# BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Financial statements
for the year ended
December 31, 2008

Deloitte.

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*Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with Bank of Spain Circular 4/2004 (Notes 1 to 52). In the event of a discrepancy, the Spanish-language version prevails.*

AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

1. We have audited the financial statements of Banco Bilbao Vizcaya Argentaria, S.A. (the "Bank") comprising the balance sheet at 31 December 2008 and the related income statement, cash flow statement, statement of changes in equity and notes to the financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Bank's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made.

2. As required by Spanish corporate and commercial law, for comparison purposes the Bank's directors present, in addition to the figures for 2008 for each item in the balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the financial statements, the figures for 2007. Our opinion refers only to the financial statements for 2008. On 7 February 2008, we issued our auditors' report on the Bank's 2007 financial statements, in which we expressed an unqualified opinion.

3. The directors of the Bank prepared, at the same time as the Bank's individual financial statements for 2008, the 2008 consolidated financial statements of the Banco Bilbao Vizcaya Argentaria Group, on which we issued our auditors' report on February 9, 2009, in which we expressed an unqualified opinion. Based on the content of the aforementioned consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union, the total assets and consolidated equity of the Banco Bilbao Vizcaya Argentaria Group at 2008 year-end amounted to EUR 542,650 million and EUR 26,705 million, respectively, and 2008 consolidated net income attributed to the Group amounted to EUR 5,020 million.

4. In our opinion, the accompanying financial statements for 2008 present fairly, in all material respects, the equity and financial position of the Bank at 31 December 2008 and the results of its operations, the changes in its equity and its cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with the accounting principles and standards contained in Bank of Spain Circular 4/2004, which were applied on a basis consistent with that of the preceding year.

5. The accompanying directors' report for 2008 contains the explanations which the directors consider appropriate about the Bank's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2008. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Bank's accounting records.

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

Francisco Celma

February 9, 2009

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

Member of
**Deloitte Touche Tohmatsu**

*Translation of financial statements originally issued in Spanish and prepared in accordance with generally accounting principles Spain (see Note 1 and 52). In the event of a discrepancy, the Spanish-language version prevails.*

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*Translation of financial statements originally issued in Spanish and prepared in accordance with generally accounting principles Spain (see Note 1 and 52). In the event of a discrepancy, the Spanish-language version prevails.*

# BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

## BALANCE SHEETS AS OF DECEMBER 31, 2008 AND 2007 (Notes 1 to 3)

| | Millions of euros | |
|---|---|---|
| **ASSETS** | **2008** | **2007 (*)** |
| **CASH AND BALANCES WITH CENTRAL BANKS (Note 7)** | **2,687** | **12,216** |
| **FINANCIAL ASSETS HELD FOR TRADING (Note 8)** | **59,987** | **41,180** |
| Loans and advances to credit institutions | - | - |
| Money market operations through counterparties | - | - |
| Debt securities | 14,953 | 17,006 |
| Other equity instruments | 5,605 | 9,037 |
| Trading derivatives | 39,429 | 15,137 |
| Memorandum item: Loaned and advanced as collateral | 5,012 | 5,919 |
| **OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 9)** | **-** | **-** |
| Loans and advances to credit institutions | - | - |
| Money market operations through counterparties | - | - |
| Debt securities | - | - |
| Other equity instruments | - | - |
| Memorandum item: Loaned and advanced as collateral | - | - |
| **AVAILABLE-FOR-SALE FINANCIAL ASSETS (Note 10)** | **18,726** | **18,709** |
| Debt securities | 11,873 | 9,142 |
| Other equity instruments | 6,853 | 9,567 |
| Memorandum item: Loaned and advanced as collateral | 7,694 | 2,573 |
| **LOANS AND RECEIVABLES (Note 11)** | **272,114** | **246,322** |
| Loans and advances to credit institutions | 45,274 | 35,199 |
| Loans and advances to other debtors | 226,836 | 211,123 |
| Debt securities | 4 | - |
| Memorandum item: Loaned and advanced as collateral | 4,683 | 4,240 |
| **HELD-TO-MATURITY INVESTMENTS (Note 12)** | **5,282** | **5,584** |
| Memorandum item: Loaned and advanced as collateral | 729 | 2,085 |
| **CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN THE PORTFOLIO HEDGES OF INTESREST RATE RISK** | **-** | **-** |
| **HEDGING DERIVATIVES (Note 13)** | **3,047** | **779** |
| **NON-CURRENT ASSETS HELD FOR SALE (Note 14)** | **149** | **49** |
| **INVESTMENTS (Note 15)** | **21,668** | **21,668** |
| Associates | 452 | 505 |
| Jointly controlled entities | 4 | 4 |
| Group entities | 21,212 | 21,159 |
| **INSURANCE CONTRACTS LINKED TO PENSIONS** | **1,996** | **2,004** |
| **TANGIBLE ASSETS (Note 16)** | **1,895** | **1,870** |
| Property, plants and equipment | 1,884 | 1,859 |
| For own use | 1,884 | 1,859 |
| Other assets leased out under an operating lease | - | - |
| Investment properties | 11 | 11 |
| Memorandum item: Loaned and advanced as collateral | - | - |
| **INTANGIBLE ASSETS (Note 17)** | **166** | **90** |
| Goodwill | - | - |
| Other intangible assets | 166 | 90 |
| **TAX ASSETS (Note 27)** | **3,568** | **3,227** |
| Current | 320 | 150 |
| Deferred | 3,248 | 3,077 |
| **OTHER ASSETS (Note 18)** | **735** | **768** |
| **TOTAL ASSETS** | **392,020** | **354,466** |

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 52 and Appendices I to XII are an integral part of the balance sheet as of December 31, 2008.

*Translation of financial statements originally issued in Spanish and prepared in accordance with generally accounting principles Spain (see Note 1 and 52). In the event of a discrepancy, the Spanish-language version prevails.*

# BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

## BALANCE SHEETS AS OF DECEMBER 31, 2008AND 2007 (Notes 1 to 3)

| | Millions of euros | |
|---|---|---|
| **LIABILITIES AND EQUITY** | **2008** | **2007 (*)** |
| **FINANCIAL LIABILITIES HELD FOR TRADING (Note 8)** | **40,538** | **18,724** |
| Deposits from central banks | - | - |
| Deposits from credit institutions | - | - |
| Deposits from other creditors | - | - |
| Debt certificates | - | - |
| Trading derivatives | 37,885 | 17,562 |
| Short positions | 2,653 | 1,162 |
| Other financial liabilities | - | - |
| **OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 9)** | **-** | **-** |
| Deposits from central banks | - | - |
| Deposits from credit institutions | - | - |
| Deposits from other creditors | - | - |
| Debt certificates | - | - |
| Subordinated liabilities | - | - |
| Other financial liabilities | - | - |
| **FINANCIAL LIABILITIES AT AMORTISED COST (Note 19)** | **322,197** | **303,051** |
| Deposits from central banks | 13,697 | 22,984 |
| Deposits from credit institutions | 43,972 | 46,852 |
| Deposits from other creditors | 188,311 | 172,253 |
| Debt certificates | 58,837 | 44,248 |
| Subordinated liabilities | 13,332 | 12,593 |
| Other financial liabilities | 4,048 | 4,121 |
| **CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN THE PORTFOLIO HEDGES OF INTESREST RATE RISK** | **-** | **-** |
| **HEDGING DERIVATIVES (Note 13)** | **824** | **1,766** |
| **LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE (Note 14)** | **-** | **-** |
| **PROVISIONS (Note 20)** | **7,071** | **6,637** |
| Provisions for pensions and similar obligations | 5,651 | 5,184 |
| Provisions for taxes | - | - |
| Provisions for contingent exposures and commitments | 387 | 525 |
| Other provisions | 1,033 | 928 |
| **TAX LIABILITIES (Note 27)** | **633** | **1,715** |
| Current | - | - |
| Deferred | 633 | 1,715 |
| **OTHER LIABILITIES (Note 18)** | **1,044** | **968** |
| **TOTAL LIABILITIES** | **372,307** | **332,861** |

(*) Presented for comparison purposes only.

| LIABILITIES AND EQUITY (*Continuation*) | Millions of euros 2008 | 2007 (*) |
|---|---|---|
| **STOCKHOLDER´S EQUITY** | **18,562** | **18,717** |
| **Capital (Note 22)** | **1,837** | **1,837** |
| Issued | 1,837 | 1,837 |
| Less: Unpaid and uncalled (-) | - | - |
| **Share premium (Note 23)** | **12,770** | **12,770** |
| **Reserves (Note 24)** | **3,070** | **2,257** |
| **Other equity instruments** | **71** | **49** |
| Equity component of compound financial instruments | - | - |
| Other | 71 | 49 |
| **Less: Treasury shares (Note 25)** | **(143)** | **(129)** |
| **Income** | **2,835** | **3,612** |
| **Less: Dividends and remuneration** | **(1,878)** | **(1,679)** |
| **VALUATON ADJUSTMENTS** | **1,151** | **2,888** |
| Available-for-sale financial assets (Note 9) | 937 | 2,950 |
| Cash flow hedges | 141 | (80) |
| Hedges of net investments in foreign operations | - | - |
| Exchange differences | 73 | 18 |
| Non-current liabilities held-for-sale | - | - |
| Other valuation adjustments | - | - |
| **TOTAL EQUITY** | **19,713** | **21,605** |
| **TOTAL LIABILITIES AND EQUITY** | **392,020** | **354,466** |

| | Millions of euros 2008 | 2007 (*) |
|---|---|---|
| **CONTINGENT EXPOSURES (Note 28)** | **64,729** | **73,903** |
| **CONTINGENT COMMITMENTS (Note 28)** | **69,671** | **76,246** |

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 52 and Appendices I to XII are an integral part of the balance sheet as of December 31, 2008.

*Translation of financial statements originally issued in Spanish and prepared in accordance with generally accounting principles Spain (see Note 1 and 52). In the event of a discrepancy, the Spanish-language version prevails.*

# BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

## INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (Notes 1 to 3)

Millions of euros

| | 2008 | 2007 (*) |
|---|---|---|
| INTEREST AND SIMILAR INCOME (Note 33) | 15,854 | 13,785 |
| INTEREST EXPENSE AND SIMILAR CHARGES (Note 33) | (12,178) | (10,933) |
| **NET INTEREST INCOME** | **3,676** | **2,852** |
| INCOME FROM EQUITY INSTRUMENTS (Note 34) | 2,318 | 1,810 |
| FEE AND COMMISSION INCOME (Note 35) | 2,034 | 2,174 |
| FEE AND COMMISSION EXPENSES (Note 36) | (359) | (381) |
| GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (NET) (Note 37) | 632 | 872 |
| Held for trading | (2) | 465 |
| Other financial instruments at fair value through profit or loss | - | - |
| Other financial instruments not at fair value through profit or loss | 634 | 407 |
| Other | - | - |
| EXCHANGE DIFFERENCES (NET) | (20) | 266 |
| OTHER OPERATING INCOME (Note 38) | 83 | 95 |
| OTHER OPERATING EXPENSES (Note 38) | (100) | (101) |
| **GROSS INCOME** | **8,264** | **7,587** |
| ADMINISTRATIVE EXPENSES (Note 39) | (3,324) | (3,420) |
| Personnel expenses | (2,258) | (2,238) |
| Other administrative expenses | (1,066) | (1,182) |
| AMORTISATION | (219) | (209) |
| PROVISION EXPENSE (NET) (Note 40) | (1,327) | (299) |
| IMPAIRMENT LOSSES (NET) (Note 41) | (996) | (598) |
| Loans and receivables | (900) | (602) |
| Other financial instruments not at fair value through profit or loss | (96) | 4 |
| **NET OPERATING INCOME** | **2,398** | **3,061** |
| IMPAIRMENT LOSSES OF OTHER ASSETS (NET) (Note 42) | (8) | (18) |
| Goodwill and other intangible asset (Note 17) | - | - |
| Other assets (Note 42) | (8) | (18) |
| GAINS (LOSSES) IN WRITTEN OF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE (Note 43) | - | 39 |
| NEGATIVE GOODWILL | - | - |
| GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS (Note 44) | 736 | 1,165 |
| **INCOME BEFORE TAX** | **3,126** | **4,247** |
| TAX EXPENSE (INCOME) (Note 27) | (291) | (635) |
| **INCOME FROM CONTINUED OPERATIONS** | **2,835** | **3,612** |
| INCOME FROM DISCONTINUED OPERATIONS (NET) | - | - |
| **INCOME FOR THE YEAR** | **2,835** | **3,612** |

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 52 and Appendices I to XII are an integral part of the income statement for the year ended December 31, 2008.

*Translation of financial statements originally issued in Spanish and prepared in accordance with generally accounting principles Spain (see Note 1 and 52). In the event of a discrepancy, the Spanish-language version prevails.*

# BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

## CHANGES IN TOTAL EQUITY FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (Notes 1 to 3)

Millions of euros

| | Total equity | | | | | | | | Valuation adjstments | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stockholder's equity | | | | | | | | | |
| | Share Capital (Nota 22) | Share premium | Reserves | Other equity instruments | Less: Treasury shares (Note 25) | Profit for the year | Less: dividend and remunerations | Total Stockholder's equity | | |
| **Balance at January 1, 2008** | **1,837** | **12,770** | **2,257** | **49** | **129** | **3,612** | **1,679** | **18,717** | **2,888** | **21,605** |
| Effects of changes in accounting policies | - | - | - | - | - | - | - | - | - | - |
| Effect of correction of errors | - | - | - | - | - | - | - | - | - | - |
| **Adjusted initial balance** | **1,837** | **12,770** | **2,257** | **49** | **129** | **3,612** | **1,679** | **18,717** | **2,888** | **21,605** |
| **Total income/expense recognized** | - | - | - | - | - | **2,835** | - | **2,835** | **(1,737)** | **1,098** |
| **Other changes in equity** | - | - | **813** | **22** | **14** | **(3,612)** | **199** | **(2,990)** | - | **(2,990)** |
| Increased of capital | - | - | - | - | - | - | - | - | - | - |
| Capital reduction | - | - | - | - | - | - | - | - | - | - |
| Conversion of financial liabilities into capital | - | - | - | - | - | - | - | - | - | - |
| Increase of other equity instruments | - | - | - | 22 | - | - | - | 22 | - | 22 |
| Reclassification of financial liabilities to other equity instruments | - | - | - | - | - | - | - | - | - | - |
| Reclassification of other equity instruments to financial liabilities | - | - | - | - | - | - | - | - | - | - |
| Dividend distribution | - | - | - | - | - | 1,038 | (1,878) | 2,916 | - | 2,916 |
| Transactions including treasury shares and other equity instruments (net) | - | - | (74) | - | 14 | - | - | (88) | - | (88) |
| Transfers between total equity entries | - | - | 895 | - | - | (2,574) | (1,679) | - | - | - |
| Increase/Reduction in business combinations | - | - | - | - | - | - | - | - | - | - |
| Payments with equity instruments | - | - | - | - | - | - | - | - | - | - |
| Rest of increase/reductions in total equity | - | - | (8) | - | - | - | - | (8) | - | (8) |
| **Balance at December 31, 2008** | **1,837** | **12,770** | **3,070** | **71** | **143** | **2,835** | **1,878** | **18,562** | **1,151** | **19,713** |

Millions of euros

| | Total equity | | | | | | | | Valuation adjstments | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stockholder's equity | | | | | | | | | |
| | Share Capital (Nota 22) | Share premium | Reserves | Other equity instruments | Less: Treasury shares (Note 25) | Profit for the year | Less: dividend and remunerations | Total Stockholder's equity | | |
| **Balance at January 1, 2007** | **1,740** | **9,579** | **2,085** | **26** | **40** | **2,440** | **1,364** | **14,466** | **2,264** | **16,730** |
| Effects of changes in accounting policies | - | - | - | - | - | - | - | - | - | - |
| Effect of correction of errors | - | - | - | - | - | - | - | - | - | - |
| **Adjusted initial balance** | **1,740** | **9,579** | **2,085** | **26** | **40** | **2,440** | **1,364** | **14,466** | **2,264** | **16,730** |
| **Total income/expense recognized** | - | - | - | - | - | **3,612** | - | **3,612** | **624** | **4,236** |
| **Other changes in equity** | **97** | **3,191** | **172** | **23** | **89** | **(2,440)** | **315** | **639** | - | **639** |
| Increased of capital | **97** | **3,191** | **(24)** | - | - | - | - | **3,264** | - | **3,264** |
| Capital reduction | - | - | - | - | - | - | - | - | - | - |
| Conversion of financial liabilities into capital | - | - | - | - | - | - | - | - | - | - |
| Increase of other equity instruments | - | - | - | **23** | - | - | - | **23** | - | **23** |
| Reclassification of financial liabilities to other equity instruments | - | - | - | - | - | - | - | - | - | - |
| Reclassification of other equity instruments to financial instruments | - | - | - | - | - | - | - | - | - | - |
| Dividend distribution | - | - | - | - | - | **856** | **(1,679)** | **2,535** | - | **2,535** |
| Transactions including treasury shares and other equity instruments (net) | - | - | **(24)** | - | **89** | - | - | **(113)** | - | **(113)** |
| Transfers between total equity entries | - | - | **220** | - | - | **(1,584)** | **(1,364)** | - | - | - |
| Increase/Reduction in business combinations | - | - | - | - | - | - | - | - | - | - |
| Payments with equity instruments | - | - | - | - | - | - | - | - | - | - |
| Rest of increase/reductions in total equity | - | - | - | - | - | - | - | - | - | - |
| **Balance at December 31, 2007** | **1,837** | **12,770** | **2,257** | **49** | **129** | **3,612** | **1,679** | **18,717** | **2,888** | **21,605** |

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 52 and Appendices I to XII are an integral part of the income statement for the year ended December 31, 2008.

# BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

## CHANGES IN TOTAL EQUITY FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (Notes 1 to 3) (Continuation)

| | Millions of euros | |
|---|---|---|
| **CHANGES IN TOTAL EQUITY** | **2008** | **2007 (*)** |
| **INCOME FOR THE YEAR** | **2,835** | **3,612** |
| **OTHER RECOGNIZED INCOME (EXPENSES)** | (1,737) | 624 |
| Available-for-sale financial assets | (2,838) | 1,178 |
| Revaluation gains/losses | (1,727) | 1,892 |
| Amounts transferred to income statement | (1,111) | (714) |
| Reclassifications | - | - |
| Cash flow hedges | 310 | 14 |
| Revaluation gains/losses | 298 | 1 |
| Amounts transferred to income statement | 12 | 13 |
| Amounts transferred to the initial carrying amount of the hedged items | - | - |
| Reclassifications | - | - |
| Hedges of net investment in foreign operations | - | - |
| Revaluation gains/losses | - | - |
| Amounts transferred to income statement | - | - |
| Reclassifications | - | - |
| Exchange differences | 86 | 33 |
| Revaluation gains/losses | 104 | 26 |
| Amounts transferred to income statement | (18) | 7 |
| Reclassifications | - | - |
| Non-current assets held for sale | - | - |
| Revaluation gains/losses | - | - |
| Amounts transferred to income statement | - | - |
| Reclassifications | - | - |
| Actuarial gains and losses in post-employment plans | - | - |
| Rest of recognized income and expenses | - | - |
| Income tax | 705 | (601) |
| **TOTAL INCOME AND EXPENSES FOR THE YEAR** | 1,098 | 4,236 |

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 52 and Appendices I to XII are an integral part of the statement of changes in equity for the year ended December 31, 2008.

*Translation of financial statements originally issued in Spanish and prepared in accordance with generally accounting principles Spain (see Note 1 and 52). In the event of a discrepancy, the Spanish-language version prevails.*

# BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

## CASH FLOW STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (Notes 1 to 3)

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007 (*)** |
| **CASH FLOW FROM OPERATING ACTIVITIES (1)** | (7,399) | 14,838 |
| **Profit for the year** | **2,835** | **3,612** |
| **Adjustments to obtain the cash flow from operating activities:** | **(2,232)** | **318** |
| Amortisation | 219 | 209 |
| Other adjustments | (2,451) | 109 |
| **Net increase/decrease in operating assets** | **46,475** | **37,923** |
| Financial assets held for traiding | 18,807 | 5,325 |
| Other financial assets at fair value through profit or loss | - | - |
| Available-for-sale financial assets | (754) | 816 |
| Loans and receivables | 25,792 | 33,492 |
| Other operating assets | 2,630 | (1,710) |
| **Net increase/decrease in operating liabilities** | **38,182** | **48,196** |
| Financial liabilities | 21,814 | 5,066 |
| Other financial liabilities at fair value through profit or loss | - | - |
| Financial liabilities measured at amortised cost | 18,351 | 44,378 |
| Other operating liabilities | (1,983) | (1,248) |
| **Collection/Payments for income tax** | **291** | **635** |
| **CASH FLOWS FROM INVESTING ACTIVITIES (2)** | **(217)** | **(6,799)** |
| **Investment** | **1,491** | **8,973** |
| Tangible assets | 282 | 266 |
| Intangible assets | 112 | 51 |
| Investments | 696 | 7,890 |
| Subsidiaries and other business units | - | - |
| Non-current assets held for sale and associated liabilities | 131 | 47 |
| Held-to-maturity investments | - | - |
| Other payments related to investing activities | 270 | 719 |
| **Divestments** | **1,274** | **2,174** |
| Tangible assets | 14 | 10 |
| Intangible assets | - | - |
| Investments | 7 | 43 |
| Subsidiaries and other business units | - | - |
| Non-current assets held for sale and associated liabilities | 949 | 1,821 |
| Held-to-maturity investments | 284 | 300 |
| Other collections related to investing activities | 20 | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES (3)** | **(1,912)** | **908** |
| **Investment** | **11,360** | **16,755** |
| Dividends | 2,860 | 2,434 |
| Subordinated liabilities | 600 | 2,320 |
| Amortisation of own equity instruments | - | - |
| Acquisition of own equity instruments | 7,900 | 12,001 |
| Other items relating to financing activities | - | - |
| **Divestments** | **9,448** | **17,663** |
| Subordinated liabilities | 1,295 | 2,442 |
| Issuance of own equity instruments | - | 3,263 |
| Disposal of own equity instruments | 7,747 | 11,888 |
| Other items relating to financing activities | 406 | 70 |
| **EFFECT OF EXCHANGE RATE CHANGES ON CASH OR CASH EQUIVALENTS (4)** | **(1)** | **5** |
| **NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)** | **(9,529)** | **8,952** |
| **CASH OR CASH EQUIVALENTS AT BEGINNING OF YEAR** | **12,216** | **3,264** |
| **CASH OR CASH EQUIVALENTS AT END OF YEAR** | **2,687** | **12,216** |

| **COMPONENTS OF CASH AND EQUIVALENT AT END OF YEAR** | **2008** | **2007 (*)** |
|---|---|---|
| Cash | 668 | 630 |
| Balance of cash equivalent in central banks | 2,019 | 11,586 |
| Other financial assets | - | - |
| Less:bank overdraft refundable on demand | - | - |
| **TOTAL CASH OR CASH EQUIVALENTS AT END OF YEAR** | **2,687** | **12,216** |

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 52 and Appendices I to XII are an integral part of the cash flow statement for the year ended December 31, 2007.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008**

## 1. INTRODUCTION, BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS AND OTHER INFORMATION

### 1.1. INTRODUCTION

Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank" or "BBVA") is a private-law entity governed by the rules and regulations applicable to banks operating in Spain. The Bank conducts its business through branches and offices located throughout Spain and abroad.

The articles of association and other public information on the Bank can be consulted both at its registered office (Plaza San Nicolás, 4, Bilbao) and on its official website, www.bbva.com.

In addition to the operations carried on directly by it, the Bank is the head of a group of subsidiaries, jointly controlled entities and associates that engage in various business activities and which compose, together with the Bank, the Banco Bilbao Vizcaya Argentaria Group ("the Group" or "BBVA Group"). Therefore, the Bank is obliged to prepare, in addition to its own financial statements, the Group's financial statements.

The bank's financial statements for 2007 were approved by the shareholders at the Bank's Annual General Meeting on March 14, 2008. The 2008 financial statements of the Bank have not yet been approved by their shareholders at the respective Annual General Meeting. However, the Bank's Board of Directors considers that the aforementioned financial statements will be approved without any changes.

### 1.2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The Bank of Spain issued Circular 4/2004 of 22 December 2004 on Public and Confidential Financial Reporting Rules and Formats.

Circular 4/2004 modifies the accounting policies of Spain's credit institutions to adapt them to the new accounting scenario established by the adoption by the European Union, with the legislation of several regulations, of the International Financial Reporting Standards ("EU-IFRS") following stipulations established under Regulation (EC) no, 1606/2002 of the European Parliament and of the Council of July 19, 2002, relative to –International Accounting Standards.

The Bank of Spain issued Circular 6/2008 on November 26, 2008, which modified Circular 4/2004, in order to adapt it to the IFRS-EU requirements.

The Bank's financial statements of 2008 were prepared by the Bank's directors (at the Board Meeting on February 5, 2009) on the basis of the accounting records kept by the Bank in accordance with Bank of Spain Circular 4/2004, representing fairly the bank's equity and financial position as of December 31, 2008, and the results of its operations, the changes in equity and the cash flows in 2008.

All accounting policies and measurement bases with a significant effect on the financial statements were applied in their preparation.

Due to the fact that the numerical information contained in the financial statements is expressed in million of euros, except in certain cases where it is necessary to lower unit, certain captions that do not present any balance in the condensed statements may present balance in euros. In addition, information regarding period-to-period changes is based on numbers not rounded.

### 1.3. COMPARATIVE INFORMATION

The annual financial statements for the year ended December 31, 2008 were prepared under the financial statements models established in Circular 6/2008 of the Bank of Spain, which represents modifications in the presentation format of the financial statements, and the accompanying notes, with respect to the format of Circular 4/2004 of the Bank of Spain that was used to prepare the financial statements of the Bank for the year 2007

The information relating to 2007 contained in these notes to the financial statements is presented, solely for comparison purposes, with information relating to 2008 and 2007.

Appendix IX includes reconciliation between the financial statements prepared in accordance to the models of Circular 6/2008 of Bank of Spain and the financial statements prepared in accordance with Circular 4/2004 of Bank of Spain for the year 2007.

### 1.4. RESPONSIBILITY FOR THE INFORMATION AND FOR THE ESTIMATES MADE

The information presented in the Bank's financial statements is the responsibility of the bank directors. In preparing these financial statements estimates were occasionally made by the bank in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. These estimates relate mainly to the following:

- The impairment losses on certain assets (Notes 5, 6, 9, 10, 12, 14 and 15).
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and commitments (Note 21)
- The useful life of tangible and intangible assets (Note 16 and 17).
- The fair value of certain unquoted assets (Note 6).

Although these estimates were made on the basis of the best information available as of December 31, 2008 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years.

### 1.5. ENVIRONMENTAL IMPACT

Given the activities to which the Bank is involved, it has no environmental liabilities, expenses, assets, or provisions or contingencies that could have a significant effect on its equity, financial position and profits. Consequently, as of December 31, 2008 the Group's consolidated financial statements did not disclose any item that should be included in the environmental information document envisaged in the related Ministry of the Economy Order dated October 8, 2001 and no specific breakdowns in this report with respect to environmental issues.

### 1.6. DETAIL OF AGENTS OF CREDIT INSTITUTIONS

Exhibit XI contains an inventory of the agents of the banks as required in accordance to the article 22 of the Royal Decree 1245/1995, of July 14 of the Ministry of Economy.

### 1.7. REPORT ON THE ACTIVITY OF THE CUSTOMER CARE DEPARTMENT AND THE CUSTOMER OMBUDSMAN

The report on the activity of the Customer Care Department and the Customer Ombudsman required pursuant to Article 17 of Ministry of Economy and Finance Order ECO/734/2004 of 11 March is included in the management report accompanying these financial statements.

### 1.8. CAPITAL MANAGEMENT AND MINIMUM EQUITY REQUIRED

***Capital requirements***

Bank of Spain Circular 3/2008, of 22 May, on the calculation and control of minimum capital requirements, regulates the minimum capital 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.

This Circular is the final implementation, for credit institutions, of the legislation on capital and consolidated supervision of financial institutions, which was contained in Law 36/2007, of 16 November, amending Law 13/1985, of 25 May, on the investment ratios, capital and reporting requirements of financial intermediaries, and other financial regulations, which also includes Royal Decree 216/2008, of 15 February, on the capital of financial institutions. Bank of Spain Circular 3/2008 also culminates the process of adaptation of Spanish legislation to Directive 2006/48/EC of the European Parliament and of the Council, of 14 June 2006, and Directive 2006/49/EC of the European Parliament and of the Council, of 14 June 2006. The minimum capital requirements for credit institutions and their consolidable groups were thoroughly revised in both Directives, based on the new Capital Accord adopted by the Basel Committee on Banking Supervision ("Basel II").

The minimum capital requirements established by Bank of Spain Circular 3/2008 are calculated on the basis of the Bank's exposure to credit risk and dilution risk (on the basis of the assets, obligations and other memorandum items that present these risks, depending on their amounts, characteristics, counterparties, guarantees, etc.), to counterparty risk and position and settlement risk in the trading book, to foreign exchange risk (on the basis of the overall net foreign currency position) and to operational risk. Additionally, the Bank is subject to compliance with the risk concentration limits established in the aforementioned Circular and with the requirements concerning internal corporate governance, internal capital adequacy assessment, measurement of interest rate risk and information to be disclosed to the market also set forth therein. With a view to guaranteeing compliance with the aforementioned objectives, the Bank performs integrated management of these risks, in accordance with its internal policies (see Note 5).

As of December 31 2008, 2007 and 2006, the eligible capital of the Bank exceeded the minimum required under the regulations then in force.

The calculation of the minimum regulatory capital requirements under the new standards, the so-called Pillar 1, is supplemented with an internal capital adequacy assessment and supervisory review process, also called Pillar 2. The Bank's internal capital adequacy assessment process is based on the internal model for the quantification of the economic capital required on the basis of the Bank's overall risk profile. Finally, Basel II standards establish, through Pillar 3, strict transparency requirements regarding the information on risks to be disclosed to the market.

***Capital management***

***New Basel Capital Accord - Basel II - Economic Capital***

The Group's capital management is performed at both regulatory and economic level.

Regulatory capital management is based on the analysis of the capital base and the capital ratios (core capital, Tier 1, etc.) using Basel ("BIS") and Bank of Spain criteria.

The aim is to achieve a capital structure that is as efficient as possible in terms of both cost and compliance with the requirements of regulators, ratings agencies and investors. Active capital management includes securitisations, sales of assets, and preferred and subordinated issues of equity and hybrid instruments.

The Bank has obtained the approval of its internal model of capital estimation (IRB) in 2008 for certain portfolios.

From an economic standpoint, capital management seeks to optimise value creation at the Group and at its different business units.

The Group allocates economic capital commensurate with the risks incurred by each business (CER). This is based on the concept of unexpected loss at a certain level of statistical confidence, depending on the Group's targets in terms of capital adequacy. These targets are applied at two levels: the first is core equity, which determines the allocated capital. The Bank uses this amount as a basis for calculating the return generated on the equity in each business (ROE). The second level is total capital, which determines the additional allocation in terms of subordinate debt and preference shares. The CER calculation combines lending risk, market risk (including structural risk associated with the balance sheet and equity positions), operational risk and fixed asset and technical risks in the case of insurance companies.

Stockholders' equity, as calculated under BIS rules, is an extremely important reference to the entire Group. However, for the purpose of allocating capital to business areas the Bank prefers CeR. It is risk-sensitive and thus linked to the management policies for the individual businesses and the business portfolio. This procedure anticipates the approach likely to be adopted by the future Basel II rules on capital. These provide an equitable basis for assigning capital to businesses according to the risks incurred and make it easier to compare returns.

To internal effects of management and pursuit of the business areas, the Group realizes a capital allocation to each business area (Note 6).

### 1.9. "FONDO DE GARANTIA DE DEPOSITOS"

The Bank is part of the "Fondo de Garantía de Depósitos". The expensive incurred by the contributions made to this Agency in 2008 and 2007 amounted to €45 and €43 million, respectively, which are recorded in the heading "Other operating expenses" of income statement (see Note 38).

### 1.10. SEASONAL NATURE OF INCOME AND EXPENSES

The nature of the most significant activities and transactions carried out by the Bank is mainly related to traditional activities carried out by financial institutions that are not affected by seasonal or cyclical factors.

### 1.11. CONSOLIDATION

The consolidated financial statements of Group BBVA correspondent to the year finished on December 31, 2008 were prepared in accordance with the EU-IFRS's, taking into account Bank of Spain Circular 4/2004 and Circular 6/2008. The board of directors on its February 5, 2009 meeting approved this consolidated financial statements.

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

These changes are reflected in the consolidated financial statements of the Banco Bilbao Vizcaya Argentaria Group correspondent to the year 2008, which the Bank prepares as well. In appendix I is the Groups consolidated financial statements.

## 2. ACCOUNTING POLICIES AND MEASUREMENT BASES APPLIED

Glossary included in Annex XII is related definitions of financial and economic terms referred in Note 2 "Accounting policies and measurement bases applied"

The accounting policies and measurement bases used in preparing these financial statements were as follows:

### 2.1. FINANCIAL INSTRUMENTS

#### a) Measurement of financial instruments and recognition of changes arising from the measurement

All financial instruments are initially recognized at fair value which, in the absence of evidence to the contrary, shall be the transaction price. These instruments will subsequently be measured on the basis of their classification. The recognition of changes arising subsequent to the initial recognition is described below.

The change produced, except for derivatives, during the year arising from the accrual of interests and similar items are recorded under the headings “Interest and Similar Income” or “Interest Expense and Similar Charges”, as appropriate, in the income statement of this period. The dividend accrued in the period are recorded under the heading “Income from equity instruments” in the income statement.

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

***- “Financial assets held for trading” and “Financial assets and liabilities at fair value through profit or loss”***

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

Changes arising from the valuation to fair value (gains or losses) are recognized under the heading “Gains or losses on financial assets and liabilities (net)” in the accompanying income statements. On the other hand, Valuation adjustments by changes in foreign exchange rates are recognized under the heading “Exchange Differences (net)” in the income statements.

The fair value of the standard financial derivatives included in the held for trading portfolios is equal to their daily quoted price in an active market. If, under exceptional circumstances, their quoted price cannot be established on a given date, these derivatives are measured using methods similar to those used to measure over-the-counter (“OTC”) derivatives.

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

Financial derivatives that have as their underlying equity instruments, whose fair value cannot be determined in a sufficiently objective manner and are settled by delivery of those instruments, are measured at cost.

***- “Available-for-Sale Financial Assets” and “Financial liabilities at fair value through equity”***

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

Changes arising from the valuation to fair value (gains or losses) are recognized temporarily, net amount, under the heading “Valuation Adjustments - Available-for-Sale Financial Assets” in the accompanying balance sheets.

Valuation adjustments arising from non-monetary items by changes in foreign exchange rates are recognized temporarily under the heading “Valuation Adjustments - Exchange Differences” in the balance sheet. Valuation adjustments arising from monetary items by changes in foreign exchange rates are recognized under the heading “Exchange Differences (net)” in the income statements.

The amounts recognized in the headings “Valuation Adjustments - Available-for-Sale Financial Assets” and “Valuation Adjustments - Exchange Differences” remain in the equity until the asset is derecognized from the balance sheet, at which time those amounts are recognized under the headings “Gains or losses on financial assets and liabilities” or “Exchange Differences (net)” in the income statement.

On the other hand, the impairment losses (net) in the available-for-sale financial assets during the period are recognized under the heading “Impairment losses (net) – Other financial instruments not at fair value through profit or loss” in the income statements.

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

Assets and liabilities recognized in these headings in the accompanying balance sheets are measured at "amortized cost" using the "effective interest rate" method due to the companies' intentions are to keep these financial instruments to its final maturity.

Impairment losses (net) arising in the period are recognized under the heading "Impairment losses (net) – Loans and receivables" or "Impairment losses (net) – Other financial instruments not at fair value through profit or loss" in the income statements.

***-"Hedging derivatives"***

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

Changes produced subsequent to the designation in the valuation of financial instruments designated as hedged items as well as financial instruments designated as hedging items are recognized based on the following criteria:

1. In the fair value hedges, the changes in the fair value of the derivative and the hedged item attributable to the hedged risk are recognized in the heading "Gains or losses on financial assets and liabilities (Net)" in the income statement.
2. In the cash flow hedges, the differences produced in the effective portions of hedging items are recognized temporarily under the heading "Valuation adjustments – Cash flow hedges". These valuation changes are recognized in the heading "Gains or losses on financial assets and liabilities (Net)" in the income statement in the same period or periods during which the hedged instrument affects profit or loss, when forecast transaction occurs or at the maturity date of the item hedged.

Differences in valuation of the hedging item for ineffective portions of cash flow hedges are recognized directly in the heading "Gains or losses on financial assets and liabilities (Net)" in the income statement.

***Other financial instruments***

In relation to the aforementioned general criteria, we must highlight the following exceptions:

1. Equity instruments whose fair value cannot be determined in a sufficiently objective manner and financial derivatives that have those instruments as their underlying and are settled by delivery of those instruments are measured at acquisition cost adjusted, where appropriate, by any related impairment loss.
2. Valuation adjustments arising on financial instruments classified at balance sheet date as non-current assets held for sale and the liabilities associated with them are recognized with a balancing entry under the heading "Valuation Adjustments - Non-Current Assets Held for Sale" of the balance sheet.

**b) Impairment financial assets**

**Definition**

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

- In the case of debt instruments (loans and debt securities), give rise to a negative impact on the future cash flows that were estimated at the time the transaction was arranged.
- In the case of equity instruments, mean that the carrying amount of these instruments cannot be recovered.

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to the income statement for the year in which the impairment becomes known, and the recoveries of previously recognized impairment losses are recognized in the income statement for the year in which the impairment is reversed or reduced, with the exception that any recovery of previously recognized impairment losses for an investment in an equity instrument classified as available for sale which are not recognized through profit or loss but recognized under the heading "Valuation Adjustments – Available for sale Financial Assets" in the balance sheet.

Balances are considered to be impaired, and accrual of the interest thereon is suspended, when there are reasonable doubts that the balances will be recovered in full and/or the related interest will be collected for the amounts and on the dates initially agreed upon, taking into account the guarantees received by the entity to assure (in part or in full) the performance of transactions. Amounts collected in relation to impaired loans and receivables are used to recognize the related accrued interest and any excess amount is used to reduce the principal not yet paid.

When the recovery of any recognized amount is considered to be remote, this amount is removed from the balance sheet, without prejudice to any actions taken by the entity in order to collect the amount until their rights extinguish in full through expiry, forgiveness or for other reasons.

**Calculation of impairment on financial assets**

The impairment on financial assets is determined by type of instrument and the category in which they are recognized. The Bank recognizes impairment charges directly against the impaired asset when the likelihood of recovery is deemed remote, and uses an offsetting or allowance account when it records non-performing loan provisions.

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

**Impairment losses determined individually**

The quantification of impairment losses on assets classified as impaired is done on an individual basis in connection with customers whose operations are equal to or exceed €1 million.

The amount of the impairment losses incurred on these instruments relates to the positive difference between their respective carrying amounts and the present values of their expected future cash flows.

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 obtained over the residual life of the instrument; including, where appropriate, those which may result from the collaterals and other credit enhancements provided for the instrument (after deducting the costs required for foreclosure and subsequent sale).
- The various types of risk to which each instrument is subject.
- The circumstances in which collections will foreseeably be made.

These cash flows are discounted using the original effective interest rate. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective rate determined under the contract.

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

**Impairment losses determined collectively**

The quantification of impairment losses is determined on a collective basis in the following two cases:

- Assets classified as impaired of customers in which the amount of their operations is less than €1 million.
- Asset portfolio not impaired but which presents an inherent loss.

To estimate the collective loss of credit risk, the BBVA uses the parameters set by Annex IX of the Circular 4/2004 from Bank of Spain on the base of its experience and the Spanish banking sector information in the quantification of impairment losses and provisions for insolvencies for credit risk. These parameters will be used as far as the Bank of Spain validates internal models based on historical experience of the Bank.

Following is a description of the methodology to estimate the collective loss of credit risk:

1. Specific allowance or provision for insolvency risk of the portfolio doubtful

The debt instruments, whoever the obligor and whatever the guarantee or collateral, that have past-due amounts with more than three months, shall be analyzed individually, taking into account the age of the past-due amounts, the guarantees or collateral provided and the economic situation of the customer and the guarantors.

In the case of unsecured transactions and taking into account the age of the past-due amounts, the allowance percentages are as follow:

| Age of the past-due amount | Allowance percentage |
|---|---|
| Up to 6 months | between 4.5% and 5.3% |
| Over 6 months and up to 12 months | between 27.4% and 27.8% |
| Over 12 months and up to 18 months | between 60.5% and 65.1% |
| Over 18 months and up to 24 months | between 93.3% and 95.8% |
| Over 24 months | 100% |

In the case of transactions secured by completed houses when the total exposure is equal or exceeds 80% of the value of the guarantee or collateral and taking into account the age of the past-due amounts, the allowance percentages are as follow:

| Age of the past-due amount | Allowance percentage |
|---|---|
| Less than 3 years | 2% |
| Over 3 years and up to 4 years | 25% |
| Over 4 years and up to 5 years | 50% |
| Over 5 years and up to 6 years | 75% |
| Over 6 years | 100% |

In the rest of transactions secured by real property taking into account the age of the past-due amounts, the allowance percentages are as follow:

| Age of the past-due amount | Allowance percentage |
|---|---|
| Up to 6 months | between 3.8% and 4.5% |
| Over 6 months and up to 12 months | between 23.3% and 23.6% |
| Over 12 months and up to 18 months | between 47.2% and 55.3% |
| Over 18 months and up to 24 months | between 79.3% and 81.4% |
| Over 24 months | 100% |

Debt instruments for which, without qualifying as doubtful in terms of criteria for classification as past-due, there is reasonable doubt that they will be recovered on the initially agreed terms are analyzed individually.

2. Portfolio into force

The debt instruments, whoever the obligor and whatever the guarantee or collateral, that do not have individually objective of impairment are collectively assesses, including the assets in a group with similar credit risk characteristics, sector of activity of the debtor or the type of guarantee.

The allowance percentages of hedge are as follows:

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

3. Country Risk Allowance or Provision

Country risk is understood as the risk associated with customers resident in a specific country due to circumstances other than normal commercial risk. Country risk comprises sovereign risk, transfer risk and other risks arising from international financial activity. On the basis of the economic performance, political situation, regulatory and institutional framework, and payment capacity and record, the Bank classifies the transactions in different groups, assigning to each group the provisions for insolvencies percentages, which are derived from those analyses.

***Impairment of other debt instruments***

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

When there is objective evidence that the negative differences arising on measurement of these assets are due to impairment, they are no longer considered as “Valuation Adjustments - Available-for-Sale Financial Assets” and are recognized in the income statement. If all or part of the impairment losses are subsequently recovered, the amount is recognized in the income statement for the year in which the recovery occurred.

Similarly, in the case of debt instruments classified as “non-current assets held for sale”, losses previously recorded in equity are considered to be realised – and are recognized in the income statement – on the date the instruments are so classified.

***Impairment of equity instruments***

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

> ***Equity instruments measured at fair value:*** The criteria for quantifying and recognising impairment losses on equity instruments are similar to those for other debt instruments, with the exception that any recovery of previously recognized impairment losses for an investment in an equity instrument classified as available for sale which are not recognized through profit or loss but recognized under the heading “Valuation Adjustments – Available for sale Financial Assets” in the balance sheet.

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

Impairment losses are recognized in the income statement for the period 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 the assets.

**2.2 RECOGNITION OF INCOME AND EXPENSES**

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

Specifically, the financial fees and commissions that arise on the arrangement of loans, basically origination and analysis fees must be deferred and recognized in the income statement over the expected life of the loan. The direct costs incurred in arranging these transactions can be deducted from the amount thus recognized. Bank of Spain's Circular 4/2004 establishes that, when there are no analytic accounting data to determine those direct costs, they can be compensated with the arrangement commission up to a 0.4% of the amount of the loan with a maximum limit of €400 per operation, which will be credited in the date of arrangement to the income statement and that will diminish the accrued commissions mentioned before.

On the other hand, dividends received from other companies are recognized as income when the Bank' right to receive them arises.

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

***Commissions, fees and similar items:***

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

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

***Non-financial income and expenses:***

These are recorded for accounting purposes on an accrual basis.

***Deferred collections and payments:***

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

**2.3 POST-EMPLOYMENT BENEFITS AND OTHER LONG TERM COMMITMENTS TO EMPLOYEES**

Following is a description of the most significant accounting criteria relating to the commitments to employees, related to post-employment benefits and other commitments, of the Bank and branch abroad (Note 21).

**Commitments valuation: assumptions and gains/losses recognition**

The present values of the commitments are quantified on a case-by-case basis. The valuation method used for current employees is the projected unit credit method, which views each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.

In adopting the actuarial assumptions, it is taken into account that:

- They are unbiased, in that they are neither imprudent nor excessively conservative.
- They are mutually compatible, reflecting the economic relationships between factors such as inflation, rates of salary increase and discount rates.
- The future levels of salaries and benefits are based on market expectations at the balance sheet date for the period over which the obligations are to be settled.

- The discount rate used is determined by reference to market yields at the balance sheet date on high quality corporate bonds.

The Bank recognizes all actuarial differences under "Provisions" in the income statement for the year in which they arise in connection with commitments assumed by the Bank in connection with personnel availing of early retirement schemes, benefits awarded for seniority, pre-retirement widowhood and disability benefits awarded as a function of years of employee service in the Bank, and other similar concepts.

The Bank recognizes the actuarial gains or losses arising on all other defined benefit post-employment commitments directly in "Reserves" within the Bank's equity, in accordance with standard 35 of Bank of Spain Circular 4/2004 (as amended by Circular 6/2008).

The Bank does not apply the option of deferring actuarial gains and losses in equity using the so-called corridor approach.

**Post-employment benefits**

**- Pensions**

Post-employment benefits include defined contribution and defined obligation commitments.

- Defined contribution commitments

The amounts of these commitments are determined, on a case-by-case basis, as a percentage of certain remuneration items and/or as a pre-established annual amount. The current contributions made by the Bank for defined contribution retirement commitments, which are recognized with a charge to the heading "Personnel Expenses – Contributions to external pension funds" in the accompanying income statements (Notes 21 and 39).

- Defined benefit commitments:

The Bank has defined benefit commitments for permanent disability and death of current employees and early retirees; for death of certain retired employees; and defined-benefit retirement commitments applicable only to certain groups of serving employees (unvested benefits), or early retired employees (vested benefits) and of retired employees (ongoing benefits). Defined benefit commitments are funded by insurance contracts and internal provisions.

Entities that have covered their pension commitments with insurance policies shall recognise those commitments as follows:

(i) Pension commitments to employees shall be recorded as pension provisions.

(ii) The insurance policy shall be recorded on the asset side as an insurance contract linked to pensions.

(iii) The expense for the period shall be recorded in the item "personnel expenses" net of the amount relating to the insurance contracts.

**- Early retirements**

In 2008, the Bank offered certain employees in Spain the possibility of taking early retirement before the age stipulated in the collective labor agreement in force. The corresponding provisions by the Bank were recognized with a charge to the heading "Provision Expense (Net) - Transfers to Funds for Pensions and Similar Obligations—Early Retirements" in the accompanying income statements (Note 21). The present values are quantified on a case-by-case basis and they are recognized in the heading "Provisions - Funds for Pensions and Similar Obligations" in the accompanying balance sheets (Note 20).

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

**- Post-employment welfare benefits**

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

The present values of the vested obligations for post-employment welfare benefits are quantified on a case-by-case basis. They are recognized in the heading "Provisions - Funds for Pensions and Similar Obligations" in the accompanying balance sheets (Note 20) and they are charged to the heading "Personnel expenses – Other personnel expenses" in the accompanying income statements (Note 39).

**Other commitments to employees**

The Bank is obliged to deliver partially or fully subsidised goods and services. The most significant employee welfare benefits granted, in terms of the type of compensation and the event giving rise to the commitment are: loans to employees, life insurance, study aid and long-service bonuses.

The present values of the vested obligations for commitments with personnel are quantified on a case-by-case basis. They are recognized in the heading "Provisions - Funds for Pensions and Similar Obligations" in the accompanying balance sheets (see Note 20). The post-employment welfare benefits delivered by the Bank to active employees are recognized in the heading "Personnel expenses – Other personnel expenses" in the accompanying income statements (see Note 39).

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

## 2.4 FOREIGN CURRENCY TRANSACTIONS AND EXCHANGE DIFFERENCES

**Assets, liabilities and futures transactions**

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

I. non-current investments in securities denominated in foreign currencies and financed in euros or in a currency other than the investment currency, which were translated at historical exchange rates.

II. unmatured non-hedging forward foreign currency purchase and sale transactions, which are translated at the exchange rates on the forward currency market at the end of each period published by the Bank of Spain for this purpose.

**Structural currency positions**

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

The breakdown of the balances in foreign currency of the balance sheet as of December 31, 2008 and 2007, based on the nature of the related items and the foreign currency, was as follows:

| | Millions of euros | | | |
|---|---|---|---|---|
| **2008** | **American dollars** | **Pound sterling** | **Other currency** | **TOTAL** |
| **Assets -** | **30,471** | **2,936** | **21,662** | **55,069** |
| Financial held-for-traiding | 2,795 | 551 | 313 | 3,659 |
| Available-for-sale financial assets | 1,415 | 52 | 1,830 | 3,297 |
| Loans and receivables | 23,289 | 2,218 | 4,501 | 30,008 |
| Investments | 2,757 | - | 14,988 | 17,745 |
| Tangible assets | 4 | 2 | 2 | 8 |
| Other | 211 | 113 | 28 | 352 |
| **Liabilities -** | **66,998** | **12,165** | **4,218** | **83,381** |
| Financial held-for-traiding | 698 | 88 | 181 | 967 |
| Financial liabilities at amortised cost | 66,264 | 12,009 | 4,039 | 82,312 |
| Other | 36 | 68 | (2) | 102 |

| | Millions of euros | | | |
|---|---|---|---|---|
| **2007** | **American dollars** | **Poung sterling** | **Other currency** | **TOTAL** |
| **Assets -** | **25,855** | **3,592** | **20,711** | **50,158** |
| Financial held-for-traiding | 5,484 | 786 | 250 | 6,520 |
| Available-for-sale financial assets | 1,341 | 111 | 2,369 | 3,821 |
| Loans and receivables | 16,269 | 2,575 | 2,890 | 21,734 |
| Investments | 2,589 | - | 15,164 | 17,753 |
| Tangible assets | 3 | 3 | 1 | 7 |
| Other | 169 | 117 | 37 | 323 |
| **Liabilities -** | **49,696** | **11,607** | **5,153** | **66,456** |
| Financial held-for-traiding | 462 | 55 | 42 | 559 |
| Financial liabilities at amortised cost | 49,147 | 11,478 | 4,129 | 64,754 |
| Other | 87 | 74 | 982 | 1,143 |

## 2.5. ENTITIES AND BRANCHES LOCATED IN COUNTRIES WITH HYPERINFLATIONARY ECONOMIES

None of the functional currencies of the branches located abroad relate to hyperinflationary economies as defined by EU-IFRSs. Accordingly, as of December 31, 2008 and 2007 it was not necessary to adjust the financial statements of any branch to correct for the effect of inflation.

## 2.6 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 accompanying balance sheets reflects the carrying amount of the assets that are not included in operating activities i.e., assets where an active program to locate a buyer and complete the plan has been initiated and approved at the appropriate level of management and it is highly probable they will be sold in their current condition within one year from the date on which are classified as such. Therefore, the carrying amount of these assets – which can be financial or non-financial but are not included in Bank’s operating activities – will foreseeably be recovered through the price obtained on their sale.

Within this heading, a distinction is made between individual assets and groups of assets that are to be disposed of along with related liabilities (“disposal groups”) and disposal groups that form part of a major business unit and are being held for sale as part of a disposal plan (“discontinued operations”).

The individual headings include the assets received by the entities from their debtors in full or partial settlement of the debtors’ payment obligations (assets foreclosed or donated in repayment of debt) are treated as non-current assets held for sale, unless the consolidated entities have decided to make continuing use of these assets.

Symmetrically, the heading “Liabilities Associated with Non-current Assets Held for Sale” in the accompanying balance sheets reflects the balances payable arising on disposal groups and discontinued operations.

Non-current assets held for sale are generally measured at the lower of fair value less costs to sell and their carrying amount upon classification within this category. Non-current assets held for sale are not depreciated while included under this heading.

As a general rule, gains and losses generated on the disposal of assets and liabilities classified as 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” and gains. The remaining income and expense items associated with these assets and liabilities are classified within the corresponding income statement headings.

## 2.7. SALES AND INCOME FROM THE PROVISION OF NON-FINANCIAL SERVICES

The heading “Other operating income” includes the carrying amount of the sales of assets and income from the non-financial services that are mainly relate to real estate.

## 2.8 TANGIBLE ASSETS

### Non-current tangible assets for own use

The heading Non-Current Tangible Assets for own use relates to the assets, under ownership or acquired under finance leases, intended to the future or current use, that it is expected to be held for more than one year. It also includes tangible assets received by the entities in full or part settlement of financial assets representing receivables from third parties and those assets expected to be held for continuing use.

Non-Current tangible assets for own use are presented in the balance sheets at acquisition cost less any accumulated depreciation and, where appropriate, any estimated impairment losses (net carrying amount higher than fair value).

If there are foreclosed assets for own use, their acquisition cost is equal to the carrying amount of the financial assets delivered in exchange for their foreclosure.

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 has an indefinite life and, therefore, is not depreciated.

The period tangible asset depreciation charge is recognized with a balancing entry in the income statement and is 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):

| | Annual Percentage |
|---|---|
| Buildings for own use | 1.33% a 4% |
| Furniture | 8% a 10% |
| Fixtures | 6% a 12% |
| Office supplies and computerisation | 8% a 25% |

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

The BBVA's criteria for determining the recoverable amount of these assets is based on up-to-date independent appraisals, performed within the last 3-5 years at most, absent other indications of impairment.

Similarly, if there is any indication that the value of a tangible asset has been recovered , the Bank will estimate the recoverable amounts of the asset and recognised it in the income statement, recording the reversal of the impairment loss recorded in previous periods and, consequently, adjust the future depreciation charges. In no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have if no impairment losses had been recognized in prior periods.

Upkeep and maintenance expenses relating to tangible assets held for continued use are charged to the income statement for the period in which they are incurred.

**Other assets leased out under an operating lease**

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

**Investment property**

The heading "Tangible assets - Investment Property" in the balance sheet reflects the net values of the land, buildings and other structures held either to earn rentals or for capital appreciation at the disposal date and are neither expected to be sold off in the ordinary course of the business nor are destined for own use.

The criteria used by the BBVA to determine their recoverable value is based on updated independent appraisals performed in the last 3-5 years at most, absent other indications of impairment.

## 2. 9 INTANGIBLE ASSETS

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

Intangible assets with indefinite useful life are not amortized, while, for each accounting closure, the Bank revised their useful lifes remaining in order to ensure that they remain undefined or, if not, proceed accordingly.

Intangible assets with finite useful life are amortized over those useful lives using methods similar to those used to depreciate tangible assets.

The Bank has not recognized any intangible assets with indefinite useful life.

In both cases the Bank recognizes any impairment loss on the carrying amount of these assets with charge to the heading “Impairment losses of other assets (net) – Goodwill and other intangible asset” in the income statement. The criteria used to recognize the impairment losses on these assets and, where applicable, the recovery of impairment losses recognized in prior periods are similar to those used for tangible assets.

### 2.10 TAX ASSETS AND LIABILITIES

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

The current income tax expense is calculated by aggregating the current tax arising from the application of the related tax rate to the taxable profit (or tax loss) for the period (after deducting the tax credits allowable for tax purposes) and the change in deferred tax assets and liabilities recognized in the income statement.

Deferred tax assets and liabilities include temporary differences, measured at the amount expected to be payable or recoverable for the differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carry forwards. These amounts are measured applying to the temporary difference the tax rates that are expected to apply in the period when the asset is realised or the liability settled (Note 27).

Deferred tax assets are recognized to the extent that it is considered probable that the Bank will have sufficient taxable profits in the future against which the deferred tax assets can be utilized.

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

### 2.11. FINANCIAL GUARANTEES

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

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. The credit risk is determined by application of criteria similar to those established for quantifying impairment losses on debt instruments measured at amortized cost (see Note 2.1).

The provisions made for financial guarantees classified as substandard are recognized under “Provisions - Provisions for Contingent Liabilities and Commitments” on the liability side in the accompanying balance sheet (Note 20). These provisions are recognized and reversed with a charge or credit, respectively, to “Provisions Expense” (Note 40) in the income statement.

### 2.12 LEASES

Leases are classified as finance when they transfer substantially all the risks and rewards incidental to ownership of the asset forming the subject matter of the contract. Leases other than finance leases are classified as operating leases.

When the Bank 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 recorded as financing provided to third parties and, therefore, are included under the heading “Loans and Receivables” in the accompanying balance sheets.

When the Bank acts as the lessor of an asset in operating leases, the acquisition cost of the leased assets is recognized in "Tangible assets" in the accompanying balance sheets. These assets are depreciated in line with the criteria adopted for items of tangible assets for own use, while the income arising from the lease arrangements is recognized in the income statement on a straight line basis within "Other operating income”.

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

### 2.13 PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions include amounts recognized to cover the Bank’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, settlement of which is deemed

likely to entail an outflow of resources embodying economic benefits. The obligations may arise in connection with legal or contractual provisions, valid expectations formed by Bank relative to third parties in relation to the assumption of certain responsibilities or virtually certain developments of particular aspects of applicable regulation, specifically draft legislation to which the Bank will certainly be subject.

Provisions are recognized in the balance sheet when each and every one of the following requirements is met: the Bank has an existing obligation resulting from a past event and, at the balance sheet date, it is more likely than not that the obligation will have to be settled; it is probable that to settle the obligation the entity will have to give up resources embodying economic benefits; and a reliable estimate can be made of the amount of the obligation. This heading includes provisions for restructuring charges and litigation, including tax litigation.

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

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

### 2.14 TRANSFERS OF FINANCIAL ASSETS AND DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are transferred to third parties. If substantially all the risks and rewards are transferred to third parties, the transferred financial asset is derecognized and, at the same time, any right or obligation retained or created as a result of the transfer is recognized.

If substantially all the risks and rewards associated with the transferred financial asset are retained, the transferred financial asset is not derecognized and continues to be measured using the same criteria as those used before to the transfer.

The financial assets are derecognized from the balance sheet only if their cash flows are extinguished or the risks and rewards associated with the financial assets are substantially transferred. Similarly, the financial liabilities are derecognized of the balance sheet only if their obligations are extinguished or acquired (with a view to subsequent cancellation or renewed placement).

BBVA is considered to have transferred substantially all the risks and rewards if such risks and rewards account for the majority of the risks and rewards incidental to ownership of the securitized assets.

If substantially all the risks and rewards associated with the transferred financial asset are retained:

- The transferred financial asset is not derecognized and continues to be measured using the same criteria as those used before the transfer in the balance sheet.
- A financial liability is recognized in the amount of compensation received, which is subsequently measured at amortized cost and included under “Deposits from credit institutions”. As these liabilities do not constitute a current obligation, when measuring such a financial liability the entity deducts those financial instruments owned by it which constitute financing for the entity to which the financial assets have been transferred, in so far as these instruments are deemed to specifically finance the assets transferred.
- Both the income generated on the transferred (but not derecognized) financial asset and the expenses of the new financial liability.

#### Securitizations

The BBVA has applied the most stringent prevailing criteria in determining whether or not it retains substantially all the risk and rewards incidental to ownership for all securitizations performed since 1 January 2004. As a result of this analysis, the Bank has concluded that none of the securitizations undertaken since that date meet the prerequisites for derecognizing the underlying assets from the accompanying balance sheets (Note 11) as it retains substantially all the risks and benefits embodied by expected loan losses or associated with the possible variation in net cash flows, as it retains the subordinated loans extended by BBVA to the same securitization funds.

### 2.15 OWN EQUITY INSTRUMENTS

The balance of the heading "Stockholders' Equity - Treasury Shares" in the accompanying balance sheets relates mainly to Bank shares held by himself as of December 31, 2008 and 2007. These shares are carried at acquisition cost, and the gains or losses arising on their disposal are credited or debited, as appropriate, to the heading "Stockholders' Equity-Reserves" in the accompanying balance sheets (Note 25).

### 2.16 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share-based payment transactions, when the instruments granted do not vest until the counterparty completes a specified period of service, shall be accounted for those services as they are rendered by the counterparty during the vesting period, with a corresponding increase in equity. The entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, at grant date.

Market conditions shall be taken into account when estimating the fair value of the equity instruments granted, thus, their evolution will not be reflected on the profit and loss account. Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognized for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. As a consequence the effect of vesting conditions other than market condition, will be recognized on the profit and loss account with the corresponding increase in equity.

### 2.17 TERMINATION BENEFITS

Termination benefits must be recognized when the company is committed to severing its contractual relationship with its employees and, to this end, has a formal detailed redundancy plan. There were no redundancy plans in the Bank, so it is not necessary to recognize a provision for this issue.

### 2.18. STATEMENTS OF CASH FLOWS

For the preparation of the statement of cash flows has been used the indirect method. This method starts from the entity's profit or loss 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 investing or financing cash flows.

For these purposes, in addition to cash on hand, cash equivalents include very short term, highly liquid investments subject to very low risk of impairment.

The reconciliation between the various headings in the balance sheet respect to the cash flow statement is set out following the 2008 cash flow statement.

For the development of statement of cash flows is taken into consideration the following concepts:

a. Cash flows: Inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments subject to a low risk of changes in value, such as balances with central banks, short-term Treasury bills and notes, and demand balances with other credit institutions.

b. Operating activities: The typical activities of credit institutions and other activities that cannot be classified as investing or financing activities.

c. Investing activities: The acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents.

d. Financing activities: Activities that result in changes in the size and composition of equity and of liabilities that do not form part of operating activities

### 2.19. STATEMENT OF CHANGES IN TOTAL EQUITY

According to the new models of the statements of the Circular 6/2008, the Statement of changes in total equity consists of two parts: Statement of recognized income and expense and Statement of changes in total equity.

- Statement of recognized income and expense that reflects the income and expenses generated in every year, distinguishing the recognized ones as "results" in the consolidated income statement of the "other income and recognized expenses" straight in equity.
- Statement of changes in total equity that reflects all the movements produced in every year in each of the headings of the consolidated equity included the proceeding ones from transactions realized with the shareholders when they act as such, and the due ones to changes in countable criteria and corrections of errors.

The applicable regulations establish that certain categories of assets and liabilities are recognized by its fair value with charge to total equity. These charges, known as "valuation adjustments", are included in the total equity of the bank net of tax effect, which has been recognized depending on the case, as deferred tax assets or liabilities.

This statement presents the changes occurred in the "valuation adjustments" for the period detailed by concepts, as well as earnings of the period plus/minus, if applicable, of the adjustments done by the change in accounting principles or by errors of previous periods . The sum of the changes occurred in the heading "valuation adjustments" of the total equity and the income of the period forms the "Incomes and expenses of the period" in the accompanying statement of recognised income and expense.

## 3. ALLOCATION OF PROFIT OR LOSS

In 2008 the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. resolved to pay the shareholders three interim dividends out of 2008 profit, amounting to a total of €0.501 gross per share. The aggregate amount of the interim dividends declared as of December 31, 2008, net of the amount collected and to be collected by the consolidable Bank companies, was €1,878 million and is recorded under "Dividends and Remuneration" in the related balance sheet. The last of the aforementioned interim dividends, which amounted to €0.167 gross per share and was paid to the shareholders on January 12, 2008, was recorded under the heading "Financial Liabilities at Amortized Cost – Other Financial Liabilities" in the balance sheet as of December 31, 2008 (Note 19).

The provisional accounting statements prepared in 2008 by Banco Bilbao Vizcaya Argentaria, S.A. in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the interim dividends were as follows:

| | Millions of euros | | |
|---|---|---|---|
| | 31-05-2008 Dividend 1 | 31-08-2008 Dividen 2 | 30-11-2008 Dividen 3 |
| **Interim dividend -** | | | |
| Profit at each of the dates indicated, after the provision for income tax | 1,748 | 2,785 | 2,967 |
| **Less -** | | | |
| Estimated provision for Legal Reserve | - | - | - |
| Interim dividends paid | - | 626 | 1,252 |
| **Maximum amount distributable** | **1,748** | **2,159** | **1,715** |
| **Amount of proposed interim dividend** | **626** | **626** | **626** |

The distribution of profit during 2008 was as follows:

| | Millions of euros |
|---|---|
| **Net profit for 2008** | **2,835** |
| **Distribution:** | |
| Dividends | |
| -Interim | 1,878 |
| Legal reserve | - |
| To voluntary reserves | 957 |

The distribution of profit per share during 2008 and 2007 was as follows:

| | First interim | Second interim | Third interim | Final | Total |
|---|---|---|---|---|---|
| **2007** | 0.167 | 0.167 | 0.167 | - | 0.501 |
| **2008** | 0.152 | 0.152 | 0.152 | 0.277 | 0.733 |

The Bank's Board of Directors plans to propose to its shareholders in general meeting the distribution of additional shareholder remuneration to complement the 2008 cash dividend in the form of an in-kind distribution of a portion of

the share premium reserve: specifically, the proposal is to give Banco Bilbao Vizcaya Argentaria, S.A. shareholders Company shares from treasury stock in the proportion of one (1) share for every sixty-two (62) outstanding.

Accordingly, the maximum number of shares to be distributed is sixty million, four hundred and fifty-one thousand, one hundred and fifteen (60,451,115) treasury shares of Banco Bilbao Vizcaya Argentaria, S.A. (Note 25).

This payment will entail a charge against the share premium reserve in the amount of the figure resulting from measuring each share to be distributed at the weighted average market price of Banco Bilbao Vizcaya Argentaria, S.A. shares in the continuous electronic market on the trading session on the day immediately preceding the date set for the General Shareholders' Meeting called to ratify the proposal ("Reference Value"), subject to a ceiling such that in no event can the charge against the share premium reserve exceed the total account balance.

## 4. EARNINGS PER SHARE

Basic earnings per share are determined by dividing net profit or losses attributable to the Group in a given period by the weighted average number of shares outstanding during the period.

Diluted earnings per share are determined using a method similar to that used to calculate basic earnings per share; however, the weighted average number of shares outstanding is adjusted to take into account the potential dilutive effect of share options, warrants and convertible debt instruments outstanding at period-end.

The "diluted number" of shares linked to warrants outstanding at period-end is determined in two stages: firstly, the hypothetical liquid amount that would be received on the exercise of these warrants is divided by the annual average price of the share and, secondly, the difference between the amount thus quantified and the present number of potential shares is calculated; this represents the theoretical number of shares issued disregarding the dilutive effect. Profit or loss for the period is not adjusted.

Therefore, the calculation of earnings per share was as follow:

| EARNINGS PER SHARE FOR CONTINUING OPERATIONS | 2008 | 2007 |
|---|---|---|
| Numerator for basic earnings per share: | | |
| Income available to common stockholders (thousands of euros) | 5,020 | 6,126 |
| Numerator for diluted earnings per share: | | |
| Income available to common stockholders (thousands of euros) | 5,020 | 6,126 |
| Denominator for basic earnings per share (millions of shares) | 3,706 | 3,594 |
| Denominator for diluted earnings per share (millions of shares) | 3,706 | 3,594 |
| **Basic earnings per share (euros)** | **1.35** | **1.70** |
| **Diluted earnings per share (euros)** | **1.35** | **1.70** |

As of December 31, 2008 and 2007, there were neither instruments nor share based payment to employees that could potentially dilute basic earnings per share, nor discontinued operations that affected the earnings per share calculation for periods presented.

## 5. RISK EXPOSURE

Dealing in financial instruments can entail the assumption or transfer of one or more classes of risk by financial institutions. :

- Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. There are three types of market risk:
- Currency risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- Price risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

- Liquidity risk is defined as the risk that an entity will not be able to meet obligations associated with financial liabilities, or will be forced to secure funding on onerous conditions as a result of difficulties encountered in meeting its obligations.

RISK GUIDELINES AND POLICIES

The general guiding principles followed by the Bank to define and monitory its risk profile are set out below:

1. The risks assumed must be aligned with the Bank's regulatory capital in according with its target solvency level.
2. There are limits in place to curtail the concentration of exposures to specific risk factors that could jeopardise the Bank's objectives in terms of solvency, liquidity and earnings recurrence.
3. The Bank's endeavours to generate profits must imply a high degree of repeat earnings.
4. Business growth must be financed in accordance with prudent liquidity management.
5. All risks must be identified, measured and evaluated and procedures must be in place to monitor and manage these risks.
6. Maintenance of robust tools for controlling and mitigating operational and reputational risks.
7. The business divisions are held responsible for proposing and maintaining an adequate risk profile within their scope of activity and under the umbrella of the corporate risk management framework.
8. The risk management infrastructure must be sufficient to lend dynamic support to the principles listed above in relation to tools, databases, IT systems, procedures and personnel.

Building on these principles, the Bank has developed an integrated risk management system that is structured around three main components: (i) a corporate risk governance regime, with adequate segregation of duties and responsibilities (i.e., separation of risk-taking and risk control functions), (ii) a set of tools, circuits and procedures that constitute the various discrete risk management regimes, and (iii) an internal risk control system.

In relation to limiting risk concentrations, specifically in the trading area, limits are approved each year by the Board's Risk Committee on exposures to trading, structural interest rate, structural currency, equity and liquidity risk at the banking entities and in the asset management, pension and insurance businesses. These limits factor in many variables, including economic capital and earnings volatility criteria, and are reinforced with alert triggers and a stop-loss scheme.

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

An additional guideline in terms of oversight of maximum risk concentration up to and at the level of 10% of equity: stringent requirements in terms of in-depth knowledge of the counterparty, its operating markets and sectors.

For retail portfolios, potential concentrations of risk are analyzed by geography or by certain specific risk profiles in relation to overall risk and earnings volatility; where appropriate, the opportune measures are taken, imposing cut-offs using scoring tools, via recovery management and mitigating exposure using pricing strategy, among other approaches.

CORPORATE MANAGEMENT STRUCTURE

The Board of Directors is the body responsible for setting the risk policies via the Bank's Standing committee and the Lending committee. The Board hence establishes the general principles defining the target risk profile for the BBVA. Likewise, it approves the infrastructure required for risk management, the delegation framework and the ceilings system that enable the business to develop in keeping with this risk profile in day-to-day decision-making.

The Lending Committee undertakes periodic analysis and monitoring of risk management within the various levels of delegation of the Bank's administration bodies. The scope of its functions comprises:

- Analysing and assessing proposals for Group risk strategy and policies in order to submit them to the Bank's Standing Committee for approval.
- Monitoring the degree to which the risks assumed are in line with the specified profile, as a reflection of the Bank's risk tolerance and expected earnings in view of the risk exposure.

- Approval of risk operations within the established delegation system.
- Verification that the Bank is provided with the means, systems, structures and resources in line with best practices, to enable it to implement its risk management strategy.
- Submission of the proposals it considers necessary or appropriate to the Bank's Standing Committee so that risk management adapts to best practices arising from recommendations on corporate governance or from risk supervisory bodies.

The Bank's risk management system is managed by an independent risk area, which combines a view by risk types with a global view. The Risk Area assures that the risks tools, metrics, historical databases and information systems are in line and uniform. It likewise sets the procedures, circuits and general management criteria.

The Global Risk Committee – composed by those in charge of the Bank's risk management- has as main tasks the development and implementation of the Bank's risk management model as well as the correct integration of the risk's costs in the different decision-making processes. The Global Risk Committee assesses the global risk profile of the Bank and the coherence between the risk policies and objective risk profile; identifies global risk concentrations and mitigation techniques; monitors de macroeconomic environment and the performance of entities in the sector quantifying global sensitivity and the expected impact of different scenarios of risk positioning.

The Global Risk Internal Control and Operational risk Committee assesses the main operational risks of the Bank and assure that the units establish the corresponding mitigation plans. As well, they review the internal control annual review that is afterwards approved by the Audit and Compliance Committee.

The Technical Transactions Committee analyses and approves, where appropriate, the financial transactions and programmes that are within its level of authorisation, and refers any transactions exceeding the scope of its delegated powers to the Lending Committee.

The New Products Committee is responsible for studying and, if necessary, for approving the introduction of new products before the activities begin. The Committee is also responsible for controlling and monitoring the new products, and for promoting business in an orderly way, and allows them to develop in a controlled environment.

The Asset-Liability Committee (ALCO) is the body responsible for actively managing the Bank's structural liquidity, interest rate and currency risks, and its core capital.

TOOLS, CIRCUITS AND PROCEDURES

The Bank has implemented an integral risk management system designed to cater for the needs arising in relation to the various types of risk; this prompted it to equip the management processes for each risk with measurement tools for risk acceptance, assessment and monitoring and to define the appropriate circuits and procedures, which are reflected in manuals that also include management criteria.

Specifically, the main risk management activities performed are as follows: calculation of the risk exposures of the various portfolios, considering any related mitigating factors (netting, collateral, etc.); calculation of the probability of default (PD), loss severity and expected loss of each portfolio, and assignment of the PD to the new transactions (ratings and scorings); measurement of the values-at-risk of the portfolios based on various scenarios using historical simulations; establishment of limits to the potential losses based on the various risks incurred; determination of the possible impacts of the structural risks on the income statement; setting of limits and alerts to safeguard the Bank's liquidity; identification and quantification of operational risks by business line to enable the mitigation of these risks through corrective measures; and definition of efficient circuits and procedures which contribute to the achievement of the targets set.

### 5.1 Credit Risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

***Maximum exposure to credit risk***

For the financial assets recognized on the face of the balance sheet, credit risk exposure is equivalent to these assets' carrying amounts. The maximum exposure to credit risk on financial guarantees extended is the maximum that BBVA is liable for if these guarantees are called in.

