Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 60). In the event of a discrepancy, the Spanish-language version prevails.

BBVA Group

Annual Report 2013

Consolidated financial statements, management report and audit report for 2013

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group (Notes 1 and 60). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

We have audited the consolidated financial statements of Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank") and the companies composing, together with the Bank, the Banco Bilbao Vizcaya Argentaria Group ("the Group" – see Note 3), which comprise the consolidated balance sheet at 31 December 2013 and the related consolidated income statement, consolidated statement of recognised income and expense, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 1.2 to the accompanying consolidated financial statements, the directors of the Bank are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying consolidated financial statements for 2013 present fairly, in all material respects, the consolidated equity and consolidated financial position of the Banco Bilbao Vizcaya Argentaria Group at 31 December 2013, and the consolidated results of its operations and its consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

The accompanying consolidated directors' report for 2013 contains the explanations which the Bank's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2013. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Banco Bilbao Vizcaya Argentaria, S.A. and of the companies composing, together with the Bank, the Group.

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

Miguel Ángel Bailón
4 February 2014

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BBVA Group

Consolidated balance sheets as of December 31, 2013, 2012 and 2011.

		Millions of Euros		
ASSETS	**Notes**	**2013**	**2012 (*)**	**2011 (*)**
CASH AND BALANCES WITH CENTRAL BANKS	9	**34,903**	**35,494**	**29,841**
FINANCIAL ASSETS HELD FOR TRADING	10	**72,112**	**79,829**	**70,471**
Loans and advances to credit institutions		-	-	-
Loans and advances to customers		106	244	-
Debt securities		29,602	28,020	20,946
Equity instruments		4,766	2,915	2,192
Trading derivatives		37,638	48,650	47,333
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	11	**2,413**	**2,530**	**2,773**
Loans and advances to credit institutions		-	-	-
Loans and advances to customers		-	-	-
Debt securities		663	753	708
Equity instruments		1,750	1,777	2,065
AVAILABLE-FOR-SALE FINANCIAL ASSETS	12	**77,774**	**67,500**	**54,641**
Debt securities		71,806	63,548	49,416
Equity instruments		5,968	3,952	5,225
LOANS AND RECEIVABLES	13	**350,945**	**371,347**	**369,916**
Loans and advances to credit institutions		22,862	25,448	24,503
Loans and advances to customers		323,607	342,163	342,543
Debt securities		4,476	3,736	2,870
HELD-TO-MATURITY INVESTMENTS	14	**-**	**10,162**	**10,955**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	15	**98**	**226**	**146**
HEDGING DERIVATIVES	15	**2,530**	**4,894**	**4,538**
NON-CURRENT ASSETS HELD FOR SALE	16	**2,880**	**4,229**	**2,075**
INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	17	**4,742**	**10,782**	**9,299**
Associates		1,272	6,469	5,567
Jointly ventures		3,470	4,313	3,732
INSURANCE CONTRACTS LINKED TO PENSIONS		**-**	**7**	**-**
REINSURANCE ASSETS	18	**619**	**50**	**26**
TANGIBLE ASSETS	19	**7,534**	**7,572**	**7,126**
Property, plants and equipment		5,841	5,702	5,536
For own use		5,373	5,177	4,701
Other assets leased out under an operating lease		468	525	835
Investment properties		1,693	1,870	1,590
INTANGIBLE ASSETS	20	**6,759**	**7,132**	**6,880**
Goodwill		5,069	5,430	5,536
Other intangible assets		1,690	1,702	1,344
TAX ASSETS	21	**11,582**	**11,650**	**7,727**
Current		2,502	1,851	1,460
Deferred		9,080	9,799	6,267
OTHER ASSETS	22	**7,684**	**7,668**	**6,424**
Inventories		4,636	4,223	3,994
Rest		3,048	3,445	2,430
TOTAL ASSETS		**582,575**	**621,072**	**582,838**

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

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated balance sheet as of December 31, 2013.

BBVA Group

Consolidated balance sheets as of December 31, 2013, 2012 and 2011.

		Millions of Euros		
LIABILITIES AND EQUITY	Notes	2013	2012 (*)	2011 (*)
FINANCIAL LIABILITIES HELD FOR TRADING	10	**45,648**	**55,834**	**51,178**
Deposits from central banks		-	-	-
Deposits from credit institutions		-	-	-
Customer deposits		-	-	-
Debt certificates		-	-	-
Trading derivatives		38,119	49,254	46,567
Short positions		7,529	6,580	4,611
Other financial liabilities		-	-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	11	**2,467**	**2,216**	**1,621**
Deposits from central banks		-	-	-
Deposits from credit institutions		-	-	-
Customer deposits		-	-	-
Debt certificates		-	-	-
Subordinated liabilities		-	-	-
Other financial liabilities		2,467	2,216	1,621
FINANCIAL LIABILITIES AT AMORTIZED COST	23	**464,141**	**490,605**	**465,717**
Deposits from central banks		30,893	46,475	32,877
Deposits from credit institutions		52,423	55,675	56,601
Customer deposits		300,490	282,795	272,402
Debt certificates		64,120	86,255	81,124
Subordinated liabilities		10,556	11,815	15,303
Other financial liabilities		5,659	7,590	7,410
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	15	**-**	**-**	**-**
HEDGING DERIVATIVES	15	**1,792**	**2,968**	**2,709**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	16	**-**	**387**	**-**
LIABILITIES UNDER INSURANCE CONTRACTS	18-24	**9,834**	**9,020**	**7,729**
PROVISIONS	25	**6,853**	**7,834**	**7,471**
Provisions for pensions and similar obligations	26	5,512	5,777	5,577
Provisions for taxes and other legal contingencies		208	406	349
Provisions for contingent risks and commitments		346	322	266
Other provisions		787	1,329	1,279
TAX LIABILITIES	21	**2,530**	**3,820**	**2,147**
Current		993	1,058	727
Deferred		1,537	2,762	1,420
OTHER LIABILITIES	22	**4,460**	**4,586**	**4,208**
TOTAL LIABILITIES		**537,725**	**577,270**	**542,780**

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

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated balance sheet as of December 31, 2013.

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Consolidated balance sheets as of December 31, 2013, 2012 and 2011.

LIABILITIES AND EQUITY (Continued)	Notes	Millions of Euros 2013	2012 (*)	2011 (*)
STOCKHOLDERS' FUNDS		**46,310**	**43,614**	**40,952**
Common Stock	27	**2,835**	**2,670**	**2,403**
Issued		2,835	2,670	2,403
Unpaid and uncalled (-)		-	-	-
Share premium	28	**22,111**	**20,968**	**18,970**
Reserves	29	**19,908**	**19,672**	**17,940**
Accumulated reserves (losses)		19,458	18,721	17,580
Reserves (losses) of entities accounted for using the equity method		450	951	360
Other equity instruments	46.1.1	**59**	**62**	**51**
Equity component of compound financial instruments		-	-	-
Other equity instruments		59	62	51
Less: Treasury stock	30	**(66)**	**(111)**	**(300)**
Income attributed to the parent company		**2,228**	**1,676**	**3,004**
Less: Dividends and remuneration		**(765)**	**(1,323)**	**(1,116)**
VALUATION ADJUSTMENTS	31	**(3,831)**	**(2,184)**	**(2,787)**
Available-for-sale financial assets		851	(238)	(628)
Cash flow hedging		8	36	30
Hedging of net investment in foreign transactions		(100)	(243)	(159)
Exchange differences		(3,023)	(1,164)	(1,623)
Non-current assets held-for-sale		3	(104)	-
Entities accounted for using the equity method		(1,130)	(24)	(179)
Other valuation adjustments		(440)	(447)	(228)
NON-CONTROLLING INTEREST	32	**2,371**	**2,372**	**1,893**
Valuation adjustments		70	188	36
Rest		2,301	2,184	1,857
TOTAL EQUITY		**44,850**	**43,802**	**40,058**
TOTAL LIABILITIES AND EQUITY		**582,575**	**621,072**	**582,838**

MEMORANDUM ITEM	Notes	Millions of Euros 2013	2012 (*)	2011 (*)
CONTINGENT RISKS	34	**33,543**	**37,019**	**37,629**
CONTINGENT COMMITMENTS	34	**94,170**	**90,142**	**90,688**

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

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated balance sheet as of December 31, 2013.

Consolidated income statements for the years ended December 31, 2013, 2012 and 2011.

		Millions of Euros		
	Notes	2013	2012 (*)	2011 (*)
INTEREST AND SIMILAR INCOME	39	23,512	24,815	23,229
INTEREST AND SIMILAR EXPENSES	39	(9,612)	(10,341)	(10,505)
NET INTEREST INCOME		**13,900**	**14,474**	**12,724**
DIVIDEND INCOME	40	235	390	562
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	41	694	1,039	787
FEE AND COMMISSION INCOME	42	5,478	5,290	4,874
FEE AND COMMISSION EXPENSES	43	(1,228)	(1,134)	(980)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	44	1,608	1,636	1,070
Financial instruments held for trading		540	653	1,003
Other financial instruments at fair value through profit or loss		49	69	17
Other financial instruments not at fair value through profit or loss		1,019	914	50
Rest		-	-	-
EXCHANGE DIFFERENCES (NET)		903	69	410
OTHER OPERATING INCOME	45	4,995	4,765	4,212
Income on insurance and reinsurance contracts		3,761	3,631	3,299
Financial income from non-financial services		851	807	643
Rest of other operating income		383	327	270
OTHER OPERATING EXPENSES	45	(5,627)	(4,705)	(4,019)
Expenses on insurance and reinsurance contracts		(2,831)	(2,646)	(2,425)
Changes in inventories		(495)	(406)	(298)
Rest of other operating expenses		(2,301)	(1,653)	(1,296)
GROSS INCOME		**20,958**	**21,824**	**19,640**
ADMINISTRATION COSTS	46	(9,701)	(9,396)	(8,634)
Personnel expenses		(5,588)	(5,467)	(5,053)
General and administrative expenses		(4,113)	(3,929)	(3,581)
DEPRECIATION AND AMORTIZATION	47	(1,095)	(978)	(810)
PROVISIONS (NET)	48	(609)	(641)	(503)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	49	(5,612)	(7,859)	(4,185)
Loans and receivables		(5,577)	(7,817)	(4,163)
Other financial instruments not at fair value through profit or loss		(35)	(42)	(22)
NET OPERATING INCOME		**3,941**	**2,950**	**5,508**

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

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated income statement for the year ended December 31, 2013.

BBVA Group

Consolidated income statements for the years ended 2013, 2012 and 2011.

(Continued)	Notes	2013	2012 (*)	2011 (*)
		Millions of Euros		
NET OPERATING INCOME		**3,941**	**2,950**	**5,508**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	50	(467)	(1,123)	(1,883)
Goodwill and other intangible assets		(14)	(54)	(1,444)
Other assets		(453)	(1,069)	(439)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	51	(1,915)	3	44
NEGATIVE GOODWILL	20	-	376	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	52	(399)	(624)	(271)
OPERATING PROFIT BEFORE TAX		**1,160**	**1,582**	**3,398**
INCOME TAX	21	(46)	352	(158)
PROFIT FROM CONTINUING OPERATIONS		**1,114**	**1,934**	**3,240**
PROFIT FROM DISCONTINUED OPERATIONS (NET)	52	1,866	393	245
PROFIT		**2,981**	**2,327**	**3,485**
Profit attributable to parent company		2,228	1,676	3,004
Profit attributable to non-controlling interests	32	753	651	481

	Note	2013	2012 (*)	2011 (*)
		Euros		
EARNINGS PER SHARE	5			
Basic earnings per share		0.40	0.32	0.62
Diluted earnings per share		0.39	0.32	0.62

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

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated income statement for the year ended December 31, 2013.

BBVA Group

Consolidated statements of recognized income and expenses for the years ended December 31, 2013, 2012 and 2011.

	Millions of Euros		
	2013	2012 (*)	2011 (*)
PROFIT RECOGNIZED IN INCOME STATEMENT	**2,981**	**2,327**	**3,485**
OTHER RECOGNIZED INCOME (EXPENSES)	**(1,765)**	**754**	**(1,894)**
ITEMS NOT SUBJECT TO REMOVE TO INCOME STATEMENTS	**8**	**(224)**	**(228)**
Actuarial gains and losses from defined benefit pension plans	11	(316)	(266)
Non-current assets available for sale	-	-	-
Entities valued under the equity method	1	(5)	-
Income tax related to items not subject to remove to income statements	(4)	97	38
ITEMS SUBJECT TO REMOVE TO INCOME STATEMENT	**(1,773)**	**978**	**(1,666)**
Available-for-sale financial assets	**1,659**	**679**	**(1,167)**
Valuation gains/(losses)	1,737	541	(1,274)
Amounts removed to income statement	(140)	109	85
Reclassifications	62	29	22
Cash flow hedging	**(32)**	**7**	**(41)**
Valuation gains/(losses)	(31)	7	(69)
Amounts removed to income statement	-	-	29
Amounts removed to the initial carrying amount of the hedged items	-	-	-
Reclassifications	(1)	-	(1)
Hedging of net investment in foreign transactions	**143**	**(84)**	**(1)**
Valuation gains/(losses)	143	(84)	(1)
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Exchange differences	**(2,045)**	**601**	**(411)**
Valuation gains/(losses)	(2,026)	601	(414)
Amounts removed to income statement	(19)	-	3
Reclassifications	-	-	-
Non-current assets held for sale	**135**	**(103)**	**-**
Valuation gains/(losses)	-	(103)	-
Amounts removed to income statement	135	-	-
Reclassifications	-	-	-
Entities accounted for using the equity method	**(1,054)**	**238**	**(148)**
Valuation gains/(losses)	(736)	238	(148)
Amounts removed to income statement	(260)	-	-
Reclassifications	(58)	-	-
Rest of recognized income and expenses	**-**	**-**	**-**
Income tax	**(579)**	**(360)**	**102**
TOTAL RECOGNIZED INCOME/EXPENSES	**1,216**	**3,081**	**1,591**
Attributable to the parent company	581	2,279	987
Attributable to non-controlling interest	635	802	604

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

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated statement of recognized income and expenses for the year ended December 31, 2013.

Consolidated statements of changes in equity for the years ended December 31, 2013, 2012 and 2011.

Millions of Euros

2013	Total Equity Attributed to the Parent Company											Non-controlling Interests (Note 32)	Total Equity
	Stockholders' Funds									Valuation Adjustments (Note 31)	Total		
	Common Stock (Note 27)	Share Premium (Note 28)	Reserves (Note 29)		Other Equity Instruments	Less: Treasury Stock (Note 30)	Profit Attributable to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds				
			Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method									
Balances as of January 1, 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	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	2,670	20,968	18,721	951	62	(111)	1,676	(1,323)	43,614	(2,184)	41,430	2,372	43,802
Total income/expense recognized	-	-	-	-	-	-	2,228	-	2,228	(1,647)	581	635	1,216
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	19,458	450	59	(66)	2,228	(765)	46,310	(3,831)	42,479	2,371	44,850

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2013.

BBVA Group

Consolidated statements of changes in equity for the years ended December 31, 2013, 2012 and 2011 (continued).

	Millions of Euros												
	Total Equity Attributed to the Parent Company											Non-controlling Interests (Note 32)	Total Equity (*)
	Stockholders' Funds									Valuation Adjustments (Note 31)	Total		
			Reserves (Note 29)										
2012	Common Stock (Note 27)	Share Premium (Note 28)	Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock (Note 30)	Profit Attributable to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds				
Balances as of January 1, 2012	2,403	18,970	17,580	360	51	(300)	3,004	(1,116)	40,952	(2,787)	38,165	1,893	40,058
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	2,403	18,970	17,580	360	51	(300)	3,004	(1,116)	40,952	(2,787)	38,165	1,893	40,058
Total income/expense recognized	-	-	-	-	-	-	1,676	-	1,676	603	2,279	802	3,081
Other changes in equity	267	1,998	1,141	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	18,721	951	62	(111)	1,676	(1,323)	43,614	(2,184)	41,430	2,372	43,802

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

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

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2013.

BBVA Group

Consolidated statements of changes in equity for the years ended December 31, 2013, 2012 and 2011 (continued).

2011	Millions of Euros												
	Total Equity Attributed to the Parent Company											Non-controlling Interests (Note 32)	Total Equity
	Stockholders' Funds									Valuation Adjustments (Note 31)	Total		
			Reserves (Note 29)										
	Common Stock (Note 27)	Share Premium (Note 28)	Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock (Note 30)	Profit Attributable to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds				
Balances as of January 1, 2011	2,201	17,104	14,305	55	37	(552)	4,606	(1,067)	36,689	(770)	35,919	1,556	37,475
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	2,201	17,104	14,305	55	37	(552)	4,606	(1,067)	36,689	(770)	35,919	1,556	37,475
Total income/expense recognized	-	-	-	-	-	-	3,004	-	3,004	(2,017)	987	604	1,591
Other changes in equity	202	1,866	3,275	305	14	252	(4,606)	(49)	1,259	-	1,259	(267)	992
Common stock increase	68	-	(68)	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	134	1,866	-	-	-	-	-	-	2,000	-	2,000	-	2,000
Increase of other equity instruments	-	-	-	-	14	-	-	-	14	-	14	-	14
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(937)	(937)	-	(937)	(273)	(1,210)
Transactions including treasury stock and other equity instruments (net)	-	-	(14)	-	-	252	-	-	238	-	238	-	238
Transfers between total equity entries	-	-	3,239	300	-	-	(4,606)	1,067	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	118	5	-	-	-	(179)	(56)	-	(56)	6	(50)
Balances as of December 31, 2011	2,403	18,970	17,580	360	51	(300)	3,004	(1,116)	40,952	(2,787)	38,165	1,893	40,058

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

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

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2013.

Consolidated statements of cash flows for the years ended December 31, 2013, 2012 and 2011.

		Millions of Euros		
	Notes	2013	2012 (*)	2011 (*)
CASH FLOW FROM OPERATING ACTIVITIES (1)	53	**(500)**	**9,728**	**17,182**
Profit for the year		**2,981**	**2,327**	**3,485**
Adjustments to obtain the cash flow from operating activities:		**8,260**	**10,400**	**7,133**
Depreciation and amortization		1,099	978	810
Other adjustments		7,161	9,422	6,323
Net increase/decrease in operating assets		**25,613**	**(38,637)**	**(23,356)**
Financial assets held for trading		7,717	(9,358)	(7,188)
Other financial assets designated at fair value through profit or loss		117	243	1
Available-for-sale financial assets		1,938	(12,463)	(1,604)
Loans and receivables		12,704	(12,073)	(10,898)
Other operating assets		3,137	(4,986)	(3,667)
Net increase/decrease in operating liabilities		**(37,265)**	**35,990**	**29,761**
Financial liabilities held for trading		(10,186)	4,656	13,966
Other financial liabilities designated at fair value through profit or loss		251	595	14
Financial liabilities at amortized cost		(24,660)	28,072	14,584
Other operating liabilities		(2,670)	2,666	1,197
Collection/Payments for income tax		**(89)**	**(352)**	**158**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	53	**3,021**	**(1,060)**	**(5,092)**
Investment		**(2,325)**	**(2,522)**	**(6,995)**
Tangible assets		(1,252)	(1,685)	(1,293)
Intangible assets		(526)	(777)	(619)
Investments		(547)	-	(4,838)
Subsidiaries and other business units		-	-	(245)
Non-current assets held for sale and associated liabilities		-	-	-
Held-to-maturity investments		-	(60)	-
Other settlements related to investing activities		-	-	-
Divestments		**5,346**	**1,462**	**1,903**
Tangible assets		101	-	175
Intangible assets		-	-	1
Investments		944	19	-
Subsidiaries and other business units		3,299	-	19
Non-current assets held for sale and associated liabilities		571	590	870
Held-to-maturity investments		431	853	838
Other collections related to investing activities		-	-	-

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

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated statement of cash flows for the year ended December 31, 2013.

Consolidated statements of cash flows for the years ended December 31, 2013, 2012 and 2011.

		Millions of Euros		
(Continued)	Notes	**2013**	**2012 (*)**	**2011 (*)**
CASH FLOWS FROM FINANCING ACTIVITIES (3)	53	**(1,326)**	**(3,492)**	**(1,269)**
Investment		**(6,104)**	**(10,387)**	**(6,282)**
Dividends		(1,275)	(1,269)	(1,031)
Subordinated liabilities		(697)	(3,930)	(230)
Common stock amortization		-	-	-
Treasury stock acquisition		(3,614)	(4,831)	(4,825)
Other items relating to financing activities		(518)	(357)	(196)
Divestments		**4,778**	**6,895**	**5,013**
Subordinated liabilities		1,088	1,793	-
Common stock increase		2	-	-
Treasury stock disposal		3,688	5,102	5,013
Other items relating to financing activities		-	-	-
EFFECT OF EXCHANGE RATE CHANGES (4)		**(1,784)**	**471**	**(959)**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)		**(589)**	**5,647**	**9,862**
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**35,476**	**29,829**	**19,967**
CASH OR CASH EQUIVALENTS AT END OF THE YEAR		**34,887**	**35,476**	**29,829**

		Millions of Euros		
COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR	Notes	**2013**	**2012 (*)**	**2011 (*)**
Cash		5,533	5,155	4,496
Balance of cash equivalent in central banks		29,354	30,321	25,333
Other financial assets		-	-	-
Less: Bank overdraft refundable on demand		-	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF THE YEAR	9	**34,887**	**35,476**	**29,829**
Of which:				
Held by consolidated subsidiaries but not available for the Group		-	-	-

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

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated statement of cash flows for the year ended December 31, 2013.

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

1.1 Introduction

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

The Bylaws and other public information are available for inspection at the Bank’s registered address (Plaza San Nicolás, 4 Bilbao) as on its web site (www.bbva.com).

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

As of December 31, 2013, the BBVA Group was made up of 301 consolidated entities and 127 entities accounted for using the equity method (see Notes 3 and 17 Appendices I to IV).

The consolidated financial statements of the BBVA Group and the separate financial statements of the Bank for the year ended December 31, 2012 and 2011 were approved by the shareholders at the Annual General Meetings (“AGM”) on March 15, 2013 and March 16, 2012, respectively.

The BBVA Group’s consolidated financial statements and the Bank’s separate financial statements and those of the majority of the Group subsidiaries for the year ended December 31, 2013, are pending approval from the respective AGMs. Notwithstanding, the Board of Directors expects that these financial statements will be approved without material changes.

1.2 Basis for the presentation of the consolidated financial statements

The BBVA Group’s consolidated financial statements are presented in accordance with the International Financial Reporting Standards endorsed by the European Union (hereinafter, “EU-IFRS”) applicable as of December 31 2013 (see Note 1.3), considering the Bank of Spain Circular 4/2004, of 22 December (and as amended thereafter), and with any other legislation governing financial reporting applicable to the Group.

The BBVA Group’s accompanying consolidated financial statements for the year ended December 31, 2013 were prepared by the Group’s Directors (through the Board of Directors held January 30, 2014) by applying the principles of consolidation, accounting policies and valuation criteria described in Note 2, so that they present fairly the Group’s consolidated equity and financial position as of December 31, 2013, together with the consolidated results of its operations and cash flows generated during the year 2013.

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

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

The amounts reflected in the accompanying consolidated financial statements are presented in millions of euros, unless it is more appropriate to use smaller units. Some items that appear without a total in these consolidated financial statements do so because 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 totals appearing in some tables are not the exact arithmetical sum of their component figures.

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

1.3 Comparative information

The information included in the accompanying consolidated financial statements and the explanatory notes referring to December 31, 2012 y 2011 are presented exclusively for the purpose of comparison with the information for December 31, 2013, and therefore do not represent the consolidated financial statements of the BBVA Group for the years ended December 31, 2011 and 2012.

For the information provided as of December 31, 2012 and 2011, the following should be noted:

- The application of new standards, IFRS 10 and 11 have, as a material impact, the change in the consolidation method of the investment in the joint venture of Garanti. As of January 1, 2013, such investment is consolidated under the equity method, while in the fiscal years 2012 and 2011, said investment was consolidated under the proportionate consolidation method. For comparative purposes the information as of December 31, 2012 and 2011 will be provided under the current consolidation method. The balance sheet and income statement for 2012 and 2011 before and after application of IFRS 10 and 11 are presented in Annex VIII. (See Appendix VIII).
- As mentioned in Note 6, in the year 2013, minor changes were made to the operating segments in the BBVA Group with respect to the structure in place in 2012 and 2011. The figures for 2012 and 2011 are provided according to the criteria used in 2013, as established by IFRS 8, “Operating segments”.

1.4 Seasonal nature of income and expenses

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

1.5 Responsibility for the information and for the estimates made

The information contained in the BBVA Group’s consolidated financial statements is the responsibility of the Group’s Directors.

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

- Impairment on certain financial assets (see Notes 7, 8, 12, 13, 14 and 17).
- The assumptions used to quantify certain provisions (see Notes 18, 24 and 25) and for the actuarial calculation of post-employment benefit liabilities and commitments (see Note 26).
- The useful life and impairment losses of tangible and intangible assets (see Notes 16, 19, 20 and 22).
- The valuation of goodwill (see Note 20).
- The fair value of certain unlisted financial assets and liabilities (see Notes 7, 8, 10, 11, 12 and 15).

Although these estimates were made on the basis of the best information available as of December 31, 2013 on the events analyzed, future events may make it necessary to modify them (either up or down) over the coming years. This would be done prospectively in accordance with applicable standards, recognizing the effects of changes in the estimates in the corresponding consolidated income statement.

1.6 Control of the BBVA Group's financial reporting

The financial information prepared by the BBVA Group is subject to a system of internal control (hereinafter the "Internal Financial Control" or "ICFR"). Its aim is to provide reasonable assurance with respect to its reliability and integrity, and to ensure that the transactions carried out and processed use the criteria established by the BBVA Group's management and comply with applicable laws and regulations.

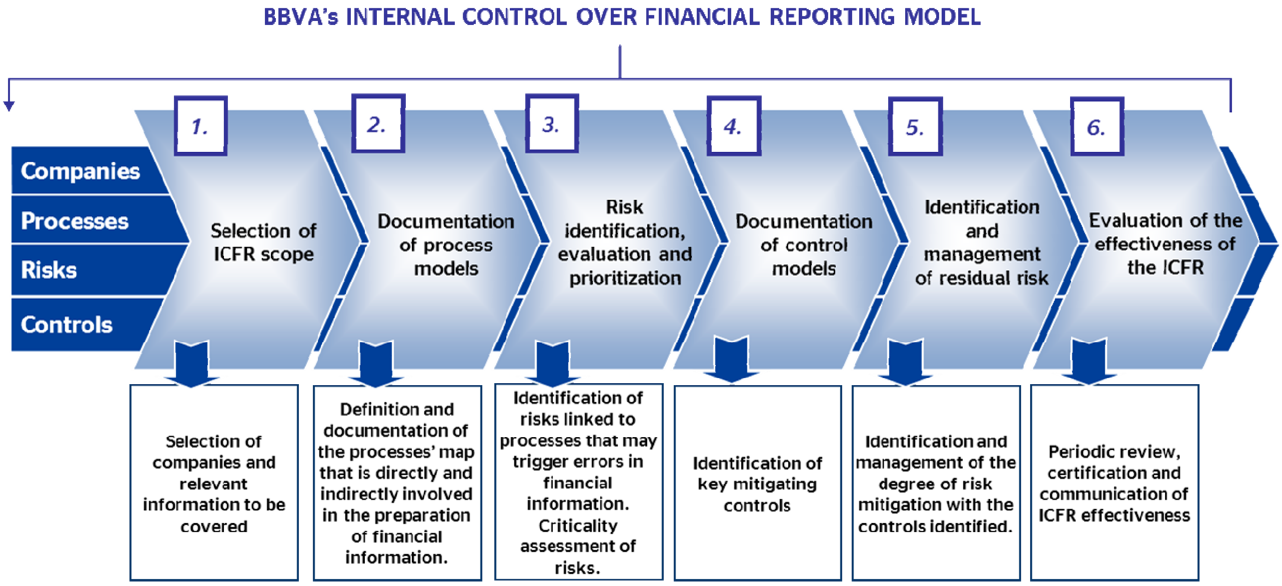
The ICFR was developed by the BBVA Group's management in accordance with international standards established by the Committee of Sponsoring Organizations of the Treadway Commission (hereinafter, "COSO"). This stipulates five components that must form the basis of the effectiveness and efficiency of systems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

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

In May 2013, COSO has released an updated version of its Integrated Internal Control Framework version. This update provides a broader framework than the previous guidance and clarifies the requirements for determining what constitutes effective internal control. Although BBVA Group is in the process of analyzing the current version, no significant changes are expected in the current internal model control.

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

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



As well as the evaluation by the Internal Control Units, ICFR Model is subject to evaluations by the Group's Internal Audit Department and external auditors. It is also supervised by the Audit and Compliance Committee of the Bank's Board of Directors. At the date of preparation of these consolidated financial statements, the BBVA Group has not identified internal control weaknesses of the financial information that could materially impact the consolidated financial statements of the Group for 2013.

The description of the Internal Control system for financial information is detailed in the Corporate Governance Annual Report, which is included within the Management Report attached to these consolidated financial statements for the year ended December 31, 2013.

1.7 Mortgage market policies and procedures

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

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

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

2.1 Principles of consolidation

In terms of its consolidation, accordance with the criteria established by the new IFRS 10 and 11 applied by the Group from January 1, 2013, the BBVA Group is made up of four types of entities: subsidiaries, joint ventures, associates and structured entities, define as follows:

- Subsidiaries

  Subsidiaries are entities controlled by the Group (for definition of the criterion for control, see Glossary).

  The financial statements of the subsidiaries are consolidated with those of the Bank using the global integration method.

  The share of non-controlling interests from subsidiaries in the Group's consolidated equity is presented under the heading "Non-controlling interests" in the consolidated balance sheet. Their share in the profit or loss for the year is presented under the heading "Profit attributable to non-controlling interests" in the accompanying consolidated income statement (see Note 32).

  Note 3 includes information related to the main subsidiaries in the Group as of December 31, 2013. Appendix I includes other significant information on these entities.

- Joint ventures

  Joint ventures are those entities over which there is a joint arrangement to joint control (for definitions of joint arrangement, joint control and joint venture, refer to Glossary).

  The investments in joint ventures are valued using the equity method (see Note 17). Appendix II shows the main figures for joint ventures accounted for using the equity method.

- Associate entities

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

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

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

  Appendix II shows the most significant information related to the associates (see Note 17), which are accounted for using the equity method.

- Structured Entities

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

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

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

  - Structured entities subject to consolidation

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

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

    There are cases where the Group has a high exposure to variable returns and maintains existing decision-making power over the entity, either directly or through an agent. For instance, the so-called asset securitization funds, to which the BBVA Group transferred loan portfolios, and other vehicles, which allow the Group's customers to gain access to certain investments or to allow for the transfer of risks and other purposes (See Appendix I and V).

    As of December 31, 2013 there was no significant financial agreement support, additional to contractually establish, from the parent or other subsidiaries to the consolidated structured entities.

  - Non-consolidated structured entities

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

    As of December 31, 2013 there was no significant financial support from the parent or subsidiaries to unconsolidated structured entities.

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

The financial statements of subsidiaries, associates and joint ventures used in the preparation of the consolidated financial statements of the Group relate to the same date of presentation than the consolidated financial statements. If financial statements at those same dates are not available, the most recent will be used, as long as these are not older than three months, and adjusting to take into account the most significant transactions. As of December 31, 2013, all of the financial statements of all Group entities were available, save for the case of the financial statements of six non-material associates for which the financial statements were as of November 30, 2013.

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

Separate financial statements

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

Appendix X shows BBVA's financial statements as of December 31, 2013 and 2012.

2.2 Accounting policies and valuation criteria applied

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

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

2.2.1 Financial instruments

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

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

All the changes in the fair value of the financial instruments, except in trading derivatives, arising from the accrual of interests and similar items are recognized under the headings "Interest and similar income" or "Interest and similar expenses", as appropriate, in the accompanying consolidated income statement for the year in which the change occurred (see Note 39). The dividends received from other entities are recognized under the heading "Dividend income" in the accompanying consolidated income statement for the year in which the right to receive them arises (see Note 40).

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

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

The assets and liabilities recognized under these headings of the consolidated balance sheets are measured at fair value and changes in the fair value (gains or losses) are recognized as their net value under the heading "Net gains (losses) on financial assets and liabilities" in the accompanying consolidated income statements (see Note 44). However, changes in fair value resulting from variations in foreign exchange rates are recognized under the heading "Exchange differences (net)" in the accompanying consolidated income statements.

"Available-for-sale financial assets"

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

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

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

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

The net impairment losses in "Available-for-sale financial assets" over the year are recognized under the heading "Impairment losses on financial assets (net) – Other financial instruments not at fair value through profit or loss" (see Note 49) in the consolidated income statements for that period.

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

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

Net impairment losses of assets recognized under these headings arising in a particular period are recognized under the heading "Impairment losses on financial assets (net) – Loans and receivables" or "Impairment losses on financial assets (net) – Other financial instruments not valued at fair value through profit or loss" (see Note 49) in the consolidated income statement for that period.

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

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

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

- In fair value hedges, the changes in the fair value of the derivative and the hedged item attributable to the hedged risk are recognized under the heading "Net gains (losses) on financial assets and liabilities" in the consolidated income statement, with a corresponding item under the headings where hedging items ("Hedging derivatives") and the hedged items are recognized, as applicable.
- In fair value hedges of interest rate risk of a portfolio of financial instruments (portfolio-hedges), the gains or losses that arise in the measurement of the hedging instrument are recognized in the consolidated income statement, and the gains or losses that arise from the change in the fair value of the hedged item (attributable to the hedged risk) are recognized in the consolidated income statement, using, as a balancing item, the headings "Fair value changes of the hedged items in portfolio hedges of interest rate risk" in the consolidated balance sheets, as applicable.
- In cash flow hedges, the gain or loss on the hedging instruments relating to the effective portion are recognized temporarily under the heading "Valuation adjustments – Cash flow hedging" in the consolidated balance sheets. These differences are recognized in the accompanying consolidated income statement at the time when the gain or loss in the hedged instrument affects profit or loss, when the forecast transaction is executed or at the maturity date of the hedged item. Almost all of the hedges used by the Group are for interest-rate risks. Therefore, the valuation changes are recognized under the headings "Interest and similar

income" or "Interest and similar expenses", as appropriate, in the accompanying consolidated income statement (see Note 39).

Differences in the measurement of the hedging items corresponding to the ineffective portions of cash flow hedges are recognized directly in the heading "Net gains (losses) on financial assets and liabilities" in the consolidated income statement (See Note 44).

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

Other financial instruments

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

- Equity instruments whose fair value cannot be determined in a sufficiently objective manner and financial derivatives that have those instruments as their underlying asset and are settled by delivery of those instruments remain in the consolidated balance sheet at acquisition cost; this may be adjusted, where appropriate, for any impairment loss. (see Note 8)
- Valuation adjustments arising from financial instruments classified at the consolidated balance sheet date as non-current assets held for sale are recognized with a balancing entry under the heading "Valuation adjustments - Non-current assets held for sale" in the accompanying consolidated balance sheets.

Impairment losses on financial assets

Definition of impaired financial assets

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

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

As a general rule, the carrying amount of impaired financial assets is adjusted with a charge to the consolidated income statement for the period in which the impairment becomes known. The recoveries of previously recognized impairment losses are reflected, if appropriate, in the consolidated income statement for the year in which the impairment is reversed or reduced, with an exception: any recovery of previously recognized impairment losses for an investment in an equity instrument classified as financial assets available for sale is not recognized in the consolidated income statement, but under the heading "Valuation Adjustments - Available-for-sale financial assets" in the consolidated balance sheet (see Note 31).

In general, amounts collected in relation to impaired loans and receivables are used to recognize the related accrued interest and any excess amount is used to reduce the unpaid principal.

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

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 to be charged off are measured individually. In the case of financial assets for lower amounts that can be classified in homogeneous groups, this measurement is carried out as a group.

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

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

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

Impairment on financial assets

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

Impairment of debt securities measured at amortized cost

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 on financial assets individually evaluated for impairment

The amount of the impairment losses incurred on these instruments represents the excess of their respective carrying amounts over 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 listed debt instruments is deemed to be a fair estimate of the present value of their future cash flows.

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

- All the amounts that are expected to be recovered over the remaining 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 BBVA Group has policies, methods and procedures for hedging its credit risk, for insolvency attributable to counterparties and 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 identification of their deterioration and in the calculation of the amounts needed to cover their credit risk.

Impairment losses on financial assets collectively evaluated for impairment

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

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

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

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

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

As of December 31, 2013, the Group's internal incurred losses model for credit risk shows no material differences when compared to the provisions calculation using Bank of Spain requirements.

Impairment of other debt instruments

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

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

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

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:* 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 consolidated income statement. In general, the Group considers that there is objective evidence of impairment on equity instruments classified as available-for-sale when significant unrealized losses have existed over a sustained period of time due to a price reduction of at least 40% or over a period of more than 18 months.

  When applying this evidence of impairment, the Group takes into account the volatility in the price of each individual 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 Group compares the valuation of the most significant securities against valuations performed by independent experts.

  Any recovery of previously recognized impairment losses for an investment in an equity instrument classified as available for sale is not recognized in the consolidated income statement, but under the heading "Valuation Adjustments - Available-for-sale financial assets" in the consolidated balance sheet (see Note 31).

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

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

2.2.2 Transfers and derecognition of financial assets and liabilities

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

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

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

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

2.2.3 Financial guarantees

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

In their initial recognition, financial guarantees are recognized as liabilities in the consolidated balance sheet at fair value, which is generally the present value of the fees, commissions and interest receivable from these contracts over the term thereof, and the Group simultaneously recognize a corresponding asset in the consolidated balance sheet for the amount of the fees and commissions received at the inception of the transactions and the amounts receivable at the present value of the fees, commissions and interest outstanding.

Financial guarantees, irrespective of the guarantor, instrumentation or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, to consider whether a provision is required for them. The credit risk is determined by application of criteria similar to those established for quantifying impairment losses on debt instruments measured at amortized cost (see Note 2.2.1).

The provisions recognized for financial guarantees considered impaired are recognized under the heading "Provisions - Provisions for contingent risks and commitments" on the liability side in the consolidated balance sheets (see Note 25). These provisions are recognized and reversed with a charge or credit, respectively; to "Provisions (net)" in the consolidated income statements (see Note 48).

Income from financial guarantee contracts is recorded under the heading "Fee and commission income" in the consolidated income statement and is calculated by applying the rate established in the related contract to the nominal amount of the guarantee (see Note 42).

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

The heading "Non-current assets held-for-sale" in the consolidated balance sheets includes the carrying amount of assets that are not part of the BBVA Group's operating activities. The recovery of this carrying amount is expected to take place through the price obtained on its disposal (see Note 16).

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

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

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

Gains and losses generated on the disposal of assets and liabilities classified as non-current held for sale, and related impairment losses and subsequent recoveries, where pertinent, are recognized in "Gains/(losses) on non-current assets held for sale not classified as discontinued operations" in the consolidated income statements (see Note 52.1). The remaining income and expense items associated with these assets and liabilities are classified within the relevant consolidated income statement headings.

Income and expenses for discontinued operations, whatever their nature, generated during the year, even if they have occurred before their classification as discontinued operations, are presented net of the tax effect as a single amount under the heading "Profit from discontinued operations" in the consolidated income statement, whether the business remains on the balance sheet or is derecognized from the balance sheet. This heading includes the earnings from their sale or other disposal (see Note 52.2).

2.2.5 Tangible assets

Property, plant and equipment for own use

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

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

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

The tangible asset depreciation charges are recognized in the accompanying consolidated income statements under the heading "Depreciation and amortization" (see Note 47) and are based on the application of the following depreciation rates (determined on the basis of the average years of estimated useful life of the various assets):

Amortization Rates for Tangible Assets

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

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

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

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

Running and maintenance expenses relating to tangible assets held for own use are recognized as an expense in the year they are incurred and recognized in the consolidated income statements under the heading "Administration costs - General and administrative expenses - Property, fixtures and equipment" (see Note 46.2).

Other assets leased out under an operating lease

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

Investment properties

The heading "Tangible assets - Investment properties" in the consolidated balance sheets reflects the net values (purchase cost minus the corresponding accumulated depreciation and, if appropriate, estimated impairment losses) of the land, buildings and other structures that are held either to earn rentals or for capital appreciation through sale and that are neither expected to be sold off in the ordinary course of business nor are destined for own use (see Note 19).

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

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

2.2.6 Inventories

The balance under the heading "Other assets - Inventories" in the consolidated balance sheets mainly includes the land and other properties that the BBVA Group's real estate entities hold for development and sale as part of their real estate development activities (see Note 22).

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

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

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

Impairment

If the fair value less costs to sell is lower than the loan amount registered in the balance sheet, a loss is recognized under the heading "Impairment losses on other assets (net) – Other assets" in the income statement for the period (see Note 50). In the case of real-estate assets accounted for as inventories, the BBVA Group's criterion for determining their net realizable value is mainly based on independent appraisals no more than one year old, or less if there are indications of impairment.

The amount of any subsequent adjustment due to inventory valuation for reasons such as damage, obsolescence, reduction in sale price to its net realizable value, as well as losses for other reasons and, if appropriate, subsequent recoveries of value up to the limit of the initial cost value, are registered under the heading "Impairment losses on other assets (net) – Other assets" in the accompanying consolidated income statements (see Note 50) for the year in which they are incurred.

Inventory sales

In sale transactions, the carrying amount of inventories is derecognized from the consolidated balance sheet and recognized as an expense under the heading "Other operating expenses – Changes in inventories" in the year in which the income from its sale is recognized. This income is recognized under the heading "Other operating income – Financial income from non-financial services" in the consolidated income statements (see Note 45).

2.2.7 Business combinations

The aim of a business combination is to obtain control of one or more businesses. It is accounted for by applying the acquisition method.

According to this method, the acquirer has to recognize the assets acquired and the liabilities and contingent liabilities assumed, including those that the acquired entity had not recognized in the accounts. The method involves the measurement of the consideration received for the business combination and its allocation to the assets, liabilities and contingent liabilities measured according to their fair value, at the purchase date.

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

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

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

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

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

2.2.8 Intangible assets

Goodwill

Goodwill represents payment in advance by the acquiring entity for the future economic benefits from assets that cannot be individually identified and separately recognized. It is only recognized as goodwill when the business combinations are acquired at a price. Goodwill is never amortized. It is subject periodically to an impairment analysis, and is written off if it is clear that there has been impairment.

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

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

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

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

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

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

They are recognized under the heading "Impairment losses on other assets (net) – Goodwill and other intangible assets" in the consolidated income statements (see Note 50).

Other intangible assets

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

Intangible assets with a finite useful life are amortized according to the duration of this useful life, using methods similar to those used to depreciate tangible assets. The depreciation charge of these assets is recognized in the accompanying consolidated income statements under the heading "Depreciation and amortization" (see Note 47).

The consolidated entities recognize any impairment loss on the carrying amount of these assets with charge to the heading "Impairment losses on other assets (net) - Goodwill and other intangible assets" in the accompanying consolidated income statements (see Note 50). The criteria used to recognize the impairment losses on these assets and, where applicable, the recovery of impairment losses recognized in prior years, are similar to those used for tangible assets.

2.2.9 Insurance and reinsurance contracts

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

The heading "Reinsurance assets" in the accompanying consolidated balance sheets includes the amounts that the consolidated entities are entitled to receive under the reinsurance contracts entered into by them with third parties and, more specifically, the share of the reinsurer in the technical provisions recognized by the consolidated insurance entities (see Note 18).

The heading "Liabilities under insurance contracts" in the accompanying consolidated balance sheets includes the technical provisions for direct insurance and inward reinsurance recognized by the consolidated entities to cover claims arising from insurance contracts in force at period-end (see Note 24).

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

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

The most significant provisions registered by consolidated insurance entities with respect to insurance policies issued by them are set out by their nature in Note 24.

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

- Life insurance provisions:

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

  - Provisions for unearned premiums. These are intended for the accrual, at the date of calculation, of the premiums written. Their balance reflects the portion of the premiums accrued until the closing date that has to be allocated to the period from the closing date to the end of the insurance policy period.
  - Mathematical reserves: Represents the value of the life insurance obligations of the insurance entities at year-end, net of the policyholder's obligations, arising from life insurance contracted.
- Non-life insurance provisions:
  - Provisions for unearned premiums. These provisions are intended for the accrual, at the date of calculation, of the premiums written. Their balance reflects the portion of the premiums accrued until year-end that has to be allocated to the period between the year-end and the end of the policy period.
  - Provisions for unexpired risks: The provision for unexpired risks supplements the provision for unearned premiums by the amount by which that provision is not sufficient to reflect the assessed risks and expenses to be covered by the insurance entities in the policy period not elapsed at year-end.

- Provision for claims:

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

- Provision for bonuses and rebates:

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

- Technical provisions for reinsurance ceded:

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

- Other technical provisions:

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

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

2.2.10 Tax assets and liabilities

Expenses on corporate income tax applicable to the BBVA Group's Spanish entities and on similar income taxes applicable to consolidated foreign entities are recognized in the consolidated income statement, except when they result from transactions on which the profits or losses are recognized directly in equity, in which case the related tax effect is also recognized in equity.

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

Deferred tax assets and liabilities include temporary differences, defined as the amounts to be payable or recoverable in future years arising from the differences between the carrying amount of assets and liabilities and their tax bases (the "tax value"), and tax loss and tax credit carry forwards. These amounts are calculated by applying to each temporary difference the income tax rate that is expected to be applied when the asset is realized or the liability settled (see Note 21).

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

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

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

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

The deferred tax assets and liabilities recognized are reassessed by the consolidated entities at each balance sheet date in order to ascertain whether they are still current, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

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

2.2.11 Provisions, contingent assets and contingent liabilities

The heading "Provisions" in the consolidated balance sheets includes amounts recognized to cover the BBVA Group's current obligations arising as a result of past events. These are certain in terms of nature but uncertain in terms of amount and/or settlement date. The settlement of these obligations is deemed likely to entail an outflow of resources embodying economic benefits (see Note 25). The obligations may arise in connection with legal or contractual provisions, valid expectations formed by Group entities relative to third parties in relation to the assumption of certain responsibilities or through virtually certain developments of particular aspects of the regulations applicable to the operation of the entities; and, specifically, future legislation to which the Group will certainly be subject.

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

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

Among other items, these provisions include the commitments made to employees by some of the Group entities (mentioned in section 2.2.12), as well as provisions for tax and legal litigation.

Contingent assets are possible assets that arise from past events and whose existence is conditional on, and will be confirmed only by, the occurrence or non-occurrence of events beyond the control of the Group. Contingent assets are not recognized in the consolidated balance sheet or in the consolidated income statement; however, they 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 36).

Contingent liabilities are possible obligations of the Group that arise from past events and whose existence is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the 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.

2.2.12 Pensions and other post-employment commitments

Below is a description of the most significant accounting criteria relating to the commitments to employees, in terms of post-employment benefits and other long-term commitments, of certain BBVA Group entities in Spain and abroad (see Note 26).

Commitments valuation: assumptions and actuarial gains/losses recognition

The present values of the commitments are quantified based on an individual member data. For current employees 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 future levels of wages and benefits are based on market expectations at the consolidated balance sheet date for the period over which the obligations are to be settled.
- The rate used to discount the commitments is determined by reference to market yields at the date referred to by the consolidated financial statements on high quality bonds.

The BBVA Group recognizes actuarial 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 consolidated income statement for the period (see Note 48) in which these differences occur. The BBVA Group 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 31).

Post-employment benefit commitments

Pensions

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

- *Defined-contribution commitments*: The amounts of these commitments are established as a percentage of certain remuneration items and/or as a fixed pre-established amount. The contributions made in each period by the BBVA Group's entities for these commitments are recognized with a charge to the heading "Personnel expenses - Defined-contribution plan expense" in the consolidated income statements (see Note 46.1).
- *Defined-benefit commitments*: Some of the BBVA Group's entities have defined-benefit commitments for the permanent disability and death of certain current employees and early retirees, as well as defined-benefit retirement commitments applicable only to certain groups of current employees, or employees taking early retirement and retired employees. These commitments are either funded by insurance contracts or recognized as internal provisions.

The amounts recognized under the heading "Provisions – Provisions for pensions and similar obligations" (see Note 25) are the differences, at the date of the consolidated financial statements, between the present values of the commitments for defined-benefit commitments, adjusted by the past service cost, and the fair value of plan assets.

The current contributions made by the Group's entities for defined-benefit commitments covering current employees are charged to the heading "Administration cost - Personnel expenses" in the accompanying consolidated income statements (see Note 46.1).

Early retirement

The BBVA Group has offered certain employees in Spain the option of taking early retirement (that is earlier than the age stipulated in the collective labor agreement in force) and has recognized the corresponding provisions to cover the cost of the commitments acquired for this item. The present values of early retirement obligations are quantified based on an individual member data and are recognized under the heading "Provisions – Provisions for pensions and similar obligations" in the accompanying consolidated balance sheets (see Note 25).

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

Some of the BBVA Group's entities have welfare benefit commitments whose effects extend beyond the retirement of the employees entitled to the benefits. These commitments relate to certain current employees and retirees, depending upon the employee group to which they belong.

The present values of post-employment welfare benefits are quantified based on an individual member data and are recognized under the heading "Provisions – Provisions for pensions and similar obligations" in the consolidated balance sheets (see Note 25).

Other long-term commitments to employees

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

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 accompanying consolidated balance sheets (see Note 25).

The cost of these benefits provided by Spanish entities in the BBVA Group to active employees are recognized under the heading "Personnel expenses - Other personnel expenses" in the consolidated income statements (see Note 46.1).

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

2.2.13 Equity-settled share-based payment transactions

Provided they constitute the delivery of such instruments following the completion of a specific period of services, equity-settled share-based payment transactions are recognized as an expense for services being provided by employees, by way of a balancing entry under the heading "Stockholders' equity – Other equity instruments" in the consolidated balance sheet. These services are measured at fair value, unless such fair value cannot be calculated reliably. In such 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 made and the terms and other conditions included in the commitments.

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

2.2.14 Termination benefits

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

2.2.15 Treasury stock

The value of equity instruments issued by the BBVA Group's entities and held by them - basically, shares and derivatives on the Bank's shares held by some consolidated entities that comply with the requirements to be recognized as equity instruments - are recognized under the heading "Stockholders' funds - Treasury stock" in the consolidated balance sheets (see Note 30).

These financial assets are recognized at acquisition cost, and the gains or losses arising on their disposal are credited or debited, as appropriate, to the heading "Stockholders' funds - Reserves" in the consolidated balance sheets (see Note 29).

2.2.16 Foreign-currency transactions and exchange differences

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

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

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

Conversion of the foreign currency to the functional currency

Transactions denominated in foreign currencies carried out by the consolidated entities (or accounted for using the equity method) not based in European Monetary Union countries are initially accounted for in their respective currencies. Subsequently, the monetary balances in foreign currencies are converted to their respective functional currencies using the exchange rate at the close of the financial year.

In addition,

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

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

Conversion of functional currencies to euros

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

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

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

The breakdown of the main consolidated balances in foreign currencies as of December 31, 2013, 2012 and 2011, with reference to the most significant foreign currencies, is set forth in Appendix VII.

2.2.17 Recognition of income and expenses

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

- Interest income and expenses and similar items:

  As a general rule, interest income and expenses and similar items are recognized on the basis of their period of accrual using the effective interest rate method. The financial fees and commissions that arise on the arrangement of loans and advances (basically origination and analysis fees) are deferred and recognized in the income statement over the expected life of the loan. The direct costs incurred in originating these loans and advances can be deducted from the amount thus recognized. These fees are part of the effective rate for loans. Also dividends received from other entities are recognized as income when the consolidated entities' 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 their recovery is considered to be remote, the recognition of accrued interest in the consolidated income statement is discontinued. This interest is recognized for accounting purposes as income, as soon as it is received.

- Commissions, fees and similar items:

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

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

- Non-financial income and expenses:

  These are recognized for accounting purposes on an accrual basis.

- Deferred collections and payments:

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

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

The heading "Other operating income - Financial income from non-financial services" in the consolidated income statements includes the carrying amount of the sales of assets and income from the services provided by the Group entities that are not financial institutions. In the case of the Group, these entities are mainly real estate and service entities (see Note 45).

2.2.19 Leases

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

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

When the consolidated entities act as lessors of an asset in operating leases, the acquisition cost of the leased assets is recognized under "Tangible assets – Property, plant and equipment – Other assets leased out under an operating lease" in the consolidated balance sheets (see Note 19). These assets are depreciated in line with the criteria adopted for items of tangible assets for own use, while the income arising from the lease arrangements is recognized in the consolidated income statements on a straight-line basis within "Other operating expenses - Other of other operating expenses" (see Note 45).

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

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

2.2.20 Entities and branches located in countries with hyperinflationary economies

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

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

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

Since 2009, the economy of Venezuela can be considered hyperinflationary under the above criteria. As a result, the financial statements of the BBVA Group's entities located in Venezuela (see Note 3) have therefore been adjusted to correct for the effects of inflation.

2.3 Recent IFRS pronouncements

Changes introduced in 2013

The following modifications to the IFRS standards or their interpretations (hereinafter "IFRIC") came into force on January 1, 2013.

IFRS 10 – "Consolidated Financial Statements", IFRS 11 - "Joint arrangements" and IFRS 12 - "Disclosure of interests in other entities".

IFRS 10 establishes a single consolidation model based on the principle of control, and applicable to all types of entities. Likewise, it introduces a definition of control, according to which a reporting entity controls another entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect the amount of returns through its power over the entity.

IFRS 10 modifies IAS 27 - "Consolidated and separate financial statements" (which will remain in effect solely for its guidance on separate financial statements) and will replace SIC 12 - "Consolidation - Special Purpose Entities" and is effective beginning on January 1, 2013.

IFRS 11 introduces new consolidation principles applicable to all joint arrangements and replaces SIC 13 - "Jointly Controlled Entities" and IAS 31 - "Interests in Joint Ventures". The new standard will modify IAS 28 "Investments in Associates and Joint Ventures", which will remain effective for associate and joint venture entities.

IFRS 11 defines joint arrangements and establishes that they shall be classified as joint operations or as joint ventures based on the rights and obligations arising from the arrangement. A joint operation is defined as an operation where the parties who have joint control have rights to the assets of the arrangement and obligations to the liabilities of the arrangement. A joint venture is defined as a venture where the parties who have joint control have rights to the net assets of the arrangement.

Joint operations shall be accounted for by including in the financial statements of the controlling entities the assets, liabilities, income and expenses corresponding to them according to the contractual agreement. Joint ventures shall be accounted for in the consolidated financial statements using the equity method. They can no longer be accounted for by the proportionate consolidation method.

IFRS 12 is a new standard on the disclosure requirements for all types of holdings in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 10, 11 and 12 will be applied beginning on January 1, 2013. The adoption of these standards by the European Union allows for its application by January 1, 2014 at the latest. However, early adoption is permitted. In this case it must be applied all together.). The main impact in the Group´s Financial Statements as of December 31, 2013 is provided in note 1.3.

IFRS 13 - "Fair value measurement"

IFRS 13 provides guidelines for fair value measurement and disclosure requirements. Under the new definition, fair value is 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.

The requirements do not modify the existing criteria to recognize an asset or liability at fair value. However, they do provide a guide about how fair value should be measured when its use is required or permitted by other standards. The main impact of IFRS 13 for the BBVA Group is related to credit risk valuation of derivative positions; both asset "Credit Valuation Adjustment" (CVA) and liability "Debit Valuation Adjustment" (DVA). The impact in the Group´s Income Statement as of December 31, 2013 is not material.

Amended IAS 1 – "Presentation of financial statements"

The modifications made to IAS 1 include improvements and clarifications regarding the presentation of "Other comprehensive income" (valuation adjustments). The main change introduced is that the presentation of the items must distinguish those that can be reclassified to earnings in the future from those that cannot.

Pursuant to this standard, the consolidated statement of recognized income and expenses has been modified.

Amended IAS 19 – "Employee benefits"

The amended IAS 19 introduces modifications to the accounting of post-employment benefit liabilities and commitments.

- All changes in the fair value of assets from post-employment plans and obligations in the defined benefit plans shall be recognized in the period in which they occur; they shall be recognized as valuation adjustments in equity and shall not be considered as earnings in future years.
- The presentation of fair value changes in assets in plans and changes in post-employment benefit obligations of defined-benefit plans has been clarified.
- Greater disclosure of information is required.

The application of IAS 19 by the BBVA Group has had no significant impact on the accompanying financial statements as of December 31, 2013. The disclosures have been adapted to the new requirements.

Fourth annual improvements project for various IFRS

Fourth IFRS Annual Improvements project introduces small modifications and clarifications to IAS 1 - Presentation of financial statements, IAS 16 – Property, plant and equipment, IAS 32 – Financial instruments: presentation and IAS 34 - Interim financial reporting.

Amended IFRS 7 – "Financial Instruments: Information to be disclosed"

The changes made to IFRS 7 introduce new disclosures of information on asset and liability offsetting. Entities must submit a breakdown of information on the gross and net amounts of those financial assets that have been or may be offset, and for all recognized financial instruments included in some type of master offset agreement, regardless of whether they have been netted or not.

Standards and interpretations issued but not yet effective as of December 31, 2013

New International Financial Reporting Standards together with their interpretations had been published at the date of preparation of the accompanying consolidated financial statements, but are not obligatory as of December 31, 2013. Although in some cases the IASB permits early adoption before they come into force, the BBVA Group has not done so as of this date, as it is still analyzing the effects that will result from them.

IFRS 9 - "Financial instruments"

IFRS 9 will replace IAS 39. At present, chapters related to classification, valuation and hedging have been issued (pending chapters of impairment), There new standard introduces significant differences with respect to the current regulation with regards to financial assets; among others, the approval of a new classification model based on two single categories of amortized cost and fair value, the elimination of the current "Held-to-maturity-investments" and "Available-for-sale financial assets" categories, impairment analyses only for assets measured at amortized cost and non-separation of embedded derivatives in contracts of financial assets.

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

Amended IAS 32 – "Financial Instruments: Presentation"

The changes made to IAS 32 clarify the following aspects on asset and liability offsetting:

- The legal right to net recognized amounts must not depend on a future event and must be legally enforceable under all circumstances, including cases of default or insolvency of either party.
- Settlements in which the following conditions are met shall be accepted as equivalent to "settlements for net amount": all, or practically all of the credit and liquidity risk is eliminated; and the settlement of the assets and liabilities is carried out in a single settlement process.

These modifications will be applied to the accounting years starting on or after January 1, 2014, although early adoption is permitted.

Amended IFRS 10 - "Consolidated Financial Statements", Amended IFRS 12 – "Disclosure of interests in other entities" and Amended IAS 27 – "Consolidated and separate financial statements"

The changes to IFRS 10, IFRS 12 and IAS 27 define investment entities and provide an exception to the consolidation requirements requiring investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them as per IFRS 9.

However, the parent company of an investment entity must consolidate all entities under its control, including those controlled through an investment entity, unless the parent company is also an investment entity.

Furthermore, these amendments include new disclosures that will allow the users of such information to evaluate the nature and financial impact of these investments made through investment entities.

These modifications will be applied to the accounting years starting on or after January 1, 2014, although early adoption is permitted.

IFRIC 21 "Levies"

This Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain.

Consequently, the obligating event will be recognized when the obligation to pay the levy is triggered. If the obligating event is the reaching of a minimum activity threshold, such as a minimum amount of revenue or sales generated or outputs produced, the corresponding liability is recognized when that minimum activity threshold is reached.

This interpretation does not affect the treatment of those taxes ruled by other IAS standards (for example, Income Tax) nor penalties or sanctions due to other regulatory breaches.

These modifications will be applied to the accounting years starting on or after January 1, 2014, although early adoption is permitted.

Amended IAS 36 - "Impairment of Assets"

The changes made to IAS 36 remove the requirement to disclose the recoverable amount of each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant when compared to the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, and, on the other hand, require that entities disclose the recoverable amount of an individual asset (including goodwill) or a cash-generating unit for which the entity has recognized or reversed an impairment loss during the reporting period. Furthermore, additional disclosures of information will be required when the recoverable amount is the same as the fair value less costs of disposal.

These modifications will be applied to the accounting years starting on or after January 1, 2014, although early adoption is permitted.

Amended IAS 39 - "Financial Instruments: Recognition and measurement. Novation of Derivatives and Continuation of Hedge Accounting"

The new IAS 39 introduces an exception to the requirement to discontinue hedge accounting for those novations that, as a consequence of a change in law or regulation, replace the original counterparty of the hedging element for a central counterparty of another entity, such as the clearing house, as long as the change does not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty.

These modifications will be applied to the accounting years starting on or after January 1, 2014, although early adoption is permitted.

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

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

These modifications will be applied to the accounting years starting on or after July 1, 2014, although early adoption is permitted.

Annual Improvements to IFRSs 2010-2012 Cycle

Annual Improvements to IFRSs 2010-2012 Cycle introduces small modifications and clarifications to IFRS 2 - Share-based Payment, IFRS 3 - Business Combinations, IFRS 8 - Operating Segments, IFRS 13 - Fair Value Measurement, IAS 16 - Property, Plant and Equipment, IAS 24 – Related Party Disclosures and IAS 38 - Intangible Assets.

These modifications will be applied to the accounting years starting on or after July 1, 2014, although early adoption is permitted.

Annual Improvements to IFRSs 2011-2013 Cycle

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

These modifications will be applied to the accounting years starting on or after July 1, 2014, although early adoption is permitted.

3. BBVA Group

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

Appendices I and II provide relevant information as of December 31, 2013 on the Group's subsidiaries, consolidated structured entities, and investments and joint venture entities accounted for by the equity method. Appendix III shows the main changes in investments for the year ended December 31, 2013, and Appendix IV gives details of the subsidiaries under the full consolidation method and which, based on the information available, are more than 10% owned by non-Group shareholders as of December 31, 2013.

The following table sets forth information related to the Group's total assets as of December 31, 2013, 2012 and 2011, broken down by the Group's entities according to their activity:

	Millions of Euros		
	Total Assets Contributed to the Group		
Contribution to Consolidated Group. Entities by Main Activities	**2013**	**2012**	**2011**
Banks and other financial services	556,294	593,824	563,260
Insurance and pension fund managing companie	20,023	20,481	17,033
Other non-financial services	6,258	6,766	2,545
Total	**582,575**	**621,072**	**582,838**

The total assets and earnings as of December 31, 2013, 2012 and 2011 broken down by the geographical areas in which the BBVA Group operates, are included in Note 6.

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

- Spain

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

- Mexico

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

- South America

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

The Group owns more than 50% of most of the entities based in these countries. Appendix I shows a list of the entities which, although less than 50% owned by the BBVA Group as of December 31, 2013, are fully consolidated (see Note 2.1).

- United States

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

- Turkey

In March 2011, the BBVA Group acquired 25.01% of the share capital of the Turkish bank Turkiye Garanti Bankasi, AS (hereinafter, "Garanti", see Note 17). Garanti heads up a group of banking and financial institutions that operate in Turkey, Holland and some countries in Eastern Europe. BBVA also has a representative office in Istanbul.

- Rest of Europe

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

- Asia-Pacific

The Group's activity in this region is carried out through operational branches (in Taipei, Seoul, Tokyo, Hong Kong and Singapore) and representative offices (in Beijing, Shanghai, Mumbai, Abu Dhabi and Sydney). In addition, the BBVA Group holds a stake in CITIC Group (hereinafter, "CITIC") that includes investments in Citic International Financial Holdings Limited (hereinafter, "CIFH") (see Note 17).

Changes in the Group in 2013

Purchase of Unnim Vida

On February 1, 2013, Unnim Banc, S.A. reached an agreement with Aegon Spain Holding B.V. to acquire the 50% of Unnim Vida, Inc. Insurance and Reinsurance ("Unnim Vida") for a price of €352 million. Thus, the BBVA Group owned 100% of the stake of "Unnim Vida.

Sale of BBVA Panama

On July 20, 2013, 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 of the direct and indirect ownership interest (98.92%) in Banco Bilbao Vizcaya Argentaria (Panamá), S.A. ("BBVA Panamá").

On December 19, 2013, after having obtained the necessary approvals, BBVA completed the sale.

The total consideration that BBVA received pursuant to this sale amounted to approximately $645 million, €505 million as sale price and €140 million as distribution of dividends by BBVA Panamá from June 1, 2013.

BBVA received part of the consideration through the distribution of dividends from BBVA Panamá amounting to $140 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 capital gain gross of taxes amounted to approximately €230 million which was recognized under the heading "Gains (losses) on non-current assets held for sale not classified as discontinued operations" in the consolidated income statement in 2013 (see Note 52.1).

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 direct and indirectly in the Chilean Pension Fund manager Administradora de Fondos de Pensiones Provida SA ("AFP Provida").

On October 2, 2013, BBVA completed the sale. The total amount in cash received by BBVA was approximately 1,540 million U.S. dollars ("USD"), taking into account the purchase price amounting to roughly 1,310 million USD as well as the dividends paid by AFP Provida since February 1, 2013 amounting to roughly 230 million USD. The gain on disposal, attributable to the Parent company net of taxes, amounted to approximately €500 million which was recognized under the heading "Profit from discontinued operations (Net)" in the consolidated income statement in 2013 (see Note 52.2).

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

On April 23, 2013, BBVA sold a wholly owned Peruvian subsidiary "AFP Horizonte SA" to "AFP Integra SA" and "Profuturo AFP, SA" who have each acquired 50% of said company.

The total consideration paid for the shares is approximately US$ 544 million. This consideration is composed by a price of approximately US$ 516 million and a dividend distributed prior to the closing of approximately US$ 28 million.

The gain on disposal, attributable to parent company net of taxes, amounted to approximately €206 million at the moment of the sale and such gain was recognized under the heading “Profit from discontinued operations (Net)” in the consolidated income statement in 2013 (see Note 52.2).

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 adjusted total price was US$ 541.4 million. The gain on disposal, attributable to parent company net of taxes, amounted to approximately €255 million at the moment of the sale, and was recognized under the heading “Profit from discontinued operations (Net)” in the consolidated income statement in 2013 (see Note 52.2).

Sale of Afore Bancomer (Mexico)

On November 27, 2013, BBVA reached an agreement to sell to Afore XXI Banorte, S.A. de C.V. its entire stake directly or indirectly held 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 total sale price was USD 1,735 million (approximately €1,327 million). The gain on disposal, attributable to parent company net of taxes, was approximately €771 million. (see Note 52.2).

New agreement with Citic Group

As of October 21, 2013, BBVA reached a new agreement with the Citic Group that included among other aspects the sale of its 5.1% stake in China Citic Bank Corporation Limited (CNCB) to Citic Limited for an amount of approximately €944 million, after this sale, the stake of BBVA in CNCB was reduced to the 9.9%.

Simultaneously, BBVA and the Citic Group agreed to adapt their strategic cooperation agreement to the new situation, removing the exclusivity obligations that affected the activities of BBVA in the PRC, and agreeing to negotiate new areas of cooperation among both banks, as BBVA’s current intention is to remain a key long term investor in CNCB.

In accordance with IFRS 11, the new situation implies a change in the accounting criteria applied to the participation of BBVA in CNCB, being now a no material financial participation recognized under the heading “Available-for-sale financial assets” (see Note 12).

As a result of this change in the accounting criteria and the mentioned sale, the loss attributable to the BBVA Group at the time of the sale amounted to approximately €2,600 million which was recognized under the heading “Gains (losses) on derecognized assets not classified as non-current assets held for sale” in the consolidated income statement in 2013 (see Note 51).

Changes in the Group in 2012

Acquisition of Unnim

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

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

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

On July 27 2012, following the completion of the transaction, Unnim became a wholly owned subsidiary of BBVA.

Sale of the business in Puerto Rico

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

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

Once the corresponding authorization had been obtained from the competent authorities, the sale closed on December 18, 2012, at which point the BBVA Group no longer had control over the businesses.

The sale price was USD 500 million (around €385 million at the exchange rate on the transaction date). Gross losses from the sale were around €15 million (taking into account the exchange rate at the transaction date and the earnings of these entities up to December 18, 2012). These capital losses are recognized under the heading "Gains (losses) on non-current assets held for sale not classified as discontinued operations" in the consolidated income statement for 2012 (see Note 51).

Changes in the Group in 2011

Acquisition of a capital holding in the bank Garanti

On March 22, 2011, BBVA bought 24.89% of the capital stock of Turkiye Garanti Bankasi, AS (Garanti) from the Dogus Group. It subsequently bought from the open market an additional 0.12% , increasing the BBVA Group's total stake in the common stock of Garanti to 25.01%. The total price of both acquisitions amounted to USD 5,876 million (€4,140 million, taking into account the hedging derivatives contracted to hedge the deal's euro/dollar exchange-rate risk).The agreements with the Dogus group include an arrangement for the joint management of Garanti and the appointment of some of the members of its Board of Directors by the BBVA Group. BBVA also has a perpetual option to purchase an additional 1% of Garanti Bank five years after the initial purchase. Beginning January 1, 2013, 25,01% participation in Garanti accounted into the BBVA Group via the equity method (see Note 17), in accordance with the new IFRS 10 and IFRS 11.

4. Shareholder remuneration system and allocation of earnings

Shareholder remuneration system

A shareholder remuneration system called the "Dividend Option" was implemented in 2011 and 2012. The Bank's Shareholders' Annual General Meeting held on March 15, 2013 once more approved the establishment of the "Dividend Option" program for 2013, through two share capital increases charged to voluntary reserves, under similar conditions to those established in 2011 and 2012. Under this remuneration scheme, BBVA offers its shareholders the chance to receive part of their remuneration in the form of free shares; however, they can still choose to receive it in cash by selling the rights assigned to them in each capital increase either to BBVA (by the Bank exercising its commitment to purchase the free assignment rights) or on the market.

In April 2013, the Executive Committee approved the execution of the first of the capital increases charged to reserves as agreed by the AGM held on March 15, 2013 to implement the Dividend Option. As a result of this increase, the Bank's common stock increased by €40,862,919.86, (83,393,714 shares at a €0.49 par value each). 85.71% of shareholders opted to receive their remuneration in the form of shares (see Note 27). The other 14.29% of the right owners opted to sell the rights assigned to them to BBVA, and as a result, BBVA acquired 778,801,510 rights for a total amount of €94,234,982.71; said shareholders were rewarded in cash form.

In October 2013, the Executive Committee approved the execution of the second of the capital increases charged to reserves as approved during the AGM held on March 15, 2013 to implement the Dividend Option. As a result of this increase, the Bank's common stock increased by €30,197,696.48, (61,627,952 shares at a €0.49 par value each). 88.28% of shareholders opted to receive their remuneration in the form of shares (see Note 27). The other 11.72% of the right owners opted to sell the rights assigned to them to BBVA, and as a result, BBVA acquired 670,834,333 rights for a total amount of €66,412,598.97; said shareholders were rewarded in cash form.

Dividends

At its meeting of June 24, 2013, the Board of Directors of BBVA approved the payment of an interim dividend against 2013 earnings of €0.10 gross (€0.079 net) per outstanding share to be paid on July 10, 2013.

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, 2013**
Profit at each of the dates indicated, after the provision for income tax	1,639
Less -	
Estimated provision for Legal Reserve	(8)
Acquisition by the bank of the free allotment rights in 2013 capital increase	(94)
Maximum amount distributable	**1,537**
Amount of proposed interim dividend	**553**
BBVA cash balance available to the date	**1,129**

The first amount interim dividend which was paid to the shareholders on January 10, 2013, including the new shares issued on July 3 through the capital increase described in Note 27 and after deducting the treasury shares held by the Group's entities, amounted to €570 million

The allocation of earnings for 2013 subject to the approval of the Board of Directors at the Annual Shareholders Meeting is presented below:

	Millions of Euros
Allocation of Earnings	**2013**
Profit for year (*)	**1,406**
Distribution:	
Interim dividends	572
Acquisition by the bank of the free allotment rights (**)	161
Additional Tier 1 securities	35
Legal reserve	33
Voluntary reserves	605

(*) Net Income of BBVA S.A. (Appendix X).

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

5. Earnings per share

In accordance with the criteria established by IAS 33:

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

The following transactions were carried out in 2013with an impact on the calculation of basic and diluted earnings per share:

- The Bank issued additional share capital in 2013 (see Note 27). In accordance with IAS 33, when calculating the basic and diluted earnings per share, all years prior to the exercise of the rights must be taken into account, and a corrective factor applied to the denominator (the weighted average number of shares outstanding) only in the case of capital increases other than those for the conversion of securities into shares. This corrective factor is the result of dividing the fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value per share. The basic and diluted earnings per share for 2012 and 2011 were recalculated on this basis.
- In 2013, the Bank agreed issued contingently convertible perpetual securities into ordinary shares of BBVA, without pre-emption rights, for a total amount of USD1.5 billion. Since the conversion of these perpetual securities will occur only if certain conditions are met, these shares are considered outstanding for purposes of basic earnings per share calculations only after all applicable conditions have been met. Until that point, they will be considered only for purposes of diluted earnings per share calculations.

The calculation of earnings per share is as follows:

Basic and Diluted Earnings per Share	2013	2012 (*)	2011 (*)
Numerator for basic and diluted earnings per share (millions of euros)			
Profit attributable to parent company	2,228	1,676	3,004
Adjustment: Mandatory convertible bonds interest expenses (1)	-	95	38
Profit adjusted (millions of euros) (A)	**2,228**	**1,771**	**3,042**
Profit from discontinued operations (net of non-controlling interest) (B)	**1,819**	**319**	**197**
Denominator for basic earnings per share (number of shares outstanding)			
Weighted average number of shares outstanding (2)	*5,597*	*5,148*	*4,635*
Weighted average number of shares outstanding x corrective factor (3)	5,597	5,307	4,959
Adjustment: Average number of estimated shares to be converted	-	315	134
Adjusted number of shares - Basic earning per share (C)	**5,597**	**5,622**	**5,093**
Adjustment: Average number of estimated shares to be converted due to perpetual securities	95	-	-
Adjusted number of shares - diluted earning per share (D)	**5,692**	**5,622**	**5,093**
Basic earnings per share from continued operations (Euros per share)A-B/C	**0.07**	**0.27**	**0.58**
Diluted earnings per share from continued operations (Euros per share)A-B/D	**0.07**	**0.27**	**0.58**
Basic earnings per share from discontinued operations (Euros per share)B/C	**0.33**	**0.06**	**0.04**
Diluted earnings per share from discontinued operations (Euros per share)B/D	**0.32**	**0.06**	**0.04**

(1) Financial costs of convertible bonds that have been converted in June 2013.

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

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

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

As of December 31, 2013, 2012 and 2011, except for the aforementioned convertible bonds, there were no other financial instruments or share option commitments with employees that could potentially affect the calculation of the diluted earnings per share for the years presented.

6. Operating segment reporting

Business operating segment reporting represents a basic tool in the oversight and management of the BBVA Group's various activities. The BBVA Group compiles reporting information on as disaggregated level as possible, and all data relating to the businesses these units manage is recognized in full. These minimum level units are then aggregated in accordance with the organizational structure determined by the BBVA Group management into higher level units and, ultimately, the reporting segments themselves. Similarly, all the entities that make up the BBVA Group are also assigned to the different operating segments according to the geographical areas where they carry out their activity.

Once the composition of each of the operating segments in the BBVA Group has been defined, certain management criteria are applied, noteworthy among which are the following:

- Internal transfer prices: The calculation of the net interest income of each business is performed by applying the internal transfer rates to both the asset and liability entries. These rates are composed of a market rate that depends on the revision period of the operation, and a liquidity premium that aims to reflect the conditions and outlook of the financial markets. Earnings are distributed across revenue-generating and distribution units (e.g., in asset management products) at market prices.

- Allocation of operating expenses: Both direct and indirect expenses are allocated to the operating segments, except for those items for which there is no clearly defined or close link with the businesses, as they represent corporate or institutional expenses incurred on behalf of the Group as a whole.

- Cross-selling: On certain occasions, adjustments are made to eliminate overlap accounted for in the results of two or more units as a result of encouraging cross-selling between businesses.

During 2013, progress was made in the structure of reporting by geography within the different business segments of the BBVA Group. In particular, Spain includes those portfolios, funding and structural positions of the Euro balance sheet that are managed by COAP, which were previously included in Corporate Activities. Additionally, given the peculiarity of its management, assets and income statement information related to the Spanish real estate business are presented separately, both in the case of real estate developers and foreclosed assets, previously included in Corporate Activities. As a result, the composition of the operating segments in 2013 is different from that presented in 2012, and is now as follows:

- Banking activity in Spain (from now on, Spain) which as in previous years includes).
  - The Retail network, with the segments of individual customers, private banking, and small businesses
  - Corporate and Business Banking (CBB), which handles the SMEs, corporations and public sector in the country.
  - Corporate & Investment Banking (CIB), which includes business with large corporations and multinational groups and the trading floor and distribution business in the same geographical area
  - Other units, among them BBVA Seguros and Asset Management (management of mutual and pension funds in Spain
  - In addition, starting in 2013 it also includes the portfolios, finance and structural interest-rate positions of the euro balance sheet.
- Real estate activity in Spain

  This new operating segment has been set up with the aim of providing specialized and structured management of the assets of the real-estate area accumulated by the Group as a result of the crisis in Spain. It therefore mainly combines loans to real-estate developers (previously reported in Spain) and foreclosed real estate assets (previously reported in Corporate Activities).
- Eurasia

  As in 2012 includes the business carried out in the rest of Europe and Asia, i.e. the retail and wholesale businesses of the BBVA Group in the area. It also includes BBVA's stakes in the Turkish bank Garanti and the Chinese banks CNCB and CIFH.
- Mexico

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

  Encompasses the Group's businesses in the United States. Historical data in this area has been reconstructed to exclude the business in Puerto Rico, which was sold in December 2012, and include it in the Corporate Center.
- South America

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

In addition to the above, all the areas include a remainder made up of other businesses and of a supplement that includes deletions and allocations not assigned to the units making up the above areas.

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

- The sale of pension business of Mexico, Colombia, Peru and Chile.
- The sale of BBVA Panama.
- The signing of a new agreement with the CITIC Group, which includes the sale of 5.1% of CNBC.
- And BBVA Puerto Rico until its sale in December 2012.

The figures corresponding to 2012 and 2011 have been restated in accordance with the same criteria and the same structure of operating segments as explained above and also in Note 3 (sale of pensions business in Latin America). This will allow for homogeneous year-on-year comparisons.

The breakdown of the BBVA Group's total assets by operating segments as of December 31, 2013, 2012 and 2011, is as follows:

	Millions of Euros		
Total Assets by Operating Segments	**2013**	**2012**	**2011**
Spain	315,561	345,362	323,249
Real Estate	20,563	21,923	22,558
Eurasia	41,223	48,324	53,439
Mexico	82,171	81,723	72,156
South America	78,141	77,474	62,651
United States	53,042	53,892	53,090
Subtotal Assets by Operating Segments	590,700	628,698	587,143
Corporate Center and other adjustments (*)	(8,125)	(7,625)	(4,305)
Total Assets BBVA Group	**582,575**	**621,072**	**582,838**

(*) Includes adjustments due to Garanti Group accounted for using the equity method (See Note 2) and other inter-areas adjustments (see Management Report).

The profit and main earning figures in the consolidated income statements for the year ended December 31, 2013, 2012 and 2011 by operating segments are as follows:

	Millions of Euros								
		Operating Segments							
Main Margins and Profits by Operating Segments	**BBVA Group**	**Spain**	**Real Estate**	**Eurasia**	**Mexico**	**South America**	**United States**	**Corporate Center**	**Adjusments (**)**
2013									
Net interest income	13,900	3,830	(3)	911	4,484	4,703	1,407	(719)	(713)
Gross income	20,958	6,095	(38)	1,721	6,201	5,630	2,101	(314)	(439)
Net operating income (*)	10,162	3,081	(190)	987	3,865	3,244	627	(1,419)	(34)
Operating profit /(loss) before tax	1,160	222	(1,840)	593	2,362	2,387	534	(1,507)	(1,590)
Profit	**2,228**	**583**	**(1,254)**	**454**	**1,805**	**1,249**	**390**	**(999)**	
2012									
Net interest income	14,474	4,748	(20)	851	4,178	4,288	1,551	(473)	(648)
Gross income	21,824	6,665	(84)	1,665	5,756	5,360	2,243	288	(68)
Net operating income (*)	11,450	3,778	(211)	886	3,590	3,066	737	(741)	344
Operating profit /(loss) before tax	1,582	1,652	(5,705)	508	2,229	2,271	619	(826)	833
Profit	**1,676**	**1,162**	**(4,044)**	**404**	**1,689**	**1,199**	**443**	**823**	
2011									
Net interest income	12,724	4,248	104	806	3,782	3,159	1,518	(465)	(428)
Gross income	19,640	6,246	124	1,467	5,323	4,099	2,182	88	112
Net operating income (*)	10,196	3,408	23	821	3,392	2,215	762	(830)	405
Operating profit /(loss) before tax	3,398	1,515	(1,216)	722	2,153	1,677	(1,053)	(852)	452
Profit	**3,004**	**1,075**	**(809)**	**563**	**1,638**	**898**	**(713)**	**351**	

(*) Gross Income less Administrative Cost and Amortization

(**) Includes adjustments due to Garanti Group accounted for using the equity method and other inter-areas adjustments. See Note 2

There is further information in the accompanying Management Report (see Chapter 5) regarding the income statements and the main values of the balance sheet by operating segments indicating also the capital assignment and the main ratios of the year 2013

7. Risk management

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

- The risk management function is single, independent and global.
- The risks assumed by the BBVA Group must be compatible with the capital adequacy target and must be identified, measured and assessed. Risk monitoring and management procedures and sound mechanisms of control and mitigation systems must likewise be in place.

- All risks must be managed integrally during their life cycle, and be treated differently depending on their nature and with active portfolio management based on a common measure (economic capital).
- It is each operating segment's responsibility to propose and maintain its own risk profile, within its autonomy in the corporate action framework (defined as the set of risk control policies and procedures defined by the BBVA Group), using an appropriate risk infrastructure to control their risks.
- The infrastructures created for risk control must be equipped with means (in terms of people, tools, databases, information systems and procedures) that are sufficient for their purpose, so that there is a clear definition of roles and responsibilities, thus ensuring efficient allocation of resources among the corporate area and the risk units in operating segments.

In light of these principles, integrated risk management is structured around five main components:

- A governance and organizational system for the risk function, which considers:
  - Definition of roles and responsibilities for different functions and areas
  - Organizational structure of the GRM Corporate Area and Risk Units of the operating segments, including relationship and codependency mechanisms
  - Committee Schemes at a Corporate and operating segment levels
  - Structure delegation of functions and risks
  - Internal control system in line with the nature and volume of risk exposure
- A general risk framework, where the Group's risk profile objective is defined and where the tolerance levels that the Group is willing to assume is clearly defined in order to carry out its strategic plan without relevant deviations, even in stress situations.
- A risk management corporate governance scheme which includes:
  - a regulatory body of policies and procedures, tolerances and corrective actions
  - Annual risk planning scheme whereby Risk Appetite is incorporated into the Group's business decision making process
  - ongoing management of financial and non-financial risks
- A Framework for Identification, Assessment, Monitoring and Reporting of risks assumed in base and stress scenarios, allowing prospective and dynamic risk assessment
- An infrastructure that encompasses the set of tools, methodologies and risk culture that is the basis on which the differentiated risk management scheme is founded.

Corporate governance system

The BBVA Group has developed a corporate governance system in line with the best international practices, which adapts to the regulatory requirements of the countries where its operating segments carry out their business.

The Board of Directors is, in accordance with the Regulations of the Board, the body responsible for approving the policy control and risk management, as well as performing the periodic monitoring of internal information and control systems. Based on the general policies established by the Board of Directors, the Executive Committee (EC) sets corporate policies that previously been approved by the Board of Directors and the Group's risk limits by geographies, sectors and portfolios composing all the corporate action framework on risk . In this context, and for the adequate performance of its functions, the EC has a key role in developing the Risk Committee of the Board which, among other functions, analyzes and evaluates proposals on these issues that are risen to the EC for approval, performing a continuous monitoring of risk evolution and approving transactions that are considered relevant for qualitative or quantitative reasons.

Risk management in the BBVA Group from a corporate action framework set by the governing bodies of the Bank is carried out by corporate risk management units and the operating segments themselves. Thus, the risk function in the Group (Global Risk Management , hereinafter GRM) , is distributed among the risk units of the operating segments and the GRM corporate area, the latter being responsible for ensuring compliance with policies and global strategies. The risk units of the operating segments advise and manage risk profiles within their autonomy, though they always respect the corporate framework for action.

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

- Corporate Risk Management and Risk Portfolio Management: Responsible for management and control of the BBVA Group's financial risks. In addition, this area focuses on fiduciary risk management, insurance, Asset Management and monitors the retail banking business from a cross functional point of view.
- Operational and Control Risk: Manages operational risk, internal risk area control and the internal validation of the measurement models and the acceptance of new risks.
- Technology & Methodologies: Responsible for the management of the technological and methodological developments required for risk management in the Group.
- Technical Secretariat: Undertakes the contrast of the proposals made to the Risk Management Committee and the Risk Committee.
- Planning, Monitoring & Reporting: Responsible for the development of the ERM framework and the definition and monitoring of risk appetite. It also prepares reporting requirements, both internal and regulatory, for those risks the Group is exposed to.
- GRM South America: Responsible for credit risk management and monitoring in South America.

The head of the GRM Department is the Chief Risk Officer, and, among his responsibilities, ensures that the Group's risks are managed according to the defined policy, relying on the GRM corporate area units and the risk units of the operating segments. In turn, the risk managers of the operating segments maintain a hierarchical reporting line with the head of their operating segment and a functional reporting to the Group Chief Risk Officer. This structure ensures the independence of the role of local risk and alignment with the policies and objectives of the Group. This structure gives the Corporate GRM Area reasonable comfort with respect to:

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

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

- The Global Risk Management Committee: This committee is made up of the risk managers from the risk units located in the operating segments and the managers of the GRM Corporate Area units. This committee meets on a monthly basis and among its responsibilities are the following:
    - establishing the Group's risk strategy and presenting its proposal to the appropriate governing bodies, and in particular to the Board of Directors, for their approval,
    - monitoring the management and control of risks in the Group, and
    - adopting any necessary actions.
- The Risk Management Committee: Its permanent members are the Global Risk Management director, the Corporate Risk Management director and the Technical Secretariat. The other committee members propose the operations that are analyzed in its working sessions. The committee analyzes and, if appropriate, authorizes financial programs and operations within its scope and submits the proposals whose amounts exceed the set limits to the Risks Committee, when its opinion on them is favorable.
- The Assets and Liabilities Committee (ALCO): The committee is responsible for actively managing structural interest rate and foreign exchange risk positions, global liquidity and the Group's capital base.
- The Technology and Methodologies Committee: The committee decides on the effectiveness of the models and infrastructures developed to manage and control risks that are integrated in the operating segments, within the framework of the operational model of Global Risk Management.
- The New Businesses and Products Committees: Their functions are to analyze and, where appropriate, give technical approval to and implement new businesses, products and services prior to their marketing: to undertake subsequent control and monitoring of new authorized products; and to foster orderly business operations to ensure they develop in a controlled environment.
- The Global Corporate Assurance Committee: Its task is to undertake a review at both Group and operating segment level of the control environment and the effectiveness of the operational risk internal control and management systems, as well as to monitor and analyze the main operational risks the Group is subject to, including those that are cross-cutting in nature.

Internal control system

The 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) as well as in "Framework for Internal Control Systems in Banking Organizations" by the Bank for International Settlements (BIS). The Group's system for internal control is therefore part of the Integral Risk Management Framework.

The system of internal control of the Group reaches all areas of the organization and is designed to identify and manage the risks that the Group companies are facing and ensuring that the corporate objectives are met.

The control model has a three-line defense system:

- The first line is formed by the Group's operating segments, which are responsible for the control within their scope and implementation of the measures set by higher authorities.
- The second line are the specialists control units (Compliance , Global Accounting & Informational Management / Financial Internal Control , Risk Internal Control, IT Risk , Fraud & Security, Operational Control and production director support units , such as Human Resources , Legal , etc. ...). This line supervises the control of the different units from a horizontal hierarchy stand point. Also, reporting to this line is the operational risk corporate management unit, which provides a common methodology and management tools.
- The third line is the Internal Audit unit, which conducts an independent review of the model, verifying compliance and effectiveness of corporate policies and providing independent information on the control model.

