Banco Bilbao Vizcaya Argentaria, S.A. and companies composing the Banco Bilbao Vizcaya Argentaria Group

Consolidated Financial Statements and Management Report for the year ended December 31, 2009, together with the Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 1 and 60). In the event of a discrepancy, the Spanish-language version prevails.

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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 consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (Notes 1 and 60). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have audited the consolidated financial statements of Banco Bilbao Vizcaya Argentaria (the "Bank") and companies composing, together with the Bank, the Banco Bilbao Vizcaya Argentaria Group (the "Group" – Note 3), which consist of the consolidated balance sheet at 31 December 2009 and the related consolidated income statement, consolidated statement of recognized income and expense, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Bank's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated 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 2009 figures for each item in the consolidated balance sheet, consolidated income statement, consolidated statement of recognized income and expense, consolidated statements of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements, the figures for 2008. Additionally, also for comparison purposes, the figures for 2007 are presented. Our opinion refers only to the consolidated financial statements for 2009. On 9 February 2009 and 7 February 2008, we issued our auditors' reports on the consolidated financial statements for 2008 and 2007, in which we expressed unqualified opinions.

3. In our opinion, the accompanying consolidated financial statements for 2009 present fairly, in all material respects, the consolidated equity and consolidated financial position of the Banco Bilbao Vizcaya Argentaria Group at 31 December 2009 and the consolidated results of its operations, the changes in the consolidated equity and its consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with the International Financial Reporting Standards adopted by the European Union applied on a basis consistent with that of the preceding two years.

4. The accompanying consolidated directors' report for 2009 contains the explanations which the Bank's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2009. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Banco Bilbao Vizcaya Argentaria, S.A. and of the companies composing, together with the Bank, the Banco Bilbao Vizcaya Argentaria Group.

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

Miguel Ángel Bailón

February 4, 2010

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.

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2009, 2008 AND 2007

(Notes 1 to 5)

		Millions of euros		
ASSETS	**Notes**	**2009**	**2008 (*)**	**2007 (*)**
CASH AND BALANCES WITH CENTRAL BANKS	9	16,344	14,659	22,581
FINANCIAL ASSETS HELD FOR TRADING	10	69,733	73,299	62,336
Loans and advances to credit institutions		-	-	-
Loans and advances to customers		-	-	-
Debt securities		34,672	26,556	38,392
Equity instruments		5,783	5,797	9,180
Trading derivatives		29,278	40,946	14,764
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	11	2,337	1,754	1,167
Loans and advances to credit institutions		-	-	-
Loans and advances to customers		-	-	-
Debt securities		639	516	421
Equity instruments		1,698	1,238	746
AVAILABLE-FOR-SALE FINANCIAL ASSETS	12	63,521	47,780	48,432
Debt securities		57,071	39,831	37,336
Equity instruments		6,450	7,949	11,096
LOANS AND RECEIVABLES	13	346,117	369,494	337,765
Loans and advances to credit institutions		22,239	33,856	24,527
Loans and advances to customers		323,442	335,260	313,178
Debt securities		436	378	60
HELD-TO-MATURITY INVESTMENTS	14	5,437	5,282	5,584
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK		-	-	-
HEDGING DERIVATIVES	15	3,595	3,833	1,050
NON-CURRENT ASSETS HELD FOR SALE	16	1,050	444	240
INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	17	2,922	1,467	1,542
Associates		2,614	894	846
Jointly controlled entities		308	573	696
INSURANCE CONTRACTS LINKED TO PENSIONS		-	-	-
REINSURANCE ASSETS	18	29	29	43
TANGIBLE ASSETS	19	6,507	6,908	5,238
Property, plants and equipment		4,873	5,174	5,156
For own use		4,182	4,442	4,437
Other assets leased out under an operating lease		691	732	719
Investment properties		1,634	1,734	82
INTANGIBLE ASSETS	20	7,248	8,439	8,244
Goodwill		6,396	7,659	7,436
Other intangible assets		852	780	808
TAX ASSETS	21	6,273	6,484	5,207
Current		1,187	1,266	682
Deferred		5,086	5,218	4,525
OTHER ASSETS	22	3,952	2,778	2,297
Inventories		1,933	1,066	457
Rest		2,019	1,712	1,840
TOTAL ASSETS		535,065	542,650	501,726

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated balance sheet as of December 31, 2009.

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

BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2009, 2008 AND 2007

(Notes 1 to 5)

LIABILITIES AND EQUITY	Notes	2009	2008 (*)	2007 (*)
		Millions of euros		
FINANCIAL LIABILITIES HELD FOR TRADING	**10**	**32,830**	**43,009**	**19,273**
Deposits from central banks		-	-	-
Deposits from credit institutions		-	-	-
Customers deposits		-	-	-
Debt certificates		-	-	-
Trading derivatives		29,000	40,309	17,540
Short positions		3,830	2,700	1,733
Other financial liabilities		-	-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**11**	**1,367**	**1,033**	**449**
Deposits from central banks		-	-	-
Deposits from credit institutions		-	-	-
Customer deposits		-	-	-
Debt certificates		-	-	-
Subordinated liabilities		-	-	-
Other financial liabilities		1,367	1,033	449
FINANCIAL LIABILITIES AT AMORTIZED COST	**23**	**447,936**	**450,605**	**431,856**
Deposits from central banks		21,166	16,844	27,326
Deposits from credit institutions		49,146	49,961	60,772
Customer deposits		254,183	255,236	219,610
Debt certificates		99,939	104,157	102,247
Subordinated liabilities		17,878	16,987	15,662
Other financial liabilities		5,624	7,420	6,239
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK		-	-	-
HEDGING DERIVATIVES	**15**	**1,308**	**1,226**	**1,807**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**16**	**-**	**-**	**-**
LIABILITIES UNDER INSURANCE CONTRACTS	**24**	**7,186**	**6,571**	**6,867**
PROVISIONS	**25**	**8,559**	**8,678**	**8,342**
Provisions for pensions and similar obligations		6,246	6,359	5,967
Provisions for taxes and other legal contingencies		299	263	225
Provisions for contingent exposures and commitments		243	421	546
Other provisions		1,771	1,635	1,604
TAX LIABILITIES	**21**	**2,208**	**2,266**	**2,817**
Current		539	984	582
Deferred		1,669	1,282	2,235
OTHER LIABILITIES	**22**	**2,908**	**2,557**	**2,372**
TOTAL LIABILITIES		**504,302**	**515,945**	**473,783**

(*) Presented for comparison purposes only.

LIABILITIES AND EQUITY *(Continuation)*	Notes	2009	2008 (*)	2007 (*)
		Millions of euros		
STOCKHOLDERS' FUNDS		**29,362**	**26,586**	**24,811**
Common Stock	**27**	**1,837**	**1,837**	**1,837**
Issued		1,837	1,837	1,837
Unpaid and uncalled (-)		-	-	-
Share premium	**28**	**12,453**	**12,770**	**12,770**
Reserves	**29**	**12,074**	**9,410**	**6,060**
Accumulated reserves (losses)		11,765	8,801	5,609
Reserves (losses) of entities accounted for using the equity method		309	609	451
Other equity instruments		**12**	**89**	**68**
Equity component of compound financial instruments		-	-	-
Other equity instruments		12	89	68
Less: Treasury stock	**30**	**(224)**	**(720)**	**(389)**
Income attributed to the parent company		**4,210**	**5,020**	**6,126**
Less: Dividends and remuneration	**4**	**(1,000)**	**(1,820)**	**(1,661)**
VALUATION ADJUSTMENTS	**31**	**(62)**	**(930)**	**2,252**
Available-for-sale financial assets		1,951	931	3,546
Cash flow hedging		188	207	(50)
Hedging of net investment in a foreign transactions		219	247	297
Exchange differences		(2,236)	(2,231)	(1,588)
Non-current assets helf for sale		-	-	-
Entities accounted for using the equity method		(184)	(84)	47
Other valuation adjustments		-	-	-
NON-CONTROLLING INTEREST	**32**	**1,463**	**1,049**	**880**
Valuation adjustments		18	(175)	(118)
Rest		1,445	1,224	998
TOTAL EQUITY		**30,763**	**26,705**	**27,943**
TOTAL LIABILITIES AND EQUITY		**535,065**	**542,650**	**501,726**

MEMORANDUM ITEM	Notas	2009	2008 (*)	2007 (*)
CONTINGENT EXPOSURES	**34**	**33,185**	**35,952**	**36,859**
CONTINGENT COMMITMENTS	**34**	**92,323**	**98,897**	**106,940**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated balance sheet as of December 31, 2009.

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

BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007 (Notes 1 to 5)

		Millions of euros		
	Notes	**2009**	**2008 (*)**	**2007 (*)**
INTEREST AND SIMILAR INCOME	**39**	**23,775**	**30,404**	**26,176**
INTEREST AND SIMILAR EXPENSES	**39**	**(9,893)**	**(18,718)**	**(16,548)**
NET INTEREST INCOME		**13,882**	**11,686**	**9,628**
DIVIDEND INCOME	**40**	**443**	**447**	**348**
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**41**	**120**	**293**	**241**
FEE AND COMMISSION INCOME	**42**	**5,305**	**5,539**	**5,603**
FEE AND COMMISSION EXPENSES	**43**	**(875)**	**(1,012)**	**(1,043)**
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	**44**	**892**	**1,328**	**1,545**
Financial instruments held for trading		321	265	709
Other financial instruments at fair value through profit or loss		79	(17)	43
Other financial instruments not at fair value through profit or loss		492	1,080	793
Rest		-	-	-
NET EXCHANGE DIFFERENCES		**652**	**231**	**411**
OTHER OPERATING INCOME	**45**	**3,400**	**3,559**	**3,589**
Income on insurance and reinsurance contracts		2,567	2,512	2,605
Financial income from non-financial services		493	485	655
Rest of other operating income		340	562	329
OTHER OPERATING EXPENSES	**45**	**(3,153)**	**(3,093)**	**(3,051)**
Expenses on insurance and reinsurance contracts		(1,847)	(1,896)	(2,052)
Changes in inventories		(417)	(403)	(467)
Rest of other operating expenses		(889)	(794)	(532)
GROSS INCOME		**20,666**	**18,978**	**17,271**
ADMINISTRATION COSTS	**46**	**(7,662)**	**(7,756)**	**(7,253)**
Personnel expenses		(4,651)	(4,716)	(4,335)
General and administrative expenses		(3,011)	(3,040)	(2,918)
DEPRECIATION AND AMORTIZATION	**47**	**(697)**	**(699)**	**(577)**
PROVISIONS (NET)	**48**	**(458)**	**(1,431)**	**(235)**
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	**49**	**(5,473)**	**(2,941)**	**(1,903)**
Loans and receivables		(5,199)	(2,797)	(1,902)
Other financial instruments not at fair value through profit or loss		(274)	(144)	(1)
NET OPERATING INCOME		**6,376**	**6,151**	**7,303**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	**50**	**(1,618)**	**(45)**	**(13)**
Goodwill and other intangible assets		(1,100)	(1)	(1)
Other assets		(518)	(44)	(12)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	**51**	**20**	**72**	**13**
NEGATIVE GOODWILL	**20**	**99**	**-**	**-**
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	**52**	**859**	**748**	**1,191**
INCOME BEFORE TAX		**5,736**	**6,926**	**8,494**
INCOME TAX	**21**	**(1,141)**	**(1,541)**	**(2,079)**
PRIOR YEAR INCOME FROM CONTINUING TRANSACTIONS		**4,595**	**5,385**	**6,415**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)		-	-	-
NET INCOME		**4,595**	**5,385**	**6,415**
Net Income attributed to parent company		4,210	5,020	6,126
Net income attributed to non-controlling interests	**32**	385	365	289
		Units of euros		
		2009	**2008 (*)**	**2007 (*)**
EARNINGS PER SHARE	**5**			
Basic earnings per share		1.12	1.35	1.70
Diluted earnings per share		1.12	1.35	1.70

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated income statement for the year ending December 31, 2009.

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

BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

(Notes 1 to 5)

	Millions of euros		
	2009	**2008 (*)**	**2007 (*)**
NET INCOME RECOGNIZED IN INCOME STATEMENT	**4,595**	**5,385**	**6,415**
OTHER RECOGNIZED INCOME (EXPENSES)	**1,061**	**(3,237)**	**(1,092)**
Available-for-sale financial assets	**1,502**	**(3,787)**	**320**
Valuation gains/losses	1,520	(2,065)	1,857
Amounts removed to income statement	(18)	(1,722)	(1,537)
Reclassifications	-	-	-
Cash flow hedging	**(32)**	**361**	**(94)**
Valuation gains/losses	(21)	373	(81)
Amounts removed to income statement	(11)	(12)	(13)
Amounts removed to the initial carrying amount of the hedged items	-	-	-
Reclassifications	-	-	-
Hedging of net investment in foreign transactions	**(27)**	**(50)**	**507**
Valuation gains/losses	(27)	(50)	507
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Exchange differences	**68**	**(661)**	**(2,311)**
Valuation gains/losses	141	(678)	(2,311)
Amounts removed to income statement	(73)	17	0
Reclassifications	-	-	-
Non-current assets held for sale	-	-	-
Valuation gains/losses	-	-	-
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Actuarial gains and losses in post-employment plans	-	-	-
Entities accounted for using the equity method	**(88)**	**(144)**	**18**
Valuation gains/losses	(88)	(144)	18
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Rest of recognized income and expenses	-	-	-
Income tax	**(362)**	**1,044**	**468**
TOTAL RECOGNIZED INCOME/EXPENSES	**5,656**	**2,148**	**5,323**
Attributed to the parent company	5,078	1,838	5,038
Attributed to minority interest	578	310	285

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated statement of recognized income and expense for the year ended December 31, 2009.

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

BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

(Notes 1 to 5)

Millions of euros

	Total equity attributed to the parent company											Non-controlling interest (Note 32)	Total equity
	Stockholders' funds									Valuation adjustments (Note 31)	Total		
	Common Stock (Note 27)	Share premium (Note 28)	Reserves (Note 29)		Other equity instruments	Less: Treasury stock (Note 30)	Profit for the year attributed to parent company	Less: dividends and remunerations (Note 4)	Total stockholders funds				
			Reserves (acumulated losses)	Reserves (losses from entities accounted for equity method)									
Balances as of January 1, 2009	**1,837**	**12,770**	**8,801**	**609**	**89**	**(720)**	**5,020**	**(1,820)**	**26,586**	**(930)**	**25,656**	**1,049**	**26,705**
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**1,837**	**12,770**	**8,801**	**609**	**89**	**(720)**	**5,020**	**(1,820)**	**26,586**	**(930)**	**25,656**	**1,049**	**26,705**
Total income/expense recognized	-	-	-	-	-	-	**4,210**	-	**4,210**	**868**	**5,078**	**578**	**5,656**
Other changes in equity	-	(317)	**2,964**	**(300)**	**(77)**	**496**	**(5,020)**	**820**	**(1,434)**	-	**(1,434)**	**(164)**	**(1,598)**
Common stock increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	10	-	-	-	10	-	-	-	10
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)	(144)	(1,144)
Transactions including treasury stock and other equity instruments (net)	-	-	(238)	-	-	496	-	-	258	-	258	-	258
Transfers between total equity entries	-	-	3,378	(178)	-	-	(5,020)	1,820	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	(317)	-	-	(87)	-	-	-	(404)	-	(404)	-	(404)
Rest of increase/reductions in total equity	-	-	(176)	(122)	0	-	-	-	(298)	-	(298)	(20)	(318)
Balances as of December 31, 2009	**1,837**	**12,453**	**11,765**	**309**	**12**	**(224)**	**4,210**	**(1,000)**	**29,362**	**(62)**	**29,300**	**1,463**	**30,763**

	Millions of euros												
	Total equity attributed to the parent company											Non-controlling interest (Note 32)	Total equity (*)
	Stockholders' funds									Valuation adjustments (Note 31)	Total		
			Reserves (Note 29)										
	Common Stock (Note 27)	Share premium (Note 28)	Reserves (acumulated losses)	Reserves (losses from entities accounted for equity method)	Other equity instruments	Less: Treasury stock (Note 30)	Profit for the year attributed to parent company	Less: dividends and remunerations	Total stockholders funds				
Balances as of 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)**	**3,481**	**(3,244)**	-	**(3,244)**	**(142)**	**(3,388)**
Common stock increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	21	-	-	-	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 stock and other equity instruments (net)	-	-	(172)	-	-	(331)	-	-	(503)	-	(503)	-	(503)
Transfers between total equity entries	-	-	3,431	33	-	-	(5,125)	1,661	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	9	-	-	-	-	-	9	-	9	-	9
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of increase/reductions in total equity	-	-	(75)	125	-	-	-	-	49	-	49	-	49
Balances as of 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**

(*) Presented for comparison purposes only.

Millions of euros

	Total equity attributed to the parent company											Non-controlling interest (Note 32)	Total equity (*)
	Stockholders' funds									Valuation adjustments (Note 31)	Total		
	Common Stock (Note 27)	Share premium (Note 28)	Reserves (Note 29)		Other equity instruments	Less: Treasury stock (Note 30)	Profit for the year attributed to parent company	Less: dividends and remunerations	Total stockholders funds				
			Reserves (acumulated losses)	Reserves (losses from entities accounted for equity method)									
Balances as of January 1, 2007	**1,740**	**9,579**	**3,268**	**361**	**35**	**(147)**	**4,736**	**(1,363)**	**21,229**	**3,341**	**24,570**	**768**	**25,338**
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)**	**21,229**	**3,341**	**24,570**	**768**	**25,338**
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)**	**3,024**	**476**	**(1)**	**475**	**(173)**	**302**
Common stock increase	97	3,191	(24)	-	-	-	-	-	3,264	-	3,264	-	3,264
Common stock 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 stock 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 due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	33	-	-	-	33	-	33	-	33
Rest of increase/reductions in total equity	-	-	(44)	-	-	-	-	-	(44)	(1)	(45)	(65)	(110)
Balances as of 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**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2009.