The Bank's maximum credit risk exposure as of December 31, 2008 and 2007, without recognizing the availability of collateral or other credit enhancements, is broken down by sector in the table below:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Financial asstest held for trading (Note 8)** | **54,382** | **32,143** |
| Debt securities | 14,953 | 17,006 |
| Trading derivatives | 39,429 | 15,137 |
| **Other financial assets at fair value through profit or loss (Note 9)** | **-** | **-** |
| Debt securities | - | - |
| **Availvable-for-sale financial assets (Note 10)** | **11,983** | **9,157** |
| Debt securities | 11,983 | 9,157 |
| **Loans and receivables (Note 11)** | **275,200** | **246,322** |
| Loans and advances to credit institutions | 45,078 | 35,048 |
| Loans and advances to other debtors | 230,111 | 214,479 |
| Public Sector | 8,313 | 7,568 |
| Agriculture | 2,060 | 2,165 |
| Industry | 33,688 | 28,128 |
| Real estate and construction | 41,879 | 37,693 |
| Trade and finance | 24,545 | 21,338 |
| Loans to individuals | 87,585 | 85,834 |
| Leases | 6,722 | 6,800 |
| Other | 25,319 | 24,953 |
| Debt securities | 11 | - |
| **Held-to-maturity investments (Note 12)** | **5,285** | **5,589** |
| **Hedging derivatives (Note 13)** | **3,047** | **779** |
| **Total** | **349,897** | **293,990** |
| Financial guarantees (Note 28) | 64,729 | 73,903 |
| Other contingent exposures | 6,178 | 5,477 |
| Drawable by third parties (Note 28) | 63,493 | 70,769 |
| **Total off-balances** | **134,400** | **150,149** |
| **Total** | **484,297** | **444,139** |

***Mitigating credit risk: collateral and other credit enhancements***

In most instances the maximum credit exposure is mitigated by collateral, credit enhancements and other measures devised to reduce BBVA's ultimate exposure. The table below outlines the main measures in place for each class of financial instrument:

**Financial assets held for trading**: Guarantees or credit enhancements, which are taken directly from the issuer or counterparty, are implied in the instruments' contractual clauses. For trading derivatives credit risk is minimized via master netting agreements, whereby derivative financial assets and liabilities with the same counterparty can been settled net. Other types of guarantees may also be put in place, depending on the counterparty's solvency and the nature of the transaction.

**Other financial assets at fair value through profit or loss:** Guarantees or credit enhancements, which are taken directly from the issuer or counterparty, are implied in the instruments' contractual clauses.

**Available-for-sale financial assets:** Guarantees or credit enhancements, which are taken directly from the issuer or counterparty, are implicit to the instrument's structuring.

**Loans and receivables:**

- Loans and advances to credit institutions: They have personal guarantees from the counterparties and, on occasion, an additional guarantee from another credit entity with which a credit derivative has been written.
- Loans and advances to other debtors: Most of these operations are backed by personal guarantees extended by the counterparties. The collateral received to secure loans and advances to other debtors include mortgages, cash guarantees and other collateral such as pledged securities. Other kinds of credit enhancements may be put in place such as guarantees, credit derivatives, etc.
- Debt securities: Guarantees or credit enhancements, which are taken directly from the issuer or counterparty, are implicit to the instrument's structuring.

**Held-to-maturity investments:** Guarantees or credit enhancements, which are taken directly from the issuer or counterparty, are implicit to the instrument's structuring.

**Hedging derivatives:** Credit risk is minimized via master netting agreements, whereby derivative financial assets and liabilities with the same counterparty can be settled net. Other types of guarantees may also be put in place, depending on the counterparty's solvency and the nature of the transaction.

**Financial guarantees, other contingent exposures and drawable by third parties:** They have personal guarantees from the counterparties and, on occasion, an additional guarantee from another credit entity with which a derivative has been written.

The BBVA's collateralized credit risk as of December 31, 2008 and 2007, excluding balances deemed impaired, is broken down in the table below:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Mortgage loans** | **103,106** | **100,556** |
| Operating assets mortgage loans | 2,553 | 2,248 |
| Home mortgages | 61,354 | 58,002 |
| Rest | 39,199 | 40,306 |
| **Secured loans, except mortgages** | **4,419** | **5,765** |
| Cash guarantees | 49 | 104 |
| Pledging of securities | 199 | 460 |
| Rest | 4,171 | 5,201 |
| **Total** | **107,525** | **106,321** |

As of December 31, 2008, the fair value of all collateral received was higher than the value of the underlying assets. Specifically in relation to mortgages, the average amount pending collection on the corresponding loans represented 55% of the fair value of the properties pledged.

***Policies and procedures for hedging or mitigating risks, including policy governing the taking of collateral.***

BBVA's policy for hedging or mitigating credit risk is built on its banking model, which in turn is focused on relationship banking. Based on this approach, the taking of guarantees is a necessary tool but alone is not sufficient to underpin risk taking; accordingly, risk-taking by BBVA entails substantiation of the counterparty's repayment ability or its ability to generate cash flow to service its obligations.

This philosophy is distilled in a conservative approach to risk taking policy, to the analysis performed on a transaction's financial risk, based on the creditor's ability to settle or generate cash flow to extinguish its obligations, to taking guarantees in all generally accepted forms (cash collateral, pledged assets, personal guarantees, covenants or hedges) commensurate with the risk assumed, and lastly, to the recovery risk assumed (asset liquidity).

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

BBVA has ratings tools that enable it to rank the credit quality of its operations and customers based on a scoring system and to map these ratings to probability of default (PD) scales. To analyze the performance of PD, the Bank has a series of historical databases that house the pertinent information generated internally.

The scoring tools vary by customer segment (companies, corporate clients, SMEs, public authorities, etc). For wholesale portfolios where the number of defaults is very low (sovereigns, corporates, financial entities) the internal ratings models are fleshed out by benchmarking the statistics maintained by the external rating agencies (Moody´s, Standard and Poor's and Fitch). To this end, each year the Bank compares the PDs compiled by the agencies at each level of risk rating and allocated to each ratings notch, mapping the measurements compiled by the various agencies to the BBVA master ratings scale.

BBVA maintains a master ratings scale with a view to facilitating the uniform classification of the Bank's various risky asset portfolios. There are two versions of this scale: a 17-notch abridged scale which groups outstanding risk into 17 categories and an extended 34-notch scale that best represents the heterogeneous nature of BBVA's portfolio.

| Rating | Probability of default (basic points) | | |
|---|---|---|---|
| | Average | Minimum from >= | Maximum until < |
| AAA | 1 | 0 | 2 |
| AA+ | 2 | 2 | 3 |
| AA | 3 | 3 | 4 |
| AA- | 4 | 4 | 5 |
| A+ | 5 | 5 | 6 |
| A | 8 | 6 | 9 |
| A- | 10 | 9 | 11 |
| BBB+1 | 12 | 11 | 14 |
| BBB+2 | 15 | 14 | 17 |
| BBB1 | 18 | 17 | 20 |
| BBB2 | 22 | 20 | 24 |
| BBB-1 | 27 | 24 | 30 |
| BBB-2 | 34 | 30 | 39 |
| BB+1 | 44 | 39 | 50 |
| BB+2 | 58 | 50 | 67 |
| BB1 | 78 | 67 | 90 |
| BB2 | 102 | 90 | 116 |
| BB-1 | 132 | 116 | 150 |
| BB-2 | 166 | 150 | 194 |
| B+1 | 204 | 194 | 226 |
| B+2 | 250 | 226 | 276 |
| B+3 | 304 | 276 | 335 |
| B1 | 370 | 335 | 408 |
| B2 | 450 | 408 | 490 |
| B3 | 534 | 490 | 581 |
| B-1 | 633 | 581 | 689 |
| B-2 | 750 | 689 | 842 |
| B-3 | 945 | 842 | 1061 |
| CCC+ | 1,191 | 1,061 | 1,336 |
| CCC | 1,500 | 1,336 | 1,684 |
| CCC- | 1,890 | 1,684 | 2,121 |
| CC+ | 2,381 | 2,121 | 2,673 |
| CC | 3,000 | 2,673 | 3,367 |
| CC- | 3,780 | 3,367 | 4,243 |

The table below outlines the distribution of exposure by internal ratings, which comprehends companies, financial entities and public institutions (excluding sovereign risk) as of December 31, 2008:

| Rating | % |
|---|---|
| AAA/AA | 23.63% |
| A | 26.67% |
| BBB+ | 9.16% |
| BB | 6.20% |
| BB- | 5.96% |
| B+ | 3.08% |
| B | 1.27% |
| B- | 0.21% |
| Total | 100.00% |

### *Risk concentrations*

The table below depicts the Bank's credit risk concentration by classes of financial instruments and geographic markets as of December 31, 2008:

| | Millions of euros | | | | | |
|---|---|---|---|---|---|---|
| **RISKS ON BALANCE** | **Spain** | **Europe except Spain** | **USA** | **Latin America** | **Rest** | **Total** |
| **Cash and balances at other central banks** | **2,452** | **165** | **61** | **-** | **9** | **2,687** |
| **Financial assets held for trading** | **19,632** | **30,301** | **4,255** | **1,736** | **4,063** | **59,987** |
| Debt securities | 7,865 | 5,987 | 596 | 21 | 484 | 14,953 |
| Equity instruments | 2,336 | 1,499 | 180 | 882 | 708 | 5,605 |
| Derivatives | 9,431 | 22,815 | 3,479 | 833 | 2,871 | 39,429 |
| **Available-for-sale portfolio** | **10,684** | **4,894** | **515** | **46** | **2,697** | **18,838** |
| Debt securities | 6,215 | 4,593 | 465 | 44 | 666 | 11,985 |
| Equity instruments | 4,469 | 301 | 50 | 2 | 2,031 | 6,853 |
| **Loans and receivables** | **211,878** | **41,414** | **6,274** | **8,743** | **6,891** | **275,200** |
| Loans and advances to credit institutions | 20,789 | 20,645 | 1,682 | 790 | 1,172 | 45,078 |
| Loans and advances to other debtors | 191,089 | 20,769 | 4,589 | 7,951 | 5,713 | 230,111 |
| Debt securities | - | - | 3 | 2 | 6 | 11 |
| **Held-to-maturity investments** | **2,396** | **2,889** | **-** | **-** | **-** | **5,285** |
| **Hedging derivatives** | **138** | **2,789** | **94** | **-** | **26** | **3,047** |
| **Total** | **247,180** | **82,452** | **11,199** | **10,525** | **13,686** | **365,044** |
| **RISKS OFF-BALANCE** | **Spain** | **Europe except Spain** | **USA** | **Latin America** | **Rest** | **Total** |
| Financial guarantees | 48,288 | 9,533 | 1,490 | 1,439 | 3,979 | 64,729 |
| Other contingent exposures | 41,696 | 18,456 | 6,543 | 1,238 | 1,738 | 69,671 |
| **Total** | **89,984** | **27,989** | **8,033** | **2,677** | **5,717** | **134,400** |

### *Policies and procedures for preventing excessive concentrations of risk*

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

- Striking a balance between the customer's financing needs, broken down by type (trade/financial, short/long-term, etc.), and the degree to which its business is or is not attractive to BBVA. This approach drives a better operational mix that is still compatible with the needs of the bank's clientele.

- Other determining factors relate to national legislation and the ratio between the size of the customer book and bank's equity, to prevent risk from becoming overly concentrated among few customers. Additional factors taken into consideration include constraints related to market, customer, internal regulation and macroeconomic factors, etc.

- Meanwhile, correct portfolio management leads to identification of risk concentrations and enables the taking of appropriate action.

Operations with customers or groups that entail an expected loss plus economic capital of over €18 million are approved at the highest level, i.e., by the Board Risk Committee. As a reference point, this is equivalent in terms of exposure to 10% of eligible equity for AAA and to 1% for a BB rating, implying oversight of the major individual risk concentrations by the highest-level risk governance bodies as a function of credit ratings.

An additional guideline in terms of oversight of maximum risk concentration up to and at the level of 10% of equity: stringent requirements in terms of in-depth knowledge of the counterparty, its operating markets and sectors.

### *Financial assets past due but not impaired*

The table below provides disclosure on financial assets past due as of December 31, 2008 but not impaired, specifically an age analysis by class of financial instrument:

| | Millions of euros | | | |
|---|---|---|---|---|
| | **Less than 1 month** | **1 to 2 months** | **2 to 3 months** | **Total** |
| **Loans and advances to other debtors** | **1,446** | **391** | **334** | **2,171** |

***Impaired assets and impairment losses***

The table below provides disclosure on impaired assets by heading of the balance sheet as of December 31, 2008 and 2007:

| | Millions of euros | |
|---|---|---|
| **RISKS ON BALANCE** | **2008** | **2007** |
| **Available-for-sale portfolio** | **171** | **-** |
| Debt securities | 171 | - |
| **Loans and receivables** | **5,219** | **1,322** |
| Credit institutions | 75 | 7 |
| Loans and advances to other debtors | 5,133 | 1,313 |
| Debt securities | 11 | 2 |
| **Total** | **5,390** | **1,322** |
| **RISKS OFF-BALANCE** | | |
| **Impaired contingent liabilities** | **130** | **48** |

The changes in 2008 and 2007 in the impaired financial assets and contingent liabilities were as follow:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Balance at the beginning of the year** | **1,370** | **996** |
| Additions | 6,152 | 1,402 |
| Recoveries | (1,428) | (668) |
| Transfers to write-off | (576) | (352) |
| Exchange differences and others | 2 | (8) |
| **Balance at the end of the year** | **5,520** | **1,370** |

Following is a detail of the impaired financial assets considered as of December 31, 2008, classified by geographical location of risk and by age of the oldest past-due amount:

| | Impaired assets of loans and advances to other debtors | | | | | |
|---|---|---|---|---|---|---|
| | **Amounts less than six** | **6 to 12 months** | **12 to 18 months** | **18 to 24 months** | **More than 24 months** | **Total** |
| Spain | 2,738 | 1,751 | 636 | 108 | 98 | 5,331 |
| Rest of Europe | 32 | 16 | - | - | - | 48 |
| United States | 1 | - | - | - | - | 1 |
| Rest | 10 | - | - | - | - | 10 |
| **Total** | **2,781** | **1,767** | **636** | **108** | **98** | **5,390** |

The table below breaks down impaired financial assets by segment, indicating, where appropriate, the type of security taken to ensure collection, as of December 31, 2008 and 2007

| | Millions of euros | |
|---|---|---|
| **IMPAIRED RISKS ON BALANCE** | **2008** | **2007** |
| Public Sector | 4 | 47 |
| Credit institutions | 2,826 | 869 |
| Financial assets with other sectors | 2,560 | 406 |
| Mortgage | 927 | 219 |
| Other | 1,633 | 187 |
| **Total** | **5,390** | **1,322** |

The table below depicts the finance income accrued on impaired financial assets as of December 31, 2008 and 2007:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Financial income from impaired assets | 573 | 412 |

This income is not recognized in the income statement due to the existence of doubts as to the collectibility of these assets.

The analysis of financial assets that are individually determined to be impaired as at the reporting date, including the factors the entity considered in determining that they are impaired and a description of collateral held by the entity as security and other credit enhancements, is provided in Note 2.1.b

The changes in 2008 and 2007 of the transfers to write-offs (financial impairment assets removed from balance because the recovery was considered remote) were as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Balance at beginning of year** | **3,975** | **4,607** |
| **Increase:** | **736** | **468** |
| Assets of remote collectability | 576 | 352 |
| Products overdue not collected | 160 | 116 |
| **Decrease:** | **(154)** | **(1,089)** |
| Cash recovery | (90) | (116) |
| Foreclosed assets | (13) | (3) |
| Other causes | (51) | (970) |
| **Net exchange differences** | **(12)** | **(11)** |
| **Balance at the end of year** | **4,545** | **3,975** |

Decreases by other causes shown in the table above include sales to non Bank third parties of the portfolio of write-offs during the current year.

The following table outlines sales to third parties of portfolios of financial assets derecognized because the likelihood of their collection was deemed remote in 2008 and 2007:

| | Millions of euros | |
|---|---|---|
| **SALES TO THIRD PARTIES** | **2008** | **2007** |
| BBVA, S.A. | 12 | 906 |
| Gains for sales to third parties | 1 | 20 |

Bank's NPL ratios as of December 31, 2008 and 2007 were:

| | **2008** | **2007** |
|---|---|---|
| NPL ratio | 1.66 | 0.43 |

The breakdown of impairment losses by type of instrument as of December 31, 2008 and 2007 is as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Available-for-sale portfolio** | **110** | **15** |
| Debt securities | 110 | 15 |
| **Loans and receivables** | **4,189** | **3,802** |
| Credit institutions | 70 | 9 |
| Loans and advances to other debtors | 4,112 | 3,793 |
| Debt securities | 7 | - |
| **Held-to-maturity portfolio** | **3** | **5** |
| **Contingents liabilities** | **387** | **525** |
| **Total** | **4,689** | **4,347** |

The changes of impairment losses of financial assets over the years 2008 and 2007 were as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Balance at beginning of year** | **4,347** | **3,953** |
| Increase in impairment losses charged to income | 2,174 | 911 |
| Decrease in impairment losses credited to income | (1,234) | (151) |
| Transfers to written-off loans | (575) | (352) |
| Exchange differences and other | (23) | (14) |
| **Balance at end of year** | **4,689** | **4,347** |
| *Of which:* | | |
| For impaired portfolio | 1,970 | 534 |
| For current portfolio non impaired | 2,719 | 3,813 |

***Renegotiated financial assets***

As of December 31, 2008 the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated stood at €5,259 million (1.93% of the total loan book). These operations may be necessary to have deteriorated classification as borderline risk has not been renegotiated the terms applicable.

### 5.2 Market Risk

Market risk arising from fluctuations in the fair value or future cash flows of a financial instrument due to changes in market prices, including three types of risk:

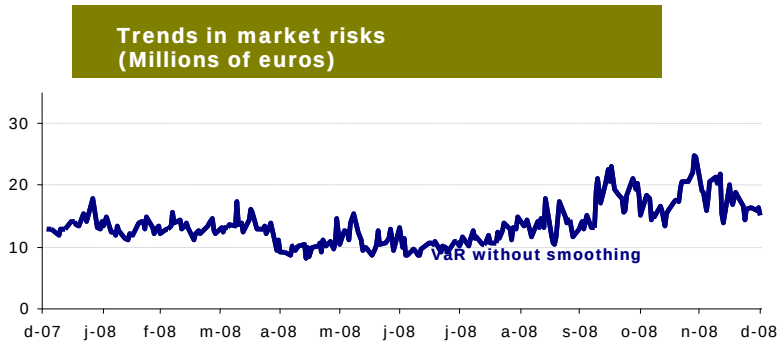
- Currency risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- Price risk: defined as the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market.

***a) Market Risk***

With regard to market risk (including interest rate risk, currency risk and equity price risk), limit structure determines a scheme of VaR (Value at Risk) limits and an Economic Capital for market risk for each business unit and specific sublimits by type of risk, activity and desk. In general, the VaR/CaR readings are complemented by sensitivity analysis to determine, and where necessary limit, exposure to changes in the various market risk variables. This indicators and alerts automatically activate procedures aimed at addressing any situations that might have a negative effect on the activities of the business area.

In addition, the Bank performs back testing and stress testing.

The BBVA's market risk was higher in 2008 than in prior years due to protracted and intense financial market volatility. The market risk profile as of December 31, 2008 and 2007 for the VaR calculations without smoothing with a 99% confidence interval and a 1-day horizon were as follows:



| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Interest risk | 16.1 | 17.8 |
| Spread risk | 0.0 | 6.0 |
| Currency risk | 5.4 | 3.3 |
| Stock-market risk | 0.8 | 7.8 |
| Vega/Correlation risk | 12.4 | 7.0 |

Since February 29, 2008 and with effect from December 31, 2007, historic simulation methodology is used, in accordance with the internal model approved by the Bank of Spain for the trading portfolios of BBVA.

The market risk factors used to measure and control these risks are the basis of all calculations using the Value-at-Risk (VaR) methodology.

VaR measures the maximum loss with a given probability over a given period as a result of changes in the general conditions of financial markets and their effects on market risk factors. BBVA mainly conducts daily VaR estimates using the historic simulation methodology.

The types of risk factors used to measure VaR are:

− Interest rate risk: Defined as the potential loss in value of the portfolio due to movements in interest rate curves. We use all interest rate curves in which positions and risks exist. We also use a wide range of vertices reflecting the different maturities within each curve.

− Credit spread risk: Defined as the potential loss caused by movements in credit spread levels determining the value of corporate bonds or any corporate bond derivative. Credit spread VaR is estimated by moving the credit spreads used as risk factors through a range of scenarios. The risk factors used in the simulation are credit spread curves by sector and by rating, and specific spread curves for individual issuers.

− Exchange rate risk: Defined as the potential loss caused by movements in exchange rates. Exchange rate risk VaR is estimated by impacting present positions with observed actual changes in exchange rates.

− Equity or commodity risk: Defined as the potential loss caused by movements in equity prices, stock-market indices and commodity prices. Equity or commodity risk VaR is estimated by re-measuring present positions in line with observed actual changes in equity prices, stock-market indices and commodity prices.

− Vega risk: Defined as the potential loss caused by movements in implied volatilities affecting the value of options. Vega (equities, interest rate and exchange rate) risk VaR is estimated by impacting implied volatility surfaces with observed changes in the implied volatilities of equity, interest rate and exchange rate options.

− Correlation risk: Defined as the potential loss caused by a disparity between the estimated and actual correlation between two assets, currencies, derivatives, instruments or markets.

Finally, all these measurements are supplemented with VaR estimation with exponential smoothing, to better reflect the impact of movements.

***b) Structural interest rate risk***

The aim of on-balance-sheet interest rate risk management is to maintain the Bank's exposure to market interest rate fluctuations at levels in keeping with its risk strategy and profile. To this end, the ALCO actively manages the balance sheet through transactions intended to optimize the level of risk assumed in relation to the expected results, thus enabling the Bank to comply with the tolerable risk limits.

The ALCO bases its activities on the interest rate risk measurements performed by the Risk Area. Acting as an independent unit, the Risk Area periodically quantifies the impact of interest rate fluctuations on the Bank's net interest income and economic value.

In addition to measuring sensitivity to 100-basis-point changes in market interest rates, the Bank performs probabilistic calculations to determine the economic capital for structural interest rate risk in the BBVA banking activity (excluding the Treasury Area) based on interest rate curve simulation models.

All these risk measurements are subsequently analysed and monitored, and the levels of risk assumed and the degree of compliance with the limits authorised by the Standing Committee are reported to the various managing bodies of the Bank.

As part of the measurement process, the Bank established the assumptions regarding the evolution and behaviour of certain items, such as those relating to products with no explicit or contractual maturity. These assumptions are based on studies that estimate the relationship between the interest rates on these products and market rates and enable

specific balances to be classified into trend-based balances maturing at long term and seasonal or volatile balances with short-term residual maturity.

***c)* Structural currency risk**

Structural currency risk derives mainly from exposure to exchange rate fluctuations arising in relation to the Bank's foreign subsidiaries and from the endowment funds of the branches abroad financed in currencies other than the investment currency.

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

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

***d) Structural equity price risk***

The Bank's exposure to structural equity price risk derives mainly from investments in industrial and financial companies with medium- to long-term investment horizons. It is reduced by the net short positions held in derivative instruments on the same underlyings in order to limit the sensitivity of the portfolio to possible falls in prices.

The Risk Area measures and effectively monitors the structural equity price risk. To this end, it estimates the sensitivity figures and the capital required to cover the possible unexpected losses arising from fluctuations in the value of the companies in the investment portfolio, with a confidence interval equal to the entity's target rating, taking into account the liquidity of the positions and the statistical behaviour of the assets under consideration. These measurements are supplemented by periodic stress- and back-testing and scenario analyses.

**5.3 Liquidity risk**

The aim of liquidity risk management and control is to ensure that the payment commitments can be met on duly without having to resort to borrowing funds under onerous conditions, or damaging the image and reputation of the institution.

The Bank's liquidity risk is monitored using a dual approach: the short-term approach (90-day time horizon), which focuses basically on the management of payments and collections of Treasury and Markets, ascertains the Bank's possible liquidity requirements; and the structural, medium- and long-term approach, which focuses on the financial management of the balance sheet as a whole, with a minimum monitoring time frame of one year.

The assessment of asset liquidity risk is based on whether or not they are eligible for rediscounting before the corresponding central bank. For normal situations, both in the short and medium term, those assets that are on the eligible list published by the European Central Bank (ECB) or the corresponding monetary authority are considered to be liquid. Non-eligible assets, quoted or non-quoted, are considered to represent a second line of liquidity for the entity when analysing crisis situations.

The Risk Area performs a control function and is totally independent of the management areas of each of the approaches and of the Bank's various units. Each of the risk areas, which are independent from each other, complies with the corporative principles of liquidity risk control that are established by the Market Risk Central Unit (UCRAM) – Structural Risks.

For each entity, the management areas request an outline of the quantitative and qualitative limits and alerts for short- medium- and long-term liquidity risk, which is authorized by the Standing Committee. Also, the Risk Area performs periodic (daily and monthly) risk exposure measurements, develops the related valuation tools and models, conducts periodic stress tests, measures the degree of concentration on interbank counterparties, prepares the policies and procedures manual, and monitors the authorised limits and alerts, which are reviewed al least one time every year.

The liquidity risk data are sent periodically to the Bank's ALCO and to the management areas involved. As established in the Contingency Plan, the Technical Liquidity Group (TLG), in the event of an alert of a possible crisis, conducts an initial analysis of the Bank's short- and long-term liquidity situation. The TLG comprises personnel from the Short-Term Cash Desk, Financial Management and the Market Area Risk Unit (UCRAM-Structural Risk). If the alert is serious, the TLG reports the matter to the Liquidity Committee, which is composed of the managers of the related areas. The Liquidity Committee is responsible, in situations requiring urgent attention, for calling a meeting of the Crisis Committee chaired by the CEO.

A detail, by contractual maturity, of the balances of certain headings in the balance sheets as of December 31, 2008 and 2007, disregarding valuation adjustments, was as follow:

| | Millions of euros | | | | | | |
|---|---|---|---|---|---|---|---|
| **2008** | **Total** | **Demand** | **Up to 1 month** | **1 to 3 months** | **3 to 12 months** | **1 to 5 years** | **Over 5 years** |
| **ASSETS -** | | | | | | | |
| Cash and balances with central banks | 2,687 | 2,687 | - | - | - | - | - |
| Loans and advances to credit insititutions | 45,078 | 2,314 | 26,099 | 2,443 | 3,882 | 6,511 | 3,829 |
| Loans and advances to other debtors | 230,111 | 9,594 | 25,524 | 14,785 | 29,080 | 54,390 | 96,738 |
| Debt securities | 32,230 | 558 | 660 | 657 | 6,898 | 12,634 | 10,823 |
| OTC derivatives | 38,285 | - | 2,782 | 1,785 | 4,728 | 13,947 | 15,043 |
| **LIABILITIES-** | | | | | | | |
| Deposits from central banks | 13,620 | 4 | 8,339 | 2,337 | 2,940 | - | - |
| Deposits from credit institutions | 43,614 | 1,277 | 16,704 | 5,031 | 6,497 | 7,025 | 7,080 |
| Deposits from other creditors | 187,325 | 52,770 | 56,447 | 21,858 | 28,745 | 26,084 | 1,421 |
| Debt certificates (including bonds) | 56,321 | - | 6,283 | 10,114 | 4,455 | 17,615 | 17,854 |
| Subordinated liabilities | 12,816 | - | 350 | - | 727 | 597 | 11,142 |
| Other financial liabilities | 4,048 | 3,399 | 626 | - | 11 | 12 | - |
| OTC derivatives | 36,556 | - | 1,876 | 2,786 | 5,504 | 13,631 | 12,759 |

| | Millions of euros | | | | | | |
|---|---|---|---|---|---|---|---|
| **2007** | **Total** | **Demand** | **Up to 1 month** | **1 to 3 months** | **3 to 12 months** | **1 to 5 years** | **Over 5 years** |
| **ASSETS -** | | | | | | | |
| Cash and balances with central banks | 12,216 | 12,216 | - | - | - | - | - |
| Loans and advances to credit insititutions | 35,048 | 2,878 | 15,500 | 3,985 | 6,074 | 4,634 | 1,977 |
| Loans and advances to other debtors | 214,479 | 5,796 | 21,829 | 15,361 | 30,679 | 50,301 | 90,513 |
| Debt securities | 31,718 | 328 | 935 | 1,689 | 6,482 | 12,702 | 9,582 |
| OTC derivatives | 14,180 | - | 691 | 431 | 1,367 | 5,158 | 6,533 |
| **LIABILITIES-** | | | | | | | |
| Deposits from central banks | 22,921 | 5 | 20,791 | 1,435 | 690 | - | - |
| Deposits from credit institutions | 46,512 | 1,187 | 28,906 | 4,259 | 5,400 | 4,533 | 2,227 |
| Deposits from other creditors | 171,050 | 52,255 | 44,893 | 11,137 | 22,422 | 38,969 | 1,374 |
| Debt certificates (including bonds) | 44,406 | - | 166 | - | 2,427 | 19,471 | 22,342 |
| Subordinated liabilities | 12,427 | - | - | - | - | 1,675 | 10,752 |
| Other financial liabilities | 4,121 | 3,551 | 570 | - | - | - | - |
| OTC derivatives | 16,652 | - | 1,285 | 743 | 2,234 | 6,906 | 5,484 |

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

In the wake of the exceptional circumstances unfolding in the international financial markets, notably from the second half of 2008, the European governments committed to taking the opportune measures to try to resolve the issues confronting bank funding and the ramifications of constrained funding on the real economy with a view to safeguarding the stability of the international financial system. The overriding goals underpinning these measures were to ensure sufficient liquidity to enable financial institutions to function correctly, to facilitate the funding of banks, to provide financial institutions with additional capital resources where needed so as to continue to ensure the proper financing of the economy, to ensure that applicable accounting standards are sufficiently flexible to take into consideration current exceptional market circumstances and to reinforce and improve cooperation among European nations.

Framed by this general philosophy, the following measures were passed into law in Spain during the fourth quarter of 2008:

- Royal Decree-Law 6/2008, of October 10, creating the Spanish Financial Asset Acquisition Fund, and Order EHA/3118/2008, dated October 31, enacting this Royal Decree. The purpose of the fund, which is managed by Spain's economy ministry and has an initial endowment of €30 billion, extendable to €50 billion, is to acquire, with public financing and based on market criteria, via auctions, financial instruments issued by the banks and *cajas* and securitization funds containing Spanish assets, secured by loans extended to individuals, companies and non-financial corporates.

- Royal Decree-Law 7/2008, of October 13, on Emergency Economic Measures in connection with the Concerted Euro Area Action Plan, and Order EHA/3364/2008, dated November 21, enacting article 1 of the aforementioned Royal Decree, including the following measures:

  The extension of state guarantees to secure bills, debentures and bonds issued by credit entities resident in Spain since October 14, 2008. Debt issued availing this state guarantee must: form part of individual operations or issuance programs; not be subordinated or secured by any other class of guarantee; be traded

on official Spanish secondary markets; mature within 3 months and 3 years, although this maturity can be extended to 5 years subject to prior notification to the Bank of Spain; be fixed or floating rate, subject to special conditions for floating-rate debt; be repaid in a single installment at maturity; not have any options or other derivatives attached; and, have a nominal value of €10 million or more. The deadline for granting state guarantees is December 31, 2009 and the total amount of guarantees that can be extended in 2008 is €100 billion.

Authorization, on an exceptional basis, until December 31, 2009, for the Spanish economy ministry to acquire securities, including preferential shares and other non-voting equity instruments, issued by credit entities resident in Spain that need to reinforce their capital and so request.

The Bank is entitled to avail of the aforementioned measures under the umbrella of its risk management policy. However, at the date of preparation of the accompanying financial statements, the Group has not had to resort to using these facilities thanks to its exceptional liquidity management.

## 6. FAIR VALUE

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

If there is no market price for a given asset or liability, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, by using mathematical measurement models sufficiently tried and trusted by the international financial community. The models we most frequently use are the present value method, Monte Carlo, and Black-Scholes. 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 to the measurement models developed and the possible inaccuracies of the assumptions required by these models may signify that the fair value of an asset or liability that is estimated does not coincide exactly with the price for which the asset or liability could be exchanged or settled on the date of its measurement.

***Determining the fair value of financial instruments***

Following is a comparison of the carrying amounts of the Bank's financial assets and liabilities and their respective fair values as of December 31, 2008 and 2007:

| | Millions of euros | | | |
|---|---|---|---|---|
| | 2008 | | 2007 | |
| | Book value | Fair value | Book value | Fair value |
| **Assets** | | | | |
| Cash and balances with central banks | 2,687 | 2,687 | 12,216 | 12,216 |
| Financial assets held for trading | 59,987 | 59,987 | 41,180 | 41,180 |
| Available-for-sale financial assets | 18,726 | 18,726 | 18,709 | 18,709 |
| Loans and receivables | 272,114 | 272,777 | 246,322 | 252,894 |
| Held-to-maturity investments | 5,282 | 5,221 | 5,584 | 5,334 |
| Hedging derivatives | 3,047 | 3,047 | 779 | 779 |
| **Liabilities** | | | | |
| Financial assets held for trading | 40,538 | 40,538 | 18,724 | 18,724 |
| Financial liabilities at amortised cost | 322,197 | 318,665 | 303,051 | 301,771 |
| Hedging derivatives | 824 | 824 | 1,766 | 1,766 |

For financial instruments that are not carried at fair value, fair value was calculated in the following manner:

- The fair value of "Cash and balances with central banks", which are short term by their very nature, is equivalent to their carrying amount.
- The fair value of "Held-to-maturity investments" corresponds to their quoted price in active markets.
- The fair values of "Loans and receivables" and "Financial liabilities at amortized cost" was estimated by discounting estimated cash flows to present value using the market interest rates prevailing at each year-end.

For financial instruments which are carried at fair value, the measurement processes used are set forth below:

- Measurement using market observable quoted prices for the financial instrument in question, secured from independent sources and linked to active markets (Level 1). This level includes listed debt securities, other listed equity instruments, derivatives in organized markets and mutual funds.

- Measurement using valuation techniques the inputs for which are drawn from market observable data (Level 2). They are measured using discounted cash flow methodology using market observable interest rate and spread curves. This level includes unlisted debt securities, other unlisted equity instruments and OTC derivatives (swaps, forward contracts, credit default swaps (CDS), etc).
- Measurement using valuation techniques, where some of the inputs are not taken from market observable data (Level 3). Model selection and validation is undertaken at the independent business units.

The following table sets forth the main valuation techniques used in the estimation of fair value in level 3, based of the financial instruments at fair value as of December 31, 2008:

| Financial instruments | Valuation techniques | Assumptions not obsevable in market |
|---|---|---|
| **Debt securities** | ABSs were measured by discounted cash flow. Future prepayments are calculated on the basis of conditional prepayment rates supplied by issuers. CDOs are valued by the time-to-default model. The model is based on a statistical Gaussian Copula as a measure of probability of default. The BBVA Group uses a correlation input extrapolated from the correlation of the various tranches of the indices (ITRAXX and CDX) with the underlying portfolio of our CDOs, using the expected loss as the basis of realisation. | Credit Spread Correlation of defaults |
| **Other equity instruments** | Present value method | Credit Spread |
| **Trading derivatives** | Present value method and "Libor Market" model for valuation of forward and future rate agreements (FRA). | Correlation decay |
| | Options are measured using widely accepted valuation models, factoring in implied volatility observations. The models used most often are the Montecarlo, numerical integration and Black-Scholes models for equity and currency options while the models used most extensively to value interest rate options are the Black 76, Hull & White and Black-Derman-Toy models. | Vol-of-Vol; Rever Factor; Volatility- Spot Correlation |
| **Short positions** | Present value method | |
| **Hedging derivatives (assets and liabilities)** | Present value method. Black 76 for caps, collars and floors. | |

The following are the principal assumptions used in the valuation of the financial instruments listed in the table above that are measured by means of internal models in which non-observable market data is utilized:

- Credit Spread: The spread between the yield of a free risk asset (e.g.Treasury securities) and the yield of any other security that are identical in all respects except for quality rating. Spreads are considered as level 3 inputs to fair value when referred to illiquid issues. Based on spread of similar entities.
- Correlation decay: It is the constant rate of decay that allows us to calculate how the correlation evolves between the different pairs of forward rates. Calculated by interpolation or extrapolation.
- Vol-of-Vol: Volatility of Spot Volatility. It is a statistical measure of the changes of the spot volatility. Based on historical data.
- Rever Factor: it is the speed with the spot volatility reverts to its mean.
- Volatility- Spot Correlation: is a statistical measure of the linear relationship (correlation) between the spot price of a security and the volatility of this price. Based on historical data.

The following table depicts the main financial instruments carried at fair value as of December 31, 2008 and 2007, broken down by the valuation technique level used to determine fair value:

| | Millions of euros | | | | | |
|---|---|---|---|---|---|---|
| | 2008 | | | 2007 | | |
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| **ASSETS** | | | | | | |
| **Financial assets held for trading (Note 8)** | **17,502** | **41,550** | **935** | **22,818** | **18,155** | **207** |
| Debt securities (Note 8.2) | 11,131 | 3,519 | 303 | 12,863 | 4,031 | 113 |
| Other equity instruments (Note 8.3) | 5,228 | 17 | 360 | 9,005 | 30 | 1 |
| Trading derivatives (Note 8.4) | 1,143 | 38,014 | 272 | 950 | 14,093 | 93 |
| **Other financial assets at fair value through profit or loss (Note 9)** | **-** | **-** | **-** | **-** | **-** | **-** |
| Debt securities | - | - | - | - | - | - |
| Other equity instruments | - | - | - | - | - | - |
| **Available-for-sale financial assets (Note 10)** | **14,190** | **2,320** | **2,112** | **17,132** | **1,452** | **125** |
| Debt securities | 9,172 | 2,320 | 380 | 7,665 | 1,452 | 25 |
| Other equity instruments | 5,018 | - | 1,732 | 9,467 | - | 100 |
| **Hedging derivatives (Nota 13)** | **-** | **3,047** | **-** | **-** | **779** | **-** |
| **LIABILITIES** | | | | | | |
| **Financial liabilities held for trading (Note 8)** | **3,981** | **36,473** | **84** | **1,925** | **16,543** | **76** |
| Trading derivatives (Note 8.4) | 1,328 | 36,473 | 84 | 773 | 16,534 | 76 |
| Short positions (Note 8.1) | 2,653 | - | - | 1,152 | 9 | - |
| **Other financial liabilities at fair value through profit or loss (Note 9)** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Hedging derivatives (Note 13)** | **-** | **824** | **-** | **-** | **1,766** | **-** |

Certain structured credit instruments which previously had an active market are included in level 3 given that, as a result of changes in the economic environment, these assets have become iliquid and it has been necessary to change the fair valuation measurement method. As of December 31, 2008 assets reclassified to level were €1,783 million.

As of December 31, 2008, the amount of profit and loss achieved recognized in the accompanying income statements relating to assets and liabilities classified in Level 3 is a credit of €25 million.

As of December 31, 2008, the book value of the synthetic credit structures in the Bank amounted to €899 million, of which 50.29% have security agencies and insurance companies. Of this total, €569 million were recognised in the heading "Financial assets held for trading" and €330 million euros were recognised in the heading "Available for sale financial assets".

## Financial instruments at cost

In the Bank there are equity instruments, derivatives with equity instruments as the underlying and certain discretionary profit sharing arrangements that were recognized at cost in its balance sheet as their fair value could not be reliably determined. As of December 31, 2008, the balance of equity instruments amounted to €102 million. These instruments are currently in the portfolio available for sale.

The fair value of these instruments could not be reliably estimated because it corresponds to shares in companies not quoted on exchanges, and any valuation technique intended to be used does not contain significant inputs observable.

The table below outlines the financial assets and liabilities carried at cost that were sold in 2008:

| | Millions of euros | | |
|---|---|---|---|
| | Amount of sale | Carrying amount at sale date | Gains/Losses |
| **Financial instruments carried at cost** | **95** | **23** | **72** |

## Loans and financial liabilities through profit or loss

As of December 31, 2008 and 2007, no loans or financial liabilities (other than those in the held for trading portfolio) were recognized in the accompanying balance sheets at fair value through profit and loss.

## 7. CASH AND BALANCES WITH CENTRAL BANKS

The breakdown of the balance of this heading in the balance sheets as of December 31, 2008 and 2007 is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Cash | 668 | 630 |
| Balances at the Bank of Spain | 1,784 | 11,334 |
| Balances at other central banks | 235 | 252 |
| **Total** | **2,687** | **12,216** |

## 8. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

### 8.1. Breakdown of the Balance

The breakdown, by type of instrument, of the balances of these headings in the balance sheets as of December 31, 2008 and 2007 is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Assets -** | | |
| Debt certificates | 14,953 | 17,006 |
| Equity instruments | 5,605 | 9,037 |
| Trading derivatives | 39,429 | 15,137 |
| **Total** | **59,987** | **41,180** |
| **Liabilities -** | | |
| Trading derivatives | 37,885 | 17,562 |
| Short positions | 2,653 | 1,162 |
| **Total** | **40,538** | **18,724** |

### 8.2. Debt Securities

The breakdown of the balance of this heading in the balance sheets as of December 31, 2008 and 2007 is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Issued by central banks | - | 7 |
| Spanish government bonds | 6,431 | 5,042 |
| Foreign government bonds | 2,812 | 1,948 |
| Issued by Spanish financial institutions | 577 | 1,502 |
| Issued by foreign financial institutions | 1,976 | 4,159 |
| Other debt securities | 3,157 | 4,348 |
| **Total** | **14,953** | **17,006** |

The debt securities included under Financial Assets Held for Trading earned average annual interest of 4.440% in 2008 (4.169% in 2007).

### 8.3. Other Equity Instruments

The breakdown of the balance of this heading in the balance sheets as of December 31, 2008 and 2007 is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Shares of Spanish companies** | **2,020** | **2,688** |
| Credit institutions | 427 | 237 |
| Other | 1,593 | 2,451 |
| **Shares of foreign companies** | **1,942** | **2,883** |
| Credit institutions | 204 | 608 |
| Other | 1,738 | 2,275 |
| **Shares in the net assets of mutual funds** | **1,643** | **3,466** |
| **Total** | **5,605** | **9,037** |

## 8.4. Trading derivatives

The trading derivatives portfolio arises from the Bank's need to manage the risks incurred by it in the course of its normal business activity, mostly for the positions held with customers. Trading derivatives are principally contracted in non organized markets, with credit entities as counterpart and related to interest risk and equity securities.

The detail, by transaction type and shown the organized markets and non organized markets, of the balances of this heading in the balance sheet as of December 31, 2008 and 2007 is as follows:

| | Millions of euros | | | | | | |
|---|---|---|---|---|---|---|---|
| **2008** | **Currency risk** | **Interest rate risk** | **Equity price risk** | **Riesgo sobre mercaderías** | **Credit risk** | **Other risk** | **Total** |
| **Organised markets** | **-** | **6** | **(193)** | **1** | **-** | **1** | **(185)** |
| Financial futures | - | - | - | - | - | - | - |
| Options | - | 6 | (193) | 1 | - | 1 | (185) |
| Other products | - | - | - | - | - | - | - |
| **OTC Markets** | **(854)** | **1,079** | **1,115** | **93** | **296** | **-** | **1,729** |
| **Credit instutions** | **(1,017)** | **(1,783)** | **270** | **15** | **(196)** | **-** | **(2,711)** |
| Foward transactions | (981) | - | - | - | - | - | (981) |
| Future rate agreements (FRAs) | - | 16 | - | - | - | - | 16 |
| Swaps | - | (1,691) | 154 | 15 | (196) | - | (1,718) |
| Options | (36) | (108) | 116 | - | - | - | (28) |
| Other products | - | - | - | - | - | - | - |
| **Other financial institutions** | **(121)** | **1,335** | **(151)** | **28** | **582** | **-** | **1,673** |
| Foward transactions | (119) | - | - | - | - | - | (119) |
| Future rate agreements (FRAs) | - | - | - | - | - | - | - |
| Swaps | - | 1,278 | 24 | 13 | 582 | - | 1,897 |
| Options | (2) | 57 | (175) | 15 | - | - | (105) |
| Other products | - | - | - | - | - | - | - |
| **Other sectors** | **284** | **1,527** | **996** | **50** | **(90)** | **-** | **2,767** |
| Foward transactions | 376 | - | - | - | - | - | 376 |
| Future rate agreements (FRAs) | - | - | - | - | - | - | - |
| Swaps | - | 1,425 | 49 | 62 | (90) | - | 1,446 |
| Options | (92) | 102 | 947 | (12) | - | - | 945 |
| Other products | - | - | - | - | - | - | - |
| **Total** | **(854)** | **1,085** | **922** | **94** | **296** | **1** | **1,544** |
| **of which: Asset Trading Derivatives** | **8,919** | **22,894** | **5,266** | **174** | **2,175** | **1** | **39,429** |
| **of which: Liability Trading Derivatives** | **(9,773)** | **(21,809)** | **(4,344)** | **(80)** | **(1,879)** | **-** | **(37,885)** |

| | Millions of euros | | | | | |
|---|---|---|---|---|---|---|
| **2007** | **Currency Risk** | **Interest Rate Risk** | **Equity Price Risk** | **Credit Risk** | **Other Risks** | **Total** |
| **Organised markets** | **-** | **1** | **224** | **-** | **1** | **226** |
| Financial futures | - | - | - | - | - | - |
| Options | - | 1 | 224 | - | 1 | 226 |
| **OTC Markets** | **(1,414)** | **952** | **(2,241)** | **50** | **2** | **(2,651)** |
| **Credit instutions** | **(1,325)** | **(202)** | **(1,140)** | **115** | **2** | **(2,550)** |
| Foward transactions | (1,383) | - | - | - | - | (1,383) |
| Future rate agreements (FRAs) | - | (6) | - | - | - | (6) |
| Swaps | - | 22 | (287) | - | 2 | (263) |
| Options | 58 | (218) | (853) | - | - | (1,013) |
| Other products | - | - | - | 115 | - | 115 |
| **Other financial institutions** | **(157)** | **1,715** | **(842)** | **91** | **-** | **807** |
| Foward transactions | (159) | - | (2) | - | - | (161) |
| Future rate agreements (FRAs) | - | - | - | - | - | - |
| Swaps | - | 1,694 | 21 | - | - | 1,715 |
| Options | 2 | 21 | (861) | - | - | (838) |
| Other products | - | - | - | 91 | - | 91 |
| **Other sectors** | **68** | **(561)** | **(259)** | **(156)** | **-** | **(908)** |
| Foward transactions | 23 | - | (2) | - | - | 21 |
| Future rate agreements (FRAs) | - | - | - | - | - | - |
| Swaps | - | (660) | (251) | - | - | (911) |
| Options | 45 | 99 | (6) | - | - | 138 |
| Other products | - | - | - | (156) | - | (156) |
| **Total** | **(1,414)** | **953** | **(2,017)** | **50** | **3** | **(2,425)** |
| **of which: Asset Trading Derivatives** | **1,999** | **9,842** | **2,968** | **307** | **21** | **15,137** |
| **of which: Liability Trading Derivatives** | **(3,413)** | **(8,889)** | **(4,985)** | **(257)** | **(18)** | **(17,562)** |

## 9. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As of December 31, 2008 and 2007, this heading of the balance sheet had no balances.

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

### 10.1. Breakdown of the balance

The detail, by transaction type, of the balances of this heading in the balance sheet as of December 31, 2008 and 2007 is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Debt securities | 11,873 | 9,142 |
| Other equity instruments | 6,853 | 9,567 |
| **Total** | **18,726** | **18,709** |

### 10.2. Debt securities

The detail of the Debt Securities as of December 31, 2008 and 2007, based on the nature of the related transactions, is as follows:

| | Millions of euros | | |
|---|---|---|---|
| 2008 | Unrealized Gains | Unrealized Losses | Fair Value |
| **Domestic** | **70** | **(47)** | **6,214** |
| Spanish Government and other Spanish Government secu | 31 | - | 2,518 |
| Other debt securities | 39 | (47) | 3,696 |
| **International-** | **57** | **(193)** | **5,659** |
| **United States -** | **-** | **(43)** | **410** |
| Government securities | - | - | - |
| Other securities | - | (43) | 410 |
| **Other Countries** | **57** | **(150)** | **5,249** |
| Securities of other foreign Governments | 47 | (2) | 2,793 |
| Other debt securities | 10 | (148) | 2,456 |
| **Total net** | **127** | **(240)** | **11,873** |

| | Millions of euros | | |
|---|---|---|---|
| 2007 | Unrealized Gains | Unrealized Losses | Fair Value |
| **Domestic** | **34** | **(58)** | **4,468** |
| Spanish Government and other Spanish Government secu | 2 | (31) | 1,165 |
| Other debt securities | 32 | (27) | 3,303 |
| **International-** | **11** | **(121)** | **4,674** |
| **United States -** | **-** | **(17)** | **456** |
| Government securities | - | - | - |
| Other securities | - | (17) | 456 |
| **Other Countries** | **11** | **(104)** | **4,218** |
| Securities of other foreign Governments | 9 | (11) | 1,962 |
| Other debt securities | 2 | (93) | 2,256 |
| **Total net** | **45** | **(179)** | **9,142** |

### 10.3 Other equity instruments

The breakdown of the balance of the heading "Other equity instruments" by nature of the operations as of December 31, 2008 and 2007 was as follows:

| | Millions of euros | | |
|---|---|---|---|
| **2008** | **Unrealized Gains** | **Unrealized Losses** | **Fair Value** |
| **Other equity instruments listed** | **1,156** | **(138)** | **6,751** |
| **Shares of Spanish companies** | **1,152** | **(16)** | **4,432** |
| Credit institutions | - | - | - |
| Other entities | 1,152 | (16) | 4,432 |
| **Shares of foreign companies listed** | **4** | **(122)** | **2,319** |
| United States | - | (11) | 6 |
| Other countries | 4 | (111) | 2,313 |
| **Other equity instruments unlisted** | **-** | **-** | **102** |
| **Shares of Spanish companies** | **-** | **-** | **23** |
| Credit institutions | - | - | - |
| Other entities | - | - | 23 |
| **Shares of foreign companies unlisted** | **-** | **-** | **79** |
| United States | - | - | 45 |
| Other countries | - | - | 34 |
| **TOTAL** | **1,156** | **(138)** | **6,853** |

| | Millions of euros | | |
|---|---|---|---|
| **2007** | **Unrealized Gains** | **Unrealized Losses** | **Fair Value** |
| **Other equity instruments listed** | **4,372** | **(17)** | **9,467** |
| **Shares of Spanish companies** | **3,303** | **-** | **6,829** |
| Credit institutions | - | - | - |
| Other entities | 3,303 | - | 6,829 |
| **Shares of foreign companies listed** | **1,069** | **(17)** | **2,638** |
| United States | - | (1) | 15 |
| Other countries | 1,069 | (16) | 2,623 |
| **Other equity instruments unlisted** | **-** | **-** | **100** |
| **Shares of Spanish companies** | **-** | **-** | **36** |
| Credit institutions | - | - | 1 |
| Other entities | - | - | 35 |
| **Shares of foreign companies unlisted** | **-** | **-** | **64** |
| United States | - | - | 29 |
| Other countries | - | - | 35 |
| **TOTAL** | **4,372** | **(17)** | **9,567** |

### 10.4 Gains/losses

The amount of gains/losses, net of taxes, recognised in the heading of equity "Valuation adjustment – Available-for-sale assets" as of December 31, 2008 was as follow:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Acumulated gains/losses | 937 | 2,950 |
| Gains/Losses of the year | (2,013) | 583 |

The changes of gains/losses, net of tax, in the year 2008 and 2007 were as follow:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Balance at beginning of year** | **2,950** | **2,367** |
| Measurement gains and losses | (1,727) | 1,892 |
| Income tax | 825 | (595) |
| Amounts transfers to income (*) | (1,111) | (714) |
| **Balance at end of year** | **937** | **2,950** |
| Of which: | | |
| Debt securities | (79) | (94) |
| Equity instruments | 1,016 | 3,044 |

(*) Registered in the heading "Gains and losses on financial instruments (net)" (Note 37) and "Gains and losses in non-current assets held for sale not classified as discontinued operations" (Note 44) of the income statement.

The unrealised losses are considered temporary and therefore have not been recognized in the profit and loss account, as they have arisen in less than one year, due mainly to changes in interest rates.

## 11. LOANS AND RECEIVABLES

### 11.1. Breakdown of the balance

The detail of the balance of this heading in the balance sheets as of December 31, 2008 and 2007, based on the nature of the related financial instrument, is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Loans and advances to credit institutions | 45,274 | 35,199 |
| Loans and advances to other debtors | 226,836 | 211,123 |
| Debt securities | 4 | - |
| **Total** | **272,114** | **246,322** |

### 11. 2. Loans and advances to credit institutions

The detail of the balance of this heading in the balance sheets as of December 31, 2008 and 2007, based on the nature of the related financial instrument, is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Reciprocal accounts | 95 | 90 |
| Deposits with agreed maturity | 28,346 | 22,340 |
| Demand deposits | 1,077 | 1,208 |
| Reverse repurchase agreetments | 9,158 | 8,751 |
| Other financial assets | 6,327 | 2,652 |
| Impairment assets | 75 | 7 |
| **Total gross** | **45,078** | **35,048** |
| Valuation adjustments | 196 | 151 |
| Impairment losses | (70) | (9) |
| Accrued interest and fees | 266 | 160 |
| **Total** | **45,274** | **35,199** |

### 11. 3. Loans and advances to other debtors

The detail of the balance of this heading in the balance sheets as of December 31, 2008 and 2007, based on the mode and location of operations, is as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Commercial credit | 8,503 | 10,570 |
| Secured loans | 107,525 | 106,321 |
| Credit accounts | 15,284 | 15,449 |
| Other loans | 77,692 | 65,728 |
| Reverse repurchase agreements | 1,768 | 1,919 |
| Receivable on demand and other | 5,351 | 4,417 |
| Finance leases | 6,767 | 6,842 |
| Other financial assets | 2,088 | 1,920 |
| Impaired assets | 5,133 | 1,313 |
| **Total gross** | **230,111** | **214,479** |
| Valuation adjustments | (3,275) | (3,356) |
| Impairment losses | (4,112) | (3,793) |
| Accrued interests and fees | 497 | 360 |
| Hedging derivatives and others | 340 | 77 |
| **Total** | **226,836** | **211,123** |

The breakdown, by borrower sector as of December 31, 2008 and 2007 was as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Public Sector | 8,313 | 7,568 |
| Agriculture | 2,060 | 2,165 |
| Industry | 33,688 | 28,128 |
| Real estate and construction | 41,879 | 37,693 |
| Trade and finance | 24,545 | 21,338 |
| Loans to individuals | 87,585 | 85,834 |
| Leases | 6,722 | 6,800 |
| Other | 25,319 | 24,953 |
| **Total** | **230,111** | **214,479** |

The Bank, via several of its banks, provides its customers with financing to purchase assets, including movable and immovable property, in the form of the finance lease arrangements recognized under this heading. The breakdown of these finance leases as of December 31, 2008 and 2007 was as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Movable property | 3,886 | 3,966 |
| Inmovable property | 2,881 | 2,876 |
| Fixed rate | 1,250 | 999 |
| Variable rate | 5,517 | 5,843 |

The “Loans to individuals” subheading includes certain securitized loans that have not been derecognized since the Bank has retained Bank substantially all the related risks or rewards due to the fact that it has granted subordinated financing or other types of credit enhancements that absorb either substantially all expected credit losses on the asset transferred or the probable variation in attendant net cash flows.

The on-balance sheet amounts of said securitized loans not derecognized as of December 31, 2008 and 2007 are set forth below:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Securitised mortgage assets | 34,012 | 17,213 |
| Other securitised assets | 8,696 | 9,840 |
| Commercial and industrial loans | 2,634 | 3,097 |
| Leasing | 2,238 | 2,361 |
| Loans to individuals | 3,824 | 4,382 |
| **Total** | **42,708** | **27,053** |

Meanwhile, certain other securitized loans have been derecognized where substantially all attendant risks or benefits were effectively transferred.

As of December 31, 2008 and 2007, the outstanding balances of derecognized securitized loans were as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Securitised mortgage assets | 121 | 159 |
| Other securitised assets | 144 | 230 |
| **Total** | **265** | **389** |

## 12. HELD-TO-MATURITY INVESTMENTS

As of December 31, 2008 and 2007, the breakdown of the balance of this heading was:

| | Millons of euros | | | |
|---|---|---|---|---|
| **2008** | **Amortised Cost** | **Unrealized Gains** | **Unrealized Losses** | **Fair Value** |
| **Domestic** | **2,392** | **7** | **(60)** | **2,339** |
| Spanish Governments and other Spanish Governments securities | 1,412 | 7 | (7) | 1,412 |
| Other debt securities | 980 | - | (53) | 927 |
| **International** | **2,890** | **25** | **(33)** | **2,882** |
| Securities of other foreign Governments | 2,432 | 22 | (17) | 2,437 |
| Other debt securities | 458 | 3 | (16) | 445 |
| **Total** | **5,282** | **32** | **(93)** | **5,221** |

| | Millons of euros | | | |
|---|---|---|---|---|
| **2007** | **Amortised Cost** | **Unrealized Gains** | **Unrealized Losses** | **Fair Value** |
| **Domestic** | **2,402** | **-** | **(131)** | **2,271** |
| Spanish Governments and other Spanish Governments securities | 1,417 | - | (68) | 1,349 |
| Other debt securities | 985 | - | (63) | 922 |
| **International** | **3,182** | **-** | **(119)** | **3,063** |
| **Total** | **5,584** | **-** | **(250)** | **5,334** |

The foreign securities by the Bank as of December 31, 2008 and 2007 in the held to maturity portfolio corresponds to European issuers.

The gross changes in 2008 and 2007 in the balance of this heading in the balance sheets, disregarding the balance of the impairment losses, are summarised as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Balance at beginning of year** | **5,589** | **5,911** |
| Acquisitions | - | - |
| Redemptions | (284) | (300) |
| Other | (20) | (22) |
| **Balance at end of year** | **5,285** | **5,589** |

## 13. HEDGING DERIVATIVES (RECEIVABLE AND PAYABLE)

In Note 5 discusses the nature of the principal risks of the Bank.

As of December 31, 2008 and 2007 the main positions hedged by the Bank and the derivatives assigned to hedge those positions are:

- **Fair value hedge:**
  - Available for sale fixed rate debt securities: this risk is hedged using interest-rate derivatives (fixed- variable swaps).
  - Long term fixed rate debt issued by Bank: this risk is hedged using interest-rate derivatives (fixed- variable swaps).
  - Available for sale equity securities: this risk is hedged using equity swaps.
  - Fixed rate loans: this risk is hedged using interest-rate derivatives (fixed- variable swaps).
- **Cash flow hedge:**

Most of the hedged items are floating interest rate loans: this risk is hedged using currency and interest rate swaps.

As of December 31, 2008 and 2007 there were no hedges of highly probable forecast transaction in the Bank.

The detail of the fair value of the hedging derivatives held by the Bank as of December 31, 2008 and 2007 and recognised in the balance sheets is as follows:

| | Millions of euros | | | |
|---|---|---|---|---|
| **2008** | **Exchange risk** | **Interest rate risk** | **Equity price risk** | **Total** |
| **OTC Markets** | | | | |
| **Credit institutions** | **215** | **1,981** | **-** | **2,196** |
| Fair value micro-hedge | - | 1,775 | - | 1,775 |
| Cash flow micro-hedge | 105 | 206 | - | 311 |
| Net investment in a foreign operation hedge | 110 | - | - | 110 |
| **Other financial institutions** | **-** | **25** | **-** | **25** |
| Fair value micro-hedge | - | 26 | - | 26 |
| Cash flow micro-hedge | - | (1) | - | (1) |
| **Other sectors** | **-** | **2** | **-** | **2** |
| Fair value micro-hedge | - | 2 | - | 2 |
| Cash flow micro-hedge | - | - | - | - |
| **Total** | **215** | **2,008** | **-** | **2,223** |
| **of which: Asset Hedging Derivatives** | **215** | **2,832** | **-** | 3,047 |
| **of which: Liability Hedging Derivatives** | **-** | **(824)** | **-** | **(824)** |

| | Millions of euros | | | |
|---|---|---|---|---|
| **2007** | **Exchange risk** | **Interest rate risk** | **Equity price risk** | **Total** |
| **OTC Markets** | | | | |
| **Credit institutions** | **18** | **(891)** | **(72)** | **(945)** |
| Fair value micro-hedge | 18 | (798) | (72) | (852) |
| Cash flow micro-hedge | - | (93) | - | (93) |
| **Other financial institutions** | **8** | **85** | **(135)** | **(42)** |
| Fair value micro-hedge | 8 | 85 | (135) | (42) |
| Cash flow micro-hedge | - | - | - | - |
| **Other sectors** | **-** | **-** | **-** | **-** |
| Fair value micro-hedge | - | - | - | - |
| Cash flow micro-hedge | - | - | - | - |
| **Total** | **26** | **(806)** | **(207)** | **(987)** |
| **of which: Asset Hedging Derivatives** | **35** | **743** | **1** | **779** |
| **of which: Liability Hedging Derivatives** | **(9)** | **(1,549)** | **(208)** | **(1,766)** |

The most significant forecasted cash flows that the Bank has hedged, being its impact on the income statement expected in the following periods:

| | Millions of euros | | | |
|---|---|---|---|---|
| | 3 months or less | More than 3 months but less than 1 year | 1 to 5 years | More than 5 years |
| Cash inflows from assets | 173 | 398 | 323 | 130 |
| Cash outflows from liabilities | 75 | 216 | 306 | 188 |

The amounts previously recognized in equity from cash flow hedge that were removed from equity and included in income statement – in the heading "Gains or losses of financial assets and liabilities (net) or in the heading "Exchange differences" – in 2008 amounted to negative €12 million.

In 2008, in relation to the fair value hedges, €2,537 million were recognized in the income statement by gains on hedging items and €2,571 million by the losses on the hedged items attributable to the risk hedged.

## 14. NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE

As of December 31, 2008 and 2007 the balance of Non-Current Assets Held for Sale relates in full to foreclosed assets.

The changes in 2008 and 2007 in the balance of this heading in the balance sheets were as follows:

| | Millones de euros | | | | |
|---|---|---|---|---|---|
| | FORECLOSED | RECOVERED ASSETS FROM OPERATING LEASE | | OTHERS | TOTAL |
| | INMOVABLE PROPERTY | INMOVABLE PROPERTY | MOVABLE PROPERTY | TANGIBLE ASSETS | |
| **A.COST** | | | | | |
| **Balances as of January 1, 2008** | **26** | **1** | **6** | **24** | **57** |
| Additions (Purchases) | 105. | 1. | 24. | - | 130 |
| Retirements (Sales) | (40) | - | (22) | (18) | (80) |
| Transfers | **-** | **-** | **-** | **58** | **58** |
| **Balances as of December 31, 2008** | **91** | **2** | **8** | **64** | **165** |
| **B. IMPAIRMENT** | | | | | |
| **Balances as of January 1, 2008** | **2** | **-** | **5** | **1** | **8** |
| Additions (Purchases) | 19 | - | - | 2 | 21 |
| Retirements (Sales) | (37) | - | - | - | (37) |
| Transfers | 24 | - | - | - | 24 |
| **Balances as of December 31, 2008** | **8** | **-** | **5** | **3** | **16** |
| **C. NON-CURRENT ASSETS HELD FOR SALE (A-B)** | | | | | |
| **Balances as of December 31, 2008** | **83** | **2** | **3** | **61** | **149** |

| | Millions of euros |
|---|---|
| | 2007 |
| **Revaluated cost -** | |
| **Balance at beggining of year** | **35** |
| Additions | 47 |
| Retirements | (315) |
| Transfers | 290 |
| **Balance at end of year** | **57** |
| **Impairment -** | |
| **Balance at beggining of year** | **9** |
| Increase in impairment losses charged to income | 9 |
| Decrease in impairment losses credited to income | (4) |
| Transfers | 8 |
| Disposals | (14) |
| Exchange difference and other | **-** |
| **Balance at end of year** | 8 |
| **Net balance** | |
| **Balance total at end of year** | **49** |

As of December 31, 2008 and 2007, there were no liabilities associated with non-current assets held for sale.

In 2007, BBVA reached an agreement which the Group GMP to sale four buildings owned by the BBVA, located in Castellana 81, Goya 14, Hortaleza-Vía de los Poblados and Alcalá 16, all in Madrid. The Bank transferred from "Tangible assets – Property, plants and equipment" to "Non-current assets held for sale" an amount of €257 million. Once the sale was completed, €579 million were derecognized on the heading "Non-current assets held for sale", as shown in the table above. The amount of the sale of the buildings aforementioned amounted to €579 million.

This sale has generated gains of €279 million recognized in the heading "Gains and losses in non-current assets held for sale not classified as discontinued operations" in the accompanying income statement (Note 44). Those sales have been made without any financing to GMP by the Bank.

The fair value of balances in "Non-current assets held for sale" was determined by reference to appraisals performed by companies registered as valuers in each of the geographical areas in which the assets are located.

The independent valuation and appraisal companies entrusted with the appraisal of these assets were Valtecnic, S.A., Krata, S.A., Tinsa, S.A., Alia Tasaciones, S.A., Ibertasa, S.A., Tasvalor, S.A. and Gesvalt, S.A. These companies are registered in the Bank of Spain Official register for independent valuation and appraisal companies.

The breakdown of the most significant asset classes assessed by the valuation and appraisal companies employed by the Bank as of December 31, 2008 is provided in the table below:

| | Millions of euros | | |
|---|---|---|---|
| **Valuation and appraisal companies** | **Residential** | **Industrial** | **Agriculutural** |
| Valtenic S.A. | 22 | 8 | 1 |
| Krata S.A. | 25 | 26 | - |
| Tinsa S.A. | 52 | 50 | 4 |
| Alia Tasaciones S.A. | 31 | 14 | 2 |
| Ibertasa S.A. | 18 | 14 | 1 |
| Tasvalor S.A. | 5 | 4 | - |
| Gesvalt S.A. | 31 | 29 | 1 |

Most of the non-current assets held for sale recorded as assets in the balance sheets as of December 31, 2008 and 2007 relate to properties.

These properties classified as "non-current assets held for sale" are assets available for sale, which is considered highly probable. The sale of most of these assets is expected to be completed within one year of the date on which they are classified as "non-current assets held for sale".

The net cost of the properties classified as "non-current assets held for sale" as of December 31, 2008 and 2007 is broken down into the following categories:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Residential assets | 74 | 22 |
| Industrial assets | 71 | 26 |
| Agricultural assets | 1 | 1 |
| **Total** | **146** | **49** |

As of December 2008 and 2007 the Bank financed 27.50% and 3.08%, respectively, of the sales of non-current assets held for sale. The amount of the loans granted to the purchasers of these assets in 2008 and 2007 was €16 million and €21 million, respectively (giving cumulative totals of €150 million and €134 million, respectively).

As a result of the financed sale of assets, the unrecognised gains as of December 31, 2008 and 2007 amounted to €33 million and €29 million, respectively.

## 15. INVESTMENTS

### 15.1. Investments in associates

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

| | Milliions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Currency** | | |
| In euros | 77 | 76 |
| Foreign currency | 375 | 429 |
| **Total** | **452** | **505** |
| **Market price** | | |
| Quoted | - | 429 |
| Unquoted | 452 | 76 |
| **Less -** | | |
| Impairment losses | - | - |
| **Total** | **452** | **505** |

The gross changes in 2008 and 2007 in this heading in the accompanying balance sheet were as follows:

| | Millions of euros | |
|---|---|---|
| | 2,008 | 2,007 |
| **Balance at beginning of year** | **505** | **44** |
| Capital increase and acquisition | 656 | 517 |
| Sales and reductions in capital | (739) | (2) |
| Transfers | - | - |
| Exchange difference and other | 30 | (54) |
| **Balance at end of year** | **452** | **505** |

**Agreement with the CITIC Group**

On December 22, 2006 BBVA reached an agreement with the banking group CITIC Group ("CITIC") to develop a strategic alliance in the Chinese market. In accordance with this agreement, BBVA acquired in March 2007 a 14.58% ownership interest, for an investment of €483 million in "Citic International Financial Holdings" ("CIFH") which develops its activity in Hong Kong, being quoted as well in the Hong Kong Stock Exchange. The investment in CIFH, despite representing less than 20%, is accounted for using the equity method because it exercises significant influence under the terms of this strategic agreement.

Under the terms of the same agreement, BBVA acquired in March 2007 a 4.83% ownership interest, for an investment of €719 million in "China Citic Bank" ("CNCB").

In June 2008, BBVA signed a new agreement with the CITIC Group. Under the terms of the new agreement, the Group committed to raising its interests in CIFH and CNCB to around 30% and 10%, respectively. At December 31, 2008, the Group had increased its stakes in CIFH and CNCB to 29.68% and 9.93%, respectively.

The investment in CIFH was made in cash after this company delisted from the Hong Kong Stock Exchange. Subsequently, CIFH sold its investment in CNCB (15%) to its existing shareholders on a proportionate basis. This acquisition, coupled with the purchase of an additional 0.65% stake from the CITIC Group, raised BBVA's ownership interest in CNCB at year-end 2008 to 9.93%. These acquisitions entailed a total payout of €927 million.

Subsequent to year-end, BBVA acquired an additional 0.14% of CNCB for €19 million, bringing its overall ownership interest to 10.07%, as had been agreed.

Under the terms of the new agreement, BBVA also has an option to acquire an additional percentage, subject to certain conditions, during a two-year period, which could bring its interest in CNCB to 15%. At December 31 2008 and 2007, BBVA's interest in CNCB was including under "Available-for-sale financial assets" in the accompanying consolidated balance sheets (Note 10).

The Group considers that BBVA's investment in CNCB is strategic, as it is the platform for developing its business in continental China and is also key to the development of international business initiatives together with CITIC. In addition, BBVA has the status of "sole strategic investor" at CNCB.

The role of strategic foreign investor in commercial banks in the People's Republic of China entails compliance with the following principles: to invest with a long-term horizon, to upgrade corporate governance, to undertake business alliances and to fend off the competition. Under this framework, BBVA participates in the definition of key policies at

CNCB through its representation on the Board of Directors (BBVA will have 2 out of 15 seats on the Board under the new agreement) and on the Strategy Committee (1 member out of a total of 6).

In addition, under the umbrella of its strategic commitment to CNCB, BBVA is working together with CNCB on the idea of signing cooperation alliances under profit sharing regimes in the car financing and private banking segments. All strategic cooperation between the two parties is developed under the guidance and oversight of the Cooperation Committee created to this end by BBVA and CNCB, with both entities equally represented. Along these lines, the two entities' executives are in constant contact and there is an ongoing flow of information regarding business models, risk management and control tools and technology.

### 15.2. Investments in jointly controlled Entities

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

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Currency** | | |
| In euros | 4 | 4 |
| **Market price** | | |
| Unquoted | 4 | 4 |
| **Less -** | | |
| Impairment losses | - | - |
| **Total** | **4** | **4** |

The changes in 2008 and 2007 in the balance of this heading in the accompanying balance sheets were as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Balance at beginning of year** | **4** | **3** |
| Acquisitions | - | 1 |
| **Balance at end of year** | **4** | **4** |

### 15.3. Investments in group Entities

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

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

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Currency:** | | |
| In Euros | 3,842 | 3,835 |
| Foreing currency | 17,370 | 17,324 |
| **Total** | **21,212** | **21,159** |
| **Market price** | | |
| Quoted | 599 | 615 |
| Unquoted | 20,676 | 20,601 |
| **Less -** | | |
| Impairment losses | (63) | (57) |
| **Total** | **21,212** | **21,159** |

The changes in 2007 and 2006 in the balance of this heading in the balance sheets, disregarding the balance of the impairment losses, were as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Balance at beginning of year** | **21,216** | **14,159** |
| Capital increase and acquisition | 39 | 7,373 |
| Sales | (7) | (5) |
| Transfers | - | - |
| Exchange difference and other | 27 | (311) |
| **Balance at end of year** | **21,275** | **21,216** |

The most notable transactions performed in 2008 and 2007 were as follows:

**2008**

- In 2008 €12 million was invested in Próxima Alfa Investments, S.G.I.I.C., S.A.

- In October 2008, the Bank subscribed for 70,782,004 shares for €20 million in connection with the rights issue undertaken by BBVA Inversiones Chile, S.A., as a result of which the Bank raised its stake to 36.651%.

**2007**

- On January 3, 2007, the Bank acquired all of the shares of State National Bancshares Inc. The purchase price paid was €378 million

- On March 8, 2007, the Bank approved the capital stock increase in Laredo National Bancshares with a payment of €6 million.

- On May 31, 2007 was the integration of the financial groups: State National Bancshares, Inc., Laredo National Bancshares and Texas Regional Bancshares, in a single company called BBVA USA Bancshares, Inc.

- On September 7, 2007 the Group acquired 100% of the share capital of Compass Bancshares Inc., ("Compass") a U.S. banking Group quoted in NASDAQ, an active in Alabama, Texas, Florida, Arizona, Colorado and New Mexico.

  The consideration paid to former Compass stockholders for the acquisition was $9,115 million, (€6,672 million). The Group paid $4,612 million equivalent €3.385 million in cash and delivered 196 million of shares issued, which represent 5.5% of the current share capital of BBVA. The expenses directly attributable to the acquisition amounted to €21 million.

  The General Shareholder's meeting celebrated on June 21, 2007 approved the transaction and the consequent capital stock increase. This capital increase took place on September 10, 2007 at an issuance rate of €16.77 per share, the closing market price of the BBVA's shares as of September 6, 2007, in accordance with the resolutions adopted by the BBVA's general shareholders' meeting dated 21 June 2007 (Note 22).

- On October 17, 2007 were reorganized the holdings of United States through merger of Compass Bancshares, Inc. and BBVA USA Bancshares, Inc., taking the name of the last.

- In 2007 the Bank approved the capital stock increases in "Proyectos Empresariales Capital Riesgo I, S.C.R." with a contribution of €155 million.

- In July 2007, the Bank signed 21,386,826 shares in the capital stock increase of BBVA Inversiones Chile, S.A. for a total of €6 million. The ownership interest held by the Bank was 33.3%.

- In December 2007, the Bank approved the capital stock increases in "Gran Jorge Juan, SA" for an amount of €100 million.

- On December 27, 2007, the Bank invested €9 million in BBVA Finanzia S.p.A.

- On December 28, 2007, the Bank purchased "Blue Indico Investments, S.L." (from Finanzia Banco de Crédito, S.A.) for an amount of €17 million.

### 15.4. Notifications of acquisition of investments

Appendix IV lists the Bank's acquisitions and disposals of holdings in associates or jointly controlled entities and the notification dates thereof, in compliance with Article 86 of the Spanish Corporations Law and Article 53 of Securities Market Law 24/1988.