  Find following list shows the main principles that support the internal control system:

  - Its core element is the "process."
  - The form in which the risks are identified, assessed and mitigated must be unique for each process; and the systems, tools and information flows that support the internal control and operational risk activities must be unique, or at least be administered fully by a single unit.
  - The responsibility for internal control lies with the BBVA Group's operating segments. These units, along with the specialized units mentioned above, are responsible for the implementation of the system of control within its scope of responsibility and managing the existing risk by proposing any improvements to processes it considers appropriate.
  - Given that some operating segments have a global scope of responsibility, there are cross-cutting control functions which supplement the control mechanisms mentioned earlier.
  - The Operational Risk Management Committee in each operating segment is responsible for approving suitable mitigation plans for each existing risk or weakness. This committee structure culminates at the Group's Global Corporate Assurance Committee.

Within the GRM area, the Group has set up a unit of Internal Risk Control and Risk Validation that is independent from the units that develop models, manage processes and execute controls, and provide expert resources for the management of the different types of risks. Its objectives are:

- Ensure that there is a policy, process and measures identified for each risk relevant to the group.
- Ensure that these are implemented and applied in the manner in which they were defined.
- Control and communication any identified deficiencies and setting goals for improvement.
- Internal validation of models, independent from the model development process.

Both units report their activities and report their working plans to the Risk Committee of the Board.

The Internal Risk Control is built into the second line of defense. It has a global scope, both geographically and in terms of type of risk, reaching to all those risk types managed by the Corporate Risk Area. For the development of its function, the unit has a team structure at the corporate level and at the geography level in the case of the most important geographies in which the Group operates. As in the Corporate Area, the local units are maintained independent from the operating segment processes and from those units that execute controls. It maintains however a functional dependency to the Internal Risk control unit. The lines of action of this unit are set at a Group level, adapting and executing at a local level as well as reporting the most relevant aspects.

Risk Appetite Framework

The Group Risk policy is aimed towards a moderate risk profile through conservative management and a global banking business model diversified by geographical area, type of assets, portfolios and customers. The Group has a large international presence, both in emerging and developed countries, maintaining a medium/low risk profile in each geography while seeking sustainable growth over time.

In order to achieve the above, a number of key metrics have been established that characterize the objective of the entity behavior and are enforced across the organization. These metrics are related to the solvency, liquidity and recurrence of results; and depending on the circumstances prevailing in each case, determine the risk in the Group and allow to reach the desired objectives.

Tolerance levels for key metrics are proposed by the GRM and approved by the Executive Committee. These metrics define the risks that the group is willing to assume. They defined the Group's Risk Appetite and therefore are considered permanent save for exceptions.

Also, on an annual basis, the Executive Committee establishes, after a proposal from GRM and favorable report of the Risk Committee, limits for the main types of risks present in the Group, such as credit, liquidity, funding and market. The compliance with these limits is monitored periodically through Risk committees. For credit risk, limits are defined at portfolio and/or sector level for each operating segment. In credit risk limits defined portfolio level and / or sector and for each operating segment. These thresholds are the maximum exposure to lending for the BBVA Group for a time horizon of one year.

The Group's objective is not to eliminate all risks, but to take a prudent level of risk that will generate results while maintaining adequate levels of capital and funding in order to generate recurring profits.

Corporate Scheme of Risk Management

Corporate Scheme of Risk Management includes macro processes as detailed below:

- Regulatory enhancement process for the Risk area. GRM has established a set of principles, policies and procedures that serve as foundation to the regulatory structure of the risk function. The objectives are:
  - Consistency of all policies of the Group, Holding and local level, with the guiding principles of risk appetite and within themselves.
  - Uniformity between the operating segments in the implementation of risk policies, avoiding disparities in the risks taken based on the operating segment.
  - Framework of action, establishing the general lines of action for the operating segments, respecting the autonomy of these units.
- Annual Planning Process: Planning is done taking into account the risk appetite and establishes a series of limits by type of asset that ensure consistency with the global objective profile of the Group's risk.
- Management of the main risks which are faced by the Group are the following:
  - Credit risk:

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

    Management of credit risk covers the analytic process before decisions have been taken, decision making, instrumentation, monitoring formalized and recovery operations, as well as the entire process of control and reporting at customer level, segment, industry, operating segment or subsidiary. The main principles on which decision-making should be supported within credit risk are: a sufficient customer generation of resources and capital solvency and the existence of adequate and effective collateral. The management of credit risk in the Group has a comprehensive structure that allows all functions making decisions objectively and independently throughout the life cycle risk.
  - Market risk:

    This is originated by the likelihood of losses in the value of the positions held as a result of changes in the market prices of financial instruments. The BBVA Group manages this risk in terms of probability of VaR (Value at Risk). It includes three types of risks:
    - *Interest-rate risk:* This arises from variations in market interest rates.

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

- Liquidity risk

  Control, monitoring and management of liquidity risk and funding aims in the short term, ensuring compliance with payment obligations of the BBVA Group in the time and manner provided, without the need to obtain funds under unfavorable conditions. In the mid-term it aims to ensure the adequacy of the Group's financial structure and its evolution in the context of the economic, market and regulatory changes.

- Structural risk, includes the following:

  - *Interest rate structural risk:* The management of this kind of risk seeks to maintain exposure levels for the BBVA Group in line with its strategy and risk profile to address changes in market interest rates. For this aim, ALCO carries out an active balance sheet management through operations intended to optimize the level of risk in relation to the expected results and with respect to the maximum tolerable risk levels. The activity of the ALCO uses the interest rate risk measurements performed by the Corporate Area GRM.
  - *Exchange rate structural risk:* This risk arises primarily from exposure to changes in exchange rates arising from foreign companies to the BBVA Group and endowment funds to branches abroad financed in a different currency the investment. Managing this risk is based on a simulation model of scenarios to quantify the changes in value that can be produced with a given confidence level and a horizon predetermined, and ALCO is the responsible for arranging hedging transactions, to restrict the equity impact due to the changes in exchange rates according to their projected trend.
  - *Structural equity risk:* This risk arises due to the possible negative impact due to the impairment value of its investments in Industrial and Financial entities with medium and long horizons. The Corporate area GRM is responsible for measurement and effective monitoring of the structural risk of equity, estimating for this reason the sensitivity and the capital required to cover any unexpected losses arising from changes in value of the companies comprising the investment portfolio of the Group, with a confidence level in accordance with the target entity rating, taking into account liquidity positions and the statistical behavior of the assets under consideration.

- Operational risk:

  This arises from the possibility of human error, inadequate or faulty internal processes, system failures or external events. This definition includes the legal risk and excludes strategic and/or business risk and reputational risk The operational risk management in the Group is based on the levers of value that generates advanced AMA (advanced measurement approach): knowledge, identification, prioritization and management of potential and actual risks, supported by indicators to analyze the evolution, define alerts and check the controls.

Framework for identifying, analyzing and monitoring risk

The process of identification, assessment and monitoring / reporting have the following objectives:

- Evaluate the performance of risk appetite in the present moment.
- Identified and evaluate risk situation that may compromise the performance of the risk appetite.
- Evaluate the performance of risk appetite to future under basis and stress scenario.

Infrastructure: Technology, Culture and Risk Methodologies

- Technology: assessing the adequacy of information systems and technology necessary for the performance of the functions within the framework of integrated risk management of the Group.
- The BBVA Group's main activities with respect to the management and control of its risks are as follows:
  - Calculation of exposure to risks of the different portfolios, taking into account any possible mitigating factors (guarantees, balance netting, collaterals, etc.).
  - Calculation of the probabilities of default (hereinafter, "PD").

- Estimation of the foreseeable losses in each portfolio, assigning a PD to new operations (rating and scoring).
- Measurement of the risk values of the portfolios in different scenarios through historical simulations.
- Establishment of limits to potential losses according to the different risks incurred.
- Determination of the possible impacts of structural risks on the BBVA Group's consolidated income statement.
- Identification and quantification of operational risks, by operating segments, to facilitate mitigation through appropriate corrective actions.

• Risk Culture

In accordance with best practice and in line with recent regulatory recommendations, BBVA has implemented a robust risk culture that spreads all levels of the organization so that principles of risk management could be unique, and known throughout the group.

Global Risk Management Risk Culture diffuses as a value and as a fundamental part of its management model, with the aim to strengthening the direction of the risk management, emphasizing that this culture could be communicated, understood, accepted and controlled throughout the organization.

Risk Culture has opted for three different areas:

- Communication, which aims to spread understanding of the Risk Management Framework of the Group consistently and integrated throughout the organization through the most appropriate channels of communication.
- Training, in which specific formats have been developed to raise awareness of risks in the organization and ensure certain standards in skills and knowledge of Risk Management
- Compensation, area where it is intended that the financial and non-financial incentives could support the values and culture of risk at all levels and for which they have been established mechanisms based on the risk management, in accordance with the objectives established by the Group.

It has been established continuously monitored to verify proper implementation of these areas and their development.

7.1 Credit risk

7.1.1 Credit risk exposure

In accordance with IFRS 7, the BBVA Group's maximum credit risk exposure (see definition below) by headings in the balance sheet as of December 31, 2013, 2012 and 2011 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.

		Millions of Euros		
Maximum Credit Risk Exposure	**Notes**	**2013**	**2012**	**2011**
Financial assets held for trading		**29,708**	**28,265**	**20,946**
Debt securities	10	29,602	28,020	20,946
Government		24,696	23,370	17,955
Credit institutions		2,734	2,545	1,889
Other sectors		2,172	2,106	1,102
Customer lending		106	244	-
Other financial assets designated at fair value through profit or loss		**664**	**753**	**708**
Debt securities	11	664	753	708
Government		142	174	129
Credit institutions		16	45	44
Other sectors		506	534	535
Available-for-sale financial assets		**71,439**	**62,615**	**48,507**
Debt securities	12	71,439	62,615	48,507
Government		48,728	38,926	32,476
Credit institutions		10,431	13,157	7,067
Other sectors		12,280	10,532	8,964
Loans and receivables		**364,030**	**384,097**	**377,519**
Loans and advances to credit institutions	13.1	22,792	25,372	24,400
Loans and advances to customers	13.2	336,759	354,973	350,239
Government		32,400	34,917	34,941
Agriculture		4,982	4,738	4,697
Industry		28,679	30,731	34,834
Real estate and construction		40,486	47,223	49,418
Trade and finance		47,169	51,912	54,736
Loans to individuals		149,891	151,244	137,437
Other		33,151	34,208	34,176
Debt securities	13.3	4,481	3,751	2,880
Government		3,175	2,375	2,128
Credit institutions		297	453	461
Other sectors		1,009	923	291
Held-to-maturity investments	14	**-**	**10,163**	**10,955**
Government		-	9,210	9,896
Credit institutions		-	393	451
Other sectors		-	560	608
Derivatives (trading and hedging)		**41,294**	**49,208**	**53,561**
Subtotal		**507,135**	**535,101**	**512,196**
Valuation adjustments		1,068	338	530
Total Financial Assets Risk		**508,203**	**535,439**	**512,726**
Financial guarantees (Bank guarantees, letter of credits,..)		33,543	37,019	37,629
Drawable by third parties		87,542	83,519	86,375
Government		4,354	1,360	3,143
Credit institutions		1,583	1,946	2,417
Other sectors		81,605	80,213	80,815
Other contingent commitments		6,628	6,624	4,313
Total Contingent Risks and Commitments	34	**127,713**	**127,161**	**128,317**
Total Maximum Credit Exposure		**635,916**	**662,601**	**641,043**

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 consolidated balance sheets, exposure to credit risk is considered equal to its gross accounting value, not including certain valuation adjustments (impairment losses, derivatives and others), with the sole exception of trading and hedging derivatives.
- The maximum credit risk exposure on financial guarantees granted is the maximum that the 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 market value and their potential risk (or "add-on").

  The first factor, market value, reflects the difference between original commitments and market values on the reporting date (mark-to-market). As indicated in Note 2.2.1 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 (using internal models) of the maximum increase to be expected on risk exposure over a derivative market value (at a given statistical confidence level) as a result of future changes in the fair value over the remaining term of the derivatives.

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

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

In most cases, maximum credit risk exposure is reduced by collateral, credit enhancements and other actions which mitigate the 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 Internal Manuals on Credit Risk Management Policies and Procedures (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.

  The Group uses credit derivatives to mitigate credit risk in its loan portfolio and other cash positions and to hedge risks assumed in market transactions with other clients and counterparties. Credit risk originating from the derivatives in which the Group operates is mitigated through the contractual rights existing for offsetting accounts at the time of their settlement. This has reduced the Group's exposure to credit risk to €25,475 million as of December 31, 2013, €32,586 million as of December 31, 2012 and €34,770 million as of December 31, 2011.

Derivatives may follow different settlement and netting agreements, under the rules of the International Swaps and Derivatives Association (ISDA). The most common types of settlement triggers include bankruptcy of the reference credit institution, acceleration of indebtedness, failure to pay, restructuring, repudiation and dissolution of the entity. Since the Group typically confirms over 99% of the credit derivative transactions in the Depository Trust & Clearing Corporation (DTCC), substantially the entire credit derivatives portfolio is registered and matched against BBVA's counterparties.

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

Collateralized loans granted by the Group as of December 31, 2013, 2012 and 2011, excluding balances deemed impaired, is broken down in the table below:

	Millions of Euros		
Collateralized Credit Risk	**2013**	**2012**	**2011**
Mortgage loans	**125,564**	**137,870**	**129,536**
Operating assets mortgage loans	3,778	3,897	3,574
Home mortgages	108,745	119,235	108,190
Rest of mortgages (1)	13,041	14,739	17,772
Secured loans, except mortgage	**23,660**	**23,125**	**23,915**
Cash guarantees	300	377	286
Secured loan (pledged securities)	570	997	589
Rest of secured loans (2)	22,790	21,751	23,041
Total	**149,224**	**160,995**	**153,451**

(1) Loans with mortgage collateral (other than residential mortgage) for property purchase or construction.
(2) Includes loans with cash collateral, other financial assets with partial collateral.

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

7.1.3 Policies for preventing excessive risk concentration

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

- The aim is, as far as possible, to combine the customer's credit needs (commercial/financial, short-term/long-term, etc.) with the interests of the Group.
- Any legal limits that may exist concerning risk concentration are taken into account (relationship between risks with a customer and the capital of the entity that assumes them), the markets, the macroeconomic situation, etc.
- To properly management risk exposures of transactions over 2.5% of the Group's Net Equity any transactions over this threshold will be authorized by the Risk Committee of the Bank's Board of Directors.

Risk concentrations by geography

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

	Millions of Euros						
Risks by Geographical Areas 2013	**Spain**	**Europe, Excluding Spain**	**Mexico**	**USA**	**South America**	**Rest**	**Total**
Financial assets -							
Financial assets held for trading	14,882	33,091	15,707	2,677	3,412	2,345	72,114
Loans and advances to customers	-	-	-	107	-	-	107
Debt securities	6,320	5,838	13,410	424	2,608	1,002	29,602
Equity instruments	2,752	953	632	118	148	163	4,766
Derivatives	5,810	26,300	1,665	2,028	656	1,180	37,639
Other financial assets designated at fair value through profit or loss	211	106	1,591	503	2	-	2,413
Loans and advances to credit institutions	-	-	-	-	-	-	-
Debt securities	107	54	5	497	-	-	663
Equity instruments	104	52	1,586	6	2	-	1,750
Available-for-sale portfolio	42,074	8,587	10,380	7,729	5,626	3,011	77,407
Debt securities	38,732	8,453	10,329	7,247	5,535	1,143	71,439
Equity instruments	3,342	134	51	482	91	1,868	5,968
Loans and receivables	194,383	26,712	44,414	39,650	53,886	4,984	364,031
Loans and advances to credit institutions	5,224	9,171	2,366	2,707	1,909	1,415	22,792
Loans and advances to customers	187,400	17,519	42,048	36,047	50,173	3,569	336,759
Debt securities	1,759	22	-	896	1,804	-	4,481
Held-to-maturity investments	-	-	-	-	-	-	-
Hedging derivatives	434	2,113	8	60	10	4	2,629
Total Risk in Financial Assets	**251,984**	**70,609**	**72,100**	**50,618**	**62,935**	**10,344**	**518,591**
Contingent risks and liabilities							
Contingent risks	15,172	9,038	767	2,344	5,292	929	33,542
Contingent liabilities	28,096	17,675	16,109	24,485	7,002	803	94,170
Total Contingent Risk	**43,268**	**26,713**	**16,876**	**26,829**	**12,294**	**1,732**	**127,712**
Total Risks in Financial Instruments	**295,252**	**97,322**	**88,976**	**77,447**	**75,229**	**12,076**	**646,303**

Risks by Geographical Areas 2012	Spain	Europe, Excluding Spain	Mexico	USA	South America	Rest	Total
	Millions of Euros						
Financial assets -							
Financial assets held for trading	13,768	39,360	15,035	4,751	3,643	3,272	79,830
Loans and advances to customers	-	-	-	244	-	-	244
Debt securities	5,726	5,155	12,960	577	2,805	796	28,020
Equity instruments	1,270	519	101	543	239	243	2,915
Derivatives	6,772	33,686	1,973	3,387	599	2,233	48,651
Other financial assets designated at fair value through profit or loss	296	87	13	2,134	-	-	2,531
Loans and advances to credit institutions	-	-	-	-	-	-	-
Debt securities	190	42	9	512	-	-	753
Equity instruments	106	45	4	1,622	-	-	1,777
Available-for-sale portfolio	36,109	6,480	9,601	7,163	6,128	1,085	66,567
Debt securities	33,107	6,267	9,035	7,112	6,053	1,040	62,615
Equity instruments	3,002	213	566	51	75	45	3,952
Loans and receivables	209,786	31,375	46,384	40,259	51,978	4,314	384,096
Loans and advances to credit institutions	3,220	11,042	4,549	3,338	2,065	1,157	25,372
Loans and advances to customers	205,216	19,979	41,835	36,040	48,753	3,151	354,973
Debt securities	1,350	354	-	880	1,160	6	3,751
Held-to-maturity investments	7,279	2,884	-	-	-	-	10,162
Hedging derivatives	914	3,798	159	226	5	18	5,120
Total Risk in Financial Assets	**268,151**	**83,984**	**71,192**	**54,532**	**61,754**	**8,691**	**548,305**
Contingent risks and liabilities							
Contingent risks	16,164	10,074	872	3,159	5,858	891	37,019
Contingent liabilities	26,514	19,678	13,564	22,027	7,097	1,264	90,142
Total Contingent Risk	**42,678**	**29,752**	**14,435**	**25,186**	**12,955**	**2,155**	**127,161**
Total Risks in Financial Instruments	**310,829**	**113,736**	**85,627**	**79,718**	**74,709**	**10,846**	**675,466**

Risks by Geographical Areas 2011	Spain	Europe, Excluding Spain	Mexico	USA	South America	Other	Total
	Millions of Euros						
Financial assets -							
Financial assets held for trading	12,955	33,187	11,676	4,664	5,452	2,538	70,472
Debt securities	5,075	2,039	10,933	565	2,030	304	20,946
Equity instruments	662	357	741	69	125	238	2,192
Derivatives	7,218	30,791	2	4,030	3,297	1,996	47,334
Other financial assets designated at fair value through profit or loss	234	107	1,470	509	454	-	2,774
Debt securities	117	77	6	508	1	-	709
Equity instruments	117	30	1,464	1	453	-	2,065
Available-for-sale portfolio	26,546	5,390	7,825	8,151	5,164	654	53,730
Debt securities	22,371	5,184	7,764	7,518	5,068	601	48,506
Equity instruments	4,175	206	61	633	96	53	5,224
Loans and receivables	207,858	32,598	42,489	42,646	44,535	7,397	377,523
Loans and advances to credit institutions	3,034	10,079	4,877	2,570	2,195	1,647	24,402
Loans and advances to customers	203,459	22,392	37,612	39,384	41,650	5,744	350,241
Debt securities	1,365	127	-	692	690	6	2,880
Held-to-maturity investments	7,374	3,582	-	-	-	-	10,956
Debt securities	395	3,489	485	244	16	56	4,685
Total Risk in Financial Assets	**255,362**	**78,353**	**63,945**	**56,214**	**55,621**	**10,645**	**520,140**
Contingent risks and liabilities							
Contingent risks	16,149	10,169	1,098	3,986	4,733	1,494	37,629
Contingent liabilities	30,848	18,429	11,929	22,002	6,192	1,288	90,688
Total Contingent Risk	**46,997**	**28,598**	**13,027**	**25,988**	**10,925**	**2,782**	**128,317**
Total Risks in Financial Instruments	**302,359**	**106,951**	**76,972**	**82,202**	**66,546**	**13,427**	**648,457**

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

Sovereign risk concentration

Sovereign risk management

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

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

Sovereign risk exposure

The table below provides a breakdown of exposure to financial instruments, as of December 31, 2013, 2012 and 2011, by type of counterparty and the country of residence of such counterparty. The below figures do not take into account valuation adjustments, impairment losses or loan-loss provisions:

	Millions of Euros				
	2013				
Risk Exposure by countries	Sovereign Risk (*)	Financial Institutions	Other Sectors	Total	%
Spain	59,114	11,870	166,677	237,661	51.1%
United Kingdom	3	5,405	4,377	9,785	2.1%
Italy	3,888	422	2,617	6,927	1.5%
France	942	2,640	2,316	5,898	1.3%
Portugal	385	238	5,179	5,802	1.2%
Germany	1,081	1,338	1,206	3,625	0.8%
Ireland	-	221	487	708	0.2%
Turkey	10	65	163	238	0.1%
Greece	-	-	72	72	0.0%
Rest of Europe	2,608	2,552	4,239	9,399	2.0%
Europe	**68,031**	**24,751**	**187,333**	**280,115**	**60.2%**
Mexico	26,629	2,810	38,312	67,751	14.6%
The United States	5,224	3,203	41,872	50,299	10.8%
Rest of countries	7,790	5,480	53,649	66,919	14.4%
Total Rest of Countries	**39,643**	**11,493**	**133,833**	**184,969**	**39.8%**
Total Exposure to Financial Instruments	**107,674**	**36,244**	**321,166**	**465,084**	**100.0%**

Risk Exposure by countries	Millions of Euros 2012 Sovereign Risk (*)	Financial Institutions	Other Sectors	Total	%
Spain	62,558	11,839	182,785	257,182	52.9%
Turkey	13	159	400	572	0.1%
United Kingdom	2	7,095	2,336	9,433	1.9%
Italy	4,203	405	3,288	7,896	1.6%
Portugal	443	590	5,763	6,796	1.4%
France	1,739	3,291	2,631	7,661	1.6%
Germany	1,298	1,025	734	3,057	0.6%
Ireland	-	280	456	736	0.2%
Greece	-	-	99	99	0.0%
Rest of Europe	1,664	2,484	5,256	9,404	1.9%
Europe	**71,920**	**27,168**	**203,748**	**302,836**	**62.3%**
Mexico	25,059	5,492	36,133	66,684	13.7%
The United States	3,942	3,768	42,157	49,867	10.3%
Rest of countries	7,521	5,484	53,481	66,486	13.7%
Total Rest of Countries	**36,523**	**14,744**	**131,771**	**183,037**	**37.7%**
Total Exposure to Financial Instruments	**108,443**	**41,912**	**335,519**	**485,873**	**100.0%**

Risk Exposure by countries	Millions of Euros 2011 Sovereign Risk (*)	Financial Institutions	Other Sectors	Total	%
Spain	56,473	6,883	178,065	241,420	52.7%
United Kingdom	120	6,547	3,498	10,164	2.2%
Italy	4,301	487	4,704	9,493	2.1%
Portugal	279	829	6,715	7,824	1.7%
France	619	1,653	3,038	5,310	1.2%
Germany	582	902	908	2,392	0.5%
Ireland	0	182	212	394	0.1%
Turkey	17	42	291	350	0.1%
Greece	109	0	32	141	0.0%
Rest of Europe	647	4,319	5,549	10,515	2.3%
Europe	**63,147**	**21,844**	**203,011**	**288,002**	**62.8%**
Mexico	22,875	5,508	31,110	59,493	13.0%
The United States	3,501	3,254	42,550	49,305	10.8%
Rest of countries	7,281	3,800	50,386	61,467	13.4%
Total Rest of Countries	**33,657**	**12,562**	**124,046**	**170,266**	**37.2%**
Total Exposure to Financial Instruments	**96,805**	**34,405**	**327,058**	**458,268**	**100.0%**

(*) In addition, as of December 31, 2013, 2012 and 2011, undrawn lines of credit, granted mainly to the Spanish government or government agencies and amounted to €1,942 million, €1,613 million and €3,525 million, respectively.

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

Sovereign risk exposure in Europe

In December 2013, sovereign risk exposure in Europe data was published by Group's credit entities as of June 30, 2013 and December 31, 2012. This publication was made under the European Banking Authority (hereinafter "EBA" acronym for "European Banking Authority") scheme.

The table below provides a breakdown of the exposure of the Group's credit institutions to European sovereign risk as of December 31, 2013, 2012 and 2011, by type of financial instrument and the country of residence of the counterparty, under EBA requirements:

	Millions of Euros								
	2013								
	Debt securities				Derivatives (2)				
Exposure to Sovereign Risk by European Union Countries (1)	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments	Loans and Receivables	Direct Exposure	Indirect Exposure	Total (2)	Contingent risks and commitments	%
Spain	5,251	24,339	-	23,430	258	(25)	53,253	1,924	82.8%
Italy	733	2,691	-	90	-	(6)	3,508	-	5.5%
France	874	-	-	-	-	(1)	873	-	1.4%
Germany	1,064	-	-	-	-	(1)	1,063	-	1.7%
Portugal	64	19	-	302	-	-	385	17	0.6%
United Kingdom	-	-	-	-	(13)	3	(10)	1	-
Greece	-	-	-	-	-	-	-	-	-
Hungary	-	65	-	-	-	-	65	-	0.1%
Ireland	-	-	-	-	-	-	-	-	-
Rest of European Union	2,100	3,038	-	38	-	10	5,186	-	8.1%
Total Exposure to Sovereign Counterparties (European Union)	**10,086**	**30,152**	**-**	**23,860**	**245**	**(20)**	**64,323**	**1,942**	**100.0%**

(1) This table shows sovereign risk balances with EBA criteria. Therefore, sovereign risk of the Group's insurance companies (€11.093 million as of December 31, 2013) is not included.

(2) Includes credit derivatives CDS (Credit Default Swaps) shown at fair value.

	Millions of Euros								
	2012								
	Debt securities				Derivatives (2)				
Exposure to Sovereign Risk by European Union Countries (1)	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments	Loans and Receivables	Direct Exposure	Indirect Exposure	Total	Contingent risks and commitments	%
Spain	5,022	19,751	6,469	26,624	285	5	58,156	1,595	86.6%
Italy	610	811	2,448	97	-	(3)	3,963	-	5.9%
France	1,445	-	254	-	-	(2)	1,697	-	2.5%
Germany	1,291	-	-	-	(4)	(1)	1,286	-	1.9%
Portugal	51	18	15	359	-	-	443	17	0.7%
United Kingdom	-	-	-	-	(19)	-	(19)	1	0.0%
Greece	-	-	-	-	-	-	-	-	0.0%
Hungary	-	66	-	-	-	-	66	-	0.1%
Ireland	-	-	-	-	-	-	-	-	0.0%
Rest of European Union	1,066	379	24	78	-	1	1,548	-	2.3%
Total Exposure to Sovereign Counterparties (European Union)	**9,485**	**21,025**	**9,210**	**27,158**	**262**	**-**	**67,140**	**1,613**	**100.0%**

(1) This table shows sovereign risk balances with EBA criteria. Therefore, sovereign risk of the Group's insurance companies (€5,093 million as of December 31, 2012) is not included.

(2) Includes credit derivatives CDS (Credit Default Swaps) shown at fair value.

	Millions of Euros								
	2011								
	Debt securities				Derivatives (2)				
Exposure to Sovereign Risk by European Union Countries (1)	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments	Loans and Receivables	Direct Exposure	Indirect Exposure	Total	Contingent risks and commitments	%
Spain	4,366	15,225	6,520	26,637	96	-	52,844	3,455	89.1%
Italy	350	634	2,956	184	-	(23)	4,101	-	6.9%
Germany	513	6	69	-	(3)	(2)	583	-	1.0%
France	338	12	254	-	-	(3)	601	-	1.0%
Portugal	39	11	13	216	-	(1)	278	65	0.5%
United Kingdom	-	120	-	-	(3)	-	117	1	0.2%
Greece	-	10	84	15	-	(8)	101	-	0.2%
Hungary	-	53	-	-	-	-	53	-	0.1%
Ireland	-	7	-	-	-	1	8	-	0.0%
Rest of European Union	155	351	-	130	-	2	638	4	1.1%
Total Exposure to Sovereign Counterparties (European Union)	**5,761**	**16,429**	**9,896**	**27,182**	**89**	**(34)**	**59,323**	**3,525**	**100.0%**

(1) This table shows sovereign risk balances with EBA criteria. Therefore, sovereign risk of the Group's insurance companies (€3,972 million as of December 31, 2013) is not included.

(2) Includes credit derivatives CDS (Credit Default Swaps) shown at fair value.

The following table provides a breakdown of the notional value of the CDS in which the Group's credit institutions act as sellers or buyers of protection against the sovereign risk of European countries:

	Millions of Euros			
	2013			
	Credit derivatives (CDS) and other contracts in which the Group act as a protection seller		Credit derivatives (CDS) and other contracts in which the Group act as a protection buyer	
Exposure to Sovereign Risk by European Countries	Notional value	Fair value	Notional value	Fair value
Spain	14	-	62	(25)
Italy	622	(15)	595	9
Germany	205	-	200	(1)
France	204	-	149	(1)
Portugal	75	(3)	75	3
Poland	-	-	-	-
Belgium	-	-	-	-
United Kingdom	135	3	126	-
Greece	14	-	14	-
Hungary	1	-	-	-
Ireland	21	-	21	-
Rest of European Union	591	12	478	(2)
Total exposure to Sovereign Counterparties	**1,882**	**(3)**	**1,720**	**(17)**

	Millions of Euros			
	2012			
	Credit derivatives (CDS) and other contracts in which the Group act as a protection seller		Credit derivatives (CDS) and other contracts in which the Group act as a protection buyer	
Exposure to Sovereign Risk by European Countries	Notional value	Fair value	Notional value	Fair value
Spain	68	14	97	(9)
Italy	518	(22)	444	19
Germany	216	(1)	219	-
France	196	(1)	134	(1)
Portugal	91	(6)	89	6
Poland	-	-	-	-
Belgium	281	(4)	232	5
United Kingdom	56	1	64	(1)
Greece	18	-	18	-
Hungary	2	-	-	-
Ireland	82	-	82	-
Rest of European Union	149	2	155	(2)
Total exposure to Sovereign Counterparties	**1,677**	**(17)**	**1,534**	**17**

Exposure to Sovereign Risk by European Countries	Millions of Euros 2011 Credit derivatives (CDS) and other contracts in which the Group act as a protection seller		Credit derivatives (CDS) and other contracts in which the Group act as a protection buyer	
	Notional value	Fair value	Notional value	Fair value
Spain	20	2	20	(2)
Italy	283	38	465	(61)
Germany	182	4	184	(6)
France	102	3	123	(6)
Portugal	85	21	93	(22)
Poland	-	-	-	-
Belgium	-	-	-	-
United Kingdom	20	2	20	(2)
Greece	53	25	66	(33)
Hungary	-	-	2	-
Ireland	82	10	82	(9)
Rest of European Union	294	31	329	(29)
Total exposure to Sovereign Counterparties	**1,119**	**136**	**1,382**	**(170)**

The main counterparties of these CDS are credit institutions with a high credit quality. The CDS contracts are standard in the market, with the usual clauses covering the events that would trigger payouts.

As it can be seen in the above tables, exposure to sovereign risk in Europe is concentrated in Spain. As of December 31, 2013, 2012 and 2011, the breakdown of total exposure faced by the Group's credit institutions to Spain and other countries, by maturity of the financial instruments, is as follows:

Maturities of sovereign risks European Union	Millions of Euros 2013 Debt securities			Loans and Receivables	Derivatives (2)		Total	%
	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments		Direct Exposure	Indirect Exposure		
Spain								
Up to 1 Year	1,935	846	-	5,627	8	-	8,416	13.1%
1 to 5 Years	1,531	15,523	-	5,574	41	-	22,669	35.2%
Over 5 Years	1,784	7,969	-	12,229	209	(25)	22,166	34.5%
Rest of Europe								
Up to 1 Year	3,198	645	-	311	(13)	-	4,141	6.4%
1 to 5 Years	847	3,016	-	8	-	4	3,875	6.0%
Over 5 Years	791	2,153	-	111	-	1	3,056	4.8%
Total Exposure to European Union Sovereign Counterparties	**10,086**	**30,152**	**-**	**23,860**	**245**	**(20)**	**64,323**	**100.0%**

	Millions of Euros							
	2012							
	Debt securities				Derivatives			
Maturities of sovereign risks European Union	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments	Loans and Receivables	Direct Exposure	Indirect Exposure	**Total (*)**	**%**
Spain								
Up to 1 Year	2,183	1,944	2	10,267	35	-	14,431	21.5%
1 to 5 Years	1,832	12,304	1,239	4,409	26	-	19,810	29.5%
Over 5 Years	1,007	5,503	5,228	11,948	224	5	23,915	35.6%
Rest of Europe								
Up to 1 Year	2,564	46	33	369	7	-	3,019	4.5%
1 to 5 Years	952	190	1,927	34	(19)	(5)	3,079	4.6%
Over 5 Years	947	1,038	781	131	(11)	-	2,886	4.3%
Total Exposure to European Union Sovereign Counterparties	**9,485**	**21,025**	**9,210**	**27,158**	**262**	**-**	**67,140**	**100.0%**

	Millions of Euros							
	2011							
	Debt securities				Derivatives			
Maturities of sovereign risks European Union	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments	Loans and Receivables	Direct Exposure	Indirect Exposure	**Total (*)**	**%**
Spain								
Up to 1 Year	2,737	779	36	9,168	1	-	12,721	21.4%
1 to 5 Years	1,025	11,630	1,078	4,265	67	-	18,065	30.5%
Over 5 Years	604	2,816	5,406	13,204	27	-	22,057	37.2%
Rest of Europe								
Up to 1 Year	684	219	72	370	3	(1)	1,347	2.3%
1 to 5 Years	297	267	2,439	38	(1)	(17)	3,023	5.1%
Over 5 Years	414	718	865	137	(8)	(15)	2,111	3.6%
Total Exposure to European Union Sovereign Counterparties	**5,761**	**16,429**	**9,896**	**27,182**	**89**	**(33)**	**59,324**	**100.0%**

(*) Additionally, as of December 31, 2013, 2012 and 2011, there were undrawn lines of credit mainly with Spanish government, amounting to 1,942, 1,613 and 3,525 million euros, respectively.

Valuation and impairment methods

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

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

Risks related to the developer and real-estate sector in Spain

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

Policies and strategies established by the Group to deal with risks related to the developer and real-estate sector

BBVA has teams specializing in the management of the Real-Estate Sector risk, given its economic importance and specific technical component. This specialization is not only in the Risk-Acceptance teams, but throughout the handling, commercial, problem risks and legal, etc. It also includes the research department (BBVA Research), which helps determine the medium/long-term vision needed to manage this portfolio. Specialization has been increased and the management teams in the areas of recovery and the Real Estate Unit itself have been reinforced.

The policies established to address the risks related to the developer and real-estate sector, aim to accomplish, among others, the following objectives: to avoid concentration in terms of customers, products and regions; to estimate the risk profile for the portfolio; and to anticipate possible worsening of the portfolio.

Specific policies for analysis and admission of new developer risk transactions

In the analysis of new operations, the assessment of the commercial operation in terms of the economic and financial viability of the project has been one of the constant points that have helped ensure the success and transformation of construction land operations for customers' developments.

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 in the developer sector: avoidance of large corporate transactions, which had already reduced their share in the years of greatest market growth; non active participation in the second-home market; commitment to public housing financing; and participation in land operations with a high level of urban development security, giving priority to land open to urban development.

Risk monitoring policies

The base information for analyzing the real estate portfolios is updated monthly. The tools used include the so-called "watch-list", which is updated monthly with the progress of each client under watch, and the different strategic plans for management of special groups. There are plans that involve an intensification of the review of the portfolio for financing land, while, in the case of ongoing promotions, they are classified based on the rate of progress of the projects.

These actions have enabled BBVA to identify possible impairment situations, by always keeping an eye on BBVA's position with each customer (whether or not as first creditor). In this regard, key aspects include management of the risk policy to be followed with each customer, contract review, deadline extension, improved collateral, rate review (repricing) and asset purchase.

Proper management of the relationship with each customer requires knowledge of various aspects such as the identification of the source of payment difficulties, an analysis of the company's future viability, the updating of the information on the debtor and the guarantors (their current situation and business course, economic-financial information, debt analysis and generation of funds), and the updating of the appraisal of the assets offered as collateral.

BBVA has a classification of debtors in accordance with legislation in force in each country, usually categorizing each one's level of difficulty for each risk.

Based on the information above, a decision is made whether to use the refinancing tool, whose objective is to adjust the structure of the maturity of the debt to the generation of funds and the customer's payment capacity.

As for the policies relating to risk refinancing with the developer and real-estate sector, they are the same as the general policies used for all of the Group's risks (see Note7.1.8). In the developer and real estate sector, they are based on clear solvency and viability criteria for projects, with demanding terms for additional guarantees and legal compliance, given a refinancing tool that standardizes criteria and variables when considering any refinancing operation.

In the case of refinancing, the tools used for enhancing the Bank's position are: the search for new intervening parties with proven solvency and initial payment to reduce the principal debt or outstanding interest; the improvement of the debt bond in order to facilitate the procedure in the event of default; the provision of new or additional collateral; and making refinancing viable with new conditions (period, rate and repayments), adapted to a credible and sufficiently verified business plan.

Policies applied in the management of real estate assets in Spain

The policy applied for managing these assets depends on the type of real-estate asset, as detailed below.

In the case of completed homes, the final aim is the sale of these homes to private individuals, thus diluting the risk and beginning a new business cycle. Here, the strategy has been to help subrogation (the default rate in this channel of business is notably lower than in any other channel of residential mortgages) and to support customers' sales directly, using BBVA's own channel (BBVA Services and our branches), creating incentives for sale and including sale orders for BBVA. In exceptional case we have even accepted partial haircuts, with the aim of making the sale easier.

In the case of ongoing construction work, the strategy has been to help and promote the completion of the works in order to transfer the investment to completed homes. The whole developer Works in Progress portfolio has been reviewed and classified into different stages with the aim of using different tools to support the strategy. This includes the use of developer accounts-payable financing as a form of payment control, the use of project monitoring supported by the Real Estate Unit itself, and the management of direct suppliers for the works as a complement to the developer's own management.

With respect to land, the fact that the vast majority of the risk is urban land simplifies the management. Urban management and liquidity control to tackle urban planning costs are also subject to special monitoring.

Quantitative information on activities in the real-estate market in Spain

The following quantitative information on real-estate activities in Spain has been prepared using the reporting models required by Bank of Spain Circular 5/2011, of November 30.

As of December 31, 2013, 2012 and 2011, exposure to the construction sector and real-estate activities in Spain stood at €22,760, €23,656 and €28,287 million, respectively. Of that amount, risk from loans to construction and real-estate development activities accounted for €13,505, €15,358 and€14,158 million, representing 8.8%, 8.7% and 8.1% of loans and advances to customers of the balance of business in Spain (excluding the government and other government agencies) and 2.3%, 2.4% and 2.4% of the total assets of the Consolidated Group.

Lending for real estate development according to the purpose of the loans as of December 31, 2013, 2012 and 2011 is shown below:

	Millions of Euros		
December 2013 Financing allocated to construction and real estate development and its coverage	**Gross Amount**	**Drawn Over the Guarantee Value**	**Specific coverage**
Loans recorded by the Group's credit institutions (Business in Spain)	**13,505**	**5,723**	**5,237**
Of which: Impaired assets	8,838	4,152	4,735
Of which: Potential problem assets	1,445	501	502
Memorandum item:			
Write-offs	692		

	Millions of Euros		
December 2012 Financing allocated to construction and real estate development and its coverage	**Gross Amount**	**Drawn Over the Guarantee Value**	**Specific Provision**
Loans recorded by the Group's credit institutions (Business in Spain)	**15,358**	**6,164**	**5,642**
Of which: Impaired assets	6,814	3,193	3,123
Of which: Potential problem assets	2,092	911	731
Memorandum item:			
Write-offs	347		

December 2011 Financing allocated to construction and real estate development and its coverage	Millions of Euros Gross amount	 Drawn over the guarantee value	 Specific Provision
Loans recorded by the Group's credit institutions (Business in Spain)	**14,158**	**4,846**	**1,441**
Of which: Impaired assets	3,743	1,725	1,123
Of which: Potential problem assets	2,052	911	318
Memorandum item:			
Write-offs	182		

Memorandum item: Consolidated Group Data (carrying amount)	Millions of Euros December 2013	 December 2012	 December 2011
Total loans and advances to customers, excluding the Public Sector (Business in Spain)	152,836	176,123	174,467
Total consolidated assets (total business)	582,575	621,072	582,838
Impairment losses determined collectively (total business)	2,698	3,279	3,027

The following is a description of the real estate credit risk based on the types of associated guarantees:

Credit: Gross amount (Business in Spain)	Millions of Euros December 2013	 December 2012	 December 2011
Without secured loan	**1,303**	**1,441**	**1,105**
With secured loan	**12,202**	**13,917**	**13,053**
Terminated buildings	7,270	8,167	6,930
Homes	6,468	7,148	6,431
Other	802	1,019	499
Buildings under construction	1,238	1,716	2,448
Homes	1,202	1,663	2,374
Other	36	53	74
Land	3,694	4,034	3,675
Urbanized land	2,120	2,449	2,404
Rest of land	1,574	1,585	1,271
Total	**13,505**	**15,358**	**14,158**

As of December 31, 2013, 2012 and 2011, 63%, 64.3% and 66% of loans to developers were guaranteed with buildings (90.1%, 89.1% and 94% are homes), and only 27.4%, 26.3% and 26% by land, of which 57.4%, 60.7% and 65% is urbanized, respectively.

The information on the retail mortgage portfolio risk (housing mortgage) as of December 31, 2013, 2012 and 2011, is as follows:

Housing-acquisition loans to households (Business in Spain)	Millions of Euros December 2013	 December 2012	 December 2011
With secured loan (gross amount)	82,680	87,224	79,043
of which: Impaired loans	5,088	3,163	2,371
Total	**82,680**	**87,224**	**79,043**

The loan to value (LTV) ratio of the above portfolio is as follows:

December 2013 LTV Breakdown of secured loans to households for the purchase of a home (Business in Spain)	Millions of Euros Total risk over the amount of the last valuation available (*Loan To Value*-LTV)					
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%	Total
Gross amount	14,481	22,558	31,767	8,975	4,899	82,680
of which: Impaired loans	262	339	618	1,011	2,858	5,088

December 2012 LTV Breakdown of secured loans to households for the purchase of a home (Business in Spain)(*)	Millions of Euros Total risk over the amount of the last valuation available (*Loan To Value*-LTV)					
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%	Total
Gross amount	14,942	22,967	35,722	11,704	1,889	87,224
of which: Impaired loans	312	386	1,089	1,005	371	3,163

December 2011 LTV Breakdown of secured loans to households for the purchase of a home (Business in Spain)	Millions of Euros Total risk over the amount of the last valuation available (*Loan To Value*-LTV)					
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%	Total
Gross amount	12,408	19,654	32,887	12,870	1,224	79,043
of which: Impaired loans	276	218	695	922	260	2,371

Outstanding home mortgage loans as of December 31, 2013, 2012 and 2011 had an average LTV of 50%, 51% and 50% respectively.

As of December 31, 2013, the Group also had a balance of €853 million in non-mortgage loans for the purchase of housing (of which €36 million, respectively, were NPA).

The breakdown of foreclosed, acquired, purchased or exchanged assets from debt from loans relating to business in Spain, as well as the holdings and financing to non-consolidated entities holding such assets is as follows:

	Millions of Euros		
	December 2013		
Information about assets received in payment of debts (Business in Spain)	**Gross Value**	**Provisions**	**Carrying Amount**
Real estate assets from loans to the construction and real estate development sectors in Spain.	**9,173**	**5,088**	**4,085**
Terminated buildings	3,038	1,379	1,659
Homes	2,059	925	1,134
Other	979	454	525
Buildings under construction	845	439	406
Homes	819	423	396
Other	26	16	10
Land	5,290	3,270	2,020
Urbanized land	3,517	2,198	1,319
Rest of land	1,773	1,072	701
Real estate assets from mortgage financing for households for the purchase of a home	**2,874**	**1,164**	**1,710**
Rest of foreclosed real estate assets	**918**	**411**	**507**
Equity instruments, investments and financing to non-consolidated companies holding said assets	**730**	**408**	**322**
Total	**13,695**	**7,071**	**6,624**

	Millions of Euros		
	December 2012		
Information about assets received in payment of debts (Business in Spain)	**Gross Value**	**Provisions**	**Carrying Amount**
Real estate assets from loans to the construction and real estate development sectors in Spain.	**8,894**	**4,893**	**4,001**
Terminated buildings	3,021	1,273	1,748
Homes	2,146	877	1,269
Other	875	396	479
Buildings under construction	908	528	380
Homes	881	512	369
Other	27	16	11
Land	4,965	3,092	1,873
Urbanized land	3,247	2,048	1,199
Rest of land	1,718	1,044	674
Real estate assets from mortgage financing for households for the purchase of a home	**2,512**	**1,020**	**1,492**
Rest of foreclosed real estate assets	**653**	**273**	**380**
Equity instruments, investments and financing to non-consolidated companies holding said assets	**702**	**383**	**319**
Total	**12,761**	**6,569**	**6,192**

Information about assets received in payment of debts (Business in Spain)	Millions of Euros		
	December 2011		
	Gross Value	Provisions	Carrying Amount
Real estate assets from loans to the construction and real estate development sectors in Spain.	**5,101**	**1,740**	**3,361**
Terminated buildings	1,709	487	1,222
Homes	1,227	333	894
Other	482	154	328
Buildings under construction	360	115	245
Homes	357	114	243
Other	3	1	2
Land	3,032	1,138	1,894
Urbanized land	1,561	570	991
Rest of land	1,471	568	903
Real estate assets from mortgage financing for households for the purchase of a home	**1,509**	**401**	**1,108**
Rest of foreclosed real estate assets	**403**	**167**	**236**
Equity instruments, investments and financing to non-consolidated companies holding said assets	**701**	**287**	**414**
Total	**7,714**	**2,595**	**5,119**

As of December 31, 2013, 2012 and 2011, the gross book value of the Group's real-estate assets from corporate financing of real-estate construction and development was €9,173 million, €8,894 million and €5,101 million, respectively, with an average coverage ratio of 55.4%, 55% and 34.1%, respectively.

The gross book value of real-estate assets from mortgage lending to households for home purchase as of December 31, 2013, 2012 and 2011, amounted to €2,874 million, €2,512 million and €1,509 million, respectively, with an average coverage ratio of 40.5%, 40.6% and 26.6% respectively.

As of December 31, 2013, 2012 and 2011, the gross book value of the BBVA Group's total real-estate assets (business in Spain), including other real-estate assets received as debt payment, was €12,965 million, €12,059 million and €7,013 million, respectively. The coverage ratio was 51.4%, 51.3% and 32,9% respectively.

7.1.4 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.

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, 2013:

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

The table below outlines the distribution of exposure, including derivatives, by internal ratings, to corporates, financial entities and institutions (excluding sovereign risk), of the main BBVA Group entities as of December 31, 2013 and 2012:

Credit Risk Distribution by Internal Rating	2013		2012	
	Amount (Millions of Euros)	%	Amount (Millions of Euros)	%
AAA/AA+/AA/AA-	23,541	10.34%	24,091	9.95%
A+/A/A-	65,834	28.92%	73,526	30.37%
BBB+	24,875	10.93%	31,951	13.20%
BBB	23,953	10.52%	23,410	9.67%
BBB-	29,692	13.04%	26,788	11.07%
BB+	19,695	8.65%	15,185	6.27%
BB	10,273	4.51%	10,138	4.19%
BB-	6,198	2.72%	8,493	3.51%
B+	6,792	2.98%	8,504	3.51%
B	6,111	2.68%	8,246	3.41%
B-	4,804	2.11%	5,229	2.16%
CCC/CC	5,875	2.58%	6,501	2.69%
Total	**227,643**	**100.00%**	**242,064**	**100.00%**

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

7.1.5 Financial assets past due but not impaired

The table below provides details of financial assets past due as of December 31, 2013, 2012 and 2011, but not considered to be impaired, listed by their first past-due date:

	Millions of Euros		
Financial Assets Past Due but Not Impaired 2013	**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	659	46	161
Government	56	3	6
Other sectors	603	43	155
Debt securities	-	-	-
Total	**659**	**46**	**161**

	Millions of Euros		
Financial Assets Past Due but Not Impaired 2012	Less than 1 Month Past-Due	1 to 2 Months Past-Due	2 to 3 Months Past-Due
Loans and advances to credit institutions	21	-	-
Loans and advances to customers	1,067	620	310
Government	90	213	6
Other sectors	977	407	304
Debt securities	-	-	-
Total	**1,088**	**620**	**310**

	Millions of Euros		
Financial Assets Past Due but Not Impaired 2011	Less than 1 Month Past-Due	1 to 2 Months Past-Due	2 to 3 Months Past-Due
Loans and advances to credit institutions	-	-	-
Loans and advances to customers	1,973	386	361
Government	186	47	23
Other sectors	1,787	339	338
Debt securities	-	-	-
Total	**1,973**	**386**	**361**

7.1.6 Impaired assets and impairment losses

The table below shows the composition of the impaired financial assets and risks as of December 31, 2013, 2012 and 2011, broken down by heading in the accompanying consolidated balance sheet:

	Millions of Euros		
Impaired Risks. Breakdown by Type of Asset and by Sector	**2013**	**2012**	**2011**
Asset Instruments Impaired			
Available-for-sale financial assets	90	96	125
Debt securities	90	96	125
Loans and receivables	25,477	20,001	15,452
Loans and advances to credit institutions	29	26	26
Loans and advances to customers	25,445	19,960	15,416
Debt securities	4	15	10
Total Asset Instruments Impaired (1)	**25,568**	**20,097**	**15,577**
Contingent Risks Impaired			
Contingent Risks Impaired (2)	410	312	217
Total impaired risks (1) + (2)	**25,978**	**20,409**	**15,793**
Of which:			
Government	170	165	135
Credit institutions	48	71	81
Other sectors	25,350	19,861	15,359
Mortgage	18,327	13,761	9,615
With partial secured loans	49	48	52
Rest	6,974	6,052	5,693
Contingent Risks Impaired	410	312	217
Total impaired risks (1) + (2)	**25,978**	**20,409**	**15,793**

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 debt instruments, 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 directly classified as charged off.
  - Contingent risks where the third party collateral individual becomes impaired.
- The classification of financial assets impaired by reasons other than customer default is performed individually for all risks whose individual amount is material where there is reasonable doubt about their full repayment on contractually agreed terms as they show objective evidence of impairment adversely affected by the expected cash flows of the financial instrument. Objective evidence of impairment of an asset or group of financial assets includes observable data about the following:
  - Debtor's material financial difficulties.
  - Continuous delay in interest of principal payments.
  - Refinancing of credit conditions by the counterparty.
  - Probable bankruptcy or other reorganization / liquidation.
  - - Lack of an active market for a financial asset because of financial difficulties.
  - Observable data indicating a reduction in future cash flows from the initial recognition such as: a. Adverse changes in the payment status of the counterparty (delays in payments, provisions for credit cards to the limit, etc.).
  - National or local economic conditions that are correlated with "defaults" (unemployment, falling property prices, etc.).

The breakdown of impaired loans for default or reasons other than delinquency as of December 31, 2013

December 2013	Impaired	Allowance for impaired porfolio
	Millions of Euros	
Balance of impaired loans - Past due	16,558	8,503
Balance of impaired loans - Other than past due	9,010	2,760
TOTAL	25,568	11,263
Of which (*):		
No risk	235	122
Mortgage loans	18,327	6,688
Secured loans, except mortgage	49	20
Other	6,957	4,433

Provisions related to impaired loans secured by mortgage basically correspond to the difference between the fair value of the collateral and the carrying value.

Below are the details of the impaired financial assets as of December 31, 2013, 2012 and 2011, 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 Since Oldest Past-Due Amount 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
	Millions of Euros				
Spain	9,930	1,873	1,375	8,599	21,777
Rest of Europe	383	25	38	239	685
Mexico	795	148	114	410	1,467
South America	854	68	58	116	1,096
The United States	481	16	8	38	543
Total	**12,443**	**2,130**	**1,593**	**9,402**	**25,568**

Impaired Assets by Geographic Area and Time Since Oldest Past-Due Amount 2012	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
	Millions of Euros				
Spain	6,476	1,703	1,534	6,399	16,112
Rest of Europe	380	47	28	168	623
Mexico	941	112	153	289	1,495
South America	837	115	41	116	1,109
The United States	639	26	13	80	758
Total	**9,273**	**2,003**	**1,770**	**7,052**	**20,097**

Impaired Assets by Geographic Area and Time Since Oldest Past-Due Amount 2011	Millions of Euros				
	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
Spain	4,640	1,198	1,187	4,482	11,507
Rest of Europe	149	26	33	91	299
Mexico	809	141	130	199	1,280
South America	767	66	38	109	980
The United States	634	211	117	549	1,511
Total	**7,000**	**1,642**	**1,505**	**5,429**	**15,577**

Below are the details of the impaired financial assets as of December 31, 2013, 2012 and 2011, classified by type of loan according to its associated guarantee, and by the time since their oldest past-due amount or the period since they were deemed impaired:

Impaired Assets by Type of Guarantees and Time Since Oldest Past-Due Amount 2013	Millions of Euros				
	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
Unsecured loans	4,689	529	375	1,364	6,957
Mortgage	7,470	1,601	1,218	8,038	18,327
Residential mortgage	3,250	406	432	2,390	6,478
Commercial mortgage (rural properties in operation and offices, and industrial buildings)	1,194	248	163	1,352	2,957
Other than those currently use as a family residential property of the borrower	938	225	323	2,029	3,515
Plots and other real estate assets	2,088	722	300	2,267	5,377
Other partially secured loans	49	-	-	-	49
Others	235	-	-	-	235
Total	**12,443**	**2,130**	**1,593**	**9,402**	**25,568**

Impaired Assets by Type of Guarantees and Time Since Oldest Past-Due Amount 2012	Millions of Euros				
	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
Unsecured loans	4,145	539	409	1,195	6,288
Mortgage	5,080	1,464	1,360	5,857	13,761
Residential mortgage	1,570	516	457	1,796	4,339
Commercial mortgage (rural properties in operation and offices, and industrial buildings)	715	251	190	1,111	2,267
Rest of residential mortgage	732	330	318	1,162	2,542
Plots and other real estate assets	2,063	367	395	1,788	4,613
Other partially secured loans	48	-	-	-	48
Others	-	-	-	-	-
Total	**9,273**	**2,003**	**1,770**	**7,052**	**20,097**

Impaired Assets by Type of Guarantees and Time Since Oldest Past-Due Amount 2011 (Millions of Euros)	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
Unsecured loans	3,382	588	528	1,411	5,910
Mortgage	3,567	1,054	977	4,016	9,615
Residential mortgage	1,081	390	357	1,373	3,202
Commercial mortgage (rural properties in operation and offices, and industrial buildings)	629	210	160	795	1,794
Rest of residential mortgage	489	137	166	653	1,445
Plots and other real estate assets	1,369	316	294	1,194	3,174
Other partially secured loans	52	-	-	-	52
Others	-	-	-	-	-
Total	**7,000**	**1,642**	**1,505**	**5,429**	**15,577**

The breakdown of impaired loans by sector as of December 31, 2012 and 2013 is shown below:

Impaired loans by sector (Millions of Euros)	2013 Impaired Loans	2013 Loan Loss Reserve	2013 Impaired Loans as a % of Loans by Type	2012 Impaired Loans	2012 Loan Loss Reserve	2012 Impaired Loans as a % of Loans by Type
Domestic:						
Government	158	(11)	0.71%	145	(10)	0.57%
Credit institutions	-	-	0.00%	6	-	-
Other sectors:	20,826	(10,268)	12.60%	15,013	(7,120)	8.25%
Agriculture	142	(70)	11.18%	123	(44)	8.65%
Industrial	1,804	(886)	13.10%	914	(387)	5.56%
Real estate and construction	10,387	(6,084)	41.02%	8,032	(4,660)	26.19%
Commercial and other financial	1,103	(579)	7.10%	989	(350)	5.74%
Loans to individuals	5,745	(1,660)	6.36%	3,733	(1,171)	3.88%
Other	1,645	(988)	8.67%	1,222	(508)	6.09%
Total Domestic	**20,985**	**(10,279)**	**10.89%**	**15,164**	**(7,130)**	**7.20%**
Foreign:						
Government	11	(4)	0.11%	20	(1)	0.21%
Credit institutions	33	(26)	0.19%	29	(22)	0.13%
Other sectors:	4,449	(2,290)	3.20%	4,787	(2,242)	3.47%
Agriculture	170	(137)	4.59%	178	(92)	5.43%
Industrial	288	(159)	1.93%	146	(109)	1.02%
Real estate and construction	1,734	(715)	11.44%	1,661	(469)	9.98%
Commercial and other financial	269	(166)	0.85%	703	(471)	2.05%
Loans to individuals	1,202	(646)	2.02%	1,937	(961)	3.50%
Other	785	(467)	5.54%	162	(140)	1.14%
Total Foreign	**4,493**	**(2,320)**	**2.69%**	**4,836**	**(2,265)**	**2.85%**
General reserve	-	(2,396)		-	(4,764)	
Total impaired loans	**25,478**	**(14,995)**		**20,000**	**(14,159)**	

The table below represents the accumulated financial income accrued as of December 31, 2013, 2012 and 2011 with origin in the impaired assets that, as mentioned in Note 2.2.1, are not recognized in the accompanying consolidated income statements as there are doubts as to the possibility of collection:

Millions of Euros	2013	2012	2011
Financial Income from Impaired Assets	**3,360**	**2,405**	**1,908**

The changes in the year ended December 31, 2013, 2012 and 2011 in the impaired financial assets and contingent risks are as follows:

	Millions of Euros		
Changes in Impaired Financial Assets and Contingent Risks	**2013**	**2012**	**2011**
Balance at the beginning	**20,409**	**15,793**	**15,936**
Additions (A)	17,708	14,318	13,001
Decreases (B)	(7,692)	(8,236)	(8,953)
Cash collections and return to performing	(6,605)	(5,968)	(5,726)
Foreclosed assets (1)	(1,013)	(1,098)	(1,404)
Real estate assets received in lieu of payment (2)	(74)	(1,170)	(1,823)
Net additions (A)+(B)	10,016	6,081	4,048
Amounts written-off	(3,825)	(4,372)	(4,093)
Exchange differences and other (including Unnim)	(622)	2,906	(98)
Balance at the end	**25,978**	**20,409**	**15,793**

(1) Reflects the total amount of impaired loans derecognized from the balance sheet throughout the period as a result of mortgage foreclosures. This is equivalent to the "Foreclosed assets auctioned" derecognized from inflows (€928, €1,037 and €1,313 million in 2013, 2012 and 2011, respectively) and the inflows corresponding to "Foreclosed assets from finance leases" (€84, €61 and €91 million in 2013, 2012 and 2011, respectively). See Note 16 to the consolidated financial statements for additional information.

(2) Reflects the total amount of impaired loans derecognized from the balance sheet throughout the period as a result of real estate assets received in lieu of payment. Does not reflect the acquisitions of real estate assets from customers with loans not yet impaired. For more information on the total balance of real estate assets received from customers experiencing difficulties with debt repayment or foreclosed (net of impairment losses) as of December 31, 2013.

The changes in the year ended December 31, 2013, 2012 and 2011 in financial assets derecognized from the accompanying consolidated 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	**2013**	**2012**	**2011**
Balance at the beginning	**19,265**	**15,870**	**13,367**
Increase:	**4,450**	**4,363**	**4,251**
Decrease:	**(2,319)**	**(1,753)**	**(1,863)**
Re-financing or restructuring	(1)	(9)	(4)
Cash recovery	(362)	(337)	(326)
Foreclosed assets	(96)	(133)	(29)
Sales of written-off	(1,000)	(283)	(809)
Debt forgiveness	(685)	(541)	(604)
Time-barred debt and other causes	(175)	(450)	(91)
Net exchange differences	**(645)**	**785**	**114**
Balance at the end	**20,752**	**19,265**	**15,870**

As indicated in Note 2.2.1, although they have been derecognized from the balance sheet, the BBVA Group 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.

7.1.7 Impairment losses

Below is a breakdown of the provisions recognized on the accompanying consolidated balance sheets to cover estimated impairment losses as of December 31, 2013, 2012 and 2011 in financial assets and contingent risks, according to the different headings under which they are classified in the accompanying consolidated balance sheet:

		Millions of Euros		
Impairment losses and provisions for contingent risks	**Notes**	**2013**	**2012**	**2011**
Available-for-sale portfolio	12	**198**	**339**	**566**
Loans and receivables	13	**14,995**	**14,159**	**9,139**
Loans and advances to customers	13.2	14,950	14,115	9,091
Loans and advances to credit institutions	13.1	40	29	38
Debt securities	13.3	5	15	11
Held to maturity investment	14	**-**	**-**	**1**
Impairment losses		**15,192**	**14,498**	**9,705**
Provisions to Contingent Risks and Commitments	25	**346**	**322**	**266**
Total		**15,538**	**14,820**	**9,971**
Of which:				
For impaired portfolio		12,969	9,861	6,883
For currently non-impaired portfolio		2,569	4,959	3,088

Below are the changes in the years ended December 31, 2013, 2012 and 2011 in the estimated impairment losses, broken down by the headings in the accompanying consolidated balance sheet:

		Millions of Euros			
2013	**Notes**	**Available-for-sale portfolio**	**Loans and receivables**	**Contingent Risks and Commitments**	**Total**
Balance at the beginning		**339**	**14,159**	**322**	**14,820**
Increase in impairment losses charged to income		55	10,816	85	10,955
Decrease in impairment losses credited to income		(19)	(4,878)	(46)	(4,944)
Impairment losses (net)(*)	48-49	**36**	**5,938**	**38**	**6,011**
Entities incorporated/disposed in the year		-	(30)	(1)	(31)
Transfers to written-off loans		(164)	(3,673)	-	(3,838)
Exchange differences and other		(12)	(1,398)	(13)	(1,424)
Balance at the end		**198**	**14,995**	**346**	**15,538**

		Millions of Euros			
2012	**Notes**	**Available-for-sale portfolio**	**Loans and receivables**	**Contingent Risks and Commitments**	**Total**
Balance at the beginning		**566**	**9,138**	**266**	**9,970**
Increase in impairment losses charged to income		71	10,419	91	10,581
Decrease in impairment losses credited to income		(30)	(2,266)	(36)	(2,331)
Impairment losses (net)	48-49	**41**	**8,153**	**55**	**8,250**
Entities incorporated in the year		1	2,066	5	2,073
Transfers to written-off loans		(18)	(4,107)	-	(4,125)
Exchange differences and other		(251)	(1,092)	(4)	(1,348)
Balance at the end		339	**14,159**	**322**	**14,821**

		Millions of Euros			
2011	**Notes**	**Available-for-sale portfolio**	**Loans and receivables**	**Contingent Risks and Commitments**	**Total**
Balance at the beginning		**619**	**9,473**	**264**	**10,356**
Increase in impairment losses charged to income		60	5,963	16	6,038
Decrease in impairment losses credited to income		(37)	(1,473)	(24)	(1,534)
Impairment losses (net)(*)	48-49	**23**	**4,490**	**(8)**	**4,504**
Entities incorporated in the year		-	32	-	32
Transfers to written-off loans		(75)	(4,039)	-	(4,114)
Exchange differences and other		(1)	(818)	11	(808)
Balance at the end		**566**	**9,138**	**266**	**9,972**

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

7.1.8 Refinancing and restructuring operations

Group policies and principles with respect to refinancing or 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 debt payments if they are expected, or may be expected, to experience financial difficulty in making the payments in the future.

The basic aim of a refinanced/restructured operation is to provide the customer with a situation of financial viability over time by adapting repayment of the debt incurred with the 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 sector in which it operates.
- With the aim of increasing the solvency of the operation, new guarantees and/or guarantors of demonstrable solvency are obtained where possible. An essential part of this process is an analysis of the effectiveness of both the new and original guarantees submitted.
- This analysis is carried out from the overall customer or group perspective, and not only from the perspective of a specific operation.
- Refinancing and restructuring operations do not in general increase the amount of the customer's debt, except for the expenses inherent to the operation itself.
- The capacity to refinance and restructure debt is not delegated to the branches, but decided on by the risk units.
- The decisions adopted are reviewed from time to time with the aim of checking full compliance with refinancing and restructuring policies.

These general principles are adapted in each case according to the conditions and circumstances of each geographical area in which the Group operates, and to the different types of customers involved.

In the case of retail customers (private individuals), the main aim of the BBVA Group's policy on refinancing/restructuring debt is to avoid default arising from a customer's temporary liquidity problems by implementing structural solutions that do not increase the customer's debt. The solution required is adapted to each case and the debt 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 capital and interest.
- No refinancing/restructuring operations may be concluded on debt that is not incurred with the BBVA Group.

- Customers subject to refinancing or restructuring operations are excluded from commercial campaigns of any kind.

In the case of wholesale customers (basically businesses and corporations), refinancing/restructuring is authorized according to an economic and financial viability plan based on:

- Forecast future income, margins and cash flows over a sufficiently long period (around five years) to allow 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 debt refinancing/restructuring operation does not imply the debt is reclassified from "impaired" or "substandard" to outstanding risk; such a reclassification must be based on the analysis mentioned earlier of the viability and effectiveness of the new guarantees submitted.

The Group maintains the policy of including risks related to refinanced/restructured assets as either:

- "Doubtful assets", as although the customer is up to date with payments, they are classified as impaired for reasons other than their default when there are significant doubts that the terms of their refinancing may not be met;.
- "Substandard assets", because there is some material doubt as to possible non-compliance with the refinanced operation; or.
- "Normal-risk assets" (although as mentioned in the table in the following section, they continue to be classified as "normal-risk assets with special monitoring" until the conditions established 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 operation;
- At least two years must have elapsed since the renegotiation or restructuring of the operation;
- 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 operation; and
- It is unlikely that the borrower will have financial difficulties and, therefore, it is expected that the borrower will be able to meet its debt 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 calendar.

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)."

Quantitative information on refinancing and restructuring operations:

BBVA GROUP DECEMBER 2013
BALANCE OF FORBEARANCE
(Millions of Euros)

NORMAL

	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans	
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount
1 Government agencies	4	466	13	45	29	811
2 Other legal entities and individual entrepreneurs	7,289	2,108	1,121	204	22,531	2,380
Of which: Financing the construction and property development	1,131	635	72	20	306	199
3 Other individuals	60,366	2,587	5,506	643	87,169	414
4 Total	**67,659**	**5,161**	**6,640**	**892**	**109,729**	**3,605**

POTENTIAL PROBLEM LOANS

	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	1	1	-	-	2	25	1
2 Other legal entities and individual entrepreneurs	3,014	1,381	867	468	8,158	1,497	641
Of which: Financing the construction and property development	640	623	131	178	142	123	322
3 Other individuals	31,883	1,987	5,681	837	22,496	231	218
4 Total	**34,898**	**3,369**	**6,548**	**1,304**	**30,656**	**1,753**	**860**

IMPAIRED

	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	1	1	4	13	13	2	0
2 Other legal entities and individual entrepreneurs	8,446	4,998	4,529	3,066	16,761	2,001	4,821
Of which: Financing the construction and property development	3,264	3,370	2,508	2,441	1,146	580	3,435
3 Other individuals	34,248	2,094	13,111	2,314	59,463	347	1,243
4 Total	**42,695**	**7,093**	**17,644**	**5,392**	**76,237**	**2,349**	**6,065**

TOTAL

	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	6	468	17	58	44	838	1
2 Other legal entities and individual entrepreneurs	18,749	8,488	6,517	3,737	47,450	5,878	5,463
Of which: Financing the construction and property development	*5,035*	*4,629*	*2,711*	*2,640*	*1,594*	*901*	*3,757*
3 Other individuals	126,497	6,667	24,298	3,793	169,128	991	1,462
4 Total	**145,252**	**15,623**	**30,832**	**7,588**	**216,622**	**7,707**	**6,925**

(a) Includes mortgage-backed real estate operations with loan to values greater than 1, and secured operations, other than transactions secured by real estate mortgage whatever their loan to value.

In addition to these restructuring and refinancing transactions mentioned in this section, loans that were not considered impaired or renegotiated have been modified based on the criteria set out in paragraph 59 (c) of IAS 39. These loans have not been classified as renegotiated or impaired, since they were modified for commercial or competitive reasons (for instance, to improve our relationship with the client) rather than for economic or legal reasons relating to the borrower's financial situation.

NPL Ratio by type of renegotiated loan

The non performing ratio of the renegotiated portfolio is defined as the impaired balance of renegotiated loans that shows signs of difficulties as of the closing of the reporting period, divided by the total payment outstanding in that portfolio.

As of December 31, 2013, the non performing ratio for each of the portfolios of renegotiated loans is as follows:

December 2013 NPL ratio renegotiated loan portfolio	
Government agencies	1%
Commercial	56%
Of which: Construction and developer	78%
Other consumer	42%

45% of the renegotiated loans classified as doubtful was for reasons other than default (delinquency).

7.2 Market risk

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

Trading portfolio activities

The activity of each of the Group's trading floors is controlled and monitored by the risk unit. 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 measurement model used to assess market risk is Value at Risk (VaR), which provides a forecast with a 99% probability of the maximum loss that can be incurred by the market positions of trading portfolios in a one-day horizon, stemming from 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 and correlation risk.

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

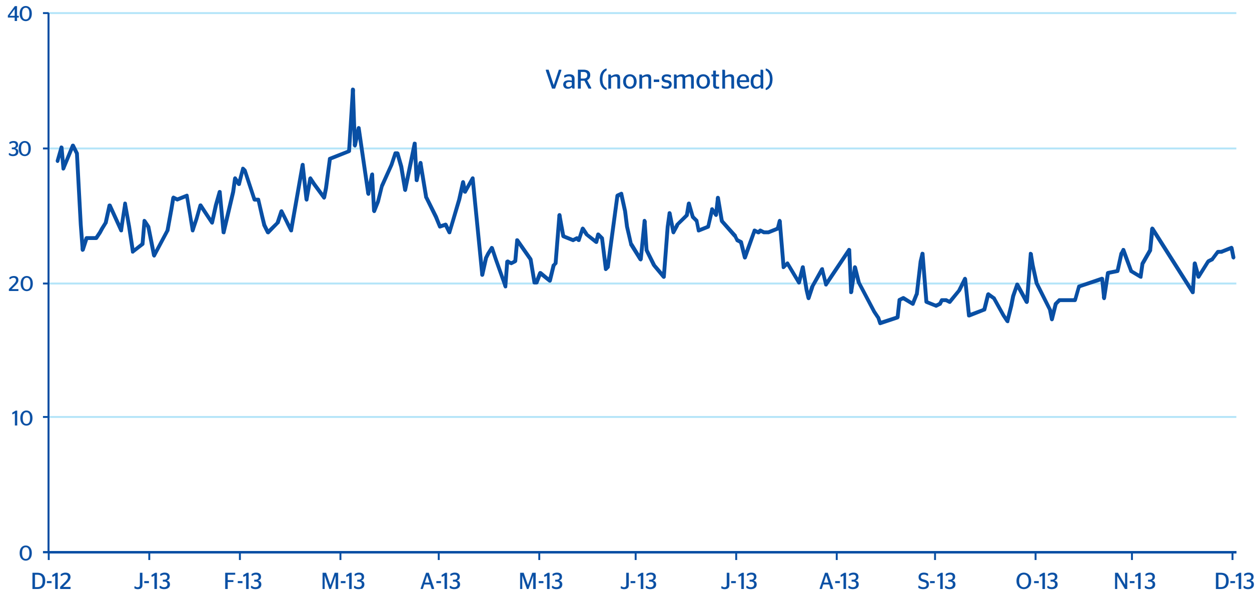
In addition, the Bank follows the guidelines set out by Spanish and European authorities regarding other metrics to meet the Bank of Spain's regulatory requirements. The new measurements of market risk for the trading portfolio include the calculation of stressed VaR (which quantifies the level of risk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

The limits structure of the BBVA Group's market risk determines a system of VaR and economic capital limits by market risk for each operating segment, with specific ad-hoc sub-limits by type of risk, activity and trading desk.

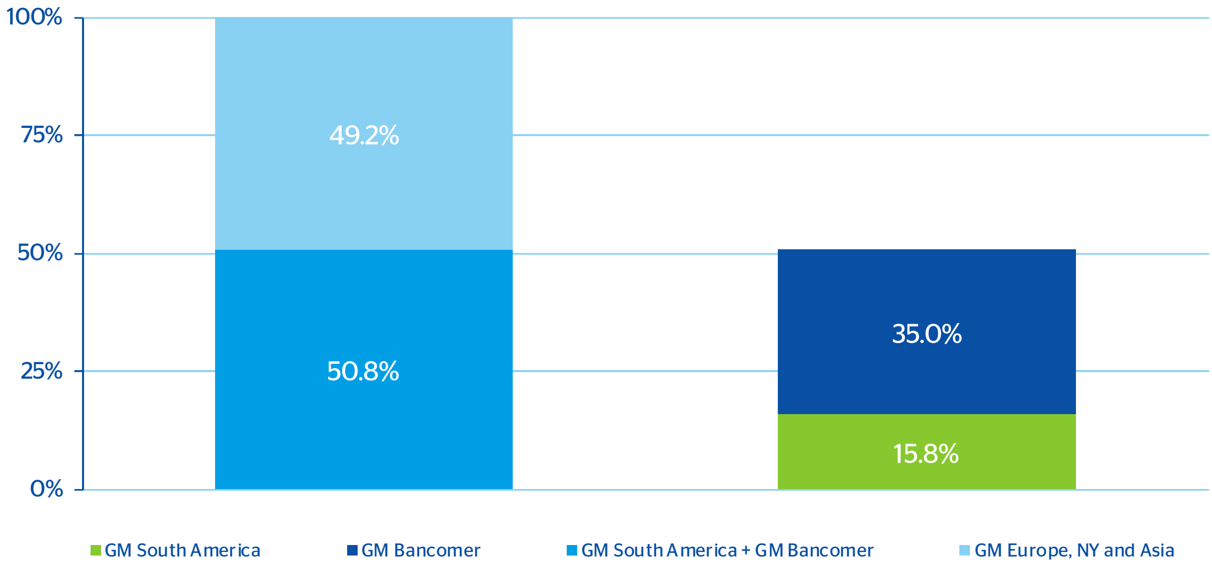
Validity tests are performed periodically on the risk measurement models used by the Group. They estimate the maximum loss that could have been incurred in the positions assessed with a certain level of probability (backtesting), as well as measurements of the impact of extreme market events on risk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

Trends in market risk

The changes in the BBVA Group's market risk in 2013, measured as VaR without smoothing, with a 99% confidence level and a 1-day horizon, are as follows:



By geographical area, and as an annual average in 2013, 49.2% of the market risk corresponds to Global Markets (GM) Europe and GM Compass and 50.8% to the Group's banks in Latin America, of which 35.0% is in GM Bancomer.



The average VaR in 2013 stood at €23 million, compared with €22 million in 2012 and €24 million in 2011. The number of risk factors currently used to measure portfolio risk is around 3,600. This number is dynamic and varies according to the possibility of doing business in other underlying assets and markets.

As of December 30, 2013, 2012 and 2011 VaR amounted to €22 million, €30 million and €18 million, respectively. These figures can be broken down as follows:

VaR by Risk Factor	Interest/Spread risk	Currency risk	Stock-market risk	Vega/Correlation risk	Diversification effect(*)	Total
	Millions of Euros					
2013						
VaR average in the period						23
VaR max in the period	39	4	2	13	(24)	34
VaR min in the period	19	3	2	11	(18)	17
End of period VaR	22	4	3	11	(18)	22
2012						
VaR average in the period						22
VaR max in the period	35	2	3	11	(21)	31
VaR min in the period	21	3	1	11	(21)	15
End of period VaR	35	3	3	9	(19)	30
2011						
VaR average in the period						24
VaR max in the period						36
VaR min in the period						16
End of period VaR	27	3	7	4	(23)	18

(*) 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.

By type of market risk assumed by the Group's trading portfolio, as of December 31, 2013, the main risks were interest-rate and credit spread risks, which declined by €13 million on the figure for December 31, 2012. Currency risk increased by €1 million and volatility and correlation risk increased by €2 million. Equity risk remained without significant changes with respect to the close of 2012.

The average daily change in VaR in 2013 on 2012 is basically due to Global Market Bancomer and Global Market South America increasing their average risk by 57% and 7% respectively in 2013 (with an average daily VaR of €8 million and €4 million, respectively). Global Market Europe reduced its average risk by 18% (with an average daily VaR in 2013 of €11 million).

Model validation

The internal market risk model is validated periodically by backtesting, both in BBVA, S.A. and in Bancomer.

The aim of backtesting is to validate the quality and precision of the internal model used by the 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 measurements of risk 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 were carried out in 2013:

1. *"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.
2. *"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.

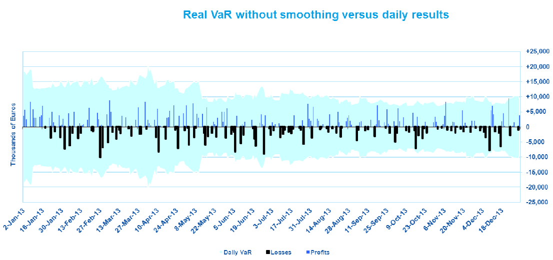
In 2013, Bancomer carried out backtesting of the internal calculation model of VaR, comparing the daily results obtained with the estimated risk level estimated by the VaR calculation model. At the end of the year the comparison showed the model was functioning correctly, within the "green" zone (0-4 exceptions), thus validating the model, as has occurred each year since the internal market risk model was approved for the Group.

Backtesting in BBVA, S.A. did not reveal any exception in the year 2013. The sovereign debt and Spanish corporate credit spreads continued to narrow during the year and the equity markets have in general moved upward. To sum up, the backtesting carried out in 2013, both at the global group level and at the level of risk factor, did not detect any type of anomaly in the VaR calculation model.

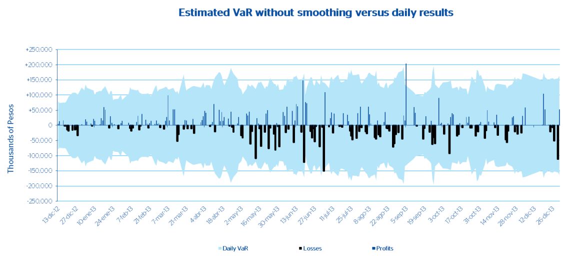
upward. To sum up, the backtesting carried out in 2013, both at the global group level and at the level of risk factor, did not detect any type of anomaly in the VaR calculation model.

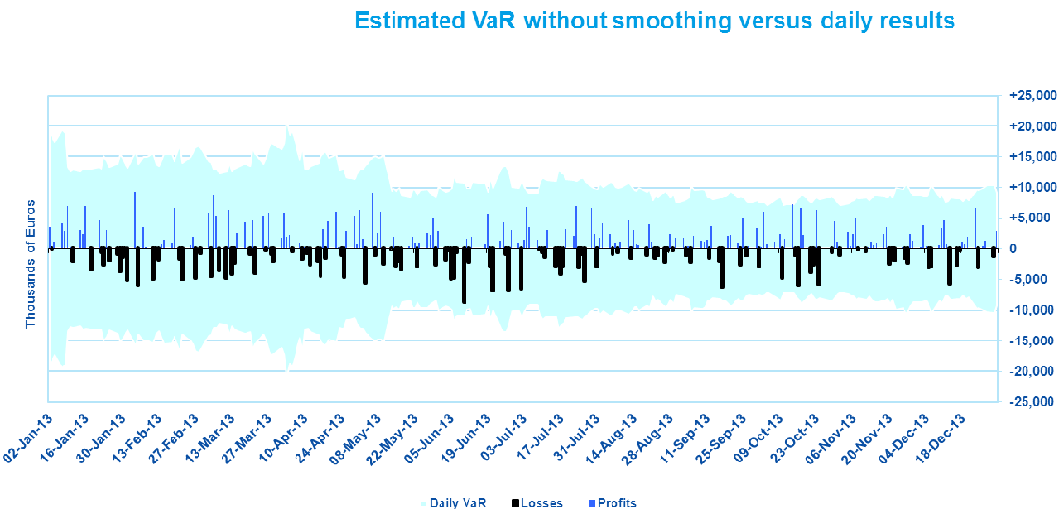
In the case of Bancomer, portfolio losses only exceeded the daily VaR on one occasion, thus also validating the correct operation of the model according to Basel criteria.

Backtesting of the market risk model for BBVA SA



Backtesting of the market risk model for BBVA Bancomer





Stress test analysis

A number of stress tests are carried out on the 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 thus do not adapt to the composition of portfolio risks at any one time, the scenario used to carry out the economic stress tests are based on a resampling methodology. This methodology uses dynamic scenarios that are recalculated regularly according to the main risks in the trading portfolios at any time. A simulation exercise is carried out on a window of data that is sufficiently extensive to include different periods of stress (data are taken from January 1, 2008 through to today), using a resampling of the historical observations. This generates a distribution of losses and gains that provides an analysis of the most extreme events occurred within the selected historical window. The advantage of this methodology is that the stress period is not pre-established, but rather a function of the portfolio held at any time. As it makes a high number of simulations (10,000) it can analyze the expected shortfall with greater richness of information than that available in the scenarios included in the VaR calculation.

The main characteristics of this methodology are the following:

- The simulations generated respect the data correlation structure.
- There is flexibility in terms of inclusion of new risk factors.
- It allows a great deal of variability to be introduced into the simulations (desirable for considering extreme events).

Structural risk

Structural interest-rate risk

The aim of on-balance-sheet interest-rate risk management is to maintain the BBVA Group's exposure to market interest-rate fluctuations at levels in keeping with its risk strategy and profile. In pursuance of this, the BBVA Group undertakes active balance-sheet management through operations intended to optimize the levels of risk assumed against expected earnings and respect the maximum levels of accepted risk. The Asset and Liabilities Committee (ALCO) is the body that makes the decisions to act according to the proposals of the Balance-Sheet Management unit, which designs and executes the strategies to be implemented, using internal risk metrics in accordance with the corporate model.

The Corporate Risk Management (CRM) area acts as an independent unit responsible for monitoring and analyzing risks, standardizing risk management metrics and providing tools that can anticipate potential deviations from targets. In addition, it monitors the level of compliance with the risk limits established by the Executive Committee, reporting regularly to the Risk Management Committee (RMC), the Board's Risk Committee and the Executive Committee, in particular in case of significant levels of risk assumed, in accordance with current corporate policy.

The interest-rate risk metrics designed by the CRM area periodically quantify the impact that a variation of 100 basis points in market interest rates would have on the BBVA Group's net interest income and economic value (see Glossary). This is complemented with metrics in probabilistic terms; "economic capital" (maximum estimated loss in economic value) and the "risk margin" (the maximum estimated loss in net interest income). In all cases, the metrics are calculated as originated by the structural interest-rate risk of banking activity (excluding trading floor activity), based on simulation models of interest-rate curves. With the same frequency, the Group performs stress tests and scenario analyses to complement its assessment of its interest-rate risk profile.

The BBVA Group's corporate risk model allows hypotheses to be established on the behavior of certain products, particularly those without explicit or contractual expiry. These assumptions are based on studies that calculate the relationship between the return on these products and market rates. They enable specific balances to be disaggregated into "trend-based" (long-term) and "seasonal or volatile" (short-term residual maturity) balances.

In 2013, the weakness of the economic recovery, together with the fiscal adjustments and risks of deflation, have maintained interest rates in Europe and the U.S. at all-time lows. At the same time, the growth of emerging markets has slowed as a result of the fall in commodity prices and tougher financing conditions, leading to more expansive policies by central banks. In this interest-rate situation, the BBVA Group's structural interest-rate risk has remained under control, within the limits established by the Executive Committee. The current levels of the euro and US dollar, which are exceptionally low, also constitute a barrier to the Group's exposure, which has a favorable position with respect to rises in market rates.

Below are the average interest-rate risk exposure levels in terms of sensitivity of the main geographical areas of the BBVA Group in 2013:

	Impact on Net Interest Income (*)		Impact on Economic Value (**)	
Sensitivity to interest-rate analysis - December 2013	**100 Basis-Point Increase**	**100 Basis-Point Decrease**	**100 Basis-Point Increase**	**100 Basis-Point Decrease**
Europe	6.41%	(7.80)%	1.58%	(1.92)%
Mexico	2.27%	(2.27)%	(1.39)%	1.59%
USA	6.27%	(8.11)%	1.60%	(6.51)%
South America	1.53%	(1.39)%	(2.93)%	3.01%
BBVA Group	**3.42%**	**(3.90)%**	**0.80%**	**(1.66)%**

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

(**) Percentage of core capital for each unit.

Structural currency risk

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

Structural exchange-rate risk management in BBVA aims to minimize the potential negative impact from fluctuations in exchange rates on the capital ratios and on the contribution to earnings of international investments maintained on a long-term basis by the Group.

The Asset and Liabilities Committee (ALCO) is the body that makes the decisions to act according to the proposals of the Balance-Sheet Management unit, which designs and executes the strategies to be implemented, using internal risk metrics in accordance with the corporate model.

The Corporate Risk Management (CRM) area acts as an independent unit responsible for monitoring and analyzing risks, standardizing risk management metrics and providing tools that can anticipate potential deviations from targets. In addition, it monitors the level of compliance with the risk limits established by the Executive Committee, reporting regularly to the Risk Management Committee (RMC), the Board's Risk Committee and the Executive Committee, in particular in case of significant levels of risk assumed, in accordance with current corporate policy.

The corporate measurement model is based on the simulation of exchange-rate scenarios, using their historical change and evaluating impacts in three core management areas: capital ratio, equity and the Group's income statement. The risk mitigation measures aimed at reducing exchange-rate risk exposures are considered in calculating risk estimates. The diversification resulting from investment in different geographical areas is also taken into account. In addition, in order to complement the metrics in the three core management areas, the risk measurements are complemented with analyses of scenarios, stress testing and backtesting, thus giving a more complete overview of the Group's exposure.

In 2013, in an environment characterized by uncertainty and volatility in currency markets, the risk mitigation level of the carrying value of the BBVA Group's holdings in foreign currency remained at 39%. The estimated exposure coverage of 2013 earnings in foreign currency has been 43%.

In 2013, the average asset exposure sensitivity to a 1% depreciation in exchange rates against the euro in the main currencies to which BBVA is exposed stood at €200 million, with 34% in the Mexican peso, 26% in South American currencies, 23% in Asian and Turkish currencies, and 15% in the US dollar.

Structural equity risk

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

The Corporate Risk Management (CRM) area acts as an independent unit responsible for monitoring and analyzing risks, standardizing risk management metrics and providing tools that can anticipate potential deviations from targets. In addition, it monitors the level of compliance with the risk limits established by the Executive Committee, reporting regularly to the Risk Management Committee (RMC), the Board's Risk Committee and the Executive Committee, in particular in case of significant levels of risk assumed, in accordance with current corporate policy.

The structural equity risk metrics designed by CRM according to the corporate model contribute to the effective monitoring of risk by estimating the sensitivity figures and the capital necessary to cover possible unexpected losses due to variations in the value of the companies making up the Group's equity portfolio, at a confidence level that corresponds to the institution's target rating, and taking into account the liquidity of the positions and the statistical performance of the assets under consideration. These figures are supplemented by periodic stress tests, backtesting and scenario analyses.

The aggregate sensitivity of the BBVA Group's consolidated equity to a 1% fall in the price of shares stood at €31 million as of December 31, 2013, and the sensitivity of pre-tax profit is estimated at €1 million. These figures are estimated taking into account the exposure in shares valued at market prices, or if not applicable, at fair value (except for the positions in the Treasury Area portfolios) and the net delta-equivalent positions in options on their underlyings.