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

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, 2009, 2008 AND 2007 (Notes 1 to 5)

	Notes	2009	2008 (*)	2007 (*)
		Millions of euros		
CASH FLOW FROM OPERATING ACTIVITIES (1)	53	**2,567**	**(1,992)**	**17,290**
Net income for the year		**4,595**	**5,385**	**6,415**
Adjustments to obtain the cash flow from operating activities:		**(591)**	**(1,112)**	**828**
Depreciation and amortization		697	699	577
Other adjustments		(1,288)	(1,811)	251
Net increase/decrease in operating assets		**(9,781)**	**45,714**	**74,226**
Financial assets held for trading		(3,566)	10,964	10,545
Other financial assets designated at fair value through profit or loss		582	588	190
Available-for-sale financial assets		15,741	(800)	5,827
Loans and receivables		(23,377)	30,866	58,352
Other operating assets		839	4,096	(688)
Net increase/decrease in operating liabilities		**(12,359)**	**37,908**	**82,193**
Financial liabilities held for trading		(10,179)	23,736	4,350
Other financial liabilities designated at fair value through profit or loss		334	-	(134)
Financial liabilities at amortised cost		(3,564)	20,058	78,385
Other operating liabilities		1,050	(5,886)	(408)
Collection/Payments for income tax		**1,141**	**1,541**	**2,080**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	53	**(643)**	**(2,865)**	**(7,987)**
Investment		**2,396**	**4,617**	**10,948**
Tangible assets		931	1,199	1,836
Intangible assets		380	402	134
Investments		2	672	690
Subsidiaries and other business units		7	1,559	7,082
Non-current assets held for sale and associated liabilities		920	515	487
Held-to-maturity investments		156	-	-
Other settlementss related to investing activities		-	270	719
Divestments		**1,753**	**1,752**	**2,961**
Tangible assets		793	168	328
Intangible assets		147	31	146
Investments		1	9	227
Subsidiaries and other business units		32	13	11
Non-current assets held for sale and associated liabilities		780	374	744
Held-to-maturity investments		-	283	321
Other collections related to investing activities		-	874	1,184
CASH FLOWS FROM FINANCING ACTIVITIES (3)	53	**(74)**	**(2,271)**	**1,996**
Investment		**10,012**	**17,807**	**20,470**
Dividends		1,567	2,813	2,424
Subordinated liabilities		1,667	735	1,723
Common stock amortization		-	-	-
Treasury stock acquisition		6,431	14,095	16,182
Other items relating to financing activities		347	164	141
Divestments		**9,938**	**15,536**	**22,466**
Subordinated liabilities		3,103	1,535	3,096
Common stock increase		-	-	3,263
Treasury stock disposal		6,835	13,745	16,041
Other items relating to financing activities		-	256	66
EFFECT OF EXCHANGE RATE CHANGES (4)		**(161)**	**(791)**	**(1,233)**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)		**1,689**	**(7,919)**	**10,066**
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**14,642**	**22,561**	**12,496**
CASH OR CASH EQUIVALENTS AT END OF THE YEAR		**16,331**	**14,642**	**22,561**

		2009	2008 (*)	2007 (*)
		Million of euros		
COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR				
Cash		4,218	3,915	2,938
Balance of cash equivalent in central banks		12,113	10,727	19,623
Other financial assets		-	-	-
Less:bank overdraft refundable on demand		-	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF THE YEAR	9	**16,331**	**14,642**	**22,561**
Of which:				
held by consolidated subsidiaries but not available for the Group		-	-	-

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 60 and Appendices I to XII are an integral part of the consolidated statement of cash flows for the year ended December 31, 2009.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

REPORT FOR THE YEAR ENDED DECEMBER 31, 2009

1. INTRODUCTION AND BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

1.1 INTRODUCTION

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

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

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

As of December 31, 2009, the Group was made up of 334 companies accounted for under the full consolidation method and 7 under the proportionate consolidation method. A further 74 companies are accounted for by the equity method (see Notes 3 and 17 and Appendices II to VII of this consolidated income statement).

The Group's consolidated financial statements for the years ending December 31, 2008 and 2007 were approved by the shareholders at the Bank's Annual General Meetings held on March 13, 2009 and March 14, 2008, respectively.

The 2009 consolidated financial statements of the Group and the 2009 financial statements of the Bank and of substantially all the Group companies have not yet been approved by their shareholders at the respective Annual General Meetings. 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 CONSOLIDATED FINANCIAL STATEMENTS

The Group's consolidated financial statements for 2009 are presented in accordance with the International Financial Reporting Standards endorsed by the European Union ("IFRS-EU") applicable at year-end 2009, and additionally considering the Bank of Spain Circular 4/2004, of December 22, 2004 (and as amended thereafter). This Bank of Spain Circular is the regulation that implements and adapts the IFRS-EU for Spanish banks.

The BBVA Group's consolidated financial statements for the year ending December 31, 2009 were prepared by the Bank's directors (at the Board Meeting held on February 3, 2010) by applying the principles of consolidation, accounting policies and valuation criteria described in Note 2, so that they present fairly the Group's consolidated equity and financial position as of December 31, 2009, together with the consolidated results of its operations, the changes in the consolidated equity, consolidated recognized income and expenses and consolidated cash flows in the Group during 2009. These consolidated financial statements were prepared on the basis of the accounting records kept by the Bank and by each of the other companies in the Group and include the adjustments and reclassifications required to harmonize the accounting policies and valuation criteria used by the Group (see Note 2.2).

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

Since the figures in the annual consolidated financial statements are expressed in millions of euros (except in certain cases where a smaller unit is required), there may be occasions when a balance does not appear in the financial statements because it is in units of euros. In addition, the percentage changes are calculated using thousands of euros. The accounting balances have been rounded to present the amounts in millions of euros. As a result, the amounts appearing in some tables may not be the arithmetical sum of the preceding figures.

1.3. COMPARATIVE INFORMATION

As indicated in the previous section, the annual consolidated financial statements for the years ended December 31, 2009, 2008 and 2007 were prepared in accordance with the financial statement models established by the Bank of Spain Circular 4/2004 and its subsequent amendments. The Bank of Spain issued Circular 6/2008 on November 26, 2008, amending the models to be used in preparing financial statements. For this reason, the consolidated financial statements for 2007 which are used in these annual consolidated statements, and are presented exclusively for comparison purposes, have been modified with respect to those originally approved by the Group in order to adapt them to the new requirements. These changes only affect the format of the presentation and have no impact on the Group's consolidated equity or consolidated net income.

Appendix VIII reconciles the originally issued consolidated financial statements for 2007.

1.4. SEASONAL NATURE OF INCOME AND EXPENSES

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

1.5. RESPONSIBILITY FOR THE INFORMATION AND FOR THE ESTIMATES MADE

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

Estimates were occasionally made by the Bank and the consolidated companies in preparing these consolidated financial statements in order to quantify some of the assets, liabilities, income, expenses and commitments reported. These estimates relate mainly to the following:

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

Although these estimates were made on the basis of the best information available as of December 31, 2009 on the events analyzed, events that take place in the future might make it necessary to change them (upwards or downwards) in the coming years.

1.6. BBVA GROUP INTERNAL FINANCIAL REPORTING CONTROL MODEL

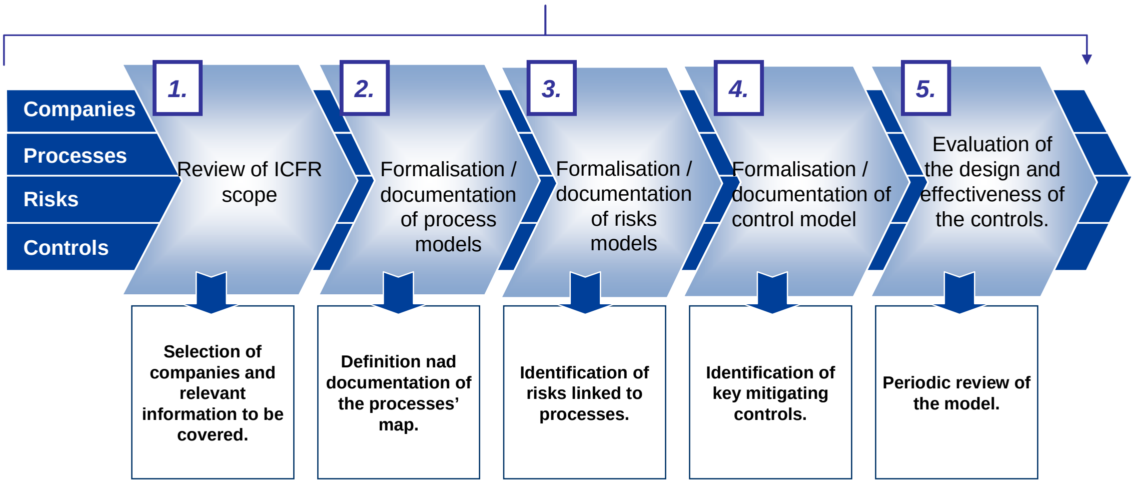
The BBVA Group Internal Financial Reporting Control Model ("CIIF") includes a set of processes and procedures that the Group's Management has designed to reasonably guarantee fulfillment of the Group's set control targets. These control targets have been set to ensure the reliability and integrity of the consolidated financial information, as well as the efficiency and effectiveness of transactions and fulfillment of applicable standards.

CIIF is based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") international standards. The five components that COSO establishes to determine whether an internal control system is effective and efficient are:

- Evaluate all of the risks that could arise during the preparation of the financial information.
- Design the necessary control activities to mitigate the most critical risks.
- Monitor the control activities to ensure they are fulfilled and they are effective over time.
- Establish the right reporting circuits to detect and report system weaknesses or flaws.
- Set up a suitable control area to track all of these activities.

The BBVA Group CIFF is summarized in the following chart:

BBVA's INTERNAL CONTROL OVER FINANCIAL REPORTING MODEL



CIIF is implemented in the Group's main entities using a common and uniform methodology.

To determine the scope of the CIIF annual evaluation, the main companies, headings and most significant processes are identified based on quantitative criteria (probability of occurrence, economic impact and materiality) and qualitative criteria (related to typology, complexity, nature of risks and the business structure), ensuring coverage of critical risks for the BBVA Group consolidated financial statements. As well as the evaluation that the Internal Control Units performs, CIIF is subject to regular evaluations by the Internal Audit Department and is supervised by the Group's Audit and Compliance Committee.

In the evaluation by the Internal Audit Department and the Internal Control Units, no weaknesses were detected that could have a material or significant impact on the BBVA Group Consolidated Financial Statements in 2009.

1.7. MORTGAGE MARKET POLICIES AND PROCEDURES

The information required by Royal Decree 716/2009 of 24 April 2009 (developing certain aspects of Act 2/1981, of 25 March 1981, on the regulation of the mortgage market and other mortgage and financial market regulations) is detailed in the Bank's individual financial statements for the year ended December 31, 2009.

2. PRINCIPLES OF CONSOLIDATION, ACCOUNTING POLICIES AND MEASUREMENT BASES APPLIED AND RECENT IFRS STATEMENTS

The Glossary (see Appendix XII) includes the definition of financial and economic terms used in Note 2 and subsequent explanatory notes.

2.1. PRINCIPLES OF CONSOLIDATION

The accounting principles and valuation criteria used to prepare the Group's consolidated financial statements for the year ending December 31, 2009 may differ from those used by certain companies in the Group. For this reason, the required adjustments and reclassifications were made on consolidation to harmonize the principles and criteria used and to make them compliant with IFRS-EUs.

The results of subsidiaries acquired during the year are included taking into account only the period from the date of acquisition to year-end. The results of companies disposed of during any year are included only taking into account the period from the start of the year to the date of disposal.

The Group consolidated companies are classified into three types, according to the method of consolidation: subsidiaries, jointly controlled entities and associates entities.

Subsidiaries

Subsidiaries (see the Glossary) are those companies which the Group has the capacity to control. Control is presumed to exist when the parent owns, either directly or indirectly through other subsidiaries, more than one half of an entity's voting power, unless, in exceptional cases, it can be clearly demonstrated that ownership of more than one half of an entity's voting rights does not constitute control of it.

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

The share of minority interests from subsidiaries in the Group's consolidated equity is presented under the heading "Non-controlling interest" in the consolidated balance sheets and their share in the profit or loss for the year is presented under the heading "Net Income Attributed to Non-controlling Interests" in the consolidated income statements (see Note 32).

Note 3 includes information on the main companies in the Group as of December 31, 2009. Appendix II includes the most significant information on these companies.

Jointly controlled entities

These are entities that, while not being subsidiaries, fulfill the definition of "joint business" (see the Glossary).

Since the implementation of IFRS-EU, the Group has applied the following policy in relation to investments in jointly controlled entities:

- *Jointly-controlled financial entities:* Since it is a financial entity, the best way of reflecting its activities within the Group's consolidated financial statements is considered to be the proportionate method of *consolidation*.

  As of December 31, 2009, 2008 and 2007, the contribution of jointly controlled financial entities to the main figures in the Group's consolidated financial statements under the proportionate consolidation method, calculated on the basis of the Group's holding in them, is shown in the table below:

	Millions of euros		
Contribution to the Group by entities consolidated by proportionated method	**2009**	**2008**	**2007**
Assets	869	331	287
Liabilities	732	217	194
Equity	38	27	35
Net income	17	11	9

  Additional disclosure is not provided as these investments are not significant.

  Appendix III shows the main figures for jointly controlled entities consolidated by the Group under the proportionate method.

- *Jointly-controlled non-financial* entities: It is considered that the effect of distributing the balance sheet and income statement amounts belonging to jointly controlled non-financial entities would distort the information provided to investors. For this reason, the equity method is considered the most appropriate way of reflecting these investments.

Appendix IV shows the main figures for jointly controlled entities consolidated using the equity method. Note 17 details the impact, if any, that application of the proportionate consolidation method on these entities would have had on the consolidated balance sheet and income statement.

Associate entities

Associates are companies in which the Group is able to exercise significant influence, without having total or joint control. Significant influence is deemed to exist when the Group owns 20% or more of the voting rights of an investee directly or indirectly.

However, certain entities in which the Group owns 20% or more of the voting rights are not included as Group associates, since it is considered that the Group does not have the capacity to exercise significant influence over these entities. Investments in these entities, which do not represent significant amounts for the Group, are classified as available-for-sale investments.

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

Investments in associates are accounted for using the equity method (see Note 17). Appendix IV shows the most significant information on the associates consolidated using the equity method.

2.2. ACCOUNTING POLICIES AND VALUATION CRITERIA APPLIED

The following accounting policies and valuation criteria were used in preparing these consolidated financial statements were as follows:

2.2.1. FINANCIAL INSTRUMENTS

a) Valuation of financial instruments and recognition of changes in valuations

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

All the changes during the year, except in trading derivatives, arising from the accrual of interests and similar items are recognized under the headings “Interest and Similar Income” or “Interest and Similar Expenses”, as appropriate, in the consolidated income statement for this period (see Note 39). The dividends accrued in the period are recognized under the heading “Dividend income” in the consolidated income statement for the year (see Note 40).

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

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

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

Changes arising from the valuation at fair value (gains or losses) are recognized as their net value under the heading “Net gains (losses) on financial assets and liabilities” in the accompanying consolidated income statements (see Note 44). Changes resulting from variations in foreign exchange rates are recognized under the heading “Net exchange differences" in the consolidated income statements.

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

The fair value of OTC derivatives (“present value” or “theoretical price”) is equal to the sum of future cash flows arising from the instrument, discounted at the measurement date; these derivatives are valued using methods recognized by the financial markets: the net present value (NPV) method, option price calculation models, etc.(see Note 8).

Financial derivatives whose underlying assets are equity instruments with a fair value that cannot be determined in a sufficiently objective manner, and are settled by delivery of the instruments, are valued at acquisition cost.

- "Available-for-Sale Financial Assets"

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

Changes arising from the valuation at fair value (gains or losses) are recognized temporarily, for their net amount, under the heading "Valuation Adjustments - Available-for-Sale Financial Assets" in the accompanying consolidated 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 consolidated balance sheet. Valuation adjustments arising from monetary items by changes in foreign exchange rates are recognized under the heading "Net exchange differences" in the consolidated income statements.

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

In the particular case of gains from sales of other equity instruments considered strategic investments registered under "Available-for-sale Financial Assets" are recognized under the heading "Gains (losses) in non-current assets held-for-sale not classified as discontinued operations" in the consolidated income statement, although they had not been classified in a previous balance sheet as non-current assets held for sale (see note 52).

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

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

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

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

-"Hedging derivatives"

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

Changes produced subsequent to the designation of hedging in the valuation of financial instruments designated as hedged items as well as financial instruments under hedge accounting are recognized according to the following criteria:

- In fair value hedges, the changes in the fair value of the derivative and the hedged item attributable to the hedged risk are recognized under the heading "Net gains (losses) on financial assets and liabilities" in the consolidated income statement.
- In cash flow hedges and hedges of net investments in a foreign operations, the differences in valuation in the effective hedging of hedging items are recognized temporarily under the heading

"Valuation adjustments – Cash flow hedging" and "Valuation adjustments – Hedging of net investments in foreign transactions" respectively. These valuation changes are recognized under the heading "Net gains (losses) on financial assets and liabilities" in the consolidated income statement at the time when the gain or loss in the hedged instrument affects profit or loss, when the forecast transaction takes place or at the maturity date of the hedged item. Almost all of the hedges used by the Group are for interest rate risks. Therefore, the valuation changes are recognized under the headings "Interest and similar income" or "Interest and similar expenses" as appropriate, in the consolidated income statement (see Note 39). Differences in the valuation of the hedging items corresponding to the ineffective portions of cash flow hedges and hedges of net investments in a foreign operations are recognized directly in the heading "Net gains (losses) on financial assets and liabilities" in the consolidated income statement.

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

Other financial instruments

The following exceptions have to be highlighted with respect to the above general criteria:

- Equity instruments whose fair value cannot be determined in a sufficiently objective manner and financial derivatives that have those instruments as their underlying asset and are settled by delivery of those instruments are measured at acquisition cost adjusted, where appropriate, for any impairment loss.

- Valuation adjustments arising from financial instruments classified at balance sheet date as non-current assets held for sale are recognized with a balancing entry under the heading "Valuation adjustments - Non-current assets held for sale" on the consolidated balance sheet.

b) Impairment on financial assets

Definition of impaired financial assets

A financial asset is considered to be impaired – and therefore its carrying amount is adjusted to reflect the effect of 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 consolidated income statement for the period in which the impairment becomes known, and the recoveries of previously recognized impairment losses are recognized in the consolidated income statement for the period 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 consolidated profit or loss but recognized under the heading "Valuation Adjustments – Available for sale Financial Assets" in the consolidated 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 consolidated entities 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 consolidated balance sheet, without prejudice to any actions taken by the consolidated entities 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 BBVA Group 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 amortised 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 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 currently but which presents an inherent loss.

Inherent loss, calculated using statistical procedures, is deemed equivalent to the portion of losses incurred at the date of preparing the accompanying consolidated financial statements that has yet to be allocated to specific transactions.

The Group realizes the estimate collectively the inherent loss of credit risk corresponding to operations realized by Spanish financial entities of the Group (approximately 66.9 % on “Loans and receivables” of the Group as of December 31, 2009, using 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.

Notwithstanding the above, the Group can avail of the proprietary historic records used in its internal ratings models (IRBs), which were approved by the Bank of Spain for some portfolios in 2008, albeit only for the purposes of estimating regulatory capital under the new Basel Accord (BIS II). It uses these internal ratings models to calculate the economic capital required in its activities and uses the expected loss concept to quantify the cost of credit risk for incorporation into its calculation of the risk-adjusted return on capital of its operations.

The provisions required under Circular 4/2004 from Bank of Spain standards fall within the range of provisions calculated using the Group’s internal ratings models.

To estimate the collective loss of credit risk corresponding to operations with nonresident in Spain registered in foreign subsidiaries, are applied methods and similar criteria, taking like reference the Bank of Spain parameters but adapting the default’s calendars to the particular circumstances of the country. However, in

Mexico for consumer loans, credit cards and mortgages portfolios, as well as for credit investment maintained by the Group in the United States are using internal models for calculating the impairment losses based on historical experience of the Group (approximately 13.6% of the “Loans and Receivables” of the Group as of December 31, 2009).

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

1. Impaired financial assets

The debt instruments, whoever the obligor and whatever the guarantee or collateral, that have past-due amounts with more than three months, 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 inferior 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 in which the entity has began the process to take possession of the pledge 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 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%

Regarding the coverage level to be applied to defaulting transactions secured by property (homes, offices and completed multi-use sites, as well as rural properties), the value of the collateral must be taken into account, applying the previous percentages to the amount of those transactions exceeding 70% of the property value.

