the balance sheet or is derecognized from the balance sheet. This heading includes the earnings from their sale or other disposal.

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2.5 Tangible assets

Property, plants and equipment for own use

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

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

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

The tangible asset depreciation charges are recognized in the accompanying income statements under the heading "Depreciation and amortization" (see Note 39) 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% - 4%
Furniture	8% - 10%
Fixtures	6% - 12%
Office supplies and computerization	8% - 25%

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

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

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

Upkeep and maintenance expenses relating to tangible assets held for own use are recognized as an expense in the year they are incurred and recognized in the income statements under the heading "Administration costs - General and administrative expenses - Property, fixtures and equipment" (see Note 38.2).

Other assets leased out under an operating lease

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

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Investment properties

The heading “Tangible assets - Investment properties” in the balance sheets reflects the net values (purchase cost minus the corresponding accumulated depreciation and, if appropriate, estimated impairment losses) of the land, buildings and other structures that are held either to earn rentals or for capital appreciation through sale and that are neither expected to be sold off in the ordinary course of business nor are destined for own use (see Note 15).

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

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

2.6 Intangible assets

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

Intangible assets with a finite useful life are amortized according to the duration of this useful life, using methods similar to those used to depreciate tangible assets. The depreciation charge for these assets is recognized in the accompanying income statements under the heading “Depreciation and amortization” (see Note 39).

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 42). The criteria used to recognize the impairment losses on these assets and, where applicable, the recovery of impairment losses recognized in prior years, are similar to those used for tangible assets.

2.7 Tax assets and liabilities

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

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

Deferred tax assets and liabilities include temporary differences, defined as at the amounts to be payable or recoverable in future fiscal years arising from the differences between the carrying amount of assets and liabilities and their tax bases (the “tax value”), and the tax loss and tax credit carry forwards. These amounts are registered by applying to each temporary difference the tax rates that are expected to apply when the asset is realized or the liability settled (see Note 17).

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

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

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

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

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 20). The obligations may arise in connection with legal or contractual provisions, valid expectations formed by Bank companies relative to third parties in relation to the assumption of certain responsibilities or through virtually certain developments of particular aspects of the regulations applicable to the operation of the entities; and, specifically, future legislation to which the Bank will certainly be subject.

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

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

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

Contingent assets are possible assets that arise from past events and whose existence is conditional on, and will be confirmed only by, the occurrence or non-occurrence of events beyond the control of the Bank. Contingent assets are not recognized in the balance sheet or in the income statement; however, they are disclosed in the Notes to the financial statements, provided that it is probable that these assets will give rise to an increase in resources embodying economic benefits (see Note 29).

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

2.9 Pensions and other post-employment commitments

Below is a description of the most significant accounting criteria relating to the commitments to employees, in terms of post-employment benefits and other long term commitments assumed by the Bank’s companies in Spain and abroad (see Note 21).

Commitments’ valuation: assumptions and actuarial gains/losses recognition

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

The actuarial assumptions should take into account that:

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

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The Bank recognizes actuarial differences originating in the commitments assumed with staff taking early retirement, benefits awarded for seniority and other similar items under the heading "Provisions (net)" of the income statement for the period (see Note 40) in which these differences occur. The Bank recognizes the actuarial gains or losses arising on all other defined-benefit post-employment commitments directly under the heading "Valuation adjustments" of equity in the accompanying consolidated balance sheets (see Note 26).

Post-employment benefit commitments

Pensions

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

- *Defined-contribution commitments:* The amounts of these commitments are established as a percentage of certain remuneration items and/or as a fixed pre-established amount. The contributions made in each period by the Bank's companies for these commitments are recognized with a charge to the heading "Personnel expenses - Defined-contribution plan expense" in the consolidated income statements (see Note 38).
- *Defined-benefit commitments:* The Bank has defined-benefit commitments for permanent disability and death for certain current employees and early retirees, and defined-benefit retirement commitments applicable only to certain groups of serving employees, or early retired employees and retired employees. These commitments are either funded by insurance contracts or registered as internal provisions.

The amounts recognized under the heading "Provisions - Provisions for pensions and similar obligations" (see Note 20) are the differences, at the date of the financial statements, between the present values of the defined-benefit commitments, adjusted by the past service cost, and the fair value of plan assets.

Early retirement

The Bank has offered certain employees in Spain the possibility of taking early retirement before the age stipulated in the collective labor agreement in force and has put into place the corresponding provisions to cover the cost of the commitments acquired for this item. The present values paid for early retirement are quantified based on an individual member data and are recognized under the heading "Provisions - Provisions for pensions and similar obligations" in the accompanying balance sheets (see Note 20).

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

Other post-employment welfare benefits

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

The present values of post-employment welfare benefits are quantified based on an individual member data and are recognized under the heading "Provisions - Provisions for pensions and similar obligations" in the consolidated balance sheets (see Note 20).

Other long-term commitments to employees

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

Some of these commitments are measured using actuarial studies, so that the present values of the vested obligations for commitments with personnel are quantified based on an individual member data. They are recognized under the heading "Provisions - Other provisions" in the balance sheets (see Note 20).

The cost of these benefits provided by the Bank's Spanish companies to active employees are recognized under the heading "Personnel expenses - Other personnel expenses" in the consolidated income statements (see Note 38).

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

2.10 Equity-settled share-based payment transactions

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

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

2.11 Termination benefits

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

2.12 Treasury stock

The value of the equity instruments (basically, shares and derivatives over the Bank's shares held by some Group companies that comply with the requirements for recognition as equity instruments) is recognized under the heading "Stockholders' funds - Treasury stock" in the balance sheets (see Note 25).

These financial assets are recognized at acquisition cost, and the gains or losses arising on their disposal are credited or debited, as appropriate, under the heading "Stockholders' funds - Reserves" in the balance sheets (see Note 24).

2.13 Foreign-currency transactions

Assets, liabilities and futures transactions

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

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

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

The breakdown of the main balances in foreign currencies as of December 31, 2014 and 2013, with reference to the most significant foreign currencies, is set forth in Appendix VIII.

Structural currency positions

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

2.14 Recognition of income and expenses

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

- Interest income and expenses and similar items

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

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

- Commissions, fees and similar items

Income and expenses relating to commissions and similar fees are recognized in the income statement using criteria that vary according to the nature of such items. The most significant items in this connection are:

- Those relating to financial assets and liabilities measured at fair value through profit or loss, which are recognized when collected/paid.
- Those arising from transactions or services that are provided over a period of time, which are recognized over the life of these transactions or services.
- Those relating to single acts, which are recognized when this single act is carried out.

- Non-financial income and expenses

These are recognized for accounting purposes on an accrual basis.

- Deferred collections and payments

These are recognized for accounting purposes at the amount resulting from discounting the expected cash flows at market rates.

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

The heading "Other operating income – Sales and income 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 37).

2.16 Leases

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

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

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When the Bank acts as lessor of an asset in operating leases, the acquisition cost of the leased assets is recognized under "Tangible assets - Property, plants and equipment - Other assets leased out under an operating lease" in the balance sheets (see Note 15). These assets are depreciated in line with the criteria adopted for items of tangible assets for own use, while the income arising from the lease arrangements is recognized in the income statements on a straight-line basis under the headings "Other operating income - Rest of other operating income" and "Other operating expenses" (see Note 37).

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, 2014 and 2013 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 26), are included in the Bank's total equity net of tax effect, which has been recognized as deferred tax assets or liabilities, as appropriate.

2.20 Statements of cash flows

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

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

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

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3. System of shareholder remuneration

Shareholder remuneration system

During 2011, 2012 and 2103, a shareholder remuneration system called the “Dividend Option” was implemented.

Under this remuneration scheme, BBVA offers its shareholders the opportunity to receive part of their remuneration in the form of 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 purchase the free assignment rights) or on the market.

The Bank’s Shareholders’ Annual General Meeting held on March 14, 2014 once more approved the establishment of the “Dividend Option” program for 2014, through four share capital increases charged to voluntary reserves, under similar conditions to those established in the previous years.

In April 2014, the Executive Committee approved the execution of the first of the capital increases charged to reserves as agreed by the AGM held on March 14, 2014 to implement the Dividend Option. As a result of this increase, the Bank’s common stock increased by €49,594,990.83 (101,214,267 shares at a €0.49 par value each). 89.21% of shareholders opted to receive their remuneration in the form of shares (see Note 22). The other 10.79% of the right owners opted to sell the rights assigned to them to BBVA, and as a result, BBVA acquired 624,026,809 rights for a total amount of €104,836,503.91; said shareholders were paid in cash at a gross fixed price of €0.168 per right.

In October 2014, the Executive Committee approved the execution of the first of the capital increases charged to reserves as agreed by the AGM held on March 14, 2014 to implement the Dividend Option. As a result of this increase, the Bank’s common stock increased by €20,455,560.09 (41,746,041 shares at a €0.49 par value each). 85.09% of shareholders opted to receive their remuneration in the form of shares (see Note 22). The other 14.91% of the right owners opted to sell the rights assigned to them to BBVA, and as a result, BBVA acquired 877,643,649 rights for a total amount of €70,211,491.92; said shareholders were paid in cash at a gross fixed price of €0.080 per right.

In December 2014, the Executive Committee approved the execution of the third of the capital increases charged to reserves as agreed by the AGM held on March 14, 2014 to implement the Dividend Option. As a result of this increase, the Bank’s common stock increased by €26,256,622.07 (53,584,943 shares at a €0.49 par value each). 85.96% of shareholders opted to receive their remuneration in the form of shares (see Note 22). The other 14.04% of the right owners opted to sell the rights assigned to them to BBVA, and as a result, BBVA acquired 866,429,450 rights for a total amount of €69,314,363.20; said shareholders were paid in cash at a gross fixed price of €0.080 per right.

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Dividends

At its meeting of June 25, 2014, the Board of Directors of BBVA approved the payment of an interim dividend against 2014 earnings of €0.08 gross (€0.0632 net) per outstanding share to be paid on July 10, 2014.

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

Millions of Euros	
Available Amount for Interim Dividend Payments	May 31, 2014
Profit of BBVA, S.A. at each of the dates indicated, after the provision for income tax	983
Less -	
Estimated provision for Legal Reserve	10
Acquisition by the bank of the free allotment rights in 2014 capital increase	105
Additional Tier I capital instruments remuneration	53
Maximum amount distributable	815
Amount of proposed interim dividend	471
BBVA cash balance available to the date	1,827

The first amount of the interim dividend which has been paid to the shareholders on July 10, 2014, amounted to €471 million.

The table below shows the allocation of the Bank's earnings for 2014 that the Board of Directors will submit for approval by the General Shareholders' Meeting:

Millions of euros	
Application of Earnings	2014
Net income for year	1,105
Distribution:	
Interim dividends	471
Acquisition by the bank of the free allotment rights(*)	244
Additional Tier 1 securities	126
Legal reserve	38
Voluntary reserves	226

(*) Concerning to the remuneration to shareholders who chose to be paid in cash through the "Dividend Option".

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4. Earnings per share

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

The Bank issued additional share capital in 2014 and 2013 (see Note 22). In accordance with IAS 33, when there is a capital increase earnings per share, basic and diluted, should be recalculated for previous periods applying a corrective factor to the denominator (the weighted average number of shares outstanding) This corrective factor is the result of dividing the fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value per share. The basic and diluted earnings per share for December 2013 were recalculated on this basis.

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

Basic and Diluted Earnings per Share	2014	2013
Numerator for basic and diluted earnings per share (millions of euros)		
Profit attributable to parent company	2,618	2,084
Adjustment: Mandatory convertible bonds interest expenses	-	-
Profit adjusted (millions of euros) (A)	2,618	2,084
Profit from discontinued operations (net of non-controlling interest) (B)	-	1,819
Denominator for basic earnings per share (number of shares outstanding)		
Weighted average number of shares outstanding (1)	5,905	5,597
Weighted average number of shares outstanding x corrective factor (2)	5,905	5,815
Adjustment: Average number of estimated shares to be converted	-	-
Adjusted number of shares - Basic earning per share (C)	5,905	5,815
Adjusted number of shares - diluted earning per share (D)	5,905	5,815
Basic earnings per share from continued operations (Euros per share)A-B/C	0.44	0.05
Diluted earnings per share from continued operations (Euros per share)A-B/D	0.44	0.05
Basic earnings per share from discontinued operations (Euros per share)B/C	-	0.31
Diluted earnings per share from discontinued operations (Euros per share)B/D	-	0.31

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

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

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

As of December 31, 2014 and 2013 there were no other financial instruments or share option commitments with employees that could potentially affect the calculation of the diluted earnings per share for the years presented. For this reason the basic and diluted earnings are matched.

5. Risk management

5.1 General risk management and control model

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

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

- Governance and organization
- Risk appetite
- Decisions and processes

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- Assessment, monitoring and reporting
- Infrastructure

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

5.1.1 Governance and organization

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

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

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

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

Corporate governance system

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

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

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

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

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

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

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

Organizational structure and committees

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

- The corporate area's risk units develop and present the Group's risk appetite proposal, corporate policies, rules and global procedures and infrastructures to the Group's Chief Risk Officer (CRO), within the action framework approved by the corporate bodies, ensure their application, and report either directly or through the Group's Chief Risk Officer (CRO) to the Bank's corporate bodies. Their functions include:
 - Management of the different types of risks at Group level in accordance with the strategy defined by the corporate bodies.
 - Risk planning aligned with the risk appetite principles.
 - Monitoring and control of the Group's risk profile in relation to the risk appetite approved by the Bank's corporate bodies, providing accurate and reliable information with the required frequency and in the necessary format.
 - Prospective analyses to enable an evaluation of compliance with the risk appetite in stress scenarios and the analysis of risk mitigation mechanisms.
 - Management of the technological and methodological developments required for implementing the Model in the Group.
 - Design of the Group's Internal Risk Control model and definition of the methodology, corporate criteria and procedures for identifying and prioritizing the risk inherent in each unit's activities and processes.
 - Validation of the models used and the results obtained by them in order to verify their adaptation to the different uses to which they are applied.
- The risk units in the business units develop and present to the Risk Officer of the geographical and/or business area the risk appetite proposal applicable in each geographical and/or business area, independently and always within the Group's risk appetite. They also ensure that the corporate policies and rules approved consistently at a Group level are applied, adapting them if necessary to local requirements; they are provided with appropriate infrastructures for managing and controlling their risks; and they report to their corporate bodies and/or to senior management, as appropriate.

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

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

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

- Global Technical Operations Committee: It is responsible for decision-making related to wholesale credit risk admission in certain customer segments.
- Monitoring, Assessment & Reporting Committee: It guarantees and ensures the appropriate development of aspects related to risk identification, assessment, monitoring and reporting, with an integrated and cross-cutting vision.

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- **Asset Allocation Committee:** The executive body responsible for analysis and decision-making on all credit risk matters related to the processes intended for obtaining a balance between risk and return in accordance with the Group's risk appetite.
- **Technology and Methodologies Committee:** It determines the need for new models and infrastructures and channels the decision-making related to the tools needed for managing all the risks to which the Group is exposed.
- **Corporate Technological Risks and Operational Control Committee:** It approves the Technological Risks and Operational Control Management Frameworks in accordance with the General Risk Management Model's architecture and monitors metrics, risk profiles and operational loss events.
- **Global Market Risk Unit Committee:** It is responsible for formalizing, supervising and communicating the monitoring of trading desk risk in all the Global Markets business units.
- **Corporate Operational and Outsourcing Risk Admission Committee:** It identifies and assesses the operational risks of new businesses, new products and services, and outsourcing initiatives.

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

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

Internal Risk Control and Internal Validation

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

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

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

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

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

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

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

- The first line is made up of the Group's business units, which are responsible for control within their area and for executing any measures established by higher management levels.

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- The second line consists of the specialized control units (Legal Compliance, Global Accounting & Information Management/Internal Financial Control, Internal Risk Control, IT Risk, Fraud & Security, Operations Control and the Production Divisions of the support units, such as Human Resources, Legal Services, etc.). This line supervises the control of the various units within their cross-cutting field of expertise, defines the necessary improvement and mitigating measures, and promotes their proper implementation. The Corporate Operational Risk Management unit also forms part of this line, providing a methodology and common tools for management.
- The third line is the Internal Audit unit, which conducts an independent review of the model, verifying the compliance and effectiveness of the corporate policies and providing independent information on the control model.

5.1.2 Risk appetite

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

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

Risk appetite is expressed through the following elements:

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

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

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

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

BBVA's risk appetite expresses the levels and types of risk that the bank is willing to assume to be able to implement its strategic plan with no relevant deviations, even in situations of stress.

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Fundamental metrics

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

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

Limits

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

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

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

5.1.3 Decisions and processes

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

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

Standardized regulatory framework

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

This process aims for the following objectives:

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

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

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

Risk planning

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

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

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

Daily risk management

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

The risk management cycle is composed of 5 elements:

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

5.1.4 Assessment, monitoring and reporting

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

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

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

- Identification of risk factors
Aimed at generating a map with the most relevant risk factors that can compromise the Group's performance in relation to the thresholds defined in the risk appetite.
- Impact evaluation
This involves evaluating the impact that the materialization of one (or more) of the risk factors identified in the previous phase could have on the risk appetite metrics, through the occurrence of a given scenario.
- Response to undesired situations and realignment measures

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Exceeding the parameters will trigger an analysis of the realignment measures to enable dynamic management of the situation, even before it occurs.

- **Monitoring**

The aim is to avoid losses before they occur by monitoring the Group's current risk profile and the identified risk factors.

- **Reporting**

This aims to provide information on the assumed risk profile by offering accurate, complete and reliable data to the corporate bodies and to senior management, with the frequency and completeness appropriate to the nature, significance and complexity of the risks.

5.1.5 Infrastructure

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

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

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

The principles that govern the Bank risk technology are:

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

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

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

5.1.6 Risk culture

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

- **Communication:** promotes the dissemination of the Model, and in particular the principles that must govern risk management in the Group, in a consistent and integrated manner across the organization, through the most appropriate channels.
- **GRM** has a number of communication channels to facilitate the transmission of information and knowledge among the various teams in the function and the Group, adapting the frequency, formats and recipients based on the proposed goal, in order to strengthen the basic principles of the risk function. The risk culture and the management model thus emanate from the Group's corporate bodies and senior management and are transmitted throughout the organization.

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

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

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

5.2 Risk events

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

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

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

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

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

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

In this regard the Group's diversification is a key to achieving a high level of recurring revenues, despite environmental conditions and economic cycles of the economies in which it operates.

- **Regulatory, legal and reputational risks**
 - Financial institutions are exposed to a complex and ever-changing regulatory and legal environment defined by governments and regulators. This can affect their ability to grow and the capacity of certain businesses to develop, and result in stricter liquidity and capital requirements with lower profitability ratios. The Bank constantly monitors changes in the regulatory framework that allow for anticipation and adaptation to them in a timely manner, adopt best practices and more efficient and rigorous criteria in its implementation
 - The financial sector is under ever closer scrutiny by regulators, governments and society itself. Negative news or inappropriate behavior can significantly damage the Group's reputation and affect its ability to develop a sustainable business. The attitudes and behaviors of the group and its members are governed by the principles of integrity, honesty, long-term vision and best practices through, inter alia, internal control model, the Code of Conduct and Responsible Business Strategy of the Bank.

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- Business and operational risks
 - New technologies and forms of customer relationships: Developments in the digital world and in information technologies pose significant challenges for financial institutions, entailing threats (new competitors, disintermediation...) but also opportunities (new framework of relations with customers, greater ability to adapt to their needs, new products and distribution channels...).
 - Technological risks and security breaches: The financial entities are exposed to new threats such as cyber-attacks, theft of internal and customer databases, fraud in payment systems, etc. that require major investments in security from both the technological and human point of view. The Bank gives great importance to the active operational and technological risk management and control. One example was the early adoption of advanced models for management of these risks (AMA - Advanced Measurement Approach).

5.3 Credit risk

Credit risk arises from the probability that one party to a financial instrument will fail to meet its contractual obligations for reasons of insolvency or inability to pay and cause a financial loss for the other party.

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

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

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

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

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

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5.3.1 Credit risk exposure

BBVA maximum credit risk exposure (see definition below) by headings in the balance sheet as of December 31, 2014 and 2013 is provided below. It does not consider the availability of collateral or other credit enhancements to guarantee compliance with payment obligations. The details are broken down by financial instruments and counterparties.

Maximum Credit Risk Exposure	Notes	Millions of Euros	
		2014	2013
Financial assets held for trading	8	19,854	17,573
Debt securities		15,590	13,425
Debt securities		4,264	4,148
Available-for-sale financial assets	10	51,164	43,375
Debt securities		45,392	37,597
Debt securities		5,772	5,778
Loans and receivables	11	239,434	240,036
Loans and advances to credit institutions		23,786	20,383
Loans and advances to customers		212,598	217,849
Government		25,915	23,695
Agriculture		1,298	1,290
Industry		20,780	20,456
Real estate and construction		28,709	34,230
Trade and finance		34,139	28,826
Loans to individuals		87,434	91,904
Other		14,323	17,448
Debt securities		3,050	1,804
Derivatives (trading and hedging)	8	44,383	40,837
Total financial assets risk		354,835	341,821
Financial guarantees	28	45,137	47,961
Drawable by third parties	28	44,306	47,009
Other contingent commitments	28	9,662	6,403
Total Contingent Risks and Commitments		99,105	101,373
Total maximum credit exposure		453,940	443,194

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

- In the case of financial assets recognized in the bank's balance sheets, exposure to credit risk is considered equal to its gross carrying amount, not including certain valuation adjustments (impairment losses, hedges and others), with the sole exception of trading and hedging derivatives.
- The maximum credit risk exposure on financial guarantees granted is the maximum that the Group would be liable for if these guarantees were called in, and that is their carrying amount.
- Our calculation of risk exposure for derivatives is based on the sum of two factors: the derivatives fair value and their potential risk (or "add-on").
 - The first factor, market value, reflects the difference between original commitments and market values on the reporting date (mark-to-market). As indicated in Note 2.2.1 to the consolidated financial statements, derivatives are accounted for as of each reporting date at fair value in accordance with IAS 39.
 - The second factor, potential risk ('add-on'), is an estimate of the maximum increase to be expected on risk exposure over a derivative market value (at a given statistical confidence level) as a result of future changes in the fair value over the remaining term of the derivatives.

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

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

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

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

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

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

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

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

- Financial instruments held for trading: The guarantees or credit enhancements obtained directly from the issuer or counterparty are implicit in the clauses of the instrument.
- Trading and hedging derivatives: In derivatives, credit risk is minimized through contractual netting agreements, where positive- and negative-value derivatives with the same counterparty are offset for their net balance. There may likewise be other kinds of guarantees, depending on counterparty solvency and the nature of the transaction.
- Other financial assets designated at fair value through profit or loss and Available-for-sale financial assets: The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent to the structure of the instrument.
- Loans and receivables:
 - Loans and advances to credit institutions: These usually only have the counterparty's personal guarantee.
 - Loans and advances to customers: Most of these operations are backed by personal guarantees extended by the counterparty. There may also be collateral to secure loans and advances to customers (such as mortgages, cash guarantees, pledged securities and other collateral), or to obtain other credit enhancements (bonds, hedging, etc.).
 - Debt securities: The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent to the structure of the instrument.

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Collateralized loans granted by the Group as of December 31, 2014 and 2013 excluding balances deemed impaired, is broken down in the table below:

Collateralized Credit Risk	Millions of Euros	
	2014	2013
Mortgage loans	87,159	93,444
Operating assets mortgage loans	1,636	1,901
Home mortgages	73,181	76,814
Non-home mortgages (1)	12,342	14,729
Secured loans, except mortgage	2,810	2,916
Cash guarantees	59	85
Secured loan (pledged securities)	309	375
Rest of secured loans (2)	2,442	2,456
Total	89,969	96,360

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

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

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

5.3.3 Financial instrument netting

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

In addition, the Bank has unnetted assets and liabilities on the balance sheet for which there are master netting arrangements in place, but for which there is neither the intention nor the right to settle. The most common types of events that trigger the netting of reciprocal obligations are bankruptcy of the entity, swifter accumulation of indebtedness, failure to pay, restructuring and dissolution of the entity.

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

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

The assets and liabilities subject to contractual netting rights at the time of their settlement are presented below as of December 31, 2014.

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Millions of euros						
2014	Gross Amounts Recognized (A)	Gross Amounts Offset in the Condensed Consolidated Balance Sheets (B)	Net Amount Presented in the Condensed Consolidated Balance Sheets (C=A-B)	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheets (D)		
				Financial Instruments	Cash Collateral Received/ Pledged	Net Amount (E=C-D)
Derivative financial assets	55,251	8,497	46,754	31,711	5,930	9,112
Reverse repurchase, securities borrowing and similar agreements	17,989	-	17,989	17,650	339	-
Total Assets	73,240	8,497	64,742	49,361	6,269	9,112
Derivative financial liabilities	55,112	9,327	45,785	31,711	8,368	5,705
Repurchase, securities lending and similar agreements	49,534	-	49,534	49,524	10	-
Total Liabilities	104,646	9,327	95,319	81,235	8,378	5,705

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

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

Scoring

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

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

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

Rating

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

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

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

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

The table below shows the abridged scale used to classify the BBVA Group's outstanding risk as of December 31, 2014:

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

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The table below outlines the distribution of exposure, including derivatives, by internal ratings, to corporates, financial entities and institutions (excluding sovereign risk), of the main BBVA Group entities as of December 31, 2014:

Credit Risk Distribution by Internal Rating	Millions of Euros	%
AAA/AA	30,244	12.23%
A	67,567	27.32%
BBB+	37,278	15.07%
BBB	23,262	9.41%
BBB-	31,136	12.59%
BB+	19,378	7.84%
BB	9,367	3.79%
BB-	4,888	1.98%
B+	5,629	2.28%
B	4,001	1.62%
B-	3,361	1.36%
CCC/CC	11,205	4.53%
Total	247,316	100.00%

These different levels and their probability of default were calculated by using as a reference the rating scales and default rates provided by the external agencies Standard & Poor's and Moody's. These calculations establish the levels of probability of default for the BBVA's Master Rating Scale. Although this scale is common to the entire Group, the calibrations (mapping scores to PD sections/Master Rating Scale levels) are carried out at tool level.

5.3.5 Financial assets past due but not impaired

The table below provides details of financial assets past due as of December 31, 2014 and 2013, but not considered to be impaired, listed by their first past-due date:

Financial Assets Past Due but Not Impaired	Millions of Euros					
	2014			2013		
	Less than 1 Month Past-Due	1 to 2 Months Past-Due	2 to 3 Months Past-Due	Less than 1 Month Past-Due	1 to 2 Months Past-Due	2 to 3 Months Past-Due
Loans and advances to credit institutions	-	-	-	-	-	-
Loans and advances to customers	797	73	44	616	92	122
Government	28	1	3	56	3	6
Other sectors	769	72	41	560	89	116
Debt securities	-	-	-	-	-	-
Total	797	73	44	616	92	122

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5.3.6 Impaired assets and impairment losses

The table below shows the composition of the impaired financial assets and risks as of December 31, 2014 and 2013, broken down by heading in the accompanying balance sheet:

Impaired Risks. Breakdown by Type of Asset and by Sector	Millions of Euros	
	2014	2013
Asset Instruments Impaired		
Available for sale financial assets	27	36
Debt securities	27	36
Loans and receivables	19,102	21,929
Loans and advances to credit institutions	23	29
Loans and advances to customers	19,074	21,896
Debt securities	5	4
Total 'Asset Instruments Impaired (1)	19,129	21,965
Contingent Risks Impaired		
Contingent Risks Impaired (2)	371	393
Total Impaired Risks (1)+(2)	19,500	22,358
Of which:		
Government	178	161
Credit institutions	44	48
Other sectors	18,907	21,756
Contingent Risks Impaired	371	393
Total impaired risks (1) + (2)	19,500	22,358

All doubtful or impaired risks fall into this category individually, either by default or nonperforming criteria, or for reasons other than its default. The BBVA group classification as impaired financial assets is as follows:

- The classification of financial assets impaired due to customer default is objective and individualized to the following criteria:
 - The total amount of financial assets, whoever the holder and collateral, which have principal, interest or fees amounts past due for more than 90 days as contractually agreed following objective criteria through aging calculation systems, unless already charged off.
 - Contingent risks where the third party collateral individual becomes impaired.

The changes in the year ended December 31, 2014 and 2013 in the impaired financial assets and contingent risks are as follows:

Changes in Impaired Financial Assets and Contingent Risks	Millions of Euros	
	2014	2013
Balance at the beginning	22,358	13,148
Additions (1)	4,252	10,865
Recoveries (2)	(4,569)	(4,442)
Net additions (1)+(2)	(317)	6,423
Transfers to write-off	(2,566)	(1,977)
Exchange differences and others (*)	25	4,764
Balance at the end	19,500	22,358
Recoveries on entries (%)	107	41

(*) Including Unnim in 2013.

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Below are the details of the impaired financial assets as of December 31, 2014 and 2013, 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					
2014	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
Spain	8,517	612	743	9,008	18,880
Rest of Europe	172	-	-	71	243
Rest of the world	6	-	-	-	6
Total	8,695	612	743	9,079	19,129

Impaired Assets by Geographic Area and Time

Millions of Euros					
2013	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
Spain	9,824	1,862	1,362	8,655	21,703
Rest of Europe	44	3	6	182	235
Rest of the world	18	-	-	9	27
Total	9,886	1,865	1,368	8,846	21,965

Below are details of the impaired financial assets as of December 31, 2014 and 2013, classified by type of loan according to its associated guarantee, and by the time elapsed since their oldest past-due amount or the period since they were deemed impaired:

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

Millions of Euros					
2014	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
Unsecured loans	3,225	144	198	1,251	4,818
Mortgage	5,275	468	545	7,828	14,116
Residential mortgage	2,209	200	172	1,802	4,383
Commercial mortgage (rural properties in operation and offices, and industrial buildings)	944	119	115	1,409	2,587
property of the borrower	770	86	112	2,103	3,071
Plots and other real state assets	1,352	63	146	2,514	4,075
Other partially secured loans	-	-	-	-	-
Others	195	-	-	-	195
Total	8,695	612	743	9,079	19,129

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

Millions of Euros					
2013	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
Unsecured loans	3,322	408	320	1,450	5,500
Mortgage	6,381	1,457	1,048	7,396	16,282
Residential mortgage	2,708	312	302	1,974	5,296
Commercial mortgage (rural properties in operation and offices, and industrial buildings)	1,036	238	150	1,254	2,678
Rest of residential mortgage	938	225	323	2,029	3,515
Plots and other real state assets	1,699	682	273	2,139	4,793
Other partially secured loans	-	-	-	-	-
Others	183	-	-	-	183
Total	9,886	1,865	1,368	8,846	21,965

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Below is the accumulated financial income accrued as of December 31, 2014 and 2013 with origin in the impaired assets that, as mentioned in Note 2.2, are not recognized in the accompanying income statements as there are doubts as to the possibility of collection:

Millions of Euros		
	2014	2013
Financial Income from Impaired Assets	2,340	2,125

The changes in 2014 and 2013 in financial assets derecognized from the accompanying balance sheet as their recovery is considered unlikely (hereinafter "write-offs") is shown below:

Millions of Euros		
Changes in Impaired Financial Assets Written-Off from the Balance Sheet	2014	2013
Balance at the beginning	14,460	11,785
Increase:	4,111	4,029
Assets of remote collectability	2,566	1,977
Past-due and not collected income	1,545	1,418
Contributions by mergers	-	634
Decrease:	(2,144)	(1,351)
Cash recovery	(310)	(216)
Foreclosed assets	(61)	(49)
Definitive derecognitions	(1,773)	(1,086)
Cancellation	(1,247)	(602)
Expiry of rights and other causes	(526)	(484)
Net exchange differences	4	(3)
Balance at the end	16,431	14,460

As indicated in Note 2.2, 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.

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5.3.7 Impairment losses

Below is a breakdown of the provisions registered on the accompanying balance sheets to cover estimated impairment losses as of December 31, 2014 and 2013 in financial assets and contingent risks, according to the different headings under which they are classified in the balance sheet:

Millions of Euros			
Impairment losses and provisions for contingent risks	Notes	2014	2013
Available-for-sale portfolio	10.1	20	20
Loans and receivables		10,178	10,833
Loans and advances to customers	11.2	10,146	10,799
Loans and advances to credit institutions	11.1	28	30
Debt securities	11.3	4	4
Held to maturity investment		-	-
Impairment losses		10,198	10,853
Provisions for Contingent Risks and Commitments	20	238	221
Total		10,436	11,074
Of which:			
For impaired portfolio		10,203	10,841
For current portfolio non impaired		233	233

Below are the changes in 2014 and 2013 in the estimated impairment losses, broken down by the headings in the accompanying balance sheet:

Millions of Euros						
Changes in the year 2014: Impairment losses provisions (*)	Notes	Held to maturity investment	Available-for-sale portfolio	Loans and receivables	Contingent risks	Total
Balance at the beginning		-	20	10,833	221	11,074
Increase in impairment losses charged to income		-	2	8,269	38	8,309
Decrease in impairment losses credited to income		-	(2)	(6,103)	(21)	(6,126)
Impairment losses (net)	40-41	-	-	2,166	17	2,183
Transfers to written-off loans		-	(1)	(2,566)	-	(2,567)
Losses due to merger transactions		-	-	-	-	-
Exchange differences and other (**)		-	1	(255)	-	(254)
Balance at the end		-	20	10,178	238	10,436

(*) Includes impairment losses on financial assets (Note 49) and the provisions for contingent risks (Note 48).

(**) Includes transfers to "Impairment on Group investments" after the Anida capital increase (Note 15).

Millions of Euros						
Changes in the year 2013: Impairment losses provisions (*)	Notes	Held to maturity investment	Available-for-sale portfolio	Loans and receivables	Contingent risks	Total
Balance at the beginning		1	57	9,182	176	9,416
Increase in impairment losses charged to income		-	15	7,478	59	7,552
Decrease in impairment losses credited to income		-	(6)	(4,038)	(22)	(4,066)
Impairment losses (net) (*)	40-41	-	9	3,440	37	3,486
Transfers to written-off loans		-	(50)	(1,927)	-	(1,977)
Losses due to merger transactions		-	5	2,191	10	2,206
Exchange differences and other (**)		(1)	(1)	(2,053)	(2)	(2,057)
Balance at the end		-	20	10,833	221	11,074

(*) Includes impairment losses on financial assets (Note 49) and the provisions for contingent risks (Note 48).

(**) Includes transfers to "Impairment on Group investments" after the Anida capital increase (Note 15).

5.4 Market risk

5.4.1 Trading portfolio activities

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

- **Interest-rate risk:** This arises as a result of exposure to movements in the different interest-rate curves involved in trading. Although the typical products that generate sensitivity to the movements in interest rates are money-market products (deposits, interest-rate futures, call money swaps, etc.) and traditional interest-rate derivatives (swaps and interest-rate options such as caps, floors, swaptions, etc.), practically all the financial products are exposed to interest-rate movements due to the effect that such movements have on the valuation of the financial discount.
- **Equity risk:** This arises as a result of movements in share prices. This risk is generated in spot positions in shares or any derivative products whose underlying asset is a share or an equity index. Dividend risk is a sub-risk of equity risk, arising as an input for any equity option. Its variation may affect the valuation of positions and it is therefore a factor that generates risk on the books.
- **Exchange-rate risk:** This is caused by movements in the exchange rates of the different currencies in which a position is held. As in the case of equity risk, this risk is generated in spot currency positions, and in any derivative product whose underlying asset is an exchange rate. In addition, the quanto effect (operations where the underlying asset and the instrument itself are denominated in different currencies) means that in certain transactions in which the underlying asset is not a currency, an exchange-rate risk is generated that has to be measured and monitored.
- **Credit-spread risk:** Credit spread is an indicator of an issuer's credit quality. Spread risk occurs due to variations in the levels of spread of both corporate and government issues, and affects positions in bonds and credit derivatives.
- **Volatility risk:** This occurs as a result of changes in the levels of implied price volatility of the different market instruments on which derivatives are traded. This risk, unlike the others, is exclusively a component of trading in derivatives and is defined as a first-order convexity risk that is generated in all possible underlying assets in which there are products with options that require a volatility input for their valuation.

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

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

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

Most of the headings on the bank's balance sheet subject to market risk are positions whose main metric for measuring their market risk is VaR.

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

The current management structure includes the monitoring of market-risk limits, consisting of a scheme of limits based on VaR (Value at Risk), economic capital (based on VaR measurements) and VaR sub-limits, as well as stop-loss limits for each of the Group's business units.

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

VaR figures are estimated following two methodologies:

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

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

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

- VaR: In regulatory terms, the charge for VaR Stress is added to the charge for VaR and the sum of both (VaR and VaR Stress) is calculated. This quantifies the loss associated with movements in the risk factors inherent in market operations (interest rate, FX, equity, credit, etc.). Both VaR and Stressed VaR are re-scaled by a regulatory multiplication factor, set at 3 and by the square root of 10, to calculate the capital charge.
- Specific Risk: IRC. Quantification of the risks of default and rating downgrade of the bond and credit derivative positions on the trading book. The specific risk capital IRC is a charge exclusively for those geographical areas with an approved internal model (BBVA S.A. and Bancomer). The capital charge is determined based on the associated losses (at 99.9% over a time horizon of 1 year under the constant risk assumption) resulting from the rating migration and/or default status of the asset's issuer. Also included is the price risk in sovereign positions for the indicated items.
- Specific Risk: Securitizations and Correlation Portfolios. Capital charge for securitizations and for the correlation portfolio to include the potential losses associated with the rating level of a given credit structure (rating). Both are calculated using the standardized approach. The perimeter of the correlation portfolios is referred to FTD-type market operations and/or market CDO tranches, and only for positions with an active market and hedging capacity.

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

Market risk in 2014

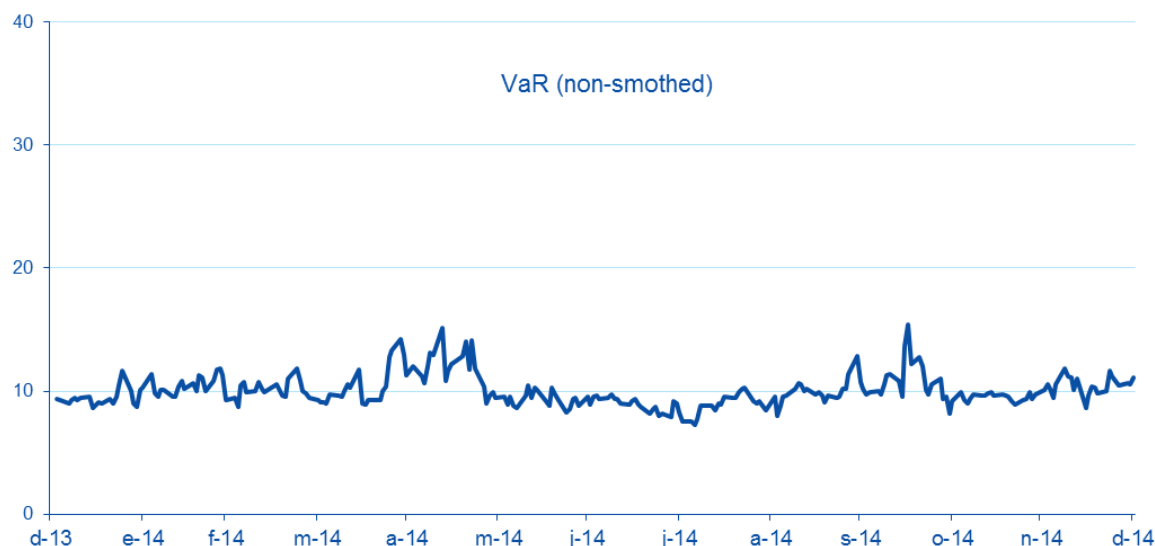
The year 2014 has been characterized by a continued improvement first noted in 2013 in Spain, which has been reflected in a narrowing of the spread between Spanish and German debt, and of the main credit spreads. Toward the end of the year, global markets have been affected by the significant slump in oil prices and increased volatility of exchange rates. In this context, the function of risk control in market activities has a special importance.

The Group's market risk remains at low levels compared with the aggregates of risks managed by BBVA, particularly in the case of credit risk. This is due to the nature of the business and the Group's policy of minimal proprietary trading. In 2014, the market risk of trading book increase slightly versus the previous year and, in terms of VaR, stood at €11 million at the close of the period.

The average VaR for 2014 stood at €10 million, in comparison with the €10 million registered in 2013, with a high for the year on day October 16 at €15 million.

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By type of market risk assumed by the Group's trading portfolio, the main risk factor in the Group continues to be linked to interest rates, accounting for 70% of the total at the end of 2014 (this figure includes the spread risk). This relative weight was higher than the figure at the close of 2013 (67%). Exchange-rate risk accounts for 5%, a decrease on the figure 12 months prior (12%), while equity risk maintain the same level (5%) and volatility and correlation risk increase, and had a weight of 20%, respectively at the close of 2014 (vs. 16% at the close of 2013).

Market risk by risk factor	Millions of euros	
	2014	2013
Interest + credit spread	17	9
Exchange rate	1	1
Equity	1	1
Volatility	5	9
Diversification effect (*)	(12)	(11)
Total	12	9
Average VaR	10	11
Maximum VaR	15	21
Minimum VaR	7	7

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

Validation of the model

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

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

Two types of backtesting have been carried out in 2014:

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

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

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

Stress test analysis

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

Historical scenarios

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

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

Simulated scenarios

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

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

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5.4.2 Structural risk

Structural interest-rate risk

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

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

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

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

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

In 2014, stagnating growth in advanced economies has led to the continuation of accommodative monetary policies with the aim of boosting demand and investment, with interest rates in Europe and in the United States remaining at all-time lows. In Latin America, the slowdown in growth and the deterioration in external financial conditions have prompted the central banks to cut monetary policy rates.

BBVA Group's positioning in terms of its BSMUs as a whole has a positive sensitivity in its net interest income to interest rate hikes, while in terms of economic value the sensitivity is negative to interest rate increases, except for the euro balance sheet. Mature markets, both in Europe and the United States, show greater sensitivity in relative terms of their projected net interest income to a parallel interest-rate shock. However, in 2014 this negative sensitivity to cuts has been confined by the limited downward trend in interest rates. In this interest-rate environment, appropriate management of the balance sheet has maintained BBVA's exposure at moderate levels, in accordance with the Group's target risk profile.

5.5 Structural equity risk

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

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

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

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

The year 2014 has been characterized by strong stock market performance in all the geographical areas. The Spanish stock markets performed particularly well against the European indices, above all the telecommunications sector, where a large part of BBVA's exposure is concentrated. This performance has boosted the returns on these investments and the levels of capital gains accumulated in the Group's equity portfolios.

Structural equity risk, measured in terms of economic capital, has remained at moderate levels thanks to active management of positions. This management includes modulating the exposures through positions in derivatives of underlying assets of the same kind in order to limit portfolio sensitivity to potential falls in prices.

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

5.6 Liquidity risk

Management of liquidity and structural finance within the BBVA Group is based on the principle of the financial autonomy of the entities that make it up. This approach helps prevent and limit liquidity risk by reducing the Group's vulnerability in periods of high risk. This decentralized management avoids possible contagion due to a crisis that could affect only one or various BBVA Group entities, which must cover their liquidity needs independently in the markets where they operate. Liquidity Management Units have been set up for this reason in the geographical areas where the main foreign subsidiaries operate, and also for the parent BBVA S.A.

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

The table below shows the liquidity available by instrument as of December 31, 2014 for the most significant entities:

2014	BBVA Eurozone (1)
Cash and balances with central banks	7,967
Assets for credit operations with central banks	44,282
Central governments issues	18,903
Of Which: Spanish government securities	17,607
Other issues	25,379
Loans	-
Other non-eligible liquid assets	6,133
ACCUMULATED AVAILABLE BALANCE	58,382
AVERAGE BALANCE	54,717

(1) Includes Banco Bilbao Vizcaya Argentaria, S.A. and Banco Bilbao Vizcaya Argentaria (Portugal), S.A.

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

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

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

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

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

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

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

In 2014, both long and short-term wholesale funding markets continued to be stable thanks to the positive trend in sovereign risk premiums and the setting of negative rates by the ECB for the marginal deposit facility, in an environment marked by greater uncertainty on growth in the Eurozone, which has led to new actions by the ECB. At its meeting on June 5, 2014 the ECB announced non-standard measures aimed at increasing inflation and boosting credit and improving the financial conditions for the European economy as a whole. The first two targeted long-term refinancing operations (TLTRO) auctions were held in September and December 2014. BBVA took €2,600 million at each one. BBVA continues to maintain a good funding structure in the short, medium and long term, diversified by products. Issuances for €8,613 million have been completed over the year and the position vis-à-vis the ECB has been reduced significantly, with early repayment of the total of the long-term refinancing operations (LTRO). In 2014, the improvement in the Bank's liquidity and funding profile has made it possible to increase the survival period in each of the stress scenarios analyzed.

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

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5.7 Encumbered Assets

As of December 31, 2014, the encumbered (given as collateral for certain liabilities) and unencumbered assets are broken down as follows:

Millions of Euros		
2014 Assets	Encumbered assets	Unencumbered assets
	Book value	Book value
Assets	99,983	303,858
Equity instruments	3,602	6,978
Debt Securities	35,391	30,638
Other assets	60,990	266,242

These assets are mainly linked to covered bonds. Such assets relate mainly to loans linked to the issue of mortgage bonds, covered bonds or long term securitized bonds (see Note 19); to debt securities that are committed in repurchase agreements; collateral pledged and also loans or debt instruments, in order to access to financing transactions with central banks. The encumbered assets caption also includes any type of collateral pledged to derivative transactions.

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

Millones de euros		
2014 Collateral received	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received	15,577	4,767
Equity instruments	-	78
Debt securities	15,577	4,689
Other collateral received	-	-
Own debt securities issued other than own covered bonds or ABSs	-	534

As of December 31, 2014, financial liabilities issued were as follows:

Millones de euros		
2014 Sources of encumbrance	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Book value of financial liabilities	105,744	115,560

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5.8 Residual maturity

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

Millions of Euros							
2014	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	9,262	-	-	-	-	-	9,262
Loans and advances to credit institutions	2,210	16,116	640	1,819	1,137	1,864	23,786
Loans and advances to customers	21,439	21,534	14,507	27,859	44,698	82,561	212,598
Debt securities	28	547	1,676	5,498	27,392	30,091	65,232
OTC derivatives	-	1,835	2,180	4,098	11,317	27,324	46,754
LIABILITIES-							
Deposits from central banks	2	4,839	6,812	1,483	5,256	-	18,392
Deposits from credit institutions	2,856	31,884	4,960	6,740	8,876	2,670	57,986
Deposits from customers	72,830	26,941	12,039	45,412	29,219	983	187,424
Debt certificates (including bonds)	-	18	3,521	153	11,920	8,743	24,355
Subordinated liabilities	-	-	-	63	1,546	6,036	7,645
Short positions	7,150	-	-	-	-	-	7,150
Other financial liabilities	501	5,724	59	71	2	2	6,359
OTC derivatives	-	2,142	2,238	4,044	11,466	25,895	45,785
CONTINGENT LIABILITIES							
Financial guarantees	3,024	3,748	685	7,746	7,924	2,931	26,058

Millions of Euros							
2013	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	12,085	-	-	-	-	-	12,085
Loans and advances to credit institutions	2,476	10,501	1,865	1,089	2,488	1,964	20,383
Loans and advances to customers	25,619	20,978	13,645	24,945	48,346	84,316	217,849
Debt securities	19	1,388	1,002	7,424	28,402	14,742	52,977
OTC derivatives	-	878	1,451	3,745	12,565	22,569	41,208
LIABILITIES-							
Deposits from central banks	2	8,438	1,350	1,015	14,490	-	25,295
Deposits from credit institutions	1,142	15,810	9,657	5,417	8,353	2,392	42,771
Deposits from customers	64,279	35,444	9,342	40,758	34,987	3,143	187,953
Debt certificates (including bonds)	-	1,749	133	6,932	15,109	7,694	31,617
Subordinated liabilities	-	-	-	-	386	4,670	5,056
Short positions	5,068	-	-	-	-	-	5,068
Other financial liabilities	369	4,906	51	54	21	2	5,403
OTC derivatives	-	781	1,455	3,816	12,096	21,862	40,010
CONTINGENT LIABILITIES							
Financial guarantees	2,799	5,422	793	5,705	11,372	1,468	27,559

5.9 Operational Risk

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

Operational risk is inherent to all banking activities, products, systems and processes. Its origins are diverse (processes, internal and external fraud, technology, human resources, commercial practices, disasters, suppliers).

Operational risk management framework

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

- Active management of operational risk and its integration into day-to-day decision-making means:

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

The above helps create a proactive model for making decisions about control and business, and for prioritizing the efforts to mitigate relevant risks in order to reduce the Group's exposure to extreme events.

- Improved control environment and strengthened corporate culture.
- Generation of a positive reputational impact.

Operational Risk Management Principles

Operational risk management in BBVA Group should:

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

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

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

Three lines of defense

Operational risk management in BBVA is designed and coordinated by the Corporate Operational Risk Management (CORM) unit, belonging to GRM, and by the Operational Risk Management (ORM) units, located in the Risks departments of the different countries and business areas (Country ORM). The business or support areas, in turn, have operational risk managers (Business ORM) who report to the Country ORM and are responsible for implementing the model in the day-to-day activities of the areas. This gives the Group a view of risks at the process level, where risks are identified and prioritized and mitigation decisions are made. By aggregation, this system provides an overall view at a variety of levels.

6. Fair value of financial instruments

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

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

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

The process for determining the fair value established in the entity to ensure that trading portfolio assets are properly valued, BBVA has established, at a geographic level, a structure of New Product Committees responsible for validating and approving new products or types of assets and liabilities before being contracted. The members of these Committees, responsible for valuation, are independent from the business (see Note 5).

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

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

The process for determining the fair value required the classification of the financial assets and liabilities according to the measurement processes used set forth below:

- *Level 1:* Measurement using market observable quoted prices for the financial instrument in question, secured from independent sources and referred to active markets - according to the Group policies. This level includes listed debt securities, listed equity instruments, some derivatives and mutual funds.
- *Level 2:* Measurement that applies techniques using inputs drawn from observable market data.
- *Level 3:* Measurement using techniques where some of the material inputs are not taken from market observable data. As of December 31, 2014, the affected instruments accounted for approximately 0.14% of financial assets and 0.07% of the Group's financial liabilities registered at fair value. Model selection and validation is undertaken by control areas outside the market units.

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

		Millions of Euros			
Fair Value and Carrying Amount	Notes	2014		2013	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS-					
Cash and balances with central banks	7	9,262	9,262	12,085	12,085
Financial assets held for trading	8	64,495	64,495	56,631	56,631
Available-for-sale financial assets	10	53,709	53,709	43,301	43,301
Loans and receivables	11	230,724	232,314	230,523	230,788
Held-to-maturity investments		-	-	-	-
Fair value changes of the hedges items in portfolio hedges of interest rate risk	12	121	121	98	98
Hedging derivatives	12	2,112	2,112	2,307	2,307
LIABILITIES-					
Financial assets held for trading	8	50,976	50,976	43,599	43,599
Financial liabilities at amortized cost	19	305,036	301,154	300,716	299,618
Fair value changes of the hedges items in portfolio hedges of interest rate risk	12	-	-	-	-
Hedging derivatives	12	1,959	1,959	1,507	1,507

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

Fair value of certain financial instruments registered at fair value using valuation criteria

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

Millions of Euros							
Fair Value by Levels	Notes	2014			2013		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS-							
Financial assets held for trading	8	20,637	43,694	164	18,080	38,315	236
Debt securities		15,046	533	11	12,858	446	121
Other equity instruments		4,172	15	77	4,068	21	58
Trading derivatives		1,419	43,146	76	1,154	37,848	57
Available-for-sale financial assets	10	52,657	926	2	40,511	2,650	-
Debt securities		46,495	896	2	35,514	2,637	-
Other equity instruments		6,162	30	-	4,997	13	-
Hedging derivatives	12	-	2,112	-	-	2,307	-
LIABILITIES-							
Financial liabilities held for trading	8	8,510	42,430	36	5,988	37,594	17
Trading derivatives		1,360	42,430	36	920	37,594	17
Short positions		7,150	-	-	5,068	-	-
Hedging derivatives	12	-	1,959	-	-	1,507	-

The heading "Available-for-sale financial assets" in the accompanying balance sheets as of December 31, 2014 and 2013 additionally includes €124 and €140 million, respectively, accounted for at cost, as indicated in the section of this Note entitled "Financial instruments at cost".

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The following table sets forth the main measurement techniques, hypothesis and inputs used in the estimation of fair value of the financial instruments classified under Levels 2 and 3, based on the type of financial asset and liability and the corresponding balances as of December 31, 2014:

Financial Instruments Level 2		Fair Value (Millions of euros)	Valuation technique(s)	Unobservable inputs
Debt securities			Present-value method (Discounted future cash flow s)	- Prepayment rates - Issuer credit risk - Current market interest rates
Trading portfolio	533	Active price in inactive market Comparable pricing (Observable price in a similar market)		- Brokers/dealers quotes - External contributing prices - Market benchmarks
Other financial assets at fair value through profit and loss	-			
Available-for-sale financial assets	896			
Equity Instruments			Comparable pricing (Observable price in a similar market)	- Brokers quotes - Market operations - NAVs published
Trading portfolio	15			
Available-for-sale financial assets	30			
Derivatives			<ul style="list-style-type: none">Commodities: Discounted cash flows and moment adjustmentCredit products: Default model and Gaussian copulaExchange rate products: Discounted cash flows, Black, Local Vol and Moment adjustmentFixed income products: Discounted cash flowsEquity instruments: Local-Vol, Black, Moment adjustment and Discounted cash flowsInterest rate products:<ul style="list-style-type: none">Interest rate swaps, Call money Swaps y FRA: Discounted cash flowsCaps/Floors: Black, Hull-White y SABRBond options: BlackSwaptions: Black, Hull-White y LGMInterest rate options: Black, Hull-White y SABRConstant Maturity Swaps: SABR	- Exchahnge rates - Market quoted future prices - Markert interest rates - Underlying assests prices: shares, funds, commodities - Market observable volatilities - Issuer credit spread levels - Quoted dividends - Markert listed correlations
Trading derivatives				
Trading asset portfolio	43,146			
Trading liability portfolio	42,430			
Hedging derivatives				
Assets	2,112			
Liability	1,959			

Financial Instruments Level 3		Fair Value (Millions of euros)	Valuation technique(s)	Unobservable inputs
Debt securities			Present-value method (Discounted future cash flow s)	- Credit spread - Reco very rates - Interest rates - Market benchmark - Default correlation
Trading portfolio	11	Comparable pricing (Comparison with prices of similar instruments)		- Prices of similar instruments or market benchmark
Available-for-sale financial assets	2			
Equity Instruments			Net Asset Value	- NAV provided by the administrator of the fund
Trading portfolio	77	Comparable pricing (Comparison with prices of similar instruments)		- Prices of similar instruments or market benchmark
Available-for-sale financial assets	-			
Derivatives			Credit Option: Gaussian Copula	- Correlación default - Credit spread - Reco very rates - Interest rate yields
Trading derivatives			Equity OTC Options : Heston	- Volatility of volatility - Interest rate yields - Dividens - Assets correlation
Trading asset portfolio	76			
Trading liability portfolio	36			
Hedging derivatives			Interest rate options: Libor Market Model	- Beta - Correlation rate/credit - Credit default volatility
Liability	-			

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

Financial instrument	Valuation technique(s)	Significant unobservable inputs	Min	Max	Average	Units
Debt Securities	Net Present Value	Credit Spread	16.00	1052.00	190.90	b.p.
		Recovery Rate	0.50	40.00	39.55	%
	Comparable pricing	Price	0.50	22.50	5.32	%
Equity instruments	Net Asset Value	Net Asset Value	-	-	-	-
	Comparable pricing	Price	-	-	-	-
Credit Option	Gaussian Copula	Correlation Default	35.01	91.52	61.37	%
Equity OTC Option	Heston	Volatility of Volatility	25.00	97.11	66.43	Vegas
Interest Rate Option	Libor Market Model	Beta	0.25	18.00	9.00	%
		Correlation Rate/Credit	(100.00)	100.00	(**)	%
		Credit Default Volatility	0.00	0.00	0.00	Vegas

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

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

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

The net present value: This model uses the future cash flows of each instrument, which are established in the different contracts, and discounted to their present value. This model often includes many observable market parameters, but may also include unobservable market parameters directly, as described below:

- Credit Spread: represents the difference in yield of an instrument and the reference rate, reflecting the additional return that a market participant would require to take the credit risk of that instrument. Therefore, the credit spread of an instrument is part of the discount rate used to calculate the present value of future cash flows.
- Recovery rate: defines how the percentage of principal and interest recovered from a debt instrument that has defaulted.

Comparable prices: prices of comparable instruments and benchmarks are used to calculate its yield from the entry price or current rating making further adjustments to account for differences that may exist between valued asset and it is taken reference. It can also be assumed that the price of an instrument is equivalent to the other.

Net asset value: represents the total value of the assets and liabilities of a fund and is published by the fund manager thereof.

Gaussian copula: dependent on credit instruments of various references, the joint density function to integrate to value is constructed by a Gaussian copula that relates the marginal densities by a normal distribution, usually extracted from the correlation matrix of events approaching default by CDS issuers.

Heston: the model, typically applied to equity options assumes stochastic behavior of volatility. According to which, the volatility follows a process that reverts to a long-term level and is correlated with the underlying instrument. As opposed to local volatility models, in which the volatility evolves deterministically, the Heston model is more flexible, allowing it to be similar to that observed in the short term today.

Libor market model: This model assumes that the dynamics of the interest rate curve can be modeled based on the set of forwards that compose the process. The correlation matrix is parameterized on the assumption that the correlation between any two forwards decreases at a constant rate, beta, to the extent of the difference in their respective due dates. The multifactorial frame of this model makes it ideal for the valuation of instruments sensitive to the slope or curve.

Adjustments to the valuation for risk of default

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

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

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

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

The impact recorded under "Net gains (losses) on financial asset and liabilities" in the income statement for the year ended December 31, 2014 corresponding to the credit risk assessment of the asset derivative positions as "Credit Valuation Adjustment" (CVA) and liabilities derivative position as "Debit Valuation Adjustment" (DVA), was €24 million.

Financial assets and liabilities classified as Level 3

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

	Millions of Euros			
	2014		5-jul-1905	
	Assets	Liabilities	Assets	Liabilities
Financial Assets Level 3				
Changes in the Period				
Balance at the beginning	236	17	442	29
Valuation adjustments recognized in the income	40	23	7	(2)
Valuation adjustments not recognized in the income	1	-	(1)	-
Acquisitions, disposals and liquidations	(116)	(4)	(202)	(10)
Net transfers to level 3	5	-	(10)	-
Exchange differences and others	-	-	-	-
Balance at the end	166	36	236	17

(*) Profit or loss that is attributable to gains or losses relating to those assets and liabilities held at the end of the reporting period. Valuation adjustments are recorded under the heading "Net gains (losses) on financial assets and liabilities (net)".

As of December 31, 2014, the profit/loss on sales of financial instruments classified as level 3 recognized in the accompanying income statement was not material.

Transfers between levels

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

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

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The financial instruments transferred between the different levels of measurement in 2014 are at the following amounts in the accompanying balance sheets as of December 31, 2014:

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		9	-	44	3	-	-
Available-for-sale financial assets		60	2	182	-	-	-
Hedging derivatives		-	-	-	-	-	-
LIABILITIES-							
Financial liabilities held for trading		-	-	-	-	-	-
Hedging derivatives		-	-	-	-	-	-

The amount of financial instruments that were transferred between levels of valuation for 2014 is insignificant relative to the total portfolios, basically corresponding to the above revisions of the classification between levels because these assets had modified some of its features. Specifically:

- Transfers of Levels 1 and 2 to Level 3 €5 million: Due to certain debt instruments ceasing to have an observable prices in active markets or that the fundamental parameters used in their assessment had become unobservable in the market, which has led to transfers of Level 1 to Level 3 in an amount of €2 million because certain capital instruments ceased to be observable quotes and prices for being in liquidation, so they have gone from Level 1 to Level 3 in an amount of €3 million.
- Transfers between Levels 1 and 2 for a net €157 million: Mainly due to the reclassification from €226 million of debt instruments that had had any observable trading on the market and have been transferred from Level 2 to Level 1.

Sensitivity Analysis

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

As of December 31, 2013, the effect on the income 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 hypotheses) 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
ASSETS				
Financial assets held for trading	16	(18)	-	-
Available-for-sale financial assets	-	-	1	-
Hedging derivatives	-	-	-	-
LIABILITIES-				
Financial liabilities held for trading	1	(1)	-	-
Total	17	(19)	1	-

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6.1 Fair value of financial instruments carried at cost using valuation criteria

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

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

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

Fair Value by Levels	Millions of Euros					
	2014			2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS-						
Cash and balances with central banks	9,262	-	-	12,085	-	-
Loans and receivables	-	3,046	229,268	-	1,369	229,419
Held-to-maturity investments	-	-	-	-	-	-
LIABILITIES-						
Financial liabilities at amortized cost	-	-	301,154	-	-	299,618

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The main valuation methods, hypotheses and inputs used to estimate the fair value of financial instruments accounted for at cost and classified in levels 2 and 3 is shown below. These are broken down by type of financial instrument and the balances correspond to those at December 31, 2014:

Financial Instruments Level 2	Fair Value (Millions of euros)	Valuation technique(s)	Unobservable inputs
Loans and receivables		Present-value method (Discounted future cash flow s)	- Credit spread - Interest rates
Debt securities	3,046		

Financial Instruments Level 3	Fair Value (Millions of euros)	Valuation technique(s)	Unobservable inputs
Loans and receivables		Present-value method (Discounted future cash flow s)	- Credit spread - Prepayment rates - Market interest rates
Loans and advances to credit institutions	21,978		
Loans and advances to customers	188,105		
Debt securities	(19)		
Financial liabilities at amortized cost		Present-value method (Discounted future cash flow s)	- Credit spread - Prepayment rates - Market interest rates
Deposits from central banks	18,400		
Deposits from credit institutions	45,062		
Customer deposits	155,517		
Debt certificates	37,445		
Subordinated liabilities	3,610		
Other financial liabilities	3,529		

Financial instruments at cost

As of December 31, 2014 and 2013, equity instruments, derivatives with these equity instruments as underlying assets, and certain discretionary profit-sharing arrangements in some companies, are recognized at cost in the balance sheets because their fair value could not be reliably determined, as they are not traded in organized markets and, thus, their unobservable inputs are significant. On the above dates, the balance of these financial instruments recognized in the portfolio of available-for-sale financial assets amounted to €140 million and €114 million, respectively.

The table below outlines the financial assets and liabilities carried at cost that were sold in 2014 and 2013:

Sales of financial instruments at cost	Millions of Euros	
	2014	2013
Amount of Sale	71	22
Carrying Amount at Sale Date	21	9
Gains/Losses	50	13

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7. Cash and balances with central banks

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

		Millions of Euros	
Cash and Balances with Central Banks	Notes	2014	2013
Cash		726	659
Balances at the Central Banks		8,536	11,426
Reverse repurchase agreements	30	-	-
Subtotal		9,262	12,085
Accrued interests		-	-
Total		9,262	12,085

		Millions of Euros	
Deposits from Central Banks	Notes	2014	2013
Deposits from Central Banks		17,819	24,933
Repurchase agreements	30	573	362
Accrued interest until expiration		8	192
Total	19	18,400	25,487

8. Financial assets and liabilities held for trading

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

		Millions of Euros	
Financial Assets and Liabilities Held-for-Trading		2014	2013
ASSETS-			
Loans and advances to credit institutions		-	-
Loans and advances to customers		-	-
Debt securities		15,590	13,425
Equity instruments		4,264	4,148
Trading derivatives		44,641	39,058
Total		64,495	56,631
LIABILITIES-			
Deposits from central banks		-	-
Deposits from credit institutions		-	-
Customer deposits		-	-
Debt certificates		-	-
Trading derivatives		43,826	38,531
Short positions		7,150	5,068
Other financial liabilities		-	-
Total		50,976	43,599

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8.1 Debt securities

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

Debt Securities Held-for-Trading Breakdown by type of issuer	Millions of Euros	
	2014	2013
Issued by Central Banks	-	-
Spanish government bonds	6,332	5,251
Foreign government bonds	5,256	4,930
Issued by Spanish financial institutions	879	596
Issued by foreign financial institutions	1,252	969
Other debt securities	1,871	1,679
Total	15,590	13,425

The debt securities included under Financial Assets Held for Trading earned average annual interest of 1.362% in 2014 (1.727% in 2013).

8.2 Equity instruments

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

Equity Instruments Held-for-Trading Breakdown by Issuer	Millions of Euros	
	2014	2013
Shares of Spanish companies		
Credit institutions	865	497
Other sectors	1,646	2,234
Subtotal	2,511	2,731
Shares of foreign companies		
Credit institutions	139	106
Other sectors	1,472	1,171
Subtotal	1,611	1,277
Shares in the net assets of mutual funds	142	140
Total	4,264	4,148

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 well as commercializing these products to large corporations, mutual funds, etc. As of December 31, 2014 and 2013, trading derivatives are principally contracted in over-the-counter (OTC) markets, with credit entities not resident in Spain as the main counterparties, and related to foreign-exchange, interest-rate and equity risk.

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

Millions of Euros								
2014	Currency Risk	Interest Rate Risk	Equity Price Risk	Precious Metals Risk	Commodities Risk	Credit Risk	Other Risks	Total
Organized markets								
Financial futures	-	-	-	-	-	-	-	-
Options	-	1	335	-	(2)	-	-	334
Other products	-	-	-	-	-	-	-	-
Subtotal	-	1	335	-	(2)	-	-	334
OTC markets								
Credit institutions								0
Forward transactions	(114)	-	-	-	-	-	-	(114)
Future rate agreements (FRAs)	-	-	-	-	-	-	-	-
Swaps	-	(2,102)	(14)	-	(4)	-	-	(2,120)
Options	(4)	(30)	(459)	-	(3)	-	-	(496)
Other products	-	-	-	-	-	(29)	-	(29)
Subtotal	(118)	(2,132)	(473)	-	(7)	(29)	-	(2,759)
Other financial institutions								
Forward transactions	292	-	-	-	-	-	-	292
Future rate agreements (FRAs)	-	-	-	-	-	-	-	-
Swaps	-	169	0	-	-	-	-	169
Options	(35)	(3)	(306)	-	-	-	-	(344)
Other products	-	-	-	-	-	55	-	55
Subtotal	257	166	(306)	-	-	55	-	172
Other sectors								
Forward transactions	(118)	-	-	-	-	-	-	(118)
Future rate agreements (FRAs)	-	-	-	-	-	-	-	-
Swaps	-	3,124	55	-	-	-	-	3,179
Options	(143)	(1)	151	-	-	-	-	7
Other products	-	-	-	-	-	-	-	-
Subtotal	(261)	3,123	206	-	-	-	-	3,068
Subtotal	(122)	1,157	(573)	-	(7)	26	-	481
Total	(122)	1,158	(238)	-	(9)	26	-	815
of which: Asset Trading Derivatives	9,742	31,112	3,236	-	2	549	-	44,641
of which: Liability Trading Derivatives	(9,864)	(29,954)	(3,474)	-	(11)	(523)	-	(43,826)

Millions of Euros								
2013	Currency Risk	Interest Rate Risk	Equity Price Risk	Precious Metals Risk	Commodities Risk	Credit Risk	Other Risks	Total
Organized markets								
Financial futures	-	-	-	-	-	-	-	-
Options	2	-	232	-	-	-	-	234
Other products	-	-	-	-	-	-	-	-
Subtotal	2	-	232	-	-	-	-	234
OTC markets								
Credit institutions								
Forward transactions	(512)	-	-	-	-	-	-	(512)
Future rate agreements (FRAs)	-	-	-	-	-	-	-	-
Swaps	-	(1,342)	9	-	2	-	-	(1,331)
Options	179	(68)	(388)	-	(2)	-	-	(279)
Other products	-	-	-	-	-	(45)	-	(45)
Subtotal	(333)	(1,410)	(379)	-	-	(45)	-	(2,167)
Other financial institutions								
Forward transactions	(139)	-	-	-	-	-	-	(139)
Future rate agreements (FRAs)	-	-	-	-	-	-	-	-
Swaps	-	1,117	11	-	-	-	-	1,128
Options	29	(108)	(350)	-	-	-	-	(429)
Other products	-	-	-	-	-	40	-	40
Subtotal	(110)	1,009	(339)	-	-	40	-	600
Other sectors								
Forward transactions	154	-	-	-	-	-	-	154
Future rate agreements (FRAs)	-	-	-	-	-	-	-	-
Swaps	-	1,359	28	-	1	-	-	1,388
Options	(26)	21	323	-	-	-	-	318
Other products	-	-	-	-	-	-	-	-
Subtotal	128	1,380	351	-	1	-	-	1,860
Subtotal	(315)	979	(367)	-	1	(5)	-	293
Total	(313)	979	(135)	-	1	(5)	-	527
of which: Asset Trading Derivatives	4,696	30,370	3,556	1	5	430	-	39,058
of which: Liability Trading Derivatives	(5,009)	(29,391)	(3,691)	(1)	(4)	(435)	-	(38,531)

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

As of December 31, 2014 and 2013, this heading of the accompanying balance sheets had no balances.