7.3 Liquidity risk

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

Management of liquidity and structural finance within the BBVA Group is based on the principle of 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 only exception to this principle is Banco Bilbao Vizcaya Argentaria (Portugal), S.A., which is funded by Banco Bilbao Vizcaya Argentaria, S.A. Banco Bilbao Vizcaya Argentaria (Portugal), S.A. accounted for 0.91% of total consolidated assets and 0.56% of total consolidated liabilities as of December 31, 2013.

The Group's main source of funds is the customer deposit base, which consists primarily of demand, savings and time deposit accounts. In addition to relying on customer deposits, the Group also accesses the interbank market (overnight and time deposits) and domestic and international capital markets for our additional liquidity requirements. To access the capital markets, a series of domestic and international programs are in place for the issuance of commercial paper and medium- and long-term debt. A diversified liquidity pool of liquid assets and securitized assets are also generally maintained an individual entity level. Another source of liquidity is generation of cash flow from operations. Finally, funding requirements are supplemented with borrowings from the Bank of Spain and the European Central Bank (ECB) or the respective central banks of the countries where the subsidiaries are located.

The table below shows the types and amounts of instruments included in the liquidity pool of the most significant units:

	Millions of Euros			
2013	**BBVA Eurozone (1)**	**BBVA Bancomer**	**BBVA Compass**	**Others**
Cash and balances with central banks	10,826	6,159	1,952	6,843
Assets for credit operations with central banks	32,261	3,058	9,810	7,688
Central governments issues	16,500	229	904	7,199
Of Which: Spanish government securities	14,341	-	-	-
Other issues	15,761	2,829	2,224	489
Loans	-	-	6,682	-
Other non-eligible liquid assets	4,735	425	278	396
ACCUMULATED AVAILABLE BALANCE	**47,822**	**9,642**	**12,040**	**14,927**

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

The Asset and Liabilities Committee (ALCO) is the body that makes the decisions to act according to the proposals of the Balance-Sheet Management unit, which designs and executes the strategies to be implemented, using internal risk metrics in accordance with the corporate model. Both the evaluation and execution of actions in each of the Liquidity Management Units are carried out by ALCO and the management unit corresponding to these Liquidity Management Units.

The Corporate Risk Management (CRM) area acts as an independent unit responsible for monitoring and analyzing risks, standardizing risk management metrics and providing tools that can anticipate potential deviations from targets. In addition, it monitors the level of compliance with the risk limits established by the Executive Committee, reporting regularly to the Risk Management Committee (RMC), the Board's Risk Committee and the Executive Committee, in particular in case of significant levels of risk assumed, in accordance with current corporate policy.

The liquidity and funding risk metrics designed by CRM maintain an adequate risk profile for the BBVA Group's Liquidity and Funding Risk Appetite Framework, in accordance with the retail model on which its business activity is based. The objectives included in the decision-making process for managing liquidity and funding risk are specified for this purpose. Among the metrics, the loan-to-stable-customer-deposit ratio is one of the core management tools. It ensures that there are adequate levels of self-funding for lending on the balance sheet at all times. Once the levels of self-funding of the balance sheet have been established, the second core element is the correct diversification of the structure of wholesale funding, to avoid the excessive dependence on short-term funding. In addition, the internal metrics promote the short-term resistance of the liquidity risk profile, guaranteeing that each Liquidity Management Unit has sufficient collateral to face the risk of an unexpected change in the behavior of markets or wholesale counterparties that prevents access to funding or forces access at unreasonable prices.

In addition, the stress analyses are a fundamental element in the scheme of tracking liquidity risk and funding, as they anticipate deviations from the liquidity targets and limits established by the Risk Appetite Framework. They also play a key role in the design of the Liquidity Contingency Plan and in defining the measures for action that would be adopted to realign the risk profile should this be necessary. The stress scenarios cover a whole range of events and levels of severity, with the aim of revealing the vulnerability of the funding structure in the event of a comprehensive test on the whole of the balance sheet.

These stress results carried out regularly by CRM reveal that BBVA has a sufficient buffer of liquid assets to face the estimated liquidity shocks in a scenario such as a combination of a systemic crisis and an internal crisis with a major downgrade in the entity's rating (up to three notches).

In 2013, one of the most significant aspects has been a steady improvement in the stability of the wholesale funding markets in Europe as a result of the positive trend in sovereign risk premiums, in an environment of improving growth expectations for the Eurozone and high market liquidity. In this context, BBVA has managed to strengthen its liquidity position and improve its funding structure based on the growth of self-funding from stable customer funds.

With respect to the new regulatory framework, the BBVA Group has continued to develop an orderly plan to adapt to the regulatory ratios so as to allow it to adopt best practices and the most effective and strict criteria for their implementation sufficiently in advance. In January 2013 some of the aspects of the document published by the Banking Supervisory Committee published in December 2010 on the Liquidity Coverage Ratio (LCR) were updated and made more flexible. They include incorporating the ratio as a regulatory requirement on January 1, 2015, with a 60% demand for compliance, to be increased to 100% by January 2019.

In addition, the Bank Supervisory Committee has initiated once more the review of the "Net Stable Funding Ratio" (NSFR), which aims to increase the weight of medium- and long-term funding on the banks' balance sheets. It will be under review until mid-2016 and become a regulatory requirement starting on January 1, 2018.

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

7.4 Residual maturity

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

	Millions of Euros						
Contractual Maturities 2013	**Demand**	**Up to 1 Month**	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 years**	**Total**
Asset -							
Cash and balances with central banks	30,851	2,200	706	734	396	-	**34,887**
Loans and advances to credit institutions	3,641	11,474	2,637	1,552	2,389	1,098	**22,791**
Loans and advances to customers	27,428	26,551	19,930	43,295	87,828	131,833	**336,865**
Debt securities	146	2,991	1,944	14,793	45,846	40,463	**106,183**
Derivatives (trading and hedging)	-	1,081	1,435	3,589	12,705	21,359	**40,169**
Total	**62,066**	**44,297**	**26,652**	**63,963**	**149,164**	**194,753**	**540,895**
Liabilities -							
Deposits from central banks	82	13,722	1,350	1,015	14,525	-	**30,694**
Deposits from credit institutions	3,314	22,796	8,911	5,570	8,897	2,766	**52,254**
Deposits from customers	140,846	55,418	14,692	44,575	33,080	10,994	**299,605**
Debt certificates (including bonds)	-	4,039	383	9,901	35,581	12,640	**62,544**
Subordinated liabilities	-	38	1	993	1,389	7,847	**10,268**
Other financial liabilities	316	4,253	404	297	367	21	**5,658**
Short positions	7,528	-	-	-	-	-	**7,528**
Derivatives (trading and hedging)	-	904	1,448	3,749	12,778	21,032	**39,912**
Total	**152,086**	**101,170**	**27,189**	**66,100**	**106,617**	**55,300**	**508,463**
Contingent Liabilities	-	-	-	-	-	-	**-**
Financial guarantees	751	1,455	212	1,561	3,059	432	**7,471**

	Millions of Euros						
Contractual Maturities 2012	**Demand**	**Up to 1 Month**	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 years**	**Total**
Asset -							
Cash and balances with central banks	31,488	2,514	605	364	505	-	**35,477**
Loans and advances to credit institutions	3,351	14,459	1,479	1,732	3,367	984	**25,372**
Loans and advances to customers	23,005	33,029	22,157	41,892	92,784	142,352	**355,218**
Debt securities	198	3,243	4,464	11,156	46,217	40,024	**105,301**
Derivatives (trading and hedging)	-	1,318	1,361	3,765	15,655	31,444	**53,544**
Total	**58,041**	**54,563**	**30,066**	**58,910**	**158,529**	**214,804**	**574,912**
Liabilities -							
Deposits from central banks	18	8,095	3,232	0	34,495	350	**46,190**
Deposits from credit institutions	3,839	29,488	2,136	7,137	8,937	3,909	**55,446**
Deposits from customers	136,039	45,859	14,758	50,202	26,578	8,251	**281,687**
Debt certificates (including bonds)	-	6,065	4,115	17,991	38,966	14,787	**81,924**
Subordinated liabilities	-	50	-	724	3,242	7,090	**11,106**
Other financial liabilities	4,263	1,813	383	253	844	34	**7,590**
Short positions	6,580	-	-	-	-	-	**6,580**
Derivatives (trading and hedging)	-	1,085	1,260	3,804	15,314	30,759	**52,222**
Total	**150,739**	**92,455**	**25,884**	**80,111**	**128,377**	**65,179**	**542,744**

	Millions of Euros						
Contractual Maturities 2011	**Demand**	**Up to 1 Month**	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
Asset -							
Cash and balances with central banks	27,070	1,393	636	319	411	-	**29,829**
Loans and advances to credit institutions	2,599	7,083	1,307	3,492	7,137	2,783	**24,401**
Loans and advances to customers	17,539	37,705	22,276	44,594	90,649	137,476	**350,239**
Debt securities	806	2,199	2,643	7,684	37,919	32,744	**83,995**
Derivatives (trading and hedging)	-	1,795	1,873	4,694	16,200	27,310	**51,872**
Total	**48,014**	**50,175**	**28,735**	**60,783**	**152,316**	**200,313**	**540,336**
Liabilities -							
Deposits from central banks	3	19,305	2,609	-	10,950	1	**32,868**
Deposits from credit institutions	2,101	26,009	4,173	5,315	15,228	3,500	**56,326**
Deposits from customers	112,877	67,324	16,521	39,964	27,957	6,624	**271,267**
Debt certificates (including bonds)	-	2,012	1,861	11,246	45,440	16,971	**77,530**
Subordinated liabilities	-	-	109	37	4,856	9,427	**14,429**
Other financial liabilities	4,667	1,194	330	456	1,167	1,217	**9,031**
Short positions	4,611	-	-	-	-	-	**4,611**
Derivatives (trading and hedging)	-	1,683	1,632	5,219	15,494	25,249	**49,277**
Total	**124,259**	**117,527**	**27,235**	**62,237**	**121,092**	**62,989**	**515,339**

8. Fair value of financial instruments

Fair value 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.

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

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

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

Below is a comparison of the carrying amount of the Group's financial instruments in the accompanying consolidated balance sheets and their respective fair values. Not all assets and liabilities are registered at fair value. The following items are registered at their amortized cost: "Cash and balances with central banks", "Loans and receivables", "Held to maturity investments" and financial liabilities at amortized cost:

		Millions of Euros					
		2013		2012		2011	
Fair Value and Carrying Amount	Notes	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS-							
Cash and balances with central banks	9	34,903	34,903	35,494	35,494	29,841	29,841
Financial assets held for trading	10	72,112	72,112	79,829	79,829	70,471	70,471
Other financial assets designated at fair value through profit or loss	11	2,413	2,413	2,530	2,530	2,773	2,773
Available-for-sale financial assets	12	77,774	77,774	67,500	67,500	54,641	54,641
Loans and receivables	13	350,945	364,120	371,347	391,594	369,916	377,722
Held-to-maturity investments	14	-	-	10,162	9,805	10,955	10,190
Fair value changes of the hedges items in portfolio hedges of interest rate risk	15	98	98	226	226	146	146
Hedging derivatives	15	2,530	2,530	4,894	4,894	4,538	4,538
LIABILITIES-							
Financial assets held for trading	10	45,648	45,648	55,834	55,834	51,178	51,178
Other financial liabilities designated at fair value through profit or loss	11	2,467	2,467	2,216	2,216	1,621	1,621
Financial liabilities at amortized cost	23	464,141	466,240	490,605	488,163	465,717	459,698
Fair value changes of the hedged items in portfolio hedges of interest rate risk.	15	-	-	-	-	-	-
Hedging derivatives	15	1,792	1,792	2,968	2,968	2,709	2,709

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

- *Level 1*: Measurement using market observable quoted prices for the financial instrument in question, secured from independent sources and referred to active markets. This level includes listed debt securities, listed equity instruments, some derivatives and mutual funds.
- *Level 2:* Measurement that applies techniques using inputs drawn from observable market data.
- *Level 3:* Measurement using techniques where some of the inputs are not taken from market observable data. As of December 31, 2013, the affected instruments accounted for approximately 0.16% of financial assets and 0.01% of the Group's financial liabilities. Model selection and validation is undertaken by control areas outside the market units.

8.1 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 consolidated balance sheets, broken down by the measurement technique used to determine their fair value:

		Millions of Euros								
		2013			2012			2011		
Fair Value by Levels	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
ASSETS-										
Financial assets held for trading	10	34,394	37,427	290	30,890	48,530	412	22,952	46,819	700
Loans and advances to customers		-	106	-	244	-	-	-	-	-
Debt securities		28,573	852	176	27,007	718	295	19,703	792	450
Equity instruments		4,596	111	58	2,705	140	70	2,027	97	68
Trading derivatives		1,225	36,358	56	934	47,672	47	1,221	45,930	182
Other financial assets designated at fair value through profit or loss	11	2,352	61	-	2,468	62	-	2,358	415	-
Loans and advances to credit institutions		-	-	-	-	-	-	-	-	-
Debt securities		603	61	-	691	62	-	647	61	-
Equity instruments		1,749	-	-	1,777	-	-	1,711	354	-
Available-for-sale financial assets	12	57,957	18,710	591	47,692	18,545	753	38,193	14,844	1,064
Debt securities		52,726	18,515	566	44,496	18,353	699	34,195	14,620	602
Equity instruments		5,231	195	25	3,196	192	54	3,998	224	462
Hedging derivatives	15	52	2,478	-	111	4,783	-	289	4,249	-
LIABILITIES-										
Financial liabilities held for trading	10	8,459	37,172	17	7,371	48,425	38	5,813	45,342	23
Trading derivatives		931	37,172	17	791	48,425	38	1,202	45,342	23
Short positions		7,528	-	-	6,580	-	-	4,611	-	-
Other financial liabilities designated at fair value through profit or loss	11	-	2,467	-	-	2,216	-	-	1,621	-
Hedging derivatives	15	-	1,757	35	-	2,951	17	-	2,709	-

The heading "Available-for-sale financial assets" in the accompanying consolidated balance sheets as of December 31, 2013, 2012 and 2011 additionally includes €516, €510 million and €541 million, respectively, accounted for at cost, as indicated in the section of this Note entitled "Financial instruments at cost".

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.

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 Technology and Methodologies that reports to GRM (see Note 7).

Additionally, for assets 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 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, 2013:

Financial Instruments Level 2	Fair Value (Millons of euros)	Main Measurement techniques	Main inputs used
Loans and advances to customers		**Present value Method** Determining the present-value of financial instruments as the current value of future cash flows (discounted at market interest rates), taking into account: -the estimate of prepayment rates; - the issuer credit risk; and - current market interest rates. - Net Asset Value (NAV) published recurrently, but not more frequently than every quarter	- Risk premiums. - Observable market interest rates
Available-for-sale financial assets	106		
Debt securities			
Trading portfolio	852		
Other financial assets at fair value through profit and loss	61		
Available-for-sale financial assets	18,515		
Equity Instruments			
Trading portfolio	111		
Available-for-sale financial assets	195		
Other financial liabilities			
Other financial liabilities designated at fair value through profit or loss	2,467		
Trading derivatives		• Commodities: **Discounted cash flows and moment adjustment** • Credit products: **Default model, Gaussian copula and Black Derman Toy** • Exchange rate products: **Discounted cash flows and Black Scholes** • Fixed income products: **Discounted cash flows** • Equity instruments: **Local-Vol, Black and Discounted cash flows** • Interest rate products: - Interest rate swaps, Call money Swaps y FRA: **Discounted cash flows** - Caps/Floors , bond options y Swaptions: **Black** - Interest rate options: **Hull-White y SABR**	Observable market data
Trading asset portfolio	36,358		
Trading liability portfolio	37,172		
Hedging derivatives			
Asset	2,478		
Liability	1,757		

Financial Instruments Level 3	Fair Value (Millons of euros)	Main Measurement techniques	Main inputs used
Debt securities		• CDO: **Time Default Model** (Probability of default measure)	-Correlation of defaults extrapolated from several index tranches (ITRA00 nad CDX) with the underlying portfolio of our CDOs
Trading portfolio	176		
Available-for-sale financial assets	566		
Equity Instruments		**Present-value method** (Discounted future cash flows)	-Prepayment Rates - Default Correlation - Credit Spread - NAV supplied by the fund administrator or issuer of the securities
Trading portfolio	58		
Available-for-sale financial assets	25		
Trading derivatives		• Credit Option: **Gaussian Copula and Libor Market Model** • Equity OTC Options : **Heston** • Interest rate options: **Libor Market Model**	- Non directly observable market data - Historical Series
Trading asset portfolio	57		
Trading liability portfolio	17		
Hedging derivatives			
Liability	35		

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.

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

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

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

The impact recorded under "Net gains (losses) on financial asset and liabilities" in the consolidated income statement for the year ended December 31, 2013 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 not material.

Financial assets and liabilities classified as Level 3

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

	Millions of Euros					
	2013		2012		2011	
Financial Assets Level 3 Changes in the Period	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Balance at the beginning	**1,165**	**55**	**1,764**	**23**	**1,469**	**25**
Valuation adjustments recognized in the income statement (*)	7	15	51	2	(1)	(12)
Valuation adjustments not recognized in the income statement	-	-	(3)	-	-	-
Acquisitions, disposals and liquidations	(374)	(18)	(279)	29	266	9
Net transfers to Level 3	180	-	(134)	-	33	-
Exchange differences and others	(95)	(1)	(233)	1	(3)	1
Exchange differences and others	**881**	**52**	**1,165**	**55**	**1,764**	**23**

(*) Profit or loss that is attributable to gains or losses relating to those assets and liabilities held at the end of the reporting period

As of December 31, 2013, 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.

The financial instruments transferred between the different levels of measurement in 2013 are at the following amounts in the accompanying consolidated balance sheets as of December 31, 2013:

		Millions of Euros					
	From	Level I		Level 2		Level 3	
Transfer between levels	**To:**	**Level 2**	**Level 3**	**Level 1**	**Level 3**	**Level 1**	**Level2**
ASSETS							
Financial assets held for trading		-	5	18	2	-	3
Available-for-sale financial assets		7	190	172	-	5	9
LIABILITIES-							

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

Financial Assets Level 3 Sensitivity Analysis	Millions of Euros: Potential Impact on Consolidated Income Statement: Most Favorable Hypotheses	Potential Impact on Consolidated Income Statement: Least Favorable Hypotheses	Potential Impact on Total Equity: Most Favorable Hypotheses	Potential Impact on Total Equity: Least Favorable Hypotheses
ASSETS				
Financial assets held for trading	16	(13)	-	-
Available-for-sale financial assets	-	-	11	(11)
LIABILITIES-				
Financial liabilities held for trading	1	(1)	-	-
Total	**17**	**(14)**	**11**	**(11)**

8.2 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 consolidated balance sheets, broken down according to the method of valuation used to estimate their fair value:

Fair Value by Levels	Notes	Millions of Euros: 2013 Level 1	2013 Level 2	2013 Level 3	2012 Level 1	2012 Level 2	2012 Level 3	2011 Level 1	2011 Level 2	2011 Level 3
ASSETS-										
Cash and balances with central banks	9	34,903	-	-	35,494	-	-	29,841	-	-
Loans and receivables	13		1,351	362,769	-	-	391,594	-	-	377,722
LIABILITIES-										
Financial liabilities at amortized cost	23	-	-	466,240	-	-	488,163	-	-	459,698

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, 2013:

Financial Instruments Level 2	Fair Value (Millons of euros)	Main Measurement techniques	Main inputs used
Loans and receivables		**Present-value method** (Discounted future cash flows)	- Default correlation - Credit spread
Debt securities	1,351		

Financial Instruments Level 3	Fair Value (Millions of euros)	Main Measurement techniques	Main inputs used
Loans and receivables		Present-value method (Discounted future cash flows)	-Prepayment rates - Default correlation - Credit spread - Market interest rates
Loans and advances to credit institutions	22,147		
Loans and advances to customers	337,742		
Debt securities	2,881		
Financial liabilities at amortized cost			
Deposits from central banks	31,018		
Deposits from credit institutions	51,859		
Customer deposits	301,187		
Debt certificates	64,984		
Sobordinated liabilities	11,206		
Other financial liabilities	5,985		

Financial instruments at cost

As of December 31, 2013, 2012 and 2011, there were equity instruments and certain discretionary profit-sharing arrangements in some entities which were recognized at cost in the Group's consolidated balance sheets because their fair value could not be reliably determined, as they were not traded in organized markets and, thus, their unobservable inputs are significant. On the above dates, the balances of these financial instruments recognized in the portfolio of available-for-sale financial assets amounted to €516, €510 million and €541 million, respectively.

The table below outlines the financial assets and liabilities carried at cost that were sold in the year ended December 31, 2013, 2012 and 2011:

	Millions of Euros		
Sales of financial instruments at cost	**2013**	**2012**	**2011**
Amount of Sale	76	29	19
Carrying Amount at Sale Date	62	5	8
Gains/Losses	13	24	11

9. Cash and balances with central banks

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

		Millions of Euros		
Cash and Balances with Central Banks	**Notes**	**2013**	**2012**	**2011**
Cash		5,533	5,155	4,496
Balances at the Central Banks		29,234	29,845	24,838
Reverse repurchase agreements	37	120	476	495
Accrued interests		16	17	12
Total		**34,903**	**35,494**	**29,841**

		Millions of Euros		
Deposits from Central Banks	**Notes**	**2013**	**2012**	**2011**
Deposits from Central Banks		25,059	40,576	23,905
Repurchase agreements	37	5,636	5,614	8,961
Accrued interest until expiration		198	285	11
Total	23	**30,893**	**46,475**	**32,877**

During the 2013, the changes in this item are mainly a result of to the decrease in the balance of deposits with the European Central Bank.

10. Financial assets and liabilities held for trading

10.1 Breakdown of the balance

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

	Millions of Euros		
Financial Assets and Liabilities Held-for-Trading	**2013**	**2012**	**2011**
ASSETS-			
Loans and advances to credit institutions	-	-	-
Loans and advances to customers	106	244	-
Debt securities	29,602	28,020	20,946
Equity instruments	4,766	2,915	2,192
Trading derivatives	37,638	48,650	47,333
Total	**72,112**	**79,829**	**70,471**
LIABILITIES-			
Trading derivatives	38,119	49,254	46,567
Short positions	7,529	6,580	4,611
Total	**45,648**	**55,834**	**51,178**

10.2 Debt securities

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

	Millions of Euros		
Debt Securities Held-for-Trading Breakdown by type of instrument	**2013**	**2012**	**2011**
Issued by Central Banks	291	334	402
Spanish government bonds	5,251	4,968	4,324
Foreign government bonds	19,154	18,068	13,229
Issued by Spanish financial institutions	596	456	566
Issued by foreign financial institutions	2,138	2,089	1,323
Other debt securities	2,172	2,106	1,102
Total	**29,602**	**28,020**	**20,946**

10.3 Equity instruments

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

Equity Instruments Held-for-Trading Breakdown by Issuer	Millions of Euros 2013	2012	2011
Shares of Spanish companies			
Credit institutions	497	162	62
Other sectors	2,255	1,108	600
Subtotal	2,752	1,270	662
Shares of foreign companies			
Credit institutions	80	75	128
Other sectors	1,934	1,570	1,402
Subtotal	2,015	1,645	1,530
Total	**4,766**	**2,915**	**2,192**

10.4 Trading derivatives

The trading derivatives portfolio arises from the Group's need to manage the risks it is exposed to in the normal course of business and also to market certain products amongst the Group's customers. As of December 31, 2013, 2012 and 2011, trading derivatives were mainly contracted in over-the-counter (OTC) markets, with counterparties which are mainly foreign credit institutions, and related to foreign-exchange, interest-rate and equity risk. Below is a breakdown of the net positions by transaction type of the fair value of trading derivatives recognized in the accompanying consolidated balance sheets, divided into organized and OTC markets:

	Millions of Euros							
Outstanding Financial Trading Derivatives 2013	**Currency Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Precious Metals Risk**	**Commodities Risk**	**Credit Risk**	**Other Risks**	**Total**
Organized markets								
Financial futures	-	-	1	-	-	-	-	1
Options	1	-	72	-	-	-	1	74
Other products	-	-	-	-	-	-	-	-
Subtotal	1	-	73	-	-	-	1	75
OTC markets								
Credit institutions								
Forward transactions	(554)	40	-	-	-	-	-	(514)
Future rate agreements (FRAs)	-	(63)	-	-	-	-	-	(63)
Swaps	83	(1,394)	9	-	5	-	-	(1,297)
Options	179	(100)	(457)	(1)	(2)	-	-	(381)
Other products	-	(10)	-	-	-	(45)	-	(55)
Subtotal	(292)	(1,527)	(448)	(1)	3	(45)	-	(2,310)
Other financial institutions								
Forward transactions	(137)	-	-	-	-	-	1	(136)
Future rate agreements (FRAs)	-	(10)	-	-	-	-	-	(10)
Swaps	-	25	12	-	-	-	-	37
Options	29	(108)	(320)	-	-	-	-	(399)
Other products	-	-	-	-	-	39	-	39
Subtotal	(108)	(93)	(308)	-	-	39	1	(469)
Other sectors								
Forward transactions	176	-	-	-	-	-	-	176
Future rate agreements (FRAs)	-	136	-	-	-	-	-	136
Swaps	48	1,357	28	-	3	-	-	1,436
Options	(24)	(7)	449	(2)	(3)	-	-	413
Other products	3	57	-	-	-	-	-	60
Subtotal	203	1,543	477	(2)	-	-	-	2,221
Subtotal	(197)	(77)	(279)	(3)	3	(6)	1	(556)
Total	**(196)**	**(77)**	**(206)**	**(3)**	**3**	**(6)**	**2**	**(481)**
Of which:								
Asset Trading Derivatives	**6,389**	**27,719**	**3,073**	**1**	**20**	**430**	**6**	**37,638**
Liability Trading Derivatives	**(6,585)**	**(27,797)**	**(3,279)**	**(4)**	**(15)**	**(436)**	**(3)**	**(38,119)**

Outstanding Financial Trading Derivatives 2012	Currency Risk	Interest Rate Risk	Equity Price Risk	Precious Metals Risk	Commodities Risk	Credit Risk	Other Risks	Total
	Millions of Euros							
Organized markets								
Financial futures	-	-	1	-	-	-	-	1
Options	(4)	-	(111)	1	2	-	-	(112)
Other products	-	-	-	-	-	-	-	-
Subtotal	(4)	-	(110)	1	2	-	-	(111)
OTC markets								
Credit institutions								
Forward transactions	(1,108)	109	-	-	-	-	-	(999)
Future rate agreements (FRAs)	-	(203)	-	-	-	-	-	(203)
Swaps	70	(2,848)	83	-	12	-	-	(2,683)
Options	8	212	109	-	(4)	-	1	326
Other products	-	(3)	-	-	-	(92)	-	(95)
Subtotal	(1,030)	(2,733)	192	-	8	(92)	1	(3,654)
Other financial institutions								
Forward transactions	(22)	-	-	-	-	-	-	(22)
Future rate agreements (FRAs)	-	(28)	-	-	-	-	-	(28)
Swaps	-	842	(21)	-	-	-	-	821
Options	-	(4)	(366)	-	-	-	-	(370)
Other products	-	(5)	-	-	-	108	-	103
Subtotal	(22)	805	(387)	-	-	108	-	504
Other sectors								
Forward transactions	235	1	-	-	-	-	-	236
Future rate agreements (FRAs)	-	302	-	-	-	-	-	302
Swaps	(16)	1,639	153	-	(1)	-	-	1,775
Options	(60)	84	250	(3)	-	-	(4)	267
Other products	(3)	80	-	-	-	-	-	77
Subtotal	156	2,106	403	(3)	(1)	-	(4)	2,657
Subtotal	(896)	178	209	(3)	6	16	(3)	(493)
Total	**(900)**	**178**	**99**	**(3)**	**8**	**16**	**(3)**	**(604)**
Of which:								
Asset Trading Derivatives	**5,722**	**38,974**	**3,314**	**8**	**76**	**531**	**26**	**48,650**
Liability Trading Derivatives	**(6,622)**	**(38,795)**	**(3,215)**	**(10)**	**(68)**	**(515)**	**(29)**	**(49,254)**

Outstanding Financial Trading Derivatives 2011	Currency Risk	Interest Rate Risk	Equity Price Risk	Precious Metals Risk	Commodities Risk	Credit Risk	Other Risks	Total
	Millions of Euros							
Organized markets								
Financial futures	-	2	7	-	-	-	-	9
Options	(11)	-	(147)	5	(9)	-	-	(162)
Other products	-	-	-	-	-	-	-	-
Subtotal	(11)	2	(140)	5	(9)	-	-	(153)
OTC markets								
Credit institutions								
Forward transactions	(178)	-	-	-	-	-	-	(178)
Future rate agreements (FRAs)	-	(220)	-	-	-	-	-	(220)
Swaps	(299)	(3,960)	67	1	40	-	-	(4,150)
Options	110	605	(747)	-	-	-	1	(31)
Other products	-	11	-	-	-	(432)	-	(421)
Subtotal	(367)	(3,565)	(679)	1	40	(432)	1	(5,001)
Other financial institutions								
Forward transactions	(7)	-	-	-	-	-	-	(7)
Future rate agreements (FRAs)	-	(21)	-	-	-	-	-	(21)
Swaps	-	1,460	12	-	(2)	-	-	1,470
Options	9	(177)	(64)	-	-	-	-	(232)
Other products	-	-	-	-	-	577	-	577
Subtotal	2	1,262	(52)	-	(2)	577	-	1,787
Other sectors								
Forward transactions	392	-	-	-	-	-	-	392
Future rate agreements (FRAs)	-	311	-	-	-	-	-	311
Swaps	31	2,536	409	-	40	-	-	3,016
Options	(79)	164	330	-	-	-	9	424
Other products	-	8	-	-	-	(18)	-	(10)
Subtotal	343	3,020	739	-	40	(18)	9	4,133
Subtotal	(21)	717	7	1	78	127	10	919
Total	**(32)**	**719**	**(133)**	**6**	**69**	**127**	**10**	**766**
Of which:								
Asset Trading Derivatives	**8,892**	**32,837**	**3,178**	**45**	**284**	**2,064**	**33**	**47,333**
Liability Trading Derivatives	**(8,923)**	**(32,118)**	**(3,311)**	**(39)**	**(215)**	**(1,937)**	**(24)**	**(46,567)**

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

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

	Millions of Euros		
Other Financial Assets Designated at Fair Value through Profit or Loss. Breakdown by Type of Instruments	**2013**	**2012**	**2011**
ASSETS-			
Loans and advances to credit institutions	-	-	-
Debt securities	663	753	708
Unit-linked products	161	145	113
Other securities	503	608	595
Equity instruments	1,750	1,777	2,065
Unit-linked products	1,689	1,727	1,473
Other securities	60	50	592
Total	**2,413**	**2,530**	**2,773**
LIABILITIES-			
Other financial liabilities	2,467	2,216	1,621
Unit-linked products	2,467	2,216	1,621
Total	**2,467**	**2,216**	**1,621**

As of December 31, 2013, 2012 and 2011 the most representative balance within other financial assets and liabilities at fair value through profit and loss related to assets and liabilities linked to insurance products where the policyholder bears the risk ("Unit -Link"). This type of product is sold only in Spain, through BBVA Seguros SA, insurance and reinsurance and Unnim Vida SA, insurance and reinsurance, and in Mexico through Seguros Bancomer SA de CV.

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

12. Available-for-sale financial assets

12.1 Balance details

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

	Millions of Euros		
Available-for-Sale Financial Assets	**2013**	**2012**	**2011**
Debt securities	71,861	63,651	49,549
Impairment losses	(55)	(103)	(133)
Subtotal	71,806	63,548	49,416
Equity instruments	6,111	4,188	5,658
Impairment losses	(143)	(236)	(433)
Subtotal	5,968	3,952	5,225
Total	**77,774**	**67,500**	**54,641**

The increase in this line item is mainly due to:

- On September 4, 2013 "Held to maturity investments" portfolio was reclassified to "Available for sale financial assets". This reclassification is a result of a change in the business model used to manage these portfolios, which will not be considered a permanent investment and may be subject of sale.

The reclassified balance was €9,722 million with an unrealized gain due to the change in classification of approximately €25 million, registered in the equity line "Valuation adjustments – Financial assets available for sale". The impact in interest margin during 2013 is not material.

- As mentioned in Note 3, under the new agreement with the CITIC Group, BBVA's stake in CNBC (Note 17), which was reduced to 9.9%, has been reclassified during the year 2013 to "Available for sale financial assets".

12.2 Debt securities

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

	Millions of Euros			
Debt Securities Available-for-Sale 2013	**Amortized Cost (*)**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic Debt Securities				
Spanish Government and other government agency debt securities	30,688	781	(90)	31,379
Other debt securities	8,536	227	(25)	8,738
Issued by Central Banks	-	-	-	-
Issued by credit institutions	5,907	124	(4)	6,027
Issued by other institutions	2,629	103	(21)	2,711
Subtotal	39,224	1,008	(115)	40,116
Foreign Debt Securities				
Mexico	10,433	328	(178)	10,583
Mexican Government and other government agency debt securities	9,028	281	(160)	9,150
Other debt securities	1,404	47	(19)	1,433
Issued by Central Banks	-	-	-	-
Issued by credit institutions	84	11	(2)	93
Issued by other institutions	1,320	36	(16)	1,340
The United States	5,962	58	(82)	5,937
Government securities	1,055	11	(11)	1,056
US Treasury and other US Government agencies	171	3	(4)	170
States and political subdivisions	884	8	(7)	885
Other debt securities	4,907	46	(72)	4,881
Issued by Central Banks	-	-	-	-
Issued by credit institutions	234	2	(2)	233
Issued by other institutions	4,674	44	(70)	4,648
Other countries	14,928	570	(329)	15,170
Other foreign governments and other government agency debt securities	7,128	333	(261)	7,199
Other debt securities	7,801	237	(67)	7,971
Issued by Central Banks	1,209	9	(10)	1,208
Issued by credit institutions	4,042	175	(51)	4,166
Issued by other institutions	2,550	54	(6)	2,597
Subtotal	31,323	956	(589)	31,690
Total	**70,547**	**1,964**	**(704)**	**71,806**

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

	Millions of Euros			
Debt Securities Available-for-Sale 2012	**Amortized Cost (*)**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic Debt Securities				
Spanish Government and other government agency debt securities	25,375	243	(857)	24,761
Other debt securities	9,580	145	(120)	9,605
Issued by Central Banks	-	-	-	-
Issued by credit institutions	7,868	71	(59)	7,880
Issued by other issuedrs	1,712	74	(61)	1,725
Subtotal	34,955	388	(977)	34,366
Foreign Debt Securities				
Mexico	8,230	962	(1)	9,191
Mexican Government and other government agency debt securities	7,233	833	-	8,066
Other debt securities	997	129	(1)	1,125
Issued by Central Banks	-	-	-	-
Issued by credit institutions	333	56	(1)	388
Issued by other issuedrs	664	73	-	737
The United States	6,927	189	(88)	7,028
Government securities	713	21	(10)	724
US Treasury and other US Government agencies	228	1	(1)	228
States and political subdivisions	485	20	(9)	496
Other debt securities	6,214	168	(78)	6,304
Issued by Central Banks	-	-	-	-
Issued by credit institutions	150	11	(7)	154
Issued by other issuedrs	6,064	157	(71)	6,150
Other countries	13,054	469	(560)	12,963
Other foreign governments and other government agency debt securities	5,557	212	(374)	5,395
Other debt securities	7,497	257	(186)	7,568
Issued by Central Banks	1,158	2	(1)	1,159
Issued by credit institutions	4,642	209	(101)	4,750
Issued by other issuedrs	1,697	46	(84)	1,659
Subtotal	28,211	1,620	(649)	29,182
Total	**63,166**	**2,008**	**(1,626)**	**63,548**

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

	Millions of Euros			
Debt Securities Available-for-Sale 2011	**Amortized Cost (*)**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic Debt Securities				
Spanish Government and other government agency debt securities	20,531	58	(1,380)	19,209
Other debt securities	4,412	125	(299)	4,238
Issued by Central Banks	-	-	-	-
Issued by credit institutions	3,297	80	(247)	3,130
Issued by other issuedrs	1,115	45	(52)	1,108
Subtotal	24,943	183	(1,679)	23,447
Foreign Debt Securities				
Mexico	4,799	175	-	4,974
Mexican Government and other government agency debt securities	4,727	163	-	4,890
Other debt securities	72	12	-	84
Issued by Central Banks	-	-	-	-
Issued by credit institutions	59	11	-	70
Issued by other issuedrs	14	1	-	15
The United States	7,332	242	(235)	7,339
Government securities	993	36	(12)	1,017
US Treasury and other US Government agencies	486	8	(12)	482
States and political subdivisions	507	28	-	535
Other debt securities	6,339	206	(223)	6,322
Issued by Central Banks	-	-	-	-
Issued by credit institutions	629	22	(36)	615
Issued by other issuedrs	5,710	184	(186)	5,708
Other countries	13,953	622	(919)	13,656
Other foreign governments and other government agency debt securities	8,235	344	(602)	7,977
Other debt securities	5,718	278	(317)	5,679
Issued by Central Banks	843	10	(0)	852
Issued by credit institutions	3,067	184	(265)	2,986
Issued by other issuedrs	1,808	84	(51)	1,841
Subtotal	26,084	1,039	(1,154)	25,969
Total	**51,027**	**1,222**	**(2,833)**	**49,416**

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

The credit ratings of the issuers of debt securities in the available-for-sale portfolio as of December 31, 2013, 2012 and 2011 are as follows:

	December 2013		December 2012		December 2011	
Avalaible for Sale financial assets Debt Securities by Rating	**Fair Value (Millions of Euros)**	**%**	**Fair Value (Millions of Euros)**	**%**	**Fair Value (Millions of Euros)**	**%**
AAA	847	1.2%	1,436	2.3%	3,022	6.1%
AA+	4,927	6.9%	5,873	9.2%	5,742	11.6%
AA	198	0.3%	214	0.3%	1,242	2.5%
AA-	748	1.0%	1,690	2.7%	18,711	37.9%
A+	554	0.8%	741	1.2%	735	1.5%
A	8,463	11.8%	1,125	1.8%	2,320	4.7%
A-	4,588	6.4%	6,521	10.3%	948	1.9%
BBB+	7,203	10.0%	890	1.4%	7,631	15.4%
BBB	29,660	41.3%	3,314	5.2%	883	1.8%
BBB-	9,152	12.7%	28,466	44.8%	238	0.5%
BB+ or below	3,548	4.9%	7,706	12.1%	2,300	4.7%
Without rating	1,918	2.7%	5,572	8.8%	5,645	11.4%
Total	**71,806**	**100.0%**	**63,548**	**100.0%**	**49,416**	**100.0%**

12.3 Equity instruments

The breakdown of the balance under the heading "Equity instruments" as of December 31, 2013, 2012 and 2011, is as follows:

	Millions of Euros			
Equity Instruments Available-for-Sale 2013	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Equity instruments listed				
Listed Spanish company shares	3,270	54	(46)	3,277
Credit institutions	3	-	-	3
Other entities	3,267	54	(46)	3,275
Listed foreign company shares	2,030	46	(9)	2,066
United States	16	-	-	16
Mexico	8	37	-	45
Other countries	2,006	9	(9)	2,006
Subtotal	5,300	100	(55)	5,343
Unlisted equity instruments	-	-	-	-
Unlisted Spanish company shares	61	-	(1)	60
Credit institutions	3	-	-	3
Other entities	58	-	(1)	57
Unlisted foreign companies shares	554	9	(1)	563
United States	455	-	-	455
Mexico	-	-	-	-
Other countries	99	9	(1)	107
Subtotal	616	9	(2)	623
Total	**5,916**	**109**	**(57)**	**5,968**

	Millions of Euros			
Equity Instruments Available-for-Sale 2012	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Equity instruments listed				
Listed Spanish company shares	3,301	122	(380)	3,043
Credit institutions	2	-	-	2
Other entities	3,299	122	(380)	3,041
Listed foreign company shares	294	9	(44)	259
United States	32	1	(4)	29
Mexico	-	-	-	-
Other countries	262	8	(40)	230
Subtotal	3,595	131	(424)	3,302
Unlisted equity instruments				
Unlisted Spanish company shares	77	2	(4)	75
Credit institutions	4	-	-	4
Other entities	73	2	(4)	71
Unlisted foreign companies shares	568	7	-	575
United States	474	-	-	474
Mexico	-	-	-	-
Other countries	94	7	-	101
Subtotal	645	9	(4)	650
Total	**4,240**	**140**	**(428)**	**3,952**

	Millions of Euros			
Equity Instruments Available-for-Sale 2011	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Equity instruments listed				
Listed Spanish company shares	3,803	468	(2)	4,269
Credit institutions	2	-	-	2
Other entities	3,801	468	(2)	4,267
Listed foreign company shares	359	5	(91)	273
United States	41	-	(12)	29
Mexico	-	-	-	-
Other countries	318	5	(79)	244
Subtotal	4,162	473	(93)	4,542
Unlisted equity instruments				
Unlisted Spanish company shares	35	-	-	35
Credit institutions	1	-	-	1
Other entities	35	-	-	35
Unlisted foreign companies shares	635	13	-	648
United States	559	2	-	561
Mexico	1	-	-	1
Other countries	75	11	-	86
Subtotal	670	13	-	683
Total	**4,832**	**486**	**(93)**	**5,225**

12.4 Gains/losses

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

	Millions of Euros		
Changes in Valuation Adjustments - Available-for-Sale Financial Assets	**2013**	**2012**	**2011**
Balance at the beginning	**(238)**	**(628)**	**333**
Valuation gains and losses	1,653	464	(1,281)
Income tax	(489)	(192)	231
Amounts transferred to income	(136)	118	89
Other reclasifications	61	-	-
Balance at the end	**851**	**(238)**	**(628)**
Of which:			
Debt securities	780	(80)	(974)
Equity instruments	71	(158)	346

The losses recognized under the heading “Valuation adjustments – Available-for-sale financial assets” in the consolidated balance sheet for the year 2013 correspond mainly to debt securities from government agencies.

- As of December 31, 2013, 46.7% of the unrealized losses recognized under the heading "Valuation adjustments – Available-for-sale financial assets” and originating in debt securities were generated over more than twelve months. However, no impairment has been considered, as following an analysis of these unrealized losses it can be concluded that they were temporary due to the following reasons: the interest payment dates of all the fixed-income securities have been satisfied; and because there is no evidence that the issuer will not continue to meet its payment obligations, nor that future payments of both principal and interest will not be sufficient to recover the cost of the debt securities.
- As of December 31, 2013, the Group has analyzed the unrealized losses recognized under the heading “Valuation adjustments – Available-for-sale financial assets” resulting from equity instruments generated over a period of more than 12 months and with a fall of more 20% in their price, as a first approximation to the existence of possible impairment. As of 31 December, 2013, the unrealized losses recognized under the heading “Valuation adjustments – Available-for-sale financial assets” resulting from equity instruments generated over a period of more than 18 months or with a fall of more 40% in their price are not significant.

The losses recognized under the heading "Impairment losses on financial assets (net) – Available-for-sale financial assets" in the accompanying consolidated income statement amounted to €36, €41 million and €22 million for the year ended December 31, 2013, 2012 and 2011, respectively (see Note 49).

13. Loans and receivables

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

		Millions of Euros		
Loans and Receivables	**Notes**	**2013**	**2012**	**2011**
Loans and advances to credit institutions	13.1	22,862	25,448	24,503
Loans and advances to customers	13.2	323,607	342,163	342,543
Debt securities	13.3	4,476	3,736	2,870
Total		**350,945**	**371,347**	**369,916**

13.1 Loans and advances to credit institutions

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

		Millions of Euros		
Loans and Advances to Credit Institutions	**Notes**	**2013**	**2012**	**2011**
Reciprocal accounts		132	265	78
Deposits with agreed maturity		5,901	5,987	7,102
Demand deposits		1,421	1,794	2,489
Other accounts		8,510	10,543	8,943
Reverse repurchase agreements	37	6,828	6,783	5,788
Total gross	7.1.1	**22,792**	**25,372**	**24,400**
Valuation adjustments		70	76	102
Impairment losses	7.1.7	(40)	(29)	(38)
Accrued interests and fees		110	106	140
Hedging derivatives and others		-	(1)	(1)
Total net		**22,862**	**25,448**	**24,503**

13.2 Loans and advances to customers

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

		Millions of Euros		
Loans and Advances to Customers	**Notes**	**2013**	**2012**	**2011**
Mortgage secured loans	7.1.2	125,564	137,870	129,536
Other secured loans	7.1.2	23,660	23,125	23,915
Other loans		109,600	115,667	117,353
Credit lines		11,166	13,854	14,924
Commercial credit		9,711	11,165	13,037
Receivable on demand and other		8,210	10,731	13,029
Credit cards		11,070	10,934	9,167
Finance leases		6,954	7,546	7,885
Reverse repurchase agreements	37	4,449	3,118	4,827
Financial paper		930	1,003	1,150
Impaired assets	7.1.6	25,445	19,960	15,416
Total gross	7.1.	**336,759**	**354,973**	**350,239**
Valuation adjustments		**(13,151)**	**(12,810)**	**(7,696)**
Impairment losses	7.1.7	(14,950)	(14,115)	(9,091)
Accrued interests and fees		953	227	392
Hedging derivatives and others		846	1,077	1,003
Total net		**323,607**	**342,163**	**342,543**

As of December 31, 2013, 28% of "Loans and advances to customers" with maturity greater than one year have with fixed-interest rates and 72% with variable interest rates.

The heading "Loans and advances to customers" includes those financial lease arrangements that any Group company has registered to assist customers in funding the acquisition of movable property or real estate. The breakdown of financial lease arrangements as of December 31, 2013, 2012 and 2011 is as follows:

	Millions of Euros		
Financial Lease Arrangements	**2013**	**2012**	**2011**
Movable property	4,095	4,273	4,634
Real Estate	2,859	3,273	3,251
Fixed rate	69%	64%	58%
Floating rate	31%	36%	42%

The heading "Loans and receivables – Loans and advances to customers" in the accompanying consolidated balance sheets also includes certain mortgage loans that, as mentioned in Note 35 and pursuant to the Mortgage Market Act, are linked to long-term mortgage-covered bonds. This heading also includes some loans that have been securitized. The balances recognized in the accompanying consolidated balance sheets corresponding to these securitized loans are as follows:

	Millions of Euros		
Securitized Loans	**2013**	**2012**	**2011**
Securitized mortgage assets	**22,407**	**20,077**	**33,247**
Other securitized assets	**4,224**	**5,647**	**6,921**
Commercial and industrial loans	2,330	3,241	3,303
Finance leases	301	433	594
Loans to individuals	1,518	1,877	2,942
Rest	75	96	82
Total	**26,631**	**25,724**	**40,168**
Of which:			
Liabilities associated to assets retained on the balance sheet (*)	6,348	6,180	7,088

(*) These liabilities are recognized under "Financial liabilities at amortized cost - Debt securities" in the accompanying consolidated balance sheets (Note 23.3).

13.3 Debt securities

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

		Millions of Euros		
Debt securities	**Notes**	**2013**	**2012**	**2011**
Government		3,175	2,375	2,128
Credit institutions		297	453	461
Other sectors		1,009	923	291
Total gross	7.1	**4,481**	**3,751**	**2,880**
Valuation adjustments	7.1.7	(5)	(15)	(11)
Total net		**4,476**	**3,736**	**2,870**

14. Held-to-maturity investments

As mentioned in Note 12, there has been a reclassification of the entire investments held to maturity portfolio to "available for sale financial assets" during 2013. Therefore, in this note, the breakdown of the consolidated balance sheets is only provided as of December 31, 2012 and 2011.

	Millions of Euros			
Held-to-Maturity Investments 2012	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic Debt Securities				
Spanish Government and other government agency debt securities	6,469	2	(406)	6,065
Other domestic debt securities	809	2	(27)	784
Issued by credit institutions	250	2	(3)	249
Issued by other issuedrs	559	-	(24)	535
Subtotal	7,278	4	(433)	6,849
Foreign Debt Securities				
Government and other government agency debt securities	2,741	121	-	2,862
Other debt securities	143	6	-	149
Subtotal	2,884	127	-	3,011
Total	**10,162**	**131**	**(433)**	**9,860**

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

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

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

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

	Millions of Euros		
Hedging derivatives and Fair value changes of the hedged items in portfolio hedges of interest rate risk	**2013**	**2012**	**2011**
ASSETS-			
Fair value changes of the hedged items in portfolio hedges of interest rate risk	98	226	146
Hedging derivatives	2,530	4,894	4,538
LIABILITIES-			
Fair value changes of the hedged items in portfolio hedges of interest rate risk	-	-	-
Hedging derivatives	1,792	2,968	2,709

As of December 31, 2013, 2012 and 2011, the main positions hedged by the Group and the derivatives designated to hedge those positions were:

- Fair value hedging:
  - Available-for-sale fixed-interest debt securities: This risk is hedged using interest rate derivatives (fixed-variable swaps).
  - Long-term fixed-interest debt securities issued by the Group: This risk is hedged using interest rate derivatives (fixed-variable swaps).
  - Available-for-sale equity instruments: This risk is hedged using equity swaps and OTC ("Over The counter") options.
  - Fixed-interest loans: This risk is hedged using interest rate derivatives (fixed-variable swaps).
  - Fixed-interest deposit portfolio hedges: This risk is hedged using fixed-variable swaps and interest-rate options. The valuation of the deposit hedges corresponding to interest-rate risk is recognized under the heading "Fair value changes of the hedged items in portfolio hedges of interest-rate risk."
- Cash-flow hedges
  - Most of the hedged items are floating interest-rate loans. This risk is hedged using foreign-exchange, interest-rate swaps and FRAs ("Forward Rate Agreement").
- Net foreign-currency investment hedges:
  - The risks hedged are foreign-currency investments in the Group's foreign subsidiaries. This risk is hedged mainly with foreign-exchange options.

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

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

	Millions of Euros				
Hedging Derivatives by Markets and Transaction Type 2013	**Currency Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Other Risks**	**Total**
Organized markets					
Fair value hedge	-	-	-	-	-
Subtotal	-	-	-	-	-
OTC markets					
Credit institutions					
Fair value hedge	(1)	675	(22)	(10)	642
Of which: Macro hedge	-	(253)	-	-	(253)
Cash flow hedge	-	12	-	-	12
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	(1)	687	(22)	(10)	654
Other financial Institutions					
Fair value hedge	-	137	-	-	137
Of which: Macro hedge	-	(71)	-	-	(71)
Cash flow hedge	-	(7)	-	-	(7)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	-	130	-	-	130
Other sectors					
Fair value hedge	-	(44)	(2)	-	(46)
Of which: Macro hedge	-	(6)	-	-	(6)
Cash flow hedge	-	-	-	-	-
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	-	(44)	(2)	-	(46)
Total	**(1)**	**773**	**(24)**	**(10)**	**738**
Of which:					
Asset Hedging Derivatives	**7**	**2,511**	**11**	**-**	**2,530**
Liability Hedging Derivatives	**(9)**	**(1,738)**	**(34)**	**(11)**	**(1,792)**

	Millions of Euros				
Hedging Derivatives by Markets and Transaction Type 2012	**Currency Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Other Risks**	**Total**
Organized markets					
Fair value hedge	-	-	(52)	-	(52)
Subtotal	-	-	(52)	-	(52)
OTC markets	-	-	-	-	-
Credit institutions	-	-	-	-	-
Fair value hedge	11	1,773	(50)	(1)	1,733
Of which: Macro hedge	-	(365)	-	-	(365)
Cash flow hedge	21	35	-	-	56
Net investment in a foreign operation hedge	2	-	-	-	2
Subtotal	34	1,808	(50)	(1)	1,791
Other financial Institutions	-	-	-	-	-
Fair value hedge	-	227	-	-	227
Of which: Macro hedge	-	(117)	-	-	(117)
Cash flow hedge	6	(13)	-	-	(7)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	6	214	-	-	220
Other sectors	-	-	-	-	-
Fair value hedge	(6)	(16)	(3)	-	(25)
Of which: Macro hedge	-	(14)	-	-	(14)
Cash flow hedge	-	(8)	-	-	(8)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	(6)	(24)	(3)	-	(33)
Total	**34**	**1,998**	**(105)**	**(1)**	**1,926**
Of which:					
Asset Hedging Derivatives	**49**	**4,818**	**27**	**-**	**4,894**
Liability Hedging Derivatives	**(16)**	**(2,820)**	**(131)**	**(1)**	**(2,968)**

	Millions of Euros				
Hedging Derivatives by Markets and Transaction Type 2011	**Currency Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Other Risks**	**Total**
OTC markets					
Credit institutions					
Fair value hedge	-	1,679	27	3	1,709
Of which: Macro hedge	-	(331)	-	-	(331)
Cash flow hedge	(45)	89	-	-	44
Net investment in a foreign operation hedge	(2)	-	-	-	(2)
Subtotal	(47)	1,767	27	3	1,751
Other financial Institutions					
Fair value hedge	-	93	-	-	93
Of which: Macro hedge	-	(41)	-	-	(41)
Cash flow hedge	(2)	-	-	-	(2)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	(2)	93	-	-	91
Other sectors					
Fair value hedge	-	4	(1)	-	3
Of which: Macro hedge	-	(6)	-	-	(6)
Cash flow hedge	-	(16)	-	-	(16)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	-	(12)	(1)	-	(13)
Total	**(49)**	**1,848**	**26**	**3**	**1,829**
Of which:					
Asset Hedging Derivatives	**34**	**4,460**	**41**	**3**	**4,538**
Liability Hedging Derivatives	**(83)**	**(2,611)**	**(15)**	**-**	**(2,709)**

The cash flows forecasts for the coming years for cash flow hedging recognized on the accompanying consolidated balance sheet as of December 31, 2013 are:

	Millions of Euros				
Cash Flows of Hedging Instruments	**3 Months or Less**	**From 3 Months to 1 Year**	**From 1 to 5 Years**	**More than 5 Years**	**Total**
Receivable cash inflows	53	223	699	1,069	2,044
Payable cash outflows	29	230	620	993	1,872

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

In 2013 and 2012, there was no reclassification in the accompanying consolidated income statements of any amount corresponding to cash flow hedges that was previously recognized as equity. The amounts recognized previously in equity from cash flow hedges that were reclassified and included in the consolidated income statement, either under the heading "Gains or losses of financial assets and liabilities (net)" or under the heading "Exchange differences (net)" totaled €29 million in 2011.

The amount for derivatives designated as accounting hedges that did not pass the effectiveness test during 2013 was not material.

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

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

	Millions of Euros		
Non-Current Assets Held-for-Sale and Liabilities Associated [Breakdown by type of Asset]	**2013**	**2012**	**2011**
Business sale - Assets (*)	92	1,536	-
Of which: discontinued operations	-	1,150	-
Other assets from:			
Property, plants and equipment	302	168	195
Buildings for own use	270	125	130
Operating leases	32	43	65
Foreclosures and recoveries	3,099	3,044	2,174
Foreclosures	2,914	2,877	2,032
Recoveries from financial leases	185	167	142
Accrued amortization (**)	(49)	(47)	(59)
Impairment losses	(565)	(472)	(235)
Total Non-Current Assets Held-for-Sale	**2,880**	**4,229**	**2,075**
Business sale agreement - Liabilities	-	387	-
Of which: discontinued operations	-	318	-
Liabilities associated with non-current assets held for sale	**-**	**387**	**-**

(*) As of December 31, 2013 this item included the investment in "Corporación IBV Participaciones Empresariales S.A.". As of December 31, 2012 this item included the assets of the business sale agreement related to pension business in Latin America as it is describe in Note 3.

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

The changes in the balances of "Non-current assets available for sale" in 2013, 2012 and 2011 are as follows:

	Millions of Euros				
	Real Estate				
	Foreclosed Assets				
Non-Current Assets Held-for-Sale Changes in the year 2013	Foreclosed Assets through Auction Proceeding	Recovered Assets from Finance Leases	From Own Use Assets (*)	Other assets (**)	Total
Cost (1)					
Balance at the beginning	**2,877**	**167**	**121**	**1,536**	**4,702**
Additions	940	84	69	-	1,093
Contributions from merger transactions	-	1	-	-	1
Retirements (sales and other decreases)	(569)	(58)	(117)	(1,536)	(2,280)
Transfers, other movements and exchange differences	(334)	(9)	180	92	(72)
Balance at the end	**2,914**	**186**	**253**	**92**	**3,445**
Impairment (2)					
Balance at the beginning	**415**	**42**	**15**	**-**	**472**
Additions	569	29	3	-	602
Contributions from merger transactions	-	-	-	-	-
Retirements (sales and other decreases)	(118)	(15)	(15)	-	(147)
Other movements and exchange differences	(447)	(12)	96	-	(363)
Balance at the end	**420**	**45**	**99**	**-**	**565**
Balance at the end of Net carrying value (1)-(2)	**2,494**	**141**	**154**	**92**	**2,880**

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

(**) Business sale agreement (Note 3)

	Millions of Euros				
	Real Estate				
	Foreclosed Assets				
Non-Current Assets Held-for-Sale Changes in the year 2012	Foreclosed Assets through Auction Proceeding	Recovered Assets from Finance Leases	From Own Use Assets (*)	Other assets (**)	Total
Cost (1)					
Balance at the beginning	**2,032**	**177**	**100**	**-**	**2,309**
Additions	1,037	61	99	-	1,196
Contributions from merger transactions	451	29	-	-	480
Retirements (sales and other decreases)	(608)	(66)	(107)	-	(781)
Transfers, other movements and exchange differences	(36)	(33)	30	1,536	1,497
Balance at the end	**2,877**	**167**	**121**	**1,536**	**4,701**
Impairment (2)					
Balance at the beginning	**186**	**32**	**17**	**-**	**234**
Additions	500	19	5	-	524
Contributions from merger transactions	124	-	-	-	124
Retirements (sales and other decreases)	(98)	(14)	(2)	-	(114)
Transfers, other movements and exchange differences	(296)	5	(5)	-	(296)
Balance at the end	**415**	**42**	**15**	**-**	**472**
Balance at the end of Net carrying value (1)-(2)	**2,462**	**125**	**106**	**1,536**	**4,229**

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

(**) Business sale agreement (Note 3)

	Millions of Euros			
	Foreclosed Assets			
Non-Current Assets Held-for-Sale Changes in the year 2011	**Assets through Auction Proceeding**	**Recovered Assets from Finance Leases**	**From Own Use Assets (*)**	**Total**
Cost (1)				
Balance at the beginning	**1,427**	**86**	**173**	**1,686**
Additions	1,313	91	99	1,503
Contributions from merger transactions	8	-	-	8
Retirements (sales and other decreases)	(662)	(31)	(140)	(833)
Transfers, other movements and exchange differences	(54)	31	(32)	(54)
Balance at the end	**2,032**	**177**	**100**	**2,309**
Impairment (2)				
Balance at the beginning	**122**	**16**	**20**	**157**
Additions	373	21	4	397
Retirements (sales and other decreases)	(89)	(5)	(1)	(95)
Other movements and exchange differences	(220)	(0)	(5)	(225)
Balance at the end	**186**	**32**	**17**	**235**
Balance at the end of Net carrying value (1)-(2)	**1,847**	**145**	**83**	**2,075**

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

Non-current assets from foreclosures or recoveries

As of December 31, 2013, 2012 and 2011, the balance under the heading "Non-current assets held for sale - Foreclosures or recoveries" was made up of €2,279 €2,247 and €1,695 million of assets for residential use, €326, €317 and €283 million of assets for tertiary use (industrial, commercial or offices) and €29 million, €23 million and €14 million of assets for agricultural use, respectively.

As of December 31, 2013, 2012 and 2011, the average time to sell of the assets through foreclosures or recoveries was 2 to 3 years.

In 2013, 2012 and 2011, some of the sales of these assets were financed by Group entities. The loans and advances originated to the buyers of these assets in those years was €118 million, €168 million and €163 million, respectively, with an average percentage of financing at 93% of the sales price. As of December 31, 2013, 2012 and 2011, the gains from the sale of assets financed by Group entities (and, therefore, not recognized in the consolidated income statements) were €24 million, €28 million and €30 million, respectively.

17. Investments in entities accounted for using the equity method

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

	Millions of Euros		
Investments in Entities Accounted for Using the Equity Method	**2013**	**2012**	**2011**
Associates entities	1,272	6,469	5,567
Joint ventures	3,470	4,313	3,732
Total	**4,742**	**10,782**	**9,299**

17.1 Associates

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

	Millions of Euros		
Associates Entities	**2013**	**2012**	**2011**
Citic Group	-	5,372	4,840
Citic International Financial Holdings Ltd (CIFH)	631	593	547
Metrovacesa (*)	315	317	-
Occidental Hoteles Management, S.L. (**)	98	-	-
Tubos Reunidos, S.A.	53	54	51
Brunara SICAV, S.A. (***)	48	-	-
Rest of associates	127	133	129
Total	**1,272**	**6,469**	**5,567**

(*) As of December 31, 2011 this stake was recorded in the line item "available for sale financial assets equity instruments"

(**) As of December 31, 2012 and 2011 this stake was recorded in the line "Investments in joint venture entities"

(***) As of December 31, 2012 and 2011 this stake was recorded in the line item "available for sale financial assets equity instruments"

Appendix II shows the details of the associates as of December 31, 2013.

The following is a summary of the changes in 2013, 2012 and in 2011 under this heading in the accompanying consolidated balance sheets:

	Millions of Euros		
Associates Entities. Changes in the Year	**2013**	**2012**	**2011**
Balance at the beginning	**6,469**	**5,567**	**4,247**
Acquisitions and capital increases	65	10	425
Disposals and capital reductions	(4)	(16)	(20)
Transfers and changes in the consolidation method	(5,453)	353	(6)
Earnings	425	721	611
Exchange differences	(71)	(53)	411
Others	(159)	(113)	(102)
Balance at the end	**1,272**	**6,469**	**5,567**

The changes in 2013 correspond mainly to the sale and reclassification of the remaining stake in CNCB as of December 31, 2013 to the heading "Available-for-sale financial assets" as it is mentioned in the Notes 3 and 12.

17.2 Investments in joint venture entities

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

	Millions of Euros		
Joint ventures	**2013**	**2012**	**2011**
Garanti Group (Note 3)	3,245	3,991	3,456
Corporación IBV Participaciones Empresariales S.A. (*)	-	135	78
Occidental Hoteles Management, S.L. (**)	-	67	68
Rest	225	120	130
Total	**3,470**	**4,313**	**3,732**

(*) As of December 31, 2013, this stake was recorded as "Non-current assets held for sale".

(**) As of December 31, 2013, this stake was recorded as "Associates"

Details of the joint ventures accounted for using the equity method as of 31 December, 2013 are shown in Appendix II.

The following is a summary of the changes in 2013, 2012 and in 2011 under this heading in the accompanying consolidated balance sheets:

	Millions of Euros		
Joint ventures. Changes in the Year	**2013**	**2012**	**2011**
Balance at the beginning	**4,313**	**3,732**	**300**
Acquisitions and capital increases	70	4	3,655
Disposals	(11)	(1)	(5)
Transfers	(155)	(7)	5
Earnings	269	318	176
Exchange differences	(818)	134	(336)
Others	(198)	133	(63)
Balance at the end	**3,470**	**4,313**	**3,732**

17.3 Other information about associates and joint ventures

The following table provides relevant information of the balance sheets and income statements of Garanti Group as of December 31, 2013, 2012 and 2011, respectively.

Garanti: Financial Main figures (*)	2013 (*)	2012 (*)	2011 (*)
	Millions of Euros		
Total assets	**17,575**	**18,850**	**16,522**
Of which:			
Loans and advances to customers	10,483	10,860	9,485
Total liabilities	15,634	16,520	14,664
Of which:			
Customer deposits	9,573	9,790	9,227
Net interest margin	534	693	560
Gross income	819	1,041	934
Net operating income	375	463	437
Net income attributes to Garanti Group	295	364	361

(*) Financial statements of Garanti Group under IFRS and without consolidation adjustments, and multiplied by the voting rights controlled by the bank.

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

The following table provides relevant information of the balance sheets and income statements of associates and joint ventures, excluding Garanti, as of December 31, 2013, 2012 and 2011, respectively.

Associates and Joint ventures	Millions of Euros					
	2013 (*)		2012 (*)		2011 (*)	
Financial Main figures (*)	Associates	Joint-ventures	Associates	Joint-ventures	Associates	Joint-ventures
Interest Margin	73	26	1,424	14	1,230	17
Gross income	305	78	1,940	48	2,189	65
Profit from continuing operations	82	(23)	783	(46)	737	23
Profit from discontinued operations (net)	-	-	-	-	(1)	-
Total	**77**	**(23)**	**596**	**(46)**	**552**	**23**

(*) Dates of the company's financial statements updated at the most recent available information. Information applying the corresponding ownership and without the corresponding standardization and consolidation adjustments.

As of December 31 2013 there was no financial support agreement or other contractual commitment to associated entities and joint ventures entities from the holding or the subsidiaries that are not recognized in the financial statements (see Note 55.2).

As of December 31, 2013 there was no contingent liability in connection with the investments in joint ventures and associated entities (See note 55.2).

17.4 Notifications about acquisition of holdings

Appendix III provides notifications on acquisitions and disposals of holdings in associates or joint ventures, in compliance with Article 155 of the Corporations Act and Article 53 of the Securities Market Act 24/1988.

17.5 Impairment

As described in IAS 36 the book value of the associate entities and joint venture entities has been compared with their recoverable amount, being the latter calculated as the largest between the value in use and the fair value minus the cost of sale. For the year ended December 31, 2013, €5 million have been recording due to impairment. The valuations of the most relevant investments are reviewed by independent experts.

18. Insurance and reinsurance contracts

The Group has insurance subsidiaries mainly in Spain and Latin America (mostly in Mexico). The main product offered by the insurance subsidiaries is life insurance to cover the risk of death (risk insurance) and life-savings insurance. Within life and accident insurance, a distinction is made between freely sold products and those offered to customers who have taken mortgage or consumer loans, which cover the principal of those loans in the event of the customer's death.

There are two types of saving products: individual insurance, which seeks to provide the customer with savings for retirement or other events, and group insurance, which is taken out by entities to cover their commitments to employees.

The most significant provisions recognized by consolidated insurance entities with respect to insurance policies issued by them are set out by their nature in Note 24.

The modeling methods and techniques used to calculate the mathematical reserves for the insurance products are actuarial and financial methods and modeling techniques approved by the respective country's insurance regulator or supervisor. The most important insurance entities are located in Spain and Mexico (which together account for approximately 95% of the insurance revenues), where the modeling methods and techniques are reviewed by the insurance regulator in Spain (General Directorate of Insurance) and Mexico (National Insurance and Bonding Commission), respectively. The modeling methods and techniques used to calculate the mathematical reserves for the insurance products are based on IFRS and primarily involve the valuation of the estimated future cash flows, discounted at the technical interest rate for each policy. To ensure this technical interest rate, asset-liability management is carried out, acquiring a portfolio of securities that generate the cash flows needed to cover the payment commitments assumed with the customers.

The table below shows the key assumptions used in the calculation of the mathematical reserves for insurance in Spain and Mexico, respectively:

MATHEMATICAL RESERVES	Mortality table		Average technical interest type	
	Spain	Mexico	Spain	Mexico
Individual life insurance (1)	GKM80/GKM95/ Own tables	Tables of the Comision Nacional De Seguros y Fianzas 2000-individual	2 - 3.8%	2.5%
Group insurance(2)	PERM/F2000NP	Tables of the Comision Nacional De Seguros y Fianzas 2000-group	1.7 - 5.1%	5.5%

(1) Provides coverage in the case of one or more of the following: death and disability

(2) Insurance policies purchased by companies (other than Group BBVA entities) on behalf of their employees

The table below shows the mathematical reserves (see Note 24) by type of product as of December 31, 2013, 2012 and 2011:

	Millions of Euros	
Technical Reserves by type of insurance product	**2013**	**2012**
Mathematical reserves	8,816	7,951
Individual life insurance (1)	5,695	4,777
Savings	4,907	3,996
Risk	788	781
Group insurance (2)	3,121	3,174
Savings	3,000	3,083
Risk	121	91
Provision for unpaid claims reported	496	550
Provisions for unexpired risks and other provisions	522	519
Total	**9,834**	**9,020**

(1) Provides coverage in the event of death or disability

(2) The insurance policies purchased by companies (other than BBVA Group) on behalf of its employees

During 2013, it has been registered the agreement to reach 100% of the stake of "Unnim Vida" (see Note 3).

The table below shows the contribution of each insurance product to the Group's income (see Note 45) in 2013:

Revenues by type of insurance product	**2013**	**2012**
Life insurance	549	610
Individual	303	434
Savings	52	41
Risk	251	392
Group insurance	247	175
Savings	62	11
Risk	185	164
Non-Life insurance	381	375
Home insurance	120	147
Other non-life insurance products	261	228
Total	**930**	**985**

The heading "Reinsurance assets" in the accompanying consolidated balance sheets includes the amounts that the consolidated insurance entities are entitled to receive under the reinsurance contracts entered into by them with third parties and, more specifically, the share of the reinsurer in the technical provisions recognized by the consolidated insurance entities. As of December 30, 2013, 2012 and 2011, the balance is €619, €50 million and €26 million, respectively.

19. Tangible assets

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

	Millions of Euros						
	For Own Use						
Tangible Assets. Breakdown by Type of Assets and Changes in the year 2013	**Land and Buildings**	**Work in Progress**	**Furniture, Fixtures and Vehicles**	**Total tangible asset of Own Use**	**Investment Properties**	**Assets Leased out under an Operating Lease**	**Total**
Cost -							
Balance at the beginning	**4,071**	**505**	**6,746**	**11,322**	**2,609**	**768**	**14,700**
Additions	108	406	507	1,021	87	144	1,252
Retirements	(12)	(11)	(378)	(402)	(52)	(1)	(455)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	45	(150)	109	4	(122)	(155)	(272)
Exchange difference and other	(232)	(35)	(156)	(423)	(3)	(52)	(478)
Balance at the end	**3,980**	**715**	**6,827**	**11,522**	**2,519**	**705**	**14,747**
Accrued depreciation -							
Balance at the beginning	**1,144**	**-**	**4,811**	**5,956**	**95**	**237**	**6,287**
Additions (Note 47)	101	-	459	560	21	-	581
Retirements	(6)	-	(342)	(347)	(2)	-	(350)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	(2)	-	(16)	(18)	(2)	(7)	(26)
Exchange difference and other	(58)	-	(112)	(169)	(11)	2	(178)
Balance at the end	**1,179**	**-**	**4,801**	**5,980**	**102**	**233**	**6,314**
Impairment -							
Balance at the beginning	**177**	**-**	**13**	**189**	**646**	**6**	**841**
Additions	17	-	15	32	127	-	160
Retirements	(4)	-	-	(4)	-	-	(4)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Exchange difference and other	(37)	-	(13)	(50)	(46)	-	(96)
Balance at the end	**153**	**-**	**15**	**168**	**727**	**6**	**900**
Net tangible assets -							
Balance at the beginning	**2,750**	**505**	**1,922**	**5,177**	**1,870**	**525**	**7,572**
Balance at the end	**2,647**	**715**	**2,011**	**5,373**	**1,693**	**468**	**7,534**

	Millions of Euros						
	For Own Use						
Tangible Assets. Breakdown by Type of Assets and Changes in the year 2012	**Land and Buildings**	**Work in Progress**	**Furniture, Fixtures and Vehicles**	**Total Tangible Asset of Own Use**	**Investment Properties**	**Assets Leased out under an Operating Lease**	**Total**
Cost -							
Balance at the beginning	**3,552**	**349**	**5,993**	**9,894**	**1,911**	**1,200**	**13,005**
Additions	86	262	442	789	48	226	1,063
Retirements	(42)	(19)	(109)	(170)	(41)	(31)	(243)
Acquisition of subsidiaries in the year	442	1	257	699	752	-	1,451
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	14	(93)	19	(61)	(56)	(192)	(308)
Exchange difference and other	20	7	145	171	(4)	(435)	(267)
Balance at the end	**4,071**	**505**	**6,746**	**11,322**	**2,609**	**768**	**14,700**
Accrued depreciation -							
Balance at the beginning	**1,005**	**-**	**4,139**	**5,144**	**50**	**352**	**5,546**
Additions (Note 47)	98	-	446	544	22	-	565
Retirements	(10)	-	(90)	(100)	(3)	(31)	(134)
Acquisition of subsidiaries in the year	37	-	210	248	29	-	277
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	-	-	1	1	(0)	(97)	(97)
Exchange difference and other	15	-	104	119	(2)	12	129
Balance at the end	**1,144**	**-**	**4,811**	**5,956**	**95**	**237**	**6,287**
Impairment -							
Balance at the beginning	**37**	**-**	**11**	**47**	**273**	**12**	**332**
Additions	-	-	-	1	89	-	90
Retirements	(1)	-	-	(1)	(108)	(1)	(110)
Acquisition of subsidiaries in the year	135	-	-	135	417	-	552
Exchange difference and other	6	-	2	7	(25)	(4)	(22)
Balance at the end	**177**	**-**	**13**	**189**	**646**	**6**	**841**
Net tangible assets -							
Balance at the beginning	**2,510**	**349**	**1,842**	**4,702**	**1,589**	**836**	**7,126**
Balance at the end	**2,750**	**505**	**1,922**	**5,177**	**1,870**	**525**	**7,572**

Tangible Assets. Breakdown by Type of Assets and Changes in the year 2011	Millions of Euros: For Own Use: Land and Buildings	Work in Progress	Furniture, Fixtures and Vehicles	Total Tangible Asset of Own Use	Investment Properties	Assets Leased out under an Operating Lease	Total
Cost -							
Balance at the beginning	**3,406**	**215**	**5,455**	**9,075**	**1,841**	**1,015**	**11,931**
Additions	131	246	517	893	98	301	1,293
Retirements	(38)	(36)	(150)	(224)	(15)	(72)	(311)
Acquisition of subsidiaries in the year	1	-	22	24	14	97	134
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	59	(73)	(16)	(30)	(0)	(206)	(236)
Exchange difference and other	(6)	(3)	164	155	(26)	64	193
Balance at the end	**3,552**	**349**	**5,993**	**9,893**	**1,911**	**1,200**	**13,004**
Accrued depreciation -							
Balance at the beginning	**889**	**-**	**3,747**	**4,636**	**66**	**272**	**4,974**
Additions (Note 47)	90	-	383	473	10	8	491
Retirements	(13)	-	(120)	(132)	(1)	(40)	(173)
Acquisition of subsidiaries in the year	1	-	18	19	-	13	32
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	3	-	(18)	(15)	(0)	(105)	(121)
Exchange difference and other	35	-	129	164	(26)	205	344
Balance at the end	**1,005**	**-**	**4,139**	**5,144**	**50**	**352**	**5,546**
Impairment -							
Balance at the beginning	**32**	**-**	**-**	**31**	**207**	**19**	**257**
Additions	5	-	3	8	73	-	81
Retirements	(1)	-	(4)	(4)	(1)	(8)	(13)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Exchange difference and other	1	-	12	13	(7)	-	7
Balance at the end	**37**	**-**	**11**	**47**	**273**	**12**	**332**
Net tangible assets -							
Balance at the beginning	**2,485**	**215**	**1,708**	**4,408**	**1,568**	**724**	**6,701**
Balance at the end	**2,510**	**348**	**1,842**	**4,701**	**1,590**	**835**	**7,126**

As of December 31, 2013,the fully depreciated tangible assets still in use amounted to €3,377 million.

The amortization balances for this item as of December 31, 2013, 2012 and 2011 are presented in Note 47.

The amount of tangible assets under financial lease schemes on which it is expected to exercise the purchase option was insignificant as of December 2013, 2012 and 2011.

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

Branches by Geographical Location	Number of Branches: 2013	2012	2011
Spain	3,230	3,518	3,016
Mexico	1,886	1,988	1,999
South America	1,590	1,644	1,567
The United States	685	707	746
Rest of the world	121	121	129
Total	**7,512**	**7,978**	**7,457**

The following table shows the detail of the net carrying amount of the tangible assets corresponding to Spanish and foreign subsidiaries as of December 31, 2013, 2012 and 2011:

Tangible Assets by Spanish and Foreign Subsidiaries Net Assets Values	Millions of Euros: 2013	2012	2011
Foreign subsidiaries	3,157	3,006	3,098
BBVA and Spanish subsidiaries	4,377	4,567	4,029
Total	**7,534**	**7,572**	**7,126**

20. Intangible assets

20.1 Goodwill

The breakdown of the balance under this heading in the accompanying consolidated balance sheets, according to the cash-generating units (CGU), to which the Goodwill are allocated for purposes of impairment testing, is as follows:

	Millions of Euros					
Goodwill. Breakdown by CGU and Changes of the year 2013	Balance at the Beginning	Additions	Exchange Difference	Impairment	Rest (*)	Balance at the End
The United States	4,320		(187)			**4,133**
Mexico	663		(33)			**630**
Colombia	259		(32)			**227**
Chile	175		(9)		(100)	**65**
Rest	13		(1)			**12**
Total	**5,430**		**(262)**		**(100)**	**5,069**

(*) Due to the sale of AFP Provida (See Note 3).

	Millions of Euros					
Goodwill. Breakdown by CGU and Changes of the year 2012	Balance at the Beginning	Additions	Exchange Difference	Impairment	Rest	Balance at the End
The United States	4,409	-	(85)	-	(4)	4,320
Mexico	632	-	32	-	(1)	663
Colombia	240	-	19	-	-	259
Chile	188	-	11	-	(24)	175
Rest	66	-	-	(54)	-	13
Total	**5,535**	**-**	**(23)**	**(54)**	**(29)**	**5,430**

	Millions of Euros					
Goodwill. Breakdown by CGU and Changes of the year 2011	Balance at the Beginning	Additions	Exchange Difference	Impairment	Rest	Balance at the End
The United States	5,773	-	79	(1,444)	1	4,409
Mexico	678	11	(57)	-	-	632
Colombia	236	-	4	-	-	240
Chile	202	-	(14)	-	-	188
Rest	60	7	-	-	-	67
Total	**6,949**	**18**	**12**	**(1,444)**	**1**	**5,536**

As described in Note 2.2.8, the cash-generating units (CGU) to which goodwill has been allocated are periodically tested for impairment by including the allocated goodwill in their carrying amount. This analysis is performed at least annually and whenever there is any indication of impairment. As of December 31, 2013, no indicators of impairment have been identified in any of the main cash-generating units.

The Group's most significant goodwill corresponds to the CGU in the United States. The calculation of the impairment loss uses the cash flow projections estimated by the Group's Management, based on the latest budgets available for the next 5 years. As of December 31, 2013, the Group used a sustainable growth rate of 4.0% (4.0% and 4.0% as of December 31, 2012 and 2011, respectively) to extrapolate the cash flows in perpetuity starting on the fifth year (2018), based on the real GDP growth rate of the United States and the income recurrence. The rate used to discount the cash flows is the cost of capital assigned to the CGU, and stood at 10.8% as of December 31, 2013 (11.2% and 11.4% as of December 31, 2012 and 2011, respectively), which consists of the free risk rate plus a risk premium.

If the discount rate had increased or decreased by 50 basis points, the recoverable amount would have decreased or increased by €691million and €801 million respectively. If the growth rate had increased or decreased by 50 basis points, the recoverable amount would have increased or decreased by €648 million and €560 million respectively.

In previous years, the Group performed the necessary goodwill impairment tests with the following results:

- As of December 31, 2012, no impairment was detected in any of the main cash-generating units, except for the immaterial impairment loss of €49 million in the retail business in Europe and €4 million in wholesale business in. This amount was recognized under the heading "Impairment losses on other assets (net) – Goodwill and other intangible assets" in the consolidated income statement for 2012 (see Note 50).
- As of December 31, 2011, impairment losses of €1,444 million have been estimated in the United States cash-generating unit which have been recognized under the heading "Impairment losses on other assets (net) - Goodwill and other intangible assets" in the accompanying consolidated income statement for 2011 (see Note 50).

Both the CGU's fair values in the United States and the fair values assigned to its assets and liabilities had been based on the estimates and assumptions that the Group's Management has deemed most likely given the circumstances. However, some changes to the valuation assumptions used could result in differences in the impairment test result.

In general, goodwill valuations are reviewed by independent experts by applying different valuation methods on the basis of each asset and liability. The valuation methods used are: The method for calculating the discounted value of future cash flows, the market transaction method and the cost method.

Unnim Acquisition

As stated in Note 3, in 2012 the Group acquired 100% of the share capital of the Unnim Bank ("Unnim").

Shown below are details of the carrying amount of the consolidated assets and liabilities of Unnim prior to its acquisition and the corresponding fair values, gross of tax, which have been estimated in accordance with the IFRS-3 acquisition method to calculate the goodwill recognized as a result of this acquisition.

	Millions of Euros	
Valuation and calculation of badwill for the acquisition of 100% stake in Unnim	**Carrying Amount**	**Fair Value**
Acquisition cost (A)		
Cash	184	184
Loans and receivables	18,747	18,974
Of which: Asset Protection Schemes (APS)	-	1,744
Financial assets	4,801	4,569
Hedging derivates	571	571
Non-current assets held for sale	707	457
Investments in entities accounted for using the equity method	206	89
Tangible assets	1,090	752
Of which: Real Estate	1,045	708
Intangibles assets obtained from previous business combinations	7	-
Intangible assets identify at the date of the business combination	-	187
Other assets (including inventories)	1,200	658
Financial liabilities	(27,558)	(26,102)
Provisions	(237)	(687)
Other liabilities	(91)	(91)
Deferred tax	932	794
Total fair value of assets and liabilities acquiered (B)	559	355
Non controlling Interest Unnim Group* (C)	(34)	(34)
Badwill (A)-(B)-(C)		**(321)**

(*) Non-controlling interests that Unnim Group maintained at July 27, 2012 previous to the integration.

Because the resulting goodwill was negative, a gain was recognized in the accompanying consolidated income statement for 2012 under the heading "Negative goodwill" (see Note 2.2.7).

The calculation of this amount is final, once the estimate of all the fair values has been reviewed and, in accordance with IFRS-3, they may be modified during a period of one year from the acquisition date. However, there have been no significant changes in that amount.

The valuations were reviewed by independent experts (other than the Group's accounts auditor) by applying different valuation methods on the basis of each asset and liability. The valuation methods used are: The method for calculating the discounted value of future cash flows, the market transaction method and the cost method.

20.2 Other intangible assets

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

Other Intangible Assets	Millions of Euros 2013	2012	2011
Computer software acquisition expenses	1,480	1,370	1,077
Other deferred charges	20	34	34
Other intangible assets	199	303	234
Impairment	(9)	(5)	(1)
Total	**1,690**	**1,702**	**1,344**

Other Intangible Assets. Changes Over the Period	Notes	Millions of Euros 2013	2012	2011
Balance at the beginning		**1,702**	**1,344**	**1,058**
Additions		543	789	619
Amortization in the year	47	(514)	(413)	(319)
Exchange differences and other		(33)	(18)	(14)
Impairment	50	(9)	-	-
Balance at the end		**1,690**	**1,702**	**1,344**

As of December 31, 2013, the fully amortized intangible assets still in use amounted to €952 million.

21. Tax assets and liabilities

21.1 Consolidated tax group

Pursuant to current legislation, the BBVA Consolidated Tax Group includes the Bank (as the parent company) and its Spanish subsidiaries that meet the requirements provided for under Spanish legislation regulating the taxation regime for the consolidated profit of corporate groups.

The Group's non-Spanish other banks and subsidiaries file tax returns in accordance with the tax legislation in force in each country.

21.2 Years open for review by the tax authorities

The years open to review in the BBVA Consolidated Tax Group as of 31 December, 2013 are 2007 and subsequent year for the main taxes applicable.

The remainder of the Spanish consolidated entities in general have the last four years open for inspection by the tax authorities for the main taxes applicable, except for those in which there has been an interruption of the limitation period due to the start of an inspection.

In 2011, as a result of actions by the tax authorities, tax inspections proceedings were instituted for the years beginning (and including) 2006, some of which were contested. After considering the temporary nature of some of the items assessed in the proceedings, provisions were recognized for probable tax liabilities, if any, that might arise from these assessments according to Group's best estimates.

In view of the varying interpretations that can be made of some applicable tax legislation, the outcome of the tax inspections of the open years that could be conducted by the tax authorities in the future could give rise to contingent tax liabilities which cannot be reasonably estimated at the present time. However, the Group considers that the possibility of these contingent liabilities becoming actual liabilities is remote and, in any case, the tax charge which might arise therefore would not materially affect the Group's accompanying consolidated financial statements.

21.3 Reconciliation

The reconciliation of the Group's corporate income tax expense resulting from the application of the standard income tax rate and the income tax expense recognized in the accompanying consolidated income statements is as follows:

	Millions of Euros					
	2013		2012		2011	
Reconciliation of Taxation at the Spanish Corporation Tax Rate to the Tax Expense Recorded for the Period	**Amount**	**Effective Tax %**	**Amount**	**Effective Tax %**	**Amount**	**Effective Tax %**
Consolidated profit before tax	**3,070**		**2,111**		3,722	
From continuing operations	1,160		1,582		3,398	
From discontinued operations	1,910		529		324	
Taxation at Spanish corporation tax rate 30%	921		633		1,117	
Lower effective tax rate from our foreign entities (*)	(498)		(273)		(287)	
México	(301)	19.53%	(133)	24.60%	(132)	24.76%
Chile	(23)	23.00%	(54)	17.77%	(50)	10.90%
Venezuela	(128)	13.16%	(109)	13.23%	(71)	20.59%
Colombia	(20)	25.06%	(16)	26.60%	(16)	23.77%
Peru	(59)	20.74%	(18)	26.64%	(16)	29.01%
Others	33	-	57	-	(2)	-
Decrease of tax expense (Amortization of certain goodwill)	(20)		(146)		(188)	
Revenues with lower tax rate (dividends)	(50)		(85)		(151)	
Equity accounted earnings	(211)		(316)		(238)	
Other effects	**(53)**		(30)		(16)	
Current income tax	**89**		**(217)**		**237**	
Of wich:						
Continuing operations	46		(352)		158	
Discontinued operations	43		135		79	

(*) Calculated by applying the difference between the tax rate in force in Spain and the one applied to the Group's earnings in each jurisdiction.

The item "Other effects" of the above table includes the effect of income derived from the estimates, at closing of the year 2013, of tax liabilities generated from the integration of Unnim. Additionally, it includes the effect of the losses associated to the CNCB transaction (Note 3) that are not deductible.

The effective income tax rate for the Group in 2013, 2012 and 2011 is as follows:

	Millions of Euros		
Effective Tax Rate	**2013**	**2012**	**2011**
Income from:			
Consolidated Tax Group (*)	(2,909)	(3,972)	679
Other Spanish Entities	(13)	589	2
Foreign Entities	5,992	5,494	3,040
Total (**)	**3,070**	**2,111**	**3,722**
Income tax and other taxes	89	(217)	237
Effective Tax Rate	**2.90%**	**(10.28)%**	**6.37%**

(*) Income from consolidated tax Group include income from entities accounted for equity method assigned to BBVA, S.A.

(**) Includes income before taxes from continuing and discontinued transactions

21.4 Income tax recognized in equity

In addition to the income tax expense recognized in the accompanying consolidated income statements, the Group has recognized the following income tax charges for these items in the consolidated equity:

	Millions of Euros		
Tax Recognized in Total Equity	**2013**	**2012**	**2011**
Charges to total equity			
Debt securities	(223)	-	-
Equity instruments	(9)	(19)	(74)
Subtotal	(232)	(19)	(74)
Credits to total equity (*)			
Equity instruments	-	-	-
Debt securities and others	-	196	231
Subtotal	-	196	231
Total	**(232)**	**177**	**157**

(*) Tax asset credit to total equity due primarily to financial instruments losses.

21.5 Deferred taxes

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

	Millions of Euros		
Tax Assets and Liabilities	**2013**	**2012**	**2011**
Tax assets-			
Current	2,502	1,851	1,460
Deferred	9,080	9,799	6,267
Pensions	1,703	1,220	1,312
Portfolio	1,138	1,839	2,128
Other assets	456	277	257
Impairment losses	1,517	2,862	1,637
Other	512	1,195	627
Tax losses	3,754	2,406	306
Total	**11,582**	**11,650**	**7,727**
Tax Liabilities-			
Current	993	1,058	727
Deferred	1,537	2,762	1,420
Portfolio	925	1,100	993
Charge for income tax and other taxes	612	1,662	427
Total	**2,530**	**3,820**	**2,147**

The BBVA Group has performed an estimation of the balance of tax assets that are considered guaranteed for the BBVA Tax Group in accordance with the Royal Decree-Law 14/2013, of November 29, dealing with urgent measures to adapt Spanish Law to the European Union regulation on financial entity supervision and solvency. This totaled performed at the year 2013 closing amounted to €4,373 million.