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. Not individually impaired assets

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

The allowance percentages of hedge are as follows:

Risk	Allowance percentage	
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 Group classifies the transactions in different groups, assigning to each group the provisions for insolvencies percentages, which are derived from those analyses.

However, due to the dimension Group, and to risk-country management, the provision levels are not significant in relation to the balance of the provisions by constituted insolvencies (As of December 31, 2009, this provision represents a 0.52% in the provision for insolvencies of the Group).

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

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 consolidated 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 consolidated balance sheet (Note 31).

- ***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 (consolidated) balance sheet, adjusted for the unrealised gains at the measurement date.

Impairment losses are recognized in the consolidated 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 these assets.

2.2.2. TRANSFERS 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.

Financial assets are only derecognized the consolidated balance sheet when the cash flows they generate have extinguished or when their implicit risks and benefits have been substantially transferred out to third parties. Similarly, financial liabilities are derecognized from the consolidated balance sheet only if their obligations are extinguished or acquired (with a view to subsequent cancellation or renewed placement).

When the risks and benefits of transferred assets are substantially transferred to third parties, the financial asset transferred is derecognized the consolidated balance sheet, and any right or obligation retained or created as a result of the transfer is simultaneously recognized.

The Group is considered to have transferred substantially all the risks and benefits if such risks and benefits account for the majority of the risks and benefits involved in ownership of the transferred assets.

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

- The transferred financial asset is not derecognized and continues to be measured in the consolidated balance sheet using the same criteria as those used before the transfer.
- A financial liability is recognized at the amount of compensation received, which is subsequently measured at amortized cost and included under the heading “Financial liabilities at amortized cost – Debt certificates” of the accompanying consolidated balance sheet (see Note 23). As these liabilities do not constitute a current obligation, when measuring such a financial liability the Group deducts those financial instruments owned by it which constitute financing for the entity to which the financial assets have been transferred, to the extent that these instruments are deemed 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 are recognized in the consolidated income statement.

Purchase and sale commitments

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

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

Securitization

In the specific instance of the securitization funds to which the Group’s entities transfer their loan portfolios, the following indications of the existence of control are considered for the purpose of analyzing the possibility of consolidation:

- The securitization funds’ activities are undertaken in the name of the entity in accordance with its specific business requirements with a view to generating benefits or gains from the securitization funds’ operations.
- The entity retains decision-making power with a view to securing most of the gains derived from the securitization funds’ activities or has delegated this power in some kind of “auto-pilot” mechanism (the securitization funds are structured so that all the decisions and activities to be performed are pre-defined at the time of their creation).
- The entity is entitled to receive the bulk of the profits from the securitization funds and is accordingly exposed to the risks inherent in their business activities. The entity retains the bulk of the securitization funds’ residual profit.
- The entity retains the bulk of the securitization funds’ asset risks.

If there is control based on the preceding guidelines, the securitization funds are integrated into the consolidated Group.

The consolidated Group is deemed to transfer substantially all risks and rewards if its exposure to the potential variation in the future net cash flows of the securitized assets following the transfer is not significant. In this instance, the consolidated Group may derecognize the securitized assets.

The BBVA Group has applied the most stringent prevailing criteria in determining whether or not it retains the risks and rewards on such assets for all securitizations performed since 1 January 2004. As a result of this analysis, the Group has concluded that none of the securitizations undertaken since that date meet the prerequisites for derecognizing the underlying assets from the consolidated balance sheets (see Note 13.3 and Appendix VII) as it retains substantially all the risks embodied by expected loan losses or associated with the possible variation in net cash flows, as it retains the subordinated loans and credit lines extended by the BBVA Group to these securitization funds.

2.2.3. 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 – whether original or subsequently modified – of a debt instrument, irrespective of the legal form it may take. 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 for them. The credit risk is determined by application of criteria similar to those established for quantifying impairment losses on debt instruments measured at amortized cost (see Note 2.2.1).

The provisions made for financial guarantees classified as substandard are recognized under "Provisions - provisions for contingent exposures and commitments" on the liability side in the accompanying consolidated balance sheet (see Note 25). These provisions are recognized and reversed with a charge or credit, respectively, to "Provisions" in the consolidated income statement (see Note 48).

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

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

The heading "Non-current assets held for sale" in the accompanying consolidated balance sheets recognized the carrying amount of financial or non-financial assets that are not part of operating activities of the Group. The recovery of this carrying amount is expected to take place through the price obtained on its disposal (see Note 16). The assets included under this heading are assets where an active sale 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 they are classified as such.

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

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

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

The fair value of non-current assets held for sale from foreclosures or recoveries is determined by reference to valuations performed by companies of authorized values in each of the geographical areas in which the assets are located. The BBVA Group requires that these valuations be no more than one year old, or less if there are other signs of impairment losses. In the case of Spain, the main independent valuation and appraisal companies authorized by the Bank of Spain, that are not related parties with the BBVA Group and entrusted with the appraisal of these assets are: Sociedad de Tasación, S.A., Valtecnic, S.A., Krata, S.A., Gesvalt, S.A., Alia Tasaciones, S.A., Tasvalor, S.A. and Tinsa, S.A.

As a general rule, gains and losses generated on the disposal of assets and liabilities classified as non-current held for sale, and related impairment losses and subsequent recoveries, where pertinent, are recognized in "Gains/(losses) on non-current assets held for sale not classified as discontinued operations" of the accompanying consolidated income statements (see Note 52). The remaining income and expense items associated with these assets and liabilities are classified within the relevant consolidated income statement headings.

2.2.5. TANGIBLE ASSETS

Tangible assets - property, plants and equipment for own use

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

Tangible assets - property, plants and equipment for own use are presented in the consolidated balance sheets at acquisition cost, less any accumulated depreciation and, where appropriate, any estimated impairment losses resulting from comparing this net value of each item with its corresponding recoverable value.

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

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

Tangible asset	Annual Percentage
Buildings for own use	1.33% to 4%
Furniture	8% to 10%
Fixtures	6% to 12%
Office supplies and computerisation	8% to 25%

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

At each accounting 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 this 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.

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

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

Other assets leased out under an operating lease

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

Investment properties

The heading “Tangible assets - Investment properties” in the consolidated balance sheet reflects the net values of the land, buildings and other structures held either to earn rentals or for capital appreciation through sale and are neither expected to be sold off in the ordinary course of business nor are destined for own use (see Note 19).

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

The criteria used by the BBVA Group to determine their recoverable value is based on independent appraisals no more than 1 year old, unless there are other indications of impairment.

2.2.6. INVENTORIES

The heading “Other assets - Inventories” in the consolidated balance sheets mainly reflects the land and other properties that Group’s real estate companies hold for sale as part of their property development activities (see Note 22).

The BBVA Group recognized inventories at their cost or net realizable value, whichever is lower:

- The cost value of inventories includes the costs incurred for their acquisition and transformation, as well as other direct and indirect costs incurred in giving them their current condition and location.

  The cost value real estate assets accounted for as inventories is comprised of: the acquisition cost of the land, the cost of urban planning and construction, non-recoverable taxes and costs corresponding to construction supervision, coordination and management. The financial expenses incurred during the year increase by the cost value provided that the inventories need a period of more than a year to be in a condition to be sold.

- The net realizable value is the estimated selling price of inventories in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

  In the case of real estate assets accounted for as inventories, the BBVA Group’s criteria for obtaining their net realizable value is mainly based on independent appraisals of no more than 1 year old, or less if there are other indications of impairment. In the case of Spain, the main independent valuation and appraisal companies included in the Bank of Spain’s official register and entrusted with the appraisal of these assets are: Gesvalt, S.A., Eurovalor, S.A., Krata, S.A., Sociedad de Tasación, S.A., Tinsa, S.A.

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

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

2.2.7. BUSINESS COMBINATIONS

The result of a business combination is that the Group obtains control of one or more entities. It is accounted for by the purchase method.

The purchase method records business combinations from the point of view of the acquirer, who has to recognize the assets acquired and the liabilities and contingent liabilities assumed, including those that the acquired entity had not recognized. The purchase method can be summed up as a measurement of the cost of the business combination and its allocation to the assets, liabilities and contingent liabilities measured according to their fair value, at the purchase date.

The positive differences between the cost of business combinations and the amount corresponding to the acquired percentage of the net fair value of the assets (including possible intangible assets identified in the acquisition), liabilities and contingent liabilities of the acquired entity are recognized under the heading “Intangible assets - Goodwill” in the consolidated balance sheet. The negative differences are credited to “Negative goodwill” in the consolidated balance sheet.

The purchase of minority interests subsequent to the takeover of the entity are recognized as capital transactions. In other words, the difference between the price paid and the carrying amount of the percentage of minority interests acquired is charged directly to equity.

2.2.8. INTANGIBLE ASSETS

Goodwill

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

For the purposes of the impairment analysis, goodwill is allocated to one or more cash-generating units expected to benefit from the synergies arising from business combinations. The cash-generating units represent the Group’s smallest identifiable asset groups that generate cash flows for the entity and that are largely independent of the flows generated from other assets or groups of assets. Each unit or units to which goodwill is allocated:

- Is the lowest level at which the entity manages goodwill internally.
- Is not larger than an operating segment.

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

For the purpose of determining the impairment of a cash-generating unit to which a part of goodwill has been allocated, the carrying amount of that unit, adjusted by the theoretical amount of the goodwill attributable to the minority interests, is compared with its recoverable amount.

The recoverable amount of a cash-generating unit is equivalent to its value in use. Value in use is calculated as the discounted value of the cash flow projections that the division estimates and is based on the latest budgets approved for the next three years. The principal hypotheses are a sustainable growth rate to extrapolate the cash flows indefinitely, and the discount rate used to discount the cash flows is equal to the cost of the capital assigned to each cash-generating unit, which is made up of the risk-free rate plus a risk premium.

If the carrying amount of the cash-generating unit exceeds the related recoverable amount the entity recognizes an impairment loss; the resulting loss is apportioned by reducing, first, the carrying amount of the goodwill allocated to that unit and, second, if there are still impairment losses remaining to be recognized, the carrying amount of the rest of the assets. This is done by allocating the remaining loss in proportion to the carrying amount of each of the assets in the unit. No impairment of goodwill attributable to the minority interests may be recognized. In any case, impairment losses on goodwill can never be reversed.

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

Other intangible assets

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

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

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

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

2.2.9. INSURANCE AND REINSURANCE CONTRACTS

In accordance with standard accounting practice in the insurance industry, consolidated insurance entities credit the amounts of the premiums written to the income statement and charge the cost of the claims incurred on final settlement thereof to income. Insurance entities are therefore required to accrue the unearned loss and profit credited to their income statements and the accrued costs not charged to income at the year-end.

The most significant accruals that consolidated entities recognized in relation to direct insurance contracts that they arranged relate to the following (see Note 24):

- Life insurance provisions: Represents the value of the net obligations undertaken with the life insurance policyholder. These provisions include:
  - Provision for unearned premiums intended for the accrual, at the date of calculation, of the premiums written. Their balance reflects the portion of the premiums accrued in the year that has to be allocated to the period from the reporting date to the end of the policy period.
  - Mathematical reserves: Represents the value of the life insurance obligations of the insurance companies at the year-end, net of the policyholder's obligations.
- Non-life insurance provisions:
  - Provisions for unearned premiums. These provisions are intended for the accrual, at the date of calculation, of the premiums written. Their balance reflects the portion of the premiums accrued in the year that has to be allocated to the period from the reporting date to the end of the policy period.
  - Provisions for unexpired risks: the provision for unexpired risks supplements the provision for unearned premiums by the amount by which that provision is not sufficient to reflect the assessed risks and expenses to be covered by the insurance companies in the policy period not elapsed at the year-end.
- Provision for claims: This reflects the total amount of the outstanding obligations arising from claims incurred prior to the year-end. Insurance companies calculate this provision as the difference between the total estimated or certain cost of the claims not yet reported, settled or paid, and the total amounts already paid in relation to these claims.
- Provision for bonuses and rebates: this provision includes the amount of the bonuses accruing to policyholders, insurees or beneficiaries and the premiums to be returned to policyholders or insurees, as the case may be, based on the behavior of the risk insured, to the extent that such amounts have not been individually assigned to each of them.
- Technical provisions for reinsurance ceded: calculated by applying the criteria indicated above for direct insurance, taking account of the assignment conditions established in the reinsurance contracts in force.

Other technical provisions: insurance companies have recognized provisions to cover the probable mismatches in the market reinvestment interest rates with respect to those used in the valuation of the technical provisions

Reinsurance assets and liabilities under insurance contracts

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

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

The income or expense reported by the Group’s insurance companies on their insurance activities is recognized, attending to it nature in the corresponding items of the consolidated income statement.

2.2.10. TAX ASSETS AND LIABILITIES

Corporation tax expense in Spain and the expense for similar taxes applicable to the consolidated entities abroad are recognized in the consolidated income statement, except when they result from transactions on which the profits or losses are recognized directly in equity, in which case the related tax effect is also recognized in equity.

The 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 on future fiscal years for the differences between the carrying amount of assets and liabilities and their tax bases, and tax loss and tax credit carry forwards. These amounts are measured applying to each temporary difference the tax rates that are expected to apply in the period when the asset is realized or the liability settled (Note 21).

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

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

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

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

2.2.11. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

Provisions are recognized in the balance sheet when each and every one of the following requirements is met: The Group has an existing obligation resulting from a past event and, at the consolidated 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 tax and legal litigation.

Contingent assets are possible assets that arise from past events and whose existence is conditional on, and will be confirmed only by the occurrence or non-occurrence of, events beyond the control of the Group. Contingent assets are not recognized in the balance sheet or in the income statement; however, they are disclosed in the notes to financial statements, provided that it is probable that these assets will give rise to an increase in resources embodying economic benefits (see Note 36).

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

2.2.12. POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM COMMITMENTS TO EMPLOYEES

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

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, the following are taken into account:

- 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, discount rates and expected return of assets. The expected return of plan assets in the post-employment benefits is estimated taking into account the market expectations and the distribution of such assets in the different portfolios.
- 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 or debentures.

The Group recognizes all actuarial differences under “Provisions” (See Note 48) in the consolidated income statement for the year in which they arise in connection with commitments assumed by the Group for its staff’s early retirement schemes, benefits awarded for seniority and other similar concepts.

The Group recognizes the actuarial gains or losses arising on all other defined benefit post-employment commitments directly under the ”Reserves” heading (see Note 29) in the consolidated balance sheets.

The Group does not apply the option of deferring actuarial gains and losses in equity to any of its employee commitments using the so-called corridor approach.

Post-employment benefits

- Pensions

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

- Defined-contribution commitments

The amounts of these commitments are determined as a percentage of certain remuneration items and/or as a pre-established annual amount. The contributions made each year by the Group’s companies for defined-contribution retirement commitments, which are recognized with a charge to the heading “Personnel expenses- Contribution to external pension funds” in the accompanying consolidated income statements (Note 46).

- Defined-benefit commitments

Some of the Group’s companies have defined-benefit commitments for permanent disability and death of certain current employees and early retirees; and defined-benefit retirement commitments applicable only to certain groups of serving employees, or early retired employees and retired employees. Defined benefit commitments are funded by insurance contracts and internal provisions.

The amounts recognized in the heading “Provisions – Provisions for pensions and similar obligations” (see Note 25) are the differences between the present values of the vested obligations for defined obligation retirement commitments at balance sheet date, adjusted by the prior service cost and the fair value of plan assets, if applicable, which are to be used directly to settle employee benefit obligations.

These retirement commitments are charged to the heading “Provisions – Provisions to pension commitments and similar obligations” in the accompanying consolidated income statements (see Note 48).

The current contributions made by the Group’s companies for defined-benefit retirement commitments covering current employees are charged to the heading “Administration cost - Personnel expenses” in the accompanying consolidated income statements (see Note 46).

- Early retirements

In 2009, as in previous years, the Group offered some employees in Spain the possibility of taking early retirement before the age stipulated in the collective labor agreement then in force. The corresponding provisions by the Group were recognized with a charge to the heading “Provisions- Provisions for pensions and similar obligations” in the accompanying consolidated income statements (see note 48). The present values for early retirement are quantified on a case-by-case basis and they are recognized in the heading Provisions – Provision for pensions and similar obligations” (in the accompanying consolidated balance sheets (see Note 25).

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 normal retirement age are included in the previous section “Pensions”.

- Other post-employment welfare benefits

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

The present values of the vested obligations for post-employment welfare benefits are quantified on a case-by-case basis. They are recognized in the heading “Provisions – Provision for pensions and similar obligations” in the accompanying consolidated balance sheets (Note 25) and they are charged to the heading “Personnel expenses – Other personnel expenses” in the accompanying income statements (see Note 46).

Other long-term commitments to employees

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

Some of these commitments are measured according to actuarial studies, so that the present values of the vested obligations for commitments with personnel are quantified on a case-by-case basis. They are recognized in the heading “Provisions – Other provisions” in the accompanying consolidated balance sheets (see Note 25).

The welfare benefits delivered by the Spanish companies to active employees are recognized in the heading “Personnel expenses - Other personnel expenses” in the accompanying income statements (see Note 46).

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

2.2.13. 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 measures 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 measures their value and the corresponding increase in equity indirectly, by reference to the fair value of the equity instruments granted, at grant date.

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

2.2.14. TERMINATION BENEFITS

Termination benefits must be recognized when the Group 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 Group entities, so it is not necessary to recognize a provision for this item.

2.2.15. TREASURY STOCK

The amount of the equity instruments that the Bank owns is recognized under "Stockholders' funds - Treasury stock" in the accompanying consolidated balance sheets. The balance of this heading relates mainly to Bank shares held by some of its consolidated companies as of December 31, 2009, 2008 and 2007 (see Note 30).

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

2.2.16. FOREIGN CURRENCY TRANSACTIONS AND EXCHANGE DIFFERENCES

The Group's functional currency is the euro. Therefore, all balances and transactions denominated in currencies other than the euro are deemed to be denominated in "foreign currency". The balances in the financial statements of consolidated entities whose functional currency is not the euro are converted to euros as follows:

- Assets and liabilities: at the average spot exchange rates as of December 31, 2009, 2008 and 2007.
- Income and expenses and cash flows: at the average exchange rates for the year.
- Equity items: at the historical exchange rates.

The exchange differences arising from the conversion of foreign currency balances to the functional currency of the consolidated entities (or entities accounted for by the equity method) and their branches are generally recognized in the consolidated income statement. Exceptionally, the exchange differences arising on non-monetary items whose fair value is adjusted with a balancing item in equity are recognized under the heading "Valuation adjustments - Exchange differences" in the consolidated balance sheet.

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

The breakdown of the main balances in foreign currencies of the consolidated balance sheet as of December 31, 2009, 2008 and 2007, with reference to the most significant foreign currencies, are set forth in Appendix IX.

2.2.17. RECOGNITION OF INCOME AND EXPENSES

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

Interest income and expenses and similar items

As a general rule, interest income and expenses and similar items are recognized on the basis of their period of accrual using the effective interest rate method. 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. Also dividends received from other companies are recognized as income when the consolidated companies' right to receive them arises.