10. Available-for-sale financial assets

10.1 Breakdown of the balance

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

Available-for-Sale (AFS) Financial Assets	Millions of Euros	
	2014	2013
Debt securities	47,413	38,171
Impairment losses	(20)	(20)
Subtotal	47,393	38,151
Equity instruments	6,391	5,224
Impairment losses	(75)	(74)
Subtotal	6,316	5,150
Total	53,709	43,301

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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				
Millions of Euros				
2014	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Domestic Debt Securities				
Spanish Government and other government agency debt securities	27,622	1,632	(20)	29,234
Other debt securities	4,375	122	(9)	4,488
Issue by Central Banks	-	-	-	-
Issue by credit institutions	2,528	75	(1)	2,602
Issue by other issuers	1,847	47	(8)	1,886
Subtotal	31,997	1,754	(29)	33,722
Foreign Debt Securities				
Mexico	435	1	(4)	432
Mexican Government and other government agency debt securities	111	-	(1)	110
Other debt securities	324	1	(3)	322
Issue by Central Banks	-	-	-	-
Issue by credit institutions	-	-	-	-
Issue by other issuers	324	1	(3)	322
The United States	1,131	5	(20)	1,116
Government securities	402	-	-	402
US Treasury and other US Government agencies	402	-	-	402
States and political subdivisions	-	-	-	-
Other debt securities	729	5	(20)	714
Issue by Central Banks	-	-	-	-
Issue by credit institutions	3	-	-	3
Issue by other issuers	726	5	(20)	711
Other countries	11,829	490	(196)	12,123
securities	6,871	411	(13)	7,269
Other debt securities	4,958	79	(183)	4,854
Issue by Central Banks	-	-	-	-
Issue by credit institutions	717	6	(2)	721
Issue by other issuers	4,241	73	(181)	4,133
Subtotal	13,395	496	(220)	13,671
Total	45,392	2,250	(249)	47,393

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

2013	Millions of Euros			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Domestic Debt Securities				
Spanish Government and other government agency debt securities	23,715	624	(70)	24,269
Other debt securities	6,434	148	(17)	6,565
Issue by Central Banks	-	-	-	-
Issue by credit institutions	4,547	105	(2)	4,650
Issue by other issuers	1,887	43	(15)	1,915
Subtotal	30,149	772	(87)	30,834
Foreign Debt Securities				
Mexico				
Mexican Government and other government agency debt securities	142	4	-	146
Other debt securities	-	-	-	-
Issue by Central Banks	142	4	-	146
Issue by credit institutions	-	-	-	-
Issue by other issuers	-	-	-	-
The United States	500	3	(8)	495
Government securities	51	-	(1)	50
US Treasury and other US Government agencies	33	-	-	33
States and political subdivisions	18	-	(1)	17
Other debt securities	449	3	(7)	445
Issue by Central Banks	-	-	-	-
Issue by credit institutions	10	-	(1)	9
Issue by other issuers	439	3	(6)	436
Other countries	6,806	73	(203)	6,676
Other foreign governments and other government agency debt	3,438	40	(197)	3,281
Other debt securities	3,368	33	(6)	3,395
Issue by Central Banks	-	-	-	-
Issue by credit institutions	1,558	9	(3)	1,564
Issue by other issuers	1,810	24	(3)	1,831
Subtotal	7,448	80	(211)	7,317
Total	37,597	852	(298)	38,151

10.3 Equity instruments

The breakdown of the balance under the heading "Equity instruments" as of December 31, 2014 and 2013 is as follows:

AFS-Equity Instruments. Breakdown by Type of Financial Instrument

2014	Millions of Euros			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity instruments listed				
Listed Spanish company shares	3,071	1	(70)	3,002
Credit institutions	-	-	-	-
Other entities	3,071	1	(70)	3,002
Listed foreign company shares	2,577	641	(28)	3,190
United States	17	2	-	19
Other countries	2,560	639	(28)	3,171
Subtotal	5,648	642	(98)	6,192
Unlisted equity instruments				
Unlisted Spanish company shares	41	-	-	41
Credit institutions	-	-	-	-
Other entities	41	-	-	41
Unlisted foreign companies shares	83	-	-	83
United States	55	-	-	55
Other countries	28	-	-	28
Subtotal	124	-	-	124
Total	5,772	642	(98)	6,316

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AFS-Equity Instruments. Breakdown by Type of Financial Instrument

2013	Millions of Euros			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity instruments listed				
Listed Spanish company shares	3,127	11	(46)	3,092
Credit institutions	-	-	-	-
Other entities	3,127	11	(46)	3,092
Listed foreign company shares	2,511	3	(596)	1,918
United States	-	-	-	-
Other countries	2,511	3	(596)	1,918
Subtotal	5,638	14	(642)	5,010
Unlisted equity instruments				
Unlisted Spanish company shares	54	-	-	54
Credit institutions	4	-	-	4
Other entities	50	-	-	50
Unlisted foreign companies shares	86	-	-	86
United States	61	-	-	61
Other countries	25	-	-	25
Subtotal	140	-	-	140
Total	5,778	14	(642)	5,150

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	
	2014	2013
Balance at the beginning	(52)	(938)
Valuation gains and losses	3,124	1,360
Income tax	(937)	(408)
Amounts transferred to income	(354)	(66)
Balance at the end	1,781	(52)
Of which:		
Debt securities	1,401	388
Equity instruments	380	(440)

The losses recognized under the heading "Valuation adjustments - Available-for-sale financial assets - Debt securities" in the income statement for 2014 correspond mainly to Spanish government debt securities. As of December 31, 2014, 14% of the unrealized losses recognized under the heading "Valuation adjustments - Available-for-sale financial assets - Debt securities" were generated over more than twelve months. However, no impairment has been estimated, as following an analysis of these unrealized losses it can be concluded that they were temporary due to the following reasons: the interest payment dates of all the fixed-income securities have been satisfied; and because there is no evidence that the issuer will not continue to meet its payment obligations, nor that future payments of both principal and interest will not be sufficient to recover the cost of the debt securities.

The losses recognized under the heading "Valuation adjustments - Available for sale financial assets" in the income statement for 2014 correspond mainly to the market value of the investment in CNBC (see Note 14.1). As of December 31, 2014, the Bank has analyzed the unrealized losses recognized under the heading "Valuation adjustments - Available-for-sale financial assets - Equity instruments" resulting from equity instruments generated over a period of more than 12 months and with a fall of more 470% in their price, as a first approximation to the existence of possible impairment, not finding any reference in such situation.

The heading "Impairment losses on financial assets (net) - Available-for-sale financial assets" in the accompanying income statements recognizes losses of €12 million and losses of €30 million for the years 2014 and 2013, respectively (see Note 41).

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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	
		2014	2013
Loans and advances to credit institutions	11.1	23,813	20,410
Loans and advances to customers	11.2	203,865	208,313
Debt securities	11.3	3,046	1,800
Total		230,724	230,523

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:

Loans and Advances to Credit Institutions	Notes	Millions of Euros	
		2014	2013
Reciprocal accounts		84	68
Deposits with agreed maturity		4,548	6,414
Demand deposits		1,850	1,166
Reverse repurchase agreements	30	8,880	5,788
Other financial assets		8,401	6,918
Impaired assets		23	29
Total gross	5.3.1	23,786	20,383
Valuation adjustments		27	27
Impairment losses	5.3.7	(28)	(30)
Accrued interest and fees		55	57
Hedging derivatives and others		-	-
Total		23,813	20,410

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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	2014	2013
Mortgage secured loans		87,159	93,444
Other secured loans		2,810	2,916
Other loans		67,018	65,243
Credit accounts		9,606	9,426
Commercial credit		7,830	7,887
Receivable on demand and other		2,158	2,282
Credit cards		1,119	1,413
Finance leases		2,655	2,954
Reverse repurchase agreements	30	9,108	6,062
Financial paper		4,061	4,326
Impaired assets	5.3.6	19,074	21,896
Total gross	5.3.1	212,598	217,849
Valuation adjustments		(8,733)	(9,536)
Impairment losses	5.3.7	(10,146)	(10,799)
Accrued interests and fees		574	671
Hedging derivatives and others		839	592
Total net		203,865	208,313

As of December 31, 2014, 10.71% of "Loans and advances to customers" with a maturity greater than one year were concluded with fixed-interest rates and 89.29% with variable interest rates.

The heading "Loans and advances to customers" includes financial lease arrangements provided by various entities in the Bank for their customers to finance the purchase of assets, including movable and immovable property. The breakdown of the financial lease arrangements as of December 31, 2014 and 2013 is as follows:

		Millions of Euros	
Financial Lease Arrangements		2014	2013
Movable property		1,224	1,288
Real Estate		1,431	1,666
Fixed rate		1,222	1,267
Floating rate		1,433	1,687

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

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

Millions of Euros		
Securitized Loans	2014	2013
Securitized mortgage assets	25,384	21,038
Other securitized assets	1,111	4,611
Commercial and industrial loans	503	2,710
Finance leases	205	277
Loans to individuals	403	1,624
Total	26,495	25,649

11.3 Debt securities

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

Millions of Euros			
Debt securities	Notes	2014	2013
Government		2,576	1,264
Credit institutions		4	4
Other sectors		470	536
Total gross	5.3.1	3,050	1,804
Valuation adjustments	5.3.7	(4)	(4)
Total		3,046	1,800

12. 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:

Millions of Euros		
Hedging derivatives and Fair value changes of the hedged items in portfolio hedges of interest rate risk	2014	2013
ASSETS-		
Fair value changes of the hedged items in portfolio hedges of	121	99
Hedging derivatives	2,112	2,307
LIABILITIES-		
interest rate risk	-	-
Hedging derivatives	1,959	1,507

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As of December 31, 2014 and 2013, the main positions hedged by the Bank and the derivatives assigned to hedge those positions were:

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

- Cash-flow hedges

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

- Net foreign-currency investment hedges

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

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

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

Millions of Euros					
2014	Currency Risk	Interest Rate Risk	Equity Price Risk	Other Risks	Total
OTC markets					
Credit institutions					
Fair value hedge	-	269	(5)	-	264
Of which: Macro hedge	-	(208)	-	-	(208)
Cash flow hedge	10	(109)	-	-	(99)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	10	160	(5)	-	165
Other financial Institutions					
Fair value hedge	-	17	(1)	-	16
Of which: Macro hedge	-	(70)	-	-	(70)
Cash flow hedge	-	(0)	-	-	(0)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	-	17	(1)	-	16
Other sectors					
Fair value hedge	-	(26)	-	-	(26)
Of which: Macro hedge	-	(26)	-	-	(26)
Cash flow hedge	-	(1)	-	-	(1)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	-	(27)	-	-	(27)
Total	10	150	(6)	-	153
<i>Of which:</i>					
Asset Hedging Derivatives	22	2,084	6	-	2,112
Liability Hedging Derivatives	(12)	(1,934)	(12)	-	(1,959)

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2013	Millions of Euros				Total
	Currency Risk	Interest Rate Risk	Equity Price Risk	Other Risks	
OTC markets					
Credit institutions					
Fair value hedge	-	758	-	(1)	757
Of which: Macro hedge	-	(253)	-	-	(253)
Cash flow hedge	-	(61)	-	-	(61)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	-	697	-	(1)	696
Other financial Institutions					
Fair value hedge	-	119	-	-	119
Of which: Macro hedge	-	(71)	-	-	(71)
Cash flow hedge	-	(3)	-	-	(3)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	-	116	-	-	116
Other sectors					
Fair value hedge	-	(12)	-	-	(12)
Of which: Macro hedge	-	(6)	-	-	(6)
Cash flow hedge	-	-	-	-	-
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	-	(12)	-	-	(12)
Total	-	801	-	(1)	800
<i>Of which:</i>					
Asset Hedging Derivatives	-	2,306	-	1	2,307
Liability Hedging Derivatives	-	(1,505)	-	(2)	(1,507)

The cash flows forecasts for the coming years for cash flow hedging recognized on the accompanying balance sheet as of December 31, 2014 are:

Cash Flows of Hedging Instruments	Millions of Euros				Total
	3 Months or Less	From 3 Months to 1 Year	From 1 to 5 Years	More than 5 Years	
Receivable cash inflows	12	32	129	151	324
Payable cash outflows	9	28	148	184	369

The above cash flows will have an effect on the income statements until the year 2024.

In 2014 and 2013, there was no reclassification in the accompanying consolidated income statements of any amount corresponding to cash flow hedges that was previously recognized in equity.

The amount for derivatives designated as accounting hedges that did not pass the effectiveness test during 2014 was not material.

As of December 31, 2014 and 2013 there was no hedge accounting that did not pass the effectiveness test.

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13. 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	
	2014	2013
Business sale agreement - Assets (note 14)	482	-
Other assets from:		
Tangible fixed assets (net)	205	217
For own use	205	217
Assets leased out under an operating lease	-	-
Foreclosures or recoveries (net)	2,678	2,440
Foreclosures	2,540	2,305
Recoveries from financial leases	138	135
Accrued amortization (*)	(32)	(26)
Impairment losses	(562)	(436)
Total Non-Current Assets Held-for-Sale	2,771	2,195
Business sale agreement - Liabilities (note 14)		
Liabilities associated with non-current assets held for sale	-	-

(*) Corresponds to the accumulated depreciation of assets before classification as "non-current assets held for sale" "

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

The changes in the balances under this heading in 2014 and 2013 are as follows:

Millions of Euros					
2014	Foreclosed	Recovered Assets from Operating Lease	From Own Use Assets (*)	Other (**)	Total
Cost-					
Balance at the beginning	2,305	135	191	-	2,631
Additions (Purchases) (***)	1,020	39	-	-	1,059
Contributions from merger transactions					-
Retirements (Sales)	(373)	(23)	(82)	-	(478)
Transfers	(412)	(13)	64	482	121
Balance at the end	2,540	138	173	482	3,333
Impairment-					
Balance at the beginning	309	32	95	-	436
Additions	317	18	1	-	336
Contributions from merger transactions					-
Retirements (Sales)	(69)	(5)	(47)	-	(121)
Transfers	(101)	(6)	18	-	(89)
Balance at the end	456	39	67	-	562
Total	2,084	99	106	482	2,771

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

(**) Corresponds to the CIFH business sale agreement (Note 14)

(***) Corresponds to the initial cost of the asset received.

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Millions of Euros					
2013	Foreclosed	Recovered Assets from Operating Lease	From Own Use Assets (*)	Other (**)	Total
Cost-					
Balance at the beginning	1,818	113	59	210	2,200
Additions (Purchases) (***)	710	57	-	-	767
Contributions from merger transactions	477	2	-	-	479
Retirements (Sales)	(700)	(34)	(40)	(297)	(1,071)
Transfers	-	(3)	172	87	256
Balance at the end	2,305	135	191	-	2,631
Impairment-					
Balance at the beginning	195	28	9	-	232
Additions	496	21	2	-	519
Contributions from merger transactions	198	-	-	-	198
Retirements (Sales)	(187)	(9)	(14)	-	(210)
Transfers	(393)	(8)	98	-	(303)
Balance at the end	309	32	95	-	436
	1,996	103	96	-	2,195

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

(**) Business sale agreement (Note 14)

(***) Corresponds to the initial cost of the asset received.

As of December 31, 2014 and 2013, the balance under the heading "Non-current assets held for sale - Foreclosures or recoveries" was made up of €1,860 million and €1,801 million of assets for residential use, €303 million and €270 million of assets for tertiary use (industrial, commercial or offices) and €26 million and €28 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, 2014 and 2013 had been held:

Millions of Euros		
Non-Current Assets Held for Sale	2014	2013
Period of Ownership		
Up to one year	702	788
From 1 to 3 years	1,090	1,067
From 3 to 5 years	354	229
Over 5 years	37	15
Total	2,183	2,099

In 2014 and 2013, some of the sales of these assets were financed by the Bank. The amount of the loans granted to the buyers of these assets in those years totaled €158 million and €112 million, respectively, with a mean percentage financed of 89% and 90%, respectively, of the price of sale. The total nominal amount of these loans, which are recognized under "Loans and receivables", is €940 million and €782 million, as of December 31, 2014 and 2013, respectively.

As of December 31, 2014 and 2013, the gains from the sale of assets financed by the Bank (and, therefore, not recognized in the income statement), amounted to €21 million and €23 million, respectively.

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14. Investments in entities

Ongoing operations

Investments

New agreement for the acquisition of an additional 14.9% of Garanti

On November 19, 2014 BBVA Group entered into a new agreement with Dogus Holding A.S., Ferit Faik Şahenk, Dianne Şahenk and Defne Şahenk ("Dogus") for the acquisition of 62,538,000,000 shares of Garanti at a maximum total consideration of 8.90 Turkish Liras per share, which is equal to 5,566 million of Turkish liras.

Completion of the acquisition and the entry into force of the new agreement are conditional on the obtaining of all necessary regulatory consents from the relevant Turkish, Spanish, European Union and, if applicable, other jurisdictions' regulatory authorities. After the acquisition of the new shares, the stake of the Bank in Garanti will be 39.9%.

Catalunya Banc competitive auction

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

As a consequence, BBVA has executed a sale and purchase agreement with FROB, by virtue of which FROB will sell up to 100% of the shares of Catalunya Banc to BBVA for the price of up to €1,187 million.

The price will be reduced in an amount equal to €267 million provided that, prior to the effective closing of the transaction, FROB and Catalunya Banc do not obtain a confirmation issued by the Spanish tax authorities of the application of the deferred tax assets regime (foreseen in Royal Decree Law 14/2013) to some losses recorded in Catalunya Banc's consolidated financial statements for 2013 which were originated as a consequence of the transfer of assets by Catalunya Banc to the Management Company for Assets Arising from the Banking Sector Reorganization (known as "SAREB").

Closing of the sale and purchase transaction will be subject, among others, to the obtaining of the relevant administrative authorizations and approvals and to the effective closing of the transaction announced by Catalunya Banc to the market on July 17, 2014 whereby Catalunya Banc will transfer to an asset securitization fund a loan portfolio with a nominal value of €6,392 million.

Divestitures

Agreement to sell CNCB

On October 2013 this participation was reclassified under the heading "Available for sale financial assets" as mentioned below.

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

The selling price to UBS is HK\$ 5.73 per share, amounting to a total of HK\$ 13,136 million, equivalent to approximately 1,460 million Euros. After completing the sale BBVA will hold a 4.7% interest in CNCB.

The closing of this transaction between UBS and BBVA will happen after the legal and corporate requirements necessary for the Relevant Transactions relating to Xinhua have been completed. As of December 31, 2014 the investment in CNCB was recognized under the heading "Available for sale financial assets".

We estimate that the closing of the BBVA transaction will take place within the first quarter of 2015. The estimated impact on the financial statements of BBVA will be a gross capital gain of approximately €268 million.

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

On December 23, 2014, the BBVA Group signed an agreement to sell its participation of 29.68% in Citic International Financial Holdings Limited (CIFH), to China CITIC Bank Corporation Limited (CNCB). CIFH is a non listed subsidiary of CNCB domiciled in Hong Kong. The selling price is HK\$8,162 million. The closing of such agreement is subject to the relevant regulatory approvals. The estimated impact on the financial statements of BBVA will be a gross capital gain of approximately €363 million. As of December 31, 2014 the investment in CNCB was recognized under the heading "Non-current assets held for sale" (see Note 13).

14.1 Associates

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

Associates Entities	Millions of Euros	
	2014	2013
By currency:		
In euros	413	414
In foreign currencies	1	480
Total	414	894
By share price		
Listed	6	6
Unlisted	408	888
Total	414	894
Less:		
Impairment losses	(153)	(76)
Total	261	818

The investments in associates as of December 31, 2014, as well as the most important data related to them, can be seen in Appendix III.

As of October 21, 2013, BBVA completed the sale of 5.1% stake in CNCB to Citic Limited for an amount of approximately €944 million. The loss attributable to BBVA at the time of the sale amounted to €303 million, which was recognized under the heading "Gains (losses) on derecognized assets not classified as non-current assets held for sale" in the income statement in 2013. After this sale, the stake of BBVA in CNCB is reduced to the 9.9%.

The arrangement implied a change in the accounting criteria applied to the participation of BBVA in CNCB, being since then a non material financial participation recognized under the heading "Available-for-sale financial assets" (see Note 10).

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The following is a summary of the gross changes in 2014 and 2013 under this heading in the accompanying balance sheets:

Associates Entities. Changes in the year	Millions of Euros	
	2014	2013
Balance at the beginning	894	4,531
Acquisitions and capital increases	-	22
Losses due to merger transactions	-	14
Disposals and capital reductions	(1)	(1,241)
Transfers	(479)	(2,448)
Exchange differences and others	-	16
Balance at the end	414	894

The change in 2014 relates mainly to the aforementioned sale of CIFH. The change in 2013 relates mainly to the sale of 5.1% of CNBC and to the transfer of the remaining 9.9% stake held by the Group in the CNBC portfolio of "Available for sale financial assets".

14.2 Investments in jointly controlled entities

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

Joint ventures	Millions of Euros	
	2014	2013
By currency:		
In euros	20	16
In foreign currencies	3,928	3,849
Total	3,948	3,865
By share price		
Listed	3,928	3,849
Unlisted	20	16
Total	3,948	3,865
Less:		
Impairment losses	-	-
Total	3,948	3,865

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The following is a summary of the changes in 2014 and 2013 under this heading in the accompanying balance sheets:

Joint ventures. Changes in the year	Millions of Euros	
	2014	2013
Balance at the beginning	3,865	4,013
Acquisitions:	-	352
Losses due to merger transactions	-	146
Transfers	5	(495)
Exchange differences and others	78	(151)
Balance at end of year	3,948	3,865

The breakdown of associates and joint ventures as of December 31, 2014 is shown in Appendix III.

14.3 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	
	2014	2013
By currency:		
In euros	9,442	9,014
In foreign currencies	19,197	18,740
Total	28,639	27,754
By share price		
Listed	222	237
Unlisted	28,417	27,517
Total	28,639	27,754
Less:		
Impairment losses	(6,695)	(6,835)
Total	21,944	20,919

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The changes in 2014 and 2013 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	
	2014	2013
Balance at the beginning	27,754	22,921
Acquisitions and capital increases	714	4,610
Losses due to merger transactions	-	204
Sales	(147)	(303)
Transfers	-	453
Exchange differences and other	318	(131)
Balance at the end	28,639	27,754

Changes in the holdings in Group entities

Besides the aforementioned transactions related to CIFH and CNCB, the most notable transactions performed in 2014 and 2013 are as follows:

Changes in 2014

Capital increase in Anida Grupo Inmobiliario

On December 23, 2014 BBVA fully subscribed an increase of capital in Anida Grupo Inmobiliario by € 400 million.

Capital increase in Gran Jorge Juan

On July 29, 2014 BBVA fully subscribed an increase of capital in Gran Jorge Juan by € 130 million.

Capital increase in BBVA Compass

On March 17, 2014 BBVA fully subscribed an increase of capital in BBVA Compass Bancshares, Inc by \$117 million (approximately €84 million).

Changes in the Group in 2013

Purchase of Unnim Vida and Unnim Protecció

On February 1, 2013, Unnim Banc, SA reached an agreement with Aegon Spain Holding B.V. for the acquisition of 50% of Unnim Vida, Inc. Seguros y Reaseguros ("Unnim Vida") for a price of €352 million. Thus, the BBVA Group reached 100% of the stake of "Unnim Vida". This acquisition has caused the reclassification of the investment in this entity from "Investments in jointly-controlled entities" to "Investments in Group entities" in the amount of €495 million and a transfer from "Other provisions" to "Impairment of Group investments" in the amount of €255 million.

On February 15, 2013 Unnim Banc, SA formalized with Reale Seguros Generales, SA the acquisition of 50% of Unnim Protecció, SA Insurance and Reinsurance Company ("Unnim Protecció") at a price of €68 million. Thus, BBVA reached 100% stake in Unnim Protecció. This acquisition has caused a transfer from "Other Provisions" to "Impairment on Group investments" for an amount of €60 million. This company was merged with BBVA Seguros, SA Seguros y Reaseguro on October 23, 2013.

Capital Increase in Anida Grupo Inmobiliario

On December 27, 2013 BBVA fully subscribed a capital increase in Anida Real Grupo Inmobiliario, SL amounting to €4,000 million. This increase has caused a transfer from "Impairment on Loans and receivables" and "Other Provisions" to "Impairment on Group investments" for a total of €1,883 and € 1,554 million respectively.

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Capital Increase in Unnim Sociedad for Management of Real Estate Assets

BBVA has fully subscribed various capital increases in Unnim Society for Management of Real Estate Asset, SA Unipersonal for a total amount of €248 million, which have caused a transfer for the same amount from "Other provisions" to "Impairment on Group investments"

Sale of Seguros Bancomer

On February 22, 2013, the sale of Seguros BBVA Bancomer, SA de CV, Grupo Financiero BBVA Bancomer to Grupo Financiero BBVA Bancomer, SA de C.V. was formalized. The gross gain amounted to €131 million recorded in "Gains (losses) on derecognized assets not classified as non-current assets held for sale" in the income statement in 2013.

Sale of BBVA Panama

On July 20, BBVA announced that it had reached an agreement with the entity Leasing Bogotá S.A., Panamá, a subsidiary of Grupo Aval Acciones y Valores, S.A., for the sale to the former of all the stake that BBVA holds directly and indirectly in Banco Bilbao Vizcaya Argentaria (Panamá), S.A. ("BBVA Panamá"). The aggregate direct and indirect participation of BBVA in BBVA Panamá represents approximately 98.92% of the share capital of the company.

On December 19, after having obtained the necessary approvals, BBVA completed the sale.

The total consideration that BBVA obtained pursuant to this sale amounted to approximately \$353 million (€259 million) after the adjustment of the net income generated by BBVA Panamá from June 1, 2013 up to closing, which amounted to a positive adjustment of approximately \$8 million (€6 million).

BBVA received part of the consideration through the distribution of dividends from BBVA Panamá amounting to \$77 million prior to closing (such amount has consequently reduced the purchase price to be paid to BBVA on closing). After deducing such distribution of dividends, the gross capital gain amounted to approximately €190 million which was recognized in the section "Gains (losses) in non-current assets held for sale not classified as discontinued operations" in the income statement in 2013.

Sale of pension businesses in Latin America

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

On October 2, 2013, with the sale of "AFP Provida" (Administradora de Fondos de Pensiones AFP Provida de Chile), BBVA finalized the process. Below there is a description of each of the operations that have been carried out during this process:

Sale of AFP Provida (Chile)

On February 1, 2013, BBVA reached an agreement with MetLife, Inc., for the sale of the 64.3% stake that BBVA held in the Chilean Pension Fund manager Administradora de Fondos de Pensiones Provida SA ("AFP Provida"). On October 2, 2013, BBVA completed the sale, generating a capital gain net of taxes amounted to € 480 million which was recognized under the heading "Profit from discontinued operations (Net)" in the income statement in 2013.

Sale of BBVA AFP Horizonte S.A. (Peru)

On April 23, 2013, BBVA executed the transfer of 100% of the share capital of the Peruvian company "AFP Horizonte SA" in favor of "AFP Integra SA" and "Profuturo AFP, SA" who have each acquired 50% of said company.

The capital gain attributable to parent company net of taxes arising from the transaction amounted to approximately €87 million, and was recognized under the heading "Profit from discontinued operations (Net)" in the income statement in 2013.

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Sale of BBVA AFP Horizonte S.A. (Colombia)

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

On April 18, 2013, after having obtained the necessary approvals, BBVA completed the sale. The capital gain attributable to parent company net of taxes arising from the transaction amounted to approximately €276 million at the moment of the sale, and was recognized under the heading "Profit from discontinued operations (Net)" in the income statement in 2013.

Sale of Afore Bancomer (Mexico)

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

Once the corresponding authorization had been obtained from the competent authorities, the sale was closed on January 9, 2013, at which point the BBVA Group no longer had control over the subsidiary sold. The gain on sale attributable to parent company net of taxes was approximately €118 million and was recognized under the heading "Profit from discontinued operations (Net)" in the income statement in 2013.

14.4 Notifications about acquisition of holdings

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

14.5 Impairment

The breakdown of the changes in impairment losses in 2014 and 2013 under this heading is as follows:

Impairment.	Notes	Millions of Euros	
		2014	2013
Balance at the beginning		6,911	2,941
Increase in impairment losses charged to income	42	780	332
Decrease in impairment losses credited to income	42	(843)	(517)
Losses due to merger transactions		-	205
Amount used		-	(60)
Transfers		-	4,010
Balance at the end		6,848	6,911

The line item "Transfer" in the table above for 2013, includes transfers under "Impairment Losses on Loans and Receivables" and "Other Provisions" to "Impairment of Group investments" due to the aforementioned operations of purchase of Unnim Vida and Unnim Protección and the capital increases in Anida Grupo Inmobiliario and Unnim Sociedad para la Gestión de Activos Inmobiliarios.

In 2013 and 2014, and as a result of the improvement in the future expectations for BBVA USA Bancshares, the difference between the carrying amount and the present value of expected cash flows has been reduced by €364 million and €782 million respectively. This figure has been charged under the heading "Impairment losses on other assets (net)" in the income statement for 2013 and 2014. The changes in impairment include the exchange differences resulting from applying the dollar exchange rate at the close of each year and comparing it with the carrying amount exchange rate (exchange rate at the time of the acquisition).

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15. 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:

2014	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			
Revalued cost -						
Balance at the beginning	920	83	3,420	4,423	10	4,433
Additions	23	-	133	156	-	156
Contributions from merger transactions	-	-	-	-	-	-
Retirements	-	-	(640)	(640)	-	(640)
Transfers	(69)	(37)	26	(80)	-	(80)
Exchange difference and other	-	-	5	5	-	5
Balance at the end	874	46	2,944	3,864	10	3,874
Accrued depreciation -						
Balance at the beginning	170	-	2,455	2,625	1	2,626
Additions	9	-	190	199	-	199
Contributions from merger transactions	-	-	-	-	-	-
Retirements	-	-	(626)	(626)	-	(626)
Transfers	(9)	-	(9)	(18)	-	(18)
Exchange difference and other	-	-	3	3	-	3
Balance at the end	170	-	2,013	2,183	1	2,184
Impairment -						
Balance at the beginning	152	-	-	152	4	156
Additions	13	-	11	24	-	24
Contributions from merger transactions	-	-	-	-	-	-
Retirements	(1)	-	-	(1)	-	(1)
Transfers	(17)	-	-	(17)	-	(17)
Exchange difference and other	-	-	(11)	(11)	-	(11)
Balance at the end	147	-	-	147	4	151
Net tangible assets -						
Balance at the beginning	598	83	965	1,646	5	1,651
Balance at the end	557	46	931	1,534	5	1,539

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2013	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			
Revalued cost -						
Balance at the beginning	589	74	3,364	4,027	1	4,028
Additions	3	9	174	186	-	186
Contributions from merger transactions	413	-	231	644	84	728
Retirements	-	-	(343)	(343)	-	(343)
Transfers	(76)	-	(4)	(80)	(75)	(155)
Exchange difference and other	(9)	-	(2)	(11)	-	(11)
Balance at the end	920	83	3,420	4,423	10	4,433
Accrued depreciation -						
Balance at the beginning	130	-	2,400	2,530	-	2,530
Additions	10	-	191	201	-	201
Contributions from merger transactions	37	-	190	227	8	235
Retirements	-	-	(315)	(315)	-	(315)
Transfers	(3)	-	(10)	(13)	(7)	(20)
Exchange difference and other	(4)	-	(1)	(5)	-	(5)
Balance at the end	170	-	2,455	2,625	1	2,626
Impairment -						
Balance at the beginning	37	-	-	37	-	37
Additions	14	-	29	43	-	43
Contributions from merger transactions	135	-	-	135	27	162
Retirements	(3)	-	-	(3)	-	(3)
Transfers	(32)	-	-	(32)	(23)	(55)
Exchange difference and other	1	-	(29)	(28)	-	(28)
Balance at the end	152	-	-	152	4	156
Net tangible assets -	-	-	-	-	-	-
Balance at the beginning	422	74	964	1,460	1	1,461
Balance at the end	598	83	965	1,646	5	1,651

As of December 31, 2014 and 2013, the fully depreciated tangible assets still in use amounted to €1,105 million and €1,558 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	
	2014	2013
Spain	3,111	3,229
Rest of the world	19	18
Total	3,130	3,247

As of December 31, 2014 and 2013, the percentage of branches leased from third parties in Spain was 76.47% and 77.64%, respectively.

16. Intangible assets

The breakdown of the balance under this heading in the balance sheets as of December 31, 2014 and 2013 relates mainly 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.

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The breakdown of the changes in 2014 and 2013 in the balance under this heading in the balance sheets is as follows:

		Millions of Euros	
Other Intangible Assets. Changes Over the Period	Notes	2014	2013
Balance at the beginning		927	729
Additions		265	331
Contributions from merger transactions		-	168
Retirements		-	-
Amortization in the year	39	(318)	(301)
Exchange differences and other		-	-
Impairment		-	-
Balance at the end		874	927

"Contributions from merger transactions" in 2013 in the table above reflects intangible assets of the merged company Unnim Banc, SA.

17. Tax assets and liabilities

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

Banco Bilbao Vizcaya Argentaria, S.A. and its tax-consolidable subsidiaries file consolidated tax returns. The subsidiaries of Argentaria, which had been in Tax Group 7/90, were included in Tax Group 2/82 from 2000, since the merger had been carried out under the tax neutrality system provided for in Title VIII, Chapter VIII of Corporation Tax Law 43/1995. On 30 December 2002, the pertinent notification was made to the Ministry of Economy and Finance to extend its taxation under the consolidated taxation regime indefinitely, in accordance with current legislation. Similarly, on the occasion of the acquisition of Unnim Group in 2012, the companies composing the Tax Group No. 580/11 which met the requirements became part of the tax group 2/82 from January 1, 2013.

In 2013, the Bank carried out a merger by absorption of Unnim Banc, SA under the special regime for mergers, divisions, transfers of assets and exchanges of securities under Chapter VIII of Title VII of the Corporate Tax Law, approved by Royal Decree 4/2004 as of March 5. Consequently, and in accordance with Article 93 of the quoted Consolidated Text, information requirements and mandatory references relating to the merger are set out in 2013's annual report of BBVA, S.A., being the first annual report approved after the transaction. However, all the required information regarding assets transferred from Unnim, SA to BBVA, SA is in the merger by absorption deed, other official documents and internal records of the Bank, available to the tax authorities.

Unnim Banc is the result of the integration of Caixa d'Estalvis de Manlleu, Caixa d'Estalvis de Sabadell and Caixa d'Estalvis de Terrassa. This integration was carried out on July 1, 2010, under merger creating a new savings bank Caja d'Estalvis Unió de Caixes Manlleu, Sabadell y Terrassa. With effect 1 January 2011, the entity transferred its financial business for a newly created bank, Unnim Banc, SA. Both the merger and the segregation of financial activity conducted under the special regime for mergers, divisions, transfers of assets and exchanges of securities under Chapter VIII of Title VII of the Consolidated Law Tax. The mandatory terms resulting from these restructuring operations are contained in the Annual Report of Caixa d'Estalvis Unió de Caixes Manlleu, Sabadell y Terrassa for the year 2010 and in the Annual Report of Unnim Banc, SA, for the year 2011, respectively. In general, the information requirements relating to the restructuring are included in the financial statements for those years.

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In 2011 and 2009, the Bank also participated in corporate restructuring operations subject to the special regime for mergers, splits, transfers of assets and exchanges of securities under Chapter VIII of Title VII of the Amended Corporation Tax Act, as approved by Royal Legislative Decree 4/2004, of 5 March. The reporting requirements under the above legislation are included in the notes to the financial statements of the relevant entities for 2011 and 2009.

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

17.1 Years open for review by the tax authorities

At the date these financial statements were prepared, the Bank had 2010 and subsequent years open for review by the tax authorities for the main taxes applicable to it.

In 2014, 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 2009. Having been all signed in acceptance. These proceedings have become final in 2014.

In view of the varying interpretations that can be made of some applicable tax legislation, the outcome of the tax inspections of the open years that could be conducted by the tax authorities in the future could give rise to contingent tax liabilities which cannot be 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.

17.2 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	
	2014	2013
Corporation tax	384	68
Decreases due to permanent differences:		
Tax credits and tax relief at consolidated Companies	(311)	(344)
Other items net	(53)	(219)
Net increases (decreases) due to temporary differences	(20)	495
Charge for income tax and other taxes	-	-
Deferred tax assets and liabilities recorded (utilized)	20	(495)
Income tax and other taxes accrued in the period	20	(495)
Adjustments to prior years' income tax and other taxes	155	(624)
Income tax and other taxes	175	(1,119)

The item "Other taxes" of the above table includes the effect of income derived from the change of estimates, on the tax liabilities calculation generated from the integration of Unnim.

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

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

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

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

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

Caixa d'Estalvis de Manlleu, Caixa d'Estalvis de Sabadell and Caixa d'Estalvis de Terrassa adopted until December 31 2001 the deferral for reinvestment of extraordinary profits. The reinvestment was made in land amounting to €1 million and in buildings amounting to €3 million. As of December 31, 2014 there is no amount pending to include for this item.

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

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

Year	Millions of Euros
2002	276
2003	27
2004	332
2005	80
2006	410
2007	1,047
2008	71
2009	23
2010	35
2011	5
2012	4
2013	70
2014	2

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In 2014 income attributable to the deduction for reinvestment amounted to €2 million and the year's investment in the equity elements established by tax regulations was applied to reinvestment.

Additionally, due to the merger of Banc Unnim, the Bank assumes the commitment of maintenance during the time required by the tax legislation of the assets in which Caixa d'Estalvis de Sabadell, Caixa d'Estalvis de Terrassa and Caixa d'Estalvis Unió de Caixes Manlleu Sabadell y Terrassa materialized in previous years the reinvestment of extraordinary profits for the implementation of a corresponding deduction. The amount of income qualifying for this deduction indicated is as follows:

Year	Millions of Euros
2008	61
2009	59
2010	202

In 2014, following the approval of Law 16/2013, as of October 29, by which certain measures in environmental taxation and other tax and financial measures are adopted, the Bank has included in its tax base 11 million euros as a result of the change in book value of participations in Group companies, associates and joint ventures. The amount pending to include in the tax base at closure and from the investees amounted to €404 million approximately.

	Millions of Euros
	2014
Pending addition to taxable income as of December 31, 2013	415
Decrease income (included) 2014	(11)
Changes in Investments Equity	
Pending addition to taxable income as of December 31, 2014	404

17.3 Tax recognized in equity

In addition to the income tax registered in the income statements, in 2014 and 2013 the Bank recognized the following amounts in equity:

	Millions of Euros	
Tax Recognized in Total Equity	2014	2013
Charges to total equity		
Debt securities	(680)	(166)
Equity instruments	(163)	-
Rest	(5)	-
Subtotal	(848)	(166)
Credits to total equity		
Debt securities	79	-
Equity instruments	-	188
Rest	44	28
Subtotal	123	216
Total	(725)	50

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17.4 Deferred taxes

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

Tax Assets and Liabilities. Breakdown	Millions of Euros	
	2014	2013
Tax assets-		
Current	986	1,402
Deferred	7,399	7,262
Pensions	111	103
Portfolio	735	1,028
Other assets	391	434
Impairment losses	89	76
Rest	163	139
Secured tax assets	4,774	4,294
Tax losses	1,136	1,188
Total	8,385	8,664
Tax Liabilities-		
Current	29	-
Deferred	1,626	978
Charge for income tax and other taxes	1,626	978
Total	1,655	978

Based on the available information, including historical profit levels and projections that the Bank handles for the coming years results, it is considered that sufficient taxable income to recover deferred tax assets above are generated when they are deductible depending tax legislation.

From the guaranteed tax assets contained in the above table, the detail of the items and amounts guaranteed by the Spanish Government is as follows:

Secured tax assets	Millions of Euros	
	2014	2013
Pensions	1,714	1,565
Impairment losses	3,060	2,729
Total	4,774	4,294

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18. Other assets and liabilities

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

Millions of Euros		
Other Assets and Liabilities	2014	2013
ASSETS-		
Transactions in transit	33	19
Accrued interest	258	233
Unaccrued prepaid expenses	24	17
Other prepayments and accrued income	234	216
Other items	1,216	826
Total	1,507	1,078
LIABILITIES-		
Transactions in transit	29	36
Accrued interest	778	813
Discounted capital	-	-
Unpaid accrued expenses	551	562
Other accrued expenses and deferred income	227	251
Other items	637	625
Total	1,444	1,474

19. Financial liabilities at amortized cost

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

Millions of Euros			
Financial Liabilities at Amortized Cost	Notes	2014	2013
Deposits from central banks	7	18,400	25,487
Deposits from credit institutions	19.1	58,091	42,920
Customer deposits	19.2	187,731	188,013
Debt certificates	19.3	26,754	33,787
Subordinated liabilities	19.4	7,701	5,106
Other financial liabilities	19.5	6,359	5,807
Total		305,036	301,120

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19.1 Deposits from credit institutions

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

Deposits from Credit Institutions	Notes	Millions of Euros	
		2014	2013
Reciprocal accounts	30	110	102
Deposits with agreed maturity		24,688	23,704
Other accounts		2,730	1,035
Repurchase agreements		30,458	17,930
Subtotal		57,986	42,771
Valuation adjustments (*)		105	149
Total		58,091	42,920

(*) Includes mainly accrued interest until expiration

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

Millions of Euros				
2014 Deposits from Credit Institutions	Demand Deposits	Deposits with Agreed Maturity	Repos	Total
Spain	1,339	11,315	2,294	14,948
Rest of Europe	1,165	9,981	27,933	39,079
Mexico	75	326	-	401
South America	215	1,023	-	1,238
The United States	13	1,099	-	1,112
Rest of the world	33	944	231	1,208
Total	2,840	24,688	30,458	57,986

Millions of Euros				
2013 Deposits from Credit Institutions	Demand Deposits	Deposits with Agreed Maturity	Repos	Total
Spain	629	12,328	562	13,519
Rest of Europe	264	9,223	17,218	26,705
Mexico	47	-	-	47
South America	126	691	-	817
The United States	53	715	-	768
Rest of the world	18	747	150	915
Total	1,137	23,704	17,930	42,771

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19.2 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	Notes	2014	2013
Government and other government agencies		10,931	14,489
Spanish		7,600	5,881
Foreign		300	87
Repurchase agreements	30	3,023	8,511
Accrued interest		8	10
Other resident sectors		150,231	154,816
Current accounts		34,137	31,698
Savings accounts		27,411	24,296
Fixed-term deposits		80,734	92,312
Reverse repos	30	7,364	5,552
Other accounts		(174)	70
Accrued interest		759	888
Non-resident sectors		26,569	18,708
Current accounts		2,939	2,470
Savings accounts		531	457
Fixed-term deposits		14,786	8,432
Repurchase agreements	30	8,118	7,289
Other accounts		155	26
Accrued interest		40	34
Total	19	187,731	188,013
<i>Of which:</i>			
Deposits from other creditors without valuation adjustment		186,924	187,081
Accrued interest		807	932
<i>Of which:</i>			
In euros		177,266	178,804
In foreign currency		10,465	9,209

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

Millions of Euros					
2014 Customer Deposits	Demand Deposits	Savings Deposits	Deposits with Agreed Maturity	Repos	Total
Spain	40,948	27,433	81,328	10,386	160,095
Rest of Europe	2,070	314	11,071	8,035	21,490
Mexico	268	13	116	-	397
South America	351	98	911	-	1,360
The United States	173	21	2,132	82	2,408
Rest of the world	359	85	730	-	1,174
Total	44,169	27,964	96,288	18,503	186,924

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2013 Customer Deposits	Millions of Euros				Total
	Demand Deposits	Savings Deposits	Deposits with Agreed Maturity	Repos	
Spain	35,898	24,315	94,044	14,064	168,321
Rest of Europe	1,431	269	6,377	7,289	15,366
Mexico	151	18	143	-	312
South America	583	84	905	-	1,572
The United States	149	17	465	-	631
Rest of the world	256	69	554	-	879
Total	38,468	24,772	102,488	21,353	187,081

19.3 Debt certificates (including bonds)

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

Debt Certificates	Millions of Euros	
	2014	2013
Promissory notes and bills	-	-
Bonds and debentures issued	26,754	33,787
Total	26,754	33,787

The total cost of the accrued interest under “Debt certificates (including bonds)” in 2014 and 2013 totaled €1,154 million and €1,462 million, respectively (see Note 34.2).

As of December 31, 2014 and 2013 the accrued interest pending payment from promissory notes and bills and bonds and debentures amounted to €643 million and €802 million, respectively.

The changes in 2014 and 2013 under the heading “Debt certificates (including bonds)” are described in Note 49.5.

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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	
	2014	2013
In euros -	26,197	33,264
Non-convertible bonds and debentures at floating interest rates	8,841	10,067
Non-convertible bonds and debentures at fixed interest rates	812	4,457
Covered bonds	24,523	34,836
Treasury stock	(10,367)	(18,254)
Accrued interest and others	2,388	2,158
In foreign currency -	557	523
Covered bonds	122	132
Other Non-convertible securities at fixed interest rates	822	724
Treasury stock	(398)	(343)
Accrued interest and others	11	10
Total	26,754	33,787

The headings "Nonconvertible bonds and debentures at floating interest rate" and "Non-convertible bonds and debentures at fixed rate" as of December 31, 2014 include several issues, the latest maturing in 2023.

The "Covered Bonds" account as of December 31, 2014 includes issues with various maturities, the latest in 2027.

19.4 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	
	2014	2013
Convertible	2,736	1,088
<i>Convertible perpetual securities</i>	2,736	1,088
Non-convertible	809	1,431
<i>Preferred Stock</i>	5	5
<i>Other subordinated liabilities</i>	804	1,426
Subordinated deposits	4,100	2,528
Subtotal	7,645	5,047
Valuation adjustments and other concepts (*)	56	59
Total	7,701	5,106

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

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

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From the previous table, the issues launched by BBVA International Limited, BBVA Capital Finance, S.A.U., BBVA International Preferred, S.A.U., BBVA Subordinated Capital, S.A.U., BBVA Global Finance, Ltd., Caixa de Manlleu Preferents, S.A. Unipersonal, Caixa Terrassa Societat de Participacions Preferents, S.A. Unipersonal and CaixaSabadell Preferents, S.A. Unipersonal, are unconditionally and irrevocably secured by the Bank.

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

- Perpetual securities eventually convertible.

During 2014 and 2013 respectively, BBVA issued perpetual securities eventually convertible into ordinary shares of BBVA, (Additional level I capital instruments) without pre-emption rights, for a total amount of €1,500 million and \$1,500 million (€1,235 million as of December 31, 2014). Both issuances were targeted only towards qualified foreign investors and in any case would not be made or subscribed in Spain or by Spanish-resident investors. These securities are listed in the Singapore Exchange Securities Trading Limited. These convertible perpetual securities are convertible into common shares if the trigger event occurs, that is, if BBVA's Common Equity Tier 1 capital ratio falls below 5.125%.

- Early expiration of subordinated debt

On September 23, 2014, BBVA announced the early expiration of the outstanding nominal amount of €633 million of the issue "Subordinated debt - October 04". On October 20, 2014, after having obtained the necessary approvals, BBVA completed the expiration.

19.5 Other financial liabilities

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

Other financial liabilities	Millions of Euros	
	2014	2013
Creditors for other financial liabilities	3,295	2,737
Collection accounts	1,873	1,850
Creditors for other payment obligations (*)	1,191	1,220
Dividend payable but pending payment	-	-
Total	6,359	5,807

(*) As of December 31, 2014, includes €69 million corresponding to the remuneration to shareholders who choose to be paid in cash through the "Dividend Option" paid on January 14, 2015.

The information required by Additional Provision third of Law 15/2010, of July 5, amending the Law 3/2004 of December 29, through which measures for combating late payment are set, is as follows:

Payments made and pending payments	Millions of Euros
	2014
	BBVA SPAIN
Within the maximum legal period (*)	1,571
Other	144
Total payments in the year	1,715
Exceeded weighted average period (in days)	39.4
Deferred payments as of year close that exceed maximum legal period	-

(*) It is considered on time payments made within 60 days, and not on time those which exceeds 60 days.

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The data shown in the table above on payments to suppliers refer to those which by their nature are trade creditors for the supply of goods and services, so data relating to "Other financial liabilities other liabilities -Trade pay " is included in the balance.

The weighted average term exceeded (PMPE) payment is calculated as the quotient of the numerator by the sum of the products of each supplier payments made during the year with a higher deferral to the respective legal payment and number of days exceeded the respective deferral period, and the denominator by the total amount of payments made during the year with a higher legal payment period.

The maximum legal fee applicable to the Company in 2014 according to Law 15/2010 of July 5, amending the Law 3/2004 of December 29, on measures for the control of contractual payment in commercial transactions, it is 60 days.

20. 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	
	2014	2013
Provisions for pensions and similar obligations	5,267	4,878
Provisions for taxes and other legal contingents	-	-
Provisions for contingent Risks and commitments	238	221
Other provisions	652	683
Total	6,157	5,782

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The changes in 2014 and 2013 in the balances under this heading in the accompanying balance sheets are as follows:

		Millions of Euros		
Provisions. Changes over the Period	Notes	2014		
		Pension fund and similar obligations (Note 21)	Commitments and contingent risks provisions	Taxes, other legal contingencies and other provisions
Balance at the beginning		4,878	221	683
Add -				
Increase charged to income		865	17	90
Interest and similar expenses	32.2	86	-	4
Personnel expenses		3	-	1
Provisions (net)	40	776	17	85
Increase charged to retained earnings (*)	21	-	-	-
Increases due to mergers		-	-	-
Other transfers		-	-	-
Other changes		204	-	73
Less -				
Available allowances	40	(2)	-	(4)
Payments to early retirements		(654)	-	-
Credited to retained earnings		-	-	-
Derecognition of allowances		(24)	-	(96)
Other transfers		-	-	(94)
Other changes		-	-	-
Balance at the end		5,267	238	652

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

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		Millions of Euros		
		2013		
Provisions. Changes over the Period	Notes	Pension fund and similar obligations (Note 21)	Commitments and contingent risks provisions	Taxes, other legal contingencies and other provisions
Balance at the beginning		4,998	176	1,522
Add -				
Increase charged to income		430	37	360
Interest and similar expenses	32.2	91	-	-
Personnel expenses		3	-	1
Provisions (net)	40	336	37	359
Increase charged to retained earnings (*)	21	3	-	712
Increases due to mergers		66	10	501
Other transfers		72	-	-
Other changes		-	-	-
Less -				
Available allowances	40	(8)	-	(15)
Payments to early retirements		(604)	-	-
Credited to retained earnings		-	-	-
Derecognition of allowances		(22)	-	(175)
Other transfers		-	-	(2,217)
Other changes		(57)	(2)	(5)
Balance at the end		4,878	221	683

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

Ongoing legal proceedings and litigation

The Bank is party to certain legal actions in a number of jurisdictions, including, among others, Spain, Mexico and the United States, arising in the ordinary course of business. According to the procedural status of these proceedings and the criteria of the legal counsel, BBVA considers that none of such actions is material, individually or as a whole, and with no significant impact on the operating results, liquidity or financial situation of the Bank to arise. The Bank's Management believes that adequate provisions have been made in respect of such legal proceedings and considers that the possible contingencies that may arise from such on-going lawsuits are not significant enough to require disclosure to the markets.

21. Pensions and other post-employment commitments

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

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

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

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

21.1 Defined-contribution commitments

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

The amounts registered in the accompanying income statements for contributions to these plans in 2014 and 2013 are €28 million and €30 million, respectively.

21.2 Defined-benefit plans and other long-term commitments

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

A breakdown of the Bank's total amounts for pension commitments in defined-benefit plans and other post-employment commitments (such as early retirement and welfare benefits) for the last five years can be found in the table below. The commitments are recognized under the heading "Provisions - Provisions for pensions and similar obligations" of the corresponding accompanying balance sheets (see Note 20).

Millions of Euros					
Commitments in Defined-Benefit Plans and Other Post-Employment Commitments	2014	2013	2012	2011	2010
Pension and post-employment benefits	5,747	5,335	5,464	5,414	5,657
Assets and insurance contracts coverage	480	457	466	448	480
Total net liabilities (*)	5,267	4,878	4,998	4,966	5,177

This information is presented in greater detail in the table below for 2014 and 2013, broken down by beneficiaries from the Bank's companies in Spain and from the branches abroad:

Pensions and Early-Retirement Commitments and Welfare Benefits: Spain and Abroad	Millions of Euros					
	Commitments in Spain		Commitments Abroad		Total	
	2014	2013	2014	2013	2014	2013
Post-employment benefits						
Post-employment benefits	2,570	2,372	133	109	2,703	2,481
Early retirement	2,803	2,634	-	-	2,803	2,634
Post-employment welfare benefits	241	220	-	-	241	220
Total post-employment benefits (1)	5,614	5,226	133	109	5,747	5,335
Insurance contracts coverage						
Post-employment benefits	381	383	-	-	381	383
Other plan assets						
Post-employment benefits	-	-	99	74	99	74
Post-employment welfare benefits	-	-	-	-	-	-
Total plan assets and insurance contracts coverage (2)	381	383	99	74	480	457
Net commitments (1) - (2)	5,233	4,843	34	35	5,267	4,878
<i>of which:</i>						
With contracts to related companies	2,189	1,989	-	-	2,189	1,989

The balance under the heading "Provisions - Provisions for pensions and similar obligations" of the accompanying balance sheet as of December 31, 2014 includes €280 million for commitments for post-employment benefits maintained with previous members of the Board of Directors and the Bank's Management Committee. .

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In addition to the aforementioned commitments to employees, the Bank has other less relevant commitments. These include long-service awards granted to certain groups of employees when they complete a given number of years of effective service. The Bank has offered these employees the option of an early payment of their awards. As of December 31, 2014 and 2013, the actuarial liabilities for outstanding awards amounted to €9 and €11 million, respectively. The above commitments are recognized under the heading "Other provisions" of the accompanying balance sheets (see Note 20).

21.2.1 Commitments in Spain

The most significant actuarial assumptions used as of December 31, 2014 and 2013 to quantify these commitments with employees in Spain are as follows:

Actuarial Assumptions Commitments with employees in Spain	2014	2013
Mortality tables	PERMF 2000P.	PERMF 2000P.
Discount rate (cumulative annual)	2.25%	3.5%
Salary growth rate (cumulative annual)	At least 2%	At least 3%
Retirement age	First date at which the employees are entitled to retire or contractually agreed at the individual level in the case of early retirements	

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

Changes in the main assumptions can affect the calculation of the commitments. Should the discount interest rate have increased or decreased by 50 basis points, an impact on equity for the commitments in Spain would have been registered for approximately €35 million net of tax.

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

Pension commitments in Spain

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

The breakdown of pension commitments in defined-benefit plans as of December 31, 2014 and 2013 is as follows:

Pension commitments in defined-benefits plans	Millions of Euros	
	2014	2013
Pension commitments to retired employees	2,403	2,210
Vested contingencies in respect of current employees	167	162
Total	2,570	2,372
Hedging at the end of the year		
With insurances contracts to related companies	2,189	1,989
With insurances contracts to non-related companies	381	383
Total	2,570	2,372

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Insurance contracts have been arranged with insurance companies not related to the Bank to cover some pension commitments in Spain. These commitments are funded by plan assets and therefore are presented in the accompanying balance sheets for the net amount of the commitment less plan assets. As of December 31, 2014 and 2013, the plan assets related to the aforementioned insurance contracts equaled the amount of the commitments covered; therefore, no amount for this item is included in the accompanying balance sheets.

The rest of the pension commitments in Spain include defined-benefit commitments for which insurance has been contracted with BBVA Seguros, S.A. de Seguros y Reaseguros, an insurance company that is 99.95% owned by the Bank. These commitments are recognized under the heading "Provisions - Provisions for pensions and similar obligations" of the accompanying balance sheets (Note 20) 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, 2014 and 2013, the amount of the plan assets to the aforementioned insurance contracts equaled the amount of the commitments covered.

The current contributions made by the Bank in relation to defined-benefit retirement commitments are recorded with a charge to the "Personnel Expenses - Contributions to external pension funds" account of the accompanying income statement and amounted to €13 million and €17 million in 2014 and 2013, respectively.

Early retirement in Spain

In 2014 and 2013, 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 1,706 employees (1,055 in 2013).

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

The early retirement commitments in Spain as of December 31, 2014 and 2013 are recognized under the heading "Provisions - Provisions for pensions and similar obligations" (Note 20) in the accompanying balance sheets for the amount of €2,803 million and €2,634 million, respectively.

The cost of early retirement for the year is recognized under the heading "Provision expense (Net) - Transfers to pension funds and similar obligations" in the accompanying income statements (see Note 40).

The changes in 2014 and 2013 in the present value of the vested obligations for commitments to early retirees in Spain are as follows:

Millions of Euros		
Early retirements commitments	2014	2013
Changes in the year		
Current actuarial value at the beginning of the year	2,634	2,721
+ Contributions from merger transactions	-	37
+ Interest costs	76	82
+ Early retirements in the period	681	336
- Payments and settlements	(654)	(604)
+/- Other changes	(10)	69
+/- Remeasurements:	76	(7)
Due to changes in demographic assumptions	-	-
Due to changes in financial assumptions	68	-
Other actuarial gain and losses	8	-
Current actuarial value at the end of the year	2,803	2,634
Heading at the end of the year		
In internal funds (*)	2,803	2,634

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

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Post-employment welfare benefits in Spain

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

The details of these commitments as of December 31, 2014 and 2013 are as follows:

Post-employment Welfare Benefits Commitments	Millions of Euros	
	2014	2013
Commitments to employees	176	158
Vested contingencies in respect of current employees	65	62
Total	241	220
Heaging at the end of the year		
In internal funds (*)	241	220

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

The changes in 2014 and 2013 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	
	2014	2013
Balance at the beginning	220	219
+ Contributions from merger transactions	-	3
+ Interest costs	8	8
+Current service cost	3	3
- Payments and settlements	(18)	(17)
+/- Past service cost	-	-
+/- Other changes	11	5
+/- Remeasurements:	17	(1)
Due to changes in demographic assumptions	-	-
Due to changes in financial assumptions	19	-
Other actuarial gain and losses	(2)	(1)
Balance at the end	241	220

Long-service awards

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

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

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The following is the breakdown of the commitments recognized as of December 31, 2014 and 2013 under these headings:

Millions of Euros		
Long-Service Awards	2014	2013
Long-service awards (in Cash)	7	9
Long-service awards (in Shares)	2	2
Total	9	11

Other commitments with employees

Other benefits for active employees are earned and settled annually, not being necessary to provision them. The total cost of these employee welfare benefits as of December 31, 2014, amounts to €48 million and is recognized with a charge to "Personnel expenses - Other personnel expenses" in the accompanying income statements (Note 38.1) (€49 million in 2013).

Estimated future payments for commitments with the Bank's employees

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

Millions of Euros						
Estimated Future Payments for Post-Employment Commitments in Spain	2015	2016	2017	2018	2019	2020-2024
Post-employment benefits	824	742	663	577	496	1,447
Of which:						
Early retirements	632	553	474	391	314	603

21.2.2 Commitments abroad

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

Defined-benefit commitments

The accrued liability for defined-benefit commitments to current and/or retired employees, net, where appropriate, of the specific assets assigned to fund them, amounted to €34 million and €35 million as of 31 December 2014 and 2013, respectively, and is included under "Provisions - Provisions for Pensions and Similar Obligations" in the accompanying balance sheets.

The present values of the vested obligations of the foreign network are quantified based on an individual member data, and the projected unit credit valuation method is used for current employees. As a general rule, the actuarial assumptions used are as follows: the discount rate have been determined by reference to high quality corporate bonds of the appropriate currency; 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.

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The changes in 2014 and 2013 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	
	2014	2013
Balance at the beginning	35	36
+ Interest costs	2	1
+ Current service cost	-	-
- Payments and settlements	(6)	(5)
+/- Past service cost	1	-
+/- Other changes	-	1
+/- Remeasurements:	-	3
Due to changes in demographic assumptions	-	-
Due to changes in financial assumptions	-	-
Other actuarial gain and losses	-	-
+/- Exchange differences	2	(1)
Balance at the end	34	35

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

21.2.3 Summary of the entries in the income statement and equity

The net charges in the income statements for 2014 and 2013 for all commitments to post-employment remuneration and benefits, both in Spain and the branches abroad, are summarized below:

Post-employments Benefits (Spain+Branches Abroad) Income Statements and Equity Effects.	Notes	Millions of Euros	
		2014	2013
Interest and similar expenses			
Interest cost of pension funds	32.2	86	91
Personnel expenses			
Contributions and provisions to pensions funds	38.1	46	52
Welfare benefits		3	3
Provision (net)			
Provisions to fund for pension and similar obligations			
Pension funds		76	(7)
Early retirements		681	336
Welfare benefits		17	(1)
Total Effects in Income Statements		909	474
Total Effects in Retained Earning: Credit (Debit) (*)		-	3

(*) 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.).

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22. Common stock

As of December 31, 2014, BBVA's share capital amounted to €3,050,212,729.62 divided into 6.224.923.938 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 on the Spanish stock market, as well as on the London and Mexico stock markets. BBVA American Depositary Shares (ADSs) traded on the New York Stock Exchange are also traded on the Lima Stock Exchange (Peru), under an exchange agreement between these two markets.

Also, as of December 31, 2014, the shares of BBVA Banco Continental, S.A., Banco Provincial, S.A., BBVA Colombia, S.A., BBVA Chile, S.A. and BBVA Banco Francés, S.A. are listed on their respective local stock markets. BBVA Banco Francés, S.A. is also listed on the Latin American market of the Madrid Stock Exchange and on the New York Stock Exchange

As of December 31, 2014, State Street Bank and Trust Co., The Bank of New York Mellon SA NV and Chase Nominees Ltd in their capacity as international custodian/depositary banks, held 11.65%, 7.46%, and 5.84% of BBVA common stock, respectively. Of said positions held by the custodian banks, BBVA is not aware of any individual shareholders with direct or indirect holdings greater than or equal to 3% of BBVA common stock.

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

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

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

Capital Increase	Number of Shares	Common Stock (Millions of Euros)
As of December 31, 2013	5,785,954,443	2,835
Dividend option - April 2014	101,214,267	50
Dividend option - October 2014	41,746,041	20
Capital increase - November 2014	242,424,244	119
As of December 31, 2014	6,171,338,995	3,024

Year 2014

"Dividend Option" Program:

The AGM held on March 14, 2014 under Point Four of the Agenda, resolved to perform four common stock increases, charged to voluntary reserves, to once again implement the program called the "Dividend Option" (see Note 4), delegando en el Consejo de Administración, de conformidad con, pursuant to article 297.1 a) of the Corporations Act, to indicate the date on which said common stock increases should be carried out, within one year of the date on which the agreements are made.

On March 26, 2014, the Board of Directors of BBVA approved the execution of the first of the capital increases charged to reserves agreed by the aforementioned AGM. As a result of this increase, the Bank's common stock increased by €49,594,990.83 through the issue and circulation of 101,214,267 shares with a €0.49 par value each.

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Likewise, on September 24, 2014, Board of Directors of BBVA approved the execution of the second of the capital increases charged to reserves agreed by the aforementioned AGM of March 14, 2014. As a result of this increase, the Bank's common stock increased by €20,455,560.09 through the issue and circulation of 41,746,041 ordinary shares with a €0.49 par value each (see Note 4).

Similarly, on December 17, 2014, Board of Directors of BBVA approved the execution of the third of the capital increases charged to reserves agreed by the aforementioned AGM. As of January 15, 2015, the Bank's common stock increased by €26,256,622.07 through the issue and circulation of 53,584,943 ordinary shares with a €0.49 par value each, of the same class and series as the shares currently in circulation, without issuance premium and represented by book entries. As a result of this increase, the Bank's common stock reached €3,050,212,729.62 divided into 6,224,923,938 registered shares, all of the same class and series, at €0.49 par value each, represented through book-entry accounts.

Capital increase

On November 19, 2014, the Board of Directors of BBVA, exercising the authority delegated by the AGM held on March 16, 2012 under point Three of its Agenda, decided to carry out a capital increase through an accelerated bookbuilt offering.

On November 20, 2014, the capital increase finished with a total par value of €118,787,879.56 through the issue of 242,424,244 shares of BBVA, each with a par value of forty-nine euro cents (€0.49), of the same class and series as the shares currently in circulation and represented by book entries. The subscription price of these new shares was determined to be €8.25 per share. Therefore, the total effective amount of the Capital Increase was of €2,000,000,013 corresponding €118,787,879.56 euros to par value and €1,881,212,133.44 euros to share premium (see Note 26).

Year 2013

"Dividend Option" Program

The AGM held on March 15, 2013, under Point Four of the Agenda, resolved to perform two common stock increases, charged to voluntary reserves, to once again implement the program called the "Dividend Option" (see Note 3). This confers authority on the Board of Directors, pursuant to article 297.1 a) of the Corporations Act, to indicate the date on which said common stock increases should be carried out, within one year of the date on which the agreements are made.

On April 3, 2013, the Executive Committee approved the execution of the first of the capital increases charged to reserves agreed by the aforementioned AGM. As a result of this increase, the Bank's common stock increased by €40,862,919.86 through the issue and circulation of 83,393,714 shares with a €0.49 par value each. Likewise, on September 25, 2013, the Executive Committee approved the execution of the second of the capital increases charged to reserves agreed by the aforementioned AGM on March 15, 2013. As a result of this increase, the Bank's common stock increased by €30,197,696.48 through the issue and circulation of 61,627,952 shares with a €0.49 par value each.

Convertible Bonds-December 2011

On December 31, 2014, the maturity date of the issue, there was a mandatory conversion of the outstanding Convertible Bonds as of that date. An increase in the Bank's common stock was carried out to satisfy the shares to be issued upon conversion by the issue and distribution of 192,083,232 ordinary shares at a par value of €0.49 each, amounting to a total of €94,120,783.68, with the share premium being €1,143,279,396.8640 (see Note 23).

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

Common stock increases

The Bank's AGM held on March 14, 2014 agreed, in point Four of the Agenda, section 4.4, a common stock increase charge to reserves through the issue and circulation of new ordinary shares with a €0.49 par value each, without issuance premium, which as of December 31, 2014 was not executed. This agreement is valid until March 13, 2015.

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

Convertible and/or exchangeable securities

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

Other securities

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

23. Share premium

The changes in the balances under this heading in the accompanying balance sheets are due to the common stock increases carried out in 2014 and 2013 (see Note 22), as set out below:

Millions of Euros	
Capital Increase	Share premium
As of December 31, 2012	20,968
Convertible bonds conversion - July 2013	1,143
As of December 31, 2013	22,111
Capital increase - November 2014	1,881
As of December 31, 2014	23,992

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.

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24. Reserves

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

Millions of Euros		
Reserves. Breakdown by concepts	2014	2013
Restricted reserves:		
Legal reserve	567	534
Restricted reserve for retired capital	268	296
Revaluation Royal Decree-Law 7/1996	23	26
Voluntary reserves:		
Voluntary and others	6,784	6,388
Total	7,642	7,244

24.1 Legal reserve

Under the amended Corporations Act, 10% of any profit made each year must be transferred to the legal reserve. These provisions must be made until the legal reserve reaches 20% of the share capital. The legal reserve can be used to increase the common stock provided that the remaining reserve balance does not fall below 10% of the increased capital. While it does not exceed 20% of the common stock, it can only be allocated to offset losses exclusively in the case that there are not sufficient reserves available.

24.2 Restricted reserves

As of December 31, 2014 and 2013, the Bank's restricted reserves are as follows:

Millions of Euros		
Restricted Reserves	2014	2013
Restricted reserve for retired capital	88	88
Restricted reserve for Parent Company shares and loans for those shares	178	206
Restricted reserve for redenomination of capital in euros	2	2
Total	268	296

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

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

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

24.3 Revaluation and regularizations of the balance sheet

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

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

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

Revaluation and Regularization of the Balance Sheet	Millions of Euros	
	2014	2013
Legal revaluations and regularizations of tangible assets:		
Cost	187	187
Less:		
Single revaluation tax (3%)	(6)	(6)
Balance as of December 31, 1999	181	181
Rectification as a result of review by the tax authorities in 2000	(5)	(5)
Transfer to voluntary reserves	(153)	(150)
Total	23	26

25. Treasury stock

In 2014 and 2013 the Group companies performed the following transactions with shares issued by the Bank:

Treasury Stock	2014		2013	
	Number of Shares	Millions of Euros	Number of Shares	Millions of Euros
Balance at beginning	6,876,770	66	15,462,936	111
+ Purchases	425,390,265	3,770	488,985,513	3,614
- Sales and other changes	(390,756,337)	(3,484)	(497,571,679)	(3,658)
+/- Derivatives over BBVA shares	-	(1)	-	(1)
+/- Other changes	-	-	-	-
Balance at the end	41,510,698	350	6,876,770	66
Of which:				
Held by BBVA	5,001,897	46	1,357,669	20
Held by Corporación General Financiera, S.A.	36,480,861	304	5,491,697	46
Held by other subsidiaries	27,940	-	27,404	-
Average purchase price in euros	8.86	-	7.39	-
Average selling price in euros	8.94	-	7.44	-
Net gain or losses on transactions (Stockholders' funds-Reserves)		5		30

The percentages of treasury stock held by the Group in 2014 and 2013 are as follows:

Treasury Stock	2014		2013	
	Min	Max	Min	Max
% treasury stock	0.000%	0.699%	0.000%	0.718%

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The number of BBVA shares accepted by the Bank in pledge as of December 31, 2014 and 2013 is as follows:

Shares of BBVA Accepted in Pledge	2014	2013
Number of shares in pledge	97,795,984	111,627,466
Nominal value	0.49	0.49
% of share capital	1.58%	1.93%

The number of BBVA shares owned by third parties but managed by a company in the Group as of December 31, 2014 and 2013 is as follows:

Shares of BBVA Owned by Third Parties but Managed by the Group	2014	2013
Number of shares property of third parties	101,425,692	101,184,985
Nominal value	0.49	0.49
% of share capital	1.64%	1.75%

26. Valuation adjustments

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

Valuation Adjustments	Millions of Euros	
	2014	2013
Available-for-sale financial assets	1,781	(52)
Cash flow hedging	(82)	(45)
Hedging of net investments in foreign transactions	-	-
Exchange differences	12	1
Non-current assets held for sale	-	-
Other valuation adjustments	(20)	(20)
Total	1,691	(116)

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

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27. Capital base and capital management

Capital base

Up to December 31, 2013, Bank of Spain Circular 3/2008 of May 22 on determination and control of minimum capital base, regulated capital requirements for Spanish financial institutions, both individual and consolidated entities.

On June 27, 2013 the European Union Official Bulletin published a new regulation on capital requirements (CRDIV) that came into effect on January 1, 2014 and made up of:

- Directive 2013/36/UE, of June 26 of the European Parliament on access to credit institution and investment firm activities and on prudential supervision credit institutions and investment firms. This regulation modifies Directive 2002/87/CE and revokes directives 2006/48/CE and 2006/49/CE; and
- Regulation (UE) Nº UE 575/2013 (CRR) of June 26 of the European Parliament on prudential requirements on credit institutions and investment firms. This regulation modifies regulation (UE) Nº 648/2012

These directives require the adoption by a national law while the regulation is effective directly.

In Spain, Royal Decree Law 14/2013 of November 29, on urgent measures to adapt Spanish Law to the European Union regulation on supervision and solvency of financial institutions, partially adapted the European regulation (Directive 2013/36/UE) to Spanish Law and allowed Bank of Spain, through its fifth clause, to exercise the use of options available to domestic regulating authorities in regulation UE 575/2013.

This regulation came into effect on January 1, 2014. From this date on, any clauses from the previous regulation (Circular 3/2008 of Bank of Spain) that oppose the new European regulation were revoked. Additionally, on February 5, 2014, Bank of Spain Circular 2/2014 of January 31 was published so that, in accordance with Regulation Nº 575/2013 that grants domestic authorities certain capacities, Bank of Spain could make use of some of the permanent regulatory options of said regulation.

Also, Law 10/2014, of June 26, of organization, supervision and solvency of credit institutions, has continued with the adaptation of CRD-IV to the legal Spanish regulatory framework.

All of the above represents the current regulation on minimum capital base requirements for Spanish credit institutions -both as individual entities and as consolidated groups- and how to calculate them, as well as the various internal capital adequacy assessment processes they should have in place and the information they should disclose to the market.