As of December 31, 2013, 2012 and 2011, the aggregate amount of temporary differences associated with investments in foreign subsidiaries, branches and associates and investments in joint venture entities, for which no deferred tax liabilities have been recognized in the accompanying consolidated balance sheets, were €297, €267 million and €527 million, respectively.

22. Other assets and liabilities

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

Other Assets and Liabilities. Breakdown by Nature	Millions of Euros 2013	2012	2011
ASSETS-			
Inventories	4,636	4,223	3,994
Real estate companies	4,556	4,059	3,813
Others	79	164	181
Transactions in transit	223	886	86
Accruals	643	660	568
Unaccrued prepaid expenses	452	475	408
Other prepayments and accrued income	190	185	160
Other items	2,183	1,899	1,776
Total	**7,684**	**7,668**	**6,424**
LIABILITIES-			
Transactions in transit	58	440	44
Accruals	2,199	2,303	2,210
Unpaid accrued expenses	1,592	1,648	1,505
Other accrued expenses and deferred income	608	655	705
Other items	2,204	1,843	1,954
Total	**4,460**	**4,586**	**4,208**

23. Financial liabilities at amortized cost

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

Financial Liabilities at Amortized Cost	Notes	Millions of Euros 2013	2012	2011
Deposits from Central Banks	9	30,893	46,475	32,877
Deposits from Credit Institutions	23.1	52,423	55,675	56,601
Customer deposits	23.2	300,490	282,795	272,402
Debt certificates	23.3	64,120	86,255	81,124
Subordinated liabilities	23.4	10,556	11,815	15,303
Other financial liabilities	23.5	5,659	7,590	7,410
Total		**464,141**	**490,605**	**465,717**

23.1 Deposits from credit institutions

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

		Millions of Euros		
Deposits from Credit Institutions	**Notes**	**2013**	**2012**	**2011**
Reciprocal accounts		333	280	298
Deposits with agreed maturity		27,088	30,022	30,719
Demand deposits		2,485	3,404	2,008
Other accounts		341	206	343
Repurchase agreements	37	22,007	21,533	22,957
Subtotal		52,254	55,445	56,326
Accrued interest until expiration		168	230	276
Total		**52,423**	**55,675**	**56,601**

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

	Millions of Euros			
Deposits from Credit Institutions 2013	**Demand Deposits**	**Deposits with Agreed Maturity**	**Repurchase Agreements**	**Total**
Spain	806	7,781	562	9,149
Rest of Europe	291	9,222	17,313	26,826
Mexico	166	2,071	3,594	5,831
South America	546	2,816	388	3,750
The United States	990	4,726	-	5,716
Rest of the world	19	813	150	982
Total	**2,818**	**27,429**	**22,007**	**52,254**

	Millions of Euros			
Deposits from Credit Institutions 2012	**Demand Deposits**	**Deposits with Agreed Maturity**	**Repurchase Agreements**	**Total**
Spain	2,078	8,407	1,157	11,642
Rest of Europe	260	11,584	6,817	18,661
Mexico	220	1,674	12,967	14,861
South America	477	3,455	376	4,308
The United States	619	4,759	216	5,594
Rest of the world	31	349	-	380
Total	**3,685**	**30,228**	**21,533**	**55,446**

	Millions of Euros			
Deposits from Credit Institutions 2011	**Demand Deposits**	**Deposits with Agreed Maturity**	**Repurchase Agreements**	**Total**
Spain	472	8,354	394	9,220
Rest of Europe	315	12,641	12,025	24,981
Mexico	359	1,430	9,531	11,320
South Amércia	251	2,863	478	3,593
The United States	799	4,925	529	6,253
Rest of the world	111	849	-	960
Total	**2,307**	**31,062**	**22,957**	**56,326**

23.2 Customer deposits

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

Customer Deposits	Notes	2013	2012	2011
		Millions of Euros		
Government and other government agencies		25,058	32,439	40,566
Spanish		5,913	5,185	4,269
Foreign		10,618	10,611	12,253
Repurchase agreements	37	8,512	16,607	24,016
Accrued interests		15	36	28
Other resident sectors		136,634	119,360	108,216
Current accounts		32,430	28,653	28,211
Savings accounts		21,128	19,554	16,003
Fixed-term deposits		69,976	61,972	49,105
Repurchase agreements	37	11,608	8,443	14,154
Other accounts		950	53	35
Accrued interests		542	685	708
Non-resident sectors		138,799	130,998	123,621
Current accounts		57,502	53,088	44,804
Savings accounts		33,245	34,797	29,833
Fixed-term deposits		39,781	38,490	42,554
Repurchase agreements	37	7,740	3,999	5,809
Other accounts		201	236	210
Accrued interests		330	388	411
Total		**300,490**	**282,795**	**272,402**
Of which:				
In euros		160,172	150,093	152,375
In foreign currency		140,318	132,702	120,027
Of which:				
Deposits from other creditors without valuation adjustment		299,660	281,984	271,637
Accrued interests		830	811	765

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

Customer Deposits 2013	Demand Deposits	Savings Deposits	Deposits with Agreed Maturity	Repurchase Agreements	Total
	Millions of Euros				
Spain	37,540	21,147	71,710	12,433	142,829
Rest of Europe	2,192	269	7,881	8,902	19,244
Mexico	19,902	8,583	6,670	5,758	40,913
South America	24,257	14,057	17,245	659	56,218
The United States	17,532	12,348	9,141	108	39,128
Rest of the world	305	70	897	-	1,272
Total	**101,727**	**56,473**	**113,544**	**27,860**	**299,604**

Customer Deposits 2012	Demand Deposits	Savings Deposits	Millions of Euros Deposits with Agreed Maturity	Repurchase Agreements	Total
Spain	32,663	19,729	63,025	21,594	137,011
Rest of Europe	2,494	278	5,796	4,635	13,203
Mexico	19,029	7,990	8,187	2,061	37,267
South Amercia	22,381	14,423	17,186	759	54,749
The United States	15,415	13,946	9,473	-	38,834
Rest of the world	209	53	362	-	624
Total	**92,191**	**56,419**	**104,029**	**29,049**	**281,687**

Customer Deposits 2011	Demand Deposits	Savings Deposits	Millions of Euros Deposits with Agreed Maturity	Repurchase Agreements	Total
Spain	31,263	16,160	39,333	38,170	124,927
Rest of Europe	3,636	294	22,511	1,148	27,588
Mexico	16,986	6,803	8,023	4,479	36,292
South America	16,247	11,428	15,538	182	43,396
The United States	14,845	12,768	9,586	-	37,199
Rest of the world	243	224	1,386	-	1,852
Total	**83,221**	**47,677**	**96,378**	**43,979**	**271,255**

23.3 Debt certificates (including bonds)

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

Debt Certificates	Millions of Euros 2013	2012	2011
Promissory notes and bills	1,318	11,156	7,491
Bonds and debentures	62,802	75,099	73,633
Total	**64,120**	**86,255**	**81,124**

The breakdown of the most significant outstanding issuances of debt instruments issued by the consolidated entities as of December 31, 2013, 2012 and 2011 is shown in Appendix VI.

The changes in the balances under this heading, together with the "Subordinated Liabilities" for 2013, 2012 and 2011 are included in Note 58.4.

23.3.1 Promissory notes and bills

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

Promissory notes and bills	Millions of Euros 2013	2012	2011
In euros	1,231	10,346	6,672
In other currencies	88	810	819
Total	**1,318**	**11,156**	**7,491**

These promissory notes were issued mainly by Banco Bilbao Vizcaya Argentaria, S.A., BBVA Banco de Financiación, S.A., BBVA Senior Finance, S.A. Unipersonal and BBVA US Senior, S.A. Unipersonal. The issues of promissory notes by BBVA Banco de Financiación, S.A., BBVA Senior Finance, S.A. Unipersonal and BBVA US Senior, S.A. Unipersonal, are guaranteed jointly, severally and irrevocably by the Bank.

23.3.2 Bonds and debentures issued

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

	Millions of Euros		
Bonds and debentures issued	**2013**	**2012**	**2011**
In Euros -	**51,373**	**63,355**	**64,063**
Non-convertible bonds and debentures at floating interest rates	177	3,141	4,648
Non-convertible bonds and debentures at fixed interest rates	11,818	14,429	9,381
Mortgage Covered bonds	31,715	35,765	33,842
Hybrid financial instruments	318	248	288
Securitization bonds made by the Group	5,830	5,484	6,638
Other securities	-	-	5,709
Accrued interest and others (*)	1,515	4,288	3,557
In Foreign Currency -	**11,429**	**11,745**	**9,570**
Non-convertible bonds and debentures at floating interest rates	1,387	2,163	2,256
Non-convertible bonds and debentures at fixed interest rates	7,763	7,066	4,668
Mortgage Covered bonds	185	225	289
Hybrid financial instruments	1,514	1,550	1,397
Other securities associated to financial activities	-	-	-
Securitization bonds made by the Group	518	697	450
Other securities	-	-	473
Accrued interest and others (*)	62	44	37
Total	**62,802**	**75,099**	**73,633**

(*) Hedging operations and issuance costs.

Most of the foreign-currency issuances are denominated in US dollars.

The issues of senior debt by BBVA Senior Finance, S.A.U., BBVA U.S. Senior, S.A.U. and BBVA Global Finance, Ltd. are guaranteed jointly, severally and irrevocably by the Bank.

The following table shows the weighted average interest rates of fixed and floating rate bonds and debentures issued in euros and foreign currencies in effect in 2013, 2012 and 2011:

	2013		2012		2011	
Interests Rates of Promissory Notes and Bills Issued	**Euros**	**Foreign Currency**	**Euros**	**Foreign Currency**	**Euros**	**Foreign Currency**
Fixed rate	3.86%	4.46%	3.89%	5.87%	3.81%	5.55%
Floating rate	3.34%	3.49%	3.78%	4.29%	2.38%	4.88%

23.4 Subordinated liabilities

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

		Millions of Euros		
Subordinated Liabilities	**Notes**	**2013**	**2012**	**2011**
Subordinated debt		8,432	9,259	12,668
Preferred Stock		1,827	1,847	1,760
Subtotal		10,259	11,106	14,428
Valuation adjustments and other concepts (*)		297	709	874
Total	23	**10,556**	**11,815**	**15,303**

(*) Includes accrued interest payable and valuation adjustment of hedging derivatives

Of the above, the issuances of BBVA International, Ltd., BBVA Capital Finance, S.A.U., BBVA International Preferred, S.A.U., BBVA Subordinated Capital, S.A.U. and BBVA Global Finance, Ltd. are jointly, severally and irrevocably guaranteed by the Bank.

Subordinated debt

These issuances are non-convertible subordinated debt and accordingly, for debt seniority purposes, they rank behind ordinary debt, but ahead of the Bank's shareholders, 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 consolidated balance sheets, disregarding valuation adjustments, by currency of issuance and interest rate is shown in Appendix VI. The balance variances are mainly due to the following transactions:

Contingent convertible securities

During 2013, BBVA issued perpetual securities eventually convertible (Contingent Convertible) into ordinary shares of BBVA, without pre-emption rights, for a total amount of 1.5 billion US dollars (€1,088 million as of 31 December, 2013). The issue allowed for discretionary distribution of coupons recognized in equity (See Note 4). The issuance was targeted only towards qualified and sophisticated foreign investors and in any case would not be made or subscribed in Spain or among Spanish-resident investors. These securities are listed in the Singapore Exchange Securities Trading Limited.

Conversion of subordinated bond issues

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

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

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

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

The terms and conditions of the Convertible Bonds established a voluntary conversion at the option of the holders on March 30, 2012. Following this date, orders were received for the voluntary conversion of a total of

€955 million, corresponding to 9,547,559 Convertible Bonds, or 27.84% of the original amount of the issue of Convertible Bonds-December 2011. To meet the bond conversion, 157,875,375 new ordinary BBVA shares were issued at a par value of €0.49 each (see Note 27).

Also, in accordance with the terms and conditions of the Convertible Bonds, on December 31, 2012 a mandatory conversion of the 50% of the nominal value of the issue took place through the reduction of the nominal value of each and every one of the Convertible Bonds outstanding on that date, whose value then fell from a nominal €100 to €50. A total of 238,682,213 new ordinary BBVA shares were issued at a par value of €0.49 each to satisfy this conversion (see Note 27).

As of December 31, 2013, 2012 and 2011, the nominal amount of outstanding convertible bonds was €1,238 million.

Lastly, as of June 30, 2013, maturity date of the issue, the convertible bonds outstanding on that date were subject to mandatory conversion. An increase in the Bank's common stock was carried out to satisfy the requirement of this 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.

Preferred securities

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

	Millions of Euros		
Preferred Securities by Issuer	**2013**	**2012**	**2011**
BBVA International Preferred, S.A.U. (*)	1,666	1,695	1,696
Unnim Group (**)	109	95	-
BBVA Capital Finance, S.A.U. (***)	29	32	36
Phoenix Loan Holdings, Inc.	15	16	19
BBVA International, Ltd. (***)	8	9	9
Total	**1,827**	**1,847**	**1,760**

(*) Listed on the London and New York stock markets.

(**) Unnim Group: Issues prior to the acquisition by BBVA. The outstanding balance of these issues after the exchange of certain issues of preferred securities for BBVA shares is shown as of December 31, 2012.

(***) Issues traded on the AIAF market in Spain. As of December 31, 2012, the outstanding balances of these issues correspond to the holders of preferred securities who in December 2011 did not take part in the exchange of those preferred security issues for subordinated bonds.

These issues were fully subscribed by third parties outside the Group and are wholly or partially redeemable at the issuer company's option after five or ten years from the issue date, depending on the terms of each issue and with prior consent from the Bank of Spain.

The breakdown of the issues of preferred securities in the accompanying consolidated balance sheets, excluding valuation adjustments, by currency of issuance and interest rate of the issues, is disclosed in Appendix VI.

23.5 Other financial liabilities

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

	Millions of Euros		
Other financial liabilities	**2013**	**2012**	**2011**
Creditors for other financial liabilities	1,349	2,128	2,144
Collection accounts	2,342	2,311	2,212
Creditors for other payment obligations (*)	1,968	3,151	3,054
Total	**5,659**	**7,590**	**7,410**

(*) Includes dividends payable but pending payment as of December 31, 2012 and 2011.

As of December 31, 2012 and 2011, the "Interim dividend pending payment" from the table above corresponds to the first interim dividend against 2012 and 2011 earnings, paid in January of the following years.

24. Liabilities under insurance contracts

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

	Millions of Euros		
Liabilities under Insurance Contracts Technical Reserve and Provisions	**2013**	**2012**	**2011**
Mathematical reserves	8,816	7,951	6,513
Provision for unpaid claims reported	496	550	739
Provisions for unexpired risks and other provisions	522	519	476
Total	**9,834**	**9,020**	**7,729**

The cash flows of those liabilities under insurance contracts are shown below:

	Millions of Euros				
Maturity	**Up to 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**Over 5 Years**	**Total**
Liabilities under insurance contracts	1.440	1.613	878	5.903	9.834

25. Provisions

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

	Millions of Euros		
Provisions. Breakdown by concepts	**2013**	**2012**	**2011**
Provisions for pensions and similar obligations	5,512	5,777	5,577
Provisions for taxes and other legal contingencies	208	406	349
Provisions for contingent risks and commitments	346	322	266
Other provisions (*)	787	1,329	1,279
Total	**6,853**	**7,834**	**7,471**

(*) Provisions or contingencies that, individually, are not significant.

The changes in the heading "Provisions for contingent risks and commitments" in the accompanying consolidated balance sheets are presented in Note 7.1.7. together with the changes in impairment losses of other financial instruments.

The change in provisions for pensions and similar obligations for the years ended December 31, 2013, 2012 and 2011 is as follows:

		Millions of Euros		
Provisions for Pensions and Similar Obligations. Changes Over the Period	**Notes**	**2013**	**2012**	**2011**
Balance at the beginning		**5,777**	**5,577**	**5,980**
Add -				
Charges to income for the year		605	683	613
Interest expenses and similar charges	39.2	199	257	259
Personnel expenses	46.1	70	54	51
Provision expenses		336	373	303
Charges to equity (*)	26.2	12	316	9
Transfers and other changes		(65)	19	(8)
Less -				
Payments		(817)	(813)	(794)
Amount used and other changes		-	(5)	(223)
Balance at the end		**5,512**	**5,777**	**5,577**

(*) Correspond to actuarial losses (gains) arising from certain defined-benefit post-employment pension commitments and other similar benefits recognized in "Equity" (see Note 2.2.12).

	Millions of Euros		
Provisions for Taxes, Legal Contingents and Other Provisions. Changes Over the Period	**2013**	**2012**	**2011**
Balance at beginning	**1,735**	**1,628**	**2,078**
Add -			
Charge to income for the year	344	245	230
Acquisition of subsidiaries	-	678	61
Transfers and other changes	-	-	-
Less -			
Available funds	(148)	(90)	(79)
Amount used and other variations	(880)	(720)	(661)
Disposal of subsidiaries	(56)	(6)	-
Balance at the end	**995**	**1,735**	**1,628**

Ongoing legal proceedings and litigation

Several entities of the Group are party to legal actions in a number of jurisdictions (including, among others, Spain, Mexico and the United States) arising in the ordinary course of business. According to the procedural status of these proceedings and the criteria of the legal counsel, BBVA considers that none of such actions is material, individually or in the aggregate, and none is expected to result in a material adverse effect on the Group's financial position, results of operations or liquidity, either individually or in the aggregate. The Group´s Management believes that adequate provisions have been made in respect of such legal proceedings and considers that the possible contingencies that may arise from such on-going lawsuits are not significant enough to require disclosure to the markets.

26. Pensions and other post-employment commitments

As stated in Note 2.2.12, the Group has assumed commitments with employees including defined contribution plans, defined benefit plans (see Glossary) and medical benefits.

Employees are covered by defined contribution plans in practically all of the countries in which the Group operates, with the plans in Spain and Mexico being the most significant. Most defined benefit plans are closed to new employees and with liabilities relating largely inactive employees, the most significant being those in Spain, Mexico and the United States. In Mexico, the Group provides post-retirement medical benefits to a closed group of employees and their family members.

The breakdown of the balance sheet net defined benefit liability for financial years 2013, 2012 and 2011 is provided below:

	Millions of Euros		
Net defined benefit liability (asset) on the Balance Sheet	**2013**	**2012**	**2011**
Pension commitments	4,266	4,463	4,004
Early retirement commitments	2,634	2,758	2,904
Medical benefits commitments	811	985	772
Total commitments	**7,711**	**8,205**	**7,680**
Pension plan assets	1,436	1,535	1,389
Medical benefit plan assets	938	895	733
Total plan assets	**2,374**	**2,430**	**2,122**
Total net liability / asset on the balance sheet	**5,337**	**5,775**	**5,558**
Of which:			
Net asset on the balance sheet (1)	**(175)**	**(2)**	**(19)**
Net liability on the balance sheet (2)	**5,512**	**5,777**	**5,577**

(1) Recorded under the heading "Other Assets - Other" of the consolidated balance sheet (See note 22)

(2) Recorded under the heading "Provisions - Provisions for pensions and similar obligations" of the consolidated balance sheet (See note 25)

The amounts relating to post-employment benefits charged to the profit and loss account and other comprehensive income for financial years 2013, 2012 and 2011 are as follows:

		Millions of Euros		
Consolidated income statement impact	**Notes**	**2013**	**2012**	**2011**
Interest and similar expenses (*)	39.2	**199**	**256**	**259**
Interest expense		342	367	376
Interest income		(143)	(110)	(118)
Personnel expenses		**150**	**138**	**131**
Defined contribution plan expense	46.1	80	84	80
Defined benefit plan expense	46.1	70	54	51
Provisions (net)	48	**373**	**433**	**360**
Early retirement expense		336	276	297
Past service cost expense		6	17	13
Remeasurements (**)		-	97	(7)
Other provision expenses		31	43	57
Total impact on Income Statement: Debit (Credit)		**722**	**827**	**751**

(*) Interest and similar charges includes interest charges/credits, and for 2012 and 2011 the "Return on assets".

(**) Actuarial losses (gains) on remeasurement of the net defined benefit liability relating to early retirements in Spain and other similar benefits (see Note 2.2.12).

		Millions of Euros		
Equity impact	**Notes**	**2013**	**2012**	**2011**
Defined benefit plans		70	436	73
Post-employment medical benefits		(58)	26	(7)
Total impact on equity: Debit (Credit) (*)	**25**	**12**	**462**	**67**

(*) Actuarial gains (losses) on remeasurement of the net defined benefit liability relating to pension commitments .

26.1 Defined contribution commitments

Certain Group employees participate in defined contribution plans. These commitments are settled through contributions made by the employer into a separate entity responsible for the eventual payment of benefits. Some of these plans are contributory, allowing employees to make contributions which are then matched by the employer.

Employer contributions are paid and recognized in the consolidated income statement in the corresponding financial year (see Note 46.1), and no liability is therefore recognized in the accompanying consolidated balance sheet for this purpose.

26.2 Defined benefit plans

Defined benefit pension commitments relate mainly to employees who have already retired or taken early retirement from the Group, certain closed groups of active employees still accruing defined benefit pensions, and in-service death and disability benefits provided to most active employees. For the latter the Group pays the required premiums to fully insure the related liability.

	Millions of Euros								
	2013			2012			2011		
Pension commitments	**Defined benefit obligation**	**Plan assets**	**Net liability (asset)**	**Defined benefit obligation**	**Plan assets**	**Net liability (asset)**	**Defined benefit obligation**	**Plan assets**	**Net liability (asset)**
Balance at the begining	**7,817**	**2,042**	**5,775**	**7,301**	**1,743**	**5,558**	**7,652**	**1,671**	**5,980**
Current service cost	70	-	70	54	1	53	51	-	51
Interest income or expense	342	143	199	354	124	229	371	112	259
Contributions by plan participants	1	1	-	-	-	-	-	-	-
Employer contributions	-	256	(256)	0	6	(5)	(1)	222	(223)
Past service costs (1)	342	-	342	276	-	276	310	-	310
Return on plan assets (2)	-	(286)	286	-	136	(136)	-	58	(58)
Remeasurements arising from changes in demographic assumptions	3	-	3	-	-	-	-	-	-
Remeasurements arising from changes in financial assumptions	(289)	-	(289)	533	25	508	58	3	56
Other actuarial gain and losses	4	-	4	48	-	48	8	4	4
Benefit payments	(888)	(70)	(817)	(881)	(68)	(813)	(1,045)	(251)	(794)
Settlement payments	(1)	(1)	-	-	-	-	(13)	-	(13)
Business combinations and disposals	-	-	-	65	-	65	(9)	(9)	-
Effect on changes in foreign exchange rates	(121)	(93)	(29)	55	57	(2)	(100)	(89)	(11)
Other effects	48	-	48	11	18	(7)	19	23	(3)
Balance at the end	**7,327**	**1,990**	**5,337**	**7,817**	**2,042**	**5,775**	**7,301**	**1,743**	**5,558**
Of which									
Spain	5,393	-	5,393	5,620	-	5,620	5,502	-	5,502
Mexico	1,313	1,490	(177)	1,543	1,502	41	1,252	1,252	-
The United States	276	244	32	313	293	20	285	283	2

(1) Including gains and losses arising from settlements.

(2) Excluding interest, which is recorded under "Interest income or expense".

The balance under the heading “Provisions - Provisions for pensions and similar obligations” of the accompanying consolidated balance sheet as of December 31, 2013 includes €241 million relating to post-employment benefit commitments of former members of the Board of Directors and the Bank’s Management Committee.

The most significant commitments are those in Spain and Mexico and, to a lesser extent, in the United States. The remaining commitments are located mostly in Portugal and South America. We include a detailed breakdown for Spain, México and the United States which, in aggregate, account for more than 90% of the total commitments. Both the costs and the present value of the commitments are determined by independent qualified actuaries using the “projected unit credit” method.

The following table sets out the key actuarial assumptions used in the valuation of these commitments:

	2013			2012			2011		
Actuarial Assumptions	**Spain**	**Mexico**	**USA**	**Spain**	**Mexico**	**USA**	**Spain**	**Mexico**	**USA**
Discount rate	3.50%	9.49%	4.86%	3.50%	8.20%	4.03%	4.50%	8.75%	4.28%
Rate of salary increase (*)	3.00%	4.75%	3.25%	3.00%	4.75%	3.50%	3.00%	4.75%	3.50%
Rate of pension increase		2.13%			2.13%			2.13%	
Medical cost trend rate		6.75%			6.75%			6.75%	
Mortality tables	PERM/F 2000P	EMSSA 97	RP 2000 Projected & adjusted	PERM/F 2000P	EMSSA 97	RP 2000 Projected & adjusted	PERM/F 2000P	EMSSA 97	RP 2000 Projected & adjusted

(*) In Spain, different salary increase assumptions are used with the minimum being 3%

Discount rates have been determined by reference to high quality corporate bonds (Note 2.2.12) of the appropriate currency (Euro in the case of Spain, Mexican peso for Mexico and USD for the United States).

Assumed retirement ages have been set by reference to the earliest age at which employees are entitled to retire, the contractually agreed age in the case of early retirements in Spain or by using retirement rates.

Changes in the main actuarial assumptions may affect the valuation of the commitments. The table below shows the sensitivity of the benefit obligations to changes in the key assumptions:

		Millions of Euros	
		2013	
Sensitivity analysis	**Basis points change**	**Increase**	**Decrease**
Discount rate	50	(275)	301
Rate of salary increase	50	17	(17)
Rate of pension increase	50	16	(15)
Medical cost trend rate	100	148	(118)
Change in obligation from each additional year of longevity		87	

The sensitivities provided above have been determined at the date of these consolidated financial statements, and reflect solely the impact of changing one individual assumption at a time, keeping the rest of the assumptions unchanged, thereby excluding the effects which may result from combined assumption changes.

In addition to the commitments to employees shown above, the Group has other less material commitments. These include long-service awards granted to certain groups of employees when they complete a given number of years of service.

As of December 31, 2013, 2012 and 2011, the actuarial liabilities for the outstanding awards amounted to €47, €50 and €43 million, respectively. These commitments are recorded under the heading "Other provisions" of the accompanying consolidated balance sheet (see Note 25).

Pension commitments

The majority of the defined benefit plans are fully funded, with plan assets held in funds legally separate from the Group sponsoring entity.

The plan assets related to these commitments are shown in the table below. These assets will be used directly to settle the vested obligations and meet the following conditions: they are not part of the Group sponsoring entity´s assets, they are available only to pay post-employment benefits, and they cannot be returned to the Group sponsoring entity.

The risks associated with these commitments are those which give rise to a deficit in the defined benefit plan. A deficit could arise from factors such as a decrease in the market value of equities, an increase in long-term interest rates leading to a decrease in the value of fixed income securities, or a deterioration of the economy resulting in more write-downs and credit rating downgrades.

The change in defined benefit plan obligations and plan assets during financial year 2013 was as follows:

	Millions of Euros								
	Defined benefit obligation			Plan assets			Net liability (asset)		
2013	Spain	Mexico	USA	Spain	Mexico	USA	Spain	Mexico	USA
Balance at the begining	**5,620**	**573**	**313**	**-**	**606**	**293**	**5,620**	**(33)**	**20**
Current service cost	20	9	5	-	-	-	20	9	5
Interest income or expense	178	46	12	-	49	11	178	(3)	1
Contributions by plan participants	-	-	-	-	-	-	-	-	-
Employer contributions	-	-	-	-	64	-	-	(64)	-
Past service costs (1)	337	-	-	-	-	-	337	-	-
Return on plan assets (2)	-	-	-	-	(98)	(43)	-	98	43
Remeasurements arising from changes in demographic assumptions	-	-	3	-	-	-	-	-	3
Remeasurements arising from changes in financial assumptions	-	(59)	(34)	-	-	-	-	(59)	(34)
Other actuarial gain and losses	(4)	14	(2)	-	-	-	(4)	14	(2)
Benefit payments	(807)	(37)	(8)	-	(36)	(6)	(807)	(1)	(2)
Settlement payments	-	-	-	-	-	-	-	-	-
Business combinations and disposals	-	-	-	-	-	-	-	-	-
Effect on changes in foreign exchange rates	-	(32)	(13)	-	(33)	(12)	-	1	(1)
Other effects	49	-	(1)	-	-	1	49	-	(2)
Balance at the end	**5,393**	**514**	**276**	**-**	**552**	**244**	**5,393**	**(38)**	**32**
Of which									
Vested benefit obligation relating to current employees	213						213		
Vested benefit obligation relating to retired employees	5,180						5,180		

The change in net defined benefit plan liabilities (assets) during financial years 2012 and 2011 was as follows:

	Millions of Euros					
	2012: Net liability (asset)			2011: Net liability (asset)		
	Spain	Mexico	USA	Spain	Mexico	USA
Balance at the begining	**5,502**	**(29)**	**2**	**5,753**	**(11)**	**45**
Current service cost	12	8	6	12	7	4
Interest income or expense	224	(3)	-	237	(1)	0
Contributions by plan participants	-	-	-	-	-	-
Employer contributions	-	(1)	-	-	(30)	(33)
Past service costs (1)	256	(11)	-	297	-	-
Return on plan assets (2)	-	(49)	(5)	-	(3)	(55)
Remeasurements arising from changes in demographic assumptions	-	-	-	-	-	-
Remeasurements arising from changes in financial assumptions	362	29	13	3	(1)	49
Other actuarial gain and losses	-	24	8	-	8	(4)
Benefit payments	(801)	-	(3)	(790)	-	(1)
Settlement payments	-	-	-	-	-	(3)
Business combinations and disposals	65	-	-	-	-	-
Effect on changes in foreign exchange rates	-	(1)	0	-	1	1
Other effects	-	-	(1)	(10)	1	(2)
Balance at the end	**5,620**	**(33)**	**20**	**5,502**	**(29)**	**2**
Of which						
Vested benefit obligation relating to current employees	216	-	-	146	-	-
Vested benefit obligation relating to retired employees	5,403	-	-	5,356	-	-

In **Spain**, local regulation requires that pension and death benefit commitments must be funded, either through a qualified pension plan or an insurance contract.

Current pensions of BBVA employees are paid by the insurance companies with whom BBVA insures the benefits and to whom all premiums have been paid. These premiums are determined by the insurance companies using cash flow matching techniques, which ensure that payment of benefits will be made when required, guaranteeing both the actuarial and interest rate risks. These insurance policies meet the requirements of the accounting standard regarding the non-recoverability of contributions.

However, a significant part of the insurance contracts are held with BBVA Seguros, S.A., a related party consolidated within the BBVA Group financial statements. Consequently these policies cannot be considered plan assets under IAS 19 and are presented in the accompanying consolidated balance sheet under different headings of "assets", depending on the classification of their corresponding financial instruments. In this case the full value of the obligations associated with these policies has been recognized under the heading "Provisions – Provisions for pensions and similar obligations" of the accompanying consolidated balance sheet (see Note 25).

On the other hand, some pension commitments have been funded through insurance contracts held with insurance companies not related to the Group, and can therefore be considered qualifying insurance policies and plan assets under IAS 19. In this case the accompanying consolidated balance sheet reflects the value of the obligations net of the value of the qualifying insurance policies. As of December 31, 2013, 2012 and 2011, the valuation of the aforementioned insurance contracts (€385, €389 and €379 million, respectively) exactly match the value of the corresponding obligations and therefore no amount for this item has been recorded in the accompanying consolidated balance sheet.

In relation to the early retirement commitments, in 2013, Group entities in Spain offered certain employees the option to take early retirement (that is, earlier than the age stipulated in the collective labor agreement in force). This offer was accepted by 1,055 employees (633 and 669 in 2012 and 2011, respectively).

In **Mexico**, there is a defined benefit plan for employees hired prior to 2001. Other employees participate in a defined contribution plan.

In **The United States** there are mainly two defined benefit plans. The bigger one closed to new employees, who instead of participating in a defined benefit plan participate in a defined contribution plan. External funds/trusts have been constituted locally to fund the plans

Medical benefit commitments

In **Mexico** there is a medical benefit plan for employees hired prior to 2007. New employees from 2007 are covered by medical insurance policy. An external trust has been constituted locally to fund the plan, the trust is managed in accordance with local legislation.

	Millions of Euros								
	2013			2012			2011		
Medical benefits commitments	Defined benefit obligation	Plan assets	Net liability (asset)	Defined benefit obligation	Plan assets	Net liability (asset)	Defined benefit obligation	Plan assets	Net liability (asset)
Balance at the begining	**970**	**895**	**75**	**761**	**732**	**29**	**766**	**620**	**146**
Current service cost	30	-	30	26	-	26	24	-	24
Interest income or expense	79	75	4	70	69	1	63	50	13
Contributions by plan participants	-	-	-	-	-	-	-	-	-
Employer contributions	-	186	(186)	-	2	(2)	-	124	(124)
Past service costs (1)	-	-	-	(7)	-	(7)	-	-	-
Return on plan assets (2)	-	(140)	140	-	82	(82)	-	-	-
Remeasurements arising from changes in demographic assumptions	-	-	-	-	-	-	-	-	-
Remeasurements arising from changes in financial assumptions	(195)	-	(195)	92	-	92	8	15	(7)
Other actuarial gain and losses	(2)	-	(2)	16	-	16	-	-	-
Benefit payments	(28)	(28)	-	(26)	(26)	-	(23)	(23)	-
Settlement payments	-	-	-	-	-	-	(10)	-	(10)
Business combinations and disposals	-	-	-	-	-	-	-	-	-
Effect on changes in foreign exchange rates	(54)	(49)	(6)	38	37	1	(67)	(54)	(13)
Other effects	(1)	(1)	-	-	-	-	-	-	-
Balance at the end	**799**	**938**	**(140)**	**970**	**895**	**75**	**761**	**732**	**29**

The valuation of these benefits and their accounting treatment in the accompanying consolidated financial statements follow the same methodology as that employed in the valuation of pension commitments.

Plan assets

To manage the assets associated with defined benefit plans, the companies of the BBVA Group have established investment policies designed according to criteria of prudence and minimizing the financial risks associated with plan assets.

The investment policy consists of investing in a low risk and diversified portfolio of assets with maturities consistent with the term of the benefit obligation and which, together with contributions made to the plan, will be sufficient to meet benefit payments when due, thus mitigating the plans' risks.

In those countries where plan assets are held in pension funds or trusts, the investment policy is developed consistently with local regulation. When selecting specific assets, current market conditions, the risk profile of the assets and their future market outlook are all taken into consideration. In all the cases, the selection of assets takes into consideration the term of the benefit obligations as well as short-term liquidity requirements.

As of December 31, 2013 the plan assets covering these commitments were almost entirely made up of fixed-income securities. The table below shows their allocation at the end of 2013:

	Millions of Euros
Plan assets breakdown	**2013**
Cash or cash equivalents	35
Other debt securities (Goverment bonds)	1,591
Asset-backed securities	101
Insurance contracts	385
Total	**2,113**
Of which:	
Debt securities issued by BBVA	15

All of the debt securities in the table above have quoted market prices in active markets.

The estimated benefit payments over the next ten years for all the entities in Spain, Mexico and the United States are as follows:

	Millions of Euros					
Estimated benefit payments	**2014**	**2015**	**2016**	**2017**	**2018**	**2019-2023**
Commitments in Spain	782	713	645	572	491	1,496
Commitments in Mexico	67	69	75	81	87	511
Commitments in The United States	11	11	12	12	13	78
Total	**859**	**794**	**732**	**665**	**591**	**2,084**

27. Common stock

As of December 31, 2013, BBVA's share capital amounted to €2,835,117,677 divided into 5,785,954,443 fully subscribed and paid-up registered shares, all of the same class and series, at €0.49 par value each, represented through book-entry accounts. All of the Bank shares carry the same voting and dividend rights, and no single stockholder enjoys special voting rights. Each and every share is part of the Bank's common stock.

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

Also, as of December 31, 2013, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., and BBVA Banco Frances, S.A. were listed on their respective local stock markets. BBVA Banco Frances, S.A. is also listed on the Latin American market of the Madrid Stock Exchange and on the New York Stock Exchange.

As of December 31, 2013, State Street Bank and Trust Co., Chase Nominees Ltd., The Bank of New York Mellon, SA NV, and the Caceis Bank in their capacity as international custodian/depositary banks, held 10.875%, 6.561%, 5.028% and 3.074% of BBVA common stock, respectively. Of said positions held by the custodian banks, BBVA is not aware of any individual shareholders with direct or indirect holdings greater than or equal to 3% of BBVA common stock outstanding.

On February 4, 2010, the 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 now has 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 consolidated balance sheets are due to the following common stock increases:

Capital Increase	Number of Shares	Common Stock (Millions of Euros)
As of December 31, 2011	**4,903,207,003**	**2,403**
Convertible bonds conversion - April 2012	157,875,375	77
Dividend option - April 2012	82,343,549	40
Convertible bonds conversion - July 2012	238,682,213	117
Dividend option - October 2012	66,741,405	33
As of December 31, 2012	**5,448,849,545**	**2,670**
Dividend option - April 2013	83,393,714	41
Convertible bonds conversion - July 2013	192,083,232	94
Dividend option - October 2013	61,627,952	30
As of December 31, 2013	**5,785,954,443**	**2,835**

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 4). 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 June 30, 2013, 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 28).

2012

"Dividend Option" Program:

The AGM held on March 16, 2012, under Point Four of the Agenda, resolved to perform two common stock increases, charged to voluntary reserves, to once again implement the program called the "Dividend Option" (see Note 4). This confers authority on the Board of Directors, pursuant to article 297.1 a) of the Corporations Act, to indicate the date on which said common stock increases should be carried out, within one year of the date on which the agreements are made.

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

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

Convertible Bonds-December 2011:

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

An increase in the Bank's common stock was carried out to pay for this conversion by the issue and distribution of 157,875,375 ordinary shares at a par value of €0.49 each, amounting to a total of €77,358,933.75, with the share premium being €877,313,458.8750 (see Note 28).

In addition, on June 30, 2012 there was a partial mandatory conversion of the outstanding Convertible Bonds as of that date, through a reduction of 50% in their nominal value. Following the execution of these conversions (see Note 23.4) the nominal amount of outstanding Convertible Bonds is €1,238 million.

An increase in the Bank's common stock was carried out to pay for this conversion by the issue and distribution of 238,682,213 ordinary shares at a par value of €0.49 each, amounting to a total of €116,954,284.37, with the share premium being €1,120,469,780.7072 (see Note 28).

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

Common stock increases:

The Bank's AGM held on March 16, 2012 agreed, in Point Three of the Agenda, to confer authority on the Board of Directors to increase common stock in accordance with Article 297.1.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 billion. The powers include the right to establish the different aspects and conditions of each issue; to exclude the pre-emptive subscription right of shareholders in accordance with the Corporations Act; to determine the basis and methods of conversion and/or exchange; and to increase the Banks common stock as required to address the conversion commitments.

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.

28. Share premium

The changes in the balances under this heading in the accompanying consolidated balance sheets are due to the common stock increases carried out in 2013 and 2012 (see Note 27), as set out below:

	Millions of Euros
Capital Increase	**Share premium**
As of December 31, 2011	**18,970**
Convertible bonds conversion - April 2012	878
Convertible bonds conversion - July 2012	1,120
As of December 31, 2012	**20,968**
Convertible bonds conversion - July 2013	1,143
As of December 31, 2013	**22,111**

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.

29. Reserves

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

		Millions of Euros		
Reserves. Breakdown by concepts	**Notes**	**2013**	**2012**	**2011**
Legal reserve	29.1	534	481	440
Restricted reserve for retired capital	29.2	296	387	495
Reserves for balance revaluations		26	27	28
Voluntary reserves		6,528	6,154	5,854
Total reserves holding company (*)		7,384	7,049	6,817
Consolidation reserves attributed to the Bank and dependents consolidated companies.		12,524	12,623	11,123
Total Reserves		**19,908**	**19,672**	**17,940**

(*) Total reserves of BBVA, S.A. (See Appendix X).

29.1 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; limit that will be reached by the bank once the proposal of allocation of 2013 earnings is approved (see Note 4).

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.

29.2 Restricted reserves

As of December 31, 2013, 2012 and 2011, the Bank's restricted reserves are as follows:

	Millions of Euros		
Restricted Reserves	**2013**	**2012**	**2011**
Restricted reserve for retired capital	88	88	88
Restricted reserve for Parent Company shares and loans for those shares	206	297	405
Restricted reserve for redenomination of capital in euros	2	2	2
Total	**296**	**387**	**495**

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

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

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

Furthermore, in the individual financial statements for subsidiaries as of December 31, 2013, 2012 and 2011, restricted reserves for a total of €3,132 million, €3,149 million and €2,940 million, respectively, are taken into consideration.

29.3 Reserves (losses) by entity

The breakdown, by company or corporate group, under the heading "Reserves" in the accompanying consolidated balance sheets is as follows:

	Millions of Euros		
Reserves Assigned to the Consolidation Process	**2013**	**2012**	**2011**
Accumulated reserves (losses)			
Holding Company (*)	12,112	10,110	7,711
BBVA Bancomer Group	6,275	5,589	5,070
BBVA Seguros, S.A.	1,561	1,447	1,422
BBVA Banco Provincial Group	1,231	906	711
BBVA Chile Group	959	873	670
Corporacion General Financiera, S.A.	605	1,118	677
Anida Grupo Inmobiliario, S.L.	381	375	369
BBVA Continental Group	335	256	217
BBVA Colombia Group	315	79	(38)
BBVA Suiza, S.A.	313	294	269
BBVA Luxinvest, S.A.	263	230	1,231
BBVA Banco Francés Group	242	65	(92)
Bilbao Vizcaya Holding, S.A.	63	51	157
Cidessa Uno S.L	15	30	432
Banco Industrial De Bilbao, S.A.	(4)	35	122
BBVA Ireland Public Limited Company	(4)	(22)	173
Compañía de Cartera e Inversiones, S.A.	(28)	438	540
Compañía Chilena de Inversiones, S.L.	(121)	(164)	(84)
Participaciones Arenal, S.L.	(180)	(180)	(181)
BBVA Propiedad S.A.	(267)	(233)	(194)
BBVA Portugal	(357)	(177)	(188)
Anida Operaciones Singulares, S.L.	(1,224)	(850)	(816)
BBVA USA Bancshares Group	(1,305)	(1,652)	(852)
Real Estate Unnim + Unnim Banc (**)	(1,675)	15	-
Other	(47)	87	254
Subtotal	19,458	18,721	17,580
Reserves (losses) of entities accounted for using the equity method:			
Garanti Turkiye Bankasi Group	379	127	-
Citic Group (see Note 3)	124	859	431
Tubos Reunidos, S.A.	53	50	51
Occidental Hoteles Management, S.L.	(93)	(91)	(72)
Other	(13)	6	(50)
Subtotal	450	951	360
Total Reserves	**19,908**	**19,672**	**17,940**

(*) Corresponds to the reserve of the Bank after adjustments made through the consolidation process.

(**) Due to the acquisition of Unnim Banc S.A. by BBVA, S.A. in 2012, a positive impact was generated in 2013 from the "Asset Protection Scheme" (EPA) which was recorded in reserves of BBVA, S.A.

For the purpose of allocating the reserves and accumulated losses to the consolidated entities and to the parent company, the transfers of reserves arising from the dividends paid and transactions between these entities are taken into account in the period in which they took place.

30. Treasury stock

In the year ended December 31, 2013, 2012 and 2011 the Group entities performed the following transactions with shares issued by the Bank:

Treasury Stock	2013		2012		2011	
	Number of Shares	Millions of Euros	Number of Shares	Millions of Euros	Number of Shares	Millions of Euros
Balance at beginning	**15,462,936**	**111**	**46,398,183**	**300**	**58,046,967**	**552**
+ Purchases	488,985,513	3,614	819,289,736	4,831	652,994,773	4,825
- Sales and other changes	(497,571,679)	(3,658)	(850,224,983)	(5,021)	(664,643,557)	(5,027)
+/- Derivatives on BBVA shares	-	-	-	1	-	(50)
+/- Other changes	-	(1)	-	-	-	-
Balance at the end	**6,876,770**	**66**	**15,462,936**	**111**	**46,398,183**	**300**
Of which:						
Held by BBVA, S.A.	1,357,669	20	4,508,380	41	1,431,838	19
Held by Corporación General Financiera, S.A.	5,491,697	46	10,870,987	70	44,938,538	281
Held by other subsidiaries	27,404		83,569		27,807	
Average purchase price in Euros	7.39		5.90		7.39	
Average selling price in Euros	7.44		6.04		7.53	
Net gain or losses on transactions (Stockholders' funds-Reserves)		30		81		(14)

The percentages of treasury stock held by the Group in the year ended December 31, 2013, 2012 and 2011 are as follows:

Treasury Stock	2013		2012		2011	
	Min	Max	Min	Max	Min	Max
% treasury stock	**-**	**0.693%**	**0.240%**	**1.886%**	**0.649%**	**1.855%**

The number of BBVA shares accepted by the Group in pledge of loans as of December 31, 2013, 2012 and 2011 is as follows:

Shares of BBVA Accepted in Pledge	2013	2012	2011
Number of shares in pledge	111,627,466	132,675,070	119,003,592
Nominal value	0.49	0.49	0.49
% of share capital	1.93%	2.43%	2.43%

The number of BBVA shares owned by third parties but under management of a company within the Group as of December 31, 2013, 2012 and 2011 is as follows:

Shares of BBVA Owned by Third Parties but Managed by the Group	2013	2012	2011
Number of shares owned by third parties	101,184,985	109,348,019	104,069,727
Nominal value	0.49	0.49	0.49
% of share capital	1.75%	2.01%	2.12%

31. Valuation adjustments

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

		Millions of Euros		
Valuation Adjustments	**Notes**	**2013**	**2012**	**2011**
Available-for-sale financial assets	12.4	851	(238)	(628)
Cash flow hedging		8	36	30
Hedging of net investments in foreign transactions		(100)	(243)	(159)
Exchange differences		(3,023)	(1,164)	(1,623)
Non-current assets held for sale		3	(104)	-
Entities accounted for using the equity method		(1,130)	(24)	(179)
Other valuation adjustments (Remeasurements)		(440)	(447)	(228)
Total		**(3,831)**	**(2,184)**	**(2,787)**

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

Changes in 2013 in "Exchange differences" in the table above are due to the depreciation of currencies against the Euro and, in particular, the devaluation of the Venezuelan Bolivar Fuerte.

Changes in 2013 in "Entities accounted for the using equity method" in the table above are mainly due to the depreciation of the Turkish Lira.

32. Non-controlling interests

The breakdown by groups of consolidated entities of the balance under the heading "Non-controlling interests" of total equity in the accompanying consolidated balance sheets is as follows:

	Millions of Euros		
Non-Controlling Interest	**2013**	**2012**	**2011**
BBVA Colombia Group	54	51	42
BBVA Chile Group	307	495	409
BBVA Banco Continental Group	691	697	580
BBVA Banco Provincial Group	1,041	883	655
BBVA Banco Francés Group	188	190	162
Other companies	90	56	45
Total	**2,371**	**2,372**	**1,893**

These amounts are broken down by groups of consolidated entities under the heading "Profit attributable to non-controlling interests" in the accompanying consolidated income statements:

	Millions of Euros		
Profit attributable to Non-Controlling Interests	**2013**	**2012**	**2011**
BBVA Colombia Group	13	13	9
BBVA Chile Group	83	100	95
BBVA Banco Continental Group	268	209	165
BBVA Banco Provincial Group	295	265	163
BBVA Banco Francés Group	64	58	44
Other companies	30	6	5
Total	**753**	**651**	**481**

Dividends distributed to non-controlling interests of the Group during 2013 are: BBVA Chile €123 million, BBVA Banco Continental €182 million, and BBVA Banco Provincial €157 million.

33. Capital base and capital management

Capital base

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

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

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

Within the framework of recommendations, in December 2010 the Committee on Banking Supervision published "Basel III: A global regulatory framework for more resilient banks and banking systems", to assist the financial sector when coping with the effects of financial or economic crises. The European Union worked from this point forward to incorporate the Basel recommendations to a new capital regulation, and after two years of negotiations, "CRD4" was published in the European Union Official Bulletin on June 27, 2013, This regulation replaces 2006/48 and 2006/49 (CRD2 and CRD3) Capital and common regulation (575/2013). This regulation came into effect on January 1, 2014. From this date onwards, any regulation that rules against the European directive will not be effective. To this extent, the Royal Decree-Law 14/2013 was published to adapt Spanish Law to European Union regulation on supervision and solvency of financial institutions.

The BBVA Group is ready to comply with the significant modifications in the capital regulatory framework for financial entities (BIS III according to CRD4), such as those envisioned to affect insurance entities ("Solvency II"), therefore meeting the new and more demanding requirements, showing greater solvency and stability.

As of December 31, 2013, nevertheless, Circular 3/2008 was still the current regulation in place and the Bank's capital exceeded by more than 68% the minimum capital base level required by said regulation.

The Group's bank capital in accordance with the aforementioned Circular 3/2008, considering entities scope required by the above regulation, as of December 31, 2013, 2012 and 2011 is shown below:

	Millions of Euros		
Capital Base	**2013 (*)**	**2012**	**2011**
Basic equity	**38,730**	**36,393**	**35,508**
Common Stock	2,835	2,670	2,403
Parent company reserves	41,371	38,149	33,656
Reserves in consolidated companies	(3,380)	1,042	1,552
Non-controlling interests	2,069	2,025	1,669
Other equity instruments	2,905	3,074	5,189
Deductions (Goodwill and others)	(8,534)	(10,903)	(10,837)
Attributed net income (less dividends)	1,464	335	1,876
Additional equity	**4,515**	**4,461**	**5,944**
Other deductions	**(1,573)**	**(5,272)**	**(5,303)**
Additional equity due to mixed group (**)	**1,857**	**1,275**	**1,070**
Total Equity	**43,529**	**36,858**	**37,218**
Minimum equity required	**25,888**	**26,353**	**26,563**

(*) Provisional data.

(**) Mainly insurance companies in the Group.

The changes in 2013 in basic capital balances shown in the above table are a result of the earnings for the period and the decrease in deductions (mainly CNCB Goodwill), partially offset by the negative impact of exchange rate differences. The decrease in "Other deductions" is mainly driven by the decrease in value of participations that are deducted (also affected by the sale of the CNCB participation).

In addition to that established in Circular 3/2008, Spanish financial groups and entities must comply with the capital requirements set forth by Royal Decree-Law 24/2012 of August 31 to reinforce the Spanish financial system. This standard was issued for the purpose of reinforcing the solvency of the Spanish financial entities. It thus established a new minimum requirement in terms of core capital on risk-weighted assets which is more restrictive than the one set out in the aforementioned Circular, and that must be greater than 9%. As of December 31, 2013, the BBVA Group's ratio exceeded the corresponding minimum requirement by approximately €7,000 million and stood at 11,16% (provisional figure).

As of December 31, 2013 the BBVA Group also complied with the recommendations made by the EBA about minimum capital levels calculated based on June 2012 requirements, keeping an excess of €2,886 million over the required limit.

Capital management

Capital management in the BBVA Group has a twofold aim:

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

this capital management is carried out 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 7) and its internal capital estimation model has received the Bank of Spain's approval for certain portfolios.

34. Contingent risks and commitments

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

	Millions of Euros		
Contingent Risks and Commitments	**2013**	**2012**	**2011**
Contingent Risks			
Collateral, bank guarantees and indemnities	28,082	29,976	29,532
Rediscounts, endorsements and acceptances	39	36	35
Letter of credit and others	5,422	7,007	8,062
Total Contingent Risks	**33,543**	**37,019**	**37,629**
Contingent Liabilities			
Balances drawable by third parties:	87,542	83,519	86,375
Credit Institutions	1,583	1,946	2,417
Government and other government agency	4,354	1,360	3,143
Other resident sectors	20,713	21,982	24,119
Non-resident sector	60,892	58,231	56,696
Other contingent liabilities	6,628	6,623	4,313
Total Contingent liabilities	**94,170**	**90,142**	**90,688**
Total contingent risks and contingent liabilities	**127,713**	**127,161**	**128,317**

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

In 2013, 2012 and 2011 no issuance of debt securities carried out by associate entities of the BBVA Group, joint venture entities or non-Group entities have been guaranteed.

35. Assets assigned to other own and third-party obligations

As of December 31, 2013, 2012 and 2011, in addition to the information disclosed in Notes 13 and 26, there were certain material assets of consolidated entities that guaranteed their own obligations amounting to €86,058 million, €125,174 million and €101,108 million, respectively. These amounts mainly correspond to loans linked to the issue of long-term covered bonds (see Note 23.3) which, pursuant to the Mortgage Market Act, are admitted as collateral for the issue of covered bonds and to assets allocated as collateral for certain lines of short-term finance assigned to the BBVA Group by central banks.

As of December 31, 2013, 2012 and 2011, there were no other BBVA Group material assets linked to any third-party obligations.

36. Other contingent assets and liabilities

As of December 31, 2013, 2012 and 2011, there were no material contingent assets or liabilities other than those disclosed in the accompanying notes to the financial statements.

37. Purchase and sale commitments and future payment obligations

The breakdown of purchase and sale commitments of the BBVA Group as of December 31, 2013, 2012 and 2011 is as follows:

		Millions of Euros		
Purchase and Sale Commitments	**Notes**	**2013**	**2012**	**2011**
Financial instruments sold with repurchase commitments		**55,503**	**56,196**	**75,897**
Central Banks	9	5,636	5,614	8,961
Credit Institutions	23.1	22,007	21,533	22,957
Government and other government agencies	23.2	8,512	16,607	24,016
Other resident sectors	23.2	11,608	8,443	14,154
Non-resident sectors	23.2	7,740	3,999	5,809
Financial instruments purchased with resale commitments		**11,397**	**10,378**	**11,110**
Central Banks	9	120	476	495
Credit Institutions	13.1	6,828	6,783	5,788
Government and other government agencies	13.2	-	-	-
Other resident sectors	13.2	4,039	2,516	4,621
Non-resident sectors	13.2	410	602	206

A breakdown of the maturity of other payment obligations, not registered in previous notes, due later than December 31, 2013 is provided below:

	Millions of Euros				
Maturity of Future Payment Obligations	**Up to 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**Over 5 Years**	**Total**
Finance leases	-	-	-	-	-
Operating leases	264	397	270	2,530	3,462
Purchase commitments	39	-	-	-	39
Technology and systems projects	24	-	-	-	24
Other projects	15				15
Total	**303**	**397**	**270**	**2,530**	**3,501**

38. Transactions on behalf of third parties

As of December 31, 2013, 2012 and 2011 the details of the most significant items under this heading are as follows:

	Millions of Euros		
Transactions on Behalf of Third Parties	**2013**	**2012**	**2011**
Financial instruments entrusted by third parties	560,640	502,047	537,404
Conditional bills and other securities received for collection	3,505	3,951	4,285
Securities received in credit	3,844	5,915	2,231

As of December 31, 2013, 2012 and 2011 the off-balance sheet customer funds managed by the BBVA Group are as follows:

	Millions of Euros		
Off-Balance Sheet Customer Funds by Type	**2013**	**2012**	**2011**
Commercialized by the Group			
Investment companies and mutual funds	43,600	40,118	43,134
Pension funds	21,074	84,500	73,783
Customer portfolios managed on a discretionary basis	31,073	28,138	26,349
Of which:			
Portfolios managed on a discretionary	7,038	11,998	11,179
Commercialized by the Group managed by third parties outside the Group			
Investment companies and mutual funds	127	70	50
Pension funds	30	29	17
Saving insurance contracts	-	-	-
Total	**95,904**	**152,855**	**143,333**

39. Interest income and expense and similar items

39.1 Interest and similar income

The breakdown of the interest and similar income recognized in the accompanying consolidated income statement is as follows:

	Millions of Euros		
Interest and Similar Income. Breakdown by Origin.	**2013**	**2012**	**2011**
Central Banks	262	259	250
Loans and advances to credit institutions	356	382	501
Loans and advances to customers	18,092	19,247	18,001
Government and other government agency	842	901	767
Resident sector	4,491	5,784	6,069
Non resident sector	12,758	12,562	11,165
Debt securities	3,465	3,651	3,144
Held for trading	980	1,225	1,087
Available-for-sale financial assets and held-to-maturity investments	2,484	2,426	2,057
Rectification of income as a result of hedging transactions	(292)	(369)	(198)
Insurance activity	1,137	1,049	991
Other income	492	596	540
Total	**23,512**	**24,815**	**23,229**

The amounts recognized in consolidated equity in connection with hedging derivatives and the amounts derecognized from consolidated equity and taken to the consolidated income statement during these periods are given in the accompanying "Consolidated statements of recognized income and expenses.

The following table shows the adjustments in income resulting from hedge accounting, broken down by type of hedge:

Adjustments in Income Resulting from Hedge Accounting	Millions of Euros 2013	2012	2011
Cash flow hedging	51	52	62
Fair value hedging	(343)	(421)	(260)
Total	**(292)**	**(369)**	**(198)**

39.2 Interest and similar expenses

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

Interest and Similar Expenses. Breakdown by Origin	Millions of Euros 2013	2012	2011
Bank of Spain and other central banks	161	350	164
Deposits from credit institutions	1,165	1,499	1,357
Customers deposits	4,516	4,644	5,127
Debt certificates	3,067	3,008	2,836
Subordinated liabilities	516	668	689
Rectification of expenses as a result of hedging transactions	(1,182)	(1,180)	(1,025)
Cost attributable to pension funds (Note 26)	199	256	259
Insurance activity	855	742	694
Other charges	315	354	404
Total	**9,612**	**10,341**	**10,505**

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 2013	2012	2011
Cash flow hedging	1	9	-
Fair value hedging	(1,183)	(1,189)	(1,025)
Total	**(1,182)**	**(1,180)**	**(1,025)**

39.3 Average return on investments and average borrowing cost

The detail of the average return on investments in the year ended December 31, 2013, 2012 and 2011 is as follows:

	Millions of Euros								
	2013			2012			2011		
Asset	Average Balances	Interest and Similar Income	Average Interest Rates (%)	Average Balances	Interest and Similar Income	Average Interest Rates (%)	Average Balances	Interest and Similar Income	Average Interest Rates (%)
Cash and balances with central banks	26,463	262	0.99	24,574	259	1.05	19,991	250	1.25
Securities portfolio and derivatives	166,013	4,385	2.64	164,435	4,414	2.68	139,644	3,969	2.84
Loans and advances to credit institutions	25,998	411	1.58	25,122	442	1.76	25,209	606	2.40
Loans and advances to customers	335,248	18,325	5.47	347,336	19,497	5.61	334,898	18,190	5.43
Euros	204,124	5,835	2.86	217,533	7,267	3.34	219,864	7,479	3.40
Foreign currency	131,125	12,489	9.52	129,802	12,230	9.42	115,034	10,712	9.31
Other assets	45,982	128	0.28	46,613	203	0.44	37,074	214	0.58
Totals	**599,705**	**23,512**	**3.92**	**608,081**	**24,815**	**4.08**	**556,816**	**23,229**	**4.17**

The average borrowing cost in the year ended December 31, 2013, 2012 and 2011 is as follows:

	Millions of Euros								
	2013			2012			2011		
Liabilities	Average Balances	Interest and Similar Expenses	Average Interest Rates (%)	Average Balances	Interest and Similar Expenses	Average Interest Rates (%)	Average Balances	Interest and Similar Expenses	Average Interest Rates (%)
Deposits from central banks and credit institutions	86,600	1,551	1.79	104,231	2,089	2.00	74,027	1,881	2.54
Customer deposits	290,105	4,366	1.51	271,828	4,531	1.67	269,842	5,176	1.92
Euros	153,634	1,734	1.13	146,996	1,828	1.24	153,773	2,295	1.49
Foreign currency	136,470	2,632	1.93	124,832	2,703	2.16	116,069	2,881	2.48
Debt certificates and subordinated liabilities	94,130	2,812	2.99	102,563	2,783	2.71	108,735	2,590	2.38
Other finance expenses	-	-	-	-	-	-	-	-	-
Other liabilities	82,257	883	1.07	86,627	938	1.08	65,515	858	1.31
Equity	46,614	-	-	42,832	-	-	38,696	-	-
Totals	**599,705**	**9,612**	**1.60**	**608,081**	**10,341**	**1.70**	**556,816**	**10,505**	**1.89**

The change in the balance under the headings "Interest and similar income" and "Interest and similar expenses" in the accompanying consolidated income statements is the result of changing prices (price effect) and changing volume of activity (volume effect), as can be seen below:

	Millions of Euros					
	2013 / 2012			2012/ 2011		
Interest Income and Expense and Similar Items. Change in the Balance	Volume Effect (1)	Price Effect (2)	Total Effect	Volume Effect (1)	Price Effect (2)	Total Effect
Cash and balances with central banks	20	(16)	4	57	(48)	9
Securities portfolio and derivatives	42	(71)	(29)	705	(260)	445
Loans and advances to credit institutions	15	(46)	(31)	(2)	(162)	(164)
Loans and advances to customers	(679)	(494)	(1,173)	676	631	1,307
In Euros	(448)	(984)	(1,432)	(79)	(133)	(212)
In other currencies	125	135	259	1,375	143	1,519
Other assets	(3)	(72)	(75)	55	(66)	(11)
Interest and similar incomes	**(342)**	**(961)**	**(1,303)**	**2,139**	**(552)**	**1,586**
Deposits from central banks and credit institutions	(353)	(185)	(538)	768	(560)	208
Customer deposits	305	(469)	(164)	38	(683)	(645)
In Euros	83	(176)	(94)	(101)	(366)	(467)
In other currencies	252	(323)	(71)	217	(396)	(178)
Debt certificates and subordinated liabilities	(229)	257	28	(147)	341	194
Other liabilities	(47)	(7)	(55)	277	(197)	79
Interest and similar expenses	**(142)**	**(586)**	**(729)**	**967**	**(1,131)**	**(164)**
Net Interest Income			**(575)**			**1,750**

(1) The volume effect is calculated as the result of the interest rate of the initial period multiplied by the difference between the average balances of both periods.

(2) The price effect is calculated as the result of the average balance of the last period multiplied by the difference between the interest rates of both periods.

40. Income from equity instruments

The balances for this heading in the accompanying consolidated income statements correspond to dividends on shares and equity instruments other than those from shares in entities accounted for using the equity method (see Note 41), as can be seen in the breakdown below:

	Millions of Euros		
Dividend Income	2013	2012	2011
Dividends from:			
Financial assets held for trading	72	106	119
Available-for-sale financial assets	163	284	443
Total	**235**	**390**	**562**

41. Share of profit or loss of entities accounted for using the equity method

The breakdown of the share of profit or loss of entities accounted for using the equity method in the accompanying consolidated income statements is as follows:

	Millions of Euros		
Investments in Entities Accounted for Using the Equity Method	**2013**	**2012**	**2011**
CITIC Group (*)	430	726	602
Garanti Group	265	312	192
Metrovacesa, S.A.	(32)	(31)	-
Corporación IBV Participaciones Empresariales, S.A. (**)	-	5	6
Las Pedrazas Golf, S.L	(8)	(5)	(3)
Rest	39	32	(10)
Total	**694**	**1,039**	**787**

(*) As of December 31, 2013 this investment includes profit and loss of CIFH and CNCB up to the moment of sale and reclassification. For the years ended December 31, 2012 and 2011, it includes the profit and loss of CIFH and CNCB.

(**) As of December 31, 2013, the investment is recorded as non-current assets held for sale and liabilities associated with non-current assets held for sale.

42. Fee and commission income

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

	Millions of Euros		
Fee and Commission Income	**2013**	**2012**	**2011**
Commitment fees	190	186	157
Contingent risks	316	334	302
Letters of credit	50	56	51
Bank and other guarantees	266	278	251
Arising from exchange of foreign currencies and banknotes	23	24	25
Collection and payment services income	3,095	2,881	2,560
Bills receivables	68	77	66
Current accounts	349	381	348
Credit and debit cards	1,989	1,756	1,518
Checks	237	222	228
Transfers and others payment orders	329	313	276
Rest	123	132	124
Securities services income	1,142	1,120	1,079
Securities underwriting	74	100	70
Securities dealing	205	194	192
Custody securities	323	328	329
Investment and pension funds	413	375	372
Rest assets management	127	123	116
Counseling on and management of one-off transactions	14	7	12
Financial and similar counseling services	45	41	56
Factoring transactions	37	38	33
Non-banking financial products sales	109	97	90
Other fees and commissions	507	562	560
Total	**5,478**	**5,290**	**4,874**

43. Fee and commission expenses

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

	Millions of Euros		
Fee and Commission Expenses	**2013**	**2012**	**2011**
Brokerage fees on lending and deposit transactions	1	3	4
Fees and commissions assigned to third parties	894	817	682
Credit and debit cards	762	685	554
Transfers and others payment orders	49	42	31
Securities dealing	5	11	14
Rest	78	79	83
Other fees and commissions	333	314	294
Total	**1,228**	**1,134**	**980**

44. Net gains (losses) on financial assets and liabilities (net)

The breakdown of the balance under this heading, by source of the related items, in the accompanying consolidated income statements is as follows:

	Millions of Euros		
Gains (Losses) on Financial Assets and Liabilities Breakdown by Heading of the Balance Sheet	**2013**	**2012**	**2011**
Financial assets held for trading	540	653	1,004
Other financial assets designated at fair value through profit or loss	49	69	17
Other financial instruments not designated at fair value through profit or loss	1,019	914	50
Available-for-sale financial assets	1,046	801	80
Loans and receivables	126	51	27
Rest	(153)	62	(57)
Total	**1,608**	**1,636**	**1,070**

The breakdown of the balance under this heading in the accompanying income statements by the nature of financial instruments is as follows:

	Millions of Euros		
Gains (Losses) on Financial Assets and Liabilities Breakdown by Nature of the Financial Instrument	**2013**	**2012**	**2011**
Debt instruments	1,167	1,101	452
Equity instruments	883	(51)	(326)
Loans and advances to customers	46	38	31
Derivatives	(444)	591	839
Customer deposits	13	30	4
Rest	(56)	(73)	70
Total	**1,608**	**1,636**	**1,070**

The breakdown of the balance of the impact of the derivatives (trading and hedging) under this heading in the accompanying consolidated income statements is as follows:

	Millions of Euros		
Derivatives Trading and Hedging	**2013**	**2012**	**2011**
Trading derivatives			
Interest rate agreements	139	473	(195)
Security agreements	(596)	(63)	827
Commodity agreements	(1)	(12)	42
Credit derivative agreements	(59)	(47)	(15)
Foreign-exchange agreements	122	66	256
Other agreements	31	7	4
Subtotal	(364)	424	919
Hedging Derivatives Ineffectiveness			
Fair value hedging	(98)	167	(31)
Hedging derivative	(877)	(464)	(111)
Hedged item	779	631	80
Cash flow hedging	18	-	(49)
Subtotal	(80)	167	(80)
Total	**(444)**	**591**	**839**

In addition, in 2013, 2012 and 2011, under the heading "Exchange differences (net)" of the income statement, net amounts of positive €137 million, positive €373 million and positive €5 million, respectively, were recognized for transactions with foreign exchange trading derivatives.

45. Other operating income and expenses

The breakdown of the balance under the heading "Other operating income" in the accompanying consolidated income statements is as follows:

	Millions of Euros		
Other Operating Income	**2013**	**2012**	**2011**
Income on insurance and reinsurance contracts	3,761	3,631	3,299
Financial income from non-financial services	851	807	643
Of Which: Real estate companies	445	278	177
Rest of other operating income	383	327	270
Of Which: from rented buildings	73	57	52
Total	**4,995**	**4,765**	**4,212**

The breakdown of the balance under the heading "Other operating expenses" in the accompanying consolidated income statements is as follows:

	Millions of Euros		
Other Operating Expenses	**2013**	**2012**	**2011**
Expenses on insurance and reinsurance contracts	2,831	2,646	2,425
Change in inventories	495	406	298
Of Which: Real estate companies	428	267	161
Rest of other operating expenses	2,301	1,653	1,296
Of Which: Contributions to guaranteed banks deposits funds	815	668	460
Total	**5,627**	**4,705**	**4,019**

(*) Includes for 2013 a special contribution to the Deposit Guarantee Fund established by Royal Decree-Law 6/2013.

46. Administration costs

46.1 Personnel expenses

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

		Millions of Euros		
Personnel Expenses	**Notes**	**2013**	**2012**	**2011**
Wages and salaries		4,232	4,192	3,911
Social security costs		693	657	600
Transfers to internal pension provisions	26.2	70	54	51
Contributions to external pension funds	26.1	80	84	80
Other personnel expenses		513	480	411
Total		**5,588**	**5,467**	**5,053**

The breakdown of the average number of employees in the BBVA Group in the year ended December 31, 2013, 2012 and 2011, by professional categories and geographical areas, is as follows:

Average Number of Employees by Geographical Areas	Average number of employees 2013	2012	2011
Spanish banks			
Executive managers	1,127	1,129	1,115
Other line personnel	22,375	21,970	21,103
Clerical staff	4,474	4,267	4,364
Branches abroad	794	886	846
Subtotal	28,770	28,252	27,428
Companies abroad			
Mexico	28,309	28,187	27,108
United States	10,689	11,070	11,361
Venezuela	5,292	5,384	5,418
Argentina	5,229	5,147	4,844
Colombia	5,033	4,679	4,439
Peru	5,171	4,851	4,675
Other	5,056	5,777	5,620
Subtotal	64,779	65,095	63,465
Pension fund managers	2,181	5,505	5,255
Other non-banking companies	16,859	15,072	13,546
Total	**112,589**	**113,924**	**109,694**

The breakdown of the number of employees in the BBVA Group as of December 31, 2013, 2012 and 2011, by category and gender, is as follows:

Number of Employees at the period end Professional Category and Gender	2013		2012		2011	
	Male	Female	Male	Female	Male	Female
Executive managers	1,675	363	1,708	355	1,723	361
Other line personnel	24,375	21,828	25,733	23,218	24,891	21,920
Clerical staff	25,812	35,252	27,311	37,527	26,346	35,404
Total	**51,862**	**57,443**	**54,752**	**61,100**	**52,960**	**57,685**

The breakdown of the average number of employees in the BBVA Group in the year ended December 31, 2013, 2012 and 2011 is as follows:

Average Number of Employees Breakdown by Gender	2013		2012		2011	
	Male	Female	Male	Female	Male	Female
Average Number of Employees BBVA Group	53,325	59,263	53,815	60,109	52,664	57,030
Of which:						
BBVA, S.A.	15,522	12,339	15,440	11,557	15,687	11,531

46.1.1 Share-based employee remuneration

The amounts recognized under the heading "Personnel expenses - Other personnel expenses" in the consolidated income statements for the year ended December 31, 2013, 2012 and 2011, corresponding to the plans for remuneration based on equity instruments in force in each year, amounted to €60, €60 and €51 million, respectively. These amounts have been recognized with a balancing entry under the heading "Stockholders' funds – Other equity instruments" in the accompanying consolidated balance sheets, net of tax effect.

The characteristics of the Group's plans for remuneration based on equity instruments are described below.

System of Variable Remuneration in Shares

The BBVA General Meeting, 11th March 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 2013 were approved by the BBVA General Meeting, 15th March 2013.

This system is based on a specific incentive for members of the Management Team (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").

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 56, 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 and 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.

When the term of the Incentive ended on 31st December 2013, the multiplier applicable to the units allocated to each beneficiary was 0.4675. This resulted in a total number of 3,145,763 shares for the Management Team as a whole. This figure may vary in application of the settlement and payment system described above for the members of the Identified staff, which requires that at least 50% of their Annual Variable Remuneration should be paid in BBVA shares and that the necessary part of their ordinary variable remuneration be turned into shares in order to reach this percentage.

2010-2011 Multi-Year Variable Share Remuneration Programme

When the term of the Multi-Year Variable Share Remuneration Programme for 2010-2011 (hereinafter the "Programme" or the "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 Programme, in the first quarter of 2013 the Identified staff vested a total of 351,905 shares, equivalent to the first third of the deferred part of the shares resulting from settlement of the Programme, plus €146,744 as an adjustment for the updated value of the shares vested. The payment of the remaining two thirds of the deferred shares resulting from the settlement of the Programme was deferred until the first quarter of 2014 and 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 56.

BBVA Long-Term Incentive in BBVA Compass

When the term of the Long-Term Incentive 2010-2012 for the BBVA Compass Management Team ended on 31st December 2012, it was settled in application of the conditions established when it began.

During 2013, 106,268 shares have vested, those corresponding to BBVA Compass beneficiaries performing professional duties with a significant impact on the risk profile or performing control functions having been deferred to vest over a three-year period.

Additionally, the BBVA Compass remuneration structure includes long-term incentive programs in shares for employees in certain key positions that do not belong to the Management Team. These plans run over a three-year term. At 31st December 2013, there are three such programs in force (2011-2013, 2012-2014 and 2013-2015), and the maximum number of shares vesting under these programs as a whole is 656,325.

46.2 General and administrative expenses

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

	Millions of Euros		
General and Administrative Expenses	**2013**	**2012**	**2011**
Technology and systems	714	735	639
Communications	294	311	275
Advertising	336	359	355
Property, fixtures and materials	920	873	808
Of which: Rent expenses (*)	470	490	455
Taxes other than income tax	421	417	345
Other expenses	1,428	1,234	1,159
Total	**4,113**	**3,929**	**3,581**

(*) The consolidated companies do not expect to terminate the lease contracts early.

47. Depreciation and amortization

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

		Millions of Euros		
Depreciation and Amortization	**Notes**	**2013**	**2012**	**2011**
Tangible assets	19	581	565	491
For own use		560	543	473
Investment properties		21	22	10
Others		-	-	8
Other Intangible assets	20.2	514	413	319
Total		**1,095**	**978**	**810**

48. Provisions (net)

In the year ended December 31, 2013, 2012 and 2011, the net allowances charged to the income statement under the headings "Provisions for pensions and similar obligations", "Provisions for contingent risks and commitments", "Provisions for taxes and other legal contingencies" and "Other provisions" in the accompanying consolidated income statements are as follows:

		Millions of Euros		
Provisions (Net)	**Notes**	**2013**	**2012**	**2011**
Provisions for pensions and similar obligations	26	373	433	360
Provisions for contingent risks and commitments	7.1.7	38	55	(8)
Provisions for taxes and other legal contingencies		14	10	39
Other Provisions		184	143	112
Total		**609**	**641**	**503**

49. Impairment losses on financial assets (net)

The breakdown of impairment losses on financial assets by the nature of those assets in the accompanying consolidated income statements is as follows:

		Millions of Euros		
Impairment Losses on Financial Assets (Net)	**Notes**	**2013**	**2012**	**2011**
Available-for-sale financial assets	12	36	41	22
Debt securities		5	(5)	8
Other equity instruments		31	46	15
Held-to-maturity investments	14	-	1	-
Loans and receivables	7.1.7	5,577	7,817	4,163
Of which:				
Recovery of written-off assets		362	337	326
Total		**5,612**	**7,859**	**4,185**

50. Impairment losses on other assets (net)

The impairment losses on non-financial assets broken down by the nature of those assets in the accompanying consolidated income statements are as follows:

		Millions of Euros		
Impairment Losses on Other Assets (Net)	**Notes**	**2013**	**2012**	**2011**
Goodwill	20.1 - 17	5	54	1,444
Other intangible assets	20.2	9	-	-
Tangible assets	19	160	90	81
For own use		32	1	8
Investment properties		127	89	73
Inventories	22	270	956	358
Rest		24	24	-
Total		**467**	**1,123**	**1,883**

51. Gains (losses) on derecognized assets not classified as non-current assets held for sale

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

Gains and Losses on Derecognized Assets Not Classified as Non-current Assets Held for Sale	Millions of Euros 2013	2012	2011
Gains			
Disposal of investments in subsidiaries	67	31	56
Disposal of tangible assets and other	637	22	32
Losses:			
Disposal of investments in subsidiaries	(2,601)	(25)	(38)
Disposal of tangible assets and other	(18)	(25)	(6)
Total	**(1,915)**	**3**	**44**

During 2013, the heading “Losses - Disposal of investments in subsidiaries” includes, mainly, the realized losses for the sale of the stake in CNCB (see Notes 3 and 17). The heading “Gains - Disposal of tangible assets and other” includes the realized gains of the reinsurance agreement that has been registered with the reinsurance entity Scor Global Life (see Note 18).

52. Gains (losses) on non-current assets held for sale

52.1 Gains (losses) on non-current assets held for sale not classified as discontinued operations

The main items included in the balance under this heading in the accompanying consolidated income statements are as follows:

Gains (Losses) in Non-current Assets Held for Sale not classified as discontinued operations	Notes	Millions of Euros 2013	2012	2011
Gains (losses) on sale of real estate		(25)	(85)	126
Impairment of non-current assets held for sale	16	(602)	(524)	(397)
Gains (losses) on sale of investments classified as assets held for sale (*)		228	(15)	-
Total		**(399)**	**(624)**	**(271)**

(*) Includes the sale of BBVA Panamá (see Note 3).

52.2 Gains (losses) on non-current assets held for sale classified as discontinued operations

The earnings generated by discontinued operations (Note 3) are shown below. The comparative figures have been recalculated to include the operations classified as discontinued.

	Millions of Euros		
Gains (Losses) in Non-current Assets Held for Sale classified as discontinued operations	**2013**	**2012**	**2011**
Interest income/(charges)	3	11	8
Income for companies accounted for using the equity method	8	9	5
Net fee and commission income	210	686	529
Gains/losses on financial assets and liabilities	8	65	(3)
Exchange differences	-	-	-
Other operating income (net)	(8)	(2)	(1)
Total income	222	769	538
Personnel expenses	(51)	(139)	(120)
Other general administrative expenses	(29)	(89)	(86)
Depreciation and amortization	(5)	(10)	(8)
Provisions	(1)	(6)	(2)
Impairment losses on financial assets	-	-	-
Profit (loss) from operations	136	525	323
Gains (losses) on disposal of assets not classified as non-current assets held for sale	2	3	1
Profit (loss) before tax	137	528	324
Income tax	(43)	(136)	(78)
Profit (loss) from discontinued operations (*)	**94**	**393**	**245**
Profit from business sale agreements (**)	**1,772**		
Total	**1,866**	**393**	**245**

(*) Originated until the date of the sale agreement

(**) Includes the net profit and profit attributable to non-controlling interests and the impact of exchange/translation differences.

53. Consolidated statements of cash flows

Cash flows from operating activities decreased in 2013 by €500 million (compared with a decrease of €9,728 million in the same period in 2012). The most significant reasons for the change occurred under the headings “Financial liabilities at amortized cost” and “Financial instruments held for trading”.

The most significant variances in cash flows from investment activities between in 2013 corresponded to "Tangible Assets” and “Investment in entities” (see Notes 3 and 17).

Cash flows from financing activities increased in 2013 by €1,326 million (compared to €3,492 million decrease in the same period of 2012), with the most significant changes corresponding to the acquisition and amortization of own equity instruments, "Subordinated liabilities", and dividend payments.

The table below shows the breakdown of the main cash flows related to investing activities as of December 31, 2013, 2012 and 2011:

Main Cash Flows in Investing Activities 2013	Millions of Euros Cash Flows in Investment Activities Investments (-)	Divestments (+)
Tangible assets	(1,252)	101
Intangible assets	(526)	-
Investments	(547)	944
Subsidiaries and other business units	-	3,299
Non-current assets held for sale and associated liabilities	-	571
Held-to-maturity investments	-	431
Other settlements related to investment activities	-	-

Main Cash Flows in Investing Activities 2012	Millions of Euros Cash Flows in Investment Activities Investments (-)	Divestments (+)
Tangible assets	1,685	0
Intangible assets	777	-
Investments	0	19
Subsidiaries and other business units	0	0
Non-current assets held for sale and associated liabilities	-	590
Held-to-maturity investments	60	853
Other settlements related to investment activities	-	-

Main Cash Flows in Investing Activities 2011	Millions of Euros Cash Flows in Investment Activities Investments (-)	Divestments (+)
Tangible assets	1,293	175
Intangible assets	619	1
Investments	4,838	-
Subsidiaries and other business units	245	19
Non-current assets held for sale and associated liabilities	-	870
Held-to-maturity investments	-	-
Other settlements related to investment activities	-	-

The net cash flows attributable to the operating, investment and finance activities for discontinued operations are not significant.

54. Accountant fees and services

The details of the fees for the services contracted by entities of the BBVA Group in 2013 with their respective auditors and other audit entities are as follows:

	Millions of Euros
Fees for Audits Conducted	**2013**
Audits of the companies audited by firms belonging to the Deloitte worldwide organization and other reports related with the audit (*)	20.4
Other reports required pursuant to applicable legislation and tax regulations issued by the national supervisory bodies of the countries in which the Group operates, reviewed by firms belonging to the Deloitte worldwide organization	3.5
Fees for audits conducted by other firms	-

(*) Including fees belonging to annual statutory audits (€17 million)

In 2013, other entities in the BBVA Group contracted other services (other than audits) as follows:

	Millions of Euros
Other Services Contracted	**2013**
Firms belonging to the Deloitte worldwide organization(*)	3.3
Other firms	33.1

(*) Including €1.09 million related to fees for tax services.

The services provided by the auditors meet the independence requirements established under Law 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.

55. Related-party transactions

As financial institutions, BBVA and other entities in the Group engage in transactions with related parties in the normal course of their business. All of these transactions are of little relevance and are carried out under normal market conditions.

55.1 Transactions with significant shareholders

As of December 31, 2013 there were no shareholders considered significant (see Note 27).

55.2 Transactions with BBVA Group entities

The balances of the main aggregates in the accompanying consolidated balance sheets arising from the transactions carried out by the BBVA Group with associates and joint venture entities accounted for using the equity method are as follows:

	Millions of euros		
Balances arising from transactions with Entities of the Group	**2013**	**2012**	**2011**
Assets:			
Loans and advances to credit institutions	318	212	523
Loans and advances to customers	792	820	372
Liabilities:			
Deposits from credit institutions	5	28	24
Customer deposits	504	180	94
Debt certificates	-	-	-
Memorandum accounts:			
Contingent risks	691	102	68
Contingent commitments	46	114	236

The balances of the main aggregates in the accompanying consolidated income statements resulting from transactions with associated and joint venture entities that are consolidated by the equity method are as follows:

	Millions of euros		
Balances of Income Statement arising from transactions with Entities of the Group	**2013**	**2012**	**2011**
Income statement:			
Financial incomes	53	26	14
Financial costs	4	1	2

There were no other material effects in the consolidated financial statements arising from dealings with these entities, other than the effects from using the equity method (see Note 2.1) and from the insurance policies to cover pension or similar commitments, as described in Note 26. As of December 31, 2013, the notional amount of the derivatives entered into by the BBVA Group with those entities amounted to €1,424 million (of which €989 million corresponded to futures transactions with the Garanti Group).

In addition, as part of its normal activity, the BBVA Group has entered into agreements and commitments of various types with shareholders of subsidiaries and associates, which have no material effects on the accompanying consolidated financial statements.

55.3 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 56.

As of December 31, 2013, the amount disposed of the loans granted by the Group's entities to the members of the Board of Directors was €141 thousand. As of December 31, 2013, 2012 and 2011 there were no loans granted by the Group's credit institutions to the members of the Bank's Board of Directors. As of December 31, 2013, 2012 and 2011, 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 €6,076 thousand, €7,401 thousand and €6,540 thousand, respectively.

As of December 31, 2013, 2012 and 2011 the amount disposed of the loans granted to parties related to the members of the Bank's Board of Directors amounted to €6,939 thousand, €13,152 thousand and €20,593 thousand, respectively. As of these dates, there were no loans granted to parties linked to members of the Bank's Management Committee.

As of December 31, 2013, 2012 and 2011 no guarantees had been granted to any member of the Board of Directors.

As of December 31, 2013 and 2012, no guarantees had been granted to any member of the Management Committee. Said balance as of December 31, 2011 was €9 thousand.

As of December 31, 2013, 2012 and 2011, the amount disposed for guarantee and commercial loan transactions arranged with parties related to the members of the Bank's Board of Directors and Management Committee totaled €5,192 thousand, €3,327 thousand and €10,825 thousand, respectively.

55.4 Transactions with other related parties

In the year ended December 31, 2013, 2012 and 2011, the Group did not perform any transactions with other related parties that did not belong to the normal course of their business, that were not under market conditions or that were relevant for the consolidated equity, financial situation or earnings of the BBVA Group.

56. Remuneration and other benefits of the Board of Directors and Members of the Bank's Management Committee

- ### Remuneration of non-executive directors received in 2013

The cash remuneration paid to the non-executive members of the Board of Directors during 2013 is indicated below. The figures are given individually for each non-executive director and itemised:

	Thousands of Euros						
Non-Executive Director remuneration	**Board of Directors**	**Executive Committee**	**Audit & Compliance Committee**	**Risks Committee**	**Appointments Committee**	**Remuneration Committee**	**Total**
Tomás Alfaro Drake	129	-	71	-	102	-	302
Juan Carlos Álvarez Mezquíriz	129	167	-	-	41	-	336
Ramón Bustamante y de la Mora	129	-	71	107	-	-	307
José Antonio Fernández Rivero (1)	129	-	-	214	41	-	383
Ignacio Ferrero Jordi	129	167	-	-	-	43	338
Belén Garijo López	129	-	71	-	-	-	200
Carlos Loring Martínez de Irujo	129	-	71	-	-	107	307
José Maldonado Ramos	129	167	-	-	41	43	379
José Luis Palao García-Suelto	129	-	179	107	-	-	414
Juan Pi Llorens	129	-	-	107	-	43	278
Susana Rodríguez Vidarte (2)	129	42	54	-	41	43	308
Total (3)	**1,416**	**542**	**518**	**534**	**265**	**278**	**3,553**

(1) José Antonio Fernández Rivero, in addition to the amounts listed in the previous chart, also received a total of €652 thousand in early retirement payments as a former member of the BBVA management.

(2) Susana Rodríguez Vidarte was appointed member of the Executive Committee on 25th September 2013, ceasing as a member of the Audit & Compliance Committee on that same date.

(3) Enrique Medina Fernández, who ceased as director on 29th May 2013, received the total amount of €167 thousand as remuneration for his membership of the Board of Directors, the Executive Committee and the Risks Committee.

Moreover, in 2013, €132 thousand were paid in insurance premiums for non-executive members of the Board of Directors.

- ### Remuneration of executive directors received in 2013

The remuneration paid to the executive directors during 2013 is indicated below. The figures are given individually for each executive director and itemised:

	Thousands of Euros						
Executive Director remuneration	**Fixed Remuneration**	**2012 Annual Variable Remuneration in cash (1)**	**Deferred Variable Remuneration in cash (2)**	**Total Cash**	**2012 Annual Variable Remuneration in BBVA Shares**	**Deferred Variable Remuneration in BBVA Shares (3)**	**Total Shares**
Chairman and CEO	1,966	785	379	3,130	108,489	86,826	195,315
President and COO	1,748	478	244	2,470	66,098	62,963	129,061
José Manuel González-Páramo Martínez-Murillo (*)	469	-	-	469	-	-	-
Total	**4,183**	**1,263**	**623**	**6,069**	**174,587**	**149,789**	**324,376**

(*) José Manuel González-Páramo Martínez-Murillo was appointed BBVA director under a Board of Directors resolution, 29th May 2013.

(1) Amounts corresponding to 50% of the 2012 Annual Variable Remuneration in cash, received in 2013.

(2) Equivalent to the sum of the first deferred third of 50% of the 2011 Annual Variable Remuneration in cash, received in 2013; and the amount of the value adjustments in cash for the first deferred third of 50% of the 2011 Annual Variable Remuneration, and the first deferred third of 50% of the shares of the LTI 2010-2011, received in 2013.

(3) Equivalent to the sum of the first deferred third of 50% of the 2011 Annual Variable Remuneration, in shares, received in 2013 and of the first deferred third of 50% of the shares of the LTI 2010-2011, received in 2013.

The Annual Variable Remuneration of the executive directors comprises an ordinary variable remuneration in cash and a variable remuneration in shares based on the BBVA Group Management Team Incentive.

Moreover, during 2013 executive directors have received remuneration in kind and other remuneration amounting to a total joint sum of €37 thousand, of which €13 thousand correspond to the Chairman & CEO, €23 thousand to the President & COO and €1 thousand to José Manuel González-Páramo Martínez-Murillo.

During 2013, the executive directors have received the amount of the fixed remuneration corresponding to the year and, in the case of the Chairman & CEO and the President & COO, the variable remuneration for 2012 to which they are entitled under the settlement and payment system resolved by the General Meeting (the "Settlement & 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 2013 the Chairman & CEO and the President & COO have received the following variable remuneration:

– Annual Variable Remuneration for year 2012

During 2013 the Chairman & CEO and the President & COO have received 50% of the Annual Variable Remuneration (in cash and in shares) corresponding to 2012, as indicated in the chart above.