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

Commissions, fees and similar items

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

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

Non-financial income and expenses

These are recognized for accounting purposes on an accrual basis.

Deferred collections and payments

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

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

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

2.2.19. LEASES

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

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

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

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. The Group considers a lease to be an operating lease in the following cases:

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

2.2.20. CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSES

The statements of consolidated recognized income and expenses reflects the income and expenses generated each year. It distinguishes between those recognized as results in the consolidated income statement from "Other recognized income (expenses)" recognized directly in the total equity.

"Other recognized income (expenses)" include the changes that have taken place in the year in the "Valuation adjustments" broken down by item.

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

2.2.21. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

The applicable regulations establish that certain categories of assets and liabilities are recognized at their fair value with a charge to equity. These charges, known as "Valuation adjustments" (see Note 31), are included in the Group's total consolidated equity net of tax effect, which has been recognized as deferred tax assets or liabilities, as appropriate.

2.2.22. CONSOLIDATED STATEMENTS OF CASH FLOWS

The indirect method has been used for the preparation of the consolidated statement of cash flows. This method starts from the entity's consolidated net income and adjusts its amount for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated cash flows classified as investment or finance.

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 composition of component of cash and equivalents with respect to the headings of the consolidated balance sheets is shown in the accompanying consolidated cash flow statements.

To prepare the consolidated cash flow statements, the following items are taken into consideration:

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 deposits 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

2.2.23. ENTITIES AND BRANCHES LOCATED IN COUNTRIES WITH HYPERINFLATIONARY ECONOMIES

In accordance with the IFRS-EU criteria, to determine whether an economy has a high inflation rate the country's economic situation is examined, analyzing whether certain circumstances are fulfilled, such as whether the population prefers to keep its wealth or save in non-monetary assets or in a relatively stable foreign currency, whether prices can be set in that currency, whether interest rates, wages and prices are pegged to a price index or whether the accumulated inflation rate over three years reaches or exceeds 100%. The fact that any of these circumstances is fulfilled will not be a decisive factor in considering an economy hyperinflationary, but it does provide some reasons to consider it as such.

At the end of 2009, the Venezuelan economy was considered to be hyperinflationary as defined by the aforementioned criteria. Accordingly, as of December 31, 2009, it was not necessary to adjust the financial statements of the Group's subsidiaries based in Venezuela to correct for the effect of inflation.

Pursuant to the requirements of IAS 29, the monetary headings (mainly loans and credits) have not been re-expressed, while the non-monetary headings (mainly tangible fixed assets and equity) have been re-expressed in accordance with the change in the country's Consumer Price Index.

The historical differences as of January 1, 2009 between the re-expressed costs and the previous costs in the non-monetary headings were credited to "Reserves" on the accompanying consolidated balance sheet for 2009, while the differences for 2009, and the re-expression of the income statement for 2009 were recognized in the consolidated income statement for 2009 in accordance with the nature of the income and expenses, the total net loss in income attributed to parent company being €90 million.

The total impact of these adjustments to "Total equity" of the consolidated balance sheets as of December 31, 2009 was €110 million, €46 million of which correspond to "Non-controlling interest").

After December 31, 2009, the Venezuelan authorities announced the devaluation of the Venezuelan bolivar with regard to the main foreign currencies and that other measures to contain inflation will be adopted. At the date these consolidated financial statements were prepared, there was not enough information to assess the impact on the balance sheets and consolidated income statements.

Accordingly, as of December 31, 2008 and 2007 it was not necessary to adjust the financial statements of any of the consolidated subsidiaries or associated entities to correct for the effect of inflation.

2.3 RECENT IFRS PRONOUNCEMENTS

a) STANDARDS AND INTERPRETATIONS EFFECTIVE IN 2009

The following modifications to the IFRS or their interpretations (IFRIC) came into force in 2009. Their integration in the Group has not had a significant impact on these consolidated financial statements:

IFRS 2 Revised: "Share-based payment"

The published amendment to the IFRS 2 states that vesting conditions are only service and performance conditions. It also clarifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IFRS 7 Amended. Financial Instruments: Disclosure - reclassification of financial assets

The amendments make changes to the classification of information with the aim of improving the disclosure on the calculation of the fair value of financial instruments and liquidity risk.

IFRS 8 "Operating segments"

This new Standard replaces IAS 14 "Segment reporting". The main novelty is the adoption of a management approach to reporting business segments. The information reported will be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. In the information to be reported, the segments identified and the criteria used to identify the segments will match those which the organization and management uses internally, but which do not meet the IFRS criteria for consolidated financial statements.

The information on segments included in Note 6 of the accompanying consolidated financial statements complies with the requirements of IFRS 8.

IAS 1 Revised. “Presentation of Financial Statements”

The amendment to IAS 1 has meant changes to the terminology (including changes to the Financial Statement headings) and changes to the financial statement formats and content, which were taken into consideration when compiling the present consolidated financial statements.

IAS 23 Revised “Interest expense”

The revision of IAS 23 eliminates the option for the immediate recognition of costs attributable to the acquisition, construction or production of qualified assets (those which require a substantial period of time before being ready for use or sale). Thus an entity must recognize these financing costs as part of the cost of this asset.

IAS 32 Amended. “Financial instruments: presentation"

The amendments to IAS 32 intend to improve the accounting process for financial instruments that have similar features to ordinary shares but which at the present time are classified as financial liabilities.

These amendments allow entities to classify subordinate instruments that oblige the issuer to give the counterparty a share of the entity's net assets in the event of dissolution as Equity, provided that a series of specific criteria are fulfilled.

Amendments to IFRIC 9 and IAS 39 – Embedded Derivatives

The purpose of the amendments to both standards is to clarify the posting of embedded derivatives to avoid any possible problems in applying the latest amendments on reclassification made to IAS 39.

In particular, the amendment to IAS 39 bans the reclassification of hybrid financial instruments accounted for at fair value through income statement when such a reclassification means separating the embedded derivative from the main contract and when it is not possible to correctly calculate the fair value of the embedded derivative.

The amendment to IFRIC 9 allows the separation of the embedded derivatives of hybrid financial instruments accounted for at fair value through income statement when such instruments are reclassified into other categories.

First annual improvements project for the IFRS

This is the first annual improvements project carried out by the International Accounting Standard Board (IASB) that includes minor changes affecting the presentation, recognition or valuation of the IFRS as well as changes in terminology and editing that do not have any significant effect on the accounting process.

The most significant amendments affect the following standards:

IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*

IAS 1 – *Presentation of Financial Statements*

IAS 16 – *Property, Plant and Equipment*

IAS 19 – *Employee benefits*

IAS 20 - *Accounting for Government Grants and Disclosure of Government Assistance*

IAS 27 - *Consolidated and Separate Financial Statements*

IAS 28 - *Investments in Associates*

IAS 38 – *Intangible Assets*

IAS 39 - *Financial Instruments: Recognition and Measurement*

IAS 40 – *Investment Property*

IFRIC 13 "Customer Loyalty Programs"

This IFRIC establishes the accounting procedure for the customer loyalty programs that entities use to provide customers with incentives to buy their goods or services. If a customer buys goods or services, the entity grants the customer award credits (often described as "points"). It is applicable both to entities that grant the credits directly and those which participate in a program which another entity operates.

The interpretation requires that entities allocate some of the proceeds of the initial sale to award credits, recognizing them as revenue only when they have fulfilled their obligations by providing such awards or paying third parties to do so.

IFRIC 14 – IAS 19 – The Limit on a Defined-Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 provides a general guide on how to measure the limit in IAS 19 Employee Benefits on the excess amount that may be recognized as an asset and also mentions how assets or liabilities can be affected when there is a legal or contractual minimum for contributions, establishing the need to recognize an additional liability if the company is contractually bound to make additional contributions to the plan and its ability to recover them is restricted. The interpretation standardizes practice and ensures that companies recognize an asset arising from a surplus in a consistent manner.

IFRIC 15 – Agreements for the Construction of Real Estate

This interpretation lays down how entities must determine whether an agreement for the construction of real estate should be posted according to IAS 11 "Construction Agreements" or according to IAS 18 "Revenue". These agreements will only be posted under IAS 11 "Construction Agreements" when the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress (even when the buyer does not exercise this power). Otherwise, IAS 18 "Revenue" will apply.

IFRIC 16 - Hedging net investments in foreign operations

This interpretation addresses the following aspects of hedging net investments in foreign operations:

- The hedged risk is the foreign currency exposure to the functional currencies of the foreign operations and the parent entity. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation, i.e. the presentation currency does not create an exposure to which an entity may apply hedge accounting.

- The hedging instrument(s) may be held by any entity or entities within the group, irrespective of their functional currencies (except for the foreign entity whose investment is hedged), as long as IAS 39 requirements are met.

b) STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE GROUP AS OF DECEMBER 31, 2009

New International Financial Reporting Standards together with their interpretations (IFRIC) had been published at the date of close of these consolidated financial statements. These were not obligatory as of December 31, 2009. Although in some cases the IASB permits early adoption before they enter into force, the Group has not done so as of this date.

The future impacts that the adoption of these standards could have have not been analyzed to date.

Second IFRS annual improvements project

The IASB has published its second annual improvements project, which includes small amendments in the IFRS. These will mostly be applicable for annual periods starting after January 1, 2010.

The amendments are focused mainly on eliminating inconsistencies between some IFRS and on clarifying terminology.

IFRS 3 Revised – Business Combinations, and Amendment to IAS 27 - Consolidated and separate financial statements

These standards will be effective for fiscal years starting on or after July 1, 2009. They can be adopted early for transactions in fiscal years beginning after June 30, 2007.

The amendments to IFRS 3 and IAS 27 represented some significant changes to various aspects related to accounting for business combinations. They generally place more emphasis on using the fair value. Some of the main changes are: acquisition costs will be recognized as expense instead of the current practice of considering them at the greater the cost of the business combination; acquisitions in stages, in which at the time of the takeover the acquirer will revalue its investment at fair value or there is the option of valuing the non-controlling interests in the acquired company at fair value, instead of the current practice of only valuing the proportional share of the fair value of the acquired net assets.

IAS 24 Revised – Related party disclosures

This amendment to IAS 24 refers to the disclosures of related parties in the financial statements. There are two main new features. One of them introduces a partial exemption for some disclosures when the relationship is with companies that depend on or are related to the State (or an equivalent governmental institution) and the definition of related party is revised, establishing some relations that were not previously explicit in the standard.

IAS 32 - Classification of preferred subscription rights

The amendment to IAS 32 clarifies the classification of preferred subscription rights (instruments that entitle the holder to acquire instruments from the entity at a fixed price) when they are in a currency other than the issuer's functional currency. The proposed amendment establishes that the rights to acquire a fixed number of own equity instruments for a fixed amount will be classified as equity regardless of the currency of the exercise price and whether the entity gives the tag-along rights to all of the existing shareholders (in accordance with current standards they must be posted as liability derivatives).

This amendment will apply for years beginning after February 1, 2010. Early adoption is permitted.

IAS 39 Amended – Financial Instruments: Recognition and valuation. Eligible hedged items

The amendment to IAS 39 introduces new requirements on eligible hedged items. This amendment applies for years beginning after July 1, 2009. Early adoption is permitted.

The amendment stipulates that:

- Inflation may not be designated as a hedged item unless it is identifiable and the inflation portion is a contractually specified portion of cash flows of an inflation-linked financial instrument, and the rest of the cash flows are not affected by the inflation-linked portion.

- When changes in cash flows or the fair value of an item are hedged above or below a specified price or other variable (a one-side risk) via a purchased option, the intrinsic value and time value components of the option must be separated and only the intrinsic value may be designated as a hedging instrument.

IFRIC 17 – Distributions of non-cash assets to owners

The new interpretation will be effective for annual periods beginning after July 1, 2009. Earlier application is permitted.

IFRIC 17 stipulates that all distributions of non-cash assets to owners must be valued at fair value, clarifying that:

- The dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity.

- An entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

IFRIC 18 –Transfer of assets from customers

This clarifies the requirements for agreements in which an entity receives an item of property, plant, and equipment from a customer which the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or both.

The basic principle of IFRIC 18 is that when the item of property, plant and equipment meets the definition of an asset from the perspective of the recipient, the recipient must recognize the asset at its fair value on the date of the transfer with a balancing entry in ordinary income in accordance with IFRIC 18.

This interpretation will apply prospectively to transfers of assets from customers after July 1, 2009.

IFRIC 19- Settlement of financial liabilities through equity instruments

In the current market situation, some entities are renegotiating conditions regarding financial liabilities with their creditors. There are cases in which creditors agree to receive equity instruments that the debtor has issued to cancel part or all of the financial liabilities. IFRIC 19 has issued an interpretation that clarifies the posting of these transactions from the perspective of the instruments issuer, and states that these securities must be valued at fair value. If this value cannot be calculated, they will be valued at the fair value of the cancelled liability. The difference between the cancelled liability and the issued instruments will be recognized in the income statement.

This amendment will apply for years beginning after July 1, 2010. Early adoption is permitted.

NIIF 9 - Financial Instruments

On November 12, 2009, the IASB published IFRS 9 – Financial Instruments as the first stage of its plan to replace IAS 39 – Financial Instruments: Recognition and Valuation. IFRS 9 introduces new requirements for the classification and valuation of financial assets. The IASB intends to extend IFRS 9 during 2010 to add new requirements for the classification and valuation of financial liabilities, derecognize financial instruments, impairment methodology and hedge accounting. By the end of 2010 IFRS 9 will have completely replaced IAS 39.

According to what the IASB has established, the recently-published standard on the classification and valuation of financial assets is compulsory from January 1, 2013 onwards, although voluntary adoption is permitted from December 31, 2009 onwards. The European Commission has decided not to adopt IFRS 9 for the time being. The possibility of early adoption of this first part of the standard ended December 31, 2009 for European entities.

3. BANCO BILBAO VIZCAYA ARGENTARIA GROUP

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

The following table sets forth information related to the Group’s total assets as of 31 December 2009 and 2008 and the Group's income attributed to parent company for 2009 and 2008, broken down by the companies in the group according to their activity:

	Millions of euros			
2009	Total assets contributed to the Group	% of the total asset of the Group	Net Income attributed to parent company of the period	% of the net income attributed to parent company
Banks	505,398	94.46%	3,435	81.58%
Financial services	7,980	1.49%	343	8.16%
Portfolio and funds managing company and dealers	3,053	0.57%	(243)	(5.77%)
Insurance and pension fund managing company	16,168	3.02%	755	17.94%
Real Estate, services and other entities	2,466	0.46%	(80)	(1.91%)
Total	**535,065**	**100.00%**	**4,210**	**100.00%**

	Millions of euros			
2008	Total assets contributed to the Group	% of the total asset of the Group	Net Income attributed to parent company of the	% of the net income attributed to parent
Banks	498,030	91.78%	3,535	70.41%
Financial services	15,608	2.88%	393	7.84%
Portfolio and funds managing company and dealers	11,423	2.10%	466	9.28%
Insurance and pension fund managing company	14,997	2.76%	646	12.86%
Real Estate, services and other entities	2,592	0.48%	(20)	(0.40%)
Total	**542,650**	**100.00%**	**5,020**	**99.99%**

The Group's activity is mainly located in Spain, Mexico, the United States and Latin America, with an active presence in Europe and Asia (see Note 17).

As of December 31, 2009, 2008 and 2007, the total assets of the Group's most significant subsidiaries, broken down by countries in which the Group operates, were as follows:

	Millions of euros		
COUNTRY	2009	2008	2007
Spain	370,621	380,532	347,767
Mexico	61,655	61,023	65,556
USA	49,576	49,698	44,358
Chile	10,253	9,389	8,835
Venezuela	11,410	9,652	7,156
Colombia	6,532	6,552	5,922
Peru	7,311	7,683	5,650
Argentina	5,030	5,137	4,798
Rest	12,677	12,984	11,684
Total	**535,065**	**542,650**	**501,726**

For the year ended December 31, 2009, 2008 and 2007, the "Interest and similar income"of the Group's most significant subsidiaries, broken down by countries where Group operates, were as follows:

	Millions of euros		
COUNTRY	2009	2008	2007
Spain	12,046	16,892	15,007
Mexico	5,354	6,721	6,185
USA	1,991	2,174	1,476
Chile	522	986	793
Venezuela	1,553	1,116	772
Colombia	750	811	589
Peru	563	520	395
Argentina	549	541	466
Rest	447	643	493
Total	**23,775**	**30,404**	**26,176**

Appendix II shows relevant information on the Group's subsidiaries as of December 31, 2009.

Appendix IV shows relevant information on the consolidated jointly controlled entities accounted for using the proportionate consolidation method, as of December 31, 2009.

Appendix V shows the main changes in ownership interests in the year 2009.

Appendix VI shows details of the subsidiaries under the full consolidation method and which, based on the information available, were more than 10% owned by non-Group shareholders as of December 31, 2009.

- Spain

The Group's activity in Spain is fundamentally through BBVA, which is the parent company of the BBVA Group. Appendix I shows BBVA's individual financial statements as of December 31, 2009 and 2008.

The following table sets forth BBVA's total assets and income before tax as a proportion of the total assets and consolidated income before tax of the Group, as of December 31, 2009, 2008 and 2007:

	2009	2008	2007
% BBVA Assets over Group Assets	67%	63%	62%
% BBVA Income before tax over Consolidated income before tax	49%	28%	46%

The Group also has other companies in Spain's banking sector, insurance sector, real estate sector and service and operating lease companies.

- Mexico

The Group's presence in Mexico dates back to 1995. It operates mainly through Grupo Financiero BBVA Bancomer, both in the banking sector through BBVA Bancomer, S.A. and in the insurance and pensions business through Seguros Bancomer S.A. de C.V., Pensiones Bancomer S.A. de C.V. and Administradora de Fondos para el Retiro Bancomer, S.A. de C.V.

- United States and Puerto Rico

In recent years, the Group has expanded its presence in the United States through the acquisition of several financial groups operating in various southern states. In 2007 the Group acquired Compass Bancshares Inc. and State National Bancshares Inc., taking control of these entities and the companies in their groups. The merger between the three banks based in Texas owned by the Bank (Laredo National Bank, Inc., Texas National Bank, and State National Bank) and Compass Bank, Inc. took place in 2008.

In 2009, through its subsidiary BBVA Compass, the Group acquired some of the assets and liabilities of Guaranty Bank, Inc ("Guaranty Bank") in Texas from the Federal Deposit Insurance Corporation (FDIC). At the date of acquisition, Guaranty Bank operated 105 branches in Texas and 59 in California.

The BBVA group also has a significant presence in Puerto Rico through its subsidiary BBVA Puerto Rico, S.A.

- Latin America

The Group's activity in Latin America is mainly focused on the banking, insurance and pensions sectors, in the following countries: Chile, Venezuela, Colombia, Peru, Argentina, Panama, Paraguay and Uruguay. It is also active in Bolivia and Ecuador in the pensions sector.