### 15.5. Impairment

The detail of the changes in impairment losses in 2008 and 2007 in this heading is as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Balance at beginning of year** | **57** | **46** |
| Increase in impairment losses charged to income | 8 | 14 |
| Decrease in impairment losses credited to income | (1) | - |
| Application | (1) | (3) |
| **Balance at end of year** | **63** | **57** |

## 16. TANGIBLE ASSETS

As of December 31, 2008 and 2007, the detail and the change of the balance of this heading in the balance sheets based on the nature of the related items, were as follows:

| | Millions of euros | | | | |
|---|---|---|---|---|---|
| | Property, plants and equipment | | Total tangible asset of own use | Investment Properties | Total |
| **2008** | Land and Buildings | Furniture, Fixtures and | | | |
| **Revalued cost -** | | | | | |
| **Balance at 1 January 2008** | **1,276** | **2,881** | **4,157** | **15** | **4,172** |
| Additions | 19 | 263 | 282 | - | 282 |
| Retirements | (1) | (93) | (94) | - | (94) |
| Transfers | (60) | (21) | (81) | - | (81) |
| Exchange difference and other | - | (2) | (2) | - | (2) |
| **Balance at 31 December 2008** | **1,234** | **3,028** | **4,262** | **15** | **4,277** |
| | | | | | |
| **Accumulated depreciation -** | | | | | |
| **Balance at 1 January 2008** | **365** | **1,928** | **2,293** | **3** | **2,296** |
| Additions | 18 | 165 | 183 | - | 183 |
| Retirements | - | (80) | (80) | - | (80) |
| Transfers | (15) | (8) | (23) | - | (23) |
| Exchange difference and other | - | (1) | (1) | - | (1) |
| **Balance at 31 December 2008** | **368** | **2,004** | **2,372** | **3** | **2,375** |
| | | | | | |
| **Impairment -** | | | | | |
| **Balance at 1 January 2008** | **5** | **-** | **5** | **1** | **6** |
| Additions | 1 | - | 1 | - | 1 |
| Retirements | - | - | - | - | - |
| Exchange difference and other | - | - | - | - | - |
| **Balance at 31 December 2008** | **6** | **-** | **6** | **1** | **7** |
| | | | | | |
| **Net tangible assets -** | | | | | |
| | | | | | |
| **Balance at 1 January 2008** | **906** | **953** | **1,859** | **11** | **1,870** |
| **Balance at 31 December 2008** | **860** | **1,024** | **1,884** | **11** | **1,895** |

| | Millions of euros | | | | |
|---|---|---|---|---|---|
| | Property, plants and equipment | | Total tangible assets of own use | Investment Properties | Total |
| **2007** | **Land and Buildings** | **Furniture, Fixtures and** | | | |
| **Revalued cost -** | | | | | |
| **Balance at 1 January 2007** | **1,525** | **2,873** | **4,398** | **15** | **4,413** |
| Additions | 20 | 246 | 266 | - | 266 |
| Retirements | - | (76) | (76) | - | (76) |
| Transfers | (269) | (160) | (429) | - | (429) |
| Exchange difference and other | - | (2) | (2) | - | (2) |
| **Balance at 31 December 2007** | **1,276** | **2,881** | **4,157** | **15** | **4,172** |
| | | | | | |
| **Accumulated depreciation -** | | | | | |
| **Balance at 1 January 2007** | **408** | **1,908** | **2,316** | **3** | **2,319** |
| Additions | 20 | 164 | 184 | - | 184 |
| Retirements | - | (67) | (67) | - | (67) |
| Transfers | (63) | (76) | (139) | - | (139) |
| Exchange difference and other | - | (1) | (1) | - | (1) |
| **Balance at 31 December 2007** | **365** | **1,928** | **2,293** | **3** | **2,296** |
| | | | | | |
| **Impairment -** | | | | | |
| **Balance at 1 January 2007** | **-** | **-** | **-** | **1** | **1** |
| Additions | 5 | - | 5 | - | 5 |
| Retirements | - | - | - | - | - |
| Exchange difference and other | - | - | - | - | - |
| **Balance at 31 December 2007** | **5** | **-** | **5** | **1** | **6** |
| | | | | | |
| **Net tangible assets -** | | | | | |
| | | | | | |
| **Balance at 1 January 2007** | **1,117** | **965** | **2,082** | **11** | **2,093** |
| **Balance at 31 December 2007** | **906** | **953** | **1,859** | **11** | **1,870** |

The BBVA Group purchased, through a Real Estate company of the Group and in accordance with an agreement signed on June 19, 2007 with the "Group Gmp" (GMP), the "Parque Empresarial Foresta" located in a development area in the north of Madrid, where the new Corporate Headquarter will be build.

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

| | 2008 | 2007 |
|---|---|---|
| Spain | 3,308 | 3,443 |
| Rest of world | 17 | 15 |
| **Total** | **3,325** | **3,458** |

As of December 31, 2008, 48.27% of the branches in Spain were leased from third parties. The remaining branches were owned by the Bank.

## 17. INTANGIBLE ASSETS

The detail of the balance of this heading in the balance sheets as of December 31, 2008 and 2007 relates in full to the net balance of the disbursements made on the acquisition of computer software.

The average life of intangible assets of the Bank is 5 years.

The detail of the changes in 2008 and 2007 in the balance of this heading in the balance sheets is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Balance at beginning of year** | **90** | **63** |
| Additions | 112 | 52 |
| Period amortization | (36) | (25) |
| Exchange differences and other | - | - |
| Impairment | - | - |
| **Balance at end of year** | **166** | **90** |

## 18. REST OF ASSETS AND LIABILITIES

The detail of the balances of these headings in the balance sheets as of December 31, 2008 and 2007 is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Assets -** | | |
| Transactions in transit | 18 | 37 |
| Accrued interest | 248 | 328 |
| Prepaid expenses | 13 | 11 |
| Other prepayments and accrued income | 235 | 317 |
| Other | 469 | 403 |
| **Total** | **735** | **768** |
| | | |
| **Liabilities -** | | |
| Transactions in transit | 26 | 33 |
| Accrued interest | 886 | 866 |
| Unmatured accrued expenses | 21 | 23 |
| Other accrued expenses and deferred income | 567 | 620 |
| Other prepayments and accrued income | 298 | 223 |
| Other | 132 | 69 |
| **Total** | **1,044** | **968** |

## 19. FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

The detail of the items composing the balances of this heading in the accompanying balance sheets is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Deposits from central banks | 13,697 | 22,984 |
| Deposits from credit institutions | 43,972 | 46,852 |
| Deposits from other creditors | 188,311 | 172,253 |
| Debt certificates (including bonds) | 58,837 | 44,248 |
| Subordinated liabilities | 13,332 | 12,593 |
| Other financial liabilities (*) | 4,048 | 4,121 |
| **Total** | **322,197** | **303,051** |

As of December 31 2008 and 2007, Other Financial Liabilities included €626 million and €570 million, respectively, relating to the third interim dividend (Note 3).

### 19.1. Deposits from central banks

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

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Bank of Spain | 3,385 | 15,249 |
| Credit account drawdowns | - | 4,114 |
| Other accounts | 37 | 172 |
| Repurchase agreements | 3,348 | 10,963 |
| Other central banks | 10,235 | 7,672 |
| **Subtotal** | **13,620** | **22,921** |
| Valuation adjustments (*) | 77 | 63 |
| **Total** | **13,697** | **22,984** |

(*) Includes, mainly accrued interest until expiration.

As of December 31, 2008 and 2007, the financing limit assigned to the Bank by the Bank of Spain and the one that it had been drawn down this one, was as follow:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Assigned | 11,102 | 6,307 |
| Drawn down | - | 4,114 |

### 19.2 Deposits from credit institutions

The breakdown of the balance of this heading in the accompanying balance sheets, based on the nature of the related transactions, is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Reciprocal accounts | 79 | 70 |
| Deposits with agreed maturity | 38,533 | 38,162 |
| Demand deposits | - | - |
| Other accounts | 1,203 | 1,117 |
| Repurchase agreements | 3,799 | 7,163 |
| **Subtotal** | **43,614** | **46,512** |
| Valuation adjustments (*) | 358 | 340 |
| **Total** | **43,972** | **46,852** |

(*) Includes, mainly accrued interest until expiration.

The detail, by geographical area, of this heading as of December 31, 2008 and 2007 disregarding the balance of valuation adjustment is as follows:

| | Millions of euros | | | |
|---|---|---|---|---|
| **2008** | **Demand deposits** | **Deposits with agree maturity** | **Repurchase agreement** | **Total** |
| Spain | 764 | 13,685 | 1,130 | 15,579 |
| Rest of Europe | 107 | 17,494 | 2,669 | 20,270 |
| United States | 306 | 905 | - | 1,211 |
| Latin America | 36 | 2,962 | - | 2,998 |
| Rest of world | 69 | 3,487 | - | 3,556 |
| **Total** | **1,282** | **38,533** | **3,799** | **43,614** |

| 2007 | Demand deposits | Deposits with agree maturity | Repurchase agreement | Total |
|---|---|---|---|---|
| | Millions of euros | | | |
| Spain | 763 | 15,591 | 3,220 | 19,574 |
| Rest of Europe | 222 | 13,689 | 3,943 | 17,854 |
| United States | 69 | 3,764 | - | 3,833 |
| Latin America | 104 | 471 | - | 575 |
| Rest of world | 29 | 4,647 | - | 4,676 |
| **Total** | **1,187** | **38,162** | **7,163** | **46,512** |

### 19.3 Deposits from other creditors

The breakdown of the balance of this heading in the accompanying balance sheets, based on the nature of the related transactions, is as follows:

| | 2008 | 2007 |
|---|---|---|
| | Millions of euros | |
| **General Government** | **10,436** | **8,132** |
| Spanish | 4,036 | 5,035 |
| Foreign | 6,388 | 3,088 |
| Accrued interest | 12 | 9 |
| **Other resident sectors** | **127,822** | **129,898** |
| Current accounts | 19,970 | 21,365 |
| Savings accounts | 26,033 | 23,313 |
| Fixed-term deposits | 71,422 | 75,420 |
| Repurchase agreements | 9,487 | 8,888 |
| Other accounts | 120 | 77 |
| Accrued interest | 790 | 835 |
| **Non-resident sectors** | **50,053** | **34,223** |
| Current accounts | 1,202 | 1,274 |
| Savings accounts | 551 | 464 |
| Fixed-term deposits | 47,959 | 31,994 |
| Repurchase agreements | 34 | 12 |
| Other accounts | 123 | 120 |
| Accrued interest | 184 | 359 |
| **Total** | **188,311** | **172,253** |
| *Of which:* | | |
| Deposits from other creditors without valuation adjustment | 187,325 | 171,050 |
| Accrued interest | 986 | 1,203 |
| *Of which:* | | |
| In euros | 139,579 | 135,410 |
| In foreign currency | 48,732 | 36,843 |

### 19.4. Debt certificates (including bonds) and subordinated liabilities

The breakdown of the balance of the heading "Debt certificate (including Bonds)" in the accompanying balance sheets as of December 31, 2008 and 2007, by the nature of the transactions, was as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Promissory notes and bills** | **14,724** | **173** |
| In euros | 4,544 | 69 |
| In other currencies | 10,180 | 104 |
| ***Subtotal*** | **14,724** | **173** |
| **Bonds and debentures issued** | | |
| **In euros -** | **43,143** | **43,182** |
| Non-convertible bonds and debentures at floating interest rates | 2,190 | 4,604 |
| Non-convertible bonds and debentures at fixed interest rates | 22 | 70 |
| Covered bonds | 38,695 | 38,695 |
| Valuation adjustments(*) | 2,236 | (187) |
| **In foreign currency** | **970** | **893** |
| Covered bonds | 880 | 874 |
| Valuation adjustments(*) | 90 | 19 |
| ***Subtotal*** | **44,113** | **44,075** |
| **Total** | **58,837** | **44,248** |

(*)Hedging costs and emission

The breakdown of the balance of the heading "Subordinated liabilities" in the accompanying balance sheets, by the nature of the transactions, was as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Subordinated debt | 2,291 | 2,667 |
| Preference shares | 10,525 | 9,760 |
| **Total gross** | **12,816** | **12,427** |
| Valuation adjustments(*) | 516 | 166 |
| **Total** | **13,332** | **12,593** |

(*) The valuation adjustments shown above relate mainly to the accrual of interest, as well as corrections for the valuation of hedging derivatives.

Following are the outstanding accrued interest from the following headings:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Promissory notes and bills (bonds and obligations) | 1,238 | 1,115 |
| Subordinated debt and preferred shares | 192 | 194 |

The changes as of December 31, 2008 and 2007 in the heading "Debt certificate" and "Subordinated liabilities" were as follows:

| | Millions of euros | | | | |
|---|---|---|---|---|---|
| | 2008 | | | | |
| **ISSUANCES OF THE ENTITY** | **Balance at beginning of year** | **Issuances** | **Repurchase or refund** | **Exchange differences and others** | **Balance at the end of year** |
| Debt certificates issued in the European Union | 47,082 | 59,658 | (47,698) | (241) | 58,801 |
| With information brochure | 47,082 | 59,658 | (47,698) | (241) | 58,801 |
| Without information brochure | - | - | - | - | - |
| Other debt certificates issued outside European Union | 9,760 | 1,070 | - | (305) | 10,525 |
| **Total** | **56,842** | **60,728** | **(47,698)** | **(546)** | **69,326** |

| ISSUANCES OF THE ENTITY | Millions of euros 2007 | | | | |
|---|---|---|---|---|---|
| | Balance at beginning of year | Issuances | Repurchase or refund | Exchange differences and others | Balance at the end of year |
| Debt certificates issued in the European Union | 43,442 | 8,786 | (5,061) | (85) | 47,082 |
| With information brochure | 43,442 | 8,786 | (5,061) | (85) | 47,082 |
| Without information brochure | - | - | - | - | - |
| Other debt certificates issued outside European Union | 8,339 | 2,145 | (627) | (97) | 9,760 |
| **Total** | **51,781** | **10,931** | **(5,688)** | **(182)** | **56,842** |

The detail of the most significant issuances repurchases or refunds of debt instruments issued by the Bank in 2008 are shown on Appendix VIII.

19.4.1 PROMISSORY NOTES AND BILLS:

The heading "Promissory Notes and bills" records as of December 31, 2008, the balance of various issues with maturity of less than one year for a maximum amount of 15,000 million dollars (€10,778 million approximately) and €15,000 million.

19.4.2. BONDS AND DEBENTURES ISSUED:

The "Nonconvertible bonds and debentures at floating rate debentures" account, as of December 31, 2007, includes the following:

- February 2004 issue amounting to €1,000 million which bears variable quarterly interest of three-month EURIBOR plus 10 basis points through final redemption in February 2009.
- Issue of €150 million, launched in January 2007 and maturing in January 2009, which bears variable interest on the face value of the bonds equal to six-month as follows:
    - For the period from January 22, 2007, inclusive, to July 21, 2007, exclusive, the interpolated rate between EURIBOR to five months and the EURIBOR to six months less 0.7 basis points.
    - For the period from July 21, 2007, inclusive, to January 21, 2009, exclusive, the EURIBOR to six months less 0.7 basis points.
- Issue of €1,000 million, launched in June 2007 and maturing in June 2011, which bears variable quarterly interest on the face value of the bonds equal to three-month EURIBOR plus 5 basis points.
- Issue of €30 million, launched in July 2007 and maturing in June 2009, which bears variable quarterly interest on the face value of the bonds equal to three-month EURIBOR plus 1 basis points.
- Issue of €5 million, launched in March 2008, with an annual coupon, until repayment in March 2013, equal to the maximum between 80% interest rate swap transactions for 5 years and 4%.
- Issue of €2 million, launched in April 2008 and maturing in April 2011, which bears annual variable coupon indexed to changes in the Dow Jones Euro Stoxx 50 index and the Standard and Poors 500.
- Issue of €1.5 million, launched in April 2008 with annual coupon, until repayment in April 2013, indexed to the evolution of three underlying assets (shares of Telefonica S.A., Repsol YPF, S.A. and Ibedrola S.A.).
- Issue of €1.5 million, launched in April 2008 and maturing in April 2016. The issue will be automatically canceled if the annual value of the underlying asset (shares of Telefónica, S.A.) is higher than €18.07.

As of December 31, 2007, the Non-convertible Bonds and Debentures at Fixed Interest Rates account include:

- Issue of €10 million, launch as of June 2007, with a fixed interest rate of 4.60% and maturity in June 2009.
- Issue of €10 million, launch as of June 2007, with a fixed interest rate of 4.70% and maturity in June 2011.
- Issue of €1.6 million, launch as of March 2007, with a fixed interest rate of 3% and maturity in June 2011.

The Covered Bonds account includes several issues, the last of which has final redemption in 2037.

The valuation adjustments include mostly adjustments for accrued interest, micro hedging transactions and issuance Fees.

The accrued interest of the Debt certificates amounted to €2,127 million in 2008 and €1,821 million in 2007 (Note 33).

19.4.3. SUBORDINATED LIABILITIES

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

The detail of the balance of this heading of the balance sheet, depending on the instrument, currency and interest rate on the issue, without taking into account the valuation adjustments are reflected in Appendix VIII.

In 2008 have been early amortized the issue of July, 2003 for an amount of €600 million. In 2007 there was the early repayment of an issue of December 2001 amounting to €1,500 million euros.

Subordinated Deposits account of the foregoing detail includes the subordinated deposits taken relating to the subordinated debt and preference share issues launched by BBVA Global Finance Ltd., BBVA Capital Funding Ltd., BBVA Subordinated Capital S.A.U., BBVA International Preferred S.A.U., BBVA International Ltd., and BBVA Capital Finance, S.A. which are unconditionally and irrevocably secured by the Bank.

In 2008 and 2007 the subordinated debt bore interest amounted to €645 million and €606 million, respectively (Note 33).

## 20. PROVISIONS

The detail of the balance of this heading in the balance sheets as of December 31, 2008 and 2007 is as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Provisions for pensions and similar obligations | 5,651 | 5,184 |
| Provisions for contingent exposures and risks | 387 | 525 |
| Other provisions | 1,033 | 928 |
| **Total** | **7,071** | **6,637** |

The changes in 2008 and 2007 in the balances of the headings in the accompanying balance sheets were as follows:

| | Millions of euros | | | | | |
|---|---|---|---|---|---|---|
| | **2008** | | | **2007** | | |
| | **Provisions for Pensions and similar obligation (Note 21)** | **Commitments and contingent risks provisions** | **Provisions for taxes and other provisions** | **Provisions for Pensions and similar obligation (Note 21)** | **Commitments and contingent risks provisions** | **Provisions for taxes and other provisions** |
| **Balance at beginning of year** | **5,184** | **525** | **928** | **5,523** | **462** | **941** |
| Add - | | | | | | |
| Year provision with a charge to income for the year | 1,127 | 71 | 506 | 429 | 76 | 63 |
| *Of which:* | | | | | | |
| Interest expenses and similar charges | 127 | - | 41 | 120 | - | 33 |
| Personnel expenses | 4 | - | 1 | 5 | - | 9 |
| Provision expenses | 996 | 71 | 464 | 304 | 76 | 21 |
| Increase changed to reserve | 11 | - | - | - | - | - |
| Other changes | - | - | 59 | - | - | - |
| Less - | | | | | | |
| Available funds | (2) | (207) | (17) | (63) | (11) | (40) |
| Payments to early retirees | (612) | - | - | (581) | - | - |
| Provisions used and other changes | (45) | - | (443) | (14) | - | (33) |
| Other changes | (12) | (2) | - | (110) | (2) | (3) |
| **Balance at end of year** | **5,651** | **387** | **1,033** | **5,184** | **525** | **928** |

## 21. COMMITMENTS WITH PERSONNEL

Under the collective labour agreement, Spanish banks are required to supplement the social security benefits received by employees or their beneficiary rightholders in the event of retirement (except for those hired after 8 March 1980), permanent disability, death of spouse or death of parent.

The employee welfare system in place at the Bank supersede and improve the terms and conditions of the collective labour agreement for the banking industry; the commitments envisaged in the event of retirement, death and disability cover all employees, including those hired after 8 March 1980. The Bank externalised all its commitments to serving and retired employees pursuant to Royal Decree 1588/1999. These commitments are instrumented in pension plans, insurance contracts with a non-Group company and insurance contracts with BBVA Seguros, S.A. de Seguros y Reaseguros, which is 99.94% owned by the Banco Bilbao Vizcaya Argentaria Group. This employee welfare system includes defined contribution commitments, the amounts of which are determined, on a case-by-case basis, as a percentage of certain compensation and/or as a pre-established fixed amount. Defined benefit commitments are funded by insurance contracts.

### 21.1. COMMITMENTS WITH PERSONNEL FOR POST-EMPLOYMENT DEFINED CONTRIBUTION PLANS

The commitments with personnel for post-employment defined contribution have no impact in the accompanying balance sheets (Note 2.3). Contributions to the defined contribution plans as of December 31, 2008 amounted to €43 million (€39 as of December 31, 2007).

## 21.2 COMMITMENTS FOR POST-EMPLOYMENT DEFINED BENEFIT PLANS AND OTHER LONG-TERM POST-EMPLOYMENT BENEFITS

Following the table shows the commitments for defined benefit plans as well the rest of long-term post-employment benefits, which are recognized as provisions on the accompanying balance sheets (Note 20), as of December 31, 20008, 2007, 2006, 2005 and 2004:

| | Millions of euros | | | |
|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2005 |
| Post-employment welfare benefits | 6,119 | 5,705 | 6,145 | 5,560 |
| Assets and Insurance contracts coverages | 468 | 521 | 622 | 671 |
| Net assets | - | - | - | - |
| Net liabilities | 5,651 | 5,184 | 5,523 | 4,889 |

The commitments for defined contributions plans as well as the rest of long-term post-employment benefits, in Spain and abroad, were as follows:

| | Millions of euros | | | | | |
|---|---|---|---|---|---|---|
| | Commitments in Spain | | Commitments abroad | | TOTAL | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| ***Post-employment benefits*** | | | | | | |
| Post-employment benefits | 2,426 | 2,466 | 66 | 80 | 2,492 | 2,546 |
| Early retirement | 3,408 | 2,926 | - | - | 3,408 | 2,926 |
| Post-employment welfare benefits | 219 | 233 | - | - | 219 | 233 |
| **Total** | **6,053** | **5,625** | **66** | **80** | **6,119** | **5,705** |
| **Insurance contracts coverages** | | | | | | |
| Post-employment benefits | 430 | 462 | - | - | 430 | 462 |
| | **430** | **462** | **-** | **-** | **430** | **462** |
| **Other plan assets** | | | | | | |
| Post-employment benefits | - | - | 38 | 59 | 38 | 59 |
| Post-employment welfare benefits | - | - | - | - | - | - |
| | **-** | **-** | **38** | **59** | **38** | **59** |
| **Net commitments of plan assets** | **5,623** | **5,163** | **28** | **21** | **5,651** | **5,184** |
| ***of which:*** | | | | | | |
| Contracts with related companies | 1,996 | 2,004 | - | - | 1,996 | 2,004 |

(*) Recognized under the heading "Provisions – Provisions for pensions and similar obligations" of the accompanying balance sheets.

### 21.2.1. Main Commitments in Spain

The most significant actuarial assumptions used as of December 31, 2008 and 2007, for the quantification of these commitments are as follows:

| | 2008 | 2007 |
|---|---|---|
| Mortality tables | PERM/F2000P. | PERM/F 2000P. |
| Discount rate (cumulative annual) | 4.5%/AA corporate bond yield curve | 4.5%/AA corporate bond yield curve |
| Consumer price index (cumulative annual) | 2% | 2% |
| Salary growth rate (cumulative annual) | At least 3% (depending on employee) | At least 3% (depending on employee) |
| Retirement ages | First date at which the employees are entitled to retire or contractually agreed at the individual level in the case of early retirements | |

#### 21.2.1.1 Public social security system benefit supplement

The Bank has defined benefit commitments for permanent disability and death of current employees and early retirees; for death of certain retired employees; and for retirement of certain specific groups of current employees, early retirees and retired employees (benefits in progress). These commitments are hedged through insurance contracts and internal funds.

The defined benefit commitments as of December 31, 2008 and 2007 were as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Pension commitments to retired employees | 2,234 | 2,093 |
| Pension contingencies in respect of current employees | 192 | 373 |
| | **2,426** | **2,466** |
| **Coverage at end of eac year:** | | |
| Insurance contracts with related insurance companies | 1,996 | 2,004 |
| Insurance contracts with unrelated insurance companies | 430 | 462 |
| **Total** | **2,426** | **2,466** |

The commitments mentioned in the previous table include commitments by defined benefit for which insurance contracts have been contracted with BBVA Seguros, S.A. de Seguros y Reaseguros, which is 99.94% owned by the Group. The commitments are registered under the heading "Funds for pensions and similar obligations" of the accompanying balance sheets (Note 20) and the insurance contract assets are recognised in the heading “Insurance contracts linked to pensions”.

Insurance contracts have been contracted with insurance companies not related to the Group. These commitments are covered by assets and therefore are presented in the accompanying balance sheets for the net amount commitment less plan assets. As of December 31, 2008 and 2007, the amount of the plan assets to the mentioned insurance contracts equalled the amount of the commitments covered, therefore its net value was zero in the accompanying balance sheets.

The current contributions made by the Bank in relation to defined benefit retirement commitments are recorded with a charge to the “Personnel Expenses – Contributions to pension funds” account of the accompanying income statement and amounted to €16 million and €20 million in 2008 and 2007, respectively.

The estimated amount of commitments in million of euros for the next 10 years was as follows:

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014-2018 |
|---|---|---|---|---|---|---|
| **Pension commitments** | 172 | 177 | 177 | 176 | 175 | 847 |

### 21.2.1.2. Early retirements

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

In 2008 and 2007 the Bank offered certain employees the possibility of taking early retirement before reaching the age stipulated in the collective labour agreement in force. This offer was accepted by 2,023 and 575 employees, respectively. The total cost of these agreements amounts to €994 million and €294 million and the corresponding provisions were recognised with a charge to the heading “Provisioning Expense (Net) - Transfers to Funds for Pensions and Similar Obligations - Early Retirements” in the accompanying income statement.

The changes in 2008 and 2007 in the present value of the vested obligations for commitments to early retirees were as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Balance at beginning of year** | **2,926** | **3,157** |
| + Interest cost | 116 | 111 |
| + Early retirements in the year | 994 | 294 |
| - Payments made | (612) | (581) |
| +/- Other changes | (14) | (1) |
| +/- Actuarial losses (gains) | (2) | (54) |
| **Balance at end of year** | **3,408** | **2,926** |
| **Present actuarial value at end of the year** | | |
| Internal provisions (*) | 3,408 | 2,926 |

(*) The provisions were recognized in the heading “Funds for Pensions and Similar Obligations” in the accompanying balance sheets (Note 20)

The estimation of benefits in millions of euros for the next 10 years is as follows:

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014-2018 |
|---|---|---|---|---|---|---|
| **Prejubilaciones** | 601 | 534 | 494 | 454 | 411 | 1,283 |

### 21.2.1.3. Post-employment welfare benefits

As of October 18, 2007, the Bank has signed an Agreement Approval of Benefits for their employees in Spain. The agreement involves the homogenization of the existing welfare benefits for every group of employees, and in some cases in which a service is provided, quantitated by an annual amount in cash. These welfare benefits include post-employment welfare benefits and other commitments with personnel.

The detail of these commitments as of 31 December 2008 and 2007 is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Post-employment welfare benefit commitments to retired employees | 181 | 191 |
| Vested post-employment welfare benefit contingencies in respect of current employees | 38 | 42 |
| **Total:** | **219** | **233** |
| **Coverage at end of each year** | | |
| Internal provisions(*) | 219 | 233 |

(*) The provisions were recognized in the heading "Funds for Pensions and Similar Obligations" in the accompanying balance sheets (Note 20)

The changes in 2008 and 2007 in the present value of the vested obligation for post-employment welfare benefit commitments were as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Balance at beginning of year** | **233** | **221** |
| Interest cost | 11 | 9 |
| Current service cost | 2 | 2 |
| Payments made | (43) | (11) |
| Prior service cost or changes in the plan | - | 8 |
| Other changes | 15 | 3 |
| Actuarial losses (gains) | 1 | 1 |
| **Balance at end of year** | **219** | **233** |

The estimation of benefits in millions of euros for the next 10 years is as follows:

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014-2018 |
|---|---|---|---|---|---|---|
| **Atenciones sociales** | 20 | 19 | 18 | 17 | 17 | 81 |

### 21.2.1.4. Summary

Following is a summary of the charges recorded in the 2008 and 2007 income statements for post-employment benefit commitments:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| ***Interest expense and similar charges (Note 33)*** | | |
| Interest cost of pension funds | 127 | 120 |
| ***Personnel expenses (Note 39)*** | | |
| Transfer to pensions plans | 2 | 2 |
| Social attentions | 62 | 61 |
| ***Provision expense (net) (Note 40)*** | | |
| Transfer to fund for pension and similar obligations | | |
| Pension funds | (1) | (45) |
| Early retirements | 994 | 294 |
| **Total** | **1,184** | **432** |

As of 31 December 2008 and 2007 there were no unfunded actuarial gains or losses arising from differences between the actuarial assumptions and what had actually occurred or, where appropriate, from the effects of changes in the actuarial assumptions used.

**21.2.1.5. *Other commitments with personnel: Long-service cash bonuses***

In addition to the aforementioned post-employment welfare benefits, the Bank maintained certain commitments in Spain with certain employees, called "Long-service bonuses". These commitments were both in the payment of a certain amount in cash and in the delivery of shares from Banco Bilbao Vizcaya Argentaria S.A., when they complete a certain number of years of effective service.

The aforementioned Agreement Approval of Benefits established that the Long-service bonuses ended as of December 31, 2007. Such employees are entitled to receive, to the date of seniority established, only the value of the accrued commitment until December 31, 2007.

In November 2007, the Bank has offered to those employees the option to redeem the accrued value of such share benefits prior to the date of seniority established. The offer has been accepted by most of employees and the settlement (by delivery of shares or cash) has been in the month of December 2007.

The accrued value of the long-service bonuses until December 31, 2008 for employees, who have not opted for early settlement, is recognized under the heading "Other provisions" of the accompanying balance sheets and amounted to €11 million.

Following is the detail of the commitments recognised as of December 31, 2008 and 2007 under these headings:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Other commitments to employees (Note 20)** | | |
| Long-services cash bonuses | 7 | 8 |
| Long-services share - based bonuses | 4 | 10 |
| **Total** | **11** | **18** |

The changes as of December 31, 2008 and 2007 in the present value of the long-service bonuses commitments, both in cash and in shares, were as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Balance at beginning of year** | **18** | **81** |
| Interest cost | - | 1 |
| Current service cost | - | 8 |
| Payments made | - | (16) |
| Effect of reductions or settlement | (1) | (26) |
| Other changes | (5) | (26) |
| Actuarial losses (gains) | (1) | (4) |
| **Balance at end of year** | **11** | **18** |
| **Coverage at end of each year:** | | |
| Internal provision (*) | 11 | 18 |

(*) The funds are recognized in the heading "Provisions - Other provisions" in the accompanying consolidated balance sheets

The changes in 2008 and 2007 in the present value of the vested obligation, in terms of the probable number of shares, for share-based long-service bonuses were as follows:

| | Number of shares | |
|---|---|---|
| | **2008** | **2007** |
| **Number at beginning of year** | **837,468** | **6,538,948** |
| Current service cost | - | 413,680 |
| Payments made | (25,588) | (4,122,739) |
| Effect of reductions or settlement | (124,048) | (1,818,683) |
| Actuarial losses (gains) | (165,782) | (173,738) |
| **Number at end of year** | **522,050** | **837,468** |

In March 1999, 32,871,301 new shares were issued at a price of €2.14 per share. These shares were subscribed and paid by a non-Group company and, simultaneously, the Bank acquired a call option on these shares. Since 1999 the call option has been partially exercised, which means that on December 31, 2008, the Bank still held an option on a total of 98,690 shares at a price of €2.90 per share. In addition, it had arranged a futures transaction with a non-Group entity on a total of 423,360 shares at an exercise price of €8.55 per share.

***Other commitments with personnel***

Other benefits for active employees are earned and settled annually, not being necessary some provision. The total cost of the employee welfare benefits provided by the Bank to its current employees in the 2008 and 2007 was €51 million and €36 million, respectively, and these amounts were recognised with a charge to Personnel Expenses - Other in the accompanying income statements.

**21.2.2. Commitments abroad**

Part of the Bank's Foreign Network has post-employment benefit commitments to certain current and/or retired employees. The most salient data relating to these commitments are as follows:

Defined benefit commitments recorded in internal provisions: the accrued liability for defined benefit commitments to current and/or retired employees, net, where appropriate, of the specific assets assigned to fund them, amounted to €28 million and €21 million as of 31 December 2008 and 2007, respectively, and is included under Provisions – Provisions for Pensions and Similar Obligations in the accompanying balance sheets.

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

The changes in 2008 and 2007, in the Foreign Network as a whole, in the balances of Provisions – Provisions for Pensions and Similar Obligations were as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Balance at beginning of year** | **21** | **31** |
| Interest cost | - | - |
| Current service cost | - | - |
| Payments made | (2) | (2) |
| Other changes | 1 | 2 |
| Actuarial losses (gains) | 11 | (8) |
| Exchange differences | (3) | (2) |
| **Balance at end of year** | **28** | **21** |

Cost of commitments of the Foreign Network: The total net payment recognized in the 2008 in the accompanying income statements for the defined contribution and defined benefit post-employment compensation commitments of the foreign Network amounted to €5 million (€4 million in 2007), of which €5 million are related to contribution to external pension funds (€4 million in 2007).

As of 31 December 2008 and 2007 there were no unfunded actuarial gains or losses arising from differences between the actuarial assumptions and what had actually occurred or, where appropriate, from the effects of changes in the actuarial assumptions used.

**22. CAPITAL STOCK**

As of December 31, 2008, the capital of Banco Bilbao Vizcaya Argentaria, S.A. amounted to €1,836,504,869.29, and consisted of 3,747,969,121 fully subscribed and paid registered shares of €0.49 par value each.

On September 10, 2007 the capital increase approved on the Extraordinary General Meeting of Shareholders of June 21, 2007 was carried out with the issuance of 196,000,000 ordinary shares of the same class and series to the previously existing ones as part of the payment for the acquisition of the total share capital of Compass Bancshares Inc. (Note 15)

All the shares of BBVA carry the same voting and dividend rights and no single shareholder enjoys special voting rights. All the shares represent an interest in the Bank's capital.

The shares of Banco Bilbao Vizcaya Argentaria, S.A. are quoted on the computerized trading system of the Spanish stock exchanges and on the New York, Frankfurt, London, Zurich, Milan and Mexico stock market.

American Depositary Shares (ADSs) quoted in New York are also traded on the Lima (Peru) Stock Exchange, by virtue of an exchange agreement entered into between these two markets.

As of December 31, 2008, BBVA was not aware of any shareholder holding a significant interest in its equity other than Mr. Manuel Jove Capellán who, at that date, owned 4.34% of BBVA through the following vehicles: Inveravante Inversiones Universales, S.L., Bourdet Inversiones, SICAV, S.A. and Doniños de Inversiones, SICAV, S.A. The

reduction in Mr. Manuel Jové's shareholding with respect to the 5.01% interest he held at year-end 2007 is the result of a securities loan (specifically the loan of 25,000,000 shares) undertaken in accordance with additional provision 18 of Law 62/2003, of December 30. The settlement of the loan in the future will ultimately restore Mr. Jové's ownership stake to 5.01%.

Meanwhile, State Street Bank and Trust Co., Chase Nominees Ltd, The Bank of New York International Nominees and Clearstream AG, in their capacity as international custodian/depositary banks, held 4.62%, 4.15%, 3.56% and 3.4% of the share capital of BBVA, respectively, as of December 31, 2008.

BBVA is not aware of any direct or indirect interests through which ownership or control of the Bank may be exercised.

BBVA has not been notified of the existence of any side agreements that regulate the exercise of voting rights at the Bank's General Meetings, or which restrict or place conditions upon the free transferability of BBVA shares. Neither is the Bank aware of any agreement that might result in changes in the control of the issuer.

At the Annual General Meeting celebrated on February 28, 2004 the shareholders resolved to delegate to the Board of Directors, in accordance with Article 153.1.b) of the Spanish Corporations Law, the power to increase capital, on one or several occasions, by a maximum par value equal to 50% of the Company's subscribed and paid capital at the date of the resolution, i.e. €830,758,750.54. The legally stipulated year within which the directors can carry out this increase is five years. The only disposition done by BBVA under this authorization was made in November 2006 by an amount of €78,947,368.22 euros.

At the Annual General Meeting celebrated on March 18, 2006, the shareholders resolved to delegate to the Board of Directors the right to issue fixed-income securities of any kind, including redeemable and exchangeable bonds, non-convertible into equity. This increase is subject to applicable legal regulations and obtaining the required authorisations. The Board of Directors has a maximum legal period of five years as of said date to issue, on one or several occasions, directly or through subsidiary companies fully underwritten by the Bank, any kind of debt instruments, documented in debentures, any class of bonds, promissory notes, any class of mortgage bonds, warrants, totally or partially exchangeable for equity that the Company or another company may already have issued, or via contracts for difference (CD's), or any other senior or secured nominative or bearer fixed-income securities (including covered bonds) in euros or any other currency that can be subscribed in cash or kind, with or without the incorporation of rights to the securities (warrants), subordinated or not, with a limited or open-ended term. The total maximum nominal amount authorised is €105,000 million, this amount was increased by €30,000 million by the Ordinary General Meeting celebrated on March 16, 2007. This amount was increase in €50,000 million by the Ordinary General Meeting of March 14, 2008. Accordingly, the maximum total nominal amount delegated by the General Meeting was settled at €185,000 million.

At the Annual General Meeting celebrated on March 14, 2008 the shareholders resolved to delegate to the Board of Directors the right to issue bonds, convertible and/or exchangeable into Company shares, within the five year period as of the date of the resolution for a maximum total of €9,000 million. The delegation includes the right to establish the different aspects and conditions of each issuance, including the power to exclude the preferential subscription rights of shareholders in accordance with Article 159.2 of the Spanish Corporations Law, as well as determining the basis and methods of the conversion and resolving to increase capital stock in the amount considered necessary.

## 23. SHARE PREMIUM

The balance of this heading in the balance sheet amounts to €12,770 million and includes, inter alia, the amounts of the share premiums arising from the capital increases, in particular the capital increase in 2007 for an amount of €3,191 million (see Note 22), as well as the gains arising from the merger of Banco Bilbao, S.A. and Banco Vizcaya, S.A., amounted to €641 million.

The revised Spanish Corporations Law expressly permits the use of the share premium balance to increase capital and establishes no specific restrictions as to its use.

## 24. RESERVES

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

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Restricted reserves: | | |
| Legal reserve | 367 | 348 |
| Restricted reserve for retired capital | 88 | 88 |
| Restricted reserve for Parent Company shares | 604 | 912 |
| Restricted reserve for redenomination of capital in euros | 2 | 2 |
| Revaluation Royal Decree-Law 7/1996 | 82 | 85 |
| Unrestricted reserves: | | |
| Voluntary reserves and other | 1,927 | 822 |
| **Total** | **3,070** | **2,257** |

### 24.1. Legal Reserve

Under the revised Corporations Law, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches 20% of capital. This limit had already been reached by Banco Bilbao Vizcaya Argentaria, S.A. as of December 31, 2008. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital amount.

Except as mentioned above, until the legal reserve exceeds 20% of capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

### 24.2 Restricted Reserves

According to the revised Corporations Law, a restricted reserve is registered to the reduction of the par value of each share in April 2000 to the redenomination of capital stock in euros and, another restricted reserve related to the amount of the treasury shares owned by the bank at the end of each period, as well as to the amounts of the credits still in effect at those dates granted to clients for buying shares of the Bank or with the guarantee of those shares.

Pursuant to Law 46/1998 on the introduction of the euro, the respective restricted reserves were recorded in relation to the redenomination of capital in euros.

### 24.3. Revaluation Royal Decree-Law 7/1996 (Asset revaluations):

Prior to the merger, Banco de Bilbao, S.A. and Banco de Vizcaya, S.A. availed themselves of the asset revaluation provisions of the applicable enabling legislation. In addition, on December 31, 1996, the Bank revalued its tangible assets pursuant to Royal Decree-Law 7/1996 by applying the maximum coefficients authorized, up to the limit of the market value arising from the existing measurements. The resulting increases in the cost and accumulated depreciation of tangible assets and, where appropriate, in the cost of equity securities, were allocated as follows:

| | Millions of euros |
|---|---|
| **Legal revaluations and regularisations of tangible assets:** | |
| Cost | 187 |
| Less - | |
| Single revaluation tax (3%) | (6) |
| **Balance as of December 31, 1999** | **181** |
| Adjustment as a result of review by the tax authorities in 2000 | (5) |
| Transfer to voluntary reserves | (94) |
| **Total** | **82** |

Following the review of the balance of the account Revaluation Reserve Royal Decree-Law 7/1996 on June 7, by the tax authorities in 2000, this balance would only be used, free of tax, to offset recorded losses and to increase capital through January 1, 2007. From that date, the remaining balance of this account can also be taken to unrestricted reserves, provided that the surplus has been depreciated or the revalued assets have been transferred or derecognized. If this balance were used in a manner other than that described above, it would be subject to tax.

## 25. TREASURY SHARES

As of December 31, 2008 and 2007 the Bank companies performed the following transactions involving Bank shares:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Number of shares | Millions of euros | Number of shares | Millions of euros |
| **Balance at beginning of year** | **15,836,692** | **389** | **8,306,205** | **147** |
| + Purchases | 1,118,942,855 | 14,096 | 921,700,213 | 16,156 |
| - Sales | (1,073,239,664) | (13,685) | (914,169,726) | (16,041) |
| +/- Other | - | (60) | - | (1) |
| +/- Derivatives over BBVA shares | - | (20) | - | 128 |
| **Balance at end of year** | **61,539,883** | **720** | **15,836,692** | **389** |
| *Of which:* | | | | |
| BBVA, S.A. | 4,091,197 | 143 | 291,850 | 129 |
| Corporación General Financiera, S.A. | 57,436,183 | 577 | 15,525,688 | 260 |
| Otras sociedades del Grupo | 12,503 | - | 19,154 | - |
| Average purchase price | 12.60 | | 17.53 | |
| Average selling price | 12.52 | | 17.53 | |
| Net gain or losses on transactions | - | | - | |
| (Stockholders'Equity-Reserves) | (172) | | (26) | |

The percentages of treasury shares held by the Bank in 2008, and 2007 were as follows:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Min | Max | Min | Max |
| % treasury shares | 0.318% | 3.935% | 0.136% | 1.919% |

The number of shares of BBVA with nominal value per share €0.49, accepted in pledge as of December 31, 2008 and 2007 was as follow:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Number of shares in pledge | 98,228,254 | 96,613,490 |
| Nominal value | 0.49 | 0.49 |
| % of share capital | 2.62% | 2.58% |

The number of BBVA shares own by third parties but manage by the Bank as of December 31, 2008 and 2007 was as follow:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Number of shares property of third parties | 104,534,298 | 105,857,665 |
| Nominal value | 0.49 | 0.49 |
| % of share capital | 2.79% | 2.824% |

## 26. CAPITAL RATIO

As of December 31, 2008, the capital of the Bank exceeded the minimum level required by the rules in force in every date (Note 1.8).

## 27. TAX MATTERS

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

Banco Bilbao Vizcaya Argentaria, S.A. and its tax-consolidable subsidiaries file consolidated tax returns. The subsidiaries of Argentaria, which had been in Tax Group 7/90, were included in Tax Group 2/82 from 2000, since the merger had been carried out under the tax neutrality system provided for in Title VIII, Chapter VIII of Corporation Tax

Law 43/1995. On 30 December 2002, the pertinent notification was made to the Ministry of Economy and Finance to extend its taxation under the consolidated taxation regime indefinitely, in accordance with current legislation.

In 2003, as in prior years, the Bank has performed or participated in corporate restructuring transactions under the special tax neutrality system regulated by Law 29/1991 of 16 December adapting certain tax to E.U. directives and regulations and by Title VIII, Chapter VIII of Corporation Tax Law 43/1995 of 27 December. The disclosures required under the aforementioned legislation are included in the notes to the financial statements of the relevant entities for the period in which the transactions took place.

**a) Years open for review by the tax authorities**

The Tax Bank had 2001 and subsequent years open for review by the tax authorities for the main taxes applicable to it.

In 2005, as a result of the tax audit conducted by the tax authorities, tax assessments were issued against several Group companies for the years up to and including 2003, some of which were signed on a contested basis. After considering the temporary nature of certain of the items assessed, the amounts, if any, that might arise from these assessments were provisioned in full in at 2008 year-end.

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

**b) Reconciliation**

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

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Corporation tax (*)** | **938** | **1,380** |
| Decreases due to permanent differences: | | |
| Tax credits and tax relief at consolidated Companies | (405) | (443) |
| Other items net | (267) | (287) |
| Net increases (decreases) due to temporary differences | 63 | (204) |
| **Charge for income tax and other taxes** | **329** | **446** |
| Deferred tax assets and liabilities recorded (utilised) | (63) | 204 |
| **Income tax and other taxes accrued in the year** | **266** | **650** |
| Adjustments to prior years' income tax and other taxes | 25 | (15) |
| **Income tax and other taxes** | **291** | **635** |

(*) Tax rate 30% in 2008 and 32.5% in 2007.

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

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

| YEAR | Millions of euros |
|---|---|
| 1996 | 26 |
| 1997 | 150 |
| 1998 | 568 |
| 1999 | 117 |
| 2000 | 75 |
| 2001 | 731 |

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

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

Since 2002 the Bank has availed itself of the tax credit for reinvestment of extraordinary income obtained on the on the transfer for consideration of properties and shares representing ownership interests of more than 5%. The acquisition of shares over a 5%, affected compliance with the reinvestment commitments relating to the aforementioned tax credit.

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

| YEAR | Millions of euros |
|---|---|
| 2002 | 276 |
| 2003 | 27 |
| 2004 | 332 |
| 2005 | 80 |
| 2006 | 410 |
| 2007 | 1,047 |

In 2008 income attributable to the deduction for reinvestment amounted to €73 million, applied to acquisitions made during the year of ownership interests of more than 5% and the acquisition on September 7, 2007 of the Compass Group.

In 2008, the Bank included in taxable income approximately €14 million as a result of the increase in the carrying amount of its investments in subsidiaries, jointly controlled entities and associates. The amounts pending addition to taxable income at year-end in connection with the aforementioned investments stands at approximately €282 million.

**c) Tax recognised in equity**

In addition to the income tax recognised in the Bank income statements, in 2008 and 2007 the Bank recognised the following amounts in equity:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Charges to equity net** | | |
| Debt securities | - | - |
| Equity instruments | - | (1,304) |
| Other | (92) | (8) |
| **Credited to equity** | | |
| Debt securities | 34 | 40 |
| Equity instruments | 3 | - |
| Other | - | 34 |
| **Total** | **(55)** | **(1,238)** |

**d) Deferred taxes**

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

Deferred tax assets amounted to €3,102 million and €2,901 million in 2008 and 2007, respectively. The main for which deferred tax assets were recognised are provisions for pension commitments and similar obligations to employees (€1,583 million and €1,466 million in 2008 and 2007, respectively) and period loan loss provisions (€898 million and €802 million in 2008 and 2007, respectively).

Deferred tax liabilities amounted to €633 million and €1,715 million in 2008 and 2007, respectively.

## 28. FINANCIAL GUARANTEES AND DRAWABLE BY THIRD PARTIES

The breakdown of the balance of this item as of December 31, 2008 and 2007 is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Contingent exposures -** | **64,729** | **73,903** |
| Collateral, bank guarantees and indemnities | 15,867 | 68,313 |
| Rediscounts, endorsements and acceptances | 1,607 | 1,742 |
| Other | 47,255 | 3,848 |
| **Contingent commitments -** | **69,671** | **76,246** |
| **Drawable by third parties:** | **63,493** | **70,769** |
| Credit institutions | 1,970 | 2,669 |
| General government sector | 3,109 | 3,408 |
| Other resident sectors | 34,778 | 40,024 |
| Non-resident sector | 23,636 | 24,668 |
| **Other commitments** | **6,178** | **5,477** |
| **Total** | **134,400** | **150,149** |

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

Income from the guarantee instruments is recorded under the heading Fee and Commission Income in the income statement and is calculated by applying the rate established in the related contract to the nominal amount of the guarantee (Note 35).

In 2008 and 2007 no issuances of debt securities carried out by associate entities, jointly controlled entities (accounted for using the equity method) and non Group entities have been guaranteed.

## 29. ASSETS ASSIGNED TO OTHER OWN AND THIRD-PARTY OBLIGATIONS

As of December 31, 2008 and 2007, the face amount of the assets owned by the Bank pledged as security for own transactions, amounted to €53,740 million and €48,776 million, respectively, and related basically to the pledge of certain assets as security for financing liabilities with the Bank of Spain and to a portion of the assets assigned to mortgage bond issues, which pursuant to the Mortgage Market Law are admitted as security for obligation to third parties.

As of December 31, 2008 and 2007, there were no additional assets assigned to own or third-party obligations to those described in the different headings of these financial statements.

## 30. OTHER CONTINGENT ASSETS AND LIABILITIES

As of December 31, 2008 and 2007, there were no significant contingent assets and liabilities registered in the financial statements attached.

## 31. PURCHASE AND SALE COMMITMENTS

The financial instruments sold with a commitment to subsequently repurchase them are not derecognized from the balance sheets and the amount received from the sale is considered financing from third parties.

The financial instruments acquired with a commitment to subsequently resell them are not recognized in the balance sheets and the amount paid for the sale is considered credit given to third parties.

The breakdown of sale and purchase commitments of the Bank as of December 31, 2008 and 2007 was as follow:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Financial instruments sales with repurchase commitments | 17,074 | 27,440 |
| Financial instruments purchase with resale commitments | 10,925 | 10,669 |

Following is a breakdown of the maturity of other future payment obligations from December 31, 2008:

| | Millions of euros | | | | |
|---|---|---|---|---|---|
| | Up to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
| Financial leases | - | - | - | - | - |
| Operational leases | 308 | - | - | - | 308 |
| Purchase commitments | 2 | 4 | - | - | 6 |
| Technology and systems projects | - | - | - | - | - |
| Other projects | 2 | 4 | - | - | 6 |
| **Total** | **310** | **4** | **-** | **-** | **314** |

## 32. TRANSACTIONS FOR THE ACCOUNT OF THIRD PARTIES

As of December 31, 2008 and 2007, the detail of the most significant items composing this heading was as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Financial instruments entrusted by third parties | 330,886 | 387,120 |
| Conditional bills and other securities received for collection | 1,539 | 1,921 |
| Securities received in credit | 47 | 69 |

As of December 31, 2008 and 2007, the off balance sheet customer funds was as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **The off balanced sheet customer funds(*)** | | |
| - Investment companies and mutual funds | 36,416 | 45,788 |
| - Pension funds | 14,592 | 15,520 |
| - Saving insurance contracts | 2,791 | 2,992 |
| - Customer portfolios managed on a discretionary basis | 4,245 | 6,933 |
| **Total** | **58,044** | **71,233** |

(*) All these resources are distributed by the Bank and managed by BBVA Group companies.

## 33. INTEREST EXPENSE AND SIMILAR CHARGES

### 33.1. INTEREST AND SIMILAR INCOME

The breakdown of the most significant interest and similar income earned by the Bank in 2008 and 2007 was as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Central Banks | 118 | 95 |
| Loans and advances to credit institutions | 1,759 | 1,838 |
| Loans and advances to other debtors | 12,523 | 10,390 |
| General government | 378 | 351 |
| Resident sector | 10,599 | 8,785 |
| Non resident sector | 1,546 | 1,254 |
| Debt securities | 1,347 | 1,321 |
| Trading | 758 | 723 |
| Investment | 589 | 598 |
| Rectification of income as a result of hedging transactions | 18 | 25 |
| Other income | 89 | 116 |
| **Total** | **15,854** | **13,785** |

The breakdown of the balance of this heading in the accompanying income statements by geographic area as of December 31, 2008 and 2007 was as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Domestic | 14,278 | 12,436 |
| Foreign | 1,576 | 1,349 |
| European Union | 924 | 700 |
| OECD | 188 | 260 |
| Rest of countries | 464 | 389 |
| **Total** | **15,854** | **13,785** |

33.2. INTEREST EXPENSE AND SIMILAR CHARGES

The breakdown of the balance of this heading in the accompanying income statements as of December 31, 2008 and 2007 was as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Bank of Spain and other central banks | 274 | 260 |
| Deposits from credit institutions | 2,141 | 2,172 |
| Deposits from other creditors | 6,414 | 6,270 |
| Debt certificates (Note 19) | 2,127 | 1,821 |
| Subordinated liabilities (Note 19) | 645 | 606 |
| Rectification of expenses as a result of hedging transactions | 415 | (359) |
| Cost attributable to pension funds (Note 21) | 127 | 120 |
| Other charges | 35 | 43 |
| **Total** | **12,178** | **10,933** |

## 34. INCOME FROM EQUITY INSTRUMENTS

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

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Associates | 1 | 5 |
| Jointly controled entities | 4 | - |
| Subsidiaries | 1,905 | 1,476 |
| Other securities and equity instruments | 408 | 329 |
| **Total** | **2,318** | **1,810** |

## 35. FEE AND COMMISSION INCOME

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

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Commitment fees | 55 | 47 |
| Contingent liabilities | 176 | 177 |
| Documentary credits | 21 | 20 |
| Bank and other guarantees | 155 | 157 |
| Arising from exchange of foreign currencies and banknotes | 1 | 3 |
| Collection and payment services | 808 | 792 |
| Securities services | 181 | 199 |
| Counselling on and management of one-off transactions | 36 | 53 |
| Financial and similar counselling services | 40 | 50 |
| Non-banking financial products sales | 522 | 638 |
| Other fees and commissions | 215 | 215 |
| **Total** | **2,034** | **2,174** |

## 36. FEE AND COMMISSION EXPENSES

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

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Brokerage fees on lending and deposit transactions | 3 | 2 |
| Fees and commissions assigned to third parties | 209 | 203 |
| Other fees and commissions | 147 | 176 |
| **Total** | **359** | **381** |

## 37. GAINS/LOSSES ON FINANCIAL ASSETS AND LIABILITIES (NET)

The detail of the balance of this heading in the accompanying income statements as of December 31, 2008 and 2007 was as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Financial assets held for trading | (2) | 465 |
| Financial instruments not at fair value through profit or loss | 634 | 407 |
| Available-for-sale financial assets | 630 | 389 |
| Loans and receivables | - | (1) |
| Other | 4 | 19 |
| **Total** | **632** | **872** |

The breakdown of the balance of this heading in the accompanying income statements by the nature of financial instruments as of December 31, 2008 and 2007 was as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Debt instruments | (181) | (200) |
| Equity instruments | (2,228) | 650 |
| Loans and advances to other debtors | - | (1) |
| Derivatives | 3,003 | 394 |
| Other | 38 | 29 |
| **Total** | **632** | **872** |

As of December 31, 2008 and 2007, at total of €244 million and a negative balance of €103 million, respectively, were charged to “Valuation adjustments” and taken to “Gains and losses on financial assets and liabilities (net)” in the 2008 and 2007 income statements, in connection with available-for-sale financial assets (Note 10).

As of December 31, 2008, the amounts recognised in profit or loss by the ineffective portion of cash flow hedges are not significant.

## 38. OTHER OPERATING INCOME AND EXPENSES

The detail of the heading “Other operating income” of the accompanying income statements as of December 31, 2008 and 2007 was as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Real estate agencies | 2 | 2 |
| Financial income from non-financial services | 8 | - |
| Rest of operating income | 73 | 93 |
| **Total** | **83** | **95** |

The detail of the heading “Other operating expenses” of the accompanying income statements as of December 31, 2008 and 2007 was as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Rest of operating expenses | 100 | 101 |
| *Of which:* | | |
| Fondo de garantía de depositos | 45 | 43 |
| Real estate agencies | 5 | 3 |
| **Total** | **100** | **101** |

## 39. ADMINISTRATION COST

### 39.1 PERSONNEL EXPENSES

The detail of the balance of this heading in the accompanying income statements is as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| Wages and salaries | 1,709 | 1,708 |
| Social security costs | 328 | 324 |
| Transfers to internal pension provisions (Note 21) | 3 | 3 |
| Contributions to external pension funds (Note 21) | 64 | 63 |
| Other personnel expenses | 154 | 140 |
| **Total** | **2,258** | **2,238** |

In 2008 and 2007, the Bank implemented corporate programs for the acquisition of shares with discount of Banco Bilbao Vizcaya Argentaria S.A. The cost of these programs is recognised under the heading "Other personnel expenses".

The detail, by professional category and gender, of the average number of employees in 2008, was as follows:

| | Average number of employees | |
|---|---|---|
| | Men | Women |
| Executives | 870 | 162 |
| Other line personnel | 12,411 | 8,554 |
| Clerical staff | 3,148 | 2,607 |
| General services | 36 | 9 |
| Abroad branches | 409 | 311 |
| **Total** | **16,874** | **11,643** |

**Equity-instrument-based employee remuneration**

At the Annual General Meeting held on 18 March 2006, the Bank’s shareholders approved a long-term share-based remuneration plan for the members of the Group’s management team (“the Plan”). The Plan has a term of three years from 1 January 2006 and will be settled in the first half of 2009.

Under this Plan the Bank promises to deliver ordinary shares of BBVA, S.A. to the members of the Group’s management team (including executive directors and management committee members). A number of “theoretical shares” will be allocated to the beneficiaries based on the annual variable remuneration earned by each member in the last three years and on their level of responsibility. This number will serve as the basis for the calculation of the BBVA shares that will be delivered, as the case may be, when the Plan expires. The specific number of BBVA shares to be delivered to each beneficiary on expiry of the Plan will be calculated by multiplying the number of “theoretical shares” allocated by a coefficient ranging from 0 to 2. The value of the coefficient established by comparing the performance of the Total Shareholder Return (TSR) - share appreciation plus dividends - of the Bank over the term of the Plan with the performance of the same indicator for 13 leading European banks. The amount of the obligation that will be registered in the financial statements will be determined by multiplying the number of the shares by the estimated average price at the moment of the liquidation of the Plan. (€15.02 at the moment of approved the Plan).

Both TSR and estimated average price per share were considered market variations at the moment of calculated the cost of the Plan when the Plan was initiated (Note 2.2.16). The value of the TSR (0.896) was calculated by Montecarlo simulations. The estimated average price (15.02) was calculated by the future price.

As of December 31, 2008, the estimated number of theoretical shares for the Group as a whole, including executive directors and BBVA's Management Committee members (see Note 48), was 9,715,468 representing 0.259% of the Bank's share capital.

As of December 31, 2008, the total accrued amount during the Plan's life is €95 million (€131 million for the Group). The expense in this period amounted to €32 million (€40 million for the Group) and it was recognised under the heading "Personnel Expenses – Other" in the Bank's income statement with a charge to "Equity-Other equity instrument-Rest" in the balance sheet as of December 31, 2008, net of tax.

At the date of preparing the accompanying consolidated financial statements, the value of the TSR applicable to settlement of the Plan has been set as the Bank ranked third among the 13 benchmark banks, which would mean applying a multiplier of 1.42 applied to the theoretical number of shares allocated to each beneficiary identifies a total of 13,795,964 shares across the Bank. Nonetheless, at that same date, the definitive price of the shares to be delivered as consideration had not been set so that its definitive cost, which could translate into a higher or lower charge against consolidated reserves, cannot be determined until the Plan's settlement date.

### 39.2 Other Administrative Expenses

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

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Technology and systems | 337 | 317 |
| Communications | 58 | 57 |
| Advertising | 100 | 102 |
| Property, fixtures and materials | 228 | 194 |
| *Of which:* | | |
| Rents expenses (*) | 125 | 97 |
| Taxes other than income tax | 28 | 27 |
| Other expenses | 315 | 485 |
| *Of which:* | | |
| Microcredit Foundation | - | 200 |
| **Total** | **1,066** | **1,182** |

(*) The Bank does not expect to terminate the lease contracts early.

## 40. PROVISION EXPENSE (NET)

The allowances charged to the income statement in connection with "Pension Commitments and similar obligations", "Risks and contingent commitments", "Tax provisions" and "Other provisions" in 2008 and 2007 are set forth in the table below:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Allocations to Pension Commitments and similar obligations | 1,015 | 223 |
| Allocations to risks and contingent commitments | (136) | 65 |
| Allocations to tax and other provisions | 448 | 11 |
| **Total** | **1,327** | **299** |

## 41. IMPAIRMENT LOSSES OF FINANCIAL ASSETS (NET)

The detail of impairment losses of financial assets by nature of these assets as of December 31, 2008 and 2007 was as follow:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Available-for-sale financial assets | 97 | (4) |
| Debt securities | 94 | (4) |
| Other equity instruments | 3 | - |
| Loans and receivables | 900 | 602 |
| *Of which:* | | |
| Recovery of write-off assets | 82 | 97 |
| Held-to-maturity investments | (1) | - |
| **Total** | **996** | **598** |

## 42. IMPAIRMENT LOSSES OF OTHER ASSETS (NET)

The detail of impairment losses of non-financial assets by nature of these assets as of December 31, 2008 and 2007 was as follow:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Other intangible assets | - | - |
| Tangible assets | 1 | 5 |
| Other | 7 | 13 |
| **Total** | **8** | **18** |

## 43. GAINS (LOSSES) IN WRITTEN OFF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE

The breakdown of the balances of these headings in the accompanying income statements as of December 31, 2008 and 2007 was as follows:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| **Gains** | **2** | **39** |
| Disposal of tangible assets | 2 | 39 |
| **Losses:** | **2** | **-** |
| Disposal of tangible assets | 2 | - |
| **Total** | **-** | **39** |

## 44. GAINS AND LOSSES IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS

The detail of the heading "Gains and losses in non-current assets held for sale not classified as discontinued operations" of the accompanying income statement as of December 31, 2008 and 2007 was as follow:

| | Millions of euros | |
|---|---|---|
| | **2008** | **2007** |
| Gains for real estate | 35 | 344 |
| *Of which:* | | |
| Foreclosed | 7 | 13 |
| Sales of buildings Madrid -SPAIN- (*) | - | 279 |
| Gains for sale of available-for-sale assets | 727 | 834 |
| *Of which:* | | |
| Bradesco | 727 | - |
| Iberdrola | - | 834 |
| Other gains and losses | (26) | (13) |
| **Total** | **736** | **1,165** |

([1]) Sale of BBVA's buildings located on Castellana 81, Goya 14 and Hortaleza-Vía de los Poblados (all of them in Madrid). The sale of this buildings amounted to €579 million.

As of December 31, 2008 the gains for sale of non-current assets held for sale amounted to €35 million and the impairment loss of non-current assets held for sale was €4 millions.

## 45. STATEMENT OF CASH FLOWS

Cash flows from operating activities amounted to negative €7,399 million in 2008, compared to €14,838 million in 2007. The most significant changes occurred in "Financial liabilities measured at amortized cost" and "Loans and receivables".

Cash flows from investing activities amounted to negative €217 million in 2008, compared to negative €6,799 million in 2007. The most significant changes occurred in "Investments" and "non-current assets held for sale".

Cash flows from financing activities amounted to negative €1,912 million in 2008, compared to €908 million in 2007. The most significant movements were in the "issuance/repayment of subordinated liabilities" and "issuance of own equity instruments".

The table below breaks down the main cash flows from and used in investing activities in 2008 and 2007:

| | 2008 Cash flows of investment activities | |
|---|---|---|
| | **Investments (-)** | **Desinvestments (+)** |
| Tangible assets | 282 | 14 |
| Intangible assets | 112 | - |
| Investments | 696 | 7 |
| Non-current assets and liabilities associated held for sale | 131 | 949 |
| Held-to-maturity investments | - | 284 |
| Other settlements related with investement activities | 270 | 20 |

| | 2007 Cash flows of investment activities | |
|---|---|---|
| | **Investments (-)** | **Desinvestments (+)** |
| Tangible assets | 266 | 10 |
| Intangible assets | 51 | - |
| Investments | 7,890 | 43 |
| Non-current assets and liabilities associated held for sale | 47 | 1,821 |
| Other settlements related with investement activities | 719 | 300 |

## 46. ACCOUNTANTS FEES AND SERVICES

The detail of the fees for the services provided to the Bank by their accountants in 2008 was as follows:

| | Millions of euros |
|---|---|
| Audits of the companies audited by firms belonging to the Deloitte worldwide organisation | 3.7 |
| Fees for audits conducted by other firms | - |
| 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 organisation | 2.8 |

The detail of the other services provided to the Bank is as follows:

| | Millions of euros |
|---|---|
| Firms belonging to the Deloitte worldwide organisation | 0.4 |
| Other firms | 4.4 |

The services provided by our accountants meet the independence requirements established in Law 44/2002, of 22 November, on Measures Reforming the Financial System and in the Sarbanes-Oxley Act of 2002 adopted by the Securities and Exchange Commission (SEC), and accordingly they did not include the performance of any work that is incompatible with the auditing function.

## 47. RELATED PARTIES TRANSACTIONS

BBVA in their condition of financial entities maintain transactions with related parties in the normal course of their business. All these transactions are of no relevance and are performed in market conditions.

47.1. Significant transactions with shareholders

As of December 31, 2008, the balances of transactions held with significant shareholders (see Note 22) correspond to "Deposits from other creditors" amounted to €27 million and “Loans and advances to other debtors” amounted to €4 million, all of them in normal market conditions.

47.2. Transactions with BBVA Group

As of December 31,2008 and 2007 the balances of the main aggregates in the financial statements arising from the transactions carried out by the Bank with associated and jointly controlled companies of the Group, which consist of ordinary business and financial transactions carried out on an arm’s-length basis are as follows:

| | Millions of euros | |
|---|---|---|
| | 2008 | 2007 |
| **Assets:** | | |
| Due from credit institutions | 21,522 | 17,718 |
| Loans and receivables | 718 | 1,050 |
| Available for sale | 312 | 268 |
| **Liabilities:** | | |
| Due to credit institutions | 9,364 | 11,130 |
| Deposits from other debtors | 20,099 | 30,494 |
| **Memorandum accounts:** | | |
| Contingent risks | 35,911 | 43,084 |
| Commitments contingents | 288 | 1,188 |
| **Statement of Income:** | | |
| Income | 1,522 | 1,386 |
| Expenses | 2,335 | 2,480 |

There are no other material effects on the financial statements of the Bank arising from dealings with these companies, other than the effects arising from using the equity method and from the insurance policies to cover pension or similar commitments (Note 21).

In addition, as part of its normal activity, the Bank has entered into agreements and commitments of various types with shareholders of subsidiaries and associates, which have no material effects on the financial statements.

47.3. Transactions with key entity personnel

The information on the remuneration of key personnel (members of the Board of Directors of BBVA, S.A. and of the Management Committee) is included in Note 48.

The amount disposed of the loans granted to members of Board of Directors as of December 31, 2008 totalled €33 thousand.

The amount disposed of the loans granted as of December 31, 2008 to the Management Committee, excluding the executive directors, amounted to €3,891 thousand. As of December 31, 2008, guarantees provided on behalf of members of the Management Committee amounted to €13 thousand.

As of December 31, 2008, the loans granted to parties related to key personnel (the aforementioned members of the Board of Directors of BBVA, S.A. and of the Management Committee) amounted to €8,593 thousand. As of December 31, 2008, the other exposure to parties related to key personnel (guarantees, finance leases and commercial loans) amounted to €18,794 thousand.

47.4. Transactions with other related parties

As of December 31, 2008, the company does not present any transaction with other related parties that does not belong to the normal course of their business, that is not under market conditions and that is relevant for the equity, income or the entity and financial situation of this.

## 48. REMUNERATION OF THE BANK'S DIRECTORS AND SENIOR MANAGEMENT

Remuneration and other provisions for the Board of Directors and members of the Management Committee

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration paid to the non-executive members of the Board of Directors during 2008 is indicated below. The figures are given individually for each non-executive director and itemised in thousand euros:

Thousand of euros

| | Board | Standing Committee | Audit | Risk | Appointments and Compensation | Total |
|---|---|---|---|---|---|---|
| Tomás Alfaro Drake | 129 | - | 71 | - | - | 200 |
| Juan Carlos Álvarez Mezquíriz | 129 | 167 | - | - | 42 | 338 |
| Rafael Bermejo Blanco | 129 | - | 179 | 107 | - | 415 |
| Richard C. Breeden | 350 | - | - | - | - | 350 |
| Ramón Bustamante y de La Mora | 129 | - | 71 | 107 | - | 307 |
| José Antonio Fernández Rivero (*) | 129 | - | - | 214 | - | 343 |
| Ignacio Ferrero Jordi | 129 | 167 | - | - | 42 | 338 |
| Román Knörr Borrás | 129 | 167 | - | - | - | 296 |
| Carlos Loring Martínez de Irujo | 129 | - | 71 | - | 107 | 307 |
| Enrique Medina Fernández | 129 | 167 | - | 107 | - | 403 |
| Susana Rodríguez Vidarte | 129 | - | 71 | - | 42 | 242 |
| **Total** | **1,640** | **668** | **463** | **535** | **233** | **3,539** |

(*)Mr. José Antonio Fernández Rivero, apart from the amounts detailed above, also received a total of €652 thousand during the six months ended 2008 in early retirement payments as a former member of the BBVA management.

REMUNERATION OF EXECUTIVE DIRECTORS

The remuneration paid to the non-executive members of the Board of Directors during 2008 is indicated below. The figures are given individually for each non-executive director and itemised in thousand euros:

Thousand of euros

| | Fixed | Variable remunerations (*) | Total (**) |
|---|---|---|---|
| Chairman & CEO | 1,928 | 3,802 | 5,729 |
| President & CEO | 1,425 | 3,183 | 4,609 |
| Company Secretary | 665 | 886 | 1,552 |
| **Total** | **4,019** | **7,871** | **11,890** |

(*) Figures relating to variable remuneration for 2007 paid in 2008.
(**) In addition, the executive directors received remuneration in kind during 2008 totaling €38 thousand, of which €9 thousand relates to Chairman & CEO, €16 thousand relates to President & COO and €13 thousand to Company Secretary.

Meanwhile, the executive directors accrued variable remuneration in 2008 to be paid in 2009 in the amount of €3,416 thousand in the case of the Chairman and CEO, €2,861 thousand in the case of the President and CEO and €815

thousand in the case of the Board Secretary. These amounts are recognized under "Accruals" on the liability side of the consolidated balance sheet at December 31, 2008.

- REMUNERATION OF THE MEMBERS OF THE MANAGEMENT COMMITTEE

The remuneration paid during 2008 to the members of BBVA's Management Committee, excluding executive directors, comprised €6,768 thousand in fixed remuneration and €13,320 thousand in variable remuneration accrued in 2007 and paid in 2008.

In addition, the members of the Management Committee, excluding executive directors, received remuneration in kind totalling €369 thousand in 2008.

– PENSION COMMITMENTS

The provisions recorded at December 31, 2008 to cover the commitments assumed in relation to executive director pensions, including the allowances recorded in 2008, amounted to €19,968 thousand, broken down as follows:

| | Thousand of euros |
|---|---|
| Chairman & CEO | 72,547 |
| President & COO | 52,495 |
| Company Secretary | 8,710 |
| **Total** | **133,752** |

Insurance premiums amounting to €78 thousand were paid on behalf of the non-executive directors on the Board of Directors.

The provisions charged as of December 31, 2008 for post-employment commitments for the Management committee members, excluding executive directors, amounted to €51,326 thousand. Of these, €16,678 thousand were charged against 2008 earnings.

LONG-TERM PLAN FOR REMUNERATION WITH SHARES (2006-2008) FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

The AGM, 18th March 2006, approved a long-term plan for remuneration of executives with shares for the period 2006-2008. The plan was for members of the management team, including the executive directors and members of the Management committee.

The plan allocated each beneficiary a certain number of theoretical shares as a function of their variable pay and their level of responsibility. At the end of the plan, the theoretical shares are used as a basis to allocate BBVA shares to the beneficiaries, should the initial requirements be met.

The number of shares to be delivered to each beneficiary is determined by multiplying the number of theoretical shares allocated to them by a coefficient of between 0 and 2. This coefficient reflects the relative performance of BBVA's total shareholder value (TSR) during the period 2006-2008 compared against the TSR of its European peer group.

Although this group of banks was determined in a resolution approved by shareholders in general meeting on March 18, 2006, the Board, at the proposal of the Appointments and Remuneration Committee, exercising the powers delegated to its at the shareholders' meeting, agreed to modify the composition of the peer group in the wake of M&A activity at certain of the banks, adjusting the Plan coefficients so as not to distort its ultimate execution.

The number of theoretical shares allocated to executive directors, in accordance with the plan ratified at the shareholders' meeting, was 320,000 for the Chairman & CEO, 270,000 for the President & CEO and 100,000 for the Board Secretary.

The total number of theoretical shares allocated to Management Committee members, excluding executive directors, at December 31, 2008, was 1,124,166.

Upon conclusion of the Plan on December 31, 2008, the TSR was determined for BBVA and its peers in accordance with the terms established at the outset. BBVA ranked third among its peers, so that the coefficient to be applied to the number of theoretical shares assigned to each beneficiary to determine the number of BBVA shares to be distributed to them is a factor of 1.42.

As a result, the number of shares to be delivered under the Plan, the settlement of which will be submitted to the Bank's shareholders in general meeting, to each of the executive directors and members of the Management Committee as of year-end as a group, is as follows:

| | Nº assigned theoretical shares | Multiplier ratio | Number of shares |
|---|---|---|---|
| Chairman & CEO | 320,000 | 1.42 | 454,400 |
| President & COO | 270,000 | 1.42 | 383,400 |
| Company Secretary | 100,000 | 1.42 | 142,000 |
| Other members of Board of Directors | 1,124,166 | 1.42 | 1,596,316 |

SCHEME FOR REMUNERATION OF NON-EXECUTIVE DIRECTORS WITH DEFERRED DELIVERY OF SHARES

The Annual General Meeting, 18th March 2006, under agenda item eight, resolved to establish a remuneration scheme using deferred delivery of shares to the Bank's non-executive directors, to substitute the earlier scheme that had covered these directors.

The new plan assigns theoretical shares each year to non-executive director beneficiaries equivalent to 20% of the total remuneration paid to each in the previous year, using the average of BBVA stock closing prices from the trading sessions prior to the annual general meeting approving the financial statements for the years covered by the scheme as of 2007. These shares, where applicable, are to be delivered when the beneficiaries cease to be directors on any grounds other than serious dereliction of duties.

The number of theoretical shares allocated to non-executive director beneficiaries under the deferred share delivery scheme approved at the shareholders' meeting in 2008 corresponding to 20% of the total remuneration paid to each in 2007, is set forth below:

| DIRECTORS | Theoretical shares | Accumulated theoretical shares |
|---|---|---|
| Tomás Alfaro Drake | 2,655 | 4,062 |
| Juan Carlos Álvarez Mezquíriz | 4,477 | 23,968 |
| Rafael Bermejo Blanco | 4,306 | 4,306 |
| Ramón Bustamante y de la Mora | 4,064 | 23,987 |
| José Antonio Fernández Rivero | 4,533 | 14,452 |
| Ignacio Ferrero Jordi | 4,477 | 24,540 |
| Román Knörr Borrás | 3,912 | 19,503 |
| Carlos Loring Martínez de Irujo | 4,067 | 11,751 |
| Enrique Medina Fernández | 5,322 | 33,357 |
| Susana Rodríguez Vidarte | 3,085 | 13,596 |
| **Total** | **40,898** | **173,522** |

SEVERANCE PAYMENTS

The Chairman of the board will be entitled to retire as an executive director at any time after his 65th birthday and the President & COO and the Company Secretary after their 62nd birthday. They will all be entitled to the maximum percentage established under their contracts for retirement pension, and vesting their right to the pension once they reach said ages will render the indemnity agreed under their contracts null and void.