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

The Group's bank capital in accordance with the aforementioned applicable regulation, considering entities scope required by the above regulation, as of December 31, 2014 and 2013 is shown below: (please note that the information for the latter period has been adapted to the new presentation format for comparison purposes):

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Capital Base	Millions of Euros	
	2014 (*)	2013
Common Equity Tier 1 Capital	41,937	35,825
Common Stock	3,024	2,835
Parent company reserves	42,406	41,371
Reserves in consolidated companies	(1,204)	(3,380)
Non-controlling interests	1,992	2,069
Perpetual securities eventually convertible		
Deductions (Goodwill and others)	(6,152)	(8,534)
Attributed net income (less dividends)	1,871	1,464
Additional Tier 1 Capital	-	2,119
Capital instruments eligible as AT1 Capital	4,205	2,905
Deductions and others	(4,205)	(786)
Tier 1 Capital	41,937	37,944
Tier 2 Capital	11,046	4,515
Other deductions		(786)
Own Funds	52,983	41,673
Minimum equity required	28,047	25,871

(*) Provisional data

The comparison of the amounts as of December 31, 2014 with respect to the amounts as of December 31, 2013 is affected by the differences between the existing regulations on both periods.

Changes during the year 2014 in the amount of Tier 1 capital in the table above are mainly due to the accumulated profit net dividends until December, the capital increase mentioned in Note 25 and also reissuing contingent convertible perpetual securities (see Note 19.4). This increase was partially offset by new deductions that entered into force on January 1, 2014 mainly equity adjustment for prudent valuation, certain indirect or synthetic positions of treasury shares, interests in significant financial institutions, deferred tax assets and the lowest computability of certain elements (minority interests, preferred shares).

The Tier 2 capital increase is mainly due to movements in other subordinated liabilities (see Note 21.4).

With regard to minimum capital requirements, the increase is mainly due to the different criteria applied with regard to computing requirements according to CRR (new requirements such as adjustments for Credit Valuation Adjustment (CVA) for deferred tax assets or significant stakes in financial institutions in the amount not deducted, etc.) and increased activity in the Group's units, mainly outside Europe.

The comparison of the amounts as of December 31, 2014 with respect to the amounts as of December 31, 2013 is affected by the differences between the existing regulations on both periods.

Capital Base	Millions of Euros	
	2014 (*)	2013
Core Capital	34,035	31,410
Basic equity	37,436	34,183
Additional equity	3,308	2,562
Total Equity	40,744	36,745
Minimum equity required	15,826	19,724

(*) Provisional data

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Las variaciones producidas en el ejercicio 2014 en los importes de recursos propios mínimos del cuadro anterior vienen dadas, básicamente, por la reducción de Activos Ponderados por Riesgos (APRs) debida esencialmente a la adaptación al criterio CRR del tratamiento del riesgo de crédito de la cartera de instrumentos de capital.

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. Prudential and minimum capital requirements also have to be met for the subsidiaries subject to prudential supervision in other countries.

The current regulation allows each entity to apply its own internal ratings-based (IRB) approach to risk assessment and capital management, subject to Bank of Spain approval. The BBVA Group carries out an integrated management of these risks in accordance with its internal policies (see Note 5) and its internal capital estimation model has received the Bank of Spain's approval for certain portfolios.

28. Contingent risks and commitments

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

Financial Guarantees and Drawable by Third Parties	Millions of Euros	
	2014	2013
Contingent Risks		
Collateral, bank guarantees and indemnities	26,058	27,718
Rediscounts, endorsements and acceptances	1,236	1,194
Rest	17,843	19,049
Total Contingent Risks	45,137	47,961
Contingent Commitments		
Drawable by third parties	44,306	47,009
Credit institutions	1,057	1,583
Government and other government agency	1,359	4,354
Other resident sectors	21,054	23,443
Non-resident sector	20,837	17,629
Other commitments	9,662	6,403
Total Contingent Commitments	53,968	53,412
Total contingent Risks and Commitments	99,105	101,373

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 2014 and 2013 no issuances of debt securities carried out by associated entities, joint ventures or non-Group entities have been guaranteed.

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29. Other contingent assets and liabilities

As of December 31, 2014 and 2013, there were no contingent assets or liabilities for significant amounts other than those registered in these Financial Statements.

30. Purchase and sale commitments and future payment obligations

The breakdown of the sale and purchase commitments of the Bank as of December 31, 2014 and 2013 is as follows:

		Millions of Euros	
Purchase and Sale Commitments	Notes	2014	2013
Financial instruments sold with repurchase commitments		49,536	39,645
Central Banks	7	573	362
Credit Institutions	19.1	30,458	17,930
Government and other government agencies	19.2	3,023	8,512
Other resident sectors	19.2	7,364	5,552
Non-resident sectors	19.2	8,118	7,289
Financial instruments purchased with resale commitments		17,988	11,850
Central Banks	7	-	-
Credit Institutions	11.1	8,880	5,788
Government and other government agencies	11.2	378	-
Other resident sectors	11.2	7,889	5,756
Non-resident sectors	11.2	841	306

Future payment obligations other than those mentioned in the notes above correspond mainly to long-term (over 5 year) obligations amounting to around €3,221 million for leases payable derived from operating lease contracts.

31. Transactions for the account of third parties

As of December 31, 2014 and 2013, the details of the most significant items under this heading are as follows:

		Millions of Euros	
Transactions on Behalf of Third Parties		2014	2013
Financial instruments entrusted by third parties		403,486	367,442
Conditional bills and other securities received for collection		2,964	2,087
Securities received in credit		1,808	1,696

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As of December 31, 2014 and 2013, the off-balance sheet customer funds managed by the Bank are as follows:

Off-Balance Sheet Customer Funds by Type	Millions of Euros	
	2014	2013
Investment companies and mutual funds	32,520	25,529
Pension funds	17,884	16,510
Saving insurance contracts	9,144	8,978
Managed customers portfolio	5,396	3,932
Total	64,944	54,949

32. Interest income and expense and similar items

32.1 Interest and similar income

The breakdown of the interest and similar income recognized in the accompanying income statement is as follows:

Interest and Similar Income. Breakdown by Origin.	Millions of Euros	
	2014	2013
Central Banks	6	10
Loans and advances to credit institutions	142	191
Loans and advances to customers	5,177	6,182
Government and other government agencies	708	855
Resident sector	4,071	4,906
Non resident sector	398	421
Debt securities	1,568	1,627
Trading	204	218
Investment	1,364	1,409
Rectification of income as a result of hedging transactions	(318)	(342)
Other income	188	209
Total	6,763	7,877

The amounts recognized in equity during both years in connection with hedging derivatives and the amounts derecognized from equity and taken to the income statement during those years are disclosed in the accompanying statements of recognized income and expenses.

The following table shows the adjustments in income resulting from hedge accounting, broken down by type of hedge:

Adjustments in Income Resulting from Hedge Accounting	Millions of Euros	
	2014	2013
Cash flow hedging	1	1
Fair value hedging	(319)	(343)
Total	(318)	(342)

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32.2 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	
	2014	2013
Bank of Spain and other central banks	51	157
Deposits from credit institutions	438	695
Customers deposits	2,317	3,104
Debt certificates	1,154	1,462
Subordinated liabilities (Note 19.4)	255	260
Rectification of expenses as a result of hedging transactions	(843)	(1,201)
Cost attributable to pension funds (Note 21.2.3)	86	91
Other charges	35	21
Total	3,493	4,589

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	
	2014	2013
Cash flow hedging	4	4
Fair value hedging	(847)	(1,205)
Total	(843)	(1,201)

33. Dividend income

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

Dividend Income	Millions of Euros	
	2014	2013
Investments in associates	4	135
Investments in jointly controlled entities	38	65
Investments in group Entities	2,328	1,880
Other shares and equity instruments	478	177
Total	2,848	2,257

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34. 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	
	2014	2013
Commitment fees	127	139
Contingent risks	182	200
Letters of credit	11	17
Bank and other guarantees	171	183
Arising from exchange of foreign currencies and banknotes	2	2
Collection and payment services	531	550
Bills receivables	7	8
Current accounts	115	111
Credit and debt cards	297	300
Checks (trading, clearing, return)	6	8
Transfers and others payment orders	57	64
Rest	49	59
Securities services	244	231
Securities underw riting	72	61
Securities dealing	60	63
Custody securities	73	70
Investment and pension funds	-	-
Rest assets management	39	37
Counselling on and management of one-off transactions	-	-
Financial and similar counselling services	-	-
Factoring transactions	34	37
Non-banking financial products sales	447	398
Other fees and commissions	206	218
Total	1,773	1,775

35. 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	
	2014	2013
Brokerage fees on lending and deposit transactions	1	-
Fees and commissions assigned to third parties	163	173
Credit and debt cards	129	131
Transfers and others payment orders	2	3
Securities dealing	26	26
Rest	6	13
Other fees and commissions	144	159
Total	308	332

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36. Net gains (losses) on financial assets and liabilities

The breakdown of the balance under this heading, by source of the related items, in the accompanying income statements is as follows:

Millions of Euros		
Net Gains (Losses) on Financial Assets and Liabilities	2014	2013
Financial assets held for trading	(7)	328
Other financial assets designated at fair value through profit or loss	-	-
Other financial instruments not designated at fair value through profit or loss	1,161	797
Available-for-sale financial assets	1,191	804
Loans and receivables	-	84
Rest	(30)	(91)
Total	1,154	1,125

The breakdown of the balance under this heading in the accompanying income statements by the nature of the financial instruments is as follows:

Millions of Euros		
Net Gains (Losses) on Financial Assets and Liabilities Breakdown by Nature of the Financial Instrument	2014	2013
Debt instruments	1,749	859
Equity instruments	272	710
Loans and receivables	-	84
Derivatives	(568)	(488)
Deposits from customers	-	-
Rest	(299)	(40)
Total	1,154	1,125

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While the breakdown of the impact of the derivatives (trading and hedging) in the balance under this heading in the accompanying income statements is as follows:

Millions of Euros		
Derivatives Trading and Hedging	2014	2013
Trading derivatives		
Interest rate agreements	(461)	119
Security agreements	(96)	(496)
Commodity agreements	(1)	(2)
Credit derivative agreements	25	(59)
Other agreements		-
Subtotal	(533)	(438)
Hedging Derivatives Ineffectiveness		
Fair value hedging	(35)	(50)
Hedging derivative	(478)	(866)
Hedged item	443	816
Cash flow hedging		-
Subtotal	(35)	(50)
Total	(568)	(488)

In addition, in 2014 and 2013, under the heading "Exchange differences (net)" of the income statements, net amounts of positive €39 million and positive €137 million, respectively, are registered for transactions with foreign exchange trading derivatives.

37. Other operating income and expenses

The breakdown of the balance under the heading "Other operating income" in the accompanying income statements is as follows:

Millions of Euros		
Other Operating Income. Breakdown by main Items	2014	2013
Real estate income	8	7
Financial income from non-financial services	64	68
Rest of operating income	48	56
Total	120	131

The breakdown of the balance under the heading "Other operating expenses" in the accompanying income statements is as follows:

Millions of Euros		
Other Operating Expenses. Breakdown by main Item	2014	2013
Other operating expenses	433	641
<i>Of which:</i>		
Contributions to guaranted banks deposits funds	215	516
Real estate agencies	114	75
Total	433	641

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38. Administration costs

38.1 Personnel expenses

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

Personnel Expenses. Breakdown by main Concepts		Millions of Euros	
		2014	2013
	Notes		
Wages and salaries		1,623	1,762
Social security costs		362	361
Transfers to internal pension provisions	21.2.3	2	2
Contributions to external pension funds	21.2.3	44	50
Other personnel expenses		163	177
Total		2,194	2,352

The breakdown of the number of employees in the Bank as of December 31, 2014 and 2013, by categories and gender, is as follows:

Number of Employees at the end of year Professional Category and Gender	2014		2013	
	Male	Female	Male	Female
Management Team	835	210	911	209
Other line personnel	10,925	9,859	11,803	10,053
Clerical staff	1,618	1,592	2,051	1,915
General Services	9	1	10	1
Branches abroad	456	293	473	296
Total	13,843	11,955	15,248	12,474

Share-based employee remuneration

The amounts registered under the heading "Personnel expenses - Other personnel expenses" in the income statements for the years 2014 and 2013, corresponding to the plans for remuneration based on equity instruments in force in each year, amounted to €50 million and €40 million, respectively. These amounts have been registered with a balancing entry under the heading "Stockholders' funds - Other equity instruments" in the accompanying balance sheets, net of tax effect.

The specifications of the Bank's remuneration plans based on equity instruments are described below.

Variable Share-based Remuneration System

The BBVA General Meeting, held on March 11, 2011, approved a system of variable remuneration in shares for the BBVA Management Team, including the executive directors and members of the Management Committee (the "System of Variable Remuneration in Shares for the Management Team" or the "System"), whose conditions for 2014 were approved by the BBVA General Meeting, held on March 14, 2014.

This system is based on a specific incentive for members of the Management Team (made up by approximately 2,200 recipients) (the "Incentive") comprising the annual allocation to each beneficiary of a number of units that provide the basis for determining the number of shares to which, where applicable, they will be entitled when the Incentive is settled. These depend on the level of delivery against indicators established each year by the General Meeting, taking into account the performance of Total Shareholder Return (TSR); the Group Economic Profit without one-offs; and the Group Attributable Profit without one-offs.

This incentive, plus the ordinary variable remuneration in cash to which each manager is entitled, comprises their annual variable remuneration (the "Annual Variable Remuneration").

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After each financial year-end, the number of units allocated is divided into three parts indexed to each one of the indicators as a function of the weightings established at any time and each one of these parts is multiplied by a coefficient of between 0 and 2 as a function of the scale defined for each indicator every year.

The shares resulting from this calculation are subject to the following withholding criteria:

- 40% of the shares received will be freely transferrable by the beneficiaries from the time of their vesting;
- 30% of the shares received will become transferrable after one year has elapsed from the incentive settlement date; and
- The remaining 30% will become transferrable after two years have elapsed from the incentive settlement date.

Apart from this, the Bank also has a specific system for settlement and payment of the variable remuneration applicable to employees and managers, including the executive directors and members of the Management Committee, performing professional activities that may have a significant impact on the risk profile of the entity or perform control duties (hereinafter, the "Identified staff").

The specific rules for settlement and payment of the Annual Variable Remuneration of executive directors and members of the Management Committee are described in Note 48, while the rules listed below are applicable to the rest of the Identified staff:

- At least 50% of the total Annual Variable Remuneration of the members of the management team in the Identified staff will be paid in BBVA shares.
- Those in the Identified staff who are not members of the management team will receive 50% of their ordinary variable remuneration in BBVA shares.
- The payment of 40% of their variable remuneration, both in cash as in shares, will be deferred in time. The deferred amount will be paid one third a year over the following three years.
- All the shares delivered to these beneficiaries pursuant to the rules explained in the previous paragraph will be unavailable during one year after they have vested. This withholding will be applied against the net amount of the shares, after discounting the part needed to pay the tax accruing on the shares received. A prohibition has also been established against hedging with unavailable vested shares and shares pending reception.
- Moreover, circumstances have been defined in which the payment of the deferred Annual Variable Remuneration payable may be capped or impeded (*malus* clauses), and the adjustment to update these deferred parts has also been determined.
- Finally, the variable component of the remuneration corresponding to the Identified Staff is limited to a maximum amount of the 100% of the fix component of the total remuneration, unless the General Meeting approves to increase this limit that, in any case, cannot exceed 200% of the fix component of the total remuneration.

For this purpose, the BBVA General Meeting held on March 14, 2014 approved, in accordance with the current laws applicable, that the variable component of the remuneration, corresponding to a year, of the executive directors and certain managers and employees with significant impact on the risk profile of the entity or perform control duties, can reach the 200% of the fix component of the total remuneration, all according to the Report of Recommendations issued by the Board of Directors of BBVA dated January 30, 2014.

When the term of the Incentive ended on December 31, 2014, the multiplier applicable to the units allocated to each beneficiary was 0.4775. This resulted in a total number of 1,919,496 shares for the Management Team as a whole, subject to the settlement and payment system described above.

Likewise, during 2014 the shares corresponding to the deferred part of the Annual Variable Remuneration corresponding to previous years and its updates have been granted to the beneficiary members of the Identified Staff. Therefore, during 2014 534,953 shares have been granted corresponding to the first third of the Deferred Variable Remuneration in 2012, plus €171,185 as an adjustment for the updated value of the shares vested; and a total of 817,012 shares corresponding to the second third of the Deferred Variable Remuneration in 2011, plus €602,138 as and adjustment for the updated value of the shares vested.

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Likewise, during 2014 the shares corresponding to the deferred part of the 2010-2011 Multi-Year Variable Share Remuneration Programme (hereinafter the "Programme" or the "LTI 2010-2011") have been granted to the beneficiaries of BBVA Compass as it is described below:

When the term of LTI 2010-2011 approved by the General Meeting, 12th March 2010, ended on 31st December 2011, it was settled in application of the conditions established when it began.

However, with respect to those Programme beneficiaries who are members of the Identified staff described above, the Bank's General Meeting, 16th March 2012, approved the modification of the settlement and payment system for the LTI 2010-2011 in order to align it with the special rules applicable to employees performing professional activities that may have a significant impact on the risk profile of the entity or perform control duties, including executive directors and members of the Management Committee, such that:

- The payment of 40% of the shares resulting from settlement of the Programme (50% in the case of executive directors and other members of the Management Committee) was deferred to vest in thirds in 2013, 2014 and 2015.
- The shares paid will not be availed during a period of one year as of their vesting date. This withholding is applicable to the net amount of the shares, after discounting the part needed to pay taxes on the shares received.
- The vesting of the deferred shares will be subject to the application of the circumstances limiting or impeding payment of the variable remuneration (*malus* clauses) established by the Board of Directors; and
- The deferred shares will be adjusted to reflect their updated value.

Thus, under the conditions established in the Deferred Variable Remuneration, in 2014 the Identified staff vested a total of 351,105 shares, equivalent to the second third of the deferred part of the shares resulting from settlement of the Programme, plus €259,818 as an adjustment for the updated value of the shares vested. The payment of the remaining one third of the deferred shares resulting from the settlement of the Programme was deferred until the first quarter of 2015.

The settlement and payment of the shares arising from this Programme for the executive directors and members of the Management Committee was carried out according to the scheme defined for such purpose, as described in Note 48.

38.2 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	
	2014	2013
Technology and systems	364	386
Communications	65	69
Advertising	151	164
Property, fixtures and materials	415	434
Of which: Rent expenses (*)	302	308
Taxes	14	30
Other administration expenses	461	442
Total	1,470	1,525

(*) The Bank does not expect to terminate the lease contracts early.

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39. 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	
		2014	2013
Tangible assets	15	199	201
For own use		190	191
Investment properties		9	10
Operating lease		-	-
Other Intangible assets	16	318	301
Total		517	502

40. Provisions (net)

In 2014 and 2013, 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	
		2014	2013
Provisions for pensions and similar obligations	20	774	349
Provisions for contingent Risks and Commitments	20	17	37
Other Provisions	20	81	344
Total		872	730

41. Impairment losses on financial assets (net)

The impairment losses on financial assets broken down by the nature of these assets in the accompanying income statements are as follows:

Impairment Losses on Financial Assets (Net) Breakdown by main concepts	Millions of Euros	
	2014	2013
Available-for-sale financial assets	12	30
Debt securities	-	9
Other equity instruments	12	21
Held-to-maturity investments	-	-
Loans and receivables	1,856	3,224
Of which: Recovery of written-off assets	310	216
Total	1,868	3,254

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42. Impairment losses on other assets (net)

The impairment losses on non-financial assets broken down by the nature of these assets in the accompanying income statements is as follows:

Impairment Losses on Other Assets (Net)	Millions of Euros	
	2014	2013
Tangible assets	23	40
For own use	23	40
Investment properties	-	-
Rest	(63)	(185)
Total	(40)	(145)

43. 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	
	2014	2013
Gains		
Disposal of investments in entities	1	177
Disposal of intangible assets and other	-	-
Losses:		
Disposal of investments in entities	(2)	(304)
Disposal of intangible assets and other	-	-
Total	(1)	(127)

The heading "Disposal of investments in entities" gathered up in 2013 includes the loss attributable to BBVA for the sale of its 5.1% stake in China Citic Bank Corporation Limited (CNCB) as shown in Note 14.4.

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44. Gains (losses) on non-current assets held for sale

44.1 Gains (losses) on non-current assets held for sale not classified as discontinued transactions

The main items included in the balance under this heading in the accompanying income statements are as follows:

Gains and Losses in Non-current Assets Held for Sale	Millions of Euros	
	2014	2013
Gains for real estate (Note 14)	(26)	(51)
<i>Of which:</i>		
Foreclosed	(30)	(73)
Sale of buildings for own use	4	22
Impairment of non-current assets held for sale	(336)	(519)
Gains on sale of available-for-sale financial assets	-	-
Other gains and losses	(9)	200
Total	(371)	(370)

44.2 Gains (losses) on non-current assets held for sale classified as discontinued operations

The earnings generated by discontinued operations amount to €1,061 million as of December 31, 2013 corresponding to the gain on disposal of the Pension Fund Administrators (AFP) in Latin America and the dividends from these companies, (see Note 14).

45. Statements of cash flows

Cash flows from operating activities decreased in 2014 by €4,709 million (€3,912 million in 2013). The most significant causes of the increase are linked to "Available-for-sale financial assets" and "Financial instruments held for trading".

The most significant variations in cash flows from investment activities in 2014 corresponded to "Non-current assets held for sale" and "Investments".

Cash flows from financing activities increased in 2014 by €3,749 million (€168 million up in 2013), corresponding to the most significant changes in the acquisition and disposal of own equity instruments.

The table below shows the breakdown of the main cash flows related to investing activities as of December 31, 2014 and 2013:

Main Cash Flows in Investing Activities 2014	Millions of Euros	
	Cash Flows in Investment Activities	
	Investments (-)	Divestments (+)
Tangible assets	156	14
Intangible assets	265	-
Investments	714	147
Subsidiaries and other business units	-	-
Non-current assets and liabilities associated held for sale	1,059	322
Held-to-maturity investments	-	-
Other settlements related with investment activities	-	-

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Main Cash Flows in Investing Activities 2013	Millions of Euros	
	Cash Flows in Investment Activities	
	Investments (-)	Divestments (+)
Tangible assets	517	28
Intangible assets	498	-
Investments	4,895	1,359
Subsidiaries and other business units	-	-
Non-current assets and liabilities associated held for sale	1,047	2,030
Held-to-maturity investments	-	439
Other settlements related with investment activities	-	-

The heading "Non-current assets held for sale and associated liabilities" in the above tables includes transactions of a non-cash nature related to the foreclosed assets received as payment for past-due loans.

46. Accountant fees and services

The breakdown of the fees for the services provided to the Bank by its auditors in 2014 is as follows:

Fees for Audits Conducted	Millions of Euros
	2014
Audits of the companies audited by firms belonging to the Deloitte worldwide organization and other reports related with the audit (*)	10.1
Other reports required pursuant to applicable legislation and tax regulations issued by the national supervisory bodies of the countries in which the Group operates, reviewed by firms belonging to the Deloitte worldwide organization	1.2
Fees for audits conducted by other firms	-

(*) Including fees belonging to annual statutory audits (€6 million)

In addition, in 2014, the Bank contracted services (other than audits) as follows:

Accountant Fees. Other Services Contracted	Millions of Euros
	2014
Firms belonging to the Deloitte worldwide organization(*)	1.3
Other firms	18.9

(*) Includes €0.2 million relating to fees for tax services

The services provided by our auditors meet the independence requirements established under Act 44/2002, of 22 November 2002, on Measures Reforming the Financial System and under the Sarbanes-Oxley Act of 2002 adopted by the Securities and Exchange Commission (SEC); accordingly they do not include the performance of any work that is incompatible with the auditing function.

47. Related-party transactions

As a financial institution, BBVA engages in transactions with related parties in the normal course of business. All of these transactions are of little relevance and are carried out under normal market conditions.

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47.1 Transactions with significant shareholders

As of December 31, 2014 there were no shareholders considered significant (see Note 22).

47.2 Transactions with BBVA Group entities

The balances of the main aggregates in the accompanying balance sheets arising from the transactions carried out by the Group companies, which consist of ordinary business and financial transactions carried out under normal market conditions, are as follows:

Balances arising from transactions with Entities of the Group	Millions of Euros	
	2014	2013
Assets:		
Loans and advances to credit institutions	1,581	2,690
Loans and advances to customers	10,482	9,551
Financial assets- Available for sale	453	554
Liabilities:		
Deposits from credit institutions	5,941	5,639
Customers deposits	16,855	17,251
Debt certificates		-
Memorandum accounts:		
Contingent Risks	21,098	22,598
Contingent Commitments	2,049	4,958

The balances of the main aggregates in the accompanying income statements arising from the transactions carried out by the Bank with Group companies, which consist of ordinary business and financial transactions carried out under normal market conditions, are as follows:

Balances of Income Statement arising from transactions with Entities of the Group	Millions of Euros	
	2014	2013
Income statement:		
Financial Incomes	1,122	1,167
Financial Costs	1,278	1,489

There are no other material effects in the financial statements arising from dealings with these companies, other than the effects arising from using the equity method and from the insurance policies to cover pension or similar commitments, which are described in Note 21.

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.

47.3 Transactions with members of the Board of Directors and the Management Committee

The information on the remuneration of the members of the BBVA Board of Directors and the Management Committee is included in Note 48.

As of December 31, 2014 and 2013, the amount disposed of the loans granted by the Group's entities to the members of the Board of Directors was €235 and €141 thousand, respectively. As of December 31, 2014 and 2013 the amount disposed of the loans granted by the Group's entities to the members of the Management Committee (excluding the executive directors) amounted to €4,614 thousand and €6,076 thousand, respectively.

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As of December 31, 2014, there were no loans granted to parties related to the members of the Bank's Board of Directors and as of December 31, 2013 the amount disposed of the loans granted to parties related to the members of the Bank's Board of Directors amounted to €6,939 thousand. As of December 31, 2014 the amount disposed of loans granted to parties linked to members of the Bank's Management Committee amounted to €291 thousand. As of December 31, 2013, there were no loans granted to parties linked to members of the Bank's Management Committee.

As of December 31, 2014 and 2013 no guarantees had been granted to any member of the Board of Directors.

As of December 31, 2014 and 2013 no guarantees had been granted to any member of the Management Committee.

As of December 31, 2014 and 2013 the amount disposed for guarantee and commercial loan transactions arranged with parties related to the members of the Bank's Board of Directors and Management Committee totaled €419 thousand and €5,192 thousand respectively.

47.4 Transactions with other related parties

In 2014 and 2013, the Bank did not perform any transactions with other related parties that did not belong to the normal course of its business, that were not under normal market conditions or that were relevant for the equity, financial situation or earnings of the Bank.

48. Remuneration and other benefits of the Board of Directors and Members of the Bank's Management Committee

• Remuneration of non-executive directors received in 2014

The cash remuneration paid to the non-executive members of the Board of Directors during 2014 is indicated below. The figures are given individually for each non-executive director and itemised:

Non-Executive Director remuneration	Thousands of Euros						Total
	Board of Directors	Executive Committee	Audit & Compliance	Risks Committee	Remuneration Committee	Appointments Committee	
Tomás Alfaro Drake	129	-	71	-	21	102	323
Ramón Bustamante y de la Mora	129	-	71	107	-	-	307
José Antonio Fernández Rivero (1)	129	-	-	214	-	41	383
Ignacio Ferrero Jordi	129	167	-	-	43	-	338
Belén Garjón López	129	-	71	-	-	-	200
Carlos Loring Martínez de Irujo	129	-	71	-	107	-	307
Lourdes Máiz Carro (2)	107	-	-	-	-	-	107
José Maldonado Ramos	129	167	-	-	43	41	379
José Luis Palao García-Suelto	129	-	179	107	-	20	435
Juan Pi Llorens	129	-	-	107	43	-	278
Susana Rodríguez Vidarte	129	167	-	53	21	41	411
Total (3)	1,395	500	464	588	278	244	3,469

(1) Mr. José Antonio Fernández Rivero received, in addition to the above mentioned amounts, a total of €546 thousand as a pre-retired BBVA employee. As of November, his status changed to retired, and he received a retirement pension amount of €95 thousand from an insurance company.

(2) Mrs. Lourdes Máiz Carro was named director on March 14, 2014, as agreed at the AGM.

(3) Mr. Juan Carlos Álvarez Mezquiriz, who ceased to be a director on March 14, 2014, received the total amount of €84 thousand as retribution for his tenure in the Board of Directors, Executive Committee and Appointments Committee. These amounts likewise include the changes in the composition of the committees during 2014.

Moreover, in 2014, €117 thousand were paid in health and casualty insurance premiums for non-executive members of the Board of Directors.

• Remuneration of executive directors received in 2014

The remuneration paid to the executive directors during 2014 is indicated below. The figures are given individually for each executive director and itemised:

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Executive Director remuneration	Fixed Remuneration	Thousands of Euros		Total Cash	2013 Annual Variable Remuneration in BBVA Shares (1)	Deferred Variable Remuneration in BBVA Shares (2)	Total Shares
		2013 Annual Variable Remuneration in cash (1)	Deferred Variable Remuneration in cash (2)				
Chairman and CEO	1,966	797	682	3,445	88,670	122,989	211,659
President and COO	1,748	495	432	2,675	55,066	84,995	140,061
José Manuel González-Páramo Martínez-Murillo	800	48	-	848	5,304	-	5,304
Total	4,514	1,340	1,114	6,968	149,040	207,984	357,024

- (1) Amounts corresponding to 50% of the Annual Variable Remuneration for 2013.
- (2) Amounts corresponding to the sum of the deferred remuneration of the Annual Variable Remuneration of previous years (2012 and 2011) and to the LTI 2010-2011 shares, and its cash updates, whose payment have been done during 2014.

Moreover, the executive directors have received during 2014 benefits in kind and other remuneration for a total amount of €54,196; of which €13,527 correspond to the Chairman and CEO, €25,971 to the President and COO and €14,698 to Mr. José Manuel González- Páramo Martínez-Murillo.

The executive directors' remuneration, that correspond to the model that apply to the management team of BBVA, is composed by a fix remuneration and a variable remuneration, constituted by an ordinary variable cash remuneration and a variable remuneration share-based incentive for the management team of the BBVA Group. (the "Annual Variable Remuneration").

During 2014, the executive directors have received the amount of the fixed remuneration corresponding to the year and the variable remuneration to be payable this year, to which they are entitled under the settlement and payment system resolved by the General Meeting (the "Settlement and Payment System"), which determines that:

- At least 50% of the total Annual Variable Remuneration shall be paid in BBVA shares.
- The payment of 50% of the Annual Variable Remuneration shall be deferred in time, the deferred amount being paid in thirds over the three-year period following its settlement.
- All the shares vesting to these beneficiaries pursuant to the rules explained in the previous paragraph may not be availed during a period of one year after they have vested. This withholding will be applied against the net amount of the shares, after discounting the necessary part to pay the tax accruing on the shares received.
- Moreover, cases have been established in which the payment of the deferred Annual Variable Remuneration payable may be limited or impeded (*malus* clauses), and
- The deferred parts of the Annual Variable Remuneration will be adjusted to update them in the terms established by the Board of Directors.

Thus, during 2014 executive directors have received the following variable remuneration:

1. Annual Variable Remuneration for year 2013

The amount corresponding to the 50% of the Annual Variable Remuneration (in cash and in shares) corresponding to 2013, as indicated in the chart above. The remaining 50% of the Annual Variable Remuneration for 2013 that has been deferred under the Settlement and Payment System will be paid, subject to the conditions described above, in thirds during the first quarter of 2015, 2016 and 2017, such that under this item the Chairman and CEO will receive €265,713 and 29,577 BBVA shares, the President and COO will receive €165,012 and 18,356 BBVA shares and Mr. José Manuel González-Páramo will receive €15,894 and 1,768 shares.

- (*) Mr. José Manuel González-Páramo Martínez-Murillo was appointed executive director of BBVA by agreement of the Board of Directors on May 29, 2013, being his Annual Variable Remuneration for 2013 proportional to the time he has been on the charge.

2. Deferred parts of the Variable Remuneration from previous years paid in 2014:

The Chairman & CEO and the President & COO, in application of the Settlement & Payment System, have received the following variable remuneration during 2014:

– Annual Variable Remuneration for the year 2012

The amount corresponding to the first third of the deferred Annual Variable Remuneration of 2012, both in cash and in shares, receiving, after the pertinent adjustments, the amount of €273,902 and 36,163 shares in the case of the Chairman and CEO, and €166,877 and 22,032 shares in the case of the President and COO.

The remaining two thirds of the deferred Annual Variable Remuneration corresponding to 2012 will be paid during the first quarter of 2015 and 2016, subject to the aforementioned conditions.

– Annual Variable Remuneration for the year 2011

The amount corresponding to the second third of the deferred Annual Variable Remuneration of 2011, both in cash and in shares, receiving, after the pertinent adjustments, the amount of €381,871 and 51,826 shares in the case of the Chairman and CEO, and €242,883 and 32,963 shares in the case of the President and COO.

The remaining third of the Annual Variable Remuneration corresponding to 2011 will be paid, during the first quarter of 2015, subject to the conditions mentioned above.

– Multi-Year Variable Share Remuneration Programme for 2010-2011 ("LTI 2010-2011")

Lastly, the Chairman and CEO and the President and COO have received during 2014 the second third of the shares resulting from the settlement of the LTI 2010-2011 that were deferred, for which the Chairman and CEO received 35,000 shares and the President & COO 30,000 shares; and the cash amount resulting from the adjustment for the updated value of these deferred shares, for which the Chairman & CEO received €25,795 and the President and COO €22,110, being deferred until the first semester of 2015 the payment, under the aforementioned conditions, of the remaining third resulting from the settlement of the LTI 2010-2011.

• Annual Variable Remuneration of executive directors for the year 2014

Following year-end 2014, the Annual Variable Remuneration for the executive directors corresponding to that year has been determined, applying the conditions established for that purpose by the General Meeting. Consequently, during the first quarter of 2015 the executive directors will receive 50% of this remuneration, i.e., €865,644 and 112,174 BBVA shares for the Chairman & CEO; €530,169 and 68,702 BBVA shares for the President & COO; and €85,199 and 11,041 BBVA shares for José Manuel González-Páramo Martínez-Murillo (*). The remaining 50% of the Annual Variable Remuneration will be deferred over a three-year period, such that during the first quarter of each year (2016, 2017 and 2018) the Chairman & CEO will receive the amount of €288,548 and 37,392 BBVA shares; the President & COO will receive €176,723 and 22,901 BBVA shares; and José Manuel González-Páramo Martínez-Murillo will receive €28,400 and 3,681 BBVA shares.

The payment of the deferred parts of the 2014 Annual Variable Remuneration will be subject to the conditions of the Settlement & Payment System established pursuant to the resolutions adopted by the General Meeting.

These amounts are recorded under the item "Other Liabilities - Accrued interest" of the consolidated balance sheet at December 31, 2014.

• Remuneration of the members of the Management Committee received in 2014(*)

During 2014, the remuneration paid to the members of the BBVA Management Committee as a whole, excluding the executive directors, amounted to €8,764 thousand corresponding to fixed remuneration plus the variable remuneration indicated below, pursuant to the Settlement and Payment System described above:

(*) This section includes aggregated information for the non-executive members of the Board of Directors as of December 31, 2014 (13 members)

1. Annual Variable Remuneration for year 2013

A total amount of €2.734 thousand and 304.579 BBVA shares, that corresponds to the part of the Annual Variable Remuneration of 2013 under the Settlement and Payment System applicable to each member of the Management Committee.

The remaining part of the deferred Annual Variable Remuneration for 2013 will be paid, subject to the conditions described above, in thirds during the first quarter of 2015, 2016 and 2017, such that under this item, this group as a whole will receive the amount of €911 thousand (*) and 101,098 BBVA shares each year.

(*) According to the average exchange rate as of December 31, 2014

2. Deferred parts of the Variable Remuneration from previous years

– Annual Variable Remuneration for 2012

The first third of the deferred Annual Variable Remuneration of 2012, corresponding for this item, after its updates, the amount of €765 thousand and 101,407 shares.

The remaining Annual Variable Remuneration corresponding to 2012 for this group has been deferred and will be payable in thirds during the first quarter of 2015 and 2016, under the conditions described above.

– Annual Variable Remuneration for 2011

The second third of the deferred Annual Variable Remuneration of 2011, corresponding for this item, after its updates, the amount of €989 thousand and 134,618 shares.

The remaining Annual Variable Remuneration corresponding to 2011 for this group has been deferred and will be payable during the first quarter of 2015, under the conditions described above.

– Multi-Year Variable Share Remuneration Programme for 2010-2011 (“LTI 2010-2011”).

The second third of the shares resulting from the settlement of the LTI 2010-2011 that were deferred, corresponding under this item a total of 89,998 shares for the Management Committee as a whole. A further €66 thousand was paid corresponding to the adjustment of these deferred vested shares.

The remaining two third of the deferred shares resulting from the settlement of the LTI 2010-2011 for these members will be paid during the first quarter of 2015, under the conditions described above.

Finally, in 2014, members of the BBVA Management Committee as a whole, excluding executive directors, received remuneration in kind amounting to a total of €1,084 thousand.

• System of Remuneration in Shares with Deferred Delivery for non-executive directors

BBVA has a remuneration system in shares with deferred delivery for its non-executive directors, which was approved by the General Meeting, 18th March 2006 and extended for an additional 5-year period under a resolution of the General Meeting, 11th March 2011.

This System is based on the annual allocation to non-executive directors of a number of "theoretical shares", equivalent to 20% of the total remuneration in cash received by each of them in the previous year, according to the average closing prices of the BBVA share during the sixty trading sessions prior to the Annual General Meeting approving the corresponding financial statements for each year.

These shares, where applicable, will be delivered to each beneficiary on the date they leave the position as director for any reason other than dereliction of duty.

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The number of "theoretical shares" allocated to the non-executive directors in 2014 who are beneficiaries of the system of deferred delivery of shares, corresponding to 20% of the total remuneration in cash received by said directors during 2013, are as follows:

	Theoretical shares allocated in 2014	Theoretical shares accumulated at December 31, 2014
Tomás Alfaro Drake	6,693	43,159
Ramón Bustamante y de la Mora	6,807	69,512
José Antonio Fernández Rivero	8,497	69,013
Ignacio Ferrero Jordi	7,500	74,702
Belén Garijo López	4,437	7,957
Carlos Loring Martínez de Irujo	6,811	57,307
José Maldonado Ramos	8,402	36,268
José Luis Palao García-Suelto	9,181	29,658
Juan Pi Llorens	6,174	16,365
Susana Rodríguez Vidarte	6,817	53,919
Total (1)	71,319	457,860

(1) Mr. Juan Carlos Álvarez Mezquíriz, who ceased as director on March 14, 2014, was also allocated 7,453 theoretical shares.

- **Pensions commitments**

The provisions recorded as of December 31, 2014 to cover pension commitments for executive directors amount to €26,026 thousand in the case of the President and COO and €269 thousand in the case of José Manuel González-Páramo Martínez-Murillo. €2,624 thousand and €261 thousand were set aside in 2014 for the President and COO and for José Manuel González-Páramo Martínez-Murillo, respectively, to cover the contingencies of retirement, disability and death.

There are no other pension obligations in favour of other executive directors.

The provisions charged to December 31, 2014 for pension commitments for the members of the Management Committee, excluding executive directors, amounted to €89,817 thousand, of which, €8,649 thousand were provisioned during 2014.

- **Extinction of contractual relationship.**

The Bank does not have any commitments to pay severance indemnity to executive directors other than the commitment in respect of José Manuel González-Páramo Martínez-Murillo who is contractually entitled to receive an indemnity equivalent to twice his fixed remuneration should he cease to hold his position on grounds other than his own will, death, retirement, disability or dereliction of duty.

The contractual conditions of the President & COO determine that should he cease to hold his position for any reason other than his own will, retirement, disability or dereliction of duty, he will be given early retirement with a pension payable, as he chooses, through a lifelong annuity pension, or by payment of a lump sum that will be 75% of his pensionable salary should this occur before he is 55, and 85% should it occur after he has reached said age.

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49. Other information

49.1 Environmental impact

Given the activities in which it engages, the Bank has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its equity, financial situation and profits. Consequently, as of December 31, 2014, there is no item in the accompanying financial statements that requires disclosure in an environmental information report pursuant to Ministry of Economy Order JUS/206/2009, dated January 28, implementing new forms for the presentation of financial statements by entities obliged to publish such information, and no specific disclosure of information on environmental matters is included in these statements.

49.2 Breakdown of agents of credit institutions

Appendix XIII contains a list of the Bank's agents as required by article 22 of Royal Decree 1245/1995, dated July 14, of the Ministry of Economy and Finance.

49.3 Report on the activity of the Customer Care Service and the Customer Ombudsman

The report on the activity of the Customer Care Service and the Customer Ombudsman, required pursuant to Article 17 of Ministry of Economy Order ECO/734/2004 dated March 11, is included in the Management Report accompanying these financial statements.

49.4 Mortgage market policies and procedures

The disclosure required by Bank of Spain Circular 5/2011 under the provisions of Spanish Royal Decree 716/2009, of April 24, (implementing certain aspects of Act 2/1981, of March 25, on the regulation of the mortgage market and other mortgage and financial market regulations) is detailed in Appendix X.

49.5 Reporting requirements of the Spanish National Securities Market Commission (CNMV)

Dividends paid in the year

The table below presents the dividends per share paid in cash in 2014 and 2013 (cash basis accounting, regardless of the year in which they are accrued), but not including other shareholder remuneration such as the "Dividend Option". For a complete analysis of all remuneration awarded to shareholders in 2014 (see Note 3).

Dividends Paid ("Dividend Option" not included)	2014			2013		
	% Over Nominal	Euros per Share	Amount (Millions of Euros)	% Over Nominal	Euros per Share	Amount (Millions of Euros)
Ordinary shares	16%	0.08	471	41%	0.20	1,117
Rest of shares	-	-	-	-	-	-
Total dividends paid in cash (*)	16%	0.08	471	41%	0.20	1,117
Dividends with charge to income	16%	0.08	471	41%	0.20	1,117
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 they were accrued in.

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Issuances by market type

Changes in debt certificates (including bonds) and subordinated liabilities (see Notes 19.3 and 19.4) in 2014 and 2013 by the type of market in which they were issued are as follows:

2014 Debt Certificates and Subordinated Liabilities	Millions of Euros				Balance at the End
	Balance at the Beginning	Issuances	Repurchase or Redemption	Exchange Differences and Other (*)	
Debt certificates issued in the European Union	36,365	2,971	(9,549)	568	30,355
With information brochure	36,365	2,971	(9,549)	568	30,355
Without information brochure	-	-	-	-	-
Subordinated deposits	2,528	1,500	-	72	4,100
Total	38,893	4,471	(9,549)	640	34,455

Interest and income by geographical area

The breakdown of the balance under the heading "Interest and Similar Income" in the accompanying income statements by geographical area is as follows:

Interest and Similar Income. Breakdown by Geographical Area	Millions of Euros	
	2014	2013
Domestic market	6,447	7,545
Foreign market	316	332
European Union	193	224
Rest of OECD	36	34
Rest of countries	87	74
Total	6,763	7,877

Average number of employees by gender

The breakdown of the average number of employees in the Bank in 2014 and 2013, by gender, is as follows:

Average number of employees	2014		2013	
	Male	Female	Male	Female
Management Team	871	208	916	209
Other line personnel	11,473	9,961	11,915	9,855
Clerical staff	1,928	1,852	2,187	1,971
General Services	10	1	12	2
Branches abroad	460	298	492	302
Total	14,742	12,320	15,522	12,339

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49.6 Concesión responsable de préstamos

BBVA has incorporated the best practices of responsible lending and consumer credit granting, and has policies and procedures that contemplate these practices complying with the provisions of the Order of the Ministry of Finance EHA / 2899/2011, of 28 October, transparency and customer protection of banking services, as well as the Bank of Spain Circular 5/2012, of 27 June, on transparency of banking services and responsible lending. Specifically, the Corporate Retail Credit Risk Policy (approved by the Executive Committee of the Board of Directors of the Bank on April 3, 2013) and Specific Rules derived from it, establish policies, practices and procedures in relation to responsible granting of loans and consumer credit.

In compliance with Bank of Spain Circular 3/2014, of July 30, the following summary of those policies contained in the Corporate Retail Credit Risk Policy BBVA is provided:

- The need to adapt payment plans with sources of income generation;
- The evaluation requirements of affordability;
- The need to take into account the level of expected retirement income of the borrower;
- The need to take account of existing financial obligations payments;
- In cases where, for commercial reasons or the type of rate/currency, the offer to the borrowers includes contractual clauses or contracting financial products to hedge interest rate and exchange rate risks.
- The need, when there is collateral, to establish a reasonable relationship between the amount of the loan and its potential extensions and value of collateral, regardless revaluations thereof;
- The need for extreme caution in the use of appraisal values on credit operations that have real estate as an additional borrower's personal guarantee;
- The periodic review of the value of collateral taken to hedge loans;
- A number of elements of management in order to ensure independence in the activity of appraisal companies;
- The need to warn customers of potential consequences in terms of cost by default interest and other expenses that would continue in default;
- Debt renegotiation criteria (refinancing and restructurings);
- The minimum documentation that operations should have in order to be granted and during its term.

In order to maintain an effective monitoring of these policies, BBVA has the following control mechanisms:

- Validations and computer controls built into the workflows of analysis, decision and contracting operations, in order to embed these principles in management;
- Alignment between the specifications of the product catalog with the policies of responsible lending;
- Different areas of sanction to ensure adequate hierarchy decision levels in response to the complexity of operations;
- A reporting scheme that allows to monitor the proper implementation of the policies of responsible lending.

50. Subsequent events

Subsequent to the year ended December 31, 2014, it is expected that on February 3, 2015, under the powers delegated by the Company's AGM held on March 16, 2012, under point five of its agenda, the Board of Directors meeting submits for approval an agreement for the issue of debentures convertible into ordinary BBVA shares, excluding the pre-emptive subscription right.

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In case such agreement is approved, and for the purposes set out in articles 414, 417 and 511 of the Spanish Corporations Act, the mandatory Directors report explaining the conversion conditions and types will be issued, justifying the proposal for the abolition of the pre-emptive subscription right, to be accompanied, as appropriate, by another report drafted by an auditor other than the company's auditor, appointed for this purpose by the Companies Register to year end, it is expected that on February 3, 2015, there will be a resolution to issue bonds convertible into ordinary shares of BBVA excluding preferential subscription rights subject to approval by the Board of Directors, under the authority delegated by the General Meeting of Shareholders of the Company held on March 16, 2012, in its fifth item on the agenda,

From January 1, 2015 to the date of preparation of these financial statements, no other subsequent events not mentioned above in these financial statements have taken place that significantly affect the Bank's earnings or its equity position.

51. Explanation added for translation into English

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles (Bank of Spain Circular 4/2004, and as amended thereafter, which adapts the EU-IFRS for banks).



Appendices

APPENDIX I. BBVA Group Consolidated Financial Statements

BBVA Group

Consolidated balance sheets as of December 31, 2014, 2013 and 2012

ASSETS	Millions of Euros		
	2014	2013	2012
CASH AND BALANCES WITH CENTRAL BANKS	31,430	34,903	35,494
FINANCIAL ASSETS HELD FOR TRADING	83,258	72,112	79,829
Loans and advances to credit institutions	-	-	-
Loans and advances to customers	128	106	244
Debt securities	33,883	29,602	28,020
Equity instruments	5,017	4,766	2,915
Trading derivatives	44,229	37,638	48,650
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	2,761	2,413	2,530
Loans and advances to credit institutions	-	-	-
Loans and advances to customers	-	-	-
Debt securities	737	663	753
Equity instruments	2,024	1,750	1,777
AVAILABLE-FOR-SALE FINANCIAL ASSETS	94,875	77,774	67,500
Debt securities	87,608	71,806	63,548
Equity instruments	7,267	5,968	3,952
LOANS AND RECEIVABLES	372,375	350,945	371,347
Loans and advances to credit institutions	27,059	22,862	25,448
Loans and advances to customers	338,657	323,607	342,163
Debt securities	6,659	4,476	3,736
HELD-TO-MATURITY INVESTMENTS	-	-	10,162
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	121	98	226
HEDGING DERIVATIVES	2,551	2,530	4,894
NON-CURRENT ASSETS HELD FOR SALE	3,793	2,880	4,229
EQUITY METHOD	4,509	4,742	10,782
Associates	417	1,272	6,469
Jointly ventures	4,092	3,470	4,313
INSURANCE CONTRACTS LINKED TO PENSIONS	-	-	7
REINSURANCE ASSETS	559	619	50
TANGIBLE ASSETS	7,820	7,534	7,572
Property, plants and equipment	6,428	5,841	5,702
For own use	5,985	5,373	5,177
Other assets leased out under an operating lease	443	468	525
Investment properties	1,392	1,693	1,870
INTANGIBLE ASSETS	7,371	6,759	7,132
Goodwill	5,697	5,069	5,430
Other intangible assets	1,673	1,690	1,702
TAX ASSETS	12,426	11,704	11,710
Current	2,035	2,502	1,851
Deferred	10,391	9,202	9,859
OTHER ASSETS	8,094	7,684	7,668
Inventories	4,443	4,636	4,223
Rest	3,651	3,048	3,445
TOTAL ASSETS	631,942	582,697	621,132

Millions of Euros			
LIABILITIES AND EQUITY	2014	2013	2012
FINANCIAL LIABILITIES HELD FOR TRADING	56,798	45,648	55,834
Deposits from central banks	-	-	-
Deposits from credit institutions	-	-	-
Customer deposits	-	-	-
Debt certificates	-	-	-
Trading derivatives	45,052	38,119	49,254
Short positions	11,747	7,529	6,580
Other financial liabilities	-	-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	2,724	2,467	2,216
Deposits from central banks	-	-	-
Deposits from credit institutions	-	-	-
Customer deposits	-	-	-
Debt certificates	-	-	-
Subordinated liabilities	-	-	-
Other financial liabilities	2,724	2,467	2,216
FINANCIAL LIABILITIES AT AMORTIZED COST	491,899	464,549	490,807
Deposits from central banks	28,193	30,893	46,475
Deposits from credit institutions	65,168	52,423	55,675
Customer deposits	319,060	300,490	282,795
Debt certificates	58,096	64,120	86,255
Subordinated liabilities	14,095	10,556	11,815
Other financial liabilities	7,288	6,067	7,792
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	-	-	-
HEDGING DERIVATIVES	2,331	1,792	2,968
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-	-	387
LIABILITIES UNDER INSURANCE CONTRACTS	10,460	9,834	9,020
PROVISIONS	7,444	6,853	7,834
Provisions for pensions and similar obligations	5,970	5,512	5,777
Provisions for taxes and other legal contingencies	262	208	406
Provisions for contingent risks and commitments	381	346	322
Other provisions	831	787	1,329
TAX LIABILITIES	4,157	2,530	3,820
Current	980	993	1,058
Deferred	3,177	1,537	2,762
OTHER LIABILITIES	4,519	4,460	4,586
TOTAL LIABILITIES	580,333	538,133	577,472

BBVA Group

Consolidated balance sheets as of December 31, 2014, 2013 and 2012

Millions of Euros			
LIABILITIES AND EQUITY (Continued)	2014	2013	2012
STOCKHOLDERS' FUNDS	49,446	46,025	43,473
Common Stock	3,024	2,835	2,670
Issued	3,024	2,835	2,670
Unpaid and uncalled (-)	-	-	-
Share premium	23,992	22,111	20,968
Reserves	20,936	19,767	19,531
Accumulated reserves (losses)	20,304	19,317	18,580
Reserves (losses) of entities accounted for using the equity method	633	450	951
Other equity instruments	67	59	62
Equity component of compound financial instruments	-	-	-
Other equity instruments	67	59	62
Less: Treasury stock	(350)	(66)	(111)
Income attributed to the parent company	2,618	2,084	1,676
Less: Dividends and remuneration	(841)	(765)	(1,323)
VALUATION ADJUSTMENTS	(348)	(3,831)	(2,184)
Available-for-sale financial assets	3,816	851	(238)
Cash flow hedging	(46)	8	36
Hedging of net investment in foreign transactions	(373)	(100)	(243)
Exchange differences	(2,173)	(3,023)	(1,164)
Non-current assets held-for-sale	-	3	(104)
Entities accounted for using the equity method	(796)	(1,130)	(24)
Other valuation adjustments	(777)	(440)	(447)
NON-CONTROLLING INTEREST	2,511	2,371	2,372
Valuation adjustments	(53)	70	188
Rest	2,563	2,301	2,184
TOTAL EQUITY	51,609	44,565	43,661
TOTAL LIABILITIES AND EQUITY	631,942	582,697	621,132

Millions of Euros			
MEMORANDUM ITEM	2014	2013	2012
CONTINGENT RISKS	33,741	33,543	37,019
CONTINGENT COMMITMENTS	106,252	94,170	90,142

BBVA Group

Consolidated income statements for the years ended December 31, 2014, 2013 and 2012

	Millions of Euros		
	2014	2013	2012
INTEREST AND SIMILAR INCOME	22,838	23,512	24,815
INTEREST AND SIMILAR EXPENSES	(8,456)	(9,612)	(10,341)
NET INTEREST INCOME	14,382	13,900	14,474
DIVIDEND INCOME	531	235	390
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	343	694	1,039
FEE AND COMMISSION INCOME	5,530	5,478	5,290
FEE AND COMMISSION EXPENSES	(1,356)	(1,228)	(1,134)
LIABILITIES	1,435	1,608	1,636
Financial instruments held for trading	11	540	653
Other financial instruments at fair value through profit or loss	27	49	69
Other financial instruments not at fair value through profit or loss	1,397	1,019	914
Rest	-	-	-
EXCHANGE DIFFERENCES (NET)	699	903	69
OTHER OPERATING INCOME	4,581	4,995	4,765
Income on insurance and reinsurance contracts	3,622	3,761	3,631
Financial income from non-financial services	650	851	807
Rest of other operating income	308	383	327
OTHER OPERATING EXPENSES	(5,420)	(5,833)	(4,705)
Expenses on insurance and reinsurance contracts	(2,714)	(2,831)	(2,646)
Changes in inventories	(506)	(495)	(406)
Rest of other operating expenses	(2,200)	(2,507)	(1,653)
GROSS INCOME	20,725	20,752	21,824
ADMINISTRATION COSTS	(9,414)	(9,701)	(9,396)
Personnel expenses	(5,410)	(5,588)	(5,467)
General and administrative expenses	(4,004)	(4,113)	(3,929)
DEPRECIATION AND AMORTIZATION	(1,145)	(1,095)	(978)
PROVISIONS (NET)	(1,142)	(609)	(641)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(4,340)	(5,612)	(7,859)
Loans and receivables	(4,304)	(5,577)	(7,817)
Other financial instruments not at fair value through profit or loss	(36)	(35)	(42)
NET OPERATING INCOME	4,684	3,735	2,950

Consolidated income statements for the years ended December 31, 2014, 2013 and 2012

Millions of Euros			
(Continued)	2014	2013	2012
NET OPERATING INCOME	4,684	3,735	2,950
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(297)	(467)	(1,123)
Goodwill and other intangible assets	(8)	(14)	(54)
Other assets	(289)	(453)	(1,069)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	46	(1,915)	3
NEGATIVE GOODWILL	-	-	376
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	(453)	(399)	(624)
OPERATING PROFIT BEFORE TAX	3,980	954	1,582
INCOME TAX	(898)	16	352
PROFIT FROM CONTINUING OPERATIONS	3,082	970	1,934
PROFIT FROM DISCONTINUED OPERATIONS (NET)	-	1,866	393
PROFIT	3,082	2,836	2,327
Profit attributable to parent company	2,618	2,084	1,676
Profit attributable to non-controlling interests	464	753	651

Euros			
	2014	2013 (*)	2012 (*)
EARNINGS PER SHARE			
Basic earnings per share	0.44	0.36	0.30
Diluted earnings per share	0.44	0.36	0.30

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BBVA Group

Consolidated statements of changes in equity for the years ended December 31, 2014, 2013 and 2012

2014	Millions of Euros												Non-controlling Interests	Total Equity
	Total Equity Attributed to the Parent Company													
	Stockholders' Funds									Valuation Adjustments	Total			
	Common Stock	Share Premium	Reserves		Other Equity Instruments	Less: Treasury Stock	Profit Attributable to the Parent Company	Less: Dividends and Remunerations	Total Stockholders' Funds					
			Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method										
Balances as of January 1, 2014 (*)	2,835	22,111	19,458	450	59	(66)	2,228	(765)	46,310	(3,831)	42,479	2,371	44,850	
Effect of changes in accounting policies (*)	-	-	(141)	-	-	-	(144)	-	(285)	-	(285)	-	(285)	
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	
Adjusted initial balance	2,835	22,111	19,317	450	59	(66)	2,084	(765)	46,025	(3,831)	42,194	2,371	44,565	
Total income/expense recognized	-	-	-	-	-	-	2,618	-	2,618	3,483	6,101	341	6,442	
Other changes in equity	189	1,881	987	183	8	(284)	(2,084)	(76)	803	-	803	(201)	602	
Common stock increase	189	1,881	(70)	-	-	-	-	-	2,000	-	2,000	-	2,000	
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase of other equity instruments	-	-	-	-	44	-	-	-	44	-	44	-	44	
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend distribution	-	-	-	-	-	-	-	(597)	(597)	-	(597)	(243)	(840)	
Transactions including treasury stock and other equity instruments (net)	-	-	5	-	-	(284)	-	-	(279)	-	(279)	-	(279)	
Transfers between total equity entries	-	-	133	186	-	-	(2,084)	765	-	-	-	-	-	
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments with equity instruments	-	-	7	-	(36)	-	-	-	(29)	-	(29)	-	(29)	
Rest of increases/reductions in total equity	-	-	(88)	(3)	-	-	-	(244)	(336)	-	(336)	42	(294)	
Of which:	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of the free allotment rights	-	-	-	-	-	-	-	244	244	-	244	-	244	
Balances as of December 31, 2014	3,024	23,992	20,304	633	67	(350)	2,618	(841)	49,446	(348)	49,098	2,511	51,609	

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Consolidated statements of changes in equity for the years ended December 31, 2014, 2013 and 2012

Millions of Euros													
2013	Total Equity Attributed to the Parent Company											Non-controlling Interests	Total Equity (*)
	Stockholders' Funds										Total		
	Common Stock	Share Premium	Reserves		Other Equity Instruments	Less: Treasury Stock	Profit Attributable to the Parent Company	Less: Dividends and Remunerations	Total Stockholders' Funds	Valuation Adjustments			
Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method												
Balances as of January 1, 2013 (**)	2,670	20,968	18,721	951	62	(111)	1,676	(1,323)	43,614	(2,184)	41,430	2,372	43,802
Effect of changes in accounting policies (**)	-	-	(141)	-	-	-	-	-	(141)	-	(141)	-	(141)
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	2,670	20,968	18,580	951	62	(111)	1,676	(1,323)	43,473	(2,184)	41,289	2,372	43,661
Total income/expense recognized	-	-	-	-	-	-	2,084	-	2,084	(1,647)	437	635	1,072
Other changes in equity	165	1,143	737	(501)	(3)	45	(1,676)	558	468	-	468	(636)	(168)
Common stock increase	71	-	(71)	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	94	1,143	-	-	-	-	-	-	1,237	-	1,237	-	1,237
Increase of other equity instruments	-	-	-	-	33	-	-	-	33	-	33	-	33
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(605)	(605)	-	(605)	(482)	(1,087)
Transactions including treasury stock and other equity instruments (net)	-	-	30	-	-	45	-	-	75	-	75	-	75
Transfers between total equity entries	-	-	853	(501)	-	-	(1,676)	1,324	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	22	-	(36)	-	-	-	(14)	-	(14)	-	(14)
Rest of increases/reductions in total equity	-	-	(97)	-	-	-	-	(161)	(258)	-	(258)	(154)	(412)
Of which:	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of the free allotment rights	-	-	-	-	-	-	-	(161)	(161)	-	(161)	-	(161)
Balances as of December 31, 2013	2,835	22,111	19,317	450	59	(66)	2,084	(765)	46,025	(3,831)	42,194	2,371	44,565

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 51).

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Consolidated statements of changes in equity for the years ended December 31, 2014, 2013 and 2012

2012 (*)	Millions of Euros											Non-controlling Interests	Total Equity
	Total Equity Attributed to the Parent Company												
	Stockholders' Funds										Total		
	Common Stock	Share Premium	Reserves		Other Equity Instruments	Less: Treasury Stock	Profit Attributable to the Parent Company	Less: Dividends and Remunerations	Total Stockholders' Funds	Valuation Adjustments			
Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method												
Balances as of January 1, 2012 (**)	2,403	18,970	17,580	360	51	(300)	3,004	(1,116)	40,952	(2,787)	38,165	1,893	40,058
Effect of changes in accounting policies (**)	-	-	(141)	-	-	-	-	-	(141)	-	(141)	-	(141)
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	2,403	18,970	17,439	360	51	(300)	3,004	(1,116)	40,811	(2,787)	38,024	1,893	39,917
Total income/expense recognized	-	-	-	-	-	-	1,676	-	1,676	603	2,279	802	3,081
Other changes in equity	267	1,998	1,141	591	11	189	(3,004)	(207)	986	-	986	(323)	663
Common stock increase	73	-	(73)	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	194	1,998	-	-	-	-	-	-	2,192	-	2,192	-	2,192
Increase of other equity instruments	-	-	-	-	32	-	-	-	32	-	32	-	32
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(1,073)	(1,073)	-	(1,073)	(357)	(1,430)
Transactions including treasury stock and other equity instruments (net)	-	-	81	-	-	189	-	-	270	-	270	-	270
Transfers between total equity entries	-	-	1,291	597	-	-	(3,004)	1,116	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	(28)	-	(21)	-	-	-	(49)	-	(49)	-	(49)
Rest of increases/reductions in total equity	-	-	(130)	(6)	-	-	-	(250)	(386)	-	(386)	34	(352)
Of which:	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of the free allotment rights	-	-	-	-	-	-	-	(250)	(250)	-	(250)	-	(250)
Balances as of December 31, 2012	2,670	20,968	18,580	951	62	(111)	1,676	(1,323)	43,473	(2,184)	41,289	2,372	43,661

BBVA Group

Consolidated statements of recognized income and expenses for the years ended December 31, 2014, 2013 and 2012

	Millions of Euros		
	2014	2013	2012
PROFIT RECOGNIZED IN INCOME STATEMENT	3,082	2,836	2,327
OTHER RECOGNIZED INCOME (EXPENSES)	3,359	(1,765)	754
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	(346)	8	(224)
Actuarial gains and losses from defined benefit pension plans	(498)	11	(316)
Non-current assets available for sale	-	-	-
Entities under the equity method of accounting	(5)	1	(5)
Income tax related to items not subject to reclassification to income statement	157	(4)	97
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	3,705	(1,773)	978
Available-for-sale financial assets	4,306	1,659	679
Valuation gains/(losses)	4,770	1,737	541
Amounts reclassified to income statement	(464)	(140)	109
Reclassifications (other)	-	62	29
Cash flow hedging	(71)	(32)	7
Valuation gains/(losses)	(71)	(31)	7
Amounts reclassified to income statement	-	-	-
Amounts reclassified to the initial carrying amount of the hedged items	-	-	-
Reclassifications (other)	-	(1)	-
Hedging of net investment in foreign transactions	(273)	143	(84)
Valuation gains/(losses)	(273)	143	(84)
Amounts reclassified to income statement	-	-	-
Reclassifications (other)	-	-	-
Exchange differences	760	(2,045)	601
Valuation gains/(losses)	761	(2,026)	601
Amounts reclassified to income statement	(1)	(19)	-
Reclassifications (other)	-	-	-
Non-current assets held for sale	(4)	135	(103)
Valuation gains/(losses)	(4)	-	(103)
Amounts reclassified to income statement	-	135	-
Reclassifications (other)	-	-	-
Entities accounted for using the equity method	338	(1,054)	238
Valuation gains/(losses)	337	(736)	238
Amounts reclassified to income statement	1	(260)	-
Reclassifications (other)	-	(58)	-
Rest of recognized income and expenses	-	-	-
Income tax	(1,351)	(579)	(360)
TOTAL RECOGNIZED INCOME/EXPENSES	6,441	1,071	3,081
Attributable to the parent company	6,100	436	2,279
Attributable to non-controlling interest	341	635	802

BBVA Group

Consolidated statements of cash flows for the years ended December 31, 2014, 2013 and 2012

	Millions of Euros		
	2014	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES ⁽¹⁾	(6,188)	(500)	9,728
Profit for the year	3,082	2,836	2,327
Adjustments to obtain the cash flow from operating activities:	8,315	8,332	10,400
Depreciation and amortization	1,145	1,099	978
Other adjustments	7,170	7,233	9,422
Net increase/decrease in operating assets	(53,244)	25,613	(38,637)
Financial assets held for trading	(11,145)	7,717	(9,358)
Other financial assets designated at fair value through profit or loss	(349)	117	243
Available-for-sale financial assets	(13,485)	1,938	(12,463)
Loans and receivables	(27,299)	12,704	(12,073)
Other operating assets	(966)	3,137	(4,986)
Net increase/decrease in operating liabilities	36,557	(37,265)	35,990
Financial liabilities held for trading	11,151	(10,186)	4,656
Other financial liabilities designated at fair value through profit or loss	256	251	595
Financial liabilities at amortized cost	24,219	(24,660)	28,072
Other operating liabilities	931	(2,670)	2,666
Collection/Payments for income tax	(898)	(16)	(352)
CASH FLOWS FROM INVESTING ACTIVITIES ⁽²⁾	(1,151)	3,021	(1,060)
Investment	(1,984)	(2,325)	(2,522)
Tangible assets	(1,419)	(1,252)	(1,685)
Intangible assets	(467)	(526)	(777)
Investments	-	(547)	-
Subsidiaries and other business units	(98)	-	-
Non-current assets held for sale and associated liabilities	-	-	-
Held-to-maturity investments	-	-	(60)
Other settlements related to investing activities	-	-	-
Divestments	833	5,346	1,462
Tangible assets	167	101	-
Intangible assets	-	-	-
Investments	118	944	19
Subsidiaries and other business units	-	3,299	-
Non-current assets held for sale and associated liabilities	548	571	590
Held-to-maturity investments	-	431	853
Other collections related to investing activities	-	-	-

Consolidated statements of cash flows for the years ended December 31, 2014, 2013 and 2012

Millions of Euros			
(Continued)	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES ⁽³⁾	3,157	(1,326)	(3,492)
Investment	(5,955)	(6,104)	(10,387)
Dividends	(826)	(1,275)	(1,269)
Subordinated liabilities	(1,046)	(697)	(3,930)
Common stock amortization	-	-	-
Treasury stock acquisition	(3,770)	(3,614)	(4,831)
Other items relating to financing activities	(313)	(518)	(357)
Divestments	9,112	4,778	6,895
Subordinated liabilities	3,628	1,088	1,793
Common stock increase	2,000	2	-
Treasury stock disposal	3,484	3,688	5,102
Other items relating to financing activities	-	-	-
EFFECT OF EXCHANGE RATE CHANGES ⁽⁴⁾	725	(1,784)	471
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS ⁽¹⁺²⁺³⁺⁴⁾	(3,457)	(589)	5,647
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE YEAR	34,887	35,476	29,829
CASH OR CASH EQUIVALENTS AT END OF THE YEAR	31,430	34,887	35,476

Millions of Euros			
COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR	2014	2013	2012
Cash	6,247	5,533	5,155
Balance of cash equivalent in central banks	25,183	29,354	30,321
Other financial assets	-	-	-
Less: Bank overdraft refundable on demand	-	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF THE YEAR	31,430	34,887	35,476
<i>Of which:</i>	-	-	-
Held by consolidated subsidiaries but not available for the Group	-	-	-

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 51).

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APPENDIX II.

Additional information on consolidated subsidiaries composing the BBVA Group

Additional Information on Consolidated Subsidiaries composing the BBVA Group			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.14	Liabilities 12.31.14	Equity 12.31.14	Profit (Loss) 12.31.14
AMERICAN FINANCE GROUP, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	17	17	-	17	-
ANIDA DESARROLLOS INMOBILIARIOS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	51	516	464	87	(35)
ANIDA GERMANIA IMMOBILIEN ONE, GMBH	GERMANY	REAL ESTATE	-	100.00	100.00	4	7	-	7	-
ANIDA GRUPO INMOBILIARIO, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	271	1,987	1,717	742	(471)
ANIDA INMOBILIARIA, S.A. DE C.V.	MEXICO	INVESTMENT COMPANY	-	100.00	100.00	155	133	-	122	11
ANIDA OPERACIONES SINGULARES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	244	4,583	4,316	643	(375)
ANIDA PROYECTOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	91	131	40	82	10
ANIDA SERVICIOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2	2	-	2	-
ANIDAPORT INVESTIMENTOS IMOBILIARIOS, UNIFESSOAL, LTDA	PORTUGAL	REAL ESTATE	-	100.00	100.00	25	112	99	21	(7)
APLICA SOLUCIONES TECNOLOGICAS CHILE LIMITADA	CHILE	SERVICES	-	100.00	100.00	-	1	-	-	-
APLICA TECNOLOGIA AVANZADA OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	5	14	9	4	-
APLICA TECNOLOGIA AVANZADA SERVICIOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	-	3	2	-	-
APLICA TECNOLOGIA AVANZADA, S.A. DE C.V.- ATA	MEXICO	SERVICES	100.00	-	100.00	160	322	125	190	7
ARIZONA FINANCIAL PRODUCTS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	805	806	1	802	2
ARRAHONA AMBIT, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	76	112	(25)	(12)
ARRAHONA IMMO, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	53	291	204	75	12
ARRAHONA NEXUS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	234	327	(72)	(21)
ARRAHONA RENT, S.L.U.	SPAIN	REAL ESTATE	-	100.00	100.00	9	11	-	11	(1)
ARRELS CT FINSOL, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	288	344	(22)	(33)
ARRELS CT LLOGUER, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	39	44	(2)	(2)
ARRELS CT PATRIMONI I PROECTES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	135	165	(28)	(3)
ARRELS CT PROMOU, S.A.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	-	19	28	(11)	2
AUMERAVILLA, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	2	2	-	2	-
BAHIA SUR RESORT, S.C.	SPAIN	INACTIVE	99.95	-	99.95	1	1	-	1	-
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	PORTUGAL	BANKING	52.20	47.80	100.00	105	5,203	4,982	284	(64)
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	CHILE	BANKING	-	68.18	68.18	682	16,275	15,275	903	97
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	URUGUAY	BANKING	100.00	-	100.00	110	2,603	2,433	157	13
BANCO CONTINENTAL, S.A. (1)	PERU	BANKING	-	92.24	92.24	1,424	17,542	15,999	1,187	357
BANCO DE PROMOCION DE NEGOCIOS, S.A.	SPAIN	BANKING	-	99.86	99.86	15	19	-	19	-
BANCO DEPOSITARIO BBVA, S.A.	SPAIN	BANKING	-	100.00	100.00	2	2,709	2,667	21	22
BANCO INDUSTRIAL DE BILBAO, S.A.	SPAIN	BANKING	-	99.93	99.93	97	153	13	126	14
BANCO OCCIDENTAL, S.A.	SPAIN	BANKING	49.43	50.57	100.00	17	18	-	18	-
BANCO PROVINCIAL OVERSEAS N.V.	CURAO	BANKING	-	100.00	100.00	51	586	533	53	-
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	VENEZUELA	BANKING	1.46	53.75	55.21	493	21,157	19,131	1,727	299
BANCOMER FINANCIAL SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	2	2	-	2	-
BANCOMER FOREIGN EXCHANGE INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	6	7	2	3	3
BANCOMER PAYMENT SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
BANCOMER TRANSFER SERVICES, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	34	67	32	25	9
BBV AMERICA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	479	1,745	-	1,784	(39)
BBVA ASESORIAS FINANCIERAS, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	1	1	-	1	-

Impairment losses due to property, real estate and stocks, of Spanish Real Estate companies, according to Royal Decree-Law 10/2008 and successive, are not counted for purposes of Article 363 of the Companies Act Capital.