The Group owns more than 50% of most of the companies in these countries, with the exception of certain companies in Peru and Venezuela. Below is a list of the companies forming part of the BBVA Banco Continental (Peru) Group and BBVA Banco Provincial (Venezuela) which, although less than 50% owned by the Group, as of December 31, 2009, are fully consolidated at this date as a result of agreements between the Group and the other shareholders giving the Group effective control of these entities (see Note 2.1):

	% Controlled Voting Rights	% Ownership
Comercializadora Corporativa SAC	99.91	50.00
Banco Continental, S.A.	92.08	46.04
Continental Bolsa, Sociedad Agente de Bolsa, S.A.	100.00	46.04
Continental DPR Finance Company	100.00	46.04
Continental Sociedad Titulizadora, S.A.	100.00	46.04
Continental S.A. Sociedad Administradora de Fondos	100.00	46.04
Inmuebles y Repercusiones Continental, S.A.	100.00	46.04
Banco Provincial Overseas N.V.	100.00	48.01

Changes in the Group in the last three years

The most noteworthy acquisitions and sales of subsidiaries in 2009, 2008 and 2007 were as follows:

2009

- ***Purchase of assets and liabilities of Guaranty Bank***

  On August 21, 2009, through its subsidiary BBVA Compass, the Group acquired certain Guaranty Bank assets and liabilities from FDIC through a public auction for qualified investors.

  BBVA Compass acquired assets, mostly loans, for approximately $11,441 million (approximately €8,016 million) and assumed liabilities, mostly customer deposits, for $12,854 million (approximately €9,006 million). These acquired assets and liabilities represented 1.5% and 1.8% of the Group's total assets and liabilities on the acquisition date.

  In addition, the purchase included a loss-sharing agreement with the U.S. supervisory body FDIC under which the latter undertook to assume 80% of the losses of the loans purchased by the BBVA Group up to the first $2,285 million, and up to 95% of the losses if they exceeded this amount. This commitment has a maximum term of 5 or 10 years, based on the portfoliios.

  Given the special nature of this transaction, it is not necessary to calculate the results that would have been obtained if this business combination had been undertaken on January 1, 2009.

- ***Takeovers of Banco de Crédito Local de España, S.A. and BBVA Factoring E.F.C., S.A.***

  The Directors of the subsidiaries Banco de Crédito Local de España, S.A. (Unipersonal), in meetings of their respective boards of directors held on January 26, 2009, and of Banco Bilbao Vizcaya Argentaria, S.A. in its board of directors meeting held on January 27, 2009, approved respective projects for the takeover of both companies by BBVA and the subsequent transfer of all their equity interest to BBVA, which acquired all the rights and obligations of the companies it had purchased through universal succession.

  The merger agreement was submitted for approval at the general meetings of the shareholders and sole shareholder of the companies involved.

  Both takeovers were entered into the Companies Register on June 5, 2009, and thus on this date the companies acquired were dissolved, although for accounting purposes the takeover was carried out on January 1, 2009.

2008

There were no significant changes in the Group in 2008, except the above mentioned merger of three banks in Texas (Laredo National Bank, Inc., Texas National Bank, Inc., and State National Bank, Inc.) with Compass Bank, Inc., and the increase of ownership interest in the CITIC Group (see Note 17).

2007

- ***Acquisition of State National Bancshares, Inc.***

  On January 3, 2007 the Group closed the transaction to purchase State National Bancshares Inc. with an investment of $488 million (€378 million), generating a goodwill of €270 million.

- ***Purchase of Compass Bancshares, Inc.***

  On September 7, 2007 the Group acquired 100% of the share capital of Compass Bancshares Inc., ("Compass") a U.S. banking Group, which operates in the states of 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 (€3,385 million) in cash and delivered 196 million new issued BBVA shares, which represented 5.5% of the share capital of BBVA. This capital increase took place on September 10 at €16.77 per share, the closing market price of the BBVA's shares at September 6, in accordance with the resolutions adopted by the BBVA's general shareholders' meeting.

  BBVA financed the cash consideration in this transaction through internal resources and funds raised through the sale of its 5.01% stake in Iberdrola, S.A. in February 2007, which represented a net capital gain of €696 million.

4. APPLICATION OF EARNINGS

In 2009, the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. resolved to distribute the first, secon and third amounts against the 2009 dividends of the income, amounting to a total of €0.27 gross per share. The aggregate amount of the interim dividends declared as of December 31, 2009, net of the amount collected and to be collected by the Group companies, was €1,000 million and was recognized under "Stockholders' funds - Dividends and remuneration" in the related consolidated balance sheet. The provisional financial statements prepared in 2009 by Banco Bilbao Vizcaya Argentaria, S.A. in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the amounts to the interim dividend were as follows:

Provisional financial Statements	Millions of euros 31-05-2009 First	 31-08-2009 Second	 30-11-2009 Third
Interim dividend -			
Profit at each of the dates indicated, after the provision for income tax	1,232	2,336	3,771
Less -			
Estimated provision for Legal Reserve	-	-	-
Interim dividends paid	-	337	675
Maximum amount distributable	**1,232**	**1,999**	**3,096**
Amount of proposed interim dividend	**337**	**338**	**337**

The final dividend on the 2009 results that the Bank's board of directors plans to propose to the AGM amounts to €0.15 per share. Based on the number of shares that represent the subscribed capital as of December 31, 2009 (see Note 27), the final dividend would amount to €562 million. The allocation of net income for 2009 is as follows:

Application of earnings	Millions of euros
Net profit for year of 2009 (*)	**2,981**
Distribution:	
Dividends	-
- Interim	1,012
- Final	562
Legal reserve	-
Voluntary reserves	1,407

(*) Profit of BBVA, S.A. (Appendix I)

The dividends paid per share in 2009, 2008 and 2007 were as follows:

Dividend per share	Euros First interim	 Second interim	 Third interim	 Final	 Total
2009	0.090	0.090	0.090	0.150	0.420
2008	0.167	0.167	0.167	-	0.501
2007	0.152	0.152	0.152	0.277	0.733

The dividends paid in the fiscal years 2009, 2008 and 2007, respectively, were as follows:

Dividends paid	2009 % over nominal	 Euros per share	 Amount (millions of euros)	2008 % over Nominal	 Euros per share	 Amount (millions of euros)	2007 % over Nominal	 Euros per share	 Amount (millions of euros)
Ordinary shares	86%	0.42	1,574	102%	0.501	1,878	150%	0.733	2,717
Rest of shares	-	-	-	-	-	-	-	-	-
Total dividends paid	86%	0.42	1574	102%	0.501	1878	150%	0.733	2717
Dividends with charge to income	86%	0.42	1574	102%	0.501	1878	150%	0.733	2717
Dividends with charge to reserve or share premium	-	-	-	-	-	-	-	-	-
Dividends in kind	-	-	-	-	-	-	-	-	-

The General Meeting of Stockholders held on March 13, 2009 approved an 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, €317 million, by giving Banco Bilbao Vizcaya Argentaria, S.A. stockholders shares in the common stock from the treasury stock (see Note 28).

5. EARNINGS PER SHARE

The calculation of earnings per share in 2009, 2008 and 2007 were as follows:

Earnings per share	2009	2008	2007
Numerator for basic earnings per share:			
Net income attributed to parent company adjusted (millions of euros)	4,228	5,020	6,126
Numerator for diluted earnings per share:			
Net income attributed to parent company adjusted (millions of euros)	4,228	5,020	6,126
Denominator for basic earnings per share (millions of shares)	3,759	3,706	3,594
Denominator for diluted earnings per share (millions of shares)	3,759	3,706	3,594
Basic earnings per share (euros)	**1.12**	**1.35**	**1.70**
Diluted earnings per share (euros)	**1.12**	**1.35**	**1.70**

In 2009, the Bank issued convertible bonds amounting to €2,000 million, which are due for conversion (see Note 23.4). In accordance with the IAS 33 criteria, to calculate the basic and diluted earnings per share, the resulting total shares after the conversion must be included in the denominator and the result must be adjusted in the numerator, increasing it by the financial costs of the issue (net income attributed to parent company). The basic and diluted earnings per share, taking the IAS 33 criteria into account and considering the principles for conversion, are €1.12 per share.

As of December 31, 2009, 2008 and 2007, there were no other financial instruments, share option commitments with employees or discontinued transations that could potentially affect the calculation of the basic earnings per share for the years presented .

6. BASIS AND METHODOLOGY FOR SEGMENT REPORTING

Segment reporting represents a basic tool in the oversight and management of the Group's various businesses. The Group compiles reporting information on as disaggregated a level as possible, and all data relating to the businesses these units manage is recognized in full. These disaggregated units are then amalgamated in accordance with the organizational structure preordained by the Group into higher level units and, ultimately, the business segments themselves. Similarly, all the companies making up the Group are also assigned to the different segments according to their activity.

Once the composition of each business segment has been defined, certain management criteria are applied, noteworthy among which are the following:

- Economic capital: Capital is allocated to each business based on capital at risk (CaR) criteria, in turn predicated on unexpected loss at a specific confidence level, determined as a function of the Group's target capital ratio. This target level is applied at two levels: the first is adjusted core capital, 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 prefered securities. The calculation of the ERC combines credit risk market risk structural risk associated with the balance sheet equity positions operational risk and fixed asset and technical risks in the case of insurance companies. These calculations are carried out using internal models that have been defined following the guidelines and requirements established under the Basel II Capital Accord, with economic criteria prevailing over regulatory ones.

  Due to its sensitivity to risk, CaR is an element linked to management policies in the businesses themselves. It standardizes capital allocation between them in accordance with the risks incurred and makes it easier to compare profitability. In other words, it is calculated in a way that is standard and integrated for all kinds of risks and for each operation, balance or risk position, allowing its risk-adjusted return to be assessed and an aggregate to be calculated for the return by client, product, segment, unit or business area.

- Internal transfer prices: the calculation of the net interest income of each business is performed using rates adjusted for the maturities and rate reset clauses in effect on the various assets and liabilities making up each unit's balance sheet. The allocation of profits across business generation and distribution units (e.g., in asset management products) is performed at market prices.

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

- Cross selling: On certain occasions, consolidation adjustments are made to eliminate overlap accounted for in the results of one or more units as result of cross-selling focus.

Description of the Group's business segments

The business areas described below are considered the Group's business segments. The composition of the Group's business areas as of 31 December 2009 was as follows:

- Spain and Portugal, which includes: the Retail Banking network in Spain, including the segments of individual customers, private banking and small business and retailer banking in the domestic market; Corporate and Business Banking, which encompasses the segments of SMEs, corporations, institutions and developers in the domestic market; and all other units, among which are Consumer Finance, BBVA Seguros and BBVA Portugal.

- Wholesale Banking & Asset Management ("WB&AM"), made up of: Corporate and Investment Banking, which includes the work of offices in Europe, Asia and New York with large corporations and companies; Global Markets, responsible for liquidity assets management and distribution services in the same markets; Asset Management, Asset Management, which includes the management of investment and pension funds in Spain; Industrial and Real Estate Management, which includes the development of long-term business projects and private equity business developed through Valanza; and Asia, with the participation in the CITIC Group. In addition, Wholesale Banking & Asset Management is present in the above businesses both in Mexico and South America, but its activity and results are included in those business areas for the purposes of these consolidated financial statements.

- Mexico: includes the banking, pensions and insurance businesses in the country.

- United States: includes the banking and insurance businesses in the U.S., as well as those in Puerto Rico.

- South America: includes the banking, pensions and insurance businesses in South America.

- Corporate Activities performs management functions for the Group as a whole, essentially management of asset and liability positions in euro-denominated interest rates and in exchange rates, as well as liquidity and capital management functions. The management of asset and liability interest-rate risks in currencies other than the euro is recognized in the corresponding business areas. It also includes the Industrial and Financial Holdings unit and the Group's non-international real estate businesses.

In 2009, BBVA maintained the criteria applied in 2008 in terms of the composition of the different business areas, with some insignificant changes. They thus do not affect the Group's reporting and have practically no impact on the figures of the different business areas and units. The data for 2008 and 2007 have been reworked to ensure that the different years are comparable.

The total breakdown of the Group's assets by business areas as of December 31, 2009, 2008 and 2007 was as follows:

	Millions of euros		
Total assets	**2009**	**2008**	**2007**
Spain and Portugal	215,797	220,470	223,628
WB&AM	139,632	136,785	103,999
Mexico	62,857	60,704	65,678
USA	44,528	43,351	38,381
South America	44,378	41,600	34,690
Corporate Activities	27,873	39,740	35,350
Total	**535,065**	**542,650**	**501,726**

The detail of the consolidated net income for the years ended 2009, 2008 and 2007 for each business area is as follows:

	Millions of euros		
Consolidated income	**2009**	**2008**	**2007**
Spain and Portugal	2,373	2,625	2,381
WB&AM	1,011	754	896
Mexico	1,359	1,938	1,880
USA	(1,071)	211	203
South America	871	727	623
Corporate Activities	(333)	(1,235)	143
Subtotal	**4,210**	**5,020**	**6,126**
Non-assigned income	-	-	-
Elimination of interim income (between segments)	-	-	-
Other gains (losses)	385	365	289
Income tax and/or income from discontinued operations	1,141	1,541	2,079
INCOME BEFORE TAX	**5,736**	**6,926**	**8,494**

For the years 2009, 2008 and 2007 the detail of the ordinary income for each operating segment, which is made up of the “Interest and similar income”, “Dividend income”, “Fee and commission income”, “Net gains (losses)on financial assets and liabilities” and “Other operating income”, is as follows:

	Millions of euros		
Total ordinary income	**2009**	**2008**	**2007**
Spain and Portugal	9,738	12,613	11,442
WB&AM	3,365	5,920	5,559
Mexico	7,672	9,162	8,721
USA	2,713	2,862	1,831
South America	5,480	5,834	4,643
Corporate Activities	4,847	4,886	5,064
Adjustments and eliminations of ordinary income between segments	-	-	-
TOTAL	**33,815**	**41,277**	**37,260**

7. RISK EXPOSURE

Dealing in financial instruments can entail the assumption or transfer of one or more classes of risk by financial institutions. The risks related to financial instruments are:

- Credit risk: Credit risk 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.
- Market risks: These are defined as the risks arising from the maintenance of financial instruments whose value may be affected by changes in market conditions. It includes three types of risk:
  - Foreign-exchange risk: this is the risk resulting from variations in foreign exchange rates.
  - Interest-rate risk: this arises from variations in market interest rates.
  - Price risk: This is the risk resulting from variations in market prices, either due to factors specific to the instrument itself, or alternatively to factors which affect all the instruments traded on the market.
  - Commodities risk: this is the risk resulting from changes in the price of traded commodities.
- Liquidity risk: this is the possibility that a company cannot meet its payment commitments duly without having to resort to borrowing funds under onerous conditions, or damaging its image and reputation of the entity.

PRINCIPLES AND POLICIES

The general guiding principles followed by the BBVA Group to define and monitor its risk profile are set out below:

- The risk management function is unique, independent and global.
- The assumed risks must be compatible with the target capital adequacy and must be identified, measured and assessed. Monitoring and management procedures and sound control systems must likewise be in place.
- All risks must be managed integrally during their life cycle, being treated differently depending on their type and with active portfolio management based on a common measurement (economic capital).
- It is each business area's responsibility to propose and maintain its own risk profile, within their independence in the corporate action framework (defined as the set of risk policies and procedures).
- The risk infrastructure must be suitable in terms of people, tools, databases, information systems and procedures so that there is a clear definition of roles and responsibilities, ensuring efficient assignment of resources among the corporate area and the risk units in business areas.

Building on these principles, the Group 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 (ii) a set of tools, circuits and procedures that constitute the various different risk management regimes, and (iii) an internal risk control system.

CORPORATE GOVERNANCE SYSTEM

The Group has a corporate governance system which is in keeping with international recommendations and trends, adapted to requirements set by regulators in each country and to the most advanced practices in the markets in which it pursues its business.

In the field of risk management, it is the board of directors that is responsible for approving the risk control and management policy, as well as periodically monitoring internal reporting and control systems.

To perform this function correctly the board is supported by the Executive Committee and a Risk Committee, the main mission of the latter being to assist the board in undertaking its functions associated with risk control and management.

Under Article 36 of the Board Regulations, the Risk Committee is assigned the following functions for these purposes:

- To analyze and evaluate proposals related to the Group's risk management and oversight policies and strategies.
- To monitor the match between risks accepted and the profile established.
- To assess and approve, where applicable, any risks whose size could compromise the Group's capital adequacy or recurrent earnings, or that present significant potential operational or reputational risks.
- To check that the Group possesses the means, systems, structures and resources in accordance with best practices to allow the implementation of its risk management strategy.

The Group's risk management system is managed by the Corporate Risk Area, which combines the view by risk type with a global view. The Corporate Risk Management Area is made up of the Corporate Risk Management unit, which covers credit, market, structural and non-banking risks, which work alongside the transversal units: such as Structural Management & Asset Allocation, Risk Assessment Methodologies and Technology, and Validation and Control, which include internal control and operational risks.

Below this level there are risk teams with which it maintains flowing, continuous relations, and which examine the risks from each country or from specific business groups.

Using this structure, the risk management system insures the following: first, the integration, control and management of all the Group's risks; second, the application of standardized risk principles, policies and metrics throughout the entire Group; and third, the necessary insight into each geographical region and each business.

This organizational system is supplemented by regular committees which may be exclusively from the Risk Area (the Risk Management Committee, the Markets Committee and the Technical Operations Committee) or from several areas (the New Products Committee; the Global Internal Control and Operational Risk Committee, the Assets and Liabilities Committee and the Liquidity Committee). Their duties are:

- The mission of the Risk Management Committee is to develop and implement the Group's risk management model in such a way as to ensure regular follow-up of each type of risk at a global level and in each of the business unit. The risk managers from the business areas and the risk managers from the Corporate Risk Area are members of this committee.

- The Technical Operations Committee analyzes and approves, if appropriate, transactions and financial programs to the level of its competency, passing on those beyond its scope of power to the Risks Committee.

- The Global Asset Allocation Committee assesses the Group's global risk profile and whether its risk management policies are consistent with its target risk profile; it identifies global risk concentrations and alternatives to mitigate these; it monitors the macroeconomic and competitor environment, quantifying global sensitivities and the foreseeable impact different scenarios will have on risk exposure.

- The task of the Global Internal Control and Operational Risk Committee is to undertake a review at the level of the Group and of each of its units, of the control environment and the running of the Internal Control and Operational Risk Models, and likewise to monitor and locate the main operational risks the Group is subject to, including those that are transversal in nature. This Committee is therefore the highest operational risk management body in the Group.

- The functions of the New Products Committee are to assess, and if appropriate to approve, the introduction of new products before the start of activity; to undertake subsequent control and monitoring for newly authorized products; and to foster business in an orderly way to enable it to develop in a controlled environment.

- The Assets and Liabilities Committee (ALCO) is responsible for actively managing structural liquidity, interest rate and foreign exchange risks, together with the Group's capital resources base.

- The Liquidity Committee monitors the measures adopted and verifies the disappearance of the trend signals which led to it being convened or, if it so deems necessary, it will convene the Crisis Committee.

TOOLS, CIRCUITS AND PROCEDURES

The Group has implemented an integral risk management system designed to cater for the needs arising in relation to the various types of risk. This has 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 Group's risk management main activities 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); values-at-risk measurement 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 Group'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 efficient achievement of the targets set.

RISK CONCENTRATION

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.

There is also 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 geographical area 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.

7.1 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 a contractual obligation due to the insolvency or incapacity of the natural or legal persons involved.

Maximum exposure to credit risk

For the financial assets recognized in the consolidated balance sheets, credit risk exposure is equivalent to these assets' carrying amount. The maximum exposure to credit risk on financial guarantees is the maximum that BBVA would be liable for if these guarantees were called in.