The contracts of the Bank's executive directors (Chairman & CEO, President & COO, and Company Secretary) recognise their entitlement to be compensated should they leave their post for grounds other than their own decision, retirement, disablement or serious dereliction of duty. Had this occurred during the year 2009, they would have received the following amounts: €80,833 thousand for the Chairman & CEO; €60,991 thousand for the President & COO, and €13,958 thousand for the Company Secretary.

In order to receive such compensation, directors must place their directorships at the disposal of the board, resign from any posts that they may hold as representatives of the Bank in other companies, and waive prior employment agreements with the Bank, including any senior management positions and any right to obtain compensation other than that already indicated.

On standing down, they will be rendered unable to provide services to other financial institutions in competition with the Bank or its subsidiaries for two years, as established in the board regulations.

## 49. DETAIL OF THE DIRECTORS' HOLDINGS IN COMPANIES WITH SIMILAR BUSINESS ACTIVITIES

Pursuant to Article 127 of the Spanish Corporations Law, introduced by Law 26/2003 of 17 July amending Securities Market Law 24/1988 of 28 July, and the revised Corporations Law, in order to reinforce the transparency of listed companies, set forth below are the companies engaging in an activity that is identical, similar or complementary to that which constitutes the corporate purpose of BBVA, in which the members of the Board of Directors have a direct or indirect ownership interest. None of the directors discharge executive or administrative functions at these companies.

| | Investments | | |
|---|---|---|---|
| Surname (s) and First Name | Company | Number of Shares | Type of Ownership Interest |
| Alfaro Drake, Tomás | - | - | - |
| Alvarez Mezquiriz, Juan Carlos | - | - | - |
| Bermejo Blanco, Rafael | Banco Santander | 7,400 | Direct |
| | Banco Popular Español | 14,180 | Direct |
| Breeden, Richard C. | - | - | - |
| Bustamante y de la Mora, Ramón | - | - | - |
| Fernández Rivero, José Antonio | - | - | - |
| Ferrero Jordi, Ignacio | Banco Santander | 12,425 | Indirect |
| | Banco Popular Español | 2,490 | Indirect |
| Goirigolzarri Tellaeche, José Ignacio | - | - | - |
| González Rodríguez, Francisco | RBC Dexia Investor Services España, S.A. | 76,040 | Indirect |
| Knörr Borrás, Román | | | |
| Loring Martínez de Irujo, Carlos | | | |
| Maldonado Ramos, José | | | |
| Medina Fernández, Enrique | | | |
| Rodríguez Vidarte, Susana | | | |

## 50. OTHER INFORMATION

On March 15, 2002, the Bank of Spain initiated a proceeding against BBVA and 16 of its former directors and executives, as a result of the existence of funds (approximately €225 million) belonging to BBV that were not included in the entity's financial statements until they were voluntarily regularized by being recorded in the 2000 income statement as extraordinary income, for which the related corporation tax was recorded and paid. BBVA notified the Bank of Spain of these matters on January 19, 2001.

On May 22, 2002, the Council of the Spanish Securities and Exchange Commission (CNMV) commenced a proceeding against BBVA for possible contravention of the Securities Market Law (under Article 99 ñ) thereof) owing to the same events as those which gave rise to the Bank of Spain's proceeding.

The commencement of proceedings to determine an eventual criminal liability of the individuals involved in those events triggered the suspension of the above mentioned proceedings until a definitive criminal resolution was issued. These criminal proceedings finished by definitive court resolutions on 2007 without criminal liability for any person involved in them. The end of these criminal proceedings has allowed the re-opening of the proceedings: on 13 June, 2007 the Bank of Spain, and on 26 July 2007 the Spanish National Securities Market Commission (CNMV), notified the end of the proceeding development suspension.

On July 18, 2008, the board of the Bank of Spain sanctioned BBVA with a fine of one million euros for a serious breach as typified in article 5.p) of the "Ley de Disciplina e Intervención de las Entidades de Crédito" (Law regulating the conduct of financial entities) and also imposed various sanctions on the managers and executives responsible for such conduct none of whom are presently members of the Board of Directors, or hold executive office at BBVA.

On July 18, 2008, the Ministry of Economy and Finance sanctioned the entity with a fine of two million euros, as a result of the proceeding initiated by the Spanish Securities and Exchange Commission, for a very serious breach as typified in Article 99, n) of the "Ley del Mercado de Valores" (law regulating securities markets).

Both sanctions have been appealed within the Ministry of Economy and Finance, but no decisions have been issued as of the date of this report.

## 51. SUBSEQUENT EVENTS

Subsequent to the year-end close, the Directors of Banco de Crédito Local de España, S.A. and BBVA Factoring E.F.C., S.A. (both sole shareholder companies), in their respective Board meetings held on January 26, 2009, and Banco Bilbao Vizcaya Argentaria, S.A., in its Board meeting of January 27, 2009, approved the proposal to merge the first two sole shareholder companies into Banco Bilbao Vizcaya Argentaria, S.A. and the subsequent transfer *en bloc* of their assets to BBVA, which will acquire by universal succession the transferors' rights and obligations.

The merger agreement will be submitted to shareholders for approval in general meeting during the first quarter of the year. Given that the merged companies are wholly and directly owned by Banco Bilbao Vizcaya Argentaria, S.A., in accordance with article 250.1 of the Spanish Public Limited Companies Act, it will not be necessary to increase the capital of Banco Bilbao Vizcaya Argentaria, S.A. or for management reports to be prepared by the companies involved in the merger, or for reports to be prepared by independent experts on the merger proposal.

## 52. EXPLANATION ADDED FOR TRANSLATION IN ENGLISH.

These financial statements are presented on the basis of accounting principles generally accepted in Spain, Certain accounting practices applied by the Bank that conform with accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

## APPENDIX I: Consolidated Financial Statements Banco Bilbao Vizcaya Argentaria Group

### BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

### CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2008, 2007 AND 2006 (Notes 1 to 5)

| | Millions of euros | | |
|---|---|---|---|
| **ASSETS** | **2008** | **2007 (*)** | **2006 (*)** |
| **CASH AND BALANCES WITH CENTRAL BANKS** | **14,659** | **22,581** | **12,515** |
| **FINANCIAL ASSETS HELD FOR TRADING** | **73,299** | **62,336** | **51,791** |
| Loans and advances to credit institutions | - | - | - |
| Loans and advances to other debtors | - | - | - |
| Debt securities | 26,556 | 38,392 | 30,426 |
| Other equity instruments | 5,797 | 9,180 | 9,949 |
| Trading derivatives | 40,946 | 14,764 | 11,416 |
| **OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS** | **1,754** | **1,167** | **977** |
| Loans and advances to credit institutions | - | - | - |
| Loans and advances to other debtors | - | - | - |
| Debt securities | 516 | 421 | 56 |
| Other equity instruments | 1,238 | 746 | 921 |
| **AVAILABLE-FOR-SALE FINANCIAL ASSETS** | **47,780** | **48,432** | **42,256** |
| Debt securities | 39,831 | 37,336 | 32,219 |
| Other equity instruments | 7,949 | 11,096 | 10,037 |
| **LOANS AND RECEIVABLES** | **369,494** | **337,765** | **279,658** |
| Loans and advances to credit institutions | 33,856 | 24,527 | 21,264 |
| Loans and advances to other debtors | 335,260 | 313,178 | 258,317 |
| Debt securities | 378 | 60 | 77 |
| **HELD-TO-MATURITY INVESTMENTS** | **5,282** | **5,584** | **5,906** |
| **CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN THE PORTFOLIO HEDGES OF INTEREST RATE RISK** | **-** | **-** | **-** |
| **HEDGING DERIVATIVES** | **3,833** | **1,050** | **1,963** |
| **NON-CURRENT ASSETS HELD FOR SALE** | **444** | **240** | **186** |
| **INVESTMENTS** | **1,467** | **1,542** | **889** |
| Associates | 894 | 846 | 206 |
| Jointly controlled entities | 573 | 696 | 683 |
| **INSURANCE CONTRACTS LINKED TO PENSIONS** | **-** | **-** | **-** |
| **REINSURANCE ASSETS** | **29** | **43** | **32** |
| **TANGIBLE ASSETS** | **6,908** | **5,238** | **4,527** |
| Property, plants and equipment | 5,174 | 5,156 | 4,466 |
| Own use | 4,442 | 4,437 | 3,816 |
| Other assets leased out under an operating lease | 732 | 719 | 650 |
| Investment properties | 1,734 | 82 | 61 |
| **INTANGIBLE ASSETS** | **8,439** | **8,244** | **3,269** |
| Goodwill | 7,659 | 7,436 | 2,973 |
| Other intangible assets | 780 | 808 | 296 |
| **TAX ASSETS** | **6,484** | **5,207** | **5,340** |
| Current | 1,266 | 682 | 449 |
| Deferred | 5,218 | 4,525 | 4,891 |
| **OTHER ASSETS** | **2,778** | **2,297** | **2,354** |
| Inventories | 1,066 | 457 | 470 |
| Other | 1,712 | 1,840 | 1,884 |
| **TOTAL ASSETS** | **542,650** | **501,726** | **411,663** |

(*) Presented for comparison purposes only.

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP**
**CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2008, 2007 AND 2006 (Notes 1 to 5)**

| | Millions of euros | | |
|---|---|---|---|
| **LIABILITIES AND EQUITY** | **2008** | **2007 (*)** | **2006 (*)** |
| **FINANCIAL LIABILITIES HELD FOR TRADING** | **43,009** | **19,273** | **14,923** |
| Deposits from central banks | - | - | - |
| Deposits from credit institutions | - | - | - |
| Deposits from other creditors | - | - | - |
| Debt certificates | - | - | - |
| Trading derivatives | 40,309 | 17,540 | 13,218 |
| Short positions | 2,700 | 1,733 | 1,705 |
| Other financial liabilities | - | - | - |
| **OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** | **1,033** | **449** | **582** |
| Deposits from central banks | - | - | - |
| Deposits from credit institutions | - | - | - |
| Deposits from other creditors | - | - | - |
| Debt certificates | - | - | - |
| Subordinated liabilities | - | - | - |
| Other financial liabilities | 1,033 | 449 | 582 |
| **FINANCIAL LIABILITIES AT AMORTISED COST** | **450,605** | **431,856** | **351,405** |
| Deposits from central banks | 16,844 | 27,326 | 15,238 |
| Deposits from credit institutions | 49,961 | 60,772 | 42,567 |
| Deposits from other creditors | 255,236 | 219,610 | 186,749 |
| Debt certificates | 104,157 | 102,247 | 86,482 |
| Subordinated liabilities | 16,987 | 15,662 | 13,597 |
| Other financial liabilities | 7,420 | 6,239 | 6,772 |
| **CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN THE PORTFOLIO HEDGES OF INTEREST RATE RISK** | **-** | **-** | **-** |
| **HEDGING DERIVATIVES** | **1,226** | **1,807** | **2,280** |
| **LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE** | **-** | **-** | **-** |
| **LIABILITIES UNDER INSURANCE CONTRACTS** | **6,571** | **6,867** | **6,908** |
| **PROVISIONS** | **8,678** | **8,342** | **8,649** |
| Provisions for pensions and similar obligations | 6,359 | 5,967 | 6,358 |
| Provisions for taxes | 263 | 225 | 232 |
| Provisions for contingent exposures and commitments | 421 | 546 | 502 |
| Other provisions | 1,635 | 1,604 | 1,557 |
| **TAX LIABILITIES** | **2,266** | **2,817** | **2,369** |
| Current | 984 | 582 | 622 |
| Deferred | 1,282 | 2,235 | 1,747 |
| **OTHER LIABILITIES** | **2,557** | **2,372** | **2,229** |
| **TOTAL LIABILITIES** | **515,945** | **473,783** | **389,345** |

(*) Presented for comparison purposes only.

| LIABILITIES AND EQUITY (*Continuation*) | Millions of euros 2008 | 2007 (*) | 2006 (*) |
|---|---|---|---|
| **STOCKHOLDER´S EQUITY** | **26,586** | **24,811** | **18,209** |
| **Capital** | **1,837** | **1,837** | **1,740** |
| Issued | 1,837 | 1,837 | 1,740 |
| Unpaid and uncalled (-) | - | - | - |
| **Share premium** | **12,770** | **12,770** | **9,579** |
| **Reserves** | **9,410** | **6,060** | **3,629** |
| Accumulated reserves (losses) | 8,801 | 5,609 | 3,268 |
| Reserves (losses) of entities accounted for using the equity method | 609 | 451 | 361 |
| **Other equity instruments** | **89** | **68** | **35** |
| Equity component of compound financial instruments | - | - | - |
| Other | 89 | 68 | 35 |
| **Less: Treasury shares** | **(720)** | **(389)** | **(147)** |
| **Income attributed to the Group** | **5,020** | **6,126** | **4,736** |
| **Less: Dividends and remuneration** | **(1,820)** | **(1,661)** | **(1,363)** |
| **VALUATION ADJUSTMENTS** | **(930)** | **2,252** | **3,341** |
| Available-for-sale financial assets | 931 | 3,546 | 3,323 |
| Cash flow heges | 207 | (50) | 17 |
| Hedges of net investment in a foreign operations | 247 | 297 | (5) |
| Exchange differences | (2,231) | (1,588) | (27) |
| Non-current assets helf for sale | - | - | - |
| Entities accounted for using the equity method | (84) | 47 | 33 |
| Other valuation adjustments | - | - | - |
| **MINORITY INTERESTS** | **1,049** | **880** | **768** |
| Valuation adjustments | (175) | (118) | 8 |
| Other | 1,224 | 998 | 760 |
| **TOTAL EQUITY** | **26,705** | **27,943** | **22,318** |
| **TOTAL LIABILITIES AND EQUITY** | **542,650** | **501,726** | **411,663** |

| | Millions of euros 2008 | 2007 (*) | 2006 (*) |
|---|---|---|---|
| **CONTINGENT EXPOSURES** | **35,952** | **36,859** | **29,986** |
| **CONTINGENT COMMITMENTS** | **98,897** | **106,940** | **103,221** |

(*) Presented for comparison purposes only.

## BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

## CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006 (Notes 1 to 5)

| | Millions of euros | | |
|---|---|---|---|
| | 2008 | 2007 (*) | 2006 (*) |
| INTEREST AND SIMILAR INCOME | 30,404 | 26,176 | 20,042 |
| INTEREST EXPENSE AND SIMILAR CHARGES | (18,718) | (16,548) | (11,904) |
| **NET INTEREST INCOME** | **11,686** | **9,628** | **8,138** |
| INCOME FROM EQUITY INSTRUMENTS | 447 | 348 | 380 |
| SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD | 293 | 241 | 308 |
| FEE AND COMMISSION INCOME | 5,539 | 5,603 | 5,133 |
| FEE AND COMMISSION EXPENSES | (1,012) | (1,043) | (943) |
| GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES (NET) | 1,328 | 1,545 | 1,261 |
| Held for trading | 265 | 709 | 829 |
| Other financial instruments at fair value through profit or loss | (17) | 43 | 62 |
| Other financial instruments not at fair value through profit or loss | 1,080 | 793 | 370 |
| Other | - | - | - |
| EXCHANGE DIFFERENCES (NET) | 231 | 411 | 376 |
| OTHER OPERATING INCOME | 3,559 | 3,589 | 3,413 |
| Income on insurance and reinsurance contracts | 2,512 | 2,605 | 2,736 |
| Financial income from non-financial services | 485 | 655 | 460 |
| Rest of other operating income | 562 | 329 | 217 |
| OTHER OPERATING EXPENSES | (3,093) | (3,051) | (2,923) |
| Expenses on insurance and reinsurance contracts | (1,896) | (2,052) | (2,209) |
| Changes in inventories | (403) | (467) | (329) |
| Rest of other operating expenses | (794) | (532) | (385) |
| **GROSS INCOME** | **18,978** | **17,271** | **15,143** |
| ADMINISTRATIVE EXPENSES | (7,756) | (7,253) | (6,330) |
| Personnel expenses | (4,716) | (4,335) | (3,989) |
| Other administrative expenses | (3,040) | (2,918) | (2,342) |
| AMORTISATION | (699) | (577) | (472) |
| PROVISION EXPENSES | (1,431) | (235) | (1,338) |
| IMPAIRMENT LOSSES OF FINANCIAL ASSETS (NET) | (2,941) | (1,903) | (1,457) |
| Loans and receivables | (2,797) | (1,902) | (1,477) |
| Other financial instruments not at fair value through profit or loss | (144) | (1) | 20 |
| **NET OPERATING INCOME** | **6,151** | **7,303** | **5,545** |
| IMPAIRMENT LOSSES OF OTHER ASSETS (NET) | (45) | (13) | (12) |
| Goodwill and other intangible assets | (1) | (1) | (13) |
| Other assets | (44) | (12) | 1 |
| GAINS (LOSSES) IN WRITTEN OFF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE | 72 | 13 | 956 |
| NEGATIVE GOODWILL | - | - | - |
| GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS | 748 | 1,191 | 541 |
| **INCOME BEFORE TAX** | **6,926** | **8,494** | **7,030** |
| INCOME TAX | (1,541) | (2,079) | (2,059) |
| **INCOME FROM ORDINARY ACTIVITIES** | **5,385** | **6,415** | **4,971** |
| INCOME FROM DISCONTINUED OPERATIONS (NET) | - | - | - |
| **CONSOLIDATED INCOME FOR THE YEAR** | **5,385** | **6,415** | **4,971** |
| Income attributed to parent company | 5,020 | 6,126 | 4,736 |
| Income attributed to minority interest | 365 | 289 | 235 |

| | Units of euros | | |
|---|---|---|---|
| | 2008 | 2007 (*) | 2006 (*) |
| **EARNINGS PER SHARE FOR CONTINUING OPERATIONS** | | | |
| Basic earnings per share | 1.35 | 1.70 | 1.39 |
| Diluted earnings per share | 1.35 | 1.70 | 1.39 |

(*) Presented for comparison purposes only.

## BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

## CONSOLIDATED CHANGES IN TOTAL EQUITY FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006 (Notes 1 to 5)

Millions of euros

| | Total equity attributed to the parent company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stockholders' equity | | | | | | | | | | | | |
| | | | Reserves | | | | | | | | | | |
| | Share Capital | Share premium | Reserves (acumulated losses) | Reserves (losses from entities accounted for equity method) | Other equity instruments | Less: Treasury shares | Profit for the year attributed to parent company | Less: dividends and remunerations | Total stockholders' equity | Valuation adjustments | Total | Minority interest | Total equity (*) |
| **Balances at January 1, 2008** | **1,837** | **12,770** | **5,609** | **451** | **68** | **389** | **6,126** | **1,661** | **24,811** | **2,252** | **27,063** | **880** | **27,943** |
| Effects of changes in accounting policies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Effect of correction of errors | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Adjusted initial balance** | **1,837** | **12,770** | **5,609** | **451** | **68** | **389** | **6,126** | **1,661** | **24,811** | **2,252** | **27,063** | **880** | **27,943** |
| **Total income/expense recognized** | **-** | **-** | **-** | **-** | **-** | **-** | **5,020** | **-** | **5,020** | **(3,182)** | **1,838** | **310** | **2,148** |
| **Other changes in equity** | **-** | **-** | **3,192** | **158** | **21** | **331** | **(6,126)** | **159** | **(3,244)** | **-** | **(3,244)** | **(142)** | **(3,388)** |
| Increased of capital | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital reduction | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Conversion of financial liabilities into capital | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Increase of other equity instruments | - | - | - | - | 21 | - | - | - | 21 | - | - | - | 21 |
| Reclassification of financial liabilities to other equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reclassification of other equity instruments to financial liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividend distribution | - | - | - | - | - | - | 1,002 | (1,820) | 2,822 | - | 2,822 | 142 | 2,964 |
| Transactions including treasury shares and other equity instruments (net) | - | - | (172) | - | - | 331 | - | - | (503) | - | (503) | - | (503) |
| Transfers between total equity entries | - | - | 3,431 | 33 | - | - | (5,125) | (1,661) | - | - | - | - | - |
| Increase/Reduction in business combinations | - | - | 9 | - | - | - | - | - | 9 | - | 9 | - | 9 |
| Payments with equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rest of increase/reductions in total equity | - | - | (75) | 125 | - | - | - | - | 49 | - | 49 | - | 49 |
| **Balances at December 31, 2008** | **1,837** | **12,770** | **8,801** | **609** | **89** | **720** | **5,020** | **1,820** | **26,586** | **(930)** | **25,656** | **1,049** | **26,705** |

Millions of euros

| | Total equity attributed to the parent company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stockholders' equity | | | | | | | | | | | | |
| | | | Reserves | | | | | | | | | | |
| | Share Capital (Note 27) | Share premium | Reserves (acumulated losses) | Reserves (losses from entities accounted for equity method) | Other equity instruments | Less: Treasury shares (Note 30) | Profit for the year attributed to parent company | Less: dividends and remunerations | Total stockholders' equity | Valuation adjustments | Total | Minority interest (Note 26) | Total equity (*) |
| **Balances at January 1, 2007** | **1,740** | **9,579** | **3,268** | **361** | **35** | **147** | **4,736** | **1,363** | **18,209** | **3,341** | **21,550** | **768** | **22,318** |
| Effects of changes in accounting policies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Effect of correction of errors | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Adjusted initial balance** | **1,740** | **9,579** | **3,268** | **361** | **35** | **147** | **4,736** | **1,363** | **18,209** | **3,341** | **21,550** | **768** | **22,318** |
| **Total income/expense recognized** | **-** | **-** | **-** | **-** | **-** | **-** | **6,126** | **-** | **6,126** | **(1,088)** | **5,038** | **285** | **5,323** |
| **Other changes in equity** | **97** | **3,191** | **2,341** | **90** | **33** | **242** | **(4,736)** | **298** | **476** | **(1)** | **475** | **(173)** | **302** |
| Increased of capital | 97 | 3,191 | (24) | - | - | - | - | - | 3,264 | - | 3,264 | - | 3,264 |
| Capital reduction | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Conversion of financial liabilities into capital | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Increase of other equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reclassification of financial liabilities to other equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reclassification of other equity instruments to financial liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividend distribution | - | - | - | - | - | - | 848 | (1,661) | 2,509 | - | 2,509 | 108 | 2,617 |
| Transactions including treasury shares and other equity instruments (net) | - | - | (26) | - | - | 242 | - | - | (268) | - | (268) | - | (268) |
| Transfers between total equity entries | - | - | 2,435 | 90 | - | 0 | (3,888) | (1,363) | - | - | - | - | - |
| Increase/Reduction in business combinations | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Payments with equity instruments | - | - | - | - | 33 | - | - | - | 33 | - | 33 | - | 33 |
| Rest of increase/reductions in total equity | - | - | (44) | - | - | - | - | - | (44) | (1) | (45) | (65) | (110) |
| **Balances at December 31, 2007** | **1,837** | **12,770** | **5,609** | **451** | **68** | **389** | **6,126** | **1,661** | **24,811** | **2,252** | **27,063** | **880** | **27,943** |

Millions of euros

| | Total equity attributed to the parent company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stockholders' equity | | | | | | | | | | | | |
| | | | Reserves | | | | | | | | | | |
| | Share Capital | Share premium | Reserves (acumulated losses) | Reserves (losses from entities accounted for equity method) | Other equity instruments | Less: Treasury shares | Profit for the year attributed to parent company | Less: dividends and remunerations | Total stockholders' equity | Valuation adjustments | Total | Minority interest | Total equity (*) |
| **Balances at January 1, 2006** | **1,662** | **6,658** | **2,343** | **(171)** | **-** | **96** | **3,806** | **1,166** | **13,036** | **3,295** | **16,331** | **971** | **17,302** |
| Effects of changes in accounting policies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Effect of correction of errors | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Adjusted initial balance** | **1,662** | **6,658** | **2,343** | **(171)** | **-** | **96** | **3,806** | **1,166** | **13,036** | **3,295** | **16,331** | **971** | **17,302** |
| **Total income/expense recognized** | **-** | **-** | **-** | **-** | **-** | **-** | **4,736** | **-** | **4,736** | **46** | **4,782** | **235** | **5,017** |
| **Other changes in equity** | **78** | **2,921** | **925** | **532** | **35** | **51** | **(3,806)** | **197** | **437** | **-** | **437** | **(438)** | **(1)** |
| Increased of capital | 78 | 2,921 | (40) | - | - | - | - | - | 2,959 | - | 2,959 | - | 2,959 |
| Capital reduction | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Conversion of financial liabilities into capital | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Increase of other equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reclassification of financial liabilities to other equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reclassification of other equity instruments to financial liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividend distribution | - | - | - | - | - | - | 629 | (1,363) | 1,992 | - | 1,992 | 104 | 2,096 |
| Transactions including treasury shares and other equity instruments (net) | - | - | 17 | - | - | 51 | - | - | (34) | - | (34) | - | (34) |
| Transfers between total equity entries | - | - | 1,479 | 532 | - | - | (3,177) | (1,166) | - | - | - | - | - |
| Increase/Reduction in business combinations | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Payments with equity instruments | - | - | - | - | 35 | - | - | - | 35 | - | 35 | - | 35 |
| Rest of increase/reductions in total equity | - | - | (531) | - | - | - | - | - | (531) | - | (531) | (334) | (865) |
| **Balances at December 31, 2006** | **1,740** | **9,579** | **3,268** | **361** | **35** | **147** | **4,736** | **1,363** | **18,209** | **3,341** | **21,550** | **768** | **22,318** |

(*) Presented for comparison purposes only.

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP**

**CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY (Continuation)**

| | Millions of euros | | |
|---|---|---|---|
| | 2008 | 2007 (*) | 2006 (*) |
| **NET INCOME RECOGNISED DIRECTLY IN EQUITY** | **5,385** | **6,415** | **4,971** |
| **OTHER RECOGNIZED INCOME (EXPENSES)** | **(3,237)** | **(1,092)** | **46** |
| Available-for-sale financial assets | (3,787) | 320 | 143 |
| Revaluation gains/losses | (2,065) | 1,857 | 1,264 |
| Amounts removed to income statement | (1,722) | (1,537) | (1,121) |
| Reclassifications | - | - | - |
| Cash flow hedges | 361 | (94) | 183 |
| Revaluation gains/losses | 373 | (81) | 183 |
| Amounts removed to income statement | (12) | (13) | - |
| Amounts removed to the initial carrying amount of the hedged items | - | - | - |
| Reclassifications | - | - | - |
| Hedges of net investment in foreign operations | (50) | 507 | 676 |
| Revaluation gains/losses | (50) | 507 | 676 |
| Amounts removed to income statement | - | - | - |
| Reclassifications | - | - | - |
| Exchange differences | (660) | (2,311) | (1,328) |
| Translation gains/losses | (678) | (2,311) | (1,328) |
| Amounts removed to income statement | 17 | - | - |
| Reclassifications | - | - | - |
| Non-current assets held for sale | - | - | - |
| Revaluation gains | - | - | - |
| Amounts removed to income statement | - | - | - |
| Reclassifications | - | - | - |
| Actuarial gains and losses in post-employment plans | - | - | - |
| Entities accounted for using the equity method | (144) | 18 | 29 |
| Valuation gains/losses | (144) | 18 | 29 |
| Amounts removed to income statement | - | - | - |
| Reclassifications | - | - | - |
| Rest of recognized income and expenses | - | - | - |
| Income tax | 1,044 | 468 | 343 |
| **TOTAL RECOGNIZED INCOME/EXPENSES** | **2,148** | **5,323** | **5,017** |
| Attributed to the parent company | 1,838 | 5,038 | 4,782 |
| Attributed to minority interest | 310 | 285 | 235 |

(*) Presented for comparison purposes only.

## BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

| | Millions of euros | | |
|---|---|---|---|
| | 2008 | 2007 (*) | 2006 (*) |
| **CASH FLOW FROM OPERATING ACTIVITIES (1)** | **(1,992)** | **17,290** | **2,221** |
| **Consolidated profit for the year** | **5,385** | **6,415** | **4,971** |
| **Adjustments to obtain the cash flow from operating activities:** | **(1,112)** | **828** | **1,522** |
| Amortisation | 699 | 577 | 472 |
| Other adjustments | (1,811) | 251 | 1,050 |
| **Net increase/decrease in operating assets** | **45,714** | **74,226** | **19,468** |
| Financial assets held for traiding | 10,964 | 10,545 | 7,779 |
| Other financial assets at fair value through profit or loss | 588 | 190 | (444) |
| Available-for-sale financial assets | (800) | 5,827 | (18,357) |
| Loans and receivables | 30,866 | 58,352 | 33,334 |
| Other operating assets | 4,096 | (688) | (2,844) |
| **Net increase/decrease in operating liabilities** | **37,908** | **82,192** | **13,137** |
| Financial liabilities held for traiding | 23,736 | 4,350 | (1,347) |
| Other financial liabilities at fair value through profit or loss | - | (134) | (158) |
| Financial liabilities measured at amortised cost | 20,058 | 78,385 | 17,672 |
| Other operating liabilities | (5,886) | (408) | (3,030) |
| **Collection/Payments for income tax** | **1,541** | **2,080** | **2,059** |
| **CASH FLOWS FROM INVESTING ACTIVITIES (2)** | **(2,865)** | **(7,987)** | **(2,128)** |
| **Investment** | **4,617** | **10,948** | **5,401** |
| Tangible assets | 1,199 | 1,836 | 1,214 |
| Intangible assets | 402 | 134 | 253 |
| Investments | 672 | 690 | 80 |
| Subsidiaries and other business units | 1,559 | 7,082 | 1,629 |
| Non-current assets held for sale and associated liabilities | 515 | 487 | 279 |
| Held-to-maturity investments | - | - | 1,946 |
| Other payments related to investing activities | 270 | 719 | - |
| **Divestments** | **1,752** | **2,961** | **3,273** |
| Tangible assets | 168 | 328 | 501 |
| Intangible assets | 31 | 146 | 120 |
| Investments | 9 | 227 | 825 |
| Subsidiaries and other business units | 13 | 11 | 934 |
| Non-current assets held for sale and associated liabilities | 374 | 744 | 370 |
| Held-to-maturity investments | 283 | 321 | - |
| Other collections related to investing activities | 874 | 1,184 | 523 |
| **CASH FLOWS FROM FINANCING ACTIVITIES (3)** | **(2,271)** | **1,996** | **871** |
| **Investment** | **17,807** | **20,470** | **9,554** |
| Dividends | 2,813 | 2,424 | 1,914 |
| Subordinated liabilities | 735 | 1,723 | 1,760 |
| Amortisation of own equity instruments | - | - | - |
| Acquisition of own equity instruments | 14,095 | 16,182 | 5,677 |
| Other items relating to financing activities | 164 | 141 | 203 |
| **Divestments** | **15,536** | **22,466** | **10,425** |
| Subordinated liabilities | 1,535 | 3,096 | 1,846 |
| Issuance of own equity instruments | - | 3,263 | 2,939 |
| Disposal of own equity instruments | 13,745 | 16,041 | 5,640 |
| Other items relating to financing activities | 256 | 66 | - |
| **EFFECT OF EXCHANGE RATE CHANGES (4)** | **(791)** | **(1,233)** | **(785)** |
| **NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)** | **(7,919)** | **10,065** | **179** |
| **CASH OR CASH EQUIVALENTS AT BEGINNING OF YEAR** | **22,561** | **12,496** | **12,317** |
| **CASH OR CASH EQUIVALENTS AT END OF YEAR** | **14,642** | **22,561** | **12,496** |

| | Millions of euros | | |
|---|---|---|---|
| **COMPONENTS OF CASH AND EQUIVALENT AT END OF YEAR** | 2008 | 2007 (*) | 2006 (*) |
| Cash | 3,915 | 2,938 | 2,756 |
| Balance of cash equivalent in central banks | 10,727 | 19,623 | 9,713 |
| Other financial assets | - | - | - |
| Less:bank overdraft refundable on demand | - | - | - |
| TOTAL CASH OR CASH EQUIVALENTS AT END OF YEAR | **14,642** | **22,561** | **12,496** |

(*) Presented for comparison purposes only.

## APPENDIX II: Additional information on consolidated subsidiaries composing the BBVA Group

| Company | Location | Activity | % of Voting Rights controlled by the Bank | | | Thousand of Euros (*) | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Investee D | |
| | | | Direct | Indirect | Total | Net Carrying Amount | Assets as of 31.12.08 | Liabilities as of 31.12.08 |
| AAIHOLDINGS, INC. | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| ADMINISTRAD. DE FONDOS PARA EL RETIRO-BANCOMER,S.A DE C.V. | MEXICO | PENSIONS | 17.50 | 82.50 | 100.00 | 302,164 | 151,825 | 28,044 |
| ADMINISTRADORA DE FONDOS DE PENSIONES PROVIDA(AFP PROVIDA) | CHILE | PENSIONS | 12.70 | 51.62 | 64.32 | 191,473 | 340,987 | 76,787 |
| AFP GENESIS ADMINISTRADORA DE FONDOS, S.A. | ECUADOR | PENSIONS | 0.00 | 100.00 | 100.00 | 3,249 | 5,747 | 2,532 |
| AFP HORIZONTE, S.A. | PERU | PENSIONS | 24.85 | 75.15 | 100.00 | 33,616 | 56,826 | 19,912 |
| AFP PREVISION BBV-ADM.DE FONDOS DE PENSIONES S.A. | BOLIVIA | PENSIONS | 75.00 | 5.00 | 80.00 | 2,063 | 12,687 | 6,121 |
| ALMACENES GENERALES DE DEPOSITO, S.A.E. DE | SPAIN | PORTFOLIO | 83.90 | 16.10 | 100.00 | 12,649 | 113,131 | 2,997 |
| ALTITUDE INVESTMENTS LIMITED | UNITED KINGDOM | FINANCIAL SERV. | 51.00 | - | 51.00 | 225 | 992 | 753 |
| ALTURA MARKETS, SOCIEDAD DE VALORES, S.A. | SPAIN | SECURITIES | 50.00 | - | 50.00 | 5,000 | 1,491,084 | 1,463,685 |
| ANIDA CARTERA SINGULAR, S.L. | SPAIN | PORTFOLIO | - | 100.00 | 100.00 | - | 260 | - |
| ANIDA DESARROLLOS INMOBILIARIOS, S.L. | SPAIN | REAL STATE | - | 100.00 | 100.00 | 112,477 | 250,890 | 85,910 |
| ANIDA DESARROLLOS SINGULARES, S.L. | SPAIN | REAL ESTATE INSTR. | - | 100.00 | 100.00 | - | 594,494 | 610,811 |
| ANIDA GERMANIA IMMOBILIEN ONE, GMBH | ALEMANIA | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 4,099 | 19,658 | 15,567 |
| ANIDA GRUPO INMOBILIARIO, S.L. | SPAIN | PORTFOLIO | 100.00 | - | 100.00 | 198,357 | 667,126 | 94,755 |
| ANIDA INMOBILIARIA, S.A. DE C.V. | MEXICO | PORTFOLIO | - | 100.00 | 100.00 | 91,316 | 72,965 | 72 |
| ANIDA OPERACIONES SINGULARES, S.L. | SPAIN | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 3 | 1,649,249 | 1,650,489 |
| ANIDA PROYECTOS INMOBILIARIOS, S.A. DE C.V. | MEXICO | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 72,012 | 102,069 | 30,058 |
| ANIDA SERVICIOS INMOBILIARIOS, S.A. DE C.V. | MEXICO | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 793 | 1,008 | 211 |
| APLICA SOLUCIONES ARGENTINAS, S.A. | ARGENTINA | SERVICES | - | 100.00 | 100.00 | 1,538 | 3,639 | 1,925 |
| APLICA SOLUCIONES GLOBALES, S.L. | SPAIN | SERVICES | 94.98 | 5.02 | 100.00 | 60 | 66,128 | 67,329 |
| APLICA TECNOLOGIA AVANZADA, S.A. DE C.V. | MEXICO | SERVICES | 100.00 | - | 100.00 | 4 | 38,817 | 38,101 |
| APOYO MERCANTIL S.A. DE C.V. | MEXICO | SERVICES | - | 100.00 | 100.00 | 777 | 120,708 | 119,931 |
| ARAGON CAPITAL, S.L. | SPAIN | PORTFOLIO | 99.90 | 0.10 | 100.00 | 37,925 | 32,901 | 98 |
| ARIZONA FINANCIAL PRODUCTS, INC | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 661,400 | 666,141 | 4,741 |
| ARIZONA KACHINA HOLDINGS, INC. | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| ATREA HOMES IN SPAIN LTD | UNITED KINGDOM | NO ACTIVITY | - | 100.00 | 100.00 | - | 11 | 351 |
| ATUEL FIDEICOMISOS, S.A. | ARGENTINA | SERVICES | - | 100.00 | 100.00 | 6,269 | 6,288 | 18 |
| AUTOMERCANTIL-COMERCIO E ALUGER DE VEICULOS AUTOM., LDA. | PORTUGAL | FINANCIAL SERV. | - | 100.00 | 100.00 | 7,209 | 60,301 | 50,960 |
| BAHIA SUR RESORT, S.C. | SPAIN | NO ACTIVITY | 99.95 | - | 99.95 | 1,436 | 1,438 | 15 |
| BANCO BILBAO VIZCAYA ARGENTARIA (PANAMA), S.A. | PANAMA | BANKING | 54.11 | 44.81 | 98.92 | 19,464 | 1,193,426 | 1,036,611 |
| BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A. | PORTUGAL | BANKING | 9.52 | 90.48 | 100.00 | 278,916 | 6,903,307 | 6,662,510 |
| BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A. | CHILE | BANKING | 55.97 | 12.21 | 68.18 | 303,531 | 8,587,405 | 8,075,856 |
| BANCO BILBAO VIZCAYA ARGENTARIA PUERTO RICO | PUERTO RICO | BANKING | - | 100.00 | 100.00 | 99,693 | 4,317,976 | 3,952,085 |
| BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A. | URUGUAY | BANKING | 100.00 | - | 100.00 | 17,049 | 489,055 | 450,065 |
| BANCO CONTINENTAL, S.A. | PERU | BANKING | - | 92.08 | 92.08 | 470,732 | 7,698,528 | 7,187,325 |
| BANCO DE CREDITO LOCAL, S.A. | SPAIN | BANKING | 100.00 | - | 100.00 | 509,594 | 11,311,890 | 11,166,097 |
| BANCO DE PROMOCION DE NEGOCIOS, S.A. | SPAIN | BANKING | - | 99.82 | 99.82 | 15,151 | 33,869 | 392 |
| BANCO DEPOSITARIO BBVA, S.A. | SPAIN | BANKING | - | 100.00 | 100.00 | 1,595 | 898,558 | 805,258 |
| BANCO INDUSTRIAL DE BILBAO, S.A. | SPAIN | BANKING | - | 99.93 | 99.93 | 97,220 | 291,669 | 15,740 |
| BANCO OCCIDENTAL, S.A. | SPAIN | BANKING | 49.43 | 50.57 | 100.00 | 15,812 | 17,423 | 365 |
| BANCO PROVINCIAL OVERSEAS N.V. | NETHERLANDS ANTILLES | BANKING | - | 100.00 | 100.00 | 26,801 | 426,998 | 400,530 |
| BANCO PROVINCIAL S.A.- BANCO UNIVERSAL | VENEZUELA | BANKING | 1.85 | 53.75 | 55.60 | 153,859 | 9,495,115 | 8,582,684 |
| BANCOMER FINANCIAL SERVICES INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 1,903 | 663 | (1,240) |
| BANCOMER FOREIGN EXCHANGE INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 4,201 | 5,772 | 1,571 |
| BANCOMER PAYMENT SERVICES INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 38 | 28 | (10) |
| BANCOMER TRANSFER SERVICES, INC | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 17,228 | 68,836 | 51,607 |
| BANKERS INVESTMENT SERVICES, INC | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 637 | 679 | 42 |
| BBV AMERICA, S.L. | SPAIN | PORTFOLIO | 100.00 | - | 100.00 | 479,328 | 889,260 | - |
| BBV SECURITIES HOLDINGS, S.A. | SPAIN | PORTFOLIO | 99.86 | 0.14 | 100.00 | 13,327 | 47,941 | 29,648 |
| BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A. | SPAIN | SECURITIES | 70.00 | - | 70.00 | 1,331 | 12,592 | 6,753 |
| BBVA ADMINISTRADORA GENERAL DE FONDOS S.A. | CHILE | FINANCIAL SERV. | - | 100.00 | 100.00 | 18,388 | 19,309 | 919 |
| BBVA ASESORIAS FINANCIERAS, S.A. | CHILE | FINANCIAL SERV. | - | 98.60 | 98.60 | 13,973 | 14,531 | 359 |
| BBVA ASSET MANAGEMENT, S.A., SGIIC | SPAIN | FINANCIAL SERV. | 17.00 | 83.00 | 100.00 | 11,436 | 209,515 | 122,872 |
| BBVA BANCO DE FINANCIACION S.A. | SPAIN | BANKING | - | 100.00 | 100.00 | 64,200 | 5,765,224 | 5,692,947 |
| BBVA BANCO FRANCES, S.A. | ARGENTINA | BANKING | 45.65 | 30.35 | 76.00 | 40,139 | 4,486,157 | 4,064,180 |
| BBVA BANCOMER ASSET MANAGEMENT INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 1 | 1 | - |
| BBVA BANCOMER FINANCIAL HOLDINGS, INC. | UNITED STATES | PORTFOLIO | - | 100.00 | 100.00 | 40,350 | 37,567 | (2,746) |
| BBVA BANCOMER GESTION, S.A. DE C.V. | MEXICO | FINANCIAL SERV. | - | 99.99 | 99.99 | 22,245 | 37,892 | 15,643 |
| BBVA BANCOMER HOLDINGS CORPORATION | UNITED STATES | PORTFOLIO | - | 100.00 | 100.00 | 9,835 | 9,835 | - |
| BBVA BANCOMER OPERADORA, S.A. DE C.V. | MEXICO | SERVICES | - | 100.00 | 100.00 | 108,236 | 280,141 | 171,905 |
| BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V. | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 954 | 6,155 | 5,201 |
| BBVA BANCOMER SERVICIOS, S.A. | MEXICO | BANKING | - | 100.00 | 100.00 | 453,310 | 475,676 | 22,366 |
| BBVA BANCOMER USA | UNITED STATES | BANKING | - | 100.00 | 100.00 | 7,103 | 93,620 | 86,518 |
| BBVA BANCOMER, S.A. DE C.V. | MEXICO | BANKING | - | 100.00 | 100.00 | 4,181,301 | 59,174,003 | 54,982,771 |
| BBVA BRASIL BANCO DE INVESTIMENTO, S.A. | BRASIL | BANKING | 100.00 | - | 100.00 | 16,166 | 30,830 | 4,872 |
| BBVA BROKER, CORREDURIA DE SEGUROS Y REASEGUROS, S.A. | SPAIN | FINANCIAL SERV. | 99.94 | 0.06 | 100.00 | 297 | 23,116 | 2,768 |
| BBVA CAPITAL FINANCE, S.A. | SPAIN | FINANCIAL SERV. | 100.00 | - | 100.00 | 60 | 3,001,677 | 3,001,455 |
| BBVA CAPITAL FUNDING, LTD. | CAYMAN ISLANDS | FINANCIAL SERV. | 100.00 | - | 100.00 | - | 1,174,864 | 1,173,183 |
| BBVA CARTERA DE INVERSIONES,SICAV,S.A. | SPAIN | VARIABLE CAPITAL | 100.00 | - | 100.00 | 118,445 | 111,651 | 108 |
| BBVA COLOMBIA, S.A. | COLOMBIA | BANKING | 76.20 | 19.23 | 95.43 | 263,965 | 6,505,196 | 5,937,078 |
| BBVA COMERCIALIZADORA LTDA. | CHILE | FINANCIAL SERV. | - | 100.00 | 100.00 | (282) | 195 | 476 |
| BBVA CONSOLIDAR SEGUROS, S.A. | ARGENTINA | INSURANCES | 87.78 | 12.22 | 100.00 | 6,514 | 39,656 | 23,060 |

| Company | Location | Activity | % of Voting Rights controlled by the Bank | | | Thousand of Euros (*) | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Investee D | |
| | | | Direct | Indirect | Total | Net Carrying Amount | Assets as of 31.12.08 | Liabilities as of 31.12.08 |
| BBVA CONSULTORIA, S.A. | SPAIN | SERVICES | - | 100.00 | 100.00 | 2,227 | 2,186 | 38 |
| BBVA CORREDORA TECNICA DE SEGUROS BHIF LTDA. | CHILE | FINANCIAL SERV. | - | 100.00 | 100.00 | 21,994 | 23,626 | 1,630 |
| BBVA CORREDORES DE BOLSA, S.A. | CHILE | SECURITIES | - | 100.00 | 100.00 | 22,740 | 160,243 | 137,505 |
| BBVA DINERO EXPRESS, S.A.U | SPAIN | FINANCIAL SERV. | 100.00 | - | 100.00 | 2,186 | 9,658 | 5,505 |
| BBVA E-COMMERCE, S.A. | SPAIN | SERVICES | 100.00 | - | 100.00 | 30,879 | 35,235 | - |
| BBVA FACTORING E.F.C., S.A. | SPAIN | FINANCIAL SERV. | - | 100.00 | 100.00 | 126,447 | 6,786,041 | 6,523,179 |
| BBVA FACTORING LIMITADA | CHILE | FINANCIAL SERV. | - | 100.00 | 100.00 | 2,807 | 17,326 | 14,520 |
| BBVA FIDUCIARIA, S.A. | COLOMBIA | FINANCIAL SERV. | - | 99.99 | 99.99 | 9,956 | 11,305 | 1,346 |
| BBVA FINANCE (UK), LTD. | UNITED KINGDOM | FINANCIAL SERV. | - | 100.00 | 100.00 | 3,324 | 23,168 | 13,145 |
| BBVA FINANCE SPA. | ITALY | FINANCIAL SERV. | 100.00 | - | 100.00 | 4,648 | 5,460 | 447 |
| BBVA FINANCIAMIENTO AUTOMOTRIZ, S.A. | CHILE | PORTFOLIO | - | 100.00 | 100.00 | 85,607 | 85,696 | 89 |
| BBVA FINANZIA, S.P.A | ITALY | FINANCIAL SERV. | 50.00 | 50.00 | 100.00 | 36,465 | 447,794 | 434,679 |
| BBVA FUNDOS, S.G. DE FUNDOS DE PENSOES, S.A. | PORTUGAL | FINANCIAL SERV. | - | 100.00 | 100.00 | 998 | 5,525 | 570 |
| BBVA GEST, S.G. DE FUNDOS DE INVESTIMENTO MOBILIARIO, S.A. | PORTUGAL | FINANCIAL SERV. | - | 100.00 | 100.00 | 998 | 6,842 | 523 |
| BBVA GLOBAL FINANCE LTD. | CAYMAN ISLANDS | FINANCIAL SERV. | 100.00 | 0.00 | 100.00 | - | 586,894 | 583,286 |
| BBVA GLOBAL MARKETS RESEARCH, S.A. | SPAIN | FINANCIAL SERV. | 99.99 | 0.01 | 100.00 | 501 | 4,728 | 3,196 |
| BBVA HORIZONTE PENSIONES Y CESANTIAS, S.A. | COLOMBIA | PENSIONS | 78.52 | 21.43 | 99.95 | 36,879 | 72,698 | 18,157 |
| BBVA INMOBILIARIA E INVERSIONES S.A. | CHILE | REAL ESTATE INSTR. | - | 68.11 | 68.11 | 3,893 | 21,428 | 15,713 |
| BBVA INSERVEX, S.A. | SPAIN | SERVICES | 100.00 | - | 100.00 | 1,205 | 2,447 | 262 |
| BBVA INSTITUIÇAO FINANCEI.CREDITO, S.A. | PORTUGAL | FINANCIAL SERV. | - | 100.00 | 100.00 | 43,626 | 396,129 | 359,727 |
| BBVA INTERNATIONAL INVESTMENT CORPORATION | PUERTO RICO | FINANCIAL SERV. | 100.00 | - | 100.00 | 2,769,952 | 2,143,991 | 29 |
| BBVA INTERNATIONAL LIMITED | CAYMAN ISLANDS | FINANCIAL SERV. | 100.00 | - | 100.00 | 1 | 509,587 | 507,027 |
| BBVA INTERNATIONAL PREFERRED, S.A.U. | SPAIN | FINANCIAL SERV. | 100.00 | - | 100.00 | 60 | 1,929,850 | 1,929,623 |
| BBVA INVERSIONES CHILE, S.A. | CHILE | FINANCIAL SERV. | 36.65 | 63.35 | 100.00 | 306,854 | 374,617 | 8,633 |
| BBVA INVESTMENTS, INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 10,921 | 12,191 | 1,270 |
| BBVA IRELAND PUBLIC LIMITED COMPANY | IRELAND | FINANCIAL SERV. | 100.00 | - | 100.00 | 180,381 | 2,302,336 | 1,980,247 |
| BBVA LEASIMO - SOCIEDADE DE LOCAÇAO FINANCEIRA, S.A. | PORTUGAL | FINANCIAL SERV. | - | 100.00 | 100.00 | 11,576 | 42,560 | 32,227 |
| BBVA LEASING S.A. COMPAÑIA DE FINANCIAMIENTO COMERCIAL | COLOMBIA | FINANCIAL SERV. | - | 100.00 | 100.00 | 16,295 | 52,254 | 35,942 |
| BBVA LUXINVEST, S.A. | LUXEMBOURG | PORTFOLIO | 36.00 | 64.00 | 100.00 | 255,843 | 1,529,677 | 86,200 |
| BBVA MEDIACION OPERADOR DE BANCA-SEGUROS VINCULADO, S.A. | SPAIN | FINANCIAL SERV. | - | 100.00 | 100.00 | 60 | 89,356 | 77,387 |
| BBVA NOMINEES LIMITED | UNITED KINGDOM | SERVICES | 100.00 | - | 100.00 | - | 1 | - |
| BBVA PARAGUAY, S.A. | PARAGUAY | BANKING | 99.99 | - | 99.99 | 22,598 | 625,831 | 569,516 |
| BBVA PARTICIPACIONES INTERNACIONAL, S.L. | SPAIN | PORTFOLIO | 92.69 | 7.31 | 100.00 | 273,365 | 345,195 | 2,768 |
| BBVA PATRIMONIOS GESTORA SGIIC, S.A. | SPAIN | FINANCIAL SERV. | 99.98 | 0.02 | 100.00 | 3,907 | 51,584 | 4,157 |
| BBVA PENSIONES, SA, ENTIDAD GESTORA DE FONDOS DE PENSIONES | SPAIN | PENSIONS | 100.00 | - | 100.00 | 12,922 | 74,573 | 34,419 |
| BBVA PLANIFICACION PATRIMONIAL, S.L. | SPAIN | FINANCIAL SERV. | 80.00 | 20.00 | 100.00 | 1 | 514 | 10 |
| BBVA PRIVANZA (JERSEY), LTD. | CHANNEL ISLANDS | NO ACTIVITY | - | 100.00 | 100.00 | 20,610 | 21,759 | 10 |
| BBVA PROPIEDAD F.I.I. | SPAIN | OTHER INVESTMENTS COMPANIES | - | 95.65 | 95.65 | 1,522,714 | 1,655,365 | 75,248 |
| BBVA PUERTO RICO HOLDING CORPORATION | PUERTO RICO | PORTFOLIO | 100.00 | - | 100.00 | 255,804 | 100,177 | 8 |
| BBVA RE LIMITED | IRELAND | INSURANCES | - | 100.00 | 100.00 | 656 | 48,632 | 30,913 |
| BBVA RENTING, S.A. | SPAIN | FINANCIAL SERV. | - | 100.00 | 100.00 | 20,976 | 789,704 | 695,902 |
| BBVA RENTING, SPA | ITALY | SERVICES | - | 100.00 | 100.00 | 1,925 | 36,750 | 35,569 |
| BBVA SECURITIES INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 30,267 | 26,039 | 4,574 |
| BBVA SECURITIES OF PUERTO RICO, INC. | PUERTO RICO | FINANCIAL SERV. | 100.00 | - | 100.00 | 4,726 | 5,831 | 503 |
| BBVA SEGUROS COLOMBIA, S.A. | COLOMBIA | INSURANCES | 94.00 | 6.00 | 100.00 | 9,259 | 32,225 | 19,671 |
| BBVA SEGUROS DE VIDA COLOMBIA, S.A. | COLOMBIA | INSURANCES | 94.00 | 6.00 | 100.00 | 13,242 | 183,692 | 153,770 |
| BBVA SEGUROS DE VIDA, S.A. | CHILE | INSURANCES | - | 100.00 | 100.00 | 24,840 | 308,595 | 283,754 |
| BBVA SEGUROS INC. | PUERTO RICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 180 | 3,384 | 661 |
| BBVA SEGUROS, S.A., DE SEGUROS Y REASEGUROS | SPAIN | INSURANCES | 94.30 | 5.64 | 99.94 | 414,525 | 11,474,162 | 10,523,770 |
| BBVA SENIOR FINANCE, S.A.U. | SPAIN | FINANCIAL SERV. | 100.00 | - | 100.00 | 60 | 11,704,747 | 11,704,466 |
| BBVA SERVICIOS, S.A. | SPAIN | SERVICES | - | 100.00 | 100.00 | 354 | 19,174 | 5,497 |
| BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A. | CHILE | FINANCIAL SERV. | - | 97.49 | 97.49 | 9,063 | 36,224 | 26,926 |
| BBVA SUBORDINATED CAPITAL S.A.U. | SPAIN | FINANCIAL SERV. | 100.00 | - | 100.00 | 130 | 3,930,607 | 3,930,373 |
| BBVA SUIZA, S.A. (BBVA SWITZERLAND) | SUIZA | BANKING | 39.72 | 60.28 | 100.00 | 55,795 | 951,366 | 645,983 |
| BBVA TRADE, S.A. | SPAIN | SERVICES | - | 100.00 | 100.00 | 6,379 | 19,177 | 11,054 |
| BBVA U.S.SENIOR S.A.U. | SPAIN | FINANCIAL SERV. | 100.00 | - | 100.00 | 132 | 5,061,163 | 5,060,986 |
| BBVA USA BANCSHARES, INC | UNITED STATES | PORTFOLIO | 100.00 | - | 100.00 | 9,417,869 | 9,076,103 | 8,472 |
| BBVA VALORES COLOMBIA, S.A. COMISIONISTA DE BOLSA | COLOMBIA | SECURITIES | - | 100.00 | 100.00 | 3,405 | 3,991 | 582 |
| BBVA(SUIZA) S.A. OFICINA DE REPRESENTACION | URUGUAY | BANKING | - | 100.00 | 100.00 | 11 | 2,264 | 2,253 |
| BCL INTERNATIONAL FINANCE, LTD. | CAYMAN ISLANDS | FINANCIAL SERV. | - | 100.00 | 100.00 | - | 112,943 | 112,939 |
| BEXCARTERA, SICAV S.A. | SPAIN | NO ACTIVITY | - | 80.78 | 80.78 | 9,352 | 13,526 | 72 |
| BIBJ MANAGEMENT, LTD. | CHANNEL ISLANDS | NO ACTIVITY | - | 100.00 | 100.00 | - | - | - |
| BIBJ NOMINEES, LTD. | CHANNEL ISLANDS | NO ACTIVITY | - | 100.00 | 100.00 | - | - | - |
| BILBAO VIZCAYA AMERICA B.V. | PAISES BAJOS | PORTFOLIO | - | 100.00 | 100.00 | 756,000 | 483,360 | 189 |
| BILBAO VIZCAYA HOLDING, S.A. | SPAIN | PORTFOLIO | 89.00 | 11.00 | 100.00 | 34,771 | 201,339 | 6,681 |
| BLUE INDICO INVESTMENTS, S.L. | SPAIN | PORTFOLIO | 99.99 | 0.01 | 100.00 | 18,221 | 51,060 | 1 |
| BROOKLINE INVESTMENTS,S.L. | SPAIN | PORTFOLIO | 100.00 | - | 100.00 | 33,969 | 32,395 | 524 |
| C B TRANSPORT ,INC. | UNITED STATES | SERVICES | - | 100.00 | 100.00 | 14,450 | 17,862 | 3,411 |
| CANAL COMPANY, LTD. | CHANNEL ISLANDS | NO ACTIVITY | - | 100.00 | 100.00 | 26 | 793 | 7 |
| CAPITAL INVESTMENT COUNSEL, INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 19,439 | 20,937 | 1,498 |
| CARTERA E INVERSIONES S.A., CIA DE | SPAIN | PORTFOLIO | 100.00 | - | 100.00 | 60,541 | 217,651 | 48,160 |
| CASA DE BOLSA BBVA BANCOMER, S.A. DE C.V. | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 54,497 | 67,976 | 13,476 |
| CASA DE CAMBIO MULTIDIVISAS, S.A DE C.V. | MEXICO | NO ACTIVITY | - | 100.00 | 100.00 | 145 | 145 | - |
| CENTRAL BANK OF THE SOUTH | UNITED STATES | BANKING | - | 100.00 | 100.00 | 1,176 | 3,709 | 2,534 |
| CIA. GLOBAL DE MANDATOS Y REPRESENTACIONES, S.A. | URUGUAY | NO ACTIVITY | - | 100.00 | 100.00 | 108 | 180 | 2 |
| CIDESSA DOS, S.L. | SPAIN | PORTFOLIO | - | 100.00 | 100.00 | 11,602 | 11,925 | 127 |
| CIDESSA UNO, S.L. | SPAIN | PORTFOLIO | - | 100.00 | 100.00 | 4,754 | 690,939 | 109 |
| CIERVANA, S.L. | SPAIN | PORTFOLIO | 100.00 | - | 100.00 | 53,164 | 68,947 | 2,442 |
| COMERCIALIZADORA CORPORATIVA SAC | PERU | FINANCIAL SERV. | - | 99.99 | 99.99 | 120 | 272 | 151 |

| | | | % of Voting Rights controlled by the Bank | | | Thousand of Euros (*) | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Investee D | |
| Company | Location | Activity | Direct | Indirect | Total | Net Carrying Amount | Assets as of 31.12.08 | Liabilities as of 31.12.08 |
| COMERCIALIZADORA DE SERVICIOS FINANCIEROS, S.A. | COLOMBIA | SERVICES | - | 99.98 | 99.98 | 96 | 206 | 111 |
| COMPASS ARIZONA ACQUISITION, CORP. | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| COMPASS ASSET ACCEPTANCE COMPANY, LLC | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 341,239 | 341,569 | 329 |
| COMPASS AUTO RECEIVABLES CORPORATION | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 3,002 | 3,003 | 1 |
| COMPASS BANCSHARES, INC. | UNITED STATES | PORTFOLIO | - | 100.00 | 100.00 | 9,058,349 | 9,358,516 | 300,166 |
| COMPASS BANK | UNITED STATES | BANKING | - | 100.00 | 100.00 | 9,101,163 | 46,842,954 | 37,741,791 |
| COMPASS BROKERAGE, INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 22,919 | 24,358 | 1,438 |
| COMPASS CAPITAL MARKETS, INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 5,138,466 | 5,138,466 | - |
| COMPASS CONSULTING & BENEFITS, INC | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 12,121 | 12,705 | 583 |
| COMPASS CUSTODIAL SERVICES, INC. | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| COMPASS FIDUCIARY SERVICES, LTD., INC. | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 9 | 9 | 1 |
| COMPASS FINANCIAL CORPORATION | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 6,512 | 51,683 | 45,170 |
| COMPASS GP,INC. | UNITED STATES | PORTFOLIO | - | 100.00 | 100.00 | 32,458 | 41,091 | 8,633 |
| COMPASS INSURANCE AGENCY, INC | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 118,981 | 132,232 | 13,249 |
| COMPASS INVESTMENTS, INC. | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| COMPASS LIMITED PARTNER, INC. | UNITED STATES | PORTFOLIO | - | 100.00 | 100.00 | 4,444,607 | 4,444,607 | 1 |
| COMPASS LOAN HOLDINGS TRS, INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 55,768 | 58,210 | 2,442 |
| COMPASS MORTAGE CORPORATION | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 1,830,203 | 1,831,372 | 1,169 |
| COMPASS MORTGAGE FINANCING, INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 25 | 25 | - |
| COMPASS MULTISTATE SERVICES CORPORATION | UNITED STATES | SERVICES | - | 100.00 | 100.00 | 2,695 | 2,761 | 66 |
| COMPASS SECURITIES, INC. | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| COMPASS SOUTHWEST, LP | UNITED STATES | BANKING | - | 100.00 | 100.00 | 3,629,145 | 3,630,558 | 1,413 |
| COMPASS TEXAS ACQUISITION CORPORATION | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1,627 | 1,643 | 17 |
| COMPASS TEXAS MORTGAGE FINANCING, INC | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 25 | 25 | - |
| COMPASS TRUST II | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | - | 1 | - |
| COMPASS UNDERWRITERS, INC. | UNITED STATES | INSURANCES | - | 100.00 | 100.00 | 147 | 147 | 1 |
| COMPASS WEALTH MANAGERS COMPANY | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| COMPAÑIA CHILENA DE INVERSIONES, S.L. | SPAIN | PORTFOLIO | 100.00 | - | 100.00 | 232,976 | 173,294 | 2,295 |
| COMUNIDAD FINANCIERA ÍNDICO, S.L. | SPAIN | SERVICES | - | 100.00 | 100.00 | 349 | 495 | 128 |
| CONSOLIDAR A.F.J.P., S.A. | ARGENTINA | PENSIONS | 46.11 | 53.89 | 100.00 | 52,900 | 58,868 | 9,629 |
| CONSOLIDAR ASEGURADORA DE RIESGOS DEL TRABAJO, S.A. | ARGENTINA | INSURANCES | 87.50 | 12.50 | 100.00 | 32,598 | 166,487 | 131,121 |
| CONSOLIDAR CIA. DE SEGUROS DE RETIRO, S.A. | ARGENTINA | INSURANCES | 33.33 | 66.67 | 100.00 | 14,224 | 538,662 | 517,328 |
| CONSOLIDAR CIA. DE SEGUROS DE VIDA, S.A. | ARGENTINA | INSURANCES | 34.04 | 65.96 | 100.00 | 27,225 | 47,184 | 4,010 |
| CONSOLIDAR COMERCIALIZADORA, S.A. | ARGENTINA | FINANCIAL SERV. | - | 100.00 | 100.00 | 553 | 3,817 | 3,265 |
| CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA S.A. | PERU | SECURITIES | - | 100.00 | 100.00 | 3,860 | 6,395 | 2,535 |
| CONTINENTAL DPR FINANCE COMPANY | CAYMAN ISLANDS | FINANCIAL SERV. | - | 100.00 | 100.00 | - | 182,651 | 182,651 |
| CONTINENTAL S.A. SOCIEDAD ADMINISTRADORA DE FONDOS | PERU | FINANCIAL SERV. | - | 100.00 | 100.00 | 5,021 | 6,303 | 1,284 |
| CONTINENTAL SOCIEDAD TITULIZADORA, S.A. | PERU | FINANCIAL SERV. | - | 100.00 | 100.00 | 414 | 453 | 37 |
| CONTRATACION DE PERSONAL, S.A. DE C.V. | MEXICO | SERVICES | - | 100.00 | 100.00 | 1,280 | 8,150 | 6,871 |
| CORPORACION DE ALIMENTACION Y BEBIDAS, S.A. | SPAIN | PORTFOLIO | - | 100.00 | 100.00 | 138,508 | 164,531 | 2,409 |
| CORPORACION GENERAL FINANCIERA, S.A. | SPAIN | PORTFOLIO | 100.00 | - | 100.00 | 452,431 | 1,432,107 | 11,784 |
| CORPORACION INDUSTRIAL Y DE SERVICIOS, S.L. | SPAIN | PORTFOLIO | - | 100.00 | 100.00 | 1,251 | 5,573 | 577 |
| DESARROLLADORA Y VENDEDORA DE CASAS, S.A. DE C.V. | MEXICO | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 17 | 17 | - |
| DESARROLLO URBANISTICO DE CHAMARTIN, S.A. | SPAIN | REAL STATE | - | 72.50 | 72.50 | 29,330 | 59,259 | 17,074 |
| DESITEL TECNOLOGIA Y SISTEMAS, S.A. DE C.V. | MEXICO | SERVICES | - | 100.00 | 100.00 | 1,299 | 1,345 | 45 |
| DEUSTO, S.A. DE INVERSION MOBILIARIA | SPAIN | PORTFOLIO | - | 100.00 | 100.00 | 11,492 | 17,074 | 1,544 |
| DINERO EXPRESS SERVICIOS GLOBALES, S.A. | SPAIN | FINANCIAL SERV. | 100.00 | - | 100.00 | 10,421 | 3,807 | 19,850 |
| EL ENCINAR METROPOLITANO, S.A. | SPAIN | REAL STATE | - | 98.92 | 98.92 | 5,641 | 9,057 | 3,495 |
| EL OASIS DE LAS RAMBLAS, S.L. | SPAIN | REAL STATE | - | 70.00 | 70.00 | 167 | 493 | 340 |
| ELANCHOVE, S.A. | SPAIN | PORTFOLIO | 100.00 | - | 100.00 | 1,500 | 3,878 | 1,541 |
| EMPRESA INSTANT CREDIT, C.A. | VENEZUELA | NO ACTIVITY | - | 100.00 | 100.00 | - | - | - |
| ESPANHOLA COMERCIAL E SERVIÇOS, LTDA. | BRASIL | FINANCIAL SERV. | 100.00 | - | 100.00 | - | 1,585 | 267 |
| ESTACION DE AUTOBUSES CHAMARTIN, S.A. | SPAIN | SERVICES | - | 51.00 | 51.00 | 31 | 30 | - |
| EUROPEA DE TITULIZACION, S.A., SDAD.GEST.DE FDOS.DE TITUL. | SPAIN | FINANCIAL SERV. | 85.99 | - | 85.99 | 1,815 | 11,599 | 1,337 |
| EXPLOTACIONES AGROPECUARIAS VALDELAYEGUA, S.A. | SPAIN | REAL STATE | - | 100.00 | 100.00 | 9,121 | 9,128 | 8 |
| FIDEIC. Nº.711, EN BANCO INVEX, S.A. INSTITUCION DE BANCA MÚLTIPLE, IN | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | - | 124,766 | 122,022 |
| FIDEICOMISO 29764-8 SOCIO LIQUIDADOR POSICION DE TERCEROS | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 28,422 | 28,970 | 549 |
| FIDEICOMISO 474031 MANEJO DE GARANTIAS | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 2 | 2 | - |
| FIDEICOMISO BBVA BANCOMER SERVICIOS Nº F/47433-8, S.A. | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 32,442 | 51,540 | 19,099 |
| FIDEICOMISO INVEX 228 | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | - | - | - |
| FIDEICOMISO INVEX 367 | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | - | - | - |
| FIDEICOMISO INVEX 393 | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | - | - | - |
| FIDEICOMISO INVEX 411 | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | - | - | - |
| FIDEICOMISO Nº.402900-5 ADMINISTRACION DE INMUEBLES | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 2,631 | 2,580 | - |
| FIDEICOMISO Nº.752 EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | - | 55,999 | 55,067 |
| FIDEICOMISO Nº.781en BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. 3ra EMISION) | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | - | 287,718 | 296,867 |
| FIDEICOMISO Nº.847 EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. 4ª EMISION) | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 25.00 | 301,319 | 305,535 |

| Company | Location | Activity | % of Voting Rights controlled by the Bank | | | Thousand of Euros (*) | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Investee D | |
| | | | Direct | Indirect | Total | Net Carrying Amount | Assets as of 31.12.08 | Liabilities as of 31.12.08 |
| FIDEICOMISO SOCIO LIQUIDADOR DE OP.FINANC.DERIVADAS | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 16,692 | 17,476 | 784 |
| FINANCEIRA DO COMERCIO EXTERIOR S.A.R. | PORTUGAL | NO ACTIVITY | 100.00 | - | 100.00 | 51 | 37 | - |
| FINANCIERA AYUDAMOS S.A. DE C.V., SOFOMER | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 4,616 | 4,960 | 345 |
| FINANCIERA ESPAÑOLA, S.A. | SPAIN | PORTFOLIO | 85.85 | 14.15 | 100.00 | 4,522 | 6,812 | 1 |
| FINANZIA AUTORENTING, S.A. | SPAIN | SERVICES | - | 100.00 | 100.00 | 33,561 | 651,086 | 642,804 |
| FINANZIA, BANCO DE CREDITO, S.A. | SPAIN | BANKING | - | 100.00 | 100.00 | 56,203 | 7,403,407 | 7,245,109 |
| FIRS TIER CORPORATION | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| FRANCES ADMINISTRADORA DE INVERSIONES, S.A. | ARGENTINA | FINANCIAL SERV. | - | 100.00 | 100.00 | 5,912 | 9,521 | 3,610 |
| FRANCES VALORES SOCIEDAD DE BOLSA, S.A. | ARGENTINA | FINANCIAL SERV. | - | 100.00 | 100.00 | 2,133 | 2,652 | 519 |
| FUTURO FAMILIAR, S.A. DE C.V. | MEXICO | SERVICES | - | 100.00 | 100.00 | 191 | 483 | 293 |
| FW CAPITAL I | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| GENTE BBVA, S.A. | CHILE | FINANCIAL SERV. | - | 100.00 | 100.00 | (243) | 5,790 | 6,034 |
| GESTION DE PREVISION Y PENSIONES, S.A. | SPAIN | PENSIONS | 60.00 | - | 60.00 | 8,830 | 26,532 | 2,123 |
| GESTION Y ADMINISTRACION DE RECIBOS, S.A. | SPAIN | SERVICES | - | 100.00 | 100.00 | 150 | 2,763 | 876 |
| GOBERNALIA GLOBAL NET, S.A. | SPAIN | SERVICES | - | 100.00 | 100.00 | 947 | 2,491 | 1,188 |
| GRAN JORGE JUAN, S.A. | SPAIN | REAL STATE | 100.00 | - | 100.00 | 110,115 | 494,296 | 411,493 |
| GRANFIDUCIARIA | COLOMBIA | FINANCIAL SERV. | - | 90.00 | 90.00 | - | 245 | 108 |
| GRELAR GALICIA, S.A. | SPAIN | PORTFOLIO | - | 100.00 | 100.00 | 4,500 | 4,687 | - |
| GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V. | MEXICO | FINANCIAL SERV. | 48.97 | 51.00 | 99.97 | 6,050,885 | 5,603,415 | 820 |
| HIPOTECARIA NACIONAL MEXICANA INCORPORATED | UNITED STATES | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 206 | 315 | 110 |
| HIPOTECARIA NACIONAL, S.A. DE C.V. | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 202,262 | 219,458 | 17,195 |
| HOLDING CONTINENTAL, S.A. | PERU | PORTFOLIO | 50.00 | - | 50.00 | 123,678 | 504,399 | 83 |
| HOLDING DE PARTICIPACIONES INDUSTRIALES 2000, S.A. | SPAIN | PORTFOLIO | - | 100.00 | 100.00 | 3,618 | 4,470 | - |
| HOMEOWNERS LOAN CORPORATION | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 7,684 | 8,987 | 1,302 |
| HUMAN RESOURCES PROVIDER | UNITED STATES | SERVICES | - | 100.00 | 100.00 | 1,131,354 | 1,131,402 | 48 |
| HUMAN RESOURCES SUPPORT, INC | UNITED STATES | SERVICES | - | 100.00 | 100.00 | 1,130,007 | 1,133,128 | 3,121 |
| HYDROX HOLDINGS, INC. | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | - | - | - |
| IBERDROLA SERVICIOS FINANCIEROS, E.F.C, S.A. | SPAIN | FINANCIAL SERV. | - | 84.00 | 84.00 | 7,290 | 9,641 | 74 |
| IBERNEGOCIO DE TRADE, S.L. | SPAIN | SERVICES | - | 100.00 | 100.00 | 1,586 | 1,737 | 150 |
| INENSUR BRUNETE, S.L. | SPAIN | REAL STATE | - | 100.00 | 100.00 | 48,715 | 105,290 | 82,553 |
| INGENIERIA EMPRESARIAL MULTIBA, S.A. DE C.V. | MEXICO | SERVICES | - | 99.99 | 99.99 | - | - | - |
| INMOBILIARIA ASUDI, S.A. | SPAIN | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 2,886 | 3,239 | - |
| INMOBILIARIA BILBAO, S.A. | SPAIN | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 3,657 | 3,812 | 1 |
| INMUEBLES Y RECUPERACIONES CONTINENTAL, S.A. | PERU | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 3,586 | 7,252 | 3,668 |
| INVERAHORRO, S.L. | SPAIN | PORTFOLIO | 100.00 | - | 100.00 | 474 | 520 | 3 |
| INVERSIONES ALDAMA, C.A. | VENEZUELA | NO ACTIVITY | - | 100.00 | 100.00 | - | - | - |
| INVERSIONES BANPRO INTERNATIONAL INC. N.V. | NETHERLANDS ANTILLES | PORTFOLIO | 48.00 | - | 48.00 | 11,390 | 29,312 | 1,050 |
| INVERSIONES BAPROBA, C.A. | VENEZUELA | FINANCIAL SERV. | 100.00 | - | 100.00 | 1,307 | 1,159 | 230 |
| INVERSIONES P.H.R.4, C.A. | VENEZUELA | NO ACTIVITY | - | 60.46 | 60.46 | - | 50 | - |
| INVERSIONES T, C.A. | VENEZUELA | NO ACTIVITY | - | 100.00 | 100.00 | - | - | - |
| INVERSORA OTAR, S.A. | ARGENTINA | PORTFOLIO | - | 99.96 | 99.96 | 2,156 | 40,876 | 25 |
| INVESCO MANAGEMENT Nº 1, S.A. | LUXEMBOURG | FINANCIAL SERV. | - | 100.00 | 100.00 | 10,016 | 10,480 | 494 |
| INVESCO MANAGEMENT Nº 2, S.A. | LUXEMBOURG | FINANCIAL SERV. | - | 100.00 | 100.00 | - | 11,334 | 19,021 |
| JARDINES DE SARRIENA, S.L. | SPAIN | REAL STATE | - | 85.00 | 85.00 | 255 | 503 | 165 |
| LIQUIDITY ADVISORS, L.P | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 851,032 | 853,671 | 2,639 |
| MAGGIORE FLEET, S.P.A. | ITALY | SERVICES | - | 100.00 | 100.00 | 67,785 | 202,340 | 166,006 |
| MARINALLAR, S.L. | SPAIN | REAL STATE | - | 100.00 | 100.00 | 19,071 | 58,547 | 39,476 |
| MARQUES DE CUBAS 21, S.L. | SPAIN | REAL STATE | 100.00 | - | 100.00 | 2,869 | 7,551 | 5,727 |
| MEDITERRANIA DE PROMOCIONS I GESTIONS INMOBILIARIES, S.A. | SPAIN | NO ACTIVITY | - | 100.00 | 100.00 | 779 | 1,391 | 193 |
| MEGABANK FINANCIAL CORPORATION | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| MERCURY TRUST LIMITED | CAYMAN ISLANDS | FINANCIAL SERV. | - | 100.00 | 100.00 | 3,786 | 3,820 | 38 |
| MILANO GESTIONI, SRL. | ITALY | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 46 | 4,184 | 3,816 |
| MIRADOR DE LA CARRASCOSA, S.L. | SPAIN | REAL STATE | - | 55.90 | 55.90 | 9,724 | 34,572 | 17,518 |
| MISAPRE, S.A. DE C.V. | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 9,793 | 17,890 | 8,463 |
| MONESTERIO DESARROLLOS, S.L. | SPAIN | REAL STATE | - | 100.00 | 100.00 | 20,000 | 56,323 | 36,506 |
| MONTEALIAGA,S.A. | SPAIN | REAL STATE | - | 100.00 | 100.00 | 21,154 | 101,228 | 74,417 |
| MULTIASISTENCIA OPERADORA S.A. DE C.V. | MEXICO | SERVICES | - | 100.00 | 100.00 | 32 | 614 | 582 |
| MULTIASISTENCIA SERVICIOS S.A. DE C.V. | MEXICO | SERVICES | - | 100.00 | 100.00 | 17 | 1,059 | 1,042 |
| MULTIASISTENCIA, S.A. DE C.V. | MEXICO | SERVICES | - | 100.00 | 100.00 | 8,298 | 17,808 | 8,473 |
| MULTIVAL, S.A. | SPAIN | PORTFOLIO | - | 100.00 | 100.00 | 67 | 234 | 136 |
| OCCIVAL, S.A. | SPAIN | NO ACTIVITY | 100.00 | - | 100.00 | 8,211 | 9,950 | 132 |
| OPCION VOLCAN, S.A. | MEXICO | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 49,153 | 53,520 | 4,366 |
| OPPLUS OPERACIONES Y SERVICIOS, S.A. | SPAIN | SERVICES | 100.00 | - | 100.00 | 1,067 | 13,264 | 10,926 |
| OPPLUS S.A.C | PERU | SERVICES | - | 100.00 | 100.00 | 196 | 1,191 | 1,014 |
| PALADIN BROKERAGE SOLUTIONS, INC | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 8,454 | 8,769 | 316 |
| PARTICIPACIONES ARENAL, S.L. | SPAIN | NO ACTIVITY | - | 100.00 | 100.00 | 6,458 | 7,922 | 1,238 |
| PENSIONES BANCOMER, S.A. DE C.V. | MEXICO | INSURANCES | - | 100.00 | 100.00 | 98,732 | 1,395,384 | 1,296,646 |
| PERI 5.1 SOCIEDAD LIMITADA | SPAIN | REAL STATE | - | 54.99 | 54.99 | 1 | - | - |
| PHOENIX LOAN HOLDINGS, INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 571,034 | 589,469 | 18,435 |
| PI HOLDINGS NO. 1, INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 12,558 | 13,732 | 1,175 |
| PI HOLDINGS NO. 3, INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 53 | 53 | - |
| PI HOLDINGS NO. 4, INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 1 | 1 | - |
| PORT ARTHUR ABSTRACT & TITLE COMPANY | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 2,143 | 2,466 | 323 |
| PREMEXSA, S.A. DE C.V. | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 375 | 679 | 348 |
| PRESTACIONES ADMINISTRATIVAS LIMITADA - PROEX LIMITADA | CHILE | FINANCIAL SERV. | - | 100.00 | 100.00 | 80 | 635 | 626 |
| PREVENTIS, S.A. | MEXICO | INSURANCES | - | 90.27 | 90.27 | 3,639 | 11,753 | 7,780 |
| PRO-SALUD, C.A. | VENEZUELA | SERVICES | - | 58.86 | 58.86 | - | - | - |
| PROMOCION EMPRESARIAL XX, S.A. | SPAIN | PORTFOLIO | 100.00 | - | 100.00 | 1,522 | 12,728 | 10,797 |