(*) Information on foreign companies at exchange rate on December 31, 2014

(1) Full consolidation method is used according to accounting rules (see Glossary)

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Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Millions of Euros(*)				
			Direct	Indirect	Total	Affiliate Entity Data				
						Net Carrying Amount	Assets 12.31.14	Liabilities 12.31.14	Equity 12.31.14	Profit (Loss) 12.31.14
BBVA ASSET MANAGEMENT ADMINISTRADORA GENERAL DE FONDOS S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	14	16	2	8	5
BBVA ASSET MANAGEMENT CONTINENTAL S.A. SAF (1)	PERU	FINANCIAL SERVICES	-	100.00	100.00	15	20	5	12	3
BBVA ASSET MANAGEMENT, S.A. SOCIEDAD FIDUCIARIA (BBVA FIDUCIARIA)	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	31	34	3	25	6
BBVA ASSET MANAGEMENT, S.A., SGIIC	SPAIN	OTHER INVESTMENT COMPANIES	17.00	83.00	100.00	11	145	83	27	35
BBVA AUTOMERCANTIL, COMERCIO E ALUGER DE VEICULOS AUTOMOVEIS,LDA.	PORTUGAL	FINANCIAL SERVICES	100.00	-	100.00	5	20	15	5	-
BBVA AUTORENTING, S.A.	SPAIN	SERVICES	100.00	-	100.00	69	389	335	40	13
BBVA BANCO DE FINANCIACION S.A.	SPAIN	BANKING	-	100.00	100.00	64	2,159	2,084	74	-
BBVA BANCO FRANCES, S.A.	ARGENTINA	BANKING	45.61	30.32	75.93	157	6,927	5,932	697	298
BBVA BANCOMER GESTION, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	26	43	16	11	15
BBVA BANCOMER OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	159	440	281	108	51
BBVA BANCOMER SEGUROS SALUD, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	21	30	9	18	3
BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	16	101	85	11	6
BBVA BANCOMER USA, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	45	46	1	33	12
BBVA BANCOMER, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO	MEXICO	BANKING	-	100.00	100.00	7,498	85,940	78,458	6,075	1,407
BBVA BRASIL BANCO DE INVESTIMENTO, S.A.	BRASIL	BANKING	100.00	-	100.00	16	37	3	31	2
BBVA BROKER, CORREDURIA DE SEGUROS Y REASEGUROS, S.A.	SPAIN	FINANCIAL SERVICES	99.94	0.06	100.00	-	24	6	13	5
BBVA CAPITAL FINANCE, S.A.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	37	36	-	-
BBVA COLOMBIA, S.A.	COLOMBIA	BANKING	76.20	19.23	95.43	377	14,592	13,390	1,019	183
BBVA COMERCIALIZADORA LTDA.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	4	4	1	3	-
BBVA COMPASS BANCSHARES, INC	UNITED STATES	INVESTMENT COMPANY	100.00	-	100.00	9,754	9,966	103	9,512	351
BBVA COMPASS FINANCIAL CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	214	483	270	214	(1)
BBVA COMPASS INSURANCE AGENCY, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	131	133	2	126	5
BBVA CONSOLIDAR SEGUROS, S.A.	ARGENTINA	INSURANCES SERVICES	87.78	12.22	100.00	9	110	75	23	12
BBVA CONSULTING (BEIJING) LIMITED	CHINA	FINANCIAL SERVICES	-	100.00	100.00	-	2	1	1	-
BBVA CONSULTORIA, S.A.	SPAIN	SERVICES	-	100.00	100.00	4	5	1	5	-
BBVA CONSUMER FINANCE ENTIDAD DE DESARROLLO A LA PEQUEÑA Y MICRO EMPRESA, EDPYME, S.A. (BBVA CONSUMER FINANCE - EDPYME)	PERU	FINANCIAL SERVICES	-	84.32	84.32	15	52	34	19	(1)
BBVA CORREDORA TECNICA DE SEGUROS LIMITADA	CHILE	FINANCIAL SERVICES	-	100.00	100.00	13	18	4	8	6
BBVA CORREDORES DE BOLSA LIMITADA	CHILE	SECURITIES DEALER	-	100.00	100.00	50	589	538	84	(34)
BBVA DATA & ANALYTICS, S.L.	SPAIN	SERVICES	-	100.00	100.00	-	3	2	-	1
BBVA DINERO EXPRESS, S.A.U	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	2	5	1	4	-
BBVA DISTRIBUIDORA DE SEGUROS S.R.L.	URUGUAY	FINANCIAL SERVICES	-	100.00	100.00	2	2	0	1	1
BBVA ELCANO EMPRESARIAL II, S.A. EN LIQUIDACION	SPAIN	IN LIQUIDATION	45.00	-	45.00	14	36	4	28	4
BBVA ELCANO EMPRESARIAL, S.A. EN LIQUIDACION	SPAIN	IN LIQUIDATION	45.00	-	45.00	14	36	4	28	4
BBVA FACTORING LIMITADA (CHILE)	CHILE	FINANCIAL SERVICES	-	100.00	100.00	8	88	79	8	-
BBVA FINANCE (UK), LTD.	UNITED KINGDOM	IN LIQUIDATION	-	100.00	100.00	3	12	-	12	-
BBVA FINANZIA, S.p.A	ITALY	FINANCIAL SERVICES	100.00	-	100.00	29	318	291	23	4
BBVA FRANCES ASSET MANAGEMENT S.A. SOCIEDAD GERENTE DE FONDOS COMUNES DE INVERSIÓN.	ARGENTINA	FINANCIAL SERVICES	-	100.00	100.00	8	19	6	7	5
BBVA FRANCES VALORES, S.A.	ARGENTINA	SECURITIES DEALER	-	100.00	100.00	2	4	1	2	1
BBVA FUNDOS, S.GESTORA FUNDOS PENSOES,S.A.	PORTUGAL	PENSION FUNDS MANAGEMENT	-	100.00	100.00	1	15	1	13	1
BBVA GEST, S.G.DE FUNDOS DE INVESTIMENTO MOBILIARIO, S.A.	PORTUGAL	SECURITIES DEALER	-	100.00	100.00	1	8	-	8	-

Impairment losses due to property, real estate and stocks, of Spanish Real Estate companies, according to Royal Decree-Law 10/2008 and successive, are not counted for purposes of Article 363 of the Companies Act Capital.

(*) Information on foreign companies at exchange rate on December 31, 2014

(1) Full consolidation method is used according to accounting rules (see Glossary)

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 51).

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.

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
			Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.14	Liabilities 12.31.14	Equity 12.31.14	Profit (Loss) 12.31.14
BBVA GLOBAL FINANCE LTD.	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	395	391	4	-
BBVA GLOBAL MARKETS B.V.	NETHERLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	592	592	-	-
BBVA INMOBILIARIA E INVERSIONES, S.A.	CHILE	REAL ESTATE	-	68.11	68.11	5	42	35	6	1
BBVA INSTITUIÇÃO FINANCEIRA DE CREDITO, S.A.	PORTUGAL	FINANCIAL SERVICES	49.90	50.10	100.00	39	267	221	44	2
BBVA INTERNATIONAL LIMITED	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	12	9	3	-
BBVA INTERNATIONAL PREFERRED, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	1,772	1,772	1	-
BBVA INVERSIONES CHILE, S.A.	CHILE	INVESTMENT COMPANY	61.22	38.78	100.00	483	1,366	6	1,244	116
BBVA IRELAND PLC	IRELAND	FINANCIAL SERVICES	100.00	-	100.00	180	459	254	198	7
BBVA LEASIMO - SOCIEDADE DE LOCAÇÃO FINANCEIRA, S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.00	100.00	9	12	3	9	-
BBVA LUXINVEST, S.A.	LUXEMBOURG	INVESTMENT COMPANY	36.00	64.00	100.00	256	275	7	143	125
BBVA MEDIA CION OPERADOR DE BANCA-SEGUROS VINCULADO, S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	3	166	150	9	6
BBVA NOMINEES LIMITED	UNITED KINGDOM	SERVICES	95.00	-	95.00	-	-	-	-	-
BBVA PARAGUAY, S.A.	PARAGUAY	BANKING	100.00	-	100.00	23	1,726	1,584	119	23
BBVA PARTICIPACIONES MEXICANAS, S.L.	SPAIN	INVESTMENT COMPANY	99.00	1.00	100.00	-	-	-	-	-
BBVA PENSIONES, SA, ENTIDAD GESTORA DE FONDOS DE PENSIONES	SPAIN	PENSION FUNDS MANAGEMENT	100.00	-	100.00	13	67	35	16	16
BBVA PLANIFICACION PATRIMONIAL, S.L.	SPAIN	FINANCIAL SERVICES	80.00	20.00	100.00	-	1	-	1	-
BBVA PREVISIÓN AFP S.A. ADM.DE FONDOS DE PENSIONES	BOLIVIA	PENSION FUNDS MANAGEMENT	75.00	5.00	80.00	2	15	7	5	3
BBVA PROPIEDAD, S.A.	SPAIN	REAL ESTATE INVESTMENT COMPANY	-	100.00	100.00	1,162	1,187	10	1,237	(61)
BBVA RE LIMITED	IRELAND	INSURANCES SERVICES	-	100.00	100.00	1	87	45	34	8
BBVA REAL ESTATE MEXICO, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	1	1	(1)	-
BBVA RENTAS E INVERSIONES LIMITADA	CHILE	INVESTMENT COMPANY	-	100.00	100.00	191	192	-	158	34
BBVA RENTING, S.A.	SPAIN	FINANCIAL SERVICES	5.94	94.06	100.00	21	716	631	71	15
BBVA SECURITIES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	149	2,903	2,754	121	28
BBVA SEGUROS COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.00	6.00	100.00	10	66	50	14	3
BBVA SEGUROS DE VIDA COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.00	6.00	100.00	14	417	320	68	29
BBVA SEGUROS DE VIDA, S.A.	CHILE	INSURANCES SERVICES	-	100.00	100.00	52	227	174	50	3
BBVA SEGUROS, S.A., DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES SERVICES	94.35	5.60	99.95	431	18,113	16,382	1,513	218
BBVA SENIOR FINANCE, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	11,585	11,584	1	-
BBVA SERVICIOS CORPORATIVOS LIMITADA	CHILE	SERVICES	-	100.00	100.00	8	15	7	7	1
BBVA SERVICIOS, S.A.	SPAIN	COMERCIAL	-	100.00	100.00	-	10	2	7	2
BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	CHILE	FINANCIAL SERVICES	-	97.49	97.49	20	66	46	20	-
BBVA SOLUCIONES AVANZADAS DE ASESORAMIENTO Y GESTION, S.L. (**)	SPAIN	SERVICES	-	100.00	100.00	-	-	1	3	(3)
BBVA SUBORDINATED CAPITAL S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	1,768	1,767	1	-
BBVA SUIZA, S.A. (BBVA SWITZERLAND)	SWITZERLAND	BANKING	39.72	60.28	100.00	67	927	786	127	15
BBVA TRADE, S.A.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	6	34	13	13	8
BBVA U.S. SENIOR S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	1,670	1,670	-	-
BBVA VALORES COLOMBIA, S.A. COMISIONISTA DE BOLSA	COLOMBIA	SECURITIES DEALER	-	100.00	100.00	4	5	1	3	1
BBVA VIDA, S.A. DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES SERVICES	100.00	-	100.00	122	2,151	2,019	52	79
BBVA WEALTH SOLUTIONS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	5	5	-	6	(1)
BILBAO VIZCAYA HOLDING, S.A.	SPAIN	INVESTMENT COMPANY	89.00	11.00	100.00	35	175	56	114	6

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(**) This company has an equity loan from Blue Indico Investments, S.L.

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Millions of Euros(*)				
			Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.14	Liabilities 12.31.14	Equity 12.31.14	Profit (Loss) 12.31.14
BLUE INDICO INVESTMENTS, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	5	18	18	3	(2)
CAIXA DE MANLLEU PREFERENTS, S.A.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	-	-	-	-
CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	1	76	74	2	-
CAIXASABADELL PREFERENTS, S.A.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	92	91	1	-
CAIXASABADELL TINELIA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	41	42	-	41	-
CAPITAL INVESTMENT COUNSEL, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	12	13	-	11	2
CARTERA E INVERSIONES S.A., CIA DE	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	92	88	56	34	(2)
CASA DE BOLSA BBVA BANCOMER, S.A. DE C.V.	MEXICO	SECURITIES DEALER	-	100.00	100.00	66	74	8	31	35
CATALONIA GEBIRA, S.L. (**)	SPAIN	REAL ESTATE	-	81.66	81.66	-	44	51	(6)	-
CATALONIA PROMODIS 4, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	14	17	5	(7)
CB TRANSPORT, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	16	16	-	15	1
CDD GESTION, S.R.L.	ITALY	REAL ESTATE	100.00	-	100.00	5	6	-	6	-
CIA. GLOBAL DE MANDATOS Y REPRESENTACIONES, S.A.	URUGUAY	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
CIDESSA DOS, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	15	15	-	15	-
CIDESSA UNO, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	5	178	131	51	(5)
CIERVANA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	53	61	2	53	6
COMERCIALIZADORA CORPORATIVA SAC	PERU	FINANCIAL SERVICES	-	99.99	99.99	-	1	1	-	-
COMERCIALIZADORA DE SERVICIOS FINANCIEROS, S.A.	COLOMBIA	SERVICES	-	100.00	100.00	2	6	4	1	1
COMPASS ASSET ACCEPTANCE COMPANY, LLC	UNITED STATES	INACTIVE	-	100.00	100.00	402	402	-	402	-
COMPASS AUTO RECEIVABLES CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	3	3	-	3	-
COMPASS BANK	UNITED STATES	BANKING	-	100.00	100.00	9,673	70,583	60,911	9,343	330
COMPASS CAPITAL MARKETS, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	6,517	6,517	-	6,447	70
COMPASS CUSTODIAL SERVICES, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	-	-	-	-	-
COMPASS GP, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	40	50	10	39	-
COMPASS INVESTMENTS, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	-	-	-	-	-
COMPASS LIMITED PARTNER, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	5,673	5,674	1	5,605	67
COMPASS LOAN HOLDINGS TRS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	66	66	-	66	-
COMPASS MORTGAGE CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	2,492	2,547	54	2,456	36
COMPASS MORTGAGE FINANCING, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
COMPASS MULTISTATE SERVICES CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	3	3	-	3	-
COMPASS SOUTHWEST, LP	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	4,675	4,675	-	4,615	60
COMPASS TEXAS ACQUISITION CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	2	2	-	2	-
COMPASS TEXAS MORTGAGE FINANCING, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
COMPASS TRUST II	UNITED STATES	INACTIVE	-	100.00	100.00	-	-	-	-	-
COMPAÑIA CHILENA DE INVERSIONES, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	580	781	1	778	3
COMPLEMENTOS INNOVACIÓN Y MODA, S.L. (***)	SPAIN	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
CONSOLIDAR A.F.J.P., S.A.	ARGENTINA	IN LIQUIDATION	46.11	53.89	100.00	-	6	5	1	(1)
CONSORCIO DE CASAS MEXICANAS, S.A.P.I. DE C.V.	MEXICO	REAL ESTATE	-	99.99	99.99	1	26	13	13	1

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(*) Information on foreign companies at exchange rate on December 31, 2014

(**) This company has an equity loan from ARRELS CT PATRIMONIO I PROYECTES, S.A.

(***) This company has an equity loan from BBVA ELCANO EMPRESARIAL, S.C.R.S.A. and BBVA ELCANO EMPRESARIAL II, S.C.R.S.A. In liquidation.

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)						Millions of Euros(*)				
Company	Location	Activity	% of Voting Rights Controlled by the Bank			Affiliate Entity Data				
			Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.14	Liabilities 12.31.14	Equity 12.31.14	Profit (Loss) 12.31.14
CONTENTS AREA, S.L.	SPAIN	SERVICES	-	100.00	100.00	6	6	1	6	-
CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA, S.A. (1)	PERU	SECURITIES DEALER	-	100.00	100.00	7	10	2	7	1
CONTINENTAL DPR FINANCE COMPANY (1)	CAYMAN ISLANDS	FINANCIAL SERVICES	-	100.00	100.00	-	322	322	-	-
CONTINENTAL SOCIEDAD TITULIZADORA, S.A. (1)	PERU	FINANCIAL SERVICES	-	100.00	100.00	1	1	-	-	-
CONTRATACION DE PERSONAL, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	5	10	5	4	-
COPROMED S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	-	-	-	-	-
CORPORACION GENERAL FINANCIERA, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	510	1,188	1	966	221
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	SPAIN	REAL ESTATE	-	75.54	75.54	70	107	15	93	(1)
DESITEL TECNOLOGIA Y SISTEMAS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2	2	-	2	-
DEUTSCHE BANK MEXICO SA FIDECOMISO F/1859	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
DEUTSCHE BANK MEXICO SA FIDECOMISO F/1860	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
ECASA, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	11	13	2	6	5
ECOARENYS, S.L. (**)	SPAIN	REAL ESTATE	-	50.00	50.00	-	16	53	(31)	(6)
EL ENCINAR METROPOLITANO, S.A.	SPAIN	REAL ESTATE	-	99.05	99.05	4	8	4	5	(1)
EL MILANILLO, S.A. (***)	SPAIN	REAL ESTATE	-	100.00	100.00	11	8	1	7	-
EMPRENDIMIENTOS DE VALOR S.A.	URUGUAY	FINANCIAL SERVICES	-	100.00	100.00	3	8	6	3	(1)
ENTREZ SERVICIOS FINANCIEROS, E.F.C., S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	9	9	-	9	-
ESPAIS SABADELL PROMOCIONS INMOBILIARIAS, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	6	10	3	6	1
ESPANHOLA COMERCIAL E SERVIÇOS, LTDA.	BRASIL	IN LIQUIDATION	100.00	-	100.00	-	-	-	1	-
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SPAIN	SERVICES	-	51.00	51.00	-	-	-	-	-
EUROPEA DE TITULIZACION, S.A., S.G.F.T.	SPAIN	FINANCIAL SERVICES	88.99	-	88.99	2	42	6	32	4
F/253863 EL DESEO RESIDENCIAL	MEXICO	REAL ESTATE	-	65.00	65.00	-	1	-	1	-
F/403035-9 BBVA HORIZONTES RESIDENCIAL	MEXICO	REAL ESTATE	-	65.00	65.00	-	1	-	1	-
FACILEASING EQUIPMENT, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	51	517	438	66	13
FACILEASING S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	70	728	668	52	8
FIDECOMISO 28991-8 TRADING EN LOS MCADOS FINANCIEROS	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	3	3	-	3	-
FINANCIERAS DERIVADAS	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	73	73	-	69	3
FIDECOMISO HARES BBVA BANCOMER F/ 47997-2	MEXICO	REAL ESTATE	-	100.00	100.00	37	40	7	34	(1)
INSTITUCION DE BANCA MULTIPLE, FIDUCIARIO (FIDEIC.00989 6	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	2	201	199	(7)	9
FIDECOMISO N° 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	-	49	49	1	(1)
FIDECOMISO N° 752, EN BANCO INVEX, S.A., INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 2ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	24	24	-	-
FIDECOMISO N° 781, EN BANCO INVEX, S.A., INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 3ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	161	103	50	8
FIDECOMISO N° 847, EN BANCO INVEX, S.A., INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 4ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	127	128	-	(1)
FINANCIERA DO COMERCIO EXTERIOR S.A.R.	PORTUGAL	INACTIVE	100.00	-	100.00	-	-	-	-	-
FINANCIERA AYUDAMOS S.A. DE C.V., SOFOMER	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	9	24	15	14	(5)
FORUM COMERCIALIZADORA DEL PERU, S.A.	PERU	SERVICES	-	84.32	84.32	3	4	1	3	1
FORUM DISTRIBUIDORA DEL PERU, S.A.	PERU	FINANCIAL SERVICES	-	84.32	84.32	6	26	19	6	-
FORUM DISTRIBUIDORA, S.A.	CHILE	FINANCIAL SERVICES	-	75.52	75.52	17	127	107	17	3
FORUM SERVICIOS FINANCIEROS, S.A.	CHILE	FINANCIAL SERVICES	-	75.50	75.50	133	1,098	941	117	41
FUTURO FAMILIAR, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100	1	2	2	1	-

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(**) This company has an equity loan from PROMOTORA DEL VALLES, S.L.

(***) This company has an equity loan from ANIDA OPERACIONES SINGULARES, S.A.

(†) Full consolidation method is used according to accounting rules (see Glossary)

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 51).

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Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)						Millions of Euros(*)				
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GESTION DE PREVISION Y PENSIONES, S.A.	SPAIN	PENSION FUNDS MANAGEMENT	60.00	-	60.00	9	33	4	21	7
GESTION Y ADMINISTRACION DE RECIBOS, S.A. - GARSÁ	SPAIN	SERVICES	-	100.00	100.00	1	1	-	1	-
GOBERNALIA GLOBAL NET, S.A.	SPAIN	SERVICES	-	100.00	100.00	1	7	3	3	1
GRAN JORGE JUAN, S.A. (**)	SPAIN	REAL ESTATE	100.00	-	100.00	424	979	592	383	5
GRANFIDUCIARIA	COLOMBIA	IN LIQUIDATION	-	90.00	90.00	-	-	-	-	-
GRUPO FINANCIERO BBVA BANCOAMÉR, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	99.97	-	99.97	6,677	9,340	1	7,581	1,758
GUARANTY BUSINESS CREDIT CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	30	30	-	30	-
GUARANTY PLUS HOLDING COMPANY	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	(33)	53	86	(32)	(1)
GUARANTY PLUS PROPERTIES LLC-2	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	38	38	-	38	-
GUARANTY PLUS PROPERTIES, INC-1	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	10	10	-	10	-
HABITAGES INVERCAP, S.L. (***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	-	1	(1)	-
HABITAGES INVERVIC, S.L. (***)	SPAIN	REAL ESTATE	-	35.00	35.00	-	1	12	(9)	(1)
HABITAGES JUVIPRO, S.L. (***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	2	-	-
HIPOTECARIA NACIONAL MEXICANA INCORPORATED	UNITED STATES	REAL ESTATE	-	100.00	100.00	-	-	-	-	-
HIPOTECARIA NACIONAL, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	13	21	8	11	3
HOLDING CONTINENTAL, S.A.	PERU	INVESTMENT COMPANY	50.00	-	50.00	124	1,453	-	1,123	330
HOMEOWNERS LOAN CORPORATION	UNITED STATES	IN LIQUIDATION	-	100.00	100.00	8	8	-	8	-
HUMAN RESOURCES PROVIDER, INC	UNITED STATES	SERVICES	-	100.00	100.00	510	510	-	501	8
HUMAN RESOURCES SUPPORT, INC	UNITED STATES	SERVICES	-	100.00	100.00	506	506	-	498	8
IMOBILIARIA DUQUE DE AVILA, S.A.	PORTUGAL	REAL ESTATE	-	100.00	100.00	9	24	14	8	3
INMESP DESARROLLADORA, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	39	39	-	39	-
INMUEBLES Y RECUPERACIONES CONTINENTAL S.A. (1)	PERU	REAL ESTATE	-	100.00	100.00	2	9	7	-	2
INNOVATION 4 SECURITY, S.L.	SPAIN	SERVICES	-	100.00	100.00	-	3	2	1	1
INVERA HORRO, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	19	77	57	20	(1)
INVERPRO DESARROLUPAMENT, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	1	26	24	2	(1)
INVERSIONES ALDAMA, C.A.	VENEZUELA	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	CURACAO	INVESTMENT COMPANY	48.00	-	48.00	11	55	2	53	-
INVERSIONES BAPROBA, C.A.	VENEZUELA	FINANCIAL SERVICES	100.00	-	100.00	1	1	-	1	-
INVERSIONES DE INNOVACION EN SERVICIOS FINANCIEROS, S.L. (****)	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	-	42	46	-	(4)
INVERSIONES P.H.R.4, C.A.	VENEZUELA	INACTIVE	-	60.46	60.46	-	-	-	-	-
INVERSCO MANAGEMENT Nº 1, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.00	100.00	8	8	-	8	-
INVERSCO MANAGEMENT Nº 2, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.00	100.00	-	4	17	(13)	(1)
L'EIX IMMOBLES, S.L. (*****)	SPAIN	REAL ESTATE	-	100.00	100.00	-	20	25	(4)	(1)
LIQUIDITY ADVISORS, L.P	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1,029	1,029	-	1,024	6
MADIVA SOLUCIONES, S.L.	SPAIN	SERVICES	-	100.00	100.00	9	1	-	1	-
MISAPRE, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	1	3	2	6	(5)
MOMENTUM SOCIAL INVESTMENT 2011, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	3	3	-	3	-
MOMENTUM SOCIAL INVESTMENT 2012, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	2	2	-	2	-
MOMENTUM SOCIAL INVESTMENT 2013, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	2	2	-	2	-
MOMENTUM SOCIAL INVESTMENT HOLDING, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	7	7	-	7	-

(*) Information on foreign companies at exchange rate on December 31 2014

(**) This company has an equity loan from BBVA, S.A.

(***) These companies has an equity loan from Inverpro Desenvolupament, S.L.

(*****) This company has an equity loan from BILBAO VIZCAYA HOLDING, S.A.

(*****) This company has an equity loan from PROMOTORA DEL VALLES, S.L.

(1) Full consolidation method is used according to accounting rules (see Glossary)

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Millions of Euros(*)				
			Direct	Indirect	Total	Net Carrying Amount	Affiliate Entity Data			
							Assets 12.31.14	Liabilities 12.31.14	Equity 12.31.14	Profit (Loss) 12.31.14
MULTIASISTENCIA OPERADORA S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	-	1	1	-	-
MULTIASISTENCIA SERVICIOS S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	1	3	2	1	-
MULTIASISTENCIA, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	30	38	8	25	5
OPCION VOLCAN, S.A.	MEXICO	REAL ESTATE	-	100.00	100.00	66	69	5	54	11
OPPLUS OPERACIONES Y SERVICIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	1	26	15	7	4
OPPLUS S.A.C	PERU	IN LIQUIDATION	-	100.00	100.00	1	-	-	-	-
PARCSUD PLANNER, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	6	8	(1)	(1)
PARTICIPACIONES ARENAL, S.L.	SPAIN	INACTIVE	-	100.00	100.00	8	8	-	8	-
PECRI INVERSION S.A	SPAIN	OTHER INVESTMENT COMPANIES	100.00	-	100.00	88	88	-	95	(7)
PENSIONES BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	278	4,119	3,842	241	37
PHOENIX LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	370	390	20	361	9
PI HOLDINGS NO. 1, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	78	78	-	78	-
PI HOLDINGS NO. 3, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	23	23	-	23	-
PRO-SALUD, C.A.	VENEZUELA	INACTIVE	-	58.86	58.86	-	-	-	-	-
PROMOCION EMPRESARIAL XX, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	6	9	-	8	-
PROMOTORA DE RECURSOS AGRARIOS, S.A.	SPAIN	COMERCIAL	100.00	-	100.00	-	-	-	-	-
PROMOTORA DEL VALLES, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	-	166	256	(73)	(17)
PROMOU CT 3A G DELTA, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	1	10	10	(2)	2
PROMOU CT EIX MACIA, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	10	12	(2)	-
PROMOU CT GEBIRA, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	8	11	(3)	-
PROMOU CT OPENSEGRE, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	16	31	(13)	(2)
PROMOU CT VALLES, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	2	10	8	3	(1)
PROMOU GLOBAL, S.L. (**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	72	111	(38)	(1)
PROV-INFARRAHONA, S.L. (***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	10	16	(5)	(1)
PROVINCIAL DE VALORES CASA DE BOLSA, C.A.	VENEZUELA	SECURITIES DEALER	-	90.00	90.00	1	3	1	3	(1)
PROVINCIAL SDAD.ADMIN.DE ENTIDADES DE INV.COLECTIVA, C.A.	VENEZUELA	FINANCIAL SERVICES	-	100.00	100.00	1	1	-	-	-
PROVINDIA ENTIDAD RECAUDADORA Y ADMIN.DE APORTES, S.A.	BOLIVIA	PENSION FUNDS MANAGEMENT	-	100.00	100.00	1	5	4	1	-
PROXIMA ALFA INVESTMENTS (USA) LLC	UNITED STATES	IN LIQUIDATION	-	100.00	100.00	8	1	-	1	-
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) II INC.	UNITED STATES	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) INC.	UNITED STATES	IN LIQUIDATION	100.00	-	100.00	-	8	4	4	-
RENTRUCKS, ALQUILER Y SERVICIOS DE TRANSPORTE, S.A.	SPAIN	INACTIVE	99.32	-	99.32	2	3	1	5	(4)
RESIDENCIAL CUMBRES DE SANTA FE, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	9	10	1	7	1
RWHC, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	640	640	-	628	13
SCALDIS FINANCE, S.A.	BELGIUM	INVESTMENT COMPANY	-	100.00	100.00	4	18	-	18	-
SEGUROS BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	493	3,499	3,006	271	222
SEGUROS PROVINCIAL, C.A.	VENEZUELA	INSURANCES SERVICES	-	100.00	100.00	42	53	12	47	(6)
SERVICIOS CORPORATIVOS BANCOMER, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	4	12	8	4	1
SERVICIOS CORPORATIVOS DE SEGUROS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2	11	9	2	-
SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A DE C.V.	MEXICO	SERVICES	-	100.00	100.00	5	16	11	5	1
SERVICIOS TECNOLOGICOS SINGULARES, S.A.	SPAIN	SERVICES	-	100.00	100.00	2	8	5	2	-

Impairment losses due to property, real estate and stocks, of Spanish Real Estate companies, according to Royal Decree-Law 10/2008 and successive, are not counted for purposes of Article 363 of the Companies Act Capital.

(*) Information on foreign companies at exchange rate on December 31, 2014

(**) This company has an equity loan from ARRELS CT PROMOU, S.A.

(***) This company has an equity loan from PROMOTORA DEL VALLES S.L.

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 51).

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.

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued) and consolidated structured entities

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Millions of Euros(*)				
			Direct	Indirect	Total	Affiliate Entity Data				
						Net Carrying Amount	Assets 12.31.14	Liabilities 12.31.14	Equity 12.31.14	Profit (Loss) 12.31.14
SIMPLE FINANCE TECHNOLOGY CORP.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	88	90	2	99	(11)
SOCIEDAD DE ESTUDIOS Y ANALISIS FINANCIERO., S.A.	SPAIN	SERVICES	100.00	-	100.00	110	110	-	111	(1)
SOCIEDAD GESTORA DEL FONDO PUBLICO DE REGULACION DEL MERCADO HIPOTECARIO, S.A.	SPAIN	INACTIVE	77.20	-	77.20	-	-	-	-	-
SPORT CLUB 18, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	15	15	-	26	(11)
STATE NATIONAL CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	13	12	-	-
STATE NATIONAL STATUTORY TRUST II	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	9	8	-	-
TEXAS LOAN SERVICES, LP.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1,033	1,033	-	1,025	8
TEXAS REGIONAL STATUTORY TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1	43	41	1	-
TEXASBANC CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1	21	21	1	-
TEXTIL TEXTURA, S.L.	SPAIN	COMERCIAL	-	68.67	68.67	2	-	-	-	-
TMF HOLDING INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	10	14	4	10	-
TUCSON LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	90	90	-	87	3
UNIDAD DE AVALUOS MEXICO, S.A. DE CV	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	3	5	2	2	-
UNITARIA GESTION DE PATRIMONIOS INMOBILIARIOS	SPAIN	REAL ESTATE	-	100.00	100.00	2	3	-	3	-
UNIVERSALIDAD "E5"	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	-	2	-	2	-
UNIVERSALIDAD TIPS PESOS E-9	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	-	149	121	24	4
UNNIM SOCIEDAD PARA LA GESTION DE ACTIVOS INMOBILIARIOS, S.A.	SPAIN	REAL ESTATE	100.00	-	100.00	-	983	839	338	(194)
UNO-E BANK, S.A.	SPAIN	BANKING	100.00	-	100.00	175	1,367	1,180	161	25
URBANIZADORA SANT LLORENC, S.A.	SPAIN	INACTIVE	60.60	-	60.60	-	-	-	-	-
VALANZA CAPITAL RIESGO S.G.E.C.R. S.A. UNIPERSONAL	SPAIN	VENTURE CAPITAL	100.00	-	100.00	1	14	7	7	-

Impairment losses due to property, real estate and stocks, of Spanish Real Estate companies, according to Royal Decree-Law 10/2008 and successive, are not counted for purposes of Article 363 of the Companies Act Capital.

(*) Information on foreign companies at exchange rate on December 31, 2014

APPENDIX III.

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)

Including the most significant entities, jointly representing 99.71% of all investment in this group											
Company	Location	Activity	% of Voting Rights Controlled by the Bank			Millions of Euros(**)					
			Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.14	Liabilities 12.31.14	Equity 12.31.14	Profit (Loss) 12.31.14	
ACA, S.A. SOCIEDAD DE VALORES	SPAIN	SECURITIES DEALER	37.50	-	37.50	2	12	2	13	(3)	(1)
ADQUIRA ESPAÑA, S.A.	SPAIN	COMERCIAL	-	40.00	40.00	3	16	10	6	1	
ADQUIRA MEXICO, S.A. DE C.V.	MEXICO	COMERCIAL	-	50.00	50.00	2	7	3	4	-	
ALMAGRARIO, S.A.	COLOMBIA	SERVICES	-	35.38	35.38	4	28	-	28	-	
ALTITUDE SOFTWARE SGPS, S.A. (*)	PORTUGAL	SERVICES	-	31.55	31.55	8	21	21	1	(4)	(1)(4)
ALTURA MARKETS, SOCIEDAD DE VALORES, S.A. (*)	SPAIN	SECURITIES DEALER	50.00	-	50.00	18	1,406	1,370	30	6	
ASOCIACION TECNICA CAJAS DE AHORROS, A.I.E (ATCA, AIE) (*)	SPAIN	SERVICES	31.00	-	31.00	2	7	-	7	-	
AUREA, S.A. (CUBA)	CUBA	REAL ESTATE	-	49.00	49.00	4	8	-	8	-	
BRUNARA, SICAV, S.A.	SPAIN	VARIABLE CAPITAL	1.64	9.39	11.03	52	158	1	144	12	
CANCUN SUN & GOLF COUNTRY CLUB, S.A.P.I. DE C.V.	MEXICO	REAL ESTATE	-	33.33	33.33	36	84	28	58	(3)	
CTIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFIH	HONG-KONG	INVESTMENT COMPANY	29.68	-	29.68	675	20,593	18,584	1,791	219	(1)(2)(4)
COMPAÑIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A.	SPAIN	FINANCIAL SERVICES	16.67	-	16.67	17	107	8	91	8	
COMPAÑIA MEXICANA DE PROCESAMIENTO, S.A. DE C.V. (*)	MEXICO	SERVICES	-	50.00	50.00	6	13	-	12	1	
CORPORACION IBV PARTICIPACIONES EMPRESARIALES, S.A. (*)	SPAIN	INVESTMENT COMPANY	-	50.00	50.00	111	443	172	270	-	(2)
FERROMOVIL 3000, S.L. (*)	SPAIN	SERVICES	-	20.00	20.00	4	559	529	30	-	
FERROMOVIL 9000, S.L. (*)	SPAIN	SERVICES	-	20.00	20.00	3	359	337	22	-	
FIDEICOMISO 1729 INVEX ENAJENACION DE CARTERA (*)	MEXICO	REAL ESTATE	-	32.25	32.25	70	216	-	216	-	
FIDEICOMISO F 403853- 5 BBVA BANCOAMER SERVICIOS ZIBATA (*)	MEXICO	REAL ESTATE	-	30.00	30.00	20	120	50	64	6	
FIDEICOMISO F/402770-2 ALAMAR (*)	MEXICO	REAL ESTATE	-	42.400	42.40	10	23	-	23	-	
FIDEICOMISO F/403112-6 DE ADMINISTRACION DOS LAGOS (*)	MEXICO	REAL ESTATE	-	46.91	46.91	9	20	-	20	-	
FIDEICOMISO SCOTIABANK INVERLAT SA 100322742 (*)	MEXICO	REAL ESTATE	-	33.62	33.62	11	68	33	34	1	
I+D MEXICO, S.A. DE C.V. (*)	MEXICO	SERVICES	-	50.00	50.00	17	33	-	23	11	(1)
INVERSIONES PLATCO, C.A. (*)	VENEZUELA	FINANCIAL SERVICES	-	50.00	50.00	11	38	16	26	(4)	
METROVACESA, S.A.	SPAIN	REAL ESTATE	18.31	-	18.31	257	6,956	5,705	1,620	(348)	(1)(4)
OCCIDENTAL HOTELES MANAGEMENT, S.L.	SPAIN	SERVICES	-	57.54	57.54	104	625	445	180	-	(2)
PARQUE REFORMA SANTA FE, S.A. de C.V.	MEXICO	REAL ESTATE	-	30.00	30.00	5	52	36	11	5	
PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A. (*)	ARGENTINA	BANKING	-	50.00	50.00	26	222	170	32	20	
REAL ESTATE DEAL II, S.A. (*)	SPAIN	OTHER INVESTMENT COMPANIES	20.06	-	20.06	5	39	11	29	(1)	
REDSYS SERVICIOS DE PROCESAMIENTO, S.L.	SPAIN	FINANCIAL SERVICES	16.75	0.22	16.97	4	112	89	17	6	
ROMBO COMPAÑIA FINANCIERA, S.A.	ARGENTINA	BANKING	-	40.00	40.00	25	216	154	37	24	
SERVICIOS ELECTRONICOS GLOBALES, S.A. DE C.V.	MEXICO	SERVICES	-	46.14	46.14	5	11	-	11	1	
SERVICIOS ON LINE PARA USUARIOS MULTIPLES, S.A. (SOLIUM) (*)	SPAIN	SERVICES	-	66.67	66.67	7	12	5	6	1	(1)
SERVIREED SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A.	SPAIN	FINANCIAL SERVICES	22.30	0.29	22.59	8	52	15	28	9	
SOCIEDAD ADMINISTRADORA DE FONDOS DE CESANTIA DE CHILE II, S.A.	CHILE	PENSION FUND MANAGEMENT	-	48.60	48.60	8	21	4	16	2	
TELEFONICA FACTORING ESPAÑA, S.A.	SPAIN	FINANCIAL SERVICES	30.00	-	30.00	3	59	44	7	9	(4)
TURKIYE GARANTI BANKASI A.S (*)	TURKEY	BANKING	25.01	-	25.01	3,853	20,955	18,631	2,069	255	(3)
VITAMEDICA ADMINISTRADORA, S.A. DE C.V. (*)	MEXICO	SERVICES	-	51.00	51.00	3	13	7	6	1	(1)
OTHER COMPANIES						16					

(*) Joint venture entities accounted for using the equity method.
(**) Information on foreign companies at exchange rate on December 31, 2014.
(1) Consolidated data
(2) Non-currents sets held for sale
(3) Information on Garanti Group as of September 30, 2014. Total market capitalization as of December 31, 2014 was €13,970 million. Total received dividends amounted to €36 million.
(4) Figures as of December 31, 2013

APPENDIX IV. Changes and notification of investments and divestments in the BBVA Group in 2013

Acquisitions or Increases of Interest Ownership in Consolidated Subsidiaries

Company	Type of Transaction	Activity	Millions 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	
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	DILUTION EFFECT	REAL ESTATE	7	-	2.16%	74.66%	2/7/2014
SIMPLE FINANCE TECHNOLOGY CORP.	ACQUISITION	FINANCIAL SERVICES	84	-	100.00%	0.00%	3/20/2014
BBVA DATA & ANALYTICS, S.L.	FOUNDING	SERVICES	-	-	100.00%	100.00%	4/20/2014
MOMENTUM SOCIAL INVESTMENT 2013, S.L.	FOUNDING	INVESTMENT COMPANY	2	-	100.00%	100.00%	5/30/2014
HABITATGES JUVIPRO, S.L.	ACQUISITION	REAL ESTATE	-	-	60.00%	100.00%	7/9/2014
RENTRUCKS, ALQUILER Y SERVICIOS DE TRANSPORTE, S.A.	DILUTION EFFECT	FINANCIAL SERVICES	4	-	0.10%	99.32%	10/7/2014
MOMENTUM SOCIAL INVESTMENT HOLDING, S.L.	FOUNDING	INVESTMENT COMPANY	7	-	100.00%	100.00%	10/7/2014
L'EIX IMMOBLES, S.L.	ACQUISITION	REAL ESTATE	-	-	10.00%	100.00%	10/7/2014
MADIVA SOLUCIONES, S.L.	ACQUISITION	SERVICES	9	-	100.00%	100.00%	11/28/2014
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	DILUTION EFFECT	REAL ESTATE	3	-	0.88%	75.54%	12/11/2014
EUROPEA DE TITULIZACION, S.A., S.G.F.T.	ACQUISITION	FINANCIAL SERVICES	-	-	1.48%	88.99%	12/18/2014
DEUTSCHE BANK MEXICO SA FIDEICOMISO F/1859	FOUNDING	FINANCIAL SERVICES	-	-	100.00%	100.00%	12/23/2014
DEUTSCHE BANK MEXICO SA FIDEICOMISO F/1860	FOUNDING	FINANCIAL SERVICES	-	-	100.00%	100.00%	12/23/2014

Disposals or Reduction of Interest Ownership in Consolidated Subsidiaries

Company	Type of Transaction	Activity	Millions of Euros		% of Voting Rights		Effective Date for the Transaction (or Notification Date)
			Profit (Loss) in the Transaction	Changes in the Equity due to the transaction	% Participation Sold in the Period	Total Voting Rights Controlled after the Disposal	
EL OASIS DE LAS RAMBLAS, S.L.	LIQUIDATION	REAL ESTATE	-	-	70.00%	0.00%	5/2/2014
BBVA BANCO FRANCES, S.A. (*)	DISPOSAL	BANK	-	1	0.03%	75.93%	6/30/2014
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.	DISPOSAL	SERVICES	-	-	72.05%	0.00%	9/9/2014
F/11032604 FRACCIONAMIENTO LORCA	DILUTION EFFECT	REAL ESTATE	-	-	3.29%	56.76%	6/30/2014
BBVA CARTERA DE INVERSIONES, SICAV, S.A.	LIQUIDATION	VARIABLE CAPITAL	-	-	100.00%	0.00%	10/31/2014
SOCIETE IMMOBILIERE BBV D'ILBARRIZ	LIQUIDATION	REAL ESTATE	-	-	100.00%	0.00%	12/15/2014
UNNIM SERVEIS DE DEPENDENCIA, S.A.	LIQUIDATION	SERVICES	-	-	100.00%	0.00%	12/16/2014
SERVICIOS Y SOLUCIONES DE GESTION PARA CORPORACIONES, EMPRESAS Y PARTICULARES, S.L.	LIQUIDATION	SERVICES	-	-	100.00%	0.00%	12/22/2014
IBERNEGOCIO DE TRADE, S.L.	LIQUIDATION	COMMERCIAL	-	-	100.00%	0.00%	12/24/2014
F/11032604 FRACCIONAMIENTO LOARCA TERCERA SECCION	DISPOSAL	REAL ESTATE	-	-	56.76%	0.00%	12/30/2014
FIDEICOMISO Nº 402900-5 ADMINISTRACION DE INMUEBLES	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	0.00%	12/31/2014
Consolidated Structured Entities							
CID II FINANCE B.V.	LIQUIDATION	FINANCIAL SERVICES	-	-	-	-	12/30/2014

(*) The profit figure shown is the net attributed income for the sale

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 51).

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.

Business Combinations and Other Acquisitions or Increases of Interest Ownership in Associates and Joint-Ventures Accounted for Under the Equity Method							
Company	Type of Transaction	Activity	Millions of Euros		% 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	
REAL ESTATE DEAL II, S.A.	ACQUISITION	OTHER INVESTMENT COMP.	5	-	20.06%	20.06%	3/31/2014
BATEC MOBILITY, S.L.	ACQUISITION	SERVICES	-	-	48.51%	48.51%	2/26/2014
GARANTI FILO SIGORTA ARACILIK HIZMETLERI A.S.	FOUNDING	INSURANCES SERVICES	-	-	100.00%	100.00%	3/20/2014
SEGURIDAD Y PROTECCION BANCARIAS, S.A. DE C.V.	DILUTION EFFECT	SERVICES	-	-	3.82%	26.14%	5/30/2014
GARANTI FINANSAL KIRALAMA A.S.	ACQUISITION	FINANCIAL SERVICES	-	-	0.04%	99.99%	10/31/2014
GARANTI ODEME SISTEMLERI A.S.(GOSAS)	ACQUISITION	FINANCIAL SERVICES	-	-	0.04%	100.00%	10/31/2014
GARANTI HIZMET YONETIMI A.S	ACQUISITION	FINANCIAL SERVICES	-	-	99.40%	3.00%	10/31/2014
ALTITUDE SOFTWARE SGPS, S.A.	DILUTION EFFECT	SERVICES	-	-	0.54%	31.54%	12/23/2014
FIDEICOMISO SCOTIABANK INVERLAT S A F100322908	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	12/23/2014
Consolidated Structured Entities							
COMPANY	FOUNDING	FINANCIAL SERVICES	-	-			2/28/2014
RPV COMPANY	FOUNDING	FINANCIAL SERVICES	-	-			2/28/2014

Disposal or Reduction of Interest Ownership in Associates and Joint-Ventures Companies Accounted for Under the Equity Method

Company	Type of Transaction	Activity	Millions of Euros	% of Voting Rights		Effective Date for the Transaction (or Notification Date)
			Profit (Loss) in the Transaction	% Participation Sold in the Period	Total Voting Rights Controlled after the Disposal	
AC HOTEL MANRESA, S.L.	LIQUIDATION	SERVICES	-	50.00%	0.00%	1/7/2014
RENT AND TECH ALQUILER Y SERVICIOS TECNOLOGICOS. S.L.	DISPOSAL	SERVICES	-	100.00%	0.00%	1/9/2014
TUBOS REUNIDOS, S.A.	DISPOSAL	INDUSTRIAL	-	0.46%	21.75%	1/31/2014
TUBOS REUNIDOS, S.A.	DISPOSAL	INDUSTRIAL	16	21.75%	0.00%	2/18/2014
EFEAGRO, S.A.	DISPOSAL	SERVICES	-	50.00%	0.00%	4/28/2014
SVENSON, S.L.	DISPOSAL	COMMERCIAL	-	31.51%	0.00%	5/1/2014
FIDECOMISO SCOTIABANK INVERLAT SA 100322742	DILUTION EFFECT	REAL ESTATE	-	1.67%	37.01%	6/30/2014
NAVIERA ATTILA, AIE	LIQUIDATION	SERVICES	-	21.01%	0.00%	6/30/2014
CONNEX GARRAF, S.L.	LIQUIDATION	REAL ESTATE	-	33.00%	0.00%	10/15/2014
PROMOU CT MEDEA, S.L.	DISPOSAL	REAL ESTATE	-	51.00%	0.00%	10/28/2014
DOMENIA CREDIT IFN SA	MERGER	FINANCIAL SERVICES	-	100.00%	0.00%	11/14/2014
STICHTING UNITED CUSTODIAN	LIQUIDATION	FINANCIAL SERVICES	-	100.00%	0.00%	11/18/2014
GESTIO CASA JOVE, S.L.	DISPOSAL	REAL ESTATE	-	31.00%	0.00%	11/19/2014
SBD LLOGUER SOCIAL, S.A.	DISPOSAL	REAL ESTATE	3	20.00%	0.00%	11/21/2014
FIDECOMISO SCOTIABANK INVERLAT SA 100322742	DILUTION EFFECT	REAL ESTATE	-	3.39%	33.61%	11/28/2014
PROMOTORA DE INVERSION DE C. V.	DISPOSAL	REAL ESTATE	8	50.00%	0.00%	11/30/2014
GOLDEN CLOVER STICHTING CUSTODY	LIQUIDATION	FINANCIAL SERVICES	-	100.00%	0.00%	12/8/2014
SAFEKEEPING CUSTODY COMPANY B.V.	LIQUIDATION	FINANCIAL SERVICES	-	100.00%	0.00%	12/12/2014
COMPANIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A.	DISPOSAL	FINANCIAL SERVICES	-	1.14%	16.67%	12/16/2014
STICHTING SAFEKEEPING	LIQUIDATION	INVESTMENT COMPANY	-	100.00%	0.00%	12/22/2014

Changes in other Companies quoted recognize as Available-For-Sale

Company	Type of Transaction	Activity	% of voting rights		Effective Date for the Transaction (or Notification Date)
			% Participation Acquired (Sold) in the Period	Totally Controlled after Transaction	
TUBOS REUNIDOS, S.A.	DISPOSAL	INDUSTRIAL	6.89%	14.87%	2/18/2014

APPENDIX V.

Fully consolidated subsidiaries with more than 10% owned by non-Group shareholders as of December 31, 2014

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	1.46	53.75	55.21
BBVA CONSUMER FINANCE ENTIDAD DE DESARROLLO A LA PEQUEÑA Y MICRO EMPRESA, EDPYME, S.A. (BBVA CONSUMER FINANCE - EDPYME)	FINANCIAL SERVICES	-	84.32	84.32
BBVA ELCANO EMPRESARIAL, S.A. EN LIQUIDACION	IN LIQUIDATION	45.00	-	45.00
BBVA INMOBILIARIA E INVERSIONES, S.A.	REAL ESTATE	-	68.11	68.11
CATALONIA GEBIRA, S.L.	REAL ESTATE	-	81.66	81.66
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	REAL ESTATE	-	75.54	75.54
ECOARENYS, S.L.	REAL ESTATE	-	50.00	50.00
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SERVICES	-	51.00	51.00
F/253863 EL DESEO RESIDENCIAL	REAL ESTATE	-	65.00	65.00
F/403035-9 BBVA HORIZONTES RESIDENCIAL	REAL ESTATE	-	65.00	65.00
FORUM COMERCIALIZADORA DEL PERU, S.A.	SERVICES	-	84.32	84.32
FORUM DISTRIBUIDORA DEL PERU, S.A.	FINANCIAL SERVICES	-	84.32	84.32
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
HABITATGES INVERVIC, S.L.	REAL ESTATE	-	35.00	35.00
HOLDING CONTINENTAL, S.A.	INVESTMENT COMPANY	50.00	-	50.00
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	INVESTMENT COMPANY	48.00	-	48.00
INVERSIONES P.H.R.4, C.A.	NO ACTIVITY	-	60.46	60.46
PRO-SALUD, C.A.	NO ACTIVITY	-	58.86	58.86
TEXTIL TEXTURA, S.L.	COMERCIAL	-	68.67	68.67

APPENDIX VI.

BBVA Group's securitization funds

Securitization Fund (consolidated)	Company	Origination Date	Millions of Euros	
			Total Securitized Exposures at the Origination Date	Total Securitized Exposures as of December 31, 2014
BBVA-3 FTPYME FTA	BBVA, S.A.	11/2004	1,000,023	13,984
BBVA HIPOTECARIO 3 FTA	BBVA, S.A.	06/2005	1,450,013	79,355
BBVA-4 PYME FTA	BBVA, S.A.	09/2005	1,250,025	27,159
BBVA AUTOS 2 FTA	BBVA, S.A.	12/2005	1,000,000	24,318
BBVA CONSUMO 1 FTA	BBVA, S.A.	05/2006	1,499,999	39,022
BBVA-5 FTPYME FTA	BBVA, S.A.	10/2006	1,900,022	76,413
BBVA CONSUMO 2 FTA	BBVA, S.A.	11/2006	1,500,000	44,786
BBVA RMBS 1 FTA	BBVA, S.A.	02/2007	2,500,000	1,391,188
BBVA RMBS 2 FTA	BBVA, S.A.	03/2007	5,000,000	2,670,495
BBVA LEASING 1 FTA	BBVA, S.A.	06/2007	2,500,000	205,596
BBVA-6 FTPYME FTA	BBVA, S.A.	06/2007	1,500,101	99,389
BBVA RMBS 3 FTA	BBVA, S.A.	07/2007	3,000,000	1,842,994
BBVA EMPRESAS 1 FTA	BBVA, S.A.	11/2007	1,450,002	78,545
BBVA-7 FTGENCAT FTA	BBVA, S.A.	02/2008	250,010	23,649
BBVA CONSUMO 3 FTA	BBVA, S.A.	04/2008	975,000	53,697
BBVA RMBS 5 FTA	BBVA, S.A.	05/2008	5,000,001	3,054,292
BBVA-8 FTPYME FTA	BBVA, S.A.	07/2008	1,100,127	137,950
BBVA EMPRESAS 2 FTA	BBVA, S.A.	03/2009	2,850,062	471,408
BBVA CONSUMO 4 FTA	BBVA, S.A.	12/2009	1,100,000	142,360
BBVA EMPRESAS 3 FTA	BBVA, S.A.	12/2009	2,600,011	346,112
BBVA RMBS 9 FTA	BBVA, S.A.	04/2010	1,295,101	1,048,977
BBVA EMPRESAS 4 FTA	BBVA, S.A.	07/2010	1,700,025	282,637
BBVA EMPRESAS 5 FTA	BBVA, S.A.	03/2011	1,250,050	308,720
BBVA EMPRESAS 6 FTA	BBVA, S.A.	12/2011	1,200,154	440,438
BBVA RMBS 10 FTA	BBVA, S.A.	06/2011	1,600,065	1,411,889
BBVA RMBS 11 FTA	BBVA, S.A.	06/2012	1,400,077	1,255,711
BBVA SECURITISED FUNDING 1.FTA	BBVA, S.A.	03/2013	847,997	602,218
BBVA RMBS 12 FTA	BBVA, S.A.	12/2013	4,350,001	4,133,729
BBVA-FINANZIA AUTOS 1 FTA	BBVA, S.A.	04/2007	800,000	33,429
FTA TDA-22 MIXTO	BBVA, S.A.	12/2004	62,000	21,196
FTA IM TERRASSA MBS-1	BBVA, S.A.	07/2006	525,000	162,452
FTA TDA-27	BBVA, S.A.	12/2006	275,000	134,014
FTA TDA-28	BBVA, S.A.	07/2007	250,000	135,017
FTA GAT FTGENCAT 2007	BBVA, S.A.	11/2007	225,000	45,953
FTA GAT FTGENCAT 2008	BBVA, S.A.	08/2008	350,000	118,039
AYT HIPOTECARIO MIXTO, FTA	BBVA, S.A.	03/2004	100,000	24,189
TDA 20-MIXTO, FTA	BBVA, S.A.	06/2004	100,000	26,749
AYT HIPOTECARIO MIXTO IV, FTA	BBVA, S.A.	06/2005	100,000	33,476
GC FTGENCAT CAIXA SABADELL 1, FTA	BBVA, S.A.	10/2006	304,500	26,583
AYT CAIXA SABADELL HIPOTECARIO I, FTA	BBVA, S.A.	07/2008	300,000	135,062
GC FTGENCAT CAIXA SABADELL 2, FTA	BBVA, S.A.	12/2008	238,000	19,053
BBVA PYME 9 FTA	BBVA, S.A.	12/2012	470,035	226,297
BBVA RMBS 13 FTA	BBVA, S.A.	07/2014	4,100,110	4,006,130
BBVA CONSUMO 6 FTA	BBVA, S.A.	10/2014	298,858	273,156
BBVA RMBS 14 FTA	BBVA, S.A.	11/2014	700,019	686,425
PEP80040F110	BANCO CONTINENTAL, S.A.	12/2007	20,591	3,177
BBVA UNIVERSALIDAD E9	BBVA COLOMBIA, S.A.	12/2008	48,434	6,212
BBVA UNIVERSALIDAD E10	BBVA COLOMBIA, S.A.	03/2009	25,543	2,606
BBVA UNIVERSALIDAD E11	BBVA COLOMBIA, S.A.	05/2009	16,862	1,281
BBVA UNIVERSALIDAD E12	BBVA COLOMBIA, S.A.	08/2009	27,088	3,028
BBVA UNIVERSALIDAD N6	BBVA COLOMBIA, S.A.	08/2012	73,317	20,424
BACOMCB 07	BBVA BANCOIMER, S.A.	12/2007	147,949	47,313
BACOMCB 08	BBVA BANCOIMER, S.A.	03/2008	64,626	23,027
BACOMCB 08U	BBVA BANCOIMER, S.A.	08/2008	318,761	151,790
BACOMCB 08-2	BBVA BANCOIMER, S.A.	12/2008	325,917	124,434
BACOMCB 09	BBVA BANCOIMER, S.A.	08/2009	366,296	191,679
BMERCB 13	BBVA BANCOIMER, S.A.	06/2013	606,112	191,032
2 PS Interamericana	BBVA CHILE S.A.	10/2004	9,769	2,987
2 PS Interamericana	BBVA SOCIEDAD DE LEASING INMOBILIARIO, S	10/2004	19,391	5,929

Securitization Fund (not consolidated)	Company	Origination Date	Millions of Euros	
			Total Securitized Exposures at the Origination Date	Total Securitized Exposures as of December 31, 2014
BCL MUNICIPIOS I FTA	BBVA, S.A.	06/2000	1,205,059	57,947
FTA TDA13	BBVA, S.A.	12/2000	84,142	8,621
FTA TDA-18 MIXTO	BBVA, S.A.	11/2003	91,000	18,750
AYT 1 HIPOTECARIO, FTH	BBVA, S.A.	06/1999	149,040	3,538
2 PS RBS (ex ABN)	BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	09/2002	7,622	4,786

APPENDIX VII.

Details of the outstanding subordinated debt and preferred securities issued by the Bank as of December 31, 2014 and 2013

Millions of Euros					
Issue Type and data	2014	2013	Interest rate in force in 2014	Fix (F) or Variable (V)	Maturity date
Non-convertible					
July-96	27	27	9.37%	F	12/22/2016
July-04	3	2	0.34%	V	7/30/2019
October-04	-	628		V	20/10/2019(*)
January-05	49	49	0.61%	V	1/28/2020
December-05	3	3	2.37%	V	12/1/2015
August-06	40	36	4.70%	F	8/9/2021
August-06	45	46	0.66%	V	8/9/2021
February-07	70	64	0.64%	V	2/15/2017
February-07	253	255	4.50%	V	2/16/2022
March-07	74	75	1.38%	V	Perpetual
March-08	125	125	6.03%	V	3/3/2033
July-08	100	100	6.20%	F	7/4/2023
June-09	5	5	5.33%	V	6/10/2024
September-09	10	10	6.00%	V	9/29/2019
Convertible					
May-13	1,235	1,088	9.00%	V	Perpetual
	1,500	-	7.00%	V	Perpetual
Subtotal	3,539	2,513			
Subordinated deposits	4,100	2,529			
Preferred Stock					
December-07	14	14	2.33%	V	Perpetual
Total	7,653	5,056			

APPENDIX VIII.

Balance sheets held in foreign currency as of December 31, 2014 and 2013

Millions of Euros				
2014	USD	Pounds Sterling	Other Currencies	TOTAL
Assets -				
Financial assets held for trading	2,126	305	600	3,031
Available-for-sale financial assets	3,475	950	3,081	7,506
Loans and receivables	12,839	1,461	1,900	16,200
Investments	2,028	-	19,826	21,854
Tangible assets	7	6	2	15
Rest	9,140	1,385	(8,495)	2,030
Total	29,615	4,107	16,914	50,636
Liabilities -				
Financial assets held for trading	1,474	241	398	2,113
Financial liabilities at amortized cost	28,118	3,772	873	32,763
Rest	5	59	668	732
Total	29,597	4,072	1,939	35,608

Millions of Euros				
2013	USD	Pounds Sterling	Other Currencies	TOTAL
Assets -				
Financial assets held for trading	1,611	305	897	2,813
Available-for-sale financial assets	1,228	68	1,902	3,198
Loans and receivables	10,893	1,513	1,545	13,951
Investments	8,961	-	12,059	21,020
Tangible assets	7	6	1	14
Rest	822	32	91	945
Total	23,522	1,924	16,495	41,941
Liabilities -				
Financial assets held for trading	1,054	261	368	1,683
Financial liabilities at amortized cost	22,592	2,744	783	26,119
Rest	64	61	(561)	(436)
Total	23,710	3,066	590	27,366

APPENDIX IX.

Income statement corresponding to the first and second half of 2014 and 2013

	Millions of Euros			
	1H14	1H13	2H14	2H13
INTEREST AND SIMILAR INCOME	3,473	4,225	3,290	3,652
INTEREST EXPENSE AND SIMILAR CHARGES	(1,893)	(2,460)	(1,600)	(2,129)
INCOME FROM EQUITY INSTRUMENTS	-	-	-	-
NET INTEREST INCOME	1,580	1,765	1,690	1,523
INCOME FROM EQUITY INSTRUMENTS	1,910	1,729	938	528
FEE AND COMMISSION INCOME	896	904	877	871
FEE AND COMMISSION EXPENSES	(166)	(169)	(142)	(163)
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (NET)	753	542	401	583
EXCHANGE DIFFERENCES	(58)	172	167	23
OTHER OPERATING INCOME	56	68	64	63
OTHER OPERATING EXPENSES	(194)	(162)	(239)	(479)
GROSS INCOME	4,778	4,849	3,755	2,949
ADMINISTRATION COSTS	(1,838)	(1,952)	(1,826)	(1,925)
Personnel expenses	(1,093)	(1,193)	(1,101)	(1,159)
General expenses	(745)	(759)	(725)	(766)
AMORTIZATION	(259)	(247)	(258)	(255)
PROVISIONS (NET)	(352)	(343)	(520)	(387)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(918)	(1,480)	(950)	(1,774)
NET OPERATING INCOME	1,411	827	201	(1,392)
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(259)	(31)	299	176
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	(2)	137	1	(264)
NEGATIVE GOODWILL IN BUSINESS COMBINATIONS	-	-	-	-
GAINS AND LOSSES ON NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED TRANSACTIONS	(254)	(277)	(117)	(93)
INCOME BEFORE TAX	895	656	385	(1,573)
INCOME TAX	86	223	(261)	896
INCOME FROM CONTINUING TRANSACTIONS	981	879	124	(677)
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	-	578	-	483
PROFIT FOR THE YEAR	981	1,457	124	(194)

APPENDIX X.

Information on data derived from the special accounting registry

Information required pursuant to Circular 5/2011 of the Bank of Spain is indicated as follows.

a) Mortgage market policies and procedures

The Bank has express policies and procedures in place regarding its activities in the mortgage market, which provide for full compliance with applicable legislation pursuant to Royal Decree 716/2009, of 24 April, 2009 implementing certain aspects of Act 2/1981, of 25 March 1981, regulating the mortgage market and other standards of the mortgage and financial system.

The mortgage granting policy is based in principles focused on assessing the adequate ratio between the amount of the loan, and the payments, and the net income of the applicant. Applicants must in all cases prove sufficient repayment ability (present and future) to meet their repayment obligations, for both the mortgage debt and for other debts detected in the financial system, and even those from an estimate of their current expenses deduced from socio-demographic information. Therefore, the applicant's repayment ability is a key aspect within the credit decision-making tools and retail risk acceptance manuals, and has a high weighting in the final decision.

During the mortgage risk transaction analysis process, documentation supporting the applicant's income (payroll, etc.) is required, and the applicant's position in the financial system is checked through automated default database queries (internal and external). This information is used for calculation purposes in order to determine the level of indebtedness/compliance with the rest of the system. This documentation is kept in the transaction's file.

In addition, the mortgage granting policy assesses the adequate ratio between the amount of the loan and the appraisal value of the mortgaged asset. If an appropriate level is not exceeded, additional collateral is required to reinforce the transaction's hedging. The policy also establishes that the property to be mortgaged be appraised by an independent appraisal company unrelated to the Group and authorized by the Bank of Spain. BBVA selects those companies whose reputation, standing in the market and independence ensure that their appraisals adapt to the market reality in each region. Each appraisal is reviewed and checked before the loan is granted by BBVA staff and, in those cases where the loan is finally granted, it is kept in the transaction's file.

As for issues related to the mortgage market, the Group's Finance Division annually defines the wholesale finance issue strategy, and more specifically mortgage bond issues, such as mortgage covered bonds or mortgage securitization. The Assets and Liabilities Committee ("ALCO") tracks the budget monthly. The volume and type of assets in these transactions is determined in accordance with the wholesale finance plan, the trend of the Bank's "Loans and receivables" outstanding balances and market conditions.

The Board of Directors of the Bank authorizes each of the issues of Mortgage Transfer Certificate and/or Mortgage Participation issued by BBVA to securitize loans and mortgage loans, as well as the establishment of a Base Prospectus for the issue of fixed-income securities through which the mortgage-covered bonds are implemented, based on the agreements for the issue of fixed-income securities approved by the Annual General Meeting.

As established in article 24 of Royal Decree 716/2009, the volume of unmatured mortgage-covered bonds issued by a bank may not exceed 80% of a calculation base determined by adding the non-amortized capital of all the loans and mortgage loans in the bank's portfolio that are eligible and are not covered by the issue of Mortgage Bonds, Mortgage Participations or Mortgage Transfer Certificates. For these purposes, in accordance with the aforementioned Royal Decree 716/2009, in order to be eligible, loans and mortgage loans must: (i) be secured by a first mortgage on the freehold; (ii) the loan's amount may not exceed 80% of the appraisal value for home mortgages, and 60% for other mortgage lending; (iii) be established on assets exclusively and wholly owned by the mortgagor; (iv) have been appraised by an independent appraisal company unrelated to the Group and authorized by the Bank of Spain; and (v) the mortgaged property must be covered at least by a current damage insurance policy.

The Bank has set up a series of controls for mortgage covered bonds, which regularly control the total volume of issued mortgage covered bonds issued and the remaining eligible collateral, to avoid exceeding the maximum limit set by Royal Decree 716/2009, and outlined in the preceding paragraph. In the case of securitizations, the preliminary portfolio of loans and mortgage loans to be securitized is checked by the Bank's external auditor as required by the Spanish Securities and Exchange Commission. There is also a series of filters through which some mortgage loans and credits are excluded in accordance with legal, commercial and risk concentration criteria.

b) Quantitative information on activities in the mortgage market

The quantitative information on activities in the mortgage market required by Bank of Spain Circular 5/2011 is shown below.

b.1) Assets operation

		Millions of Euros	
		December 2014	December 2013
Mortgage loans.			
Eligibility for the purpose of the mortgage market.			
Nominal value of outstanding loans and mortgage loans	(A)	104,217	108,962
<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)	(24,390)	(21,551)
Nominal value of outstanding loans and mortgage loans, excluding securitized loans	(A)-(B)	79,827	87,411
<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)	42,920	58,742
<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)	(2,738)	(3,590)
Eligible loans and mortgage loans that, according to the criteria set forth in Article 12 of Spanish Royal Decree 716/2009, can be used as collateral for the issuance of mortgage bonds	(C)-(D)	40,182	55,152
Issuance limit: 80% of eligible loans and mortgage loans that can be used as collateral	(E)	32,145	44,122
Issued Mortgage-covered bonds	(F)	29,958	40,865
Outstanding Mortgage-covered bonds		27,210	39,169
Capacity to issue mortgage-covered bonds	(E)-(F)	2,187	3,257
<i>Memorandum items:</i>		-	-
Percentage of overcollateralization across the portfolio		266%	214%
Percentage of overcollateralization across the eligible used portfolio		134%	135%
Nominal value of available sums (committed and unused) from all loans and mortgage loans.		1,900	1,633
<i>Of which:</i>			
<i>Potentially eligible</i>		1,322	1,365
<i>Ineligible</i>		578	268
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.		30,810	23,698
Nominal value of the replacement assets subject to the issue of mortgage-covered bonds.		-	-

		Millions of Euros	
		December 2014	December 2013
Mortgage loans.			
Eligibility for the purpose of the mortgage market.			
Total loans	(1)	104,217	108,962
Issued mortgage participations	(2)	3	12
Of which: recognized on the balance sheet		-	-
Issued mortgage transfer certificates	(3)	24,387	21,539
Of which: recognized on the balance sheet		24,345	21,492
Mortgage loans as collateral of mortgage bonds	(4)	-	-
Loans supporting the issuance of mortgage-covered bonds	1-2-3-4	79,827	87,411
Non eligible loans		36,907	28,669
Comply requirements to be eligible except the limit provided for under the article 5.1 of the Spanish Royal Decree 716/2009		30,810	23,698
Rest		6,097	4,971
Eligible loans		42,920	58,742
That can not be used as collateral for issuances		2,738	3,590
That can be used as collateral for issuances		40,182	55,152
Loans used to collateralize mortgage bonds		-	-
Loans used to collateralize mortgage-covered bonds		40,182	55,152

		Millions of Euros					
		December 2014			December 2013		
		Total mortgage loans	Eligible Loans(*)	Elegibles that can be used as collateral for issuances (**)	Total mortgage loans	Eligible Loans(*)	Elegibles that can be used as collateral for issuances (**)
Mortgage loans. Classification of the nominal values according to different characteristics							
TOTAL		79,827	42,920	40,182	87,411	58,742	55,152
By source of the operations							
Originated by the bank		69,794	35,600	32,945	78,194	49,963	46,460
Subrogated by other institutions		928	703	698	1,153	1,026	1,019
Rest		9,105	6,617	6,539	8,064	7,753	7,673
By Currency							
In euros		79,462	42,920	40,182	87,033	58,557	54,977
In foreign currency		365	-	-	378	185	175
By payment situation							
Normal payment		59,012	35,268	34,509	65,459	48,784	47,690
Other situations		20,815	7,652	5,673	21,952	9,958	7,462
By residual maturity							
Up to 10 years		18,434	10,733	9,377	17,574	10,640	9,155
10 to 20 years		24,768	17,939	17,276	25,736	20,278	19,400
20 to 30 years		23,027	10,619	10,030	27,956	19,962	18,957
Over 30 years		13,598	3,629	3,499	16,145	7,862	7,640
By Interest Rate							
Fixed rate		3,211	863	687	2,706	947	731
Floating rate		76,616	42,057	39,495	84,705	57,795	54,421
Mixed rate		-	-	-	-	-	-
By Target of Operations							
For business activity		22,483	7,232	5,065	21,414	8,042	5,204
From which: public housing		10,421	2,519	875	10,345	3,574	1,245
For households		57,344	35,688	35,117	65,997	50,700	49,948
By type of guarantee							
Secured by completed assets/buildings		72,770	41,565	39,471	80,528	57,156	54,367
Residential use		63,083	37,547	36,038	71,039	53,209	50,993
From which: public housing		6,253	3,845	3,536	7,463	6,747	6,273
Commercial		9,687	4,018	3,433	9,182	3,947	3,374
Other		-	-	-	307	-	-
Secured by assets/buildings under construction		2,350	380	262	2,547	546	350
Residential use		1,888	261	163	2,083	411	240
From which: public housing		100	7	3	126	78	42
Commercial		462	119	99	464	135	110
Other		-	-	-	-	-	-
Secured by land		4,707	975	449	4,336	1,040	435
Urban		2,021	442	135	1,753	482	131
Non-urban		2,686	533	314	2,583	558	304

(*) 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

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 51). 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.