The other 50% of the Annual Variable Remuneration for 2012 that has been deferred under the Settlement & Payment System will be paid, subject to the conditions described above, in thirds during the first quarter of 2014, 2015 and 2016, such that under this item the Chairman & CEO will receive €261,676 and 36,163 BBVA shares and the President & COO will receive €159,428 and 22,032 BBVA shares.

– Deferred parts of the Variable Remuneration from previous years:

During 2013 the Chairman & CEO and the President & COO, in application of the Settlement & Payment System, have received the following variable remuneration:

– Annual Variable Remuneration for year 2011

During 2013 the Chairman & CEO and the President & COO, in application of the Settlement & Payment System, have received the first third of the 50% of their Annual Variable Remuneration, both in cash and in shares, corresponding to 2011, which was deferred to be paid during the first quarter of 2013. Under this item, after the corresponding adjustment, the Chairman & CEO received €364,519 and 51,826 shares and the President & COO received €231,847 and 32,963 shares.

The other two thirds of the 50% of the Annual Variable Remuneration corresponding to 2011 will be paid, respectively, during the first quarter of 2014 and 2015, subject to the conditions mentioned above.

– Multi-Year Variable Share Remuneration Programme for 2010-2011 ("LTI 2010-2011")

Likewise, in application of the Settlement & Payment System for the LTI 2010-2011 approved by the General Meeting, 12th March 2010, during 2013 the Chairman & CEO and the President & COO have received under this item the first third of the 50% of the shares resulting from the settlement of the LTI 2010-2011 that were deferred, for which the Chairman & 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 €14,595 and the President & COO €12,510. The payments, under the aforementioned conditions, of the remaining two thirds resulting from the settlement of the Programme are deferred until the first quarter of 2014 and 2015.

- Annual Variable Remuneration of executive directors for year 2013

Following year-end 2013, 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 2014 the executive directors will receive 50% of this remuneration, ie, €797,139 and 88,670 BBVA shares for the Chairman & CEO; €495,037 and 55,066 BBVA shares for the President & COO; and €47,683 and 5,304 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 (2015, 2016 and 2017) the Chairman & CEO will receive the amount of €265,713 and 29,557 BBVA shares; the President & COO will receive €165,012 and 18,356 BBVA shares; and José Manuel González-Páramo Martínez-Murillo will receive €15,894 and 1,768 BBVA shares.

(*) José Manuel González-Páramo Martínez-Murillo was appointed as a BBVA director under a Board of Directors resolution, 29th May 2013. His Annual Variable Remuneration for 2013 is proportional to the number of months during which he has held this position.

The payment of the deferred parts of the 2013 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 31st December 2013.

- Remuneration of the members of the Management Committee received in 2013

During 2013, the remuneration paid to the members of the BBVA Management Committee as a whole, excluding the executive directors, amounted to €9,122 thousand corresponding to fixed remuneration plus the variable remuneration indicated below, pursuant to the Settlement & Payment System described above:

– Annual Variable Remuneration for year 2012

During 2013, members of the BBVA Management Committee as a whole, excluding the executive directors, received a total amount of €2,597 thousand and 344,460 BBVA shares corresponding to them under the Settlement & Payment System, corresponding to the Annual Variable Remuneration for 2012.

The deferred part of the Annual Variable Remuneration for 2012 will be paid, subject to the conditions described above, in thirds during the first quarter of 2014, 2015 and 2016, such that under this item, this group as a whole will receive the amount of €814 thousand (*) and 112,437 BBVA shares each year.

(*) According to the average exchange rate in force at 31st December 2013.

– Deferred parts of the Variable Remuneration from previous years

o Annual Variable Remuneration for 2011

During 2013, payment was made of the deferred part of the Annual Variable Remuneration corresponding to 2011 to the members of the Management Committee. As a consequence, under this item in 2013, the members of the Management Committee as a whole, after its corresponding adjustment, received the amount of €1,046thousand and 149,850 BBVA shares.

The remaining Annual Variable Remuneration corresponding to 2011 for this group has been deferred and will be payable in thirds during the first quarter of 2014 and 2015, under the conditions described above.

- **Multi-Year Variable Share Remuneration Programme for 2010-2011 ("LTI 2010-2011").**

Moreover, in application of the Settlement & Payment System, in 2013 the members of the Management Committee as a whole have received the shares resulting from the settlement of the LTI 2010-2011 that were deferred for payment during said year. These amounted to a total of 98,665 shares for the Management Committee as a whole. A further €41 thousand was paid corresponding to the adjustment of these deferred vested shares.

The payment of the remaining two thirds of the deferred shares resulting from the settlement of the Programme corresponding to the members of the Management Committee as a whole has been deferred and will vest in the first quarters of 2014 and 2015, under the conditions described above.

Finally, in 2013 members of the BBVA Management Committee as a whole, excluding executive directors, received remuneration in kind amounting to a total of €799 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.

The number of "theoretical shares" allocated to the non-executive directors in 2013 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 2012, are as follows:

	Theoretical shares allocated in 2013	Theoretical shares accumulated at December 31, 2013
Tomás Alfaro Drake	8,107	36,466
Juan Carlos Álvarez Mezquíriz	9,028	66,562
Ramón Bustamante y de la Mora	8,245	62,705
José Antonio Fernández Rivero	10,292	60,516
Ignacio Ferrero Jordi	9,085	67,202
Belén Garijo López	3,520	3,520
Carlos Loring Martínez de Irujo	8,251	50,496
José Maldonado Ramos	10,178	27,866
Jose Luis Palao García-Suelto	11,122	20,477
Juan Pi Llorens	7,479	10,191
Susana Rodríguez Vidarte	7,618	47,102
Total (1)	**92,925**	**453,103**

(1) Enrique Medina Fernández, who ceased as director on 29th May 2013, was also allocated 10,806 theroretical shares.

- **Pensions commitments**

The provisions recorded at 31st December 2013 to cover pension commitments for executive directors amount to €23,611 thousand in the case of the President & COO and €98 thousand in the case of José Manuel

González-Páramo Martínez-Murillo. €1,070 thousand and €131 thousand were set aside in 2013 for the President & 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 31st December 2013 for pension commitments for the members of the Management Committee, excluding executive directors, amounted to €91,129 thousand, of which, €8,697 thousand were provisioned during 2013.

- **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 Martinez-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.

57. Detail of the Directors' holdings in companies with similar business activities

Pursuant to article 229.2 of the Spanish Corporations Act, as of December 31, 2013 no member of BBVA's Board of Directors had a direct or indirect ownership interest in companies engaging in an activity that is identical, similar or complementary to the corporate purpose of BBVA, except for Ms. Belén Garijo López, who on that date held a direct holding of 3,350 shares in Bankia, S.A., Mr. José Luis Palao García-Suelto, who on that date held a direct holding of 4,982 shares in Banco Santander, S.A. and 5,877 shares in Caixabank, S.A., Mr. Ignacio Ferrero Jordi, who on that date held a direct holding of 6,750 shares of UBS, AG. In addition, no member of the Bank's Board of Directors holds positions or functions in those companies.

Furthermore, as of December 31, 2013, individuals associated with the members of the Bank's Board of Directors were holders of 59,966 shares of Banco Santander, S.A., 4,500 shares of Bank of America Corporation, 2,000 shares of Banco Popular S.A. and 3 shares of Bankinter, S.A.

58. Other information

58.1 Environmental impact

Given the activities BBVA Group entities engage in, the Group has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its consolidated equity, financial situation and profits. Consequently, as of 31 December, 2013, there is no item in the Group's accompanying consolidated financial statements that requires disclosure in an environmental information report pursuant to Ministry of Economy Order JUS/206/2009 dated January 28, implementing new forms for the use of entities obliged to publish such information, and no specific disclosure of information on environmental matters is included in these statements.

58.2 List of agents of credit institutions

The list of agents of BBVA as set out in Article 22 of Royal Decree 1245/1995 of 14 July, of the Ministry of Finance is detailed in the individual financial statements of the Bank for the year 2013.

58.3 Activity Report of the customer service department

The activity report of the customer service department required under Article 17 of the ECO/734/2004 of 11 March, of the Ministry of Economy, is included in the consolidated Management Report attached to the financial year 2013 consolidated financial statements.

58.4. 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 2013, 2012, and 2011 (cash basis accounting, regardless of the year in which they were accrued), but without including other shareholder remuneration, such as the "Dividend Option". See Note 4 for a complete analysis of all remuneration awarded to shareholders during the year ended December 31, 2013, 2012 and 2011.

Dividends Paid ("Dividend Option" not included)	2013			2012			2011		
	% Over Nominal	Euros per Share	Amount (Millions of Euros)	% Over Nominal	Euros per Share	Amount (Millions of Euros)	% Over Nominal	Euros per Share	Amount (Millions of Euros)
Ordinary shares	41%	0.20	1,117	41%	0.20	1,029	39%	0.19	859
Rest of shares	-	-	-	-	-	-	-	0.00	-
Total dividends paid in cash	**41%**	**0.20**	**1,117**	**41%**	**0.20**	**1,029**	**39%**	**0.19**	**859**
Dividends with charge to income	41%	0.20	1,117	41%	0.20	1,029	39%	0.19	859
Dividends with charge to reserve or share premium	-	-	-	-	-	-	-	-	-
Dividends in kind	-	-	-	-	-	-	-	-	-

Earnings and ordinary income by business segment

The detail of the consolidated profit for the year ended December 31, 2013, 2012 and 2011 for each operating segment is as follows:

Profit attributable by Operating Segments	Millions of Euros 2013	2012	2011
Spain	583	1,162	1,075
Real Estate	(1,254)	(4,044)	(809)
Eurasia	454	404	563
Mexico	1,805	1,689	1,638
South America	1,249	1,199	898
United States	390	443	(713)
Subtotal operating segments	3,227	853	2,654
Corporate Center	(999)	823	351
Profit attributable to parent company	**2,228**	**1,676**	**3,005**
Non-assigned income	-	-	-
Elimination of interim income (between segments)	-	-	-
Other gains (losses) (*)	753	651	481
Income tax and/or profit from discontinued operations	(1,820)	(745)	(87)
Operating profit before tax	**1,160**	**1,583**	**3,399**

(*) Profit attributable to non-controlling interests.

For the year ended December 31, 2013, 2012 and 2011 the detail of the BBVA Group's ordinary income for each operating segment, which is made up of the "Interest and similar income", "Dividend income", "Fee and commission income", "Net gains (losses) on financial assets and liabilities" and "Other operating income", is as follows:

	Millions of Euros		
Ordinary Profit by Operating Segments	**2013**	**2012**	**2011**
Spain	6,095	6,665	6,246
Real Estate	(38)	(84)	124
Eurasia	1,721	1,665	1,467
Mexico	6,201	5,756	5,323
South America	5,630	5,360	4,099
United States	2,101	2,243	2,182
Corporate Center and other adjustments (*)	(314)	288	88
Adjustments and eliminations of ordinary profit between segments	(439)	(68)	112
Total Ordinary Profit BBVA Group	**20,958**	**21,824**	**19,640**

Issuances by market type

Changes in debt certificates (including bonds) and subordinated liabilities (see Note 23.3) in the year ended December 31, 2013, 2012 and 2011 by the type of market in which they were issued are as follows:

	Millions of Euros				
Debt Certificates and Subordinated Liabilities 2013	**Balance at the Beginning**	**Issuances**	**Repurchase or Redemption**	**Exchange Differences and Other(*)**	**Balance at the End**
Debt certificates issued in the European Union	85,022	13,609	(37,011)	(140)	61,479
With information brochure	84,853	13,609	(37,011)	(140)	61,311
Without information brochure	169	-	-	-	169
Other debt certificates issued outside the European Union	13,049	2,324	(1,675)	(499)	13,199
Total	**98,070**	**15,933**	**(38,686)**	**(639)**	**74,679**

	Millions of Euros				
Debt Certificates and Subordinated Liabilities 2012	**Balance at the Beginning**	**Issuances**	**Repurchase or Redemption**	**Exchange Differences and Other**	**Balance at the End**
Debt certificates issued in the European Union	85,924	58,702	(71,644)	12,040	85,022
With information brochure	85,855	58,602	(71,644)	12,040	84,853
Without information brochure	69	100	-	-	169
Other debt certificates issued outside the European Union	11,425	3,538	(2,524)	610	13,049
Total	**97,349**	**62,239**	**(74,167)**	**12,650**	**98,070**

	Millions of Euros				
Debt Certificates and Subordinated Liabilities 2011	**Balance at the Beginning**	**Issuances**	**Repurchase or Redemption**	**Exchange Differences and Other**	**Balance at the End**
Debt certificates issued in the European Union	93,166	104,721	(97,115)	(14,884)	85,888
With information brochure	93,110	104,721	(97,115)	(14,884)	85,832
Without information brochure	56	-	-	-	56
Other debt certificates issued outside the European Union	9,433	2,277	(527)	(644)	10,539
Total	**102,599**	**106,998**	**(97,642)**	**(15,528)**	**96,427**

Interest and income by geographical area

The breakdown of the balance of "Interest and Similar Income" in the accompanying consolidated income statements by geographical area is as follows:

	Millions of Euros		
Interest and Similar Income. Breakdown by Geographical Area	**2013**	**2012**	**2011**
Domestic market	7,965	9,299	9,584
Foreign	15,547	15,516	13,645
European Union	523	757	812
Rest of OECD	7,999	8,193	7,480
Rest of countries	7,025	6,566	5,353
Total	**23,512**	**24,815**	**23,229**

59. Subsequent events

After the year ended December 31, 2013, it is expected that on January 30, 2014, under the powers delegated by the Company's AGM held on March 16, 2012, the same Board of Directors meeting on January 31, 2013 also submit for approval under point five of the agenda, an agreement for the issue of debentures convertible into ordinary BBVA shares, excluding the preemptive subscription right.

Because of the agreement was 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, 2014 to the date of preparation of these consolidated financial statements, no other subsequent events not mentioned above in these financial statements have taken place that significantly affect the Group's earnings or its equity position.

60. Explanation added for translation into English

These accompanying consolidated financial statements are presented on the basis of IFRS's, as adopted by the European Union. Certain accounting practices applied by the Group that conform to EU-IFRS's may not conform to other generally accepted accounting principles.

BBVA Group

Appendices

APPENDIX I Additional information on consolidated subsidiaries and consolidated structured entities composing the BBVA Group

			% of Voting Rights % Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.13	Liabilities 12.31.13	Equity 12.31.13	Profit (Loss) 12.31.13
AMERICAN FINANCE GROUP, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	15	15	-	15	-
ANIDA DESARROLLOS INMOBILIARIOS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	93	511	423	122	(34)
ANIDA GERMANIA IMMOBILIEN ONE, GMBH	GERMANY	REAL ESTATE	-	100.00	100.00	4	7	1	5	2
ANIDA GRUPO INMOBILIARIO, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	422	2,087	1,665	1,157	(735)
ANIDA INMOBILIARIA, S.A. DE C.V.	MEXICO	INVESTMENT COMPANY	-	100.00	100.00	172	121	-	155	(34)
ANIDA OPERACIONES SINGULARES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	220	4,802	4,559	846	(602)
ANIDA PROYECTOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	85	136	50	88	(2)
ANIDA SERVICIOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	1	3	1	1	-
ANIDAPORT INVESTIMENTOS IMOBILIARIOS, UNIPESSOAL, LTDA(**)	PORTUGAL	REAL ESTATE	-	100.00	100.00	32	103	80	25	(3)
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	4	14	10	1	4
APLICA TECNOLOGIA AVANZADA SERVICIOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	-	2	2	-	-
APLICA TECNOLOGIA AVANZADA, S.A. DE C.V.- ATA	MEXICO	SERVICES	100.00	-	100.00	105	248	114	127	7
ARIZONA FINANCIAL PRODUCTS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	707	709	2	704	3
ARRAHONA AMBIT, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	1	90	110	(4)	(16)
ARRAHONA IMMO, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	30	325	251	94	(20)
ARRAHONA NEXUS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	246	318	(23)	(49)
ARRAHONA RENT, S.L.U.	SPAIN	REAL ESTATE	-	100.00	100.00	8	11	-	11	-
ARRELS CT FINSOL, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	317	338	43	(64)
ARRELS CT LLOGUER, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	41	44	(1)	(2)
ARRELS CT PATRIMONI I PROJECTES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	-	155	180	(11)	(13)
ARRELS CT PROMOU, S.A.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	-	22	33	(12)	1
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	207	5,471	5,192	381	(102)
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	CHILE	BANKING	-	68.18	68.18	643	13,903	12,960	867	77
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	URUGUAY	BANKING	100.00	-	100.00	110	2,133	1,989	122	22
BANCO CONTINENTAL, S.A. (1)	PERU	BANKING	-	46.12	46.12	1,171	14,804	13,535	906	363
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	1,805	1,767	21	17
BANCO INDUSTRIAL DE BILBAO, S.A.	SPAIN	BANKING	-	99.93	99.93	95	95	1	93	2
BANCO OCCIDENTAL, S.A.	SPAIN	BANKING	49.43	50.57	100.00	17	18	-	18	-
BANCO PROVINCIAL OVERSEAS N.V.	CURAÇAO	BANKING	-	48.00	48.00	57	344	286	56	2
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	VENEZUELA	BANKING	1.46	53.75	55.21	493	22,932	20,721	1,566	645
BANCOMER FINANCIAL SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	2	2	-	2	-
BANCOMER FOREIGN EXCHANGE INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	8	27	19	5	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	33	62	29	24	9
BBV AMERICA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	479	1,784	1	1,736	47
BBVA ASESORIAS FINANCIERAS, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	2	2	-	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, 2013

(**) This company has an equity loan from ANIDA OPERACIONES SINGULARES, S.A.

(1) Full consolidation method is used according to accounting rules (see Glossary)

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			% of Voting Rights % Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.13	Liabilities 12.31.13	Equity 12.31.13	Profit (Loss) 12.31.13
BBVA ASSET MANAGEMENT ADMINISTRADORA GENERAL DE FONDOS S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	12	14	2	8	4
BBVA ASSET MANAGEMENT CONTINENTAL S.A. SAF (1)	PERU	FINANCIAL SERVICES	-	46.12	46.12	13	17	4	9	4
BBVA ASSET MANAGEMENT, S.A. SOCIEDAD FIDUCIARIA (BBVA FIDUCIARIA)	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	32	35	3	27	6
BBVA ASSET MANAGEMENT, S.A., SGIIC	SPAIN	OTHER INVESTMENT COMPANIES	17.00	83.00	100.00	11	120	72	27	22
BBVA AUTO ENTIDAD DE DESARROLLO A LA PEQUEÑA Y MICRO EMPRESA, EDPYME, S.A. (BBVA AUTO - EDPYME)	PERU	FINANCIAL SERVICES	-	84.32	84.32	-	-	-	-	-
BBVA AUTOMERCANTIL, COMERCIO E ALUGER DE VEICULOS AUTOMOVEIS,LDA.	PORTUGAL	FINANCIAL SERVICES	100.00	-	100.00	5	26	20	6	(1)
BBVA AUTORENTING, S.A.	SPAIN	SERVICES	100.00	-	100.00	69	410	370	34	6
BBVA BANCO DE FINANCIACION S.A.	SPAIN	BANKING	-	100.00	100.00	64	3,347	3,273	74	-
BBVA BANCO FRANCES, S.A.	ARGENTINA	BANKING	45.61	30.35	75.96	157	6,349	5,553	518	278
BBVA BANCOMER GESTION, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	28	44	16	10	18
BBVA BANCOMER OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	108	403	296	62	45
BBVA BANCOMER SEGUROS SALUD, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	18	28	11	16	2
BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	11	71	60	6	5
BBVA BANCOMER USA, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	47	45	(2)	36	11
BBVA BANCOMER, S.A.,INSTITUCION DE BANCA MÚLTIPLE, GRUPO FINANCIERO BBVA BANCOMER	MEXICO	BANKING	-	100.00	100.00	6,966	75,330	68,386	5,117	1,827
BBVA BRASIL BANCO DE INVESTIMENTO, S.A.	BRASIL	BANKING	100.00	-	100.00	16	35	4	31	-
BBVA BROKER, CORREDURIA DE SEGUROS Y REASEGUROS, S.A.	SPAIN	FINANCIAL SERVICES	99.94	0.06	100.00	-	26	7	13	6
BBVA CAPITAL FINANCE, S.A.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	37	37	-	-
BBVA CARTERA DE INVERSIONES,SICAV,S.A.	SPAIN	VARIABLE CAPITAL	10.10	89.89	99.99	37	13	9	2	1
BBVA COLOMBIA, S.A.	COLOMBIA	BANKING	76.20	19.23	95.43	377	13,114	11,895	1,007	212
BBVA COMERCIALIZADORA LTDA.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	3	6	2	2	2
BBVA COMPASS BANCSHARES, INC	UNITED STATES	INVESTMENT COMPANY	100.00	-	100.00	8,984	8,397	88	7,994	315
BBVA COMPASS FINANCIAL CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	189	237	48	190	(1)
BBVA COMPASS INSURANCE AGENCY, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	110	112	2	105	6
BBVA CONSOLIDAR SEGUROS, S.A.	ARGENTINA	INSURANCES SERVICES	87.78	12.22	100.00	8	90	63	16	10
BBVA CONSULTING (BEIJING) LIMITED	CHINA	FINANCIAL SERVICES	-	100.00	100.00	-	1	-	1	-
BBVA CONSULTORIA, S.A.	SPAIN	SERVICES	-	100.00	100.00	4	6	1	4	-
BBVA CORREDORA TECNICA DE SEGUROS LIMITADA	CHILE	FINANCIAL SERVICES	-	100.00	100.00	8	12	4	(1)	9
BBVA CORREDORES DE BOLSA LIMITADA	CHILE	#N/A	-	100.00	100.00	45	472	426	40	5
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	1	2	-	-	1
BBVA ELCANO EMPRESARIAL II, S.C.R., S.A.	SPAIN	VENTURE CAPITAL	45.00	-	45.00	17	53	9	32	12
BBVA ELCANO EMPRESARIAL, S.C.R., S.A.	SPAIN	VENTURE CAPITAL	45.00	-	45.00	17	53	9	32	12
BBVA FACTORING LIMITADA (CHILE)	CHILE	FINANCIAL SERVICES	-	100.00	100.00	8	58	50	6	2
BBVA FINANCE (UK), LTD.	UNITED KINGDOM	FINANCIAL SERVICES	-	100.00	100.00	3	12	-	12	-
BBVA FINANZIA, S.p.A	ITALY	FINANCIAL SERVICES	100.00	-	100.00	31	579	556	26	(4)
BBVA FRANCES ASSET MANAGMENT S.A. SOCIEDAD GERENTE DE FONDOS COMUNES DE INVERSIÓN.	ARGENTINA	FINANCIAL SERVICES	-	100.00	100.00	8	12	4	7	1
BBVA FRANCES VALORES SOCIEDAD DE BOLSA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	100.00	100.00	2	3	1	2	-
BBVA FUNDOS, S.Gestora Fundos Pensoes,S.A.	PORTUGAL	PENSION FUNDS MANAGEMENT	-	100.00	100.00	1	13	1	11	1
BBVA GEST, S.G.DE FUNDOS DE INVESTIMENTO MOBILIARIO, S.A.	PORTUGAL	#N/A	-	100.00	100.00	1	8	-	7	-

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(1) Full consolidation method is used according to accounting rules (see Glossary)

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			% of Voting Rights % Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.13**	**Liabilities 12.31.13**	**Equity 12.31.13**	**Profit (Loss) 12.31.13**
BBVA GLOBAL FINANCE LTD.	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	375	371	4	-
BBVA GLOBAL MARKETS B.V.	NETHERLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	456	456	-	-
BBVA INMOBILIARIA E INVERSIONES, S.A.	CHILE	REAL ESTATE	-	68.11	68.11	4	38	32	7	-
BBVA INSTITUIÇAO FINANCEIRA DE CREDITO, S.A.	PORTUGAL	FINANCIAL SERVICES	49.90	50.10	100.00	39	300	255	44	2
BBVA INTERNATIONAL LIMITED	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	12	9	2	-
BBVA INTERNATIONAL PREFERRED, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	1,694	1,694	1	-
BBVA INVERSIONES CHILE, S.A.	CHILE	INVESTMENT COMPANY	61.22	38.78	100.00	483	1,263	4	1,134	125
BBVA IRELAND PLC	IRELAND	FINANCIAL SERVICES	100.00	-	100.00	180	391	193	191	7
BBVA LEASIMO - SOCIEDADE DE LOCAÇAO FINANCEIRA, S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.00	100.00	9	17	8	9	-
BBVA LUXINVEST, S.A.	LUXEMBOURG	INVESTMENT COMPANY	36.00	64.00	100.00	256	431	6	263	163
BBVA MEDIACION OPERADOR DE BANCA-SEGUROS VINCULADO, S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	3	145	130	9	5
BBVA NOMINEES LIMITED	UNITED KINGDOM	SERVICES	95.00	-	95.00	-	-	-	-	-
BBVA PARAGUAY, S.A.	PARAGUAY	BANKING	100.00	-	100.00	23	1,322	1,199	101	23
BBVA PARTICIPACIONES MEJICANAS, S.L.	SPAIN	INVESTMENT COMPANY	99.00	1.00	100.00	-	-	-	-	-
BBVA PENSIONES, SA, ENTIDAD GESTORA DE FONDOS DE PENSIONES	SPAIN	PENSION FUNDS MANAGEMENT	100.00	-	100.00	13	74	42	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	12	5	4	3
BBVA PROPIEDAD, S.A.	SPAIN	REAL ESTATE INVESTMENT COMPANY	-	100.00	100.00	1,236	1,262	14	1,320	(73)
BBVA RE LIMITED	IRELAND	INSURANCES SERVICES	-	100.00	100.00	1	76	42	25	9
BBVA REAL ESTATE MEXICO, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	-	2	-	(1)
BBVA RENTAS E INVERSIONES LIMITADA	CHILE	INVESTMENT COMPANY	-	100.00	100.00	178	178	-	139	39
BBVA RENTING, S.A.	SPAIN	FINANCIAL SERVICES	5.94	94.06	100.00	21	726	654	65	6
BBVA SECURITIES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	106	149	43	111	(5)
BBVA SEGUROS COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.00	6.00	100.00	10	59	43	13	2
BBVA SEGUROS DE VIDA COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.00	6.00	100.00	14	425	334	65	26
BBVA SEGUROS DE VIDA, S.A.	CHILE	INSURANCES SERVICES	-	100.00	100.00	64	226	161	49	15
BBVA SEGUROS, S.A., DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES SERVICES	94.35	5.60	99.95	431	16,243	14,932	655	656
BBVA SENIOR FINANCE, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	11,168	11,167	1	-
BBVA SERVICIOS CORPORATIVOS LIMITADA	CHILE	SERVICES	-	100.00	100.00	7	13	6	5	2
BBVA SERVICIOS, S.A.	SPAIN	COMERCIAL	-	100.00	100.00	-	11	2	7	2
BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	CHILE	FINANCIAL SERVICES	-	97.49	97.49	20	62	41	18	3
BBVA SOLUCIONES AVANZADAS DE ASESORAMIENTO Y GESTION, S.L.(**)	SPAIN	SERVICES	-	100.00	100.00	2	4	1	4	(1)
BBVA SUBORDINATED CAPITAL S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	287	286	1	-
BBVA SUIZA, S.A. (BBVA SWITZERLAND)	SWITZERLAND	BANKING	39.72	60.28	100.00	67	1,356	890	449	17
BBVA TRADE, S.A.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	6	24	11	13	-
BBVA U.S. SENIOR S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	2,642	2,642	-	-
BBVA VALORES COLOMBIA, S.A. COMISIONISTA DE BOLSA	COLOMBIA	SECURITIES DEALER (REAL ESTATE)	-	100.00	100.00	4	5	1	4	1
BBVA WEALTH SOLUTIONS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	5	6	-	6	-
BILBAO VIZCAYA HOLDING, S.A.	SPAIN	INVESTMENT COMPANY	89.00	11.00	100.00	35	156	35	110	11
BLUE INDICO INVESTMENTS, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	3	17	17	3	(3)

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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)

			% of Voting Rights % Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
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C B TRANSPORT ,INC.	UNITED STATES	SERVICES	-	100.00	100.00	13	14	1	12	1
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	75	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	41	-	41	-
CAPITAL INVESTMENT COUNSEL, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	9	11	2	7	2
CARTERA E INVERSIONES S.A., CIA DE	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	92	90	56	36	(2)
CASA DE BOLSA BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	89	130	41	27	61
CATALONIA GEBIRA, S.L,(**)	SPAIN	REAL ESTATE	-	81.66	81.66	-	45	51	-	(7)
CATALONIA PROMODIS 4, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	2	36	30	9	(4)
CDD GESTIONI, 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	229	172	19	39
CIERVANA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	53	56	3	50	3
COMERCIALIZADORA CORPORATIVA SAC (1)	PERU	FINANCIAL SERVICES	-	49.99	49.99	-	1	1	-	-
COMERCIALIZADORA DE SERVICIOS FINANCIEROS, S.A.	COLOMBIA	SERVICES	-	100.00	100.00	1	3	2	1	-
COMPAÑIA CHILENA DE INVERSIONES, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	580	883	25	546	312
COMPASS ASSET ACCEPTANCE COMPANY, LLC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	354	354	-	354	-
COMPASS AUTO RECEIVABLES CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	3	3	-	3	-
COMPASS BANK	UNITED STATES	BANKING	-	100.00	100.00	8,161	56,106	47,945	7,835	325
COMPASS CAPITAL MARKETS, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	5,660	5,660	-	5,607	54
COMPASS CUSTODIAL SERVICES, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	-	-	-	-	-
COMPASS GP, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	35	43	9	35	-
COMPASS INVESTMENTS, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	-	-	-	-	-
COMPASS LIMITED PARTNER, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	4,919	4,920	1	4,868	51
COMPASS LOAN HOLDINGS TRS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	58	58	-	58	-
COMPASS MORTGAGE CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	2,159	2,179	19	2,131	28
COMPASS MORTGAGE FINANCING, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
COMPASS MULTISTATE SERVICES CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	3	4	1	3	-
COMPASS SOUTHWEST, LP	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	4,048	4,060	12	4,002	45
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	-	-	-	-	-
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	1	11	9	2	-
CONSORCIO DE CASAS MEXICANAS, S.A.P.I. DE C.V.	MEXICO	REAL ESTATE	-	99.81	99.81	-	26	13	13	-
CONTENTS AREA, S.L.	SPAIN	SERVICES	-	100.00	100.00	6	7	1	5	-

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(**) This company has an equity loan from ARRELS CT PATRIMONI 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.

(1) Full consolidation method is used according to accounting rules (see Glossary)

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			% of Voting Rights % Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
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CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA, S.A. (1)	PERU	SECURITIES DEALER (REAL ESTATE)	-	46.12	46.12	7	18	10	5	3
CONTINENTAL DPR FINANCE COMPANY	CAYMAN ISLANDS	FINANCIAL SERVICES	-	46.12	46.12	-	358	358	-	-
CONTINENTAL SOCIEDAD TITULIZADORA, S.A. (1)	PERU	FINANCIAL SERVICES	-	46.12	46.12	-	1	-	-	-
CONTRATACION DE PERSONAL, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	4	6	2	4	1
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	959	2	878	79
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	SPAIN	REAL ESTATE	-	72.50	72.50	59	102	21	83	(1)
DESITEL TECNOLOGIA Y SISTEMAS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2	2	-	2	-
ECASA, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	10	12	2	2	8
ECOARENYS, S.L.(**)	SPAIN	REAL ESTATE	-	50.00	50.00	-	19	53	(26)	(9)
EL ENCINAR METROPOLITANO, S.A.	SPAIN	REAL ESTATE	-	99.05	99.05	6	8	2	6	-
EL MILANILLO, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	12	8	-	7	-
EL OASIS DE LAS RAMBLAS, S.L.	SPAIN	REAL ESTATE	-	70.00	70.00	-	-	-	-	-
EMPRENDIMIENTOS DE VALOR S.A.	URUGUAY	FINANCIAL SERVICES	-	100.00	100.00	3	10	7	2	1
ENTRE2 SERVICIOS FINANCIEROS, E.F.C., S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	9	9	0	9	-
ESPAIS SABADELL PROMOCIONS INMOBILIARIES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	5	12	6	6	-
ESPANHOLA COMERCIAL E SERVIÇOS, LTDA.	BRASIL	FINANCIAL SERVICES	100.00	-	100.00	-	-	-	1	(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	87.50	-	87.50	2	46	13	29	4
F/11032604 FRACCIONAMIENTO LOARCA TERCERA SECCION	MEXICO	REAL ESTATE	-	60.05	60.05	1	2	-	2	-
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	2	3	-	3	-
FACILEASING EQUIPMENT, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	51	518	453	54	10
FACILEASING S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	60	482	431	44	7
FIDEICOMISO 28991-8 TRADING EN LOS MCADOS FINANCIEROS	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	3	3	-	2	-
FINANCIERAS DERIVADAS	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	49	50	1	47	2
FIDEICOMISO HARES BBVA BANCOMER F/ 47997-2	MEXICO	REAL ESTATE	-	100.00	100.00	36	35	3	32	-
INSTITUCION DE BANCA MULTIPLE, FIDUCIARIO (FIDEIC.00989 6	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	4	235	231	-	4
MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 1ª	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	60	59	2	(1)
MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 2ª	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	30	29	-	-
FIDEICOMISO Nº 781, EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 3ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	188	139	35	14
MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 4ª	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	152	153	-	-
FIDEICOMISO Nº.402900-5 ADMINISTRACION DE INMUEBLES	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	2	3	-	2	-
FINANCEIRA DO COMERCIO EXTERIOR S.A.R.	PORTUGAL	INACTIVE	100.00	-	100.00	-	-	-	-	-
FINANCIERA AYUDAMOS S.A. DE C.V., SOFOMER	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	7	24	17	8	(1)
FORUM COMERCIALIZADORA DEL PERU, S.A.	PERU	SERVICES	-	84.32	84.32	20	40	20	20	-
FORUM DISTRIBUIDORA DEL PERU, S.A.	PERU	FINANCIAL SERVICES	-	84.32	84.32	5	7	1	6	-
FORUM DISTRIBUIDORA, S.A.	CHILE	FINANCIAL SERVICES	-	75.52	75.52	15	113	96	14	3
FORUM SERVICIOS FINANCIEROS, S.A.	CHILE	FINANCIAL SERVICES	-	75.50	75.50	122	962	819	94	50
FUTURO FAMILIAR, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100	1	2	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, 2013

(**) 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)

			% of Voting Rights % Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.13**	**Liabilities 12.31.13**	**Equity 12.31.13**	**Profit (Loss) 12.31.13**
GESTION DE PREVISION Y PENSIONES, S.A.	SPAIN	PENSION FUNDS MANAGEMENT	60.00	-	60.00	9	30	3	21	6
GESTION Y ADMINISTRACION DE RECIBOS, S.A. - GARSA	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	294	840	588	257	(4)
GRANFIDUCIARIA	COLOMBIA	IN LIQUIDATION	-	90.00	90.00	-	-	-	-	-
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	99.97	-	99.97	6,677	8,694	1	6,438	2,254
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.	MEXICO	SERVICES	-	72.06	72.06	5	16	11	4	-
GUARANTY BUSINESS CREDIT CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	27	26	-	27	-
GUARANTY PLUS HOLDING COMPANY	UNITED STATES	COMERCIAL	-	100.00	100.00	(28)	46	74	(26)	(1)
GUARANTY PLUS PROPERTIES LLC-2	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	34	34	-	34	-
GUARANTY PLUS PROPERTIES, INC-1	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	9	9	-	9	-
HABITATGES INVERCAP, S.L.(***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	-	1	(1)	-
HABITATGES INVERVIC, S.L.(***)	SPAIN	REAL ESTATE	-	35.00	35.00	-	1	10	(7)	(2)
HIPOTECARIA NACIONAL MEXICANA INCORPORATED	UNITED STATES	REAL ESTATE	-	100.00	100.00	-	-	-	0	-
HIPOTECARIA NACIONAL, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	11	18	7	8	3
HOLDING CONTINENTAL, S.A.	PERU	INVESTMENT COMPANY	50.00	-	50.00	124	1,219	22	722	476
HOMEOWNERS LOAN CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	7	7	-	7	-
HUMAN RESOURCES PROVIDER, INC	UNITED STATES	SERVICES	-	100.00	100.00	581	583	2	574	7
HUMAN RESOURCES SUPPORT, INC	UNITED STATES	SERVICES	-	100.00	100.00	578	578	-	572	6
IBERNEGOCIO DE TRADE, S.L.	SPAIN	COMERCIAL	-	100.00	100.00	5	17	-	15	2
IMOBILIARIA DUQUE DE AVILA, S.A.	PORTUGAL	REAL ESTATE	-	100.00	100.00	7	20	14	9	(3)
INMESP DESARROLLADORA, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	35	41	6	35	-
INMUEBLES Y RECUPERACIONES CONTINENTAL S.A (1)	PERU	REAL ESTATE	-	46.12	46.12	2	7	5	-	2
INNOVATION 4 SECURITY, S.L.	SPAIN	SERVICES	-	100.00	100.00	-	3	2	-	-
INVERAHORRO, S.L.(**)	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	-	65	69	(2)	(1)
INVERPRO DESENVOLUPAMENT, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	-	28	25	6	(3)
INVERSIONES ALDAMA, C.A.	VENEZUELA	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	CURAÇAO	IN LIQUIDATION	48.00	-	48.00	11	60	2	57	2
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	-	14	14	-	-
INVERSIONES P.H.R.4, C.A.	VENEZUELA	INACTIVE	-	60.46	60.46	-	-	-	-	-
INVESCO MANAGEMENT Nº 1, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.00	100.00	8	8	-	9	-
INVESCO MANAGEMENT Nº 2, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.00	100.00	-	6	18	(12)	(1)
L'EIX IMMOBLES, S.L.(*****)	SPAIN	REAL ESTATE	-	90.00	90.00	-	21	25	(2)	(1)
LIQUIDITY ADVISORS, L.P	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	901	901	-	897	4
MISAPRE, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	7	5	1	7	(2)
MOMENTUM SOCIAL INVESTMENT 2011, S.L.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	3	3	-	3	-
MOMENTUM SOCIAL INVESTMENT 2012, S.L.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	2	2	-	2	-
MULTIASISTENCIA OPERADORA S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	-	2	2	-	-
MULTIASISTENCIA SERVICIOS S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	1	2	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, 2013

(**) 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)

			% of Voting Rights % Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.13	Liabilities 12.31.13	Equity 12.31.13	Profit (Loss) 12.31.13
MULTIASISTENCIA, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	25	33	8	22	4
OPCION VOLCAN, S.A.	MEXICO	REAL ESTATE	-	100.00	100.00	53	56	2	49	4
OPPLUS OPERACIONES Y SERVICIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	1	25	17	4	4
OPPLUS S.A.C	PERU	SERVICES	-	100.00	100.00	1	1	-	1	-
PARCSUD PLANNER, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	7	8	(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	95	95	-	93	2
PENSIONES BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	238	3,576	3,337	204	34
PHOENIX LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	417	435	18	410	7
PI HOLDINGS NO. 1, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	69	69	-	68	-
PI HOLDINGS NO. 3, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	21	21	-	21	-
PROMOCION EMPRESARIAL XX, S.A.(**)	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	1	9	10	1	(2)
PROMOTORA DE RECURSOS AGRARIOS, S.A.	SPAIN	COMERCIAL	100.00	-	100.00	-	-	-	-	-
PROMOTORA DEL VALLES, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	-	192	265	(59)	(15)
PROMOU CT 3AG DELTA, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	9	10	-	(1)
PROMOU CT EIX MACIA, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	13	14	(1)	(1)
PROMOU CT GEBIRA, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	9	11	(1)	(1)
PROMOU CT OPENSEGRE, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	-	18	31	(7)	(6)
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	-	75	114	(27)	(12)
PRO-SALUD, C.A.	VENEZUELA	INACTIVE	-	58.86	58.86	-	-	-	-	-
PROVINCIAL DE VALORES CASA DE BOLSA, C.A.	VENEZUELA	FINANCIAL SERVICES	-	49.69	49.69	1	3	1	1	-
PROVINCIAL SDAD.ADMIN.DE ENTIDADES DE INV.COLECTIVA, C.A.	VENEZUELA	FINANCIAL SERVICES	-	100.00	100.00	2	2	-	1	-
PROV-INFI-ARRAHONA, S.L.(****)	SPAIN	REAL ESTATE	-	100.00	100.00	-	12	17	(3)	(1)
PROVIVIENDA 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	7	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	-	7	3	4	-
RENTRUCKS, ALQUILER Y SERVICIOS DE TRANSPORTE, S.A.	SPAIN	INACTIVE	99.23	-	99.23	1	4	3	2	-
RESIDENCIAL CUMBRES DE SANTA FE, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	9	9	2	7	-
RWHC, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	552	553	1	540	12
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	575	3,050	2,475	310	265
SEGUROS PROVINCIAL, C.A.	VENEZUELA	INSURANCES SERVICES	-	100.00	100.00	47	64	17	44	3
SERVICIOS CORPORATIVOS BANCOMER, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	4	10	6	3	-
SERVICIOS CORPORATIVOS DE SEGUROS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2	8	6	2	-
SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A DE C.V.	MEXICO	SERVICES	-	100.00	100.00	5	7	2	4	1
SERVICIOS TECNOLOGICOS SINGULARES, S.A.	SPAIN	SERVICES	-	100.00	100.00	2	11	9	2	-
EMPRESAS Y PARTICULARES, S.L.	SPAIN	SERVICES	100.00	-	100.00	-	2	-	1	-
SOCIEDAD DE ESTUDIOS Y ANALISIS FINANCIERO.,S.A.	SPAIN	SERVICES	100.00	-	100.00	112	112	-	113	(1)

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(*) Information on foreign companies at exchange rate on December 31, 2013
(**) This company has an equity loan from BBVA, S. A.
(***) This company has an equity loan from ARRELS CT PROMOU, S.A.
(****)This company has an equity loan from PROMOTORA DEL VALLES S.L.

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued) and consolidated structured entities

			% of Voting Rights % Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.13**	**Liabilities 12.31.13**	**Equity 12.31.13**	**Profit (Loss) 12.31.13**
SOCIEDAD GESTORA DEL FONDO PUBLICO DE REGULACION DEL MERCADO HIPOTECARIO, S.A.	SPAIN	INACTIVE	77.20	-	77.20	-	-	-	-	-
SOCIETE INMOBILIERE BBV D'ILBARRIZ	FRANCE	REAL ESTATE	-	100.00	100.00	1	1	-	1	-
SPORT CLUB 18, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	25	25	5	25	(5)
STATE NATIONAL CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	11	11	-	-
STATE NATIONAL STATUTORY TRUST II	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	7	7	-	-
TEXAS LOAN SERVICES, LP.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	901	902	-	895	6
TEXAS REGIONAL STATUTORY TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1	37	36	1	-
TEXASBANC CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1	19	18	1	-
TEXTIL TEXTURA, S.L.	SPAIN	COMERCIAL	-	68.67	68.67	2	-	-	-	-
TMF HOLDING INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	9	12	4	8	1
TUCSON LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	120	120	-	118	2
UNIDAD DE AVALUOS MEXICO, S.A. DE CV	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	2	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	-	15	13	2	-
UNIVERSALIDAD TIPS PESOS E-9	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	-	166	140	22	4
UNNIM SERVEIS DE DEPENDENCIA, S.A.	SPAIN	SERVICES	100.00	-	100.00	-	1	-	1	-
UNNIM SOCIEDAD PARA LA GESTION DE ACTIVOS INMOBILIARIOS, S.A.	SPAIN	REAL ESTATE	100.00	-	100.00	-	900	853	254	(206)
UNNIM VIDA, S.A.DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES SERVICES	100.00	-	100.00	323	2,264	1,938	291	35
UNO-E BANK, S.A.	SPAIN	BANKING	100.00	-	100.00	175	1,329	1,152	162	15
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	13	6	7	-
Consolidated Structured entities										
CID II FINANCE B.V.	NEDERLANDS	FINANCIAL SERVICES					414	414		

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, 2013

APPENDIX II Additional information on investments in associate entities accounted for under the equity method in the BBVA Group

(Including the most significant entities, jointly representing 98% of all investment in this group)

			% of Voting Rights Controlled by the Bank			Millions of Euros(**) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.12**	**Liabilities 12.31.12**	**Equity 12.31.12**	**Profit (Loss) 12.31.12**
ACA, S.A. SOCIEDAD DE VALORES	SPAIN	REAL ESTATE	37.50	-	37.50	3	160	138	22	- (1)
ADQUIRA ESPAÑA, S.A.	SPAIN	COMERCIAL	-	40.00	40.00	3	15	9	6	1
ALMAGRARIO, S.A.	COLOMBIA	SERVICES	-	35.38	35.38	5	53	17	33	3
ALTITUDE SOFTWARE SGPS, S.A.(*)	PORTUGAL	SERVICES	-	31.00	31.00	9	20	16	9	(5)
ALTURA MARKETS, SOCIEDAD DE VALORES, S.A.(*)	SPAIN	REAL ESTATE	50.00	-	50.00	17	862	828	30	3
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	3	8	-	8	-
BRUNARA, SICAV, S.A.	SPAIN	VARIABLE CAPITAL	1.64	9.39	11.03	48	141	1	131	10
CANCUN SUN & GOLF COUNTRY CLUB, S.A.P.I. DE C.V.	MEXICO	REAL ESTATE	-	33.33	33.33	37	74	14	61	(1)
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFH	HONG-KONG	INVESTMENT COMPANY	29.68	-	29.68	631	17,695	15,814	1,734	146 (1)
COMPAÑIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A.	SPAIN	FINANCIAL SERVICES	17.82	-	17.82	16	88	6	74	8
COMPAÑIA MEXICANA DE PROCESAMIENTO, S.A. DE C.V.	MEXICO	SERVICES	-	50.00	50.00	6	17	5	11	1
CORPORACION IBV PARTICIPACIONES EMPRESARIALES, S.A.(*)	SPAIN	INVESTMENT COMPANY	-	50.00	50.00	206	443	179	257	7 (2)
FERROMOVIL 3000, S.L.(*)	SPAIN	SERVICES	-	20.00	20.00	6	605	575	29	1
FERROMOVIL 9000, S.L.(*)	SPAIN	SERVICES	-	20.00	20.00	4	387	365	22	1
FIDEICOMISO F 403853- 5 BBVA BANCOMER SERVICIOS ZIBATA(*)	MEXICO	REAL ESTATE	-	30.00	30.00	20	111	44	69	(2)
FIDEICOMISO F 404015-0 BBVA BANCOMER LOMAS III	MEXICO	REAL ESTATE	-	25.00	25.00	3	146	135	10	1
FIDEICOMISO MIRASIERRA BBVA-BANCOMER Nº F/70413-0(*)	MEXICO	REAL ESTATE	-	38.68	38.68	12	69	34	33	2
I+D MEXICO, S.A. DE C.V.(*)	MEXICO	SERVICES	-	50.000	50.00	14	78	39	25	14 (1)
INVERSIONES PLATCO, C.A.(*)	VENEZUELA	FINANCIAL SERVICES	-	50.00	50.00	14	46	18	37	(8)
METROVACESA, S.A.	SPAIN	REAL ESTATE	18.31	-	18.31	315	5,795	5,539	442	(186)
OCCIDENTAL HOTELES MANAGEMENT, S.L.	SPAIN	SERVICES	-	57.54	57.54	98	666	474	198	(6) (1)
PARQUE REFORMA SANTA FE, S.A. de C.V.	MEXICO	REAL ESTATE	-	30.00	30.00	3	46	35	17	(6)
PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A.(*)	ARGENTINA	FINANCIAL SERVICES	-	50.00	50.00	19	297	263	21	13
REDSYS SERVICIOS DE PROCESAMIENTO, S.L.	SPAIN	FINANCIAL SERVICES	16.75	0.22	16.97	4	83	70	7	6
ROMBO COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	40.00	40.00	19	308	270	22	16
SERVICIOS ELECTRONICOS GLOBALES, S.A. DE C.V.	MEXICO	SERVICES	-	46.14	46.14	5	23	12	10	1
SERVICIOS ON LINE PARA USUARIOS MULTIPLES, S.A. (SOLIUM)(*)	SPAIN	SERVICES	-	66.67	66.67	6	14	9	5	1 (1)
SERVIRED SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A.	SPAIN	FINANCIAL SERVICES	22.30	0.29	22.59	8	71	39	28	3
S.A.	CHILE	PENSION FUNDS MANAGEMENT	-	48.60	48.60	9	7	-	7	-
TELEFONICA FACTORING ESPAÑA, S.A.	SPAIN	FINANCIAL SERVICES	30.00	-	30.00	4	165	152	7	6
TUBOS REUNIDOS, S.A.	SPAIN	INDUSTRY	-	22.07	22.07	53	687	443	233	11 (1)
TURKIYE GARANTI BANKASI A.S(*)	TURKEY	BANKING	25.01	-	25.01	3,245	17,575	15,634	1,646	295 (3)
VITAMEDICA ADMINISTRADORA, S.A. DE C.V(*)	MEXICO	SERVICES	-	51.00	51.00	3	14	7	7	- (1)
OTRAS SOCIEDADES			-	-	-	98	-	-	-	-

(*) Joint venture entities accounted for using the equity method

Information on foreign companies at exchange rate on December 31, 2012

(1) Consolidated data

(2) Non-currents sets held for sale

(3) Information on Garanti Group as of December 31, 2013. Total market capitalization as of December 31, 2013 w as €9,874 million. Total received dividends amounted to €63 million.

APPENDIX III 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: Price Paid in the Transactions + Expenses directly attributable to the Transactions	Millions of Euros: Fair Value of Equity Instruments issued for the Transactions	% of Voting Rights: % Participation (net) Acquired in the Period	% of Voting Rights: Total Voting Rights Controlled after the Transactions	Effective Date for the Transaction (or Notification Date)
INVERSIONES PREVISIONALES, S.A.	FOUNDING	FINANCIAL SERVICES	126	-	100.00%	100.00%	28/02/2013
UNNIM PROTECCIO, S.A.	ACQUISITION	INSURANCES SERVICES	68	-	50.00%	100.00%	28/02/2013
UNNIM VIDA, S.A.DE SEGUROS Y REASEGUROS	ACQUISITION	INSURANCES SERVICES	353	-	50.00%	100.00%	07/05/2013
MOMENTUM SOCIAL INVESTMENT 2012, S.L.	FOUNDING	INVESTMENT COMPANY	2	-	100.00%	100.00%	30/05/2013
FIDEICOMISO N.989, EN THE BANK OF NEW YORK MELLON, S.A. INSTITUCION DE BANCA MULTIPLE, FIDUCIARIO (FIDEIC.00989 6 EMISION)	FOUNDING	FINANCIAL SERVICES	-	-	100.00%	100.00%	30/06/2013
FIDEICOMISO HARES BBVA BANCOMER F/ 47997-2	DILUTION EFFECT	REAL ESTATE	-	-	2.21%	100.00%	31/07/2013
BBVA AUTO ENTIDAD DE DESARROLLO A LA PEQUEÑA Y MICRO EMPRESA, EDPYME, S.A.	FOUNDING	FINANCIAL SERVICES	-	-	84.32%	84.32%	28/11/2013
INMESP DESARROLLADORA, S.A. DE C.V.	ACQUISITION	REAL ESTATE	67	-	100.00%	100.00%	30/11/2013
CONSORCIO DE CASAS MEXICANAS, S.A.P.I. DE C.V.	ACQUISITION	REAL ESTATE	-	-	99.81%	99.81%	30/11/2013
F/403035-9 HORIZONTES RESIDENCIAL	ACQUISITION	REAL ESTATE	2	-	65.00%	65.00%	30/11/2013
F/11032604 FRACCIONAMIENTO LOARCA TERCERA SECCION	ACQUISITION	REAL ESTATE	1	-	60.05%	60.05%	30/11/2013
F/253863 EL DESEO RESIDENCIAL	ACQUISITION	REAL ESTATE	1	-	65.00%	65.00%	30/11/2013

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	
ADMINISTRADORA DE FONDOS PARA EL RETIRO-BANCOMER,S.A DE C.V. (*)	DISPOSAL	PENSION FUND MANAGEMENT	771	-	100.00%	0.00%	09/01/2013
BBVA AUTORENTING SPA	DISPOSAL	SERVICES	-	-	100.00%	0.00%	27/02/2013
BBVA RENTING, SPA	DISPOSAL	SERVICES	-	-	100.00%	0.00%	27/02/2013
BBVA HORIZONTE PENSIONES Y CESANTIAS, S.A. (*)	DISPOSAL	PENSION FUND MANAGEMENT	255	-	99.96%	0.00%	18/04/2013
AFP HORIZONTE, S.A. (*)	DISPOSAL	PENSION FUND MANAGEMENT	206	-	100.00%	0.00%	23/04/2013
ITINERARI 2002, S.L.	DISPOSAL	SERVICES	-	-	52.08%	0.00%	30/04/2013
BBVA COMPASS BANCSHARES, INC. (1)	MERGER	INVESTMENT COMPANY	-	-	100.00%	0.00%	14/05/2013
BBVA COMPASS INVESTMENT SOLUTIONS, INC (2)	MERGER	FINANCIAL SERVICES	-	-	100.00%	0.00%	16/05/2013
UNNIM BANC, S.A.(3)	MERGER	BANKING	-	-	100.00%	0.00%	23/05/2013
VIRTUAL DOC, S.L.	LIQUIDATION	SERVICES	-	-	70.00%	0.00%	31/05/2013
BBVA BANCO FRANCES, S.A.	DISPOSAL	BANKING	-	-	0.02%	75.96%	30/06/2013
BBVA & PARTNERS SICAV SIF EQUITY ARBITRAGE MASTER SIF	DISPOSAL	VARIABLE CAPITAL	-	-	100.00%	0.00%	30/06/2013
RIVERWAY HOLDINGS CAPITAL TRUST I	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	0.00%	30/06/2013
FORUM COMERCIALIZADORA DEL PERU, S.A.	DISPOSAL	SERVICES	-	-	15.68%	84.32%	26/07/2013
FORUM DISTRIBUIDORA DEL PERU, S.A.	DISPOSAL	FINANCIAL SERVICES	-	-	15.68%	84.32%	26/07/2013
FIDEICOMISO F/29763-0 SOCIO LIQUIDADOR DE OPERACIONES FINANCIERAS DERIVADAS CUENTA PROPIA	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	0.00%	31/07/2013
UNICOM TELECOMUNICACIONES S.DE R.L. DE C.V.	LIQUIDATION	SERVICES	-	-	100.00%	0.00%	30/08/2013
UNNIMCAIXA OPERADOR DE BANCA D'ASSEGURANCES VINCULAT, S.L.(4)	MERGER	FINANCIAL SERVICES	-	-	100.00%	0.00%	01/10/2013
ADMINISTRADORA DE FONDOS DE PENSIONES PROVIDA, S.A. (AFP PROVIDA) (*)	DISPOSAL	PENSION FUND MANAGEMENT	500	-	64.32%	0.00%	02/10/2013
AFP GENESIS ADMINISTRADORA DE FONDOS Y FIDEICOMISOS, S.A.	DISPOSAL	PENSION FUND MANAGEMENT	-	-	100.00%	0.00%	02/10/2013
INVERSIONES PREVISIONALES, S.A.	DISPOSAL	INVESTMENT COMPANY	-	-	100.00%	0.00%	02/10/2013
PROVIDA INTERNACIONAL, S.A.	DISPOSAL	PENSION FUND MANAGEMENT	-	-	100.00%	0.00%	02/10/2013
UNNIM PROTECCIÓ, S.A. (5)	MERGER	INSURANCES SERVICES	-		100.00%	0.00%	31/10/2013
BBVA PATRIMONIOS GESTORA SGIIC, S.A. (6)	MERGER	OTHER INVESTMENT COMPANIE	-	-	100.00%	0.00%	13/11/2013
VISACOM, S.A. DE C.V.	LIQUIDATION	SERVICES	1	-	100.00%	0.00%	11/12/2013
PORT ARTHUR ABSTRACT & TITLE COMPANY	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	0.00%	19/12/2013
SOUTHEAST TEXAS TITLE COMPANY	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	0.00%	19/12/2013
TWOENC, INC	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	0.00%	19/12/2013
PI HOLDINGS NO. 4, INC.	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	0.00%	19/12/2013
RIVER OAKS BANK BUILDING, INC.	LIQUIDATION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	0.00%	19/12/2013
COMPASS WEALTH MANAGERS COMPANY	LIQUIDATION	SERVICES	-	-	100.00%	0.00%	19/12/2013
RIVER OAKS TR CORPORATION	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	0.00%	19/12/2013
BANCO BILBAO VIZCAYA ARGENTARIA (PANAMA), S.A.	DISPOSAL	BANKING	230	-	98.93%	0.00%	19/12/2013
TRANSITORY CO	DISPOSAL	INSTRUMENTAL REAL ESTATE	-	-	100.00%	0.00%	19/12/2013
INGENIERIA EMPRESARIAL MULTIBA, S.A. DE C.V.	LIQUIDATION	SERVICES	-	-	99.99%	0.00%	31/12/2013
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	DISPOSAL	BANKING	-	(3)	0.39%	55.21%	31/12/2013
UNNIM GESFONS SGIIC, S.A.	LIQUIDATION	OTHER INVESTMENT COMPANIE	-	-	100.00%	0.00%	31/12/2013
Structured Entities:							
BOIRO FINANCE B.V.	LIQUIDATION	FINANCIAL SERVICES	-	-			31/10/2013

(1) Absorbed by BBVA USA Bancshares inc.
(2) Absorbed by BBVA S.A.
(3) Absorbed by BBVA Securities Inc.
(4) Absorbed by BBVA Mediación Operador de Banca-Seguros Vinculado, S.A.
(5) Absorbed by BBVA Seguros, S.A., De Seguros y Reaseguros
(6) Absorbed by BBVA Asset Management, S.A., SGIIC
(*) Profit refers to net profit attributable

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	
OSONA CIPSA, S.L.	ACQUISITION	IN LIQUIDATION	-	-	50.00%	50.00%	31/03/2013
NAVIERA ATTILA, AIE	ACQUISITION	SERVICES	-	-	21.01%	21.01%	30/04/2013
NAVIERA ELECTRA, AIE	ACQUISITION	SERVICES	-	-	21.00%	21.00%	30/04/2013
NAVIERA CABO ESTAY, AIE	ACQUISITION	SERVICES	-	-	16.00%	16.00%	30/04/2013
METROVACESA, S.A. (1)	ACQUISITION	REAL ESTATE	22	-	0.94%	18.31%	16/05/2013
VITAMEDICA ADMINISTRADORA S.A. DE C.V	FOUNDING	SERVICES	2	-	51.00%	51.00%	01/07/2013
VITAMEDICA S.A DE C.V.	DILUTION EFFECT	INSURANCES SERVICES	-	-	0.01%	51.00%	30/09/2013
FIDEICOMISO MIRASIERRA BBVA-BANCOMER Nº F/70413-0	DILUTION EFFECT	REAL ESTATE	-	-	1.22%	38.68%	28/11/2013
CANCUN SUN & GOLF COUNTRY CLUB, S.A.P.I. DE C.V.	ACQUISITION	REAL ESTATE	39	-	33.33%	33.33%	30/11/2013
FIDEICOMISO 1729 INVEX ENAJENACION DE CARTERA	FOUNDING	INSTRUMENTAL REAL ESTA	63	-	32.25%	32.25%	30/12/2013
RESIDENCIAL SARRIA-BONANOVA, S.L.	DILUTION EFFECT	REAL ESTATE	-	-	1.69%	27.22%	30/12/2013

(1) Unlisted in the Stock Market since May 23, 2013

Disposal or Reduction of Interest Ownership in Associates and Joint-Ventures Companies Accounted for Under the Equity Method

Company	Type of Transaction	Activity	Millions of Euros: Profit (Loss) in the Transaction	% of Voting Rights: % Participation Sold in the Period	% of Voting Rights: Total Voting Rights Controlled after the Disposal	Effective Date for the Transaction (or Notification Date)
GARANTI TEKNOLOJINET ILETISIM HIZ. VE TIC. A.S. (GARANTI TEKNOLOJINET)	LIQUIDATION	SERVICES	-	99.99%	-	28/02/2013
ADMINISTRADORA DE SOLUCIONES INTEGRALES, S.A. (ASI,S.A.)	DISPOSAL	FINANCIAL SERVICES	3	34.00%	-	30/03/2013
REDSYS SERVICIOS DE PROCESAMIENTO, S.L.	DISPOSAL	FINANCIAL SERVICES	-	0.28%	16.97%	30/03/2013
ACTIVA CT BADEBAÑO, S.L.	DISPOSAL	COMMERCIAL	-	50.00%	-	05/04/2013
FIDEICOMISO MIRASIERRA BBVA-BANCOMER Nº F/70413-0	DILUTION EFFECT	REAL ESTATE	-	7.90%	37.45%	30/04/2013
VANTOUREIX, S.L.	DISPOSAL	REAL ESTATE	11	40.72%	0.00%	30/07/2013
ADMINISTRADORA DE FONDOS DE CESANTIA DE CHILE, S.A.	DISPOSAL	PENSION FUND MANAGEMENT	-	60.90%	0.00%	02/10/2013
INVERSIONES DCV S.A.	DISPOSAL	PENSION FUND MANAGEMENT	-	23.14%	4.06%	02/10/2013
SERVICIOS DE ADMINISTRACION PREVISIONAL, S.A.	DISPOSAL	PENSION FUND MANAGEMENT	-	37.87%	0.00%	02/10/2013
CHINA CITIC BANK CORPORATION LIMITED CNCB	DISPOSAL	BANKING	(2,600)	15.00%	0.00%	21/10/2013
TUBOS REUNIDOS, S.A.	DISPOSAL	INDUSTRY	1	0.70%	22.07%	14/11/2013
COMPAÑIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A.	DISPOSAL	FINANCIAL SERVICES	-	0.99%	17.82%	31/12/2013

Changes in other Companies quoted recognize as Available-For-Sale

Company	Type of Transaction	Activity	% of voting rights: % Participation Acquired (Sold) in the Period	% of voting rights: Totally Controlled after Transaction	Effective Date for the Transaction (or Notification Date)
BOLSAS Y MERCADOS ESPAÑOLES SDAD.HOLDING MDOS.Y STMAS.FIN., S.A.	DISPOSAL	FINANCIAL SERVICES	-1.00%	4.09%	15/07/2013
COMPANYIA D'AIGUES DE SABADELL SA.	DISPOSAL	SERVICES	-7.25%	-	16/07/2013
BOLSAS Y MERCADOS ESPAÑOLES SDAD.HOLDING MDOS.Y STMAS.FIN., S.A.	DISPOSAL	FINANCIAL SERVICES	-0.60%	2.53%	14/08/2013

APPENDIX IV Fully consolidated subsidiaries with more than 10% owned by non-Group shareholders as of December 31, 2013

		% of Voting Rights Controlled by the Bank		
Company	**Activity**	**Direct**	**Indirect**	**Total**
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	BANKING	-	68.18	68.18
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	BANKING	1.46	53.75	55.21
BBVA AUTO ENTIDAD DE DESARROLLO A LA PEQUEÑA Y MICRO EMPRESA, EDPYME, S.A. (BBVA AUTO - EDPYME)	FINANCIAL SERVICES	-	84.32	84.32
BBVA ELCANO EMPRESARIAL, S.C.R., S.A.	VENTURE CAPITAL	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	-	72.50	72.50
ECOARENYS, S.L.	REAL ESTATE	-	50.00	50.00
EL OASIS DE LAS RAMBLAS, S.L.	REAL ESTATE	-	70.00	70.00
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SERVICES	-	51.00	51.00
F/11032604 FRACCIONAMIENTO LOARCA TERCERA SECCION	REAL ESTATE	-	60.05	60.05
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 FUNDS MANAGEMENT	60.00	-	60.00
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.	SERVICES	-	72.06	72.06
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.	IN LIQUIDATION	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 V BBVA Group's structured entities. Securitization funds

Securitization Fund (consolidated)	Company	Origination Date	Millions of Euros: Total Securitized Exposures at the Origination Date	Millions of Euros: Total Securitized Exposures as of December 31, 2012
FTA IM-1 FTGENCAT	BBVA, S.A	12/2005	320,000	35,882
FTA IM TERRASSA MBS-1	BBVA, S.A	07/2006	525,000	208,005
GC FTGENCAT CAIXA SABADELL 1, FTA	BBVA, S.A	10/2006	304,500	85,181
GC FTGENCAT CAIXA SABADELL 2, FTA	BBVA, S.A	12/2008	238,000	92,608
TDA 20-MIXTO, FTA	BBVA, S.A	06/2004	100,000	29,806
FTA TDA-22 MIXTO	BBVA, S.A	12/2004	62,000	22,361
AYT HIPOTECARIO MIXTO, FTA	BBVA, S.A	03/2004	100,000	27,924
FTA AYT CONSUMO III	BBVA, S.A	08/2004	60,000	3,034
AYT HIPOTECARIO MIXTO IV, FTA	BBVA, S.A	06/2005	100,000	37,019
AYT CAIXA SABADELL HIPOTECARIO I, FTA	BBVA, S.A	07/2008	300,000	222,184
FTA TDA-27	BBVA, S.A	12/2006	275,000	147,195
FTA TDA-28	BBVA, S.A	07/2007	250,000	150,291
FTA GAT FTGENCAT 2007	BBVA, S.A	11/2007	225,000	62,539
FTA GAT FTGENCAT 2008	BBVA, S.A	08/2008	350,000	143,480
BBVA-3 FTPYME FTA	BBVA, S.A	11/2004	1,000,023	23,629
BBVA AUTOS 2 FTA	BBVA, S.A	12/2005	1,000,000	57,944
BBVA HIPOTECARIO 3 FTA	BBVA, S.A	06/2005	1,450,013	115,779
BBVA-4 PYME FTA	BBVA, S.A	09/2005	1,250,025	41,264
BBVA CONSUMO 1 FTA	BBVA, S.A	05/2006	1,499,999	77,931
BBVA-5 FTPYME FTA	BBVA, S.A	10/2006	1,900,022	117,322
BBVA CONSUMO 2 FTA	BBVA, S.A	11/2006	1,500,000	105,927
BBVA CONSUMO 3 FTA	BBVA, S.A	04/2008	975,000	109,707
BBVA CONSUMO 4 FTA	BBVA, S.A	12/2009	1,100,000	265,233
BBVA SECURITISED FUNDING 1.FTA	BBVA, S.A	03/2013	847,997	831,255
BBVA UNIVERSALIDAD E10	BBVA COLOMBIA, S.A.	03/2009	27,919	4,148
BBVA UNIVERSALIDAD E11	BBVA COLOMBIA, S.A.	05/2009	18,431	2,618
BBVA UNIVERSALIDAD E12	BBVA COLOMBIA, S.A.	08/2009	29,608	3,018
BBVA UNIVERSALIDAD E5	BBVA COLOMBIA, S.A.	11/2004	131,098	998
BBVA UNIVERSALIDAD E9	BBVA COLOMBIA, S.A.	12/2008	52,940	6,693
BBVA EMPRESAS 1 FTA	BBVA, S.A	11/2007	1,450,002	125,924
BBVA EMPRESAS 2 FTA	BBVA, S.A	03/2009	2,850,062	631,274
BBVA EMPRESAS 3 FTA	BBVA, S.A	12/2009	2,600,011	490,552
BBVA EMPRESAS 4 FTA	BBVA, S.A	07/2010	1,700,025	421,657
BBVA EMPRESAS 5 FTA	BBVA, S.A	03/2011	1,250,050	503,098
BBVA EMPRESAS 6 FTA	BBVA, S.A	12/2011	1,200,154	614,678
BACOMCB 07	BBVA BANCOMER, S.A	12/2007	146,270	58,196
BACOMCB 08	BBVA BANCOMER, S.A	03/2008	63,893	28,711
BACOMCB 08U	BBVA BANCOMER, S.A	08/2008	315,144	178,054
BACOMCB 08-2	BBVA BANCOMER, S.A	12/2008	322,219	150,229
BACOMCB 09	BBVA BANCOMER, S.A	08/2009	362,140	219,428
BMERCB 13	BBVA BANCOMER, S.A	06/2013	599,235	222,339
BBVA-FINANZIA AUTOS 1 FTA	BBVA, S.A	04/2007	800,000	66,753
BBVA RMBS 1 FTA	BBVA, S.A	02/2007	2,500,000	1,481,679
BBVA RMBS 2 FTA	BBVA, S.A	03/2007	5,000,000	2,874,116
BBVA RMBS 3 FTA	BBVA, S.A	07/2007	3,000,000	1,955,757
BBVA RMBS 5 FTA	BBVA, S.A	05/2008	5,000,001	3,256,315
BBVA RMBS 9 FTA	BBVA, S.A	04/2010	1,295,101	1,101,808
BBVA RMBS 10 FTA	BBVA, S.A	06/2011	1,600,065	1,468,662
BBVA RMBS 11 FTA	BBVA, S.A	06/2012	1,400,077	1,311,526
BBVA RMBS 12 FTA	BBVA, S.A	12/2013	4,350,000	4,335,365
BBVA LEASING 1 FTA	BBVA, S.A	06/2007	2,500,000	286,122
BBVA UNIVERSALIDAD N6	BBVA COLOMBIA, S.A.	08/2012	80,137	43,073
PEP80040F110	BANCO CONTINENTAL, S.A	12/2007	6,488	3,716
BBVA-6 FTPYME FTA	BBVA, S.A	06/2007	1,500,101	137,310
BBVA-7 FTGENCAT FTA	BBVA, S.A	02/2008	250,010	35,648
BBVA-8 FTPYME FTA	BBVA, S.A	07/2008	1,100,127	189,554
BBVA PYME 9 FTA	BBVA, S.A	12/2012	470,035	328,397
2 PS INTERAMERICANA	BBVA CHILE, S.A.	10/2004	10,497	3,471
2 PS INTERAMERICANA	BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	10/2004	19,243	6,362

Securitization Fund (not consolidated)	Company	Origination Date	Millions of Euros: Total Securitized Exposures at the Origination Date	Millions of Euros: Total Securitized Exposures as of December 31, 2012
FTA TDA13	BBVA, S.A	12/2000	84,142	9,850
FTA TDA-18 MIXTO	BBVA, S.A	11/2003	91,000	20,608
AYT 1 HIPOTECARIO, FTH	BBVA, S.A	06/1999	149,040	4,509
BCL MUNICIPIOS I FTA	BBVA, S.A	06/2000	1,205,059	75,367
2 PS RBS (ex ABN)	BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	09/2002	7,774	5,018

APPENDIX VI Details of the outstanding subordinated debt and preferred securities issued by the Bank or entities in the Group consolidated as of as of December 31, 2013 and December 31, 2012.

Outstanding as of December 31, 2013 of subordinated issues

Issuer Entity and Issued Date	Currency	December 2013	December 2012	December 2011	Prevailing Interest Rate at 2013	Maturity Date
		Millions of Euros				
Issues in Euros						
BBVA						
July-96	EUR	27	27	27	9.37%	12/22/16
October-04	EUR	628	628	992	4.38%	10/20/19
February-07	EUR	255	255	297	4.50%	02/16/22
March-08	EUR	125	125	125	6.03%	03/03/33
July-08	EUR	100	100	100	6.20%	07/04/23
December-11	EUR	--	1,237	3,430		06/30/13
Various	EUR	292	--	--	--	
Subtotal	**EUR**	**1,427**	**2,372**	**4,971**		
BBVA GLOBAL FINANCE, LTD. (*)						
July-99	EUR	59	60	64	--	10/16/15
October-01	EUR	10	10	40	--	10/10/16
October-01	EUR	45	46	50	6.08%	10/15/16
November-01	EUR	53	53	55	0.83%	11/02/16
December-01	EUR	56	56	56	0.93%	12/20/16
Subtotal	**EUR**	**223**	**225**	**265**		
BBVA SUBORDINATED CAPITAL, S.A.U. (*)						
May-05	EUR	--	--	389	--	23/05/2017
October-05	EUR	99	99	126	0.53%	10/13/20
October-05	EUR	26	26	199	0.97%	10/20/17
April-07	EUR	--	--	594	--	04/03/17
April-07	EUR	68	68	100	1.70%	04/04/22
May-08	EUR	50	50	50	3.00%	05/19/23
July-08	EUR	20	20	20	6.11%	07/22/18
Subtotal	**EUR**	**263**	**263**	**1,478**		
BBVA BANCOMER,S.A.de C.V.						
May-07	EUR	--	--	469		07/17/17
Subtotal	**EUR**	**--**	--	**469**		
Others						
Subtotal		**--**	**291**	**18**		
Total issued in Euros		**1,913**	**3,151**	**7,201**		

(*) The issues of BBVA Subordinated Capital, S.A.U. and BBVA Global Finance, LTD. are guaranteed (secondary liability) by the Bank.

Outstanding as of December 31, 2013 of subordinated issues

		Millions of Euros				
Issuer Entity and Issued Date	**Currency**	**December 2013**	**December 2012**	**December 2011**	**Prevailing Interest Rate at 2013**	**Maturity Date**
Issues in foreign currency						
BBVA						
May-13	USD	1,088	--	--	9.00%	Perpetual
Subtotal	**USD**	**1,088**				
BBVA GLOBAL FINANCE, LTD. (*)						
December-95	USD	146	151	155	7.00%	12/01/25
October-95	JPY	--	--	100	--	10/26/15
BANCO BILBAO VIZCAYA ARGENTARIA, CHILE						
Different issues	CLP	574	647	597		Various
Subtotal	**CLP**	**574**	**647**	**597**		
BBVA BANCOMER, S.A. de C.V.						
May-07	USD	362	377	386	6.00%	05/17/22
April-10	USD	724	755	773	7.00%	04/22/20
March-11	USD	905	943	966	7.00%	03/10/21
July-12	USD	724	755	--	7.00%	09/30/22
September-12	USD	362	377	--	7.00%	09/30/22
Subtotal	**USD**	**3,077**	**3,207**	**2,125**		
September-06	MXN	138	146	138	5.00%	09/18/14
October-08	MXN	--	175	166	--	09/24/18
December-08	MXN	158	166	165	5.00%	11/26/20
June-09	MXN	151	159	151	6.00%	06/07/19
Subtotal	**MXN**	**447**	**646**	**620**		
BBVA SUBORDINATED CAPITAL, S.A.U.						
October-05	JPY	--	--	200	--	10/22/35
Subtotal	**JPY**	--	**--**	**200**		
march-07	GBP	20	19	258	1.25%	03/11/18
Subtotal	**GBP**	**20**	**19**	**258**		
TEXAS REGIONAL STATUTORY TRUST I						
February-04	USD	36	38	39	3.09%	03/17/34
Subtotal	**USD**	**36**	**38**	**39**		

(*) The issues of BBVA Subordinated Capital, S.A.U. and BBVA Global Finance, LTD. are guaranteed (secondary liability) by the Bank.

Outstanding as of December 31, 2013 of subordinated issues

		Millions of Euros				
Issuer Entity and Issued Date	**Currency**	**December 2013**	**December 2012**	**December 2011**	**Prevailing Interest Rate at 2013**	**Maturity Date**
STATE NATIONAL CAPITAL TRUST I						
July-03	USD	11	12	12	3.30%	09/30/33
Subtotal	**USD**	**11**	**12**	**12**		
STATE NATIONAL STATUTORY TRUST II						
March-04	USD	7	8	8	3.04%	03/17/34
Subtotal	**USD**	**7**	**8**	**8**		
TEXASBANC CAPITAL TRUST I						
June-04	USD	18	19	19	2.84%	07/23/34
Subtotal	**USD**	**18**	**19**	**19**		
COMPASS BANK						
March-05	USD	159	217	220	5.50%	04/01/20
March-06	USD	49	90	202	5.90%	04/01/26
September-07	USD	253	264	269	6.40%	10/01/17
Subtotal	**USD**	**461**	**571**	**691**		
BBVA COLOMBIA, S.A.						
September-11	COP	40	45	42	6.38%	09/19/21
September-11	COP	59	67	62	6.63%	09/19/26
September-11	COP	38	44	41	5.84%	09/19/18
September-13	COP	75	--	--		02/19/23
September-13	COP	62	--	--		02/19/23
Subtotal	**COP**	**274**	**156**	**145**		
BANCO CONTINENTAL, S.A.						
December-06	USD	22	23	23	2.90%	02/15/17
May-07	-	14	15	15	6.00%	05/14/27
September-07	USD	14	15	15	2.53%	09/24/17
February-08	USD	14	15	15	6.47%	02/28/28
June-08	USD	22	23	23	2.99%	06/15/18
November-08	USD	14	15	15	3.90%	02/15/19
October-10	USD	145	152	156	7.38%	10/07/40
October-13	USD	33	--	--	6.53%	10/08/28
Subtotal	**USD**	**278**	**258**	**262**		
June-07	PEN	10	12	11	5.85%	05/07/22
November-07	PEN	18	19	19	3.47%	06/18/32
November-07	PEN	16	17	16	3.56%	11/19/32
July-08	PEN	14	15	14	3.06%	07/08/23
September-08	PEN	15	17	16	3.09%	09/09/23
December-08	PEN	9	10	10	4.19%	12/15/33
Subtotal	**PEN**	**82**	**90**	**86**		
Others						
Subtotal		**--**	**157**	**268**		
Total issues in foreign currencies (Millions of Euros)		**6,519**	**5,987**	**5,585**		

Outstanding as of December 31, 2013 of preferred issues

	December 2013		December 2012		December 2011	
Issuer Entity and Issued Date	**Currency**	**Amount Issued (Millions)**	**Currency**	**Amount Issued (Millions)**	**Currency**	**Amount Issued (Millions)**
BBVA International, Ltd.						
December-07	EUR	14	--	--	--	--
BBVA International, Ltd.						
December-02	EUR	9	EUR	9	EUR	9
BBVA Capital Finance, S.A.U.						
December-03	EUR	350	EUR	350	EUR	5
July-04	EUR	500	EUR	500	EUR	7
December-04	EUR	1,125	EUR	1,125	EUR	17
December-08	EUR	1,000	EUR	1,000	EUR	7
BBVA International Preferred, S.A.U.						
September-05	EUR	85	EUR	85	EUR	85
September-06	EUR	164	EUR	164	EUR	164
April-07	USD	600	USD	600	USD	600
July-07	GBP	31	GBP	31	GBP	31
October-09	EUR	645	EUR	645	EUR	645
October-09	GBP	251	GBP	251	GBP	251
Phoenix Loan Holdings Inc.						
November-00	USD	25	USD	25	USD	25
Caixa Terrasa Societat de Participacion						
August-05	EUR	75	EUR	75	--	--
Caixasabadell Preferents, S.A.						
December-04	EUR	1	EUR	75	--	--
July-06	EUR	90	EUR	90	--	--
Others	--	--	--	82	--	--

(*) Issued by Unnim Banc, S.A. Following the merge with BBVA, S.A. in 2013 it is included in BBVA, S.A..

APPENDIX VII Consolidated balance sheets held in foreign currency as of December 31, 2013 and December 31, 2012

December 2013	Millions of Euros USD	Mexican Pesos	Other Foreign Currencies	Total Foreign Currencies
Assets -				
Cash and balances with central banks	6,786	6,097	10,446	23,330
Financial assets held for trading	2,592	15,465	3,979	22,036
Available-for-sale financial assets	8,588	9,344	7,529	25,461
Loans and receivables	61,846	36,110	46,201	144,157
Investments in entities accounted for using the equity method	5	189	4,197	4,391
Tangible assets	673	1,457	958	3,087
Other assets	2,433	4,544	3,501	10,478
Total	**82,924**	**73,206**	**76,810**	**232,940**
Liabilities-				
Financial liabilities held for trading	1,450	4,400	1,100	6,950
Financial liabilities at amortised cost	85,756	51,036	58,267	195,059
Other liabilities	(64)	8,131	2,586	10,653
Total	**87,142**	**63,567**	**61,953**	**212,662**

December 2012	Millions of Euros USD	Mexican Pesos	Other Foreign Currencies	Total Foreign Currencies
Assets -				
Cash and balances with central banks	7,842	5,894	10,799	24,535
Financial assets held for trading	4,028	15,539	3,686	23,254
Available-for-sale financial assets	7,596	8,789	6,754	23,139
Loans and receivables	59,940	38,033	44,912	142,885
Investments in entities accounted for using the equity method	5	95	4,426	4,526
Tangible assets	753	1,275	892	2,920
Other assets	4,166	4,210	3,351	11,727
Total	**84,330**	**73,835**	**74,820**	**232,985**
Liabilities-				
Financial liabilities held for trading	1,950	4,587	1,387	7,924
Financial liabilities at amortised cost	85,320	52,037	57,167	194,524
Other liabilities	1,122	7,975	2,801	11,898
Total	**88,392**	**64,598**	**61,355**	**214,346**

December 2011	Millions of Euros USD	Mexican Pesos	Other Foreign Currencies	Total Foreign Currencies
Assets -				
Cash and balances with central banks	5,802	5,412	5,993	17,207
Financial assets held for trading	3,320	13,568	3,537	20,425
Available-for-sale financial assets	8,621	7,642	5,859	22,122
Loans and receivables	66,347	34,363	38,183	138,893
Investments in entities accounted for using the equity method	5	101	4,235	4,341
Tangible assets	842	1,060	811	2,713
Other assets	4,708	2,769	3,168	10,645
Total	**89,645**	**64,915**	**61,787**	**216,346**
Liabilities-	**-**		**-**	-
Financial liabilities held for trading	2,182	4,113	2,166	8,461
Financial liabilities at amortised cost	81,373	47,906	46,133	175,412
Other liabilities	1,159	6,288	2,765	10,212
Total	**84,714**	**58,307**	**51,064**	**194,086**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 60). In the event of a discrepancy, the Spanish-language version prevails.

APPENDIX VIII Opening balance sheet at January 1, 2013 due to the application of the new IFRS 10 and 11

Millions of Euros

ASSETS	December 31, 2012 As Previously Reported	Adjustments (*)	December 31, 2012 After Implementation
CASH AND BALANCES WITH CENTRAL BANKS	37,434	(1,940)	35,494
FINANCIAL ASSETS HELD FOR TRADING	79,954	(125)	79,829
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	2,853	(323)	2,530
AVAILABLE-FOR-SALE FINANCIAL ASSETS	71,500	(4,000)	67,500
LOANS AND RECEIVABLES	383,410	(12,063)	371,347
HELD-TO-MATURITY INVESTMENTS	10,162	-	10,162
HEDGES OF INTEREST RATE RISK	226	-	226
HEDGING DERIVATIVES	4,894	-	4,894
NON-CURRENT ASSETS HELD FOR SALE	4,245	(16)	4,229
INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	6,795	3,987	10,782
INSURANCE CONTRACTS LINKED TO PENSIONS	7	-	7
REINSURANCE ASSETS	50	-	50
TANGIBLE ASSETS	7,785	(213)	7,572
INTANGIBLE ASSETS	8,912	(1,780)	7,132
TAX ASSETS	11,829	(179)	11,650
OTHER ASSETS	7,729	(61)	7,668
TOTAL ASSETS	637,785	(16,713)	621,072

Millions of Euros

LIABILITIES AND EQUITY	December 31, 2012 As Previously Reported	Adjustments (*)	December 31, 2012 After Implementation
FINANCIAL LIABILITIES HELD FOR TRADING	55,927	(93)	55,834
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	2,516	(300)	2,216
FINANCIAL LIABILITIES AT AMORTIZED COST	506,487	(15,882)	490,605
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGE	-	-	-
HEDGING DERIVATIVES	2,968	-	2,968
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	387	-	387
LIABILITIES UNDER INSURANCE CONTRACTS	9,032	(12)	9,020
PROVISIONS	7,927	(93)	7,834
TAX LIABILITIES	4,077	(257)	3,820
OTHER LIABILITIES	4,662	(76)	4,586
TOTAL LIABILITIES	593,983	(16,713)	577,270

Millions of Euros

LIABILITIES AND EQUITY (*Continued*)	December 31, 2012 As Previously Reported	Adjustments (*)	December 31, 2012 After Implementation
STOCKHOLDERS' FUNDS	43,614	-	43,614
Common Stock	2,670	-	2,670
Share premium	20,968	-	20,968
Reserves	19,672	-	19,672
Other equity instruments	62	-	62
Less: Treasury stock	(111)	-	(111)
Income attributed to the parent company	1,676	-	1,676
Less: Dividends and remuneration	(1,323)	-	(1,323)
VALUATION ADJUSTMENTS	(2,184)	-	(2,184)
NON-CONTROLLING INTEREST	2,372	-	2,372
TOTAL EQUITY (**)	43,802	-	43,802
TOTAL LIABILITIES AND EQUITY	637,785	(16,713)	621,072

Millions of Euros

MEMORANDUM ITEM	December 31, 2012 As Previously Reported	Adjustments (*)	December 31, 2012 After Implementation
CONTINGENT RISKS	39,540	(2,521)	37,019
CONTINGENT COMMITMENTS	93,098	(2,956)	90,142

(*) Principally effect of change in consolidation method of the Garanti Group, from the proportionate consolidation method to the equity method, due to the new IFRS 11.

(**) This change does not imply effect on net income or equity.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 60). In the event of a discrepancy, the Spanish-language version prevails.

Millions of Euros

Income Statement	2012 As Previously Reported	Adjustments (*)	2012 After Implementation
INTEREST AND SIMILAR INCOME	26,262	(1,447)	24,815
INTEREST AND SIMILAR EXPENSES	(11,140)	799	(10,341)
NET INTEREST INCOME	**15,122**	**(648)**	**14,474**
DIVIDEND INCOME	390	-	390
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	727	312	1,039
FEE AND COMMISSION INCOME	5,574	(284)	5,290
FEE AND COMMISSION EXPENSES	(1,221)	87	(1,134)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	1,645	(9)	1,636
EXCHANGE DIFFERENCES (NET)	122	(53)	69
OTHER OPERATING INCOME	4,812	(47)	4,765
OTHER OPERATING EXPENSES	(4,730)	25	(4,705)
ADMINISTRATION COSTS	(9,768)	372	(9,396)
DEPRECIATION AND AMORTIZATION	(1,018)	40	(978)
PROVISIONS (NET)	(651)	10	(641)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(7,980)	121	(7,859)
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(1,123)	-	(1,123)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	4	(1)	3
NEGATIVE GOODWILL	376	-	376
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	(622)	(2)	(624)
OPERATING PROFIT BEFORE TAX	**1,659**	**(77)**	**1,582**
INCOME TAX	275	77	352
PROFIT FROM CONTINUING OPERATIONS	**1,934**	**-**	**1,934**
PROFIT FROM DISCONTINUED OPERATIONS (NET)	393	-	393
PROFIT	**2,327**	**-**	**2,327**
Profit attributable to parent company	1,676	-	1,676
Profit attributable to non-controlling interests	651	-	651

(*) Principally effect of change in consolidation method of the Garanti Group, from the proportionate consolidation method to the equity method, due to the new IFRS 11.