| Company | Location | Activity | % of Voting Rights controlled by the Bank | | | Thousand of Euros (*) | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Investee D | |
| | | | Direct | Indirect | Total | Net Carrying Amount | Assets as of 31.12.08 | Liabilities as of 31.12.08 |
| PROMOTORA DE RECURSOS AGRARIOS, S.A. | SPAIN | SERVICES | 100.00 | - | 100.00 | 139 | 125 | - |
| PROMOTORA RESIDENCIAL GRAN EUROPA, S.L. | SPAIN | REAL STATE | - | 58.50 | 58.50 | 254 | 441 | 7 |
| PROVIDA INTERNACIONAL, S.A. | CHILE | PENSIONS | - | 100.00 | 100.00 | 29,453 | 29,520 | 67 |
| PROVINCIAL DE VALORES CASA DE BOLSA, C.A. | VENEZUELA | FINANCIAL SERV. | - | 90.00 | 90.00 | 2,561 | 10,550 | 7,009 |
| PROVINCIAL SDAD.ADMIN.DE ENTIDADES DE INV.COLECTIVA, C.A. | VENEZUELA | FINANCIAL SERV. | - | 100.00 | 100.00 | 2,336 | 2,321 | 131 |
| PROVIVIENDA, ENTIDAD RECAUDADORA Y ADMIN.DE APORTES, S.A. | BOLIVIA | PENSIONS | - | 100.00 | 100.00 | 490 | 2,284 | 1,755 |
| PROXIMA ALFA INVESTMENTS (IRELAND) LIMITED | IRELAND | FINANCIAL SERV. | - | 100.00 | 100.00 | 125 | 125 | - |
| PROXIMA ALFA INVESTMENTS (UK) LLP | UNITED KINGDOM | FINANCIAL SERV. | - | 51.00 | 51.00 | - | 1,397 | 1,265 |
| PROXIMA ALFA INVESTMENTS (USA) LLC | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | - | 24,803 | 28,670 |
| PROXIMA ALFA INVESTMENTS HOLDINGS (USA) II INC. | UNITED STATES | PORTFOLIO | - | 100.00 | 100.00 | - | 4 | 4 |
| PROXIMA ALFA INVESTMENTS HOLDINGS (USA) INC. | UNITED STATES | PORTFOLIO | - | 100.00 | 100.00 | 344 | 390 | 390 |
| PROXIMA ALFA INVESTMENTS, SGIIC S.A. | SPAIN | FINANCIAL SERV. | 100.00 | - | 100.00 | 16,785 | 15,848 | 4,431 |
| PROXIMA ALFA MANAGING MEMBER LLC | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 2 | 1 | 4 |
| PROXIMA ALFA SERVICES LTD. | UNITED KINGDOM | FINANCIAL SERV. | - | 100.00 | 100.00 | 2,292 | 1,852 | 185 |
| PROYECTO MUNDO AGUILON, S.L | SPAIN | REAL STATE | - | 100.00 | 100.00 | 9,317 | 24,194 | 1,412 |
| PROYECTOS EMPRESARIALES CAPITAL RIESGO I,S.C.R.SIMP., S.A. | SPAIN | VENTURE CAPITAL | 100.00 | - | 100.00 | 155,700 | 145,411 | 886 |
| PROYECTOS INDUSTRIALES CONJUNTOS, S.A. DE | SPAIN | PORTFOLIO | - | 100.00 | 100.00 | 3,148 | 8,327 | 5,030 |
| RESIDENCIAL CUMBRES DE SANTA FE, S.A. DE C.V. | MEXICO | REAL STATE | - | 100.00 | 100.00 | 8,858 | 10,538 | 2,065 |
| RIVER OAKS BANK BUILDING, INC. | UNITED STATES | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 14,977 | 15,924 | 947 |
| RIVER OAKS TRUST CORPORATION | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| RIVERWAY HOLDINGS CAPITAL TRUST I | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 223 | 7,454 | 7,231 |
| S.GESTORA FONDO PUBL.REGUL.MERCADO HIPOTECARIO, S.A. | SPAIN | FINANCIAL SERV. | 77.20 | - | 77.20 | 138 | 213 | 67 |
| SCALDIS FINANCE, S.A. | BELGICA | PORTFOLIO | - | 100.00 | 100.00 | 3,416 | 3,661 | 141 |
| SEGUROS BANCOMER, S.A. DE C.V. | MEXICO | INSURANCES | 24.99 | 75.01 | 100.00 | 301,667 | 1,465,656 | 1,264,620 |
| SEGUROS PROVINCIAL, C.A. | VENEZUELA | INSURANCES | - | 100.00 | 100.00 | 22,347 | 44,857 | 22,502 |
| SERVICIOS CORPORATIVOS BANCOMER, S.A. DE C.V. | MEXICO | SERVICES | - | 100.00 | 100.00 | 90 | 3,161 | 3,072 |
| SERVICIOS CORPORATIVOS DE SEGUROS, S.A. DE C.V. | MEXICO | SERVICES | - | 100.00 | 100.00 | 438 | 3,814 | 3,374 |
| SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A DE C.V. | MEXICO | SERVICES | - | 100.00 | 100.00 | 2,310 | 4,423 | 2,113 |
| SERVICIOS TECNOLOGICOS SINGULARES, S.A. | SPAIN | SERVICES | - | 100.00 | 100.00 | 103 | 10,637 | 10,835 |
| SMARTSPREAD LIMITED (UK) | UNITED KINGDOM | SERVICES | - | 63.52 | 63.52 | - | 1 | - |
| SOCIEDAD DE ESTUDIOS Y ANALISIS FINANC.,S.A. | SPAIN | COMERCIAL | 100.00 | - | 100.00 | 114,518 | 195,905 | 1,438 |
| SOCIETE INMOBILIERE BBV D'ILBARRIZ | FRANCIA | REAL STATE | - | 100.00 | 100.00 | 1,589 | 1,647 | 45 |
| SOUTHEAST TEXAS TITLE COMPANY | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 699 | 938 | 237 |
| SPORT CLUB 18, S.A. | SPAIN | PORTFOLIO | 100.00 | - | 100.00 | 21,923 | 37,451 | 15,662 |
| ST. JOHNS INVESTMENTS MANAGMENT CO. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 3,653 | 3,816 | 163 |
| STATE NATIONAL CAPITAL TRUST I | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 338 | 11,117 | 10,778 |
| STATE NATIONAL PROPERTIES LLC | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 13 | 14 | 1 |
| STATE NATIONAL STATUTORY TRUST II | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 223 | 7,423 | 7,199 |
| STAVIS MARGOLIS ADVISORY SERVICES, INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 20,363 | 21,152 | 791 |
| TARUS, INC. | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| TEXAS LOAN SERVICES, LP. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 842,681 | 843,680 | 1,001 |
| TEXAS REGIONAL STATUTORY TRUST I | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 1,114 | 37,117 | 36,001 |
| TEXASBANC CAPITAL TRUST I | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 563 | 18,751 | 18,189 |
| TRANSITORY CO | PANAMA | REAL ESTATE INSTR. | - | 100.00 | 100.00 | 135 | 2,674 | 2,524 |
| TSB PROPERTIES, INC. | UNITED STATES | REAL ESTATE INSTR. | - | 100.00 | 100.00 | (1,419) | 762 | 2,181 |
| TUCSON LOAN HOLDINGS, INC. | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | 553,469 | 553,549 | 80 |
| TWOENC, INC | UNITED STATES | FINANCIAL SERV. | - | 100.00 | 100.00 | (357) | 299 | 655 |
| UNICOM TELECOMUNICACIONES S.DE R.L. DE C.V. | MEXICO | SERVICES | - | 99.98 | 99.98 | 1 | 2 | 2 |
| UNIDAD DE AVALUOS MEXICO S.A. DE C.V. | MEXICO | FINANCIAL SERV. | - | 100.00 | 100.00 | 1,163 | 1,593 | 733 |
| UNITARIA GESTION DE PATRIMONIOS INMOBILIARIOS, S.A. | SPAIN | SERVICES | - | 100.00 | 100.00 | 2,410 | 2,634 | 33 |
| UNIVERSALIDAD "E5" | COLOMBIA | FINANCIAL SERV. | - | 100.00 | 100.00 | - | 3,645 | 3,644 |
| UNIVERSALIDAD - BANCO GRANAHORRAR | COLOMBIA | FINANCIAL SERV. | - | 100.00 | 100.00 | - | 5,464 | 5,805 |
| UNO-E BANK, S.A. | SPAIN | BANKING | 67.35 | 32.65 | 100.00 | 174,751 | 1,296,768 | 1,167,220 |
| URBANIZADORA SANT LLORENC, S.A. | SPAIN | NO ACTIVITY | 60.60 | - | 60.60 | - | 108 | - |
| VALANZA CAPITAL RIESGO S.G.E.C.R. S.A. UNIPERSONAL | SPAIN | VENTURE CAPITAL | 100.00 | - | 100.00 | 1,200 | 8,863 | 1,692 |
| VALLEY MORTGAGE COMPANY, INC. | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| VIRTUAL DOC, S.L. | SPAIN | SERVICES | - | 70.00 | 70.00 | 467 | 618 | 114 |
| VISACOM, S.A. DE C.V. | MEXICO | SERVICES | - | 100.00 | 100.00 | 860 | 860 | 1 |
| WESTERN BANCSHARES OF ALBUQUERQUE, INC. | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |
| WESTERN MANAGEMENT CORPORATION | UNITED STATES | NO ACTIVITY | - | 100.00 | 100.00 | 1 | 1 | - |

**APPENDIX III: BBVA's securitization funds**

(thousand of euros)

| SECURITIZATION | COMPANY | ORIGINATION DATE (month/year) | TOTAL SECURITIZED EXPOSURES AT THE ORIGINATION DATE | SECURITIZED EXPOSURES |
|---|---|---|---|---|
| | | | | TOTAL |
| BBVA AUTOS I FTA | BBVA, S.A. | 10/2004 | 1,000,000 | 347,929 |
| BBVA-3 FTPYME FTA | BBVA, S.A. | 11/2004 | 1,000,000 | 246,486 |
| BBVA HIPOTECARIO 3 FTA | BBVA, S.A. | 06/2005 | 1,450,000 | 626,210 |
| BBVA-4 PYME FTA | BBVA, S.A. | 09/2005 | 1,250,000 | 338,192 |
| BBVA AUTOS 2 FTA | BBVA, S.A. | 12/2005 | 1,000,000 | 680,709 |
| GAT FTGENCAT 2005 FTA | BBVA, S.A. | 12/2005 | 700,000 | 92,139 |
| BBVA CONSUMO 1 FTA | BBVA, S.A. | 05/2006 | 1,500,000 | 1,116,144 |
| BBVA-5 FTPYME FTA | BBVA, S.A. | 10/2006 | 1,900,000 | 949,701 |
| BBVA CONSUMO 2 FTA | BBVA, S.A. | 11/2006 | 1,500,000 | 1,366,022 |
| BBVA RMBS 1 FTA | BBVA, S.A. | 02/2007 | 2,500,000 | 2,070,860 |
| BBVA RMBS 2 FTA | BBVA, S.A. | 03/2007 | 5,000,000 | 4,142,290 |
| BBVA LEASING 1 FTA | BBVA, S.A. | 06/2007 | 2,500,000 | 2,311,172 |
| BBVA-6 FTPYME FTA | BBVA, S.A. | 06/2007 | 1,500,000 | 958,144 |
| BBVA RMBS 3 FTA | BBVA, S.A. | 07/2007 | 3,000,000 | 2,720,745 |
| BBVA EMPRESAS 1 FTA | BBVA, S.A. | 11/2007 | 1,450,000 | 981,441 |
| BBVA RMBS 4 FTA | BBVA, S.A. | 11/2007 | 4,900,000 | 4,352,863 |
| BBVA-7 FTGENCAT FTA | BBVA, S.A. | 02/2008 | 250,000 | 193,353 |
| BBVA CONSUMO 3 FTA | BBVA, S.A. | 04/2008 | 975,000 | 314,168 |
| BBVA RMBS 5 FTA | BBVA, S.A. | 05/2008 | 5,000,000 | 4,810,142 |
| BBVA-8 FTPYME FTA | BBVA, S.A. | 07/2008 | 1,100,000 | 989,947 |
| BBVA RMBS 6 FTA | BBVA, S.A. | 11/2008 | 4,995,000 | 4,935,419 |
| BBVA RMBS 7 FTA | BBVA, S.A. | 11/2008 | 8,500,000 | 8,367,252 |
| | | | 52,970,000 | 42,911,326 |

## APPENDIX IV: Additional information on jointly controlled companies proportionately consolidated in the BBVA Group

| | | | % of voting rights controlled by the Bank | | | Thousand of Euros (*) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Investee Data | | | |
| Company | Location | Activity | Direct | Indirect | Total | Net carrying amount | Assets 31.12.08 | Liabilities 31.12.08 | Equity 31.12.08 | Profit (Loss) for the period ended 31.12.08 |
| ECASA, S.A. | CHILE | FINANCIAL SERV. | - | 51.00 | 51.00 | 5,469 | 6,794 | 1,326 | (812) | 6,280 |
| FORUM DISTRIBUIDORA, S,A, | CHILE | FINANCIAL SERV. | - | 51.04 | 51.04 | 4,723 | 18,825 | 13,543 | 4,883 | 399 |
| FORUM SERVICIOS FINANCIEROS, S.A. | CHILE | FINANCIAL SERV. | - | 51.00 | 51.00 | 43,705 | 474,870 | 413,581 | 37,977 | 23,312 |
| INVERSIONES PLATCO, C.A. | VENEZUELA | FINANCIAL SERV. | - | 50.00 | 50.00 | 1,004 | 3,287 | 1,280 | 2,007 | - |
| PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A. | ARGENTINA | FINANCIAL SERV. | - | 50.00 | 50.00 | 6,926 | 92,089 | 78,234 | 11,702 | 2,153 |

Information on foreign companies at exchange rate on 12/31/08

## APPENDIX V: Additional information on investments and jointly controlled companies accounted for using the equity method in the BBVA Group

| | | | % of voting rights controllend by the Bank | | | Thousand of euros | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Investee Data | | | |
| Company | Location | Activity | Direct | Indirect | Total | Net Carrying amount | Assets | Liabilities | Equity | Profit (loss) |
| ADQUIRA ESPAÑA, S.A. | SPAIN | SERVICES | - | 40.00 | 40.00 | 3,742 | 24,151 | 15,852 | 6,674 | 1,625 **(2)** |
| ALMAGRARIO, S.A. | COLOMBIA | SERVICES | - | 35.38 | 35.38 | 6,222 | 26,494 | 5,200 | 18,126 | 3,168 **(2)** |
| AUREA, S.A. (CUBA) | CUBA | REAL ESTATE | - | 49.00 | 49.00 | 4,168 | 8,619 | 626 | 7,867 | 126 **(2)** |
| BBVA ELCANO EMPRESARIAL II, S.C.R., S.A. | SPAIN | VENTURE CAPITAL | 45.00 | - | 45.00 | 38,506 | 59,494 | 486 | 71,555 | (12,547) **(2)** |
| BBVA ELCANO EMPRESARIAL, S.C.R., S.A. | SPAIN | VENTURE CAPITAL | 45.00 | - | 45.00 | 38,502 | 59,499 | 486 | 71,557 | (12,544) **(2)** |
| CAMARATE GOLF, S.A.(*) | SPAIN | REAL ESTATE | - | 26.00 | 26.00 | 5,170 | 68,873 | 50,992 | 17,927 | (46) **(3)** |
| CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFH | HONG-KONG | FINANCIAL SERV. | 29.68 | - | 29.68 | 541,221 | 11,531,795 | 9,224,863 | 2,133,662 | 173,270 **(1) (2)** |
| COMPAÑIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A. | SPAIN | SERVICES | 21.82 | - | 21.82 | 11,502 | 63,052 | 12,600 | 48,248 | 2,204 **(2)** |
| COMPAÑIA MEXICANA DE PROCESAMIENTO, S.A. DE C.V. | MEXICO | SERVICES | - | 50.00 | 50.00 | 3,189 | 7,983 | 1,832 | 8,913 | (2,762) **(3)** |
| CORPORACION IBV PARTICIPACIONES EMPRESARIALES, S.A.(*) | SPAIN | PORTFOLIO | - | 50.00 | 50.00 | 385,062 | 1,537,225 | 382,240 | 747,225 | 407,760 **(1) (2)** |
| DISTRANSA RENTRUCKS, S.A.(*) | SPAIN | SERVICES | - | 50.00 | 50.00 | 14,994 | 16,305 | 15,069 | 806 | 430 **(2)** |
| ECONTA GESTION INTEGRAL, S.L.(*) | SPAIN | SERVICES | - | 60.00 | 60.00 | 2,745 | 4,023 | 491 | 4,613 | (1,081) **(2)** |
| FERROMOVIL 3000, S.L.(*) | SPAIN | SERVICES | - | 20.00 | 20.00 | 5,089 | 632,971 | 603,297 | 29,977 | (303) **(2)** |
| FERROMOVIL 9000, S.L.(*) | SPAIN | SERVICES | - | 20.00 | 20.00 | 3,453 | 366,389 | 347,594 | 18,773 | 22 **(2)** |
| FIDEICOMISO F/70191-2 PUEBLA (*) | MEXICO | REAL ESTATE | - | 25.00 | 25.00 | 8,778 | 73,626 | 28,000 | 42,995 | 2,631 **(2)** |
| FIDEICOMISO F/403853-5 BBVA BANCOMER SERVICIOS ZIBATA (*) | MEXICO | REAL ESTATE | - | 30.00 | 30.00 | 19,807 | - | - | - | - **(4)** |
| FIDEICOMISO HARES BBVA BANCOMER F/47997-2 (*) | MEXICO | REAL ESTATE | - | 50.00 | 50.00 | 11,713 | 23,913 | 339 | 21,864 | 1,710 **(2)** |
| GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.(*) | MEXICO | SERVICES | - | 44.39 | 44.39 | 7,063 | 26,971 | 17,749 | 8,614 | 608 **(1) (2)** |
| HESTENAR, S.L.(*) | SPAIN | REAL ESTATE | - | 43.34 | 43.34 | 6,454 | 27,835 | 21,969 | 5,909 | (43) **(3)** |
| IMOBILIARIA DUQUE D'AVILA, S.A. (*) | PORTUGAL | REAL ESTATE | - | 50.00 | 50.00 | 5,011 | 26,138 | 16,504 | 9,848 | (214) **(3)** |
| INMUEBLES MADARIAGA PROMOCIONES, S.L.(*) | SPAIN | REAL ESTATE | 50.00 | - | 50.00 | 3,681 | 18,717 | 4,055 | 6,313 | 8,349 **(2)** |
| JARDINES DEL RUBIN, S.A.(*) | SPAIN | REAL ESTATE | - | 50.00 | 50.00 | 6,569 | 31,265 | 21,642 | 5,900 | 3,723 **(2)** |
| LA ESMERALDA DESARROLLOS, S.L.(*) | SPAIN | REAL ESTATE | - | 25.00 | 25.00 | 4,998 | 56,571 | 36,571 | 20,000 | 0 **(3)** |
| LAS PEDRAZAS GOLF, S.L.(*) | SPAIN | REAL ESTATE | - | 50.00 | 50.00 | 15,808 | 74,949 | 45,204 | 31,837 | (2,092) **(2)** |
| MONTEALMENARA GOLF, S.L.(*) | SPAIN | REAL ESTATE | - | 50.00 | 50.00 | 2,876 | 86,561 | 51,518 | 15,606 | 19,437 **(3)** |
| OCCIDENTAL HOTELES MANAGEMENT, S.L. | SPAIN | SERVICES | - | 38.53 | 38.53 | 127,823 | 917,019 | 543,599 | 387,477 | (14,057) **(1) (2)** |
| PARQUE REFORMA SANTA FE, S.A. DE C.V. | MEXICO | REAL ESTATE | - | 30.00 | 30.00 | 4,408 | 82,225 | 67,377 | 19,612 | (4,764) **(2)** |
| ROMBO COMPAÑIA FINANCIERA, S.A. | ARGENTINA | FINANCIAL SERV. | - | 40.00 | 40.00 | 7,830 | 105,558 | 89,082 | 15,662 | 814 **(2)** |
| SERVICIOS ELECTRONICOS GLOBALES, S.A. DE C.V. | MEXICO | SERVICES | - | 46.14 | 46.14 | 3,924 | 13,610 | 3,938 | 9,626 | 46 **(2)** |
| SERVICIOS ON LINE PARA USUARIOS MULTIPLES, S.A. (SOLIUM)(*) | SPAIN | SERVICES | - | 66.67 | 66.67 | 3,381 | 4,722 | 2,048 | 2,287 | 387 **(2)** |
| SERVIRED SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A. | SPAIN | FINANCIAL SERV. | 20.50 | 0.93 | 21.43 | 36,849 | 54,138 | 4,512 | 49,394 | 232 **(2)** |
| TELEFONICA FACTORING, S.A. | SPAIN | FINANCIAL SERV. | 30.00 | - | 30.00 | 2,962 | 90,854 | 81,268 | 6,905 | 2,682 **(2)** |
| TUBOS REUNIDOS, S.A. | SPAIN | INDUSTRIAL | - | 23.40 | 23.40 | 54,296 | 762,413 | 405,924 | 271,388 | 85,101 **(1)** |
| VITAMEDICA S.A DE C.V.(*) | MEXICO | INSURANCE | - | 50.99 | 50.99 | 2,275 | 9,794 | 4,221 | 5,491 | 82 **(2)** |
| OTHER COMPANIES | | | | | | 66,784 | | | | |
| | | | | | **TOTAL** | **1,466,855** | **16,893,752** | **12,107,150** | **4,122,650** | **663,953** |

Data relating to the lastest financial statements approved at the date of preparation of these notes to the consolidated financial statements.
For the companies abroad the exchange rates rulig at the reference date are applied,
(1) Consolidated Data
(2) Financial statements as of December 31, 2007
(3) Financial statements as of December 31, 2006
(4) New incorporation
(*) Jointly controlled entities accounted for using the equity method

## APPENDIX VI: Changes and notification of investments in the BBVA Group in 2008

**BUSINESS COMBINATIONS AND OTHER ACQUISITIONS OR INCREASE OF INTEREST OWNERSHIP IN CONSOLIDATED SUBSIDIARIES AND JOINTLY CONTROLLED COMPANIES ACCOUNTED FOR USIN THE PROPORTIO**

| Company | Type of transaction | Activity | Price paid in the transaction + expenses directly attributable to the acquisition (thousand of euros) | Fair value of equity instruments issued for the acquisition of the company | %Voting rights | |
|---|---|---|---|---|---|---|
| | | | | | Acquired in the period (net) | Voting rights controlled after the acquisition |
| BBVA LEASING S.A. Cia,FINANC, COMERC, (COLOMBIA) | FOUNDING | FINANCIAL SERV. | 7,892 | - | 100.000% | 100.000% |
| FINANZIA AUTORENTING* | ACQUISITION | SERVICES | 10,999 | - | 11.681% | 100.000% |
| ANIDA CARTERA SINGULAR, S.L. | FOUNDING | CARTERA | 5,300 | - | 100.000% | 100.000% |
| ANIDA DESARROLLOS SINGULARES, S.L. | FOUNDING | REAL ESTATE | 5,000 | - | 100.000% | 100.000% |
| MARINA LLAR, S.A.* | ACQUISITION | REAL ESTATE | 100 | - | 50.000% | 100.000% |
| PREVENTIS | ACQUISITION | INSURANCES | 2,486 | - | 15.262% | 90.272% |
| PROXIMA ALFA INVESTMENTS, SGIIC, S.A*. | ACQUISITION | FINANCIAL SERV. | 11,678 | - | 49.000% | 100.000% |
| EUROPEA DE TITULIZACION, S.A.,S.G.F.T.* | ACQUISITION | FINANCIAL SERV. | 309 | - | 3.018% | 85.988% |
| BBVA PROPIEDAD, F.I.I. | ACQUISITION | OTHER INVEST.ENTITIES | 1,532,798 | - | 95.654% | 95.654% |

***Notifications**

**BUSINESS COMBINATIONS AND OTHER ACQUISITIONS OR INCREASE OF INTEREST OWNERSHIP IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES ACCOUNTED FOR USING THE EQUITY METHO**

| Company | Type of transaction | Activity | Price paid in the transaction + expenses directly attributable to the acquisition (thousand of euros) | Fair value of equity instruments issued for the acquisition of the company | %Voting rights | |
|---|---|---|---|---|---|---|
| | | | | | Acquired in the period (net) | Voting rights controlled after the acquisition |
| FIDEICOMISO F/402770-2 ALAMAR | FOUNDING | REAL ESTATE | 11,756 | - | 42.400% | 42.400% |
| FIDEICOMISO F/403112-6 DE ADMINISTRACION DOS LAGOS | FOUNDING | REAL ESTATE | 10,865 | - | 46.914% | 46.914% |
| SERVICIOS ON LINE PARA USUARIOSMULTIPLES (SOLIUM)* | ACQUISITION | SERVICES | 2,450 | - | 33.333% | 66.667% |
| DISTRANSA RENTRUCKS, S.A.* | ACQUISITION | SERVICES | 15,200 | - | 42.922% | 42.922% |
| FIDEICOMISO F/403853-5 BBVA BANCOMER SºS ZIBATA | FOUNDING | REAL ESTATE | 22,503 | - | 30.000% | 30.000% |
| CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFH | ACQUISITION | FINANCIAL SERV. | 654,827 | - | 15.163% | 29.679% |

***Notifications**

miles €

| DISPOSALS OF INTEREST OWNERSHIP IN CONSOLIDATED SUBSIDIARIES AND JOINTLY CONTROLLED COMPANIES ACCOUNTED FOR USING THE PROPORTIONATE CONSOLIDATION METHOD | | | | | | |
|---|---|---|---|---|---|---|
| COMPANY | TYPE OF TRANSACTION | ACTIVITY | PROFIT/LOSS IN THE TRANSACTION | %VOTING RIGHTS | | EFFECTIVE DATE (OR NOTIFICATION DATE) |
| | | | | %SOLD | TOTALLY CONTROLLED AFTER THE DISPOSAL | |
| BBVA CONSOLIDAR SALUD, S.A. | DISPOSAL | INSURANCE | 3,610 | 99.999% | 0.000% | 31/10/2008 |

| DISPOSAL OF INTEREST OWNERSHIP IN ASSOCIATES AND JOINTLY CONTROLLED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD | | | | | | |
|---|---|---|---|---|---|---|
| COMPANY | TYPE OF TRANSACTION | ACTIVITY | PROFIT/LOSS IN THE TRANSACTION | %VOTING RIGHTS | | EFFECTIVE DATE (OR NOTIFICATION DATE) |
| | | | | %SOLD | TOTALLY CONTROLLED AFTER THE DISPOSAL | |
| TUBOS REUNIDOS* | DISPOSAL | INDUSTRIAL | 8,362 | 0.853% | 23.403% | 16/01/2008 28/02/2008 |
| TRIBUGEST GESTION DE TRIBUTOS, S.A. | DISPOSAL | SERVICES | 1,000 | 39.979% | 0.000% | 23/12/2008 |

***Notifications**

thounsand €

| COMPLEMENT APPENDIX IV REST OF QUOTED SUBSIDIARIES AND JOINTLY CONTROLLED COMPANIES | | | | | |
|---|---|---|---|---|---|
| COMPANY | Type of transaction | Activity | % Voting rights | | Effective date (or notification date) |
| | | | Net acquired in the year | Totally controlled after acquisition | |
| ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A.* | Refresh dates | SERVICES | | 3.216% | 11/01/2008 |
| ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A.* | Disposal | SERVICES | -0.411% | 2.805% | 13/08/2008 |
| GAMESA CORPORACION TECNOLOGICA, S.A.* | Acquisition | INDUSTRIAL | 4.626% | 4.684% | 11/03/2008 |
| GAMESA CORPORACION TECNOLOGICA, S.A.* | Disposal | INDUSTRIAL | -2.711% | 1.973% | 14/08/2008 25/08/2008 |
| SOL MELIA, S.A.* | Acquisition | SERVICES | 3.116% | 3.495% | 10/03/2008 |

***Notifications**

**APPENDIX VII: Subsidiaries fully consolidated with more than 5% owned by non-Group shareholders**

| Company | Activity | % of voting rights Controlled by the bank | | |
|---|---|---|---|---|
| | | Direct | Indirect | Total |
| ALTITUDE INVESTMENTS LIMITED | SERV.FINANCIER. | 51.00 | - | 51.00 |
| ALTURA MARKETS, SOCIEDAD DE VALORES, S.A. | SDAD.DE VALORES | 50.00 | - | 50.00 |
| BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A. | BANCA | 55.97 | 12.21 | 68.18 |
| BANCO PROVINCIAL S.A. - BANCO UNIVERSAL | BANCA | 1.85 | 53.75 | 55.60 |
| BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A. | SDAD.DE VALORES | 70.00 | - | 70.00 |
| BBVA BANCO FRANCES, S.A. | BANCA | 45.65 | 30.35 | 76.00 |
| BBVA INMOBILIARIA E INVERSIONES, S.A. | INMOB.INSTRUM. | - | 68.11 | 68.11 |
| DESARROLLO URBANISTICO DE CHAMARTÍN, S.A. | INMOBILIARIA | - | 72.50 | 72.50 |
| EL OASIS DE LAS RAMBLAS, S.L. | INMOBILIARIA | - | 70.00 | 70.00 |
| ESTACIÓN DE AUTOBUSES CHAMARTÍN, S.A. | SERVICIOS | - | 51.00 | 51.00 |
| GESTIÓN DE PREVISIÓN Y PENSIONES, S.A. | S.G.F.PENSIONES | 60.00 | - | 60.00 |
| HOLDING CONTINENTAL, S.A. | CARTERA | 50.00 | - | 50.00 |
| IBERDROLA SERVICIOS FINANCIEROS, E.F.C, S.A. | SERV.FINANCIER. | - | 84.00 | 84.00 |
| INVERSIONES BANPRO INTERNATIONAL INC. N.V. | CARTERA | 48.00 | - | 48.00 |
| INVERSIONES P.H.R.4, C.A. | EN LIQUIDACION | - | 60.46 | 60.46 |
| JARDINES DE SARRIENA, S.L. | INMOBILIARIA | - | 85.00 | 85.00 |
| MIRADOR DE LA CARRASCOSA, S.L. | INMOBILIARIA | - | 55.90 | 55.90 |
| PERI 5.1 SOCIEDAD LIMITADA | INMOBILIARIA | - | 54.99 | 54.99 |
| PREVENTIS, S.A. | SEGUROS | - | 90.27 | 90.27 |
| PROMOTORA RESIDENCIAL GRAN EUROPA, S.L. | INMOBILIARIA | - | 58.50 | 58.50 |
| PRO-SALUD, C.A. | SERVICIOS | - | 58.86 | 58.86 |
| PROVINCIAL DE VALORES CASA DE BOLSA, C.A. | SERV.FINANCIER. | - | 90.00 | 90.00 |
| SMARTSPREAD LIMITED | SERVICIOS | - | 63.52 | 63.52 |
| VIRTUAL DOC, S.L. | SERVICIOS | - | 70.00 | 70.00 |

**APPENDIX VIII: Detail of the most significant issuances, repurchases or refunds of debt instruments issued by the bank or entities of the Group in 2008 and 2007.**

| | Millions of euros | | | |
|---|---|---|---|---|
| **ISSUER** | **2008** | **2007** | **Interest Rate 2008** | **Maturity Date** |
| **Non-convertible subordinated debt** | | | | |
| **ISSUES IN EUROS** | | | | |
| july-96 | 27 | 27 | 9.37% | 22-Dec-16 |
| july-03 | - | 600 | | |
| november-03 | 750 | 750 | 4.50% | 12-Nov-15 |
| october-04 | 992 | 992 | 4.37% | 20-Oct-19 |
| february-07 | 298 | 298 | 4.50% | 16-Feb-22 |
| march-08 | 125 | | 6.03% | 3-Mar-33 |
| july-08 | 100 | | 6.20% | 4-Jul-23 |
| **Subordinated Debt** | **10,524** | **9,760** | | |
| **Total** | **12,816** | **12,427** | | |

**APPENDIX IX: Reconciliation of the financial statements for the years 2008 and 2007 elaborated in accordance with the models of Circular 6/2008 of the Bank of Spain with respect to those elaborated in accordance with Bank of Spain Circular 4/2004.**

The BBVA's financial statements for the years 2008 and 2007, which are presented for comparison purposes in these financial statements, have been modified with respect to those originally prepared by the Bank at that dates and in accordance with the model used in the financial statements for 2007, in order to adapt them to the disclosure and presentation requirements set out in the Circular 6/2008 of the Bank of Spain. This change in format has no effect on the equity or on profit attributable to the Bank.

The main differences between the financial statement models set out in Circular 6/2008 of the Bank of Spain and the formats included in the Bank's financial statements as of December 31, 2007 are as follows:

- **Balance sheet**: in contrast to the balance sheet forming part of the financial statements as of December 31, 2007, the model balance sheet included in these financial statements:

  a) Includes within "Tangible assets – Tangible fixed assets" both "Tangible assets – For own use" and "Tangible assets – Other assets leased out under and operating lease", included in the asset side of the balance sheet forming part of the financial statements for 2007.

  b) Includes under "Loans and advances to credit institutions" and "Loans and advances to other debtors," all the amounts previously classified in under "Loans and receivables – Other financial assets" in the asset side of balance sheet forming part of the financial statements for 2007.

  c) Includes "Other assets - Other," which combines the captions "Prepayments" and "Other assets" presented in the asset side of balance sheet forming part of the financial statements for 2007.

  d) Includes on the liability side of the balance sheet "Other liabilities", which combines the "Accrued expenses" and "Other liabilities" headings included on the balance sheet forming part of the annual financial statements as of December 31, 2007.

- **Income statement:** in contrast to the model income statement used in the financial statements as of December 31, 2007, the income statement presented in these financial statements:

  e) Does not contemplate "Net interest income" per se instead introducing a new margin called "Net interest income" representing the difference between "Interest and similar income" and "Interest expense and similar charges" and "Income from equity instruments" (this last caption is new with respect to the model income statement used in the annual financial statements as of December 31, 2007).

  f) Includes a new margin called "Gross margin". "Ordinary margin" is no longer included. This new "Gross margin" is similar to the previous "Ordinary margin" except for the fact that it includes other operating income and expense which previously did not form part of the ordinary margin. In addition, the new model includes interest income and charges arising on non-financial activities (see letter g, below) and comprises other items previously recognized under "Other gains" and "Other losses" (see letter i, below).

  g) Eliminates the headings "Sales and income from the provision of non-financial services" and "Cost of sales" from the income statement. These amounts are now recognized primarily under "Other operating income" and "Other operating expenses," respectively, in the income statement.

  h) "Staff expenses" and "General and administrative expenses" include amounts previously recognized under "Other gains" and "Other losses" in the earlier model.

  i) "Impairment losses (net)" is now divided into two headings: "Impairment losses on financial assets (net)", which comprises net impairment losses on the financial assets other than equity instruments classified as shareholdings; and "Impairment losses on other assets (net)", which includes net impairment losses on equity instruments classified as shareholdings and on non-financial assets.

  j) Eliminates "Net operating income" and creates "Income from operating activity." These measures of profit mainly differ in that "Income from operating activity" includes the expense arising on the Bank's non-financial activity, net impairment losses on financial instruments

and net provisions, as well as the amounts previously recognized under “Other gains” and “Other losses” in the earlier statement format.

k) Does not include “Other gains” and “Other losses,” instead creating the following new headings: “Gains/(losses) on derecognized assets not classified as non-current assets held for sale” and “Gains/(losses)on non-current assets held for sale not classified as discontinued operations” which comprise, basically, the captions that previously formed part of the two eliminated headings mentioned above.

In accordance with paragraph 38 of IAS 1, reconciliation between the income statement during 2008 and 2007, prepared by Bank in accordance with the Circular 4/2004 of the Bank of Spain, and the income statement prepared in accordance with the Circular 6/2008 of the Bank of Spain, is provided below:

Millions of euros

| Income statement in accordance with Bank of Spain Circular4/2004 | 2008 | Reconciliation | 2008 | Income statement in accordance with Bank of Spain Circular 6/2008 |
|---|---|---|---|---|
| 1.INTEREST AND SIMILAR INCOME | 15,854 | | 15,854 | 1. Interet income |
| 2.INTEREST EXPENSE AND SIMILAR CHARGES | -12,178 | | -12,178 | 2. Interet expense |
| 2.1.Income on equity having the nature of financial liability | - | | - | 3. Remuneration on refundable capital |
| 2.2.Other interests | -12,178 | | | |
| | | | 3,676 | A) NET INTEREST INCOME |
| | | | | |
| | | | | Pro-form: Banking Activity |
| | | | | |
| 3.INCOME FROM EQUITY INSTRUMENTS | 2,318 | | 2,318 | 4. Income from equity instruments |
| A) NET INTEREST INCOME | 5,994 | | | |
| 4.SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD | | | | 5. Share of profit or loss of entities accounted for using the equity method |
| 4.1.Associates | | | | |
| 4.2.Jointly controlled entities | | | | |
| 5.FEE AND COMMISSION INCOME | 2,034 | | 2,034 | 6. Fee and commission income |
| 6. FEE AND COMMISSION EXPENSES | -359 | | -359 | 7. Fee and commission expenses |
| 7. INSURANCE ACTIVITY INCOME | | | | |
| 7.1. Insurance and reinsurance premium income | | | | |
| 7.2. Reinsurance premiums paid | | | | |
| 7.3. Benefits paid and other insurance-related expenses | | | | |
| 7.4. Reinsurance income | | | | |
| 7.5. Net provisions for insurance contract liabilities | | | | |
| 7.6. Finance income | | | | |
| 7.7. Finance expense | | | | |
| 8.GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (NET) | 1,359 | | 632 | 8. Gains or losses on financial assets and liabilities (net) |
| 8.1. Held for trading | -2 | | -2 | 8.1 Held for trading |
| 8.2. Other financial instruments at fair value through profit or loss | - | | - | 8.2 Other financial instruments at fair value through profit or loss |
| 8.3.Available-for-sale financial assets | 1,357 | -723 | 634 | 8.3 Other financial instruments not valued at fair value through profit and loss |
| 8.4.Loans and receivables | - | | - | 8.4 Accounting hedging not included in interests |
| 8.5.Other | 4 | -4 | | |
| 9.DIFERENCIAS DE CAMBIO (NETO) | -20 | | -20 | 9. Exchange differences (net) |
| B) GROSS INCOME | 9,008 | | | |
| | | | 83 | 10. Other operating income |
| | | | - | 10.1 Income on insurance and reinsurance contracts |
| 10. SALES AND INCOME FROM THE PROVISION OF NON-FINANCIAL SERVICES | | 8 | 8 | 10.2 Financial income on non financial services |
| 12.OTHER OPERATING INCOME | 58 | 17 | 75 | 10.3 Other operating income |
| | | | -100 | 11. Other operating expenses |
| | | | - | 11.1 Expense on insurance and reinsurance contracts |
| 11. COST OF SALES | | | - | 11.2 Changes in inventories |
| 16.OTHER OPERATING EXPENSES | -88 | -12 | -100 | 11.3 Other operating expenses |
| | | | 0 | B) GROSS MARGIN |
| | | | 0 | 12. Administration cost |

Millions of euros

| Income statement in accordance with Bank of Spain Circular4/2004 | 2008 | Reconciliation | 2008 | Income statement in accordance with Bank of Spain Circular 6/2008 |
|---|---|---|---|---|
| 13.PERSONNEL EXPENSES | 2008 | | 2008 | 12.1 Staff expenses |
| 14.OTHER ADMINISTRATIVE EXPENSES | - | | - | 12.2 General and administrative expenses |
| 15.DEPRECIATIONA AND AMORTISATION | - | | 8,264 | 13. Amortisation |
| 15.1. Tangible assets | - | | | |
| 15.2. Intangible assets | -2,258 | | | |
| C) NET OPERATING INCOME | -1,066 | | | |
| 18.PROVISION EXPENSE (NET) | -219 | - | -219 | 14. Provision expense (net) |
| 17.IMPAIRMENT LOSSES (NET) | -183 | | - | 15. Impairment losses on financial assets (net) |
| 17.1. Available-for-sale financial assets | -36 | - | | |
| 17.2. Loans and receivables | 5,435 | - | - | 15.1 Loans and receivables |
| 17.3. Held-to-maturity investments | -1,305 | -22 | | |
| 17.4. Non-current assets held for sale (tangible assets) | -1,025 | - | | |
| 17.5. Investments | -97 | 97 | | |
| 17.6. Tangible assets | -900 | - | | |
| 17.7. Goodwill | 1 | | | |
| 17.8. Other intangible assets | -21 | | | |
| 17.9. Other assets | -7 | | | |
| | | 1 | - | 15.2 Other financial instruments not valued at fair value through profit and loss |
| | | | - | C) INCOME FROM OPERATING ACTIVITY |
| | | | - | 16. Impairment losses for other assets (net) |
| | | | - | 16.1 Goodwill and other intabgible assets |
| | | -96 | -96 | 16.2 Other assets |
| | | | 2,398 | 17. Gains (Losses) in written of assets not classified as non-current assets held for sale |
| | | | | 18. Negative Goodwill |
| | | - | - | 19. Gains (Losses) in non-current assets held for sale not classified as discontinued operations |
| 19. FINANCE INCOME FROM NON-FINANCIAL ACTIVITIES | | | | |
| 20.FINANCE EXPENSES FROM NON-FINANCIAL ACTIVITIES | | | | |
| 21.OTHER GAINS | - | | | |
| 21.1. Gains on disposal of tangible assets | - | 736 | | |
| 21.2. Gains on disposal of investment | - | - | | |
| 21.3. Other | - | - | | |
| 22.OTHER GAINS | 58 | | | |
| 22.1 Losses on disposal of tangible assets | 32 | -32 | | |
| 22.2. Losses on disposal of investment | 2 | -2 | | |
| 22.3. Other | 24 | -24 | | |
| D) INCOME BEFORE TAX | -37 | | - | D) INCOME BEFORE TAX |
| 23.INCOME TAX | -1 | | - | 20. Income tax |
| E) INCOME FROM ORDINARY ACTIVITIES | -2 | | - | E) INCOME FROM CONTINUED OPERATIONS |
| 25.iNCOME FROM DISCONTINUED OPERATIONS (NET) | -34 | | - | 22. Income from discontinued operations (net) |
| F) INCOME FOR THE YEAR (+/-) | 3,126 | | 3,126 | F) CONSOLIDATED INCOME FOR THE YEAR |

Millions of euros

| Income statement in accordance with Bank of Spain Circular4/2004 | 2007 | Reconciliation | 2007 | Income statement in accordance with Bank of Spain Circular 6/2008 |
|---|---|---|---|---|
| 1.INTEREST AND SIMILAR INCOME | 13,785 | | 13,785 | 1. Interet income |
| 2.INTEREST EXPENSE AND SIMILAR CHARGES | -10,933 | | -10,933 | 2. Interet expense |
| 2.1.Income on equity having the nature of financial liability | - | | - | 3. Remuneration on refundable capital |
| 2.2.Other interests | -10,933 | | -10,933 | |
| | | | | A) NET INTEREST INCOME |
| | | | | |
| | | | | Pro-form: Banking Activity |
| | | | | |
| 3.INCOME FROM EQUITY INSTRUMENTS | 1,810 | | 1,810 | 4. Income from equity instruments |
| A) NET INTEREST INCOME | 4,662 | | | |
| 4.SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD | | | | 5. Share of profit or loss of entities accounted for using the equity method |
| 4.1.Associates | | | | |
| 4.2.Jointly controlled entities | | | | |
| 5.FEE AND COMMISSION INCOME | 2,174 | | 2,174 | 6. Fee and commission income |
| 6. FEE AND COMMISSION EXPENSES | -381 | | -381 | 7. Fee and commission expenses |
| 7. INSURANCE ACTIVITY INCOME | | | | |
| 7.1. Insurance and reinsurance premium income | | | | |
| 7.2. Reinsurance premiums paid | | | | |
| 7.3. Benefits paid and other insurance-related expenses | | | | |
| 7.4. Reinsurance income | | | | |
| 7.5. Net provisions for insurance contract liabilities | | | | |
| 7.6. Finance income | | | | |
| 7.7. Finance expense | | | | |
| 8.GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (NET) | 1,706 | | 872 | 8. Gains or losses on financial assets and liabilities (net) |
| 8.1. Held for trading | 465 | | 465 | 8.1 Held for trading |
| 8.2. Other financial instruments at fair value through profit or loss | - | | - | 8.2 Other financial instruments at fair value through profit or loss |
| 8.3.Available-for-sale financial assets | 1,223 | -816 | 407 | 8.3 Other financial instruments not valued at fair value through profit and loss |
| 8.4.Loans and receivables | -1 | 1 | | 8.4 Accounting hedging not included in interests |
| 8.5.Other | 19 | -19 | | |
| 9.DIFERENCIAS DE CAMBIO (NETO) | 266 | | 266 | 9. Exchange differences (net) |
| B) GROSS INCOME | 8,427 | | | |
| | | | | 10. Other operating income |
| | | | | 10.1 Income on insurance and reinsurance contracts |
| 10. SALES AND INCOME FROM THE PROVISION OF NON-FINANCIAL SERVICES | | | | 10.2 Financial income on non financial services |
| 12.OTHER OPERATING INCOME | 77 | 18 | 95 | 10.3 Other operating income |
| | | | | 11. Other operating expenses |
| | | | | 11.1 Expense on insurance and reinsurance contracts |
| 11. COST OF SALES | | | | 11.2 Changes in inventories |
| 16.OTHER OPERATING EXPENSES | -78 | -23 | -101 | 11.3 Other operating expenses |
| | | | | |
| | | | | |
| | | | | |
| | | | | B) GROSS MARGIN |
| | | | | 12. Administration cost |

Millions of euros

| Income statement in accordance with Bank of Spain Circular4/2004 | 2007 | Reconciliation | 2007 | Income statement in accordance with Bank of Spain Circular 6/2008 |
|---|---|---|---|---|
| 13.PERSONNEL EXPENSES | -2,238 | | -2,238 | 12.1 Staff expenses |
| 14.OTHER ADMINISTRATIVE EXPENSES | -982 | -200 | -1,182 | 12.2 General and administrative expenses |
| 15.DEPRECIATION AND AMORTISATION | -209 | | -209 | 13. Amortisation |
| 15.1. Tangible assets | -184 | | | |
| 15.2. Intangible assets | -25 | | | |
| C) NET OPERATING INCOME | 4,997 | | | |
| 18.PROVISION EXPENSE (NET) | -287 | -12 | -299 | 14. Provision expense (net) |
| 17.IMPAIRMENT LOSSES (NET) | -621 | | -598 | 15. Impairment losses on financial assets (net) |
| 17.1. Available-for-sale financial assets | 5 | -5 | | |
| 17.2. Loans and receivables | -602 | | -602 | 15.1 Loans and receivables |
| 17.3. Held-to-maturity investments | - | | | |
| 17.4. Non-current assets held for sale (tangible assets) | -5 | 5 | | |
| 17.5. Investments | -14 | 14 | | |
| 17.6. Tangible assets | -5 | 5 | | |
| 17.7. Goodwill | - | | | |
| 17.8. Other intangible assets | - | | | |
| 17.9. Other assets | - | | | |
| | | | | 15.2 Other financial instruments not valued at fair value through profit and loss |
| | | | | C) INCOME FROM OPERATING ACTIVITY |
| | | | | 16. Impairment losses for other assets (net) |
| | | | | 16.1 Goodwill and other intabgible assets |
| | | | | 16.2 Other assets |
| | | | | 17. Gains (Losses) in written of assets not classified as non-current assets held for sale |
| | | | | 18. Negative Goodwill |
| | | | | 19. Gains (Losses) in non-current assets held for sale not classified as discontinued operations |
| 19. FINANCE INCOME FROM NON-FINANCIAL ACTIVITIES | | | | |
| 20.FINANCE EXPENSES FROM NON-FINANCIAL ACTIVITIES | | | | |
| 21.OTHER GAINS | 394 | | | |
| 21.1. Gains on disposal of tangible assets | 337 | -337 | | |
| 21.2. Gains on disposal of investment | 39 | -39 | | |
| 21.3. Other | 18 | -18 | | |
| 22.OTHER GAINS | -236 | | | |
| 22.1 Losses on disposal of tangible assets | -1 | 1 | | |
| 22.2. Losses on disposal of investment | - | | | |
| 22.3. Other | -235 | 235 | | |
| D) INCOME BEFORE TAX | 4,247 | | 4,247 | D) INCOME BEFORE TAX |
| 23.INCOME TAX | -635 | | -635 | 20. Income tax |
| E) INCOME FROM ORDINARY ACTIVITIES | 3,612 | | 3,612 | E) INCOME FROM CONTINUED OPERATIONS |
| 25.INCOME FROM DISCONTINUED OPERATIONS (NET) | - | | - | 22. Income from discontinued operations (net) |
| F) INCOME FOR THE YEAR (+/-) | 3,612 | | 3,612 | F) CONSOLIDATED INCOME FOR THE YEAR |

- **Statement of recognised income and expense andstatement of total changes in equity:**

Statement of recognised income and expense andstatement of total changes in equity: thestatement of changes in equity and the detail of the changes inequity disclosed in the notes to the Bank'sfinancial statements for the year ended 31 December 2007 are replaced by thestatement of recognised income and expense and thestatement of total changes in equity, respectively, which are included in thefinancial statements for 2008 and present, basically, the following significant differences:

a) Thestatement of total changes in equity and thestatement of recognised income and expense presented in thesefinancial statements for 2008 should be understood as the two parts of the formerstatement of changes in equity and replace the aforementioned statements presented in the statutory financial statements for 2007. The statement of recognised income and expense does not include "Other Financial Liabilities at Fair Value" and the related balance is recognised under "Other Recognised Income and Expense".

b) The statement of recognised income and expense includes "Actuarial Gains/(losses) on Pension Plans", for the recognition of changes in equity resulting from the recording of such actuarial gains and losses, if appropriate, against reserves; "Entities Accounted for Using the Equity Method", which includes the changes inequity valuation adjustments arising from the application of the equity method to associates and jointly controlled entities; and "Other Recognised Income and Expense", for the recognition of theitems recorded asequity valuation adjustments and not included in any other specific line item in this statement.

c) The statement of recognised income and expense includes the line item "Income Tax" for the recognition of the tax effect of the items recognised directly in equity, except for "Entities Accounted for Using the Equity Method", which is presented net of the related tax effect. Accordingly, each item recognised in equity valuation adjustments is recognised gross.

   All the items recognised as valuation adjustments in the format of thestatement of changes in equity included in thefinancial statements for 2007 were presented net of the related tax effect.

d) Thestatement of recognised income and expense no longer includes the effect on equity of changes in accounting policies or of errors allocable to prior years.

Cash flow statement: the format of cash flow statement included in thesefinancial statements contains, at the end of the statement, a detail of the items composing cash and cash equivalents, which was not included in the cash flow statement presented in the Bank's statutory financial statements for the year ended 31 December 2007. Also, certain disclosures relating to certain operating assets and liabilities, adjustments to profit or loss and cash flows from financing activities are eliminated; the wording and disclosures relating to certain items which compose the cash flows from investing activities are changed.

**APPENDIX X: Income statements of first half of 2008 and 2007 and second half of 2008 and 2007.**

Millions of euros

| | Six months ended December 31, 2008 | Six months ended December 31, 2007 |
|---|---|---|
| INTEREST AND SIMILAR INCOME | 8,089 | 7,503 |
| INTEREST EXPENSE AND SIMILAR CHARGES | (6,133) | (6,004) |
| REMUNERACION DE CAPITAL REEMBOLSABLE A LA VISTA | - | - |
| **NET INTEREST INCOME** | **1,956** | **1,499** |
| INCOME FROM EQUITY INSTRUMENTS | 303 | 196 |
| FEE AND COMMISSION INCOME | 1,005 | 1,094 |
| FEE AND COMMISSION EXPENSES | (182) | (196) |
| GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (NET) | 153 | 315 |
| EXCHANGE DIFFERENCES (NET) | (68) | 106 |
| OTHER OPERATING INCOME | 38 | 47 |
| OTHER OPERATING EXPENSES | (53) | (55) |
| **GROSS INCOME** | **3,152** | **3,006** |
| ADMINISTRATIVE EXPENSES | (1,642) | (1,645) |
| Personnel expenses | (1,112) | (1,143) |
| Other administrative expenses | (530) | (502) |
| AMORTISATION | (114) | (106) |
| PROVISION EXPENSE (NET) | (831) | (164) |
| IMPAIRMENT LOSSES (NET) | (584) | (278) |
| **NET OPERATING INCOME** | **(19)** | **813** |
| IMPAIRMENT LOSSES OF OTHER ASSETS (NET) | (5) | (9) |
| GAINS (LOSSES) IN WRITTEN OF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE | - | 37 |
| NEGATIVE GOODWILL | - | - |
| GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS | 7 | 82 |
| **INCOME BEFORE TAX** | **(17)** | **923** |
| TAX EXPENSE (INCOME) | 106 | (186) |
| **INCOME FROM CONTINUED OPERATIONS** | **89** | **737** |
| INCOME FROM DISCONTINUED OPERATIONS (NET) | - | - |
| **INCOME FOR THE YEAR** | **89** | **737** |

## APPENDIX XI: List of Agents

APPENDIX XI

LIST OF AGENTS

MARTINEZ GEADA JOSE LUIS
AGUSTIN VILAPLANA SL
GARCIA FONDON CONSTANTINO
TORRES MONTEJANO FELIX
REY DE LA BARRERA MANUEL
MAS FORNS MARIA ANGELES
ASENSIO CANO AMBROSIO JESUS
LOPEZ RASCON MARIA JESUS
GARCIA PEREZ ALICIA
GEFISCAL SANTA AMALIA SL
SERVIGEST GESTION EMPRESARIAL SL
GESTION DE FINCAS TREVI SL
ALTURA PLATA PASTORA
LIMONCHI LOPEZ HERIBERTO
GOMEZ EBRI CARLOS
CABRADILLA ANTOLIN LEONILA
ASESORIA LIZARDI, S.L.
J. A. GESTIO DE NEGOCIS, S.A.
DIAZ-BENITO DIAZ-MADROÑERO JUAN
RINCON GUTIERREZ MARIA PILAR
GALINDO SANCHO PALMIRA
BALLESTEROS CORDERO VICENTE
MARTI BALSELLS BUENAVENTURA
SALVIA FABREGAT M. PILAR
DOMINGUEZ JARA RAFAEL JESUS
BARDAJI PLANA AGUSTIN
SERVEIS FINANCERS DE CATALUNYA, SL
ROY ASSESSORS SA
CAPAFONS Y CIA SL
OPTIMA SAT SL
SOCIEDAD COOPERATIVA AGRARIA SAN ANTONIO ABAD
LABAT PASCUAL CRISTINA
ORIENTA CAPITAL AGENCIA DE VALORES, S.A.
ARANDA GARRANCHO ANA MARIA
UBK PATRIMONIOS SL
ASSESSORS FINANCERS SABATA SL
NERVION AGENCIA DE VALORES 2003 SA
MOLINA LUCAS MARIA ALMUDENA
RUIZ BIOTA ANA BELEN
USKARTZE SL
FRANCIAMAR SL
FARIÑAS MARTINEZ JOSE ANTONIO
TAMG SC
GRAUPERA GASSOL MARTA
TOMAS SECO ASESORES SL
OLIVARERA DEL TRABUCO SCA
SOCIEDAD COOPERATIVA NTRA SRA DE LOS REMEDIOS
SOCIEDAD COOPERATIVA AGRICOLA NTRA SRA DEL CARMEN
OLEALGAIDAS SCA
ASSESSORIA VISERTA SL
ABRA CAPITAL SL
GAGO FREITAS MARIA CARMEN
SOCIEDAD COOPERATIVA ANDALUZA OLIVARERA LA PURISIMA
PEREZ SANCHEZ JUAN CARLOS
TENA LAGUNA LORENZO
GEP HIPOTECAS SL
GANDARA DUQUE MARIA DE LOS MILAGROS
REMENTERIA LECUE AITOR
DOBLAS GEMAR ANTONIO
MARQUEZ GOMEZ NATIVIDAD
MARTIN VIZAN MILAGROS
AYZA MIRALLES JOAQUIN MIGUEL
DELGADO GARCIA JOSE LUIS
GUZMAN GONZALEZ EMILIANO
SARRIO TIERRASECA LEON
NUÑO NUÑO AZUCENA
ALCES GRUPO ASEGURADOR, S.L.
CASTAÑOSA ALCAINE IGNACIO
PEREZ MAGALLARES EMILIO
TIO & CODINA ASSESSOR D'INVERSIONS SL
ESTHA PATRIMONIOS SL
ARCOS GONZALEZ FELIX
GESTORIA HERMANOS FRESNEDA SL
B&S GLOBAL OPERATIONS CONSULTING S.A
BERNAL FERNANDEZ ASESORES SL
CASTRO JESUS FRANCISCO JAVIER
TORRECILLAS BELMONTE JOSE MARIA
JUAN JOSE ORTIZ S.L.
RAMOS LAZARO MIGUEL ANGEL
AGUSTIN FERNANDEZ CRUZ AFC S.L.
HERMOSO NUÑEZ PEDRO
VELSINIA SL
ASESORIA SANCHEZ & ALCARAZ SL
CARRASCO MARTINEZ RAMON
FORNOS MONLLAU MARC
MARTINEZ CATALA PASCUAL
SALES HERNANDEZ JOSE

APPENDIX XI

LIST OF AGENTS

COSTA CALAF MONTSERRAT
PERARNAU PUJOL MONTSERRAT
J. MIRO - P. LOPEZ SL
VIDAL NOGUES GERARDO
BATISTE ANGLES JOSEFA
MARTI PEDRET JOSE MARIA
PELLICER BARBERA MARIANO
FONDO BERMUDEZ CANDIDO
RODRIGUEZ VAZQUEZ MARIA
LANAU ALTEMIR RAMON ANGEL
GARCES ABAD JOSE LUIS
COSTA CAMBRA ANGEL
ESINCO CONSULTORIA SL
INVAL02, S.L.
SAENZ DE TEJADA DEL POZO JORGE
POGGIO SA
PERES BALTA RAMON
MUÑOZ VIÑOLES SL
FERNANDO BAENA SL
NAVARRO GONZALO JESUS
ALDA CLEMENTE MARIA LUISA
GENERAL DE SERVEIS LA SEGARRA SL
NOVAGESTION MARINA BAIXA SL
ROMAN BERMEJO MARIA ISABEL
FERNANDEZ ALMANSA ANGEL ALEJANDRINO
CARBONELL CHANZA FRANCISCO
CLIMENT MARTOS MARIA ROSARIO
VIDAL JAMARDO LUIS RAMON
CARRASCO GONZALEZ MARIA DEL AMOR

CHICAN AMERIGRUP SL
LEON DOMECQ SANTIAGO
ELCANO REAL STATE SL
SOLONKA INVERSIONES Y FINANZAS, S.L.
PANO MAYNAR ENRIQUE
ARANE PROMOCION Y GESTION, S.L.
FERNANDEZ BERMEJO DIAZ CAMBRONERO EDUARDO
LLORACH CAMPAMA JOSEP
VILLACE MEDINA JUAN CARLOS
LEÑA CAMACHO ROSA MARIA
MOLLA COLOMER VICENTE
GESTIONES MARTIN BENITEZ SL
MARTIN MARTINEZ ROSA MARIA
SANCHEZ GARCIA YOLANDA
SOSA BLANCO SERVANDO
HUERTAS FERNANDEZ JUAN ANTONIO
REIFS PEREZ MANUEL
AGENCIA FERRERO Y LAGARES SL
APALATEGUI GARCIA JOSE RAMON
ASESORIA EMPRESARIAL POSE SL
GESPIME ROMERO MIR SL
ATIPA MAKER SL
CONSULTOR FINANCIERO Y TRIBUTARIO SA
ASESORIA GONZALEZ VALDES, S.L.
MERCADO CONTINUO 2100 SL
FORUARGI SL
ARRUFAT Y ASOCIADOS SL
CONSULTORIA ADMINISTRATIVA DE EMPRESAS CADE SL
ACOFIRMA SL

HERGOC SL
RUZAFA VILLAR SALVADOR
CARO VIEJO JUAN ANTONIO
LINARES LOPEZ RAMÓN
ASESORIA TOLEDO DE SACEDON, S.L.
GABINETE ASCEM SL
ORTIZ SOLANA CRESCENCIO
GESTIONS I ASSEGURANCES PERSONALITZADES SL
SAEZ SAUGAR ALEJANDRO JOSE
REBOLLO CAMBRILES JUAN ROMAN
LEGARDA REY ENRIQUE
GENERAL ASESORA DE CARRIZO SL
LAFUENTE ALVAREZ JOSE ANTONIO
HOME MANAGEMENT SERVICES SL
SAYAGO REINA ANTONIO
PRIMICIA AZPILICUETA ALEJANDRO
RUIZ DEL RIO ROSA MARIA
FERNANDEZ-MARDOMINGO BARRIUSO MIGUEL JOSE
LEGIO SERVICIOS INMOBILIARIOS SL
GOMEZ CASTAÑO MIGUEL ANGEL
FERNANDEZ RIVERO JAVIER
HORNOS CASTRO JAVIER
CASTELL AMENGUAL MARIA
MARTINEZ PUJANTE ALFONSO
CEBRIAN CLAVER JOSE JUAN
GOMEZ MARTINEZ LUIS
SANZ CALDERON FRANCISCO JAVIER
CELMA JIMENEZ JOSE MANUEL
VICIOSO SOTO JOSE

APPENDIX XI

LIST OF AGENTS

MERIDIAN ASESORES SL
CRESPO SANTIAGO MARIA GLORIA
FERNANDEZ ONTAÑON DANIEL
MUÑOZ BERZOSA JOSE RAMON
GRUPO FERRERO DE ASESORIA SL
ASESORIA EUROBILBAO SL
BERNAOLA ASEGURO ARTEKARITZA SL
CAMPOS CARRERO MARIA JOSEFA
ASEMYL SL
ASENSIO ASESORES SL
PEREZ RODRIGUEZ MARIA
DOMINGUEZ CANELA INES
TABORGA ONTAÑON ANTONIO JOAQUIN
ASESORIA CM CB
ANDRADA RINCON SOLEDAD
GOPAR MARRERO PABLO
BENITO ZABACO ANTONIO JOSE
VALCARCEL LOPEZ ALFONSO A
RIO RODRIGUEZ MARIA VICTORIA
MECIA FERNANDEZ RAMON
MONSALVEZ SEGOVIA MARIA PILAR
PONS SOLVES CONCEPCION
FEO MORALES JUAN
NUÑEZ MAILLO VICENTE JESUS
EUROFOMENTO EMPRESARIAL SL
LOSADA LOPEZ ANTONIO
VIVER MIR JAIME JAVIER
LEON MARTIN JESUS JAVIER
OLALDE GOROSTIZA LEONCIO LUIS

GUTIERREZ DE GUEVARA SL
DESPACHO TRAMITACION Y GESTION DE DOCUMENTOS SL
PORTILLA ARROYO ALICIA
ACREMUN SL
FONTECHA MAISO SL
GIL VERONA ANTONIO
PINTO FERNANDEZ MARIA JOSE
PEDEVILLA BURKIA ADOLFO
FORCEN CANTIN JAIME LORENZO
SERRANO QUEVEDO RAMON
RODES BIOSCA CARLOS RAFAEL
MESANZA QUERAL ALBERTO GUILLERMO
GIL BELMONTE SUSANA
CARDENAS SANCHEZ GABRIEL
ISDAGAR 2000 S.L.
MOLPECERES MOLPECERES ANGEL
ROGADO ROLDAN ROSA
PYME'S ASESORIA SL
FERNANDEZ SERRA, SL
ARMENDARIZ BARNECHEA MIKEL
MUÑOZ MACIAN GASPAR FELIX
BELTRAN GAMIR PEDRO
DEAS FILCO SL ALVAREZ GALINDO, MIGUEL ANGEL
DEL GUAYO MARTIN MARIA NOEMI
ASDE ASSESSORS, S.L.
ESPUNY CURTO Mª. NATIVIDAD
ALFONSO PALOP & ASOCIADOS SC
LAMY GARCIA ANTONIO
BLAI GABINET DE SERVEIS SL

ASTURPRAU INMOBILIARIO, S.L.
CERTOVAL, S.L.
SARDA ANTON JUAN IGNACIO
J. E. BARTOLI & ASOCIADOS, S.L.
TORRES BONACHE MARIA DEL CARMEN
LOSADA Y MORELL, S.L.
MARTINEZ FUNES MARIO EDUARDO
CALDERON CALDERON CLEMENCIA
HERNANDEZ MANRIQUE CARLOS MANUEL
UCAR ESTEBAN ROSARIO
MONTIEL GUARDIOLA MARIA JOSEFA
ARNELA MAYO JUAN MANUEL
FERNANDEZ MARTINEZ JULIO
ANTEQUERA ASESORES, S.L.
INVERSIONES TECNICAS GRUPO CHAHER, S.L.
SERVICIO Y CALIDAD ALBACETE, S.L.
ISIDRO ISIDRO ISABEL DEL CARMEN
MARTINEZ MOYA DIEGO
FERNANDEZ SOUTO MARIA TERESA
MANUEL LEMA PUÑAL Y FERNANDO GARCIA CASTRO, S.C.
SIERRA TORRE MIGUEL
GARCIA HIERRO JIMENEZ FRANCISCO JAVIER
MERGES GEB. BECKER MONIKA WILMA MARIA
PRADO PAREDES ALEJANDRO
LOPEZ DIEZ RICARDO
COOP AGRICOLA SAN ISIDRO DE ALCALA DE XIVERT. COOP.V.
GARCIA MARTIN MARIA JOSE
GARCIA OVALLE OSCAR
ASC SCCL

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LIST OF AGENTS

ENRIQUE AMOR CORREDURIA DE SEGUROS SL
VEIGUELA LASTRA CARLOS MARIA
JUDEL ALCALA ASESORES SL
CANTELAR Y SAINZ DE BARANDA SL
CAÑAS AYUSO FRANCISCO
ALBIÑANA BOLUDA AMPARO
CARRILERO PEREZ AGUSTIN
SANZ ALONSO MARIA DEL MAR
GONZALEZ BELTRAN OLGA
RUIZ TARI ROGELIO
MARTIN SANCHEZ IGNACIO
MENA JUEZ FRANCISCO
CARDENO CHAPARRO FRANCISCO MANUEL
CERRATO LUJAN JOSE
ALONSO VALLE ESTEBAN
VALENCIA TRENADO MANUEL RODRIGO
ALCANTARA IZQUIERDO CRISTINA
CASADO GALLARDO GERARDO
BRIONES PEREZ DE LA BLANCA FERNANDO
FELEZ MARTIN FERMIN
MAZA HURTADO MARIA ILENIA
SABES TORQUET JUAN CARLOS
DEL RIO OLIVARES FRANCISCO
GALINDO GOMEZ ANGEL
PEÑA PEÑA MANUEL
BLANCO GOMEZ MARIA VICENTA
MONTEAGUDO NAVARRO MARIA
BRIONES SERRANO CLARA MARIA
LUDEÑA JUAN ANDRES

MONROY CABAÑAS JULIAN
ROIG FENOLLOSA JUAN BAUTISTA
BARO CLARIANA SERGI
BORONDO ALCAZAR JOSE
MORERA GESTIO EMPRESARIAL SL
RIBERA AIGE JOSEFA
CORNADO CUBELLS GEORGINA
BONILLO GOMEZ LOURDES
SABATE NOLLA TERESA
ESPASA ROIG YOLANDA
BUIXEDA RUANA JOSE MARIA
SAMPER CAMPANALS PILAR
CARBO ROYO JOSE JORGE
BALADA ROLDAN MARIA DEL ROSARIO
CREIXELL GALLEGO XAVIER
FUENTESECA FERNANDEZ MIGUEL
MARTINEZ CASTRO MANUEL FRANCISCO
GOÑI IDARRETA ANA MARIA
PROCOSTA ATLANTICO, S.L.
CARRIL GONZALEZ BARROS ALEJANDRO SERGIO
LOZANO BRIONES JULIAN
CASSO MAYOR FRANCISCA
ESTEBAN TAVIRA ANTONIO
GOMEZ ANDRES JUAN JOSE
EKO - LAN CONSULTORES SL
MUSA MOHAMED ABDELAZIZ
ESCUDERO SANCHEZ RAFAEL PEDRO
CANOVAS PEREZ ISABEL
CALDERON CARDEÑOSA MARIA LUISA

BELLO RECOUSO MANUEL
PROMOCIONES BOHNWAGNER SL
CERQUEIRA CRUCIO FERNANDO
EPC ASSESORS LEGALS I TRIBUTARIS SL
CAMPDEPADROS CORREDURIA D'ASSEGURANCES SL
ARECHAVALA CASUSO CARLOS
GARCIA BASCUÑANA MARÍA CRISTINA
MATA MARCO CARMEN
CAMPOY RUEDA GABRIEL
ESTRADA DA GRANXA 6 SL
ASFI SERVICIOS INTEGRALES SL
SOLIS DE LA FUENTE PEDRO
ROBLES AGUILAR JUAN ALBERTO
ALFEVA 2000 SL
CASTILLA ALVAREZ RAFAEL JOSE
GALMES RIERA ANDRES
GABINETE AFIMECO ASESORES SAL
GESTION FINANCIERA MIGUELTURRA SL
PELAEZ REINAL GONZALO
CUADRADO BOIZA ANTONIO
CL CONSULTORIA 23 SL
FLORIDO VILLANUEVA PILAR
SANTOS CARBAYO MARIA JESUS
DIAZ FLORES JUAN FRANCISCO
VEIGA DUPRE JOSE ANGEL
ACCURACY CONSULTING SL
JIMENEZ CALERO CONSUELO
REYES BLANCO RAFAEL
SOBRINO MORA JULIAN

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GARCIA MEJIAS JUAN ANTONIO
INSTITUTO DE ASESORAMIENTO EMPRESARIAL INSESA, SL
GONZALEZ UGIDOS ALFREDO
GIL TIO JULIA
PRADA PRADA MARIA CARMEN
CARRASCAL PRIETO LUIS EUSEBIO
GONZALEZ DELGADO ARTURO ISAAC
PATIÑO ROBLES MARIA CONCEPCION
GONZALEZ GONZALEZ MARIA ANGELES
GONZALEZ MOSQUERA FERNANDO
ASESPA SL
INVEST FINANZAS S.L.U.
DOMINGUEZ RODES JUAN LUIS
ROS PETIT SA
MOR FIGUERAS JOSE ANTONIO
R. & J. ASSESSORS D' ASSEGURANCES ASEGUR XXI, S.L.
RODRIGUEZ DELGADO RENE
TOLEDO ANDRES RAFAEL
SANCHEZ CRUZ JOSEP MARIA
SERRANO GOMEZ RAFAEL
ASESORIA JOSE ADOLFO GARCIA SL
YUS ICM CONSULTORES SA
ECHANIZ LIZUAR MARIA BELEN
EZQUERRO TEJADO MARIA DOLORES
IGLESIAS GONZALEZ MARIA ARANZAZU
PEREZ COSTAS JESUS ANTONIO
PEREZ GUTIERREZ SANTIAGO
RODRIGUEZ HERNANDEZ FERMINA BELEN
VEGA VEGA ANTONIO DOMINGO

RODRIGO TORRADO JUAN JOSE
MORENO LOPEZ ANTONIO
SANCHEZ ELIZALDE JUAN FRANCISCO
MARTINEZ GOMEZ RAFAEL
MARTINEZ CORUÑA DOMINGO
VIGNOTE PEÑA MARIA ANGELA
MARTINEZ RODRIGUEZ SOLEDAD
LOPEZ VIGIL JOSE MANUEL
PEIRO CERVERA AMPARO
HERRERA MORENO MONICA
HERRAIZ ARGUDO CONSUELO
DIANA VALDEOLIVAS ANGEL
GARCIA GARCIA REMEDIOS
OTTESA FISCAL ASSOCIATS SL
DECALA GESTION SL
DE VREDE LEONARDUS CORNELIS ANTONIUS
ARNER MURO FRANCISCO A.
ORTIZ TORRES ANTONIA MARIA
SANTOS GARCIA MANUEL
CHINCHILLA IGEA RAFAEL
COMPAÑÍA VIZCAINA DE ASESORIA, S.L.
RAMOS ROMERO JUAN JESUS
BRAIN STAFF, S.L.
SIMON SAN JOSE JUAN
LOPEZ FERRER MARIA JOSE
ASESORIA MERFISA, C.B.
GUTIERREZ TAMAYO FRANCISCO
ASESORES ALFIME, S.L.
MATURANA VARGAS JAIME ELOY

DIAZ GARCIA MARINA
CUENCA OLIVEIRA ANTONIO
DESPACHO GUADALIX PAJARES SCP
DE CAMBRA ANTON VICTOR
ASESORIA AREGUME, S.L.U.
TARRES PUJOL JULITA
INFORMES Y SERVICIOS SL
AVENIDA DE CONSULTING DE NEGOCIOS SL
FORNIES ABADIA MATIAS CARLOS
DIAZ LORENZO LORENZO
AULES ASESORES, S.L.
SANCHEZ NUEZ JOSE ANTONIO
MORILLO MUÑOZ CB
GOMEZ LOBO JUAN
FINVERTEC SL
PLA NAVARRO EMILIA
MARTIN PEREZ SIXTO MANUEL
MARTI TORRENTS MIQUEL
MUZAS BALCAZAR JESUS ANGEL
FERRER GELABERT GABRIEL
PRESTACION DE SERVICIOS Y ASESORAMIENTO EN GENERAL Y CONSTRUCCIONES SOLPEMAR , SOCIEDAD LIMITADA.
SANCHEZ HERNANDEZ Mª BELEN
BROTONS GEMAR CONCEPCION
PASTOR Y VENTURA SL
SOCIEDAD CONSULTORA DE ACTUARIOS SCA
MONTESINOS LOREN MARIANO
IGEA JARDIEL MANUEL
ISACH GRAU ANA MARIA
ORIBIO ASESORES SL

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LIST OF AGENTS

ASESORIA DE EMPRESAS HERNANDEZ CAMINO SL
PUJOL HUGUET AMADEU
ARROYO ROMERO CARLOS GUSTAVO
VELASCO LOZANO FRANCISCO
GALLARDO BENITEZ JUAN MANUEL
SUAREZ GUTIERREZ PABLO
GABINET D'ECONOMISTES ASSESSORS FISCALS SC
MATEO HERNANDEZ JOSE LUIS DE
CRISTOBAL LOPEZ MANUEL DE
AREVALO AREVALO MARÍA DEL CARMEN
GIL GARCIA PEDRO ALFREDO
DOMINGO GARCÍA-MILA JORDI
BERMEJO REDONDO ADRIÁN
CASADO DE AMEZUA BUESA GABRIEL
OFICINAS EMA SL
PEÑA LOPEZ MILAGROS
MARANDI ASSL MOHAMMAD
RODRIGUEZ MARTIN JOSE MANUEL
PB GESTION SL
L DE H CONSULTORES SL
JOVER BENAVENT ENRIQUE
FALVA, S.C.
CAMPOMANES IGLESIAS MARIA TERESA
DE DIEGO MARTI FRANCISCO JOSE
PEROLADA VALLDEPEREZ ANDRES
MARTINEZ PEREZ JOSE MARIA
BUSTAMANTE FONTES MAYDA LOURDES
ARES CONSULTORES, S.L.
GENE TICO REMEI

BERENGUEL LOPEZ INDALECIO
FERNANDEZ MORILLO JOSE
SANTOS ROMAN MARIA NURIA
GOMEZ GOMEZ PLACIDO
CUBBERLEY JOSEPHINE
GONZALEZ PONCE CARMELO
REDONDO BERDUGO MARIA DE LOS ANGELES
MOLINERO MIÑAN FRANCISCO JAVIER
PRIETO RICO MAURO
BARCELO ALBERNI MONTSERRAT
CARRASCO MARTIN ELOY
LOGARILL & ASOCIADOS, S.L
SELLARES FONT MARIA DEL CARMEN
MUIÑO DIAZ MARIA DEL MAR
GARZON ASOCIADOS GESTION EMPRESARIAL, S.L.
OMEGA GESTION INTEGRAL, S.L.
MIGUEL UCETA FRANCISCO
GONZALEZ GONZALEZ JOSE MANUEL
DESPACHO FG Y ASOCIADOS, S.C.
ROYO GARCIA FRANCISCO JAVIER
SANCHEZ CESPEDES JUAN CARLOS
MIALDEA CARRASCO JULIA
JOSE LUIS MARQUES MENENDEZ-INDALECIO JAÑEZ GONZALEZ ABOGADOS ASOCIADOS, C.B.
TARREGA PEREZ JORDI
IBERFIS INVERSIONES, S.L.
BUFETE MARTINEZ GARCIA, C.B.
BOBET BRIEBA AUGUSTO
AMOEDO MOLDES MARIA JOSE
IMAGOMETRICA DE DIFUSION Y MERCADOTECNIA, S.L.