December 2014 Nominal value of the total mortgage loans	Millions of Euros				
	Loan to Value (Last available appraisal risk)				
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80%	Total
Home mortgages	9,518	13,848	14,617		37,983
Other mortgages	2,454	2,483			4,937
Total	11,972	16,331	14,617	-	42,920

December 2013 Nominal value of the total mortgage loans	Millions of Euros				
	Loan to Value (Last available appraisal risk)				
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80%	Total
Home mortgages	12,561	18,939	22,012	-	53,512
Other mortgages	2,478	2,752			5,230
Total	15,039	21,691	22,012	-	58,742

Elegible and non eligible mortgage loans. Changes of the nominal values in the period	Millions of Euros		Millions of Euros	
	December 2014		December 2013	
	Eligible Loans (*)	Non eligible	Eligible Loans (*)	Non eligible
Balance at the beginning	58,742	28,669	69,598	14,147
Retirements	17,832	5,901	24,428	4,587
Held-to-maturity cancellations	5,055	3,231	5,784	2,468
Anticipated cancellations	342	606	1,477	421
Subrogations to other institutions	-	-	5	1
Rest	12,435	2,064	17,162	1,697
Additions	2,010	14,139	13,572	19,109
Acquisition of Unnim	-	-	10,958	2,753
Originated by the bank	1,819	3,382	2,516	3,647
Subrogations to other institutions	5	3	12	4
Rest	186	10,754	86	12,705
Balance at the end	42,920	36,907	58,742	28,669

Mortgage loans supporting the issuance of mortgage-covered bonds Nominal value.	Millions of Euros	
	December 2014	December 2013
Potentially eligible	1,322	1,365
Ineligible	578	268
Total	1,900	1,633

b.2) Liabilities operations

Issued Mortgage Bonds	Millions of Euros			
	December 2014		December 2013	
	Nominal value	Average residual maturity	Nominal value	Average residual maturity
Mortgage bonds	-		-	
Mortgage-covered bonds	29,958		40,865	
<i>Of which: Non recognized as liabilities on balance</i>	2,748		39,169	
<i>Of Which: outstanding</i>	27,210		7,810	
Debt securities issued through public offer	22,620		28,027	
Residual maturity up to 1 year	3,598		6,407	
Residual maturity over 1 year and less than 2 years	4,500		3,598	
Residual maturity over 2 years and less than 3 years	6,772		4,500	
Residual maturity over 3 years and less than 5 years			6,772	
Residual maturity over 5 years and less than 10 years	5,550		4,550	
Residual maturity over 10 years	2,200		2,200	
Debt securities issued without public offer	2,272		7,227	
Residual maturity up to 1 year	-		200	
Residual maturity over 1 year and less than 2 years	-		-	
Residual maturity over 2 years and less than 3 years	150		-	
Residual maturity over 3 years and less than 5 years	-		150	
Residual maturity over 5 years and less than 10 years	2,000		2,500	
Residual maturity over 10 years	122		4,377	
Deposits	5,066		5,611	
Residual maturity up to 1 year	993		530	
Residual maturity over 1 year and less than 2 years	1,064		993	
Residual maturity over 2 years and less than 3 years	460		1,079	
Residual maturity over 3 years and less than 5 years	815		1,099	
Residual maturity over 5 years and less than 10 years	843		1,019	
Residual maturity over 10 years	891		891	
Mortgage participations	-		-	
Mortgage transfer certificates	24,345	289	21,492	287
Issued through public offer	24,345	289	21,492	287
Issued without public offer	-	-	-	-

(*) Including mortgage-covered bonds hold by the BBVA Group's companies

Given the characteristics of the type of covered bonds issued by the Bank, there is no substituting collateral related to these issues.

The Bank does not hold any derivative financial instruments relating to mortgage bond issues, as defined in the aforementioned Royal Decree.

APPENDIX XI.

Risks related to the developer and real-estate sector in Spain

a) Policies and strategies established by the Group to deal with risks related to the developer and real-estate sector

BBVA has teams specializing in the management of the Real-Estate Sector risk, given its economic importance and specific technical component. This specialization is not only in the Risk-Acceptance teams, but throughout the handling, commercial, problematic management and legal aspects, and includes the research department (BBVA Research), which helps determine the medium/long-term vision needed to manage this portfolio. Specialization has been increased and the management teams in the areas of recovery and the Real Estate Unit itself have been reinforced.

The portfolio management policies, established to address the risks related to the developer and real-estate sector, aim to accomplish, among others, the following objectives: to avoid concentration in terms of customers, products and regions; to estimate the risk profile for the portfolio; and to anticipate possible worsening of the portfolio.

Specific policies for analysis and admission of new developer risk transactions

In the analysis of new operations, the assessment of the commercial operation in terms of the economic and financial viability of the project has been 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 so-called "watch-list", which is updated monthly with the progress of each client under watch, and the different strategic plans for management of special groups. There are plans that involve an intensification of the review of the portfolio for financing land, while, in the case of ongoing promotions, they are classified for monitoring purposes based on the rate of progress of the projects.

These actions have enabled the Bank to anticipate possible impairment situations, by always keeping an eye on BBVA's position with each customer (whether or not as first creditor). In this regard, key aspects include management of the risk policy to be followed with each customer, contract review, deadline extension, improved collateral, rate review (repricing) and asset purchase.

Proper management of the relationship with each customer requires knowledge of various aspects such as the identification of the source of payment difficulties, an analysis of the company's future viability, the updating of the information on the debtor and the guarantors (their current situation and business course, economic-financial information, debt analysis and generation of funds), and the updating of the appraisal of the assets offered as collateral.

BBVA has a classification of debtors in accordance with legislation in force in each country, usually categorizing each one's level of difficulty for each risk.

Based on the information above, a decision is made whether to use the refinancing tool, whose objective is to adjust the structure of the maturity of the debt to the generation of funds and the customer's payment capacity.

As for the policies relating to risk refinancing with the developer and real-estate sector, they are the same as the general policies used for all of the Group's risks. In the developer and real estate sector, they are based on clear solvency and viability criteria for projects, with demanding terms for guarantees and legal compliance. The policy on refinancing uses outstanding risk rather than nonperforming assets, with a refinancing tool that standardizes criteria and values up to a total of 19 variables when considering any refinancing operation.

In the case of refinancing, the tools used for enhancing the Bank's position are: the search for new intervening parties with proven solvency and initial payment to reduce the principal debt or outstanding interest; the improvement of the debt bond in order to facilitate the procedure in the event of default; the provision of new or additional collateral; and making refinancing viable with new conditions (period, rate and repayments), adapted to a credible and sufficiently verified business plan.

Policies applied in the management of real estate assets in Spain

The policy applied for managing these assets depends on the type of real-estate asset, as detailed below.

In the case of completed homes, the final aim is the sale of these homes to private individuals, thus diluting the risk and beginning a new business cycle. Here, the strategy has been to help subrogation (the default rate in this channel of business is notably lower than in any other channel of residential mortgages) and to support our customers' sales directly, using BBVA's own channel (BBVA Services and our branches), creating incentives for sale and including sale orders for BBVA that set out sale prices which are notably lower than initial ones. In exceptional case we have even accepted partial haircuts, with the aim of making the sale easier.

In the case of ongoing construction work, our strategy has been to help and promote the completion of the works in order to transfer the investment to completed homes. The whole developer Works in Progress portfolio has been reviewed and classified into different stages with the aim of using different tools to support the strategy. This includes the use of developer accounts-payable financing as a form of payment control, the use of project monitoring supported by the Real Estate Unit itself, and the management of direct suppliers for the works as a complement to the developer's own management.

With respect to land, our presence at advanced stages in land development, where the vast majority of our risk is urban land, simplifies our management. Urban management and liquidity control to tackle urban planning costs are also subject to special monitoring.

b) Quantitative information on activities in the real-estate market in Spain

Lending for real estate development according to the purpose of the loans as of December 31, 2014 and 2013 is shown below:

Millions of Euros			
2014 Financing allocated to construction and real estate development and its coverage	Gross amount	Drawn over the guarantee value	Provision coverage
Loans recorded by the BBVA, S.A. Bank (Businesses in Spain)	10,986	4,832	4,572
<i>Of which: Impaired assets</i>	7,418	3,686	4,225
<i>Of which: Potencial problem assets</i>	981	374	347
Memorandum item:			
Write-offs	1,075		

Millions of Euros			
2013 Financing allocated to construction and real estate development and its coverage	Gross amount	Drawn over the guarantee value	Provision coverage
Loans recorded by the BBVA, S.A. Bank (Businesses in Spain)	13,505	5,723	5,237
<i>Of which: Impaired assets</i>	8,838	4,152	4,735
<i>Of which: Potencial problem assets</i>	1,445	501	502
Memorandum item:			
Write-offs	692		

Memorandum item:	Millions of Euros	
	2014	2013
Total loans and advances to customers, excluding the Public Sector (Business in Spain)	175,447	179,477
Total Assets (BBVA, S.A.)	403,841	387,052
Impairment losses determined collectively (BBVA, S.A.)	233	233

As of December 31, 2014, 29% of the nonperforming assets in this sector are up-to-date on payments, but were classified as non-performing in accordance with the provisions of Appendix IX of Bank of Spain Circular 4/2004. Furthermore, substandard risk amounted to 9% 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 €3,686 million and €374 million for nonperforming assets and substandard assets, respectively as of December 31, 2014 (€4,152 million and €501 million as of December 31, 2013).

In addition, as of December 31, 2014 and 2013, specific provisions were allocated, amounting to €4,572 million and €5,237 million, respectively.

As of December 31, 2014 and 2013, the updated appraisal values, without the application of said corrective factors, rose to €13,438 million and €16,590 million, respectively (an average LTV of 81.7% and 81.4%, respectively) which broadly covers the amount of the debt.

The following is a description of the real estate credit risk based on the types of associated guarantees:

Financing allocated to construction and real estate development (Gross)	Millions of Euros	
	2014	2013
Without secured loan	1,007	1,303
With secured loan	9,979	12,202
Terminated buildings	5,776	7,270
Homes	4,976	6,468
Other	800	802
Buildings under construction	883	1,238
Homes	861	1,202
Other	22	36
Land	3,320	3,694
Urbanized land	1,881	2,120
Rest of land	1,439	1,574
Total	10,986	13,505

The information on the retail mortgage portfolio risk as of December 31, 2014 and 2013 is as follows:

Housing-acquisition loans to households (Businesses in Spain)	Millions of Euros	
	2014	2013
Without secured loan (gross amount)	897	853
Of which: Impaired	28	36
With secured loan (gross amount)	78,408	82,143
Of which: Impaired	4,400	5,086
Total	79,305	82,996

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:

2014 LTV Breakdown of secured loans to households for the purchase of a home (Businesses in Spain)	Millions of Euros					
	Total risk over the amount of the last valuation available (Loan To Value-LTV)					
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%	Total
Gross amount	14,472	22,234	28,874	7,541	5,287	78,408
Of which: Impaired	199	276	533	842	2,550	4,400

2013 LTV Breakdown of secured loans to households for the purchase of a home (Businesses in Spain)	Millions of Euros					
	Total risk over the amount of the last valuation available (Loan To Value-LTV)					
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%	Total
Gross amount	14,370	22,368	31,542	8,964	4,899	82,143
Of which: Impaired	262	338	618	1,010	2,858	5,086

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 (Businesses in Spain)	Millions of Euros					
	2014			2013		
	Gross Value	Provisions	Carrying Amount	Gross Value	Provisions	Carrying Amount
Real estate assets from loans to the construction and real estate development sectors in Spain.	36	7	29	36	7	29
Terminated buildings	36	7	29	36	7	29
Homes	-	-	-	-	-	-
Other	36	7	29	36	7	29
Buildings under construction	-	-	-	-	-	-
Homes	-	-	-	-	-	-
Other	-	-	-	-	-	-
Land	-	-	-	-	-	-
Urbanized land	-	-	-	-	-	-
Rest of land	-	-	-	-	-	-
Real estate assets from mortgage financing for households for the purchase of a home	2,751	1,197	1,554	2,515	953	1,562
Rest of foreclosed real estate assets	1,137	532	605	918	411	507
Equity instruments, investments and financing to non-consolidated companies holding said assets	737	492	245	730	408	322
Total	4,661	2,228	2,433	4,199	1,779	2,420

As of December 31, 2014 and 2013, the gross book value of BBVA's real-estate assets from corporate financing for real estate construction and development was €36 million with an average coverage ratio of 19% and 19%, respectively.

The gross book value of real-estate assets from mortgage lending to households for home purchase as of December 31, 2014 and 2013, amounted to €2,751 million and €2,515 million, respectively, with an average coverage ratio of 44% and 387%, respectively.

As of December 31, 2014 and 2013, the amount of real-estate assets on BBVA's balance sheet, including other real-estate assets received as debt payment, was €3,924 million and €3,469 million, respectively. The average coverage ratio was 44.2% and 39.5%, respectively.

APPENDIX XII. Refinanced and restructured operations and other requirements under Bank of Spain Circular 6/2012

REFINANCING AND RESTRUCTURING OPERATIONS

a) Policies and strategies established by the Group to deal with risks related to refinancing and restructuring operations.

Refinancing/restructuring operations (see definition in the Glossary) are carried out with customers who have requested such an operation in order to meet their current loan payments if they are expected, or may be expected, to experience financial difficulty in making the payments in the future.

The basic aim of a refinanced/restructured operation is to provide the customer with a situation of financial viability over time by adapting repayment of the loan incurred with the Group to the customer's new situation of fund generation. The use of refinancing or restructuring with for other purposes, such as for delaying loss recognition, is contrary to BBVA Group policies.

The BBVA Group's refinancing/restructuring policies are based on the following general principles:

- Refinancing and restructuring is authorized according to the capacity of customers to pay the new installments. This is done by first identifying the origin of the payment difficulties and then carrying out an analysis of the customers' viability, including an updated analysis of their economic and financial situation and capacity to pay and generate funds. If the customer is a company, the analysis also covers the situation of the industry in which it operates.
- With the aim of increasing the solvency of the operation, new guarantees and/or guarantors of demonstrable solvency are obtained where possible. An essential part of this process is an analysis of the effectiveness of both the new and original guarantees submitted.
- This analysis is carried out from the overall customer or group perspective, and not only from the perspective of a specific operation.
- Refinancing and restructuring operations do not in general increase the amount of the customer's loan, except for the expenses inherent to the operation itself.
- The capacity to refinance and restructure loan is not delegated to the branches, but decided on by the risk units.
- The decisions adopted are reviewed from time to time with the aim of checking full compliance with refinancing and restructuring policies.

These general principles are adapted in each case according to the conditions and circumstances of each geographical area in which the Group operates, and to the different types of customers involved.

In the case of retail customers (private individuals), the main aim of the BBVA Group's policy on refinancing/restructuring loan is to avoid default arising from a customer's temporary liquidity problems by implementing structural solutions that do not increase the balance of customer's loan. The solution required is adapted to each case and the loan repayment is made easier, in accordance with the following principles:

- Analysis of the viability of operations based on the customer's willingness and ability to pay, which may be reduced, but should nevertheless be present. The customer must therefore repay at least the interest on the operation in all cases. No arrangements may be concluded that involve a grace period for both principal and interest.
- Refinancing/restructuring of operations is only allowed on those loans in which the BBVA Group originally entered into.
- Customers subject to refinancing or restructuring operations are excluded from marketing campaigns of any kind.

In the case of wholesale customers (basically businesses and corporations), refinancing/restructuring is authorized according to an economic and financial viability plan based on:

- Forecast future income, margins and cash flows over a sufficiently long period (around five years) to allow entities to implement cost adjustment measures (industrial restructuring) and a business development plan that can help reduce the level of leverage to sustainable levels (capacity to access the financial markets).
- Where appropriate, the existence of a divestment plan for assets and/or business segments that can generate cash to assist the deleveraging process.
- The capacity of shareholders to contribute capital and/or guarantees that can support the viability plan.

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

The Group maintains the policy of including risks related to refinanced/restructured loans as either:

- "Impaired assets", as although the customer is up to date with payments, they are classified as impaired for reasons other than their default when there are significant doubts that the terms of their refinancing may not be met;
- "Potential problem assets", because there is some material doubt as to possible non-compliance with the refinanced loan; or.
- "Normal-risk assets" (although as mentioned in the table in the following section, they continue to be classified as "normal-risk assets with special monitoring" until the conditions established for their consideration as outstanding risk are met).

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

- The customer must have paid past-due amounts (principal and interest) since the date of the renegotiation or restructuring of the loan;
- At least two years must have elapsed since the renegotiation or restructuring of the loan;
- The customer must have paid at least 20% of the outstanding principal amount of the loan as well as all the past-due amounts (principal and interest) that were outstanding as of the date of the renegotiation or restructuring of the loan; and
- It is unlikely that the customer will have financial difficulties and, therefore, it is expected that the customer will be able to meet its loan payment obligations (principal and interest) in a timely manner.

The BBVA Group's refinancing/restructuring policy provides for the possibility of multiple modifications, which shall be approved on an individual basis based on the risk profile of the relevant customer and its degree of compliance with the prior payment schedule.

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

b) Quantitative information on refinancing and restructuring operations.

BALANCE OF FORBEARANCE (a)

Estado T.10-1 (bis)

BBVA, S.A. DECEMBER 2014 (Millions of Euros)	NORMAL (b)						POTENTIAL PROBLEM LOANS						
	Real estate mortgage secured		Rest of secured loans (c)		Unsecured loans		Real estate mortgage secured		Rest of secured loans (c)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	-	-	-	-	20	2	1	1	-	-	1	1	1
2 Other legal entities and individual entrepreneurs	4,567	1,718	725	340	16,112	2,147	4,427	1,259	1,142	643	11,739	1,409	643
Of which: Financing the construction and property development	873	619	42	13	146	22	443	438	159	211	103	42	258
3 Other individuals	26,415	2,152	6,866	1,066	28,695	261	11,983	1,142	6,662	1,096	22,038	204	142
4 Total	30,982	3,870	7,591	1,406	44,827	2,410	16,411	2,402	7,804	1,739	33,778	1,614	786

BBVA, S.A. DECEMBER 2014 (Millions of Euros)	IMPAIRED							TOTAL		
	Real estate mortgage secured		Rest of secured loans (c)		Unsecured loans		Specific coverage	TOTAL		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount		Number of operations	Gross amount	
1 Government agencies	-	-	-	-	15	3	1	37	7	2
2 Other legal entities and individual entrepreneurs	7,902	3,842	4,481	3,394	14,835	2,336	4,817	65,930	17,088	5,460
Of which: Financing the construction and property development	2,779	2,120	2,527	2,648	1,334	561	3,125	8,406	6,674	3,383
3 Other individuals	11,433	1,182	11,426	2,013	19,197	226	876	144,715	9,342	1,018
4 Total	19,335	5,024	15,907	5,407	34,047	2,565	5,694	210,682	26,437	6,480

(a) Includes all forbearance operations as defined in paragraph 1.g) of Annex IX of Circular 4/2004 of the Bank of Spain

(b) Risks rated as normal in special monitoring as stated in paragraph 7.a) of Annex IX of the Circular 4/2004 of the Bank of Spain.

(c) Includes mortgage-backed real estate operations not full, ie loan to value greater than 1, and secured operations, other than transactions secured by real estate mortgage, of whatever their loan to value.

The table below provides a roll forward of refinanced assets during 2014:

Millones de Euros					
	Normal	Potential Problem	Impaired	TOTAL	
Refinanced assets Roll forward 2014	Risk	Risk	Risk	Risk	Coverage
Balance at the beginning	5,860	5,657	13,342	24,859	6,205
Update of estimations	102	(1,112)	1,010	-	-
Period changes	1,724	1,210	(1,356)	1,578	275
Ending Balance	7,686	5,755	12,996	26,437	6,480

c) Loans and advances to customers by activity (carrying amount)

	Millions of euros							
	TOTAL (*)	Of which: Mortgage loans (e)	Of which: Secured loans	Collateralized Credit Risk. Loan to value				
				Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%
1 Government agencies	25,681	253	378	25	87	127	378	14
2 Other financial institutions	18,760	93	8,732	13	38	36	8,738	-
3 Non-financial institutions and individual entrepreneurs	73,432	19,541	2,059	7,042	5,634	3,712	1,957	3,255
3.1 Construction and property development	6,424	6,070	38	957	1,411	1,194	840	1,706
3.2 Construction of civil works	3,871	512	54	192	148	89	46	91
3.3 Other purposes	63,137	12,959	1,967	5,893	4,075	2,429	1,071	1,458
3.3.1 Large companies	44,647	5,084	1,030	2,247	1,749	1,080	459	579
3.3.2 SMEs and individual entrepreneurs	18,490	7,875	937	3,646	2,326	1,349	612	879
4 Rest of households and NPISHs	86,187	78,448	322	15,884	23,051	28,240	6,972	4,623
4.1 Housing	78,328	77,272	31	15,289	22,663	28,048	6,826	4,477
4.2 Consumption	5,176	240	78	113	80	52	38	35
4.3 Other purposes	2,683	936	213	482	308	140	108	111
SUBTOTAL	204,060	98,335	11,491	22,964	28,810	32,115	18,045	7,892
5 Less: Valuation adjustments due to impairment of assets not attributable to specific operations	195							
6 TOTAL	203,865							
MEMORANDUM:								
Forbearance operations	19,957	14,675	452	2,265	2,045	2,715	2,491	5,611

(*) The amounts included in this table are net of impairment losses.

d) Concentration of risks by activity and geographical area (carrying amount)

Millions of euros					
	TOTAL (*)	Spain	Rest of European	America	Rest of the world
1 Credit institutions	72,853	14,822	42,547	8,901	6,583
2 Government agencies	77,700	63,736	12,244	1,044	676
2.1 Central Administration	49,685	36,092	12,062	997	534
2.2 Rest	28,015	27,644	182	47	142
3 Other financial institutions	72,730	40,955	12,584	18,959	232
4 Non-financial institutions and individual entrepreneurs	112,872	77,498	20,378	9,542	5,454
4.1 Construction and property development	6,423	6,417	6	-	-
4.2 Construction of civil works	6,050	3,968	1,499	510	73
4.3 Other purposes	100,399	67,113	18,873	9,032	5,381
4.3.1 Large companies	77,123	48,726	16,731	7,051	4,615
4.3.2 SMEs and individual entrepreneurs	23,276	18,387	2,142	1,981	766
5 Rest of households and NPISHs	86,373	85,812	352	64	145
5.1 Housing	78,328	77,840	295	59	134
5.2 Consumption	5,175	5,169	2	2	2
5.3 Other purposes	2,870	2,803	55	3	9
SUBTOTAL	422,528	282,823	88,105	38,510	13,090
6 Less: Valuation adjustments due to impairment of assets not attributable to specific operations	198				
7 TOTAL	422,330				

(*) The definition of risk for the purpose of this statement includes the following items on the public balance sheet: Loans and advances to credit institutions, Loans and advances to customers, Debt securities, Other equity securities, Trading derivatives, Hedging derivatives, Investments and Contingent risks. The amounts included in this table are net of impairment losses.

Millions of euros									
	Andalucía	Aragón	Asturias	Baleares	Canarias	Cantabria	Castilla La Mancha	Castilla y León	Cataluña
1 Credit institutions	269	328	-	24	-	2,073	1	-	3,198
2 Government agencies	3,636	1,246	775	1,207	881	218	840	1,474	4,883
2.1 Central Administration	-	-	-	-	-	-	-	-	-
2.2 Rest	3,636	1,246	775	1,207	881	218	840	1,474	4,883
3 Other financial institutions	82	7	-	9	-	2	1	29	4,660
4 Non-financial institutions and individual entrepreneurs	5,444	1,181	697	1,892	2,226	340	1,108	1,326	15,660
4.1 Construction and property development	929	98	88	64	343	18	122	121	2,077
4.2 Construction of civil works	215	38	24	147	86	12	60	60	1,215
4.3 Other purposes	4,300	1,045	585	1,681	1,797	310	926	1,145	12,368
4.3.1 Large companies	1,898	630	353	1,369	944	168	413	482	7,978
4.3.2 SMEs and individual entrepreneurs	2,402	415	232	312	853	142	513	663	4,390
5 Rest of households and NPISHs	13,573	1,454	1,432	2,129	3,891	894	2,800	3,134	22,682
5.1 Housing	12,427	1,315	1,246	1,989	3,439	815	2,564	2,805	20,581
5.2 Consumption	845	91	127	107	363	50	173	213	1,223
5.3 Other purposes	301	48	59	33	89	29	63	116	878
SUBTOTAL	23,004	4,216	2,904	5,261	6,998	3,527	4,750	5,963	51,083
6 Less: Valuation adjustments due to impairment of assets not attributable to specific operations									

Millions of euros									
	Extremadura	Galicia	Madrid	Murcia	Navarra	Comunidad Valenciana	Pais Vasco	La Rioja	Ceuta y Melilla
1 Credit institutions	-	324	6,961	-	-	520	1,124	-	-
2 Government agencies	393	1,695	4,063	551	362	2,838	2,214	227	141
2.1 Central Administration									
2.2 Rest	393	1,695	4,063	551	362	2,838	2,214	227	141
3 Other financial institutions	-	86	35,346	4	1	148	580	-	-
4 Non-financial institutions and individual entrepreneurs	550	2,207	33,053	1,077	1,025	3,980	5,320	255	157
4.1 Construction and property development	46	288	1,440	67	26	425	218	15	32
4.2 Construction of civil works	21	84	1,523	35	59	144	234	4	7
4.3 Other purposes	483	1,835	30,090	975	940	3,411	4,868	236	118
4.3.1 Large companies	150	1,210	26,492	459	705	1,397	3,945	107	26
4.3.2 SMEs and individual entrepreneurs	333	625	3,598	516	235	2,014	923	129	92
5 Rest of households and NPISHs	1,384	3,199	14,002	1,820	522	8,763	3,008	371	754
5.1 Housing	1,233	2,839	12,793	1,629	471	8,019	2,654	335	686
5.2 Consumption	118	254	650	144	32	510	188	23	58
5.3 Other purposes	33	106	559	47	19	234	166	13	10
SUBTOTAL	2,327	7,511	93,425	3,452	1,910	16,249	12,246	853	1,052
6 Less: Valuation adjustments due to impairment of assets not attributable to specific operations									

(*) The definition of risk for the purpose of this statement includes the following items on the public balance sheet: Loans and advances to credit institutions, Loans and advances to customers, Debt securities, Other equity securities, Trading derivatives, Hedging derivatives, Investments and Contingent risks. The amounts included in this table are net of impairment losses.

APPENDIX XIII.

Agency Network

3IMPULSA, S.C.P.

A.M. DE SERVEIS EMPRESARIALS LLEIDA, S.L.

ABAD CHICHARRO ROBERTO

ABELENDA MONTES MANUEL

ABEMPATRI, S.L.

ABOGADOS & ASESORES EUROPEOS, S.L.

ABOGAP SERVICIOS INTEGRALES, S.L.U.

ABRAHAM MORA JUAN PEDRO

ABREU PEÑA ANDRES SERGIO

ACENTEJO CONSULTORES, S.A.L.

ACIN VINYETA FRANCISCO JAVIER

ACOFIRMA, S.L.

ACOSTA Y RUIZ CONSULTING ASEGURADOR, S.L.

ACREMUN, S.L.

ACTIVA LEGAL AND CONSULTING, S.L.

ACTIVIDADES FINANCIERAS Y EMPRESARIALES, S.L.

ADA PROMOCIONES Y NEGOCIOS, S.A.

ADA SEQUOR, S.L.

ADAN ROLDAN FRANCISCO DE ASIS

ADELANTE ASESORES, S.C.

ADLANTA SERVICIOS PROFESIONALES, S.L.

ADMI-EXPRES-GMC, S.L.

ADMINISTRACION LEGAL DE COMUNIDADES, S.L.

ADMINISTRACIONES TERESA PATRICIA CELDRAN, S.L.

ADMINISTRADORES COMMUNITY GROUP, S.L.

ADOE ASESORES, S.L.

ADVICE LABOUR FINANCE SOCIETY, S.L.

AESTE, S.L.

AFIANZA FINANCIERA, S.L.

AFIANZA GESTION EMPRESARIAL, S.L.

AFISEG II, S.L.

AFITEC INVERSIONES, S.L.

AFYSE INIESTA ASESORES, S.L.

AGENCIA FERRERO Y LAGARES, S.L.

AGENCIA JOSE OLIVA-JOV, S.L.

AGORA PROFESS, S.L.

AGOST MONTERO LAURA

AGRAMUNT BUILDING, S.L.

AGRICOLA I SECCIO DE CREDIT LA PALMA, S.C.C.L.

AGUDO LOPEZ RAMOS JORGE

AGUILAR VELASCO MARIA PAZ

AGUILERA RUIZ MANUEL

AGUSTIN FERNANDEZ CRUZ AFC, S.L.

AIRU ASESORES, S.L.

AKTITUD INSURANCE, S.L.

ALAMILLO ALVAREZ CRISTINA

ALBA & ARCOS ASOCIADOS, S.L.

ALBELL ESTEVE MARIA MERCEDES

ALBENDIZ GONZALEZ IRENE

ALBERDI ZUBIZARRETA EDUARDO

ALBIÑANA BOLUDA AMPARO

ALBOA 17.8, S.L.

ALC ASESORES, S.C.

ALCACER FABRA FRANCISCO

ALCANTARA CARBO, S.L.

ALCANTARA IZQUIERDO CRISTINA

ALCES GRUPO ASEGURADOR, S.L.

ALCOR CONSULTORES Y ASESORES, S.L.

ALDA CLEMENTE MARIA LUISA

ALEMANY CARDONA MARIA AMPARO

ALEUNAM, S.L.

ALF CONSULTORES Y SERVICIOS FINANCIEROS Y SEGUROS, S.L.

ALFEVA 2000, S.L.

ALGESORES NAVARRO Y ASOCIADOS, S.L.

ALIVIA SERVICIOS INTEGRALES, S.L.

ALL ABOUT FUNDS, S.L.

ALLES IST MOGLICH, S.L.

ALONSO BAJO LORENZO

ALONSO DIEZ JOSE CARLOS

ALONSO GARCIA CARMELO HONORIO

ALONSO HEVIA AMPARO

ALONSO PAREDES JOSE IGNACIO

ALONSO VALLE ESTEBAN

ALONSO Y SERODIO ASESORES, S.L.

ALONSO ZAPICO JUAN DE DIOS

ALONSO ZARRAGA MIKEL

ALSINA MARGALL MIREIA

ALTOLAGUIRRE AGUIRREBENGOA MARIA JOSEFA

ALTURA PLATA PASTORA

ALVAMAR GESTIONES Y CONTRATACIONES, S.L.

ALVAREZ LEBRIJO JOSE MARIA

ALVAREZ PEREZ SHEILA

ALVARO CAMPILLO EVA MARIA

ALZAGA ASESORES, S.L.

ALZO CAPITAL, S.L.

AMENEIROS GARCIA JOSE

AMOEDO MOLDES MARIA JOSE

ANAI INTEGRAL, S.L.

ANAYA RIOBOO ANTONIO

ANDAL DE ASESORAMIENTO Y GESTION, S.L.

ANDEX CONSULTORES, S.L.

ANDIPLAN, S.L.

ANDRADA RINCON SOLEDAD

ANDRES SIERRA FERNANDO IGNACIO

ANGLIRU INVERSIONES, S.L.

ANGOITIA LIZARRALDE MARIA DEL CARMEN

ANTEQUERA ASESORES, S.L.

ANTON TOIMIL ENRIQUE JOSE

ANTONIO PONS Y ASOCIADOS, S.C.

ANTUÑA SCHUTZE MARTA

AÑOVER CONTRERAS EPIFANIO

APARICIO YLLANA ANGEL LUIS

APISA ADMINISTRACION DE INMUEBLES, S.L.

APUNTES CONTABLES, S.L.

ARAGESTIN, S.L.

ARAGUAS CIPRES JOSE DIONISIO

ARANDA GARRANCHO ANA MARIA

ARANDA GONZALEZ DOLORES

ARANDA ROMERO MARIA ISABEL	ASESORES DO BAIXO MIÑO, S.L.	ASESORIA HERGON, S.L.
ARANE PROMOCION Y GESTION, S.L.	ASESORES E INVERSORES EPILA, S.L.	ASESORIA INTEGRAL DE FARMACIAS Y EMPRESAS, S.L.L.
ARANZABAL SERVICIOS FINANCIEROS, S.L.	ASESORES MOLINA, S.L.	ASESORIA JIMENEZ, S.C.
ARASANZ LAPLANA JOSE ANTONIO	ASESORES REUNIDOS ARGA, S.L.	ASESORIA JOSE ADOLFO GARCIA, S.L.
ARCAYANA CONSULTING, S.L.	ASESORES RUBIA PELAEZ, S.L.	ASESORIA JURIDICA Y DE EMPRESAS, S.L.
ARCO R ASESORES, S.C.	ASESORES Y CONSULTORES, C.B.	ASESORIA JURIDICO FISCAL NIETO Y ASOCIADOS, S.L.
ARCOS GONZALEZ FELIX	ASESORIA ADOLFO SUAREZ, S.L.	ASESORIA LABORDA, S.C.
ARDORA CORPORATE, S.L.	ASESORIA AGM, S.L.	ASESORIA LAGUNA, SOC. COOP.
ARES CONSULTORES, S.L.	ASESORIA ALDONZA, S.L.	ASESORIA LEONCIO, S.L.
AREVALO AREVALO MARÍA DEL CARMEN	ASESORIA ANGLADA, S.L.	ASESORIA LIZARDI, S.L.
ARGIGES BERMEO, S.L.	ASESORIA ANTONIO JIMENEZ LOPEZ, C.B.	ASESORIA MARCOS FERNANDEZ, S.L.
ARIAS DELGADO MARIA MERCEDES	ASESORIA ARACENA, S.L.	ASESORIA MARI CARMEN, S.L.
ARIAS TORRES MIGUEL	ASESORIA AREGUME, S.L.U.	ASESORIA MERCANTIL DE ZALLA, S.L.
ARILLA CIUDAD ASESORES, S.L.	ASESORIA ASETRA, S.L.	ASESORIA MERFISA, C.B.
ARIS GESTION FINANCIERA, S.L.	ASESORIA ATAMAN, S.L.	ASESORIA NEMARA, S.COOP. V.
ARJANDAS DARYNANI DILIP	ASESORIA BASTIAS, S.L.	ASESORIA RANGEL 2002, S.L.
ARJONES PIZARRO FRANCISCO JAVIER	ASESORIA BELLAVISTA, S.L.	ASESORIA SANCHEZ & ALCARAZ, S.L.
AROSTEGUI ARGALUZA MARIA VICTORIA	ASESORIA BLANCO, S.L.	ASESORIA SORIANO GRANADA, S.L.
ARRANZ MAGDALENO JUAN ALBERTO	ASESORIA CAMINO, S.L.	ASESORIA TOLEDO DE SACEDON, S.L.
ARRAYAS LINERO RAFAEL	ASESORIA CATALAN FABO, S.L.	ASESORIA VELSNIA, S.L.
ARROYO DIAZ CARLOS HUGO	ASESORIA CAUDELI, S.L.	ASESORIA VIA LIGHT, S.L.U.
ARROYO ROMERO CARLOS GUSTAVO	ASESORIA CERVANTES, S.L.	ASESORIA VICO, S.L.
ARTAJO JARQUE FERNANDO MARIA	ASESORIA CM, C.B.	ASESORIA VILLASCLARAS, S.L.
ARTEAGA PARDO JOSE	ASESORIA CRUSELLES LORES, S.L.	ASESORIA Y SERVICIOS DE GESTORIA CABELLO, S.L.
ARTI INVERSIONES Y PATRIMONIOS, S.L.	ASESORIA DE EMPRESAS CARANZA, S.L.	ASESPA, S.L.
ARTIÑANO DEL RIO PABLO	ASESORIA DE EMPRESAS RC, S.L.	ASEVALLES, S.L.
ARUFE ESPÍÑA PABLO	ASESORIA DEL VALLE, C.B.	ASFITO, S.L.
ARUMI RAURELL XAVIER	ASESORIA EMPRESARIAL POSE, S.L.	ASIEXCAN, S.R.L.
ASC, S.C.C.L.	ASESORIA ERAKIN AHOLKULARITZA, S.L.	ASLAFIS, S.L.
ASDE ASSESSORS, S.L.	ASESORIA EUROBILBAO, S.L.	ASOCIADOS BILBOINFORM 2000, S.L.
ASEBIL - HERBLA ASESORES, S.L.	ASESORIA EXPANSION 2001, S.L.	ASOCIADOS CUTOGA, S.L.
ASECAN GESTION INTEGRAL, S.L.U.	ASESORIA FINANCIERA IBAIGANE, S.L.	ASSESSORAMENT EMPRESARIAL CABRE I ASSOCIATS, S.L.
ASECOLAFI LAFUENTE, S.L.	ASESORIA FINANCIERA LUGO, S.L.	ASSESSORAMENT INTEGRAL MAESTRAT, S.L.
ASEFISTEN, S.L.	ASESORIA FINANCIERO CONTABLE CLOT, S.L.	ASSESSORAMENT MIRA MARTINEZ, S.L.
ASEGAL, SOC. COOP. LTDA.	ASESORIA FISCAL CONTABLE Y LABORAL TRIBUTO, S.L.	ASSESSORAMENTS I SERVEIS LLEIDA, S.L.
ASEGUINOLAZA AZCARGORTA MARIA JUNCAL	ASESORIA FISCAL LULL, S.L.	ASSESSORIA ANTONIO MARTINEZ, S.L.
ASEM INDAFISA GESTION EMPRESARIAL, S.L.	ASESORIA GAMASERVI, S.L.	ASSESSORIA BAIX PENEDES, S.L.
ASEMYL, S.L.	ASESORIA GARCIA LOPEZ, S.L.	ASSESSORIA CAMATS GARDEL CORREDURIA DE SEGUROS, S.L.
ASENSIO REIG ALBA	ASESORIA GESTION PATRIMONIAL DE ENTIDADES RELIGIOSAS, S.L.	ASSESSORIA DOMINGO VICENT, S.L.
ASER FINANCIEROS, S.L.	ASESORIA GILMARSA, S.L.	ASSESSORIA VISERTA, S.L.
ASESCON GESTION INTEGRAL, S.L.	ASESORIA GONZALEZ VALDES, S.L.	ASTILLERO GARCIA MIGUEL ANGEL
ASESORES DE EMPRESA Y GESTION ADMINISTRATIVA	ASESORIA GORROTXA ASEGURAOAK, S.L.	ATIPA MAKER, S.L.

AUDAL CONSULTORES AUDITORES, S.L.	BAZAR NAVAS, S.L.	BRITO HERNANDEZ PEDRO EMILIANO
AULES ASESORES, S.L.	BCN GEMAP ASSESSORS, S.L.	BRU FORES RAUL
AUREA JURISTAS Y ASESORES FISCALES, S.L.P.	BEHOBIDE PERALTA JORGE	BUFET ENRIC LLINAS, S.L.P.
AURELIO ALVAREZ SALAMANCA, S.L.	BELCASTI, S.L.	BUFET MILARA, S.L.
AURVIR & PEÑA CONSULTORES, S.L.	BELTRAN AMOROS ALEJANDRO	BUFETE CHAMIZO GALAVIS, S.L.
AVANTIS ASESORES JURIDICOS, S.L.	BELTRAN ANDREU MANUEL JORGE	BUFETE MARTINEZ GARCIA, C.B.
AVARUA CONSULTING, S.L.	BENITEZ CENTENO ANTONIO	BUFETE ROMERO Y MONGE, S.L.
AVELLANEDA GARCIA ANGEL FERNANDO	BENITO ZABACO ANTONIO JOSE	BULLON DE DIEGO FRANCISCO JAVIER
AYCE CONSULTING, S.L.	BERNABEU JUAN ANTONIO JOSE	BUSTAMANTE FONTES MAYDA LOURDES
AYZAGAR SOTO JAVIER	BERNAD MORENO IGNACIO	C Y P GESTION C.B.
AZ BILBAO GESTION INTEGRAL, S.L.	BERNAOLA ASEGURADO ARTEKARITZA, S.L.	C. BURGOS GATON, S.L.
B&S GLOBAL OPERATIONS CONSULTING, S.A.	BERNIER RUIZ DE GOPEGUI MARIA ISABEL	CABAÑAS RODRIGUEZ MARIA GRISELDA
BACHS RABASCALL JOSEP	BERNOIS INVERSIONES, S.L.	CABRADILLA ANTOLIN LEONILA
BADILLO SUAREZ MARIA SANDRA	BERTOMEU GONZALEZ KILIAN	CABRITO FERNANDEZ JUAN CRUZ
BAENA ASESORES Y CONSULTORES EMPRESARIALES, S.L.	BETA MERCAT INMOBILIARI, S.L.	CACERES PORRAS, C.B.
BAGUR CARRERAS ASSESSORS, S.L.	BETRIU ADVOCATS, S.C.P.	CAFARES, S.L.U.
BAHAMONDE GONZALEZ JORGE JUAN	BG ASESORIA DE FINANZAS E INVERSIONES, S.L.	CALA GOMEZ ANTONIO RAMON
BAILEN ASESORES CONSULTORES, S.L.	BINIPOL 2001, S.L.	CALABUCH ASESORES, S.L.
BALIBREA LUCAS MIGUEL ANGEL	BIOK ZERBITZUAK, S.L.	CALDERON CARDEÑOSA MARIA LUISA
BALLESTER VAZQUEZ IGNACIO JAVIER	BIRMANI PROMOCIONS, S.L.	CALDERON MORILLO MARIA LUISA
BALSEIRO PEREZ DE VILLAR RICARDO	BIZKAIBOLSA, S.A.	CALVO HERNAN ALICIA
BANESFIN, S.L.	BLADYDUNA, S.L.	CAMACHO MARTIN ANTONIA
BAÑOS COSTUMERO JOSE ANGEL	BLAI GABINET DE SERVEIS, S.L.	CAMACHO MARTINEZ PEDRO
BAÑUELOS DIEZ MARTA LUISA	BLANCO & MARTIN ASESORES, S.L.	CAMPDEPADROS CORREDURIA D'ASSEGURANCES, S.L.
BARAHONA VIÑES JORDI	BLANCO IGLESIAS IGNACIO	CAMPOMANES IGLESIAS MARIA TERESA
BARBA & FUENTES ASESORES CONTABLES Y TRIBUTARIOS, S.L.	BLANCO PARRONDO, C.B.	CAMPOS CARRERO MARIA JOSEFA
BARBA ESQUINAS JUAN JOSE	BLANCO RODRIGUEZ JUAN ANTONIO	CAMPOS CRESPO PRISCILA
BARBESULA MAR, S.L.	BLANCO Y PARADA ASESORES, S.L.	CANO LOBATO BEATRIZ
BARDAJI PLANA AGUSTIN	BLASCO SAMPIETRO FRANCISCO JAVIER	CANOVAS ASSESSORAMENT I GESTIO, S.L.
BARO CLARIANA SERGI	BOADO ORORRIA LEOPOLDO	CANTARERO MARTINEZ BARTOLOME
BARQUIN VITORERO BEATRIZ	BOALAR INVESTMENT, S.L.	CANTELAR Y SAINZ DE BARANDA, S.L.
BARRAGAN ZAPATA MARGARITA	BOLAPE UXO, S.L.	CAÑADA SANCHEZ, S.L.
BARRAN CARIDAD JOSE MANUEL	BONDIA VIVES YESICA	CAÑAS AYUSO FRANCISCO
BARRENA CARABALLO, S.L.U.	BONILLO GOMEZ LOURDES	CAO GONZALEZ NIEVES ESPERANZA
BARRIOS ABOGADOS, S.L.P.	BORONDO ALCAZAR JOSE	CAPAFONS Y CIA, S.L.
BARTOMEU FERRANDO JOAN	BOTELLO NUÑEZ FELIPE	CAPELLES LOPEZ JAVIER
BASCUAS ASESORES, S.L.	BOTET GUNA MIGUEL	CAPON CONSULTORES, S.L.
BASOLS BOTELLER FRANCISCO JAVIER	BRAIN STAFF, S.L.	CARBO ROYO JOSE JORGE
BATALLER CAMACHO MARIA	BRAVO MASA M ^a INMACULADA	CARBONELL ALSINA CHANTAL
BATISTA MEDEROS ANTONIO DAVID	BRAVOSOL GESTION, S.L.	CARBONELL CHANZA FRANCISCO
BATISTE ANGLES AMADEO	BRIONES PEREZ DE LA BLANCA FERNANDO	CARCELLER SUAREZ RAMON
BAUZA MARTORELL FELIO JOSE	BRIONES SERRANO CLARA MARIA	CARCOLE ARDEVOL JOSE

CARDENAS SANCHEZ GABRIEL	CENTRE FINANCER BERENGUER SAPENA XABIA, S.L.	CONSULTORIA CIUDADANA EN GESTION Y SEGUROS, S.L.U.
CARDENO CHAPARRO FRANCISCO MANUEL	CENTRO ASESOR MONTEHERMOSO, S.L.	CONSULTORIA FINANCIERA GARCIA CRUZ, S.L.
CARNE SALES MARIA JOSE	CENTRO DE NEGOCIOS ASERGALICIA, S.L.	CONSULTORIA PIÑERO, C.B.
CARO VIEJO JUAN ANTONIO	CENTRO INDEPENDENCIA ASESORES TRIBUTARIOS, S.L.	CONSULTORIA SANTA FE, S.L.
CARRASCAL PRIETO LUIS EUSEBIO	CERDAN GARCIA INMACULADA	CONSULTORIA XIFRES, S.L.
CARRASCO FRUTOS JOSE MARIA	CERDEIRA BRAVO DE MANSILLA ALFONSO	CONSULTRES CANARIAS, S.L.U.
CARRASCO GONZALEZ MARIA DEL AMOR	CERON ORTIZ JOSE MARIA	COOP AGRICOLA SAN ISIDRO DE ALCALA DE XIVERT. COOP.V.
CARRASCO MARTIN ELOY	CERQUEIRA CRUCIO FERNANDO	COOPERATIVA OLIVARERA SAN ISIDRO, S.C.A.
CARRASCO MARTINEZ RAMON	CERRATO LLERENA MARIA DE LOS ANGELES	CORBACHO SOLANCE MARIA MAGDALENA
CARRASQUER BALLESTE MARIA LAURA	CERRATO RUIZ MARIA LUISA	CORCUERA BRIZUELA JOSE MARIA
CARRETERO E IZQUIERDO ASOCIADOS, S.L.	CERTOVAL, S.L.	CORDERO DE OÑA FRANCISCO
CARRIL GONZALEZ BARROS ALEJANDRO SERGIO	CERVERA AMADOR ANTONIO	CORONADO MANSILLA DIEGO
CARRO FERNANDEZ ASESORES, S.L.	CERVERA GASCO NURIA PILAR	CORSAN FINANCE, S.L.
CARTAGENA CUESTA MARIO	CERVERO MARINA DANIEL	CORTES MACHIN PATRICIA
CASADO GALLARDO GERARDO	CERVIÑO OTERO MARIA LUZ	COSEOR INSURANCE BROKER, S.L.
CASADO HERRERO JOSEFA	CHACON ARRUE MARIA	COSTA CALAF MONTSERRAT
CASADO RODRIGUEZ MARIA MARBELLA	CHERTA FERRERES GENOVEVA	COSTA CAMBRA ANGEL
CASAS GRACIA CRISTINA	CHOGUY, S.L.	COSTA GARCIA ROSA MARIA
CASILLAS VIGARA JUAN	CLAVE OPTIMA BUSINESS, S.L.U.	COSTAS NUÑEZ ASESORES, S.L.
CASINO CABALLER JUAN CARLOS	CLAVELL & SAINZ DE LA MAZA ASESORES, S.L.	COSTAS SUAREZ ISMAEL
CASSO MAYOR FRANCISCA	CLAVER SANCHEZ MARIA EUGENIA	CREDYCAU DOHER SURESTE, S.L.U.
CASTAÑ MARTINEZ RICARDO	CLEMENTE BLANCO PAULA ANDREA	CREIXELL GALLEGO XAVIER
CASTELL AMENGUAL MARIA	CLIMENT MARTOS MARIA ROSARIO	CRESMO 2013, S.L.
CASTELLANO GARCIA PABLO JOSE	CLUB AVOD, S.L.	CRESPO SANTIAGO MARIA GLORIA
CASTELLANOS JARQUE MANUEL	CLUSTER BUSINESS GROUP, S.L.	CRESPO CRESPO ANGEL MANUEL
CASTILLA ALVAREZ RAFAEL JOSE	COBO RIVAS RAMON	CRESPO GOMEZ LUCAS
CASTILLO BLANCA ENRIQUE	COCA LOZA Mª DOLORES GENOVEVA	CRESPO MINCHOLED YOLANDA
CASTILLO MARZABAL FRANCISCO JOSE	COMES & ASOCIADOS ASESORES, S.L.P.	CRIADO ANAYA LUIS
CASTILLO ORTEGA NICOLAS	COMESAÑA FIGUEIRAS JUAN ANTONIO	CRITERION SONSULTING, S.L.
CASTRESANA URIARTE RODOLFO	COMPAÑÍA VIZCAINA DE ASESORIA, S.L.	CUBERO PATRIMONIOS, S.L.
CASTRO JESUS FRANCISCO JAVIER	COMUNITAS 10, S.L.	CUELLAR MERCANTIL ASESORIA, S.L.
CASTRO VEGA XOSE	CONFIAZ, S.A.P.	CUENCA MORENO JOSE MARIA
CAUCE CONSULTORES DE NEGOCIO, S.L.	CONFIDENTIAL GESTION, S.L.	CUENCA OLIVEIRA ANTONIO
CAURIA PROMOCIONES, S.L.	CONMEDIC GESTIONS MEDICAS, S.L.	CURROS NEIRA FRANCISCO JAVIER
CEASA ASESORES FISCALES, S.L.	CONSULTING DONOSTI, S.L.	D3 XESTION INTEGRAL, S.L.
CEBRIAN CLAVER JOSE JUAN	CONSULTING INMOBILIARIA 4B, S.L.	DAYBEL CORREDURIA DE SEGUROS, S.A.
CECOFAR SOCIEDAD COOP. AND.	CONSULTING JL ARBILLAGA, S.L.P.U.	DE ASTOBIZA AGUADO IGNACIO
CEJUDO RODRIGUEZ JUAN CARLOS	CONSULTOR FINANCIERO Y TRIBUTARIO, S.A.	DE CAMBRA AGOGADOS, S.L.
CELDRAN CARMONA JOSE MARIA	CONSULTORES FINANCIEROS LABORALES, S.L.	DE DIEGO MARTI FRANCISCO JOSE
CENTRAL INTERNACIONAL DE SERVICIOS Y ASESORAMIENTO, S.L.	CONSULTORES GRUPO DELTA PAMPLONA, S.L.	DE EUGENIO FERNANDEZ JOAQUIN
CENTRE ASSESSOR TERRAFERMA, S.L.	CONSULTORES LEONESES, S.L.	DE LA CRUZ ASHTON DANIEL CARMELO
CENTRE CORPORATIU INI 6, S.L.	CONSULTORIA ADMINISTRATIVA DE EMPRESAS CADE, S.L.	DE LA FLOR GUERRERO JUAN ANTONIO

DE LA FUENTE & MARTIN ALONSO ABOGADOS, S.L.

DE LA FUENTE TORRES ANAIS BEATRIZ

DE LA SIERRA PEÑA ANDRES

DE LA TORRE DEL CASTILLO CANDELARIA

DE LA TORRE PEREZ NOELIA

DE MIGUEL CAMPOS CARLOS JAVIER

DE PABLO DAVILA MARIA VICTORIA

DE PABLO SAN MIGUEL JAVIER

DE PASCUAL BASTERRA IÑIGO

DE QUINTANA PEREZ ANNA

DE SOUSA FERNANDEZ VICTORIA

DEL POZO SANCHEZ SUSANA

DEL RIO SERRANO JUAN FELIX

DEL RIO USABEL IDOIA

DEL FOS ASESORIA FISCAL, S.L.

DELGADO GARCIA JOSE LUIS

DELGADO GARCIA MANUEL ANTONIO

DELGADO OJEDA MARIA ANGELES

DELGADO RUIZ DIEGO

DESPACHO ABACO, S.A.

DESPACHO FG Y ASOCIADOS, S.C.

DESPACHO J.M. COARASA, S.L.

DESPACHO, TRAMITACION Y GESTION DE DOCUMENTOS, S.L.

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DIAZ DE ESPADA LOPEZ DE GAUNA LUIS MARIA

DIAZ FRANCO MARIA ANTONIA

DIAZ GARCIA MARINA

DIAZ LORENZO LORENZO

DIAZ RISCO MARIA LUISA

DIAZ SANTAMARIA MARIA VEGA

DIAZ Y FERRAZ ASOCIADOS, S.L.

DIAZ-ROMERAL MARTIARENA JOSE MARIA

DIEZ AMORETTI FRANCISCO

DOBLAS GEMAR ANTONIO

DOBLE A AVILA ASESORES, S.L.

DOMINGO GARCÍA-MILA JORDI

DOMINGUEZ CANELA INES

DOMINGUEZ JARA RAFAEL JESUS

DOMINGUEZ RODES JUAN LUIS

DOMUS AVILA, S.L.

DONAIRE MOLANO LUIS

DORRONSORO URDAPILLETA, S.L.

DOSA ILERGESTION, S.L.

DRIS MOHAMED SAMIR

DUQUE MEDRANO JUAN CARLOS

DURFERAL, S.L.

ECHANIZ LIZUR MARIA BELEN

EDO SANZ MARIA LOURDES

EFILSA, S.C.

EKO - LAN CONSULTORES, S.L.

EKOSAB CONSULTORES, S.L.L.

EL PINOS GESTION LABORAL, S.C.

ELGUEA OMATOS EMILIO

ENRIQUE AMOR CORREDURIA DE SEGUROS, S.L.

EPC ASSESORS LEGALS I TRIBUTARIS, S.L.

EPSEL INTERNATIONAL CONSULTING, S.L.

ERUDITISSIMUS DISCIPLINA IURIS, S.L.

ESCALONA BELINCHON JOSE ANTONIO

ESCAMILLA FERRO MARIA MATILDE

ESCAÑO ASESORES, S.L.

ESCOFET CONSULTING, S.L.P.

ESCRIBANO ABOGADOS, S.L.

ESCRIBA & SANCHEZ CONSULTORES, S.L.P.

ESCRIBA DE ROMANI, S.L.

ESCUDEIRO SANCHEZ RAFAEL PEDRO

ESCUTIA DOTTI MARIA VICTORIA

ESHKERI Y GRAU, S.L.P.

ESINCO CONSULTORIA, S.L.

ESPALLARGAS MONTSERRAT MARIA TERESA

ESPARCIA CUESTA FELISA

ESPARCIA PINAR, S.L.

ESPASA ROIG YOLANDA

ESPEJO SANZ MARIA TERESA

ESPINAR MEDINA RICARDO

ESPINILLA ORTIZ ROSARIO

ESPIÑA GALLEGUE ANA MARIA

ESPUNY CURTO MARIA NATIVIDAD

ESQUIROZ RODRIGUEZ ISIDRO

ESTEBAN TAVIRA ANTONIO

ESTHA PATRIMONIOS, S.L.

ESTRADA DA GRANXA 6, S.L.

ESTUDIO FINANCIERO AVANZADO, S.L.

EUROFISC CONSULTING, S.L.

EUROFOMENTO EMPRESARIAL, S.L.

EUROGESTION XXI, S.L.

EUROTAX ABOGADOS, S.L.

EXAMERON, S.L.

EZQUERRO TEJADO MARIA DOLORES

F. D. PANTIGA, S.L.

FABRA VERGE TERESA ROSARIO

FACHADO ABOGADOS Y CONSULTORES, S.L.U.

FARIÑAS MARTINEZ JOSE ANTONIO

FARIZO ASESORES, S.L.U.

FASE ASESORES, S.L.

FASER 89, S.L.

FELEZ BIELSA, S.L.

FELEZ MARTIN FERMIN

FELIPE FONTANILLO MARIA DEL PILAR

FELIPE REUS ANDREU

FELIX AHOLKULARITZA, S.L.

FEO CLEMENTE ALEJANDRO

FERNANDEZ ALARCON MARGARITA

FERNANDEZ ALMANSA ANGEL ALEJANDRINO

FERNANDEZ COLIN MIGUEL MARCELO

FERNANDEZ CONTRERAS JOAQUIN

FERNANDEZ DE TEJADA ALMEIDA CARLOS ENRIQUE

FERNANDEZ LOPEZ MIGUEL ANGEL

FERNANDEZ MARTIN MARIA ISABEL

FERNANDEZ MORAY EVA MARIA

FERNANDEZ ONTAÑON DANIEL

FERNANDEZ PIÑEIRO ALBERTO

FERNANDEZ RIOS MARIA GORETTI

FERNANDEZ RIVERO JAVIER

FERNANDEZ RODRIGUEZ MARIA TERESA

FERNANDEZ SERRA, S.L.

FERNANDEZ SOUTO MARIA TERESA

FERNANDEZ VEIGA MANUEL

FERNANDEZ-LERGA GARRALDA JESUS

FERNANDEZ-MARDOMINGO BARRIUO MIGUEL JOSE

FERNANDO BAENA, S.L.

FERPAPER, S.L.

FERRADAS GONZALEZ JESUS

FERRAZ GORDO RUBEN

FERRE REVILLA NATALIA

FERRE FENOY PURIFICACION

FERREIRA FRAGA JULIAN

FERREIRO CASTRO MARIA TERESA	G Y G ABOGADOS, S.L.	GARCIA MEJIAS JUAN ANTONIO
FERRER GELABERT GABRIEL	GABINET D'ECONOMISTES ASSESSORS FISCALS, C.B.	GARCIA MUÑOZ MARIA OLGA
FERRERA HERNANDEZ FRANCISCO MIGUEL	GABINETE AFIMECO ASESORES, S.A.L.	GARCIA OVALLE OSCAR
FILGUEIRAS VERDEAL MARIA TERESA	GABINETE DE EMPRESAS GARBEM, S.L.	GARCIA PAREDES LORENZO
FINACO ASESORES, S.L.	GABINETE JURIDICO-FINANCIERO SERRANO, S.L.	GARCIA PERALES JESUS IVAN
FINAN ADVISORY, S.L.	GABIÑO DIAZ JUAN ANTONIO	GARCIA PEREZ ALICIA
FINANCIERA 2000 ASD, S.L.	GAGO COMES PABLO	GARCIA PERIS SANTIAGO DAVID
FINANCIERA MAYORGA, S.L.	GAGO FREITAS MARIA CARMEN	GARCIA RODRIGUEZ JOSE FERNANDO
FINANCO CONSULTORES, S.L.	GAINZA PARTNERS, S.L.	GARCIA ROMERO ANA AMPARO
FINANSER CONSULTORES, S.L.	GAITAN PERLES JUAN JOSE	GARCIA ROSALES JUAN ANTONIO
FINCAS DELLAKUN, S.L.	GAIZKA MUNIATEGUI MUSATADI - IKER BILBAO ZUAZUA, C.B.	GARCIA RUBIO ELENA
FIRVIDA PLAZA BELEN	GALILEA MARTINEZ ASESORES, S.L.	GARCIA SANCHEZ JUDIT
FISCOPYME, S.L.	GALINDO GOMEZ ANGEL	GARCIA SANCHEZ LUIS
FISHER COLLETTE	GALINDO SANCHO PALMIRA	GARCIA VIERA NOELIA
FLUVIA PEIRO MARIOLA	GALLOT ASESORES, S.L.	GARCIA-VALENCIANO LOPEZ LUIS
FOCUS PARTNERS, S.L.	GALLARDO GALLARDO BEATRIZ ANA	GARO ASESORIA CONSULTORIA Y AUDITORIA, S.L.
FOMBELLA ALVARADO ROSA MARIA	GALMES RIERA ANDRES	GARRIDO ARAN FRANCISCO
FONDO BERMUDEZ CANDIDO	GAMBOA DONES SUSANA	GARRIDO GARRIDO PEDRO VICENTE
FONTAN ZUBIZARRETA RAFAEL	GANDARA DUQUE MARIA DE LOS MILAGROS	GARRIDO GOMEZ ISABEL
FONTECHA MAISO, S.L.	GARATE MINTEGUI FRANCISCO	GARTXAMINA, S.L.
FORCEN LOPEZ MARIA ESTHER	GARAY AZCORRA PEDRO ANGEL	GARVIN Y FISAC CONSULTORES, S.L.
FORMA Y EMPRENDE, S.L.	GARAY GURBINDO FELICIDAD MARIA ANGELES	GASCON ASESORES, S.L.
FORMATEDAT, S.L.	GARCIA ALVAREZ-REMENTERIA ANTONIO	GASEM SERVICIOS, S.L.
FORMULA GESTION INTEGRAL, S.L.	GARCIA BASCUÑANA MARÍA CRISTINA	GAVAMAR 2011, S.L.
FORNIES & GUEL BENZU, S.L.	GARCIA CACERES JULIO	GAYCA ASESORES, S.L.
FORNOS MONLLAU MARC	GARCIA CANAL JAVIER	GEMMA HERNANDEZ, C.B.
FORUARGI, S.L.	GARCIA DAUDER VICENTE	GENE TICO REMEI
FRANCES MAESTRE FRANCISCA	GARCIA DE LA TORRE FRUTOS LUIS	GENERAL DE SERVEIS LA SEGARRA, S.L.
FRANCES MICO CARMELO	GARCIA DIAZ MARIA DEL CARMEN	GENERAL MEAT, S.L.
FRANCES Y BARCELO, C.B.	GARCIA FONDON CONSTANTINO	GEORKIAN BABAYAN LEILA
FRANCIAMAR, S.L.	GARCIA GALLEGO JAVIER	GEP HIPOTECAS, S.L.
FRANCISCO JOSE PEÑUELA SANCHEZ, S.L.	GARCIA GARCIA JOSE MIGUEL	GESAL ASESORIA, S.L.
FRANCO ALADRÉN JUAN CARLOS	GARCIA GARCIA REMEDIOS	GESCOFI OFICINAS, S.L.
FRANCO MARTINEZ JUAN JOSE	GARCIA GONZALEZ PILAR	GESDIA ASESORES, S.L.U.
FREJ HELLIN FRANCISCO	GARCIA HERNANDEZ VICTOR PEDRO	GESPIME ROMERO MIR, S.L.
FUCHS KARL JOHANN MAX	GARCIA HIERRO JIMENEZ FRANCISCO JAVIER	GESPYME GESTIO I ASSESSORAMENT DE PYMES, S.L.
FUENTE RODRIGUEZ MARIA PILAR	GARCIA LATORRE ANTONIO DAVID	GESTINSERVER CONSULTORES, S.L.U.
FUENTES & GESCOM, S.L.	GARCIA LAZARO VANESA	GESTIO EXTERNA INTEGRADA D'EMPRESAS, S.L.
FUENTESECA FERNANDEZ MIGUEL	GARCIA LOPEZCONSULTORES, S.L.P.U.	GESTIO I ASSESSORAMENT OROPESA, S.L.
FUSTER ISACH MIGUEL ANGEL	GARCIA LORENZO JAVIER	GESTION ASCEM, S.L.
FUSTER Y G. ANDRES ASOCIADOS, S.L.	GARCIA LUCHENA ASESORES, S.L.	GESTION DE INVERSIONES Y PROMOCIONES ELKA CANARIAS, S.L.
G & G ASESORES, C.B.	GARCIA MATEO ASESORES, S.L.U.	GESTION ESTUDIO Y AUDITORIA DE EMPRESAS GEA, S.L.