Opening balance sheet at January 1, 2012 due to the application of the new IFRS 10 and 11

Millions of Euros

ASSETS	December 31, 2011 As Previously Reported	Adjustments (*)	December 31, 2011 After Implementation
CASH AND BALANCES WITH CENTRAL BANKS	30,939	(1,098)	29,841
FINANCIAL ASSETS HELD FOR TRADING	70,602	(131)	70,471
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	2,977	(204)	2,773
AVAILABLE-FOR-SALE FINANCIAL ASSETS	58,144	(3,503)	54,641
LOANS AND RECEIVABLES	381,076	(11,160)	369,916
HELD-TO-MATURITY INVESTMENTS	10,955	-	10,955
HEDGES OF INTEREST RATE RISK	146	-	146
HEDGING DERIVATIVES	4,552	(14)	4,538
NON-CURRENT ASSETS HELD FOR SALE	2,090	(15)	2,075
INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	5,843	3,456	9,299
INSURANCE CONTRACTS LINKED TO PENSIONS	-	-	-
REINSURANCE ASSETS	26	-	26
TANGIBLE ASSETS	7,330	(204)	7,126
INTANGIBLE ASSETS	8,677	(1,797)	6,880
TAX ASSETS	7,841	(114)	7,727
OTHER ASSETS	6,490	(66)	6,424
TOTAL ASSETS	597,688	(14,850)	582,838

Millions of Euros

LIABILITIES AND EQUITY	December 31, 2011 As Previously Reported	Adjustments (*)	December 31, 2011 After Implementation
FINANCIAL LIABILITIES HELD FOR TRADING	51,303	(125)	51,178
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	1,825	(204)	1,621
FINANCIAL LIABILITIES AT AMORTIZED COST	479,904	(14,187)	465,717
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	-	-	-
HEDGING DERIVATIVES	2,710	(1)	2,709
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-	-	-
LIABILITIES UNDER INSURANCE CONTRACTS	7,737	(8)	7,729
PROVISIONS	7,561	(90)	7,471
TAX LIABILITIES	2,330	(183)	2,147
OTHER LIABILITIES	4,260	(52)	4,208
TOTAL LIABILITIES	557,630	(14,850)	542,780

Millions of Euros

LIABILITIES AND EQUITY (*Continued*)	December 31, 2011 As Previously Reported	Adjustments (*)	December 31, 2011 After Implementation
STOCKHOLDERS' FUNDS	40,952	-	40,952
Common Stock	2,403	-	2,403
Share premium	18,970	-	18,970
Reserves	17,940	-	17,940
Other equity instruments	51	-	51
Less: Treasury stock	(300)	-	(300)
Income attributed to the parent company	3,004	-	3,004
Less: Dividends and remuneration	(1,116)	-	(1,116)
VALUATION ADJUSTMENTS	(2,787)	-	(2,787)
NON-CONTROLLING INTEREST	1,893	-	1,893
TOTAL EQUITY (**)	40,058	-	40,058
TOTAL LIABILITIES AND EQUITY	597,688	(14,850)	582,838

Millions of Euros

MEMORANDUM ITEM	December 31, 2011 As Previously Reported	Adjustments (*)	December 31, 2011 After Implementation
CONTINGENT RISKS	39,904	(2,275)	37,629
CONTINGENT COMMITMENTS	93,766	(3,078)	90,688

(*) Principally effect of change in consolidation method of the Garanti Group, from the proportionate consolidation method to the equity method, due to the new IFRS 11.

(**) This change does not imply effect on net income or equity.

	Millions of Euros		
Income Statement	**2011** As Previously Reported	**Adjustments (*)**	**2011** After Implementation
INTEREST AND SIMILAR INCOME	24,180	(951)	23,229
INTEREST AND SIMILAR EXPENSES	(11,028)	523	(10,505)
NET INTEREST INCOME	**13,152**	**(428)**	**12,724**
DIVIDEND INCOME	562	-	562
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	595	192	787
FEE AND COMMISSION INCOME	5,075	(201)	4,874
FEE AND COMMISSION EXPENSES	(1,044)	64	(980)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	1,117	(47)	1,070
EXCHANGE DIFFERENCES (NET)	364	46	410
OTHER OPERATING INCOME	4,244	(32)	4,212
OTHER OPERATING EXPENSES	(4,037)	18	(4,019)
ADMINISTRATION COSTS	(8,898)	264	(8,634)
DEPRECIATION AND AMORTIZATION	(839)	29	(810)
PROVISIONS (NET)	(509)	6	(503)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(4,226)	41	(4,185)
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(1,885)	2	(1,883)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	46	(2)	44
NEGATIVE GOODWILL	-	-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	(271)	-	(271)
OPERATING PROFIT BEFORE TAX	**3,446**	**(48)**	**3,398**
INCOME TAX	(206)	48	(158)
PROFIT FROM CONTINUING OPERATIONS	**3,240**	**-**	**3,240**
PROFIT FROM DISCONTINUED OPERATIONS (NET)	245	-	245
PROFIT	**3,485**	**-**	**3,485**
Profit attributable to parent compa	3,004	-	3,004
Profit attributable to non-controllir	481	-	481

(*) Principally effect of change in consolidation method of the Garanti Group, from the proportionate consolidation method to the equity method, due to the new IFRS 11.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 60). In the event of a discrepancy, the Spanish-language version prevails.

APPENDIX IX Consolidated income statements for the first and second half of 2013 and 2012

	Millions of Euros			
	Six months ended June 30, 2013	Six months ended December 31, 2013	Six months ended June 30, 2012	Six months ended December 31, 2012
INTEREST AND SIMILAR INCOME	11,831	11,681	12,763	13,499
INTEREST AND SIMILAR EXPENSES	(4,932)	(4,680)	(5,428)	(5,712)
NET INTEREST INCOME	6,899	7,001	**7,335**	**7,787**
DIVIDEND INCOME	65	170	338	52
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	407	287	366	361
FEE AND COMMISSION INCOME	2,692	2,786	2,686	2,888
FEE AND COMMISSION EXPENSES	(611)	(617)	(555)	(666)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	794	814	738	907
NET EXCHANGE DIFFERENCES	515	388	63	59
OTHER OPERATING INCOME	2,554	2,441	2,853	1,959
OTHER OPERATING EXPENSES	(2,711)	(2,916)	(2,753)	(1,977)
GROSS INCOME	10,604	10,354	**11,071**	**11,370**
ADMINISTRATION COSTS	(4,833)	(4,868)	(4,695)	(5,073)
Personnel expenses	(2,808)	(2,780)	(2,743)	(2,919)
General and administrative expenses	(2,025)	(2,088)	(1,952)	(2,154)
DEPRECIATION AND AMORTIZATION	(535)	(560)	(466)	(552)
PROVISIONS (NET)	(273)	(336)	(228)	(423)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(2,635)	(2,977)	(3,267)	(4,713)
NET OPERATING INCOME	2,328	1,613	**2,415**	**609**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(214)	(253)	(269)	(854)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	693	(2,608)	21	(17)
NEGATIVE GOODWILL	-	-	-	376
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	(309)	(90)	(286)	(336)
INCOME BEFORE TAX	2,498	(1,338)	**1,881**	**(222)**
INCOME TAX	(601)	555	(220)	495
INCOME FROM CONTINUING TRANSACTIONS	1,897	(783)	**1,661**	**273**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	1,393	473	170	223
NET INCOME	3,290	(309)	**1,831**	**496**
Net Income attributed to parent company	2,882	(654)	1,509	167
Net income attributed to non-controlling interests	408	345	322	329

	Euros			
	Six months ended June 30, 2013	Six months ended December 31, 2013	Six months ended June 30, 2012	Six months ended December 31, 2012
EARNINGS PER SHARE				
Basic earnings per share	0.51	(0.11)	0.29	0.03
Diluted earnings per share	0.51	(0.12)	0.29	0.03

APPENDIX X Financial Statements of Banco Bilbao Vizcaya Argentaria, S.A.

Balance sheets as of December 31, 2013 and December 31,2012 of BBVA, S.A.

Millions of Euros

ASSETS	December 2013	December 2012
CASH AND BALANCES WITH CENTRAL BANKS	**12,085**	**11,079**
FINANCIAL ASSETS HELD FOR TRADING	**56,631**	**63,771**
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	13,425	12,437
Other equity instruments	4,148	2,199
Trading derivatives	39,058	49,135
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**-**
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	-	-
Other equity instruments	-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**43,301**	**33,098**
Debt securities	38,151	30,083
Other equity instruments	5,150	3,015
LOANS AND RECEIVABLES	**230,523**	**237,029**
Loans and advances to credit institutions	20,410	21,366
Loans and advances to customers	208,313	213,944
Debt securities	1,800	1,719
HELD-TO-MATURITY INVESTMENTS	**-**	**10,162**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**99**	**226**
HEDGING DERIVATIVES	**2,307**	**3,708**
NON-CURRENT ASSETS HELD FOR SALE	**2,195**	**1,968**
INVESTMENTS	**25,602**	**28,524**
Associates	818	4,499
Jointly controlled entities	3,865	4,013
Group entities	20,919	20,012
INSURANCE CONTRACTS LINKED TO PENSIONS	**1,989**	**2,022**
TANGIBLE ASSETS	**1,651**	**1,461**
Property, plants and equipment	**1,646**	**1,460**
For own use	1,646	1,460
Other assets leased out under an operating lease	-	-
Investment properties	**5**	**1**
INTANGIBLE ASSETS	**927**	**729**
Goodwill	-	-
Other intangible assets	927	729
TAX ASSETS	**8,543**	**5,732**
Current	1,402	787
Deferred	7,141	4,945
OTHER ASSETS	**1,078**	**990**
TOTAL ASSETS	**386,931**	**400,499**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 60). In the event of a discrepancy, the Spanish-language version prevails.

Balance sheets as of December 31, 2013 and December 31,2012 of BBVA, S.A.

LIABILITIES AND EQUITY	Millions of Euros December 2013	 December 2012
FINANCIAL LIABILITIES HELD FOR TRADING	**43,599**	**53,434**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Customer deposits	-	-
Debt certificates	-	-
Trading derivatives	38,531	48,849
Short positions	5,068	4,585
Other financial liabilities	-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**-**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Customer deposits	-	-
Debt certificates	-	-
Subordinated liabilities	-	-
Other financial liabilities	-	-
FINANCIAL LIABILITIES AT AMORTIZED COST	**300,716**	**305,917**
Deposits from central banks	25,487	40,557
Deposits from credit institutions	42,920	48,962
Customer deposits	188,013	163,798
Debt certificates	33,787	42,025
Subordinated liabilities	5,106	5,169
Other financial liabilities	5,403	5,406
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**-**	**-**
HEDGING DERIVATIVES	**1,507**	**2,586**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**
PROVISIONS	**5,782**	**6,696**
Provisions for pensions and similar obligations	4,878	4,998
Provisions for taxes and other legal contingencies	-	-
Provisions for contingent exposures and commitments	221	176
Other provisions	683	1,522
TAX LIABILITIES	**978**	**450**
Current	-	-
Deferred	978	450
OTHER LIABILITIES	**1,474**	**1,610**
TOTAL LIABILITIES	**354,056**	**370,693**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 60). In the event of a discrepancy, the Spanish-language version prevails.

Balance sheets as of December 31, 2013 and December 31,2012 of BBVA, S.A.

LIABILITIES AND EQUITY (Continued)	December 2013	December 2012
	Millions of Euros	
STOCKHOLDERS' EQUITY	**32,991**	**30,783**
Common Stock	**2,835**	**2,670**
Issued	2,835	2,670
Less: Unpaid and uncalled (-)	-	-
Share premium	**22,111**	**20,968**
Reserves	**7,384**	**7,049**
Other equity instruments	**43**	**43**
Equity component of compound financial instruments	-	-
Other equity instruments	43	43
Less: Treasury stock (-)	**(20)**	**(41)**
Net Income	**1,406**	**1,428**
Less: Dividends and remuneration (-)	**(768)**	**(1,334)**
VALUATION ADJUSTMENTS	**(116)**	**(977)**
Available-for-sale financial assets	(52)	(938)
Cash flow hedging	(45)	(40)
Hedges of net investments in foreign operations	-	-
Exchange differences	1	19
Non-current assets held-for-sale	-	-
Other valuation adjustments	(20)	(18)
TOTAL EQUITY	**32,875**	**29,806**
TOTAL LIABILITIES AND EQUITY	**386,931**	**400,499**

MEMORANDUM ITEM	December 2013	December 2012
	Millions of Euros	
CONTINGENT EXPOSURES	**47,961**	**64,373**
CONTINGENT COMMITMENTS	**53,412**	**50,202**

Income Statements for the year ended December 31, 2013 and 2012 of BBVA, S.A.

	Millions of Euros	
	December 2013	**December 2012**
INTEREST AND SIMILAR INCOME	7,877	9,099
INTEREST AND SIMILAR EXPENSES	(4,589)	(4,875)
NET INTEREST INCOME	**3,288**	**4,224**
DIVIDEND INCOME	2,257	5,117
FEE AND COMMISSION INCOME	1,775	1,730
FEE AND COMMISSION EXPENSES	(332)	(322)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	1,125	987
Financial instruments held for trading	328	580
Other financial instruments at fair value through profit or loss	-	-
Other financial instruments not at fair value through profit or loss	797	407
Rest	-	-
EXCHANGE DIFFERENCES (NET)	195	(307)
OTHER OPERATING INCOME	131	93
OTHER OPERATING EXPENSES	(437)	(272)
GROSS INCOME	**8,002**	**11,250**
ADMINISTRATION COSTS	(3,877)	(3,668)
Personnel expenses	(2,352)	(2,264)
General and administrative expenses	(1,525)	(1,404)
DEPRECIATION AND AMORTIZATION	(502)	(380)
PROVISION (NET)	(730)	(969)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(3,254)	(5,668)
Loans and receivables	(3,224)	(5,653)
Other financial instruments not at fair value through profit or loss	(30)	(15)
NET OPERATING INCOME	**(361)**	**565**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	145	543
Goodwill and other intangible assets	-	-
Other assets	145	543
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	**(127)**	**14**
NEGATIVE GOODWILL	-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	**(370)**	**(488)**
INCOME BEFORE TAX	**(713)**	**634**
INCOME TAX	1,058	751
INCOME FROM CONTINUING TRANSACTIONS	**345**	**1,385**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	1,061	43
NET INCOME FOR THE PERIOD	**1,406**	**1,428**

Statements of Recognized Income and Expenses for the year ended December 31, 2013 and 2012 of BBVA, S.A.

Millions of Euros

	December 2013	December 2012
NET INCOME FOR THE PERIOD	**1,406**	**1,428**
OTHER RECOGNIZED INCOME (EXPENSES)	**861**	**(124)**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO P&L	**(2)**	**(9)**
Actuarial gains and losses from defined benefit pension plans	(3)	(13)
Non-current assets available for sale	-	-
Income tax related to items not subject to reclassification to p&l	1	4
ITEMS SUBJECT TO RECLASSIFICATION TO P&L	**863**	**(115)**
Available-for-sale financial assets	**1,294**	**(176)**
Valuation gains/(losses)	1,360	(343)
Amounts removed to income statement	(66)	167
Reclassifications	-	-
Cash flow hedging	**(8)**	**(14)**
Valuation gains/(losses)	(7)	(14)
Amounts removed to income statement	(1)	-
Amounts removed to the initial carrying amount of the	-	-
Reclassifications	-	-
Hedges of net investment in foreign operations	**-**	**-**
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
Exchange differences	**(17)**	**73**
Valuation gains/(losses)	1	73
Amounts removed to income statement	(18)	-
Reclassifications	-	-
Non-current assets held for sale	**-**	**-**
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
Actuarial gains and losses in post-employment plans	**-**	**-**
Rest of recognized income and expenses	**-**	**-**
Income tax	**(406)**	**2**
TOTAL RECOGNIZED INCOME/EXPENSES	**2,267**	**1,304**

Statement of Changes in Equity for the year ended December 31, 2013 of BBVA, S.A.

	Millions of Euros									
	Stockholder's Equity									
December 2013	Common Stock	Share premium	Reserves	Other Equity Instruments	Less: Treasury Stock	Profit for the Period	Less: Dividends and Remunerations	Total Stockholders' Equity	Valuation Adjustments	Total Equity
Balances as of January 1, 2013	**2,670**	**20,968**	**7,049**	**43**	**(41)**	**1,428**	**(1,334)**	**30,783**	**(977)**	**29,806**
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**2,670**	**20,968**	**7,049**	**43**	**(41)**	**1,428**	**(1,334)**	**30,783**	**(977)**	**29,806**
Total income/expense recognized	-	-	-	-	-	**1,406**	-	**1,406**	**861**	**2,267**
Other changes in equity	**165**	**1,143**	**335**	-	**21**	**(1,428)**	**566**	**802**	-	**802**
Common stock increase	71	-	(71)	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	94	1,143	-	-	-	-	-	1,237	-	1,237
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	-	-	107	(13)	-	(1,428)	1,334	-	-	-
Increase/Reduction due to business combinations	-	-	308	-	-	-	-	308	-	308
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increase/reductions in total equity	-	-	(9)	(14)	-	-	(161)	(184)	-	(184)
Of which:	-	-	-	-	-	-	-	-	-	-
Acquisition of the free allotment rights	-	-	-	-	-	-	(161)	(161)	-	(161)
Balances as of December 31, 2013	**2,835**	**22,111**	**7,384**	**43**	**(20)**	**1,406**	**(768)**	**32,991**	**(116)**	**32,875**

Statement of Changes in Equity for the year ended December 31, 2012 of BBVA, S.A.

Millions of Euros

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

Cash Flows Statements for the year ended December 31, 2013 and 2012 of BBVA, S.A.

	Millions of Euros	
	December 2013	**December 2012**
CASH FLOW FROM OPERATING ACTIVITIES [1]	**3,912**	**1,464**
Profit for the period	**1,406**	**1,428**
Adjustments to obtain the cash flow from operating activities:	**3,885**	**1,378**
Amortization	502	380
Other adjustments	3,383	998
Net increase/decrease in operating assets	**(13,658)**	**(8,147)**
Financial assets held for trading	(7,139)	7,233
Other financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	10,203	7,691
Loans and receivables	(6,506)	(25,893)
Other operating assets	(10,216)	2,822
Net increase/decrease in operating liabilities	**(14,063)**	**(8,738)**
Financial liabilities held for trading	(9,835)	4,468
Other financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at amortized cost	(4,592)	(12,931)
Other operating liabilities	364	(275)
Collection/Payments for income tax	**(974)**	**(751)**
CASH FLOWS FROM INVESTING ACTIVITIES [2]	**(3,101)**	**(239)**
Investment	**6,957**	**1,811**
Tangible assets	517	167
Intangible assets	498	353
Investments	4,895	77
Subsidiaries and other business units	-	-
Non-current assets held for sale and associated liabilities	1,047	1,154
Held-to-maturity investments	-	60
Other settlements related to investing activities	-	-
Divestments	**3,856**	**1,572**
Tangible assets	28	12
Intangible assets	-	-
Investments	1,359	67
Subsidiaries and other business units	-	-
Non-current assets held for sale and associated liabilities	2,030	640
Held-to-maturity investments	439	853
Other collections related to investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES [3]	**168**	**(3,774)**

CASH FLOWS STATEMENTS (Continued)	Millions of Euros December 2013	 December 2012
CASH FLOWS FROM FINANCING ACTIVITIES [(3)]	**168**	**(3,774)**
Investment	**3,735**	**6,348**
Dividends	1,313	1,279
Subordinated liabilities	88	2,360
Treasury stock amortization	-	-
Treasury stock acquisition	2,325	2,573
Other items relating to financing activities	9	136
Divestments	**3,903**	**2,574**
Subordinated liabilities	1,559	-
Common stock increase	-	-
Treasury stock disposal	2,344	2,574
Other items relating to financing activities	-	-
EQUIVALENTS [(4)]	**27**	**(1)**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS	**1,006**	**(2,550)**
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**11,079**	**13,629**
CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	**12,085**	**11,079**

COMPONENTS OF CASH AND EQUIVALENTS AT END OF THE PERIOD	Millions of Euros December 2013	 December 2012
Cash	659	587
Balance of cash equivalent in central banks	11,426	10,492
Other financial assets	-	-
Less: Bank overdraft refundable on demand	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	**12,085**	**11,079**

APPENDIX XI Information on data derived from the special accounting registry

Information required pursuant to Circular 5/2011 of the Bank of Spain is indicated as follows.

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 remainder 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.

Quantitative information on activities in the mortgage market

The quantitative information on activities in the mortgage market required by Bank of Spain Circular 5/2011 is shown below.

b.1) Assets operation

		Millions of Euros	
Mortgage loans. Eligibility for the purpose of the mortgage market.		**2013**	**2012**
Nominal value of outstanding loans and mortgage loans	(A)	108,962	101,350
Minus: Nominal value of all outstanding loans and mortgage loans that form part of the portfolio, but have been mobilized through mortgage bond holdings or mortgage transfer certificates.	(B)	(21,551)	(17,605)
Nominal value of outstanding loans and mortgage loans, excluding securitized loans	**(A)-(B)**	**87,411**	**83,745**
Of which:			
Loans and mortgage loans which would be eligible if the calculation limits set forth in Article 12 of Spanish Royal Decree 716/2009 were not applied.	(C)	58,742	69,598
Minus: Loans and mortgage loans which would be eligible but, according to the criteria set forth in Article 12 of Spanish Royal Decree 716/2009, cannot be used to collateralize any issuance of mortgage bonds.	(D)	(3,590)	(5,833)
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)**	**55,152**	**63,765**
Issuance limit: 80% of eligible loans and mortgage loans that can be used as collateral	(E)	44,122	51,012
Issued mortgage-covered bonds	**(F)**	**40,865**	**50,063**
		39,169	**47,295**
Capacity to issue mortgage-covered bonds (*)	(E)-(F)	3,257	949
Memorandum items:			
Percentage of overcollateralization across the portfolio		214%	167%
Percentage of overcollateralization across the eligible used portfolio		135%	127%
Nominal value of available sums (committed and unused) from all loans and mortgage loans.		1,633	988
Of which:			
Potentially eligible		1,365	940
Ineligible		268	48
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.		23,698	14,147
Nominal value of the replacement assets subject to the issue of mortgage-covered bonds.		-	-

		Millions of Euros	
Mortgage loans. **Eligibility for the purpose of the mortgage market.**		**2013**	**2012**
Total loans	(1)	**108,962**	**101,350**
Issued mortgage participations	(2)	**12**	**-**
Of which: recognized on the balance sheet			**-**
Issued mortgage transfer certificates	(3)	**21,539**	**17,605**
Of which: recognized on the balance sheet		21,492	17,605
Mortgage loans as collateral of mortgages bonds	(4)		**-**
Loans supporting the issuance of mortgage-covered bonds	1-2-3-4	**87,411**	**83,745**
Non elegible loans		28,669	14,147
Comply requirements to be elegible except the limit provided for under the article 5.1 of the Spanish Royal Decree 716/2009		23,698	14,147
Rest		**4,971**	**-**
Elegible loans		58,742	69,598
That can not be used as collateral for issuances		3,590	5,833
That can be used as collateral for issuances		55,152	63,765
Loans used to collateralize mortgage bonds		-	-
Loans used to collateralize mortgage-covered bonds		55,152	63,765

Mortgage loans. Classification of the nominal values according to different characteristics	Millions of Euros 2013 Total mortgage loans	2013 Elegibles (*)	2013 Elegibles that can be used as collateral for issuances (**)	2012 Total mortgage loans	2012 Elegibles (*)	2012 Elegibles that can be used as collateral for issuances (**)
TOTAL	**87,411**	**58,742**	**55,152**	**83,745**	**69,598**	**63,765**
By source of the operations						
Originated by the bank	78,194	49,963	46,460	72,881	59,172	53,434
Subrogated by other institutions	1,153	1,026	1,019	1,400	1,313	1,301
Rest	8,064	7,753	7,673	9,464	9,113	9,030
By Currency						
In euros	87,033	58,557	54,977	83,745	69,598	63,765
In foreign currency	378	185	175	-	-	-
By payment situation						
Normal payment	65,459	48,784	47,690	77,776	66,095	63,400
Other situations	21,952	9,958	7,462	5,969	3,503	365
By residual maturity						
Up to 10 years	17,574	10,640	9,155	15,517	12,524	10,445
10 to 20 years	25,736	20,278	19,400	24,185	21,845	20,773
20 to 30 years	27,956	19,962	18,957	29,016	25,153	22,888
Over 30 years	16,145	7,862	7,640	15,027	10,076	9,659
By Interest Rate						
Fixed rate	2,706	947	731	2,509	1,872	1,482
Floating rate	84,705	57,795	54,421	81,236	67,726	62,283
Mixed rate	-	-	-	-	-	-
By Target of Operations						
For business activity	21,414	8,042	5,204	19,844	14,665	9,739
From w ich: public housing	10,345	3,574	1,245	10,075	7,043	2,789
For households	65,997	50,700	49,948	63,901	54,933	54,026
By type of guarantee						
Secured by completed assets/buildings	**80,528**	**57,156**	**54,367**	**76,790**	**65,498**	**61,380**
Residential use	71,039	53,209	50,993	68,520	59,339	55,889
From w ich: public housing	7,463	6,747	6,273	7,813	6,899	6,426
Commercial	9,182	3,947	3,374	8,049	6,159	5,491
Other	307	-	-	221	-	-
Secured by assets/buildings under construction	**2,547**	**546**	**350**	**2,871**	**1,946**	**1,319**
Residential use	2,083	411	240	2,447	1,612	1,033
From w ich: public housing	126	78	42	143	79	45
Commercial	464	135	110	424	334	286
Other	-	-	-	-	-	-
Secured by land	**4,336**	**1,040**	**435**	**4,084**	**2,154**	**1,066**
Urban	1,753	482	131	2,150	1,112	466
Non-urban	2,583	558	304	1,934	1,042	600

(*) 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

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**

	Millions of Euros				
	Loan to Value (Last available appraisal risk)				
2012 Elegible loans used to collateralize mortgage-covered bonds	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80%	Total
Home mortgages	13,820	21,594	25,736	-	**61,150**
Other mortgages	4,865	3,583			**8,448**
Total	**18,685**	**25,177**	**25,736**	**-**	**69,598**

	Millions of Euros	
	2013	
Elegible and non elegible mortgage loans. Changes of the nominal values in the period	Elegibles (*)	Non elegible
Balance at the begining	**69,598**	**14,147**
Retirements	**24,428**	**4,587**
Held-to-maturity cancellations	5,784	2,468
Anticipated cancellations	1,477	421
Subrogations to other institutions	5	1
Rest	17,162	1,697
Additions	**13,572**	**19,109**
Losses due to merger transactions	10,958	2,753
Originated by the bank	2,516	3,647
Subrogations to other institutions	12	4
Rest	86	12,705
Balance at the end	**58,742**	**28,669**

(*) Not taking into account the thresholds established by Article 12 of Spanish Royal Decree 716/2009

	Millions of Euros	
Mortgage loans supporting the issuance of mortgage-covered bonds Nominal value.	**2013**	**2012**
Potentially eligible	1,365	940
Ineligible	268	48
Total	**1,633**	**988**

b.2) Liabilities operations

	Millions of euros			
	2013		2012	
Issued Mortgage Bonds	Nominal value	Average residual maturity	Nominal value	Average residual maturity
Mortgage bonds	-		-	
Mortgage-covered bonds	40,865		50,063	
Of which:Non recognized as liabilities on balance	7,810		16,126	
	39,169		47,295	
Debt securities issued through public offer	28,027		35,107	
Residual maturity up to 1 year	6,407		6,630	
Residual maturity over 1 year and less than 2 years	3,598		7,707	
Residual maturity over 2 years and less than 3 years	4,500		3,598	
Residual maturity over 3 years and less than 5 years	6,772		11,422	
Residual maturity over 5 years and less than 10 years	4,550		3,550	
Residual maturity over 10 years	2,200		2,200	
Debt securities issued without public offer	7,227		13,735	
Residual maturity up to 1 year	200		1,745	
Residual maturity over 1 year and less than 2 years	-		11,010	
Residual maturity over 2 years and less than 3 years	-		-	
Residual maturity over 3 years and less than 5 years	150		-	
Residual maturity over 5 years and less than 10 years	2,500		830	
Residual maturity over 10 years	4,377		150	
Deposits	5,611		1,221	
Residual maturity up to 1 year	530		300	
Residual maturity over 1 year and less than 2 years	993		200	
Residual maturity over 2 years and less than 3 years	1,079		200	
Residual maturity over 3 years and less than 5 years	1,099		410	
Residual maturity over 5 years and less than 10 years	1,019		71	
Residual maturity over 10 years	891		40	
Mortgage participations				
Issued through public offer				
Issued without public offer				
Mortgage transfer certificates	21,492	287	17,605	284
Issued through public offer	21,492	287	17,605	284
Issued without public offer	-	-	-	-

Given the characteristics of the type of covered bonds issued by the Bank, there is no substituting collateral related to these issues.

The Bank does not hold any derivative financial instruments relating to mortgage bond issues, as defined in the aforementioned Royal Decree.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 60). In the event of a discrepancy, the Spanish-language version prevails.

APPENDIX XII Other requirement under Bank of Spain Circular 6/2012.

A) Quantitative information on the concentration of risk by activity.

LOANS AND ADVANCES TO CUSTOMERS BY ACTIVITY (carrying amount)

Millions of Euros

December 2013	TOTAL (*)	Of which: Mortgage loans	Of which: Secured loans	Collateralized Credit Risk. Loan to value				
				Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%
1 Government agencies	34,152	355	2,233	180	91	206	261	1,850
2 Other financial institutions	8,637	50	49	12	23	31	32	-
3 Non-financial institutions and individual entrepreneurs	133,593	31,258	16,996	15,751	9,352	9,813	7,089	6,251
3.1 Construction and property development	6,008	5,896	111	1,490	1,264	1,359	711	1,183
3.2 Construction of civil works	5,659	1,153	559	653	280	187	238	354
3.3 Other purposes	121,926	24,209	16,326	13,607	7,809	8,267	6,139	4,714
3.3.1 Large companies	74,290	8,685	3,267	4,223	2,552	1,505	1,549	2,123
3.3.2 SMEs (**) and individual entrepreneurs	47,636	15,524	13,059	9,384	5,257	6,762	4,590	2,591
4 Rest of households and NPISHs (***)	149,717	110,442	3,629	23,477	28,878	40,128	14,026	7,561
4.1 Housing	115,337	108,992	359	22,333	28,045	38,882	12,783	7,309
4.2 Consumption	29,430	464	2,965	636	500	1,056	1,123	114
4.3 Other purposes	4,950	986	305	508	333	191	120	139
SUBTOTAL	326,099	142,105	22,907	39,419	38,345	50,179	21,408	15,662
5 Less: Valuation adjustments due to impairment of assets not attributable to specific operations	2,385							
6 TOTAL	323,714	142,105	22,907					
MEMORANDUM:								
Forbereance operations	23,994	18,032	419	3,418	2,404	3,156	3,572	5,901

(*) The amounts included in this table are net of impairment losses.

(**) Small and medium enterprises.

(***) Non profit institutions serving households.

B) Quantitative information on the concentration of risk by activity and geographical areas.

Millions of Euros

December 2013	TOTAL(*)	Spain	European Union Other	America	Other
Credit institutions	62,068	15,689	28,893	8,241	9,245
Government agencies	112,738	61,343	8,797	41,629	970
Central Administration	80,847	35,255	8,291	36,540	761
Other	31,891	26,088	506	5,088	209
Other financial institutions	44,059	13,574	13,433	16,156	896
Non-financial institutions and individual entrepreneurs	175,887	77,291	21,687	71,360	5,549
Construction and property development	13,019	8,440	159	4,419	0
Construction of civil works	8,886	4,293	2,056	2,455	82
Other purposes	153,983	64,558	19,472	64,486	5,467
Large companies	98,967	43,550	16,841	33,949	4,626
SMEs and individual entrepreneurs	55,016	21,008	2,631	30,537	841
Other households and NPISHs	152,003	88,414	3,775	59,512	302
Housing	115,341	82,130	2,788	30,199	224
Consumer	29,604	2,640	492	26,469	3
Other purposes	7,058	3,645	494	2,844	75
SUBTOTAL	546,756	256,311	76,585	196,898	16,961
Less: Valuation adjustments due to impairment of assets not attributable to specific operations	2,698	-	-	-	-
TOTAL	**544,058**	**256,311**	**76,585**	**196,898**	**16,961**

(*) 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.

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.

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

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

- Cash flows: Inflows and outflows of cash and equivalents. Operating activities: The typical activities of credit institutions and other activities that cannot be classified as investment or financing activities.
- Investing activities: The acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents or in operating activities.
- Financing activities: Activities that result in changes in the size and composition of the Group's equity and of liabilities that do not form part of operating activities.</td></tr>
<tr><td>Consolidated statements of changes in equity</td><td>The consolidated statements of changes in equity reflect all the movements generated in each year in each of the headings of the consolidated equity, including those from transactions undertaken with shareholders when they act as such, and those due to changes in accounting criteria or corrections of errors, if any. The applicable regulations establish that certain categories of assets and liabilities are recognized at their fair value with a charge to equity. These charges, known as "Valuation adjustments" (see Note 31), are included in the Group's total consolidated equity net of tax effect, which has been recognized as deferred tax assets or liabilities, as appropriate.</td></tr>
<tr><td>Consolidated statements of recognized income and expenses</td><td>The consolidated statements of recognized income and expenses reflect the income and expenses generated each year. Such statement distinguishes between income and expenses recognized in the consolidated income statements and "Other recognized income (expenses)" recognized directly in consolidated equity. "Other recognized income (expenses)" include the changes that have taken place in the year in the "Valuation adjustments" broken down by item.

The sum of the changes to the heading "Valuation adjustments" of the consolidated total equity and the consolidated profit for the year comprise the "Total recognized income/expenses of the year".</td></tr>
<tr><td>Contingencies</td><td>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.</td></tr>
<tr><td>Contingent liabilities</td><td>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.</td></tr>
</table>

Contingent risks	Transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts.
Control	An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. An investor controls an investee if and only if the investor has all the following: a) Power ; An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, ie the activities that significantly affect the investee's returns. b) Returns; An investor is exposed, or has rights, to variable returns from its involvement with the investee when the investor's returns from its involvement have the potential to vary as a result of the investee's performance. The investor's returns can be only positive, only negative or both positive and negative. c) Link between power and returns; An investor controls an investee if the investor not only has power over the investee and exposure or rights to variable returns from its involvement with the investee, but also has the ability to use its power to affect the investor's returns from its involvement with the investee.
Correlation risk	Correlation risk is related to derivatives whose final value depends on the performance of more than one underlying asset (primarily, stock baskets) and indicates the existing variability in the correlations between each pair of assets.
Credit Valuation Adjustment (CVA)	An adjustment to the valuation of OTC derivative contracts to reflect the creditworthiness of OTC derivative counterparties.
Current service cost	Current service cost is the increase in the present value of a defined benefit obligation resulting from employee service in the current period.
Current tax assets	Taxes recoverable over the next twelve months.
Current tax liabilities	Corporate income tax payable on taxable profit for the year and other taxes payable in the next twelve months.
Debt certificates	Obligations and other interest-bearing securities that create or evidence a debt on the part of their issuer, including debt securities issued for trading among an open group of investors, that accrue interest, implied or explicit, whose rate, fixed or benchmarked to other rates, is established contractually, and take the form of securities or book-entries, irrespective of the issuer.
Debit Valuation Adjustment (DVA)	An adjustment made by an entity to the valuation of OTC derivative liabilities to reflect within fair value the entity's own credit risk.
Deferred tax assets	Taxes recoverable in future years, including loss 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, are not received from either central banks or credit entities. This category also includes cash deposits and consignments received that can be readily withdrawn.
Diluted earnings per share	This calculation is similar to that used to measure basic earnings per share, except that the weighted average number of shares outstanding is adjusted to reflect the potential dilutive effect of any stock options, warrants and convertible debt instruments outstanding the year. For the purpose of calculating diluted earnings per share, an entity shall assume the exercise of dilutive warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price of ordinary shares during the period shall be treated as an issue of ordinary shares for no consideration. Such shares are dilutive and are added to the number of ordinary shares outstanding in the calculation of diluted earnings per share.
Early retirements	Employees that no longer render their services to the entity but which, without being legally retired, remain entitled to make economic claims on the entity until they formally retire.
Economic capital	Eligible capital for regulatory capital adequacy calculations.

Economic profit	This metric measures the part of attributable adjusted profit (attributable profit + adjustment for expected loss, net income and valuation) in excess of the cost of equity employed, and measures the profits generated in excess of market expectations of returns on equity capital. This is used at the management level; for annual public reporting; for incentives in some operating segments; and in the Group's value map.
Effective interest rate	Discount rate that exactly equals the value of a financial instrument with the cash flows estimated over the expected life of the instrument based on its contractual period as well as its anticipated amortization, but without taking the future losses of credit risk into consideration.
Employee expenses	All compensation accrued during the year in respect of personnel on the payroll, under permanent or temporary contracts, irrespective of their jobs or functions, irrespective of the concept, including the current costs of servicing pension plans, own share based compensation schemes and capitalized personnel expenses. Amounts reimbursed by the state Social Security or other welfare entities in respect of employee illness are deducted from personnel expenses.
Equity	The residual interest in an entity's assets after deducting its liabilities. It includes owner or venturer contributions to the entity, at incorporation and subsequently, unless they meet the definition of liabilities, and accumulated net profits or losses, fair value adjustments affecting equity and, if warranted, non-controlling interests.
Equity instruments	An equity instrument that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
Equity Method	Is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor’s share of the investee’s net assets. The investor’s profit or loss includes its share of the investee’s profit or loss and the investor’s other comprehensive income includes its share of the investee’s other comprehensive income.
Exchange/translation differences	Exchange differences (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.
Exposure at default	EAD is the amount of risk exposure at the date of default by the counterparty.
Fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hedges	Derivatives that hedge the exposure to changes in the fair value of assets and liabilities or firm commitments that have not be recognized, or of an identified portion of said assets, liabilities or firm commitments, attributable to a specific risk, provided it could affect the income statement.
Fees	See Commissions, fees and similar items
Financial guarantees	Contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument, irrespective of its instrumentation. These guarantees may take the form of deposits, technical or financial guarantees, insurance contracts or credit derivatives.
Financial instrument	A financial instrument is any contract that gives rise to a financial asset of one entity and to a financial liability or equity instrument of another entity.
Financial liabilities at amortized cost	Financial liabilities that do not meet the definition of financial liabilities designated at fair value through profit or loss and arise from the financial entities' ordinary activities to capture funds, regardless of their instrumentation or maturity.
Full consolidation method	Method used for the consolidation of the accounts of the Group's subsidiaries. The assets and liabilities of the Group entities are incorporated line-by-line on the consolidate balance sheets, after conciliation and the elimination in full of intragroup balances, including amounts payable and receivable. Group entity income statement income and expense headings are similarly combined line by line into the consolidated income statement, having made the following consolidation eliminations: a) income and expenses in respect of intragroup transactions are eliminated in full. b) profits and losses resulting from intragroup transactions are similarly eliminated. The carrying amount of the parent's investment and the parent's share of equity in each subsidiary are eliminated.
Gains or losses on financial assets and liabilities, net	This heading reflects fair value changes in financial instruments - except for changes attributable to accrued interest upon application of the interest rate method and asset impairment losses (net) recognized in the income statement - as well as gains or losses generated by their sale - except for gains or losses generated by the disposal of investments in subsidiaries, jointly controlled entities and associates an of securities classified as held to maturity.
Goodwill	Goodwill acquired in a business combination represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not able to be individually identified and separately recognized.
Hedges of net investments in foreign operations	Foreign currency hedge of a net investment in a foreign operation.

Hedging derivatives	Derivatives designated as hedging instruments in an accounting hedge. The fair value or future cash flows of those derivatives is expected to offset the differences in the fair value or cash flows of the items hedged.
Held-to-maturity investments	Held-to-maturity investments are financial assets traded on an active market, with fixed maturity and fixed or determinable payments and cash flows that an entity has the positive intention and financial ability to hold to maturity.
Held for trading (assets and liabilities)	Financial assets and liabilities acquired or incurred primarily for the purpose of profiting from variations in their prices in the short term. This category also includes financial derivatives not qualifying for hedge accounting, and in the case of borrowed securities, financial liabilities originated by the firm sale of financial assets acquired under repurchase agreements or received on loan ("short positions").
Impaired/doubtful/non-performing portfolio	Financial assets whose carrying amount is higher than their recoverable value, prompting the entity to recognize the corresponding impairment loss.
Impaired financial assets	A financial asset is deemed impaired, and accordingly restated to fair value, when there is objective evidence of impairment as a result of one or more events that give rise to: - A measurable decrease in the estimated future cash flows since the initial recognition of those assets in the case of debt instruments (loans and receivables and debt securities). - A significant or prolonged drop in fair value below cost in the case of equity instruments.
Income from equity instruments	Dividends and income on equity instruments collected or announced during the year corresponding to profits generated by investees after the ownership interest is acquired. Income is recognized gross, i.e., without deducting any withholdings made, if any.
Insurance contracts linked to pensions	The fair value of insurance contracts written to cover pension commitments.
Inventories	Assets, other than financial instruments, under production, construction or development, held for sale during the normal course of business, or to be consumed in the production process or during the rendering of services. Inventories include land and other properties held for sale at the real estate development business.
Investment properties	Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for own use or sale in the ordinary course of business.

Joint arrangement	An arrangement of which two or more parties have joint control.
Joint control	The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
Joint venture	A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venturer shall recognise its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.
Leases	A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time, a stream of cash flows that is essentially equivalent to the combination of principal and interest payments under a loan agreement. a) A lease is classified as a finance lease when it substantially transfers all the risks and rewards incidental to ownership of the asset forming the subject-matter of the contract. b) A lease will be classified as operating lease when it is not a financial lease.
Liabilities associated with non-current assets held for sale	The balance of liabilities directly associated with assets classified as non-current assets held for sale, including those recognized under liabilities in the entity's balance sheet at the balance sheet date corresponding to discontinued operations.
Liabilities under insurance contracts	The technical reserves of direct insurance and inward reinsurance recorded by the consolidated entities to cover claims arising from insurance contracts in force at period-end.
Loans and advances to customers	Loans and receivables, irrespective of their type, granted to third parties that are not credit entities.
Loans and receivables	Financial instruments with determined or determinable cash flows and in which the entire payment made by the entity will be recovered, except for reasons attributable to the solvency of the debtor. This category includes both the investments from the typical lending activity (amounts of cash available and pending maturity by customers as a loan or deposits lent to other entities, and unlisted debt certificates), as well as debts contracted by the purchasers of goods, or users of services, that form part of the entity's business. It also includes all finance lease arrangements in which the consolidated subsidiaries act as lessors.
Loss given default (LGD)	It is the estimate of the loss arising in the event of default. It depends mainly on the characteristics of the counterparty, and the valuation of the guarantees or collateral associated with the asset.
Mortgage-covered bonds	Financial asset or security created from mortgage loans and backed by the guarantee of the mortgage loan portfolio of the entity.

Non-controlling interests	The 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.
Non-current assets held for sale	A non-current asset or disposal group, whose carrying amount is expected to be realized through a sale transaction, rather than through continuing use, and which meets the following requirements: a) it is immediately available for sale in its present condition at the balance sheet date, i.e. only normal procedures are required for the sale of the asset b) the sale is considered highly probable.
Non-monetary assets	Assets and liabilities that do not provide any right to receive or deliver a determined or determinable amount of monetary units, such as tangible and intangible assets, goodwill and ordinary shares subordinate to all other classes of capital instruments.
Non performing contingent risk	The balance of non performing risks, whether for reasons of default by customers or for other reasons as detailed in section II of Annex IX of Bank of Spain Circular 04/2004, for contingent risks. This figure is shown gross: in other words, it is not adjusted for value corrections (loan loss reserves) made.
Non Performing Loans (NPL)	The balance of non performing risks, whether for reasons of default by customers or for other reasons as detailed in section II of Annex IX of Bank of Spain Circular 04/2004, for exposures on balance loans to customers. This figure is shown gross: in other words, it is not adjusted for value corrections (loan loss reserves) made.
NPA Coveraged ratio	Impairment allowances (generic, specific and country risk allowance) as a percentage of the non performing assets (the sum of impaired loans and advances to customers and impaired contingent liabilities to customers).
NPA ratio	Represents the sum of impaired loans and advances to customers and impaired contingent liabilities to customers divided by the sum of Loans and advances to customers and Contingent liabilities to customers.
Other equity instruments	This heading reflects the increase in equity resulting from various forms of owner contributions, retained earnings, restatements of the financial statements and valuation adjustments.

Other financial assets/liabilities at fair value through profit or loss	Instruments designated by the entity from the inception at fair value with changes in profit or loss. An entity may only designate a financial instrument at fair value through profit or loss, if doing so more relevant information is obtained, because: a. It eliminates or significantly reduces a measurement or recognition inconsistency (sometimes called "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. It might be acceptable to designate only some of a number of similar financial assets or financial liabilities if doing so a significant reduction (and possibly a greater reduction than other allowable designations) in the inconsistency is achieved. b. The performance of a group of financial assets or financial liabilities is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity´s key management personnel. These are financial assets managed jointly with “Liabilities under insurance contracts” measured at fair value, in combination with derivatives written with a view to significantly mitigating exposure to changes in these contracts' fair value, or in combination with financial liabilities and derivatives designed to significantly reduce global exposure to interest rate risk. These headings include customer loans and deposits effected via so-called unit-linked life insurance contracts, in which the policyholder assumes the investment risk.
Own/treasury shares	The amount of own equity instruments held by the entity.
Past service cost	It is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.
Post-employment benefits	Retirement benefit plans are arrangements whereby an enterprise provides benefits for its employees on or after termination of service.
Probability of default (PD)	It is the probability of the counterparty failing to meet its principal and/or interest payment obligations.
Property, plant and equipment/tangible assets	Buildings, land, fixtures, vehicles, computer equipment and other facilities owned by the entity or acquired under finance leases.
Provisions	Provisions include amounts recognized to cover the Group’s current obligations arising as a result of past events, certain in terms of nature but uncertain in terms of amount and/or cancellation date.

Provisions for contingent liabilities and commitments	Provisions recorded to cover exposures arising as a result of transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts, and provisions for contingent commitments, i.e., irrevocable commitments which may arise upon recognition of financial assets.
Provision for credit losses	Provisions recognized during the year, net of recoveries on amounts provisioned in prior years, with the exception of provisions for pensions and contributions to pension funds which constitute current or interest expense.
Provisions for pensions and similar obligation	Constitutes all provisions recognized to cover retirement benefits, including commitments assumed vis-à-vis beneficiaries of early retirement and analogous schemes.
Public-covered bonds	Financial asset or security created from public loans and backed by the guarantee of the public debt portfolio of the entity.
Refinancing Operation	An operation which, irrespective of the holder or guarantees involved, is granted or used for financial or legal reasons related to current or foreseeable financial difficulties that the holder(s) may have in settling one or more operations granted by the entity itself or by other companies in its group to the holder(s) or to another company or companies of its group, or through which such operations are totally or partially brought up to date with their payments, in order to enable the holders of the settled or refinanced operations to pay off their debt (principal and interest) because they are unable, or are expected to be unable, to meet the conditions in a timely and appropriate manner.
Renewal Operation	An operation arranged to replace another one granted previously by the entity itself, when the borrower is not experiencing financial difficulties, and is not expected to experience them in the future, i.e. the operation is arranged for reasons other than refinancing.
Restructured Operation	An operation whose financial conditions are modified for economic or legal reasons related to the holder's (or holders') current or foreseeable financial difficulties, in order to enable payment of the debt (principal and interest), because the holder is unable, or is expected to be unable, to meet those conditions in a timely and appropriate manner, even if such modification is provided for in the contract. In any event, the following are considered restructured operations: operations in which a haircut is made or assets are received in order to reduce the debt, or in which their conditions are modified in order to extend their maturity, change the amortization table in order to reduce the amount of the installments in the short term or reduce their frequency, or to establish or extend the grace period for the principal, the interest or both; except when it can be proved that the conditions are modified for reasons other than the financial difficulties of the holders and, are similar to those applied on the market on the modification date for operations granted to customers with a similar risk profile.
Refinanced Operation	An operation which is totally or partially brought up to date with its payments as a result of a refinancing operation made by the entity itself or by another company in its group.

Renegotiated Operation	An operation whose financial conditions are modified when the borrower is not experiencing financial difficulties, and is not expected to experience them in the future, i.e. the conditions are modified for reasons other than restructuring.
Reserves	Accumulated net profits or losses recognized in the income statement in prior years and retained in equity upon distribution. Reserves also include the cumulative effect of adjustments recognized directly in equity as a result of costs in the issue or reduction of own equity instruments, sale of own equity instruments, actuarial gains on pension plans and the retroactive restatement of the financial statements due to changes in accounting policy and the correction of errors.
Securitization fund	A fund that is configured as a separate equity and administered by a management company. An entity that would like funding sells certain assets to the securitization fund, which, in turn, issues securities backed by said assets.
Separate vehicle	A separately identifiable financial structure, including separate legal entities or entities recognised by statute, regardless of whether those entities have a legal personality.
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.
Significant influence	Is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If an entity holds, directly or indirectly (eg through subsidiaries), 20 per cent or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the entity holds, directly or indirectly (eg through subsidiaries), less than 20 per cent of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence. The existence of significant influence by an entity is usually evidenced in one or more of the following ways: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the entity and its investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

Structured Entities	A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: a) restricted activities. b) a narrow and well-defined objective, such as to effect a tax-efficient lease, carry out research and development activities, provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors. c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support. d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).
Subordinated liabilities	Financing received, regardless of its instrumentation, which ranks after the common creditors in the event of a liquidation.
Subsidiaries	Companies over which the Group exercises control. An entity is presumed to have control over another when it possesses the right to oversee its financial and operational policies, through a legal, statutory or contractual procedure, in order to obtain benefits from its economic activities. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of an entity's voting power, unless, exceptionally, it can be clearly demonstrated that ownership of more than one half of an entity's voting rights does not constitute control of it. Control also exists when the parent owns half or less of the voting power of an entity when there is: a) an agreement that gives the parent the right to control the votes of other shareholders; b) power to govern the financial and operating policies of the entity under a statute or an agreement; power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; c) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.
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.

Grupo BBVA

Management report for the year ended December 31, 2013

Grupo BBVA

Management report for the year 2013

1. The BBVA Group. Highlights

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 Banco Bilbao Vizcaya Argentaria Group (the "Group" or "BBVA Group") is an internationally diversified financial group with a significant presence in traditional retail banking, asset management, private banking and wholesale banking.

The financial information included in this management report is presented in accordance with the criteria established by the International Financial Reporting Standards approved by the European Union (EU-IFRS) and taking into account Bank of Spain Circular 4/2004, and its subsequent amendments, as well as other provisions of the regulatory framework on financial reporting applicable to the Group.

The most relevant data and ratios of the BBVA Group as of December 31, 2013 and 2012 are as follows:

	Millions of Euros		
BBVA Group Highlights	**2013**	**2012**	**% Change**
Balance sheet (Millions Euros)			
Total assets	582,575	621,072	(6.2)
Total lending (gross)	336,759	354,973	(5.1)
Customer deposits	300,490	282,795	6.3
Other customer funds	74,676	98,070	(23.9)
Total equity	44,850	43,802	2.4
Income statement			
Net interest income	13,900	14,474	(4.0)
Gross income	20,958	21,824	(4.0)
Operating income	10,162	11,450	(11.2)
Income before tax	1,160	1,582	(26.7)
Net attributable profit	2,228	1,676	32.9
Data per share and share performance ratios			
Share price (euros)	8.95	6.96	28.6
Market capitalization (Millions Euros)	51,773	37,924	36.5
Net attributable profit per share (euros) (1)	0.39	0.31	26.9
Book value per share (euros)	8.18	8.04	1.8
P/BV (Price/book value; times)	1.09	0.9	
Capital adecuacy ratios (%)			
BIS Ratio	14.9	13.0	
Tier I	12.2	10.8	
Core capital	11.6	10.8	
Other information			
Number of shares (millions)	5,786	5,449	6.2
Number of shareholders	974,395	1,012,864	(3.8)
Number of employees (2)	109,305	115,852	(5.7)
Number of branches (2)	7,512	7,978	(5.8)
Number of ATMs (2)	20,415	20,177	1.2

2. Economic environment in 2013

The global economy closed 2013 with growth of 3%, a few tenths of a percentage point below the figure for 2012. The slowdown has been caused by the weakness of developed economies for most of the year, particularly in Europe, as emerging markets continued to grow at a relatively strong pace. However, this trend began to change halfway through the year, when there has been a significant improvement in the global mood, above all after Europe began to show some signs of recovery and of emerging from the recession.

The financial markets also performed better in 2013 than the previous year. Europe has not been a source of systemic financial tension, and confidence in the currency has been restored. The euro has emerged strengthened after the reforms adopted and the commitment to move toward banking union in the zone. In contrast, there have been some difficulties in the United States in reaching long-term agreements to resolve the fiscal deficit crisis, leading to the "fiscal cliff" at the start of the year (with the resulting rise in taxation and general reduction in public spending) and the temporary shutdown of the federal government in the fall. Globally, markets (particularly assets in emerging markets) have been affected by the announcement by the Federal Reserve that it was considering easing off its monetary expansion policy in a process known as "tapering". As a result, global financial conditions are now tighter, and emerging countries have been affected by reductions in asset prices, capital outflows and currency depreciation.

The recession that hit Europe in 2012 (a GDP fall of 0.6% year-on-year) extended through much of 2013, so this year as a whole the European economy has declined by around 0.5%. However, its tone has improved steadily over the year. A positive feature of the process of European recovery is that it has taken place across the board, i.e. not only limited to core countries. In fact, the peripherals have also improved their economic activity and some have even emerged from the recession and posted positive growth rates. Two factors lie behind this improvement. One is that the process of fiscal consolidation has been less of a drain on the economy following the relaxation of the fiscal targets. The second reason is that financial tensions have been kept tightly in check, despite the existence of various factors that could have generated a widening of spreads. It is also worth noting that part of the improvement in confidence with respect to the euro has come from the efforts to improve governance in Europe; in particular, the attempts to create a real banking union on which the European authorities have been working throughout 2013 and which will be established over various stages over the next few years. In any event, the situation remains fragile, and that is why the European Central Bank (ECB), which has also taken into account the very low rate of inflation and a high level of financial fragmentation, has decided to lower interest rates to record lows. It has also stated that it is ready to consider further measures to provide liquidity to the financial system in the long term, were it to prove necessary. This latter point will hinge greatly upon a test of the soundness of the European banking system in 2014, both in terms of the quality of its capital and resilience to stress scenarios.

In the latter part of 2013 the Spanish economy put an end to the long period of recession that has led it to accumulate a further year-on-year fall of 1.3%. The incipient recovery is based on sustained growth in exports and on a less contractionary domestic demand. The fiscal consolidation targets have been relaxed, while market confidence has improved. As a result, there has been no major financial tension, spreads have narrowed significantly and the economy has opened up to international financial flows. Even so, the recovery has started from a low point, particularly in terms of unemployment, which is still over 25% of the active population.

Economic activity in the United States has also gained strength during 2013, although the less positive figures at the start of the year have led to a slowdown in GDP in year-on-year terms from 2.8% in 2012 to slightly below 2%. Nonetheless, the trend is positive. Consumption and residential mortgage lending remain solid, while in the labor market employment continues its moderate growth, and thus unemployment is falling. However, uncertainty has continued to affect the economy, in particular due to doubts about how soon the authorities were going to limit the expansive tone of fiscal and monetary policies.

In fiscal policy, negotiations have continued throughout the year to achieve a comprehensive plan that can address fiscal consolidation with a long-term perspective. This has increased uncertainty and led to a partial shutdown of the federal government in the fall, although in the end the impact on the economy has been limited.

In monetary policy, tapering has been accompanied by an upturn in market interest rates in the United States, which limited the strength of investment in housing. This is despite the fact that the Fed has been very clear that this process would only be introduced if the economy continued on a path of sustained growth. In the end, the start of tapering has been postponed until January 2014, and the Fed has been particularly careful to emphasize its intention of keeping interest rates firmly anchored at low levels until it is sure that the improvement underway is sustainable and strong.

For emerging economies, 2013 has been similar to 2012, with some occasional exceptions. Overall, growth in Latin America has remained at around 2.5%, with the slowdown of the Mexican economy being offset by the partial recovery of Brazil. At the same time, the Asia/Pacific region has once more registered growth at a few tenths of a percentage point above 5% (or around 3.5% excluding China).

However, the positive growth data cannot conceal the fact that the region has been affected by the volatility derived from the announcement of a possibly lower pace of monetary expansion of the United States. The result has been reductions in its asset prices, currency depreciations and capital outflows, hitting countries particularly hard according to the structural weaknesses of their economies and their short-term foreign-currency financing needs. Part of these capital outflows were reversed once the Fed conveyed more information on its plans.

Trends in exchange rates

Throughout this year, currency movements have been determined by expectations of the withdrawal of monetary stimuli by the main central banks and its impact on global liquidity. Thus, the liquidity injections by the Fed and the Bank of Japan maintained the trend for appreciation of most currencies, with a significant impact on the Group's financial statements in the initial months of the year. The only exceptions are the Argentinean peso, the Venezuelan bolivar fuerte (which suffered a devaluation in February) and, to a lesser extent, the U.S. dollar.

However, starting in May 2013 the Fed raised the prospect of a reduction of monetary stimuli. This factor led to a reversal of part of the capital flows that had been entering emerging markets over recent years, with the resulting depreciation of their currencies. In contrast, the reduction in financial tensions in the Eurozone meant that the area became one of the major recipients of flows, leading to a further appreciation of the euro in the second half of 2013.

In all, in terms of final exchange rates the euro has appreciated against the main currencies in both developed and emerging countries. In terms of average exchange rates, there has also been a general appreciation of the euro against nearly all of the currencies that affect the Group's financial statements, except for the Mexican peso (whose rate remained practically stable, as can be seen in the accompanying table). In short, the impact of currencies is negative on both the income statement and the BBVA Group's balance sheet and activity.

In 2014 the dollar is expected to appreciate slightly against the euro, and in general, against the currencies of emerging regions. This appreciation could be more pronounced against the currencies of countries with less solid fundamentals. Moreover, a devaluation of the Venezuelan bolivar is expected in the first quarter of 2014, similar to that in February 2013.

	Average Exchange Rates			Year-End Exchange Rates		
Currency	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
Mexican peso	16.96	16.90	17.29	18.07	17.18	18.05
U.S.dollar	1.33	1.29	1.39	1.38	1.32	1.29
Argentine peso	7.28	5.84	5.75	8.99	6.48	5.57
Chilean peso	658.33	625.00	672.04	722.54	633.31	674.76
Colombian peso	2,481.39	2,309.47	2,570.69	2,659.57	2,331.00	2,512.56
Peruvian new sol	3.59	3.39	3.83	3.85	3.37	3.49
Venezuelan bolivar	8.05	5.52	5.98	8.68	5.66	5.56
Turkish lira	2.53	2.31	2.34	2.96	2.36	2.44
Chinese Yuan	8.16	8.11	8.99	8.35	8.22	8.16

Relevant events: the banking system

In Europe the financial systems have strengthened their capital and liquidity positions overall. The progress made in the Single Supervisory Mechanism and, in general, in the consensus on banking union has reduced tension and also market fragmentation to some extent. On October 23, the ECB started the process of a comprehensive assessment of the balance sheets of the nearly 130 banks it will supervise in the second half of 2014. The results of this process will be of great importance in allaying doubts about the solvency of the European banking system, recovering investor confidence and quantifying the problems inherited from the crisis, which will have to be resolved at national level.

The latest European agreements, concluded at the December ECOFIN, have meant significant progress has been made in areas such as a single resolution authority, the single resolution fund, and bringing forward the implementation date of the bail-in agreements to 2016. However, it is a process which has its risks, particularly in terms of its implementation.

In Spain, the process of restructuring the financial system has been practically completed. Moreover, at the start of January 2014, the program of European financial assistance to the Spanish banks came to a close. All the banks that needed capital have been recapitalized, the assets linked to the real-estate sector have been transferred to the asset management company SAREB, a process for managing hybrid instruments has been implemented and the framework of governance, regulation and supervision in the sector has been reinforced. In addition, the aforementioned improvement in the financial markets has made it possible for Spanish banks to raise money on the wholesale markets. Lastly, there has been a reduction in net use of ECB liquidity. At the close of November 2013 the amount borrowed amounted to €220,000 million, down from a high of around €400,000 million in the summer of 2012.

3. Summarized consolidated income statements

The Group's summarized consolidated income statements for 2013 and 2012 are given below. Because of the agreements for the sale of the pension business in Latin America (mentioned above), earnings from this activity are classified under discontinued operations in the income statements for 2013 and also for 2012, for comparison purposes.

	Millions of Euros		
BBVA Group Interim Consolidated Income Statements	**2013**	**2012**	**% Change**
NET INTEREST INCOME	**13,900**	**14,474**	**(4.0)**
Dividend income	235	390	(39.7)
Share of profit or loss of entities accounted for using the equity method	694	1,039	(33.2)
Net fees and commissions	4,250	4,156	2.3
Net gains (losses) on financial assets and liabilities and net exchange differences	2,511	1,705	47.3
Other operating income and expenses	(632)	60	n.m.
GROSS INCOME	**20,958**	**21,824**	**(4.0)**
Operating expenses	(10,796)	(10,374)	4.1
Administratiion costs	(9,701)	(9,396)	3.2
Personnel expenses	(5,588)	(5,467)	2.2
General and administrative expenses	(4,113)	(3,929)	4.7
Depreciation and amortization	(1,095)	(978)	12.0
OPERATING INCOME	**10,162**	**11,450**	**(11.2)**
Impairment losses on financial assets (net)	(5,612)	(7,859)	(28.6)
Provisions (net)	(609)	(641)	(5.0)
NET OPERATING INCOME	**3,941**	**2,950**	**33.6**
Other gains (losses)	(2,781)	(1,368)	103.3
INCOME BEFORE TAX	**1,160**	**1,582**	**(26.7)**
Income tax	(46)	352	n.m.
INCOME FROM CONTINUING TRANSACTIONS	**1,114**	**1,934**	**(42.4)**
Income from discontinued transactions (net)	1,866	393	n.m.
NET INCOME	**2,981**	**2,327**	**28.1**
Net income attributed to non-controlling interests	753	651	15.7
NET INCOME ATTRIBUTED TO PARENT COMPANY	**2,228**	**1,676**	**32.9**

The explanations of the changes in the main headings of the summarized consolidated income statements are as follows:

"Net interest income" in 2013 stood at €13,900 million, down 4% on the €14,474 million posted in 2012. This heading has been affected by the negative effect of exchange rates and also by the elimination of the so-called “floor clauses”, although this has been offset to a certain extent by the improvement in funding costs, basically on the euro balance sheet, and strong activity in emerging markets. The following information should be noted in the geographical areas:

- Spain generated cumulative net interest income of €3,830 million, down 19.3% on the figure for the same period in the previous year. This negative performance has been affected by the aforementioned elimination of the floor clauses, by reduced lending activity and by an environment of low rates and, consequently, narrow spreads. However, a certain improvement has been seen in the last quarter due to good price management in new asset operations and, particularly, in the renewal of liability operations.

- The analysis of the Eurasia's earnings and activity includes the Garanti Group. Net interest income grew by 7.0% to €911 million in 2013 (€851 million in 2012). This positive trend is due basically to the favorable performance of Garanti, especially in the first half of the year, in terms of both strong activity and positive management of customer spreads.

- In Mexico, net interest income in 2013 totaled €4,484 million, up 7.7% at constant exchange rates on the €4,178 million the previous year, due to higher volumes in lending and fund gathering and good management of customer spreads.

- Net interest income in South America continues to perform strongly, benefiting from buoyant activity and the maintenance of customer spreads, combined with the effect of hyperinflation in Venezuela. In short, accumulated net interest income in the area as of December 2013 stood at €4,703 million, up 33.6% at constant exchange rates.

- In the United States, net interest income has been negatively affected by the scenario of low interest rates, which has overshadowed the positive effect of improved activity over the year. However, the trend has started to reverse in the last quarter of the year. As a result, this heading stood at €1,407 million in 2013, down 6.3% excluding the foreign-currency effect.

In 2013, the balance under the heading “Income from equity instruments” stood at €235 million, down 39.7% on the €390 million in 2012. This decline is mainly due to the suspension of dividend payments by the Telefónica group from May 2012 to November 2013.

The balance under the heading ““Share of profit or loss of entities accounted for using the equity method” in 2013 amounted to €694 million, a decrease of 33.2% on the €1,039 million registered in 2012. This year-on-year decline is due to the reduced contribution from CNCB as a result of the reclassification to “Available-for-sale financial assets” and the partial sale of the stake, as explained in Note 3 to the accompanying consolidated financial statements.

The balance under the heading “Net fees and commissions” for 2013 stood at €4,250 million, up 2.3% on the €4,156 million posted in 2012. This increase is significant considering the lower level of activity in developed markets and the coming into force of legal restrictions on the collection of certain types of fees in some geographic areas.

The balance under the headings “Net gains (losses) on financial assets and liabilities” (NTI) and “Exchange differences (net)” for 2013 amounted to €2,511 million, up 47.3% on the €1.705 million in 2012, mainly due to the Group's global markets units and adequate management of structural risks on the balance sheet.

The balance under the heading “Other operating income and expenses” for 2013 is a negative €632 million, compared with the positive €60 million in 2012. Although this heading includes the good performance of the insurance businesses in all geographical regions, it has been negatively affected by the adjustment for hyperinflation in Venezuela, which has been more negative than in previous periods, and the year-on-year increase in the contribution to deposit guarantee funds in the countries where the Group operates.

As a result of the above, “Gross income” for 2013 stood at €20,958 million, a decrease of 4.0% on the €21,824 million in 2012.

The balance of “Operating expenses” in 2013 stood at €10,796 million, up 4.1% on the €10,374 million in 2012. Continuing with the trend seen in recent years, this increase is largely underpinned by investment plans carried out in emerging economies, while in developed countries the Group's policy is still to keep expenses in check. The following are worth highlighting: the recently announced investment plan in Mexico, of around €2,700 million from 2013 to 2016, with the aim of improving customer relations and customer experience and of continuing to offer quality, innovative and specialized products; a business plan being carried out in South America to promote value generation in the region; the technological progress in customer service being made in Chile, and investment in new corporate headquarters in Mexico City and Houston. Lastly, BBVA and the Professional Soccer League have recently announced that they are extending their strategic agreement for another three years.

The following are worth highlighting in terms of number of employees, branches and ATMs:

- Staff reductions in 2013 to 109,305 employees, mainly due to the sale of the pension business in Mexico, Colombia, Peru and Chile, the Unnim integration process and the sale of BBVA Panama.

- Reduction also in the total number of the Group's branch offices in 2013, which stood at 7,512 units at the close of the year. By geographical area, the number increased in the banking business in South America, as a result of the expansion plans underway, remained stable in Mexico and decreased in the United States and in Spain, in the latter case as a result of the integration of Unnim.

- Lastly, the number of ATMs totaled 20,415 units as of December 31, 2013, up 1.2% during 2013.

This brings the Group's efficiency ratio in 2013 to 52% (48% at the close of 2012), while "Operating income" is down 11.2% to €10,162 million as of December 31, 2013.

The balance under the heading "Impairment losses on financial assets (net)" in 2013 is €5,612 million, down 28.6% on the €7,859 million registered in 2012, which included increased loan-loss provisions to address the impairment of the assets related to the real-estate sector in Spain.

The balance under the heading "Provisions expense (net)" for 2013 is €609 million, down 5.0% on the €641 million in 2012. The main components are still early retirements and, to a lesser degree, provisions for contingent liabilities, pension fund contributions and other staff commitments.

The balance of "Other gains (losses)" in 2013 is a loss of €2,718 million compared with a loss of €1,368 million in 2012. In 2013, this heading basically includes the losses on the partial sale and reclassification to the available-for-sale portfolio of the remaining stake in CNCB, the provisions made for real estate and foreclosed or acquired assets in Spain and the capital gain from the operation on the insurance portfolio between BBVA Seguros, S.A. and Scor Global Life.

As a result of the above, "Income before tax" for 2013 stood at €1,160 million, a decrease of 26.7% on the €1.582 million in 2012.

The balance of "Income tax" for 2013 stood at €46 million, compared with €352 million in 2012, due, among other items, to the recording in 2012 of income with a low or no tax rate, particularly dividends and income by the equity method.

Lastly, the balance of "Earnings from discontinued transactions (net)" amounted to €1,866 million, including the capital gains from the sale of Afore Bancomer in Mexico and the Colombia, Peru and Chile pension fund administrators, as well as the earnings posted by these companies up to the date of these sales.

"Net income attributed to non-controlling interests" for 2013 is €753 million, an increase of 15.7% on the €651 million in 2012, due basically to the growth in earnings from Venezuela and Peru.

Lastly, "Net income attributed to parent company" in 2013 totaled €2,228 million, up 32.9% on the €1,676 million in 2012.

4. Summarized consolidated balance sheets and key operational figures

The Group's summarized consolidated balance sheets as of December 31, 2013 and December 31, 2012 are shown below.

At the end of 2013, the performance of the balance sheet and business activity of the BBVA Group have been in general similar to those in previous periods. One important factor to be noted, however, is the widespread depreciation of currencies against the euro, which had an impact on the Group's financial statements, and had a negative effect on the year-on-year rates of change in the main variables.

	Millions of Euros		
ASSETS	2013	2012	% Change
CASH AND BALANCES WITH CENTRAL BANKS	34,903	35,494	(1.7)
FINANCIAL ASSETS HELD FOR TRADING	72,112	79,829	(9.7)
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	2,413	2,530	(4.6)
AVAILABLE-FOR-SALE FINANCIAL ASSETS	77,774	67,500	15.2
LOANS AND RECEIVABLES	350,945	371,347	(5.5)
Loans and advances to credit institutions	22,862	25,448	(10.2)
Loans and advances to customers	323,607	342,163	(5.4)
Debt securities	4,476	3,736	19.8
HELD-TO-MATURITY INVESTMENTS	-	10,162	n.m.
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	98	226	(56.6)
HEDGING DERIVATIVES	2,530	4,894	(48.3)
NON-CURRENT ASSETS HELD FOR SALE	2,880	4,229	(31.9)
EQUITY METHOD	4,742	10,782	(56.0)
INSURANCE CONTRACTS LINKED TO PENSIONS	-	-	n.m.
REINSURANCE ASSETS	619	50	n.m.
TANGIBLE ASSETS	7,534	7,572	(0.5)
INTANGIBLE ASSETS	6,759	7,132	(5.2)
TAX ASSETS	11,582	11,650	(0.6)
OTHER ASSETS	7,684	7,668	0.2
TOTAL ASSETS	582,575	621,072	(6.2)

As of December 31, 2013, the Group's "Total assets" stood at €582,575 million, down 6.2% on the €621,072 million as of December 31, 2012. This decline is the result of several factors. First, the negative effect of the exchange rates mentioned above. Second, lending in Spain and in CIB portfolios, especially in developing economies, continued to decline as in previous periods. This is despite the steady increase recorded in emerging countries.

As of December 31, 2013, the balance of "Loans and receivables" stood at €350,945 million, down 5.5% on the €371,347 million as of December 31, 2012.

Within this heading, the balance of "Loans and advances to credit institutions" is €22,862 million, a 10.2% decrease on December 31, 2012. The heading "Loans and advances to customers" as of December 31, 2013 totaled €323,607 million, down 5.4% on the €342,163 million posted as of December 31, 2012, but with performance varying between the geographical areas in question.

By business areas, the main trends are:

- Banking activity in Spain continues to be affected by the deleveraging process in the economy, which is still underway. Overall, gross customer lending in the area is down 7.8% year-on-year.

- Eurasia includes the Garanti Group for analysis of the area's earnings and activity. The area's loans and advances to customers (gross) as of December 31, 2013 is €28,397 million, down 6.1% on the figure for December 2012. The performance in Eurasia has been mixed, however: the wholesale segment in Europe and Asia contrasts with the retail portfolio, mainly focused on BBVA's stake in Garanti. Wholesale client portfolios in the region are down, while steady growth continues in lending to the retail segment, and specifically lending in Garanti. Excluding the negative effect of the exchange rate, Garanti registered growth of 27.6% in loans in liras and of 9.7% in its foreign currency portfolio, related to project finance.

- Mexico has maintained a good rate of growth, largely stemming from wholesale portfolios, which are up 14.3%. Within the wholesale portfolios, lending to SMEs posted the highest rates of growth, while lending to corporates also shows a positive trend. Retail lending is up 6.6% over the year. Loans to small businesses are the segment which saw the biggest growth in year-on-year terms, followed by credit cards, while personal mortgages have been practically flat in year-on-year terms. This has resulted in positive growth in gross loans and advances to customers of 3.3% against December 2012.

- South America continues to show a high year-on-year growth in business, in practically all the countries where the Group operates. In fact, the loan book decreased by 0.5% on the figure for December 2012. Particularly noteworthy is the increase in lending from the retail segment, above all in consumer finance, credit cards and, to a lesser degree, mortgage loans.

- The United States has performed strongly, underpinned by a positive trend in turnover reported by BBVA Compass. The loan book has grown 3.2%. A breakdown of lending by portfolio shows balanced growth within each portfolio, with the usual exception of lending to construction real estate, where the figure continues to shrink as part of a deliberate policy. Compass, which accounts for 94% of total lending in the United States, has registered an outstanding rise in commercial loans and in consumer finance and credit cards, while steady percentage rises continue in personal mortgages.

	Millions of Euros		
LIABILITIES AND EQUITY	**2013**	**2012**	**% Change**
LIABILITIES			
FINANCIAL LIABILITIES HELD FOR TRADING	**45,648**	**55,834**	**(18.2)**
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,467**	**2,216**	**11.3**
FINANCIAL LIABILITIES AT AMORTIZED COST	**464,141**	**490,605**	**(5.4)**
Deposits from central banks	30,893	46,475	(33.5)
Deposits from credit institutions	52,423	55,675	(5.8)
Customer deposits	300,490	282,795	6.3
Debt certificates	64,120	86,255	(25.7)
Subordinated liabilities	10,556	11,815	(10.7)
Other financial liabilities	5,659	7,590	(25.4)
HEDGES OF INTEREST RATE RISK	**-**	**-**	**n.m.**
HEDGING DERIVATIVES	**1,792**	**2,968**	**(39.6)**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**	**n.m.**
LIABILITIES UNDER INSURANCE CONTRACTS	**9,834**	**9,020**	**9.0**
PROVISIONS	**6,853**	**7,834**	**(12.5)**
TAX LIABILITIES	**2,530**	**3,820**	**(33.8)**
OTHER LIABILITIES	**4,460**	**4,586**	**(2.7)**
TOTAL LIABILITIES	**537,724**	**577,270**	**(6.9)**
EQUITY	**-**	**-**	**n.m.**
STOCKHOLDERS' FUNDS	**46,310**	**43,614**	**6.2**
VALUATION ADJUSTMENTS	**(3,831)**	**(2,184)**	**75.4**
NON-CONTROLLING INTEREST	**2,371**	**2,372**	**(0.0)**
TOTAL EQUITY	**44,850**	**43,802**	**2.4**
TOTAL LIABILITIES AND EQUITY	**582,575**	**621,072**	**(6.2)**

As of December 31, 2013, the balance under the heading "Financial liabilities at amortized cost" totaled €464,141 million, down 5.4% on the €490,605 million posted as of December 31, 2012.

"Customer deposits", which accounts for 65% of this heading, stood at €300,490 million at the close of 2013. This 6.3% increase on the €282,795 million posted as of December 31, 2012 has been fueled by the strong performance of the typical headings of the retail segment, i.e. current and savings accounts and time deposits in both the domestic and non-domestic sectors. Despite the difficult economic environment, the BBVA Group continues to demonstrate its great capacity to gather new funds thanks to the high capillarity of its commercial network.

"Debt certificates" fell 25.7% during the year, with a particularly significant fall of 43.6% in promissory notes and bills. This source of finance has been partly replaced by the increase in time deposits. "Subordinated liabilities" are down 10.7%, impacted by the maturity of €1,238 million of BBVA, S.A. debt securities in June 2013.

5. Business performance: earnings and activity by business area

The BBVA Group's activity is geographically diversified in Spain, Mexico, South America and the United States, with an active presence in Europe and Asia, especially Turkey and China. As mentioned in Note 6 of the accompanying consolidated financial statements, the BBVA Group has modified the business areas used by the BBVA Group as a basic management tool. In 2013 they are as follows: Spain (banking activity), Real-estate business in Spain, Eurasia, Mexico, South America and United States.

The Corporate Center, as stated in Note 6 above, is an aggregate which contains all the assets and liabilities not allocated to the business areas, as they basically correspond to the Group's holding function.

In drawing up the Income Statement in this Management Report, two effects have to be taken into account:

- Garanti Group has been accounted for under the proportionate consolidation method.
- Earnings from certain corporate activities mentioned below are now classified under a new heading, "Income from corporate activities", and the historical series for 2012 have been reconstructed. These corporate operations are:
  - The sale of the pension business in Mexico, Colombia, Peru and Chile.
  - The sale of BBVA Panama.
  - The pricing at market value of the stake in CNCB after the signing of a new agreement with the CITIC group, which includes the sale of 5.1% of CNCB.
  - Operation on the individual life and accident insurance portfolio in Spain.
  - Negative goodwill resulting from the acquisition of Unnim.
  - Sale of the Puerto Rico business.
  - Tax impact of corporate operations.

The reconciliation between the Group's summarized consolidated income statements for 2013 and 2012 and the management account is as follows:

	Millions of Euros					
	2013			2012		
BBVA Group Consolidated Income Statements	Consolidated Financial Statements	Reconciliation	Management account	Consolidated Financial Statements	Reconciliation	Management account
NET INTEREST INCOME	**13,900**	**713**	**14,613**	**14,474**	**648**	**15,122**
Dividend income	235	130	365	390	136	526
Share of profit or loss of entities accounted for using the equity method	694	(622)	72	1,039	(997)	42
Net fees and commissions	4,250	182	4,432	4,156	197	4,353
Net gains (losses) on financial assets and liabilities and net exchange differences	2,511	16	2,527	1,705	62	1,767
Other operating income and expenses	(632)	19	-613	60	22	82
GROSS INCOME	**20,958**	**438**	**21,396**	**21,824**	**68**	**21,892**
Operating expenses	(10,796)	(405)	(11,201)	(10,374)	(412)	(10,786)
Administratiion costs	(9,701)	(366)	(10,067)	(9,396)	(372)	(9,768)
Depreciation and amortization	(1,095)	(38)	(1,133)	(978)	(40)	(1,018)
OPERATING INCOME	**10,162**	**33**	**10,195**	**11,450**	**(344)**	**11,106**
Impairment losses on financial assets (net)	(5,612)	(163)	(5,775)	(7,859)	(121)	(7,980)
Provisions (net)	(609)	(21)	(630)	(641)	(10)	(651)
NET OPERATING INCOME	**3,941**	**(151)**	**3,790**	**2,950**	**(476)**	**2,474**
Other gains (losses)	(2,781)	1,741	(1,040)	(1,368)	(358)	(1,726)
INCOME BEFORE TAX	**1,160**	**1,590**	**2,750**	**1,582**	**(834)**	**748**
Income tax	(46)	(547)	(593)	352	(77)	275
INCOME FROM CONTINUING TRANSACTIONS	**1,114**	**1,043**	**2,157**	**1,934**	**(911)**	**1,023**
Income from discontinued transactions (net)	1,866	(1,866)	-	393	(393)	-
Results from corporate operations	-	823	823		1,304	1,304
NET INCOME	**2,981**	**-**	**2,981**	**2,327**	**-**	**2,328**
Net income attributed to non-controlling interests	753	-	753	651	-	651
NET INCOME ATTRIBUTED TO PARENT COMPANY	**2,228**	**-**	**2,228**	**1,676**	**-**	**1,677**

The contribution of the different business areas to the Group's management income statement in 2013 is as follows:

	Millions of Euros								
	Áreas de Negocio								
BBVA Group Consolidated Income Statements 2013	BBVA Group	Spain	Real Estate	Eurasia	Mexico	South America	The United States	Total operating segments	Corporate center
NET INTEREST INCOME	**14,613**	**3,830**	**(3)**	**911**	**4,484**	**4,703**	**1,407**	**15,332**	**(719)**
Net fees and commissions	4,432	1,376	8	391	1,184	976	557	4,492	(61)
Net gains (losses) on financial assets and liabilities and net exchange differences	2,527	807	67	194	208	764	139	2,180	347
Other operating income and expenses	(176)	82	(111)	225	325	(812)	(3)	(294)	119
GROSS INCOME	**21,396**	**6,095**	**(38)**	**1,721**	**6,201**	**5,630**	**2,101**	**21,711**	**(314)**
Operating expenses	(11,201)	(3,014)	(152)	(733)	(2,335)	(2,386)	(1,475)	(10,096)	(1,105)
Administratiion costs	(10,067)	(2,903)	(130)	(683)	(2,173)	(2,213)	(1,296)	(9,397)	(671)
Depreciation and amortization	(1,133)	(111)	(23)	(51)	(163)	(173)	(179)	(699)	(434)
OPERATING INCOME	**10,195**	**3,081**	**(190)**	**987**	**3,865**	**3,244**	**627**	**11,614**	**(1,419)**
Impairment losses on financial assets (net)	(5,775)	(2,577)	(643)	(330)	(1,439)	(701)	(78)	(5,768)	(8)
Provisions (net)	(630)	(315)	(20)	(39)	(39)	(150)	(5)	(568)	(62)
NET OPERATING INCOME	**3,790**	**189**	**(853)**	**619**	**2,388**	**2,393**	**543**	**5,279**	**(1,489)**
Other gains (losses)	(1,040)	34	(988)	(26)	(26)	(7)	(9)	(1,022)	(18)
INCOME BEFORE TAX	**2,750**	**222**	**(1,840)**	**593**	**2,362**	**2,387**	**534**	**4,257**	**(1,507)**
Income tax	(593)	(60)	595	(139)	(557)	(530)	(144)	(834)	241
INCOME FROM CONTINUING TRANSACTIONS	**2,157**	**163**	**(1,245)**	**454**	**1,805**	**1,856**	**390**	**3,423**	**(1,266)**
Results from corporate operations	823	440	-	-	-	-	-	440	383
NET INCOME	**2,981**	**603**	**(1,245)**	**454**	**1,805**	**1,856**	**390**	**3,863**	**(883)**
Net income attributed to non-controlling interests	753	20	9	-	1	608	-	637	116
NET INCOME ATTRIBUTED TO PARENT COMPANY	**2,228**	**583**	**(1,254)**	**454**	**1,805**	**1,249**	**390**	**3,227**	**(999)**

(*) Includes the following headings: Income from equity instruments, Share of profit or loss of entities accounted for using the equity method and other operating income and expenses

The breakdown by business area of "Net income attributed to parent company" in 2013 and 2012 in the Group is as follows:

	Millions of Euros		
Profit by Bussiness Areas	**2013**	**2012**	**% Change**
Spain	583	1,162	(49.8)
Real Estate	(1,254)	(4,044)	(69.0)
Eurasia	454	404	12.4
Mexico	1,805	1,689	6.8
The United States	390	443	(11.8)
South America	1,249	1,199	4.1
Corporate Activities	(999)	823	n.m.
Total	**2,228**	**1,676**	**32.9**

The explanations for the changes in the income statement and the main figures on the balance sheet for each of the business areas are given below.

Spain

The area of Spain includes the Retail Network, with the segments made up of individual customers, private banking and small companies and businesses in the domestic market; Corporate and Business Banking (CBB), which handles the needs of SMEs, corporations and government in the country; Corporate and Investment Banking (CIB), which includes business with large corporations and multinational groups and the liquidity asset management and distribution business in the domestic market; and other units, among them BBVA Seguros and Asset Management (management of mutual and pension funds in Spain). Starting in 2013, it also includes the portfolios, financing and structural interest-rate positions of the euro balance sheet.

Industry Trends

In the latter part of 2013, the Spanish economy began to emerge from a long period of recession. This still incipient recovery is underpinned by the positive performance in exports, and a less contractionary domestic demand. This has had a positive impact on market confidence. As a result, there has been no major financial tension, sovereign risk premiums have fallen significantly and the economy has opened up to international financial flows. Even so, the recovery is still modest, particularly in terms of unemployment, which remains at over 25% of the active population.

As far as the financial system is concerned, the process of restructuring and reorganization of the weakest part of the sector has continued steadily. In late 2013 it was confirmed that the financial assistance program agreed with the European Commission, European Central Bank (ECB) and International Monetary Fund (IMF) (known as the Troika) would be concluding. In November, the IMF and the European Commission each published the fourth monitoring report on the restructuring of the financial sector, highlighting the progress made in banks' recapitalization and restructuring and the efforts made in supervising and monitoring the system.

Lastly, the deleveraging process continues in the financial industry, although there has been an improvement in lending in Spain in recent months, driven by the corporate portfolio. However, the outstanding balance of lending continues to decline, which has a negative impact on the sector's NPA ratio. At the end of October 2013 it stood at 13% for the system as a whole.

Earnings and Activity

Earnings in the area have been significantly affected in 2013 by four exceptional factors. First, the elimination of the so-called "floor clauses" for mortgage loans granted to consumers. Second, the temporary increase in loan-loss provisions for refinanced loans. Third, the accounting of the exceptional contribution to the Deposit Guarantee Fund in order to comply with Royal Decree 6/2013. And finally, the capital gains generated from the operation on the individual life and accident insurance portfolio.

	Millions of Euros		
Spain	**2013**	**2012**	**% Change**
NET INTEREST INCOME	**3,830**	**4,748**	**(19.3)**
Net fees and commissions	1,376	1,342	2.5
Net gains (losses) on financial assets and liabilities and net exchange differences	807	256	215.2
Other operating income and expenses	82	318	(74.2)
GROSS INCOME	**6,095**	**6,665**	**(8.5)**
Operating expenses	(3,014)	(2,887)	4.4
Administration costs	(2,903)	(2,788)	4.1
Personnel expenses	(1,851)	(1,795)	3.1
General and administrative expenses	(1,052)	(993)	5.9
Depreciation and amortization	(111)	(99)	12.2
OPERATING INCOME	**3,081**	**3,778**	**(18.4)**
Impairment losses on financial assets (net)	(2,577)	(1,853)	39.1
Provisions (net) and other gains (losses)	(282)	(273)	3.3
OPERATING PROFIT/ (LOSS) BEFORE TAX	**222**	**1,652**	**(86.5)**
Income tax	(60)	(487)	(87.8)
PROFIT FROM CONTINUING TRANSACTIONS	**163**	**1,165**	**(86.0)**
Profit from discontinued transactions (net)	440	-	n.m.
PROFIT	**603**	**1,165**	**(48.3)**
Profit attributable to non-controlling interests	(20)	(3)	n.m.
PROFIT ATTRIBUTABLE TO PARENT COMPANY	**583**	**1,162**	**(49.8)**

The changes in the principal headings of the income statement of this business area are:

"Net interest income" in 2013 stood at €3,830 million, down 19.3% on the €4,748 million registered in 2012. Apart from the elimination of the mortgage floors, this decline is due to reduced lending activity and the current environment of low rates and, consequently, narrow spreads. However, a clear improvement has been seen in the last quarter of the year thanks to good price management in new asset operations and, particularly, in the renewal of liability operations.

The balance of "Net fees and commissions" amounted to €1,376 million, up 2.5% on 2012, due basically to the greater contribution from fees and commissions from mutual and pension funds, as well as those from the activity with customers in wholesale banking transactions.

In 2013, "Net gains (losses) on financial assets and liabilities" and "Exchange differences (net)" totaled €807 million, a significant improvement on the €256 million reported in 2012. This increase is due to the favorable performance of the Markets unit, together with good risk management.

The balance under the heading "Other operating income and expenses" totaled €82 million, down 74.2% on the €318 million registered in 2012, due to the decreased contribution from "Dividends" and, particularly, the decline under the heading "Other charges" as a result of the exceptional contribution to the Deposit Guarantee Fund in the fourth quarter.

As a result, "Gross income" in 2013 stood at €6,095 million, down 8.5% on the €6,665 million registered in the previous year.

"Operating expenses" in 2013 totaled €3,014 million, up 4.4% on the figure for 2012, the year of incorporation of Unnim (at the end of July). This small increase confirms that operating expenses are being kept in check.

As a result, "Operating income" in 2013 stood at €3,081 million, down 18.4% on the €3,778 million posted in 2012.

In 2013, the balance under the heading "Impairment losses on financial assets (net)" stood at €2,577 million, up 39.1% on the €1,853 million in the previous year, due basically to the additional loan-loss provisions for refinanced loans.

The balance of "Provisions expense (net)" and "Other gains (losses)" in 2013 is a negative €282 million, a higher figure than the negative €273 million posted in 2012, due to greater provisions for early retirement.

Because of the significant loan-loss provisions, "Income before tax" in 2013 is €222 million, compared with €1,652 million in 2012.

The balance of "Income tax" in 2013 is €60 million, compared with €487 million in the previous year.

The balance under the heading "Earnings from corporate operations", at €440 million, includes the capital gain from the aforementioned operation on the insurance portfolio completed in the first quarter of the year.

As a result, "Net income attributed to parent company" at the close of 2013 totaled €583 million, compared with €1,162 million in 2012.

	Millions of Euros		
Spain	**2013**	**2012**	**% Change**
Total Assets	**315,561**	**345,362**	**(8.6)**
Loans and advances to customers	**178,081**	**193,101**	**(7.8)**
Customer deposits under management (*)	**147,782**	**133,802**	**10.4**
Mutual funds	**22,298**	**19,116**	**16.6**
Pension funds	**20,428**	**18,577**	**10.0**
Economic capital allocated	**9,592**	**12,027**	**(20.2)**
Efficiency ratio (%)	**49.5**	**43.3**	
NPA Ratio (%)	**6.4**	**4.1**	
NPA Coverage Ratio (%)	**41**	**48**	
Risk premium (%)	**1.36**	**0.95**	

(*) It does not include repurchase agreements, but includes promissory notes distributed through the network and collection accounts.