ESTUDIO ENSEÑAT CB
ARGENTA MONTERO JOSE MARCOS
CMS ASESORES LEGALES SL
BAÑUELOS DIEZ MARTA LUISA
BOTELLO NUÑEZ FELIPE
MAZON GINER JOSE FERNANDO
GARCIA DIAZ MARIA DEL CARMEN
CONSULTORIA BARCELONA, SERVEIS I ASSESSORAMENT SL
CHACON ARRUE MARIA
GARCIA VIESCA MARIA MERCEDES JUSTINA
ASSESORIA VIGUE S.L.
BRAVO MASA Mª INMACULADA
FUERTES CASTREJON JOSE ANDRES
VAZQUEZ DIEGUEZ JOSE ANDRES
FRANCO MARTINEZ JUAN JOSE
GESTION 93 ASESORES DE EMPRESAS SL
GRASSA VARGAS FERNANDO
AHUJA AHUJA RAKESH
HERNANDEZ LOPEZ ESTANISLAO
BARRIONUEVO VACA JOSE LUIS
ALONSO BAJO LORENZO
CHULIA OLMOS ENRIQUE SALVADOR
MUÑOZ MOLIO JOSE
TRUJILLO RODRIGUEZ MANUEL JESUS
PLAMBECK WALTER GERT
MESA IZQUIERDO ASOCIADOS SL
MODOL PIFARRE JORDI
RUA PIRAME ENRIQUE
MEXICO NOROESTE GESTION EMPRESARIAL SL

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PADILLA ORTEGA GENOVEVA
OLABE GARAITAGIOTIA MARIA ELENA
FORCEN LOPEZ MARIA ESTHER
GOLOBART SERRA ROSA MARIA
AFITEC INVERSIONES SL
PACCHIALAT MORALES JOSE GERARDO DAVID
MDF SERVICIOS FINANCIEROS E INMOBILIARIOS, S.L.
DESPACHO ABACO, S.A.
URDIALES LLORENTE MARIA LUISA
ORTUÑO CAMARA JOSE LUIS
GESTION JURIDICA BOENSA, S.L.
ANABEL MORENO JIMENEZ ASESORES, S.L.
ORTEGA PAUNEDO JESUS
ASESORIA ASETRA, S.L.
GRILLO GRILLO JUAN ATILANO
TEBAR LILLO JULIO JAVIER
VILLALBA TRUJILLO SUSANA
RUIZ ESCALONA ANTONIO
GARCIA SANCHEZ PABLO
LEON CRISTOBAL JOSE LUIS
PEREZ-FANDON ASESSORES, S.L.
PULIDO ALCON MARIA LOURDES
RODRIGUEZ LLOPIS MIGUEL ANGEL
MUÑOZ BUSTOS JOSE LUIS
FERNANDEZ-LERGA GARRALDA JESUS
VEGA & ASOCIADOS SCCL
BETRIU ADVOCATS, S.C.P.
YUSTE CONTRERAS ANGEL
COSEFINAN, S.L.

PLANELLS ROIG JOSE VICENTE
GALDON CABRERA RAFAEL
OLAZABAL Y ASOCIADOS, S.C.
GASEM SERVICIOS S.L.
CANTARERO MARTINEZ BARTOLOME
ARIAS TORRES MIGUEL
CARBAJO OTERO MARIA ANGELES
SERVICIOS Y ASESORAMIENTO LEYVA S.L.
AGESAD ASESORIAMIENTO Y ADMINISTRACION SL
GARCIA-VALENCIANO LOPEZ LUIS
PARDO LOPEZ CIRA HAIR
COLOMINA, CEBRIAN Y ANTON ABOGADOS
ALMAGRO OTERO ANTONIO
URIAGUERECA CARRILERO FRANCISCO JAVIER
PEREZ MASCUÑAN JORGE
G.A.C. GRUP CONSULTORIA ESPECIALIZADO S.L.
GRUP DE GESTIO PONENT DOS ASSEGURANCES SL
VALCOR VENTA Y ALQUILERES S.L.
PROFESIONALES DE LA EMPRESA REUNIDOS SA
FISCHER MARTINA
REGLERO BLANCO MARIA ISABEL
VALCARCEL GRANDE FRANCISCO JAVIER
CONMEDIC GESTIONS MEDICAS SL
MURO ALCORTA MARIA ANTONIA
URRESTI SERBITZUAK SL
RIVAS FERNANDEZ RAFAEL
MARTINEZ MONCHE CONSULTORES S.L.
CONSULTING INMOBILIARIA 4B S.L.
GAMBOA DONES SUSANA

BERLINCHES TORGUET JUAN ANTONIO
SARROCA GIL MOISES
MORENO AVILA MARIA
AFDA XXI SL
GIL FERNANDEZ JUAN JOSE
MURILLO FERNANDEZ MARIA PAZ
CRIADO ANAYA LUIS
MONSERRAT OBRADOR RAFAEL
FINSECRET S.L.L.
FRANCES Y BARCELO CB
CANDELA AZORIN FRANCISCO
LORENZO VELEZ JUAN
MERIGO LINDAHI JOSEP MARIA
CORCUERA BRIZUELA JOSE MARIA
MOROTE ESPADERO RAFAEL
GABINETE DE RIESGOS S.L.
MOLINA LOPEZ RAFAEL
RODRIGUEZ GALVAN MARIA
COSTAS SUAREZ ISMAEL
ALSINA MARGALL MIREIA
SUGRAÑES ASSESSORS S.L.
FISHER COLLETTE
QUINTANA O'CON RAFAEL DE
SALADICH OLIVE LUIS
BIRMANI PROMOCIONS, S.L.
INMOBILIARIA DONADAVI S.L.
MERINO CORCOSTEGUI ALVARO
SALMON ALONSO JOSE LUIS
REDONDO BARRENA MARIA DEL PILAR

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MEZAN ASOCIADOS, S.L.
ANGOITIA LIZARRALDE MARIA DEL CARMEN
BLADYDUNA S.L.
GOMEZ PEREZ MARIA DEL PILAR
SANCHEZ MESA FRANCISCO
SERTE RIOJA S.A
IBAÑEZ NIETO ADORACION MAR
GARCIA ALVAREZ-REMENTERIA ANTONIO
DIAZ VARELA DOMINGO ADRIAN
EGADI CONSULTORES, S.L.
ASSET EUROCONSULTING, S.L.
ORDOYO CASAS ANA MARIA
ASESORIA NEMARA COOP. V
SUAREZ GARRUDO JUAN FRANCISCO
EUROGESTION XXI, S.L.
GIMENO CONSULTORES, S.L.
NANOBOLSA, S.L.
BAILEN ASESORES CONSULTORES S.L.
FERNANDEZ DE FRUTOS ROBERTO
CASTILLA CARRETERO MARIA DEL MAR
IRESE S.L.
FERNANDEZ RIOS MARIA GORETTI
PONS PONS JUAN ANTONIO
PALAU CEMELI MARIA PILAR
ORTEGA JIMENEZ FRANCISCO
GABINETE SALMANTINO DE ECONOMIA APLICADA S.L.
ARISGESTION FINANCIERA S.L.
VALMALEX S.L
WEISSE KUSTE S.L.

SANFRUTOS Y GONZALEZ ABOGADOS C.B
BERNIER RUIZ DE GOREGUI MARIA ISABEL
GIMFERRER PASCUAL JOSE MANUEL
GOMIS HERNANDEZ PEDRO
PEÑALVER GOMEZ MARIA DOLORES
ALONSO HEVIA AMPARO
PASCUAL BASTERRA IÑIGO DE
PASCUAL BASTERRA VERONICA DE
BETA MERCAT INMOBILIARI SL
ESPALLARGAS MONTSERRAT MARIA TERESA
GOMEZ VAZQUEZ MARIA JESUS
CAMACHO MARTINEZ PEDRO
MARGALIDA GATNAU JOSE MARIA
DIAZ DE ESPADA LOPEZ DE GAUNA LUIS MARIA
RUIZ GARCIA ANA
JULIAN SANZ MARIA
SANCHIS MARTIN LAURA
MARTINEZ PATRON JUAN JOSE
PIRACES INVERSIONES SL
SERRANO DOMINGUEZ FRANCISCO JAVIER
CABEZAS LABRADOR JUAN JOSE
CASTELLANOS JARQUE MANUEL
MARTINEZ DE ARAGON SANCHEZ VICTOR GABRIEL
MORODO PASARIN PURA
RAMIREZ RUBIO JOSE RAMON
MARTIN MIRALLES ANTONIO
DURAN GONZALEZ CEFERINO
OTC ASESORES SL
FERRADAS GONZALEZ JESUS

MARTIN GRANADOS CARLOS
MARTIN GRANADOS JUAN
CORPORACION INDUSTRIAL DE PROYECTOS S.A
ESPARCIA CUESTA FELISA
GESTORIA ADMINISTRATIVA ESTAÑOL S.L.
VAZ FERNANDEZ JUAN BENITO
BRANLI CONSULTORES ASOCIADOS S.L.
REYES BLANCO FRANCISCO JAVIER
AREA SEIS GESTION S.L.
AGRAMUNT BUILDING S.L.
ASESORIA GORROTXA ASEGUROAK S.L.
DE CASTRO DIAZ SILVANO
MARTIN JIMENEZ MANUEL MARIA
ASESORIA EMPRESAS J. MADERA S.C
IBAÑEZ IBAÑEZ LUIS
ORDEN MONTOLIO SANDRA DE LA
SEB GESTIO PYMES S.L.
REYMONDEZ SL
ARANDA GONZALEZ DOLORES
SANCHEZ RODRIGUEZ Mª TERESA CARMEN
IGLEVA SISTEMAS DE CONSULTORIA SL
SANCHEZ TORRES CARLOS RAFAEL
GESTION DE INVERSIONES Y PROMOCIONES ELKA CANARIAS SL
PULIDO PADRON JOSE ANTONIO
ALVAREZ MARTINEZ RAUL REMIGIO
VELASCO GONZALEZ JOSE
ROLDAN BROKERS SL
BINIPOL 2001 SL
JUAN S ARROYO SL

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LIST OF AGENTS

DESPASEG S.L.
CECOFAR CENTRO COOPERATIVO FARMACEUTICO S.C.L
ASECAMPO CB
POLLAN & VEGA SC
CLEMENTE BLANCO PAULA ANDREA
GARAY AZCORRA PEDRO ANGEL
GESTORED CONSULTING SL
SANCHEZ DALMAU MIGUEL
MARTINEZ HERNAEZ MARIA DOLORES
SARDINERO CAMACHO JAIME
ARTAL PEREZ JOSE CARLOS
TACASA BIAR SL
ROQUE BERMEJO SL
FISCOPYME SL
DELGADO GARCIA MANUEL ANTONIO
OLIVA PAPIOL ENRIQUE
LLORIS PARADISE SL
ADAN ROLDAN FRANCISCO DE ASIS
DOMUS AVILA SL
RIVAS ANORO FERNANDO
GARCIA LUCHENA ASESORES SL
SECO FERNANDEZ LUIS ALBERTO
COSTAS NUÑEZ ASESORES SL
POZA SOTO INVESTIMENTOS SL
ELGUEA OMATOS EMILIO
PEREZ GUILARTE Y ASOCIADOS SL
ESTOVIN SL
SANCHEZ SAN VICENTE GUILLERMO JESUS
ESQUIROZ RODRIGUEZ ISIDRO

MONTE AZUL CASAS SL
PEREZ RODRIGUEZ MODESTO
ADVICE LABOUR FINANCE SOCIETY SL
LAUKIDE ABOGADOS CB
ALONSO ZARRAGA MIKEL
VICENTE BURON Y ASOCIADOS CORREDURIA DE SEGUROS SL
TUÑON GARCIA JOSE GIL
MARTINEZ PEREZ JOSE FRANCISCO
COCA LOZA Mª DOLORES GENOVEVA
XAKE XK 21 SL
BARDAJI LANAU MARIANO
ARGIGES BERMEO SL
CREDILIFE SL
MACHIN CARREÑO FELIX ALBERTO
ROLDAN SACRISTAN JESUS
IBERKO ECONOMIA Y GESTION, S.L.
RUBIO SIERRA FRANCISCO JOSE
PEREZ SIMON ROSARIO
DE PABLO DAVILA MARIA VICTORIA
ASESORIA FINANCIERA LUGO SL
MERA ALVAREZ VICTOR
CONSULTORS I ADVOCATS ASSOCIATS MASIA RIBERA SL
ALF CONSULTORES Y SERVICIOS FINANCIEROS Y SEGUROS SL
MONTES SADABA FRANCISCO JAVIER
MAC PRODUCTOS DE INVERSION Y FINANCIACION SL
GARRIDO GOMEZ ISABEL
MUR CEREZA ALVARO JESUS
JOSE ANGEL ALVAREZ SLU
GESFIGAL SL

COBO MACHIN LUIS JORGE
NIÑO ALVAREZ SALUSTIANO
AESTE SL
RAMJES ASESORES SL
HERCA CONSULTING SL
LOPEZ SARALEGUI ELENA MARIA TRINIDAD
GARCIA PERIS SANTIAGO DAVID
FORCAPITAL SL
BLAYA FAJARDO MARIA FERNANDA
MARTINEZ REMIRO ASESORES SL
FERNANDEZ MARTINEZ JUAN MARCOS
MONTES BELTRAN CESAR
SERVISA ASESORES ASOCIADOS SL
DE LA FUENTE ASESORES SL
GONZALEZ LUIS JULIAN
TRES U EMPRESAS DE SERVICIOS PROFESIONALES SL
DUPAMA CONSULTING SL
GONZALEZ MONTANER JUAN JOSE
EKONO VALENCIA 96 SL
OTECO CONSULTING SL
CERVERA GASCO NURIA PILAR
SPI SERVICIOS JURIDICOS EMPRESARIALES SL
GABINETE EXTREMEÑO DE GESTIONES EMPRESARIALES SL
ACL CONSULTORES ECONOMISTAS SC
GESTIONES ORT-BLANC SL
ADA PROMOCIONES Y NEGOCIOS
APIRIOJA CB
FELIPE REUS ANDREU
GESTION BALEAR DE PREVENCION SL

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LIST OF AGENTS

ALONSO ALONSO JUAN CARLOS
ALZO CAPITAL S.L.
RUIZ ASESORES SC
LORENZO MONTERO FERNANDO
SINBAHER SL
ALBA Y HENAREJOS SL
CONSULTORIA SANTA FE SL
GESTORIA PARIS SL
ASOCIACION DE SERVICIOS PROFESIONALES LOS REALEJOS SLL
NAVARRO CUESTA ESTER
ASESORIA Y GESTION ARIN SL
TXIRRIENA SL
ASSESORIA I GESTIO MUNTANER SL
IVARS IVARS DAVID
LOPEZ LOPEZ JUAN ANTONIO
MORENO GALIANO MARIA AURORA
JTH ALONE ASESORES SL
AUDAL CONSULTORES AUDITORES SL
DIEZ AMORETTI FRANCISCO
ACSE TERUEL CORREDURIA DE SEGUROS SL
ASESORIA EL TUNEL SL
PEREZ VARAS JOSE RAMON
ASSESSORIA EMPRESARIAL PLA D'URGELL SA
LOSADA VASALLO JOSE ANGEL
CABRITO FERNANDEZ JUAN CRUZ
GAGO COMES PABLO
PAVENA ASESORES SL
JOSE TORO GIL SL
OMF ASESORES SL

VAZQUEZ FIGUEIRAS JULIA
GIL MANSERGAS CB
T.S. GESTIO SL
GARCIA LARA MARIA ALEJANDRA
IMPULSE ASESORES CORPORATIVOS SL
GAVIÑO DIAZ JUAN ANTONIO
MUÑOZO CHAMORRO NARCISO
LAVADO MOTERA FRANCISCO
ARJANDAS DARYNANI DILIP
GONZALEZ DIAZ VICTORINO
PABLOS MUÑOZ MARIA JESUS
ODIMED CONSULTORIA SERVICIOS SL
FERNANDEZ PIÑEIRO ALBERTO
MARKETPLACE CONSULTING SL
INTELGROS CENTRO DE SERVICIOS SL
NUMMOS PROFESIONAL SL
SAIZ SEPULVEDA FRANCISCO JAVIER
CONSULTORES DE COMUNICACIÓN VELASCO & ASOCIADOS
RAMIL GESTORIA ADMINISTRATIVA SL
SALA AZORIN AURORA
REBATE GALLEGO JUAN JOSE
AGUILAR VELASCO MARIA PAZ
TECFIS SL
RACA INVERSIONES Y GESTION SL
PEDROSA PUERTAS JUAN CARLOS
LLANA CONSULTORES SL
SAEZ BUESA JOSE RAMON
ROCA OLSEN CARINA
GONZALEZ TORRES JOAQUINA

LOPEZ MARTINEZ MANUELA
LOPEZ CARCAS EDUARDO
ASSESORIA PLA DE L'ESTANY
EURO AUDIT CONSULTING SL
CAMBATABO SL
ROMALDE CORRAL SUSANA
GARMENDIA AZPEITIA JOSE MARIA ANDRES
VIGON 21 SL
HOOPS SERVICIOS FINANCIEROS SL
NAVARRO MORALES JOAQUIN
VALENCIA PROJECT MANAGEMENT SL
MONTESINOS CONTRERAS VICENTE
CARRILLO AVELLANEDA FILOMENA
BASCUAS ASESORES SL
GARCIA PAREDES LORENZO
FONTAN ZUBIZARRETA RAFAEL
DAVID DOMINGUEZ SL
HERNANDEZ MORENO BORJA
FERSEGUR SL
NISTAL PEREZ FIDEL
FERRON WEBER JAVIER
M CASTAÑO E HIJOS ASESORES, S.L.
BLANCO Y PARADA ASESORES, S.C.
VALMA INVERSIONES, S.A.
GEFAL, S.L.
BOSTON 14 ASESORES, S.L.
GONVER GESTION DE EMPRESA Y GANADERIA, S.L.U.
GUTIERREZ RODRIGUEZ RICARDO MIGUEL
ASMERI CORREDURIA DE SEGUROS, S.L.

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INPRE GESTIO SERVEIS SL
GARCIA CARBALLEIRA DIEGO
MAZOR ASESORES SL
SANZ VIDAL GUILLERMO
INTASSE EMPRESARIAL SL
GOMIS JIMENEZ CARLOS
SEGURA URBANA SL
CERVERA AMADOR ANTONIO
MALAVER CASTILLO JOSE MANUEL
LARA VIDAL FRANCISCO JOSE
AGAN CONSULTORIA FINANCIERA SL
IBER DOMUS SL
ASESORIA EXPANSION 2001 SL
GAZAPO CAMPOS FELIPE
ORTIZ I SIMO ASSESSORS SL
COMPTAFACIL SLL
LORIENTE HERNANDORENA ANA MARIA
OLIGRAN ASESORIA Y GESTION SL
MULTIGESTION SUR, S.L.
CERDEIRA BRAVO DE MANSILLA ALFONSO
PEREZ CHAVARRIA JOAQUIN MIGUEL
MAYO CONSULTORS ASSOCIATS, S.L.
SANCHEZ SECO VIVAR CARLOS JAVIER
ASESORIA JURIDICA Y DE EMPRESAS, S.L.
SCG SERVICIOS DE CONSULTORIA GENERALES, S.L.
BUFETE JURIDICO LEGAL JCB, S.L.
ESTUDIO ILUSTRACION, S.L.
SAEZ ABOGADOS, S.L.
ADLANTA SERVICIOS PROFESIONALES, S.L.

PUERTA DE ATOCHA ASESORES SL
S.M ASESORES ARAÑUELO SL
OPTICREDIT ISLEÑA SL
GONZALEZ GONZALEZ MARIA
BUZON FERRERO JOSE RAMON
ARNIELLA GRANDA JUAN JOSE
ASEGAL SOC COOP LTDA
SUNAU CONSULTORES Y ASESORES SLL
SALVO POMAR JESUS MANUEL
ASESORIA LAGUNA S. COOP
GES BRUNCAL SL
ESCUER CASTAN JOAQUIN
QUINTERO BENCOMO CARLOS
J. RODRIGUEZ AFISCON. SL
GARCIA CACERES JULIO
NORPRIX SL
HERNANDEZ CASTELLANO FRANCISCO JORGE
SOSA LOZANO JOSE RAUL
GONZALEZ FERNANDEZ MIGUEL ANGEL
PLAZA AGUADO ISMAEL
EURAL PRODUCTS, S.L.
PEÑALVA GISBERT JOSE LUIS
RUIZ AYUCAR Y ASOCIADOS, S.L.
MONZON MARIN MARIA PILAR
ROYO POLA ANA CARMEN
LOPEZ CAPDEVILA RAFAEL
BARTOMEU FERRANDO JOAN
CONCHEIRO FERNANDEZ JAIME
MARTINEZ RUIZ AMAYA

RODRIGUEZ SANCHEZ MARCOS
DE LA TORRE DEL CASTILLO CANDELARIA
AFICON SERVICIOS EMPRESARIALES, S.L.
VIANA TOME PABLO
SOLER SERRANO MIGUEL ANGEL
ASESORIA DIAZ Y LEON, S.L.
ALEA SERVICIOS FINANCIEROS, S.L.
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BONILLA MORENO MARIA ISABEL
PIEDRAFITA SARTE JAVIER
VALLE PRIETO VITAL CELSO
HERMANOS HERRERO UÑA, S.L.
NOU ARAUCO, S.L.
L'AUTENTIC, GESTIÓ FINANCERA, S.L.
INVERSIONES Y GESTION AINARCU, S.L.
ZURDO RUBIO MARIA CRISTINA
ARLEGUI MAYA LUIS MARIA
TORRES CALVO AGUSTIN
DEL PINO GUERRERO ANDRES FRANCISCO
AURIA CIUDAD ASESORES, S.L.
EMPRESA DE GESTION RIAZ, S.L.
ALONSO PAREDES JOSE IGNACIO
CARRO DURAN ANTONIO
LLUSIÁ AZAGRA JOSE LUIS
B2M GESLAW LEGAL Y TRIBUTARIO, S.L.
FOCUS PARTNERS, S.L.
CGILL, S.L.
ABC 2005 SERVICIOS JURIDICOS, S.L.
LOPEZ MASACHS JUAN CARLOS

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LUIS F. SIMO, S.L.
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SELIMO, S.L.
GUTIERREZ TRAPERO ENRIQUE
ASESORES REUNIDOS ARGA, S.L.
TEJEDOR & ASOCIADOS ABOGADOS, S.L.
ROCA SANS LUIS
GESTORIA JUAN AMER, S.L.
GONZALEZ ALVAREZ JORGE ANDRES
SIGNES ASESORES, S.L.
RODA GALINDO ENRIQUE MIGUEL
GESTORIA POUSA Y RODRIGUEZ, S.L.
SEGOVIA 29, S.L.
CONSULTORES FINANCIEROS LABORALES, S.L.
ORTIZ, S.C.
PRIETO RODRIGUEZ JOSE MANUEL
AREA SPORT GESTION, S.L.
UNICO CONSULTORIA FINANCIERA, S.L.
PONCE VELAZQUEZ JOSEFA
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SAINZ TAJADURA MARIA VICTORIA
SAMPEDRO RUNCHINSKY MARCOS IGNACIO
GESTORIA ADMINISTRADORA FAUS, S.L.
CARNE SALES MARIA JOSE
CONSEFOR CASTELLON, S.L.
BUSINESS RIGHT, S.L.
ROMERO MEGIAS MARIA TERESA

KUTZE 2005, S.L.
GESTORIA ADMINISTRATIVA VIJANDE, S.L.
ANTONIO Y CATALINA TRAMULLAS, S.L.
ARENAS GONZALEZ AMPARO
FERNANDEZ TORTOSA MARIA BELEN
RM REYMA, S.L.
MUÑOZ ORTEGA FRANCISCO JOSE
ASESORIA BASTIAS, S.L.
ESCAMILLA FERRO MARIA MATILDE
INVERTIA SOLUCIONES, S.L.
ASEFISTEN, S.L.
GARCIA ANDRES CARLOS
MIGUEL BENITO JOSE ANDRES
GESTION INMOBILIARIA MELON, S.L.
CONTABIA ASESORES Y CONSULTORES, S.L.
JOAQUIN SANTACLARA, S.L.
LAWTAX, S.L.
IGLESIAS DIAZ ESTEFANO
FORMOSO DESPACHO INTEGRAL DE SERVICIOS, S.L.
SOAPRO, S.L.
ARIÑO MODREGO FRNACISCO JAVIER
UGARTE ASOCIADOS SERVICIOS EMPRESARIALES, S.L.
SERCONSULTING, S.L.
MORALES LOPEZ MARIA LUISA
GARCIA GORDILLO FRANCISCO
PERMASAN ASESORES, S.L.
ASESORIA GATEA, S.C.
GUTIERREZ MUÑOZ MARIA CONCEPCION
CASTELLANO RODRIGUEZ ANTONIO

ASESORIA BIRRETE, S.L.
BERNOIS INVERSIONES, S.L.
TRAMITES FACILES SANTANDER ASESORES Y CONSULTORES, S.L.L.
ILLES ASESORIA Y PROYECTOS, S.L.
MORENO DOMINGO ASESORES, S.L.
TINAQUERO HERRERO JULIO ANTONIO
SERRANO MORENO JAVIER
TOGARING, S.L. (TAX ASESORIAS)
MORALES GUZMAN ASCENSION
PEREZ ZAPATER BEATRIZ
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GONZALEZ FRANCO RAFAEL JESUS
SANTIVERI GESTIO I ASSESSORAMENT, S.L.
MALLOL ASSESSORS, S.L.
CAILA & SANCHEZ ASSESSORS, S.L.
GARCIA LATORRE RAUL
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ERAÑA AHOLKULARITZA, S.L.
MARTINEZ GARCIA CARLOS
MARTINEZ PICO MARCELINO CRISTOBAL
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CELDRAN CARMONA JOSE MARIA
MATA CARDONA JAIME
PANIAGUA GAMERO LUIS ANTONIO
ASESORIA RURAL PARQUE, S.L.L.
ALGROUP CAPITAL, S.L.L.
TEGA PROMOCIONES E INVERSIONES, S.L.

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BERNARDOS Y ASOCIADOS CONSULTORES, S.L.
CABRERA FRANCO AURELIO
MORENO DEL PINO NICOLAS
MARTIN BAEZ JOSE MANUEL
TORRE ROJO JOSE MANUEL
ATIENZA IBAÑEZ CIPRIANO
ALVAREZ VIDAL RAQUEL
KANBAR CHAFIQUE
ASFIN GRUP S.C.P.
CERDAN GARCIA INMACULADA
CRUJEIRAS BRINGAS JOSE LUIS
IURISFUN, S.L.
TARDUCHY RINCON RICARDO
DE HOYOS ABOGADOS, S.L.
ARRIAGA Y SIERRA ASESORES INTEGRALES DE SEGUROS, S.L.
DEL AMO HERNANDEZ MONICA
OLMIYON, S.L.
NEGOCONT BILBAO 98, S.L.
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LOPEZ GONZALEZ PURIFICACION
SANJUAN FELIPE JOSE LUIS
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PAYMAIN, S.L.
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MARTIN RIVERA ANGELES
ASESORIA BOSS, S.L.
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PEREZ FRAILE JOSE MARIA
GAITICA LOPEZ MANUEL
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PISONERO PEREZ JAVIER
ASELIC VIGO, S.L.
ASESORIA Y SERVICIOS, S.L.
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FUCHS KARL
BOLAPE UXO, S.L.
BAKKER ANNEMARIE
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ORIZAOLA FERNANDEZ BLANCA

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DEL RIO CAÑAS PEDRO
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GARCIA MARINA JOSE MARIA
GESTORIA Y ASESORIA OLESA, S.L.
JAUMANDREU ASESORES, S.L.
GEWARE COMERC, S.L.
SOLIS, MARTINEZ, MOSQUERA Y ASOCIADOS, S.L.
XESTADEM, S.L.
ANEIROS BARROS RAFAEL
AMENEIROS GARCIA JOSE
DUTILH & ASOCIADOS, S.L.
TECNICOS AUDITORES CONTABLES Y TRIBUTARIOS EN SERVICIOS DE ASESORAMIENTO, S.L.
CASTAÑEDA GOMEZ MARIA
MATEO PEREZ FRANCISCO JAVIER
JAUREGUI ARCO FLORENTINO
ODNODER HAUS, S.L.
GENOVA MEDIA, S.L.
CASTILLO MARZABAL ALBERTO
DORRONSORO URDAPILLETA, S.L.
FERNANDEZ REBOLLO JULIA
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FERNANDEZ MONCAYO LUIS DAMIAN
TEJUMAL ASWANI SITA SAWTRI
AURELIO ALVAREZ SALAMANCA, S.L.

SERRANO RODRIGUEZ RAFAEL
DOCUMENTS NOTARIALS, S.L.
BUSQUETS ROMAGOSA ALBERTO MARIA
MEDINA-FERRERA, S.L.
CAMPÁ ANFRUNS JOSEP
BOADO ORORBIA LEOPOLDO
LAJUSER GESTIONES Y ASESORAMIENTOS, S.L.
CONOCIMIENTO, EXPERIENCIA Y SOLUCIONES, S.L.
BORJA MORENO FRANCISCO VICENTE
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ARRABE QUINTANA PALOMA
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GARCIA NIEVES JESUS
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PEDROSILLO SANCHEZ CARLOS
SANTOS RACHON MANUEL
SUAREZ CAMPOS ALEJANDRO
MAITE ECHEBERRIA ZUBIAURRE Y OTRA, C.B.
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MARIN OSPINO CONSULTORES INFORMATICOS, S.L.
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CONSULTORA MANCHEGA, S.L.
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MORICHE CARRO TEODOMIRO
GAMINDE DIAZ EMPARANZA MARGARITA
QUEIJA CONSULTORES, S.L.
LOPEZ FERNANDEZ RAQUEL
JERGISUN, S.L.
ERGE PATRIMONIAL, S.L.
LOZANO MAYO PEDRO LUIS
CONSULTING DONOSTI, S.L.
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PAU HELENA

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MASDEU BALLART MONTSERRAT
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INGARBO, S.L.
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REGA RODRIGUEZ MARIA LUISA
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GUERRERO VERGARA JOSE ANTONIO
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DATAGEST CONSULTORS EMPRESARIALS, S.L.
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GARCIA DEL TORO MARIA ASUNCION
CEL 1986 AHM Y ASOCIADOS, S.L.
DURFERAL, S.L.
GABINETE FINANCIERO Y LEGAL, S.L.
FUSTER Y G. ANDRES ASOCIADOS, S.L.

OLIVAR DE JULIAN ANA MARIA
LAMBEI ASESORAMIENTO DE SERVICIOS, S.C.
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ROALGA GESTION DE RIESGOS, S.L.
BASILEA INVERSIONES PATRIMONIALES, S.L.
GESTORIA GARCIA POVEDA, S.R.L.
OREMFI LEVANTE, S.L.
SERVICES BUSSINES ALONSO, S.L.
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DYE CONSULTING, S.L.
GESTORIA VILLARROBLEDO, S.L.
INICIATIVAS Y VALORACIONES EMPRESARIALES, S.L.
ASNAPYME, S.L.
GARCIA DE LA TORRE FRUTOS LUIS
MENDEZ AGUIRRE FRANCISCO
TODOGESTION COSTA DE LA LUZ, S.L.
LABORALIA PLUS, S.L.U.
PRUDENTIAL AND BROKERS, S.L.
GESTIONES INMOBILIARIAS E INVERSIONES EL DESVAN, S.L.U.
RODRIGUEZ LOPEZ JOSE ENRIQUE
MONTAÑA MARTIN JOSE RAMON
GESTORIA ORTEGA MORENO, S.L.
GUERRERO GUERRERO ANTONIA ANA
ARANDA RAMOS REMEDIOS
VALOR AFEGIT OSONA, S.L.
MARGALEF BORRAS MARIA DOLORES
GRAMAR ASOCIA 2, S.L.
GABINETE DE ASESORAMIENTO CONTABLE, S.L.

AB&AR ABOGADOS Y ARQUITECTOS ASOCIADOS, S.C.P.
ARDORA CORPORATE, S.L.
CONTABILIDADES ASENCA, S.L.
NOREMEX DOS, S.L.
GRANERO & CAROT ASESORES, S.L.
GONADOB, S.L.
RINCON GARCIA FRANCISCO
KC INVERSIONES CONEJERAS, S.L.U.
NOECOR INVERSIONES, S.L.
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ESPIN INIESTA MARIA JOSE
GUIJARRO BACO JUAN JOSE
GARCIA MARTIN EUGENIO
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SAFONT PEREZ DE LARRAYA JAVIER
VILARRUBI LLORENS JORGE
PENA BAYONA ANGEL
GESVINTER HISPANIA, S.L.
RUEDA CALVO MARIA
GIRO INVERSIONES INMOBILIARIAS S.XXI, S.L.
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BULLEJOS GINES JOSE ANTONIO

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CUBERO PATRIMONIOS, S.L.
ESCALONA BELINCHON JOSE ANTONIO
MAS DISTRIBUCIONES, S.L.
FASER 89, S.L.
SERVICIOS FINANCIEROS GABIOLA, S.L.
FRANCES MAESTRE FRANCISCA
CORREDURIA & BROKER JMD, S.L.
SANCHEZ FERNANDEZ FRANCISCA
DE LA FUENTE & MARTIN ALONSO ABOGADOS, S.L.
MARTINEZ ATIENZA JAVIER
ALONSO GARCIA MIGUEL
REYES CARRION JUAN CARLOS
RUA CONTE DAVID
GESTIO EXTERNA INTEGRADA D'EMPRESES, S.L.
GALLARDO LOPEZ GEMA
SAFE SERVICIOS DE ASESORAMIENTO FISCAL DE LA EMPRESA, S.L.
SENTENCIA, S.L.
SADA PAZ CONSULTORES, S.L.
IBE ASESORES, S.C.
DOBARGANES GOMEZ JOSE MARIA
GONZALEZ DONAMARIA BEATRIZ
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SERFIN GESTION DOCUMENTAL 2002, S.L.
GOLDEN VIEW INVERSION Y GESTION, S.L.
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ROJAS TRONCOSO PEDRO
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CASTELLS & ESCORIZA, S.C.P.
REGUEIRA ARCAY JOSE MANUEL
MARTIN SOTELO VICTOR MANUEL
BLANCO GARCIA MIGUEL MANUEL
QUILEZ CASTILLO EDUARDO
JENAR, C.B.
PEREZ GARCIA ANTONIO
CASTELLO GARCIA JOSE ANTONIO
ASESORES Y CONSULTORES, C.B.
BARBA ESQUINAS JUAN JOSE
GARCIA ALONSO JESUS
GARCIA GARRIDO MARIA VICTORIA
CAMPOS ALCANTARA JUAN
ARAUZ DE ROBLES LOPEZ FRANCISCO JAVIER
SILJORINE, S.L.
MONTORI HUALDE ASOCIADOS, S.L.L.
CABELLO ALMINGOL JOSE ANTONIO Y PABLO HERRERIAS FRANCISCA, S.C.
TORRIJOS MARIN FRANCISCO MARTIN
BALIBREA LUCAS MIGUEL ANGEL
FUENTES & GESCOM, S.L.
MERA PARDO FRANCISCO JAVIER
PEREZ QUILES JUAN PEDRO
BARBESULA MAR, S.L.
ADMINISTRACIONES TERESA PATRICIA CELDRAN, S.L.
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PORTAL MURGA LEONARDO
MORALES BELTRAN BERNABE
SENDRA TOSTADO FELIPE DE JESUS
LOZANO CARO JUANA MARIA
JAVIER CARRETERO Y ASOCIADOS, S.L.
RG&ASOCIADOS ASESORIA Y GESTION DE EMPRESAS, S.L.
SERVEIS FINANCERS PALAFRUGELL, S.L.
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AGL CONSEJEROS EMPRESARIALES, S.L.
HISPAGESAL, S.L.
ZABALLOS BAUTISTA SUSANA
VILA HURTADO GUADALUPE
KNUCHEL MARTORIATI FRIEDERICH
ARIAS DELGADO MARIA MERCEDES
ASOCIADOS CUTOGA, S.L.
COSTA ACCOUNTANTS & CONSULTANTS, S.L.
PROFINSER GESTION FINANCIERA, S.L.
ZAMORANO MARFULL CARMEN
ZAPATA PIÑERO DIEGO
TRILLO ASESORES, S.L.
GIOVANNA TORNABUONI, S.L.
LOPEZ ANDREU JOSE FERNANDO
MARTINEZ Y CUTILLAS CONSULTORES, S.L.

APPENDIX XI

LIST OF AGENTS

CASADO HERRERO JOSEFA
A.M. DE SERVEIS EMPRESARIALS LLEIDA, S.L.
MARQUEZ ESTELA MARINA
JAIME CASTRO CORREDURIA DE SEGUROS, S.L.
POLO ROMANO ANTONIO
P V 1, S.L.
GESTORIA RUIZ MILLAN, S.L.
PAGISEGUR, S.L.
ERQUIAGA BURGAÑA IMANOL
LOGIN CONSULTORIA GENERAL, S.L.
PONS LOPEZ JESUS
CALVO CUÑAT CARLOS CESAR
GESTIONA, C.B.
ORTIZ ACUÑA FRANCISCO
CARMONA ACEVEDO EUGENIO
PUNTO 2000 ASESORES, S.L.L.
MARTINEZ DEL CAMPO OSCAR FERNANDO
GONZALEZ NICOLAS JESUS
ASESORIA FISCAL-CONTABLE ALPE, S.L.
MORALLON RODRIGUEZ ANTONIO
GESTORIA AZOR, S.L.
CRESPO GUALDA JOSE LUIS
ROFES ABOGADOS ASOCIADOS, S.L.U.
ASESORIA CONDE, S.L.
SEOANE VAZQUEZ SUSANA
GESCON LAFIS CONSULTING, S.L.
KURIEL TRADING, S.L.
LUQUE FERNANDEZ JULIA
GESTION EMPRESA JESMAR, S.L.

FREJ HELLIN FRANCISCO
LOGROS, C.B.
SERCOM ARAGON S.XXI, S.L.
PALLAROL GALITO FRANCISCO MANUEL
GARCIA GARCIA MARIA ANGELINA
DSA ASESORAMIENTO EMPRESARIAL E INFORMATICO, S.L.
RUANO LAYNEZ JOSE MANUEL
UNIAM 2000, S.L.
OLAGÜE ARRASATE GEMA
ASESORIA REX, S.L.
MOLINA CONSULTING GROUP. S.L.
GONZALEZ GARCIA DAVID
ORTS CONSULTING, S.L.
MULA SALMERON ANTONIO JOSE
GUERRA DE CASO JESUS
URBANSUR GLOBAL, S.L.
CABRERA ROSA JUAN FRANCISCO
ASSESSORIA PIÑERO, S.L.
GAGO FINANZAS, S.L.
CABALLERO ASENCIO ANTONIO
PONCE MEDEL JOSEFA
XESPRODEM ASESORES, S.L.L.
SEVILLANO MARTINEZ JUAN
LUCAS INSURANCE, S.L.
GARCIA RUBIO ELENA
FININVERSIONES BROKLYN, S.L.
EMPRESA DE SERVICIOS ASESORES DE NAVARRA, S.L.
MURILLO RAMIREZ IRENE
LACALLE TARIN, S.L.

BLANCO RODRIGUEZ JUAN ANTONIO
MORENO RAMIREZ ANA MARIA
FERNANDEZ MORAY EVA MARIA
PULIDO GARCIA INMACULADA
MARTIN ANERO MIGUEL ANGEL
ADMONMIQUEL, S.L.
GARCIA HERNANDEZ VICTOR PEDRO
FERNANDEZ BOUZAS CESAREO
PENA SAMPEDRO JOSE MANUEL
ARCAS GONZALEZ JOSE MANUEL
AURVIR & PEÑA CONSULTORES, S.L.
MARIN RUIZ MARIA CARMEN
VIOTA MARTA JUAN JOSE
GRUPO VILANOVA CONSULTING, S.L.
ASESORIA ORTEGA Y AYALA, S.L.
RAMON LOZANO ANDRES
ABAD TORRECILLAS ALEJANDRO
HERNANDEZ MANRESA JOSEFA
MARTINEZ FERNANDEZ JUAN IGNACIO
MOLLEJA BELLO MARIA CARMEN
IDEA SERVEIS EMPRESARIALS, S.L.
ASSESSORIA FEBRER 87, S.L.
PEREZ YAGUE AGUSTIN ANGEL
NASH ASESORES, S.L.U.
MARCELINO DIAZ Y BARREIROS, S.L.
PROCESOS Y SOLUCIONES BARAKALDOKO, S.L.
BUFETE CHAMIZO GALAVIS, S.L.
SANZ EMPERADOR JESUS ANGEL
FINCAS DELLAKUN, S.L.

APPENDIX XI

LIST OF AGENTS

GESCOFI OFICINAS, S.L.
SAENZ ARMAS VERONICA
FIDESLAN ASESORES, S.L.
INNOVA GLOBAL, C.B.
GESTORIA ESPARZA, S.L.
MILLENNIUM CAPITAL, S.L.
SUÑER SERVICIOS FINANCIEROS, S.L.
GRAINSA, S.L.
BELMONTE SUBTIL AUREA
MAVINAVAL, S.L.
SOLUCION INTEGRAL DE EMPRESAS, SERVICIOS LEGALES SOLIDEM, S.L.
PRETERSA, S.L.
ASESORIA CATALAN FABO, S.L.
SIERRA ALVAREZ JOSE MANUEL
DE PABLOS SOLDEVILLA PEDRO
PRIMALANI DARYANANI LALITKUMAR NARAIN
NOE GARCIA RODRIGUEZ, S.L.
ASESORAMIENTO TECNICO ENERGIAS LIMPIAS, S.L.
DIAZ-BASTIEN Y TRUHAN ABOGADOS, S.L.
RIBAS ISASI HUMBERTO GABRIEL
PRIMA URBANA, S.L.
MORGA GUIRAO MARIA PILAR
MARTINEZ FERNANDEZ HECTOR
VIECO MIRANDA, S.L.
IBERGESTION ASESORIA Y CONSULTORIA, S.L.
ESPAÑOL MARTIN PEDRO JOSE
LOPEZ BUSQUETS FRANCISCO JAVIER
QUIROS MORATO MARTIN
GUARAS JIMENEZ MARIA RESURRECCION
RODRIGUEZ CARDEÑAS BERNARDINO
FOMBELLA ALVARADO ROSA MARIA
RUEDA LOBO CARLOS MIGUEL
IGSEZA CONSULTORES, S.L.
ASESORIA FINANCIERA IBAIGANE, S.L.
ROCHE BLASCO Y ROCHE ASESORES, S.L.
RAFAEL BORDERAS Y ASOCIADOS, S.L.
BALLESTER VAZQUEZ IGNACIO JAVIER
DIAZ GÜEMES ESCUDERO IGNACIO
CHERIFIENNE EUROPE SERVICE, S.L.
GABRIEL PIERAS CONSULTORES, S.L.
VEJERIEGA CONSULTING, S.L.
WALS FERNANDEZ PETRA
QUINTERO GONZALEZ JOSE FERNANDO
SISTEMA ASESORES FERROL, S.L.
MONGE GARCIA REYES
PRADILLO CONSULTORES, S.L.
ADMI-EXPRES-GMC, S.L.
SOCIEDAD DE INVERISONES, C.B.
PAREDES VERA GRACIA
CERRATO RUIZ MARIA LUISA
GONZALEZ MARIN MANUEL
GRACIA CORDOBA JESUS
GESTIONA MADRIDEJOS, S.L.
JAYLA CELA, S.L.
ARANGUREN EIZAGUIRRE LUIS MARIA
LEXFAR GRUPO CONSULTOR, S.L.
MIGUEL ANGEL ORTIZ SOCIEDAD LIMITADA CORREDURIA DE SEGUROS
PEREZ PEREZ JOSE MANUEL
ALGESORES NAVARRO Y ASOCIADOS, S.L.
GABINETE JURIDICO-FINANCIERO SERRANO, S.L.
RELAÑO CAÑAVERAS CRISTOBAL
PACHECO MUÑOZ ROSARIO
ANTONIO SALAMANCA, S.L.
GARCIA GARCIA JOSE MIGUEL
GOMEZ VELILLA MARIA BRIGIDA
PARDO ESTEBAN MILAGROS
ALAMILLO ALVAREZ CRISTINA
MARTIN GARCIA CLARA EUGENIA
GESTION FINANCIERA CONSULTORA EMPRESARIAL, S.L.
PALAU DE NOGAL JORGE IVAN
VALLVE FORNOS SALVADOR
PERUCHET GRUP CONSULTOR D'ENGINYERIA, S.C.P.

## APPENDIX XII: GLOSSARY OF TERMS FOR THE 2008 FINANCIAL STATEMENTS

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| **Property, plant and equipment/tangible assets** | Buildings, land, fixtures, vehicles, computer equipment and other facilities owned by the entity or acquired under finance leases. |
| **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:<br>1. A measurable decrease in the estimated future cash flows since the initial recognition of those assets in the case of debt instruments (loans and receivables and debt securities).<br>2. A significant or prolonged drop in fair value below cost in the case of equity instruments. |
| **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 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. |
| **Current tax assets** | Taxes recoverable over the next twelve months. |
| **Deferred tax assets** | Taxes recoverable in future years, including loss carryforwards or tax credits for deductions and tax rebates pending application. |
| **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:<br>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.<br>b) the sale is considered highly probable. |
| **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. |
| **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 |
| **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. |
| **Held-to-maturity investments** | Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. |
| **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 |
| **Held for trading (assets and liabilities)** | Financial assets and liabilities acquired or incurred principally for the purpose of selling or repurchasing them in the near term with a view to profiting from variations in their prices or by exploiting existing differences between their bid and ask prices.<br>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"). |
| **Assets leased out under operating lease** | Lease arrangements that are not finance leases are designated operating leases. |
| **Cash flow hedges** | Derivatives 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. |
| **Fair value hedges** | Derivatives that hedge the exposure of the fair value of assets and liabilities to movements in interest rates and/or exchange rates designated as a hedged risk. |
| **Hedges of net investments in foreign operations** | Foreign currency hedge of a net investment in a foreign operation . |
| **Business combination** | The merger of two or more entities or independent businesses into a single entity or group of entities. |
| **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:<br>• Feed and commissions relating linked to financial assets and liabilities measured at fair value through profit or loss, which are recognized when collected.<br>• 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.<br>• Fees and commissions generated by a single act are accrued upon execution of that act. |

# APPENDIX XII: GLOSSARY OF TERMS FOR THE 2008 FINANCIAL STATEMENTS

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| **Contingent commitments** | Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. |
| **Defined contribution commitments** | 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 benefit commitments** | 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. |
| **Post-employment benefits** | Retirement benefit plans are arrangements whereby an enterprise provides benefits for its employees on or after termination of service. |
| **Contingencies** | Current obligations arising as a result of past events, certain in terms of nature at the balance sheet date but uncertain in terms of amount and/or cancellation date, settlement of which is deemed likely to entail an outflow of resources embodying economic benefits. |
| **Insurance contracts linked to pensions** | The fair value of insurance contracts written to cover pension commitments. |
| **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. |
| **Adjusted acquisition cost** | The acquisition cost of the securities less accumulated amortizations, plus interest accrued, but not net of any other valuation adjustments. |
| **Loans and advances to other debtors** | Loans and receivables, irrespective of their type, granted to third parties that are not credit entities and that are not classified as money market operations through counterparties. |
| **Deposits from central banks** | Deposits of all classes, including loans and money market operations, received from the Banks 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 other creditors** | Redeemable cash balances received by the entity, with the exception of debt certificates, money market operations through counterparties and subordinated liabilities, that are not received from either central banks or credit entities. This category also includes cash deposits and consignments received that can be readily withdrawn. |
| **Trading derivatives** | The fair value in favor of the entity of derivatives not designated as accounting hedges. |
| **Exchange/translation differences** | Gains and losses generated by currency trading and the differences arising on translating monetary items denominated in foreign currency to the functional currency, exchange differences on foreign currency non-monetary assets accumulated in equity and taken to profit or loss when the assets are sold and gains and losses realized on the disposal of assets at entities with a functional currency other than the euro. |
| **Income from equity instruments** | Income on equity instruments collected or announced during the year corresponding to profits generated by investees after the ownership interest is acquired. |
| **Provision expenses** | 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. |
| **Associates** | Companies in which the Group is able to exercise 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. |
| **Jointly controlled entities** | Companies over which the entity exercises control but are not subsidiaries are designated "jointly controlled entities". Joint control is the contractually agreed sharing of control over an economic activity or undertaking by two or more entities, or controlling parties. The controlling parties agree to share the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. It exists only when the strategic financial and operating decisions require unanimous consent of the controlling parties. |
| **Subsidiaries** | Companies which the Group has the power to control. 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:<br><br>· an agreement that gives the parent the right to control the votes of other shareholders;<br><br>· 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; |

# APPENDIX XII: GLOSSARY OF TERMS FOR THE 2008 FINANCIAL STATEMENTS

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| | · 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. |
| **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. |
| **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. |
| **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. |
| **Equity** | Contributions from owners, accumulated retained earnings recognized in the income statement and the equity components of compound financial instruments. |
| **Financial guarantees** | A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because 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, irrevocable letters of credit issued or confirmed by the entity, insurance contracts or credit derivatives in which the entity sells credit protection, among others. |
| **Personnel 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. |
| **Fees** | *See Commissions, fees and similar items* |
| **Full consolidation** | • In preparing consolidated financial statements, an entity combines the balance sheets of the parent and its subsidiaries line by line by adding together like items of assets, liabilities and equity. Intragroup balances and transactions, including amounts payable and receivable, are eliminated in full.<br>• 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.<br>• The carrying amount of the parent's investment and the parent's share of equity in each subsidiary are eliminated. |
| **Equity instruments** | An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. |
| **Minority interests** | Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent, including minority interests in the profit or loss of consolidated subsidiaries for the reporting period. |
| **Loans and receivables** | Financing extended to third parties, classified according to their nature, irrespective of the borrower type and the instrumentation of the financing extended, including finance lease arrangements where the consolidated subsidiaries act as lessors. |
| **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. |
| **Full consolidation** | The combination of the previously reconciled assets and liabilities of the Group entities line by line into a consolidated balance sheet; intragroup balances payable and receivable are subsequently eliminated in full.<br>Group entity income and expense headings are similarly combined line by line into the consolidated income statement; income and expenses in respect of intragroup transactions are eliminated in full and profits and losses resulting from intragroup transactions are similarly eliminated. |
| **Proportionate consolidation method** | The venturer combines and subsequently eliminates its interests in jointly controlled entities' balances and transactions in proportion to its ownership stake in these entities.<br>The venturer combines its interest in the assets and liabilities assigned to the jointly controlled operations and the assets that are jointly controlled together with other joint venturers line by line in the consolidated balance sheet. Similarly, it combines its interest in the income and expenses originating in jointly controlled businesses line by line in the consolidated income statement. |
| **Equity method** | The equity method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the investee, adjusted for dividends received and other equity eliminations. |
| | • Assets and liabilities that are deemed hybrid financial assets and liabilities and for which the fair value of the embedded derivatives cannot be reliably determined. |

## APPENDIX XII: GLOSSARY OF TERMS FOR THE 2008 FINANCIAL STATEMENTS

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| **Other financial assets/liabilities at fair value through profit or loss** | • These are financial assets managed jointly with "Liabilities under insurance contracts" valued at fair value, in combination with derivatives written with a view to significantly mitigating exposure to changes in these contracts' fair value, or in combination with financial liabilities and derivatives designed to significantly reduce global exposure to interest rate risk.<br><br>These headings include customer loans and deposits effected via so-called unit-linked life insurance contracts, in which the policyholder assumes the investment risk. |
| **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. |
| **Liabilities associated with non-current assets held for sa** | 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. |
| **Financial liabilities at amortized cost** | Financial liabilities that do not meet the definition of financial liabilities at fair value through profit or loss and arise from the financial entities' ordinary activities to capture funds, regardless of their instrumentation or maturity. |
| **Tax liabilities** | All tax related liabilities except for provisions for taxes. |
| **Current tax liabilities** | Corporate income tax payable on taxable profit for the year and other taxes payable in the next twelve months. |
| **Deferred tax liabilities** | Income taxes payable in subsequent years. |
| **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. |
| **Subordinated liabilities** | Financing received, regardless of its instrumentation, which ranks after the common creditors in the event of a liquidation. |
| **Equity** | The residual interest in an entity's assets after deducting its liabilities. It includes owner or venturer contributions to the entity, at incorporation and subsequently, unless they meet the definition of liabilities, and accumulated net profits or losses, fair value adjustments affecting equity and, if warranted, minority interests. |
| **Short positions** | Financial liabilities arising as a result of the final sale of financial assets acquired under repurchase agreements or received on loan. |
| **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. |
| **Share premium** | The amount paid in by owners for issued equity at a premium to the shares' nominal value. |
| **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 exposures 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. |
| **Economic capital** | Eligible capital for regulatory capital adequacy calculations. |
| **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. |
| **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 the retroactive restatement of the financial statements due to changes in accounting policy and the correction of errors. |
| **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. |
| **Contingent risks** | Transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts. |
| **Fair value** | The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. |
| **Own/treasury shares** | The amount of own equity instruments held by the entity. |
| **Debt obligations/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. |

# BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

# MANAGEMENT REPORT

# FOR THE YEAR ENDED DECEMBER 31, 2008

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. The Bank conducts its business through branches and offices located throughout Spain and abroad.

The Bank's management report was prepared from the individual accounting and management records of Banco Bilbao Vizcaya Argentaria, S.A.

BBVA is the parent company of the internationally diversified group ("the 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 Bank of Spain Circular 4/2004, as of December 22, 2004, about Public and Confidential Financial Reporting Rules and Formats, and its subsequent amendments.

## *ECONOMIC ENVIRONMENT IN 2008*

During the third trimester of 2008 the international macroeconomic environment has kept deteriorating. Financial markets have suffered important disruptions, especially in September, marked by this crisis of various Financial and insurance companies. This then resulted in higher liquidity tensions and a practical halt in the interbank lending market. All of this has led to continued increase in interest rates, especially for short terms. Likewise stock indexes around the world have suffered new drops, with volatility increasing.

In the USA, where the crisis originated, activity indicators show a notable slowdown in the economy. The real state market is still immersed in its adjustment period, reflected by house sales data (new and old), consumer confidence indicator and unemployment numbers. Other activity indicators, such as the Industrial Production and the Manufacturing Index ISM, have finished the year below 50 points. This clearly reflects the recession de American economy is in the midst of.

Nonetheless, the decrease in the price of oil has lightened the pressure on inflation. The Euro Zone indicators point to a slow rhythm in economic advancement, in line with what is happening in Spain. In Europe, the slowdown in economic growth continues. The industrial and service activities are at all time lows, as reflected by the PMI index being under 50 points, with an increased deterioration of consumer confidence levels as well. Mirroring the situation in the USA, industrial production is slowing down significantly, while unemployment is on the rise, confirming the deterioration of the real economy. This is appreciated in the slowdown of GDP growth.

In view of the seriousness of the situation, during the month of October the governments of the USA and from numerous countries in the European Union started to approve specific plans to combat the crisis. The measures taken by the Spanish government aim to resolve the lack of liquidity of financial entities, re-establish confidence and to recover the mechanism of long term financing, with a limited cost and that will be recovered in the future. This will all be done through the Financial Assets Acquisition Fund (there has already been auctions in 2008).

Likewise, Central Banks have intervened by the means of liquidity injections, and in a coordinated action lowered the interest rates in December the Federal Reserve (down to 0.25%), the European Central Bank (down to 2.5%) and the Bank of England (down to 2%). In January 2009 the ECB and the Bank of England again lowered the interest rates half a point, down to 2% and 1.5% respectively.

### *BALANCE SHEET*

As of December 31, 2008, the Bank's total balance sheet amounted to €392,020 million (€354,466 million, in 2007). In 2008 loans increased by €25,792 million (10.47%) with respect to 2007. Also, as of December 31, 2008, customer funds grow €16,058 million (9,32%) with respect to 2007.

### *INCOME STATEMENT*

In 2008 the Bank posted a pre-tax profit of €3,126 million (€4,247 million in 2007). Its income after taxes amounted to €2,835 million (€3,612 million in 2007).

General administrative expenses have decreased from €3,420 million in 2007 to €3,324 million in 2008, mainly due to a decrease of other administrative expenses.

The gross income amounted €8,264 million in 2008 (€7,587 million in 2007).

The net interest income amounted €3,676 million in 2008 (€2,852 million in 2007).

### *EXCEPTIONAL FACTORS*

The exceptional factors occurring in 2008, as described in detail the section entitled ***Economic environment in 2008*** in this management report, shaped the performance of the global financial system and, by extension, the performance of the Bank.

### *CAPITAL STOCK AND TREASURY SHARES*

Information about capital stock and transactions with treasury shares are in Notes 22 and 25 of the accompanying financial statements.

In compliance with article 116.b of the Securities Market Act, this explanatory report has been drawn up with respect to the following aspects:

**Capital structure, including securities not traded on the regulated EU market, with indication, where applicable, of the different classes of shares and, for each class of shares, the rights and obligations they confer and the percentage of total share capital they represent.**

At 31st December 2008, BBVA share capital stood at €1,836,504,869.29, divided into 3,747,969,121 nominative shares each with a face value of €0.49, all of the same class and series, fully subscribed and paid up and represented by account entries. On 10th September 2007, the capital increase approved by the Extraordinary General Meeting of shareholders, 21st June 2007, was executed by the issue of 196,000,000 ordinary shares of the same class and series as those already in existence. This issue was made for settlement of the consideration agreed for the acquisition of Compass Bancshares, Inc.'s total share capital. At 31st December 2008 there were no significant capital increase procedures in any of the Group entities.

All the shares in BBVA's capital bear the same voting and economic rights. There are no distinct voting rights for any shareholder. There are no shares that do not represent capital.

BBVA shares are traded on the continuous market of the Spanish securities exchanges and on the Frankfurt, London, Zurich, Milan and Mexico markets.

BBVA American Depositary Shares (ADS) are traded in New York and also on the Lima exchange (Peru) under an exchange agreement between both markets.

Additionally, at 31st December 2008, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Francés, S.A. and AFP Provida were traded on their respective local securities markets, and the BBVA Banco Francés, S.A. and AFP Provida shares were also traded on the New York exchange. BBVA Banco Francés, S.A. is also listed on the LatAm market at the Bolsa de Madrid.

**Restrictions on the securities' transferability**

There are no legal or bylaw restrictions on the free acquisition or transfer of shares in the company's capital other than those established in articles 56 and following in Act 26/1988, 29th July, on discipline and oversight in financial institutions, which establish that any individual or

corporation intending to directly or indirectly acquire a significant holding in a Spanish financial institution or to divest a significant holding, must first inform the Bank of Spain. The Bank of Spain will have a maximum of three months as of the date on which it is informed, to challenge the transaction intended, where applicable.

**Significant direct or indirect holdings in the capital**

At 31st December 2008, BBVA was not aware of any significant holdings in its share capital, except that owned by Mr Manuel Jove Capellán, who on said date held 4.343% of BBVA's share capital through the companies, Inveravante Inversiones Universales, S.L., Doniños de Inversiones, SICAV, S.A. and Bourdet Inversiones, SICAV, S.A. The drop in Mr Manuel Jove's holding in BBVA from the 5.01% he held at year-end 2007, according to the filing to the CNMV, 11th December 2008, corresponds to a securities loan deal (specifically against 25.000.000 shares) carried out pursuant to additional provision 18 in Act 62/2003, 30th December. In due time, the cancellation of the loan would mean that Mr Jove can recover his previous 5.01% holding.

Moreover, on 31st December 2008, State Street Bank and Trust Co., Chase Nominees Ltd, the Bank of New York International Nominees and Clearstream AG, as international custodian/depositary banks, held 4.62%, 4.15%, 3.56% and 3.4% of BBVA's share capital, respectively.

**Any restriction on voting rights**

There are no legal or bylaw restrictions on the exercise of voting rights.

**Paracorporate pacts**

BBVA has not received any information of extracorporate agreements including the regulation of the exercise of voting rights at its general meetings or restricting or placing conditions on the free transferability of BBVA shares.

## *DISTRIBUTION OF PROFIT*

Information about distribution of profit is in the Note 3 of the accompanying financial statements.

## *GROUP CAPITAL*

The BBVA Group's **capital base**, calculated according to rules defined in accordance with the Basel II capital accord, is €34,687 million as of 31 December 2008--0.5% less than on the same date in 2007, primarily due to the smaller contribution of Tier-II resources.

**Risk-weighted assets** (RWAs) have increased by 5.5% in the year, to €283,320 million, at the end of the year. Hence, the **surplus equity** on 8% of the risk-weighted assets required by regulations stands at €12,022 million.

***Core capital*** at the end of the year rose to €17,552 million, more than €2,006 million higher than the figure for 2007, due primarily to withheld attributable profit, and represents 6.2% of the risk-weighted assets, compared with 5.8% in December 2007.

Hence, in an especially complicated year, the BBVA Group has been able to generate capital organically.

After adding preference securities to core capital, Tier I stands at €22,364 million as of December 31, 2008, which is 7.9% of risk-weighted assets (7.3% as of December 31, 2007). Preference securities currently account for 24.1% of Tier I capital.

Other eligible capital (Tier II) mainly consists of subordinated debt, latent capital gains and excess generic provisions up to the limit set forth in regulations. The rest of the generic surplus is considered in the calculation of the RWAs of the portfolios in advanced models. At the end of 2008, Tier II had reached €12,324 million, that is, 4.3% of the risk-weighted assets. Its evolution during the year has been closely determined by declines in the stock markets.

By adding Tier I and Tier II, as of 31 December 2008, we see that the **BIS total capital ratio** is 12.2%, compared with 13.0% on the same date in 2007.

## *THE RISK MANAGEMENT SYSTEM AT BBVA*

BBVA's system of risk management is described in Note 5 "Risk exposure" of the accompanying financial statements.

## *CORPORATE GOVERNANCE*

In accordance with the provisions of article 116 of the Spanish Securities Market Law, the Group has prepared a corporate governance report for 2008 (which is an integral part of this Management report) following the content guidelines set down in Order ECO 3722/2003 dated December 26 and in CNMV (Spanish securities regulator) Circular 4/2007, dated December 27, including a section detailing the degree to which the Bank is compliant with existing corporate governance recommendations in Spain.

In addition, all the disclosure required by article 117 of the Spanish Securities Market Law, as enacted by Law 26/2003 and by Order ECO 3722/2003 dated December 26 can be accessed on BBVA's webpage (www.bbva.es) in the section entitled "Corporate Governance"

In compliance with article 116 b of the Securities Market Act, the Group includes the information detailed as follows:

**Regulations applicable to appointments and substitution of members of governing bodies and the amendment of company bylaws**

Appointment and Re-election

The rules applicable to the appointment and re-election of members of the board of directors are laid down in articles 2 and 3 of the board regulations, which stipulate that members shall be appointed to the board by the AGM without detriment to the Board's right to co-opt members in the event of any vacancy.

In any event, proposed candidates for appointment as directors must meet the requirements of applicable legislation in regard to the special code for financial entities, and the provisions of the Company's bylaws.

The Board of Directors shall put its proposals to the General Meeting of the Bank's shareholders in such a way that, if approved, the Board would contain an ample majority of external directors over executive directors and at least one third of the seats would be occupied by independent directors.

The proposals that the Board submits to the Bank's General Meeting for the appointment or re-election of directors and the resolutions to co-opt directors made by the Board of Directors shall be approved at (i) the proposal of the Appointments & Remuneration committee in the case of independent directors and (ii) on the basis of a report from said committee in the case of all other directors.

The Board's resolutions and deliberations shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave the room.

Directors shall remain in office for the term defined by the corporate bylaws under a resolution passed by the AGM. If they have been co-opted, they shall work out the term of office remaining to the director whose vacancy they have covered through co-option, unless a proposal is put to the AGM to appoint them for the term of office established under the corporate bylaws.

Termination of directorship

Directors shall resign their office when the term for which they were appointed has expired, unless they are re-elected.

Directors must apprise the board of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts.

Directors must place their office at the disposal of the board and accept its decision regarding their continuity in office. Should the board resolve they not continue, they shall accordingly tender their resignation.

Directors will resign their positions on reaching 70 years of age. They must present their resignation at the first meeting of the Bank's board of directors after the AGM that approves the accounts for the year in which they reach this age.

Changes to the corporate bylaws

Article 30 of the BBVA Bank bylaws establishes that the General Meeting of shareholders has the power to amend the Bank bylaws and/or confirm and rectify the interpretation of said bylaws by the Board of Directors.

To such end, the regime established under articles 144 and following of the Companies Act will be applicable.

The above notwithstanding, in order to adopt resolutions for substituting the corporate object, transforming, breaking up or winding up the company and amending this second paragraph of the present article, the General Meeting on first summons must be attended by two thirds of the subscribed capital with voting rights and on second summons, 60% of said capital.

**Powers of the board members and, in particular, powers to issue and/or buy back shares**

The executive directors shall hold broad-ranging powers of representation and administration in keeping with the requirements and characteristics of the posts they occupy.

With respect to the Board of Directors' capacity to issue BBVA shares, the AGM, 28th February 2004, resolved to confer authority on the Board of Directors, pursuant to article 153.1.b) of the Companies Act, to resolve to increase the capital on one or several occasions up to the maximum nominal amount representing 50% of the Company's share capital that is subscribed and paid up on the date on which the resolution is adopted, ie, €830,758,750.54. The directors have the legally established time period during which to increase the capital, ie, five years. The only amount that BBVA has drawn down against this authorisation so far is the capital issue it made in November 2006 for €78,947,368.22.

Since five years have ensued since said authority was conferred, the board of directors has resolved to propose to the AGM, 13th March 2009, that it renew the authority for a further five-year period.

Likewise, the Bank's AGM, 14th March 2008, resolved to confer authority to the board of directors, for five years, to issue securities convertible and/or exchangeable for the Bank's shares for up to a maximum of €9 bn (9,000,000,000 euros), establish the various aspects and terms and conditions of each issue, including authority to exclude or not exclude the pre-emptive subscription rights pursuant to article 159.2 of the Companies Act, determine the bases and modalities of the conversion and increase share capital by the amount required.

Likewise, the AGM, 16th March 2007, pursuant to article 75 of the Spanish Companies Act, authorised the Company, directly or through any of its subsidiary companies, for a maximum of eighteen months, to buy Banco Bilbao Vizcaya Argentaria, S.A. shares at any time and as often as deemed timely, by any means accepted by law. The board of directors will once again propose to the AGM, 13th March 2009, that it adopt this resolution.

**Significant resolutions that the company may have passed that come into force, are amended or conclude in the event of any change of control over the company following a public takeover bid.**

No agreement is known that could give rise to changes in the control of the issuer.

**Agreements between the company and its directors, managers or employees establishing indemnity payments when they resign or are dismissed without due cause or if the employment contract expires due to a takeover bid**

The Bank's executive directors (the chairman & CEO, the president & COO and the company secretary) are entitled under their contracts to receive indemnity should they leave on grounds other than their own will, retirement, invalidity or dereliction of duty. The amount, terms and conditions of this indemnity are detailed in Note 54 of the accompanying financial statements.

The Bank recognised the entitlement of some members of its management team, 59 senior managers, to be paid indemnity should they leave on grounds other than their own will, retirement, invalidity or dereliction of duty. The amount of this indemnity will be calculated in part

as a function of their annual remuneration and the number of years they have worked for the Company and in part as a function of the amounts due to them under the passive rights they may have accumulated.

The Bank has agreed clauses with some staff (50 technical and specialist employees) to indemnify them in the case of dismissal without due cause. The amounts agreed are calculated as a function of the professional and wage conditions of each employee.

### *RESEARCH AND DEVELOPMENT*

Business 2008 has seen the consolidation of numerous projects, as well as the start of new ones, all with a view to making life easier for people, through the widespread use of new information technologies.

The schemes rolled out basically involve five lines of action:

1. Research and development into new ways of marketing and communicating. This sphere encompasses several projects, such as: Webzine, a business dealing with advertising through digital magazines targeting different market segments; Actibva, a community platform that is open to all and which provides society with BBVA's financial knowledge and tools; and Colección Planta 29, which includes a blog on innovation aimed at the developers' community. Finally, the Group has attended sundry events in 2008, such as Campus Party Madrid, Valencia and Colombia, World Internet Day, *Madrid es Ciencia* (Madrid is Science), Mobuzz TV, Evento Blog España and FICOD.