The Group’s maximum credit exposure as on December 31, 2009, 2008 and 2007 (without including valuation adjustments or recognizing the availability of collateral or other credit enhancements to guarantee compliance) is broken down by financial instrument and counterparties in the table below:

Maximum credit exposure	Note	2009	2008	2007
			Millions of euros	
Financial asstest held for trading	**10**	**34,672**	**26,556**	**38,392**
Debt securities		34,672	26,556	38,392
Government		31,290	20,778	27,960
Credit institutions		1,384	2,825	6,020
Other sectors		1,998	2,953	4,412
Other financial assets designated at fair value through profit or loss	**11**	**639**	**516**	**421**
Debt securities		639	516	421
Government		60	38	41
Credit institutions		83	24	36
Other sectors		496	454	344
Availvable-for-sale financial assets	**12**	**57,067**	**39,961**	**37,252**
Debt securities		57,067	39,961	37,252
Government		38,345	19,576	17,573
Credit institutions		12,646	13,377	13,419
Other sectors		6,076	7,008	6,260
Loans and receivables	**13**	**353,741**	**375,387**	**344,124**
Loans and advances to credit institutions		22,200	33,679	24,392
Loans and advances to customers		331,087	341,322	319,671
Government		26,219	22,503	21,065
Agriculture		3,924	4,109	3,737
Industry		42,799	46,576	39,922
Real estate and construction		55,766	47,682	55,156
Trade and finance		40,714	51,725	36,371
Loans to individuals		126,488	127,890	121,462
Leases		8,222	9,385	9,148
Other		26,955	31,452	32,810
Debt securities		454	386	61
Government		342	290	(1)
Credit institutions		4	4	1
Other sectors		108	92	61
Held-to-maturity investments	**14**	**5,438**	**5,285**	**5,589**
Government		4,064	3,844	4,125
Credit institutions		754	800	818
Other sectors		620	641	646
Derivatives (trading and hedging)	**15**	**42,836**	**46,887**	**17,412**
Subtotal		**494,393**	**494,591**	**443,190**
Valuation adjustments		436	942	655
Total balance		**494,829**	**495,533**	**443,845**
Financial guarantees		33,185	35,952	36,859
Drawable by third parties		84,925	92,663	101,444
Government		4,567	4,221	4,419
Credit institutions		2,257	2,021	2,619
Other sectors		78,101	86,421	94,406
Other contingent exposures		7,398	6,234	5,496
Total off-balances	**34**	**125,508**	**134,849**	**143,799**
Total maximum credit exposure		**620,338**	**630,382**	**587,644**

For financial assets recognized on the consolidated balance sheets, credit risk exposure is equal to the carrying amount, except for trading and hedging derivatives. The maximum exposure to credit risk on financial guarantees is the maximum that BBVA would be liable for if these guarantees were called in.

As of December 31, 2009, the value of the renegotiated financial assets, which could have deteriorated had it not been for the renegotiation of their terms, has not varied significantly from the previous year.

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

Mitigation of credit risk, collateral and other credit enhancements, including risk hedging and mitigation policies

In most cases, maximum exposure to credit risk is reduced by collateral, credit enhancements and other actions which mitigate the Group's exposure.

The Group applies a credit risk hedging and mitigation policy deriving from a banking approach focused on relationship banking. On this basis, the provision of guarantees is a necessary but not sufficient instrument when taking risks; therefore for the Group to assume risks, it needs to verify the payment or resource generation capacity to ensure the amortization of the risk incurred.

The above is carried out through a prudent risk management policy which consists of analyzing the financial risk in a transaction, based on the repayment or resource generation capacity of the credit recipient, the provision of guarantees in any of the generally accepted ways (cash collateral, pledged assets, personal guarantees, covenants or hedges) appropriate to the risk undertaken, and lastly on the recovery risk (the asset's liquidity).

The procedures for the management and valuation of collaterals are set out in the internal Manual on Credit Risk Management Policies, which the Group actively uses in the arrangement of transactions and in the monitoring of both these and customers.

This Manual lays down the basic principles of credit risk management, which includes the management of the collateral assigned in transactions with customers. Accordingly, the risk management model jointly values the existence of an adequate cash flow generation by the obligor that enables him to service the debt, together with the existence of suitable and sufficient guarantees that ensure the recovery of the credit when the obligor's circumstances render him unable to meet their obligations.

The procedures used for the valuation of the collateral are consistent with the market's best practices, which involve the use of appraisal for real estate guarantees, market price for shares, quoted value of shares in a mutual fund, etc.

All collaterals assigned are to be properly instrumented and recognized in the corresponding register, as well as receive the approval of the Group's Legal Units.

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

- **Financial assets held for trading:** The guarantees or credit enhancements obtained directly from the issuer or counterparty are implicit in the clauses of the instrument. In trading derivatives, credit risk is minimized through contractual netting agreements, where positive- and negative-value derivatives with the same counterparty are offset for their net balance. There may likewise be other kinds of guarantees, depending on counterparty solvency and the nature of the transaction.
- **Other financial assets at fair value through profit or loss:** The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent in the structure of the instrument.
- **Financial assets available for sale:** The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent in the structure of the instrument.
- **Loans and receivables:**
    - Loans and advances to credit institutions: These have the counterparty's personal guarantee.
    - Total lending to customers: Most of these operations are backed by personal guarantees extended by the counterparty. The collateral received to secure loans and advances to other debtors includes mortgages, cash guarantees and other collateral such as pledged securities. Other kinds of credit enhancements may be put in place such as guarantees.
    - Debt securities: The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent in the structure of the instrument.
- **Held-to-maturity investments:** The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent in the structure of the instrument.
- **Hedging derivatives:** Credit risk is minimized through contractual netting agreements, where positive- and negative-value derivatives with the same counterparty are settled at their net balance. There may

likewise be other kinds of guarantees, depending on counterparty solvency and the nature of the transaction.

- **Financial guarantees, other contingent exposures and drawable by third parties:** They have the counterparty's personal guarantee and, in some cases, the additional guarantee from another credit institution with which a credit derivative has been subscribed.

The Group's collateralized credit risk as of December 31, 2009, 2008 and 2007, excluding balances deemed impaired, is broken down in the table below:

	Millions of euros		
	2009	2008	2007
Mortgage loans	**127,957**	**125,540**	**123,998**
Operating assets mortgage loans	4,050	3,896	4,381
Home mortgages	99,493	96,772	79,377
Rest of mortgages	24,414	24,872	40,240
Secured loans, except mortgage	**20,917**	**19,982**	**11,559**
Cash guarantees	231	250	578
Pledging of securities	692	458	766
Rest of secured loans	19,994	19,274	10,215
Total	**148,874**	**145,522**	**135,557**

In addition, the derivatives carry contractual, legal compensation rights that have effectively reduced credit risk by €27,026 million as of December 31, 2009, by €29,377 million as of December 31, 2008 and by €9,481 million as of December 31, 2007.

As of December 31, 2009, specifically in relation to mortgages, the average amount pending loan collection represented 54% of the collateral pledged (55% as of December 31, 2008 and 2007).

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). Scoring is a decision model that contributes to both the arrangement and management of retail type loans: consumer loans, mortgages, credit cards for individuals, etc. Scoring is the tool used to decide to whom a loan should be assigned, what amount should be assigned and what strategies can help establish the price, because it is an algorithm that sorts transactions in accordance with their credit rating. Rating tools, as opposed to scoring tools, do not assess transactions but focus on customers instead: 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 external rating agencies (Moody's, Standard & 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 maps the measurements compiled by the various agencies to the BBVA master rating scale.

Once the probability of default for the transactions or customers has been determined, the so-called business cycle adjustment starts. This involves generating a risk metric outside the context estimate, seeking to gather information that represents behavior for an entire economic cycle. This probability is linked to the Group's master rating scale.

BBVA maintains a master rating scale with a view to facilitating the uniform classification of the Group's various asset risk portfolios. The table below depicts the abridged scale which groups outstanding risk into 17 categories as of December 31, 2009:

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+	14	11	17
BBB	20	17	24
BBB-	31	24	39
BB+	51	39	67
BB	88	67	116
BB-	150	116	194
B+	255	194	335
B	441	335	581
B-	785	581	1,061
C	2,122	1,061	4,243

The table below outlines the distribution of exposure including derivatives by internal ratings, to financial entities and public institutions (excluding sovereign risk), of the Group's main institutions as of December 31, 2009, 2008 and 2007:

Rating	2009 %	2008 %	2007 %
AAA/AA+/AA/AA-	19.55%	23.78%	27.00%
A+/A/A-	28.78%	26.59%	17.00%
BBB+	8.65%	9.23%	9.00%
BBB	7.06%	5.76%	8.00%
BBB-	6.91%	9.48%	8.00%
BB+	4.46%	8.25%	14.00%
BB	6.05%	6.16%	6.00%
BB-	6.45%	5.91%	6.00%
B+	5.38%	3.08%	3.00%
B	3.34%	1.44%	2.00%
B-	0.88%	0.29%	0.00%
CCC/CC	2.49%	0.03%	0.00%
Total	**100.00%**	**100.00%**	**100.00%**

Policies and procedures for preventing excessive risk concentration

In order to prevent the build-up of excessive concentrations of credit risk at the individual, country and sector levels, the Group 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 Group'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 Group's presence in a given market, based on the following guidelines:

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

- Other determining factors are national legislation and the ratio between the size of customer lending and the 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 appropriate action to be taken.

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, 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.

There is additional guideline in terms of a maximum risk concentration level of up to and including 10% of equity: up to this level there are stringent requirements in terms of in-depth knowledge of the client, its operating markets and sectors of operation.

Financial assets past due but not impaired

The table below provides details of financial assets past due as of December 31, 2009, but not considered to be impaired, including any amount past due on this date, listed by their first due date:

	Millions of euros		
	2009	2008	2007
Less than 1 month	2,653	1,580	1,422
1 to 2 months	336	534	298
2 to 3 months	311	447	234
Total	**3,300**	**2,561**	**1,954**

Impaired assets and impairment losses

The table below shows the composition of the balance of impaired financial assets by heading in the balance sheet and the impaired contingent liabilities on December 31, 2009, 2008 and 2007:

	Millions of euros		
	2009	2008	2007
IMPAIRED RISKS ON BALANCE			
Available-for-sale	212	188	3
Debt securities	212	188	3
Loans and receivables	15,311	8,540	3,366
Loans and advances to credit institutions	100	95	8
Loans and advances to customers	15,197	8,437	3,358
Debt securities	14	8	-
Total	**15,523**	**8,728**	**3,369**
Goverment	87	102	177
Credit institutions	172	165	8
Other sectors	15,264	8,461	3,184
Mortgage	4,426	2,487	696
Rest of secured loans	1,663	941	113
Without secured loans	9,175	5,033	2,375
Total	**15,523**	**8,728**	**3,369**
IMPAIRED RISKS OFF BALANCE			
Impaired contingent liabilities	405	131	49
TOTAL IMPAIRED RISKS	**15,928**	**8,859**	**3,418**

The estimated value of assets used as security for impaired assets with secured loans as of December 31, 2009 was higher than the outstanding amount of those assets.

The changes in 2009, 2008 and 2007 in the impaired financial assets and contingent liabilities were as follows:

	Millions of euros		
	2009	2008	2007
Balance at the beginning of year	**8,859**	**3,418**	**2,543**
Additions	17,298	11,488	4,606
Recoveries	(6,524)	(3,668)	(2,418)
Transfers to write-off	(3,737)	(2,198)	(1,497)
Exchange differences and others	32	(181)	184
Balance at the end of year	**15,928**	**8,859**	**3,418**

Below are details of the impaired financial assets as on December 31, 2009, 2008 and 2007, without considering impaired liabilities or valuation adjustments, classified by geographical location of risk and by the time since their oldest past-due amount or the period since they were deemed impaired:

	Millions of euros					
	2009					
Impaired assets	Amounts less than six months past-due	6 to 12 months	12 to 18 months	18 to 24 months	More than 24 months	Total
Spain	4,644	1,827	2,177	948	1,879	11,475
Rest of Europe	88	16	8	7	29	148
Latin America	1,308	134	80	15	490	2,027
United States	1,671	-	-	-	187	1,858
Rest	14	-	-	-	1	15
Total	**7,727**	**1,977**	**2,265**	**970**	**2,586**	**15,523**

	Millions of euros					
	2008					
Impaired assets	Amounts less than six months past-due	6 to 12 months	12 to 18 months	18 to 24 months	More than 24 months	Total
Spain	2,405	1,904	595	87	975	5,966
Rest of Europe	55	10	6	5	16	92
Latin America	1,112	88	22	7	320	1,549
United States	221	869	-	-	30	1,120
Rest	-	-	-	-	1	1
Total	**3,793**	**2,871**	**623**	**99**	**1,342**	**8,728**

	Millions of euros					
	2007					
Impaired assets	Amounts less than six months past-due	6 to 12 months	12 to 18 months	18 to 24 months	More than 24 months	Total
Spain	605	409	212	110	295	1,631
Rest of Europe	37	7	3	2	14	63
Latin America	808	104	12	8	312	1,244
United States	189	230	-	-	12	431
Rest	-	-	-	-	-	-
Total	**1,639**	**750**	**227**	**120**	**633**	**3,369**

The table below depicts the finance income accrued on impaired financial assets as of December 31, 2009, 2008 and 2007:

	Millions of euros		
	2009	2008	2007
Financial income from impaired assets	1,485	1,042	880

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

Note 2.2.1.b gives a description of the individual analysis of impaired financial assets, including the factors the entity takes into account in determining that they are impaired and the extension of guarantees and other credit enhancements.

The following shows the changes in impaired financial assets written off from the balance sheet for the year ended December 31, 2009, 2008 and 2007 because the possibility of their recovery was deemed remote:

	2009	2008	2007
			Millions of euros
Balance at beginning of year	**6,872**	**5,622**	**6,120**
Increase:	3,880	1,976	2,112
Decrease:			
Re-financing or restructuring	-	-	-
Cash recovery	(188)	(199)	(237)
Foreclosed assets	(48)	(13)	(5)
Definitive written off	(590)	(261)	(2,306)
Cancellation	(346)	(94)	(149)
Expiry of rights	-	-	-
Other causes	(936)	(355)	(2,455)
Net exchange differences	**253**	**(159)**	**87**
Balance at the end of year	**9,833**	**6,872**	**5,622**

The Group's Non-performing Loans ("NPL") ratios for the headings "Loans and advances to customers" and "Contingent liabilities" as of December 31, 2009, 2008 and 2007 were:

	2009	2008	2007
NPL ratio (%)	4.30	2.30	0.89

A breakdown of impairment losses by type of financial instrument registered in income statement and the recoveries of impaired financial assets in 2009, 2008 and 2007 is provided Note 49.

The accumulated balance of impairment losses broken down by portfolio as of December 31, 2009, 2008 and 2007 is as follows:

	Notes	2009	2008	2007
				Millions of euros
Available-for-sale portfolio	12	449	202	53
Loans and receivables- Loans and advances to customers	13.3	8,720	7,412	7,117
Loans and receivables- Loans and advances to credit institutions	13.2	68	74	10
Loans and receivables - Debt securities		17	19	9
Held to maturity investment	14	1	4	5
Total		**9,255**	**7,711**	**7,194**
Of which:				
For impaired portfolio		6,380	3,480	1,999
For current portfolio non impaired		2,875	4,231	5,195

The changes in the accumulated impairment losses for the years 2009, 2008 and 2007 were as follows:

	2009	2008	2007
			Millions of euros
Balance at beginning of year	**7,711**	**7,194**	**6,504**
Increase in impairment losses charged to income	8,282	4,590	2,462
Decrease in impairment losses credited to income	(2,622)	(1,457)	(333)
Aquisition of subsidiaries in the year	-	1	276
Disposal of subsidiaries in the year	-	(4)	(26)
Transfers to written-off loans	(3,878)	(1,951)	(1,297)
Exchange differences and other	(238)	(662)	(392)
Balance at the end of year	**9,255**	**7,711**	**7,194**

Most of the impairment on financial assets are included under the heading "Loans and receivables - Loans and advances to customers". The changes in impairment for the year ended 2009, 2008 and 2007 are shown in this heading:

	Millions of euros		
	2009	2008	2007
Balance at beginning of year	**7,412**	**7,117**	**6,404**
Increase in impairment losses charged to income	7,983	4,434	2,455
Decrease in impairment losses credited to income	(2,603)	(1,636)	(553)
Aquisition of subsidiaries in the year	-	-	276
Disposal of subsidiaries in the year	-	-	(26)
Transfers to written-off loans	(3,828)	(1,950)	(1,296)
Exchange differences and other	(244)	(553)	(143)
Balance at the end of year	**8,720**	**7,412**	**7,117**

7.2 MARKET RISK

a) Market Risk

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, resulting in changes in the different assets and financial risk factors. The risk can be mitigated or even eliminated through hedges using other products (assets/liabilities or derivatives), or by undoing the transaction/open position.

There are four main risk factories that affect market prices: interest rates, foreign exchange rates, equity and commodities.

- Interest rate risk: defined as changes in the term structure of market interest rates for different currencies.
- Foreign-exchange risk: this is the risk resulting from changes in the foreign exchange rate for different currencies.
- Price risk: This is the risk resulting from variations in market prices, either due to factors specific to the instrument itself, or alternatively to factors which affect all the instruments traded on the market.
- Commodities risk: this is the risk resulting from changes in the price of traded commodities.

In addition, for certain positions, other risks also need to be considered: credit spread risk, basis risk, volatility or correlation risk.

Value at Risk (*VaR*) is the basic variable for measuring and controlling the Group's market risk. This risk metric estimates the maximum loss that may occur in a portfolio's market positions for a particular time horizon and given confidence level. VaR is calculated in the Group at a 99% confidence level and a 1-day time horizon.

The BBVA and BBVA Bancomer have received approval from the Bank of Spain to use the internal model to calculate bank capital for market risk. This authorization was made effective from December 31, 2004 in the case of BBVA, and from December 31, 2007 for BBVA Bancomer.

In BBVA and BBVA Bancomer VaR is estimated using Historic Simulation methodology. This methodology consists of observing how the profits and losses of the current portfolio would perform if the market conditions from a particular historic period were in force, and from that information to infer the maximum loss at a certain confidence level. It offers the advantage of accurately reflecting the historical distribution of the market variables and of not requiring any specific distribution assumption. The historic period used is one of two years.

With regard to market risk, limit structure determines a system of VaR and economic capital at risk limits for each business unit, with specific sub-limits by type of risk, activity and desk.

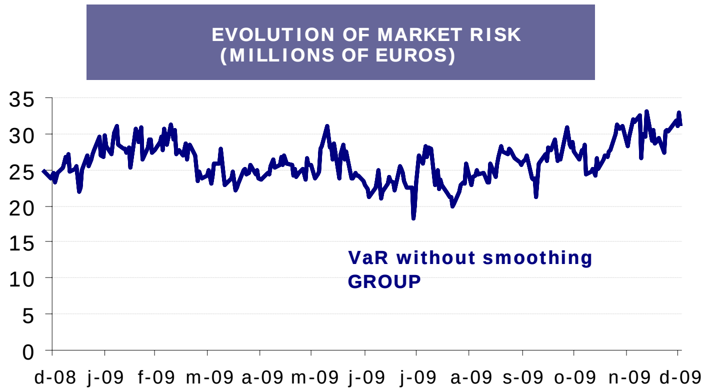
Validity tests are performed on the risk measurement models used to estimate the maximum loss that could be incurred in the positions assessed with a certain level of probability (backtesting), as well as measurements of the impact of extreme market events on risk positions (stress testing).