The changes in the main headings of activity in this business area are as follows:

As of December 31, 2013, gross lending to customers stood at €178,081 million, down 7.8% on the €193,101 million posted as of December 31, 2012, as a result of the aforementioned deleveraging process still underway in the country's economy.

The asset quality of BBVA's portfolio in Spain has been adversely affected, basically by reduced lending activity. As a result, the NPA ratio has risen, closing 2013 at 6.4%, compared with 4.1% in 2012. However, this ratio is lower than the sector average. The coverage ratio declined over 2013 and stands at 41%.

Customer deposits totaled €147,782 million as of December 31, 2013, up 10.4% on December 2012. This good performance is due to the appropriate commercial policy applied in the area and the high capillarity of the Bank's network, as well as the boost to multi-channel banking, which has enabled BBVA to cope with a very demanding business in terms of maturities, achieving deposit renewal rates of over 80% month after month.

As regards off-balance-sheet funds, mutual funds, with a balance of €22,293 million as of December 31, 2013, are up 16.6% over the year, while pension funds, at €20,428 million at the close of 2013, increased by 10% on December 31, 2012. This improvement is due to the fact that in an environment of very low rates, BBVA is actively marketing a diversified catalog of mutual funds among those customers with the right investor profile. Thanks to this, the Bank continues to maintain its position as the number one manager in both mutual and pension funds in Spain, with market shares of 16.4% in mutual funds (according to the latest information available as of November) and 20.4% in pensions (according to data published by Inverco in September).

Real-estate business in Spain

In the real-estate business in Spain, BBVA has continued to reduce its exposure to the developer segment, while the sale of properties has continued at a good rate.

Industry Trends

Real-estate activity in the country is currently immersed in a process of adjustment of the imbalances accumulated in recent years. Some of them have already been corrected to a significant extent, above all those related to the high proportion of residential construction in Spain's gross domestic product, which has been reduced from the peak of 2007. In the last months of 2013 the slight improvement of the economic climate has begun to be reflected, albeit slowly, in the real-estate sector, which despite its fragility is showing signs of stabilization in sales and prices, especially in those markets which are more attractive to foreign investors. In addition, the decline in production is resulting in a gradual reduction of excess stock, thus easing the pressure on prices. Financial conditions remain attractive in the mortgage market, with interest rates and affordability ratios at record lows. However, the lack of liquidity continues to hinder the full development of residential demand. Forecasts suggest a better performance in both sales and prices throughout 2014.

Earnings and Activity

A significant aspect of the area's income statement is a volume of loan-loss provisions clearly lower than in 2012, as well as a year-on-year pick-up in sales of foreclosed properties.

	Millions of Euros		
Real Estate	**2013**	**2012**	**% Change**
NET INTEREST INCOME	**(3)**	**(20)**	**(87.1)**
Net fees and commissions	8	18	(54.0)
Net gains (losses) on financial assets and liabilities and net exchange differences	67	(29)	n.m.
Other operating income and expenses	(111)	(53)	n.m.
GROSS INCOME	**(38)**	**(84)**	**(55.0)**
Operating expenses	(152)	(126)	20.5
Administration costs	(130)	(103)	26.3
Personnel expenses	(86)	(60)	44.9
General and administrative expenses	(43)	(43)	0.6
Depreciation and amortization	(23)	(24)	(4.7)
OPERATING INCOME	**(190)**	**(211)**	**(9.7)**
Impairment losses on financial assets (net)	(643)	(3,799)	(83.1)
Provisions (net) and other gains (losses)	(1,008)	(1,695)	(40.6)
OPERATING PROFIT/ (LOSS) BEFORE TAX	**(1,840)**	**(5,705)**	**(67.7)**
Income tax	595	1,659	(64.1)
PROFIT FROM CONTINUING TRANSACTIONS	**(1,245)**	**(4,046)**	**(69.2)**
Profit from discontinued transactions (net)	-	-	n.m.
PROFIT	**(1,245)**	**(4,046)**	**(69.2)**
Profit attributable to non-controlling interests	(9)	3	n.m.
PROFIT ATTRIBUTABLE TO PARENT COMPANY	**(1,254)**	**(4,044)**	**(69.0)**

The changes in the principal headings of the income statement of this business area are:

“Net interest income” for 2013 is a negative €3 million, compared with losses of €20 million in 2012.

The balance under the heading “Net fees and commissions” totaled €8 million, compared with €18 million in 2012.

As of December 31, 2013 “Net gains (losses) on financial assets and liabilities” and “Exchange differences (net)” totaled a positive €67 million, compared with losses of €29 million in 2012.

“Net interest income” is a negative €111 million, compared with losses of €53 million in the previous year.

As a result, "Gross income" in 2013 is a negative €38 million, compared with a negative result of €84 million in 2012.

The balance of "Operating expenses" for 2013 is €152 million, up 20.5% on the €126 million registered in 2012, due to the increase in the workforce assigned to the area to carry out separate and specialized management of this business and cope with the increase in activity.

As a result, “Operating income” for 2013 is a loss of €190 million, compared with a negative €211 million in 2012.

In 2013, the balance under the heading “Impairment losses on financial assets (net)” amounted to €643 million, a figure significantly lower than the €3,799 million posted in 2012, due to the fact that high impairment losses on the assets related to the real-estate and developer sector in Spain had been registered that year.

The balance under the headings “Provisions (net)” and “Other gains (losses)” in 2013 is a negative €1,008 million, a less negative result than the €1,695 million in losses posted in 2012, due to lower loan-loss provisions for real estate.

As a result of the above, "Income before tax" for 2013 is a €1,840 million loss, a significantly lower figure than the negative €5,705 million registered at the close of 2012.

The balance of “Income tax” for 2013 amounted to a positive €595 million, compared with the positive €1,659 million registered in the previous year.

“Net income attributed to parent company” for 2013 is a loss of €1,254 million, much lower than the €4,046 million loss posted in 2012, due basically to the lower impairment losses on real-estate assets, as indicated above.

With respect to banking activity, the keys in 2013 are the reduction of net exposure to the real-estate sector and the positive rate of sales of properties.

BBVA’s net exposure to the real-estate sector in Spain continues to decrease. As of December 31, 2013, the balance stood at €14,570 million, down 1.5% on the close of the previous quarter and 6.5% below the figure posted at the end of 2012. Within the exposure to the Spanish real-estate sector, properties from residential mortgage loans are up 14.6% year-on-year. This increase, as mentioned earlier, is closely linked to the increase in gross additions to NPA in this portfolio in 2008 and 2009.

In 2013 there has been an increase in the balance of non-performing assets in the developer segment, basically in refinanced loans. It is worth noting that a significant percentage of the volume of non-performing loans corresponds to customers who are currently up-to-date with their payments.

The rate of growth of sales of real-estate assets has picked up in the latter part of 2013. For the year as a whole, accumulated sales total 21,383 units, of which 6,993 are made on behalf of third parties.

Eurasia

Eurasia includes activity in the rest of Europe and Asia. For these purposes, Europe mainly includes the management information for the activity of the Garanti Group (Turkey), BBVA Portugal, the Consumer Finance businesses in Italy and Portugal, the retail businesses of the branches in Paris, London and Brussels, and wholesale activity carried out in the region (except Spain). Asia includes all the wholesale and retail businesses in that continent and the stake in the CITIC Group, which includes the banks CNCB (continental China) and CIFH (Hong Kong).

Industry Trends

The macroeconomic situation in Europe has improved in 2013, although at a moderate rate and with some differences between countries. In this context, and given the environment of low inflation, the ECB has cut interest rates to record-low levels in order to speed up recovery.

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As for the area's financial system, the political leaders have continued to make progress toward the creation of banking union. On October 23, the ECB released information on the process for a comprehensive assessment of the balance sheets of the nearly 130 banks that will be supervised in the second half of 2014. The results of this process will be of great importance in allaying doubts about the solvency of the European banking system, recovering investor confidence and quantifying the problems inherited from the crisis, which will have to be resolved at national level.

Economic activity in Turkey continued to show a positive trend in 2013, despite the adverse events that took place in the second half of the year. The macro scenario has been affected by renewed volatility in the financial markets as a result of the withdrawal of monetary stimuli by the Fed. In addition, further uncertainty arose in the domestic political landscape. In this context, both the government and the Central Bank of Turkey (CBT) have embarked on a policy aimed at encouraging saving and stimulating the productive fabric through a series of measures designed to slow down the growth in consumer lending and promote funding for SMEs and exports. The Turkish financial sector maintains sound levels of capitalization and a high level of profitability, despite the toughening of monetary policy measures and the changes in interest rates. Lending appears to have started moderating its year-on-year rate of growth in recent months, although it remains at levels above 20%, while fund gathering continues to improve, but at a slower pace than lending.

In China, economic growth in the first half of the year showed some slowdown, due to a large extent to the implementation of policies aimed at limiting the growth of lending, although the liquidity tensions in the Chinese interbank market also had an influence. However, the latest available figures confirm a recovery in GDP growth (up 7.8% year-on-year in the third quarter). This improvement has been underpinned by the fiscal stimulus measures applied by the authorities, but also by the recovery in the levels of confidence. Worth noting in the financial sector has been the audit of local financial institutions conducted in the last quarter of 2013, as well as the plans, announced by the Communist Party at its most recent plenary session, to liberalize interest rates, open up to foreign banks and the plan to introduce a guarantee scheme for deposits. The significant growth of lending has continued in recent months, despite the government's efforts to limit the risk of high levels of debt, which has resulted in moments of liquidity tension in the interbank market. There has also been a moderate upturn in the NPA ratio, more visible in small and medium-sized banks, which have a greater concentration of small companies (and are therefore more vulnerable to a less favorable economic environment).

Earnings and Activity

	Millions of Euros		
Eurasia	**2013**	**2012**	**% Change**
NET INTEREST INCOME	**911**	**851**	**7.0**
Net fees and commissions	391	451	(13.4)
Net gains (losses) on financial assets and liabilities and net exchange differences	194	131	47.8
Other operating income and expenses	225	232	(2.7)
GROSS INCOME	**1,721**	**1,665**	**3.4**
Operating expenses	(733)	(779)	(5.8)
Administration costs	(683)	(724)	(5.8)
Personnel expenses	(381)	(404)	(5.8)
General and administrative expenses	(301)	(320)	(5.8)
Depreciation and amortization	(51)	(54)	(6.7)
OPERATING INCOME	**987**	**886**	**11.4**
Impairment losses on financial assets (net)	(330)	(328)	0.5
Provisions (net) and other gains (losses)	(65)	(49)	31.5
OPERATING PROFIT/ (LOSS) BEFORE TAX	**593**	**508**	**16.6**
Income tax	(139)	(105)	32.6
PROFIT FROM CONTINUING TRANSACTIONS	**454**	**404**	**12.4**
Profit from discontinued transactions (net)	-	-	n.m.
PROFIT	**454**	**404**	**12.4**
Profit attributable to non-controlling interests	-	-	-
PROFIT ATTRIBUTABLE TO PARENT COMPANY	**454**	**404**	**12.4**

As already mentioned, in relation to earnings in Eurasia, to assist in the understanding of the area's recurring business, the fourth quarter earnings from the repricing of BBVA's current stake in CNCB at market value and the equity-adjusted earnings for both 2013 and 2012, have been classified as earnings from corporate operations within the Corporate Center. Also worth noting is the negative impact of exchange rates on earnings throughout 2013.

The “Net interest income” generated by the area in 2013 totaled €911 million, up 7.0% on the €851 million registered in 2012, due mainly to the performance of Garanti, whose net interest income in the first half of the year has been very positively affected both by strong activity and by good management of customer spreads.

However, in the second half of the year this positive trend has been partially reversed by the negative impact of increased interest rates on customer spreads, with a rising cost of liabilities that has not been offset by the yield on loans. Nonetheless, a slight improvement has been seen in the last weeks of the year as a result of stronger performance in new loan production and the easing in the rising cost of deposits.

The balance of “Net fees and commissions” in 2013 is €391 million, down 13.4% on the €451 million posted the previous year. At constant exchange rates, the decrease has been 10.1% and is due to lower revenue from wholesale customers. This heading has been improving gradually throughout the year, due to the more favorable performance of net fees and commissions from Garanti, especially in those headings more related to the activity with customers.

As of December 31, 2013 “Net gains (losses) on financial assets and liabilities” and “Exchange differences (net)” totaled €194 million, an increase of 47.8% (54.2% at constant exchange rates) compared with the €131 million registered in the previous year, thanks to the excellent earnings from the Global Markets unit.

The balance of the "Other operating income and expenses" heading for 2013 totaled €225 million, down 2.7% on the €232 million posted in 2012.

As a result, “Gross income” at the close of 2013 stood at €1,721 million, up 3.4% (8.6% at constant exchange rates) on the €1,665 million in 2012.

The balance of “Operating expenses” in 2013 totaled €733 million, down 15.8% (1.4% at constant exchange rates) on the €779 million at the close of 2012. Operating expenses continue to be kept in check despite the effects of the expansion plans implemented by Garanti throughout the year. Since the close of 2012, the Turkish bank’s branch network has expanded by 65 offices and the ATM network by 495 units, to which the costs arising from the launch of i-Garanti before the summer should be added.

As a result, “Operating income” in 2013 stood at €987 million, up 11.4% on the €886 million posted in 2012.

The balance under the heading “Impairment losses on financial assets (net)” stood at €330 million at the close of 2013, up 0.5% (3.8% at constant exchange rates) on the amount registered in 2012. This increase has been affected by the greater provisions resulting from the growth in activity.

The balance of “Provisions (net)” and “Other gains (losses)” in 2013 totaled €65 million, compared with €49 million in 2012.

As a result of the above, "Income before tax" at the close of 2013 is €593 million, up 16.6% on the €508 million registered in 2012.

The balance of “Income tax” in 2013 is €139 million, up 32.6% on the €105 million posted in 2012.

In 2013 Eurasia generated “Net income” of €454 million, an increase of 12.4% on the €404 million posted at the close of 2012. At constant exchange rates the increase is 20.7%. Of the €454 million in earnings, €267 million come from Garanti's contribution (58.9%).

	Millions of Euros		
Eurasia	**2013**	**2012**	**% Change**
Total Assets	**41,223**	**48,324**	**(14.7)**
Loans and advances to customers	**28,397**	**30,228**	**(6.1)**
Customer deposits under management (*)	**16,475**	**16,484**	**(0.1)**
Off-balance-sheet funds	**1,966**	**2,016**	**(2.5)**
Economic capital allocated	**3,115**	**4,607**	**(32.4)**
Efficiency ratio (%)	**42.6**	**46.8**	
NPA Ratio (%)	**3.4**	**2.8**	
NPA Coverage Ratio (%)	**87**	**87**	
Risk premium (%)	**1.11**	**0.97**	

(*) Does not include repurchase agreements.

The changes in the main headings of activity in this business area are as follows:

As of December 31, 2013, the balance of "Loans and advances to customers (gross)" stood at €28,397 million, down 6.1% on the €30,228 million as of December 31, 2012. This decrease is due basically to reduction of the wholesale customer loan portfolio, as a result of the deleveraging process underway in Europe, since retail activity continues to perform favorably. Worth noting is the strong performance of the Garanti portfolios, particularly loans in liras, which are up 27.6% year-on-year at constant exchange rates. There is also an increase in the foreign currency portfolio, related to project finance (up 9.7% year-on-year at constant exchange rates).

As regards risk indicators, there has been an increase in the NPA ratio, which as of December 31, 2013 stood at 3.4%, compared with 2.8% in 2012. The coverage ratio remains in line with the figure for 2012 and the risk premium has increased to 1.11%.

As of December 31, 2013, the balance of "Customer deposits" stood at €16,475 million, practically unchanged compared with the figure for December 2012. However, at constant exchange rates there has been an increase of 12.6% due to the strong performance of wholesale customer deposits, which increased 9.3% over the year, and the retail business, which has grown 13.6% year-on-year. As for Garanti's customer funds, the Turkish bank showed strong performance in gathering deposits in the local currency (up 20.6% at constant exchange rates), well above the sector average (up 14.8%), which has resulted in a year-on-year increase in market share of around 50 basis points, according to the latest information available as of December 2013. The annual increase in deposits in foreign currencies is 3.5% at constant exchange rates.

Mexico

This area comprises the banking and insurance business conducted in Mexico by the BBVA Bancomer financial group (hereinafter BBVA Bancomer).

Industry Trends

In the first half of 2013, the Mexican economy underwent a sharp slowdown (including a decline in GDP in the second quarter), which has gradually been corrected. At the end of 2013 there have been signs of recovery, particularly in the manufacturing sector, fueled by stronger foreign demand. In addition, despite the upturn registered in the fourth quarter, inflation has been kept under control, in particular its core component, which has enabled the Central Bank of Mexico (Banxico) to once again cut interest rates in the second half of the year in order to boost growth.

In this context, the Mexican peso has once again depreciated against the euro in the last 3 months of 2013, although less than in the previous quarter. This has had a negative impact on the comparison of the area's balance sheet and business activity, both in the quarter and in 2013. In earnings, the effect has also been negative in the last 3 months, but practically neutral over the year.

As for the banking sector, on November 22 Banxico published its report on the system, highlighting its strength, high solvency and profitability, but also a lower rate of growth that has resulted in a moderation of the expansion of lending activity and an upturn in the NPA ratio, highly concentrated in companies in the residential construction sector and in some segments of consumer lending.

Activity and Earnings

The sale of the Afore Bancomer was closed in the first half of 2013. As noted above, the earnings from this sale are classified under earnings from corporate operations in the Corporate Center.

	Millions of Euros		
Mexico	**2013**	**2012**	**% Change**
NET INTEREST INCOME	**4,484**	**4,178**	**7.3**
Net fees and commissions	1,184	1,073	10.3
Net gains (losses) on financial assets and liabilities and net exchange differences	208	219	(4.6)
Other operating income and expenses	325	286	13.4
GROSS INCOME	**6,201**	**5,756**	**7.7**
Operating expenses	(2,335)	(2,166)	7.8
Administration costs	(2,173)	(2,033)	6.9
Personnel expenses	(996)	(910)	9.4
General and administrative expenses	(1,176)	(1,122)	4.8
Depreciation and amortization	(163)	(133)	22.1
OPERATING INCOME	**3,865**	**3,590**	**7.7**
Impairment losses on financial assets (net)	(1,439)	(1,320)	9.0
Provisions (net) and other gains (losses)	(64)	(41)	56.9
OPERATING PROFIT/ (LOSS) BEFORE TAX	**2,362**	**2,229**	**5.9**
Income tax	(557)	(539)	3.2
PROFIT FROM CONTINUING TRANSACTIONS	**1,805**	**1,690**	**6.8**
Profit from discontinued transactions (net)	-	-	n.m.
PROFIT	**1,805**	**1,690**	**6.8**
Profit attributable to non-controlling interests	(1)	(1)	2.3
PROFIT ATTRIBUTABLE TO PARENT COMPANY	**1,805**	**1,689**	**6.8**

The changes in the main headings of the income statement of this business area are:

"Net interest income" in 2013 stood at €4,484 million, up 7.3% (7.7% at constant exchange rates), compared with the €4,178 million in 2012, due to higher volumes in lending and fund gathering and good management of customer spreads. This performance in BBVA Bancomer's net interest income compares favorably with that of its main competitors, with its net interest income over ATA (according to local accounting data) standing at 5.6%, 30 basis points above the market average, according to CNBV figures for the close of November 2013.

The balance under the heading "Net fees and commissions" at the close of 2013 amounted to €1,184 million, up 10.3% (10.7% at constant exchange rates) on the €1,073 million posted in the same period of the previous year. This growth in income from fees and commissions has been driven by a larger number of card transactions and the increase in revenue from the bank's participation in market issues by its corporate customers.

The balance under the headings "Net gains (losses) on financial assets and liabilities" and "Exchange differences (net)" is positive for the year, although more moderate than in the previous year. However, performance at the end of the year improved, underpinned by ALCO portfolio sales and a good contribution from the markets. The total balance under these headings in 2013 amounted to €208 million, down 4.6% (4.3% at constant exchange rates) on the €219 million registered in 2012.

The balance of "Other operating income and expenses" at the close of 2013 stood at €325 million, up 13.4% (13.7% at constant exchange rates) on the €286 million posted in 2012, due to better earnings from the insurance business as a result of an increase in activity and a lower level of claims.

As a result of the above, "Gross income" for 2013 amounted to €6,201 million, with an increase of 7.7% (8.1% at constant exchange rates) on the €5,756 million registered in 2012.

The balance of "Operating expenses" in 2013 amounted to €2,335 million, an increase of 7.8% (8.2% at constant exchange rates) compared with the €2,166 million in the previous year. This increase is the result of the implementation of the area's "Investment Plan", designed to remodel the branch network, the launch of projects for investment in technology and the construction of new corporate headquarters, as well as other strategies aimed at boosting commercial activity. Despite the rise in expenses, the efficiency ratio has remained stable (37.7% compared with 37.6% in 2012), positioning the bank as one of the most efficient financial institutions in the Mexican banking system.

"Operating income" for 2013 amounted to €3,865 million, up 7.7% (8.0% at constant exchange rates) on the €3,590 million registered in the previous year.

The balance under the heading "Impairment losses on financial assets (net)" stood at €1,439 million at the close of 2013, up 9.0% (9.4% at constant exchange rates) on the €1,320 million in 2012, very much in line with the growth in activity in the year. As of December 31, 2013, the accumulated risk premium is 3.57%, 9 basis points higher than the figure posted in December 2012. The NPA and coverage ratios as of December 31, 2013 stood at 3.6% and 110%, respectively.

The balance under the headings "Provisions expense (net)" and "Other gains (losses)" in 2013 totaled €64 million, compared with €41 million at the close of 2012.

"Income before tax" in 2013 stood at €2,362 million, up 5.9% on the €2,229 million in the same period of 2012. "Income tax" totaled €557 million, compared with the €539 million registered in 2012.

As a result of the above, in 2013 Mexico generated "Net income attributed to parent company" of €1,805 million, up 6.8% (7.2% at constant exchange rates) on the €1,689 posted in 2012.

	Millions of Euros		
Mexico	**2013**	**2012**	**% Change**
Total Assets	**82,171**	**81,723**	**0.5**
Loans and advances to customers	**40,129**	**39,052**	**2.8**
Customer deposits under management (*)	**34,726**	**34,071**	**1.9**
Off-balance-sheet funds	**16,896**	**17,492**	**(3.4)**
Economic capital allocated	**4,270**	**4,912**	**(13.1)**
Efficiency ratio (%)	**37.7**	**37.6**	
NPA Ratio (%)	**3.6**	**3.7**	
NPA Coverage Ratio (%)	**110**	**114**	
Risk premium (%)	**3.57**	**3.48**	

(*) This includes all repurchase agreements.

Commercial activity in Mexico has shown an upward trend in 2013, despite the moderate GDP growth rate. As of December 31, 2013, loans and advances to customers (gross) stood at €40,129 million, an increase of 2.8% on the €39,052 million as of December 31, 2012.

In relation to this favorable performance, the wholesale portfolio performed particularly well in the latter part of the year, with year-on-year growth of 14.3% (at constant exchange rates). Worth noting in this portfolio is the increase in lending to SMEs (up 20.2%). Lending to corporate customers also shows a positive trend, while the area continues to participate actively in the placement of both shares and fixed-income instruments among its customers. BBVA Bancomer therefore maintains its leadership position. Retail lending is up 6.6% over the year (at constant exchange rates), with particularly strong activity in loans to small businesses, which have increased by 21.9% year-on-year. The new "Red PyME" (SME Network) has been launched within this segment. Through this network, the number of specialized service business centers has been expanded to cover the entire Mexican territory. This new service model includes commercial alliances to boost lending and, under the BBVA Group's customer-centric approach, offer customers those products that best meet their needs. Within the consumer portfolio, the successful campaign of pre-approved loans has given a significant boost to this type of lending in the second half of the year, which closed 2013 up 15.3% on the balance posted the previous year and a market share gain since June 2013 of over 150 basis points, according to the latest CNBV information available as of November 2013.

Customer deposits stood at €34,726 million as of December 31, 2013, up 1.9% on the €34,071 million posted as of December 31, 2012.

As of December 31, 2013, off-balance-sheet funds, which include mutual funds, pension funds and managed customer portfolios, totaled €24,075 million, a decrease of 1.4% on the €24,414 million as of December 31, 2012.

This performance of funds has been highly conditioned by the strategy applied by the area in 2013, aimed at ensuring a profitable mix of liabilities. As a result, BBVA Bancomer maintains an adequate fund mix, with greater relative weight of demand deposits, which are performing well. The biggest rises here are in the corporate and institutional banking unit and the retail segment. In contrast, a strategy of increasing profitability has continued to be applied to time deposits, giving priority to lower-cost products, which has resulted in a year-on-year decline in this heading.

Lastly, the area's insurance business continues to perform well, contributing favorably to the earnings of the BBVA Bancomer Insurance area, which continues to be the country's second largest insurance company in terms of written premiums within the Bancassurance market, and the sixth considering the insurance market as a whole. This unit's earnings at the close of 2013 stood at €291 million, up 6.5% (at constant exchange rates) on the previous year.

South America

The South American area manages the BBVA Group's banking and insurance businesses in the region.

Industry Trends

In most South American countries (except Brazil), economic growth has been even higher than expected, despite the gradual deterioration abroad, given that commodity prices have remained high and financial tensions have eased toward the end of the year. In this context, both consumption and investment have continued to be shored up by the strength of the labor and credit markets and by still expansive monetary policies.

In South America, the financial system in most countries remains sound. Lending continues to grow strongly, although it tends to moderate in some countries, fueled by economic policies geared toward boosting domestic economic activity and by the structural changes seen in recent years, which support sustainable growth in most of these countries. As a result, the financial systems in the region are posting high levels of profitability and moderate NPA ratios.

In terms of the area's currencies, there has been widespread depreciation of both final and average exchange rates in 2013. Therefore, the impact of currencies on the year-on-year changes in the Group's financial statements has been negative for the year as a whole (due particularly to the devaluation of the Venezuelan bolivar in early 2013).

Activity and Earnings

The year-on-year comparison of this area's financial statements is affected by the change in the exchange rates of the region's currencies against the euro, which as indicated above have depreciated, particularly in the case of the Venezuelan bolivar. This has generated a negative impact on both activity and the income statement. For this reason, the most important figures include a reference to changes at constant exchange rates.

The sale of the pension fund administrators in Colombia, Peru and Chile was closed in 2013. As noted above, the earnings from this activity are classified under earnings from corporate operations in the Corporate Center.

	Millions of Euros		
South America	**2013**	**2012**	**% Change**
NET INTEREST INCOME	**4,703**	**4,288**	**9.7**
Net fees and commissions	976	913	6.9
Net gains (losses) on financial assets and liabilities and net exchange differences	764	443	72.3
Other operating income and expenses	(812)	(284)	n.m.
GROSS INCOME	**5,630**	**5,360**	**5.0**
Operating expenses	(2,386)	(2,293)	4.0
Administration costs	(2,213)	(2,120)	4.4
Personnel expenses	(1,184)	(1,148)	3.1
General and administrative expenses	(1,029)	(972)	5.9
Depreciation and amortization	(173)	(173)	(0.5)
OPERATING INCOME	**3,244**	**3,066**	**5.8**
Impairment losses on financial assets (net)	(701)	(593)	18.3
Provisions (net) and other gains (losses)	(157)	(202)	(22.6)
OPERATING PROFIT/ (LOSS) BEFORE TAX	**2,387**	**2,271**	**5.1**
Income tax	(530)	(494)	7.4
PROFIT FROM CONTINUING TRANSACTIONS	**1,856**	**1,777**	**4.5**
Profit from discontinued transactions (net)	-	-	n.m.
PROFIT	**1,856**	**1,777**	**4.5**
Profit attributable to non-controlling interests	(608)	(578)	5.1
PROFIT ATTRIBUTABLE TO PARENT COMPANY	**1,249**	**1,199**	**4.1**

The changes in the main headings of the income statement of this business area are:

"Net interest income" in 2013 stood at €4,703 million, an increase of 9.7% on the €4,288 million registered in 2012, or 33.6% at constant exchange rates. This good performance during the year is due to strong activity, maintenance of customer spreads and the effect of hyperinflation in Venezuela.

The balance under the heading “Net fees and commissions” at the close of 2013 totaled €976 million, up 6.9% (27.7% at constant exchange rates) on the €913 million posted the previous year, in line with the strong activity in the region. In addition, it is worth noting that income from fees and commissions benefited throughout the year from a certain charge for VISA in Argentina.

The total under the headings “Net gains (losses) on financial assets and liabilities” and “Exchange differences (net)” is €764 million in 2013, up 72.3% on the €443 million posted in 2012.

At the close of 2013, the heading "Other operating income and expenses" registered a loss of €812 million, compared with a loss of €284 million in 2012. This line includes basically the adjustment for hyperinflation in Venezuela, which has been more negative in 2013 than in the previous year, and the increased contribution to deposit guarantee funds in the different countries. These two effects have neutralized the good performance of the insurance business in the area.

As a result, "Gross income" for 2013 amounted to €5,630 million, an increase of 5.0% (25.3% at constant exchange rates) on the €5,360 million as of December 31, 2012. The reason for the improvement is the strength of activity, excellent price management and favorable NTI.

"Operating expenses" at the close of 2013 totaled €2,386 million, an increase of 4.0% on the €2,293 million posted in 2012, or 23.2% at constant exchange rates. This increase in expenses is mainly due to two factors. On the one hand the expansion and technological transformation plans being implemented, in order to make the most of the growth opportunities afforded by the region, including the launch of the 2013-2016 “Strategic Plan“. And on the other, the negative impact of high inflation in the area. This performance of revenue and expenses has resulted in the efficiency ratio closing 2013 at 42.4% (42.8% in 2012).

As a result, “Gross income” stood at €3,244 million as of December 31, 2013, up 5.8% on the €3,066 million registered in 2012. At constant exchange rates, this heading is up 27.0%.

At the close of 2013, the balance under the heading "Impairment losses on financial assets (net)" stood at €701 million, up 18.3% on the €593 million posted in 2012. This increase of loan-loss provisions is as much as 39.2%

excluding the foreign-currency effect. This high increase is due to a great extent to the recovery of provisions and certain items registered in 2012. Without this effect, the heading would register an increase of 26%, in line with buoyant activity. Its performance would be similar to that seen in the loan book. The area's accumulated risk premium at the close of the year stands at 1.49% (1.34% in 2012).

The balance of "Provisions (net)" and "Other gains (losses)" in 2013 totaled €157 million, compared with €202 million in 2012.

The balance of "Income tax" in 2013 is €530 million, an increase of 7.4% on the €494 million posted in 2012.

"Net income" as of December 31, 2013 stands at €1,856 million, an increase of 4.5% on the €1,777 million registered as of December 31, 2012, although in constant euros the increase is 24.8%.

"Net income attributed to non-controlling interests" grew to €608 million, up 5.1% on the €578 million in 2012. In constant Euros there is an increase of 29.6%, mainly from the subsidiaries in Venezuela and Peru.

As a result, South America generated "Net income attributed to parent company" in 2013 of €1,249 million, with an increase of 4.1% on the €1,199 million posted at the close of 2012. At constant exchange rates, the figure is 22.6%.

	Millions of Euros		
South America	**2013**	**2012**	**% Change**
Total Assets	**78,141**	**77,474**	**0.9**
Loans and advances to customers	**48,470**	**48,721**	**(0.5)**
Total customer deposits (*)	**58,881**	**56,933**	**3.4**
Off-balance-sheet funds	**6,552**	**6,436**	**1.8**
Economic capital allocated	**3,205**	**3,169**	**1.1**
Efficiency ratio (%)	**42.4**	**42.8**	
NPA Ratio (%)	**2.1**	**2.1**	
NPA Coverage Ratio (%)	**141**	**146**	
Risk premium (%)	**1.49**	**1.34**	

(*) The figure does not include repurchase agreements and includes some trading debt securities.

At the close of 2013, South America once again performed strongly in practically all the countries where BBVA operates, both on the side of the loan book and in on-balance-sheet customer funds.

The changes in the main headings of activity in this business area are as follows:

As of December 31, 2013, loans and advances to customers (gross) stood at €48,470 million, a slight decline of 0.5% on the €48.721 million as of December 31, 2012, but up 21.7% at constant exchange rates. Growth has been widespread across all the countries. Worth noting is the increase in lending from the retail segment, particularly in consumer finance (up 23.6%), credit cards (up 43.5%) and to a lesser extent mortgage loans (up 14.2%). The above is reflected in a year-on-year gain in market share in the individuals segment of 16 basis points, according to the latest information available as of October 2013. This improvement in lending activity has been accompanied by the rigorous risk admission policies applied by the Group in the region and good management of recoveries. Thanks to this, the NPA ratio remains at 2.1% with no changes on the figure for 2012. The coverage ratio stands at 141% (from 146% as of December 31, 2012).

On-balance-sheet customer funds closed the year at €58,881 million, up 3.4% (an increase of 30.0% at constant exchange rates) on December 2012. This growth has been fueled by lower-cost transactional deposits (current and savings accounts), with a 42.6% increase on December 2012. Including the assets under management by mutual funds, customer funds managed by the banks in South America amounted to €61,833 million, up 28.3% at constant exchange rates on the figure for 2012. This has resulted in a gain in market share over the last year of 30 basis points, also according to October 2013 figures.

United States

Industry Trends

The most recent activity data confirm the recovery of the United States economy. GDP has grown around 1% in the third quarter and the latest available figures show that the expansion continued along this line in the fourth quarter. Worth noting is the strong increase in consumption and investment in housing, while the labor market maintains a moderate improvement in job creation and a gradual decline in the unemployment rate. Against this background, the Fed has confirmed that it will reduce the expansive intensity of its monetary policy (tapering) in early 2014. Lastly, on the fiscal front, the political parties have reached an agreement to reduce the drain expected for 2014 and the chances of a new shutdown of the federal administration.

The improvement of the country's banking system seen throughout the year continued in the last quarter, with positive performance in the sector's earnings and NPA ratio. Expectations are for a strengthening of the credit market, with an increase in consumer loans and commercial lending. As for asset quality, the NPA ratio had declined to 3.8% at the close of September for commercial banks, compared with the 4.7% figure posted at the end of 2012. On the liabilities side, the rate of growth of deposits has been moderate, after the strong increase registered in the second half of 2012, but there has been strong growth of domestic deposits in the second half of the year. The improvement in bank earnings continues to be underpinned by higher non-financial revenue (low interest rates continue to have a negative effect on net interest income) and lower provisioning needs due to the improvement of asset quality across all the portfolios.

With respect to exchange rates, the dollar has continued to depreciate against the euro in the last quarter, which has had a negative impact on the changes in the Group's financial statements, both in the quarter and over the year.

Activity and Earnings

The year-on-year comparison of this area’s financial statements is affected by the depreciation of the U.S. dollar against the euro, which generated a negative impact on activity and on the income statement. Therefore, the analysis of the changes in some figures includes a reference to the percentage change at constant exchange rates.

The area's earnings in 2013 have been strongly influenced by the impact of the current environment of low interest rates on revenue, the control of operating expenses and the increase in loan-loss provisions, very much in line with the upward trend in activity.

	Millions of Euros		
The United States	**2013**	**2012**	**% Change**
NET INTEREST INCOME	**1,407**	**1,551**	**(9.3)**
Net fees and commissions	557	581	(4.0)
Net gains (losses) on financial assets and liabilities and net exchange differences	139	153	(8.6)
Other operating income and expenses	(3)	(41)	(93.9)
GROSS INCOME	**2,101**	**2,243**	**(6.3)**
Operating expenses	(1,475)	(1,506)	(2.1)
Administration costs	(1,296)	(1,321)	(1.9)
Personnel expenses	(812)	(840)	(3.4)
General and administrative expenses	(484)	(481)	0.7
Depreciation and amortization	(179)	(185)	(3.0)
OPERATING INCOME	**627**	**737**	**(15.0)**
Impairment losses on financial assets (net)	(78)	(72)	8.7
Provisions (net) and other gains (losses)	(14)	(46)	(69.1)
OPERATING PROFIT/ (LOSS) BEFORE TAX	**534**	**619**	**(13.7)**
Income tax	(144)	(177)	(18.5)
PROFIT FROM CONTINUING TRANSACTIONS	**390**	**442**	**(11.8)**
Profit from discontinued transactions (net)	-	-	n.m.
PROFIT	**390**	**442**	**(11.8)**
Profit attributable to non-controlling interests	-	-	-
PROFIT ATTRIBUTABLE TO PARENT COMPANY	**390**	**443**	**(11.8)**

The changes in the main headings of the income statement of this business area are:

“Net interest income” at the close of 2013 stood at €1,407 million, a decrease of 9.3% (6.3% at constant exchange rates) on the €1,551 million registered in 2012. As noted above, this decline has been strongly affected by the scenario of low interest rates, which has overshadowed the positive effect of improved activity over the year. However, this trend has started to reverse and in the last quarter of 2013 net interest income had already improved by 2.1%, at constant exchange rates, on the previous quarter.

The balance under the heading “Net fees and commissions” is down 4.0% to €557 million as of December 31, 2013, compared with €581 million at the close of 2012. However, at constant interest rates it remained practically unchanged, with a slight decline of 0.8%. Its performance has been strongly influenced by regulatory changes and the sale of the insurance business in 2012, which have had a negative impact.

“Net gains (losses) on financial assets and liabilities” and “Exchange differences (net)” totaled €139 million in 2013, down 8.6% on the €153 million posted at the close of 2012.

“Other operating income and expenses” registered a negative €3 million in 2013, compared with losses of €41 million in 2012, due mainly to an exceptionally high contribution to the Federal Deposit Insurance Corporation (FDIC) in the first half of that year.

As a result, “Gross income” stood at €2,101 million as of December 31, 2013, down 6.3% on the €2,243 million registered in 2012. At constant exchange rates, the decline is 3.1%.

The area continues to manage its "Operating expenses" efficiently, by applying a strict cost control policy. The balance under this heading is €1,475 million in 2013, down 2.1% on the €1,506 million posted the previous year. However, at constant exchange rates the figure has increased by 1.3%.

Thus, “Operating income” for 2013 is €627 million, with a decrease of 15.0% (12.1% at constant exchange rates) compared with the €737 million posted in 2012.

“Impairment losses on financial assets (net)” stood at €78 million as of December 31, 2013, which represents an 8.7% increase in provisions compared with the €72 million registered at the close of 2012. At constant exchange rates, the increase has been 12.7% and is due mainly to the absence of recoveries and relevant items (unlike in 2012). Excluding these effects, the rate of growth of this heading is in line with the growth in activity. The accumulated risk premium at the close of 2013 stood at 0.21%, compared with 0.19% in 2012.

The balance under the headings “Provisions (net)” and “Other gains (losses)” at the close of 2013 totaled €14 million, which represents a significant reduction on the €46 million registered in 2012, a year when greater provisions for guarantees and letters of credit had been registered.

As a result of the above, “Income before tax” as of December 31, 2013 amounted to €534 million, compared with €619 million in 2012, a decrease of 13.7% (10.8% at constant exchange rates).

The balance of “Income tax” in 2013 is €144 million in income, compared with income of €177 million in 2012.

As a result, the area generated “Net income attributed to parent company” of €390 million as of December 31, 2013, a decline of 11.8% (8.8% at constant exchange rates) compared with the €443 million posted in 2012.

	Millions of Euros		
The United States	**2013**	**2012**	**% Change**
Total Assets	**53,042**	**53,892**	**(1.6)**
Loans and advances to customers	**38,067**	**36,892**	**3.2**
Customer deposits under management (*)	**38,448**	**37,721**	**1.9**
Economic capital allocated	**2,488**	**2,638**	**(5.7)**
Efficiency ratio (%)	**70.2**	**67.1**	
NPA Ratio (%)	**1.2**	**2.4**	
NPA Coverage Ratio (%)	**138**	**90**	
Risk premium (%)	**0.21**	**0.19**	

(*) Does not include repurchase agreements.

The area's activity continued to improve throughout 2013, with a very favorable performance in the last quarter of the year across all loan portfolios and in lower-cost customer funds, such as current and savings accounts.

As of December 31, 2013, loans and advances to customers (gross) stood at €38,067 million, up 3.2% on the €36,892 million as of December 31, 2012. This increase has been widespread across all of the Bank's portfolios. At constant exchange rates, commercial lending grew by 14.7% since the end of 2012 and residential real estate loans are up 10.1%. There has also been an increase in consumer loans (up 5.9% in 2013), as well as a recovery in the construction real estate portfolio in the last quarter, although the latter declined 4.6% on the figure for December 2012.

At the close of 2013, customer deposits totaled €38,448 million, an increase of 1.9% on the €37,721 million as of December 31, 2012. At constant exchange rates, the increase is 6.5%. This positive trend is due to the favorable performance of lower-cost deposits, mainly current and savings accounts, which at constant exchange rates registered an increase of 7.2% over the year. In contrast, time deposits decreased by 7.4% (3.2% at constant exchange rates).

Corporate Center

The Corporate Center aggregate contains all the items not allocated to the business areas, as they basically correspond to the Group's holding function. Basically, this includes: the costs of the central units with a corporate function; the management of structural exchange-rate positions carried out by the Financial Management unit; specific issues of equity instruments designed to ensure adequate management of the Group's global solvency position; portfolios and their corresponding results, whose management is not linked to customer relationships, such as industrial holdings; some tax assets and liabilities; funds due to commitments with employees; goodwill and other intangibles.

In addition, as already mentioned, it includes the result of certain corporate operations completed by the Group over the year, such as the earnings from the pension business in Latin America. In the analysis of the income statement, and in order to ensure that the accounts are comparable, the effects resulting from the aforementioned corporate operations have been transferred to a new heading, "Income from corporate activities".

	Millions of Euros		
Corporate Center	**2013**	**2012**	**% Change**
NET INTEREST INCOME	**(719)**	**(473)**	**51.9**
Net fees and commissions	(61)	(25)	ns.
Net gains (losses) on financial assets and liabilities and net exchange differences	347	594	(41.6)
Other operating income and expenses	119	192	(38.2)
GROSS INCOME	**(314)**	**288**	**n.m.**
Operating expenses	(1,105)	(1,029)	7.4
OPERATING INCOME	**(1,419)**	**(741)**	**91.5**
Impairment losses on financial assets (net)	(8)	(15)	(48.5)
Provisions (net) and other gains (losses)	(80)	(70)	14.6
OPERATING PROFIT/ (LOSS) BEFORE TAX	**(1,507)**	**(826)**	**82.3**
Income tax	241	418	(42.4)
PROFIT FROM CONTINUING TRANSACTIONS	**(1,266)**	**(408)**	**n.m.**
Profit from discontinued transactions (net)	383	1,303	n.m.
PROFIT	**(883)**	**895**	**n.m.**
Profit attributable to non-controlling interests	(116)	(72)	60.8
PROFIT ATTRIBUTABLE TO PARENT COMPANY	**(999)**	**823**	**n.m.**

The changes in the main headings of the income statement of this business area are:

"Net interest income" is more negative than in the previous year, €719 million in 2013 compared with €473 million in 2012.

The total balance under the headings "Net gains (losses) on financial assets and liabilities" and "Exchange differences (net)" as of December 31, 2013 totaled €347 million, down 38.2% on the €594 million registered as of December 31, 2012, mainly as a result of the structural exchange-rate risk management.

"Other operating income and expenses" at the close of 2013 is €119 million, compared with €192 million in 2012, due mainly to the lower revenue from dividends.

The balance of "Operating expenses" as of December 31, 2013 amounted to €1,105 million, up 7.4% on the €1,029 million registered in 2012. They continue to reflect the Group's investment effort in technology and infrastructure.

"Operating income" in 2013 is a €1,419 million loss, compared with losses of €741 million in 2012.

The balance under the headings "Provisions expense (net)" and "Other gains (losses)" in 2013 amounted to a loss of €80 million, compared with a loss of €70 million posted the previous year.

As a result of the above, "Income before tax" totaled €1,507 million in losses in 2013, compared with a negative €826 million in 2012.

"Income tax" stood at €241 million in income as of December 31, 2013, compared with €418 million in 2012.

"Income from corporate activities" in 2013 registered a positive €383 million, compared with gains of €1,303 million in 2012. As noted above, this heading includes the earnings from corporate operations completed by the Group. The effects of the following items are registered in 2013:

- The earnings from the sale of the pension businesses in Mexico, Colombia, Peru and Chile.
- The capital gain from the sale of BBVA Panama.
- The impact of the signing of the new agreement with the CITIC group (the repricing at market value of BBVA's stake in CNCB, as well as the equity-adjusted earnings from CNCB, excluding dividends).

The following items had been included in 2012:

- The badwill generated by the Unnim operation
- The earnings from the sale of BBVA Puerto Rico
- The figures from the pension business
- The equity-adjusted earnings from CNCB (excluding dividends)

As a result, "Net income attributed to parent company" as of December 31, 2013 amounted to a negative €999 million, compared with a positive €823 million in 2012.

6. Risk management

The BBVA Group's risk management system and risk exposure is described in Note 7 "Risk management" of the accompanying consolidated financial statements.

Note 7 "Risk management" of the Consolidated Financial Statements includes detailed quantitative and qualitative information on finance to the real-estate sector (developers and construction) and for housing purchases in Spain.

7. BBVA Group solvency and capital ratios

	Millions of Euros		
The Group capital base	**2013**	**2012**	**% Change**
Stockholders' funds	46,310	43,614	6.2
Adjustments	(8,818)	(9,401)	(6.2)
Mandatory convertible bonds	-	1,238	(100.0)
CORE CAPITAL	**37,492**	**35,451**	**5.8**
Preferred securities	2,905	1,860	56.2
Adjustments	(786)	(1,860)	(57.7)
CAPITAL (TIER I)	**39,611**	**35,451**	**11.7**
Subordinated debt and other	9,481	10,022	(5.4)
Deductions	(786)	(2,636)	(70.2)
OTHER ELIGIBLE CAPITAL (TIER II)	**8,695**	**7,386**	**17.7**
CAPITAL BASE (TIER I + TIER II) (a)	**48,306**	**42,836**	**12.8**
Minimum capital requirement (BIS II Regulations)	**25,888**	**26,323**	**(1.7)**
CAPITAL SURPLUS	**22,418**	**16,514**	**35.8**
RISK WEIGHTED ASSETS (b)	**323,605**	**329,033**	**(1.6)**
BIS RATIO (a)/(b)	**14.9%**	**13.0%**	
CORE CAPITAL	**11.6%**	**10.8%**	
TIER I	**12.2%**	**10.8%**	
TIER II	**2.7%**	**2.2%**	

The BBVA Group's capital base, calculated in accordance with the rules defined in the Basel II capital accord, stood at €48,306 million as of December 31, 2013, up on the figure registered as of December 31, 2012.

Risk-weighted assets (RWA) totaled €323,605 million as of December 31, 2013. The figure is lower than in December 2012, mainly due to the exchange differences and the devaluation of the Venezuelan bolivar, as well as the sale of the pension businesses and BBVA Panama. These declines, combined with the slight deleveraging seen in Spain, outweigh the increase due to increased activity of the banking business in emerging countries.

The minimum capital requirements under BIS II (8% of RWA) amounted to €25,888 million as of December 31, 2013. Thus the excess capital resources over and above the 8% of the risk-weighted assets required by the regulations stood at €22,418 million. Therefore, the Group has 87% of capital above the minimum required levels.

There has been an improvement in the core capital, which as of December 31, 2013 stood at €37,492 million, higher than the figure of €35,451 million as of December 31, 2012. The increase is basically the result of the generation of earnings and lower deductions due to the elimination of the goodwill of CNCB, which has been partially offset by the negative effect of the exchange rate during this period.

Core capital accounted for 11.6% of risk-weighted assets, compared with 10.8% as of December 31, 2012, an increase of 80 basis points.

Tier I capital stood at €39,611 million as of December 31, 2013, 12.2% of risk-weighted assets, and an increase of 140 basis points on December 31, 2012. The factors explaining this increase are the sale of 5.1% of CNCB, which reduced deductions, together with the issue of contingent convertible securities in the first half of the year (see Note 30.1).

As of December 31, 2013, Tier II capital reached €8,695 million, i.e. 2.7% of risk-weighted assets, an increase of 50 basis points, mainly due to the aforementioned sale of 5.1% of CNCB.

By aggregating Tier I and Tier II capital, as of December 31, 2013, the BIS total capital ratio is 14.9%, an increase of 190 basis points on the ratio as of December 31, 2012.

Other requirements on minimum capital levels

Irrespective of the aforementioned requirements, in 2011 the European Banking Authority (EBA) issued the recommendation of reaching, as of June 30, 2012, a new minimum capital level of 9%, in the ratio known as Core Tier 1 (CT1). In addition, this minimum ratio should have a sufficient excess amount to absorb the "sovereign buffer", calculated based on sovereign exposure (see section on "Exposure to sovereign risk in Europe"). As of June 30, 2012, the BBVA Group's EBA Core Tier I capital stood at 9.9%, thus complying with the minimum required level.

In addition, on July 22, 2013, the EBA published a recommendation for supervisors to guarantee that banks subject to the capitalization exercise conducted in September 2011 should maintain their required capital levels in nominal terms and comply with data as of June 2012. For the BBVA Group, this limit was established at €32,152 million, and as of December 31, 2013, the EBA core capital stood at €35,038 million, €2,886 million above the required figure.

8. Liquidity and finance prospects

Liquidity and finance management of the BBVA Group's balance sheet helps to fund the recurrent growth of the banking business at suitable maturities and costs, using a wide range of instruments that provide access to a large number of alternative sources of finance. A core principle in the BBVA Group's liquidity and finance management is the financial independence of its banking subsidiaries. This aims to ensure that the cost of liquidity is correctly reflected in price formation and that there is sustainable growth in the lending business.

The start of economic recovery, which was clearer in the second half of the year, though still with some uncertainties, has eased the risk aversion that has been present throughout the financial crisis. This is reflected in the significant decline in the market risk premium in Spain, which closed 2013 at around 220/275 bps, close to 2011 levels, and far from the high of over 600 bps reached in July 2012.

In 2013 the wholesale short and long-term financial markets have shown greater stability than in 2012. The primary issuance market has maintained a constant and stable rate of activity. This improvement has allowed the market to reopen early in 2013 for the major Spanish financial institutions. BBVA has been able to access the markets under normal conditions, as shown by the issues successfully carried out on the mortgage-covered bond, senior debt and regulatory equity (Additional Tier 1) market. In the first quarter of the year, BBVA completed three public issues of senior debt and mortgage-covered bonds on the wholesale markets for a total of €4 billion (€3 billion in senior debt and €1 billion in mortgage-covered bonds), with very high levels of demand and take-up among foreign fixed-income investors. The liquidity generated by the balance sheet in the BBVA Group is due to the major reduction of the credit gap as a result of the fall in lending in the Eurozone and increases in customer funds in all the geographical areas where BBVA operates. This reduction in funding requirements has allowed it to repay more than 50% of the ECB funds and reduce the use of wholesale funding by BBVA Euro.

The economic outlook for 2014 is positive, with forecasts for growth in Europe. The uncertainties lie in the risk of deflation, the withdrawal of the Fed's repurchase program (end of QE) and the end of its expansive stimulus policy.

To sum up, the BBVA Group's proactive policy in its liquidity management, its retail business model with a significant contribution of liquidity in 2013, and a smaller volume of assets, all give it a comparative advantage compared to its European peers. Moreover, the continued positive proportion of retail deposits on the liability side of the balance sheet in all geographical areas continues to enable the Group to improve its liquidity position, while strengthening its financing structure.

The following is a breakdown of maturities of wholesale issues by the nature of the issues:

	Millions of Euros				
Maturity of wholesale issues	**2013**	**2014**	**2015**	**After 2015**	**Total**
Senior debt	4,630	5,544	2,163	3,219	15,556
Mortgage-covered bonds	6,905	4,444	5,123	16,568	33,040
Public covered bonds	1,305	-	150	984	2,439
Regulatory equity instruments (*)	-	63	207	4,789	5,059
Other long term financial instruments	1	-	152	710	863
Total	**12,841**	**10,051**	**7,795**	**26,270**	**56,957**

(*) Regulatory equity instruments are classified in this table for terms according to their contractual maturity

(*) The regulatory equity instruments are classified in this table by their terms according to their contractual maturity.

In addition, within the framework of the policy implemented in recent years to strengthen its net worth position, the BBVA Group will at all times adopt the decisions it deems advisable to maintain a high degree of capital solvency. Specifically, the AGMs held on March 11, 2011, March 16, 2012 and March 15, 2013 authorized the issue of fixed-income securities and convertible bonds, as detailed in Note 27 to the accompanying consolidated financial statements.

9. Economic outlook

The economic recovery in 2014 will continue to gain strength thanks to the package of measures taken. Growth of the global economy is expected to accelerate to around 3.5%, about half a point more than in 2013, mainly due to the improved outlook for developed economies. Both the United States and the Eurozone will make better progress in 2014; the U.S. by just over 2% and the Eurozone by around 1% (similar to the increase expected for the Spanish economy). In addition, emerging regions, which will continue to be the greatest contributors to global growth, will remain at their current rates of growth. Latin America will recover its growth to rates of around 3%, while Asia will continue to grow at above 5%, driven by China, where a rise of more than 7% is expected. The increase in Turkey will be at current levels of around 3.5%.

10. Environmental information

Environmental commitment

The BBVA Group prioritizes sustainable development. As a financial institution, the Group's activities have a significant impact on the environment: be it through its consumption of natural resources, management of its properties, use of paper, travel, etc. (direct impacts), or through the consequences for the environment of the products and services it provides, particularly those related to financing, asset management and management of its chain of suppliers (indirect impacts).

Aims of the environmental policy

The objectives of the BBVA Group's environmental policy are as follows:

- To comply with prevailing environmental legislation where the BBVA Group operates.
- To continually 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.
- 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

Environmental policy scope, governance and review

This environmental policy has worldwide scope and affects all the activities undertaken by the Group, i.e. the banks and subsidiaries in which BBVA has effective control. The Eco-efficiency and Responsible Procurement Committee is responsible for coordinating the Environmental Policy and ensuring compliance with it through an environmental management system. The members of the BBVA Group's Management Committee oversee correct compliance with this Policy. To this end, its members 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.

Main environmental actions in 2013

The main environmental actions that the BBVA Group carried out in 2013 are as follows:

- Launch of the Global Eco-Efficiency Plan for 2013-2015, which establishes the following objectives:
  - 6% reduction in CO_2 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 (Equator Principles) and in determining borrower credit profiles (Ecorating).
  - Leadership in financing of renewable energy projects internationally.
  - Support for major international initiatives to fight against climate change. In 2013, the BBVA Group renewed its commitment to the CDP Carbon Action initiatives. Investor CDP and CDP Water Disclosure. In addition, the BBVA Group is a signatory to the United Nations-backed Natural Capital Declaration initiative.
  - Development of ambitious environmental sponsorship programs, particularly through the BBVA Foundation. Worth noting are the BBVA Foundation Frontiers of Knowledge awards in the Ecology, Conservation Biology and Climate Change categories, each provided with €400,000.
  - Social and environmental risk training for the Group's risk analysts.
  - Environmental awareness-raising activities with the Group's employees.

As of December 31, 2013, 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.

11. Offshore financial centers

The BBVA Group maintains an express policy on activities in entities permanently registered in offshore financial centers, which includes a plan for reducing the number of offshore financial centers in which the Group is present.

As a result of the measures derived from this plan, two permanent establishments based in Panama have been closed in 2013 upon the completion of the sale of the Group's entire stake in the entity BBVA Panama. As a result of the measures derived from this plan, a total of 46 permanent establishments have been closed between its start date in 2007 and December 31, 2013. Another two entities should be added to this figure, which ceased all business activity as a preliminary step to this process. The latter have securities issues among their liabilities, and the time of the repurchase and/or redemption of these assets will depend on the time of the companies' effective liquidation.

It should be noted that starting in April 2009 the OECD introduced changes in its classification of tax havens. As a result, the Dutch Antilles were dropped from the OECD list in September 2009. As of January 2010, said jurisdiction is no longer considered a tax haven under Spanish law.

As of December 31, 2013, the BBVA Group's permanent establishments registered in offshore financial centers considered tax havens are as follows:

- Branches of the BBVA Group's banks in the Cayman Islands.
- Issuers of securities in the Cayman Islands: BBVA International, Ltd., BBVA Global Finance, Ltd. and Continental DPR Finance Company.

11.1 Branches of the BBVA Group's banks in the Cayman Islands

As of December 31, 2013, the BBVA Group had two banking branches registered in the Cayman Islands engaging in Corporate Banking activities. The activities and business of these branches (which do not include the provision of private banking services) are pursued under the strictest compliance with applicable law, both in the jurisdictions in which they are domiciled and in those where their operations are effectively managed (USA).

The main figures of the balance sheets of these branches as of December 31, 2013 and 2012 are as follows:

	Millions of Euros			
BBVA Group Branches at Off-Shore Entities	**BBVA Branch (Spain)**		**BBVA Compass Bank (USA) Branch**	
	2013	**2012**	**2013**	**2012**
Total assets	1,303	1,558	84	3,902
Total liabilities	1,062	1,319	89	3,909
Total equity	**241**	**239**	**(5)**	**(8)**

11.2 Issuers of securities

As of December 31, 2013, only three issuers registered in Grand Cayman remain, and the processes for the repurchase and/or redemption of the securities issued will depend on the time of their liquidation.

The accompanying table presents a comparative list of the issues outstanding as of December 31, 2013 and 2012:

		Millions of Euros					
Issuing Entity	Country	Preferred Securities(1)		Subordinated Debts(1)		Other Debt Securities	
		2013	2012	2013	2012	2013	2012
BBVA International LTD	Cayman Islands	9	9	-	-	-	-
BBVA Global Finance LTD	Cayman Islands	-	-	371	464	-	-
Continental DPR Finance Company(2)	Cayman Islands		-	-	-	338	420
TOTAL		**9**	**9**	**371**	**464**	**338**	**420**

(1) Securities issued before the enactment of Act 19/2003 dated 4 July 2003

(2) Securitization bond issues on flows generated from export bills

11.3 Supervision and control of the permanent establishments of the BBVA Group in offshore financial centers

The BBVA Group applies risk management criteria and policies to all its permanent establishments in offshore financial centers that are identical to those for the rest of the companies making up the Group.

During the reviews carried out annually on each and every one of the BBVA Group's permanent establishments in offshore financial centers, BBVA's Internal Audit department checks the following: that their activities match the definition of their corporate purpose, that they comply with corporate policies and procedures in matters relating to knowledge of the customers and prevention of money laundering, that the information submitted to the parent company is true, and that they comply with tax obligations. In addition, every year a special review is performed of Spanish legislation applicable to the transfer of funds between the Group's banks in Spain and its companies established in offshore centers.

Furthermore, in 2013 BBVA's Compliance Department supervised the action plans deriving from the Audit Reports on each one of the establishments. On an annual basis, conclusions deriving from these are submitted for consideration to the Audit Committee, which in turn submits the corresponding report to the BBVA Board of Directors.

As far as external audits are concerned, one of the functions of the Audit Committee is to select an external auditor for the Consolidated Group and for all the companies in it. The selection criterion is to designate the same auditing firm for all the BBVA Group's permanent establishments in offshore financial centers, unless the Committee determines this is not possible or advisable. For 2013, all of the BBVA Group's permanent establishments registered in offshore financial centers have the same external auditor (Deloitte).

12. Customer Care Service and Customer Ombudsman

One of the BBVA Group's most relevant tools for improving customer satisfaction is the Customer Ombudsman Offices being set up by countries. In 2013, the dissemination and presence of UNE (specialized unit) has continued to be boosted in Mexico, both within the bank (BBVA Bancomer) and with the regulator, in order to increase notably the number of customers served through this channel. This significantly contributes to improve the customer-bank relationship and to create long-term relationships. New customer care models have also been implemented together with the national banking authority, with BBVA Bancomer now playing a pioneering role in this area, thus maintaining its leadership position in customer care in Mexico.

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, a summary of related activities in 2013 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.

12.1 Report on the activity of the Customer Care Service department in Spain

Statistical summary of the grievances and complaints handled in 2013

The number of customer complaints received by the BBVA Group's Customer Care Service in Spain in 2013 is 19,063 (9,582 in 2012), of which 1,111 have finally not been processed because they did not meet the requirements of Ministerial Order ECO/734. A total of 90.2% of the complaints, 17,132 cases (7,670 in 2012), have been resolved within the year, and 820 complaints (831 as of December 31, 2012) had not yet been analyzed as of December 31, 2013.

According to the type of complaints managed in 2013 and 2012, their distribution is as follows:

	Percentage of Complaints	
Type of Complaint to the Customer Care Service	**2013**	**2012**
Insurance	57.4%	26.0%
Assets products	8.9%	21.1%
Operations	13.5%	16.9%
Commisions and expenses	7.0%	8.9%
Investments - Derivatives	0.7%	11.2%
Customer information	2.9%	6.7%
Financial and welfare products	0.7%	2.9%
Collection and payment services	2.9%	1.8%
Rest	6.0%	4.6%
Total	**100.0%**	**100.0%**

The complaints handled in 2013 and 2012, broken down by the nature of their final resolution, are as follows:

	Number of Complaints	
Final Resolution for Complaints to the Custumer Service Center	**2013**	**2012**
In favor of the person submitting the complaint	7,260	1,720
Partially in favor of the person submitting the complaint	3,675	1,513
In favor of the BBVA Group	6,197	4,437
Total	**17,132**	**7,670**

The increase in the number of complaints lodged in this period is due basically to mortgage floor complaints (62.1% of complaints for asset operations in 2013 correspond mostly to mortgage floor complaints).

The principles and criteria used by the CCS to resolve complaints are based on the application of the rules on transparency and customer protection and best banking practices. This department takes its decisions independently, notifying the various units involved of any actions which require review or adaptation to regulations.

Recommendations or suggestions

In 2013, the Customer Care Service has implemented various initiatives in order to ensure compliance with best practices. These initiatives include:

- Setting up of Internal Quality Committees to inform of developments on transparency and good banking practices.
- Setting up of the Quality Legal Services Coordination Committee to analyze the situation in Regulatory Bodies and propose actions that would improve the early management of complaints.
- 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.
- Furthermore, it has maintained the specific complaints Committee set up in 2012 with the assistance of the Product Unit to convey proposals and recommendations and thus promote the implementation of actions aimed at improving the transparency, good practices and quality offered to our customers.

12.2 Report on the activity of the BBVA Group Customer Ombudsman in Spain

The following is a summary of the 2013 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 the grievances and complaints handled in 2013

1,992 customer complaints were received by BBVA's Customer Ombudsman in 2013. Of these, 115 have finally not been processed as they did not fulfill the requirements of Ministerial Order ECO/734. A total of 97.92% of the complaints, 1,838 cases, have been resolved within the year, and 39 complaints (73 as of December 31, 2012) had not yet been analyzed as of December 31, 2013.

The grievances and complaints handled are classified in the table below in line with the criteria established by the Complaints Service of the Bank of Spain in its half-yearly requests for information:

	Number of Complaints	
Type of Complaint	**2013**	**2012**
Insurance and welfare products	364	432
Assets operations	1,192	392
Investment services	117	459
Liabilities operations	97	129
Other banking products (cash, ATM, etc.)	29	55
Collection and payment services	33	39
Other	160	149
Total	**1,992**	**1,655**

The details of the complaints resolved in 2013 and 2012, broken down according to their final resolution, are as follows:

Final Resolution	Number of Complaints 2013	Number of Complaints 2012
In favor of the person submitting the complaint	1	16
Partially in favor of the person submitting the complaint	794	686
In favor of the BBVA Group	1,043	730
Total	**1,838**	**1,432**

Based on the above, it can be concluded that 43.25% of customers bringing a complaint before the Customer Ombudsman in 2013 (42% in 2012) are in some way satisfied, either as a consequence of the final resolution of the Ombudsman or because of its role as a mediator between the customer and the entities composing the BBVA Group.

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. The decisions handed down by the Ombudsman in favor of the customer are binding on the affected Group entity.

Recommendations or suggestions

Among the various initiatives implemented by the Group at the behest of the Customer Ombudsman in 2013, the following are worth noting:

- Recommendations have been made on adapting the product profile to the customer profile, with special emphasis on the need for greater provision of accurate information on the products offered to customers by presenting them with all necessary data and documentation to that end.

- The main purpose is to promote compliance with regulations on transparency and customer protection, providing criteria and possible actions for improvement, and paying special attention to its mediation between the customers and the Entities in order to reach an amicable agreement, within the limits set by regulations.

- 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 2013, the number of complaints examined or resolved by the Customer Ombudsman and subsequently presented by the customer before the supervisory bodies is 222.

13. Innovation and Technology

In 2013, the Innovation and Technology (I&T) area has structured its activity around four main lines of action:

- Infrastructure and systems
- Omni-channel banking
- Transformation of the Central Services, offices and ways of working
- New Operational Model
- Operations Control and Information Security
- Innovation and Support Center for innovators and entrepreneurs

Infrastructure and systems

BBVA has been developing and advancing its technological platforms over the last several years. The emergence of new players in the financial sector, the need to define new business models that require technological support and the need to provide the best service possible to our customers have shaped the main guidelines for the evolution and design of our systems.

Our experience in 2013 has confirmed that our new platform is prepared to support the Bank's growth. As the most telling example, it is worth noting the integration of Unnim last May after 11 months of planning and development work. In its last week, the new platform made it possible to integrate 509 branches serving 1.1 million new customers into our network, with no significant service incidents.

In 2013, the Corporate Investment Banking ("CIB") technology in the BBVA Group launched most of the technological projects forming part of CIB's internal transformation plan, whose final objective is to both protect and expand the current business. The projects completed in 2013 include the launch of the first unilateral electronic FX trading platform in the BBVA Group. This platform allows our customers to directly connect to an online trading platform with a low-latency connection and a price offering, which allows us to compete with the major global players in the international currency market. It has also hit landmarks in the improvement of global risk management and in the adaptation to major regulatory changes, while simultaneously launching the Back Office Global internal transformation plan for the Global Markets unit and continuing to boost the global multi-channel strategy of the current Global Electronic Banking Platform for Businesses.

Omni-Channel Banking

In 2013, different initiatives have been developed to support the Group's Omni-Channel Banking strategy designed to create an experience in which the customer can interact with BBVA through any channel, at any time and from anywhere. The initiatives developed include defining the strategy for reaching the channels based on the device (native, web-responsive or hybrid apps, etc.) in order to offer the same customer experience across all the channels. Various initiatives for generating digital content have also been developed. These include the incorporation of contracting functionalities in 30% of the digital channel innovation roadmap, as well as the creation of initiatives that cross over all digital channels, including gamification.

Transformation of Central Services and Branches

The main focus of the work of the Central Services Transformation Plan is to improve the efficiency and productivity of the Operations and Technology factories, as well as of the various support functions. With this objective in mind, work in 2013 took place on two planes. On the one hand, progress was made in the "Cross-Cutting Plans" project which has streamlined the central services in more than 1,000 resources in 2013 (more than 2,500 since the plan's start in 2010). On the other, the "Níquel" project was launched. The aim of this plan is to establish a new level of aspiration in both the organizational configuration and in the efficiency of all central functions, in order to reduce costs by 30%. The pilot phase of the Níquel project was successfully completed in 2013, and the project will be extended to the entire Group in 2014.

In 2013, the transformation plan for the network processes has driven the design and launch of a plan of top-down processes in all countries whose objective is for branches to become spaces for advice and sales, by minimizing paperwork and administrative tasks and freeing up time for commercial activity. To that end, a new issue of the Network Activity Map (MAR) has been released, and a global evolution objective for 2015 involving a

20% increase of Commercial Management Time has been established. To attain this objective, a working plan has been set for 2015 in every geographical area, with a focus on centralization, simplification or automation of the processes that consume a greater workload and present the greatest room for improvement (in total, 165 processes Group-wide will be addressed).

In terms of Transformation of ways of working, several projects have been developed, with special emphasis in 2 areas: improving the technological experience of the spaces called "BBVA Cities" (trading and meeting rooms; going paperless; the experience in common areas; the telepresence and collaboration systems, etc.), as well as the High Performance Desktop (HPD), an omni-channel web desk (for PC, laptop and tablet) that provides the Group's employees from all geographical areas with a set of functionalities aimed at simplifying and optimizing their ways of working.

The Operations Transformation Plan is contributing to the Group's efficiency and productivity objectives through the application of the "3-Layer Model" in the various banks and with the launch of the "industrialization" project for operating centers.

- In terms of the "3-Layer Model", it is important to highlight the transformation of operational processes carried out in 2013 in all business units and, especially, the impact made by OP-Plus: on the transformation of the network in S&P (Vanguard Project), as well as the consolidation of OP-Plus Peru and OP-Plus Colombia as the levers for bank transformation in those regions. An important step has also been taken in Mexico with the creation of a new OP-Plus branch, which will surely play a fundamental role in the 2014 transformation of BBVA Bancomer.

- The operating center "industrialization" project is aimed at improving productivity in factories and Mass Transaction Processing Centers, both internal and external, through the use of Business Process Management ("BPM") and Optical Character Recognition ("OCR") technology that enables mass processing of specific activities in the scope of Operations. The pilot projects developed this year in OP-Plus confirmed the validity of the selected tools and demonstrated the significant potential of the initiative in terms of efficiency, quality and operational control.

Operations Control and Information Security

In the scope of Operations Control, the activity has focused on defining the functional perimeter, the holding and local structures and the governance model, in addition to assuming the Risk Assessment process for the SOX and non-SOX risk perimeter for the business processes under its responsibility. In parallel, advances have been made in the design of the future Control Model for all of the Group's Business processes, whose implementation will provide standardization to the model and effectiveness in management, as it emphasizes the most relevant aspects.

The BBVA Group has established computer security controls to prevent and mitigate computer attacks that may materially affect BBVA's earnings. In 2013, the BBVA Group has not undergone any security incidents which individually or in the aggregate can be considered material. The BBVA Group's fraud management in 2013 has focused on improving the processes and tools for better fraud prevention and reduced fraud figures.

The Business Continuity initiatives incorporate the reaction in the event of the unavailability of people, centers or providers. To this end, efforts have been made in order to fully implement and update 127 continuity plans in 26 countries. Some of them have been activated, either fully or partially, throughout the year, as in the cases of tropical storms in Mexico and street riots and blockades in Mexico and Venezuela.

Innovation and Support Center for innovators and entrepreneurs

The Group's innovation project has been reinforced and consolidated, driven by the efforts made in the technological platform over previous years, the creation of an open innovation model and the focus on an innovation agenda that facilitates work at two levels: one very specific and close level devoted to the development of an omni-channel experience and the implementation of new payment systems, and another level that is more focused on the known areas of disruption and potential major impact, such as the BIG DATA environment, native banking in digital environments and open platforms.

Some examples of innovation opportunities that have become a reality in 2013 are BBVA Wallet, a mobile application launched last December, available for both iOS and Android systems, that provides a new means of managing card transactions quickly and safely. Thus, Wallet allows payments to be made by cellphone, and by downloading the application, customers will be able to view all their cards, check transactions for each and save photos of receipts with each purchase transaction or pay by simply placing the cellphone close to the point-of-sale terminal.

Another example of innovation is Wizzo: the first digital native product in Spain, which creates a completely new category of financial services. Wizzo is a web and mobile application for iOS and Android that speeds up payments between individuals, and makes it possible to create spending allowances online with friends or to take money out of an ATM without a card. In addition, Wizzo users may request a physical card or a contactless sticker to make payments from a cellphone.

Work in 2013 has also focused on *the opening of platforms* and *big data*, in order to expose some of BBVA's capabilities, products, data and services so they can be used by developers and entrepreneurs to foster the design of new products and digital services, make the most of the value of the data and information available to BBVA and enrich the value proposition for the market.

In order for the advances made in the scope of innovation to reach all geographical areas, special attention has been paid to the presence of local resources devoted to facilitating the transfer and adoption of innovation projects in the different regions. The execution of innovation projects has also been boosted by Innovation managers, who have played an essential role in the coordination of efforts and real integration of the innovation opportunities into the Group's normal business.

In 2013, the Innovation Center intensified is open innovation activity. The more than 100 events and thousands of visitors are proof of its consolidation as a meeting point for the innovation and entrepreneurial community.

A space designed to turn the innovation center into a stage for real interaction with users, the Living Lab, has also been inaugurated. 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.

In 2013, we held the first *hackaton* 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 awarded with €90,000 in prizes. This activity has already demonstrated the enormous talent and huge amount of ideas that can arise out of open innovation, with applications currently under analysis to enrich our value proposition for the market.

In 2013, the aim to involve the innovation community has been particularly geared toward the bank's own employees. With that objective, the BBVA Betatesters program was launched for BBVA product testing prior to their appearance on the market. The platform already has 2,200 users in 11 different countries, like the United States, Argentina and Mexico. To date, 18 applications (including Wizzo and BBVA Wallet) have been tested. This has allowed the knowledge and know-how of all of us belonging to BBVA to be reflected in the products we offer others.

The academic and university world also provides a major source of talent through its students, together with a special interest in resolving real business challenges. In order to enrich our vision with regard to some of the current challenges facing our business, we have reached agreements with universities and business schools like Columbia University, ITESM in Mexico, ICADE, ESADE and IE. In partnership with them, we held five challenges in 2013 during which the students were presented with real practical cases related to BBVA. A total of 155 students with 21 proposals collaborated in the five challenges held last year. At the end of 2013, four more challenges were underway, with the collaboration of 420 students and 62 proposals.

In order to promote our ties with innovative entrepreneurship, as of March 2013, the fifth BBVA Open Talent event was launched, the most international to date. This year we had 916 eligible projects from 24 different countries. The participation in projects in Colombia, Argentina, Mexico and Peru is especially noteworthy. The "new banking" category has received high-quality projects, and the winners are already working with BBVA to make the most of the opportunities arising from their products/services.

Moreover, the Innovation Center has continued its support efforts with entrepreneurs and relationships with the innovation community with the global support for the 2013 Innovators Under 35 awards in Mexico, Colombia, Peru, Uruguay, Argentina, Chile and Spain, as well as with its support for the EmTech emerging technologies conference in partnership with the Massachusetts Institute of Technology (M.I.T.).

Furthermore, the BBVA Innovation Center has continued to expand its global footprint. In March of last year we opened the Innovation Center of Bogota (Colombia), and the Innovation Center in Houston (USA) opened its doors in June. The aim of both of these centers is to replicate the bank's open innovation model, with the objective of forging a relevant presence in the entrepreneurial and innovation community of both countries and consolidating the Group's global open innovation project.

The digital community surrounding BBVA's innovation project has also grown. Today, the 878,000 visits in 2013 reveal the interest in the project and major activity in terms of open innovation projects. The social audience (the sum of followers in all of the social networking channels of Innovation), totaling 53,611 followers at the end of 2013, is also a meaningful figure that enables us to maintain an active conversation with individuals interested in innovation and entrepreneurship.

Three issues of the online magazine specializing in Innovation, Innovation Edge, were published over 2013, and this publication has also been selected this year as the best application for tablets at the TAB Innovation Awards. A total of 12,932 downloads of the magazine were reported in the last year, and the website received 170,292 visits.

14. Other information due to regulatory requirements

Capital and treasury stock

Information about the structure of common stock and transactions with treasury stock can be found in Notes 27 and 30 of the accompanying consolidated Financial Statements.

Shareholder remuneration and application of earnings

Information about shareholder remuneration and application of earnings can be found in Note 4 of the accompanying consolidated Financial Statements.

Exceptional factors

The year 2013 saw the exceptional factors described in the accompanying consolidated notes and in section 2 of this Management Report: Economic Environment in 2013, which have shaped the performance of the global financial system and, by extension, of the BBVA Group.

Significant contracts

The Group is not aware of the signing of any material contracts other than those executed during the BBVA Group's ordinary course of business during the two years immediately prior to December 31, 2013, except for those mentioned in the accompanying consolidated Financial Statements.

Nor is the Group aware that the Bank or any of the Group's subsidiaries have entered into contracts that could give rise to material liabilities for the Group.

Patents, licenses or similar

At the time of preparing the accompanying consolidated Financial Statements, the BBVA Group is not materially dependent on the issuance of patents, licenses and industrial, mercantile or financial contracts or on new manufacturing processes in carrying out its business purpose.

Subsequent events

After the year ended December 31, 2013, it is expected that on January 30, 2014, under the powers delegated by the Company's AGM held on March 16, 2012, the same Board of Directors meeting on January 31, 2013 also submit for approval under point five of the agenda, an agreement for the issue of debentures convertible into ordinary BBVA shares, excluding the preemptive subscription right.

Because of the agreement was 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, 2014 to the date of preparation of these consolidated financial statements, no other subsequent events not mentioned above in these financial statements have taken place that significantly affect the Group's earnings or its equity position.

15. Annual corporate governance report

In accordance with the provisions of Article 61b of the Spanish Securities Market Act, the BBVA Group prepared the Annual Corporate Governance Report for 2013 (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 in the section entitled "Corporate Governance".

ANNUAL CORPORATE GOVERNANCE REPORT ON THE OF PUBLICLY TRADED COMPANIES

ISSUER IDENTIFICATION

YEAR ENDING	31/DEC/2013

TAX ID NO. A-48265169

Registered name: BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Registered Address: PLAZA DE SAN NICOLÁS, 4, 48005 BILBAO (VIZCAYA)

ANNUAL REPORT ON THE CORPORATE GOVERNANCE
OF PUBLICLY TRADED COMPANIES

A - OWNERSHIP STRUCTURE

A.1. Fill in the following table on the company's share capital:

Date of latest change	Share capital (€)	Number of shares	Number of voting rights
17/OCT/2013	2,835,117,677.07	5,785,954,443	5,785,954,443

Indicate if there are different classes of shares with different rights associated to 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	
GONZÁLEZ RODRÍGUEZ, FRANCISCO	1,645,328		1,508,893	0.06
CANO FERNÁNDEZ, ÁNGEL	702,707		0	0.01
ALFARO DRAKE, TOMÁS	15,211		0	0.00
ÁLVAREZ MEZQUÍRIZ, JUAN CARLOS	189,069		0	0.00
BUSTAMANTE Y DE LA MORA, RAMÓN	13,671		2,695	0.00
FERNÁNDEZ RIVERO, JOSÉ ANTONIO	67,433		0	0.00
FERRERO JORDI, IGNACIO	4,285		81,025	0.00
GARIJO LÓPEZ, BELÉN	0		0	0.00
GONZÁLEZ-PÁRAMO MARTÍNEZ-MURILLO, JOSE MANUEL	1,012		0	0.00
LORING MARTÍNEZ DE IRUJO, CARLOS	52,801		0	0.00
MALDONADO RAMOS, JOSÉ	73,264		0	0.00
PALAO GARCÍA-SUELTO, JOSÉ LUIS	9,897		0	0.00
PI LLORENS, JUAN	36,977		0	0.00
RODRÍGUEZ VIDARTE, SUSANA	23,883		878	0.00

% total voting rights held by the Board of Directors	0.08

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		
GONZÁLEZ RODRÍGUEZ, FRANCISCO	437,141	0	0	0	0.01
CANO FERNÁNDEZ, ÁNGEL	309,022	0	0	0	0.01

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 commercial traffic and exchange:

A.5 Where applicable, indicate any family, 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 commercial traffic and exchange:

A.6 Indicate whether the company has been informed of any shareholder agreements that may affect it as established 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 knows 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 concertad action

If there has been any alteration or breakdown of said pacts or agreements or concerted actions, indicate this expressly:

A.7. Indicate whether any person or organisation exercises or may exercise control over the company pursuant to article 4 of the Securities Exchange Act. If so, identify names:

NO

A.8. Fill in the following tables regarding the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	total of % share capital
1,357,669	5,519,101	0.12

(*) Through:

Name of direct owner of shareholding (person or company)	Number of direct shares
CORPORACIÓN GENERAL FINANCIERA, S.A.	5,491,697
BBVA SEGUROS, S.A., DE SEGUROS Y REASEGUROS	27,404

Total:	5,519,101

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
15/JAN/2013	257,670	15,293,344	0.29
11/FEB/2013	2,041,968	18,570,235	0.38
21/MAR/2013	4,271,586	5,717,442	0.18
09/APR/2013	122,050	38,626,553	0.71
24/JUN/2013	5,682,382	25,507,347	0.56
28/AUG/2013	291,273	11,784,978	0.21
26/DEC/2013	2,422,114	5,459,101	0.14

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 following is a transcription of the resolution adopted by the Annual General Meeting of Banco Bilbao Vizcaya Argentaria, S.A. shareholders, 12th March 2010, under agenda item three:

1.- Repealing the unavailed part from the resolution adopted at the Annual General Meeting, 13th March 2009, under agenda item seven to authorise the Bank, directly or via any of its subsidiaries, for a maximum of five years as of the date of this present AGM, to purchase Banco Bilbao Vizcaya Argentaria, S.A. shares at any time and on as many occasions as it deems appropriate, by any means permitted by law. This purchase may be charged to the year's earnings and/or to unrestricted reserves and the shares may be sold or redeemed at a later date. All this shall comply with article 75 and concordant of the Companies Act.

2.- Approve the limits or requirements of these acquisitions, which shall be as follows:

- The nominal value of the shares acquired directly or indirectly, added to those that the Bank and its subsidiaries already owned, may at no time exceed ten percent (10%) of the subscribed Banco Bilbao Vizcaya Argentaria, S.A. share capital, or, where applicable, the maximum amount authorised by the applicable legislation at any time. In all cases, respect must be paid to the limits established on the purchase of treasury stock by the regulatory authorities of the markets where the Banco Bilbao Vizcaya Argentaria, S.A. shares are listed for trading.

- A restricted reserve may be charged to the Bank's net total assets on the balance sheet equivalent to the sum of treasury stock booked under Assets. This reserve must be maintained until the shares are sold or redeemed.

- The shares purchased must be fully paid up, unless the purchase is without consideration, and must not entail any obligation to provide ancillary benefits.

- The purchase price will not be below the nominal price or be more than 20% above the listed price or any other price associated to the shares on the date of purchase. Operations to purchase treasury stock will comply with securities markets' standards and customs.

3.- Express authorisation is given to earmark all or some of the shares purchased by the Bank or any of its subsidiaries hereunder for Company workers, employees or directors when they have an acknowledged right, either directly or as a result of exercising the option rights they hold, as established in the final paragraph of article 75, section 1 of the Companies Act.

4.- Reduce share capital in order to redeem such treasury stock as the Bank may hold on its Balance Sheet, charging this to profits or unrestricted reserves and to the amount which is appropriate or necessary at any time, up to the maximum value of the treasury stock held at any time.

5.- Authorise the Board of Directors, in compliance with article 30 c) of the Company Bylaws, to implement the above resolution to reduce share capital, on one or several occasions and within the maximum period of five years from the date of this General Meeting, undertaking such procedures, processes and authorisations as necessary or as required by the Companies Act and other applicable provisions. Specifically, the Board is authorised, within the period and limits established for the aforementioned implementation, to establish the date(s) of each specific capital reduction, its timeliness and appropriateness, taking into account market conditions, listed price, the Bank's economic and financial position, its cash position, reserves and business performance and any other factor relevant to the decision. It may specify the amount of the capital reduction; determine where to credit said amount, either to a restricted reserve or to freely available reserves, where relevant, providing the necessary guarantees and complying with legally established requirements; amend article 5 of the Company Bylaws to reflect the new figure for share capital; request de-listing of the redeemed stock and, in general, adopt such resolutions as necessary regarding this redemption and the consequent capital reduction, designating the people able to formalise these actions.

A.10 Indicate 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

DESCRIPTION OF THE RESTRICTIONS

A.11. Indicate whether the General Meeting has approved measures to neutralise a public takeover bid, pursuant to Act 6/2007

NO

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient:

A.12 Indicate whether the company has issued securities that are not traded on a Community regulated market.

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, at 31st December 2013, 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 CEA art. 193 for general circumstances	**% quorum different from quorum in CEA art. 194 for special circumstance in art. 194 CEA**
Quorum required on first summons	0	66.67%
Quorum required on second summons	0	60.00%

DESCRIPTION OF DIFFERENCES

Article 194 of the Corporate Enterprises Act establishes that in order for a General Meeting (whether annual or extraordinary) to validly resolve to increase or reduce capital or any other amendment to the Company Bylaws, bond issuance, the supression or limitation of pre-emptive subscription rights over new shares, or the transformation, merger or spin-off of the company or global assignment of assets and liabilities or the offshoring of domicile, the shareholders present and represented on first summons must possess at least fifty percent of the subscribed capital with voting rights

On second summons, twenty-five percent of said capital will be sufficient.

The above notwithstanding, article 25 of the BBVA Company Bylaws establish that a reinforced quorum of two-thirds of subscribed capital with voting rights is required on first summons and of 60% of such capital on second summons, in order for the following resolutions to be validly adopted: substitution of the corporate purpose, transformation, total break-up, winding-up of the Company and amendment of the article in the Bylaws establishing this reinforced quorum.

B.2. Indicate, and where applicable give details, whether there are any differences from the minimum standards established under 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 of 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 has the power to amend the Company Bylaws and to confirm or rectify the manner in which they are interpreted by the Board of Directors.

To such end, the rules established under articles 285 and following of the Corporate Enterprises Act will be applicable.

The above paragraph notwithstanding, article 25 of the Company Bylaws establishes that in order to validly adopt resolutions regarding any change in the corporate purpose, transformation, total spin-off or winding up of the Company and amendment of the second paragraph of said article 25, two-thirds of the subscribed capital with voting rights must attend the General Meeting on first summons, and 60% of said capital on second summons.

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				
			% voting remotely		
Date of General Meeting	**% shareholders present**	**% attending by proxy**	**Electronic vote**	**Others**	**Total**

15/MAR/2013	8.76	23.51	0.10	34.16	66.53
16/MAR/2012	3.77	38.38	0.03	22.34	64.52

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

B.6 Indicate whether it has been resolved that certain resolutions entailing a structural alteration of the company (spin-offs, trading of core operational assets, transactions equivalent to the liquidation of the company, etc) must be put to the approval of 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 over 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.