2. Research and development into new digital business models. This encompasses both those projects already launched in 2007, such as e-conta, an online accounting service for pymes and self-employed, together with new ones, such as Virtualdoc, a service for digitalisation, secure storage, management of the information cycle and web access to the same, and the most important project that has been introduced during the year, *BBVA Tú Cuentas* (You Matter), a personal finance manager that aggregates accounts and makes financial and non-financial recommendations based on artificial intelligence. This service provides a revolutionary solution enabling online banking users to improve the management of their personal finances.

3. Research and development into new ways of cooperating. Three new projects have been consolidated in 2008: Google, whose intranet search engine provides access to the information contained on the Group's website, intranets, shared resources and local information; the Blogosphere, a new internal, multi-directional, online communication tool that facilitates the transfer of individual knowledge into the collective domain; and, finally, Infoblue, the revamping of the Documentation Centre on the back of the developments made in digitalisation and connectivity, for the more efficient management of information. In addition to all the above, there is the Innovation Centre, an area for testing new work methods, based on new solutions in connectivity, mobility and digitalisation, which will be fully up and running in 2009.

4. Research and development into new payment channels and mobility solutions. The Group has decided to respond to the major changes taking place within this field, with the aim being to structure the Group's approach to payment channels and mobility and drive the development of projects with the areas.

5. Research and development into new ways of understanding customers. The BBVA Group aims to become a referent in the development and application of a 360º approach to knowledge on consumers, understanding the major issues that affect them through a qualitative analysis of social trends, at both financial and non-financial level. Furthermore, the bank seeks to become a market benchmark through the external dissemination of reports and the creation of a network of alliances in Consumer Insight.

## *ENVIRONMENTAL INFORMATION*

### Commitment to the environment

The BBVA prioritises sustainable development. As a financial institution, the Bank's activities have a significant impact on the environment: via the consumption of natural resources, e.g. management of its properties, use of paper, travel, etc. - direct impacts -, and most notably, the via the environmental ramifications of the products and services it provides, especially those related to financing, asset management and management of its supply chain (indirect impacts).

### Environmental policy targets

Below are the objectives of environmental policy targets by the BBVA:

1. Compliance with prevailing environmental legislation in all the BBVA's operating markets
2. Ongoing improvement in its ability to identify and manage the environmental risks incidental to the Bank's financing and investment activities
3. Development of environmentally-friendly financial products and services
4. Eco-efficiency in the use of natural resources, including setting and delivery of targets for improvement
5. Management of its direct environmental impact via an environmental management system (EMS), the main components of which are ISO 14001-certified
6. To exert a positive influence on the environmental records of its stakeholders by communicating to them and raising their awareness of the importance of the environment as an additional input in business and HR management practice
7. To communicate, sensitize and train its employees on environmental matters
8. To promote environmental sponsorship, volunteering initiatives and research
9. To support the main initiatives to fight against and prevent climate change

International commitments made by the BBVA in the environmental field are:

1. United Nations Global Compact (since 2002) www.globalcompact.org
2. UNEP- FI (since 1998) www.unepfi.org
3. Equator Principles (since 2004) www.equator-principles.com

### Environmental policy scope, governance and review

This policy is global in scope and affects all the activities undertaken by the Bank and will be reviewed and updated periodically.

The Department for Corporate Responsibility and Reputation is tasked with coordinating environmental policy and overseeing compliance with it. The members of the BBVA's Executive Committee also oversee correct compliance with this policy. To this end, the Executive Committee members make efforts to develop and oversee the implementation of this policy across the Bank.

The policy will be reviewed and updated periodically.

### Main environmental actions in 2008

Following are the main environmental actions taken by the BBVA during 2008:

1) Launch of the Global Eco-Efficiency Plan (2008-2012). The plan was devised with the goal of minimizing BBVA's direct impact on the environment. It has a budget of €19 million and will generate annual savings of €1.5 million from 2012 thanks to a more efficient use of natural resources. The plan encompasses six 6 targets (stated on a per employee basis) and a significant number of core initiatives:

- A 20% reduction in the Group's carbon emissions
- A 10% reduction in paper consumption
- A 7% reduction in water consumption
- A 2% reduction in energy consumption
- 20% of employees will work in ISO 14001 certified buildings (26,000 employees)
- LEED gold certification for the Group's new headquarters in Madrid, Mexico and Paraguay (15,500 employees)

2) Improved environmental risk management systems in project finance (Equator Principles) and in determining borrower's credit profiles (Ecorating)

3) BBVA continued to lead renewable energy project financing in Spain and abroad

4) BBVA continued to promote international initiatives in support of the fight against climate change

5) The environmental sponsorship arm of the BBVA Foundation has ambitious programs for protecting the environment. Among these efforts, the Foundation's sponsorship of the Knowledge Frontier prize, endowed with €400,000 in the climate change category, stands out. The 2008 edition of the BBVA Foundation Knowledge Frontier prize in this category was awarded to US researcher Wallace S. Broecker, who was the first scientist to bring global warming to the world's attention. The jury highlighted the pioneering nature of Broecker's research and the contributions made by this US scientist to our knowledge of the so-called 'abrupt phenomena', processes which unleash extreme climatic changes. In addition, in 2008 the BBVA Foundation launched the IV edition of its environmental research grants in ecology and conservation biology, endowed with €3.6 million to finance 18 different research projects.

As of December 31, 2008, there were no items in the BBVA's financial statements that warranted inclusion in the separate environmental information document envisaged in the Ministry of the Economy Order dated October 8, 2001.

## *REPORT ON THE ACTIVITY OF THE CUSTOMER CARE AND CUSTOMER OMBUDSMAN DEPARTMENT*

In Spain the BBVA Group has a Customer Care Service in place to manage customer complaints and grievances. In addition, if a customer were unsatisfied with the solution proposed by the Customer Care Service, he or she has a second line of defense in the Customer Ombudsman.

In accordance with the stipulations of article 17 of the Ministry for the Economy Order ECO/734/2004, dated March 11 regarding customer care and consumer ombudsman departments at financial institutions, and in line with the BBVA Group's "Internal Regulations for Customer Protection in Spain" approved by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. in its session of July 23, 2004, the following is a summary of related activities in 2008:

### Report on the activity of the customer care department in 2008

a) Statistical summary of the grievances and complaints handled by BBVA's Customer Care Service in 2008.

The number of customer complaints received by BBVA's Customer Care Service in 2008 was 8,983 which 520 are ultimately not processed because they did not comply with the requirements of Ministry of the Economy Order ECO/734/2004. 90.7% of the complaints (7,679 files) were resolved in the year and 784 complaints had not yet been analysed as of 31 December 2008.

The complaints managed can be classified as follows:

| | Percentage of Complaints |
|---|---|
| Insurances | 17.7% |
| Customer information | 17.7% |
| Assets products | 16.9% |
| Commision and expenses | 15.3% |
| Operations | 14.9% |
| Finacial and welfare products | 7.1% |
| Collection and payment services | 7.0% |
| Other complaints | 3.4% |
| Total | 100.0% |

The detail of the complaints handled in 2008, by the nature of their final resolution, is as follows:

| | Number of Complaints |
|---|---|
| In favour of the person submitting the complaint | 2,951 |
| Partially in favour of the person submitting the complaint | 855 |
| In favour of the BBVA Group | 3,873 |

The principles and methods used by the Customer Care Service to resolve complaints are based on the application of the rules on transparency and customer protection and best banking practices. The Service adopts its decisions independently, notifying the various units involved of any actions which require review or adaptation to the related regulations.

b) Recommendations or suggestions deriving from your experience, with a view to better attaining the aims of your work.

In 2008 the Customer Care Service encouraged the use of the branch network to resolve a large number of complaints through closer contact with customers. This facilitated the obtainment of amicable agreements, which without doubt resulted in a greater perception of quality by customers.

Various recommendations were implemented which led to a series of initiatives designed to improve banking practices at the companies subject to banking industry regulations.

**Report on the activity of the consumer ombudsman of BBVA**

a) Statistical summary of the grievances and complaints handled by BBVA's Consumer Ombudsman in 2008

The number of customer complaints received by BBVA's Consumer Ombudsman in 2008 was 2,187 of which 109 were ultimately not processed because they did not comply with the requirements of Ministry of the Economy Order ECO/734/2004. 92.46% of the complaints (2,022 files) were resolved in the year and 56 complaints had not yet been analysed as of 31 December 2008.

The grievances and complaints handled are classified in the table below in line with the criteria established by the Claims Service of the Bank of Spain in its half-yearly data compilations:

| | Number of Complaints |
|---|---|
| Assets operations | 265 |
| Liabilites operations | 203 |
| Other banking products (Cash, Automated teller…) | 115 |
| Collection and payment services | 108 |
| Investment services | 247 |
| Insurance and welfare products | 631 |
| Other complaints | 453 |

The detail of the files resolved in 2008, according to its final resolution, was as follows:

| | Number of Complaints |
|---|---|
| In favour of the person submitting the complaint | 159 |
| Partially in favour of the person submitting the complaint | 1,055 |
| In favour of the BBVA Group | 808 |

Based on the above, over 60% of the customers bringing a complaint before the BBVA Consumer Ombudsman, were in some way satisfied, either as a consequence of the final resolution of the Ombudsman or because of its role as middleman in favor of the person submitting the claim.

The Ombudsman issues its verdicts based on prevailing legislation, the contractual relationships in place among the parties, current standards on transparency and customer protection on best banking practices and, especially, on the principle of equality.

The independent nature of the role of the Consumer Ombudsman is vital and is a requirement to earn the trust of the institution's clientele. Verdicts handed down by the Ombudsman in favour of the customer are binding on the affected Group entity.

b) Recommendations or suggestions derived from the experience acquired by the ombudsman activity, with a view to better attaining the aims of its work.

Among the various initiatives implemented by the Entity at the behest of the Ombudsman in 2008, we would highlight the following:

On behalf of the Ombudsman, the corresponding departments have been notified of suggested ways to improve the Group's claims processes in order to improve and increase satisfaction with the customer care service; some of these will be adopted over the coming year.

Also pursuant to a proposal made by the Ombudsman, a new BBVA Rentas contract has been drawn up with clearer and more precise wording, in order to enhance the protection afforded to customers.

Lastly, Bank representatives are in constant contact and meet regularly with the claims services of the Bank of Spain, the Spanish National Securities Market Commission and the Spanish General Directorate of Insurance, all with a common goal of harmonising criteria and fostering more robust customer protection and safety.

Clients not satisfied with the resolution of the Consumer Ombudsman, can take them before the Bank of Spain, the Spanish National Securities Market Commission and the Spanish General Directorate of Insurance. The Ombudsman always notifies this to the clients.

In 2008, the percentage of complaints examined or resolved by the Consumer Ombudsman that were afterward presented by the client before the abovementioned organisms was 7.81% in comparison to 6.40% during 2007.

## *SUBSEQUENT EVENTS*

Subsequent to the year-end close, the Directors of Banco de Crédito Local de España, S.A. and BBVA Factoring E.F.C., S.A. (both sole shareholder companies), in their respective Board meetings held on January 26, 2009, and Banco Bilbao Vizcaya Argentaria, S.A., in its Board meeting of January 27, 2009, approved the proposal to merge the first two sole shareholder companies into Banco Bilbao Vizcaya Argentaria, S.A. and the subsequent transfer *en bloc* of their assets to BBVA, which will acquire by universal succession the transferors' rights and obligations.

The merger agreement will be submitted to shareholders for approval in general meeting during the first quarter of the year. Given that the merged companies are wholly and directly owned by Banco Bilbao Vizcaya Argentaria, S.A., in accordance with article 250.1 of the Spanish Public Limited Companies Act, it will not be necessary to increase the capital of Banco Bilbao Vizcaya Argentaria, S.A. or for management reports to be prepared by the companies involved in the merger, or for reports to be prepared by independent experts on the merger proposal.

# ANNUAL REPORT ON CORPORATE GOVERNANCE

**PUBLICLY TRADED COMPANIES**

| ISSUER IDENTIFICATION | END OF BUSINESS YEAR | 2008 |
|---|---|---|

Tax ID no. A-48265169

**Registered offices: BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

***WARNING:*** *The English version is only a translation of the original in Spanish for information purposes. In case of a discrepancy, the Spanish original prevails.*

**STANDARD ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES**

To better understand the form and fill it in, first read the instructions at the end of this report. The column with the tax ID number will not be public. Fill in the tax ID number for all the cases in which is necessary to complete the data on individuals and 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 |
|---|---|---|---|
| 10-09-2007 | 1,836,504,869.2 9 | 3,747,969,121 | 3,747,969,121 |

**Indicate if there are different kinds of shares with different rights associated to them:**

YES [ ] NO [X]

### A.2. List the direct and indirect owners of significant holdings in your company at year end, excluding directors:

| Name of shareholder | Number of direct voting rights | Number of indirect voting rights (*) | % of total voting rights |
|---|---|---|---|
| MANUEL JOVE CAPELLAN | 0 | 162,768,608 | 4.343 |

**(*) Through:**

| Name of direct shareholder (person or organisation) | Number of direct voting rights | % of total voting rights |
|---|---|---|
| INVERAVANTE INVERSIONES UNIVERSALES, S.L. | 162,706,040 | 4.341 |
| DONIÑOS DE INVERSIONES, SICAV, S.A. | 51,500 | 0,001 |
| BOURDET INVERSIONES, SICAV S.A. | 11,068 | 0,000 |

**Indicate the most significant movements in the shareholding structure during the year:**

| Name of shareholder | Date of transaction | Description of the transaction |
|---|---|---|
| MANUEL JOVE CAPELLAN | 03/12/2008 | Has gone below 5% of share capital |

***WARNING:*** *The English version is only a translation of the original in Spanish for information purposes. In case of a discrepancy, the Spanish original prevails.*

**A.3. Fill in the following tables with the members of the company's board of directors with voting rights on company shares:**

| Name of director (person or company) | Number of direct voting rights | Number of indirect voting rights (*) | % of total voting rights |
|---|---|---|---|
| GONZALEZ RODRÍGUEZ, FRANCISCO | 2,518 | 1,482,571 | 0.040 |
| GOIRIGOLZARRI TELLAECHE, JOSE IGNACIO | 523 | 463,707 | 0.012 |
| ALFARO DRAKE, TOMÁS | 8,803 | 0 | 0,000 |
| ÁLVAREZ MEZQUIRIZ, JUAN CARLOS | 30,530 | 0 | 0,001 |
| BERMEJO BLANCO, RAFAEL | 21,000 | 0 | 0,001 |
| BREEDEN, RICHARD C. | 40,000 | 0 | 0,001 |
| BUSTAMANTE Y DE LA MORA, RAMÓN | 10,139 | 2,000 | 0,000 |
| FERNÁNDEZ RIVERO, JOSÉ ANTONIO | 50,000 | 825 | 0,001 |
| FERRERO JORDI, IGNACIO | 2,787 | 51,300 | 0,001 |
| KNÓR BORRÁS, ROMÁN | 36,637 | 6,987 | 0,001 |
| LORING MARTÍNEZ DE IRUJO, CARLOS | 19,149 | 0 | 0,001 |
| MALDONADO RAMOS, JOSÉ | 12,235 | 0 | 0,000 |
| MEDINA FERNÁNDEZ, ENRIQUE | 30,831 | 1.160 | 0,001 |
| RODRIGUEZ VIDARTE, SUSANA | 16,037 | 2,272 | 0,000 |

**(*) Through:**

| Name of direct shareholder (person or organisation) | Number of direct voting rights | % of total voting rights |
|---|---|---|
| BELEGAR INVERSIONES, S.L. | 1,482,571 | 0.040 |
| AZATRA, S.L. | 463,707 | 0.012 |
| LEMPIRA SIMCAV, S.A. | 28,000 | 0,001 |
| ESEO 20, S.L. | 23,300 | 0,001 |
| PILAR ALONSO VERASTEGUI | 6,287 | 0,000 |
| RETAIL STORES, S.L. | 700 | 0,000 |
| DESPACHO LEGAL, S.L. | 757 | 0,000 |
| HORTENSIA MALO GONZALEZ | 403 | 0,000 |
| BORJA LIZARRAGA RODRÍGUEZ | 568 | 0,000 |
| PATRICIA LIZARRAGA RODRÍGUEZ | 568 | 0,000 |
| JAIME LIZARRAGA RODRÍGUEZ | 568 | 0,000 |
| ROCIO LIZARRAGA RODRÍGUEZ | 568 | 0,000 |
| JAINALPIRA SICAV, S.A. | 2,000 | 0,000 |
| LAURA FERNANDEZ LORD | 825 | 0,000 |

| | |
|---|---|
| **% of total share capital held by the board of directors** | 0.061 |

**Fill in the following tables with the members of the company's board of directors with voting rights on company shares:**

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| Name of director (person or company) | Number of direct option rights | Number of indirect option rights | Number of equivalent shares | % of total voting rights |
|---|---|---|---|---|
| FRANCISCO GONZÁLEZ RODRÍGUEZ | 1,200,000 | 0 | 1,200,000 | 0.032 |
| FRANCISCO GONZÁLEZ RODRÍGUEZ | 320,000 | 0 | 0 | 0.009 |
| JOSE IGNACIO GOIRIGOLZARRI TELLAECHE | 270,000 | 0 | 0 | 0,007 |
| JOSÉ MALDONADO RAMOS | 100,000 | 0 | 0 | 0.003 |

**A.4. Where applicable, list any family, trading, contractual or corporate relationships between holders of significant shareholdings, insofar as the company is aware of them, unless they are of little relevance or due to ordinary commercial traffic and exchange:**

**A.5. Where applicable, list any family, trading, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or due to ordinary commercial traffic and exchange:**

**A.6. Indicate if any shareholder agreements have been disclosed to the company that affect it under art. 112 of the securities market act. Where applicable, briefly describe them and list the shareholders bound by such agreement:**

**YES** [ ] **NO** [X]

**Indicate whether the company knows the existence of concerted actions amongst its shareholders. If so, describe them briefly.**

**YES** [ ] **NO** [X]

**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 stock-exchange act. If so, identify names:**

**YES** [ ] **NO** [X]

**A.8. Fill in the following tables regarding the company's treasury stock:**

**At year-end:**

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| Number of direct shares | Number of indirect shares (*) | % total share capital |
|---|---|---|
| 4,091,197 | 57,448,686 | 1.641 |

**(*) Through:**

| Name of direct shareholder (person or organisation) | Number of direct shares |
|---|---|
| BBVA Seguros, S.A. | 10,351 |
| CORPORACIÓN GENERAL FINANCIERA | 57,436,183 |
| Continental Bolsa | 611 |
| Provincial de Val. CB | 1,541 |
| **Total:** | **57,448,686** |

**List significant changes occurring during the year, pursuant to royal decree 1362/2007:**

| Date of communication | Total direct shares acquired | Total indirect shares acquired | Total % share capital |
|---|---|---|---|
| 15-Jan-2008 | 3,660,719 | 48,110,154 | 1.382 |
| 16-Jan-2008 | 6,696,622 | 19,153,528 | 0.690 |
| 29-Jan-2008 | 12,928,624 | 31,319,980 | 1.181 |
| 15-Feb-2008 | 15,892,345 | 31,141,670 | 1.255 |
| 12-Mar-2008 | 5,931,219 | 31,634,712 | 1.002 |
| 09-Apr-2008 | 1,457,389 | 30,686,546 | 0.858 |
| 16-Apr-2008 | 3,522,770 | 28,477,583 | 0.854 |
| 19-May-2008 | 1,695,723 | 22,246,278 | 0.639 |
| 13-June-2008 | 5,801,621 | 30,758,167 | 0.976 |
| 03-Jul-2008 | 4,954,235 | 37,785,676 | 1.140 |
| 10-Jul-2008 | 17,791,560 | 123,491,027 | 3.770 |
| 15-Jul-2008 | 11,380,498 | 39,256,933 | 1.351 |
| 18-Aug-2008 | 9,267,421 | 38,465,981 | 1.275 |
| 18-Sept-2008 | 7,426,372 | 42,228,467 | 1.325 |
| 06-Oct-2008 | 2,368,523 | 125,428,151 | 3.410 |
| 15-Oct-2008 | 11,091,859 | 51,705,916 | 1.676 |
| 29-Oct-2008 | 14,698,297 | 54,212,344 | 1.838 |
| 14-Nov-2008 | 10,789,756 | 56,098,527 | 1.785 |
| 09-Dec-2008 | 15,184,738 | 62,618,634 | 2.076 |
| 30-Dec-2008 | 4,344,599 | 57,449,112 | 1.649 |

| | |
|---|---|
| **Capital gains (losses) on treasury stock divested during the period** | - 172,000 |

**A.9. Detail the terms and conditions of the current AGM authorisation to the board of directors to buy and/or transfer treasury stock.**

The following is a transcription of the resolution adopted by the annual general meeting of Banco Bilbao Vizcaya Argentaria, S.A. shareholders, 14th March 2008, under agenda item seven:

"1.- Repealing the part not executed from the resolution adopted at the Annual General Meeting, 16th March 2007, under its agenda item four, to authorise the Bank, directly or via any of its subsidiaries, for a maximum of eighteen months as of the date of this present AGM, to purchase Banco Bilbao Vizcaya Argentaria, S.A. shares at any time and as many times as it deems appropriate, by any means permitted by law. The purchase may be charged to the year's earnings and/or to unrestricted reserves and

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the shares may be sold or redeemed at a later date. All this shall comply with article 75 and others of the Companies Act.

2.- To approve the limits or requirements of these acquisitions, which shall be as follows:

- The nominal of the shares purchased, added to those already in possession of the Bank and its subsidiaries, will not exceed, at any time, five per cent (5%) of the share capital of Banco Bilbao Vizcaya Argentaria, S.A., at all times respecting the limitations established for the purchase of treasury stock by the regulatory authorities governing the exchanges on which Banco Bilbao Vizcaya Argentaria, S.A. securities are listed.

- A restricted reserve 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 stock purchased must be fully paid up.

- The purchase price will not be below the nominal price nor more than 20% above the listed price or any other price associated to the stock on the date of purchase. Operations to purchase treasury stock will comply with securities markets' standards and customs.

3.- Express authorisation is given to earmark 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.- To reduce share capital in order to redeem such treasury stock as the Bank may hold on its Balance Sheet, charging this to profits or free reserves and for the amount which is appropriate or necessary at any time, to the maximum number of own shares existing at any time.

5.- Authorise the board, in compliance with article 30c) of the corporate bylaws, to implement the above resolution to reduce share capital, on one or several occasions and within the maximum period of eighteen months from the date of this AGM, undertaking such procedures, processes and authorisations as necessary or as required by the Companies Act and other applicable provisions. Specifically, the board is delegated, within the deadlines and limits established for the aforementioned implementation, to establish the date(s) of each capital reduction, its timeliness and appropriateness, taking into account market conditions, listed price, the Bank's economic and financial position, its cash position, reserves and business performance and any other factor relevant to the decision. It may specify the amount of the capital reduction; determine where to credit said amount, either to a restricted reserve or to freely available reserves, where relevant, providing the necessary guarantees and complying with legally established requirements; amend article 5 of the corporate 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."

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**A.10 Indicate, where applicable, any legal or bylaw restriction on the exercise of voting rights, and legal restriction on the acquisition and/or transfer of shares in the company's capital:**

Indicate whether there are any legal restrictions on the exercise of voting rights:

**YES** [ ] **NO** [X]

| | |
|---|---|
| Maximum percentage of voting rights that a shareholder may exercise under the legal restriction | 0 |

Indicate whether there are any bylaw restrictions on the exercise of voting rights:

**YES** [ ] **NO** [X]

| | |
|---|---|
| Maximum percentage of voting rights that a shareholder may exercise under the legal restriction | 0 |

| Description of legal and bylaw restrictions on the exercise of voting rights |
|---|
| |

**Indicate whether there are legal restrictions on the acquisition or transfer of shares in the company's capital:**

**YES** [X] **NO** [ ]

| Description of the legal restrictions on the acquisition or transfer of shares in the company's capital: |
|---|
| Articles 56 and following in Act 26/1988, 29 July, on discipline and oversight in financial institutions, establishes that any individual or corporation intending to directly or indirectly acquire a significant holding in a Spanish financial institution or to divest a significant holding, must first inform the Bank of Spain. The Bank of Spain will have a maximum of three months as of the date on which it is informed, to challenge the transaction intended, where applicable. |

**A.11. Indicate whether the AGM has approved measures to neutralise a public takeover bid, pursuant to Act 6/2007.**

**YES** [ ] **NO** [X]

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient.

## B GOVERNANCE STRUCTURE

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## B.1. Board of Directors

### B.1.1. List the maximum and minimum number of directors established in the bylaws:

| | |
|---|---|
| **Maximum number of directors** | 15 |
| **Minimum number of directors** | 5 |

### B.1.2. Fill in the following table on the board members:

| Name of director (person or company) | Representative | Post on the board | Date of first appointment | Date of latest appointment | Election procedure |
|---|---|---|---|---|---|
| FRANCISCO GONZÁLEZ RODRÍGUEZ | -- | CHAIRMAN & CEO | 28-Jan-2000 | 26-Feb-2005 | AGM |
| JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE | -- | PRESIDENT & COO | 18-Dec-2001 | 14-Mar-2008 | AGM |
| TOMÁS ALFARO DRAKE | -- | DIRECTOR | 18-Mar-2006 | 18-Mar-2006 | AGM |
| JUAN CARLOS ALVAREZ MEZQUIRIZ | -- | DIRECTOR | 28-Jan-2000 | 18-Mar-2006 | AGM |
| RAFAEL BERMEJO BLANCO | -- | DIRECTOR | 16-Mar-2007 | 16-Mar-2007 | AGM |
| RICHARD C. BREEDEN | -- | DIRECTOR | 29-Oct-2002 | 28-Jan-2004 | AGM |
| RAMÓN BUSTAMANTE Y DE LA MORA | -- | DIRECTOR | 28-Jan-2000 | 26-Feb-2005 | AGM |
| JOSÉ ANTONIO FERNÁNDEZ RIVERO | -- | DIRECTOR | 28-Feb-2004 | 28-Feb-2004 | AGM |
| IGNACIO FERRERO JORDI | -- | DIRECTOR | 28-Jan-2000 | 26-Feb-2005 | AGM |
| ROMÁN KNÖRR BORRÁS | -- | DIRECTOR | 28-May-2002 | 14-Mar-2008 | AGM |
| CARLOS LORING MARTINEZ DE IRUJO | -- | DIRECTOR | 28-Jan-2004 | 18-Mar-2006 | AGM |
| JOSÉ MALDONADO RAMOS | -- | DIRECTOR & SECRETARY | 28-Jan-2000 | 28-Jan-2004 | AGM |
| ENRIQUE MEDINA FERNÁNDEZ | -- | DIRECTOR | 28-Jan-2000 | 28-Jan-2004 | AGM |
| SUSANA RODRÍGUEZ VIDARTE | -- | DIRECTOR | 28-May-2002 | 18-Mar-2006 | AGM |

| | |
|---|---|
| **Total number of directors** | 14 |

**Indicate which directors have left their seat on the board during the period:**

### B.1.3. Fill in the following tables on the board members and their different kinds of directorship:

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## EXECUTIVE DIRECTORS

| Name of director (person or company) | Committee proposing his/her name | Post within company organisation |
|---|---|---|
| FRANCISCO GONZÁLEZ RODRÍGUEZ | -- | CHAIRMAN |
| JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE | -- | PRESIDENT & COO |
| JOSÉ MALDONADO RAMOS | -- | DIRECTOR & COMPANY SECRETARY |

| | |
|---|---|
| Total number of executive directors | 3 |
| % of total directors | 21.429% |

## EXTERNAL NOMINEE DIRECTORS

## INDEPENDENT EXTERNAL DIRECTORS

| Name of director (person or company) | Profile |
|---|---|
| TOMÁS ALFARO DRAKE | DIRECTOR OF THE GRADUATE PROGRAM FOR BUSINESS MANAGEMENT AND UNIVERSITY DIPLOMA IN BUSINESS SCIENCES AT THE FRANCISCO DE VITORIA UNIVERSITY SINCE 1998.<br>READ ENGINEERING AT ICAI |
| JUAN CARLOS ÁLVAREZ MEZQUIRIZ | MANAGING DIRECTOR OF GRUPO EULEN, S.A.<br>READ ECONOMIC AND BUSINESS SCIENCES FROM THE UNIVERSIDAD COMPLUTENSE DE MADRID: |
| RAFAEL BERMEJO BLANCO | CHAIRMAN OF THE AUDIT & COMPLIANCE COMMITTEE.<br>TECHNICAL SECRETARY GENERAL OF BANCO POPULAR (1999-2004).<br>READ INDUSTRIAL ENGINEERING AT ETS MADRID. |
| RICHARD C. BREEDEN | CHAIRMAN OF RICHARD C. BREEDEN & CO., AND DESIGNATED BY THE COURTS AS CORPORATE MONITOR OF WORLDCOM., INC.<br>OTHER RELEVANT POSTS: WAS USA PRESIDENTIAL AIDE IN THE WHITE HOUSE, PRESIDENT OF THE SEC; PRESIDENT OF INTERNATIONAL FINANCIAL SERVICES FOR COOPERS & LYBRAND, LLC;<br>LAWYER. READ LAW AT THE HARVARD LAW SCHOOL AND AT STANFORD UNIVERSITY |
| RAMÓN BUSTAMANTE Y DE LA MORA | DIRECTOR AND GENERAL MANAGER AND NON-EXECUTIVE VICE-PRESIDENT OF ARGENTARIA, AND CHAIRMAN OF UNITARIA.<br>OTHER RELEVANT POSTS: VARIOUS POSTS OF RESPONSIBILITY IN BANESTO;<br>READ ECONOMIC AND BUSINESS SCIENCES AT UNIVERSIDAD COMPLUTENSE DE MADRID. |
| JOSÉ ANTONIO FERNÁNDEZ RIVERO | APPOINTMENTS & REMUNERATION COMMITTEE<br>OTHER RELEVANT POSTS: GENERAL MANAGER OF THE GROUP UNTIL JANUARY 2003. DIRECTOR REPRESENTING BBVA ON THE BOARDS OF: TELEFÓNICA, IBERDROLA, BANCO DE CRÉDITO LOCAL, AND CHAIRMAN OF ADQUIRA.<br>READ ECONOMIC SCIENCES AT UNIVERSIDAD DE SANTIAGO DE COMPOSTELA. |
| IGNACIO FERRERO JORDI | CHAIRMAN OF NUTREXPA AND LA PIARA.<br>READ LAW AT UNIVERSIDAD DE BARCELONA. |
| ROMÁN KNÖRR BORRÁS | CHAIRMAN OF THE OFFICIAL ALAVA CHAMBER OF COMMERCE AND INDUSTRY SINCE MARCH 2006.<br>OTHER RELEVANT POSTS: WAS CHAIRMAN OF THE BASQUE INDUSTRIAL CONFEDERATION, |

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| | |
|---|---|
| | (CONFEBASK) AND MEMBER OF EXECUTIVE COMMITTEE AND MANAGEMENT BOARD OF SPANISH INDUSTRIAL CONFEDERATION (CEOE).<br>STUDIED COMMERCIAL MANAGEMENT, MARKETING AND ADVERTISING IN VARIOUS INSTITUTIONS IN SAN SEBASTIAN AND BARCELONA |
| CARLOS LORING MARTÍNEZ DE IRUJO | CHAIRMAN OF THE BOARD'S APPOINTMENTS & REMUNERATION COMMITTEE. SPECIALIST IN CORPORATE GOVERNANCE. OTHER RELEVANT POSTS: PARTNER AT ABOGADOS GARRIGUES LAWFIRM.<br>READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID. |
| ENRIQUE MEDINA FERNÁNDEZ | STATE ATTORNEY ON SABBATICAL. OTHER RELEVANT POSTS: WORKED IN DIFFERENT FINANCIAL INSTITUTIONS. DEPUTY CHAIRMAN OF GINÉS NAVARRO CONSTRUCCIONES UNTIL IT MERGED TO BECOME GRUPO ACS.<br>READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID |
| SUSANA RODRÍGUEZ VIDARTE | DEAN OF THE ECONOMIC AND BUSINESS SCIENCES FACULTY, "LA COMERCIAL", DEUSTO UNIVERSITY. MEMBER OF THE ACCOUNTS AND ACCOUNTS AUDITING INSTITUTE. DOCTOR IN ECONOMIC AND BUSINESS SCIENCES FROM DEUSTO UNIVERSITY. |

| | |
|---|---|
| Total number of independent directors | 11 |
| % of total directors | 78,5714% |

**OTHER EXTERNAL DIRECTORS**

**Detail the reasons why they cannot be considered shareholder-nominated or independent directors and their affiliations with the company or its management or its shareholders:**

**Indicate any changes that may have occurred during the period in the type of directorship of each director:**

**B.1.4. Explain, where applicable, the reasons why nominee directors have been appointed at the behest of the shareholder whose holding is less than 5% of the capital:**

**Indicate whether formal petitions for a seat on the board have been ignored from shareholders whose holding is equal to or higher than others at whose behest nominee directors were appointed. Where applicable, explain why these petitions have been ignored.**

**YES** ☐ **NO** ☒

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| Name of shareholder | Explanation |
|---|---|
| | |

**B.1.5. Indicate if any director has stood down before the end of his/her term in office, if the director has explained his/her reasons to the board and through which channels, and if the director sent a letter of explanation to the entire board, explain below, at least the reasons that he/she gave:**

**YES** [ ] **NO** [X]

**B.1.6. Indicate any powers delegated to the managing directors(s):**

| Name of director (person or company) | Brief description |
|---|---|
| FRANCISCO GONZÁLEZ RODRÍGUEZ | HOLDS WIDE-RANGING POWERS OF PROXY AND ADMINISTRATION IN KEEPING WITH THE CHARACTERISTICS AND NEEDS OF HIS POST AS CHAIRMAN OF THE COMPANY. |
| JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE | HOLDS WIDE-RANGING POWERS OF PROXY AND ADMINISTRATION IN KEEPING WITH THE CHARACTERISTICS AND NEEDS OF HIS POST AS CHIEF OPERATING OFFICER OF THE COMPANY. |

**B.1.7. Identify any members of the board holding posts as directors or managers in other companies that form part of the listed company's group:**

| Name of director (person or company) | Name of the group's company | Post |
|---|---|---|
| FRANCISCO GONZÁLEZ RODRÍGUEZ | GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V. | DIRECTOR |
| FRANCISCO GONZÁLEZ RODRÍGUEZ | BBVA BANCOMER, S.A. | DIRECTOR |
| FRANCISCO GONZÁLEZ RODRÍGUEZ | BBVA BANCOMER SERVICIOS, S.A. (MEXICO) | DIRECTOR |
| JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE | GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V. | DIRECTOR |
| JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE | BBVA BANCOMER, S.A. | DIRECTOR |
| JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE | BBVA BANCOMER SERVICIOS, S.A. (MEXICO) | DIRECTOR |

**B.1.8 List, where applicable, any company directors that sit on boards of other companies publicly traded in Spain outside the group, of which the company has been informed:**

**B.1.9 Indicate and, where applicable, explain whether the company has established rules on the number of boards on which its directors may sit:**

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YES [X] NO [ ]

| Explanation of the rules |
|---|
| Article 11 of the Board Regulations establishes that directors shall not provide professional services to companies competing with the Bank or of any of its Group companies. --------<br><br>Directors shall not provide professional services to companies competing with the Bank or of any of its Group companies. They shall 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 Bank Board and they had informed the Bank of them at that time.<br><br>Directors of the Bank shall not hold office in any company in which it holds an interest or in any company of its Group.<br><br>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.<br><br>Non-executive directors may hold office in the Bank's associate companies or in any other Group company provided this is not related to the Group's holding in such companies and after prior approval from the Bank's board of directors. |

**B.1.10. Regarding the recommendation no. 8 of the Unified Code, list the general strategies and policies in the company that the board reserves for plenary approval:**

| | Yes | No |
|---|---|---|
| **The investment and funding policy;** | **X** | |
| **The definition of how the Group companies are structured**<br>**The corporate governance policy**<br>**The corporate social responsibility policy** | **X** | |
| **The strategic or business plan and the annual management and budgetary targets** | **X** | |
| **The policy for senior managers' remuneration and performance assessment** | **X** | |
| **The policy for overseeing and managing risks, and the periodic monitoring of the internal information and oversight systems.** | **X** | |
| **The pay-out policy and the treasury-stock policy, especially their limits.** | **X** | |

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**B.1.11 Fill in the following tables on the aggregate remuneration of directors accruing during the year:**

**a) In the company covered in this report:**

| Remuneration item | Data in €k |
|---|---|
| Fixed pay | 7,558 |
| Variable pay | 7,871 |
| Per diem | |
| Bylaw perquisites | |
| Share and other financial options | |
| Others | 768 |
| **Total:** | **16,197** |

| Other benefits | Data in €k |
|---|---|
| Advances | |
| Loans granted | |
| Funds and pension funds Contributions | |
| Funds and pension funds Contractual obligations | 133,752 |
| Life-insurance premiums | |
| Guarantees constituted by the company for the directors | |

**b) For company directors sitting on other boards of directors and/or belonging to the senior management of group companies:**

| Remuneration item | Data in €k |
|---|---|
| Fixed pay | |
| Variable pay | |
| Per diem | 0 |
| Bylaw perquisites | 0 |
| Share and other financial options | 0 |
| Others | |
| **Total:** | |

| Other benefits | Data in €k |
|---|---|
| Advances | 0 |
| Loans granted | 0 |
| Funds and pension funds Contributions | 0 |
| Funds and pension funds Contractual obligations | |
| Life-insurance premiums | 0 |
| Guarantees constituted by the company for the directors | 0 |

**c) Total remuneration by type of directorship:**

| Type of directorship | By company | By group |
|---|---|---|
| Executives | 11,928 | 0 |
| Nominee directors | | 0 |
| Independent external directors | 4,269 | 0 |
| Other external directors | | 0 |
| **Total:** | **16,197** | **0** |

**d) Regarding the attributable profit of the dominant company:**

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| | |
|---|---|
| **Total remuneration of all directors (€k)** | 16,197 |
| **Total remuneration all directors/attributable profit of dominant company (expressed as %)** | 0,3 |

**B.1.12. Identify the members of the senior management that are not in turn executive directors, and indicate total remuneration accruing to them during the year:**

| Name (person or organisation) | Post |
|---|---|
| EDUARDO ARBIZU LOSTAO | SERVICIOS JURÍDICOS, S.A. TAX, AUDIT & COMPLIANCE |
| FRANCISCO JAVIER ARGENTÉ ARIÑO | BANKING BUSINESSES SPAIN |
| JUAN ASÚA MADARIAGA | SPAIN &PORTUGAL |
| JAVIER AYUSO CANALS | COMMUNICATION |
| JOSÉ BARREIRO HERNÁNDEZ | WB&AM |
| JAVIER BERNAL DIONIS | BUSINESS DEVELOPMENT & INNOVATION - SPAIN & PORTUGAL |
| ÁNGEL CANO FERNÁNDEZ | RESOURCES & SYSTEMS |
| IGNACIO DESCHAMPS GONZALEZ | MEXICO |
| JOSE MARIA GARCIA MEYER-DOHNER | UNITED STATES |
| MANUEL GONZÁLEZ CID | FINANCE DEPARTMENT |
| VICENTE RODERO RODERO | SOUTH AMERICA |
| JOSÉ SEVILLA ÁLVAREZ | RISKS |

| | |
|---|---|
| **Total remuneration senior management (€k)** | 20,457 |

**B.1.13. Identify in aggregate terms whether there are ring-fence or guarantee clauses for cases of dismissal or changes of control in favour of the senior management, including executive directors, in the company or in its group. Indicate whether these contracts must be disclosed and/or approved by the company or group governance bodies:**

| | |
|---|---|
| **Number of beneficiaries** | 15 |

| | Board of Directors | AGM |
|---|---|---|
| **Body authorising the clauses** | **YES** | **NO** |

| | |
|---|---|
| **Is the AGM informed of the clauses?** | **YES** |

**B.1.14. Indicate the process to establish remuneration of board members and the relevant bylaw clauses.**

| Process to establish remuneration of board members and the relevant bylaw clauses |
|---|
| The remuneration system for the board members' pay as directors has to be approved by the board at the proposal of the Appointments & Remuneration committee, comprising external directors, pursuant to article 33 of the Board Regulations. |

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Thus, section b of article 17 of the Board Regulations establish that the Board must approve directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that their contracts must include.

Article 53 of the BBVA bylaws "Application of earnings" establishes the following:

"From the proceeds obtained during the financial year, the net profit shall be calculated by deducting all general expenses, interest, bonuses and taxes, as well as all such sums as must be charged to regularisation provisions and depreciation.

The resultant profit, after the allocations referred to in the previous paragraph, shall be distributed in the following order:

a) Appropriations to the reserves and provisions required by current legislation and, as may be the case, the minimum dividend contemplated in article 13 hereof.

b) Four per cent of the paid-up capital, at least, as a dividend for shareholders, in accordance with article 130 of the Companies Act.

c) Four per cent of the paid up capital as remuneration for the services of the board of directors and of the Executive committee, except where the board resolves to reduce that percentage participation in those years when it considers it appropriate to do so. The resulting figure shall be at the disposal of the board of directors for distribution amongst its members at such time, in such manner and in such proportion as the board may determine. The payment of said sum may be made in cash or, following an AGM resolution pursuant to the Companies Act, in shares or share options or through remuneration indexed to the value of the shares.

The said sum may only be availed after the shareholders have been allocated the minimum dividend of four per cent indicated in the previous paragraph."

Article 50 bis of the BBVA bylaws establishes the following for executive directors:

"Article 50 bis

Directors who have provided services in the company attributed to them, whatever the nature of their legal relation with it, will be entitled to receive remuneration for the provision of these services. This will consist of: a fixed sum, adequate to the services and responsibilities assumed, a variable complementary sum and the incentive schemes established with a general nature for the bank's senior management, which may comprise the delivery of shares, or option rights to these or remuneration indexed to the value of

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the shares subject to the requirements laid down in the legislation in force at any time. And also a benefit part, which will include the relevant retirement and insurance schemes and social security. In the event of cessation not due to failure to fulfil their duties, they will be entitled to compensation."

Under the BBVA Board Regulations, the Appointments and Remuneration committee has powers to determine the extent and amount of the remuneration, entitlements and other economic rewards for the chairman, the chief operating officer and other executive directors of the Bank, so that these can be submitted to the Board of Directors.

The Remuneration & Appointments committee, which comprises only independent directors, annually determines the fixed and variable remuneration of the executive directors and establishes the targets for the chairman of the board in order to determining the variable remuneration. This is later approved by the Board of Directors.

Pursuant to article 53 of the Board Regulations, the Board of Directors adopted a remuneration system that is not applicable to the executive directors. The system determines a fixed amount for the directorship, valuing the responsibility, dedication and incompatibilities the directorship entails. It also comprises another fixed amount for the members of the different committees, valuing the responsibility, dedication and incompatibilities sitting on these committees entails, applying a heavier weighting to the post of chairman on each committee.

The AGM, 18th March 2006, approved a remuneration system with deferred delivery, comprising the annual allocation over five years of "theoretical BBVA shares" to non-executive directors in the Bank, as part of their pay, which will be delivered, where applicable, on the date on which they cease to be directors for any cause other than serious dereliction of duty.

State whether the board, in plenary session, has reserved powers to approve the following resolutions:

| | Yes | No |
|---|---|---|
| **At the proposal of the CEO, the appointment and possible severance of senior managers, and their compensation clauses.** | X | |
| **The remuneration of directors and, in the case of executive directors, the additional pay for their executive duties and other terms and conditions to be included in their contracts.** | X | |

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**B.1.15. Indicate whether the board of directors approves a detailed remuneration policy and explain on which issues it pronounces its opinion:**

YES [X] NO [ ]

| | YES | NO |
|---|---|---|
| **Amount of the fixed components, with breakdown, where applicable, for per diem payments for attending the board and its committee meetings and an estimate of the fixed annual remuneration ensuing on this.** | **X** | |
| **Variable remuneration items.** | **X** | |
| **Main characteristics of the pension and annuity systems, with an estimate of their amount or equivalent annual cost.** | **X** | |
| **Conditions that the contracts of executive directors in senior management must respect.** | **X** | |

**B.1.16. Indicate whether the Board of Directors submits an annual report on the directors pay policy to the AGM for consultation purposes. If so, explain the aspects of the report on the remuneration policy approved by the board for future years, the most significant changes in this policy compared to the policy applied during the year and a global summary of how the remuneration policy was applied during the year. Describe the role played by the Remuneration committee and if external advisors have been engaged, the identity of the consultants involved:**

YES [ ] NO [X]

| Issues on which the board pronounces on remuneration policy |
|---|
| Article 33 of the Board Regulations establishes that the Appointments & Remuneration committee shall submit an annual report to the board on the directors' pay policy. This report is approved by the board of directors and made available to the shareholders when the call to meeting is published.<br><br>The report contains explanations on the general principles behind the BBVA directors' pay policy, the system for remunerating executive directors, which includes both fixed and variable pay, long-term rewards, distribution of total annual remuneration, corporate pension and annuity system and other remunerations; the main characteristics of the BBVA executive directors' contracts, which includes fixed remuneration and the system for remuneration with deferred delivery of shares; the evolution of total remuneration of the board and future policy, plus an executive summary of the annual remuneration items payable to the members of the BBVA board of directors.<br><br>However, given that Spanish law does not establish a consultative vote at the AGM, the board does not envisage this possibility. |

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| Role of the Remuneration Committee |
|---|
| The duties of the Appointments & Remuneration committee regarding remuneration are covered in the Board Regulations. They are as follows:<br><br>• Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company's bylaws. This system shall deal with the system's items, amounts and method of payment.<br><br>• Determine the extent and amount of the remuneration, entitlements and other economic rewards for the chairman, the chief operating officer and other executive directors of the Bank, so that these can be reflected in their contracts. The committee's proposals on such matters shall be submitted to the Board of Directors.<br><br>• Submit an annual report on the directors remuneration policy to the board of directors.<br><br>• Report the appointments and severances of senior managers and propose senior-management remuneration policy to the Board, along with the basic terms and conditions for their contracts. |

| | YES | NO |
|---|---|---|
| Has external consultancy been used? | X | |
| Identity of external consultants. | Watson Wyatt and Towers Perrin | |

**B.1.17 Indicate, where applicable, the identity of board members who also sit on boards or form part of the management of companies that hold significant shareholdings in the listed company and/or in its group companies:**

**List the relevant affiliations other than those considered in the above paragraph, that link board members to significant shareholders and/or companies in their group:**

**B.1.18. Indicate whether during the year there has been any change in the board regulations.**

**YES** ☐ **NO** ☒

**B.1.19. Indicate procedures for appointment, re-election, evaluation and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.**

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**Appointment:**

Articles 2 and 3 of the Board Regulations stipulate that members shall be appointed to the Board by the AGM without detriment 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 of applicable legislation in regard to the special code for financial entities, and the provisions of the Company's Bylaws.

The Board of Directors shall put its proposals to the Company AGM in such a way that there is an ample majority of external directors to executive directors on the Board and that the number of independent directors accounts for at least one third of the total seats.

Proposals put by the Board to the AGM for appointment or re-election of directors and its resolutions to co-opt directors shall be approved at the proposal of the Appointments & Remuneration committee in the case of independent directors and following a report from said committee for all other directors.

The Board's resolutions and deliberations on these matters shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave.

Directors shall stay in office for the term defined by the Company's bylaws under a resolution passed by the AGM. If they have been co-opted, they shall work out the term of office remaining to the director whose vacancy they have covered through co-option, unless a proposal is put to the AGM to appoint them for the term of office established under the Company's bylaws.

**Re-election:**

See previous section.

**Evaluation:**

Article 17 of the Board Regulations indicates that the Board of Directors shall be responsible for assessment of the quality and efficiency in the operation of the Board and its committees, on the basis of the reports that said committees submit.

Also assessment of the chairman of the Board's performance of his/her duties and, where pertinent, of the Company's chief executive officer, on the basis of the report submitted by the Appointments & Remuneration committee.

Moreover, article 5 of the Board Regulations establishes that the chairman, who is charged with 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, should

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it not be one and the same with the chairman of the board.

**Severance:**

Directors shall resign their office when the term for which they were appointed has expired, unless they are re-elected.

Directors must make the board aware of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts.

Directors must place their directorship at the disposal of the board and accept its decision regarding their continuity in office. If its decision is negative, they are obliged to tender their resignation under the circumstances listed in section B.1.20 below.

Directors shall resign their positions on reaching 70 years of age. They must present their resignation at the first meeting of the Bank's Board of Directors after the AGM that approves the accounts for the year in which they reach this age.

**B.1.20. Indicate the circumstances under which directors are obliged to resign.**

Article 12 of the BBBVA Board Regulations establishes that board members must place their directorship at the disposal of the board of directors and accept the board's decision on whether or not they are to continue to sit on it. Should the board decide against their continuity, they are obliged to present their formal resignation. Such circumstances would arise in the following cases:

- When they are affected by circumstances of incompatibility or prohibition as defined under prevailing legislation, in the Company's bylaws or in the director's charter.

- When significant changes occur in their professional situation or that may affect the condition by virtue of which they were appointed to the Board.

- When they are in serious dereliction of their duties as directors.

- When the director, acting as such, has caused severe damage to the Company's assets or its reputation or credit, and/or no longer displays the commercial and professional honour required to hold a Bank directorship.

**B.1.21. Explain whether the role of chief executive officer in the company is played by the chairman of the board. If so, indicate the measures taken to limit the risks of accumulating powers in a single person:**

**YES** [X] **NO** [ ]

| Measures to limit risks |
| --- |
| Article 5 of the Board Regulations establishes that the chairman of the board shall also be the Bank's chief executive officer unless the Board resolves to separate the posts of chairman and chief executive officer on the grounds of the Company's best interests.<br><br>Under the corporate bylaws, the chairman, in all cases, shall be the highest-ranking representative of the Company.<br><br>However, under articles 45 and 46 of the bylaws, the Company has an Executive committee with the following powers:<br><br>"To formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix goals, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the entity; to determine the volume of investment in each individual activity; to approve or reject operations, determining methods and conditions; to arrange inspections and internal or external audits of all areas of operation of the entity; and in general to exercise the faculties delegated to it by the board of directors."<br><br>Likewise, article 49 of the bylaws establishes that the Company has a president and chief operating officer. The Board has delegated the Chief Operating Officer (COO) the broadest faculties, with powers of administration and representation of the company inherent to the position. The general managers of each of the company's business areas and support areas report to the COO.<br><br>Finally, the Board has the support of various committees to help it best perform its duties. These include the Audit & Compliance committee, the Appointment and Remuneration committee and the Risks committee, which help the Board on issues corresponding to business within the scope of their powers. |

**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.**

YES [ ] NO [X]

**B.1.22. Are reinforced majorities required, other than the legal majorities, for any type of resolution?**

YES [ ] NO [X]

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**Indicate how resolutions are adopted in the board of directors, giving at least the minimum quorum for attendance and the type of majorities required to adopt resolutions:**

| Adopting resolutions | | |
|---|---|---|
| **Description of resolution** | **Quorum** | **Type of majority** |
| 1) Appointment of an Executive committee and appointment of President & Chief Operating Officer<br><br>2) Other resolutions | For 1 and 2, half plus one of members present and represented. (50.01%) | For 1) Favourable vote of 2/3 of members. (66,66%)<br><br>For 2) Absolute majority of votes present and represented. (50.01%) |

**B.1.23. Explain whether there are specific requirements, other than those regarding directors, to be appointed chairman?**

YES [ ] NO [X]

**B.1.24. Indicate whether the chairman has a casting vote:**

YES [ ] NO [X]

**B.1.25. Indicate whether the bylaws or the board regulations establish any age limit for directors:**

YES [X] NO [ ]

| | |
|---|---|
| **Age limit for chairman** | - |
| **Age limit for managing director (COO)** | - |
| **Age limit for directors** | 70 |

**B.1.26. Indicate whether the bylaws or the board regulations establish any limit for independent directors' term of office:**

YES [X] NO [ ]

| | |
|---|---|
| **Maximum number of years in office** | 12 |

**B.1.27. If there are few or no female directors, explain the reasons and the**

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**initiatives adopted to correct the situation.**

**Explanation of reasons and initiatives**

Article 3 of the board regulations establishes that the proposals that the board submits to the Company's AGM for the appointment or re-election of directors and the resolutions to co-opt directors made by the board of directors shall be approved at the proposal of the Appointments & Remuneration 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 shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave.

The Appointments & Remuneration committee is tasked with formulating and reporting proposals for appointment and re-election of directors.

To such end, the committee shall evaluate the skills, knowledge and experience 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 shall 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 –when there are few or no female directors- women who display the professional profile being sought after are included on the shortlists.

**In particular, indicate whether the Appointments & Remuneration committee has established procedures for selecting female directors, and deliberately seeks candidates meeting the required profile:**

**YES** [ ] **NO** [X]

**B.1.28. Indicate whether there are formal processes for delegating votes on the board of directors. If so, describe them briefly.**

The BBVA Board Regulations establishes that directors are obliged to attend the meetings of corporate bodies and the meetings of the board committees on which they sit, unless for a justifiable reason. Directors shall participate in the discussions and debates on matters submitted for their consideration.

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However, article 21 of the Board Regulations establishes that should it not be possible for a director to attend any of the Board meetings, she or he may give a proxy to another director to represent and vote for her or him. This shall be done by a letter, fax, telegram or electronic mail sent to the Company with the information required for the proxy director to be able to follow the absent director's indications.

**B.1.29. Indicate the number of meetings the board of directors has held during the year. Where applicable, indicate how many times the board has met without the chairman in attendance:**

| | |
|---|---|
| **Number of board meetings** | 13 |
| **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** | 18 |
| **Number of Audit committee meetings** | 15 |
| **Number of Appointments & Remuneration committee meetings** | 5 |

**B.1.30.Indicate the number of meetings the board of directors has held during the year without the attendance of all its members. In calculating this number, non-attendance shall mean proxies given without specific instructions:**

| | |
|---|---|
| **Number of non-attendances by directors during the year** | 2 |
| **% of number of non-attendances to total votes during the year** | 1.099 |

**B.1.31. Indicate whether the individual and consolidated financial statements presented to the board's approval are certified beforehand:**

**YES** ☐ **NO** ☒

**Where applicable, identify the person(s) who has(have) certified the individual and consolidated financial statements to be filed by the board:**

**B.1.32. Explain the mechanisms, if any, established by the board of directors to prevent the individual and consolidated financial statements that it files from being presented to the AGM with a qualified auditors report.**

Article 2 of the BBVA audit and 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

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Group. This falls within the scope of its duties. Supervising the sufficiency, adequacy and effectiveness of the internal oversight systems and to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in the annual and quarterly reports. This also applies to the accounting and financial information required by the Bank of Spain or other regulatory bodies of countries where the Group operates.

The Committee shall verify that the audit schedule is being carried out under the service agreement with suitable periodicity, and that it satisfies the requirements of the competent authorities (in particular the Bank of Spain) and the Bank's governing bodies. It shall periodically (at least once a year) request the auditors to provide an assessment of the quality of internal oversight procedures in the Group.

The committee shall also be aware 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 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. It is up to the external auditor's discretion to decide what is of relevance and, in the event of any doubt, the auditor shall opt for communication.

**B.1.33. Is the company secretary a director?**

**YES** [X] **NO** [ ]

**B.1.34. Explain the appointment and severance procedures for the secretary of the board, indicating whether his/her appointment and severance have been reported to the Appointments committee and approved by the board in a plenary meeting.**

| Appointment and severance procedure |
|---|
| The BBVA Board Regulations establish that the Board of Directors shall designate a secretary from amongst its members, on the basis of a report from the Appointments & Remuneration committee, unless it resolves to commend these duties to a non-board-member. The same procedure shall be applicable for the separation of the secretary from his or her duties. |

| | YES | NO |
|---|---|---|
| Does the Appointment committee have a say in his/her appointment? | X | |
| Does the Appointment committee have a say in his/her severance? | X | |
| Does the board approve the appointment? | X | |
| Does the board approve the severance? | X | |

Does the secretary of the board have the duty to take special care in overseeing

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good governance recommendations?

YES [X] NO [ ]

**Observations**

Article 23 of the Board Regulations establishes that the secretary, as well as performing the duties attributed by law and by the corporate bylaws, shall be concerned with the formal and material legality of the Board's actions, ensuring they are in compliance with the corporate bylaws, the AGM regulations and the board regulations, and that they take into account any recommendations on good governance that the Company has underwritten at any time.

**B.1.35. Indicate what mechanisms the company has established, if any, to preserve the independence of the auditor, the financial analysts, the investment banks and the rating agencies.**

The BBVA Audit & Compliance committee regulations establish that this committee's duties, described in section B.2.3.2, include ensuring the independence of the external audit in two senses:

- ensuring that the auditors' warnings, opinions and recommendations cannot be compromised;

- establishing the incompatibility between the provision of audit services and the provision of consultancy, unless there are no alternatives in the market to the auditors or companies in the auditors' group of equal value in terms of their content, quality or efficiency. In such event, the Committee must grant its approval, which can be done in advance by delegation to its Chairman.

This matter is subjected to special attention by the Audit Committee, which holds periodic meetings with the external auditor, to know the details of the progress and quality of the external audit work. It 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.

Additionally, BBVA, as its shares are listed on the New York stock exchange, is subject to compliance with the standards established in this respect under the Sarbanes Oxley Act and its ramifications.

**B.1.36. Indicate whether the company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors:**

YES [ ] NO [X]

| Outgoing auditor | Incoming auditor |
|---|---|
| | |

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**If there were disagreements with the outgoing auditor, explain their grounds.**

YES [ ] NO [x]

| |
|---|
| |

**B.1.37. Indicate whether the audit firm does other work for the company and/or its group other than the audit. If so, declare the amount of fees received for such work and the percentage of such fees in the total fees charged to the company and/or its group.**

YES [X] NO [ ]

| | Company | Group | Total |
|---|---|---|---|
| Amount for work other than audit (€k) | 3,242 | 3,496 | 6,738 |
| Amount of work other than audit / total amount billed by the audit firm (%) | 17.300 | 18.660 | 17.980 |

**B.1.38. Indicate whether the audit report on the annual financial statements for the previous year contained reservations or qualifications. If so, indicate the reasons given by the chairman of the Audit committee to explain the content and scope of such reservations or qualifications.**

YES [ ] NO [X]

**B.1.39. Indicate the number of years during which the current audit firm has been doing the audit of the financial statements for the company and/or its group without interruption. Indicate the percentage of the number of years audited by the current audit firm to the total number of years in which the annual financial statements have been audited:**

| | Company | Group |
|---|---|---|
| **Number of years running** | **6** | **6** |

| | Company | Group |
|---|---|---|
| **Number of years audited by current audit firm / number of years the company has been audited (%)** | **66.6%** | **66.6%** |

**B.1.40. Indicate the holdings of the company's board members in the capital of institutions that have the same, an equivalent or a supplementary kind of activity to that of the corporate object of the company and its group, that have been communicated to the company. Indicate the posts or duties**

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**they exercise in these institutions:**

| Name of director (person or company) | Name of institution | % holding | Post or duties |
|---|---|---|---|
| FRANCISCO GONZÁLEZ RODRÍGUEZ | RBC DEXIA INVESTOR SERVICES ESPAÑA, S.A. | 3,042 | -- |
| RAFAEL BERMEJO BLANCO | BANCO SANTANDER | 0,000 | -- |
| RAFAEL BERMEJO BLANCO | BANCO POPULAR ESPAÑOL | 0,001 | -- |
| IGNACIO FERRERO JORDI | BANCO SANTANDER | 0,000 | -- |
| IGNACIO FERRERO JORDI | BANCO POPULAR ESPAÑOL | 0,000 | -- |

**B.1.41. Indicate and, where applicable, give details on the existence of a procedure for directors to get external advisory services:**

YES [X] NO [ ]

| Details of the procedure |
|---|
| |
| Article 6 of the BBVA Board Regulations expressly recognises that the directors have the possibility of requesting any additional information and advice they require to perform their duties, and may request the Board of Directors provide help from experts outside the Bank services in those matters submitted to their consideration that are especially complex or important.<br><br>Article 31 of the Board Regulations establishes that the Audit & Compliance 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.<br><br>Article 34 of the Board Regulations establishes that the Appointments & Remuneration committee may have such advice as may be needed to inform a sound judgement on issues within the scope of its powers and that this shall be arranged through the company secretary. |

**B.1.42. Indicate and, where applicable, give details on the existence of a procedure for directors to get the information they need to prepare the meetings of the governing bodies in sufficient time:**

YES [X] NO [ ]

| Details of the procedure |
|---|
| Article 6 of the Board Regulations establishes that directors shall dispose 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.<br><br>Exercise of these rights shall be channelled through the chairman and/or secretary of the |

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Board of Directors. The chairman and/or secretary shall attend to requests by providing the information directly or by establishing suitable arrangements within the organisation for this purpose, unless a specific procedure has been established in the regulations governing the Board committees.

**B.1.43. Indicate and, where applicable give details, whether the company has established rules obliging directors to inform and, where applicable, resign under circumstances that may undermine the company's credit and reputation.**

**YES** [X] **NO** [ ]

| Explanation of the rules |
| --- |
| Article 12 of the Board Regulations establishes that directors must make the Board aware of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts.<br><br>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 shall accordingly tender their resignation when, for events that can be traced to the director as such, have cause serious damage to the company's net worth, credit and/or reputation or have lost the commercial and professional honour necessary to be a Bank director. |

**B.1.44. Indicate whether any board member has informed the company of being sued or having any court proceedings opened against him or her for any of the offences listed in article 124 of the Companies Act.**

**YES** [ ] **NO** [X]

**Indicate whether the board of directors has analysed the case. If so, explain the grounds for the decision reached as to whether or not the director should remain on the board.**

**YES** [ ] **NO** [X]

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| Decision | Explanation |
|---|---|
| **Should remain / Should not remain** | |

## B.2. Board of Directors' Committees

### B.2.1. List all the Board of Directors' committees and their members:

**EXECUTIVE COMMITTEE**

| Name | Post | Type |
|---|---|---|
| FRANCISCO GONZÁLEZ RODRÍGUEZ | CHAIRMAN | EXECUTIVE |
| JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE | MEMBER | EXECUTIVE |
| JUAN CARLOS ALVAREZ MEZQUIRIZ | MEMBER | INDEPENDENT |
| IGNACIO FERRERO JORDI | MEMBER | INDEPENDENT |
| ROMÁN KNÖRR BORRÁS | MEMBER | INDEPENDENT |
| ENRIQUE MEDINA FERNÁNDEZ | MEMBER | INDEPENDENT |

**AUDIT COMMITTEE**

| Name | Post | Type |
|---|---|---|
| RAFAEL BERMEJO BLANCO | CHAIRMAN | INDEPENDENT |
| TOMÁS ALFARO DRAKE | MEMBER | INDEPENDENT |
| RAMÓN BUSTAMANTE Y DE LA MORA | MEMBER | INDEPENDENT |
| CARLOS LORING MARTÍNEZ DE IRUJO | MEMBER | INDEPENDENT |
| SUSANA RODRÍGUEZ VIDARTE | MEMBER | INDEPENDENT |

**APPOINTMENTS & RENUMERATION COMMITTEE**

| Name | Post | Type |
|---|---|---|
| CARLOS LORING MARTÍNEZ DE IRUJO | CHAIRMAN | INDEPENDENT |
| JUAN CARLOS ÁLVAREZ MEZQUIRIZ | MEMBER | INDEPENDENT |
| IGNACIO FERRERO JORDI | MEMBER | INDEPENDENT |
| SUSANA RODRÍGUEZ VIDARTE | MEMBER | INDEPENDENT |

**RISKS COMMITTEE**

| Name | Post | Type |
|---|---|---|
| JOSÉ ANTONIO FERNÁNDEZ RIVERO | CHAIRMAN | INDEPENDENT |
| RAFAEL BERMEJO BLANCO | MEMBER | INDEPENDENT |
| RAMÓN BUSTAMANTE Y DE LA MORA | MEMBER | INDEPENDENT |
| JOSÉ MALDONADO RAMOS | MEMBER | EXECUTIVE |
| ENRIQUE MEDINA FERNÁNDEZ | MEMBER | INDEPENDENT |

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**B.2.2. Mark with a cross the duties assigned to the Audit Committee:**

| | Yes | No |
|---|---|---|
| To supervise the process of drawing up the financial information and its integrity for the Company and its Group, reviewing compliance with regulatory requirements, suitable scope of the consolidation perimeter and the correct application of accounting principles. | X | |
| To periodically review the systems of internal risk management and oversight to ensure the main risks are identified, managed and sufficiently well known. | X | |
| To ensure the independence and efficacy of the internal audit. To propose the selection, appointment, re-election and severance of the internal audit officer. To propose the budget for the internal audit service. To receive periodic information on their activities; And to check that the senior management takes the conclusions and recommendations of their reports into account. | X | |
| 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. | X | |
| To put to the Board the proposals for selection, appointment, re-election and substitution of the external auditor and the terms and conditions of engagement. | X | |
| To receive regular information from the external auditor on the audit plan and the outcome of its execution, verifying that the senior management takes due note of its recommendations. | X | |
| To ensure the independence of the external auditor | X | |
| In the Group, to help the Group auditor take responsibility for the auditing of the companies comprising it. | X | |

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**B.2.3. Give a description of the rules governing the organisation and running of each of the board committees and the responsibilities attributed to each.**

**B.2.3.1 Executive Committee**

Article 26 of the Board Regulations establishes the following:

"In accordance with corporate bylaws, the Board of Directors may appoint an Executive committee, once two-thirds of its members vote for it and record of the resolution is duly filed at the company registry. It shall try to ensure that it has a majority of external directors to executive directors and that independent directors occupy at least one third of the total seats.

The Executive committee shall be chaired by the chairman of the Board of Directors, or when this is not possible, by whomever the corporate bylaws determines.

The secretary shall be the company secretary who, if absent, may be substituted by whomever is appointed by the meeting's members."

Article 27 of the Board Regulations establishes the duties of the Executive committee within the company, as follows:

"The Executive committee shall deal with the business that the Board of Directors delegates to it in accordance with prevailing legislation or with the Company's bylaws.

Specifically, the Executive committee is entrusted with evaluation of the Bank's system of corporate governance. This shall be analysed in the context of the Company's development and results, taking into account any regulations that may be established and recommendations made regarding best market practices, adapting these to the Company's specific circumstances."

Additionally, article 28 of the Board Regulations establishes the following rules regarding the committee's organisation and running:

"The Executive committee shall meet on the dates indicated in the annual calendar of meetings and when the chairman or acting chairman so decides.

All other aspects of its organisation and operation shall be subject to the provisions these regulations establish for the Board of Directors.

Once the minutes of the meeting of the Executive committee are approved,

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they shall be signed by the secretary and countersigned by whomever chaired the meeting.

Directors will be given access to the approved minutes of the Executive committee at the beginning of Board meetings, so that they can be aware of the content of its meetings and the resolutions it has passed."

#### B.2.3.2 Audit & Compliance Committee

Article 29 of the Board Regulations establishes the following:

"Article 29. Composition

The BBVA Audit & Compliance committee shall 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 shall have a minimum of four members appointed by the Board in the light of their knowledge and experience in accounting, audit and risk management. One of these shall act as chairman, 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 it. 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 chairman shall have experience in financial management and shall understand the accounting procedures and standards required by the bodies regulating the sector.

When the chairman cannot be present, his/her duties shall be performed by the most senior member of the committee, and, where more than one person of equal seniority are present, by the oldest.

The committee shall 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 corporate bylaws, with the following scope:

· Supervise the internal control systems' sufficiency, appropriateness and efficacy in order to ensure the accuracy, reliability, scope and clarity of the financial statements of the company and its consolidated group in their annual and quarterly reports. Also to oversee the accounting and financial information that the Bank of Spain or other regulators from Spain and abroad may require.

· Oversee compliance with applicable national and international regulations

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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 ensure that any requests for information or for a response from the competent bodies in these matters are dealt with in due time and in due form.

· Ensure that the internal codes of ethics and conduct and securities market operations, as they apply to group personnel, comply with legislation and are properly suited to the bank.

· Especially to enforce compliance with provisions contained in the BBVA directors charter, and ensure that directors satisfy applicable standards regarding their conduct on the securities markets.

As part of this objective scope, the Board shall detail the duties of the committee in specific regulations establishing procedures by which it may perform its mission. These shall supplement the provisions of the present regulations.

Article 31. Rules of organisation and operation

The Audit & Compliance committee shall meet as often as necessary to comply with its functions although an annual calendar of meetings shall be drawn up in accordance with its duties.

The officers responsible for Comptrol, Internal Audit and Regulatory Compliance may be invited to attend committee meetings. They may request other staff be invited from their areas who have particular knowledge or responsibility in the matters contained in the agenda, when their presence at the meeting is deemed advisable. However, only the committee members and the secretary shall be present when the results and conclusions of the meeting are evaluated.

The committee may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence.

The committee may call on the personal co-operation and reports of any employee or member of the management team when it considers that this is necessary to carry out its functions with regard to relevant issues. The usual channel for a request of this nature shall be through the reporting lines of the Company organisation. However, in exceptional cases the request can be notified directly to the person in question.

The system of convening meetings, quorums, the approval of resolutions, minutes and other details of its system of operation shall be governed by the provisions of these regulations for the Board of Directors insofar as they are applicable and by any specific regulations that might be established for this committee."

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#### B.2.3.3 Appointments & Remuneration Committee

The Appointments & Remuneration committee of the BBVA Board of Directors is tasked to assist the Board on issues regarding the appointment of Bank directors and other issues covered by these regulations. It shall oversee observance of the remuneration policy that the Company establishes.

Here, article 32 of the Board Regulations establishes the following:

"Article 32. Composition

The Appointments & Remuneration committee shall consist of at least three members, appointed by the Board of Directors which will also appoint the committee chairman.

All the committee members must be external directors, with a majority of independent directors. Its chairman must be an independent director.

In the absence of the chairman, the sessions shall be chaired by the longest-serving member of the committee and in the event of senior members with equal service, by the oldest.

Article 33. Functions

The functions of the Appointments & Remuneration committee shall be as follows:

1.- Draw up and report proposals for appointment and re-election of directors under the terms and conditions established in the first paragraph of article 3 above.

To such end, the committee shall evaluate the skills, knowledge and experience 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 shall 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 after are included on the shortlists.

When drawing up proposals for the appointment and re-election of directors, the committee shall 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.- Should the chairmanship of the Board or the post of chief executive officer fall vacant, the commission shall examine or organise, in the manner it deems suitable, the succession of the chairman and/or chief executive officer and put

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corresponding proposals to the Board for an orderly, well-planned succession.

3.- Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company's bylaws. This system shall deal with the system's items, amounts and method of payment.

4.- Determine the extent and amount of the remuneration, entitlements and other economic rewards for the chairman, the chief operating officer and other executive directors of the Bank, so that these can be reflected in their contracts. The committee's proposals on such matters shall be submitted to the Board of Directors.

5.- Submit an annual report on the directors pay policy to the Board of Directors.

6.- Report the appointments and severances of senior managers and propose senior-management remuneration policy to the Board, along with the basic terms and conditions for their contracts.

7.- Any others that may have been allocated under these regulations or attributed to the committee by a Board of Directors resolution.

In the performance of its duties, the Appointments & Remuneration committee shall consult with the Company chairman and, where applicable, the chief executive officer via the committee chair, especially with respect to matters related to executive directors and senior managers.

Article 34. Rules of organisation and operation

The Appointments & Remuneration committee shall meet as often as necessary to perform its duties, convened by its chairman or by whomsoever stands in for its chairman in accordance with article 32 above.

The committee may request the attendance at its sessions of persons with positions in the group that are related to the committee's functions. It may also obtain advice as necessary to establish criteria related to its business. This shall be done through the Board secretary.

The system for convening meetings, quorums, the adoption of resolutions, minutes and other details of its operation shall be in accordance with the provisions of these Board of Directors regulations insofar as they are applicable."

**B.2.3.4 Risks Committee**

Article 35 of the Board Regulations establishes the following:

"Article 35. Composition

The Risk committee shall have a majority of external directors, with a minimum

of three members, appointed by the Board of Directors, which shall also appoint its chairman.

If its chairman is absent, its meetings shall be chaired by the longest-serving member of the committee and, in the event of more than one person with equal seniority, by the oldest.

Article 36. Functions

The functions of the Board of Directors' Risk committee shall be as follows:

- Analyse and evaluate proposals related to the Group's risk management and oversight policies and strategy. In particular, these shall 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 information and oversight systems used to oversee 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.

- Analyse and approve any risks that might compromise the Group's capital adequacy or recurrence of its earnings in view of their size or might entail operational or reputation risk.

- Check that the group possesses the means, systems, structures and resources benchmarked against best practices to allow implementation of its risk management strategy.

Article 37. Rules of organisation and operation

The Risks committee shall meet as often as necessary to comply with its duties, convened by its chairman or by whomever stands in for its chairman in accordance with the provisions of the previous item although an annual calendar of meetings shall be drawn up in accordance with its tasks.

The system of convening meetings, quorums, the adoption of resolutions, minutes and other details of its procedures shall 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. "

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**B.2.4. Indicate the powers of advice, queries and, where applicable, proxies for each of the commissions:**

| Name of committee | Brief description |
|---|---|
| EXECUTIVE COMMITTEE | Article 45 of the 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 undelegatable due to their essential nature.<br><br>Article 46 of the bylaws establishes the following:<br><br>"The Executive committee shall meet as often as its chairman or the person acting in his/her stead considers appropriate or at the request of a majority of the members thereof, and it shall consider those matters falling within the responsibility of the Board which the Board, in accordance with the applicable legislation or these bylaws, resolves to entrust to it, including, by way of illustration only, the following powers:<br><br>To formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix goals, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the entity; to determine the volume of investment in each individual activity; to approve or reject operations, determining methods and conditions; to arrange inspections and internal or external audits of all areas of operation of the entity; and in general to exercise the faculties delegated to it by the board of directors."<br><br>Any investment or divestment worth over €50m must be submitted to Executive committee approval.<br><br>The duties of this committee are detailed in section B.2.3.1. |
| AUDIT & COMPLIANCE COMMITTEE | Article 48 of the bylaws establishes that the Audit Committee be entrusted with the supervision of financial statements and the exercise of oversight. This committee shall have the authority and necessary means to carry out this fundamental role within the |

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| | |
|---|---|
| | corporation.<br><br>The Audit Committee shall have, as a minimum, the following powers:<br>a) to report, at the AGM on issues that shareholders bring up there regarding matters within the scope of its powers<br>b) to propose to the Board of Directors, for submission to the AGM, the appointment of the Auditor of Accounts referred to in article 204 of the Companies Act and, where applicable, the conditions under which they are to be hired, the scope of their professional remit, and the termination or renewal of their appointment.<br>c) to supervise internal auditing services.<br>d) to know the financial information process and the internal control systems.<br>e) to maintain relations with the Accounts Auditor to receive information on such questions as could jeopardise the Accounts Auditor's independence, and any others related to the process of auditing the accounts, as well as to receive information and maintain communications with the Accounts Auditor as established under the legislation of accounts audits and the technical auditing standards.<br><br>The duties of this committee are detailed in section B.2.3.2. |
| APPOINTMENTS & RENUMERATION COMMITTEE | SEE B.2.3.3 |
| RISKS COMMITTEE | SEE B.2.3.4 |

**B.2.5. Indicate, where applicable, the existence of regulations for the board committees, where they can be consulted and any amendments made to them during the year. Indicate whether an annual report on the activities of each committee has been drawn up voluntarily.**

**Name of committee**

APPOINTMENTS & RENUMERATION COMMITTEE

**Brief description**

The Board Regulations, amended in December 2007, as explained in section B.2.3 herein, include specific sections for each committee, regulating their

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composition, role and rules of operation. The Appointments & Remuneration committee presented a report to the BBVA Board of Directors on its activities during 2008, describing the tasks carried out with respect to the pay of executive directors, analysis of the general pay policy and the remuneration system for the Board.