GESTION FINANCIERA CONSULTORA EMPRESARIAL, S.L.
 GESTION FINANCIERA MIGUELTURRA, S.L.
 GESTION I ASSEGURANCES PERSONALIZADES, S.L.
 GESTION INTEGRAL CONTRERAS, S.L.P.U.
 GESTION INTEGRAL DE EMPRESAS FUSTER, S.L.
 GESTION PARERA, S.L.
 GESTIONA MADRIDEJOS, S.L.
 GESTIONES MARTIN BENITEZ, S.L.
 GESTIONES ORT-BLANC, S.L.
 GESTITRAMI FINANCIAL, S.L.
 GESTORA DE SERVICIOS ECOFIN, S.L.
 GESTORDIZ S.L.L.
 GESTORED CONSULTING, S.L.
 GESTORIA ADMINISTRADORA FAUS, S.L.
 GESTORIA ADMINISTRATIVA LASTRA, S.L.
 GESTORIA ADMINISTRATIVA PALOP ALCAIDE, S.L.P.
 GESTORIA ADMINISTRATIVA SAN JOSE, S.L.
 GESTORIA ASFER, S.L.
 GESTORIA BELTRAN MARQUEZ, S.L.U.
 GESTORIA ESTRADA OSONA, S.L.P.
 GESTORIA GARCIA POVEDA, S.R.L.
 GESTORIA HERMANOS FRESNEDA, S.L.
 GESTORIA JUAN AMER, S.L.
 GESTORIA LLURBA GARZON, S.L.
 GESTORIA PARIS, S.L.
 GESTORIA POUSA Y RODRIGUEZ, S.L.
 GESTORIA ROYO LOPEZ, S.L.
 GESTORIA RUIZ MILLAN, S.L.
 GESTRAMIT EUROPEAN SYSTEMS, S.L.
 GESTVILL ASESORIA VILA-REAL, S.L.U.
 GIL BELMONTE SUSANA
 GIL FERNANDEZ JUAN JOSE
 GIL MANSERGAS, C.B.
 GIL RUIZ PABLO
 GIL TIO JULIA
 GIL USON MARTA
 GIMENO CACHO MARIA CRISTINA
 GLOBAL AVANTIS, S. COOP. V.
 GLOBAL TAX GESTION, S.L.
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 GOMEZ ASUA ASIER
 GOMEZ DE MAINTENANT MARTA MARIA

GOMEZ EBRI CARLOS
 GOMEZ LOBO JUAN
 GOMEZ MARTINEZ LUIS
 GOMEZ VALVERDE ANTONIO
 GOMEZ VAZQUEZ MARIA JESUS
 GOMEZ VELILLA MARIA BRIGIDA
 GOMIS JIMENEZ CARLOS
 GONZALEZ & PARDAVILA, S.C.
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 GONZALEZ ARANDA FRANCISCO JAVIER
 GONZALEZ BELTRAN OLGA
 GONZALEZ BORINAGA IVANA
 GONZALEZ COCA MARIA DE LA ENCINA
 GONZALEZ DIAZ VICTORINO
 GONZALEZ DONAMARIA BEATRIZ
 GONZALEZ ESPARZA JUANA MARIA
 GONZALEZ FERNANDEZ MIGUEL ANGEL
 GONZALEZ GARCIA SERGIO
 GONZALEZ GONZALEZ JOSE MANUEL
 GONZALEZ GONZALEZ VICTOR JAVIER
 GONZALEZ GUTIERREZ PEDRO ROMAN
 GONZALEZ HUESCAR JOSE MARIA
 GONZALEZ JUSTO CARLA
 GONZALEZ LARRAINZAR IÑIGO
 GONZALEZ LUIS JULIAN
 GONZALEZ MARIN MANUEL
 GONZALEZ MOLANO FRANCISCO JAVIER
 GONZALEZ MONTERO CONCEPCION
 GONZALEZ MONZON MARIO
 GONZALEZ MOSQUERA FERNANDO
 GONZALEZ PAVON FRANCISCO JOSE
 GONZALEZ PRIETO SERGIO
 GONZALEZ RAMIREZ JOSE
 GONZALEZ RODRIGUEZ FRANCISCO
 GONZALEZ SOCAS ANTONIA MARINA
 GONZALEZ SOCORRO MARIA ESTHER
 GONZALEZ TABOADA JOSE
 GONZALEZ TORRES JOAQUINA
 GONZALEZ VIDAL ESPERANZA
 GONZALEZ XIMENEZ ALEJANDRO
 GOÑI IDARRETA ANA MARIA
 GOPAR MARRERO PABLO

GORDO GAMIZ MARIA LUISA
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 GRAÑA RAMOS ABEL
 GRAÑON LOPEZ LUIS ALBERTO
 GRASSA VARGAS FERNANDO
 GRAUPERA GASSOL MARTA
 GRELA CASTRO MARCELINO
 GRUP DE GESTIO PONENT DOS ASSEGURANCES, S.L.
 GRUP SBD ASSESSORAMENT I GESTIO, S.L.
 GRUPAMERO ADMINISTRACION, S.L.
 GRUPO BABAC, S.L.
 GRUPO DTM CONSULTING, S.L.
 GRUPO FERRERO DE ASESORIA , S.L.
 GRUPO FINANCIERO TALAMANCA 11, S.L.
 GRUPO SURLEX, S.L.
 GRUPODOMO 2002, S.L.L.
 GUARAS JIMENEZ MARIA RESURRECCION
 GUERRA CEBALLOS JUAN LUIS
 GUERRA GARCIA DE CELIS JOSE JUAN
 GUERRERO VERGARA JOSE ANTONIO
 GUIJARRO BACO JUAN JOSE
 GUILLEN RUIZ EMILIO
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 GURRIA Y ASOCIADOS, S.C.
 GUTIERREZ DE GUEVARA, S.L.
 GUTIERREZ GARCIA AZAHARA
 GUTIERREZ LORENZO ANGEL
 GUZMAN GONZALEZ EMILIANO
 HELP CONTROL DE GESTION, S.L.
 HERAS GABINETE JURIDICO Y DE GESTION, S.L.
 HERAS GOMEZ FRANCISCO JAVIER
 HERAS HERNANDEZ FERNANDO
 HERCA CONSULTING, S.L.
 HEREDERO GARCIA ALBERTO
 HERMO MARTINEZ MARTA
 HERMOSO NUÑEZ PEDRO
 HERNANDEZ GIMENEZ JAVIER
 HERNANDEZ LIEBANAS FRANCISCO
 HERNANDEZ LOPEZ JOSEFA ANA

HERNANDEZ MANRESA JOSEFA	INTASSE EMPRESARIAL, S.L.	JIMENEZ PINEDA MERCEDES
HERNANDEZ MANRIQUE CARLOS MANUEL	INVAL 02, S.L.	JOANA JAREÑO, S.L.
HERNANDEZ PRIETO MIGUEL ANGEL	INVERGU 2914, S.L.	JOSE ANGEL ALVAREZ, S.L.U.
HERNANDEZ SANCHEZ MARIA ISABEL	INVERJOVI 3000, S.L.U.	JOVER BENAVENT ENRIQUE
HERNANDO ORTEGO PEDRO ANTONIO	INVERSAN BROKERS, S.L.	JUAN JOSE ORTIZ, S.L.
HERRAIZ ARGUDO CONSUELO	INVERSIONES 16 DE SERVICIOS FINANCIEROS E INMOBILIARIOS, S.L.	JUANOLA COCH MARTI
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HIDALBEROLA CONSULTORES, S.L.	INVERSIONES TECNICAS GRUPO CHAHER, S.L.	KANKEL INVERSIONES, S.L.
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RIPOLL BARRACHINA ENRIQUE	RUA PIRAME ENRIQUE	SAMPEDRO RUCHINSKY MARCOS IGNACIO
RIVAS ANORO FERNANDO	RUALI CONSULTANTS, S.L.	SAMPER CAMPANALS PILAR
RIVAS CASTRO JOSE CARLOS	RUBIO ALESANCO ALEJANDRO	SANCHEZ BURUAGA MARTA
RIVAS FERNANDEZ RAFAEL	RUBIO BERNARDEAU ANTONIA MILAGROSA	SANCHEZ ELIZALDE JUAN FRANCISCO
RIVERO RIVERO SAMUEL	RUBIO SIERRA FRANCISCO JOSE	SANCHEZ GARCIA YOLANDA
ROALGA GESTION DE RIESGOS, S.L.	RUEDA LOBO CARLOS MIGUEL	SANCHEZ HERNANDEZ IVAN
ROBI PAL, S.C.P.	RUIPEREZ MATOQUE PIERRE	SANCHEZ LOPEZ MIGUEL
ROBLES SANCHEZ ROSA MARIA	RUIZ ASESORES, S.C.	SANCHEZ MARTINEZ JAVIER
ROCHE BLASCO Y ROCHE ASESORES, S.L.	RUIZ AYUCAR Y ASOCIADOS, S.L.	SANCHEZ MESA FRANCISCO
RODES BIOSCA CARLOS RAFAEL	RUIZ CASAS JUAN BAUTISTA	SANCHEZ NUEZ JOSE ANTONIO
RODRIGO TORRADO JUAN JOSE	RUIZ DEL RIO ROSA MARIA	SANCHEZ PEÑA MIGUEL ANGEL

SANCHEZ RODRIGUEZ M ^a TERESA CARMEN	SERRANO VACAS JUAN CARLOS	SOMOZA SIMON Y GARCIA, S.L.
SANCHEZ SAN VICENTE GUILLERMO JESUS	SERTE RIOJA, S.A.P.	SORIANO ORTEGA MARIA SAMPEDRO
SANCHEZ SECO VIVAR CARLOS JAVIER	SERVEIS FINANCERS DE CATALUNYA, S.L.	SOSA BLANCO SERVANDO
SANCHIS MARTIN LAURA	SERVICIOS FINANCIEROS ALENAT, S.L.	SOSA LOZANO JOSE RAUL
SANGENIS GESTIO I SERVEIS, S.L.	SERVICIOS FINANCIEROS AZMU, S.L.	SOTO PASTOR RAFAEL
SANMARTIN JARAUTE ALFREDO	SERVICIOS FINANCIEROS GABIOLA, S.L.	SPI SERVICIOS JURIDICOS EMPRESARIALES, S.L.
SANTAMANS ASESORES LEGALES Y TRIBUTARIOS, S.L.	SERVICIOS INTEGRALES CANARIOS, S.L.	STM NUMMOS, S.L.
SANTANA DIAZ SEBASTIAN	SERVICIOS INTEGRALES DE CONSULTORIA, ASESORAMIENTO Y GESTION, S.L.	SUBIRATS ESPUNY MARIA DOLORES
SANTANDREU ROSSELLO PERE	SERVICIOS INTEGRALES DE GESTION INMOBILIARIA, ASESORIA LEGAL Y MEDIOAMBIENTE, S.L.	SUGRAÑES ASSESSORS, S.L.
SANTIVERI GESTIO I ASSESSORAMENT, S.L.	SERVICIOS JURIDICOS VENTANOVA, C.B.	SUMA LEGAL, S.L.
SANTOS GARCIA MANUEL	SERVICIOS JURIDICOS Y ADMINISTRACION GRUPO ROPASA, S.L.	SUSO ALEA ENRIQUE
SANTOS MACIAS MARIA ESTHER	SERVICONTA ALCOY, S.L.	T & P SAFOR GESTIO, S.L.
SANTOS ROMAN MARIA NURIA	SERVIGEST GESTION EMPRESARIAL, S.L.	T.S. GESTIO, S.L.
SANZ CALDERON FRANCISCO JAVIER	SETAYESH SHAHNAZ	TABORGA ONTAÑON ANTONIO JOAQUIN
SANZ EMPERADOR JESUS ANGEL	SEVA VERA JAVIER	TACASA BIAR, S.L.
SANZ FUENTES LUIS ALBERTO	SEVILLANO MARTINEZ JUAN	TALLER DE PROJECTES GRUP XXI, S.L.L.
SANZ MORENO ANTONIO	SEVILLEJA GUINOT LUIS	TAMG, S.C.
SARA Y LETICIA, S.L.	SIERRA SANCHEZ GERMAN	TARIN BOSCH JUAN JESUS
SARDA ANTON JUAN IGNACIO	SIERRA TORRE MIGUEL	TARIN MOMPO, S.L.P.
SARRI SOLE FRANCESC XAVIER	SIGNES ASESORES, S.L.	TARSIS FINANCIAL ADVICE, S.L.
SARRIO TIERRASECA LEON	SIGNES CASANOVES BERNARDO CRISTOBAL	TAX SAN SEBASTIAN, S.L.
SARROCA GIL MOISES	SILJORINE, S.L.	TECNICOS AUDITORES CONTABLES Y TRIBUTARIOS EN SERVICIOS DE ASESORAMIENTO, S.L.
SAUN FUERTES MARIA JOSE	SILVA FERNANDEZ CRISTINA	TELLECHEA ABASCAL PEDRO MANUEL
SAURA MARTINEZ PEDRO	SILVA HUERTAS MIGUEL ANGEL	TENA LAGUNA LORENZO
SAURINA DELGADO ADVOCATS, S.L.	SIMON BENITO JOSE JUAN	TEYCASER GESTION Y FORMACION EMPRESARIAL, S.L.
SB GESTION IMPUESTOS, S.A.	SINDIN RODRIGUEZ NOELIA	THE GADO GROUP, S.L.
SECO ALVITE JOSE ANGEL	SINTAS NOGALES FRANCISCO	THINKCO CONSULTORIA DE NEGOCIO, S.L.
SECO FERNANDEZ LUIS ALBERTO	SINTES SINTES JOSE LUIS	TIGALMA, S.L.
SEGURALIA 2050, S.L.	SISTEMA ASESORES FERROL, S.L.	TINAQUERO HERRERO JULIO ANTONIO
SEGUROS E INVERSIONES DEL CID & VILLAFAINA, S.L.	SISTEMAS INTEGRADOS DE GESTION PARA LA EMPRESA ANDALUZA, S.L.	TIO & CODINA ASSESSOR D'INVERSIONS, S.L.
SELUCON, C.B.	SOBALER Y RODRIGUEZ ASESORIA Y GESTION, S.L.	TIRADO ZARCO ESMERALDA
SEMPERE & PICO ASESORES, S.L.	SOCIEDAD CONSULTORA DE ACTUARIOS, S.C.A.	TIRAMAT INVERSIONS, S.L.
SEDA GESTION, S.L.	SOCIEDAD COOPERATIVA AGRARIA SAN ANTONIO ABAD	TODOPYME, S.L.
SEOANE MENDEZ ROBERTO	SOCIEDAD COOPERATIVA AGRICOLA NTRA SRA DEL CARMEN	TOLEDO VALIENTE MARIA GLORIA
SERBANASER 2000, S.L.	SOCIEDAD COOPERATIVA ANDALUZA OLIVARERA LA PURISIMA	TOLL SERVICIOS ECONOMICOS Y FISCALES, S.L.
SERCOM ARAGON S.XXI, S.L.	SOCIEDAD COOPERATIVA NTRA SRA DE LOS REMEDIOS	TOLOCONSULTING, S.L.
SERKA ASESORES, S.L.	SOCOGADEM, S.L.	TOMAS SECO ASESORES, S.L.
SERNA MINONDO MARIA ANTONIA	SOLER ASCASO M ^a LOURDES	TOPE MEDITERRANEA ASSEGURANCES, S.L.
SERRA GREGORI RAUL	SOLER MUNDET AGUSTI	TOQUERO ASSESSORS, S.L.U.
SERRANO DOMINGUEZ FRANCISCO JAVIER	SOLUCIONES FISCALES DE GALICIA, S.L.L.	TORMOS MARTINEZ ISIDRO
SERRANO QUEVEDO RAMON	SOLYGES CIUDAD RODRIGO, S.L.U.	TORNER TORNERO ROGER
SERRANO RODRIGUEZ RAFAEL	SOMOZA RODRIGUEZ ESCUDERO OSCAR JOSE FELIX	TORRE DE LA CUESTA CORREDURIA DE SEGUROS, S.L.

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 51).

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TORRECILLAS BELMONTE JOSE MARIA	VAZQUEZ SANTOS CRISTINA	ZUBIZARRETA UNCETA AITOR
TORRENTE RODRIGUEZ ELADIO	VEGA & ASOCIADOS, S.C.C.L.	ZUBIZUA, S.L.
TORRES BONACHE MARIA DEL CARMEN	VEGA GARCIA CRISTIAN	ZURAWKA ERHARD RUDOLF
TORRES CALVO AGUSTIN	VEIGUELA LASTRA CARLOS MARIA	ZUZENBIDE KONTUAK KOOP ELK TXIKIA
TORRES DIAZ ANTONIO	VEJERIEGA CONSULTING, S.L.	
TORRES MONTEJANO FELIX	VELASCO FERNANDEZ ALFONSO	
TORRES PEREZ JOSE ARISTIDES	VELASCO LOZANO FRANCISCO	
TRAMITES FACILES SANTANDER ASESORES Y CONSULTORES, S.L.L.	VENTURA CLIMENT GUILLERMO	
TRAYSERCAN, S.L.	VENZAL CONTRERAS FRANCISCO JAVIER	
TRES U EMPRESA DE SERVICIOS PROFESIONALES, S.L.	VIANA TOME BEATRIZ	
TRILLO PALACIOS ASESORES, S.L.	VICENTE GONZALEZ ANGEL	
TRUELUX COACHING EMPRESARIAL, S.L.	VICENTE JUAN ASESORES, S.L.	
TUÑON GARCIA JOSE GIL	VICENTE OYA AMATE Y DOS MAS, C.B.	
TURBON ASESORES LEGALES Y TRIBUTARIOS, S.L.	VICENTE ROJAS MARIA INMACULADA	
TWOINVER IBERICA, S.L.	VIDAL ARAGON DE OLIVES GERARDO IGNACIO	
TXIRRIENA, S.L.	VIDAL JAMARDO LUIS RAMON	
UBK PATRIMONIOS, S.L.	VIDAL TROITIÑO MARIA DE LA CONCEPCION	
UCAR ESTEBAN ROSARIO	VIGUE PUJOL, S.L.	
UGARTE ASOCIADOS SERVICIOS EMPRESARIALES, S.L.	VILA BARCELO ALFONS	
UNIPRASA, S.L.P.	VILLACE MEDINA JUAN CARLOS	
URBANSUR GLOBAL, S.L.	VILLAGRASA ROS ANTONIO	
UREDERRA ASESORES, S.L.	VILLAR MIR CONCEPCION	
URIAGUERCA CARRILERO FRANCISCO JAVIER	VILLORO OLLE ROGER	
URIBITARTE FINANCIAL, S.L.	VINYES SABATA MERCÉ	
URRERO SANTIAGO LUIS	VIÑA ARASA RICARDO	
USKARTZE, S.L.	VIÑAO BALLARIN MARIA ANGELES	
V.S. SERVICIOS JURIDICOS, S.L.	VITAL ASESORES, C.B.	
VACA DELGADO ANDRES JESUS	VIVER MIR JAIME JAVIER	
VACCEOS GESTORES, S.L.	VIVIAL ASESORAMIENTO Y ALQUILERES, S.L.	
VADILLO ALMAGRO MARIA VICTORIA	WALS FERNANDEZ PETRA	
VALCARCEL LOPEZ ALFONSO	WEISSE KUSTE, S.L.	
VALCARCEL GRANDE FRANCISCO JAVIER	WERHEIT SCHUH HERMANN JOSEF	
VALENCIA TRENADO MANUEL RODRIGO	WHITE ORR ROBERT HENRY	
VALENZUELA TENA CARMEN	WIZNER FAMILY OFFICE, S.L.	
VALOR AFEGIT OSONA, S.L.	XESDEZA, S.L.	
VAN CAMP VANESSA IRMA	XESPRODEM ASESORES, S.L.L.	
VQUERO GOMEZ JOSE MANUEL	XESTADEM, S.L.	
VASALLO RAPELA ASESORES, S.L.	YUSTE SORIANO MARIA BELEN	
VAZ FERNANDEZ JUAN BENITO	ZAHIR ASESORES TRIBUTARIOS, S.L.	
VAZQUEZ DIEGUEZ JOSE ANDRES	ZALTYS, S.L.	
VAZQUEZ FERREIRO ALFONSO	ZANGRONIZ GARCIA MARIA RESURRECCION	
VAZQUEZ FIGUEIRAS JULIA	ZATOSTE,S.L.	

Appendix XIV- Conciliation of the Balance Sheet and the Income Statements for 2013

The conciliation of Balance sheet and income statements for comparative purposes is shown as follows (see Note 1.3):

Millions of Euros			
ASSETS	2013 Restated	Adjustment	2013 before restated
CASH AND BALANCES WITH CENTRAL BANKS	12,085	-	12,085
FINANCIAL ASSETS HELD FOR TRADING	56,631	-	56,631
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	43,301	-	43,301
LOANS AND RECEIVABLES	230,523	-	230,523
HELD-TO-MATURITY INVESTMENTS	-	-	-
PORTFOLIO HEDGES OF INTEREST RATE RISK	99	-	99
HEDGING DERIVATIVES	2,307	-	2,307
NON-CURRENT ASSETS HELD FOR SALE	2,195	-	2,195
EQUITY METHOD	25,602	-	25,602
INSURANCE CONTRACTS LINKED TO PENSIONS	1,989	-	1,989
TANGIBLE ASSETS	1,651	-	1,651
INTANGIBLE ASSETS	927	-	927
TAX ASSETS	8,664	121	8,543
OTHER ASSETS	1,078	-	1,078
TOTAL ASSETS	387,052	121	386,931

Millions of Euros			
LIABILITIES AND EQUITY	2013 Restated	Adjustment	2013 before restated
FINANCIAL LIABILITIES HELD FOR TRADING	43,599	-	43,599
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-
FINANCIAL LIABILITIES AT AMORTIZED COST	301,120	404	300,716
HEDGES OF INTEREST RATE RISK	-	-	-
HEDGING DERIVATIVES	1,507	-	1,507
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-	-	-
PROVISIONS	5,782	-	5,782
TAX LIABILITIES	978	-	978
OTHER LIABILITIES	1,474	-	1,474
TOTAL LIABILITIES	354,460	404	354,056

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Millions of Euros			
LIABILITIES AND EQUITY (Continued)	2013 Restated	Adjustment	2013 before restated
STOCKHOLDERS' FUNDS	32,708	(283)	32,991
Common Stock	2,835	-	2,835
Share premium	22,111	-	22,111
Reserves	7,244	(140)	7,384
Other equity instruments	43	-	43
Less: Treasury stock	(20)	-	(20)
Income attributed	1,263	(143)	1,406
Less: Dividends and remuneration	(768)	-	(768)
VALUATION ADJUSTMENTS	(116)	-	(116)
TOTAL EQUITY	32,592	(283)	32,875
TOTAL LIABILITIES AND EQUITY	387,052	121	386,931

Millions of Euros			
	2013 Restated	Adjustment	2013 before restated
CONTINGENT RISK	47,961	-	47,961
CONTINGENT COMMITMENTS	53,412	-	53,412

Millions of Euros			
	2013 Restated	Adjustment	2013 before restated
INTEREST AND SIMILAR INCOME	7,877	-	7,877
INTEREST AND SIMILAR EXPENSES	(4,589)	-	(4,589)
NET INTEREST INCOME	3,288	-	3,288
DIVIDEND INCOME	2,257	-	2,257
FEE AND COMMISSION INCOME	1,775	-	1,775
FEE AND COMMISSION EXPENSES	(332)	-	(332)
LIABILITIES	1,125	-	1,125
EXCHANGE DIFFERENCES (NET)	195	-	195
OTHER OPERATING INCOME	131	-	131
OTHER OPERATING EXPENSES	(641)	(204)	(437)
GROSS INCOME	7,798	(204)	8,002
ADMINISTRATION COSTS	(3,877)	-	(3,877)
DEPRECIATION AND AMORTIZATION	(502)	-	(502)
PROVISIONS (NET)	(730)	-	(730)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(3,254)	-	(3,254)
NET OPERATING INCOME	(565)	(204)	(361)
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	145	-	145
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	(127)	-	(127)
NEGATIVE GOODWILL	-	-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	(370)	-	(370)
INCOME BEFORE TAX	(917)	(204)	(713)
INCOME TAX	1,119	61	1,058
INCOME FROM CONTINUING TRANSACTIONS	202	(143)	345
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	1,061	-	1,061
NET INCOME	1,263	(143)	1,406

Glossary

Adjusted acquisition cost	The acquisition cost of the securities less accumulated amortizations, plus interest accrued, but not net of any other valuation adjustments.
Amortized cost	The amortized cost of a financial asset is the amount at which it was measured at initial recognition minus principal repayments, plus or minus, as warranted, the cumulative amount taken to profit or loss using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or change in measured value.
Associates	Companies in which the Group has a significant influence, without having control. Significant influence is deemed to exist when the Group owns 20% or more of the voting rights of an investee directly or indirectly.
Available-for-sale financial assets	Available-for-sale (AFS) financial assets are debt securities that are not classified as held-to-maturity investments or as financial assets designated at fair value through profit or loss (FVTPL) and equity instruments that are not subsidiaries, associates or jointly controlled entities and have not been designated as at FVTPL.
Basic earnings per share	Calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.
Business combination	A business combination is a transaction, or any other event, through which a single entity obtains the control of one or more businesses.
Cash flow hedges	Those that hedge the exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could effect profit or loss.
Commissions and fees	Income and expenses relating to commissions and similar fees are recognized in the consolidated income statement using criteria that vary according to their nature. The most significant income and expense items in this connection are:
	-Fees and commissions relating linked to financial assets and liabilities measured at fair value through profit or loss, which are recognized when collected.
	-Fees and commissions arising from transactions or services that are provided over a period of time, which are recognized over the life of these transactions or services.
	-Fees and commissions generated by a single act are accrued upon execution of that act.
Contingencies	Current obligations of the entity arising as a result of past events whose existence depends on the occurrence or non-occurrence of one or more future events independent of the will of the entity.
Contingent liabilities	Possible obligations of the entity that arise from past events and whose existence depends on the occurrence or non-occurrence of one or more future events independent of the entity's will and that could lead to the recognition of financial assets.

Contingent risks	Transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts.
Correlation risk	Correlation risk is related to derivatives whose final value depends on the performance of more than one underlying asset (primarily, stock baskets) and indicates the existing variability in the correlations between each pair of assets.
Current service cost	Current service cost is the increase in the present value of a defined benefit obligation resulting from employee service in the current period.
Current tax assets	Taxes recoverable over the next twelve months.
Current tax liabilities	Corporate income tax payable on taxable profit for the year and other taxes payable in the next twelve months.
Debt certificates	Obligations and other interest-bearing securities that create or evidence a debt on the part of their issuer, including debt securities issued for trading among an open group of investors, that accrue interest, implied or explicit, whose rate, fixed or benchmarked to other rates, is established contractually, and take the form of securities or book-entries, irrespective of the issuer.
Deferred tax assets	Taxes recoverable in future years, including loss carryforwards or tax credits for deductions and tax rebates pending application.
Deferred tax liabilities	Income taxes payable in subsequent years.
Defined benefit plans	Defined contribution plans are retirement benefit plans under which amounts to be paid as retirement benefits are determined by contributions to a fund together with investment earnings thereon. The employer's obligations in respect of its employees current and prior years' employment service are discharged by contributions to the fund.
Defined contribution plans	Post-employment obligation under which the entity, directly or indirectly via the plan, retains the contractual or implicit obligation to pay remuneration directly to employees when required or to pay additional amounts if the insurer, or other entity required to pay, does not cover all the benefits relating to the services rendered by the employees when insurance policies do not cover all of the corresponding post-employees benefits.
Deposits from central banks	Deposits of all classes, including loans and money market operations, received from the Bank of Spain and other central banks.
Deposits from credit institutions	Deposits of all classes, including loans and money market operations received, from credit entities.
Deposits from customers	Redeemable cash balances received by the entity, with the exception of debt certificates, money market operations through counterparties and subordinated liabilities that are not received from either central banks or credit entities. This category also includes cash deposits and consignments received that can be readily withdrawn.

Diluted earnings per share	This calculation is similar to that used to measure basic earnings per share, except that the weighted average number of shares outstanding is adjusted to reflect the potential dilutive effect of any stock options, warrants and convertible debt instruments outstanding the year. For the purpose of calculating diluted earnings per share, an entity shall assume the exercise of dilutive warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price of ordinary shares during the period shall be treated as an issue of ordinary shares for no consideration. Such shares are dilutive and are added to the number of ordinary shares outstanding in the calculation of diluted earnings per share.
Early retirements	Employees that no longer render their services to the entity but which, without being legally retired, remain entitled to make economic claims on the entity until they formally retire.
Economic capital	Eligible capital for regulatory capital adequacy calculations.
Economic profit	This metric measures the part of attributable adjusted profit (attributable profit + adjustment for expected loss, net income and valuation) in excess of the cost of equity employed, and measures the profits generated in excess of market expectations of returns on equity capital. This is used at the management level; for annual public reporting; for incentives in some business areas; and in the Group's value map.
Effective interest rate	Discount rate that exactly equals the value of a financial instrument with the cash flows estimated over the expected life of the instrument based on its contractual period as well as its anticipated amortization, but without taking the future losses of credit risk into consideration.
Employee expenses	All compensation accrued during the year in respect of personnel on the payroll, under permanent or temporary contracts, irrespective of their jobs or functions, irrespective of the concept, including the current costs of servicing pension plans, own share based compensation schemes and capitalized personnel expenses. Amounts reimbursed by the state Social Security or other welfare entities in respect of employee illness are deducted from personnel expenses.
Equity	The residual interest in an entity's assets after deducting its liabilities. It includes owner or venturer contributions to the entity, at incorporation and subsequently, unless they meet the definition of liabilities, and accumulated net profits or losses, fair value adjustments affecting equity and, if warranted, minority interests.
Equity instruments	An equity instrument that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
Equity method	The method used for the consolidation of the Group's holdings in associates. These holdings are recognized at cost on the purchase date and later evaluated. This amount will then be increased or decreased based on the differences that, after said date, the equity of the entity experiences and that corresponds to the investing institution, after considering the dividends received from them and other equity eliminations. The income statement of the investing institution shall include the corresponding proportion in the earnings of the investee.

Exchange/translation differences	Exchange differences (PyL): Includes the earnings obtained in currency trading and the differences arising on translating monetary items denominated in foreign currency to the functional currency. Exchange differences (valuation adjustments): those recorded due to the translation of the financial statements in foreign currency to the functional currency of the Group and others recorded against equity.
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
Fair value hedges	Derivatives that hedge the exposure to changes in the fair value of assets and liabilities or firm commitments that have not 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.
Fees	See Commissions, fees and similar items
Financial guarantees	Contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument, irrespective of its instrumentation. These guarantees may take the form of deposits, technical or financial guarantees, insurance contracts or credit derivatives.
Financial instrument	A financial instrument is any contract that gives rise to a financial asset of one entity and to a financial liability or equity instrument of another entity.
Financial liabilities at amortized cost	Financial liabilities that do not meet the definition of financial liabilities designated at fair value through profit or loss and arise from the financial entities' ordinary activities to capture funds, regardless of their instrumentation or maturity.
Full consolidation method	Method used for the consolidation of the accounts of the Group's subsidiaries. The assets and liabilities of the Group entities are incorporated line-by-line on the consolidated balance sheets, after conciliation and the elimination in full of intragroup balances, including amounts payable and receivable.
	Group entity income statement income and expense headings are similarly combined line by line into the consolidated income statement, having made the following consolidation eliminations: a) income and expenses in respect of intragroup transactions are eliminated in full. b) profits and losses resulting from intragroup transactions are similarly eliminated.
	The carrying amount of the parent's investment and the parent's share of equity in each subsidiary are eliminated.
Gains or losses on financial assets and liabilities, net	This heading reflects fair value changes in financial instruments - except for changes attributable to accrued interest upon application of the interest rate method and asset impairment losses (net) recognized in the income statement - as well as gains or losses generated by their sale - except for gains or losses generated by the disposal of investments in subsidiaries, jointly controlled entities and associates and of securities classified as held to maturity.
Goodwill	Goodwill acquired in a business combination represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not able to be individually identified and separately recognized.
Hedges of net investments in foreign operations	Foreign currency hedge of a net investment in a foreign operation.

Hedging derivatives	Derivatives designated as hedging instruments in an accounting hedge. The fair value or future cash flows of those derivatives is expected to offset the differences in the fair value or cash flows of the items hedged.
Held-to-maturity investments	Held-to-maturity investments are financial assets traded on an active market, with fixed maturity and fixed or determinable payments and cash flows that an entity has the positive intention and financial ability to hold to maturity.
Held for trading (assets and liabilities)	Financial assets and liabilities acquired or incurred primarily for the purpose of profiting from variations in their prices in the short term.
	This category also includes financial derivatives not qualifying for hedge accounting, and in the case of borrowed securities, financial liabilities originated by the firm sale of financial assets acquired under repurchase agreements or received on loan ("short positions").
Impaired/doubtful/non-performing portfolio	Financial assets whose carrying amount is higher than their recoverable value, prompting the entity to recognize the corresponding impairment loss.
Impaired financial assets	A financial asset is deemed impaired, and accordingly restated to fair value, when there is objective evidence of impairment as a result of one or more events that give rise to:
	1. A measurable decrease in the estimated future cash flows since the initial recognition of those assets in the case of debt instruments (loans and receivables and debt securities).
	2. A significant or prolonged drop in fair value below cost in the case of equity instruments.
Income from equity instruments	Dividends and income on equity instruments collected or announced during the year corresponding to profits generated by investees after the ownership interest is acquired. Income is recognized gross, i.e., without deducting any withholdings made, if any.
Insurance contracts linked to pensions	The fair value of insurance contracts written to cover pension commitments.
Inventories	Assets, other than financial instruments, under production, construction or development, held for sale during the normal course of business, or to be consumed in the production process or during the rendering of services. Inventories include land and other properties held for sale at the real estate development business.
Investment properties	Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for own use or sale in the ordinary course of business.
Jointly controlled entities	Companies that form a joint business and, consequently, over which the Group exercises joint control. A joint business is a contractual agreement by virtue of which two or more entities undertake an economic activity under joint control; that is, a contractual agreement to share the power to guide the financial and operation policies of an entity or other economic activity, so as to benefit from its operations, and in which the unanimous consent of all participants is required in all financial and operational strategic decision-making.

Leases	A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time, a stream of cash flows that is essentially equivalent to the combination of principal and interest payments under a loan agreement.
	a) A lease is classified as a finance lease when it substantially transfers all the risks and rewards incidental to ownership of the asset forming the subject-matter of the contract.
	b) A lease will be classified as operating lease when it is not a financial lease.
Liabilities associated with non-current assets held for sale	The balance of liabilities directly associated with assets classified as non-current assets held for sale, including those recognized under liabilities in the entity's balance sheet at the balance sheet date corresponding to discontinued operations.
Liabilities under insurance contracts	The technical reserves of direct insurance and inward reinsurance recorded by the consolidated entities to cover claims arising from insurance contracts in force at period-end.
Loans and advances to customers	Loans and receivables, irrespective of their type, granted to third parties that are not credit entities.
Loans and receivables	Financial instruments with determined or determinable cash flows and in which the entire payment made by the entity will be recovered, except for reasons attributable to the solvency of the debtor. This category includes both the investments from the typical lending activity (amounts of cash available and pending maturity by customers as a loan or deposits lent to other entities, and unlisted debt certificates), as well as debts contracted by the purchasers of goods, or users of services, that form part of the entity's business. It also includes all finance lease arrangements in which the consolidated subsidiaries act as lessors.
Minority interests	The net amount of the profit or loss and net assets of a subsidiary attributable to associates outside the group (that is, the amount that is not owned, directly or indirectly, by the parent), including that amount in the corresponding part of the consolidated earnings for the period.
Mortgage-covered bonds	Financial asset or security created from mortgage loans and backed by the guarantee of the mortgage loan portfolio of the entity.
Non-current assets held for sale	A non-current asset or disposal group, whose carrying amount is expected to be realized through a sale transaction, rather than through continuing use, and which meets the following requirements: a) it is immediately available for sale in its present condition at the balance sheet date, i.e. only normal procedures are required for the sale of the asset. b) the sale is considered highly probable.
Non-monetary assets	Assets and liabilities that do not provide any right to receive or deliver a determined or determinable amount of monetary units, such as tangible and intangible assets, goodwill and ordinary shares subordinate to all other classes of capital instruments.
Non performing contingent risk	The balance of non performing risks, whether for reasons of default by customers or for other reasons as detailed in section II of Annex IX of Bank of Spain Circular 04/2004, for contingent risks. This figure is shown gross: in other words, it is not adjusted for value corrections (loan loss reserves) made.

Non Performing Loans (NPL)	The balance of non performing risks, whether for reasons of default by customers or for other reasons as detailed in section II of Annex IX of Bank of Spain Circular 04/2004, for exposures on balance loans to customers. This figure is shown gross: in other words, it is not adjusted for value corrections (loan loss reserves) made.
NPA Covered ratio	Impairment allowances (generic, specific and country risk allowance) as a percentage of the non performing assets (the sum of Substandard loans and advances to customers and Substandard contingent liabilities to customers)
NPA ratio	Represents the sum of Substandard loans and advances to customers and Substandard contingent liabilities to customers divided by the sum of Loans and advances to customers and Contingent liabilities to customers.
Other equity instruments	This heading reflects the increase in equity resulting from various forms of owner contributions, retained earnings, restatements of the financial statements and valuation adjustments.
Other financial assets/liabilities at fair value through profit or loss	Instruments designated by the entity from the start at fair value with changes in profit or loss. Only the following can be included in the category: assets and liabilities that are deemed "hybrid financial assets and liabilities" and for which the fair value of the embedded derivatives cannot be reliably determined.
	These are financial assets managed jointly with "Liabilities under insurance contracts" valued at fair value, in combination with derivatives written with a view to significantly mitigating exposure to changes in these contracts' fair value, or in combination with financial liabilities and derivatives designed to significantly reduce global exposure to interest rate risk.
	These headings also include customer loans and deposits effected via so-called unit-linked life insurance contracts, in which the policyholder assumes the investment risk.
Own/treasury shares	The amount of own equity instruments held by the entity.
Past service cost	It is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.
Post-employment benefits	Retirement benefit plans are arrangements whereby an enterprise provides benefits for its employees on or after termination of service.
Property, plant and equipment/tangible assets	Buildings, land, fixtures, vehicles, computer equipment and other facilities owned by the entity or acquired under finance leases.
Proportionate consolidation method	Method used for the integration of the accounts of the jointly-controlled entities in the Consolidated Financial Statements. The aggregation of the different headings of the balance sheet and income statement of the entities to the consolidated financial statements through this method is performed in the proportion of the Group's holding in its capital, excluding the portion corresponding to its own equity instruments. In the same proportion, reciprocal credit and debits will be eliminated, as will be the income, expenses and earnings from internal transactions.
Provisions	Provisions include amounts recognized to cover the Group's current obligations arising as a result of past events, certain in terms of nature but uncertain in terms of amount and/or cancellation date.

Provisions for contingent liabilities and commitments	Provisions recorded to cover exposures arising as a result of transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts, and provisions for contingent commitments, i.e., irrevocable commitments which may arise upon recognition of financial assets.
Provision for credit losses	Provisions recognized during the year, net of recoveries on amounts provisioned in prior years, with the exception of provisions for pensions and contributions to pension funds which constitute current or interest expense.
Provisions for pensions and similar obligation	Constitutes all provisions recognized to cover retirement benefits, including commitments assumed vis-à-vis beneficiaries of early retirement and analogous schemes.
Public-covered bonds	Financial asset or security created from public loans and backed by the guarantee of the public debt portfolio of the entity.
Reserves	Accumulated net profits or losses recognized in the income statement in prior years and retained in equity upon distribution. Reserves also include the cumulative effect of adjustments recognized directly in equity as a result of costs in the issue or reduction of own equity instruments, sale of own equity instruments, actuarial gains on pension plans and the retroactive restatement of the financial statements due to changes in accounting policy and the correction of errors.
Securitization fund	A fund that is configured as a separate equity and administered by a management company. An entity that would like funding sells certain assets to the securitization fund, which, in turn, issues securities backed by said assets.
Share premium	The amount paid in by owners for issued equity at a premium to the shares' nominal value.
Short positions	Financial liabilities arising as a result of the final sale of financial assets acquired under repurchase agreements or received on loan.
Subordinated liabilities	Financing received, regardless of its instrumentation, which ranks after the common creditors in the event of a liquidation.
Subsidiaries	Companies over which the Group exercises control. An entity is presumed to have control over another when it possesses the right to oversee its financial and operational policies, through a legal, statutory or contractual procedure, in order to obtain benefits from its economic activities. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of an entity's voting power, unless, exceptionally, it can be clearly demonstrated that ownership of more than one half of an entity's voting rights does not constitute control of it. Control also exists when the parent owns half or less of the voting power of an entity when there is:
	An agreement that gives the parent the right to control the votes of other shareholders;
Subsidiaries	Power to govern the financial and operating policies of the entity under a statute or an agreement; power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body;
	Power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

Substandard risk	All debt instruments and contingent risks which do not meet the criteria to be classified individually as non-performing or written-off, but show weaknesses that may entail for the entity the need to assume losses greater than the hedges for impairment of risks subject to special monitoring.
Stockholders' funds	Contributions by stockholders, accumulated earnings recognized in the income statement and the equity components of compound financial instruments.
Structured credit products	Special financial instrument backed by other instruments building a subordination structure.
Tax liabilities	All tax related liabilities except for provisions for taxes.
Trading derivatives	The fair value in favor (assets) or again (liabilities) of the entity of derivatives not designated as accounting hedges.
TSR	Total Shareholder Return. The total return of a stock to an investor (capital gain plus dividends)
Unit-link	This is life insurance in which the policyholder assumes the risk. In these policies, the funds for the technical insurance provisions are invested in the name of and on behalf of the policyholder in shares of Collective Investment Institutions and other financial assets chosen by the policyholder, who bears the investment risk.
Value at Risk (VaR)	Value at Risk (VaR) is the basic variable for measuring and controlling the Group's market risk. This risk metric estimates the maximum loss that may occur in a portfolio's market positions for a particular time horizon and given confidence level
	VaR figures are estimated following two methodologies:
	- VaR without smoothing, which awards equal weight to the daily information for the immediately preceding last two years. This is currently the official methodology for measuring market risks vis-à-vis limits compliance of the risk.
	- VaR with smoothing, which weights more recent market information more heavily. This is a metric which supplements the previous one.
	VaR with smoothing adapts itself more swiftly to the changes in financial market conditions, whereas VaR without smoothing is, in general, a more stable metric that will tend to exceed VaR with smoothing when the markets show less volatile trends, while it will tend to be lower when they present upturns in uncertainty.



BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Management report for the year ended December 31, 2014

1. Introduction

Banco Bilbao Vizcaya Argentaria, S.A. (the "Bank" or "BBVA") is a private-law entity governed by the rules and regulations applicable to banks operating in Spain and is the parent company of the financial group whose object is to engage directly or indirectly in activities, transactions, agreements and services relating to the banking business. The Bank conducts its business through branches and offices located throughout Spain and abroad.

The management report of BBVA, S.A. has been prepared from the individual accounting and management records of Banco Bilbao Vizcaya Argentaria, SA

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 and wholesale banking.

The financial information included in this management report is presented in accordance with the criteria established by the International Financial Reporting Standards approved by the European Union (EU-IFRS) and taking into account 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 2014

In 2014, global GDP ¹ grew by 3.3%, 0.1 points more than in 2013. The pace accelerated over the year, boosted by rising GDP growth in developed economies, particularly in the U.S. In contrast, it slowed in the emerging economies, both in Asia and above all South America, which was affected by the impact of the fall in commodity prices and reduced demand in China. Overall, the global recovery is slow, particularly in the most developed economies, which in some cases have to continue to reduce their levels of debt accumulated in the previous expansive stage. Emerging markets are facing the challenge of lower commodity prices and the structural change resulting from a transformation to the pattern of growth in China from exports to domestic consumption. Another element to consider in the global economic scenario is the role of international trade, which has slowed beyond the level to be expected from the moderation in global economic activity.

Economic activity in the U.S. appears to be growing at a steady pace, with stronger GDP growth than expected, robust growth in employment and private consumption being boosted by the increased purchasing power of consumers. However, there are other details that reflect what is still a vulnerable recovery: downward pressure on long-term Treasury yields due to the current safe-haven strategy; slow global demand and the appreciation of the US dollar, limiting exports; as well as the current uncertainty regarding the adjustment in monetary policy next year.

With respect to the Eurozone, the effect of geopolitical risks and the lack of reforms have left their mark on growth, which has fallen below 1%. The recovery has been delayed, although the fundamentals continue to be positive. The factors lying behind this delay in recovery are the crisis between Ukraine and Russia, which is affecting confidence, investment and expectations, and a lack of strength in domestic demand. The fundamentals for growth are: moderate but positive progress in the global economy; a fiscal policy that is no longer a drain on growth; the abundance of liquidity; depreciation of the exchange rate; and compliance with the steps planned for banking union.

In Spain, the data on economic activity confirm that recovery has continued to move forward. Improved domestic demand (mainly private) has been based on temporary factors (reduction in uncertainty), greater support from fiscal and monetary policies and on structural factors such as the progress made in correcting internal imbalances and some of the reforms carried out over recent years. Over the year Spanish exports have stagnated in a foreign environment conditioned by the lack of strength in the European economy and growth in financial tensions.

¹ BBVA Research estimate, with IMF data and weightings and IMF and BBVA Research forecasts

Emerging economies maintained positive growth, although more moderate than in previous years.

In Mexico, following the slowdown in the first quarter of the year, the Mexican economy has improved thanks to increased foreign demand to an expected GDP growth of 2.1%. Among the factors explaining the moderate growth is lower oil prices and production, a delay in the execution of major public investment projects and weak internal demand, which crucially depends on the creation of formal jobs.

In Turkey, monetary policy decisions taken at the start of the year managed to stabilize the economy and moderate the current account deficit. Inflation remained high due to the depreciation in the Turkish lira (affected by geopolitical factors), but it began to be corrected toward the end of the year, supported by the major fall in energy prices.

In South America, economic growth slowed substantially in 2014 for a number of reasons: the less favorable international environment; falls in commodity prices; a slowdown in activity in China; and the increased volatility in the financial markets due to the start of interest-rate rises in the United States. However, growth started to rise in the third quarter of 2014 on the back of greater global growth and increased public investment in many countries in the region.

In general terms, financial tensions have remained limited and volatility has remained low, despite some episodes of risk aversion. The behavior of the markets has continued to be impacted by the central banks. Supported by an economy that is more advanced in the cycle, the Fed has maintained its tapering process and ended the asset purchase program in October 2014, as expected. In contrast, the ECB and the Bank of Japan have reacted to deteriorating expectations with respect to growth and above all inflation. Specifically, the ECB cut its official benchmark rate to 0.05% and its deposit rate to a negative -0.20%, and announced a new liquidity program for the banks, associated with new credit (TLTRO) and covered bond and asset-backed securities purchase programs. For 2015 the ECB announced asset purchases for €60 billion per month until at least September 2016, including the programs of acquisition of asset-backed securities and covered bonds currently underway. Overall, these measures represent a liquidity injection of at least €1,100 billion euros over the year and a half, with the aim of restoring the size of its balance sheet to the levels of the start of 2012. The ECB announcement has convincingly exceeded market expectations.

In this environment of abundant liquidity one-year interest rates have fallen moderately in the United States and more aggressively in Europe, in both the core and the peripheral countries.

Trends in Exchange rates

The euro began to fall against the dollar in the third quarter of 2014, following changing expectations of monetary policy in the U.S. (tightened) and the Eurozone (eased). Similarly, the euro began to fall against other currencies in the final part of the year, therefore the currencies with greater relative weight in the Group's financial statements (mainly Mexican Peso, Dollar and Turkish Lira) are, as of December 31, 2014, more appreciated than as of December 31, 2013, resulting in a positive impact on the balance sheet and the total equity.

This appreciation of the currencies against the euro by the end of the year has not been fully translated to the average exchange rate of 2014. This appreciation and the evolution of the exchange rates during 2013 explains that the average exchange rate decreased with respect to the year ended December 31, 2013 resulting in a negative impact on the results of operations.

Currency	Average Exchange Rates			Year-End Exchange Rates		
	2014	2013	2012	2014	2013	2012
Mexican peso	17.66	16.96	16.90	17.87	18.07	17.18
U.S.dollar	1.33	1.33	1.29	1.21	1.38	1.32
Argentine peso	10.77	7.28	5.84	10.38	8.99	6.48
Chilean peso	756.43	658.33	625.00	736.92	722.54	633.31
Colombian peso	2,652.52	2,481.39	2,309.47	2,906.98	2,659.57	2,331.00
Peruvian new sol	3.77	3.59	3.39	3.61	3.85	3.37
Venezuelan bolivar (*)	14.78	8.05	5.52	14.57	8.68	5.66
Turkish lira	2.91	2.53	2.31	2.83	2.96	2.36

(*) In 2014, the SICAD I exchange rate has been used, while the official exchange rate has been used in the first half of 2013.

Relevant events: the banking system

In Europe progress has been made in banking union with the approval of the key European regulations governing financial systems. Following the agreement between the European Commission and Parliament to create the Single Resolution Fund, the intergovernmental agreement on mutualization of contributions was signed in April, complementing the Regulation on the Single Resolution Mechanism (SRM).

In May the European Parliament also approved the Bank Recovery and Resolution Directive (BRRD), which takes effect on January 1, 2015. Among other matters, it covers the circumstances for triggering the resolution of a bank and the scope of the bail-in mechanisms, which will come into force in January 2016. In Spain the Bill transposing the directive was published in November 2014.

One of the most important events in the year was the comprehensive assessment of European banks by the European Central Bank (ECB) before it took up its role as sole bank supervisor in November 2014. The exercise rested on two fundamental pillars: (i) an asset quality review (AQR), which aimed to evaluate the correct accounting classification and valuation of assets under comparable criteria; and (ii) the stress tests. For these the ECB, together with the European Banking Authority (EBA), analyzed the capacity of each bank to maintain adequate levels of solvency under two stress scenarios: baseline and adverse. In October the ECB published the results of this exercise. The AQR, which required banks to have a minimum Common Equity Tier 1 (CET1) ratio of 8%, revealed a capital shortage of €5 billion, distributed among 16 banks. In the stress tests the banks were required to maintain a minimum CET1 ratio of 8% in the baseline scenario and 5.5% in the adverse scenario. The overall capital shortfall in the comprehensive assessment stood at €24.6 billion, focused on Italy (€9.7 billion) and Greece (€8.7 billion). Of the 25 banks that failed the test, 12 were technical failures, since in 2014 they have already raised sufficient capital to cover the shortage, so the final shortfall was only €9.5 billion. The publication of the results marks the completion of one of the major steps toward creating a fully-functioning Banking Union. The transparency of the banks has been increased significantly, and the test has confirmed that the European banking system is resilient to an adverse economic scenario, with very acceptable capital shortfall of around €9.5 billion. Starting on November 4, the ECB became the sole supervisor of the banks subject to comprehensive assessment.

Finally, in June the ECB approved a broad package of measures:

- A cut on interest rates that left the basic open market transaction rate at 0.15% and the deposit window rate in negative territory for the first time ever.
- The announcement of various targeted long-term refinancing operations (TLTROs) for banks, conditioned on the provision of credit to the real economy, excluding the public sector and residential mortgages. In an initial phase, the European banks could apply for up to €400 billion of ECB finance at a very limited cost (0.25%) and with a maximum maturity of four years. However, the final demand was around €213 billion.
- Starting in October, the launch of a program of covered bond purchases amounting to €37.2 billion, and of asset-backed securities, amounting to €2.3 billion.

In Spain, the financial assistance program was concluded, officially expiring on January 22. In line with the planned schedule, Spain implemented all the restructuring measures agreed with the Troika (the European Commission, European Central Bank and International Monetary Fund). Since then, progress has been made in restructuring the system, with the disposal of state investment in entities that required public money and the privatization of Catalunya Banc.

In the area of structural reforms, Royal Decree-Law 4/2014 reforming the insolvency law has streamlined and made more flexible the processes for concluding refinancing agreements and eliminates rigidities in the insolvency and pre-insolvency regulations. This law will help companies that remain operationally viable to restructure their debt.

The liquidity situation in the banking system and its funding structure have improved since the start of the year, and net funding obtained from the ECB has fallen. The 2014 results showed a recovery in profitability. Solvency ratios have also improved as a result of the internal generation of earnings, the deleveraging process and capital increases.

The publication of the results of the comprehensive assessment exercise on European banks has demonstrated the robustness of the Spanish banking system. The asset quality review (AQR) identified a low volume of adjustments required (€2.2 billion, i.e. 14 basis points of CET1 capital, the lowest in Europe) and the resilience of the banks' capital to the stress tests was very high. In the adverse scenario the Spanish banks had the second smallest reduction in the capital ratio after Estonia. Only one Spanish bank, Liberbank, showed a capital shortfall (€32 million in the AQR), which was already addressed in 2014 with a capital increase of €575m.

3. Balance sheet and business activity

The key figures in the Bank's balance sheet with respect to its main business are as follow:

The Bank's total balance sheet as of December 31, 2014 stood at €403,841 million (€387,052 million in 2013). At the close of 2014, "Loans and receivables - Loans and advances to customers" amounted to €203,865 million, compared with €208,313 million for the previous year. As of December 31, 2014, customer deposits stood at €187,731 million (€188,013 million in 2013).

4. Earnings

In 2014, the Bank had a net profit after tax of €1,105 million euros (€1,263 million in 2013). Operating expenses decreased from €3,877 million in 2013 to €3,664 million in 2014. Gross income for 2014 totaled €8,533 million, compared with €7,798 million in 2013. Net interest income in 2014 stood at €3,270 million (€3,288 million in 2013).

5. Risk management

BBVA's risk management system is outlined in Note 5, Risk Management, of the accompanying Financial Statements.

6. BBVA Group solvency and capital ratios

The BBVA Group's capital ratios

BBVA Group's solvency and capital ratios required by the regulation in force are outlined in Note 27 of the accompanying Financial Statements.

Comprehensive assesment of banks

As mentioned above, the ECB and the EBA are carrying out a comprehensive assessment of the 128 most significant European credit institutions before the Single Supervisory Mechanism (SSM) takes on its functions for overseeing European credit institutions starting on November 4, 2014.

On October 26, 2014, the results of the comprehensive assessment conducted by the ECB and EBA were released. This assessment consisted, principally, of an asset quality review (AQR) and one stress test. The main objective was to quantify potential capital shortfalls of each entity before the entry of the Single Supervisory Mechanism (SSM) in which the major European banks begin to be directly supervised by the ECB.

Concerning BBVA Group, the results expressed that BBVA would reach as of December 2016 a level of 9.0% CET1 on the adverse scenario and a 10.6% on the base scenario, much higher than the minimum required of 5.5% and 8.0% respectively). Additionally, BBVA is one of the few banks of its European peer group whose fully loaded CET 1 in 2016 on the adverse scenario is over 8.0% (8.2%). These results meant passing the tests for a difference of 13,223 million of euros in the adverse scenario. Definitively, the Group demonstrated, once again, its high solvency. Also evidenced that is well positioned to deal with the new industry environment in Europe.

The objective of this assessment is to provide transparency about the solvency of the European banking system, adopting measures such as any additional capital needs of any of the entities in the event that the results of this assessment showed in that way.

7. Environmental information

7.1. Environmental commitment

The BBVA Group prioritizes sustainable development. As a financial institution, the Group's activities have a significant impact on the environment: be it through its consumption of natural resources, management of its properties, use of paper, travel, etc. (direct impacts), or through the consequences for the environment of the products and services it provides, particularly those related to financing, asset management and management of its chain of suppliers (indirect impacts).

7.2. Aims of the environmental policy

The objectives of the BBVA Group's environmental policy are as follows:

- To comply with prevailing environmental legislation where the BBVA Group operates.
- To continuously improve the identification and management of environmental risks in the Group's financial and investment operations.
- To integrate the environmental variables into the development of financial products and services.
- To reach Eco-efficiency in the use of natural resources, setting and fulfilling objectives for improvement as set out in the Global Eco-efficiency Plan.

- To manage direct impacts through an environmental management system based on ISO 14001 and other recognized environmental certifications.
- To have a positive influence on the environmental behavior of stakeholders through communication and raising awareness of the importance of the environment as an additional input in business and human management practice.
- To inform, raise awareness of, and train employees in environmental issues.
- To provide support for sponsorship, voluntary work and environmental research.
- To provide support for the main initiatives aimed at fighting and preventing climate change.

The main international environmental commitments undertaken by the BBVA Group are:

- United Nations Global Compact (since 2002): www.globalcompact.org
- UNEP- FI (since 1998): www.unepfi.org
- Equator Principles (since 2004): www.equator-principles.com
- Carbon Disclosure Project (since 2004): www.cdproject.net
- Principles for Responsible Investment (since 2008) www.unpri.org

7.3. Environmental policy scope, governance and review

This environmental policy has worldwide scope and affects all the activities undertaken by the Group.

The Eco-efficiency and Responsible Procurement Committee is responsible for coordinating the Environmental Policy and ensuring compliance with it through an environmental management system. The members of the BBVA Group's Management Committee oversee correct compliance with this Policy. To this end, its members strive to develop and oversee the implementation of this Policy in the Group. This Policy will be reviewed and updated at least every two years.

7.4. Main environmental actions in 2014

The main environmental actions that the BBVA Group carried out in 2014 are as follows:

- Global Eco-Efficiency Plan for 2013-2015, which establishes the following objectives:
 - 6% reduction in CO2 emissions (per employee).
 - 3% reduction in paper consumption (per employee).
 - 3% reduction in water consumption (per employee).
 - 3% reduction in energy consumption (per employee).
 - 33% of employees working in buildings awarded environmental certifications.
- Improved environmental risk management systems in project finance through Equator Principles and in determining borrower credit profiles through the tool Ecorating.
- Social and environmental risk training for the Group's risk analysts.
- Leadership in financing of renewable energy projects internationally.
- Activity with multilateral institutions that contribute to regional development through the project finance and trading operations, mainly in the agricultural and energy efficiency sectors.
- Support for major international initiatives to fight against climate change such as CDP, Global Investor Statement on Climate Change and the Green Bond Principles.
- 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, as well as the BBVA Foundation Award for Biodiversity Conservation which carry a total cash prize of €580,000
- Environmental awareness-raising activities with the Group's employees.

As of December 31, 2014, there are no items in the BBVA Group's consolidated Financial Statements that warranted inclusion in the separate environmental information document set out in the Ministry of Economy Order dated October 8, 2001.

8. Customer Care Service and Customer Ombudsman

In accordance with the stipulations of Article 17 of the Ministry of Economy Order ECO/734/2004, dated March 11, regarding customer care and consumer ombudsman departments at financial institutions, and in line with the new "Regulations for Customer Protection in Spain" of the BBVA Group approved by the BBVA Board of Directors on September 27, 2011, regulating the activities and powers of the Customer Care Service and Customer Ombudsman, and a summary of related activities. The summary in 2014 is included below.

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.

8.1. Report on the activity of the Customer Care Service department

Statistical summary of the grievances and complaints handled in 2014

The number of customer complaints received by the BBVA's Customer Care Service in Spain in 2014 is 9,601, of which 916 have finally not been processed because they did not meet the requirements of Ministerial Order ECO/734. A total of 92% of the complaints, 8,022 cases, have been resolved within the year, and 663 complaints had not yet been analyzed as of December 31, 2014.

The grievances and complaints handled are classified:

Type of Complaint to the Customer Care Service	Percentage of Complaints
Assets products	27.6%
Operations	25.4%
Commissions and expenses	11.7%
Customer information	9.1%
Investments - Derivatives	6.0%
Collection and payment services	4.9%
Financial and welfare products	2.4%
Other	12.9%
Total	100%

The complaints handled in 2014, broken down by the nature of their final resolution, are as follows:

Resolution for Complaints to the Customer Service Center	Number of Complaints
In favor of the person submitting the complaint	3,091
Partially in favor of the person submitting the complaint	1,378
In favor of the BBVA Group	3,553
Total	8,022

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 2014, the Customer Care Service has implemented various initiatives in order to ensure compliance with best practices. These initiatives include:

- Reorganization of the Quality Governance existing in BBVA, in order to identify root causes and recurrent systemic or potential problems, drawn from customer dissatisfaction and avoiding repetition in time. There is a new tool that allows manage claims efficiently, knowing at any moment what stage are those claims and the average resolution time, outstanding and solved claims, etc. This will improve the Quality management itself, detecting what stage of the process causing delays in customer response and proposing action plans that will allow to reduce these resolution deadlines.
- Also, 2014 was the year of the claims management model consolidation that began the previous year, where the Unit has organized with a closer and personal approximation to the customer with specialized teams for each sort of customer and complexity. For example, a Premium customer, with more experience and sophisticated products, requires a particular specialization in customer relationship and motivation in its resolutions different than standard client or a company or an SME.
- Training programs on specific aspects of the Bank of Spain's criteria (auxiliary accounts, documentation to provide to the customer for loans, etc.) that would promote proper decision-making in the resolution of complaints lodged by customers, in each of the different topics.
- Publication of guidelines and criteria on the Quality Portal for dissemination to the branch network.

8.2. Report on the activity of the BBVA Customer Ombudsman

The following is a summary of the 2014 annual report outlining the activities of the BBVA Group's Customer Ombudsman in Spain, in accordance with the provisions of Article 17 of Ministry of Economy Order ECO/734/2004, dated March 11, on customer service departments and services, and Customer Ombudsmen for financial institutions.

Statistical summary of grievances and complaints handled in 2013

The number of customer complaints received by BBVA's Customer Ombudsman in 2014 was 727. Of these, 47 have finally not been processed as they did not fulfill the requirements of Ministerial Order ECO/734. 90.10% (655 complaints) of the complaints were resolved within the year, with 25 complaints still pending assessment as of December 31, 2014.

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 requests for information:

Type of Complaint to the Customer Ombudsman	Number of Complaints
Assets operations	255
Investment services	73
Liabilities operations	104
Other banking products (cash, ATM, etc.)	30
Collection and payment services	14
Insurance and welfare products	157
Other	94
Total	727

The details of the complaints resolved in 2014, broken down according to their final resolution, are as follows:

Resolution for Complaints of the Ombudsman	Number of Complaints
In favor of the person submitting the complaint	-
Partially in favor of the person submitting the complaint	289
In favor of the BBVA Group	366
Total	655

Based on the above, it can be concluded that more than 44% of customers bringing a complaint before the Customer Ombudsman were in some way satisfied, either as a consequence of Ombudsman's formal resolution or because of the outcome of its action as mediator between the customer and the Bank.

The Customer Ombudsman's decisions are based on current legislation, on the contractual relationships in place between the parties, on current standards on transparency and customer protection, on best banking practices and, especially, on the principle of equity.

Independence is an essential aspect of the Customer Ombudsman. Resolutions by the Ombudsman that are favorable to the customer are binding on BBVA.

Recommendations or suggestions

Among the various initiatives implemented by the Bank at the behest of the Ombudsman in 2014, we would highlight the following:

- Suggestions have been made to relevant departments, for improving the Bank's claims system which can contribute to a better and more satisfactory customer service.
- Recommendations for clarity, simplicity and transparency of the information provided to customers on products and services offered by the Bank, as well as improving personal treatment quality with those.
- There have been recommendations on the suitability of matching product profile with customer profile, advertising and marketing and to streamline and improve insurance claims management.
- In partnership with Quality, Legal Services in Spain and Portugal, and the Customer Care Service, a Complaints Committee has been set up, which meets on a monthly basis with the participation of various of the Group's Units and Areas in Spain to discuss and share problems, ideas or suggestions related to the grievances and complaints lodged by the customers, in order to improve the Group's complaints system and thus contribute to providing better and more satisfactory care to the customers.
- 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, with 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 2014, 88 complaints by BBVA, S.A. customers were filed before the various public supervisory institutions, which were processed in the Office of the Ombudsman previously.

9. Innovation and Technology

9.1. Information technologies and Digital transformation

In 2014, the Innovation and Technology (I&T) area has structured its activity around six main lines of action:

- Infrastructure
- Core banking
- SMAC Technologies
- Operating model transformation
- New ways of working
- Operations control and Information Security

9.1.1. Infrastructure

The increasing use of digital channels by customers has exponentially increased technological infrastructure processing needs. With increasing levels of customer digitization the use of channels has become more intense. This results in the need for an infrastructure with greater processing capacity.

In 2014 BBVA continued to make progress in its plan to construct a network of four new next-generation data centers, two in Madrid and two in Mexico, which will operate in a crossed Business Recovery Services (BRS) model. The first Data Processing Center (DPC) is already operational in Madrid and in 2015 the first will enter service in Mexico. Specifically, in 2014 BBVA became the first bank in Europe to achieve the Tier IV Gold certification for its BBVA DPC in Tres Cantos (CPD TC 2), granted by the Uptime Institute for classifying operational sustainability.

With the aim of achieving greater efficiency, BBVA has reached new agreements this year with telecommunications providers such as Telefónica, Verizon, Vodafone, Telmex, etc. At the same time it has renewed the Group's biggest software agreement with IBM with the firm aim of providing greater flexibility and boosting mobile channels. It has also closed an agreement with BMC to establish platforms for managing IT, automation and analytics software, which will speed up the transformation of digital banking in BBVA.

With respect to South America, in 2014 there has been a significant renewal in the park of self-service banking devices. Many of the new models provide new functionalities such as allowing customers to make cash deposits without the need for subsequent manual counting. There has also been investment in customer biometric authentication systems in branches for identification purposes.

9.1.2. Core Banking

Part of the technological transformation project begun by BBVA in 2007 has consisted in optimizing core banking in each of the geographical areas (Spain and Portugal, Mexico, the United States, South America and the Corporate & Investment Banking business area at global level), with the aim of having modular technological platforms available with a customer-centric vision.

Along these lines, in Spain a new global supply model was implemented during the year to standardize and simplify processes, while improving the reporting functions offered by the information platform, with dashboards are available on mobile devices. The Advanced Version Financial Services Architecture has also been put into production. This element makes it easier to develop the omni-channel strategy as it integrates, provides a service and assists the development of different channels through which the Bank provides a service. Another milestone has been the renewal of the Group's service-level agreements (SLAs) with the different providers to adapt them to the reduced current service needs following implementation of the new platform.

In Mexico the three-layer service architecture has been implemented in Bancomer.com, providing a better prepared platform for the development of the new digital products and services.

In 2014, the CIB technology in the BBVA Group has evolved through a variety of projects: the implementation of a new back-office tool for the management and administration of fixed-income operations in Mexico; the integration of the Global Lending loan applications with systems for BBVA corporate consolidation, accounting and reporting; and a tool for the process of effective equity trading in international markets

9.1.3. SMAC Technology

BBVA is putting particular emphasis on the Social, Mobile, Analytics and Cloud (SMAC) technologies. At BBVA we are developing projects using all the above trends, in order to generate the necessary infrastructure capacities and to create value from them, basically by the development of new digital content.

Big Data

The Group has already been working for some time on its commitment to big data and data analytics solutions.

In 2014 big data tools were incorporated to help our customers search recent activity via our online banking application. Thanks to the use of big data, customers have a much more powerful and quicker activity search engine available, while BBVA has reduced costs and freed the host from millions of monthly transactions involved in account activity searches.

During the year new big data capabilities have been applied in the area of Commercial Intelligence, allowing calculations to be made within hours, rather than in weeks as before. This gives BBVA earlier information about customer needs with immediate data such as the use of channels, digital behavior, etc.

Mobility Technology

In line with BBVA's commitment to SMAC technologies in 2014, there have been a number of milestones in the area of mobile technologies, supporting the development of the Group's omni-channel strategy, designed to create an experience through which customers can interact with BBVA through any channel, anytime and anywhere.

The initiatives developed include defining the strategy for reaching the channels according to the device (native, web-responsive or hybrid apps, etc.) in order to offer the same customer experience across all the Group's channels. A number of initiatives have also been developed to generate new digital content, such as the incorporation of new functionalities for contracting products in the digital channels and the creation of initiatives that cut across all the channels, such as the application of gaming mechanics to non-gaming environments (gamification)

The Group has made significant progress in implementing new models of relations such as BBVA Contigo, an alternative model of customer relations launched in Spain aimed at people who are looking for a more remote relation with BBVA. In the United States, the Group launched Banker Link at the end of 2014. This is a new drive-through banking service that combines personal service from a branch manager with the self-service functionalities of an ATM. The Group has also launched a similar service in Mexico and the Group's other geographical areas as part of this strategy.

In addition, BBVA has launched and developed various digital products and services and is working on new developments. One example of this type of initiative is BBVA Wallet, the mobile application launched by BBVA at the close of 2013. It has consolidated its position as the most popular mobile banking payment application, with more than 400,000 downloads at the close of 2014. BBVA Wallet users have a number of functionalities available, such as management of their card transactions quickly and securely through their cell phones, payments through cell phones and financing payments made with BBVA credit cards. In May BBVA Wallet received an award at the CMA Contactless & Mobile Awards 2014 for the best mobile payment solution in Europe. With Wallet, BBVA has become the first financial group in the world to launch a mobile NFC payment solution² that uses the Visa cloud-based specification. The system allows BBVA customers with Android NFC-equipped terminals to make contactless purchases by simply downloading the app.

9.1.4. Operational model transformation

Throughout 2014, BBVA has continued to make progress in its operational transformation plan, whose aim is to carry out operations offering an optimum level of quality at the lowest possible unit cost, while reducing risk via a flexible, global model. This transforms all the front office operations, i.e. those that are generated in the channels (where there is direct interaction with customers), as well as the middle and back office.

² Near Field Communication

The Group has begun to implement the new Operational Industrialization model, with digitization of the first business operations processes. At the same time, major projects have been implemented, such as the adaptation of operations to the SEPA European standard.

In 2014 deployment also began on the new Contact Centers platform. This has been an important step in strengthening BBVA's omni-channel strategy. BBVA has a contact center network through which customers can interact with the Bank in all the countries where the Group operates. Recently, a plan has been implemented to adapt the service provided by these centers in order to bring them into line with the new omni-channel environment and boost their role as a hub between the physical and digital world. The project is already underway in Spain and Venezuela, and in 2015 it will be launched in Mexico and Peru.

In South America a procurement hub has been created located in Chile, with the main aim of achieving synergies in the main categories of products purchased.

With respect to the Group's outsourcing operations, during the year the global and local outsourcing management function has been consolidated to ensure the management of the flow of all the new contracts and their renewals, as well as the maintenance of an updated stock of contracts. In addition, this year a new corporate outsourcing management regulation has been published and implemented in each geographical area, adapted to local regulatory requirements.

9.1.5. New ways of working

Several projects have been developed with respect to new forms of working in the Group, with special emphasis in two areas: improvement in the technological experience of the spaces called "BBVA Cities"; and the collaborative environment, an omni-channel web desktop that provides the Group's employees in all the geographical areas with a set of functionalities designed to simplify and optimize ways of working.

In 2014 a new version of the collaborative environment has been deployed, which develops and extends it to the mobile environment. It also includes new functionalities, more collaboration and more personalization. The Group's collaborators have also received a new Directory and the logistical courier service in Spain has been optimized with the aim of providing a better quality service, improving user experience and reducing costs.

9.1.6. Operations Control and Information Security

In 2014 significant progress has been made in consolidating the specialist Operational Control function within the Group's Operational Risk Model, as well as its model of governance. The design of a standard control model has also been completed with a focus on the most critical business processes. Implementation has begun in all the Group's banks and business areas.

Since 2007 the BBVA Group has had a Technological Risk model in place based on three pillars: information security; management of technological fraud; and IT risk management, aimed at managing fraud and technological risk. The sole aim is to protect the information of our customers and collaborators and to prevent cyberattacks and threats. It is a pioneering model that combines both classic techniques and the most advanced security techniques.

Throughout the year more emphasis has been placed on the development of this technological risk model with a series of milestones, such as the start of the implementation of a new technological risk management model common to all the countries, based on the international Cobit 5.0 standard; and the implementation in Mexico of the Lynx card fraud monitoring system to improve the level of detection of fraudulent operations.

Also of note is the launch of an update of the Master Information Security Plan 4.0, its multi-year cybersecurity and technological risk program with the aim of being better prepared to respond to increased and more powerful attacks and changes in the environment.

In addition, the Business Continuity initiatives incorporate a set of procedures to deal with scenarios where people, centers or suppliers become unavailable. To this end, efforts have been made in order to fully implement and update 136 continuity plans in 24 countries. Some of them have been fully or partially activated over the year, as in the case of the winter storm in Alabama (United States); the category 2 hurricane Odile that affected the area of La Paz and Los Cabos in the north-east of Mexico; and the earthquake in Chile, whose impact was focused in the north of the country.

9.2. Model of open innovation

As part of its digital strategy, the BBVA Group has developed an open innovation model with the innovation and entrepreneurship community through a variety of internal and external initiatives.

Through the BBVA Ventures fund, located in Silicon Valley, the Bank invests in disruptive startups in the area of innovation and financial services. At the close of 2014, BBVA announced investment in the startups Taulia, DocuSign and Personal Capital, which were added to the investments the Group already had in its portfolio.

BBVA also aims to acquire digital companies from which it can learn and that reinforce the Group's digital transformation strategy. An example of this is the Group's announcement in February 2014 that it had acquired Simple, a company based in Portland, Oregon (U.S.), which combines innovative technology, outstanding customer experience and behavioral economics experience to help its customers spend more intelligently and save more. At the close of the year, BBVA also acquired Madiva Soluciones, a Spanish startup specializing in services based on Big Data processing and Cloud Computing.

Based on talent and internal resources, the Group also aims to act as a seed incubator for innovation products and new business models that are disruptive and independent of the traditional banking business. Wizzo, the first native digital product launched in Spain, is an example of the initiatives that the Bank aims to promote. Launched at the close of 2013, it is a web and mobile app available for iOS and Android that makes payments between individuals easier, allows users to pool money and makes it possible to take money out of an ATM without a card. In addition, Wizzo users can ask for a physical or contactless card with which to make payments via a cell phone.

Finally, through the BBVA Innovation Centers, the group aims to forge a significant presence in the innovation and entrepreneurship community and consolidate its open innovation model. In 2014, the Innovation Center has continued to expand its global footprint: In March of last year BBVA opened the Innovation Center in Bogota (Colombia), and the Innovation Center in Houston (USA) opened its doors in June. Over 100 events and thousands of visitors in 2014 are proof that the Innovation Center has consolidated its position as a meeting point for the innovation and entrepreneurial community.

In 2014, a space was opened designed to turn the Innovation Center into a stage for real interaction with users, called the Living Lab. This environment replicates the spaces where people normally interact with BBVA and allows us to better observe and study their preferences and listen to their feedback in order to improve the products and services we will offer them in the future.

Also in 2014, we held the first hackathon Innova Challenge, a competition for the development of applications using transaction data that BBVA shared with the developer community. A total of 144 eligible projects from 19 countries were submitted, and nine applications were rewarded with €90,000 in prizes. This activity has already demonstrated the enormous talent and large number of ideas that can arise out of open innovation, with applications currently under analysis by the Group to enrich our value proposition for the market.

10. Other information

10.1. Capital and treasury stock

Information about common stock and transactions with treasury stock is detailed in Notes 22 and 25 of the accompanying Financial Statements.

10.2. Shareholder remuneration and allocation of earnings

Information about shareholder remuneration and application of earnings can be found in Note 3 of the accompanying Financial Statements.

10.3. Average period for payment to suppliers

The average period payment to suppliers during the year 2014 is 39 days, below the maximum legal limit of 60 days established by Law 15/2010 of July 5, for which measures are put into place combating late payment in commercial transactions. The calculation of the average period for payment was made as established in the Act.

11. Subsequent events

After the year ended December 31, 2014, it is expected that on February 3, 2015, under the powers delegated by the Company's AGM held on March 16, 2012, under point five of its agenda, the Board of Directors meeting submits for approval an agreement for the issue of debentures convertible into ordinary BBVA shares, excluding the pre-emptive subscription right.

In case such agreement is approved, and for the purposes set out in articles 414, 417 and 511 of the Spanish Corporations Act, the mandatory Directors report explaining the conversion conditions and types will be issued, justifying the proposal for the abolition of the pre-emptive subscription right, to be accompanied, as appropriate, by another report drafted by an auditor other than the company's auditor, appointed for this purpose by the Companies Register.

From January 1, 2015 to the date of preparation of these Financial Statements, no other subsequent events not mentioned above in this Financial Statements have taken place that significantly affect the bank's earnings or its equity position.

12. Annual corporate governance report

In accordance with the article 540 of the Law of Capital Companies, the BBVA Group prepared the Annual Corporate Governance Report for 2014 (which is an integral part of the Management Report for that year) following the content guidelines set down in Order ECC/461/2013, dated March 20, and in CNMV Circular 5/2013, dated June 12, 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 Corporations Act can be accessed on BBVA's website www.bbva.com.