The Group is currently performing stress testing on historical and economic crisis scenarios drawn up by its Economic Research Department.

Changes in market risk in 2009

The BBVA Group's market risk increased slightly in 2009 compared to previous years. The average risk for 2009 stood at €26.2 million (VaR calculation without smoothing). During 1H09, some subsidiaries of the Group in South America and Bancomer were more exposed to interest rates in light of the expectations of falling rates, which were evident through considerable cuts in the short end of the yield curves, which had a positive impact on activity results. This greater exposure was gradually reduced once the central banks stopped cutting interest rates, contributing toward a reduction of market risks in the region, which was helped by lower market volatility. During 2H09, the Group's market risk trend was explained by some increases in Mercados Globales Europa's exposure, especially, in long-term interest rates and in the volatility of stock markets.

In 2009, the changes in market risk (VaR calculations without smoothing with a 99% confidence level and a 1-day horizon) were as follows:



The breakdown of VaR by risk factor as of December 31, 2009, 2008 and 2007 was as follows:

	2009	2008	2007
Interest/Spread risk	37.6	24.2	12.2
Currency risk	2.3	7.4	2.4
Stock-market risk	8.9	1.1	6.3
Vega/Correlation risk	15.4	14.8	8.8
Diversification effect	(33.2)	(24.3)	(5.7)
TOTAL	**31.0**	**23.2**	**24.0**
VaR medium in the year	**26.2**	**20.2**	**21.5**
VaR max in the year	**33.1**	**35.3**	**26.4**
VaR min in the year	**18.2**	**12.8**	**16.7**

b) Structural interest rate risk

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

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ALCO uses 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 BBVA Group's net interest income and economic value.

In addition to measuring the sensitivity to 100-basis-point changes in market interest rates, the Group performs probability calculations that determine the economic capital and risk margin for structural interest rate risk in the BBVA's Group banking activity (excluding the Treasury area), based on interest rate curve simulation models. The Group regularly performs stress tests and sensitivity analysis to complement its assessment of its interest rate risk profile.

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

Below are the average interest rate risk exposure levels in terms of sensitivity of the main financial institutions of the BBVA Group in 2009, in millions of euros:

	Average impact on Net Interest Income (*)		Average impact on Economic Value (*)	
	100 Basis-Point Increase	100 Basis-Point Decrease	100 Basis-Point Increase	100 Basis-Point Decrease
Europa	-3.63%	+3.96%	+0.45%	-0.72%
BBVA Bancomer	+1.28%	-1.27%	-2.89%	+2.59%
BBVA Compass	+0.83%	-0.23%	+1.26%	-4.19%
BBVA Puerto Rico	+3.57%	-3.20%	-1.68%	+1.01%
BBVA Chile	-0.64%	+0.52%	-6.15%	+4.87%
BBVA Colombia	+1.83%	-1.85%	-1.85%	+1.93%
BBVA Banco Continental	+1,78%	-1.79%	-5.38%	+5.94%
BBVA Banco Provincial	+0.71%	-0.71%	-1.58%	+1.68%
BBVA Banco Francés	+0.86%	-0.87%	+0.13%	-0.17%

(*) Percentage relating to "1 year" net Interest margin forecast in each entity.
(**) Percentage relating to each entity's Capital Base.

As part of the measurement process, the Group established the assumptions regarding the movement and behavior of certain items, such as those relating to products with no explicit or contractual maturity. These assumptions are based on studies that estimate the relationship between the interest rates on these products and market rates 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 foreign exchange risk is basically caused by exposure to variations in foreign exchange rates that arise in the Group's foreign subsidiaries and the provision of funds to foreign branches financed in a different currency to that of the investment.

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

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

As of December 31, 2009, the aggregate figure of asset exposure sensitivity to a 1% depreciation in exchange rates stood at €82 million, with the following concentration: 53% in the Mexican peso, 34% in other South American currencies and 8% in the US dollar.

d) Structural equity risk

The Group's exposure to structural equity risk comes largely from its holdings in industrial and financial companies with medium- to long-term investment horizons, reduced by the short net positions held in derivative instruments on the same underlying assets, in order to limit portfolio sensitivity to potential price cuts. The aggregate sensitivity of the Group's consolidated equity to a 1% fall in the price of shares stood, on December 31, 2009, at €47 million, while the sensitivity of the consolidated earnings to the same change in price on the same date is estimated at €4 million. The latter is positive in the case of falls in prices as these are short net positions in derivatives. This figure is determined by considering the exposure on shares measured at market price or, if not available, at fair value, including the net positions in options on the same underlyings in delta equivalent terms. Treasury Area portfolio positions are not included in the calculation.

The Risk Area measures and effectively monitors structural risk in the equity portfolio. To do so, it estimates the sensitivity figures and the capital necessary to cover possible unexpected losses due to the variations in the value of the equity portfolio at a confidence level that corresponds to the institution's target rating, and taking account of the liquidity of the positions and the statistical performance of the assets under consideration. These figures are supplemented by periodic stress comparisons, back-testing and scenario analyses.

7.3 LIQUIDITY RISK

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

The Group's liquidity risk monitoring is centralized in each bank and takes 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, calculates the Bank's possible liquidity requirements; and the structural, 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 evaluation of asset liquidity risk is based on whether or not assets are eligible for rediscounting at 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 analyzing crisis situations.

Liquidity management is performed entirely by the Bank's Assets and Liabilities Committee ("ALCO"), through Financial Management. For its implementation, it uses a broad scheme of limits, sublimits and alerts, approved by the Executive Committee, based on which the Risk Area carries out its independent measurement and control work. It also provides the manager with back-up decision-making tools and metrics. Each of the local risk areas, which are independent from the local manager, complies with the corporative principles of liquidity risk control that are established by the Global Market Risk Unit (UCRAM) – Structural Risks for the entire Group.

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 Executive 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 interbank counterparty concentration, prepares the policies and procedures manual, and monitors the authorized limits and alerts, which are reviewed al least once every year.

Information on liquidity risk is periodically sent to the Group's ALCO and to the managing areas themselves. Under 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 is made up of specialized staff from the Short-Term Cash Desk, Financial Management and the Global Market 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.

Below is a breakdown by contractual maturity, of the balances of certain headings in the consolidated balance sheets as of December 31, 2009, 2008 and 2007, disregarding any valuation adjustments:

			Millions of euros				
2009	**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	16,331	14,650	535	248	735	163	0
Loans and advances to credit insititutions	22,200	3,119	8,484	1,549	1,914	4,508	2,626
Loans and advances to customers	331,087	4,313	31,155	19,939	40,816	94,686	140,178
Debt securities	98,270	1,053	4,764	15,611	10,495	37,267	29,080
Derivatives (trading and hedging)	32,873	-	637	2,072	3,863	13,693	12,608
LIABILITIES-							
Deposits from central banks	21,096	213	4,807	3,783	12,293	0	0
Deposits from credit institutions	48,945	1,836	24,249	5,119	5,145	6,143	6,453
Deposits from customers	253,383	106,942	55,482	34,329	32,012	18,325	6,293
Debt certificates (including bonds)	97,186	-	10,226	16,453	15,458	40,435	14,614
Subordinated liabilities	17,305	-	500	689	2	1,529	14,585
Other financial liabilities	5,625	3,825	822	141	337	480	20
Short positions	3,830	-	448	-	16	-	3,366
Derivatives (trading and hedging)	30,308	-	735	1,669	3,802	13,585	10,517

2008	Total	Demand	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
				Millions of euros			
ASSETS -							
Cash and balances with central banks	14,642	13,487	476	296	181	202	-
Loans and advances to credit insititutions	33,679	6,198	16,216	1,621	2,221	4,109	3,314
Loans and advances to other debtors	341,322	13,905	36,049	23,973	45,320	91,030	131,045
Debt securities	72,704	716	1,701	12,230	9,483	24,640	23,934
Derivatives (trading and hedging)	44,779	-	3,739	2,206	5,442	16,965	16,427
LIABILITIES-							
Deposits from central banks	16,762	2,419	8,737	2,441	3,165	-	-
Deposits from credit institutions	49,573	4,906	22,412	4,090	5,975	6,581	5,609
Money market operations through counterparties	-	-	-	-	-	-	-
Deposits from other creditors	253,723	101,141	68,804	27,025	35,176	16,440	5,137
Debt certificates (including bonds)	101,328	-	9,788	13,516	12,072	45,469	20,483
Subordinated liabilities	16,249	69	913	1	872	3,582	10,812
Other financial liabilities	8,453	5,000	1,152	385	203	1,371	342
Short positions	2,700	-	24	-	23	-	2,653
Derivatives (trading and hedging)	41,535	-	2,693	3,108	6,310	15,538	13,886

2007	Total	Demand	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
				Millions of euros			
ASSETS -							
Cash and balances with central banks	22,561	22,532	29	-	-	-	-
Loans and advances to credit insititutions	24,392	3,764	12,246	2,519	2,301	2,703	859
Loans and advances to other debtors	319,671	7,220	30,338	23,778	46,226	87,414	124,695
Debt securities	81,715	516	1,719	24,726	8,964	20,884	24,906
LIABILITIES-							
Deposits from central banks	27,256	117	25,013	1,435	691	-	-
Deposits from credit institutions	60,394	6,696	36,665	4,063	5,258	5,657	2,055
Money market operations through counterparties	-	-	-	-	-	-	-
Deposits from other creditors	218,541	74,605	51,671	15,815	36,390	34,404	5,656
Debt certificates (including bonds)	101,874	5,987	7,391	4,191	14,878	44,178	25,249
Subordinated liabilities	15,397	1,200	495	15	583	2,722	10,382
Other financial liabilities	6,239	3,810	1,372	182	450	372	53

In the wake of the exceptional circumstances unfolding in the international financial markets, notably in 2008 and 2009, the European governments made a decided effort 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, facilitate bank funding, provide financial institutions with additional capital resources where needed so as to continue to ensure the proper financing of the economy, 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.

The following measures were passed into law in Spain in 2008 to mitigate the problem of bank funding: Royal Decree-Law 6/2008, of October 10, creating the Spanish Financial Asset Acquisition Fund, and Order EHA/3118/2008, dated October 31, implementing this Royal Decree, as well as 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.

The Bank can make use of the above measures as part of its risk management policy. However, at the date of preparation of the accompanying consolidated financial statements, the Group has not had to resort to using these facilities.

On December 17, 2009, the Basel Committee on Banking Supervision submitted a series of proposals of different kinds aimed at reinforcing international financial system standards regarding Capital and liquidity. The main purpose of the recommendations is to standardize criteria, establish common standards, and to step up regulatory requirements in the financial sector. The new requirements are expected to enter into force at the end of 2012.

7.4. RISK CONCENTRATIONS

The table below shows the Group's financial instruments by geographical area, not taking into account valuation adjustments, as of December 31, 2009 and 2008:

2009	Millions of euros					
Risks On-Balance	**Spain**	**Europe except Spain**	**USA**	**Latin America**	**Rest**	**Total**
Financial assets held for trading	**22,893**	**25,583**	**3,076**	**15,941**	**2,240**	**69,733**
Debt securities	14,487	7,434	652	11,803	296	34,672
Equity instruments	3,268	624	35	1,662	194	5,783
Derivatives	5,138	17,525	2,389	2,476	1,750	29,278
Other financial assets designated at fair value through profit or loss	**330**	**73**	**436**	**1,498**	**-**	**2,337**
Debt securities	157	42	435	5	-	639
Equity instruments	173	31	1	1,493	-	1,698
Available-for-sale portfolio	**30,177**	**11,660**	**7,828**	**12,585**	**1,266**	**63,516**
Debt securities	24,838	11,429	7,082	12,494	1,223	57,066
Equity instruments	5,339	231	746	91	43	6,450
Loans and receivables	**206,097**	**34,613**	**40,469**	**66,395**	**6,167**	**353,741**
Loans and advances to credit institutions	2,568	11,280	2,441	4,993	918	22,200
Loans and advances to customers	203,529	23,333	37,688	61,298	5,239	331,087
Debt securities	-	-	340	104	10	454
Held-to-maturity investments	**2,625**	**2,812**	**-**	**-**	**-**	**5,437**
Hedging derivatives	**218**	**2,965**	**117**	**270**	**25**	**3,595**
Total	**262,340**	**77,706**	**51,926**	**96,689**	**9,698**	**498,359**
Risks Off-Balance	**Spain**	**Europe except Spain**	**USA**	**Latin America**	**Rest**	**Total**
Financial guarantees	**15,739**	**7,826**	**3,330**	**4,601**	**1,689**	**33,185**
Other contingent exposures	**37,804**	**24,119**	**15,990**	**13,164**	**1,246**	**92,323**
Total	**53,543**	**31,945**	**19,320**	**17,765**	**2,935**	**125,508**

2008	Millions of euros					
Risks On-Balance	**Spain**	**Europe except Spain**	**USA**	**Latin America**	**Rest**	**Total**
Financial assets held for trading	**20,489**	**30,251**	**4,566**	**16,120**	**1,873**	**73,299**
Debt securities	7,799	5,926	652	11,563	616	26,556
Equity instruments	2,332	1,376	80	1,071	938	5,797
Derivatives	10,358	22,949	3,834	3,486	319	40,946
Other financial assets designated at fair value through profit or loss	**245**	**24**	**442**	**1,042**	**1**	**1,754**
Debt securities	63	-	441	12	-	516
Equity instruments	182	24	1	1,030	1	1,238
Available-for-sale portfolio	**15,233**	**10,460**	**9,633**	**8,449**	**2,999**	**46,774**
Debt securities	11,811	9,970	8,889	8,368	924	39,962
Equity instruments	3,422	490	744	81	2,075	6,812
Loans and receivables	**215,030**	**44,394**	**38,268**	**69,534**	**8,162**	**375,388**
Loans and advances to credit institutions	6,556	15,848	2,479	7,466	1,330	33,679
Loans and advances to customers	208,474	28,546	35,498	61,978	6,826	341,322
Debt securities	-	-	291	90	6	387
Held-to-maturity investments	**2,396**	**2,889**	**-**	**-**	**-**	**5,285**
Hedging derivatives	**439**	**2,789**	**270**	**309**	**26**	**3,833**
Total	**253,832**	**90,807**	**53,179**	**95,454**	**13,061**	**506,333**
Risks Off-Balance	**Spain**	**Europe except Spain**	**USA**	**Latin America**	**Rest**	**Total**
Financial guarantees	**16,843**	**8,969**	**3,456**	**4,721**	**1,963**	**35,952**
Other contingent exposures	**45,039**	**22,366**	**16,194**	**13,559**	**1,739**	**98,897**
Total	**61,882**	**31,335**	**19,650**	**18,280**	**3,702**	**134,849**

The breakdown of the principal consolidated balance sheets in the most significant foreign currencies as of December 31, 2009, 2008 and 2007, are set forth in Appendix IX.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

If there is no market price for a given financial asset or liability, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, by using mathematical measurement models sufficiently tried and trusted by the international financial community. The estimates used in such models take into consideration the specific features of the asset or liability to be measured and, in particular, the various types of risk associated with the asset or liability. However, the limitations inherent in the measurement models developed and the possible inaccuracies of the assumptions required by these models may mean 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

Below is a comparison of the carrying amount of the Group's financial assets and liabilities and their respective fair values as of December 31, 2009, 2008 and 2007:

		Millions of euros					
		2009		2008		2007	
Fair value por epígrafes	**Note**	**Carryng Amount**	**Fair value**	**Carryng Amount**	**Fair value**	**Carryng Amount**	**Fair value**
Assets							
Cash and balances with central banks	9	16,344	16,344	14,659	14,659	22,581	22,581
Financial assets held for trading	10	69,733	69,733	73,299	73,299	62,336	62,336
Other financial assets designated at fair value through profit or loss	11	2,337	2,337	1,754	1,754	1,167	1,167
Available-for-sale financial assets	12	63,521	63,521	47,780	47,780	48,432	48,432
Loans and receivables	13	346,117	354,933	369,494	381,845	337,765	345,505
Held-to-maturity investments	14	5,437	5,453	5,282	5,221	5,584	5,334
Hedging derivatives	15	3,595	3,595	3,833	3,833	1,050	1,050
Liabilities							
Financial assets held for trading	10	32,830	32,830	43,009	43,009	19,273	19,273
Other financial liabilities designated at fair value through profit or loss	11	1,367	1,367	1,033	1,033	449	449
Financial liabilities at amortised cost	23	447,936	448,537	450,605	447,722	431,856	425,265
Hedging derivatives	15	1,308	1,308	1,226	1,226	1,807	1,807

For financial instruments whose carrying amount is different from its 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" is equivalent 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 using the market interest rates prevailing at each year-end.

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

- **Level 1**: Measurement using market observable quoted prices for the financial instrument in question, secured from independent sources and linked to active markets. This level includes listed debt securities, listed equity instruments, some derivatives and mutual funds.
- **Level 2**: Measurement using valuation techniques the inputs for which are drawn from market observable data.
- **Level 3**: Measurement using valuation techniques, where some of the inputs are not taken from market observable data. Model selection and validation is undertaken at the independent business units.