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	-	CHAIRMAN & CEO	28/JAN/2000	15/MAR/2013	GENERAL MEETING RESOLUTION

ÁNGEL CANO FERNÁNDEZ	-	PRESIDENT & COO	29/SEP/2009	15/MAR/2013	GENERAL MEETING RESOLUTION
BELÉN GARIJO LÓPEZ	-	DIRECTOR	16/MAR/2012	16/MAR/2012	GENERAL MEETING RESOLUTION
CARLOS LORING MARTÍNEZ DE IRUJO	-	DIRECTOR	28/FEB/2004	11/MAR/2011	GENERAL MEETING RESOLUTION
IGNACIO FERRERO JORDI	-	DIRECTOR	28/JAN/2000	15/MAR/2013	GENERAL MEETING RESOLUTION
JOSÉ ANTONIO FERNÁNDEZ RIVERO	-	DIRECTOR	28/FEB/2004	16/MAR/2012	GENERAL MEETING RESOLUTION
JOSÉ LUIS PALAO GARCÍA-SUELTO	-	DIRECTOR	01/FEB/2011	11/MAR/2011	GENERAL MEETING RESOLUTION
JOSÉ MALDONADO RAMOS	-	DIRECTOR	28/JAN/2000	16/MAR/2012	GENERAL MEETING RESOLUTION
JOSÉ MANUEL GONZÁLEZ-PÁRAMO MARTÍNEZ-MURILLO	-	DIRECTOR	03/JUN/2013	03/JUN/2013-	COOPTED
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	-	DIRECTOR	28/JAN/2000	11/MAR/2011	GENERAL MEETING RESOLUTION
JUAN PI LLORENS	-	DIRECTOR	27/JUL/2011	16/MAR/2012	GENERAL MEETING RESOLUTION
RAMÓN BUSTAMENTE Y DE LA MORA	-	DIRECTOR	28/JAN/2000	15/MAR/2013	GENERAL MEETING RESOLUTION
SUSANA RODRÍGUEZ VIDARTE	-	DIRECTOR	28/MAY/2002	11/MAR/2011	GENERAL MEETING RESOLUTION

TOMÁS ALFARO DRAKE	-	DIRECTOR	18/MAR/2006	11/MAR/2011	GENERAL MEETING RESOLUTION

Total number of directors	14

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
ENRIQUE MEDINA FERNÁNDEZ	INDEPENDENT	29/MAY/2013

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	CHAIRMAN & CEO
ÁNGEL CANO FERNÁNDEZ	APPOINTMENTS COMMITTEE	PRESIDENT & COO
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	CHAIRMAN AND CEO OF MERCK SERONO AND CHAIR OF THE PAHRMA INTERNATIONAL EXECUTIVE COMMITTEE, ISEC (PHARMACEUTICAL RESEARCH AND MANUFACTURERS OF AMERICA). OTHER RELEVANT POSITIONS: WAS PRESIDENT OF COMMERCIAL

	OPERATIONS IN EUROPE AND CANADA AT SANOFI AVENTIS. READ MEDICINE AT UNIVERSIDAD DE ALCALÁ DE HENARES, MADRID. CLINICAL PHARMACOLOGY SPECIALIST AT HOSPITAL DE LA PAZ - UNIVERSIDAD AUTÓNOMA DE MADRID.
CARLOS LORING MARTÍNEZ DE IRUJO	CHAIR OF THE BOARD'S REMUNERATION COMMITTEE. LAWYER SPECIALISING IN CORPORATE GOVERNANCE. OTHER RELEVANT POSITIONS: WAS PARTNER AND MEMBER OF THE STEERING COMMITTEE AT GARRIGUES LAW FIRM. READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID.
IGNACIO FERRERO JORDI	MANAGING DIRECTOR OF NUTREXPA AND OF LA PIARA. CHAIRMAN OF ANETO NATURAL. OTHER RELEVANT POSITIONS: MEMBER OF THE BOARD OF THE MUTUA DE ACCIDENTES DE ZARAGOZA AND OF THE INSTITUTO DE EMPRESAS FAMILIAR (SPANISH FAMILY BUSINESS INSTITUTE). HE IS ALSO MEMBER OF THE BOARD OF THE ASOCIACIÓN ESPAÑOLA DE CODIFICACIÓN COMERCIAL (SPANISH COMMERCIAL CODING ASSOCIATION). READ LAW AT UNIVERSIDAD DE BARCELONA.
JOSÉ ANTONIO FERNÁNDEZ RIVERO	CHAIR OF THE BOARD'S RISKS COMMITTEE. OTHER RELEVANT POSITIONS: GENERAL MANAGER OF THE BBVA GROUP UNTIL JANUARY 2003. HAS REPRESENTED BBVA AS A DIRECTOR ON THE BOARDS OF: TELEFÓNICA, IBERDROLA, BANCO DE CRÉDITO LOCAL AND WAS CHAIRMAN OF ADQUIRA. READ ECONOMICS AT UNIVERSIDAD DE SANTIAGO DE COMPOSTELA.
JOSÉ LUIS PALAO GARCÍA-SUELTO	CHAIR OF THE BOARD'S AUDIT & COMPLIANCE COMMMITTEE. HAS BEEN PARTNER OF THE FINANCIAL DIVISION AT ARTHUR ANDERSEN SPAIN. OTHER RELEVANT POSITIONS: WAS HEAD OF THE AUDIT & INSPECTION SERVICE AT THE INSTITUTO DE CRÉDITO OFICIAL (OFFICIAL CREDIT INSTITUTE) AND HAS ALSO BEEN AN INDEPENDENT CONSULTANT. READ AGRICULTURAL ENGINEERING AT ETS DE INGENIEROS AGRÓNOMOS DE MADRID AND BUSINESS STUDIES AT UNIVERSIDAD COMPLUTENSE DE MADRID.
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	MANAGING DIRECTOR OF GRUPO EL ENEBRO, S.A. OTHER RELEVANT POSITIONS: WAS MANAGING DIRECTOR OF GRUPO EULEN, S.A. READ ECONOMICS AT UNIVERSIDAD COMPLUTENSE DE MADRID.
JUAN PI LLORENS	HAD A PROFESSIONAL CAREER AT IBM HOLDING VARIOUS SENIOR POSITIONS AT A NATIONAL AND INTERNATIONAL LEVEL INCLUDING VICE PRESIDENT FOR SALES AT IBM EUROPE, VICE PRESIDENT OF TECHNOLOGY & SYSTEMS AT IBM EUROPE AND VICE PRESIDENT OF THE FINANCE DEPARTMENT AT GMU (GROWTH MARKETS UNITS) IN CHINA. HE WAS EXECUTIVE CHAIRMAN OF IBM SPAIN. READ INDUSTRIAL ENGINEERING AT UNIVERSIDAD POLITECNICA DE BARCELONA AND TOOK A GENERAL MANAGEMENT PROGRAMME AT IESE.
RAMÓN BUSTAMENTE Y DE LA MORA	WAS DIRECTOR AND GENERAL MANAGER AND NON-EXECUTIVE DEPUTY CHAIRMAN OF ARGENTARIA, AND CHAIRMAN OF UNITARIA. OTHER RELEVANT POSITIONS: HELD VARIOUS SENIOR POSITIONS IN BANESTO. READ LAW AND ECONOMICS STUDIES AT UNIVERSIDAD COMPLUTENSE DE MADRID.
SUSANA RODRÍGUEZ	FULL PROFESSOR OF STRATEGY AT THE SCHOOL OF ECONOMICS

VIDARTE	& BUSINESS STUDIES AT UNIVERSIDAD DE DEUSTO. MEMBER OF THE INSTITUTO DE CONTABILIDAD Y AUDITORÍA DE CUENTAS (Accountants & Auditors Institute) AND PHD FROM UNIVERSIDAD DE DEUSTO. OTHER RELEVANT POSITIONS: WAS DEAN OF THE SCHOOL OF ECONOMICS AND BUSINESS STUDIES AT UNIVERSIDAD DE DEUSTO, DIRECTOR OF THE POSTGRADUATE AREA AND DIRECTOR OF THE INSTITUTO INTERNACIONAL DE DIRECCIÓN DE EMPRESAS (INSIDE).
TOMÁS ALFARO DRAKE	CHAIR OF THE BOARD'S APPOINTMENTS COMMITTEE. DIRECTOR OF INTERNAL DEVELOPMENT AND PROFESSOR AT THE ACADEMIC AREA OF FINANCE AT UNIVERSIDAD FRANCISCO DE VITORIA. OTHER RELEVANT POSITIONS: WAS DIRECTOR OF THE FOLLOWING BACHELOR'S DEGREES AT UNIVERSIDAD FRANCISCO DE VITORIA: BUSINESS ADMINISTRATION AND MANAGEMENT; BUSINESS STUDIES; MARKETING; BUSINESS ADMINISTRATION. READ ENGINEERING AT ICAI.

Total number of independent directors	10
% of total directors	71.43%

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

Total number of other external directors	1
% of total directors	7.14%

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 held the position of Director and General Secretary until 22nd December 2009, when he stood down from his executive duties.	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

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 2013	Year 2012	Year 2011	Year 2010	Year 2013	Year 2012	Year 2011	Year 2010
Executive	-	-	-	-	-	-	-	-
Proprietary	-	-	-	-	-	-	-	-
Independent	2	2	1	1	20%	18.18%	10%	11.11%
Others External	-	-	-	-	-	-	-	-
Total:	2	2	1	1	14.29%	14.29%	7.69%	8.33%

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 Regulations establishes that the proposals that the Board submits to the Company's General Meeting for the appointment or re-election of directors and the resolutions to co-opt directors made by the Board of Directors will be approved at the proposal of the Appointments Committee in the case of independent directors and on the basis of a report from said Committee in the case of all other directors. The Board's resolutions and deliberations on these matters will take place in the absence of the director whose re-election is proposed. If the director is at the meeting, he/she must leave the room.

The Appointments Committee is tasked with formulating and providing information for the proposals to appoint and re-elect directors.

To such end, the Board Regulations establish that the Committee will evaluate the skills, knowledge and expertise that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in view of the needs that the Company's governing bodies may have at any time. The Committee will ensure that, in line with the principles established in the BBVA Board Regulations, when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought are included as potential candidates in the event of no or few female directors.

In the latest selection processes, the Appointments Committee has ensured that there are no implicit biases that may hinder the access of women to the vacancies. It evaluated the skills, knowledge and expertise of all the candidates according to the needs of the governing bodies at any time, assessing the dedication necessary to be able to suitably perform their duties in the light of the principles contained in the BBVA Board 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 time. The skills, knowledge and expertise necessary to be a Bank director were evaluated and the rules on incompatibilities and conflicts of interest as well as the dedication deemed necessary to be able to comply with the duties were taken into account.

BBVA currently has two female directors on its governing body, one of whom is a member of the Group's Executive Committee. The appointment of a further female director has been proposed to the Bank's General Meeting.

C.1.6 Explain the measures, if any, agreed by the appointments committee to ensure that selection procedures do not suffer 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 section above. During the selection processes, the Appointments Committee pursuant to the Board Regulations, has ensured that women who meet the sought-after professional profile are included among the potential candidates. In addition it has made sure that the selection procedures do not include implicit biases that might hinder the selection of female directors.

When, despite any measures that might have been adopted, the number of female directors is low or zero, explain the reasons:

Explanation of reasons
See section above.

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 others at whose behest proprietary directors were appointed. Where applicable, explain why these petitions have been ignored.

C.1.9 Indicate if any director has stood down before the end of his/her term in office, if the director has explained his/her reasons to the board and through which channels, and in the event reasons were give in writing to the entire board, explain below, at least the reasons that were given:

Name of director	Reason for leaving
Enrique Medina Fernández.	Enrique Medina Fernández stood down as member of the BBVA Board on 29th May 2013, the date on which he presented his resignation, as he was the oldest director, to allow the incorporation of a new director. He explained these reasons in a letter that was delivered to all the Board members, in compliance with the Board Regulations.

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 Chairman and CEO.
ÁNGEL CANO FERNÁNDEZ	Holds broad-ranging powers of representation and administration in line with his duties as Company President & COO.
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 that form part of 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
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:

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
Article 11 of the Board Regulations establishes that in the performance of their duties, directors will be subject to the incompatibilities and debarment rules established under current legislation, and in particular under Act 31/1968, 27th July, on Incompatibilities of Senior Positions in private-sector Banking, which sets the maximum number of boards to which a director of a financial institution may belong. Directors may not, on their own behalf or on behalf of a third party, engage in an activity that is identical, similar or supplementary to that which constitutes the Company's corporate purpose, except with express authorisation from the Company, by resolution of the General Meeting, to which end they must inform the Board of Directors of that fact. Directors may not provide professional services to companies competing with the Bank or of any of its Group companies. They will not agree to be an employee, manager or director of such companies unless they have received express prior authorisation from the Board of Directors or unless these activities had been provided or conducted before they joined the Board and they had informed the Bank of them at that time. Directors of the Bank may not hold office in any company in which the Bank holds an interest or in any company within its Group. As an exception and at the discretion of the Bank, executive directors are able to hold office in

companies directly or indirectly controlled by the Bank with the approval of the Executive committee, and in other associate companies with the approval of the Board of Directors. Loss of the office of executive director carries an obligation to resign from any office in a subsidiary or associate company that is held by virtue of such directorship.

Non-executive directors may hold office in the Bank's associate companies or in any other Group company provided the office is not related to the Group's holding in such companies. They must have prior approval from the Board of Directors. For these purposes, holdings of the Bank or its Group of companies resulting from its ordinary business activities, asset management, treasury trading, derivative hedging and/or other transactions will not be taken into account.

Directors may not hold political office or engage in other activities that might have a public significance or affect the image of the Bank in any manner, unless this is with prior authorisation from the Board of Directors.

C.1.14 Indicate the general corporate policies and strategies over which the board has exclusive approval rights:

	YES	NO
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 policy for risk control and management, and the periodic 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)	14,645
Amount of overall remuneration corresponding to the rights accumulated by directors with respect to pensions (€k)	-
Overall remuneration of the board of directors (€k)	14,645

C.1.16 Identify members of the senior management that are not in turn executive directors, and indicate the total remuneration accruing to them during the year:

Name (person or company)	Position(s)
EDUARDO ARBIZU LOSTAO	LEGAL, AUDIT & COMPLIANCE SERVICES
MANUEL SÁNCHEZ RODRÍGUEZ	UNITED STATES
RAMÓN MARÍA MONELL VALLS	INNOVATION & TECHNOLOGY
CARLOS TORRES VILA	CORPORATE STRATEGY & DEVELOPMENT
MANUEL GONZÁLEZ CID	FINANCE DEPARTMENT
MANUEL CASTRO ALADRO	GLOBAL RISK MANAGEMENT
IGNACIO DESCHAMPS GONZÁLEZ	GLOBAL RETAIL & BUSINESS BANKING
VICENTE RODERO RODERO	MEXICO
JUAN ASÚA MADARIAGA	CORPORATE & INVESTMENT BANKING (CIB)
JUAN IGNACIO APOITA GORDO	HUMAN RESOURCES & SERVICES
JAIME SAENZ DE TEJADA	SPAIN & PORTUGAL
RICARDO GÓMEZ BARREDO	GLOBAL ACCOUNTING & INFORMATION MANAGEMENT
IGNACIO MOLINER ROBREDO	BRAND & COMMUNICATION

Total senior management remuneration (€k)	17,897

C.1.17 Indicate the identity of the board members, if any, that 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 during the year there has been any change in the board regulations:

NO

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 Regulations stipulate that members will be appointed to the Board by the General Meeting without prejudice to the Board's right to co-opt Members in the event of any vacancy.

In any event, persons proposed for appointment as Directors must meet the requirements pursuant to applicable legislation, the special code for financial institutions, and the Company Bylaws.

The Board of Directors will put its proposals to the Company's General Meeting in such a way that there is an ample majority of external directors over executive directors on the Board and that the number of independent directors accounts for at least one third of the total seats.

The Board will approve the proposals it submits to the General Meeting for appointment or re-election of directors and its resolutions to co-opt directors at the proposal of the Appointments Committee in the case of independent directors, and following a report from this Committee for all other directors.

To such end, the Board Regulations establish that the Committee will evaluate the skills, knowledge and expertise that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in light of the needs that the Company's governing bodies may have at any time. The Committee will ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought are included as potential candidates in the event of no or few female directors.

The Board's resolutions and deliberations on these matters will take place in the absence of the director whose re-election is proposed. If the director is at the meeting, he/she must leave the room.

Directors will stay in office for the term defined by the Company Bylaws under a resolution passed by the General Meeting if they have been co-opted, they will stay in office until the next General Meeting is held the General Meeting may then ratify their appointment for the term of office remaining to the Director whose vacancy they have covered through co-option, or else appoint them for the term of office established under the Company Bylaws.

Re-election:

See section above

Assessment:

Article 17c) of the Board Regulations indicates that the Board of Directors will be responsible for assessing the quality and efficiency in the operation of the Board and its Committees, on the basis of the reports that said Committees submit. The Board is also tasked with assessing the performance of the

Chairman of the Board and, where pertinent, of the Company's Chief Executive Officer, on the basis of the report submitted by the Appointments Committee.

Moreover, article 5 of the Board Regulations establishes that the Chairman, who is responsible for the efficient running of the Board, will organise and coordinate with the Chairs of the relevant Committees to carry out periodic assessment of the Board, and of the Chief Executive Officer of the Bank, when this position is not also held by the Chairman.

Pursuant to the provisions of these Board Regulations, as in previous years, in 2013 the Board of Directors assessed the quality and efficiency of its own operation and that of its Committees, as well as the performance of the duties of the Chairman, both as Chairman of the Board and as Chief Executive Officer of the Bank.

Severance:

Directors will stand down from office when the term for which they were appointed has expired, unless they are re-elected.

The directors must apprise the Board of circumstances affecting them that may be prejudicial to the corporate reputation and credit, and in particular, criminal suits in which they may be involved and any significant changes in their status before the courts.

Directors must place their directorship at the disposal of the Board of Directors and accept its decision regarding their continuity in office. If its decision is negative, they are obliged to tender their resignation under the circumstances listed in section C.1.21 below.

In any event Directors will resign their positions on reaching 75 years of age. They must present their resignation at the first meeting of the Bank's Board of Directors after the General Meeting that approves the accounts for the year in which they reach this age.

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
Article 17c) of the Board Regulations establishes that the Board of Directors will assess the quality and efficiency in the operation of the Board and its Committees on the bases of the reports that said Committees submit. The Board of Director has done this during 2013.

C.1.21. Indicate the circumstances under which directors are obliged to resign.

Apart from the cases established in the applicable legislation, article 12 of the BBVA Board Regulations establishes that board members must place their directorship at the disposal of the Board of Directors and accept the Board's decision regarding their continuity in office. Should the Board decide against their continuity, they are obliged to present their formal resignation. Such circumstances would arise in the following cases:

- When they are affected by circumstances of incompatibility or debarment as defined under prevailing legislation, in the Company Bylaws or in the Director's Charter.

- When significant changes occur in their professional situation or that may affect the condition by virtue of which they were appointed to the Board.

- When they are in dereliction of their duties as directors.

- When the Director, acting as such, has caused severe damage to the Company's assets or its reputation or credit, or no longer displays the commercial and professional honour required to hold a Bank directorship.

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
Article 5 of the Board Regulations establishes that the Chairman of the Board will also be the Bank's Chief Executive Officer unless the Board resolves to separate the positions of Chairman and Chief Executive Officer on the grounds of the Company's best interests. However BBVA has a system of Corporate Governance that establishes effective mechanisms to avoid the concentration of power in one sole individual and guarantees effective control and efficient supervision of the Bank's executives. The BBVA Board has appointed from amongst its members a managing director, the President & Chief Operating Officer, as provided for in the Bank's Company Bylaws, who holds the broadest powers delegated by the Board. He has the powers to manage and represent the Company in keeping with his position and is directly responsible for the ordinary management and development of all the Group Business Areas, as well as some of the Support Areas that report up to it in the organisational chart. The President & COO, in turn, reports directly to the Board of Directors each month on developments in the Company and the Group's activity. The BBVA Board of Directors comprises an ample majority of independent directors, allowing an appropriate balance between the oversight and control duties of the corporate bodies. Pursuant to the Board Regulations, any director may request the inclusion of items on the agenda that they deem advisable for the interests of the Group. Article 18 of the Board Regulations also establishes the possibility that if those directors that represent one quarter of the Board members appointed at any time so wish, they may request a Board Meeting be held. BBVA has a permanent Executive Committee, mainly comprising by external directors with the following authority: To file and propose general policy guidelines, the criteria for setting targets and drawing up programmes, examining the proposals put to it in this regard, evaluating and

approving the actions and results of any direct or indirect activity carried out by the Entity; to determine the volume of investment in each individual activity; to approve or reject transactions, determining their methods and conditions; to arrange inspections and internal or external audits of all the Entity's areas of operation; and in general to exercise the authority conferred on it by the Board of Directors.

The BBVA Executive Committee meets every two weeks and reports directly to the Risk Director, the Chief Financial Officer and the heads of the Business Areas. It performs executive duties including the approval of specific operations, establishing risk limits and proposing policy. It also has oversight duties such as the analysis of the Bank's activity and earnings prior to the Board meetings, share performance analysis, market situations and liquidity, credit and market risk management.

Moreover, in order to better perform its management oversight duties and duties regarding key aspects such as risk management, remuneration, appointments and review of the financial statements, the Board has brought in support from various Committees including the Audit & Compliance Committee, the Appointments Committee, the Remuneration Committee and the Risks Committee. These Committees assist the Board on matters corresponding to their areas of competence, and their composition and rules of organisation and operation are described in detail in section C.2.4 below.

These specialist Committees only comprise external directors, the majority of whom are independent. (The Audit & Compliance Committee and the Risks Committee are wholly comprised of independent directors and the Appointments Committee and the Remuneration Committee have a majority of independent directors.)

Likewise, all the Committee Chairs are independent directors with ample 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 coporate bodies, together with the high number of independent directors comprising the Board and its Committees, alongside the operational system of the Board, based on specialist assistance on the most relevant issues from Board Committees that operate under a system independent of the Bank's executives, setting their own agendas, calling the Bank executives to meetings as necessary and accessing all information required for the decision-making process, guarantees a balanced System of Corporate Governance that properly combines all its elements to avoid the accumulation of powers in one sole individual.

Indicate and, where applicable, explain whether rules have been established to empower one of the independent directors to request a board meeting be called or new business included on the agenda, to coordinate and give voice to the concerns of external directors and to direct the assessment by the board of directors

NO

C.1.23 Are reinforced majorities required, other than the legal majorities, for any 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.

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 any 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

Maximum number of years in office	-

C.1.28 Indicate whether the bylaws or the board regulations establish specific standards 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 Regulations establishes that directors are obliged to attend the meetings of corporate bodies and the meetings of the Board Committees on which they sit, unless for a justifiable reason. Directors shall participate in the discussions and debates on matters submitted for their consideration.

However, article 21 of the Board Regulations establishes that should it not be possible for a director to attend any of the Board meetings, he/she may grant proxy to another director to represent and vote for them. This will be done by a letter, fax, telegram or email sent to the Company with the information required for the proxy director to be able to follow the absent director's indications.

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	**12**

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	**21**
Number of Audit Committee meetings	**12**
Number of Appointments Committee meetings	**5**
Number of Remuneration Committee meetings	**6**
Number of Risks Committee meetings	**43**

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	**12**
% of attendances to total votes during the year	**100%**

C.1.31 Indicate whether the individual and consolidated accounts presented for board approval are certified beforehand:

NO

Where applicable, identify the person(s) who has(have) certified the individual and consolidated financial statements to be filed by the board:

B.1.32 Explain the mechanisms, if any, established by the board of directors to prevent the individual and consolidated financial statements that it files from being presented to the General Meeting with a qualified auditors report.

Article 2 of the BBVA Audit & Compliance Committee's Regulations establishes that the Committee, consisting exclusively of independent directors, shall have the task of assisting the Board of Directors in supervising the BBVA Group's financial statements and in the exercise of its oversight duties for the BBVA Group. The following are included within the scope of its duties: Supervising the sufficiency, adequacy and effectiveness of the internal oversight systems and ensuring the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in the annual and quarterly reports. This also applies to the accounting and financial information required by the Bank of Spain or other regulatory bodies of countries where the Group operates.

The Committee verifies that the audit schedule is being carried out under the service agreement with suitable periodicity, and that it satisfies the requirements of the competent authorities (in particular the Bank of Spain) and the Bank's governing bodies. It will periodically (at least once a year) request the Auditors to provide an assessment of the quality of internal oversight procedures in the Group.

The Committee must also be apprised of any infractions, situations requiring corrections, or anomalies of relevance that may be detected while the external audit is being carried out. Relevance shall mean any situations that, on their own or together as a whole, may originate significant material damage or impact on the Group's net worth, earnings or reputation. The External Auditor has full discretion to decide what is of relevance and, in the event of any doubt, the Auditor must opt for disclosure.

In exercising these duties, the Committee holds monthly meetings with the External Auditor without the presence of executives. This enables it to continuously monitor the auditor's work, thereby ensuring that it is carried out under optimal conditions and without management interference.

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
The BBVA Board Regulations establish that the Board of Directors will appoint a Secretary from amongst its members, on the basis of a report from the Appointments Committee, unless it resolves to commend these duties to a person other than a Board member. The same procedure will be applicable for the severance of the Secretary from his or her duties.

Does the Appointments Committee have a say in his/her appointment?	YES
Does the Appointments Committee have a say in his/her severance?	YES
Does the Board, in plenary, approve the appointment?	YES
Does the Board, in plenary, approve the severance?	YES

Does the board secretary have the specific duty of securing compliance with corporate governance recommendations?

YES

Observations
Article 23 of the Board Regulations establishes that the Secretary, as well as performing the duties attributed by law and by the Company Bylaws, will also oversee the formal and material legality of the Board's actions, ensuring they comply with the Company Bylaws, the General Meeting Regulations and the Board Regulations, and that they take into account any recommendations on good governance that the Company has undertaken at any time.

C.1.35 Indicate what mechanisms the company has established, if any, to preserve the independence of the auditor, the financial analysts, the investment banks and the rating agencies.

The BBVA Audit & Compliance Committee Regulations establish that this

Committee's duties, described in section C.2.4.4, include ensuring the independence of the external audit in two ways:

- ensuring that the auditors' warnings, opinions and recommendations cannot be compromised
- establishing the incompatibility between the provision of audit and consultancy services, unless there are no alternatives in the market to the auditors or companies in the auditors' group of equal value in terms of their content, quality or efficiency. In such event, the Committee must grant its approval, which can be done in advance by delegation to its Chair.

This matter is subjected to special attention by the Audit Committee, which holds periodic meetings with the external auditor, without Bank directors being present, to know the details of the progress and quality of the external audit work, as well as to confirm the independence of the performance of their duties. It also monitors the engagement of consultancy services to ensure compliance with the Committee's Regulations and the applicable legislation in order to safeguard the independence of the external auditor.

Likewise, in compliance with point six of section 4 of the additional provision 18 to the Securities Exchange Act and article 30 of the BBVA Board Regulations, each year, before the audit report is issued, the Audit & Compliance Committee must submit a report expressing an opinion on the independence of the auditors or audit firms. This report must, in all events, state the provision of any additional services provided to Group entities. The external auditor must also issue a report each year, confirming its independence from BBVA or entities directly or indirectly related to BBVA. The report must also include information on additional services of any kind provided to such entities by said auditors or by persons or entities related to them, pursuant to the consolidated text of the Accounts Auditing Act.

In compliance with these obligations, in 2013 the corresponding reports have been issued that confirm the independence of the auditor.

Additionally, as BBVA shares are listed on the New York stock exchange, the Bank is subject to compliance with the standards established in this respect under the Sarbanes Oxley Act and its implementing regulations.

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:

NO

Explanation of disagreements

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 in the total fees charged to the company and/or its group:

YES

	Company	Group	Total
Amount of non-audit work (€k)	1,867	1,380	3,247
Amount of non-audit work / total amount billed by the audit firm (%)	16.77	8.63	11.97

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	11	11

	Company	Group
Number of years audited by current audit firm / number of years the company has been audited (%)	84.61%	84.61%

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

Article 6 of the BBVA Board Regulations expressly recognises that directors may request any additional information or advice they require to comply with their duties, and may ask the Board of Directors for expert help from outside the Bank for any matters put to their consideration whose special complexity or importance makes this advisable. The Audit & Compliance Committee, pursuant to article 31 of the Board Regulations, may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence. Under articles 34, 37 and 40 of the Board Regulations, the rest of the Committees may request the advisory services they consider necessary to establish an informed opinion regarding issues within their scope of powers. They will channel the request through the Secretary of the Board.

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 in sufficient time:

YES

Details of the procedure
Article 6 of the Board Regulations establishes that directors will be apprised of sufficient information to be able to form their own opinions regarding the questions that the Bank's governing bodies are empowered to deal with. They may request any additional information or advice they require to comply with their duties. Exercise of these rights must be channelled through the Chairman and/or Secretary of the Board of Directors. The Chairman and/or Secretary will attend to requests by providing the information directly or by establishing suitable arrangements within the organisation for this purpose, unless a specific procedure has been established in the regulations governing the Board Committees.

C.1.42 Indicate and, where applicable give details, whether the company has established rules obliging directors to inform and, where applicable, resign under circumstances that may undermine the company's credit and reputation:

YES

Explanation of the rules
Article 12 of the Board Regulations establishes that Directors must apprise the Board of any circumstances affecting them that might damage the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts. Directors must place their office at the disposal of the Board and accept its decision regarding their continuity or non-continuity in office. Should the Board resolve they not continue, they will accordingly tender their resignation when events that can be traced to the Director as such have caused serious damage to the Company's net worth, credit and/or reputation or when they have lost the commercial and professional honour necessary to hold a Bank directorship.

C.1.43 Indicate whether any board member 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.

Number of beneficiaries	90

Type of beneficiary	Description of agreement
Type of beneficiary • One Executive Director • 13 members of the Management Committee (excluding Executive Directors) • 31 Senior Managers • 45 technical & specialist professionals	The Bank is currently commited 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. Some members of its management team (44 managers), 13 of whom belong to 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. No indemnity payments will be made in the event of disciplinary termination of contract at the employer's decision on the grounds of the employee's dereliction of duties. The Bank has also agreed compensation clauses with some employees (45 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.

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

FRANCISCO GONZÁLEZ RODRÍGUEZ	CHAIR	EXECUTIVE
SUSANA RODRIGUEZ VIDARTE	MEMBER	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	INDEPENDENT
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	MEMBER	INDEPENDENT
ÁNGEL CANO FERNÁNDEZ	MEMBER	EXECUTIVE

% executive directors	33.33%
% proprietary directors	0%
% independent directors	50%
% other external directors	16.6%

AUDIT COMMITTEE

Name	Position	Type
JOSÉ LUIS PALAO GARCÍA-SUELTO	CHAIR	INDEPENDENT
BELÉN GARIJO LÓPEZ	MEMBER	INDEPENDENT
CARLOS LORING MARTÍNEZ DE IRUJO	MEMBER	INDEPENDENT
RAMÓN BUSTAMENTE Y DE LA MORA	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	CHAIR	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	INDEPENDENT
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JUAN PI LLORENS	MEMBER	INDEPENDENT
SUSANA RODRÍGUEZ VIDARTE	MEMBER	INDEPENDENT

% executive directors	0%
% proprietary directors	0%
% independent directors	80%
% other external directors	20%

APPOINTMENTS COMMITTEE

Name	Position	Type
TOMÁS ALFARO DRAKE	CHAIR	INDEPENDENT
JOSÉ ANTONIO FERNÁNDEZ RIVERO	MEMBER	INDEPENDENT
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JUAN CARLOS ÁLVAREZ MEZQUÍRIZ	MEMBER	INDEPENDENT
SUSANA RODRÍGUEZ VIDARTE	MEMBER	INDEPENDENT

% executive directors	0%
% proprietary directors	0%
% independent directors	80%
% other external directors	20%

RISKS COMMITTEE

Name	Position	Type
JOSÉ ANTONIO FERNÁNDEZ RIVERO	CHAIR	INDEPENDENT
JOSÉ LUIS PALAO GARCÍA-SUELTO	MEMBER	INDEPENDENT
JUAN PI LLORENS	MEMBER	INDEPENDENT
RAMÓN BUSTAMENTE Y DE LA MORA	MEMBER	INDEPENDENT

% executive directors	0
% proprietary directors	0
% independent directors	100%
% other external directors	0

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 2013	Year 2012	Year 2011	Year 2010

	Number	%	Number	%	Number	%	Number	%
Executive Committee	1	16.66%	-	-	-	-	-	-
Audit Committee	1	20%	2	33.33%	1	20%	1	20%
Appointments & Remuneration Committee	-	-	-	-	-	-	-	-
Appointments Committee	1	20%	1	20%	1	20%	1	25%
Remuneration Committee	1	20%	1	20%	1	20%	1	20%
Risks Committee	-	-	-	-	-	-	-	-

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 the main risks are properly identified, managed and made known.	X	
Ensure the independence and efficacy of the internal audit; propose the selection, appointment, re-election and severance of the internal audit officer; propose the budget for the internal audit service; receive periodic information on their activities; and verify that the senior management pay due heed to the conclusions and recommendations of their reports.	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 comply with 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 of the Board Regulations. The Committee may request the attendance at its sessions of persons with tasks in the Group that are related to the Committee's duties. It may also obtain advice as necessary to establish criteria related to its business. This will be done through the Secretary of the Board. 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.

2.4.3. EXECUTIVE COMMITTEE: Article 28 of the Board Regulations establishes the following rules regarding the Committee’s organisation and operation: The Executive Committee will meet on the dates indicated in the annual calendar of scheduled meetings and when the Chair or acting Chair so decides. All other aspects of its organisation and operation will be subject to the provisions establish by the Board Regulations.
Once the Minutes of the meeting of the Executive committee are approved, they shall be signed by the Secretary and countersigned by whoever has 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 & COMPLIANCE COMMITTEE: Article 31 of the Board Regulations establish 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 duties.

The officers responsible for Accounts & Consolidation, Internal Audit and Regulatory Compliance may be invited to attend Committee meetings. They may request other staff be invited from their areas who have particular knowledge or responsibility in the matters contained in the agenda, when their presence at the meeting is deemed advisable. However, only the Committee members and the Secretary shall be present when the results and conclusions of the meeting are evaluated.

The Committee may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence.

The Committee may call on the personal co-operation and reports of any employee or member of the management team when it considers that this is necessary to carry out its functions with regard to relevant issues. The usual channel for a request of this nature shall be through the reporting lines of the Company organisation. However, in exceptional cases the request can be notified directly to the person in question. The system of convening meetings, quorums, the approval of resolutions, minutes and other details of its system of operation 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 Risks Committee will meet as often as necessary to comply with its duties, convened by its Chair or by whoever stands in for its Chair pursuant to the provisions of the above paragraph, although an annual calendar of meetings will be drawn up in accordance with its tasks. The Committee may request the attendance at its sessions of persons with tasks in the Group that are related to the Committee's duties. It may also obtain advice as necessary to establish criteria related to its business. This will be done through the Secretary of the Board. The system of convening meetings, quorums, the adoption of resolutions, minutes and other details of its procedures will be governed by the provisions defined in these Regulations for the Board of Directors insofar as they are applicable to the Committee and by any specific Regulations that might be established.

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.

APPOINTMENTS COMMITTEE

The Board Regulations, which can be consulted on the corporate website, include a specific section, as detailed in section C.2.4.1 of this report, on the Appointments Committee regulating its composition, duties and operating rules.

The Chair of the Appointments Committee presented a report to the BBVA Board of Directors on its activities during 2013, 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 Chairman of the Board and the review of the status of the independent directors.

REMUNERATION COMMITTEE

The Board Regulations, which can be consulted on the corporate website, include a specific section, as detailed in section C.2.4.2 of this report, on the Remuneration Committee regulating its composition, duties and operating rules.

The Chair of the Appointments Committee presented a report to the BBVA Board of Directors on its activities during 2013, describing the following aspects: the consolidation of the Group remuneration policy during 2013, with respect to both executive and non-executive directors; the analysis of remuneration matters for executive directors, eg, the determination of the fixed and variable benchmark remuneration for 2013, the establishment of targets for variable remuneration in 2013 and the settlement of the Annual Variable Remuneration for 2012 and the determination of the amounts corresponding to the update of the variable remuneration deferred from previous years. The report also described the tasks carried out with respect to the annual report on the Board remuneration policy, how the BBVA Group Remuneration Policy had been applied during the year and the oversight of the remuneration of the Risks and the Compliance officers.

AUDIT & COMPLIANCE COMMITTEE

The BBVA Audit & Compliance Committee has a set of specific Regulations approved by the Board, which govern its operation and powers. These Regulations are available on the corporate website and no changes have been made to them during 2013.

The Board Regulations, as detailed in section C.2.4.4 of this report, include a specific section for this Committee regulating its composition, duties and operation.

The Chair of the Audit & Compliance Committee presented a report to the Baord of Directors on its activity during the year. This covered the tasks carried out by the Committee with respect to the functions within its remit, indicating that the Committee had performed its activity without any incident, having complied with the functions allocated to in relation to: the supervision of the financial and accounting information internal control: compliance issues; internal audit regulatory issues; and the supervision of the external audit. Reporting on the implementation of the Corporate Assurance model during the year; on the review process by an external expert regarding the compliance function; on the monitoring of the evolution of the financial and banking supervision system; and on the communications with the 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 auditor in compliance with applicable regulations.

RISKS COMMITTEE

The BBVA Risks Committee has a set of specific Regulations approved by the Board, which govern its operation and powers. These Regulations are available on the corporate website and no changes have been made to them during 2013.

The Board Regulations, as detailed in section C.2.4.5 of this report, include a specific section for this Committee regulating its composition, duties and operation.

The Chair of the Risks Committee presented a report to the Board of Directors regarding the most significant aspects of its activity during 2013, in performance of its duties. It stated that the duties had been covered by the meetings held weekly by the Committee, highlighting the risk transactions that had been approved as a function of the delegation regulations.

The Chair reported on the Group risk management model and its development, taking into account the new supervisory framework established by the European Union, also describing the strategic review process for the Group's global risks management and the establishment of an internal risk control model. He reported on the tasks carried out by the Committee with respect to the management and monitoring of credit and market risk, and of the principal risks managed by the BBVA Group, having carried out an analysis of risk concentration by sectors, customers and geographical areas as well as the principal exposures. He highlighted the creation and implementation of the Corporate Assurance model for operational risk and key projects, technology and methodology plans, on which the Committee has been working to improve the Group's risk management.

C.2.6 Indicate whether the composition of the executive committee reflects the distribution of different classes of directorship on the board:

YES

D RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1 Identify the competent body and explain the procedure, if any, for approving related parties and intra-group transactions.

Competent body for approving related-party transactions
BOARD OF DIRECTORS

Procedure for approving related-party transactions
The Board Regulations, which are available for consultation on the corporate website, include a specific section on Related-Party Transactions, article 10, which establishes that the Board of Directors must be aware of all transactions that the Company enters into with directors, significant shareholders or shareholders represented on the Board, or with

parties related to them. The execution of such transactions will require authorisation from the Board of Directors or the Executive Committee for reasons of urgency, based on a favourable report from the Audit & Compliance Committee, unless they are credit-risk transactions, which will be governed by their own specific standards. No Board authorisation is required for related-party transactions that amount to no more than 1% of the Company's annual revenues, provided these are conducted under contracts with standard terms and conditions applicable *en masse* to many customers and at prices or rates established in a arm's-length manner, or whose terms and conditions are an extension of those applicable to Bank staff in general, or are agreed under procedures guaranteeing competition, unless they are credit risk transactions, which will be governed by their own specific standards.

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 relationship	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 habitual traffic 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.	Securities representing debt	1,400

BBVA INTERNATIONAL LIMITED	Securities representing debt	1,456
BBVA GLOBAL FINANCE LTD.	Deposits	5,840
BBVA INTERNATIONAL LIMITED	Deposits	2,547
BBVA GLOBAL FINANCE LTD.	Deposits	368,669
BBVA INTERNATIONAL LIMITED	Deposits	9,205

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 8 and 9 of the Board Regulations regulate issues relating to possible conflicts of interest as follows:

Article 8

Directors will act ethically and in good faith.

For this reason directors must notify the Board of any direct or indirect conflict that they might have with the Company's interests, any holding they might have in a company whose activities are the same, similar or complementary to the Company's corporate purpose and the offices or duties that they perform in it. They must also notify the Board of any activities that are the same, similar or complementary to those pursued by the Company whether performed on their own behalf or on behalf of a third party.

Directors must inform the Appointments Committee of their other professional obligations, in case these might interfere with the dedication required to comply with their duties as directors.

Article 9

Directors must refrain from taking part or intervening in those cases where a conflict of interest with the Company might arise.

They will not be present when the corporate bodies to which they belong are discussing matters in which they may have a direct or indirect interest, or matters that might affect persons related to them under the legally established terms.

Directors must also refrain from taking 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 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 may not use their position in the Company to obtain material gain. Nor may they take advantage for themselves or for persons related to them, from any business opportunity that they have become aware of as a result of their Bank directorship, unless this opportunity has been previously offered to the Bank and the Bank had decided not to take it up and the director has been authorised to do so by its Board.

Directors must comply at all times with the applicable provisions of the BBVA Group Code of Conduct on the Securities Markets, with legislation and with any other internal codes regarding requests for loans, bank bonds and guarantees made to the financial subsidiaries of the BBVA Group. They must refrain from conducting or from suggesting to a third party any transaction involving shares of the Company and/or its subsidiary, affiliated or associate companies when their directorship has led to possession of privileged or confidential information before such information is known to the public.

Since BBVA is a financial institution, it is subject to Act 31/1968, 27th July, on incompatibilities and limitations of chairmen, directors and senior managers in private-sector banking. This Act states that chairmen, deputy chairmen, directors and general managers or similar operating in the private-sector banking industry in Spain may not obtain credits, bonds or guarantees from the bank on whose board or management they work, unless expressly authorised by the Bank of Spain.

All the members of the Board of Directors and the senior management are subject to the Company's Code of Conduct on the Securities Markets.

The BBVA Group's Code of Conduct on the Securities Markets is intended to control possible conflicts of interest. It establishes that everyone subject to this Regulation must notify the head of their area and the Regulatory Compliance unit of situations that could potentially and under specific circumstances may entail conflicts of interest that could compromise their impartiality, before they engage in any transaction or conclude any business in which they could arise.

The above notwithstanding, the parties subject to the Code have a permanent form filed with the Regulatory Compliance department, which they must keep up to date, with a standard declaration that they are given, declaring certain economic and family affiliations specified in the Code.

Where there is any doubt about the existence of conflicts of interest, any party subject to the Code must show maximum prudence and notify the head of his/her area and the Regulatory Compliance department of the specific circumstances surrounding their case, so that they may judge the situation for themselves.

D.7 Are more than one of the Group's companies listed in Spain as publicly traded companies?

NO

Identify subsidies 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.

BBVA has developed a risk management system that is an essential part of its strategy. It takes into consideration the circumstances of the Group and the economic and regulatory environment at a global level and of the level of the geographical areas in which it operates in order to meet the targets defined by the Bank. This management system is applied in an integrated manner throughout the Group, based on a global strategy that defines the entity's risk targets so that it can then set specific targets at local level for each geographical area and business unit. To this end, the Group's risk management system is organised around five components: 1.- A system to direct and organise the risk function with an organisational structure that has an appropriate definition of roles and responsibilities in all areas, a set of committees and empowerment structures and an internal control system that is in line with the nature and magnitude of the risks; 2.- A general risk-appetite framework that defines the levels and types of risk that the Bank is willing to incur in order to implement its strategic plan without any major deviations, even in times of stress; 3.- A corporate management scheme that in addition to an annual risk-planning scheme, includes a set of corporate control and management policies developed for its implementation in the different business units; 4.- A Framework for Identifying, Assessing, Monitoring and Reporting the risks incurred, in business-as-normal and stress scenarios, which offers a prospective and dynamic assessment of the risk and 5.- An adequate infrastructure that encompasses the set of risk tools, methodologies and culture that establishes the basis on which the differentiated risk management scheme is shaped.

Below are some notes on risk management by risk type:

Credit risk: The Group's credit risk management comprises the analysis process before taking decisions, the decision-making itself, the instrumentation and monitoring of the transactions formalised and their recovery. It also covers the entire process of control and reporting at a customer, segment, sector, business unit and subsidiary level. The main foundations for decisions on credit risk are: whether customers generate sufficient funds and sufficient solvency and the providing of adequate and sufficient guarantees. The Group's credit risk management is based on an integrated structure covering all the functions, permitting objective and independent decision-making throughout the life cycle of the risk. **Structural interest-rate risk**: The management of the BBVA Group balance sheet exposure to interest risk aims to keep exposure at levels in keeping with the Group's strategy and risk profile when market interest rates change. With this aim, the ALCO actively manages the balance sheet by trading to optimise the level of risk incurred with regard to expected earnings and to comply with the highest level of tolerable risk. The ALCO activities are underpinned by the interest risk measurements calculated by the GRM Corporate Area. **Structural exchange-rate risk**: Structural exchange-rate risk mainly originates in exposure to changes in exchange rates arising in the Group's non-Spanish subsidiaries and the provisions to the branches outside Spain that are financed in a currency other than that of the loan-book. The management of this risk is underpinned by a scenario simulation model that allows the company to quantify the variations in value that could occur for a given level of confidence and a predetermined timeframe. The ALCO is the body tasked with carrying out hedging transactions to minimise the impact of fluctuations in exchange rates on the Group's capital ratios, in accordance with its expectations. **Structural equity risk**: The Group's exposure to this risk mainly stems from its holdings in industrial and financial companies with mid-term and long-term investment horizons. The Corporate GRM Area is responsible for effectively measuring and monitoring structural equities risk by assessing the sensitivity and the capital needed to hedge possible unexpected losses due to variations in the value of the companies comprising the Group's investment portfolio. It does so with a confidence level that matches the entity's target rating, taking into account the liquidity of each holding and the statistical performance of the assets to be considered. **Market risk**: This includes interest rate risk, exchange rate risk, price and other risks for certain positions. The BBVA Group manages this in terms of probability of VaR (Value at Risk). **Liquidity risk:** The short-term aim of the control, monitoring and management of liquidity and funding risk is to ensure the BBVA Group entities can meet their payment commitments in due time and form, without having to raise funds under sub-optimal conditions. In the medium term, it aims to safeguard the Group's financial structure and respond to the economic situation, market conditions and regulatory changes. **Operational risk:** The Group's operational risk management is constructed around the following value drivers from the Advanced Measurement Approach model (AMA): knowledge, identification, prioritisation and management of potential and actual risks; supported by indicators to analyse performance, define alerts and verify controls.

E.2 Identify the corporate bodies responsible for drawing up and enforcing the Risk Management System

In line with corporate strategy, the Board of Directors, pursuant to the Board Regulations, is the body tasked with approving the risk management and control policy, and periodic monitoring of the internal control and reporting systems. On the basis of the general policies established by the Board of Directors, the Executive Committee establishes the necessary corporate policies that develope the policies approved by the Board of Directors in addition to the Group's risk tolerance limits by countries, sectors and "Corporate framework for action with respect to risks" portfolios. In this context, and to perform its duties appropriately, the Executive Committee relies on the essential duties carried out by the Board Risks Committee whose mission includes analysing and evaluating the proposals on these matters that are put to the Executive Committee for approval, by constantly monitoring the risks and approving those transactions considered important for either qualitative or quantitative reasons.

The management of risks in the BBVA Group on the basis of the corporate framework of action established by the Bank's governing bodies is carried out by corporate risk management units and by the business units themselves. Thus, the Group risks function (Global Risk Management, hereinafter GRM) is distributed over the risks units in the business areas as well as the Corporate GRM Area.

The Corporate GRM Area defines the global strategies and policies, while the risk units in the business areas are empowered to propose and maintain each customer's risk profile autonomously within the corporate framework of action and comprises the Corporate Risk Management unit which covers the different categories or financial and non-financial risk; Planning, Monitoring & Reporting which covers the functions of planning, monitoring and reporting the risk and the analysis of capital scenarios and models at a corporate level; the Technical Secretariat, responsible for the technical testing along with the transversal units; Technology and Methodology for measuring the risks; Operational Risk & Control, which manages operational and internal risk control and internal validation of the measurement models and admission of new risks; and GRM South America, responsible for managing and monitoring risk in this region. With this structure, the risks function guarantees firstly the integration, control and management of all the Group's risks; secondly, the application of standardised risk metrics, policies and principles throughout the entire Group; and thirdly, the necessary level of knowledge about each geographical area and each business.

The head of the GRM Area is the Group's Chief Risk Officer, who is responsible for ensuring that the Group risks are managed in accordance with the general policy set, with the support of the different units of the GRM Corporate Area and the risk units of the Business Areas. The heads of the risk units of the different Business Areas, in turn, report to the head of their business area and they report functionally to Group Risk Director. This structure ensures the Independence of the local risks function and its alignment with Group policies and objectives.

This organisational structure is supplemented with various committees, including the following:

The Risk Management Committee (GRM) comprises the heads of the risks units in the business areas and the heads of the Corporate GRM Area units. It meets each month to deal with matters such as proposing the Group's risks strategy to the Group's governing bodies for approval, monitors the risk management and control in the Group and, where appropriate, takes due measures to deal with these.

The Risk Management Committee comprises the following permanent members: the head of Global Risk Management; the head of Corporate Risk Management and the head of the Technical Secretariat. The composition of the rest of the Committee depends on the transactions that it must analyse. The Committee analyses and decides on the financial programmes and transactions that fall within its mandate and debates those that exceed this, passing them on to the Risks Committee when they have issued a favourable opinion.

The ALCO (Assets & Liability Committee) actively manages the interest-rate and exchange-rate structural exposure, global liquidity and the Group's own equity.

The Technology & Methodology Committee is the forum in which decisions are reached on the hedging of the requirements stemming from the business areas' models and infrastructures within the operational framework of GRM.

The New Businesses and Products Committees study and, where appropriate, approve the implementation of new businesses, products and services before they start up activities; carry out the control and subsequent monitoring of the newly authorised products and foster orderly business practices so that developments can be made within a controlled environment.

Finally, the Global Corporate Assurance Committee is tasked with the periodic review of the control environment and operation of the Internal Control & Operational Risk Models at Group and Unit level. It also monitors and contextualises the major operational risks to which the Group is exposed, including those of a transversal nature. This Committee has become the highest instance of operational risk management in the Group.

E.3 Indicate the main risks that could prevent business targets from being met.

The main risks or variables that could affect the business are:

- Macro-economic risks: The main risks faced by the BBVA Group stem from the economic slowdown in the countries where it operates, due to its impact on growth and provisions, from the interest rate environment and from the stability of the currencies of the markets in which it operates.

  In economic terms, the capital markets have stabilised in Spain in 2013 (capital flowing in, reduction of financing costs, etc) and the effects of this have trickled down into the real economy which, should this trend continue, would lead to an improvement in the country's economic situation.

  In the case of the Group subsidiaries, although are signs of stabilisation in the US economy, risks are emerging in the case of Latin America and Turkey that could slow growth and affect funding conditions in these countries.

  The environment of extremely low interest rates in Spain and the United States has also put pressure on margins in these countries in recent years, and these rates are expected to remain at similar levels in 2014.

The BBVA Group generates a large percentage of its revenues in foreign currency, exposing it to the risk of fluctuations in the currencies of countries in which it operates. Certain currencies have faced volatility in 2013, and this could occur again in 2014, with even greater virulence, which would have a negative impact on the income statement. The strong diversification of the Group and its hedging strategies enable BBVA to mitigate the effects of currency volatility.

- Regulatory and political risks: the financial sector is among the most highly regulated and is subject to continuous regulatory changes, especially in recent years. The main risk that the Group faces is regulatory change to three key elements: provisions requirements, capital requirements and other regulatory changes.

  In terms of capital, in 2013, the BBVA Group was subject to the requirements of the Bank of Spain and the European Banking Authority. In 2014, it will be subject to the European Capital Requirements Directive (CRD IV), which will stabilise capital requirements. BBVA has strengthened its capital position in 2013 to successfully face these new requirements.

  The other regulatory changes or requirements concern the contributions to complete the process of restructuring the Spanish Financial System, the Banking Union in addition to caps on fees in some jurisdictions.

  BBVA's trading in markets with certain political instability could expose the Group to regulatory risks in certain subsidiaries. The subsidiaries most exposed to regulatory risks are in a strong capital position, have high margins and are in a comfortable liquidity position, enabling them to mitigate potential regulatory risks.

- Idiosyncratic risks: the strength of the BBVA franchise in all the countries in which it operates is the major factor mitigating idiosyncratic risks. BBVA has a recurrent business model that provides a high level of stability to both the balance sheet and revenues.

To mitigate the impact of the possible occurrence of these risks, the Group is highly diversified with a sound capital base that enables it to deal with any circumstances that could arise as a consequence of one or more of these risks. Moreover, with respect to risk management, the Group has established a system of continuous identification, assessment and monitoring of the relevant external and internal factors that could hinder the Group's achievement of its expected business targets.

With respect to risk identification, the Group has a repository that includes all risks that could compromise the attainment of its objectives. The process includes the coordinated participation of the Business Units, BBVA Research and GRM, analysing the following elements: past crises; global risks; risks specific to a region/country and risks specific to representative segments.

The risk assessment process consists of estimating the impact that previously identified risks could have on the solvency, liquidity and recurrence of earnings. This estimate can be qualitative or quantitative, in the latter case, supported by stress-testing tools.

The risk monitoring process consists of constantly monitoring the variables, both internal and external, that could trigger or aggravate the occurrence of important risks for the Group.

E.4 Identify whether the entity has a risk tolerance level.

The Group's risk policy is aimed at achieving a moderate risk profile by means of prudent management; a universal bank business model, diversified by geographic areas, types of asset, portfolio and customer; with a broad international footprint, in both emerging and developed countries, maintaining a medium/low risk profile in each one; and seeking growth that is sustainable over time.

To this end, a series of fundamental metrics are established, which characterise the Bank's objective behaviour. These are transversal to the whole organisation, basically relating to the solvency, liquidity and recurrence of earnings that, depending on the circumstances, will determine risk management in the Group and enable the Company to attain the desired objectives. The tolerance levels for the fundamental metrics are approved by the Executive Committee, at the proposal of GRM, and define the risks that the Group is willing to incur. They define the framework for the Group's risk appetite and are therefore permanent and structural, with few exceptions.

At the proposal of GRM and having received a favourable report from the Risks Committee, once a year the Executive Committee sets limits for the main kinds of risk to be found in the Group, such as credit risk, liquidity and financing risk and market risk. Compliance with these limits is monitored throughout the year by these Committees by means of periodic reports drawn up by this Area. For credit risk, the limits are defined for each portfolio and/or sector and for each Business Area. These are the maximum exposure thresholds for the BBVA Group's lending activities over a one-year period.

Liquidity and structural financing management in the Group is underpinned by the principle of the financial autonomy of its component entities and it is organised around LMUs (Liquidity Management Units). The Corporate Risks Area establishes the liquidity management guidelines and defines limits for the main indicators for each geographic area.

The Group objective is not to eliminate all risks, but to assume a prudent level of risk that enables it to generate earnings while maintaining adequate levels of capital and funding in order to generate recurrent profits.

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 Bank'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 Bank in the course of its business.

E.6 Explain the response and supervision plans for the principal risks faced by the company.

The Group's risks function is in the first instance responsible for ensuring compliance with the various financial and operational risk regulations affecting the Bank and its Group. To that end, it operates independently from the business units to ensure that it guarantees not only regulatory compliance, but also the application of the best standards and most advanced practices. As a result, the function has a specific internal risk control unit tasked with the main mission of ensuring that there is a policy, a process and a set of measures defined for each risk type identified in the entity and for those other risks that could potentially affect the entity, and to validate them. The BBVA Group 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).

In this sense, the Group's internal control system 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 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 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 transversal area of specialisation, defines the mitigation and improvement measures necessary and promotes their proper implementation. The Corporate Operational Risk Management unit also is a 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 compliance and efficacy of corporate policies, and providing independent information about the control model.

The internal control system is based on principles including the following:

- It is organised around the "process".
- The way risks are identified, assessed and mitigated has to be the same for each process, and the systems, tools and information flows underpinning the internal control and operational risk activities have to be the same; or at the very least, they have to be managed as a whole by one sole unit.
- The responsibility for internal control falls, initially, to the Group business units.
- Given that the scope of responsibility for some business units is global, there are transversal control functions that supplement the aforementioned control mechanisms.
- Each unit has an Operational Risk Management Committee, which is responsible for approving the mitigation plans appropriate to each risk and weakness identified.
- The model is completed with governance and a committee structure that most effectively promotes efforts to ensure the efficient operation of the control model and stimulates a structuring and prioritisation of the measures and improvements necessary to mitigate the weaknesses identified, culminating in the Group's Global Corporate Assurance Committee.

Within the Corporate Risk Area, the Group has Internal Risk Control and Internal Validation units, embedded in the Operational Risk and Control structure, and therefore, are independent of the units that develop the models, manage the processes and carry out the controls. These units have expert resources for managing the different types of risks. Their objectives are as follows:

- Ensuring that there is a policy, a process and a set of measures defined for each relevant risk faced by the Group.
- Guaranteeing that these are applied and implemented as defined.
- Identifying and reporting deficiencies observed in the processes, if any, by taking part in establishing improvement objectives and by monitoring their implementation.
- Validating the models at an internal level, independently of their development process.

Both units report their activities and their working plans to the Board's Risks Committee.

This Internal Risk Control area forms part of the second line of defence. Its scope of activity is global in terms of the geographical areas and the types of risk, covering all types managed by the Corporate Risks Area. 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.

Pursant 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 repect, 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 (hereinafter "SOx") for each year's consolidated annual account due to its condition as a publicly traded company listed with the Securities Exchange Commission ("SEC"). It enjoys the involvement of the principal Group executives in the design, compliance and implementation of an effective internal control model that guarantees the quality and veracity of the financial information on which assessments regarding its operation are carried out. The Global Accounting & Information Management Department (hereinafter "GA&IM") is responsible for the operation and maintenance of the model.

Additionally and in order to reinforce the internal control environment in the Group, during 2013 the Corporate Assurance model has been put into effect. The Corporate Assurance model encompasses the ICFR and establishes a supervisory framework for the internal control model (in which the business areas participate) through a system of governance by top-level local committees in the countries that report to the Group's Global Committee, chaired by the President & COO and attended by the members of the Group 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 the control model, documenting it and supervising it periodically (at least once a year) as well as defining mitigating measures and promoting its correct implementation. From this supervision Group-wide aggregated information is obtained in order to check that it has been effective and has worked adequately.

Each internal control unit is mirrored in each geographical unit and/or company. This means reinforcing its ascendence over local areas, graded according to the specificities of each specialist area.

Finally, the entity also has an internal audit unit, which carries out an independent review of the model, checking the compliance and effectivess of the establised corporate policies and providing independent information on the control environment to the Corporate Assurance Committees.

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 centralized 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. There are mechanisms for the design and review of the 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 reporting of the entity and the consolidable group. It has the necessary communication and distribution channels and circuits for this purpose.

Additionally, there is an internal 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 impact on financial reporting certify that all the controls associated to its operation under their responsibility are sufficient and have functioned 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 developing its businesses. This Code likewise establishes the corresponding channel for whistleblowers regarding possible infringements of the Code. It is the subject of ongoing training and refresher programmes for key staff in the financial function.

The Code of Conduct is applicable 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, being 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 of 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 of 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 established in the Group Code of Conduct, preserving BBVA's Corporate Integrity goes beyond merely personal accountability for individual actions. It requires the commitment of all the 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 anonimity of the whistleblower 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 promply 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 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.

Training and periodic refresher courses are held on accounting standards, internal control and risk management in units involved in preparing and reviewing the financial information and in evaluating the internal control system.

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 from suppliers 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 cover the requirements of each job.

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 (hereinafter, “COSO”); which establish five components on which the efficacy 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 efficacy over

time.

To identify risks, the companies with the greatest impact on financial reporting are selected. Once the processes originating the financial information are identified and documented, the requirements that would give rise to the risks applicable in each of the functions are analysed, giving priority to the most important and relevant processes.

In accordance with corporate internal control and operational risk methodology, the risks are incorporated into a range of categories by type, including risk of error or fraud (internal/external), determining the risk factors that the occurrence of such factors may materialise. The risk event identified can then be developed, described and justified.

These risks are then finally graded in view of whether they are mitigated by entity level controls or by specific controls.

The process of identifying risks of error, falsehood or omission carried out by the Financial Reporting Internal Control unit is based on calculating materiality. It selects the material accounting items, processes and companies where the risks are identified, thereby determining the scope of the annual, quarterly or monthly assessment ensuring the coverage of their risks that are critical to the financial statements. Identification of potential risks that must necessarily be covered by this assessment 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 to 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, disclosure and comparability; and rights and obligations), whether the information is updated and with what frequency.

The targets for existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations are all included from the very beginning under the principal requirements associated to the processes of drawing up the financial information. They underpin the risks identified, documented, evaluated, prioritzed and consequently they are the base on which the corresponding control model is developed.

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.

Within the organisation, the Consolidation department carries out a process to identify the consolidation perimeter so that it is updated monthly.

The information on new companies created by the various Group units and the changes in those that already exist, is the responsibility of the Holding Structure Committee and the information on investments in non-banking activities is the responsibility of the Non-Bank Activities Committee.

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.

As mentioned in other items and due to the control standards and methodology implemented, the effects of other types of risk are taken into account (market, credit, operational, technological, financial, legal, reputational and any other kind of risk) insofar as it may impact the financial reporting.

Which of the entity's governance bodies supervises the process.

The process is documented at least once a year. It is supervised by the Group's Internal Audit area and the Global Corporate Assurance Committee of the Group. Moreover, the head of Internal Audit reports each year to the Audit & Compliance Committee on the analysis and certification work carried out pursuant to the SOx methodology to comply with the legal requirements of the Sarbanes Oxley Act on internal control systems for the financial reporting included in the 20-F filing (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 and controls flows (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.

Descriptions of the processes are documented in the management tool mentioned above to maintain the flows of activities and controls for the different types of material transactions, as explained in point F.2.1. An adequate procedure for closing the accounts has also been developed, which covers the risks identified for this process.

Specifically, the main processes in which the risks managed by internal control of financial reporting are found are: accounting, consolidation, financial reporting, financial planning and monitoring, financial and tax management. It also covers all other critical risks arising from the business with a possible financial impact.

Likewise, there are procedures for the governance bodies to review and authorise the regulated financial information disseminated to the securities markets, including the specific review of the relevant judgements, estimates and projections. There are specific procedures, and a set of committees reviewing the financial reporting before its final review by the Management Committee, the Audit & Compliance Committee and the Board of Directors. All this is established in the ICFR control model. The model is documented, as discussed above, in the corporate internal control and operational risk management tool (STORM).

In drawing up the consolidated Annual Accounts, 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 were made according to the best information available at 31st December each year on the facts analysed. However, it is possible that possible future events may require modification of such estimates (upwards or downwards), which under applicable standards, would be done prospectively, restating the effects of the change of estimate in the corresponding consolidated income statement.

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, which provide support for this point. Both categories are identified in the financial information internal control model such that the integrity and reliability of the information drawn up can be assured. In addition, a corporate-level procedure exists for the management of profiles within the systems, which is developed, implemented and updated by the Group's internal technology control unit.

This unit is 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, management of supports and security back-ups, 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 systems into production and their subsequent support, the establishment of security back-ups, 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 valuation, 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 valuation, calculation and assessment outsourced to independent experts.

There is an Outsourcing Committee and set of standards with the requirements that must be met at group level for the activities to be subcontracted. There is a procedures manual focussing on the outsourced financial processes, which identifies which processes must be implemented and what controls should be carried out on these by the service supplier units. These are tested by the outsourced unit in charge of the function and documented and supervised in the financial reporting internal control processes.

The valuations of independent experts for specific or relevant matters 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 to define and keep the accounting policies updated (accounting policy department or area) and deal 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 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 manual, disseminated over the Company intranet to all the units through which the Entity operates. This manual is the tool to ensure that all decisions on accounting policies or specific accounting criteria to be applied in the Group are supported and, if considered pertinent due to their novelty or significance, have been submitted to the departments mentioned for consultation. The Accounting Policies Manual is duly approved by BBVA through the Accounting Policies Committee and is documented and updated for use and analysis by all the Group entities. It is updated every year and the last update was carried out in December 2013.

Both the Accounting Policies Committee and the Accounting Policies Manual form part of the internal control processes.

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.

Control measures have been implemented to guarantee that all the data underpinning the financial information are collected in a comprehensive, exact and timely manner, and are reported in due time and form. The format of the financial reporting system is unique and standardised. It is applicable to and used by all the Group units. This format underpins the principal financial statements and the notes. There are also control measures and procedures to ensure that the information disclosed to the markets includes a sufficient level of detail and is suitably transmitted in such a way that the investors and users of the financial information can understand and interpret it.

The areas involved in drawing up the financial information have specific computer tools adapted to each environment and country.

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 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 are the first to supervise the internal control model, assess the risks as a function of the quality of the control model supervised, identify weaknesses, design, implement and monitor the mitigation measures and action plans. This is all subject to the monitoring within the committee structure discussed above.

The internal control units are embedded in the areas to which they provide support, so that they are close to those responsible for the control with access to sufficient first-hand information to support and supervise the model.

Additionally, the Entity has an Internal Audit Unit, which provides support to the Audit & Compliance Committee on the independent supervision of the financial information internal control system. The internal audit function is embedded in the Compliance & Legal Services area and is thus independent of the units that are drawing up the financial information.

All specific weaknesses in control, mitigation measures and specific action plans are documented in the corporate tool, and also presented to the corresponding committees.

The scope of the review is updated every year. This comprises all the risks that the control units deem critical, risks on which the associated controls must be supervised at least once a year. The methodology is common and uniform for the internal audit and control units. It is the same methodology that covers firstly the supervision of the control design, individually and jointly, and secondly its operation. Afterwards, qualitative and quantitative criteria are established to determine the control weaknesses. Finally, a joint analysis of the risks is carried out, to determine relevant correlations, and therefore relevant weaknesses.

Not all the control weaknesses are of equal relevance or of equal economic significance: for each weakness, there is an estimate of its expected economic impact and the probability of occurring. The weaknesses are then ranked as a function of these estimates. An action plan is established for each of the weaknesses identified by the internal control units and the issues detected by the internal or external auditor, to correct or mitigate the risks.

During 2013, the internal control areas have carried out a complete assessment of the financial information internal control system in which no material or significant weakness has been manifested to date. The assessment was reported to the Audit & Compliance Comittee, the Global Corporate Assurance Committee, the Management Committee, the External Auditor and the Operational Risk Committee.

Additionally, the Group, in compliance with SOx, has established a risks group (within the perimeter of SOx companies and the critical risk scope described above), which impacts the drawing up of the financial statements at local and consolidated level, which is subject to review at least once a year. 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 the 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 of whether there is an action plan to try to correct or mitigate the weaknesses observed.

In the final instance, the financial reporting internal control system, pursuant to the Technical Audit

Notes, is examined by the Group's Auditor of Accounts, which informs the Audit & Compliance Committee and issues an opinion on the effectiveness of the internal control system with respect to the financial information contained in the Group's annual consolidated statements as of 31st December each year, in order for the financial information to be filed with the Securities & Exchange Commission by 30th April each year. At the date of this report, the auditor of the consolidated accounts has not reported any significant or material weakness to the Audit Comittee, 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 efficacy in order to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in their annual and quarterly reports. Also oversee the accounting and financial information that the Bank of Spain or other regulators, 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 presentation to the Board, and with the necessary depth to check their accuracy, reliability, scope and clarity. For this purpose, the Committee will have all the necessary information with the level of detail it deems appropriate, and be provided the necessary support of the Group's executive management, especially that of the Finance Area and that of the Company auditor.

- The Commitee reviews all the relevant changes relating to the accounting principles used and the presentation of the financial statements, and ensures that due publicity is given to them.

- It selects the external auditor for the Bank and the consolidated Group, and all the companies comprising the Group. it will oversee its independence and ensure that its audit schedule is carried through.

- It approves the annual Internal Audit schedule, monitoring it and being apprised of the degree to which the 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

F.7 External auditors report

Report of:

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 annex. Otherwise, explain the reasons why it was not.

On 2nd April 2013 the BBVA Group, as 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 compliance with the requirements established in Section 404 of the Sarbanes Oxley Act of 2002 by the Securities & Exchange Commission (SEC), said Annual Report Form 20-F included certifications containing a statement of responsibility for establishing and maintaining an adequate financial reporting internal control system for the Group, and a statement that the assessment of said control system at year-end 2012 showed it to be effective and not to present material weaknesses or significant deficiencies. Said report also included the opinion of the external auditor regarding the efficacy of the financial reporting internal control system of the entity at year-end 2012.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations of the Unified Code on corporate governance.

Should 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 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 subsidiaritation, ie, reallocating core activities to subsidiaries that were previously carried out by the holding company, even though the holding company retains full control of the subsidiaries;

b) 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) The definition of how the group companies are structured:

iv) The corporate governance policy;

v) The corporate social responsibility policy;

vi) The policy for senior managers' remuneration and performance assessment;

vii) The policy for controlling and managing risks, and the periodic monitoring of the internal information and oversight systems.

viii) The pay-out policy and the treasury-stock policy, especially their limits.

See sections: 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 then 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

EXPLAIN

Article 5 of the Board Regulations establishes that the Chairman of the Board will also be the Bank’s Chief Executive Officer unless the Board resolves to separate the positions of Chairman and Chief Executive Officer on the grounds of the Company’s best interests. However BBVA has a system of Corporate Governance that establishes effective mechanisms to avoid the concentration of power in one sole individual and guarantees effective control and efficient supervision of the Bank's executives. These include:

The BBVA Board has appointed from amongst its members a managing director, the President & Chief Operating Officer, as provided for in the Bank's Company Bylaws, who holds the broadest powers delegated by the Board. He is empowered to manage and represent the Company in keeping with his position and is directly responsible for the ordinary management and development of all the Group Business Areas, as well as some of the Support Areas that report up to it in the organisational chart. The President & COO, in turn, reports directly to the Board of Directors each month on the developments in the Company and the Group´s activity.

The BBVA Board of Directors comprises an ample majority of independent directors, allowing an appropriate balance between the oversight and control duties of the corporate bodies. Pursuant to the Board Regulations, any director may request the inclusion of items on the agenda that they deem advisable for the interests of the Group. Article 18 of the Board Regulations also establishes the possibility that if those directors that represent one quarter of the Board members appointed at any time so wish, they may request a Board Meeting be held.

BBVA has a permanent Executive Committee, mainly comprising external directors with the following authority:

To file and propose general policy guidelines, the criteria for setting targets and drawing up programmes, examining the proposals put to it in this regard, evaluating and approving the actions and results of any direct or indirect activity carried out by the Entity; to determine the volume of investment in each individual activity; to approve or reject transactions, determining methods and conditions; to arrange inspections and internal or external audits of all the Entity's areas of operation; and in general to exercise the authority conferred on it by the Board of Directors.

The BBVA Executive Committee meets every two weeks and reports directly to the Risk Director, the Chief Financial Officer and the heads of the Business Areas. It performs executive duties including the approval of specific transactions, establishing risk limits and proposing policy. It also has oversight duties such as the analysis of the Bank's activity and earnings prior to the Board meetings, share performance analysis, market situations and liquidity, credit and market risk management.

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 has constituted various Committees to support it, including the Audit & Compliance Committee, the Appointments Committee, the Remuneration Committee and the Risks Committee. These Committeees 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 external directors, the majority of whom are independent (The Audit & Compliance Committee and the Risks Committee are wholly comprised of independent directors and the Appointments Committee and the Remuneration Committee have a majority of independent directors.)

Likewise, all the Committee Chairs are independent directors with ample 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 coporate bodies, together with the high number of independent directors comprising the Board and its Committees, alongside the operational system of the Board (based on specialist assistance on the most relevant issues from Board Committees that operate under a system independent of the Bank's executives, setting their own agendas, calling the Bank executives to meetings as necessary and accessing all information required for the decision-making process) guarantees a balanced System of Corporate Governance that properly combines all its elements to avoid the accumulation of powers in one sole individual.

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 appointment 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 renewal of directors which the board submits to the general meeting, as well as provisional appointments by co-option, should be approved by the board:

a) At the proposal of the appointments committee for independent directors.

b) On the basis of a report by the appointments committee for all other directors.

See 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 its 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 positionentails; 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 efficacy of the company's internal control and internal audit, where applicable, are adequately managed and disseminated.

b) To ensure the independence and efficacy of the internal audit; propose the selection, appointment, re-election and severance of the internal audit officer; propose the budget for the internal audit service; receive periodic information on their activities; and verify that the senior management pay due heed to the conclusions and recommendations of their reports.

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 schedule and the outcome of its execution, verifying that the senior management takes due heed 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.

iii) 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 wide-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 efficacy of the internal audit function and being apprised of the appointment and severance of the head of the internal audit service. However, its duties do not include proposing the selection of the head of the service or its budget, as this is considered an integral part of the Bank's overall organisation.

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 appointment committee for is 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.

The data in this report refer to the year ending 31st December 2013, except in those cases when another date of reference is specifically stated.

Further to Section A.2, State Street Bank and Trust Co., Chase Nominees Ltd, The Bank of New York Mellon S.A.N.V. and Caceis Bank, as international custodian/depositary banks, held 10.875%, 6.561%, 5.028% and 3.074% of BBVA's share capital, respectively, on 31st December 2013. Among the positions held by the custodians, 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 to 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.

Further to the information in section A.3: Pursuant to the instruction of CNMV Circular 5/2013, no indirect owner of shareholdings has been identified among the Board members as no director has more than a 3% holding, nor are any of them 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 the Chairman & CEO, vesting in 2014 and 2015; and 30,000 shares in the case of the President & COO, vesting in 2014 and 2015); 2) Deferred shares pending payment under the Variable Remuneration in Shares Programme for 2011 (51,826 shares in the case of the Chairman & CEO, vesting in 2014 and 2015; and 32,963 shares in the case of the President & COO, vesting in 2014 and 2015); 3) Deferred shares pending payment under the Variable Remuneration in Shares Programme for 2012 (36,163 shares in the case of the Chairman & CEO, vesting in 2014, 2015 and 2016; and 22,032 shares in the case of the President & COO, vesting in 2014, 2015 and 2016); 4) Deferred shares pending payment under the Variable Remuneration in Shares Programme for 2013 (155,000 shares in the case of the Chairman & CEO; and 117,000 shares in the case of the President & COO); Pursuant to the Settlement and Payment System for variable remuneration applicable to executive directors and described in the Report on Directors' Remuneration in the BBVA Group, the payment of 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 and 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 Annex VI of communications with treasury stock.

Further to the information in section A.9: Likewise, the Annual General Meeting of the Banco Bilbao Vizcaya Argentaria, S.A. Shareholders, 16th March 2012, under its Agenda Item Three, adopted the resolution transcribed below:

> 1. Confer authority on the Board of Directors, with powers as broad as may be necessary by law, and pursuant to article 297.1.b) of the Corporate Enterprises Act, to increase share capital, during the legally established period of five years as of the date on which this General Meeting is held, up to a maximum amount corresponding to 50% of the Company's share capital on the date of the authorisation, on one or several occasions, to the amount that the Board 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, 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.
>
> To attribute the power to 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 will be 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 this authorisation.

Likewise, to attribute to the Board of Directors powers to freely offer the shares not subscribed within the pre-emptive subscription period(s), when any such period is granted; and to establish that should the issue be undersubscribed, the capital will be increased by the amount effectively subscribed, pursuant to article 311 of the Corporate Enterprises Act; and to redraft article 5 of the Company Bylaws.

All this will be done pursuant to applicable legal and Bylaw provisions at any time, and is conditional on obtaining due permits.

2. To request the competent Spanish and non-Spanish securities exchanges on which the Banco Bilbao Vizcaya Argentaria, S.A. shares are already listed at the time of each capital increase to allow trading of the new shares, provided they comply with applicable regulations. The Board of Directors is hereby authorised, with express powers to delegate this authority, to grant any documents and engage in any acts that may be necessary to such end, including any action, statement or arrangement to achieve the listing of the shares represented by ADSs for trading, with the competent authorities of the United States of America or any other competent authority.

It is expressly recognised that the Company is subject to any rules existing now or in the future regarding negotiation, and especially trading, listing and delisting of the securities. Should application be made subsequently for delisting of the securities, the Company is committed to adopt the formal requirements under applicable regulations and, in such case, uphold the interest of shareholders opposing or not voting in favour, in compliance with the requirements established under the Corporate Enterprises Act, the Securities Exchange Act and other applicable regulations.

3. To confer authority on the Board of Directors to delegate the authority conferred by this General Meeting relating to the foregoing resolutions to the Executive Committee, with express powers to delegate them; on the Chairman of the Board of Directors; on the President & COO; or any other director or proxy of the Company.

Further to the information in section A.10, there are no legal or bylaw restrictions on the exercise of voting rights and there are no legal or bylaw restrictions on the free acquisition or transfer of shares in the company's share capital. According the description of the legal restrictions on the acquisition or transfer of shares in the company's capital, pursuant to article 56 and following in Act 26/1988, 29th July on discipline and oversight in financial institutions which establishes that any individual or corporation acting alone or in concert with others, intending to directly or indirectly acquire a significant holding in a Spanish financial institution (as defined in article 56 of the aforementioned Act 26/1988) or to directly or indirectly increase their holding in one in such a way that either the percentage of voting rights or of capital owned would be equal to or more than 20, 30 or 50%, or by virtue of the acquisition, might take control over the financial institution, must first notify the Bank of Spain. The Bank of Spain will have 60 working days after the date on which the notification was received, to evaluate the transaction and, where applicable, challenge the proposed acquisition on the grounds established by law.

Further to section C.1.3: Francisco González Rodríguez was appointed as a BBVA director by the BBV and Argentaria Merger General Meetings, 18th December 1999. The Board, pursuant to article 3 of the Board Regulations, resolved on 29th September 2009, with a favourable report from the Appointments & Remuneration Committee, to co-opt Angel Cano as Board member and President & Chief Operating Officer. Both Mr Gonzalez and Mr Cano were later re-elected by the General Meeting, 15th March 2013, at the proposal of the Board and with a favourable report from the Appointments & Remuneration Committee. José Maldonado was appointed as a BBVA director at the BBV and Argentaria Merger General Meetings, 18th

December 1999, and re-elected at the BBVA General Meeting, 16th March 2012, at the proposal of the Board and with a favourable report from the Appointments Committee, pursuant to section C.1.19.

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 2013 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 2013.

c) The annual variable remuneration (in cash and in shares) of executive directors corresponding to 2013. However, this remuneration has not *accrued* to the executive directors in its totality 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 2014; the rest being deferred for payment of one third in each of the three following years (2015, 2016 and 2017), and subject to none of the circumstances established by the Board of Directors that might impede 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 during 2013 and who, consequently, did not remain in his position on 31st December 2013.

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 Report on Directors' Remuneration in the BBVA Group.

All these items are included for each individual director in Note 56 of the consolidated Group Annual Report.

Likewise, the provisions recorded at 31st December 2013 to cover pension commitments for executive directors stood at €23,611k in the case of the President & COO and €98k in the case of José Manuel González-Páramo Martínez-Murillo, after the sums of €1,070k and €131k were set aside in 2013 in the case of the President & COO 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 2013 includes €85m under the item for post-employment benefit commitments maintained with former members of the Board.

Further to the information included in section C.1.16:
The item "Total remuneration of the senior management" includes:

a) Fixed remuneration and remuneration in kind for the Management Committee members during 2013.

b) The variable remuneration of the Management Committee members received during the first quarter of 2013 corresponding to 2012.

c) The part of the deferred variable remuneration of the members of the Management Committee received during the first quarter of 2013 that includes the deferred part of the 2011 variable remuneration in both cash and shares, as well as the part of the LTI 2010-2011 that was deferred in shares, plus the amount of the corresponding updates.

The provisions charged to 31st December 2013 for pension commitments for the current Management Committee members, excluding executive directors, amounted to €91,129k. Of these, €8,697k were provisioned during 2013.

The balance of the item "Provisions - Funds for pensions and similar liabilities" on the Group's consolidated balance sheet at 31st December 2013 includes €156m 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, each year the Chairman & CEO, President & COO 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 (20-F) the Company files with this authority for the official record.

Further to section C.1.45: The President & COO'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 authorises and reports to the General Meeting on the clauses relating to the Executive Directors and the Management Committee members, pursuant to article 17 of the Board Regulations, but not relating to the 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 that may have arisen to the performance of its duties. It will analyse and, where appropriate, approve the Annual Internal Audit Plan, as well as those other additional occasional or specific plans that have to be put in place on account of regulatory changes or Group business organisational needs. It will be apprised of the extent to which the audited units have complied with the corrective measures recommended by the Internal Audit in previous audits, and any cases that might pose a relevant risk for the Group will be reported to the Board. The Committee will be informed of any material irregularities, anomalies or breaches that Internal Audit detects in the course of its actions, material being construed as any that may cause a significant and material impact or damage to the Group's net worth, results or reputation. The Internal Audit department will judge such nature at its discretion and, in case of doubt, must report the matter. It will also be apprised of and issue an opinion on the appointment or substitution of the head of Internal Audit, although it does not approve his or her appointment or propose the budget for the Internal Audit department.

Further to Section C.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 comprise a minimum of three members who will be appointed by the Board of Directors, which will also appoint its Chair. All the Committee members must be external directors, with a majority of independent directors. Its Chair must be an independent director. When the Chair cannot be present, his/her duties will be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

  Article 33 lists the Committee's functions, which include: 1. Draw up and report proposals for appointment and re-election of directors under the terms and conditions established in the first paragraph of article 3 of the Board Regulations. To such end, the Committee will evaluate the skills, knowledge and expertise that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in view of the needs that the Company's governing bodies may have at any time. The Committee will ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought are included on the shortlists, when there are no or few female directors. When drawing up proposals for the appointment and re-election of directors, the Committee will take into account, in case they may be considered suitable, any applications that may be made by any Board member for potential candidates to fill the vacancies. 2. Review the status of each director each year, so that this may be reflected in the annual report on corporate governance. 3. Report on the performance of Chairman of the Board and, where applicable, the Company's chief executive, such that the Board can make its periodic assessment, under the terms established in these Regulations. 4. Should the chairmanship of the Board or the post of chief executive officer fall vacant, the Committee will examine or organise, in the manner it deems suitable, the succession of the Chairman and/or chief executive officer and put corresponding proposals to the Board for an orderly, well-planned succession. 5. Report any appointment and separation of senior managers. 6. Any other duties that may have been allocated under these Regulations or given to the Committee under a Board of Directors resolution. In the performance of its duties, the Appointments Committee will consult with the Chairman of the Board and, where applicable, the Chief Executive Officer via the Committee Chair, especially with respect to matters related to executive directors and senior managers.

- Remuneration Committee: Article 35 of the Board Regulations establish that the Remuneration Committee will comprise a minimum of three members who will be appointed by the Board of Directors, which will also appoint its Chair. All the Committee members must be external directors, with a majority of independent directors. Its Chair must be an independent director. When the Chair cannot be present, his/her duties will be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

  Article 36 establishes that the functions of the Remuneration Committee will be as follows:

  1. Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company Bylaws. This system will deal with the items comprising the system, their amounts and method of payment.

  2. Determine the extent and amount of the remuneration, entitlements and other economic rewards for the Chairman & CEO, the President & COO and, where applicable, other executive directors of the Bank, so that these can be reflected in their contracts. The Committee's proposals on such matters will be submitted to the Board of Directors.

  3. Issue a report on the directors' remuneration policy each year. This will be submitted to the Board of Directors, which will report on this to the Company's Annual General Meeting.

  4. Propose the remuneration policy for senior management to the Board, and the basic terms and conditions to be contained in their contracts, directly supervising the remuneration of the senior managers responsible for risk management and with compliance functions within the Entity.

  5. Propose the remuneration policy to the Board for employees whose professional activities may have a significant impact on the Entity's risk profile.

  6. Oversee observance of the remuneration policy established by the Company and periodically review the remuneration policy applied to executive directors, senior management and employees whose professional activities may have a significant impact on the Entity's risk profile.

  7. Any other duties that may have been allocated under these Regulations or given to the Committee by a Board of Directors resolution.

  In the performance of its duties, the Remuneration Committee will consult with the Chairman of the Board and, where applicable, the Company's Chief Executive Officer via the Committee Chair, especially with respect to matters related to executive directors and senior managers.

- Audit & Compliance Committee: The Board Regulations establish the following:

  Article 29. Composition.

  The BBVA Audit & Compliance Committee will be formed exclusively by independent directors who are not members of the Bank's Executive Committee. They are tasked with assisting the Board of Directors in supervising the financial statements and exercising oversight for the BBVA Group. It will have a minimum of four members appointed by the Board in view of their knowledge and expertise in accounting, audit and/or risk management. One of these members will act as chair, also by Board appointment.

  Members of the Committee do not necessarily have to be experts in financial matters but must understand the nature of the Group's businesses and the basic risks associated with them. It is also essential that they be prepared to apply the judgement skills ensuing from their professional experience, with an independent and critical attitude. In any event, the Committee Chair will have experience in financial management and will understand the accounting procedures and standards required by the bodies regulating the sector. The Chair must be replaced every four years and may be re-elected after one year has elapsed since separation from the position.

When the Chair cannot be present, his/her duties will be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

The Committee will appoint a Secretary who may or may not be a Committee member but may not be an executive director.

Article 30. Functions

The Committee will have the powers established under the Company Bylaws, with the following scope:

1. Report to the General Meeting on matters that are raised at its meetings on matters within its scope of competence.

2. Supervise the efficacy of the Company's internal control and oversight, internal audit, where applicable, and the risk-management systems, and discuss with the auditors or audit firms any significant issues in the internal control system detected when the audit is conducted.

3. Supervise the process of drawing up and reporting regulatory financial information.

4. Propose the appointment of auditors or audit firms to the Board of Directors for it to submit the proposal to the General Meeting, in accordance with applicable regulations.

5. Establish correct relations with the auditors or audit firms in order to receive information on any matters that may jeopardise their independence, for examination by the Committee, and any others that have to do with the process of auditing the accounts; as well as those other communications provided for by law and in auditing standards. It must unfailingly receive written confirmation by the auditors or audit firms each year of their independence with regard to the Entity or entities directly or indirectly related to it, and information on additional services of any kind provided to these entities by said auditors or audit firms, or by persons or entities linked to them as provided under Act 19/1988, 12th July, on the auditing of accounts.

6. Each year, before the audit report is issued, to submit a report expressing an opinion on the independence of the auditors or audit firms. This report must, in all events, state the provision of any additional services referred to in the previous subsection.

7. Oversee compliance with applicable domestic and international regulations on matters related to money laundering, conduct on the securities markets, data protection and the scope of Group activities with respect to anti-trust regulations. Also to ensure that any requests for action or information made by official authorities in these matters are dealt with in due time and in due form.

8. Ensure that the internal codes of ethics and conduct and securities market trading, as they apply to Group personnel, comply with legislation and are properly suited to the Bank.

9. Especially enforce compliance with provisions contained in the BBVA Director's Charter, and ensure that directors satisfy applicable standards regarding their conduct on the securities markets.

10. Any other duties that may have been allocated under these Regulations or given to the Committee by a Board of Directors resolution.

As part of this objective scope, the Board shall detail the duties of the Committee in specific regulations establishing procedures by which it may perform its mission.

- Executive Committee: Article 45 of the Company Bylaws establishes that BBVA has an Executive Committee, to which the Board has delegated all its powers of administration, except those that the law and/or bylaws deem may not be delegated due to their essential nature.

  Article 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 determines. The Secretary of the Committee will be the Secretary of the Board. If absent, the person the meeting's members appoint for this purpose will stand in for the Board Secretary.

  Article 46 of the Company Bylaws establishes that this Committee will be apprised of the Board of Directors' business that the Board, pursuant to prevailing legislation or the Bylaws, resolves to delegate to it, including specifically, but not limited to, the following:

  To formulate and propose general policy guidelines, the criteria for setting targets and preparing programmes, examining the proposals put to it in this regard, evaluating and approving the actions and results of any direct or indirect activity carried out by the Entity; to determine the volume of investment in each individual activity; to approve or reject transactions, determining methods and conditions; to arrange inspections and internal or external audits of all the Entity's areas of operation; and in general to exercise the authority conferred on it by the Board of Directors.

  Article 27 of the Board Regulations establishes the functions of the Executive Committee within the Company, as follows:

  The Executive Committee will deal with the business that the Board of Directors delegates to it in accordance with prevailing legislation or with the Company Bylaws.

  Specifically, the Executive Committee is entrusted with evaluation of the Bank's system of corporate governance. This will be analysed in the context of the Company's development and of the results it has obtained, taking into account any regulations that may be passed and recommendations made regarding best market practices, adapting these to the Company's specific circumstances.

- Risks Committee: The Board Regulations establish the following:

Article 38. Composition: The Risks Committee will have a majority of external directors, with a minimum of three members, named by the Board of Directors, which will also appoint its Chair. When the Chair cannot be present, his/her duties will be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

Article 39. Functions: The functions of the Board of Directors' Risks Committee will be as follows: Analyse and evaluate proposals on the Group's risk management and control policies and strategy. In particular, these will identify:

a) The risk map;
b) The setting of the level of risk considered acceptable according to the risk profile (expected loss) and capital map (risk capital) broken down by the Group's businesses and areas of activity;
c) The internal reporting and oversight systems used to control and manage risks;
d) The measures established to mitigate the impact of risks identified should they materialise: Monitor the match between risks accepted and the profile established. Evaluate and approve, where appropriate, any risks whose volume might compromise the Group's capital adequacy or recurrence of its earnings or that might entail significant potential operational or reputational risks. Ensure that the Group possesses the means, systems, structures and resources benchmarked against best practices to allow implementation of its risk management strategy.

With respect to section D (Related-party and Intragroup Transactions): See Note 55 of the BBVA Annual Consolidated Accounts for 2013.

With respect to section D.4: the transactions of 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 are indicated.

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. Article 27 of the Board Regulations empowers the Executive Committee to assess the Bank's corporate governance system. It will analyse this as a function of the Company's performance over time and the impact of any regulations that may be established, and recommendations on best market practices adapted to the real conditions of its business.

During 2011, the BBVA Board of Directors approved the Bank's adhesion to the Code of Best Tax Practices (Código de Buenas Prácticas Tributarias) approved by Foro de Grandes Empresas in the wording proposed by the State Tax Administration Agency (AEAT). During this year, it has been compliant with the contents of this Code.

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.

This annual report on corporate governance has been approved by the Company's Board of Directors on 30th January 2014

Indicate whether any board members have voted against or abstained with respect to the approval of this report.

NO