**ANNUAL CORPORATE GOVERNANCE REPORT ON THE PUBLICLY TRADED
COMPANIES**

ISSUER IDENTIFICATION

YEAR ENDING

31/12/2014

TAX ID No.:
A-48265169

Registered name: BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Registered Address: Plaza de San Nicolás 4, 48005 Bilbao (Vizcaya)

**ANNUAL CORPORATE GOVERNANCE REPORT
ON THE PUBLICLY TRADED COMPANIES**

A. OWNERSHIP STRUCTURE

A.1 Fill in the following table on the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
20/11/2014	3.023.956.107,55	6.171.338.995	6.171.338.995

Indicate if there are different classes of shares with different rights associated with them:

NO

Class	Number of shares	Nominal unit value	Number of voting rights per unit	Different rights

A.2 Detail 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	Indirect voting rights		% of total voting rights
		Direct owner of stake	Number of voting rights	

Indicate the most significant movements in the shareholding structure during the year:

Name of shareholder (person or company)	Date of transaction	Description of the transaction

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	Indirect voting rights		% of total voting rights
		Direct owner of stake	Number of voting rights	
FRANCISCO GONZÁLEZ RODRÍGUEZ	1.810.747		1.562.143	0,06%
ÁNGEL CANO FERNÁNDEZ	794.486			0,01%

TOMÁS ALFARO DRAKE	15.748			0,00%
RAMÓN BUSTAMANTE Y DE LA MORA	14.055		2.769	0,00%
JOSÉ ANTONIO FERNÁNDEZ RIVERO	69.326			0,00%
IGNACIO FERRERO JORDI	4.439		83.301	0,00%
BELÉN GARIJO LÓPEZ	0		0	0,00%
JOSÉ MANUEL GONZÁLEZ-PÁRAMO MARTÍNEZ-MURILLO	6.492			0,00%
CARLOS LORING MARTÍNEZ DE IRUJO	54.284			0,00%
LOURDES MÁIZ CARRO	0		0	0,00%
JOSÉ MALDONADO RAMOS	36.632			0,00%
JOSÉ LUIS PALAO GARCÍA-SUELTO	10.175			0,00%
JUAN PI LLORENS	0		0	0,00%
SUSANA RODRÍGUEZ VIDARTE	24.555		910	0,00%

% total voting rights held by the Board of Directors	0,08%
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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 rights	Indirect rights		Number of equivalent shares	% of total voting rights
		Direct owner	Number of voting rights		
FRANCISCO GONZÁLEZ RODRÍGUEZ	402.821	0	0	0	0,01%
ÁNGEL CANO FERNÁNDEZ	279.092	0	0	0	0,01%
JOSÉ MANUEL GONZÁLEZ-PÁRAMO MARTÍNEZ-MURILLO	25.304	0	0	0	0,00%

A.4 Where applicable, indicate any family, commercial, contractual or corporate relationships between holders of significant shareholdings, insofar as the company is aware of them, unless they are of little relevance or due to ordinary trading or exchange activities:

Related name (person or company)	Type of relationship	Brief description

This English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail

A.5 Where applicable, indicate any commercial, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or due to ordinary trading or exchange activities:

Related name (person or company)	Type of relationship	Brief description

A.6 Indicate whether the company has been informed of any shareholder agreements that may affect it as set out under articles 530 and 531 of the Corporate Enterprises Act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

NO

Participants in shareholders agreement	% of share capital affected	Brief description of agreement

Indicate whether the company is aware of the existence of concerted actions amongst its shareholders. If so, describe them briefly.

NO

Participants in concerted action	% of share capital affected	Brief description of concerted action

If there has been any amendment or breaking-off 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

Name (person or company)

Comments

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 % of share capital
5.012.897	36.508.801	0,67%

(*) Through:

Name of direct owner of shareholding (person or company)	Number of direct shares

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CORPORACIÓN GENERAL FINANCIERA, S.A.	36.480.861
BBVA SEGUROS S.A., DE SEGUROS Y REASEGUROS	27.940
Total:	36.508.801

List significant changes occurring during the year, pursuant to Royal Decree 1362/2007:

Date reported	Total direct shares acquired	Total indirect shares acquired	Total % of share capital
27/02/2014	7.058.442	449.586	0,13
03/04/2014	1.623.049	8.561.825	0,18
16/07/2014	122.050	4.533.526	0,08
10/09/2014	445.434	8.077.743	0,15
28/10/2014	6.441.572	12.544.164	0,32
26/12/2014	3.209.916	34.490.311	0,61

A.9 Describe the conditions and term of the prevailing mandate from the general meeting to the Board of Directors to issue, buy back and transfer treasury stock.

- The Annual General Meeting of Shareholders of Banco Bilbao Vizcaya Argentaria, S.A. held on 16th March 2012, under item three of the agenda, passed a resolution to delegate to the Board of Directors the power to increase the Bank's share capital, pursuant to article 297.1.b) of the Corporate Enterprises Act, during the legally established period of five years as of the date on which this General Meeting was held, up to a maximum amount corresponding to 50% of the Company's share capital on the date of such authorisation, on one or several occasions, to the amount that the Board resolves, by issuing new ordinary or privileged shares, with or without voting rights, including redeemable shares, or shares of any other kind permitted by law, with or without an issue premium, the countervalue of said shares comprising cash considerations. The authority includes the establishment of the terms and conditions of the capital increase, the determination of the nominal value of the shares to be issued, their characteristics and any privileges they may confer, the attribution of the right of redemption and the conditions of redemption, and the exercise of that right by the Company. Empowering the Board of Directors to exclude pre-emptive subscription rights on the share issues made under this authority, pursuant to article 506 of the Corporate Enterprises Act. This power was limited to the capital issues made under this resolution up to the maximum amount equivalent to 20% of the Company's share capital on the date of such authorisation.
- The Annual General Meeting of Shareholders of Banco Bilbao Vizcaya Argentaria, S.A. held on 14th March 2014, under item three of the agenda, passed a resolution authorising the Company, directly or via any of its subsidiaries, for a maximum term of five years as of the date on which this resolution was approved, for the derivative acquisition of 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, including charging the acquisition to the year's profits and/or unrestricted reserves, pursuant to article 146 and concordant in the Corporate Enterprises Act, and to subsequently dispose of the shares acquired, indicating that the derivative acquisition of shares would be done at all times in compliance with the conditions set out in applicable legislation and, in particular, the conditions expressly indicated in the resolution itself, which can be summarised as follows: (i) that at no time will the nominal value of the treasury stock acquired, directly or indirectly, under this authorisation, when added to the treasury stock already held by the Company and its subsidiaries, exceed ten per cent (10%) of the subscribed share capital of Banco Bilbao Vizcaya Argentaria, S.A. or, where applicable, the maximum amount permitted by applicable legislation; (ii) that the acquisition shall not result in the equity being less than the share capital plus the legal reserves and/or the reserves that are restricted by the Company bylaws; (iii) that a restricted reserve, equivalent to the sum of treasury stock of the Company recorded to Assets, may be established against the net equity; (iv) that the shares acquired must be fully paid up, unless the acquisition is without consideration, and must not entail any obligation to provide ancillary benefits; and (v) that the acquisition price per share will not be below the nominal value of the share or more than 20% above the listed price or any other price associated with the shares on the acquisition date.

- The Annual General Meeting of Shareholders of Banco Bilbao Vizcaya Argentaria, S.A. held on 14th March 2014 resolved, under item four, section 4.4 of the agenda, to perform a share capital increase to be charged to voluntary reserves through the issue of new shares each with a nominal value of €0.49, without issue premium, which as of 31st December 2014 had not been executed. This resolution of the General Meeting will be valid until 13th March 2015.

A.10 Indicate whether there is any restriction on the transferability of securities and/or any restriction on voting rights. In particular, report the existence of any restrictions that might hinder the take-over of control of the company by purchasing its shares on the market.

NO

A.11 Indicate whether the General Meeting has agreed to adopt 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 inefficient:

A.12 Indicate whether the company has issued securities that are not traded on a regulated market in the EU.

YES

Where applicable, indicate the different classes of shares, and what rights and obligations each share class confers.

All the shares in BBVA's capital bear the same voting and economic rights. There are no distinct voting rights for any shareholder. There are no shares that do not represent capital.

BBVA shares are traded on the SIBE electronic trading platform of the Spanish securities exchanges and on the London and Mexico markets. BBVA American Depositary Shares (ADS) are traded on the New York Stock Exchange and also traded on the Lima exchange (Peru) under an exchange agreement between both markets.

Additionally, as of 31st December 2014, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A. and BBVA Banco Francés, S.A. were traded on their respective local securities markets. BBVA Banco Francés, S.A. is also listed on the New York Stock Exchange and is also traded on the Latibex market of the Madrid securities exchange (Bolsa de Madrid).

B GENERAL MEETING

B.1 Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Corporate Enterprises Act (CEA) with respect to the quorum and constitution of the General Meeting.

YES

	% quorum different from quorum in art. 193 of CEA for general circumstances	% quorum different from quorum in art. 194 of CEA for special circumstances in art. 194 of CEA

Quorum required on first summons	0,00%	66,66%
Quorum required on second summons	0,00%	60,00%

Description of differences
<p>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 the company share capital or any other amendment to the Company Bylaws, bond issuance, the cancellation or restriction of pre-emptive rights to acquire new shares, or the conversion, merger or spin-off of the company or global assignment of assets and liabilities or the transfer of the registered office abroad, the shareholders present and represented on first summons must own at least fifty percent of the subscribed capital with voting rights.</p> <p>On second summons, twenty-five percent of the share capital will be sufficient.</p> <p>The above notwithstanding, article 25 of the BBVA Company Bylaws establishes that a reinforced quorum of two-thirds of the subscribed voting capital must attend the General Meeting at first summons or 60% of that capital at second summons, in order to adopt resolutions on replacing the corporate purpose, the transformation, total spin off, winding up of the Company and amending that article of Bylaws establishing this reinforced quorum.</p>

B.2 Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Corporate Enterprises Act (CEA) for the adoption of corporate resolutions:

NO

Describe any differences from the minimum standards established under the CEA.

B.3 Indicate the rules applicable to amendments to the company bylaws. In particular, report the majorities established to amend the bylaws, and the rules, if any, to safeguard shareholders' rights when amending the bylaws.

Article 30 of the BBVA Company Bylaws establishes that the General Meeting is empowered to amend the Company Bylaws and to confirm and/or rectify the Board of Directors' interpretation of them.

To such end, the rules established under articles 285 et seq. of the Corporate Enterprises Act shall apply.

The above paragraph notwithstanding, article 25 of the Company Bylaws establishes that in order to adopt resolutions regarding any change to the corporate purpose, transformation, total spin-off or winding up the Company and amendment of the second paragraph of said article 25, two-thirds of the subscribed voting capital must attend the General Meeting at first summons, or 60% of that capital at second summons.

As regards the procedure for amending the Company Bylaws, article 4.2 c) of Act 10/2014, dated 26th June, on the regulation, supervision and solvency of credit institutions, establishes that the Bank of Spain shall be responsible for authorising the amendments to the bylaws of credit institutions as set out by law.

B.4 Indicate the data on attendance at general meetings held during the year to which this report refers and the previous year:

Attendance figures

General Meeting date	% shareholders present	% attending by proxy	% voting remotely		Total
			Electronic vote	Other	
15/03/2013	8,76%	23,51%	0,10%	34,16%	66,53%
14/03/2014	4,05%	38,36%	0,05%	20,72%	63,18%

B.5 Indicate the number of shares, if any, that are required to be able to attend the General Meeting and whether there are any restrictions on such attendance in the bylaws:

YES

Number of shares necessary to attend the General Meeting	500
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B.6 Indicate whether it has been resolved that certain resolutions entailing a structural alteration of the company (subsidiarization, trading of core operational assets, transactions equivalent to the liquidation of the company, etc.) must be submitted for approval by the General Meeting, even if not expressly required by mercantile law.

NO

B.7 Indicate the address and means of access through the company website to the information on corporate governance and other information on the general meetings that must be made available to shareholders on the company's website.

The contents on corporate governance and other information on the latest general meetings are directly accessible through the Banco Bilbao Vizcaya Argentaria corporate website, www.bbva.com, in the Shareholders and Investors, Corporate Governance section, www.bbva.com/Shareholders and [Investors/Corporate Governance](http://www.bbva.com/Shareholders).

C CORPORATE GOVERNANCE STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the bylaws:

Maximum number of directors	15
Minimum number of directors	5

C.1.2 Fill in the following table on the Board members:

Name of director (person or company)	Representative	Position on the Board	Date first appointed	Date last appointed	Election procedure
FRANCISCO GONZÁLEZ RODRÍGUEZ	-	PRESIDENTE	28/01/2000	15/03/2013	GENERAL MEETING RESOLUTION

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ÁNGEL CANO FERNÁNDEZ	-	CONSEJERO DELEGADO	29/09/2009	15/03/2013	GENERAL MEETING RESOLUTION
BELÉN GARIJO LÓPEZ	-	DIRECTOR	16/03/2012	16/03/2012	GENERAL MEETING RESOLUTION
CARLOS LORING MARTÍNEZ DE IRUJO	-	DIRECTOR	28/02/2004	14/03/2014	GENERAL MEETING RESOLUTION
IGNACIO FERRERO JORDI	-	DIRECTOR	28/01/2000	15/03/2013	GENERAL MEETING RESOLUTION
JOSÉ ANTONIO FERNÁNDEZ RIVERO	-	DIRECTOR	28/02/2004	16/03/2012	GENERAL MEETING RESOLUTION
JOSÉ LUIS PALAO GARCÍA-SUELTO	-	DIRECTOR	01/02/2011	14/03/2014	GENERAL MEETING RESOLUTION
JOSÉ MALDONADO RAMOS	-	DIRECTOR	28/01/2000	16/03/2012	GENERAL MEETING RESOLUTION
JOSÉ MANUEL GONZÁLEZ-PÁRAMO MARTÍNEZ-MURILLO	-	DIRECTOR	03/06/2013	14/03/2014	GENERAL MEETING RESOLUTION
JUAN PI LLORENS	-	DIRECTOR	27/07/2011	16/03/2012	GENERAL MEETING RESOLUTION
RAMÓN BUSTAMANTE Y DE LA MORA	-	DIRECTOR	28/01/2000	15/03/2013	GENERAL MEETING RESOLUTION
SUSANA RODRÍGUEZ VIDARTE	-	DIRECTOR	28/05/2002	14/03/2014	GENERAL MEETING RESOLUTION
TOMÁS	-	DIRECTOR	18/03/2006	14/03/2014	GENERAL

ALFARO DRAKE					MEETING RESOLUTION
LOURDES MÁIZ CARRO	-	DIRECTOR	14/03/2014	14/03/2014	GENERAL MEETING RESOLUTION

Total number of directors	14
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Indicate the severances that have occurred on the Board of Directors during the reporting period:

Name of director (person or company)	Condition of director at time of severance	Date of leaving
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	INDEPENDENT	14/03/2014

C.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 reporting their appointment	Position within company organisation
FRANCISCO GONZÁLEZ RODRÍGUEZ	APPOINTMENTS COMMITTEE	PRESIDENTE
ÁNGEL CANO FERNÁNDEZ	APPOINTMENTS COMMITTEE	CONSEJERO DELEGADO
JOSÉ MANUEL GONZÁLEZ-PÁRAMO MARTÍNEZ-MURILLO	APPOINTMENTS COMMITTEE	DIRECTOR OF GLOBAL ECONOMICS, REGULATION & PUBLIC AFFAIRS

Total number of executive directors	3
% of total Board	21,43%

EXTERNAL PROPRIETARY DIRECTORS

EXTERNAL INDEPENDENT DIRECTORS

Name of director (person or company)	PROFILE
BELÉN GARIJO LÓPEZ	PRESIDENT AND CEO OF MERCK SERONO, MEMBER OF THE EXECUTIVE BOARD. CEO OF MERCK HEALTH CARE AND CHAIR OF THE PHARMA INTERNATIONAL EXECUTIVE COMMITTEE, ISEC

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	<p>(PHARMACEUTICAL RESEARCH AND MANUFACTURERS OF AMERICA).</p> <p>OTHER RELEVANT POSITIONS: WAS PRESIDENT OF COMMERCIAL OPERATIONS FOR EUROPE AND CANADA AT SANOFI AVENTIS.</p> <p>GRADUATED IN MEDICINE FROM UNIVERSIDAD DE ALCALÁ DE HENARES, MADRID.</p> <p>SPECIALIST IN CLINICAL PHARMACOLOGY HOSPITAL LA PAZ - UNIVERSIDAD AUTÓNOMA DE MADRID.</p>
CARLOS LORING MARTÍNEZ DE IRUJO	<p>CHAIR OF THE BOARD'S REMUNERATION COMMITTEE. LAWYER SPECIALISING IN CORPORATE GOVERNANCE.</p> <p>OTHER RELEVANT POSITIONS: WAS PARTNER AND MEMBER OF THE MANAGEMENT COMMITTEE AT GARRIGUES LAW FIRM.</p> <p>GRADUATED IN LAW FROM THE COMPLUTENSE UNIVERSITY OF MADRID.</p>
JOSÉ ANTONIO FERNÁNDEZ RIVERO	<p>CHAIR OF THE BOARD RISK COMMITTEE AND LEAD DIRECTOR.</p> <p>OTHER RELEVANT POSITIONS: GENERAL MANAGER OF THE BBVA GROUP UNTIL JANUARY 2003. HAS REPRESENTED BBVA AS A MEMBER OF THE BOARDS OF: TELEFÓNICA, IBERDROLA, BANCO DE CRÉDITO LOCAL AND CHAIRMAN OF ADQUIRA.</p> <p>GRADUATED IN ECONOMICS FROM UNIVERSIDAD DE SANTIAGO DE COMPOSTELA.</p>
JOSÉ LUIS PALAO GARCÍA-SUELTO	<p>CHAIR OF THE BOARD'S AUDIT & COMPLIANCE COMMITTEE.</p> <p>HE HAS BEEN SENIOR PARTNER OF THE FINANCIAL DIVISION AT ARTHUR ANDERSEN SPAIN.</p> <p>OTHER RELEVANT POSITIONS: WAS HEAD OF AUDIT & INSPECTION SERVICES AT THE INSTITUTO DE CRÉDITO OFICIAL (OFFICIAL CREDIT INSTITUTE) AND HAS ALSO BEEN A FREELANCE CONSULTANT.</p> <p>GRADUATED IN AGRICULTURAL ENGINEERING FROM THE MADRID SCHOOL OF AGRICULTURAL ENGINEERS AND BUSINESS STUDIES FROM THE COMPLUTENSE UNIVERSITY OF MADRID.</p>
JUAN PI LLORENS	<p>HAD A PROFESSIONAL CAREER AT IBM HOLDING VARIOUS SENIOR POSITIONS AT A NATIONAL AND INTERNATIONAL LEVEL INCLUDING VICE PRESIDENT FOR IBM EUROPE SALES, VICE PRESIDENT, TECHNOLOGY & SYSTEMS AT IBM EUROPE AND VICE PRESIDENT, FINANCIAL SERVICES SECTOR, GMU (GROWTH MARKETS UNITS) IN CHINA. HE WAS EXECUTIVE PRESIDENT OF IBM SPAIN.</p> <p>READ INDUSTRIAL ENGINEERING AT UNIVERSIDAD POLITÉCNICA DE BARCELONA AND TOOK A GENERAL MANAGEMENT PROGRAMME AT IESE.</p>
LOURDES MÁIZ CARRO	<p>SECRETARY OF THE BOARD OF DIRECTORS AND DIRECTOR OF THE LEGAL SERVICES AT IBERIA, LÍNEAS AÉREAS DE ESPAÑA.</p> <p>FROM 1992 TO 1993 JOINED THE SPANISH STATE COUNSEL CORPS (CUERPO DE ABOGADOS DEL ESTADO ESPAÑOL) AND WAS APPOINTED DEPUTY TO THE DIRECTOR AT THE MINISTRY OF PUBLIC ADMINISTRATIONS. FROM 1993 TO 2001 HELD VARIOUS POSITIONS IN THE PUBLIC ADMINISTRATION.</p> <p>GRADUATED IN LAW AND PHILOSOPHY AND EDUCATION SCIENCES FROM THE COMPLUTENSE UNIVERSITY OF MADRID.</p>
TOMÁS ALFARO DRAKE	<p>CHAIR OF THE BOARD'S APPOINTMENTS COMMITTEE. DIRECTOR OF INTERNAL DEVELOPMENT AND TEACHER IN THE FINANCE AREA AT UNIVERSIDAD FRANCISCO DE VITORIA.</p> <p>OTHER RELEVANT POSITIONS: WAS DIRECTOR OF THE FOLLOWING BACHELOR'S DEGREES AT UNIVERSIDAD FRANCISCO DE VITORIA: BUSINESS MANAGEMENT AND ADMINISTRATION; BUSINESS SCIENCES; MARKETING;. GRADUATED IN ENGINEERING AT ICAI.</p>

Total number of independent directors	7
% of total directors	50,00%

Indicate whether any director considered an independent director is receiving from the company or from its group any amount or benefit under any item that is not the remuneration for his/her directorship, or maintains or has maintained over the last year a business relationship with the company or any company in its group, whether in his/her own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

Where applicable, include a reasoned statement from the Board with the reasons why it deems that this director can perform his/her duties as an independent director.

Name of director (person or company)	Description of relationship	Reasons

OTHER EXTERNAL DIRECTORS

Name of director (person or company)	Committee reporting or proposing appointment
JOSÉ MALDONADO RAMOS	APPOINTMENTS COMMITTEE
RAMÓN BUSTAMANTE Y DE LA MORA	APPOINTMENTS COMMITTEE
IGNACIO FERRERO JORDI	APPOINTMENTS COMMITTEE
SUSANA RODRÍGUEZ VIDARTE	APPOINTMENTS COMMITTEE

Total number of other external directors	4
% of total directors	28,57%

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 (person or company) of the director	Reasons	Company, executive or shareholder to which related
JOSÉ MALDONADO RAMOS	José Maldonado Ramos has been a director for a continuous period of more than 12 years.	Banco Bilbao Vizcaya Argentaria, S.A.

RAMÓN BUSTAMANTE Y DE LA MORA	Ramón Bustamante y de la Mora has been a director for a continuous period of more than 12 years.	Banco Bilbao Vizcaya Argentaria, S.A.
IGNACIO FERRERO JORDI	Ignacio Ferrero Jordi has been a director for a continuous period of more than 12 years.	Banco Bilbao Vizcaya Argentaria, S.A.
SUSANA RODRÍGUEZ VIDARTE	Susana Rodríguez Vidarte has been a director for a continuous period of more than 12 years.	Banco Bilbao Vizcaya Argentaria, S.A.

Indicate any changes that may have occurred during the period in the type of directorship of each director:

Name of director (person or company)	Date of change	Previous status	Current status
RAMÓN BUSTAMANTE Y DE LA MORA	17/12/2014	INDEPENDENT	EXTERNAL
IGNACIO FERRERO JORDI	17/12/2014	INDEPENDENT	EXTERNAL
SUSANA RODRÍGUEZ VIDARTE	17/12/2014	INDEPENDENT	EXTERNAL

C.1.4 Fill in the following table with information regarding the number of female directors over the last 4 years, and the nature of their directorships:

	Number of female directors				% of total female directors of each type			
	Year 2014	Year 2013	Year 2012	Year 2011	Year 2014	Year 2013	Year 2012	Year 2011
Executive	0	0	0	0	0,00%	0,00%	0,00%	0,00%
Proprietary	0	0	0	0	0,00%	0,00%	0,00%	0,00%
Independent	2	2	2	1	28,57%	20%	18,18%	10%
Other external	1	0	0	0	25%	0,00%	0,00%	0,00%
Total:	3	2	2	1	21,43%	14,29%	14,29%	7,69%

C.1.5 Explain the measures, if any, that have been adopted to try to include a number of female directors on the Board that would mean a balanced presence of men and women.

Explanation of measures
Article 3 of the Board of Directors Regulations establishes that the proposals submitted to the General Meeting for appointment or reelection of directors and the appointments the Board makes directly to cover vacancies, exercising its powers of co-option, will be approved at the proposal of the Appointments Committee in the case of independent directors, and following a report from said Committee for all other directors. In any case, the proposal must be accompanied by a report of the Board explaining the grounds on which the Board of Directors

has assessed the competence, experience and merits of the candidate proposed, which will be attached to the minutes of the General Meeting or of the Board of Directors. When there is a proposal to re-elect directors, the Board of Directors' resolutions and deliberations on these matters will take place in the absence of the directors whose re-election is proposed who, if present, must leave the meeting. The Appointments Committee's mission is to assist the Board of Directors in matters concerning the selection and appointment of directors and, in particular, to submit to the Board of Directors the proposals for the appointment, re-election or removal of independent directors and to report on the proposals for the appointment, re-election or removal of all other directors.

To such end, article 33 of the Board of Directors Regulations establish that the Committee will evaluate the balance of skills, knowledge and expertise on the Board of Directors, 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 entail any discrimination and in particular discrimination 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 latest selection processes, the Appointments Committee has ensured that there are no implicit biases that may hinder the access of women to the vacancies. It evaluated the skills, knowledge and expertise of all the candidates according to the needs of the governing bodies at any given time, assessing the dedication necessary to be able to suitably perform their duties in the light of the principles contained in the BBVA Board of Directors Regulations. For these selection processes, the Committee has received support from one of the most prestigious consultancy firms on the international market in the selection of directors.

During these processes, the external expert was expressly requested to include women with the suitable profile among the candidates to be presented and the Committee analysed the personal and professional profiles of all the candidates presented on the basis of the information provided by the consultancy firm, according to the needs of the Bank's governing bodies at any given time. The skills, knowledge and expertise necessary to be a Bank director were assessed and the rules on incompatibilities and conflicts of interest as well as the dedication deemed necessary to be able to comply with the duties were taken into account.

BBVA currently has three female directors on its governing body, one of whom is a member of the Group's Executive Committee. The last appointment was that of Ms. Lourdes Máiz Carro, which was approved by the Annual Ordinary General Meeting held on 14th March 2014.

C.1.6 Explain the measures, if any, agreed by the Appointments Committee to ensure that selection procedures do not suffer from implicit biases that may hinder the selection of female directors, and that the company deliberately seeks and includes potential female candidates that meet the professional profile sought:

Explanation of measures
See above section.
During the selection processes, the Appointments Committee, pursuant to the Board of Directors Regulations, has ensured that women who meet the sought-after professional profile are included among the potential candidates. In addition it has made sure that the selection procedures do not include implicit biases that might hinder the selection of female directors.

When, despite any measures that might have been adopted, the number of female directors is low or zero, explain the reasons:

Explanation of reasons

C.1.7 Explain the form of representation on the Board of shareholders with significant holdings.

C.1.8 Explain, where applicable, the reasons why proprietary directors have been appointed at the behest of a shareholder whose holding is less than 5% of the capital:

Indicate whether formal petitions have been ignored for presence on the Board from shareholders whose holding is equal to or higher than that of others at whose behest proprietary directors were appointed. Where applicable, explain why these petitions have been ignored.

NO

C.1.9 Indicate if any director has stood down before the end of his/her term of office, if the director has explained his/her reasons to the Board and through which channels, and if reasons were given in writing to the entire Board, explain below, at least the reasons that were given:

Name of director	Reason for leaving

C.1.10. Indicate any powers delegated to the managing directors(s):

Name of director (person or company)	Brief description
FRANCISCO GONZÁLEZ RODRÍGUEZ	Holds broad-ranging powers of representation and administration in line with his duties as Company Presidente
ÁNGEL CANO FERNÁNDEZ	Holds broad-ranging powers of representation and administration in line with his duties as Company Consejero Delegado.
JOSÉ MANUEL GONZÁLEZ-PÁRAMO MARTÍNEZ-MURILLO	Holds powers of representation and administration in line with his duties as Head of Global Economics, Regulation & Public Affairs.

C.1.11 Identify any members of the Board holding positions as directors or managers in other companies belonging to the listed company's group:

Name of director (person or company)	Name of the Group Company	Position
FRANCISCO GONZÁLEZ RODRÍGUEZ	BBVA BANCOMER, S.A. INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO BBVA BANCOMER	DIRECTOR
FRANCISCO GONZÁLEZ RODRÍGUEZ	GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	DIRECTOR

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ÁNGEL CANO FERNÁNDEZ	BBVA BANCOMER, S.A. INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO BBVA BANCOMER	DIRECTOR
ÁNGEL CANO FERNÁNDEZ	GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	DIRECTOR
ÁNGEL CANO FERNÁNDEZ	TURKIYE GARANTI BANKASI A.S.	DIRECTOR

C.1.12 Detail, where applicable, any company directors that sit on Boards of other companies publicly traded on regulated securities markets outside the company's own group, of which the company has been informed:

Name of director (person or company)	Name of the listed company	Position
BELÉN GARIJO LÓPEZ	L'ORÉAL SOCIÉTÉ ANONYME	DIRECTOR
JUAN PI LLORENS	ECOLUMBER, S.A.	CHAIRMAN

C.1.13 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 of Directors Regulations establishes that in the performance of their duties, directors will be subject to the rules on limitations and incompatibilities established under the applicable regulations at any time, and in particular, to the provisions of Spanish Act 10/2014 on the organisation, supervision and solvency of credit institutions. Article 26 of Act 10/2014 establishes that the directors of credit institutions may not hold at the same time more positions than those set out in one of the following combinations: (i) an executive position together with two non-executive positions; or (ii) four non-executive positions. Executive positions are defined as those performing management duties irrespective of the legal bond attributed by those duties. The following will count as a single position: 1) executive or non-executive positions held within the same group; 2) executive or non-executive positions held within: (i) entities belonging to the same institutional protection scheme; or (ii) companies in which the entity holds a significant stake. The positions held in non-profit organisations or entities pursuing non-commercial purposes shall not count when determining the maximum number of positions.</p> <p>Likewise, directors may not provide professional services to enterprises competing with the Bank or any of its Group entities, or be an employee, manager or director of such companies unless they have received express prior authorisation from the Board of Directors or the General Meeting, whichever may be the authorising party, or unless these activities had been provided or performed before they became a Bank director, do not involve effective competition and had been reported to the Bank at that time. Directors may not take a direct or indirect stake in businesses or enterprises in which the Bank or its Group companies hold an interest, unless such stake was held prior to joining the Board of Directors or to 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 of the Bank may not be a director in companies in which the Group or any of the Group companies hold a stake. As an exception and when proposed by the Bank, executive directors are able to hold directorships in companies directly or indirectly controlled by the Bank with the</p>

approval of the Executive Committee, and in other associated companies with the approval of the Board of Directors. A person ceasing to be an executive director is obliged to resign from any office in a subsidiary or associate company that is held by virtue of such directorship.

Non-executive directors may hold a directorship in the Bank's associate companies or in any other Group company provided the directorship is not related to the Group's holding in such companies. They must have prior approval from the Bank's Board of Directors. For these purposes, holdings of the Bank or its Group companies resulting from its ordinary business activities, asset management, treasury trading, derivative hedging and/or other transactions will not be taken into account.

Likewise, directors may not hold political office or engage in other activities that might have public significance or affect the image of the Company in any manner, unless there is prior authorisation from the Board of Directors of the Bank.

C.1.14 Indicate the general corporate policies and strategies over which the Board has exclusive approval rights:

	YES	NO
The investment and funding policy	X	
Definition of how the Group companies are structured	X	
The corporate governance policy	X	
The corporate social responsibility policy	X	
The strategic or business plan and the annual management and budgetary targets	X	
The senior managers' remuneration and performance assessment policy	X	
The risk control and management policy, and the regular monitoring of the internal information and oversight systems	X	
The dividend policy and the treasury-stock policy, especially their limits	X	

C.1.15 Indicate the overall remuneration for the Board of Directors:

Remuneration of the Board of Directors (€k)	15.407
Amount of overall remuneration corresponding to the rights accumulated by directors with respect to pensions (€k)	0
Overall remuneration of the Board of Directors (€k)	15.407

C.1.16 Identify members of senior management that are not in turn executive directors, and indicate the total remuneration accruing to them during the year:

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Name (person or company)	Position
EDUARDO ARBIZU LOSTAO	LEGAL SERVICES AND COMPLIANCE
MANUEL SÁNCHEZ RODRÍGUEZ	UNITED STATES
RAMÓN MARÍA MONELL VALLS	I&T TECHNOLOGY
DON CARLOS TORRES VILA	DIGITAL BANKING
CRISTINA DE PARIAS HALCÓN	SPAIN AND PORTUGAL
MANUEL CASTRO ALADRO	GLOBAL RISK MANAGEMENT
IGNACIO DESCHAMPS GONZÁLEZ	GLOBAL LOBs AND SOUTH AMERICA
VICENTE RODERO RODERO	MEXICO
JUAN ASÚA MADARIAGA	CORPORATE AND INVESTMENT BANKING (CIB)
JUAN IGNACIO APOITA GORDO	HUMAN RESOURCES & SERVICES
JAIME SÁENZ DE TEJADA PULIDO	STRATEGY AND FINANCE
RICARDO GÓMEZ BARREDO	GLOBAL ACCOUNTING AND INFORMATION MANAGEMENT
IGNACIO MOLINER ROBREDÓ	BRAND AND COMMUNICATION

Total senior management remuneration (€k)	18.988
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C.1.17 Indicate the identity of the Board members, if any, who are in turn members of the Board of Directors in companies of significant shareholders and/or in entities of their group:

Detail the relevant affiliations, other than those considered in the above paragraph, that link Board members to significant shareholders and/or companies in their group:

C.1.18 Indicate whether there has been any change in the Board regulations during the year:

YES

Description of changes
<p>As a result of the publication of Act 10/2014 on the regulation, supervision and solvency of credit institutions, dated 26th June, and Act 31/2014 which amends the Corporate Enterprises Act insofar as improving corporate governance, of 3rd December, the Board of Directors, at the meeting held on 17th December 2014, approved the amendment of the text of the BBVA Board of Directors Regulations with the aim of adapting them to the new legal requirements.</p> <p>The main changes included in the Board of Directors Regulations as a result of the aforementioned legislation are detailed below:</p>

- The definitions of the different categories of directors (executive, proprietary, independent and other external) have been adapted to the provisions of Act 31/2014 that contains the legal definitions, which has involved the inclusion of the 12-year limitation in the position in the definition of independent director.
- Inclusion of the duty of directors to meet the suitability requirements needed to hold the position (honourableness, knowledge and experience, and willingness to exercise good governance) and the duties of the directors to report to the Appointments Committee any events that may affect the assessment of their suitability and/or status.
- A new article setting out the duties of the *Consejero Delegado* has been included.
- A new article setting out the duties of the Lead Director has been included.
- Due diligence has been added, with the express recognition of the business judgement rule in the area of strategic and business decisions.
- The duty of loyalty of the directors has been adapted to the new regime established in Act 31/2014, which includes the obligation of the directors to avoid situations of conflict of interest.
- The functions of the Board of Directors have been adapted to those set out in the new legislation, which requires a greater involvement of the Board in certain matters, and the following powers, among others, have been defined as Board powers that cannot be delegated:
 - The oversight and periodic control of the corporate governance system;
 - The appointment and severance of the senior managers and the determination of the basic conditions of their contracts, including their remuneration and the supervision of senior management and the bodies to which the Board of Directors confers authority, including the Chief Operating Officer;
 - The approval of a selection and diversity policy of members of the Board of Directors and selection and appointment of senior managers.
- The delegation of proxy and voting rights of non-executive directors is regulated.
- In general, the composition and functions of the Board of Directors Committees have been adapted to the new legislation.

C.1.19. Indicate procedures for selection, appointment, re-election, assessment and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

Selection and appointment procedure:

Articles 2 and 3 of the Board of Directors Regulations stipulate that the General Meeting is responsible for the appointment of the members of the Board of Directors. However, if a seat falls vacant, the Board of Directors has the authority to co-opt members.

In any event, persons proposed for appointment as directors must meet the requirements of prevailing legislation, the specific regulations applicable to financial institutions, and the provisions of the Company Bylaws. In particular, directors should meet the necessary suitability requirements to exercise their directorship. Thus, they must be considered to be of commercial and professional good repute, with adequate knowledge and expertise to

perform their duties and be in a situation in which they can exercise good governance of the entity. The Board of Directors will endeavour to ensure that the selection procedures for directors favour diversity in experience, knowledge, skills and gender and, in general, do not suffer from implicit biases that may imply any discrimination. The Board will submit its proposals to the General Meeting in such a way that there is an ample majority of non-executive directors over the number of executive directors on the Board and that the number of independent directors accounts for at least one third of the total Board members. The proposals submitted to the General Meeting for appointment or reelection of directors and the appointments the Board makes directly to cover vacancies, exercising its powers of co-option, will be approved at the proposal of the Appointments Committee in the case of independent directors, and following a report from said Committee for all other directors. In any case, the proposal must be accompanied by a report of the Board explaining the grounds on which the Board of Directors has assessed the competence, experience and merits of the candidate proposed, which will be attached to the minutes of the General Meeting or of the Board of Directors. The Board of Directors' resolutions and deliberations on these matters will take place in the absence of the directors whose re-election is proposed who, if present, must leave the meeting. To such end, the Board of Directors Regulations establish that the Committee will evaluate the balance of skills, knowledge and expertise on the Board of Directors, 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 entail any discrimination and in particular discrimination 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.

Directors will stay in office for the term established by the Company Bylaws or, if they have been co-opted, until the first General Meeting is held.

Re-election:

See above section.

Assessment:

As indicated in article 17 t) of the Board of Directors Regulations, the Board is responsible for assessing the quality and efficiency of the Board's operation and assessment of the performance of the duties of the Chairman of the Board. Such assessment will always begin with the report submitted by the Appointments Committee. Likewise, evaluation of the operation of its Committees, on the basis of the report that these submit to it. Moreover, article 5 of the Board of Directors Regulations establishes that the Chairman, as the person responsible for the efficient running of the Board of Directors, will organise and coordinate the periodic assessment of the Board's performance with the Chairs of the relevant Committees. Moreover, article 5 ter of the Board of Directors Regulations establishes that the Lead Director will have special powers to direct the periodic assessment of the Chairman of the Board of Directors. Pursuant to the provisions of the Board of Directors Regulations, as in previous years, in 2014 the Board of Directors assessed the quality and efficiency of its own running and that of its Committees, as well as the performance of the duties of the Chairman, both as Chairman of the Board and as Chief Executive Officer of the Bank.

Severance:

Directors will stand down from office when the term for which they were appointed has expired, unless they are re-elected.

Directors must apprise the Board of Directors of any circumstances affecting them that might harm the Company's reputation and credit and circumstances that may impact their suitability for the post.

Directors must place their office at the disposal of the Board of Directors and accept its decision regarding their continuity or non-continuity in office, under the circumstances listed in section C.1.21 below. Should the Board resolve they not continue, they will be obliged to tender their resignation.

In any event the 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 held after the General Meeting that approves the accounts for the year in which they reach this age.

C.1.20 Indicate whether the Board of Directors has assessed its activity during the year:

YES

If so, explain to what degree the self-assessment has led to significant changes in its internal organisation and the procedures applicable to its activities:

Description of changes
<p>Article 17 of the Board of Directors Regulations establishes that the Board will the quality and efficiency of the Board's operation and assessment of the performance of the duties of the Chairman of the Board. Such assessment will always begin with the report submitted by the Appointments Committee. Likewise, evaluation of the operation of its Committees, on the basis of the report that these submit to it. The Board of Director has done this during 2014.</p> <p>This self-assessment process is a basic element for the analysis and assessment of the effectiveness of BBVA's Corporate Governance System and is conducted by the bank's administration bodies on an on-going basis in the exercise of their duties and ensures the proper running of BBVA's Corporate Governance System and its on-going development and adaptation to the needs of the governing bodies at any given time, based on the circumstances that may affect the bank and its environment.</p> <p>In 2014, the bank has analysed both its needs for improvement and the changes in the regulatory, supervisory and market areas, both at a national and international level, and introduced various measures to adapt its Corporate Governance system and practices to the new environment in which the bank carries out its activity.</p> <p>Among other measures, in 2014 a procedure for verifying the information that is submitted for consideration by the corporate bodies was implemented, coordinated by a specific unit independent of the areas that prepare the information. The aim is to improve its quality, consistency and homogeneity and ensure that the governing bodies have sufficient, adequate and complete information to exercise their functions. The performance of the functions of this new unit has been reported to the Audit and Compliance Committee as part of its information supervision and control functions.</p> <p>Likewise, to facilitate the proper performance of their duties by the directors, BBVA has improved the training model for the persons who join its governing bodies.</p> <p>Also in 2014, the composition of its committees has been adapted to ensure that it is the most appropriate for the performance of their duties; and the Board Regulations have also been amended in relation to the Board Committees, as has been mentioned already. In this regard, a proposal has been put forward for submitting for the consideration of the next General Ordinary Meeting of Shareholders certain amendments to the regulations on the operation of the Board of Directors and the Board Committees as set out in the Company Bylaws in order to introduce certain improvements in their regulation.</p>

C.1.21 Indicate the circumstances under which directors are obliged to resign.

In addition to the circumstances set out in applicable legislation, as established in article 12 of the BBVA Board of Directors Regulations, the 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 Directors of any circumstances affecting

them that might harm the Company's reputation and credit and circumstances that may impact their suitability for the post.

As set out in article 12 of the BBVA Board of Directors Regulations, directors must place their office at the disposal of the Board of Directors and accept its decision regarding their continuity or non-continuity in office, under the circumstances given below. Should the Board resolve they not continue, they will be obliged to tender their resignation.

- When they are affected by circumstances of incompatibility or prohibition as defined under prevailing legislation, in the Company Bylaws or in these Regulations;
- When significant changes occur in their professional or personal situation that may affect the condition by virtue of which they were appointed to the Board of Directors;
- When they are in serious dereliction of their duties as directors;
- When for reasons attributable to the director in his or her condition as such, serious damage has been done to the Company's net worth, credit or reputation; or
- When they lose their suitability to hold the position of director of the Bank.

C.1.22 Explain whether the role of chief executive officer in the company is performed by the chairman of the Board. If so, indicate the measures taken to limit the risks of accumulating powers in one sole person:

YES

Measures to limit risks
<p>As set out in article 5 of the Board of Directors' Regulations, the Chairman of the Board will also be the Bank's first executive unless the Board of Directors resolves otherwise. However, BBVA has a corporate governance system that establishes effective mechanisms to avoid the concentration of power in one sole individual and guarantees effective control and efficient supervision of the Bank's executives. These include:</p> <p>The Board of Directors of BBVA has appointed a Consejero Delegado from among its members, as permitted by the Bank's bylaws, who in accordance with article 5a of the Board of Directors Regulations is responsible for the ordinary management of the business, on whose performance he/she will report directly to the Board of Directors and to its Chairman. In performance of such duty, the Consejero Delegado will hold the broadest powers conferred by the Board of Directors. The BBVA Board of Directors comprises a broad majority of non-executive directors and half of the members of the Board are independent directors, allowing for an appropriate balance between the oversight and control duties of the corporate bodies. Pursuant to the Board of Directors Regulations, any director may request the inclusion of items on the agenda of the Board meeting that they deem advisable for the Company's best interests. Article 18 of the Board of Directors Regulations also establishes the possibility that directors representing one quarter of the Board members in office at any time may request the holding of a Board meeting. Moreover, from among the independent directors and with the abstention of the executive directors, the Board of Directors has appointed a Lead Director who have special powers to request a Board of Directors meeting be convened or the inclusion of new items on the agenda of a Board meeting already convened, to coordinate and meet with the non-executive directors and to direct the periodic assessment of the Chairman of the Board of Directors. BBVA has an Executive Committee made up mostly of external directors that addresses the matters delegated by the Board of Directors, in accordance with current legislation, the Company Bylaws or the Board of Directors Regulations.</p> <p>Moreover, in order to better perform its management oversight duties and duties regarding key issues such as risk management, remuneration, appointments and reviews of the financial statements, the Board of Directors has set up various Committees to support it, including the Audit & Compliance Committee, the Appointments</p>

Committee, the Remuneration Committee and the Risks Committee. These Committees assist the Board on matters within their remit, and their composition and rules of organisation and operation are described in detail in section C.2.4 below.

These specialist Committees only comprise non-executive directors, most of whom are independent (the Audit & Compliance Committee is made up entirely of independent directors and the Risks Committee, the Appointments Committee and the Remuneration Committee have a majority of independent directors.)

Likewise, all the Committee Chairs are independent directors with extensive experience and autonomy in the management of their respective committees. Thus, they decide the agenda for the committees, call their meetings and have direct access to Bank executives, and can also freely hire assistance from external experts when they deem this necessary for the performance of their duties.

This structure and organisation of governing bodies and the operational system of the Board of Directors (based on specialist assistance on the most relevant issues from its Committees, that operate under a system independent of the Bank's executives, setting their own agendas, calling the Bank executives to meetings as necessary and accessing all information required for the decision-making process), together with the duties performed by the Lead Director, guarantees a balanced Corporate Governance System that properly combines all its elements to avoid the accumulation of powers in one sole individual.

Indicate and, where applicable, explain whether rules have been established to empower one of the independent directors to request that a Board meeting be called or new business included on the agenda, to coordinate and voice the concerns of external directors and to direct the assessment by the Board of Directors

YES

Explanation of the rules

At its meeting held on 17th December 2014, from among its independent directors and with the abstention of the executive directors, the Board of Directors of BBVA appointed José Antonio Fernández Rivero as Lead Director of the Board of Directors, who have special powers to request a Board of Directors meeting be convened or the inclusion of new items on the agenda of a Board meeting already convened, to coordinate and meet with the non-executive directors and to direct the periodic assessment of the Chairman of the Board of Directors.
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C.1.23 Are reinforced qualified majorities required, other than the legal majorities, for some type of resolution?

NO

Where applicable, describe the differences

C.1.24 Explain whether there are specific requirements, other than those regarding directors, to be appointed Chairman of the Board of Directors.

NO

C.1.25 Indicate whether the Chairman has a casting vote:

NO

C.1.26 Indicate whether the bylaws or the Board Regulations establish an age limit for directors:

YES

Age limit for Chairman	Age limit for Managing Director	Age limit for directors
0	0	75

C.1.27 Indicate whether the bylaws or the Board Regulations establish a limited term of office for independent directors, other than that established by law:

NO

C.1.28 Indicate whether the bylaws or the Board Regulations establish specific rules for proxy voting in the Board of Directors, the way this is done and, in particular, the maximum number of proxies a director may have, and whether it is mandatory to grant proxy to a director of the same type. If so, briefly give details on such standards.

The BBVA Board of Directors Regulations establishes that directors are required to attend the meetings of corporate bodies and the meetings of the Board Committees on which they sit, except for a justifiable reason. Directors shall participate in the deliberations, discussions and debates on matters submitted for their consideration.

However, article 21 of the Board of Directors Regulations establishes that should it not be possible for directors to attend any of the Board of Directors meetings, they may grant proxy to another director to represent and vote for them. This may be done by a letter or email sent to the Company with the information required for the proxy director to be able to follow the absent director's indications. Non-executive directors may only grant their proxy to another director that is also nonexecutive.

C.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. In calculating this number, proxies given with specific instructions will be counted as attendances.

Number of Board meetings	14
Number of Board meetings not attended by the Chairman	0

Indicate the number of meetings the Board's different committees have held during the year.

Number of Executive Committee meetings	20
Number of Audit Committee meetings	12
Number of Appointments Committee meetings	8
Number of Remuneration Committee meetings	4
Number of Risks Committee meetings	45

C.1.30 Indicate the number of meetings held by the Board of Directors during the year attended by all its members. In calculating this number, proxies given with specific instructions will be counted as attendances.

Attendance of directors	14
% of attendances to total votes during the year	100%

C.1.31 Indicate whether the individual and consolidated financial statements presented for Board approval are

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certified beforehand:

NO

Where applicable, identify the person(s) who has(have) certified the Company's individual and consolidated financial statements to be filed by the Board:

B.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements that it files from being presented to the General Meeting with a qualified auditors report.

Article 29 of the Board of Directors Regulations establishes that the Audit & Compliance Committee will be formed exclusively by independent directors who are not members of the Bank's Executive Committee. Its mission is to assist the Board of Directors in overseeing the financial information and the exercise of the Group control duties. In this regard, its functions are as follows: Oversee the efficacy of the internal control of the Company, the internal audit and the risk-management systems in the process of drawing up and reporting the regulatory financial information, including tax risks. Also to discuss with the financial auditor any significant weaknesses in the internal control system detected when the audit is conducted and oversee the process of drawing up and reporting prescriptive financial information.

Moreover, article 3 of the Audit and Compliance Committee Regulations establishes that the Committee shall verify at appropriate intervals of time that the external audit program is being carried out in accordance with the contract conditions and is thereby meeting the requirements of the competent official agencies – particularly the Bank of Spain – and of the Bank's governing bodies. The Committee will also periodically – at least once a year – request from the auditors their evaluation of the quality of the Group's internal control procedures.

The Committee will take cognizance of any infringements, situations requiring adjustments, or anomalies that may be detected during the course of the external audit and are of a material nature; materiality in this context signifies those that, in isolation or as a whole, may give rise to a significant and substantive impact or harm to the assets, earnings or reputation of the Group; discernment of such matters will be at the discretion of the external auditors who, if in doubt, must opt to notify them.

In exercising these duties, the Audit and Compliance Committee holds monthly meetings with the External Auditor without the presence of executives, to monitor on an on-going basis their work, guaranteeing that the activity is carried out under the best conditions and with no interference in management.

C.1.33 Is the company Secretary a director?

NO

C.1.34 Explain the appointment and severance procedures for the Secretary of the Board, indicating whether his/her appointment and severance have been reported to the Appointments Committee and approved by the Board in a plenary meeting.

Appointment and severance procedure
Article 23 of the BBVA Board of Directors Regulations establishes that after receiving a report from the Appointments Committee, the Board of Directors will elect a Secretary from among its members, unless it resolves to commend these duties to a non-member. The same procedure will apply for the severance of the Secretary from his/her duties.

	YES	NO
Does the Appointments Committee have a say in his/her appointment?	X	
Does the Appointments Committee have a say in his/her severance?	X	
Does the Board, in plenary session, approve the appointment?	X	

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Does the Board, in plenary session, approve the severance?	X	
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Does the Board Secretary have the specific duty of securing compliance with corporate governance recommendations?

YES

Comments
As set out in article 23 of the Board of Directors Regulations, the Secretary, in addition to the duties attributed by law and by the Bylaws, will endeavour to ensure that the actions of the Board of Directors are in line with applicable regulations and in compliance with the Company Bylaws and other internal standards.

C.1.35 Indicate what mechanisms the company has established, if any, to preserve the independence of the external auditors, the financial analysts, the investment banks and the rating agencies.

The BBVA Audit and Compliance Committee Regulations establish that this Committee's duties, described in section C.2.4.4, include ensuring the independence of the external audit in two ways:

- Avoiding any possibility of the warnings, opinions or recommendations of the auditors being adversely influenced.
- Stipulating as incompatible the provision of audit and consulting services unless there are not available in the market alternatives as regards content, quality or efficiency of equal value to those which the audit firm or firms in its group could provide; in this case approval by the Committee will be required, but this decision can be delegated in advance to its Chairman.

This matter is the subject of special attention by the Audit and Compliance Committee, which holds regular 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 applicable legislation in order to safeguard the independence of the external auditor.

Moreover, in accordance with the provisions of point f), section 4 of article 529m of the Corporate Enterprises Act and article 30 of the BBVA Board of Directors Regulations, the Audit and Compliance Committee each year before the external financial auditor issues their report on the financial statements, has to issue a report expressing an opinion on the independence of the external financial auditor. This report must unfailingly contain the valuation of the provision of any services referred to in the previous subsection, considered individually and as a whole, other than the legally-required audit and with respect to the regime of independence or to the standards regulating audits.. The external auditor must issue, also on an annual basis, a report confirming its independence vis-à-vis BBVA or entities linked to BBVA, either directly or indirectly, with information on the additional services of any kind provided to these entities by said auditors, or by the individuals or entities linked to them, as set out in the redrafted text of the Audit Act.

In this regard, the relevant reports confirming the auditor's independence have been issued in 2014.

In addition, as BBVA's shares are listed on the New York Stock Exchange, it is subject to compliance with the Sarbanes Oxley Act and its implementing regulations.

C.1.36 Indicate whether the company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

NO

If there were disagreements with the outgoing auditor, explain their grounds:

Explanation of disagreements

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C.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 on the total fees charged to the company and/or its group:

YES

	Company	Group	Total
Amount of non-audit work (€k)	1.291	2.072	3.363
Amount of non-audit work / total amount billed by the audit firm (%)	10,29	13,31	11,96

C.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 chair of the audit committee to explain the content and scope of such reservations or qualifications.

NO

C.1.39 Indicate the number of consecutive years during which the current audit firm has been auditing 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
Number of consecutive years	12	12
Number of years audited by current audit firm / number of years the company has been audited (%)	85,71%	85,71%

C.1.40 Indicate and, where applicable, give details on the existence of a procedure for directors to engage external advisory services:

YES

Details of the procedure
<p>Article 6 of the BBVA Board of Directors Regulations expressly recognises that directors may request any additional information and advice they require to comply with their duties, and may request the Board of Directors for assistance from external experts on matters subject to their consideration whose special complexity or importance so requires.</p> <p>The Audit & Compliance Committee, pursuant to article 31 of the Board of Directors Regulations, may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence. Under articles 34, 37 and 40 of the Board of Directors Regulations, the rest of the Committees may obtain such advice as may be necessary to establish an informed opinion on matters related to its business. This will be done through the Secretariat of the Board.</p>

C.1.41 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 with sufficient time:

YES

Details of the procedure
Article 6 of the Board of Directors Regulations establishes that before meetings the directors will be apprised of the necessary information to be able to form their own opinions regarding questions corresponding to the Bank's corporate bodies. They may request any additional information and advice they require to comply with their duties.
Exercise of these rights will be channelled through the Chairman or Secretary of the Board of Directors, who 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.

C.1.42 Indicate and, where applicable give details, whether the company has established rules requiring directors to inform and, where applicable, resign under circumstances that may undermine the company's credit and reputation:

Explanation of the rules
In accordance with article 12 of the Board of Directors Regulations, directors must apprise the Board of Directors of any circumstances affecting them that might harm the Company's reputation and credit and circumstances that may impact their suitability for the post.
Directors must place their office at the disposal of the Board of Directors and accept its decision regarding their continuity or non-continuity in office. Should the Board resolve they not continue, they will be obliged to tender their resignation when for reasons attributable to the director in his or her condition as such, serious damage has been done to the Company's net worth, credit or reputation or when they lose their suitability to hold the position of director of the Bank.

C.1.43 Indicate whether any member of the Board of Directors has informed the company of any legal suit or court proceedings against him or her for any of the offences listed in article 213 of the Corporate Enterprises Act:

NO

Indicate whether the Board of Directors has analysed the case. If so, explain the grounds for the decision taken as to whether or not the director should retain his/her directorship or, where applicable, describe the actions taken or planned to be taken by the Board of Directors on the date of this report.

Decision adopted/action taken	Reasoned explanation

C.1.44 Detail 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.

C.1.45 Identify in aggregate terms and indicate in detail any agreements between the company and its directors, managers or employees that have guarantee or ring-fencing severance clauses for when such persons resign or are wrongfully dismissed or if the contractual relationship comes to an end due to a public takeover bid or other kinds of transactions.

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Number of beneficiaries	68
Type of beneficiary	Description of agreement
1 executive director 13 members of the Management Committee (excluding executive directors) 54 technical & specialist professionals	<p>The Bank is committed to pay severance indemnity to the director José Manuel González-Páramo Martínez-Murillo, whose contract recognises his right to receive an indemnity in the event of severance on grounds not due to his own will, death, retirement, invalidity or dereliction of duties, equivalent to twice his fixed remuneration.</p> <p>In addition, 13 members of the Management Committee are entitled to receive compensation payment in the event of severance on grounds other than their own will, retirement, disability or dereliction of duties. Its amount will be calculated by factoring in the fixed elements of the Bank employee's remuneration and length of office and which under no circumstances are paid in the event of lawful dismissal for misconduct by decision of the employer on grounds of the worker's dereliction of duties.</p> <p>The Bank has also agreed compensation clauses with some employees (54 technical and specialist professionals) in the event of unfair dismissal. The amount of this compensation is calculated as a function of the wage and professional conditions of each employee.</p>

Indicate whether these contracts must be disclosed and/or approved by the company or group governance bodies:

	Board of Directors	General Meeting
Body authorising the clauses	YES	NO

	YES	NO
Is the General Meeting informed of the clauses?	x	

C.2 Board of Directors Committees

C.2.1 Detail all the Board Committees, their members and the proportion of proprietary directors and independent directors sitting on them:

EXECUTIVE COMMITTEE

Name	Position	Type
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FRANCISCO GONZÁLEZ RODRÍGUEZ	CHAIRMAN	EXECUTIVE
ÁNGEL CANO FERNÁNDEZ	MEMBER	EXECUTIVE
SUSANA RODRÍGUEZ VIDARTE	MEMBER	OTHER EXTERNAL
IGNACIO FERRERO JORDI	MEMBER	OTHER EXTERNAL
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL

% executive directors	40%
% proprietary directors	0%
% independent directors	0%
% other external directors	60%

AUDIT COMMITTEE

Name	Position	Type
JOSÉ LUIS PALAO GARCÍA-SUELTO	CHAIRMAN	INDEPENDENT
BELÉN GARIJO LÓPEZ	MEMBER	INDEPENDENT
CARLOS LORING MARTÍNEZ DE IRUJO	MEMBER	INDEPENDENT
TOMÁS ALFARO DRAKE	MEMBER	INDEPENDENT

% executive directors	0%
% proprietary directors	0%
% independent directors	100%
% other external directors	0%

REMUNERATION COMMITTEE

Name	Position	Type
CARLOS LORING MARTÍNEZ DE IRUJO	CHAIRMAN	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	OTHER EXTERNAL
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JUAN PI LLORENS	MEMBER	INDEPENDENT
TOMÁS ALFARO DRAKE	MEMBER	INDEPENDENT

% executive directors	0%
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% proprietary directors	0%
% independent directors	60%
% other external directors	40%

APPOINTMENTS COMMITTEE

Name	Position	Type
TOMÁS ALFARO DRAKE	CHAIRMAN	INDEPENDENT
JOSÉ ANTONIO FERNÁNDEZ RIVERO	MEMBER	INDEPENDENT
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JOSÉ LUÍS PALAO GARCÍA-SUELTO	MEMBER	INDEPENDENT
SUSANA RODRÍGUEZ VIDARTE	MEMBER	OTHER EXTERNAL

% executive directors	0%
% proprietary directors	0%
% independent directors	60%
% other external directors	40%

RISKS COMMITTEE

Name	Position	Type
JOSÉ ANTONIO FERNÁNDEZ RIVERO	CHAIRMAN	INDEPENDENT
JOSÉ LUIS PALAO GARCÍA-SUELTO	MEMBER	INDEPENDENT
JUAN PI LLORENS	MEMBER	INDEPENDENT
RAMÓN BUSTAMANTE Y DE LA MORA	MEMBER	OTHER EXTERNAL
SUSANA RODRÍGUEZ VIDARTE	MEMBER	OTHER EXTERNAL

% executive directors	0%
% proprietary directors	0%
% independent directors	60%
% other external directors	40%

C.2.2 Fill in the following table with information on the number of female directors sitting on Board Committees over the last four years:

Number of female directors							
Year 2014		Year 2013		Year 2012		Year 2011	
Number	%	Number	%	Number	%	Number	%

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Executive Committee	1	20%	1	16,66%	-	-	-	-
Audit Committee	1	25%	1	20%	2	33,33%	1	20%
Appointments & Remuneration Committee	-	-	-	-	-	-	-	-
Appointments Committee	1	20%	1	20%	1	20%	1	20%
Remuneration Committee	-	-	1	20%	1	20%	1	20%
Risks Committee	1	20%	-	-	-	-	-	-

C.2.3 Indicate the duties assigned to the Audit Committee:

	YES	NO
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.	X	
Periodically review the systems of internal risk management and oversight to ensure that the principal risks are properly identified, managed and made known.	X	
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.	X	
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.	X	
Put to the Board the proposals for selection, appointment, re-election and substitution of the external auditor and the terms and conditions of engagement.	X	
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.	X	
Ensure the independence of the external auditor.	X	

C.2.4 Give a description of the rules governing the organisation and running of each of the Board Committees and the responsibilities attributed to each.

2.4.1. APPOINTMENTS COMMITTEE: Article 34 of the Board Regulations regulates the rules of organisation and operation of the Appointments Committee, establishing that it will meet as often as necessary to perform its duties, convened by its Chair or by whoever stands in for its Chair pursuant to the provisions of article 32 of the Regulations. The Committee may request the attendance at its sessions of persons with tasks in the Group that are related to the Committee's duties. It may also obtain advice as necessary to establish criteria related to its business. This will be done through the Secretary of the Board. For all else, the system for convening meetings, quorums, adopting resolutions, minutes and other details of its operation will be in accordance with the provisions of the Board Regulations insofar as they are applicable.

2.4.2. REMUNERATION COMMITTEE: Article 37 of the Board Regulations establishes the rules of organisation and operation: The Remuneration Committee will meet as often as necessary to perform its duties, convened by

its Chair or by whoever stands in for its Chair pursuant to article 35 above. The Committee may request the attendance at its sessions of persons with tasks in the Group that are related to the Committee's duties. It may also obtain such advice as may be necessary to establish an informed opinion on matters related to its business. This will be done through the Secretariat of the Board. For all else, the system for convening meetings, quorums, adopting 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.

2.4.3. EXECUTIVE COMMITTEE: As regards the rules of organisation and operation of this Committee, article 28 of the Board Regulations establishes that 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 established by the Board Regulations. Once the minutes of the meetings of the Executive Committee are approved, they will be signed by the secretary of the meeting and countersigned by whoever 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.

2.4.4 AUDIT AND COMPLIANCE Y COMMITTEE: Article 31 of the Board Regulations establishes the following 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 mission

Executives heading areas that manage matters within the scope of its competence, especially the Accounting, Internal Audit and Regulatory Compliance departments, may be called to its meetings and other staff from these departments who have particular knowledge or responsibility in the matters contained on the agenda, when their presence at the meeting is deemed advisable. However, only the Committee members and the Secretary shall be present when the results and conclusions of the meeting are assessed.

The Committee may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence.

The Committee may call on the personal co-operation and reports of any employee or member of the management team when it considers that this is necessary for compliance its functions in relevant issues. The usual channel for a request of this nature shall be through the reporting lines of the Company. However, in exceptional cases the request may be notified directly to the person in question. The system of convening meetings, quorums, the approval of resolutions, minutes and other details of its system of operation will be governed by the provisions of the Board Regulations insofar as they are applicable to the Committee and by any specific Regulations that may be established.

2.4.5. RISKS COMMITTEE: Article 40 of the Board Regulations establishes the rules of organisation and operation: The Risk 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 previous article 38, although an annual calendar of meetings will be drawn up in accordance with its mission. The Committee may request the attendance of the Group Risks Officer at its meetings, and also of other executives heading the different risks areas or the persons who, within the Group organisation, have missions related to its functions. It may also obtain such advice as may be necessary to establish an informed opinion on matters related to its business. This will be done through the Secretariat of the Board. The system of convening meetings, quorums, the adoption of resolutions, minutes and other details of its procedures will be governed by the provisions defined in these Regulations for the Board of Directors insofar as they are applicable to the Committee and by the specific Committee Regulations.

C.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.

The Board of Directors Regulations are available on the Company's website and regulate the composition, duties and operation of the Board Committees. At the meeting held on 17th December 2014, the duties of the Committees have been amended in order to adapt the Board Regulations to the Corporate Enterprises Act, in its drafting given by Act 31/2014, and to Act 10/2014 on the regulation, supervision and solvency of credit institutions.

APPOINTMENTS COMMITTEE

The Chair of the Appointments Committee submitted a report to the BBVA Board of Directors on its activities during 2014, describing the tasks carried out with respect to the appointment and re-election of directors in the course of the year, the assessment of the performance of the duties of the Chairman of the Board, the review of the status of the independent directors and the proposals for the appointment and severance of the members of the Management Committee.

REMUNERATION COMMITTEE

The Chair of the Remuneration Committee submitted a report to the BBVA Board of Directors on its activities during 2014, describing the following aspects: analysis of the Group's remuneration policy for 2014 and establishment of the limit on the annual variable remuneration in accordance with Spanish and European regulations; the conditions of the variable remuneration system for the management team for 2014; the remuneration system for non-executive directors; and remuneration matters related to executive directors, such as the determination of the fixed remuneration and "benchmark bonus" for 2014 and the payment of the annual variable remuneration for 2013. The Chair also explained the tasks performed by the Committee in relation to the Annual Remuneration Report for BBVA Directors, proposed to the Board for a consultative vote at the General Meeting, and the supervision of the remuneration of the heads of the Risks and Compliance areas.

AUDIT AND COMPLIANCE COMMITTEE

The BBVA Audit & Compliance Committee has also a set of specific Regulations approved by the Board, which govern its operation and powers. These Regulations are available on the corporate website and no amendments have been made to them during 2014.

The Chair of the Audit and Compliance Committee submitted to the Board of Directors a report on its activity in 2014, giving an account of the tasks performed by the Committee in relation to the functions within its remit, indicating that the Committee had carried out its activity with no incidents and fulfilled its duties in relation to the supervision of the internal control system for financial-accounting information; the monitoring and supervision of the internal and external audits; the matters related to compliance; and those related to the regulatory area. Information was provided on the "Comprehensive Assessment" asset quality review and stress test process carried out during the year by the supervisory authorities; on the annual plan for the Compliance area and its regular monitoring; and the communications with both national and international supervisory and regulatory authorities. With respect to the external audit, it covered the working plans, schedules and communication with the external auditors, the Committee having ensured the independence of the external auditor in compliance with applicable regulations.

RISKS COMMITTEE

The BBVA Risks Committee also has a set of specific Regulations approved by the Board, which govern its operation and powers. These Regulations are available on the corporate website and no amendments have been made to them during 2014.

The Chair of the Risks Committee submitted to the Board of Directors a report related to the most significant aspects of the activity carried out in 2014 by the Committee in the performance of its duties, giving an account of the regulatory analysis conducted on the corporate policies, the proposed limits on the Group's different risks and the treatment of the transactions put to its consideration, on which the relevant report had been issued. The Chair also informed on the Group's risk management model and its development, also giving an account of the regular monitoring of the development of the fundamental metrics established in the Group's risk management scheme. The Chair also provided information on the work carried out by the Committee in relation to the review of the general policies and specific rules, as well as on the infrastructure plans and their development, for the purpose of risk management governance; on the monitoring of the liquidity and funding ratios established by the Group; on the management and develop of credit risk, with a detailed analysis of its positioning by classes of assets, distribution by geographical area, portfolio and customer, as well as on the development of the main ratios and metrics; and on the monitoring and evolution of the rest of the principal risks managed by the Group, paying special attention to the model for managing technological risk and highlighting the new operational risk model established by the Group, following the approval of Operational Risk Policy.

C.2.6 Indicate whether the composition of the executive committee reflects the distribution of different classes of directorship on the Board:

YES

Otherwise, explain the composition of the executive committee

D RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1 Identify the competent body and explain the procedure, if any, for approving related-party and intra-group transactions.

Competent body for approving related-party transactions
BOARD OF DIRECTORS

Procedure for approving related-party transactions
Article 17 s) of the Board of Directors Regulations establishes that the Board is responsible for approving, where applicable, transactions that the Company or its Group companies may make with directors or shareholders that individually or in concert hold a significant interest. This includes shareholders represented on the Company's Board of Directors or the boards of other Group companies, or with parties related to them, with the exceptions established by law.
Moreover, article 8 of the Board of Directors Regulations establishes that approval of the transactions of the Company or its Group companies with directors needing to be approved by the Board of Directors will be granted after receiving a report from the Audit Committee. The only exceptions to this approval will be transactions that simultaneously meet the three following specifications: 1) They are carried out under contracts with standard terms and are applied en masse to a large number of customers; 2) They go through at market rates or prices set in general by the party acting as supplier of the goods or services; and 3) They are worth less than one per cent of the Company's annual revenues.

State whether the approval of related-party transactions has been delegated, indicating the body or parties in which said approval has been delegated, if any.

D.2 Detail any significant transactions, entailing a transfer of a significant amount or obligations between the company or its group companies, and the company's significant shareholders:

Name of the significant shareholder (person or company)	Name of the company or group entity	Type of transaction	Type of transaction	Amount (€k)

D.3 Detail any significant transactions entailing a transfer of a significant amount or obligations between the company or its group companies, and the directors and/or senior managers:

Name of the directors and/or senior managers (person or company)	Name of the related party (person or company)	Nature of relationship	Nature of transaction	Amount (€k)

D.4 Detail the significant 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 usual trade with respect to its object and conditions.

In any event, provide information on any intra-group transaction with companies established in countries or territories considered tax havens:

Name of the Group Company	Brief description of the transaction	Amount (€k)
BBVA GLOBAL FINANCE LTD.	Holding of securities representing debt	1.890
BBVA GLOBAL FINANCE LTD.	Current account deposits	6.725
BBVA GLOBAL FINANCE LTD.	Issue-linked subordinated liabilities	387.971
BBVA INTERNATIONAL LIMITED	Holding of securities representing debt	2.238
BBVA INTERNATIONAL LIMITED	Current account deposits	2.536
BBVA INTERNATIONAL LIMITED	Issue-linked subordinated liabilities	9.206

D.5 State the amount of the transactions carried out with other related parties.

D.6 Detail 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 7 and 8 of the Board Regulations regulate issues relating to possible conflicts of interest as follows:

Article 7

Directors must adopt necessary measures to avoid finding themselves in situations where their interests, whether for their own account or for that of others, may enter into conflict with the corporate interest and with their duties with respect to the Company, unless the Company has granted its consent under the terms established in applicable legislation and in these Regulations.

Likewise, they must refrain from participating in deliberations and votes on resolutions or decisions in which they or a related party may have a direct or indirect conflict of interest, unless these are decisions relating to appointment to or severance from positions on the governing body.

Directors must notify the Board of Directors of any situation of direct or indirect conflict that they or parties related to them may have with respect to the Company's interests.

Article 8

The duty of avoiding situations of conflicts of interest referred to in the previous article obliges the directors to refrain from, in particular:

- i) Carrying out transactions with the Company, unless these are ordinary business, performed under standard conditions for the customers and of insignificant quantity. Such transactions are deemed to be those whose information is not necessary to provide a true picture of the net worth, financial situation and performance of the Company;
- ii) Using the name of the Company or invoking their position as director to unduly influence the performance of private transactions;
- iii) Making use of corporate assets, including the Company's confidential information, for private ends;
- iv) Taking advantage of the Company's business opportunities;
- v) Obtaining advantages or remuneration from third parties other than the Company and its Group, associated to the performance of their position, unless they are mere tokens of courtesy;
- vi) Engaging in activities for their own account or on behalf of third parties that involve effective actual or potential competition with the Company or that, in any other way, bring them into permanent conflict with the Company's interests.

The above provisions will also apply should the beneficiary of the prohibited acts or activities described in the previous subsections be a related party to the director. However, the Company may dispense with the aforementioned prohibitions in specific cases, authorising a director or a related party to carry out a certain transaction with the Company, to use certain corporate assets, to take advantage of a specific business opportunity or to obtain an advantage or remuneration from a third party.

When the authorisation is intended to dispense with the prohibition against obtaining an advantage or remuneration from third parties, or affects a transaction whose value is over ten per cent of the corporate assets, it must necessarily be agreed by a General Meeting resolution. The obligation not to compete with the Company may only be dispensed with when no damage is expected to the Company or when any damage that is expected is compensated by benefits that are foreseen from the dispensation. The dispensation will be conferred under an express and separate resolution of the General Meeting.