**Name of committee**

AUDIT COMMITTEE

**Brief description**

The BBVA Audit & Compliance committee has a set of specific regulations approved by the Board, which govern its operation and powers, amongst other things. These regulations are available on the Company's website (www.bbva.com).

During 2008, no amendments have been made to said Audit & Compliance committee regulations.

The Board Regulations, amended in December 2007, as detailed in section B.2.3 of this report, include specific sections for each committee, regulating their composition, duties and operation.

The Audit committee has presented the Board of Directors a report on its activities, describing the tasks the committee carried out with respect to its duties and, especially, with respect to the financial statements of the Bank and its Group, its work with the Group's external auditors and the core features of the external audit plan for 2008.

**Name of committee**

RISKS COMMITTEE

**Brief description**

The BBVA Risks committee has a set of specific regulations approved by the Board, which govern its operation and powers, amongst other things. These regulations are available on the Company's website (www.bbva.com).

During 2008, no amendments have been made to said BBVA Risks committee regulations.

The Board Regulations, amended in December 2007, as detailed in section B.2.3 of this report, include specific sections for each committee, regulating

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their composition, duties and operation.

The Risks Committee presented a report to the Board of Directors regarding the most significant aspects of what it did during the year, describing the analysis and evaluation of proposals on the Group's risk policies and strategies on the global risk map; the monitoring of the degree to which the risks borne by the Bank match the profile established and checking of the implementation of suitable means, systems and structures to implement its strategy in risk management.

**B.2.6. Indicate whether the composition of the executive committee reflects the participation on the board of different directors as a function of their condition:**

**YES** [X] **NO** [ ]

## C RELATED-PARTY TRANSACTIONS

**C.1. State whether the board in plenary session has reserved the powers to approve, on the basis of a favourable report from the Audit committee or any other entrusted with such a report, the transactions in which the company engages with directors, significant shareholders or shareholders represented on the board or parties related to them:**

**YES** [X] **NO** [ ]

**C.2. List the relevant transactions entailing a transfer of resources or obligations between the company or its group companies, and the company's significant shareholders:**

**C.3. List the relevant transactions entailing a transfer of resources or obligations between the company or its group companies, and the company's directors and/or senior managers:**

**C.4. List the relevant transactions in which the company has engaged with other companies belonging to the same group, except those that are eliminated in the process of drawing up the consolidated financial statements and that do not form part of the company's habitual traffic with respect to its object and conditions:**

**C.5. Indicate whether the board members have come across any situation of conflicting interests during the year, as defined under article 127 of the Companies Act.**

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YES ☐ NO ☒

**C.6. List the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or its group, and its directors, managers and/or significant shareholders.**

Articles 8 and 9 of the Board Regulations regulate issues relating to possible conflicts of interest as follows:

*"Article 8.*

*Directors shall act ethically and in good faith.*

*For this reason directors must notify the Board of any direct or indirect conflict that they might have with the Company's interests, any stake they might have in a company whose activities are the same, similar or complementary to the Company's corporate object and the offices or functions which they perform in it. They must also notify the Board of any activities that are the same, similar or complementary to those pursued by the Company when performed on their own behalf or on behalf of a third party.*

*The directors must inform the Appointments & Remuneration committee of their other professional obligations, in case these might interfere with the dedication required to comply with their duties as directors.*

*Article 9.*

*Directors must refrain from taking part or intervening in those cases where a conflict of interest with the Company might arise.*

*Directors shall not be present when the corporate bodies to which they belongs are discussing matters in which they might have a direct or indirect vested interest, or matters that might affect persons with whom they are related or affiliated under legally established terms and conditions.*

*Directors must also refrain from taking a direct or indirect interest in businesses or enterprises in which Bank or companies of its Group hold an interest, unless such interest was held prior to joining the Board or the moment when the Group took out its interest in such business or enterprise, or unless such companies are listed on domestic or international stock exchanges, or unless authorised to do so by the Board of Directors.*

*Directors may not use their position in the Company to obtain a material gain. Nor may they take advantage directly for themselves or indirectly 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 for stock-exchange trading, with legislation and with any other internal codes regarding requests for loans, bank bonds and guarantees made to the financial*

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*subsidiaries of the BBVA Group. They must refrain from conducting or from suggesting to a third party any transaction involving shares of the Company and/or its subsidiary, affiliated or associate companies when their directorship has led to possession of privileged or confidential information before such information is known to the public."*

Since BBVA is a financial institution, it is subject to Act 31/1968 on incompatibilities and limitations of chairmen, directors and senior managers in the non-State banking sector. 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 team they work, unless expressly authorised by the Bank of Spain.

All the members of the Board and the senior management are subject to the company's code of conduct on securities markets.

The BBVA Group's code of conduct on the securities markets is intended to control possible conflicts of interest. It establishes that everyone subject to the code must notify the head of their area and the Regulatory Compliance department of situations that could potentially and under specific circumstances may entail conflicts of interest that could compromise their impartiality, before they engage in any transaction or conclude any business in which they could arise.

The above notwithstanding, the parties subject to the code have a permanent form filed with the Regulatory Compliance department, which they must keep up to date, with a standard declaration that they are given, declaring certain economic and family affiliations specified in the code.

Where there is any doubt about the existence of conflicts of interest, any party subject to the code must show maximum prudence and notify the head of his/her area and the Regulatory Compliance department of the specific circumstances surrounding their case, so that they may judge the situation for themselves.

**C.7. Are more than one of the group's companies listed in Spain as publicly traded companies?**

**YES** [ ] **NO** [X]

**Identify listed subsidiaries:**

## D SYSTEMS OF RISK CONTROL

**D.1. Give a general description of risk policy in the company and/or its group, listing and evaluating the risks dealt with by the system, along with an explanation of how far these systems match the profile of each type of risk.**

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BBVA believes that excellence in the management of risk is an essential part of its competitive strategy.

The Group sees risk management and its global dimensions as a cornerstone for creating value in the banking business. Its internal decision mechanisms use metrics that quantify the different risks in a uniform and consistent manner. These metrics require suitable identification, measurement and evaluation of the different types of risk that affect the banking business, mainly lending, market, structural and operational risks, together with comprehensive and unified control in accordance with a global risk management system.

The system has four basic parts:

- Standardised measurement tools for the types of risk implicit in each of the Group's businesses. In recent years, the bank has invested considerable effort in developing tools that incorporate methodologies sharing the same metrics for risk measurement.
- Databases and reporting systems to feed the various systems for measuring expected losses and economic capital figures at the different levels of decision making.
- Procedures, circuits and management criteria, that incorporate the risk management model for strategic, tactical and operational decision processes in the Group's daily operations.
- An expert and highly qualified team that handles the risk management function.

One of the core aspects of the Group's management policies is striking a suitable balance between return and risk in the development and implementation of business plans for its units.

Based on corporate strategy, the Group's board of directors sets the general principles that define the target risk profile. It also approves the policies, methods and procedures necessary for integrated management of the risks that have been or may be incurred and adopt the strategies for maintaining the capital required in each case.

The valuation of the recurrency of earnings and detailed, exhaustive monitoring of exposures and concentrations was one of the most important aspects of development in 2008.

Different macroeconomic and financial scenarios were analysed and classified as a function of their probability of occurring and their impact on the earnings and other aspects of management performance. The Group has measures for earnings volatility for all its businesses.

Another major aspect in controlling and limiting lending risk concentration is the delegation by iso-risk curves, based on the sum of expected loss and economic capital, and their equivalence to nominal exposure as a function of the rating.

PRINCIPLES OF RISK MANAGEMENT AT BBVA

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The risk management model at BBVA is based on the following four basic principles:

- A risk function that is independent of decision-making.
- Standardised measurement systems and methods for evaluating risk.
- Uniform structures, processes and operations at the units responsible for the Group's management.
- A global approach to risk management.

- Principle of independence

In the BBVA Group, the Central Risk area performs its duties in an independent manner, reporting to the chief operating officer, the Risk committee, the Executive committee and the board

Independence of the risk function is achieved through specific procedures. Risk managers in the individual business areas report to the central Risk area although, within the Company's organisational chart, the business manager of their particular area is their immediate superior. Therefore they apply the central area's risk criteria for admission, tracking and control policies, using corporate management tools for this purpose.

This system of control follows recommendations by supervisory and watchdog organisations as well as those of leading groups of experts.

- Principle of standardisation.

The principle of standardisation is ensured by common benchmarking for risk quantification in all the Group's companies and by the uniform risk-evaluation methods.

The BBVA Group ensures a standardised, uniform method of integrated management for all risks that affect its ordinary operations (lending, markets and operations). This entails their quantification and uniform management based on a common measurement – economic capital allocation. This is an estimate of the unexpected losses that can be incurred in different risk activities at a certain level of statistical confidence.

The concept of economic capital is a key factor in evaluation of the Group's global risk profile. It allows capital to be allocated to the different businesses and activities depending on the different types and amounts of risk.

Thus, an estimate of risk capital provides a more accurate calculation of the risk-weighted return of the different business lines. It establishes the relationship between earnings obtained and the risk capital effectively consumed.

In addition, BBVA uses uniform methods for valuing, controlling and managing the different risks that might arise in its ordinary operations. These types of risk can be divided into four general categories: (i) credit risk, (ii) market risk, (iii) structural risk and (iv) operational risk.

- Principle of uniformity.

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The principle of uniformity basically refers to common corporate criteria for risk management in the entire Group. It covers policies, tools and systems, circuits and processes, structures and models.

In this manner the Risk area can exercise control of the entire risk cycle throughout the BBVA Group. In the case of lending risk, this control is exercised in the risk admission function, the tracking function and in eventual recovery functions while such risk exists. Loans are qualified as non-performing (doubtful) or, where indicated, as defaults. In the case of market risk and operational risk, the Risk area also monitors the entire risk cycle, through policies, structures, processes, systems and methodologies.

The BBVA Group has a standardised risk management model that allows risk to be accepted, tracked and recovered in a uniform manner regardless of particular features of the business in question, the geographic area or the customer segments.

The uniformity principle informs a centralised definition of structures, tools and the risk culture (vision), combined with decentralised decisions (empowerment).

Decentralisation of decisions is aided by a corporate-defined structure of limits related to market risks and delegation rules for lending risk.

The delegated limit at a particular level is the maximum aggregate of limits and risk that can be granted to a specific customer at that level. Transactions whose amount, type or maturity means they cannot be authorised at a specific level or that are related to customers that are not delegated, are passed up to a higher level.

The various decision levels for lending risk, from highest to lowest, are as follows: the board of directors, the risk committee, the technical operations committee and the risk committee of the central lending-risk unit.

- Principle of globality

The importance of the global aspect to risk management stems from BBVA's nature as a financial conglomerate that incurs many different types of risk in different geographic areas, with different customer profiles via a wide range of products and financial services.

The global aspect of risk has two important parts. First, a global vision of risk that, heeding the different needs of a financial entity, allows risk to be grouped under different business and management headings (customer, product, country, business unit, risk type, etc). And second, the conviction that risk and return must be analysed jointly in a consistent manner.

The ultimate goal is to align risk management with the Bank's strategic objectives, that fosters the creation of value and ensures capital adequacy, conserving the target rating.

The philosophy at BBVA holds that an integrated risk system must be simple, attainable and controllable. This enables it to be easily accepted and implemented within the Group, simultaneously fostering a risk culture throughout the organisation. It must be capable of being understood and developed by the company without difficulty, simultaneously fostering a risk culture.

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**D.2. Indicate if any of the risks facing the company and/or its group (operational, technological, financial, legal, reputational, tax, etc) have materialised.**

YES [X] NO [ ]

**If so, indicate the circumstances and whether the control systems worked properly.**

**Risk materialised in the financial year**

See next section

**Circumstances that led to this**

Risk is inherent to financial activities and therefore the materialisation of risk, to a greater or lesser degree, is absolutely unavoidable. Therefore, as indicated above in Section D.1, the Group sees risk as a cornerstone for creating value in the banking business, which is why it has set up highly sophisticated risk control and management systems, the fundamental features of which have been described in the previous section.

**Operation of the control systems**

The Bank also has risk control systems and mechanisms and systems that limit the maximum impact of risks, should they materialise.

These additional mechanisms include the following:

1. Market risk

Apart from the limits on market risk the Group uses *stop-loss* limits. This means that managers are obliged to unwind their positions if the amount of loss exceeds a specific threshold, thus capping losses.

2. Credit risk

Management of credit risk is not confined to the acceptance process but entails tracking the risk throughout the life of the loan, facilitating action at any time there is an impairment of asset quality in the individual exposures or portfolio exposures as a whole. The possibility of incurring losses is therefore enormously reduced.

3. Operational risk

The tools implemented cover quantitative and qualitative aspects of operational risk, which are classified under the Basel categories: processes, fraud, technology, human resources, commercial practices and disasters.

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The risk areas of each bank in the Group are responsible for implementing the tools and complying with the Basel standards. The business and support units are tasked with managing it through the Operational Risk Committees. Each area has an officer in charge of the internal control and operational risk function. This officer co-ordinates all these tasks. The management comprises exhaustive monitoring of the data facilitated by the tools and the implementation of mitigation measures.

These control systems worked satisfactorily during 2008.

However, the substratum of the control systems consists largely of risk control and measurement tools, and the model adopted by the Risk function within the Group.

Amongst these tools, we should highlight scoring and rating tools implemented throughout the Group, which can rank the asset quality in transactions or the customer's creditworthiness, assigning probabilities of default.

Apart from what we call reactive scorings, the other analysis tools used in the Group are behaviour scorings, which take into account the past behaviour of the product and the customer.

The Group also has different tools for rating different customer segments. These tools do not classify operations, but customers. The probability of default assigned by the evaluation tool is adjusted for the economic cycle. It takes into account past rates as well as expectations related to the economic cycle. The probability is linked to the BBVA master scale so that all the Group's operations are assigned an internal rating.

Market risks are managed by limits that depend on the particular activities of each trading floor. The system forecasts the impact of negative developments in the market on the unit's positions. This is done for normal circumstances and for situations in which the risk factors are less favourable.

In order to take into account the results already obtained during the year in course, the accumulation of negative results in business units can trigger reductions in their approved VaR limits. The system also incorporates loss limits and alerts, which automatically activate procedures to handle situations that might have a negative impact on the business area's activities.

The measurement model used is Value-at-Risk (VaR) without curve flattening at 99% with a one-day horizon. As of 29th February 2008 with effect as of 31st December 2007, the historic simulation methodology has been used, in compliance with the internal model approved by the Bank of Spain for the BBVA, S.A. and BBVA Bancomer trading portfolios.

To evaluate impacts on impacts in markets that are shallow or have higher probability of transitory illiquidity, we carry out periodic analyses that consider the different liquidity conditions that affect financial markets in combination with economic capital and VaR limits under stress. They take into account the impact of past financial crises and scenarios that might arise in the future. The management model for market risk uses back-testing or hindsight comparisons. These corroborate the exactitude of the risk measures effected and compare the daily management results, at different aggregation levels, with the VaR

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measures corresponding to these levels.

The Assets & Liabilities committee (ALCO) relies, to control structural interest-rate risk, on input from the Risk area, which functions as an independent unit. This area designs the systems for measurement, tracking, information and control, together with the limit policies.
In addition, the risk area calculates the sensitivity of net interest income and economic value to parallel displacement of the yield curve. Although we examine different degrees of parallel displacement, positive and negative, BBVA's standard shock is 100 basis points.

Apart from calculating sensitivity, BBVA uses simulations to evaluate non-parallel movements such as changes of slope and curvature in yield curves. The estimated impact of these curves helps to determine the maximum loss that the Group might incur for a given level of confidence and a given time horizon, in terms of net interest income and economic capital. The maximum loss of value at 99% confidence is the economic capital for structural interest-rate risk. These calculations are complemented by the evaluation of forecast scenarios and stress scenarios. These are periodically updated according to the economic and financial situation.

BBVA gauges structural exchange risk using exchange-rate simulations that consider past behaviour and possible future developments in accordance with market expectations and the likelihood of currency crises. Economic capital for structural exchange-rate risk is calculated from these simulations, using the maximum loss in the Group's assets caused by changes in exchange rates at 99% confidence. This approach is also used to estimate the impact on the income statement. We determine the contribution of each currency to the risk taken on and this allows us to identify the more relevant exposures.

The measurements used to control liquidity risk are mainly the daily tracking of short-term liquidity. The timeframe is 1 to 90 days. Monthly structural liquidity is also tracked by forecasting liquidity gaps for the next 12 months, according to the bank's finance planning.

The measurement, whether short- or medium-term, is taken from the different quantitative indicators, for which we establish limits and/or alerts. These limits are diverse. They cover different aspects susceptible to control, ranging from liquidity gaps to the possibility of market calls, or the degree of concentration. We also monitor qualitative indicators that can affect liquidity, such as the perception of the market or of rating agencies.

The Group has several operational risk control mechanisms. First and foremost, Ev-Ro is a basic qualitative tool to identify and evaluate the operational risk factors by business and support area, and by class of risk. The Ev-Ro tool is used in practically all the Group's business and support units, and is thus the prime source of information for applying mitigation measures.
TransVaR is a tool for managing operational risk by using indicators. These indicators are generated by the processes that manage the units. They can be divided into two classes: production (reflecting the volume of transactions) and quality (measuring the effectiveness of controls and process quality). TransVaR is one of the 22 common indicators for the entire Group. These can be broken down by type of risk and by country.
SIRO is a large corporate database which, since January 2002, contains all the operational risk events that caused a loss or cost to the Group. The events are classified by business lines and class of risk. Each country has a local SIRO that transmits data to the main system in Spain each month.
SIRO is supplemented with external data provided by the ORX (Operational Risk Exchange) consortium. This association was set up in 2001 by 12 international banks, including BBVA. At the present time it has over 30 members. Information from ORX has

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two uses: it complements BBVA's database for risk capital calculations and it provides a comparison with the rest of the sector.
The Group also has a tool called RepTool for qualitative measurement of reputational risk. At BBVA, this is defined as the uncertainty of results arising from the perception of certain stakeholders regarding our brand image. The most important stakeholders are customers, shareholders, employees and the banking sector regulators. Reputational risk is always the result of other types of risk and perhaps operational risk is the greatest component.
The outcome of using the tools and the excellent performance of the risks function is that very few of these risks materialize, allowing the BBVA Group to report low NPA and high solvency levels.

**D.3. Indicate whether there is any committee or other governing body in charge of establishing and supervising these control systems:**

**YES** [X] **NO** [ ]

If so, give details of what their duties are

| Name of the Committee or Body | Description of duties |
|---|---|
| Risks Committee | According to the recommendations of the Basel Committee, monitoring and supervision of risk management at financial entities is the duty of the board of directors which is the ultimate body responsible for approval and periodic review of the bank's strategies and policies on risk, reflecting its risk tolerance and the expected level of return.<br><br>However, the growing complexity of risk management at financial entities requires them to define a risk profile that matches their strategic goals. They must advance gradually, as circumstances permit, towards a model that establishes a system of delegation based on amounts and ratings. This also applies to active tracking of exposure to quantifiable risks by means of a map of risk capital, expected losses and control on non-quantifiable risks.<br><br>Thus analysis and periodic tracking of risk management with regard to the attributes of the administrative bodies of the bank, made it advisable to set up a specific board committee for this purpose. Within the scope of its defined functions, this committee should apply the necessary dedication to analyse the way risk is handled in the entire Group. |

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| | |
|---|---|
| | Consequently, the board Risk committee has been assigned the following duties, in accordance with the board regulations:<br><br>• Analyse and evaluate proposals related to the Group's risk management and oversight policies and strategy. In particular, these shall identify:<br><br>a) 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;<br><br>b) The internal information and oversight systems used to oversee and manage risks;<br><br>c) The measures established to mitigate the impact of the risks identified, should they materialise.<br><br>• Monitor the match between risks accepted and the profile established.<br><br>• Analyse and approve any risks that might compromise the Group's capital adequacy or recurrence of its earnings in view of their size or might entail operational or reputation risk.<br><br>• Check that the Group possesses the means, systems, structures and resources benchmarked against best practices to allow implementation of its risk management strategy. |

**D.4. Identify and describe the compliance processes for the regulations and standards affecting the company and/or its group.**

As already explained in detail in section D.2., the Group's Risk area is responsible for ensuring compliance with the different regulations binding the bank and its Group. To that end, it operates independently from the business units to ensure that it guarantee

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not only regulatory compliance, but also the application of the best standards and most advanced practices.

There are also two basic mechanisms that guarantee compliance with the different regulations that affect the Group's companies. These are based on the controls that are applied by the following areas.

The Internal Audit area monitors compliance with internal procedures and their adaptation to regulatory requirements.

The purpose of the Compliance area is to ensure global compliance with legal requirements that affect the Group.

And the Internal Control area, whose main task is to ensure that necessary controls are in place in the business and support units and that they are correctly documented in the system. It is also responsible for periodic self-assessment of the control system done by the various Group units and the monitoring of the measures taken to correct weaknesses uncovered.

More particularly, in 2008, within Risk Management, parallel to closer integration of risk management and business decision-making, the Bank of Spain approved the advanced internal models that the Group presented for calculating minimum equity for credit risk in Spain, and is now in the final stage both for operating risk and credit risk in Mexico (there is already an internal model approved by the Supervisor to calculate market risk capital consumption).

The Group is actively co-operating with the supervisors to move forward in a consistent and co-ordinated fashion with validation of the advanced models.

## E AGM

**E.1. Indicate and where applicable give details, whether there are any differences from the minimum standards established under the Companies act with respect to the quorum and constitution of the General Meeting.**

**YES** [X] **NO** [ ]

| | **% quorum different from quorum in art. 102 of the Companies Act** | **% quorum different from quorum in art. 103 of the Companies Act, for the special cases cited in art. 103** |
|---|---|---|
| **Quorum required on first summons** | | 66.670% (two thirds of subscribed capital). |
| **Quorum required on second summons** | | 60% |

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| Description of differences |
| --- |
| Article 103 of the Companies Act establishes that in order for a General Meeting (AGM or EGM) to validly resolve to issue bonds, a capital increase or reduction, the transformation, merger or break-up of the company and, in general, any amendment to the bylaws, the shareholders present and represented on first summons must possess at least fifty percent of the subscribed capital with voting rights.<br><br>On second summons, twenty-five percent of said capital will be sufficient.<br><br>The above notwithstanding, article 25 of the BBVA bylaws established that a reinforced quorum of two thirds of subscribed capital is required on first summons and of 60% of said capital on second summons, in order for the following resolutions to be validly adopted: substitution of the corporate object, transformation, total break-up, winding-up of the company and amendment of the article in the bylaws establishing this reinforced quorum. |

**E.2. Indicate and where applicable give details, whether there are any differences from the minimum standards established under the Companies act with respect to the adoption of corporate resolutions:**

**YES** [ ] **NO** [X]

Describe any differences from the guidelines established under the Companies Act.

**E.3. List all shareholders' rights regarding the general meetings different from than those established under the Companies Act.**

There are no shareholders' rights in the Company other than those established under the Companies Act with respect to AGMs.

Shareholders' rights in this respect are also shown in detail in the general meeting regulations, which are publicly available on the company website

**E.4. Indicate measures adopted, if any, to encourage shareholder participation at AGMs**

BBVA, in order to encourage the participation of its wide base of shareholders in its AGMs, apart from establishing all the information channels required by law, also sends an attendance card to the domicile of all shareholders with the right to attend. This includes the agenda and information on the date, time and place where the AGM is to be held.

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It also posts information regarding the AGM on its website, with the agenda, details on its arrangements, the proposed resolutions that the board of directors will put to it and the channels of communication between the company and its shareholders, via which shareholders may apply for further details on the AGM.

To facilitate our shareholders' participation in the AGMs, a procedure has been established, in compliance with sections 4 and 5 of article 105 of Royal Decree 1564/1989, 22nd December, approving the consolidated draft of the Companies Act, to enable shareholders that are not planning to attend the AGM to vote by proxy or remotely. This procedure has been used in all general meetings held over the last four years.

In this manner, and in accordance with the Companies Act and the bylaws, voting rights on proposals regarding agenda items may be delegated or exercised by the shareholder by post, e-mail or any other remote means of communication, provided the voter's identity is duly guaranteed.

Votes and proxies can also be sent via electronic mail, through the bank's website (www.bbva.com) following the instructions given there.

**E.5. Indicate whether the AGM is chaired by the chairman of the board of directors. List measures, if any, adopted to guarantee the independence and correct operation of the AGM:**

**YES** [X] **NO** [ ]

| Details of the measures |
|---|
| Article 26 of the corporate bylaws establishes that *"the Chairman of the AGM shall be Chairman of the Board of Directors. When there is no such or he/she is absent, the AGM shall be chaired by the Deputy Chairman [....]".*<br><br>The correct operation of the AGM is guaranteed under the AGM Regulations approved by the company shareholders at the AGM, February 2004.<br><br>The AGM shall be convened at the initiative and according to the agenda determined by the board of directors. The board must necessarily convene a general meeting when so requested by shareholders representing a minimum of five percent of the share capital. Should the board of directors call the AGM for within the following thirty days as of the date on which required to do so by notarised document, it shall mention its compliance with this requirement in the notice convening it. The notice shall cover the matters that said notarised document puts forward as grounds for holding the meeting.<br><br>Annual and extraordinary general meetings must be called by notices that the board of directors or its agents shall publish in the Official Gazette of the Companies Registry and in one of the highest-readership daily newspapers in the province of its registered offices, at least one month before the date established for the meeting, pursuant to the Companies Act, in compliance |

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with the amendment that Act 19/2005 introduced on European companies domiciled in Spain.

The notice shall state on which date the AGM is to meet at first summons and all the business it will deal with. It must contain all references stipulated under the Companies Act. It must also state the date on which the AGM will be held at second summons. Shareholder representing at least five percent of the share capital may request a supplement to the notice calling a general meeting be published adding one or more agenda items.

The notice of meeting for the AGM shall state the shareholders' right, as of the date of its publication, to immediately obtain at the registered offices any proposed resolutions, reports and other documents required by law and by the bylaws, free of charge.

It shall also include necessary details regarding shareholder information services, indicating telephone numbers, email address, offices and opening hours. Once the notice of meeting has been published, documents relating to the GSM shall be posted to the Company website, with information on the agenda, the proposals from the Board of Directors, and any relevant information shareholders may need to issue their vote. Where applicable, information shall be provided on how to follow the AGM from a remote location employing duly established broadcast systems. Information on anything else considered useful or convenient for the shareholders for such purposes shall be included.

Until the seventh day before the AGM date, shareholders may ask the board for information or clarification, or send in written questions regarding agenda items and information available to the public that the company may have furnished to the CNMV(the Spanish exchange authorities) since the last general meeting was held. After this deadline, shareholders have the right to request information and clarification or ask questions during the AGM as established under article 18 of the AGM regulations.

The right to information may be exercised through the company website, which shall publish the lines of communication open between the company and its shareholders and explain how shareholders may exercise their right. It shall indicate the postal and email addresses to which shareholders may address their requests and queries.

The AGMs the company holds may be attended by anyone owning the minimum number of shares established in the Bylaws, providing that, five days before the date on which the GSM is to be held, their ownership is recorded on the corresponding company ledgers and they retain at least this same number of shares until the GSM is actually held. Holders of fewer shares may group together until achieving the required number, appointing a representative.

The bylaws establish that shareholders may vote on proposals on matters in the agenda items at any kind of general meeting by proxy or by post, e-mail or any other remote means of communication, provided the voter's identity is duly guaranteed in the manner described in sections E.4, E.9 and E.10 of this report and articles 8 to 10 of the AGM Regulations. The AGMs shall be held in such fashion as to guarantee the shareholders'' participation and exercise of political rights. The Company shall take such measures as it deems

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necessary to preserve the proper order in running the AGM.

Proper means of surveillance, protection and law enforcement shall be established for each AGM. These will include such entrance control and identification systems as may be deemed suitable at any time in view of the circumstances under which the sessions are held.

The AGM regulations contain clauses on how the attendance list is to be drawn up, how the AGMs are to be organised and how the proposed resolutions are to be voted in such a way as to guarantee the smooth running of the general meetings.

**E.6. Indicate any changes brought into the AGM Regulations during the year.**

There have been no changes to the AGM Regulations during 2008.

**E.7. Give attendance data on the general meetings held during the year to which this report refers:**

| | Attendance figures | | | | |
|---|---|---|---|---|---|
| Date of general meeting | % shareholders present | % attending by proxy | % voting remotely | | |
| | | | E-voting | Others | Total |
| **14-03-2008** | 3.410 | 39.700 | 0.020 | 17.250 | 60.380 |

**E.8. Briefly indicate the resolutions adopted at the general meetings held during the year and the percentage of votes by which each resolution was passed:**

A summary is given below of the resolutions adopted at the AGM, 14th March 2008, along with the percentage of votes by which each was passed.

ITEM ONE.- Examination and approval, where forthcoming, of the annual accounts and management report for Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated financial group. Application of earnings; dividend payout. Approval of corporate management. All these refer to the year ended 31st December 2007.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,185,541,099
- Number of votes against: 3,921,052
- Number of abstentions: 73,747,151

Resolution One adopted by 96.57%.

ITEM TWO.- Amendment of article 34 “Number and Election" of the corporate bylaws in order to reduce the maximum and minimum number of directors.

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- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,225,773,573
- Number of votes against: 1,699,336
- Number of abstentions: 35,736,393

Resolution Two adopted by 98.35%.

ITEM THREE.- Amendment of article 36 "Duration and renewal of post in the corporate bylaws, in order for directors to be appointed or their term renewed for periods of three rather than five years.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,224,296,762
- Number of votes against: 3,103,679
- Number of abstentions: 35,808,861

Resolution three adopted by 98.28%.

ITEM FOUR.- Adoption, where forthcoming, of the following resolutions on the appointment and ratification of Board members:

4.1.- Re-election of Mr José Ignacio Goirigolzarri Tellaeche
4.2.- Re-election of Mr Román Knörr Borrás

Pursuant to paragraph 2 of article 34 of the corporate bylaws, determination of the number of directors at whatever number there are at this moment, in compliance with the resolutions adopted under this agenda item, which will be reported to the AGM for all due effects.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,215,713,228
- Number of votes against: 2,279,444
- Number of abstentions: 45,216,630

Resolution 4.1 adopted by 97.90 %

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,225,180,683
- Number of votes against: 2,074,025
- Number of abstentions: 35,954,594

Resolution 4.1 adopted by 98.32 %

ITEM FIVE.- Increase by €50,000,000,000.- (FIFTY BILLION EUROS) the maximum nominal amount against which the AGM, 18th March 2006 under its agenda item three, authorised the board of directors to issue fixed-income securities of any kind and nature, including redeemable bonds, non-convertible into equity, whose amount was increased under AGM resolution, 16th March 2007.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,224,789,451
- Number of votes against: 2,433,918

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- Number of abstentions: 35,985,933

  Resolution five adopted by 98.30%.

ITEM SIX.- Confer authority on the board of directors, for a maximum period of 5 years, to issue securities convertible into and/or swappable for shares in the Company up to a value of €9,000,000,000 (NINE BILLION EUROS), and authority to exclude or not exclude the pre-emptive subscription rights as established in article 159.2 of the Companies Act. determine the bases and modalities of the conversion and increase share capital by the amount necessary, amending article 5 of the corporate bylaws where applicable.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,098,035,798
- Number of votes against: 104,215,015
- Number of abstentions: 60,958,489

  Resolution six adopted by 92.71%.

ITEM SEVEN.- Authorisation for the Company to acquire treasury stock directly or through Group companies, pursuant to article 75 of the Consolidated Text of the Companies Act, establishing the limits and requirements for these acquisitions, with express powers to reduce the Company's share capital to redeem treasury stock. Granting necessary authority to the board of directors to implement the resolutions passed by the AGM in this respect, repealing the authorisation conferred by the AGM, 16th March 2007.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,222,126,810
- Number of votes against: 5,133,489
- Number of abstentions: 35,949,003

  Resolution seven adopted by 98.18%.

ITEM EIGHT.- Appointment of the auditors for the 2008 accounts.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,223,674,825
- Number of votes against: 2,354,722
- Number of abstentions: 37,179,755

  Resolution eight adopted by 98.25%.

ITEM NINE.- Conferral of authority to the board of directors, which may in turn delegate said authority, to formalise, correct, interpret and implement the resolutions adopted by the EGM.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,225,333,734
- Number of votes against: 2,191,748
- Number of abstentions: 35,683,820

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Resolution nine adopted by 98.33%.

**E.9. Indicate the number of shares, if any, that are required to be able to attend the General Meeting and whether there are any restrictions on such attendance in the bylaws.**

**YES X NO**

| | |
|---|---|
| Number of shares necessary to attend the General Meeting | 500 |

**E.10. Indicate and explain the policies pursued by the company with reference to proxy voting at the AGM**

As indicated above, any shareholders entitled to attend may be represented at the AGM by another shareholder, using the form of proxy established by the Company for any AGM, that will be displayed on the attendance card. No shareholder may be represented at the AGM by more than one proxy.

Representation conferred to someone not eligible at Law to act as proxy shall neither be valid nor effective. Proxies conferred by holders in trust or in agency may be rejected

Proxies must be conferred in writing or by means of remote communication that comply with the requirements of article 105 of the Companies Act and other applicable legislation regarding distance voting. This must be specific for each General Meeting.

Representation shall always be revocable. Should the shareholder represented attend the AGM in person, his/her representation shall be deemed null and void.

**E.11. Indicate whether the company is aware of the institutional investors' policy regarding whether or not to participate in the company's decision making:**

**YES** ☐ **NO** ☒

**E.12. Indicate the address and mode of access to the content on corporate governance on your web-site:**

The content that must be published pursuant to Act 26/2003, 17th July, on the transparent governance of listed companies, as ramified under Ministerial Order ECO/3722/2003, 26th December, and the content required under CNMV Circular 1/2004, 17th March, on the annual report on corporate governance of listed companies,

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appendix I whereof was amended by CNMV Circular 4/2007, 27th December, amending the standard annual report form on corporate governance of listed companies, is directly accessible at www.bbva.com

## F DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

**Indicate the extent to which the company follows the recommendations of the unified code on corporate governance.**

**Should the company not have complied with any of them, explain the recommendations, standards, practices and/or criteria that the company does apply.**

1. **The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.**

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Complies X Explain □

2. **When a dominant and a subsidiary company are publicly traded, the two should provide detailed disclosure on:**

   **a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;**

   **b) The mechanisms in place to resolve possible conflicts of interest.**

See sections: C.4 and C.7

Complies □ Complies partially □ Explain □ Not applicable X

3. **Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Meeting for approval or ratification. In particular:**

   **a) The transformation of listed companies into holding companies through the process of subsidiarisation, ie, reallocating core activities to subsidiaries that were previously carried out by the holding company, even though the holding company retains full control of the subsidiaries;**

   **b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate object;**

   **c) Operations that effectively entail the company's liquidation.**

Complies X Complies partially □ Explain □

4. **Detailed proposals of the resolutions to be adopted at the General Meeting, including the information stated in Recommendation 28, should be made available at the same time as**

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**publication of the call to meeting.**

Complies X Explain □

5. **Separate votes should be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:**

   **a) The appointment or ratification of directors, with separate voting on each candidate;**

   **b) Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different**

See section: E.8

Complies X Complies partially □ Explain □

6. **Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.**

See section: E.4

Complies X Explain □

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.**

Complies X Complies partially □ Explain □

8. **The board should see its core mission as approving the company's strategy and authorising the organisational resources to carry it forward, and ensuring that management meets the objectives set while pursuing the company's interests and corporate object. As such, the board in full should reserve the right to approve:**

**a) The Company's general strategies and policies, and in particular:**

**i) The 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;**

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**vi) The policy for senior managers' remuneration and performance assessment;**

**vii) The policy for controlling and managing risks, and the periodic monitoring of the internal information and oversight systems.**

**viii) The pay-out policy and the treasury-stock policy, especially their limits.**

See sections: B.1.10, B.1.13, B.1.14 and D.3

**b) The following resolutions:**

**i) At the proposal of the Company's chief executive officer, the appointment and possible separation of senior managers from their posts, as well as their compensation clauses.**

See section: B.1.14

**ii) Directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that their contracts must include;**

See section: B.1.14

**iii) The financial information that the Company, as a publicly traded company, must disclose periodically.**

**iv) Investments and/or transactions of any kind, whose high value or special characteristics make them strategic, unless the AGM is charged with approving them;**

**v) The creation or acquisition of shares in special-purpose entities or entities domiciled in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity could undermine the Group's transparency.**

**c) Transactions between the Company and its directors, its significant shareholders and/or shareholders represented on the board, and/or parties related to them ("related-party transactions").**

**However, board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:**

**1. They are carried out under arms' length contracts with standard terms and conditions, applicable en masse to a large number of customers;**

**2. They go through at market rates set in general by the supplier of the goods or services;**

**3. They are worth less than 1% of the Company's annual revenues.**

**Related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or any other committee entrusted with such a report; and the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.**

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**The above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full board.**

See sections: C.1 and C.6

Complies X Complies partially □ Explain □

**9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer then five and no more than fifteen members.**

See section: B.1.1

Complies X Explain □

**10. External, shareholder-nominated and independent directors should occupy an ample majority of board places, while the number of executive directors should be the minimum required to deal with the complexity of the corporate group and reflect the ownership interests they control.**

See sections: A.2, A.3, B.1.3 and B.1.14

Complies X Complies partially □ Explain □

**11. If any external director cannot be considered a shareholder-nominated or an independent director, the company should disclose this circumstance and the affiliations between the director and the company or its senior officers, or its shareholders.**

See section: B.1.3

Complies □ Explain □ Not applicable X

**12. Amongst external directors, the ratio between the number of shareholder-nominated and independent directors should reflect the percentage of shares held by the company that the shareholder-nominated director represents and the remaining share capital.**

**This strict proportionality can be relaxed so the percentage of nominee 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: B.1.3, A..2 and A.3

Complies X Explain □

**13. Independent directors should account for at least one third of the total number of seats.**

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See section: B.1.3

Complies X Explain □

**14. The Board should explain the type of each directorship to the AGM 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 & Remuneration committee. Said report should also disclose the reasons for the appointment of nominee 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 nominee directorship.**

See sections: B.1.3 and B.1.4

Complies X Complies partially □ Explain □

**15. If there are few or no female directors, the board should explain the reasons and the initiatives adopted to correct the situation. In particular, the Appointments committee should take steps to ensure that, when vacancies arise:**

**a) The procedure for filling board vacancies has no implicit bias against women candidates;**

**b) The company makes a conscious effort to include women with the target profile among the candidates for board seats.**

See sections: B.1.2, B.1.27 and B.2.3

Complies □ Complies partially X Explain □ Not applicable □

Article 3 of the board regulations establishes that the proposals that the board submits to the Company's AGM for the appointment or re-election of directors and the resolutions to co-opt directors made by the board of directors shall be approved at the proposal of the Appointments & Remuneration 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 shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave.

The Appointments & Remuneration committee is tasked with formulating and providing information for the proposals to appoint and re-elect directors.

To such end, the committee shall evaluate the skills, knowledge and experience 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.

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The committee shall 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 after are included on the shortlists.

**16. The chairman, who is responsible for the efficient running of the Board, should at all times ensure that the directors receive sufficient prior information for the meetings; encourage directors to debate and participate actively in the meetings, safeguarding their freedom to take their own stance and express their own opinion. He/she should organise and coordinate periodic assessment of the board with the chairs of the relevant committees and with the Bank's managing director or chief executive officer, when this is not also the chairman.**

See section: B.1.42

Complies X Complies partially □ Explain □

**17. When a company's chairman is also its chief executive, an independent director should be empowered to request a board meeting be called or new business included on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the chairman.**

See section: B.1.21

Complies □ Complies partially □ Explain X Not applicable □

Article 5 of the Board Regulations establishes that the chairman of the board shall also be the Bank's chief executive officer unless the Board resolves to separate the posts of chairman and chief executive officer on the grounds of the Company's best interests.

Under the corporate bylaws, the chairman shall, in all cases, shall be the highest-ranking representative of the Company.

However, under article 45 of the bylaws, the Company has an Executive committee with the following powers:

"To formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix goals, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the entity; to determine the volume of investment in each individual activity; to approve or reject operations, determining methods and conditions; to arrange inspections and internal or external audits of all areas of operation of the entity; and in general to exercise the faculties delegated to it by the board of directors."

Article 49 of the bylaws establishes that the Company has a chief operating officer who has broad-ranging powers delegated by the Board, with the powers inherent to this post to administer and represent the Company. The heads of all the Company's business areas and the Company's support areas report to him/her.

Finally, the Board has the support of various committees to help it best perform its duties. These include the Audit & Compliance committee, the Appointment and Remuneration committee and the Risks committee, which help the Board on issues corresponding to business within the scope of their powers.

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The Board Regulations also establish the possibility if at least one quarter of the board members appointed at any time so wish, they may request a board meeting be held. The agenda shall include the matters determined by the chairman of the Board, either at his/her own initiative or at the suggestion of any director, deemed to be advisable for the Company's best interests.

**18. The Secretary should take care to ensure that the board's actions:**

**a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulators;**

**b) Comply with the corporate bylaws and the regulations of the general meeting, the board of directors or others;**

**c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.**

**In order to safeguard the independence, impartiality and professionalism of the company secretary, his or her appointment and removal should be proposed by the Appointment committee and approved by a full board meeting; the relevant appointment and removal procedures being spelled out in the board's regulations.**

See section: B.1.34

Complies X Complies partially □ Explain □

**19. The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.**

See section: B.1.29

Complies X Complies partially □ Explain □

**20. Directors should keep their absences to the bare minimum. Absences should be quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.**

See sections: B.1.28 and B.1.30

Complies X Complies partially □ Explain □

**21. When directors or the company secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the board meeting, the person expressing them may request they be recorded in the minutes.**

Complies X Complies partially □ Explain □ Not applicable □

**22. The board in full should evaluate the following points on a yearly basis:**

**a) The quality and efficiency of the board's operation;**

**b) Starting from a report submitted by the Appointments committee, how well the chairman and chief executive have carried out their duties;**

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**c) The performance of its committees on the basis of the reports furnished by such committees.**

See section: B.1.19

Complies X Complies partially □ Explain □

**23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the chairman or secretary.**

See section: B.1.42

Complies X Explain □

**24. All directors should be entitled to call on the company for the advice and guidance they need to perform their duties. The company should provide suitable channels for the exercise of this right. Under special circumstances it could include external assistance at the company's expense.**

See section: B.1.41

Complies X Explain □

**25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.**

Complies X Complies partially □ Explain □

**26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:**

**a) The directors must inform the Appointments & Remuneration committee of their other professional obligations, in case these interfere with the dedication required to perform their duties.**

**b) Companies should lay down rules about the number of directorships their board members can hold.**

See sections: B.1.8, B.1.9 and B.1.17

Complies X Complies partially □ Explain □

**27. The proposal for the appointment or renewal of directors which the board submits to the General Meeting, as well as provisional appointments by co-option, should be approved by the board:**

**a) At the proposal of the Appointments committee for independent directors;**

**b) On the basis of a report by the Appointments committee for all other directors.**

See section: B.1.2

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Complies X Complies partially □ Explain □

**28. Companies should publish the following director particulars on their website and keep them permanently updated:**

**a) Professional experience and background;**

**b) Directorships held in other companies, listed or otherwise;**

**c) An indication as to whether the directorship is executive, shareholder-nominated or independent; in the case of nominee 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.**

Complies X Complies partially □ Explain □

**29. Independent directors should not stay on as such for a continuous period of more than 12 years.**

See section: B.1.2

Complies X Explain □

**30. Nominee directors must resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to nominee directors, the number of such nominee directors should be reduced accordingly.**

See sections: A.2, A.3 and B.1.2

Complies X Complies partially □ Explain □

**31. 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 presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.**

**The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.**

See sections: B.1.2, B.1.5 and B.1.26

Complies X Explain □

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**32. Companies should establish rules obliging directors to inform the board of any circumstance that might undermine the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent proceedings.**

**If a director is indicted or tried for any of the crimes stated in article 124 of the Companies Act, the board should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.**

See sections: B.1.43, B.1.44

Complies X Complies partially □ Explain □

**33. 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.**

Complies X Complies partially □ Explain □ Not applicable □

**34. If leaving office before the end of its term, the director should explain the reasons in a letter sent to all board members. Whether or not such resignation is filed as a significant event, the reasons for leaving must be explained in the Annual Corporate Governance Report.**

See section: B.1.5

Complies Complies partially □ Explain □ Not applicable x

**35. The company's remuneration policy, as approved by its board of directors, should specify at least the following points:**

**a) Amount of the fixed components, itemised where applicable, for per diem payments for attending the board and its committee meetings and an estimate of the fixed annual remuneration ensuing on this.**

**b) Variable remuneration items, including, in particular.**

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**i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.**
**ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;**
**iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and**
**iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.**

**c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.**

**d) Conditions that the contracts of executive directors in senior management must respect, including:**
**i) Duration**

**ii) Notice periods: and**

**iii) Any other clauses covering hiring bonuses, as well as indemnities or ringfencing in the event of early termination or rescission of the contractual relationship between company and executive director.**

See section: B.1.15

Complies X Complies partially □ Explain □

**36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-indexed instruments, payments indexed to the company's performance or membership of pension schemes should be confined to executive directors.**

**The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their term of office.**

See sections: A.3, B.1.3

Complies X Explain □

**37. External directors' remuneration should sufficiently compensate them for the dedication, qualifications and responsibilities that the post entails; but should not be so high as to compromise their independence**

Complies X Explain □

**38. Deductions should be made to remuneration linked to company earnings, for any qualifications stated in the external auditor's report that reduce such earnings.**

Complies X Complies partially □ Explain □

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**39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.**

Complies X Complies partially □ Explain □

**40. The board should submit a report on the directors' remuneration policy to the advisory vote of the General Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.**

**The report will focus on the remuneration policy the board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 34, except those potentially entailing the disclosure of commercially sensitive information. It will highlight the most significant changes in these policies compared to those applied during the year prior to that put before the AGM. It will also include a global summary of how the remuneration policy was applied during said prior year.**

**The board should also report to the General Meeting on the role of the Remuneration committee in designing the policy, and identity any external advisors engaged.**

See section: B.1.16

Complies □ Complies partially X Explain □

Article 33 of the Board Regulations establishes that the Appointments & Remuneration committee shall submit an annual report to the board on the directors' pay policy. This report is approved by the board of directors and made available to the shareholders when the call to meeting is published.

The report contains explanations on the general principles behind the BBVA directors' pay policy, the system for remunerating executive directors, which includes both fixed and variable pay, long-term rewards, distribution of total annual remuneration, corporate pension and annuity system and other remunerations; the main characteristics of the executive directors' contracts with BBVA; the remuneration system for non-executive BBVA directors, which includes fixed remuneration and the remuneration system with deferred delivery of shares; the evolution of the board's total remuneration and future policy.

However, given that Spanish legislation does not establish how an advisory vote at a general meeting would operate, the Board Regulations do not recognise it as a possibility.

The duties of the Appointments & Remuneration committee regarding remuneration are covered in article 33 of the Board Regulations. They are as follows:

- Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company's bylaws. This system shall deal with the system's items, amounts and method of payment.

- Determine the extent and amount of the remuneration, entitlements and other economic rewards for the chairman, the chief operating officer and other executive directors of the Bank, so

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that these can be reflected in their contracts. The committee's proposals on such matters shall be submitted to the Board of Directors.

- Submit an annual report on the directors remuneration policy to the board of directors.

- And report the appointments and severances of senior managers and propose senior-management remuneration policy to the Board, along with the basic terms and conditions for their contracts.

**41. The notes to the annual accounts should list individual directors' remuneration in the year, including:**

**a) Itemisation of each company director's remuneration, to include where appropriate:**

**i) Attendance fees and other fixed payments for directorship;**

**ii) Additional remuneration for acting as chairman or member of a board committee;**

**iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;**

**iv) The payments made to any director's defined-benefit pension scheme; or increase in the director's vested rights when linked to contributions to defined-benefit schemes:**

**v) Any severance packages agreed or paid;**

**vi) Any remuneration they receive as directors of other companies in the group;**

**vii) The remuneration executive directors receive in respect of their senior management posts;**

**viii) Any kind of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.**

**b) A breakdown of shares, share options or other share-based instruments delivered to each director, itemised by:**

**i) Number of shares or options awarded in the year, and the terms set for exercising the options;**

**ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;**

**iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;**

**iv) Any change in the year in the exercise terms of previously awarded options.**

**c) Information on the relationship in the previous year between the remuneration obtained by executive directors and the company's earnings or any other measure of performance.**

Complies X Complies partially □ Explain □

**42. When the company has an executive committee, the breakdown of its members by director category should be similar to that of the board itself. The secretary of the board should also act as secretary to the executive committee.**

See sections: B.2.1 and B.2.6

Complies X Complies partially □ Explain □ Not applicable □

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**43. The board should be kept fully informed of the business transacted and resolutions adopted by the Executive committee. To this end, all board members should receive a copy of the committee's minutes.**

Complies X Complies partially □ Explain □

**44. In addition to the Audit committee mandatory under the Securities Market 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 in view of the knowledge, skills and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first full board meeting following each meeting;**
**b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior management may also attend meetings at the committees' express invitation.**
**c) These committees should be chaired by an independent director.**
**d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.**
**e) Meeting proceedings should be minuted and a copy sent to all board members.**

See sections: B.2.1 and B.2.3

Complies X Complies partially □ Explain □

**45. The job of supervising 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.**

Complies X Explain □

**46. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management.**

Complies X Explain □

**47. Listed companies should have an internal audit function, under the supervision of the audit committee, to ensure the proper operation of internal reporting and control systems.**

Complies X Explain □

**48. The head of internal audit should present an annual work programme to the audit committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.**

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Complies X Complies partially □ Explain □

**49. The oversight and risk management policy should specify at least:**

**a) The different types of risk (operational, technological, financial, legal, reputational, etc) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;**
**b) The level of risk that the company considers acceptable;**
**c) The measures established to mitigate the impact of the risks identified, should they materialise;**
**d)** The internal oversight and reporting systems that will be used to control and manage said risks, including contingent liabilities and off-balance-sheet risks.

See section: D

Complies X Complies partially □ Explain □

**50. The Audit committee's role should be:**

**1. With respect to internal control and reporting systems:**

**a) To supervise the process of drawing up the financial information and its integrity for the company and its group, reviewing compliance with regulatory requirements, suitable scope of the consolidation perimeter and the correct application of accounting principles.**
**b) To periodically review the systems of internal risk management and oversight to ensure the main risks are identified, managed and sufficiently well known;**
**c) To ensure the independence and efficacy of the internal audit. To propose the selection, appointment, re-election and severance of the internal audit officer. To propose the budget for the internal audit service. To receive periodic information on their activities; and verify that the senior management pay due heed to the conclusions and recommendations of their reports;**
**d) To establish and supervise a mechanism that enables employees to confidentially and, if this is deemed appropriate, anonymously communicate irregularities they notice within the company that may be of potential importance, especially financial and accounting irregularities.**

**2. With respect to the external auditor:**

**a) To put to the board the proposals for selection, appointment, re-election and substitution of the external auditor and the terms and conditions of engagement;**
**b) To receive regular information from the external auditor on the audit plan and the outcome of its execution, verifying that the senior management takes due heed of its recommendations;**
**c) To ensure the independence of the external auditor, to which end:**
**i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same;**
**ii) Also to ensure that the company and the external auditor respect prevailing standards on the provision of services other than auditing, the limits on concentration of the auditor's business and, in general, other standards established to guarantee auditors' independence;**
**iii) Should the external auditor resign, to examine the circumstances leading to the resignation.**

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**d) In groups, to help the group auditor take responsibility for auditing the companies belonging to it.**

See sections: B.1.35, B.2.2, B.2.3 and D.3

Complies □ Complies partially X Explain □

The BBVA Audit & Compliance committee regulations establish broad-ranging powers with respect to the internal audit, which are detailed in section B.2.2 of this report. These include ensuring the independence and efficacy of the internal audit function and being aware of the appointment and severance of the head of the internal audit service. However, its duties do not include proposing the selection of the service or its budget, as this is considered an integral part of the Bank's overall organisation.

**51. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.**

Complies X Explain □

**52. The audit committee should prepare information on the following points from Recommendation 8 for input to board decision-making:**

**a) The financial information that the company, as a publicly traded company, must disclose periodically. The committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review;**
**b) The creation or acquisition of shares in special-purpose entities or entities domiciled in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity could undermine the group's transparency.**
**c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.**

See sections: B.2.2 and B.2.3

Complies X Complies partially □ Explain □

**53. The board of directors shall try to avoid the accounts it has filed being presented to the AGM with reservations and qualifications. When this is not possible, both the chair of the Audit committee and the auditors must clearly explain the content and scope of discrepancies to the markets and shareholders.**

See section: B.1.38

Complies X Complies partially □ Explain □

**54. The majority of appointments committee members – or appointments & remuneration committee members as the case may be – should be independent directors.**

See section: B.2.1

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Complies X Complies partially □ Explain □

**55. The appointments committee should have the following duties in addition to those stated in earlier recommendations:**

**a) Evaluate the balance of skills, knowledge and experience required on the board, define the roles and capabilities required of the candidates to fill each vacancy accordingly, and decide the time and dedication necessary for them to properly perform their duties.**
**b) Examine or organise, in the manner it deems suitable, the succession of the chairman and/or chief executive officer and put corresponding proposals to the board for an orderly, well-planned succession.**
**c) Report on the senior officer appointments and removals that the chief executive proposes to the board;**
**d) Report to the board on the gender diversity issues discussed in Recommendation 14 of this code.**

See section: B.2.3

Complies X Complies partially □ Explain □ Not applicable □

**56. The appointments & remuneration committee shall consult with the company chairman and the chief executive officer with respect to matters related to executive directors.**

**Any board member may suggest directorship candidates to the appointment committee for is consideration.**

Complies X Complies partially □ Explain □ Not applicable □

**57. The appointments committee should have the following duties in addition to those stated in earlier recommendations:**
**a) Make proposals to the board of directors regarding:**

**i) The policy for directors' and senior managers' remuneration;**
**ii) The individual remuneration and other contractual conditions of executive directors;**
**iii) The core conditions for senior officer employment contracts.**

**b) Oversee compliance with the remuneration policy set by the company.**

See sections: B.1.14, B.2.3

Complies X Complies partially □ Explain □ Not applicable □

**58. The appointments & remuneration committee shall consult with the company chairman and the chief executive officer, especially with respect to matters related to executive directors and senior managers.**

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Complies X Complies partially □ Explain □

## G OTHER INFORMATION OF INTEREST

**List and explain below the contents of any relevant principles or aspects of corporate governance applied by the company that have not been covered by this report.**

**This section may include any other relevant information, clarification or detail related to previous sections of the report.**

**Specifically indicate whether the company is subject to corporate governance legislation from any country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report**

- In compliance with section A.2, indicate that the drop in Mr Manuel Jove's holding in BBVA from the 5.01% he held at year-end 2007, according to the filing to the CNMV, 11th December 2008, corresponds to a securities loan deal (specifically against 25,000,000 shares) carried out pursuant to additional provision 18 in Act 62/2003, 30th December. In due time, the cancellation of the loan would mean that Mr Jove can recover his previous 5.01% holding.

Also, as of 31st December 2008, the State Street Bank Australia Ltd, Chase Nominees Ltd, the Bank of New York International Nominees and Clearstream AG, as international custodian/depositary banks, held ownership of 4.62%, 4.15%, 3.56% and 3.40% of BBVA's share capital, respectively.

The Bank of New York International Nominees is the depositary bank in Spain for the BBVA securities supporting the ADRs issued in the United States of America.

For information purposes, although this report refers to 2008, on 13th January 2009, Barclays Bank PLC notified CNMV that it has indirectly acquired BBVA stock surpassing the 3% voting rights in its capital, reaching 3.025% of its capital.

- Further to the information given in section A.3 (voting rights on shares), we point out that, as a result of the long–term share delivery plan 2006/2008 for the members of the management team, consisting of the promise to deliver BBVA ordinary shares, should the terms and conditions it establishes be met, as a function of the performance of the BBVA TSR (total shareholders' return) with respect to a group of peer banks, the executive directors have been allocated a number of theoretical shares: 320,000 in the case of the chairman % CEO, 270,000 in the case of the president & COO and 100,000 in the case of director & company secretary. See Note to section B.1.11 for further detail.

Likewise, as recorded in the corresponding CDO form filed with CNMV, Mr Francisco González owns 600,000 put options over BBVA shares, whose terms and conditions are described in said CDO form.

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- Further to section A.5: see Note corresponding to section C.

- Further to the information in section A.8: regarding earnings from treasury-stock trading, rule 21 of the Circular 4/2004 and the IAS 32 (paragraph 33) expressly prohibit the recognition in the income statement of the 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. With respect to the details of significant changes during 2008, these would include a transaction filed with the CNMV on 8th January 2009, but which includes movements from 2008. (The notification date has been included as 30th December 2008 in order to be able .

- With regard to section A.10, we should indicate that although there are no legal restrictions on the acquisition or transfer of shares in BBVA's capital, article 56 and following in Act 26/1988, 29th July, on discipline and oversight in financial institutions, establishes that Bank of Spain must be informed prior to the acquisition or divestment of significant packages of shares in Spanish financial institutions.

- With regard to section B.1.1, we should note that the BBVA Board of Directors BBVA currently comprises 14 seats.

- With regard to section B.1.3 D. Francisco González Rodríguez was appointed as a BBVA director by the BBV and Argentaria merger General Meetings, 18th December 1999. He was re-elected in 2005, pursuant to the transitory condition of the corporate bylaws approved by the merger general meetings. Mr José Ignacio Goirigolzarri Tellaeche was appointed as a BBVA director in December 2001 and re-elected on 14th March 2008, as explained in section B.1.19. Mr José Maldonado Ramos was appointed as a BBVA director at the BBV and Argentaria merger General Meetings, 18th December 1999, and re-elected pursuant to section B.1.19.

- Apart from the names indicated in section B.1.6 herein, the Company Secretary has been given broad-ranging proxies of general representation to perform his duties in the Company.

- Further to the information given in section B.1.7: José Ignacio Goirigolzarri Tellaeche is the alternate director to Francisco González Rodríguez in the following companies: Grupo Financiero BBVA Bancomer, S.A. de C.V., BBVA Bancomer, S.A. and BBVA Bancomer Servicios, S.A. (Mexico).

- Further to the information given in sections B.1.12 and B.1.13: in January 2009, two members of the Management committee left, namely, Francisco Javier Argenté Ariño and Javier Bernal Dionis, and a new member, Carlos Torres Vila, joined.

- Further to sections B.1.11 and B.1.14, an itemised list of remuneration for each of BBVA's directors in 2008, is given below, together with the pension obligations agreed for them.

Remunerations of the members of the board and the members of the management committee.

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- REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration paid to the non-executive members of the Board of Directors during 2008 is indicated below. The figures are given individually for each non-executive director and itemised in thousand euros:

| | Thousand of euros | | | | | |
|---|---|---|---|---|---|---|
| | Board | Standing Committee | Audit | Risk | Appointments and Compensation | Total |
| Tomás Alfaro Drake | 129 | - | 71 | - | - | 200 |
| Juan Carlos Álvarez Mezquíriz | 129 | 167 | - | - | 42 | 338 |
| Rafael Bermejo Blanco | 129 | - | 179 | 107 | - | 415 |
| Richard C. Breeden | 350 | - | - | - | - | 350 |
| Ramón Bustamante y de La Mora | 129 | - | 71 | 107 | - | 307 |
| José Antonio Fernández Rivero (*) | 129 | - | - | 214 | - | 343 |
| Ignacio Ferrero Jordi | 129 | 167 | - | - | 42 | 338 |
| Román Knörr Borrás | 129 | 167 | - | - | - | 296 |
| Carlos Loring Martínez de Irujo | 129 | - | 71 | - | 107 | 307 |
| Enrique Medina Fernández | 129 | 167 | - | 107 | - | 403 |
| Susana Rodríguez Vidarte | 129 | - | 71 | - | 42 | 242 |
| **Total** | **1,640** | **668** | **463** | **535** | **233** | **3,539** |

(*)Mr José Antonio Fernández Rivero, apart from the amounts detailed above, also received a total of €326 thousand during the six months ended 2008 in early retirement payments as a former member of the BBVA management.

- REMUNERATION OF EXECUTIVE DIRECTORS

The remuneration paid to the non-executive members of the Board of Directors during the six months ended June 30, 2008 is indicated below. The figures are given individually for each non-executive director:

| | Thousand of euros | | |
|---|---|---|---|
| | Fixed | Variable remunerations | Total (**) |
| Chairman & CEO | 1,928 | 3,802 | 5,729 |
| President & CEO | 1,425 | 3,183 | 4,609 |
| Company Secretary | 665 | 886 | 1,552 |
| **Total** | **4,019** | **7,871** | **11,890** |

(*) Figures relating to variable remuneration for 2007 paid in 2008.
(**) In addition, the executive directors received remuneration in kind during 2008 totalling €28 thousand, of which €8 thousand relates to Chairman & CEO, €11 thousand relates to President & COO and €9 thousand to Company Secretary.

Meanwhile, the executive directors accrued variable remuneration in 2008 to be paid in 2009 in the amount of €3,416 thousand in the case of the Chairman and CEO, €2,861 thousand in the case of the President and CEO and €815 thousand in the case of the Board Secretary. These amounts are recognized under the heading "Other liabilities – Accrued interest" on the liability side of the consolidated balance sheet at December 31, 2008.

- REMUNERATION OF THE MEMBERS OF THE MANAGEMENT COMMITTEE

The remuneration paid during the year 2008 to the members of BBVA's Management Committee, excluding executive directors, comprised €6,768 thousand in fixed remuneration and €13,320 thousand in variable remuneration accrued in 2008 and paid in 2009.

In addition, the members of the Management Committee, excluding executive directors, received remuneration in kind totalling €369 thousand in the year 2008.

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(*) This paragraph includes information on the members of the Management committee as of December 31, 2008, excluding the executive directors.

– PENSION COMMITMENTS

The provisions recorded at December 31, 2008 to cover the commitments assumed in relation to executive director pensions, including the allowances recorded in 2008, amounted to €19,968 thousand, broken down as follows:

| | Thousand of euros |
|---|---|
| Chairman & CEO | 72,547 |
| President & COO | 52,495 |
| Company Secretary | 8,710 |
| **Total** | **133,752** |

Insurance premiums amounting to €78 thousand were paid on behalf of the non-executive directors on the Board of Directors.

The provisions charged as of December 31, 2008 for post-employment commitments for the Management committee members, excluding executive directors, amounted to €51,326 thousand. Of these, €16,678 thousand were charged in the year.

- LONG-TERM PLAN FOR REMUNERATION WITH SHARES (2006-2008) FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

The AGM, 18th March 2006, approved a long-term plan for remuneration of executives with shares for the period 2006-2008. The plan was for members of the management team, including the executive directors and members of the Management committee and will be paid out in the second half of 2009.

The plan allocated each beneficiary a certain number of theoretical shares as a function of their variable pay and their level of responsibility. At the end of the plan, the theoretical shares are used as a basis to allocate BBVA shares to the beneficiaries, should the initial requirements be met.

The number of shares to be delivered to each beneficiary is determined by multiplying the number of theoretical shares allocated to them by a coefficient of between 0 and 2. This coefficient reflects the relative performance of BBVA's total shareholder value (TSR) during the period 2006-2008 compared against the TSR of its European peer group.

Although this group of banks was determined in a resolution approved by shareholders in general meeting on March 18, 2006, the Board, at the proposal of the Appointments and Remuneration Committee, exercising the powers delegated to its at the shareholders' meeting, agreed to modify the composition of the peer group in the wake of M&A activity at certain of the banks, adjusting the Plan coefficients so as not to distort its ultimate execution.

The number of theoretical shares allocated to executive directors, in accordance with the plan ratified at the shareholders' meeting, was 320,000 for the Chairman & CEO, 270,000 for the President & CEO and 100,000 for the Board Secretary.

The total number of theoretical shares allocated to Management Committee members, excluding executive directors, at December 31, 2008, was 1,124,166.

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Upon conclusion of the Plan on December 31, 2008, the TSR was determined for BBVA and its peers in accordance with the terms established at the outset. BBVA ranked third among its peers, so that the coefficient to be applied to the number of theoretical shares assigned to each beneficiary to determine the number of BBVA shares to be distributed to them is a factor of 1.42.

As a result, the number of shares to be delivered under the Plan, the settlement of which will be submitted to the Bank's shareholders in general meeting, to each of the executive directors and members of the Management Committee as of year-end as a group, is as follows:

| | Nº assigned theoretical shares | Multiplier ratio | Number of shares |
|---|---|---|---|
| Chairman & CEO | 320,000 | 1.42 | 454,400 |
| President & COO | 270,000 | 1.42 | 383,400 |
| Company Secretary | 100,000 | 1.42 | 142,000 |
| Other members of Board of Directors | 1,124,166 | 1.42 | 1,596,316 |

– SCHEME FOR REMUNERATION OF NON-EXECUTIVE DIRECTORS WITH DEFERRED DELIVERY OF SHARES

The Annual General Meeting, 18th March 2006, under agenda item eight, resolved to establish a remuneration scheme using deferred delivery of shares to the Bank's non-executive directors, to substitute the earlier scheme that had covered these directors.

The new plan assigns theoretical shares each year to non-executive director beneficiaries equivalent to 20% of the total remuneration paid to each in the previous year, using the average of BBVA stock closing prices from the sixty trading sessions prior to the annual general meeting that approve the financial statements for the years covered by the scheme starting from the year 2007. These shares, where applicable, are to be delivered when the beneficiaries cease to be directors on any grounds other than serious dereliction of duties.

The number of theoretical shares allocated to non-executive director beneficiaries under the deferred share delivery scheme approved at the shareholders' meeting in 2008 corresponding to 20% of the total remuneration paid to each in 2007, is set forth below:

| DIRECTORS | Theoretical shares | Accumulated theoretical shares |
|---|---|---|
| Tomás Alfaro Drake | 2,655 | 4,062 |
| Juan Carlos Álvarez Mezquíriz | 4,477 | 23,968 |
| Rafael Bermejo Blanco | 4,306 | 4,306 |
| Ramón Bustamante y de la Mora | 4,064 | 23,987 |
| José Antonio Fernández Rivero | 4,533 | 14,452 |
| Ignacio Ferrero Jordi | 4,477 | 24,540 |
| Román Knörr Borrás | 3,912 | 19,503 |
| Carlos Loring Martínez de Irujo | 4,067 | 11,751 |
| Enrique Medina Fernández | 5,322 | 33,357 |
| Susana Rodríguez Vidarte | 3,085 | 13,596 |
| **Total** | **40,898** | **173,522** |

– SEVERANCE PAYMENTS

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The Chairman of the board will be entitled to retire as an executive director at any time after his 65th birthday and the President & COO and the Company Secretary after their 62nd birthday. They will all be entitled to the maximum percentage established under their contracts for retirement pension, and vesting their right to the pension once they reach said ages will render the indemnity agreed under their contracts null and void.

The contracts of the Bank's executive directors (Chairman & CEO, President & COO, and Company Secretary) recognise their entitlement to be compensated should they leave their post for grounds other than their own decision, retirement, disablement or serious dereliction of duty. Had this occurred during the year 2009, they would have received the following amounts: €80,833 thousand for the Chairman & CEO; €60,991 thousand for the President & COO, and €13,958 thousand for the Company Secretary.

In order to receive such compensation, directors must place their directorships at the disposal of the board, resign from any posts that they may hold as representatives of the Bank in other companies, and waive prior employment agreements with the Bank, including any senior management positions and any right to obtain compensation other than that already indicated.

On standing down, they will be rendered unable to provide services to other financial institutions in competition with the Bank or its subsidiaries for two years, as established in the board regulations.

-

- With regard to section B.1.13, the board of Directors approves the severance indemnity clauses for executive directors and reports them to the AGM.

- Further to section B.1.26: Article One of the board regulations establishes that the external directors will cease to be independent when they have been external directors for a continuous period of more than 12 years.

- Further to section B.1.29: the Risks committee during 2008 held 45 meetings.

- With regard to section B.1.31: As BBVA shares are listed on the New York stock exchange, it is subject to the supervision of the Securities Exchange Commission (SEC) and thus, in compliance with the Sarbanes Oxley Act (SOA) and its ramifications, each year the chairman & CEO, president & COO and the executive tasked with preparing the accounts sign and submit the certificates described in sections 302 and 906 of the SOA, 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.

- With respect to the information required in section B.1.34: the current company secretary has not been proposed by the Appointments & Remuneration committee because he was appointed by the first board meeting following the BBV and Argentaria merger in January 2000.

  With respect to the duties of the Audit & Compliance committee set forth in section B.2.2: the Audit committee's duties include ensuring that the Internal Audit department has the means and resources required, with enough personnel, material elements, systems, procedures and operating manuals to perform its duties in the Group. And will be appraised of any obstacles that may have arisen for the performance of its duties.

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It will analyse and, where appropriate, approve the Annual Internal Audit Plan, as well as any other additional occasional or specific plans that have to be put in place on account of regulatory changes or Group business organisational needs.

It will be appraised 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 shall also be aware of and issue an opinion on the appointment or substitution of the Internal Audit officer, although it does not approve his or her appointment or propose the budget for the Internal Audit department.

- Further to the information in section B.2.6: article 26 of the board regulations establishes that the board of directors, pursuant to the corporate bylaws, may appoint, with the favourable vote of two thirds of its members and due entry in the Companies Registry, an Executive committee. It must try to ensure that its composition is such that external directors have a majority over the executive directors and that the number of independent directors represents at least one third of its total members.

- Regarding recommendation for corporate governance number 45 in section F: Article 30 of the Board Regulations empowers the Audit 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, which it will analyse as a function of how Company evolves and the results produced by its development, any further standards that may be established, and recommendations on best market practices that are in keeping with its corporate reality.

- Section C – Related-party transactions

BBVA and other entities of the Group in their condition of financial entities maintain transactions with related parties in the normal course of their business. All these transactions are of no relevance and are performed in market conditions.

**SIGNIFICANT TRANSACTIONS WITH SHAREHOLDERS**

As of December 31, 2008 the balance of the transactions maintained with significant shareholder's (see Note 27) correspond to "Deposits from other creditors" for an amount of €27 million and "Loans and advances to other debtors" for an amount of €4 million, all of them under normal market conditions.

**TRANSACTIONS WITH BBVA GROUP**

The balances of the main aggregates in the consolidated financial statements arising from the transactions carried out by the Group with associated and jointly controlled companies

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accounted for using the equity method (Note 2.1), as of December 31, 2008, 2007 and 2006 were as follows:

| | Millions of euros | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| **Assets:** | | | |
| Due from credit institutions | 27 | 32 | - |
| Total net lending | 507 | 610 | 374 |
| **Liabilities:** | | | |
| Due to credit institutions | 1 | - | - |
| Deposits | 23 | 55 | 83 |
| Debt certificates | 344 | 440 | 463 |
| **Memorandum accounts:** | | | |
| Contingent risks | 37 | 129 | 23 |
| Commitments contingents | 415 | 443 | 457 |

The balances of the main aggregates in the consolidated income statements resulting from transactions with associated and jointly controlled entities that consolidated by the equity method in the years 2008, 2007 and 2006, were as follows:

| | Millions of euros | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| **Statement of income:** | | | |
| Financial Revenues | 36 | 33 | 12 |
| Financial Expenses | 22 | 18 | 13 |

There are no other material effects on the consolidated financial statements of the Group arising from dealings with these companies, other than the effects arising from using the equity method (Note 2.1), and from the insurance policies to cover pension or similar commitments (Note 24).

As of December 31, 2008, 2007 and 2006, the notional amount of the futures transactions arranged by the Group with the main related companies amounted to approximately €101 million, €74 million and €9 million, respectively.

In addition, as part of its normal activity, the Group has entered into agreements and commitments of various types with shareholders of subsidiaries and associates, which have no material effects on the consolidated financial statements.

## TRANSACTIONS WITH KEY ENTITY PERSONNEL

The information on the remuneration of key personnel (members of the Board of Directors of BBVA and of the Management Committee) is included in Note 55.

The amount disposed of the loans granted to members of Board of Directors as of December 31, 2008 totalled €33 thousand.

The amount disposed of the loans granted as of December 31, 2008, to the Management Committee, excluding the executive directors, amounted to €3,891 thousand. As of December 31, 2008, 2007 and 2006, guarantees provided on behalf of members of the Management Committee amounted to €13 thousand.

As of December 31, 2008, the amount disposed of the loans granted to parties related to key personnel (the aforementioned members of the Board of Directors of BBVA and of the

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Management Committee) totalled €8,593 thousand. As of December 31, 2008, the other exposure to parties related to key personnel (guarantees, finance leases and commercial loans) amounted to €18,794 thousand.

**TRANSACTIONS WITH OTHER RELATED PARTIES**

As of December 31, 2008, the company does not present any transaction with other related parties that does not belong to the normal course of their business, that is not under market conditions and that is relevant for the equity and income of the entity and for the presentation of the financial situation of this.

- Section E.9, holders of a lesser number of shares than established under the corporate bylaws wishing to have the right to attend the AGM, may do so if they request an invitation from the Shareholder Helpdesk, on the BBVA webpage or at any BBVA branch office. The invitation will be extended to them taking into consideration the inevitable limitations of space in the places where general meetings can be held and the high number of shareholders in the Company.

**Binding definition of independent director.**

**Indicate whether any of the independent directors has or has had any relationship with the company, its significant shareholders and/or its executives which, if sufficiently significant, would have meant that the director could not be considered independent under the definition given in section 5 of the unified code of good governance:**

**YES** ☐ **NO** ☒

| Name of shareholder | Type of relationship | Explanation |
|---|---|---|
| | | |

**This annual report on corporate governance has been approved by the Company's board of directors on 5th February 2009.**

**Indicate whether any members have voted against or abstained with respect to the approval of this report.**

**YES** ☐ **NO** ☒

| Name of director not voting in favour of approving this | Reasons (against, abstain, not present) | Explain the reasons |
|---|---|---|

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