In other cases, the authorisation may also be resolved by the Board of Directors, provided the independence of the members conferring it is guaranteed with respect to the director receiving the dispensation. Moreover, it will be necessary to ensure that the authorised transaction will not do harm to the corporate net worth or, where applicable, that it is carried out under market conditions and that the process is transparent.

Approval of the transactions of the Company or its Group companies with directors needing to be approved by the Board of Directors will be granted after receiving a report from the Audit Committee. The only exceptions to this approval will be transactions that simultaneously meet the three following specifications: 1) They are carried out under contracts with standard terms and are applied en masse to a large number of customers; 2) They go through at market rates or prices set in general by the party acting as supplier of the goods or services; and 3) They are worth less than one per cent of the Company's annual revenues.

Since BBVA is a credit institution, it is subject to the provisions of Act 10/2014, dated 26th June, on the regulation, supervision and solvency of credit institutions, whereby the directors and general managers or similar may not obtain credits, bonds or guarantees from the Bank on whose board or management they work, above the limit and under the terms established by the regulations, unless expressly authorised by the Bank of Spain.

All the members of the Board of Directors and the senior management are subject to the Company's Code of Conduct on the Securities Markets. This Code is intended to control possible conflicts of interest. It establishes that everyone subject to it must notify the head of their area or the Compliance Unit of situations that could potentially and under specific circumstances may entail conflicts of interest that could compromise their impartiality, before they engage in any transaction or conclude any business in which they could arise.

D.7 Are more than one of the Group's companies listed in Spain as publicly traded companies?

NO

Identify the subsidiaries listed in Spain:

Subsidiaries listed

Indicate whether the respective areas of business and any potential relations between them and any potential business relations between the holding company and the listed subsidiary and other group companies have been publicly defined;

Define any potential business relations between the holding company and the listed subsidiary company and between the listed subsidiaries and other group companies

Identify the mechanisms established to resolve any potential conflicts of interest between the listed subsidiary and the other companies of the group:

Mechanisms to resolve possible conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System.

<p>The BBVA Group has a general model of risk management and control in place which is appropriate to its business model, its organisation and the geographical areas in which it operates, that enables it to carry out its activity within the framework of the risk control and management strategy and policy defined by the Bank's corporate bodies and adapt to a changing economic and regulatory environment, addressing its management in a global way adapted to the circumstances.</p> <p>The risk management function at BBVA (Global Risk Management) is organised and developed by establishing procedures and specific rules for each type of risk, bringing the model's elements closer to the day-to-day management of risks in the Group.</p> <p>The elements comprising the model are:</p> <ol style="list-style-type: none"> 1. A system of governance and organisation of the risk management function that has an adequate definition of roles and responsibilities in all areas, a series of committees and delegation structures, and an internal control system which is consistent with the nature and scale of the risks. 2. A Group risk appetite approved by the Board of Directors that determines the risks and the risk level that the Group is willing to assume to achieve its business objectives. 3. A management model that, in addition to a risk planning scheme, also includes a homogeneous set of regulations and comprehensive management of the risks throughout their life cycle. 4. A framework of risk identification, evaluation, monitoring and reporting that provides the model with a dynamic and proactive vision to enable compliance with the risk appetite, even in unfavourable scenarios. 5. An adequate infrastructure that ensures that the Group has the human, technological and methodological
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resources needed for effective management and supervision of risks in order to carry out the functions included in the Group's model.

Below are some notes on risk management by risk type:

- Credit risk: It represents the most important risk for the Group and includes management of counterparty risk, issuer risk, settlement risk and country risk. Credit risk management at BBVA is based on the following principles: A) availability of basic information for assessing risks, proposing risks and having supporting documentation for approval purposes; B) sufficient customer fund generation and solvency to assume the repayments of principal and interest on loans owed; C) establishment of adequate and sufficient guarantees to allow effective recovery of the operation, considered a secondary and exceptional method of recovery for when the first has failed. The Group's credit risk management is based on an integrated structure covering all the functions that permits objective and independent decision-making throughout its life cycle.
- Structural interest-rate risk: This includes the potential impact that changes in market interest rates have on the net interest income and book value of entities. This risk has a decentralised management model in the Group where the Balance-Sheet Management unit, belonging to Strategy and Finance, designs and executes through ALCO the strategies to implement, in accordance with the tolerances set out in the risk appetite framework.
- Structural exchange-rate risk: In the BBVA Group, structural exchange-rate risk is managed in a centralised way and is focused on the risk that arises from the consolidation of holdings in subsidiaries with functional currencies other than the euro. The corporate Balance-Sheet Management unit, through ALCO, designs and executes the hedging strategies with the main purpose of controlling the potential negative effect of exchange-rate fluctuations on capital ratios and on the equivalent value in euros of the foreign-currency earnings of the different subsidiaries, considering the transactions according to market expectations and their cost.
- Structural equity risk: The Group's exposure to this risk mainly stems from its holdings in non-strategic industrial and financial companies with mid-term and long-term investment horizons. It is managed in accordance with the corporate risk management policies for equity positions in the equity portfolio, in order to ensure their adaptation to BBVA's business model and its risk tolerance level.
- Market risk (trading portfolio): This arises from the probability that there may be losses in the value of the positions held as a result of changes in the market prices of financial instruments. The Group uses the Value at Risk (VaR) model to measure market risk.
- Liquidity risk: The short-term aim of the control, monitoring and management of liquidity and funding risk is to meet the payment commitments in due time and form, without having to raise funds under burdensome conditions or conditions that may damage the institution's reputation. In the medium and long term, the aim is to ensure that the Group's funding structure is appropriate and that its evolution is suitable regarding the economic situation, the markets and the regulatory changes, in accordance with the established risk appetite.
- Operational risk: The Group's operational risk management is based on the value drivers provided by the Advanced Measurement Approach model (AMA): knowledge, identification, prioritisation and management of potential and actual risks, supported by a governance model to drive management across all the Group's units. The aim is to reduce operational losses through management of an adequate control environment.

E.2 Identify the corporate bodies responsible for drawing up and enforcing the Risk Management System.

BBVA's risk governance system is characterized by a special involvement of its corporate bodies, both in setting the risk strategy and in monitoring and supervising its implementation on an on-going basis.

The Board of Directors approves the risk strategy and supervises the internal control and management systems. Specifically, the strategy approved by the Board includes, at least, the Group's risk appetite statement, the fundamental metrics and the basic structure of limits by geographical areas, types of risk and classes of assets, as well as the bases of the risk management and control model established in this way. The

Board ensures that the budget is in line with the approved risk appetite.

On the basis established by the Board of Directors, the Executive Committee approves specific corporate policies for each type of risk. This Committee also approves and monitors the Group's risk limits, and is kept informed of any over-limits and of the corrective measures established.

Lastly, the Board of Directors has set up a committee specialising in risks, the Risks Committee. This committee conducts an on-going analysis and monitoring of risks within the remit of the corporate bodies, assisting the Board of Directors and the Executive Committee in the determination and monitoring of the risk strategy and the corporate policies, respectively. Another task of special relevance it carries out is detailed control and monitoring of the risks that affect the Group as a whole, which enables it to supervise the effective integration of the risk strategy into management and the application of the corporate policies approved by the corporate bodies.

The head of GRM is the Group's Chief Risk Officer (CRO), whose main responsibility is to ensure that the Group's risks are managed in accordance with the model. The Chief Risk Officer is supported by a structure consisting of cross-cutting risk units in the corporate area and specific risk units in the Group's geographical areas and/or business areas. Each of these units is headed by a Risk Officer who, within his/her field of competence, carries out risk management and control functions and is responsible for applying the corporate policies and rules approved at the Group level in a consistent manner, adapting them if necessary to the local requirements and reporting to the local corporate bodies.

The Risk Officers of the geographical and/or business areas report both to the Group's Chief Risk Officer and to the head of their geographical and/or business area. This dual reporting system aims to ensure the independence of the local risk management function from the operating functions and enable its alignment with the Group's corporate policies and goals related to risks.

The risks function has a decision-making process supported by a structure of committees. The Global Risk Management Committee (GRMC) is the highest executive body in the risk area and proposes, examines and, where applicable, approves, among others, the internal risk regulatory framework and the procedures and infrastructures needed to identify, assess, measure and manage the risks facing the Group in its businesses, as well as the admission of operations involving more relevant risks.

E.3 Indicate the principal risks that could prevent business targets from being met.

BBVA has risk identification and scenario analysis processes in place that enables the Group to conduct a dynamic and proactive risk management.

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

Risks are captured and measured in a consistent way using the most appropriate methodologies in each case. Their measurement includes the design and application of scenario analyses and stress testing, and considers the controls the risks are subjected to.

As part of this process, a forward projection is performed of the risk appetite variables in stress scenarios with the aim of identifying possible deviations from the established thresholds; if such deviations are detected, the appropriate measures are adopted to keep those variables within the target risk profile.

In this context, there are a series of emerging risks that could affect the Group's business performance. These risks are organised into the following large blocks:

- Macroeconomic and geopolitical risks

- A slowdown in growth in emerging economies and possible difficulties in Europe's economic recovery are major focal points for the Group.
- Financial institutions are exposed to the risks derived from political and social instability in the countries in which they operate, which can have a major impact on their economies and even at regional level.

The Group's diversification is the key to achieving a high level of recurring revenue, despite the conditions of the environment and the economic cycles of the economies in which it operates.

- Regulatory, legal and reputational risks

- Financial institutions are exposed to a complex and changing regulatory and legal environment that can impact their growth capacity and the conducting of certain businesses, with higher liquidity and capital requirements and lower profitability ratios. The Group monitors changes in the regulatory framework on an on-going basis to enable it to anticipate and adapt to those changes sufficiently in advance, adopt the best practices and the most efficient and rigorous criteria for their implementation.
- The financial sector is coming under intense scrutiny by regulators, governments and society itself. Negative news or inappropriate behaviour can seriously damage an institution's reputation and affect its ability to conduct a sustainable business. The attitudes and conduct of the Group and of its members are governed by the principles of integrity, honesty, long-term vision and best practices, thanks to the internal control model, the Code of Conduct and the Group's Responsible Business strategy, among others.

- Business and operational risks

- New technologies and forms of customer relations: The development of the digital world and the information technologies poses major challenges for financial institutions that represent threats (new competitors, disintermediation...) and also opportunities (new customer relations framework, greater ability to adapt to their needs, new products and distribution channels...). In this regard, digital transformation is one of the priorities for the Group, which aims to lead the digital banking of the future.
- Technological risks and security breaches: Financial institutions are exposed to new threats such as cyber-attacks, internal and customer database theft, payment system fraud... that require major investments in security from the technological and human point of view. The Group attaches a great deal of importance to active management and control of operational and technological risk. One example is the early adoption of advanced models for managing these risks (AMA - Advanced Measurement Approach).

E.4 Identify whether the entity has a risk tolerance level.

The Group's risk appetite approved by the Board of Directors determines the risks and the risk level that the Group is willing to assume to achieve its business objectives. These are expressed in terms of capital, liquidity, profitability, recurring revenue, cost of risk or other metrics.

The definition of the risk appetite has the following goals:

- To express the Group's strategy and the maximum levels of risk it is willing to assume, at both Group and

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geographical and/or business area level.

- To establish a set of action guidelines and a management framework in the medium and long term that prevent actions (at both Group and geographical and/or business area level) that could compromise the future viability of the Group.
- To establish a framework for relations with the geographical and/or business areas that, while preserving their decision-making autonomy, ensures their consistency, avoiding inconsistent behaviour.
- To establish a common language throughout the organisation and develop an enforcement-oriented risk culture.
- Alignment with the new regulatory requirements, facilitating communication with regulators, investors and other stakeholders, thanks to an integrated and stable risk management framework.

The risk appetite is expressed through the following elements:

- Risk appetite statement: sets out the general principles of the Group's risk strategy and the target risk profile. BBVA's risk policy is aimed at maintaining the risk profile expressed in the Group's risk appetite statement, which is structured around a series of metrics (fundamental metrics and limits).
- Fundamental metrics: they reflect, in quantitative terms, the principles and the target risk profile set out in the risk appetite statement.
- Limits: they shape the risk appetite at geographical area, risk type and asset class level, enabling its integration into management.

The corporate risk area works with the various geographical and/or business areas to define their risk appetite, so that it is coordinated with, and integrated into the Group's risk appetite, making sure that its profile is in line with the one defined.

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

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

E.5 State what risks have occurred during the year.

Risk is inherent to financial business, so the occurrence of risk to a greater or lesser extent is absolutely implicit in the Group's activities. Thus, the BBVA offers detailed information in its annual accounts (note 7 of the Annual Report) on those risks that, due to their nature, permanently affect the Group in the course of its business.

E.6 Explain the response and supervision plans for the principal risks faced by the company.

The BBVA Group's internal control system takes its inspiration from the best practices developed both in the COSO (Committee of Sponsoring Organisations of the Treadway Commission) "Enterprise Risk Management - Integrated Framework" and in the "Framework for Internal Control Systems in Banking Organisations", drawn up by the Basel Bank of International Settlements (BIS).

The control model has a system comprising three lines of defence:

- The first line is made up of the Group's business units, which are responsible for control within their

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remit and for implementing any measures that have been established higher up the management chain.

- The second line of defence comprises the specialist control units (Regulatory Compliance, Global Accounting & Information Management/Internal Financial Control, Internal Risk Control, IT Risk, Fraud & Security, Operational Control and Control of the Production Departments of the support units, such as Human Resources, Legal Department etc.). This line supervises control over the different units within its cross-cutting area of specialisation, defines the mitigation and improvement measures necessary and promotes their proper implementation. The Corporate Operational Risk Management unit is also part of this line of defence, providing a common management methodology and tools.
- The third line consists of the Internal Audit unit, which conducts an independent review of the model, verifying the effectiveness and compliance with corporate policies, and providing independent information about the control model.

In addition, within the risk area, the Group has units for Internal Risk Control and Internal Validation that are independent of the units that develop the models, manage the processes and execute the controls.

Its scope of action is global, both from the geographical point of view and in terms of the types of risks. It encompasses all the areas of the organisation and is designed to identify and manage the risks faced by the Group entities, in order to guarantee the established corporate objectives.

The main function of Internal Risk Control is to ensure the existence of a sufficient internal regulatory framework, a process and measures defined for each type of risks identified in the Group, and for those other types of risk that may potentially affect the Group, control their application and operation, and ensure that the risk strategy is integrated into the Group's management. Among other functions, Internal Validation is responsible for the independent review and validation, at internal level, of the models used to measure and assume the risks and for determining the Group's capital requirements.

The Group's Head of Internal Risk Control is responsible for the function and reports its activities and informs on its work plans to CRO and to the Board's Risks Committee, assisting it in any matters where requested.

To perform its duties, the unit has a structure of teams at a corporate level and also in the most important geographical areas in which the Group operates. As in the corporate area, the local units remain independent from the business areas that implement the processes, and from the units that carry out the controls, reporting functionally to the Internal Risk Control unit. The unit's lines of action are established at Group level and it is then responsible for their local-level adaptation and implementation, and for reporting on the most relevant aspects.

F SYSTEMS OF INTERNAL RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms comprising the risk management and control systems for financial reporting (ICFR) in the entity.

F.1 The entity's control environment

Give information, describing the key features of at least:

F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

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Pursuant to article 17 of the Board Regulations, the Board of Directors approves the financial information that BBVA is required to publish periodically as a publicly traded company. The Board of Directors has an Audit & Compliance Committee, whose mission is to assist the Board in the supervision of the financial statements as well as in the exercise of the control function over the BBVA Group.

In this respect, the BBVA Audit & Compliance Committee Regulations establish that the Committee's duties include the supervision of the existence and maintenance of an internal control systems which is sufficient, adequate and efficient in order to ensure firstly the accuracy, reliability, scope and clarity of the financial statements of the Entity and its consolidated Group contained in the annual and quarterly reports, and secondly, the accounting and financial information required by regulatory bodies including those corresponding to countries where the Group operates.

The BBVA Group complies with the requirements imposed by the Sarbanes Oxley Act ("SOX") for each year's consolidated annual accounts due to its status as a publicly traded company listed with the U.S. Securities Exchange Commission ("SEC"). The main Group executives are involved in the design, compliance and maintenance of an effective internal control model that guarantees the quality and veracity of the financial information. The Global Accounting & Information Management Department ("GA&IM") is responsible for the operation and maintenance of the model.

In addition, and with the aim of reinforcing internal control in the Group, the Corporate Assurance model was implemented in 2013 (which includes the ICFR). It establishes a framework for the supervision of the internal control model. The Corporate Assurance model (in which the business areas, support areas and the areas specialising in internal control participate) is organised into a system of committees that analyse the most relevant issues related to internal control in each geographical area, with the participation of the country's top managers. These committees report to the Group's Global Committee, which is chaired by the Chief Operating Officer and attended by the members of the Group's Management Committee.

The different internal control units at holding and local level are responsible for the application of the internal control and operational risk methodology defined in the Group. These internal control units are responsible, together with the business areas, for identifying, prioritizing and assessing the risks, helping the units to implement a control model, documenting it and supervising it periodically as well as defining risk mitigating measures and promoting their proper implementation. The effectiveness of this internal control system is assessed on an annual basis for those risks that may have an impact on the proper drawing up of the Group's financial statements. The Internal Financial Control area, the control specialists of the business and support areas and the Group's Internal Audit department collaborate in this assessment. In addition, the external auditor of the BBVA Group issues an opinion every year on the effectiveness of internal control over financial reporting based on criteria established by COSO (Committee of Sponsoring Organisations of the Treadway Commission) and in accordance with the standards of the U.S. Public Company Accounting Oversight Board (PCAOB). This opinion appears in the Form 20-F that is filed every year with the SEC.

The result of the annual assessment of the System of Internal Control over Financial Reporting is reported to the Group's Audit and Compliance Committee by the heads of Internal Control and Internal Financial Control.

F.1.2. Whether, especially in the process of drawing up the financial information, the following elements exist:

Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) the clear definition of lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring that sufficient procedures exist for their correct dissemination within the entity.

The drafting of the financial information is carried out by the local Financial Management units of the countries and in a centralised manner by GA&IM Department, which is overall responsible for the drafting and reporting of accounting and regulatory information.

The BBVA Group has a sufficient structure of units with an adequate distribution of functions and committees throughout the organisation, as well as mechanisms for the design and review of the Group's organisational structure that clearly define the lines of action, responsibility and authority that enable it to guarantee compliance

with all the regulatory requirements affecting the drafting of the financial information of the entity and the consolidated group. It also has the necessary communication and distribution channels and circuits for this purpose.

Additionally, there is an accountability model aimed at extending the culture of, and commitment to internal control. Those in charge of the design and operation of the processes that have an impact on financial reporting certify that all the controls associated with its operation under their responsibility are sufficient and have worked correctly.

Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether specific mention is made of recording the transactions and drawing up of the financial information), body in charge of analysing non-compliance and proposing corrective measures and sanctions.

BBVA has a Code of Conduct, approved by the Board of Directors that sets out BBVA's specific commitments in developing one of the principles of its Corporate Culture: Integrity as a way of understanding and carrying out its businesses. This Code likewise establishes the corresponding channel for whistleblowers regarding possible infringements of the Code. It is the subject of on-going training and refresher programmes for key staff in the financial function.

The Code of Conduct applies to all entities comprising the BBVA Group and all its employees and management team. It has thus been distributed to apprise them of its content, and is published on the Bank's corporate website (www.bbva.com) and on the employees' website (intranet). Additionally, employees joining the Group staff undertake to observe its principles and rules in an express declaration of awareness and adhesion.

The content of the Code of Conduct is structured around the following blocks of principles and standards: Ethical Values, Relational Integrity, Integrity on the Markets, Personal Integrity and Organisational Integrity. Its sections 6.12 to 6.14 and 5.11 to 5.13, respectively, make special mention of the criteria for conduct in the recording of transactions and the transparency of financial reporting and disclosure to the market.

The dissemination of its content is supplemented with training activities to welcome new employees to the Group. They are underpinned by a mandatory online training course for all the employees once they join the Group and on-site refresher sessions, where deemed necessary. The subject matter of this training is both the general Code of Conduct and the corporate policy of Conduct on the Markets and their local implementing standards through the Internal Standards of Conduct in the Securities Markets.

The duties of the Audit & Compliance Committee include ensuring that the internal Codes of Ethics and Conduct and on Securities Market, applicable to the personnel, comply with legal requirements and are adequate for the Bank.

Additionally, BBVA has adopted a structure of Corporate Integrity Management Committees (with individual powers at jurisdiction or Group entity levels, as applicable). Their joint scope of action covers all the Group businesses and activities and their functions, in general, extend to the monitoring of the effective application of the Code.

On the other hand, the Regulatory Compliance unit is in charge of promoting the development and overseeing the effective operation of the standards and procedures necessary to ensure the identification of possible breaches of the Code of Conduct and appropriate management of the risks that may stem from this, as well as, in general, compliance with its criteria and guidelines. The whistleblowers channel is a fundamental element within its functions and will be dealt with in the following section, as is the report that it receives in its tasks from the rest of the BBVA Group control units, including Internal Audit.

Whistle-blower channel, to allow financial and accounting irregularities to be communicated to the audit committee, as well as possible non-compliance with the code of conduct and irregular activities in the organisation, reporting where applicable if this is confidential in nature.

As set out in the Group's Code of Conduct, preserving BBVA's Corporate Integrity goes beyond merely personal accountability for individual actions. It requires the commitment of all Group employees to bring into the open, by timely communication, any situations that, even if not related to their activity or area of responsibility, they consider to be ethically questionable pursuant to the Code, especially any situation that may stem from non-compliance with prevailing laws.

The Code itself establishes the people to whom such communications are sent, who, among other obligations, are duty-bound to preserve the anonymity of the whistle-blower who has, in good faith, communicated legitimate concerns about possible non-compliance with prevailing laws or situations that appear to be questionable from an ethical viewpoint.

Telephone lines and email boxes have been set up for these communications in each jurisdiction. A list of these appears on the Group Intranet.

As described in the previous section, BBVA has adopted a structure of Corporate Integrity Management Committees (with individual powers at jurisdiction or Group entity levels, as applicable), whose joint scope of action covers all the Group businesses and activities and whose functions (explained in greater detail in their corresponding regulations) include:

- To promote adoption of the measures necessary to resolve ethically questionable actions that any of the Group members may have become aware of, either in the pursuit of their duties within the areas they represent, or as a consequence of receiving the aforementioned communications.
- To promptly report on those circumstances that could lead to significant risks for BBVA to:
 - (1) the Board of Directors or the Audit & Compliance Committee, as appropriate.
 - (2) the Management Committee.
 - (3) The person in charge of drawing up the financial statements in order to ensure that they reflect what may be appropriate.

[Periodic training and refresher courses for employees involved in preparing and revising the financial information, and in ICFR assessment, covering at least accounting standards, audit, internal control and risk management.](#)

Specific training and periodic refresher courses are given 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, to help them perform their functions correctly.

Within GA&IM there is an annual training programme for all members of the area on aspects related to the drawing up of financial information: accounting, finance and tax matters, and other courses in accordance with the needs of the area. These courses are taught by professionals from the area and by external providers of recognised prestige.

Apart from this training, there is also Bank-wide training, which includes courses on finance and technology.

Additionally, the BBVA Group has a personal development plan for all employees, which forms the basis of a personalised training programme to deal with the areas of knowledge necessary to perform their functions.

F.2 Financial reporting risk assessment

[Give information on at least:](#)

[F.2.1. The key features of the risk identification process, including error and fraud risks, with respect to:](#)

Whether the process exists and is documented.

The ICFR was developed by the Group Management in accordance with international standards set forth by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO"), which establish five components on which the effectiveness and efficiency of internal control systems must be based:

- Establishing an adequate control environment for monitoring all these activities.
- Evaluating all the risks that may be incurred by an entity in drawing up its financial information.
- Designing the necessary controls to mitigate the most critical risks.
- Establishing the adequate information circuits to detect and communicate the system's weaknesses or inefficiencies.
- Monitoring such controls to ensure they are operational and the validity of their effectiveness over time.

In order to identify the risks with a greater potential impact on the generation of financial information, the processes from which such information is derived are identified and documented, and an analysis of the risks that may arise in each one is conducted.

Based on the corporate internal control and operational risk methodology, the risks are included in a range of categories by type, which include the error and fraud (internal/external) categories, and their probability of occurrence and possible impact is analysed.

The process of identifying risks of error, falsehood or omission in the drawing up of the financial statements is carried out by the Financial Reporting Internal Control unit and uses a materiality calculation associated with the accounting items, processes and companies. The scope of the annual/quarterly or monthly assessment of their controls is determined based on the materiality of the risks, thus ensuring coverage of the critical risks for the financial statements.

The assessment of the aforementioned risks and of the effectiveness of their controls begins with the management's business understanding and insight, taking into account criteria of quantitative materiality, probability of occurrence and economic impact, in addition to qualitative criteria associated with the type, complexity and nature of the risks or of the business structure itself.

The system for identifying and assessing the risks of internal control over financial reporting is dynamic. It evolves continuously, always reflecting the reality of the Group's business, the risks affecting it and the controls that mitigate them.

All this is documented in a corporate management tool developed and managed by Operational Risk (Storm). This tool documents all the processes and risks managed by the different control units, including the Financial Reporting Internal Control unit.

Whether the process covers all the objectives of financial reporting (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), whether the information is updated and with what frequency.

All the processes developed in the BBVA Group for drawing up financial information aim to record all financial transactions, value the assets and liabilities in accordance with applicable accounting regulations and provide a breakdown of the information in accordance with regulatory requirements and market needs.

The model of control over financial information analyses each of the aforementioned processes in order to ensure that error or fraud risks are properly covered with controls that work efficiently, and is updated when there are changes in the relevant processes for drawing up the financial information.

The existence of a process for identifying the consolidation perimeter, taking into account aspects including the possible existence of complex corporate structures, instrumental or special purpose vehicles.

The GA&IM (Global Accounting and Information Management) organisation includes a Consolidation department that carries out a monthly process of identification, analysis and updating of the Group's consolidation perimeter.

In addition, the information from the consolidation department on new companies set up by the Group's different units and the changes made to existing companies is compared with the issues analysed by two specific committees whose function is to analyse and document the changes in the composition of the corporate group (Holding Structure Committee and Investments in Non-Banking Companies Committee, both global).

Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they impact the financial statements.

The model of internal control over financial reporting is applied not only to the processes related to the drawing up of such information, but also to all operational or technical processes that may have a relevant impact on the accounting or management figures.

As explained above, all the specialist control areas apply a standard methodology and use a common tool (Storm) to document the identification of the risks, of the controls that mitigate those risks and of the assessment of their effectiveness.

There are control specialists in all the operational or support areas, and therefore any type of risk that may affect the Group's operations is analysed under that methodology (market, credit, operational, technological, financial, legal, reputational or any other type of risk) and is included in the ICFR insofar as it may have an impact on the financial information.

Which of the entity's governance bodies supervises the process.

The process for identifying risks and assessing the effectiveness and suitability of the controls is documented at least once a year, supervised by the Internal Audit area and reported to the Global Corporate Assurance Committee of the Group.

Moreover, the head of Internal Audit and the head of the Group's Internal Financial Control report each year to the Audit & Compliance Committee on the analysis and certification work carried out pursuant to the SOX methodology to comply with the legal requirements of the Sarbanes Oxley Act on internal control systems for the financial reporting included in Form 20-F, which is filed every year with the SEC (as explained in point one on the control environment).

F.3 Control activities

Give information on the main features, if at least the following exist:

F.3.1. Procedures for review and authorisation of the financial information and the description of the ICFR, to be published on the securities markets, indicating who is responsible for it, and the documentation describing the activity flows and controls (including those concerning risk of fraud) for the different types of transactions that may materially impact the financial statements, including the procedure for closing the accounts and the specific review of the relevant judgements, estimates, valuations and projections.

All the processes related to the drawing up of the financial information are documented, together with their control model: risks in each process and controls established for their mitigation. As explained in point F.2.1, the aforementioned risks and controls are recorded in the corporate tool Storm, which also includes the result of the assessment of the operation of the controls and the degree of risk mitigation.

In particular, the main processes related to the generation of financial information are: accounting, consolidation, financial reporting, financial planning and monitoring, financial and fiscal management. The analysis of these processes, their risks and their controls is also supplemented by all other critical risks that may have a financial impact from business areas or other support areas.

Likewise, there are procedures for review by the areas responsible for generating the financial information disseminated to the securities markets, including the specific review of the relevant judgements, estimates and projections.

As mentioned in the annual financial statements, it is occasionally necessary to make estimates to determine the amount at which some assets, liabilities, income and expenses and commitments should be recorded. These estimates are mainly related to:

- Impairment losses on certain financial assets.
- The assumptions used to quantify certain provisions and in the actuarial calculation of liabilities and commitments for post-employment and other obligations.
- The useful life and impairment losses of tangible and intangible assets.
- Goodwill valuation.
- The fair value of certain financial assets and liabilities not traded on regulated markets.

These estimates are made based on the best information available on the financial statement closing date and, together with the other relevant issues for the closing of the annual and six-monthly financial statements, are analysed and authorised by an Internal Committee of GA&IM and submitted to the Audit and Compliance Committee before their filing by the Board of Directors.

F.3.2. Internal control procedures and policies for information systems (among others, access security, change control, their operation, operational continuity and segregation of functions) that support the relevant processes in the entity with respect to the drawing up and publication of the financial information.

The internal control policies establish controls and procedures with respect to the operation of information systems and security of access, functional segregation, development and modification of computer applications that are used to generate financial information.

The current methodology for internal control and operational risk establishes a list of controls by category whose breakdown includes (among others) two categories: access control and functional segregation. Both categories are identified in the model of internal control of financial information and their risks and controls are analysed and assessed on a regular basis, so the integrity and reliability of the information drawn up can be guaranteed.

Additionally, there is a procedure at corporate level for the management of profiles within the systems. It is developed, implemented and updated by the Group's internal technology control unit. This unit is also in charge of providing support for control processes in change management (development in test environments and putting changes into production), incident management, management of transactions, media and backup copy management, and management of business continuity, inter alia.

With all these mechanisms, the BBVA Group ensures the maintenance of adequate management of access control, the establishment of the correct and necessary steps to put applications into production and their subsequent support, the creation of backup copies, and assurance of continuity in the processing and recording of transactions.

F.3.3. Internal control procedures and policies designed to supervise the management of activities subcontracted to third parties, and those aspects of the evaluation, calculation and assessment outsourced to independent experts, which may materially impact the financial statements.

The internal control policies establish controls and procedures for the management of subcontracted activities or those aspects of evaluation, calculation and assessment outsourced to independent experts.

There is a set of standards and an Outsourcing Committee that establishes and supervises the requirements that must be met at group level for the activities to be subcontracted. As regards the subcontracted financial

processes, there are procedural manuals with the outsourced activity that identify the processes to be executed and the controls to be applied to them by the service provider units. These controls are tested by the outsourcing unit responsible for the function and documented and supervised in the processes for internal control of financial information.

The valuations of independent experts used for specific or relevant matters for generating the financial information fall within the standard circuit of internal control procedures and reviews of internal and external auditing.

F.4 Information and communication

Give information on the main features, if at least the following exist:

F.4.1. A specific function in charge of defining and keeping the accounting policies updated (accounting policy department or area) and dealing with queries or conflicts stemming from their interpretation, ensuring fluent communication with those in charge of operations in the organisation, and an up-to-date manual of accounting policies, communicated to the units through which the entity operates.

The organisation has two areas within GA&IM (Group Financial Accounting and Global Supervisory Relations) in charge of the Accounting (Accounting Working Group) and Solvency Technical Committees. Their purpose is to analyse, study and issue standards that may impact the drawing up of the Group's financial information, determining the accounting and solvency criteria required to ensure correct recording of transactions to the accounts and calculation of capital requirements within the framework of standards issued by the Bank of Spain, the European Union (IASB, directives on equity) and the Basel Committee.

There is an updated accounting policies manual, disseminated over the Company intranet to all the units in the Group. This manual is the tool that guarantees that all the decisions related to accounting policies or specific accounting criteria to be applied in the Group are supported and are standardised. The Accounting Policies Manual is approved in the Accounting Working Group and is documented and updated for its use and analysis by all the Group's entities.

F.4.2. Mechanisms to capture and prepare the financial reporting in standardised formats, for application and use by all the units of the entity or the group, that support the main financial statements and the notes, and the information detailed on ICFR.

The Accounting and Consolidation area and the Financial areas of each countries are responsible of the elaboration of the financial reporting in accordance with the applicable accounting and consolidation rules. There is also a consolidation computer application that includes the information on the accounting of the various Group companies and performs the consolidation processes, including the standardisation of accounting criteria, aggregation of balances and consolidation adjustments.

Control measures have also been implemented in each process to guarantee that all the data underpinning the financial information are collected in a comprehensive, exact and timely manner. There is also a single and standardised format for the financial reporting system. It is applicable to and used by all the Group units and supports the main financial statements and the explanatory notes. There are also control measures and procedures to ensure that the information disclosed to the markets includes a sufficient level of detail to enable investors and other users of the financial information to understand and interpret it.

F.5 Supervision of the system's operation

Give information, describing the key features of at least:

F.5.1. The ICFR supervision activities carried out by the audit committee and whether the entity has an internal audit function whose powers include providing support to the committee in its task of supervising the internal control system, including the ICFR. Likewise, give information on the scope of the ICFR assessment carried out

during the year and of the procedure by which the person in charge of performing the assessment communicates its results, whether the entity has an action plan listing the possible corrective measures, and whether its impact on the financial reporting has been considered.

The internal control units of the business areas and of the support areas conduct a preliminary assessment of the internal control model, assess the risks of the processes and the degree of mitigation of the controls, identify weaknesses, design, implement and monitor the mitigation measures and action plans.

Additionally, the Entity has an Internal Audit unit that provides support to the Audit & Compliance Committee on the independent supervision of the financial information internal control system. The Internal Audit function is entirely independent of the units that draw up the financial information.

All the control weaknesses, mitigation measures and specific action plans are documented in the corporate tool Storm and submitted to the internal control and operational risk committees of the areas, as well as to the local or global Corporate Assurance Committees, based on the relevance of the detected issues.

To sum up: both the weaknesses identified by the internal control units and those detected by the internal or external auditor have an action plan in place to correct or mitigate the risks.

During 2014, the internal control areas have carried out a complete assessment of the financial information internal control system in which no material or significant weakness have been revealed to date. The assessment was reported to the Audit & Compliance Committee, the Global Corporate Assurance Committee, the Management Committee, the External Auditor and the Operational Risk Committee.

In addition, in compliance with SOX, the Group conducts an annual assessment of the effectiveness of the model of internal control over financial reporting for a group of risks (within the perimeter of SOX companies and critical risks) that may have an impact on the drawing up of the financial statements at local and consolidated level. This perimeter considers risks and controls of other specialities that are not directly financial (regulatory compliance, technology, risks, operational, human resources, procurement, legal, etc.).

F.5.2. Whether there is a discussion procedure by which the auditor (in line with the technical auditing notes), the internal audit function and other experts can inform senior management and the audit committee or the directors of the entity of significant weaknesses in the internal control encountered during the review processes for the annual accounts or any others within their remit. Likewise, give information on whether there is an action plan to try to correct or mitigate the weaknesses observed.

As mentioned in the preceding section (F.5.1) of this Annual Corporate Governance Report, the Group does have a procedure in place whereby the internal auditor, the external auditor and the heads of Internal Financial Control can report to the Audit Committee any significant internal control weaknesses detected in the course of their work.

Since BBVA is a company listed with the SEC, the BBVA Group's auditor issues on an annual basis its opinion on the effectiveness of the internal control over the financial information contained in the Group's annual consolidated statements as of 31st December each year under PCAOB standards ("Public Company Accounting Oversight Board"), with a view to filing the financial information under Form 20-F with the SEC. The latest report issued on the financial information for 2013 is available on www.sec.gov. As of the date of this report, the auditor of the annual consolidated statements has not reported any significant or material weakness to the Audit Committee, the Board of Directors or the Management Committee.

The internal control oversight carried out by the Audit & Compliance Committee, described in the Audit & Compliance Committee Regulations published on the Group website, includes the following activities:

- Oversee the internal control systems' sufficiency, appropriateness and effectiveness in order to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group

contained in their annual and quarterly reports. Also oversee the accounting and financial information that the Bank of Spain or other regulators, including those corresponding to countries in which the Group operates, may require.

- Ensure that the internal Codes of Ethics and Conduct and Codes on securities market trading, as they apply to Group personnel, comply with legislation requirements 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 submission 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 with the necessary support by the Group's executive management, especially that of the Finance Area and that of the Company auditor.
- The Committee reviews all the relevant changes relating to the accounting principles used and the presentation of the financial statements, and ensures that due publicity is given to them.
- It selects the external auditor of the bank and of the consolidated group, and of all group companies. Ensures its independence and makes sure that its audit program is carried out.
- It approves the annual Internal Audit schedule, monitoring it and being apprised of the degree to which the audited units are complying with the corrective measures recommended.

The external auditor regularly attends the committees and is duly informed of the matters dealt with in them.

F.6 Other relevant information

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F.7 External auditor report

Report on:

F.7.1. Whether the ICFR information disclosed to the markets has been submitted to review by the external auditor, in which case the entity must attach the corresponding report as an annexe. Otherwise, explain the reasons why it was not.

The information related to internal control over the financial information of the BBVA Group described in this report is reviewed by the external auditor, which issues its opinion on the control system and on its effectiveness in relation to the statements published at the close of each financial year.

On 30th April 2014, the BBVA Group, as a private foreign issuer in the United States, filed the Annual Report (Form 20-F) which was published on the SEC website on that same date.

In accordance with the requirements set out in Section 404 of the Sarbanes-Oxley Act of 2002 by the Securities and Exchange Commission (SEC), the annual report Form 20-F included the certification of the main Group executives on the establishment, maintenance and assessment of the Group's financial reporting internal control system. Form 20-F report also included the opinion of the external auditor regarding the effectiveness of the entity's financial reporting internal control system at year-end 2013.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations of the Unified Code on corporate

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governance.

Should any recommendation not be followed or be only partially followed, a detailed explanation should be given of the reasons so that the shareholders, investors and the market in general have sufficient information to assess the way the company works. General explanations will not be acceptable.

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.10, B.1, B.2, C.1.23 and C.1.24.

COMPLIANT

2.When a dominant and a subsidiary company are publicly traded, the two should provide detailed disclosure on:

- a) The type of activity they engage in, and any business dealings between them, as well as between the listed subsidiary and other group companies;
- b) The mechanisms in place to resolve possible conflicts of interest.

See sections: D.4 and D.7

NOT APPLICABLE

3.Even when not expressly required under mercantile law, any transactions involving a structural corporate change should be submitted to the general meeting for approval. In particular:

- a) The transformation of listed companies into holding companies through the process of subsidiarization, 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) The acquisition or disposal of core operating assets that would effectively alter the company's corporate purpose;
- c) Transactions that are equivalent to the company's liquidation.

See section: B.6

COMPLIANT

4.Detailed proposals of the resolutions to be adopted at the general meeting, including the information stated in recommendation 27, should be made available at the same time as publication of the call to meeting.

COMPLIANT

5.Separate votes should be taken at the general meeting on materially independent items, so shareholders can express their voting preferences in each case. This rule shall apply in particular to:

- a) The appointment or ratification of directors, with separate ballot for each candidate;
- b) Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different

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.

COMPLIANT

7.The board of directors should perform its duties with unity of purpose and independent judgement, according all

shareholders the same treatment. It should be guided at all times by the company's best interests and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

COMPLIANT

8. The board should see its core mission as approving the company's strategy and the organisational resources to put this into practice, and supervising and ensuring that management meets the targets set while pursuing the company's interests and corporate purpose. As such, the board in plenary 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) Definition of how the Group companies are structured;
- iv) The corporate governance policy;
- v) The corporate social responsibility policy;
- vi) The senior managers' remuneration and performance assessment policy;
- 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: C.1.14, C.1.16 and E.2

b) The following resolutions:

- i) At the proposal of the company's chief executive officer, the appointment and possible separation of senior managers from their positions, as well as their severance compensation clauses.
- ii) Directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that their contracts must respect.
- iii) The financial information that the company, as a publicly traded company, must disclose periodically.
- iv) Investments and/or transactions of any kind, whose high value or special characteristics make them strategic, unless the general meeting is 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 conditions, applicable en masse to a large number of customers;
2. They go through at market rates or prices 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 board in plenary.

See sections: D.1 and D.6

COMPLIANT

9. In the interests of maximising effectiveness and participation, the board of directors should ideally comprise no fewer than five and no more than fifteen members.

See section: C.1.2.

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.3 and C.1.3

COMPLIANT

11. Amongst external directors, the ratio between the number of proprietary and independent directors should reflect the percentage of shares held by the company that the proprietary director represents and the remaining share capital.

This strict proportionality can be attenuated so the percentage of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In large-cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested in absolute terms.

2. In companies with a plurality of shareholders represented on the board but not otherwise related to each other.

See sections: A.2, A.3 and C.1.3

COMPLIANT

12. Independent directors should account for at least one third of the total number of seats.

See section: C.1.3

COMPLIANT

13. The board should explain the type of each directorship to the general meeting that must appoint the director or ratify their appointment. This should be confirmed or reviewed each year in the annual report on corporate governance, after verification by the appointments committee. Said report should also disclose the reasons for the appointment of proprietary directors at the behest of shareholders controlling less than 5% of capital; and it should explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: C.1.3 and C.1.8

COMPLIANT

14. When the number of female directors is few or zero, the appointments committee will ensure that when new vacancies open:

- a) The procedure for filling board vacancies has no implicit bias against female 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: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

COMPLIANT

15. The chairman, who is responsible for the efficient operation of the board, shall ensure that the directors receive sufficient prior information for the meetings; encourage directors to debate and participate actively in the meetings, safeguarding their freedom to take their own stance and express their own opinion. He/she should organise and coordinate periodic assessment of the board with the chairs of the relevant committees and with the Bank's managing director or chief executive officer, when this is not also the chair.

See sections: C.1.19 and C.1.41

COMPLIANT

16. When the chairman of the board is also the chief executive officer of the company, one of the independent directors should be empowered to request board meetings be held and/or the inclusion of new items on the agenda; to coordinate and voice the concerns of external directors; and to direct the board's evaluation of its chairman.

See section: C.1.22

COMPLIANT

17. 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) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

And in order to safeguard the independence, impartiality and professionalism of the company secretary, his/her appointment and removal should be proposed by the appointments committee and approved by a full board meeting; and that these appointment and severance procedures are spelled out in the board's regulations.

See section: C.1.34

COMPLIANT

18. 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: C.1.29

COMPLIANT

19. 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: C.1.28, C.1.29 and C.1.30

COMPLIANT

20. 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

21. The board in plenary should evaluate the following points on a yearly basis:

- a) The quality and efficiency of the board's operation;
- b) Starting from a report submitted by the appointments committee, how well the chairman and chief executive officer have carried out their duties;
- c) The performance of its committees on the basis of the reports furnished by such committees.

See sections: C.1.19 and C.1.20

COMPLIANT

22. 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 section: C.1.41

COMPLIANT

23. All directors should be entitled to call on the company for the advice and guidance they need to perform their duties. The company should provide suitable channels for the exercise of this right. Under special circumstances it could include external assistance at the company's expense.

See section: C.1.40

COMPLIANT

24. 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

25. 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: C.1.12, C.1.13 and C.1.17

COMPLIANT

26. 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 section: C.1.3

COMPLIANT

27. Companies should publish the following director particulars on their website and keep them permanently updated:

- a) Professional profile and background;
- b) Directorships held in other companies, listed or otherwise;
- c) An indication as to the category of directorship that they hold; 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

28. Proprietary directors must resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes to a level that requires the reduction in the number of proprietary directors, the number of such directors should be reduced accordingly.

See sections: A.2, A.3 and C.1.2

COMPLIANT

29. The board of directors must not propose the removal of independent directors before the expiry of their term in office pursuant to the bylaws, except where due cause is found by the board, based on a report from the appointments committee. In particular, due cause will be deemed to exist when the director has failed to comply with the duties inherent to the position or incurred in any of the circumstances that may make him/her lose the status of independent director, pursuant to the provisions of Order ECC/461/2013.

The severance of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

COMPLIANT

30. 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 offences stated in article 213 of the Corporate Enterprises 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 give a reasoned account of all such determinations in the Annual Corporate Governance Report.

See sections: C.1.42, C.1.43

COMPLIANT

31. 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. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

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 company secretary, even if the secretary is not a director.

COMPLIANT

32. If leaving office before the end of his/her term, the director should explain the reasons in a letter sent to all board members. And 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: C.1.9

COMPLIANT

33. 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.

COMPLIANT

34. External directors' remuneration should sufficiently compensate them for the dedication, qualifications and responsibilities that the position entails; but should not be so high as to compromise their independence.

COMPLIANT

35. 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

36. In the case of variable awards, remuneration policies should include technical safeguards and limits to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or similar circumstances.

COMPLIANT

37. 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: C.2.1 and C.2.6

COMPLIANT

38. 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 executive committee's minutes.

COMPLIANT

39. In addition to the audit committee mandatory under the Securities Exchange Act, the board of directors should form a committee, or two separate committees, for appointments and remuneration.

The rules governing the composition and operation of the audit committee and the committee(s) for appointments and remuneration should be set forth in the board regulations, and include the following:

a) The board of directors should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first full board meeting following each meeting;

b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior management may also attend meetings at the committees' express invitation.

c) These committees should be chaired by an independent director.

d) They may engage external advisors, when they deem this necessary for the discharge of their duties.

e) Meeting proceedings should be minuted and a copy sent to all board members.

See sections: C.2.1 and C.2.4

COMPLIANT

40. 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.

See sections: C.2.3 and C.2.4

COMPLIANT

41. All members of the audit committee, particularly its chair, should be appointed with regard to their knowledge and background in accounting, auditing and risk management.

COMPLIANT

42. 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.

See section: C.2.3

COMPLIANT

43. 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

44. The oversight and risk management policy should specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational, etc.) to which the company is exposed, 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 section: E

COMPLIANT

45. The audit committee's role should be:

1 With respect to internal control and reporting systems:

- a) To ensure that the principal risks identified as a consequence of the supervision of the effectiveness of the company's internal control and internal audit, where applicable, are adequately managed and disseminated.
- b) To 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.
- c) 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 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) 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) Should the external auditor resign, to examine the circumstances leading to the resignation.

See sections: C.1.36, C.2.3, C.2.4 and E.2

PARTIALLY COMPLIANT

The BBVA Audit & Compliance Committee Regulations establish the most broad-ranging powers with respect to the internal audit, which are detailed in section C.2.3 of this report. These include ensuring the independence and effectiveness of the internal audit function and being apprised of the appointment and severance of the head of the internal audit service. Moreover, the BBVA Group's Internal Audit Charter, approved by the Audit and Compliance Committee, expressly establishes that the appointment and severance of the head of internal audit is the responsibility of the Board of Directors of BBVA, subject to a report by the Audit and Compliance Committee, to which he/she reports directly, although the Audit and Compliance Committee does not approve the

appointment or propose the budget for this service.

46. 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

47. 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 the interim accounts are drawn up with the same accounting standards as the annual accounts and, to such end, consider the advisability of a limited review by the external auditor.

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: C.2.3 and C.2.4

COMPLIANT

48. The board of directors shall try to avoid the accounts it has filed being presented to the general meeting with reservations and qualifications. When this is not possible, both the chair of the audit committee and the auditors must clearly explain the content and scope of discrepancies to the markets and shareholders.

See section: C.1.38

COMPLIANT

49. The majority of appointments committee members –or appointments & remuneration committee members, as the case may be– should be independent directors.

See section: C.2.1

COMPLIANT

50. 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 section:

C.2.4

COMPLIANT

51. The appointments committee shall consult with the company chairman and the chief executive officer with respect to matters related to executive directors.

Any board member may suggest potential directorship candidates to the appointments committee for its consideration.

COMPLIANT

52. 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 basic conditions of the contracts for senior managers.
- b) Oversee compliance with the remuneration policy set by the company.

See sections: C.2.4

COMPLIANT

53. The 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

H - OTHER INFORMATION OF INTEREST

1.If there is any other aspect relevant to the corporate government in the company or in the group entities that has not been reflected in the rest of the sections of this report, but is necessary to include to provide more comprehensive and well-grounded information on the corporate governance structure and practices in your entity or its group, detail them briefly.

2.This section may also include any other relevant information, clarification or detail related to previous sections of the report insofar as they are relevant and not reiterative.

Specifically indicate whether the company is subject to corporate governance legislation from any country other than Spain and, if so, include the mandatory information to be provided when different from that required by this report

3.The company may also indicate if it has voluntarily signed up to other international, industry-wide or any other codes of ethical principles or best practices. Where applicable, the code in question will be identified along with the date of signing.

The data in this report refer to the year ending 31st December 2014, except in those cases when another date of reference is specifically stated.

Further to Section A.1., on 14th January 2015 BBVA completed a capital increase against reserves, as agreed by the General Ordinary Meeting of Shareholders held on 14th March 2014 under item four, section 4.3 of the agenda, which was executed by the Board of Directors at its meeting held on 17th December 2014, to implement the shareholder remuneration scheme known as "Dividend Option". The number of ordinary BBVA shares issued under the capital increase was 53,584,943, each with a nominal value of €0.49, with the nominal amount of the capital increase being €26,256,622.07. After the increase, the Bank's share capital was therefore €3,050,212,729.62, represented by 6,224,923,938 shares, each with a nominal value of €0.49, all of the same class and series, fully subscribed and paid up.

Further to Section A.2, State Street Bank and Trust Co., The Bank of New York Mellon S.A.N.V. and Chase Nominees Ltd., as international custodian/depositary banks, held 11.646%, 7.462% and 5.845% of BBVA's share capital, respectively, on December 31st, 2014. Among the positions held by the custodian, the company has not been notified of any individual shareholders with direct or indirect holdings of over 3% of the BBVA share capital..

Filings of significant holdings to CNMV: In 2010, Blackrock Inc. filed a report with the CNMV (securities exchange authority) stating that as a consequence of the acquisition of the Barclays Global Investors (BGI) business, it now had an indirect holding of 4.45% of the BBVA share capital, through the company Blackrock Investment Management.

The director holdings indicated in section A.3 correspond to 31st December 2014, and therefore they may have changed subsequently. Moreover, following the instructions in Circular 5/2013 of the CNMV, the owners of indirect holdings are not identified in this section, as none of them reaches the percentage of 3% of the share capital and none of them are resident in tax havens.

Further to the information in section A.3, the following "rights over shares" are included for the BBVA executive directors: 1) Deferred shares pending payment under the LTI Programme for 2010/2011 (35,000 shares in the case of Francisco González, vesting in 2015; and 30,000 shares in the case of Ángel Cano, vesting in 2015); 2) Deferred shares pending payment under the Variable Remuneration in Shares Programme for 2011, vesting in 2015 (51,826 shares in the case of Francisco González; and 32,963 shares in the case of Ángel Cano); 3) Deferred shares pending payment under the Variable Remuneration in Shares Programme for 2012 (36,163 shares in the case of Francisco González, vesting in 2015 and 2016; and 22,032 shares in the case of Ángel Cano, vesting in 2015 and 2016); 4) Deferred shares pending payment under the Variable Remuneration in Shares Programme for 2013 (29,557 shares in the case of Francisco González; and 18,356 shares in the case of Ángel Cano, vesting in each case in 2015, 2016 and 2017); and 5) The "units" allocated under the Variable Remuneration in Shares Programme for 2014 (155,000 units in the case of Francisco González; 117,000 units in

the case of Ángel Cano and 20,000 units in the case of José Manuel González-Páramo Martínez-Murillo). Pursuant to the Settlement & Payment System for variable remuneration established in previous years, which applies to executive directors and described in the Annual Report on Directors' Remuneration of BBVA, the payment of the deferred shares is conditional on none of the events established by the Board of Directors arising that could impede their delivery (malus clause), and on the rest of the conditions of the Settlement & Payment System.

Further to the information in section A.8, regarding earnings from treasury-stock trading, rule 21 of Circular 4/2004 and IAS 32, paragraph 33, expressly prohibit the recognition in the income statement of profits or losses made on transactions carried out with treasury stock, including their issue and redemption. Said profits and losses are directly booked against the company's net assets. In the chart of significant changes, the section on the date of disclosure includes the date of the CNMV incoming register of Annexe VI of communications with treasury stock.

Further to the information in section A.10, there are no legal or bylaws restrictions on the exercise of voting rights and there are no bylaws restrictions on the free acquisition or transfer of shares in the company's share capital. As for the legal restrictions on the free acquisition or transfer of shares in the company's share capital, Act 10/2014, dated 26th June, on the regulation, supervision and solvency of credit institutions establishes that the direct or indirect acquisition of a significant holding (as defined in article 16 of that Act) is subject to assessment by the Bank of Spain as set out in articles 16 et seq. of that Act.

Further to section B.6, it was decided and approved to submit the amendment of the Company bylaws for the consideration of the next General Ordinary Meeting of Shareholders in order to, among other matters, include a proviso stating that certain decisions involving a structural modification of the company are to be submitted for the approval of the general meeting.

Further to section C.1.3, the directors Ramón Bustamante y de la Mora, Ignacio Ferrero Jordi and Susana Rodríguez Vidarte ceased to be independent directors on 17th December 2014 as a result of the amendment on that date of certain articles of the Board of Directors Regulations, including the article relating to the definition of independent directors, establishing that those who have been in office for a continuous period of more than 12 years will no longer be considered as such.

Further to section C.1.12, Juan Pi Llorens is the Chairman of the Board of Directors of Ecolumber, S.A. as a natural person representing the company Relocation Inversiones, S.L.

Further to the information included in section C.1.15:

The amount indicated as "Remuneration of the Board of Directors" includes remuneration stemming from the remuneration systems established for non-executive and executive directors pursuant to article 33 bis and 50 bis of the Company Bylaws, respectively, and includes:

- a) Fixed remuneration (for belonging to the Board and its Committees) and remuneration in kind corresponding to 2014 for non-executive directors, and the amounts paid to a non-executive director for early retirement as a former Bank senior manager.
- b) The fixed remuneration and the remuneration in kind for executive directors (3) corresponding to 2014.
- c) The annual variable remuneration (in cash and in shares) of executive directors corresponding to 2014. However, this remuneration has not accrued to the executive directors in its entirety on the date of this Report, as pursuant to the Settlement and Payment System for variable remuneration that is applied to them and described in the Report on Directors' Remuneration in the BBVA Group, they will only receive 50% of this in 2015, the rest being deferred for payment of one third in each of the three following years (2016, 2017 and 2018), and subject to the non-occurrence of any of the circumstances established by the Board of Directors that might prevent delivery (malus clause) as well as the rest of the conditions of the Settlement and Payment System.
- d) The remuneration paid under all the items to an independent director who stood down from his directorship in March 2014 and who, consequently, did not remain in his position on 31st December 2014.

The total amount indicated, pursuant to the instructions in this Report, corresponds to the amount declared as total remuneration accrued according to chart c) "Summary of Remuneration", section D.1 in the Annual Report on Directors' Remuneration in BBVA.

All these items are included for each individual director in Note 53 of the consolidated Group Annual Report.

Likewise, the provisions recorded at 31st December 2014 to cover pension commitments for executive directors stood at €26,026k in the case of Ángel Cano and €269k in the case of José Manuel González-Páramo Martínez-Murillo, after the sums of €2,624k and €261k were set aside in 2014 in the case of Ángel Cano and of José Manuel González-Páramo Martínez-Murillo, respectively, to cover the contingencies of retirement, disablement and death. There were no other pension commitments for other members of the Board of Directors.

The balance of the item "Provisions - Funds for pensions and similar liabilities" on the Group's consolidated balance sheet at 31st December 2014 includes €90m under the item for post-employment benefit commitments maintained with former members of the Board of Directors.

Further to the information included in section C.1.16:

The item "Total remuneration of senior management" includes:

- a) Fixed remuneration and remuneration in kind for the Management Committee members during 2014.
- b) The variable remuneration of the Management Committee members received during the first quarter of 2014 corresponding to 2013, both in cash and in shares.
- c) The part of the deferred variable remuneration of the Management Committee members received during the first quarter of 2014, which includes: the deferred part of the variable remuneration for 2012 and 2011, both in cash and in shares, as well as the part of the ILP programme for 2010-2011, which was deferred in shares, plus the amount of the corresponding updates.

The monetisation of the shares corresponding to that remuneration has taken as a reference the average closing price of the BBVA share corresponding to the trading days from 15th December 2013 to 15th January 2014, €8.99 per share, with the reference price in 2013 being €7.24 per share.

The provisions charged as of 31st December 2014 for pension commitments for the current Management Committee members, excluding executive directors, amounted to €89,817k. Of these, €8,649k were provisioned during 2014.

The balance of the item "Provisions - Funds for pensions and similar liabilities" on the Group's consolidated balance sheet as of 31st December 2014 includes €189m under the item for post-employment benefit commitments maintained with former members of the Bank's Management Committee.

With regard to section C.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 and its implementing regulations, and for this reason each year Francisco González, Ángel Cano and the executive tasked with preparing the Accounts sign and submit the certifications described in sections 302 and 906 of this Act, related to the content of the Annual Financial Statements. These certificates are contained in the annual registration statement (Form 20-F) which the Company files with this authority for the official record.

In relation to section C.1.45, Ángel Cano's contract determines that should he cease to hold this position on any grounds other than his own will, retirement, disability or dereliction of duty, he will take early retirement with a pension payable, as he chooses, through a lifelong annuity pension, or by 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. Likewise, the Board of Directors only approves the contract conditions related to executive directors and senior management members as set out in article 17 of the Board Regulations, which are reported to the General Meeting through this Report and the Annual Report on Directors' Remuneration of BBVA, but does not authorise those of other technical and specialist professionals.

With respect to the duties of the Audit & Compliance Committee set forth in section C.2.3, 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 to the performance of its duties that may have arisen. The Audit and Compliance Committee shall ensure the independence of the Internal Audit function and supervise and be reported directly on the result of its activity and the availability of adequate human and material resources to meet its responsibilities. It will analyse and, where appropriate, approve, upon proposal by the head of Internal Audit of the Group, the Annual Internal Audit Plan, as well as those other additional occasional or specific plans that have to be put in place on account of regulatory changes or Group business organisational needs. The plan's approval will require the availability of the human and material resources needed for this purpose. 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 the Internal Audit detects in the course of its actions, material being construed as any that may originate a significant and material impact or damage to the Group's net worth, earnings or reputation. The Internal Audit department will judge such nature at its discretion and, in case of doubt, must report the matter. Moreover, the BBVA Group's Internal Audit Charter, approved by the Audit and Compliance Committee, expressly establishes that the appointment and severance of the head of internal audit is the responsibility of the Board of Directors of BBVA, subject to a report by the Audit and Compliance Committee, to which he/she reports directly, although the Audit and Compliance Committee does not approve the appointment or propose the budget for this service.

Further to Section C.2.4, we provide brief indications regarding what the regulations establish about the composition and functions of each of the Board Committees:

- Appointments Committee: Article 32 of the Board Regulations establish that the Appointments Committee will consist of at least three members, who will be appointed by the Board of Directors, which will also appoint the Committee Chair. All Committee members must be non-executive 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 long-standing independent member of the Committee, and, where more than one person of equal seniority are present, by the eldest. Article 33 details the functions, which include the following:

1. Submit proposals to the Board of Directors on the appointment, reelection or separation of independent directors and report on proposals for the appointment, re-election or separation of the other directors. To such end, the Committee will evaluate the balance of skills, knowledge and expertise on the Board of Directors, 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 entail any discrimination and in particular discrimination 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. Likewise, when drawing up proposals within its scope of competence for the appointment of directors the Committee will take into account in case they may be considered suitable, any applications that may be made by any member of the Board of Directors for potential candidates to fill the vacancies.
2. Submit proposals to the Board of Directors for policies on the selection and diversity of members of the Board of Directors.
3. Establish a target for representation of the underrepresented gender in the Board of Directors and draw up guidelines on how to reach that target.
4. Analyse the structure, size and composition of the Board of Directors, at least once a year when carrying out its operational assessment.
5. Analyse the suitability of the various members of the Board of Directors.
6. Perform an annual review of the status of each director, so that this may be reflected in the annual corporate governance report.
7. Report the proposals for the appointment of the Chairman and the Secretary and, where applicable, the Deputy Chairman and the Deputy Secretary.
8. Report on the performance of the duties of the Chairman of the Board, for the purposes of the periodic assessment by the Board of Directors, under the terms established herein.
9. Examine and organise the succession of the Chairman and, as applicable, file proposals with the Board of Directors so that the succession takes place in a planned and orderly manner.
10. Review the Board of Directors' policy on the selection and appointment of members of senior management, and file recommendations with the Board when applicable.
11. Report on proposals for appointment and separation of senior managers.

12. Any other duties that may have been allocated under these Regulations or attributed to the Committee by a Board of Directors resolution or by applicable legislation.

In the performance of its duties, the Appointments Committee will consult with the Chairman of the Board via the Committee Chair, especially with respect to matters related to executive directors and senior managers.

• **Remuneration Committee.** Article 35 of the Board Regulations establishes that the Remuneration Committee will consist of at least three members, appointed by the Board of Directors, which will also appoint the Committee Chair. All Committee members must be non-executive directors, with a majority of independent directors. Its Chair must also be an independent director. When the Chair cannot be present, his/her duties will be performed by the most long-standing independent member of the Committee, and, where more than one person of equal seniority are present, by the eldest. Article 36 establishes that the functions of the Remuneration Committee will be as follows:

1. Propose to the Board of Directors, for its submission to the General Meeting, the directors' remuneration policy, with respect to its items, amounts, and parameters for its determination and its vesting. Also to submit the corresponding report, in the terms established by applicable law at any time.

2. Determine the extent and amount of the individual remunerations, entitlements and other economic compensations and other contractual conditions for the executive directors, 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. Propose the annual report on the remuneration of the Bank directors to the Board of Directors each year, which will then be submitted to the Annual General Meeting, in compliance with the applicable legislation.

4. Propose the remuneration policy to the Board of Directors for senior managers and employees whose professional activities have a significant impact on the Company's risk profile.

5. Propose the basic conditions of the senior management contracts to the Board of Directors, and directly supervise the remuneration of the senior managers in charge of risk management and compliance functions within the Company.

6. Oversee observance of the remuneration policy established by the Company and periodically review the remuneration policy applied to directors, senior managers and employees whose professional activities have a significant impact on the Company's risk profile.

7. Any other duties that may have been allocated under these Regulations or attributed to the Committee by a Board of Directors resolution or by applicable legislation. In the performance of its duties, the Remuneration Committee will consult with the Chairman of the Board via the Committee Chair, especially with respect to matters related to executive directors and senior managers.

• **Audit & Compliance Committee:** Article 29 of the Board Regulations establishes that the Audit and Compliance Committee will be formed exclusively by independent directors who are not members of the Bank's Executive Committee. Its mission is to assist the Board of Directors in overseeing the financial information and the exercise of the Group control duties. It will have a minimum of four members appointed by the Board, one of whom will be appointed taking into account their knowledge of accounting, auditing or both. The Board of Directors will also nominate the Chair of this Committee, who must be replaced every four years. However, the same person may be re-elected once a year has elapsed since ceasing to hold the position. When the Chair cannot be present, his/her duties will be performed by the most long-standing member of the Committee, and, where more than one person of equal seniority is present, by the eldest. The Committee will appoint a Secretary who may or may not be a Committee member. Article 30 of the Board Regulations sets out that the Audit and Compliance Committee will have the powers established by law and by the Company Bylaws. Its scope of duty will be as follows:

1. Report to the General Meeting on questions raised with respect to those matters falling within the Committee's competence.

2. Oversee the efficacy of the internal control of the Company, the internal audit and the risk-management systems in the process of drawing up and reporting the regulatory financial information, including tax risks. Also to discuss with the financial auditor any significant weaknesses in the internal control system detected when the audit is conducted.

3. Oversee the process of drawing up and reporting prescriptive financial information.

4. Submit to the Board of Directors proposals on the selection, appointment, re-election and replacement of the external auditor, as well as their contractual conditions, and regularly collect information from the external auditor regarding the audit plan and its implementation, as well as preserving the auditor's independence in the performance of their duties.

5. Establish correct relations with the external auditor in order to receive information on any matters that may jeopardise their independence, for examination by the Committee, and any others relating to the process of the financial auditing; as well as those other communications provided for by law and by the auditing regulations. Each year it must unfailingly receive the external auditors' declaration of their independence with regard to the

Company or entities directly or indirectly related to it, as well as information on additional services provided of any kind and the corresponding fees received by the external auditor or by persons or entities linked to them as provided for under the legislation on financial auditing.

6. Each year before the external financial auditor issues their report on the financial statements, to issue a report expressing an opinion on the independence of the external financial auditor. This report must unfailingly contain the valuation of the provision of any services referred to in the previous subsection, considered individually and as a whole, other than the legally-required audit and with respect to the regime of independence or to the standards regulating audits.

7. Report, prior to the Board of Directors adopting resolutions, on all those matters established by law, by the Company Bylaws and by these Regulations, and in particular on: (i) the financial information that the Company must periodically publish; (ii) the creation or acquisition of a holding in special-purpose entities or entities domiciled in countries or territories considered tax havens; and (iii) related-party transactions.

8. 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 with competence in these matters are dealt with in due time and in due form.

9. Ensure that the codes of ethics and of internal conduct and conduct on the securities market, as they apply to Group personnel, comply with regulatory requirements and are adequate.

10. Especially to oversee compliance with the provisions applicable to directors contained herein, as well as their compliance with the applicable standards of conduct on the securities markets.

11. Any other duties that may have been allocated under these Regulations or attributed to the Committee by a Board of Directors resolution. As part of this objective scope, the Board will detail the functions of the Committee in a specific set of regulations establishing procedures by which it may perform its mission, which will supplement the provisions herein.

- **Executive Committee:** In accordance with article 45 of the Company bylaws 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 26 of the Board Regulations establishes the following: 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 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 46 of the Company bylaws establishes that this Committee 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. 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 current legislation, the Company bylaws or these Regulations.

- **Risks Committee:** Article 38 of the Company Board Regulations establishes that the Risks Committee will consist of at least three members, appointed by the Board of Directors, which will also appoint the Committee Chair. All Committee members must be non-executive directors, of whom at least one third must be independent directors. Its Chair must also be an independent director. When the Chair cannot be present, his/her duties will be performed by the most long-standing member of the Committee, and, where more than one person of equal seniority is present, by the eldest. Article 39 of the Board Regulations establishes that the Risks Committee will assist the Board of Directors in the determination and monitoring of the Group risk management and control policy and its strategy within this scope. In particular, it will perform the following functions:

1. Analyse and assess proposals related to the Group's risk management, control and strategy. In particular, these will identify:

- a) The Group's risk appetite; and

- b) Establishment of the level of risk considered acceptable according to the risk profile and capital at risk, broken down by the Group's businesses and areas of activity;

2. Analyse and assess the control and management policies for the Group's different risks and information and internal control systems.

3. The measures established to mitigate the impact of the risks identified, should they materialise.

4. Monitor the performance of the Group's risks and their fit with the strategies and policies defined and the Group's risk appetite.

5. Analyse, prior to submitting them to the Board of Directors or the Executive Committee, those risk transactions that must be put to its consideration.

6. Review whether the prices of assets and liabilities offered to customers take fully into account the Bank's business model and risk strategy and, if not, present a remedy plan to the Board of Directors.

7. Participate in the process of establishing the remuneration policy, checking that is consistent with sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Company.
8. Check that the Company and its Group has the means, systems, structures and resources in line with best practices that enable it to implement its risk-management strategy, ensuring that the entity's risk management mechanisms are matched to its strategy.
9. Any other duties that may have been allocated under these Regulations or attributed to the Committee by a Board of Directors resolution or by applicable legislation.

Further to section C.2.6, the Board's Executive Committee is made up of 2 executive directors and 3 external non-executive directors. As of 31st December 2014, BBVA's Executive Committee reflected the participation of directors on the Board, as there was a majority of non-executive directors over executive directors, in accordance with article 26 of the Board Regulations. Moreover, its Chair and Secretary hold the same positions on the Board of Directors. Until 17th December 2014, this Committee comprised 2 executive directors, 2 independent directors and 1 external director. Since that date, the Executive Committee no longer has independent directors due to the changes made to the status of two Committee members as a result of the adaptation on that date of the Board Regulations to the definition of the independent director category established by the Corporate Enterprises Act in its drafting given by Act 31/2014.

With respect to section D (Related-party and Intragroup Transactions), see Note 52 of the BBVA Annual Consolidated Accounts for 2014.

With respect to section D.4, it details the transactions conducted by Banco Bilbao Vizcaya Argentaria, S.A. with companies issuing securities on international markets, carried out as part of ordinary trading related to the management of outstanding issuances.

Further to sections E and F, BBVA has included in its Internal Control Model a set of processes that affect the fiscal function, in particular all those that may have an impact on the Group's financial statements. The latter are included within the ICFR (System of Internal Control over Financial Reporting) and, as described in section F of this document, they undergo an annual assessment process to check the operation of the controls and the degree of mitigation of the risks associated with those processes.

Regarding Recommendation 40 in Section G, article 30 of the Board Regulations empowers the Audit & Compliance Committee to supervise the Internal Code of Conduct on the Securities Markets.

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 according to the wording proposed by the State Tax Administration Agency (AEAT). During this year, it has been compliant with the contents of this Code. Moreover, BBVA is committed to applying the provisions of the Universal Declaration of Human Rights, the United Nations Global Compact (which BBVA has formally signed) and other conventions and treaties involving international organisations such as the Organisation for Economic Cooperation and Development and the International Labour Organisation.

This annual report on corporate governance has been approved by the Company's Board of Directors on 2015/02/03

Indicate whether any board members have voted against or abstained with respect to the approval of this report.

NO

DECLARATION OF LIABILITY FOR 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 statements for 2014, filed at their meeting, 3rd February 2015, 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, 3rd February 2015

D. FRANCISCO GONZÁLEZ RODRÍGUEZ
Chairman and CEO

D. ÁNGEL CANO FERNÁNDEZ
President and COO

D. TOMÁS ALFARO DRAKE
Director

D. RAMÓN BUSTAMANTE Y DE LA MORA
Director

D. JOSÉ ANTONIO FERNÁNDEZ RIVERO
Director

D. IGNACIO FERRERO JORDI
Director

D^a BELÉN GARIJO LÓPEZ
Director

D. JOSÉ MANUEL GONZÁLEZ-PÁRAMO MARTÍNEZ-MURILLO
Director

D. CARLOS LORING MARTINEZ DE IRUJO
Director

D^a LOURDES MÁIZ CARRO
Director

D. JOSÉ MALDONADO RAMOS
Director

D. JOSÉ LUIS PALAO GARCÍA-SUELTO
Director

D. JUAN PI LLORENS
Director

D^a SUSANA RODRÍGUEZ VIDARTE
Director

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