The following table depicts the main financial instruments carried at fair value as of December 31, 2009, 2008 and 2007, broken down by the valuation technique level used to determine fair value:

		Millon of euros								
		2009			2008			2007		
Fair value by levels	**Note**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
ASSETS										
Financial assets held for trading	**10**	**39,608**	**29,236**	**889**	**29,096**	**43,257**	**946**	**44,880**	**17,246**	**210**
Debt securities	10.2	33,043	1,157	471	22,227	4,015	314	34,265	4,031	96
Other equity instruments	10.3	5,504	94	185	5,348	89	360	9,149	30	1
Trading derivatives	10.4	1,060	27,985	233	1,521	39,153	272	1,466	13,185	113
Other financial assets designated at fair value through profit or loss	**11**	**1,960**	**377**	**-**	**923**	**831**	**-**	**1,116**	**51**	**-**
Debt securities		584	54 -		515	1	-	370	51	-
Other equity instruments		1,376	323 -		408	830	-	746	-	-
Available-for-sale financial assets	**12**	**49,747**	**12,367**	**818**	**24,640**	**19,679**	**2,905**	**37,590**	**10,445**	**397**
Debt securities		44,387	12,146	538	19,274	19,384	1,173	35,587	1,452	297
Other equity instruments		5,360	221	280	5,366	295	1,732	2,003	8,993	100
Hedging derivatives	**15**	**302**	**3,293**	**-**	**444**	**3,386**	**2**	**389**	**661**	**-**
LIABILITIES										
Financial liabilities held for trading	**10**	**4,936**	**27,797**	**96**	**4,517**	**38,408**	**84**	**1,506**	**17,691**	**76**
Trading derivatives	10.4	1,107	27,797	96	1,817	38,408	84	-	17,464	76
Short positions	10.1	3,830	-	-	2,700	-	-	1,506	227	-
Other financial liabilities designated at fair value through profit or loss	**11**	**-**	**1,367**	**-**	**-**	**1,033**	**-**	**449**	**-**	**-**
Hedging derivatives	**15**	**319**	**989**	**-**	**564**	**662**	**-**	**502**	**1,305**	**-**

The following table sets forth the main valuation techniques, hypotheses and inputs used in the estimation of fair value in level 2 and 3, based on the type of financial instrument:

<table>
<tr><th>LEVEL 2</th><th>Valuation techniques</th><th>Main assumptions</th><th>Main inputs used</th><th colspan="2">2009
Fair value (millions of euros)</th></tr>
<tr><td colspan="6">FINANCIAL ASSETS</td></tr>
<tr><td>• Debt securities</td><td rowspan="11">Present-value method.</td><td rowspan="11">Calculation of the present value of financial instruments as the current value of future cash flows (discounted at market interest rates), taking into account:
• Estimate of prepayment rates;
• Issuer credit risk; and
• Current market interest rates.
• Net Asset Value (NAV) published recurrently, but not every quarter</td><td rowspan="11">• Risk premiums.
• Observable market interest rates.</td><td colspan="2">Trading portfolio</td></tr>
<tr><td rowspan="10">• Equity instruments</td><td>Debt securities</td><td>1,157</td></tr>
<tr><td>Equity instruments</td><td>94</td></tr>
<tr><td colspan="2">Other financial assets designated at fair value through profit or loss</td></tr>
<tr><td>Debt securities</td><td>54</td></tr>
<tr><td>Equity instruments</td><td>323</td></tr>
<tr><td colspan="2">Financial assets held for trading</td></tr>
<tr><td>Debt securities</td><td>12,146</td></tr>
<tr><td>Equity instruments</td><td>221</td></tr>
<tr><td>Other financial liabilities designated at fair value through profit or loss</td><td>1,367</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td rowspan="6">• Trading derivatives</td><td rowspan="3">Analytic/Semi-analytic Formulae</td><td rowspan="3">For share, currency or commodity derivatives:
• The Black-Scholes models take possible convexity adjustments into account (e.g. quanto adjustments).
For interest rate derivatives:
• Black-Scholes models apply a lognormal process for forward rates and consider possible convexity adjustments (e.g., arrears, timing adjustments).
For credit derivatives:
• Black-Scholes models on risk premiums.</td><td rowspan="6">For share, currency or commodity derivatives:
• Forward structure of the underlying asset.
• Volatility of options.
• Observable correlations between underlying assets.

For interest rate derivatives:
• Term structure of the interest rate curve.
• Volatility of underlying asset.

For credit derivatives:
• Credit default swap (CDS) pricing.</td><td colspan="2">ASSETS</td></tr>
<tr><td>Trading Derivatives</td><td>27,985</td></tr>
<tr><td>Hedging Derivatives</td><td>3,293</td></tr>
<tr><td>For share, currency or commodity derivatives:
• Monte Carlo simulations.</td><td>Local volatility model: assumes a constant diffusion of the underlying asset with the volatility depending on the value of the underlying asset and the term.</td><td colspan="2">LIABILITIES</td></tr>
<tr><td>For interest rate derivatives:
• Black-Derman-Toy model.</td><td>This model assumes that:
• Short-term interest rates follow a lognormal process.
• The forward rates in the term structure of the interest rate curve are perfectly correlated.</td><td>Trading Derivatives</td><td>27,797</td></tr>
<tr><td>For credit derivatives:
• Interest rate models.</td><td>These models assume a constant diffusion of default intensity.</td><td>Hedging Derivatives</td><td>989</td></tr>
</table>

LEVEL 3	Valuation techniques	Main assumptions	Main unobservable inputs	2009 Fair value (millions of euros)	
FINANCIAL ASSETS					
• Debt securities	• Present-value method; and • "Time default" model for financial instruments in the collateralized debt obligations (CDOs) family	Calculation of the present value of financial instruments as the current value of future cash flows (discounted at market interest rates), taking into account: • Estimate of prepayment rates; • Issuer credit risk; and • Current market interest rates. In the case of valuation of asset-backed securities (ABSs), future prepayments are calculated on the conditional prepayment rates that the issuers themselves provide. The "time-to-default" model uses a Gaussian copula to measure default probability. One of the main variables used is the correlation of defaults extrapolated from several index tranches (ITRAXX and CDX) with the underlying portfolio of our CDOs, using the expected loss as the basis.	• Prepayment rates. • Default correlation. • Credit spread (1)	Trading portfolio	
				Debt securities	471
				Equity instruments	185
				Available-for-sale financial assets	
• Equity instruments	• Present-value method; and • Net asset value (NAV) for hedge funds.	Calculation of the present value of financial instruments as the current value of future cash flows (discounted at market interest rates), taking into account: • Estimated dividends; and • Current market interest rates.	• Credit spread. (1) • NAV supplied by the fund manager.	Debt securities	538
				Equity instruments	280
• Trading derivatives	For interest rate futures and forwards: • Present-value method. • "Libor Market" model.	The "Libor Market" model models the complete term structure of the interest rate curve, assuming a multidimensional CEV (constant elasticity of variance) lognormal process for forward interest rates. The CEV lognormal process is used to measure the presence of a volatility shift.	• Correlation decay. (2)	ASSETS	
	For variable income and foreign exchange options: • Monte Carlo simulations • Numerical integration • Heston	The options are valued through generally accepted valuation models, to which the observed implied volatility is added.	• Vol-of-vol. (3) • Rever factor. (4) • Volatility Spot Correlation. (5)	Trading Derivatives	233
		These models assume a constant diffusion of default intensity.	Defaults correlation	LIABILITIES	
	• Credit baskets			Hedging Derivatives	96

(1) Credit spread: The spread between the interest rate of a risk-free asset (e.g. Treasury securities) and the interest rate of any other security that is identical in every respect except for its credit rating. Spreads are considered as Level 3 inputs when referring to illiquid issues. Based on spreads of similar entities.

(2) Correlation decay: The constant rate of decay that allows us to calculate how the correlation evolves between the different pairs of forward rates.

(3) Vol-of-Vol:: Volatility of implicit volatility. This is a statistical measure of the changes of the spot volatility.

(4) Reversion Factor: The speed with which volatility reverts to its mean.

(5) Volatility- Spot Correlation: A statistical measure of the linear relationship (correlation) between the spot price of a security and its volatility.

The changes in 2009 in the balance of Level 3 financial assets and liabilities were as follows:

	Millions of euros	
	Level 3	
Changes in Level 3	Assets	Liabilities
Balance as of January 1	**3,853**	**84**
Valuation adjustments recognized in the income statement	(146)	6
Valuation adjustments not recognized in the income statement	33	0
Acquisitions, disposals and liquidations	(634)	(1)
Transfers to/from Level 3	(1,375)	7
Exchange differences	(24)	-
Balance at end of year	**1,707**	**96**

The change in the amount of assets classified as Level 3 in 2009 is due to the improvement in the situation of the liquidity of certain financial markets in 2007 and 2008 which became illiquid as well as to the sale of certain instruments, primarily hedge funds.

As of December 31, 2009, the potential effect on the valuation of Level 3 financial instruments of a change in the main models if other reasonable models, more or less favorable, were used, taking the highest or lowest value of the range deemed probable, would mean increasing or reducing the net gains and losses by the following amounts:

	Millons of euros			
	Potential impact on consolidated		Potential impact on total equity	
Sensitivity analysis	Most favorable hypotheses	Least favorable hypotheses	Most favorable hypotheses	Least favorable hypotheses
ASSETS	53	(80)	30	(35)
Financial assets held for trading	53	(80)	-	-
Available-for-sale financial assets	-	-	30	(35)
LIABILITIES	6	(6)	-	-
Financial liabilities held for trading	6	(6)	-	-
TOTAL	**59**	**(86)**	**30**	**(35)**

Loans and financial liabilities at fair value through profit or loss

As of December 31, 2009, 2008 and 2007, there were no loans or financial liabilities at fair value other than those recognized in the headings "Other assets at fair value through profit and loss" and "Other liabilities at fair value through profit and loss" of the consolidated balance sheets.

Financial instruments at cost

The Group had equity instruments, derivatives with equity instruments as underlyings and certain discretionary profit sharing arrangements that were recognized at cost in Group's consolidated balance sheet, as their fair value could not be reliably determined. As of December 31, 2009 and 2008, the balance of these financial instruments amounted to €589 million and €556 million, respectively. These instruments are currently in the available-for-sale portfolio.

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

The table below outlines the financial assets and liabilities carried at cost that were sold in 2009:

	Millions of euros		
	Amount of Sale	Carrying Amount At Sale Date	Gains/losses
Sales of financial instruments at cost	73	64	9

9. CASH AND BALANCES WITH CENTRAL BANKS

The breakdown of the balance of this heading in the consolidated balance sheets as of December 31, 2009, 2008 and 2007 was as follows:

	Millions of euros		
	2009	2008	2007
Cash	4,218	3,915	2,938
Balances at the Bank of Spain	2,426	2,391	11,543
Balances at other central banks	9,687	8,336	8,080
Subtotal	**16,331**	**14,642**	**22,561**
Accrued interests	13	17	20
Total	**16,344**	**14,659**	**22,581**

10. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

10.1. BREAKDOWN OF THE BALANCE

The breakdown of the balances of these headings in the consolidated balance sheets as of December 31, 2009, 2008 and 2007 was as follows:

	Millions of euros		
	2009	2008	2007
Assets -			
Debt securities	34,672	26,556	38,392
Equity instruments	5,783	5,797	9,180
Trading derivatives	29,278	40,946	14,764
Total	**69,733**	**73,299**	**62,336**
Liabilities -			
Trading derivatives	29,000	40,309	17,540
Short positions	3,830	2,700	1,733
Total	**32,830**	**43,009**	**19,273**

10.2. DEBT SECURITIES

The breakdown by type of instrument of the balance of this heading in the consolidated balance sheets as of December 31, 2009, 2008 and 2007 was as follows:

	Millions of euros		
	2009	2008	2007
Issued by central banks	326	378	208
Spanish government bonds	13,463	6,453	5,043
Foreign government bonds	17,500	13,947	22,709
Issued by Spanish financial institutions	431	578	1,436
Issued by foreign financial institutions	954	2,247	4,584
Other debt securities	1,998	2,953	4,412
Total	**34,672**	**26,556**	**38,392**

10.3. EQUITY INSTRUMENTS

The breakdown of the balance of this heading in the consolidated balance sheets as of December 31, 2009, 2008 and 2007 was as follows:

	Millions of euros		
	2009	**2008**	**2007**
Shares of Spanish companies	**3,268**	**2,332**	**2,996**
Credit institutions	666	444	237
Other sectors	2,602	1,888	2,759
Shares of foreign companies	**2,515**	**3,465**	**6,184**
Credit institutions	156	205	602
Other sectors	2,359	3,260	5,582
Total	**5,783**	**5,797**	**9,180**

10.4. TRADING DERIVATIVES

The trading derivatives portfolio arises from the Group's need to manage the risks incurred by it in the course of its normal business activity, mostly for the positions held with customers. As of December 31, 2009, 2008 and 2007, trading derivatives were principally contracted in non-organized markets, with non-resident credit entities as the main counterparties, and related to foreign exchange and interest rate risk and shares.

Below is a breakdown by transaction type and market, of the fair value of outstanding financial trading derivatives recognized in the consolidated balance sheets as of December 31, 2009, 2008 and 2007 and held by the main companies in the group, divided into organized and non-organized (Over the Counter) markets:

	Millions of euros							
2009	**Currency Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Precious metals Risk**	**Commodities Risk**	**Credit Risk**	**Other Risks**	**Total**
Organised markets	**-**	**2**	**(136)**	**-**	**-**	**-**	**-**	**(134)**
Financial futures	-	2	7	-	-	-	-	9
Options	-	-	(143)	-	-	-	-	(143)
Other products	-	-	-	-	-	-	-	-
OTC markets	**110**	**658**	**(597)**	**2**	**7**	**228**	**4**	**412**
Credit institutions	**(320)**	**(1,772)**	**(662)**	**2**	**12**	**(66)**	**3**	**(2,803)**
Forward transactions	251	-	-	-	-	-	-	251
Future rate agreements (FRAs)	-	30	-	-	-	-	-	30
Swaps	(568)	(1,559)	(126)	2	18	-	-	(2,233)
Options	(3)	(243)	(536)	-	(6)	-	3	(785)
Other products	-	-	-	-	-	(66)	-	(66)
Other financial Institutions	**27**	**875**	**(312)**	**-**	**1**	**345**	**-**	**936**
Forward transactions	28	-	-	-	-	-	-	28
Future rate agreements (FRAs)	-	(2)	-	-	-	-	-	(2)
Swaps	-	932	29	-	1	-	-	962
Options	(1)	(55)	(341)	-	-	-	-	(397)
Other products	-	-	0	-	-	345	-	345
Other sectors	**403**	**1,555**	**377**	**-**	**(6)**	**(51)**	**1**	**2,279**
Forward transactions	351	-	0	-	-	-	-	351
Future rate agreements (FRAs)	-	(1)	0	-	-	-	-	(1)
Swaps	7	1,383	44	-	(9)	-	-	1,425
Options	45	155	336	-	3	-	1	540
Other products	-	18	(3)	-	-	(51)	-	(36)
Total	**110**	**660**	**(733)**	**2**	**7**	**228**	**4**	**278**
of which: Asset Trading Derivatives	**5,953**	**19,398**	**2,836**	**2**	**59**	**1,018**	**12**	**29,278**
of which: Liability Trading Derivatives	**(5,843)**	**(18,738)**	**(3,569)**	**-**	**(52)**	**(790)**	**(8)**	**(29,000)**

2008	Currency Risk	Interest Rate Risk	Equity Price Risk	Commodities Risk	Credit Risk	Other Risks	Total
	Millions of euros						
Organised markets	**-**	**5**	**(228)**	**-**	**2**	**-**	**(221)**
Financial futures	-	-	4	-	-	-	4
Options	-	5	(232)	-	2	-	(225)
OTC markets	**(1,491)**	**1,288**	**674**	**93**	**294**	**-**	**858**
Credit institutions	**(1,676)**	**(1,652)**	**(165)**	**15**	**(196)**	**-**	**(3,674)**
Forward transactions	(978)	-	-	-	-	-	(978)
Future rate agreements (FRAs)	-	68	-	-	-	-	68
Swaps	(672)	(1,580)	154	15	(196)	-	(2,279)
Options	(26)	(140)	(319)	0	0	-	(485)
Other financial Institutions	**(112)**	**1,335**	**(151)**	**27**	**580**	**-**	**1,679**
Forward transactions	(110)	-	-	-	-	-	(110)
Swaps	-	1,278	24	12	580	-	1,894
Options	(2)	57	(175)	15	-	-	(105)
Other sectors	**297**	**1,605**	**990**	**51**	**(90)**	**-**	**2,853**
Forward transactions	378	-	-	-	-	-	378
Swaps	10	1,482	49	63	(90)	-	1,514
Options	(91)	119	962	(12)	-	-	978
Other products	-	4	(21)	-	-	-	(17)
Total	**(1,491)**	**1,293**	**446**	**93**	**296**	**-**	**637**
of which: Asset Trading Derivatives	**10,940**	**22,574**	**5,082**	**174**	**2,174**	**2**	**40,946**
of which: Liability Trading Derivatives	**(12,431)**	**(21,281)**	**(4,636)**	**(81)**	**(1,878)**	**(2)**	**(40,309)**

2007	Currency Risk	Interest Rate Risk	Equity Price Risk	Commodities Risk	Credit Risk	Other Risks	Total
	Millions of euros						
Organised markets	**(1)**	**1**	**214**	**1**	**-**	**-**	**215**
Financial futures	-	-	2	-	-	-	2
Options	(1)	-	212	1	-	-	212
Other products	-	1	-	-	-	-	1
OTC markets	**(1,762)**	**764**	**(2,063)**	**2**	**50**	**18**	**(2,997)**
Credit institutions	**(1,672)**	**(417)**	**(1,140)**	**2**	**115**	**15**	**(3,103)**
Forward transactions	(1,379)	-	-	-	-	-	(1,379)
Future rate agreements (FRAs)	-	70	-	-	-	-	70
Swaps	(343)	(328)	(287)	2	-	-	(956)
Options	50	(149)	(853)	-	-	9	(943)
Other products	-	(10)	-	-	115	-	105
Other financial Institutions	**(160)**	**1,716**	**(840)**	**-**	**91**	**-**	**807**
Forward transactions	(161)	-	(2)	-	-	-	(163)
Future rate agreements (FRAs)	-	-	-	-	-	-	-
Swaps	-	1,695	22	-	-	-	1,717
Options	1	21	(860)	-	-	-	(838)
Other products	-	-	-	-	91	-	91
Other sectors	**70**	**(535)**	**(83)**	**-**	**(156)**	**3**	**(701)**
Forward transactions	27	-	(1)	-	-	-	26
Future rate agreements (FRAs)	-	-	-	-	-	-	-
Swaps	(1)	(646)	(251)	-	-	-	(898)
Options	44	111	169	-	-	3	327
Other products	-	-	-	-	(156)	-	(156)
Total	**(1,763)**	**765**	**(1,849)**	**3**	**50**	**18**	**(2,782)**
of which: Asset Trading Derivatives	**2,038**	**9,866**	**2,497**	**21**	**307**	**35**	**14,764**
of which: Liability Trading Derivatives	**(3,800)**	**(9,101)**	**(4,345)**	**(18)**	**(258)**	**(23)**	**(17,540)**

11. OTHER FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

The detail of the balances of these headings in the consolidated balance sheets as of December 31, 2009, 2008 and 2007, were as follows:

	Millions of euros		
	2009	2008	2007
Assets			
Debt securities	639	516	421
Unit-Linked products	95	516	421
Other securities	544	-	-
Equity instruments	1,698	1,238	746
Unit-Linked products	1,242	921	329
Other securities	456	317	417
Total	**2,337**	**1,754**	**1,167**
Liabilities			
Other financial liabilities	1,367	1,033	449
Unit-Linked products	1,367	1,033	449
Total	**1,367**	**1,033**	**449**

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

12.1. BREAKDOWN OF THE BALANCE

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2009, 2008 and 2007, broken down by the nature of the financial instruments, was as follows:

	Millions of euros		
	2009	2008	2007
Debt securities	57,071	39,831	37,336
Other equity instruments	6,450	7,949	11,096
Total	**63,521**	**47,780**	**48,432**

12.2. DEBT SECURITIES

The detail of the balance of the heading “Debt securities” as of December 31, 2009, 2008 and 2007, broken down by the nature of the financial instruments, was as follows:

	Millions of euros		
2009	Unrealized Gains	Unrealized Losses	Fair Value
Domestic	**487**	**(195)**	**24,869**
Spanish Government and other government agency debt securities	309	(70)	18,551
Other debt securities	178	(125)	6,318
International-	**1,067**	**(733)**	**32,202**
United States -	**174**	**(173)**	**6,805**
Government securities	11	(2)	637
US Treasury and other US Government agencies	4	(2)	416
States and political subdivisions	7	-	221
Other securities	163	(171)	6,168
Other Countries	**893**	**(560)**	**25,397**
Other foreign Governments and other government agency debt securities	697	(392)	17,363
Other debt securities	196	(168)	8,034
Total net	**1,554**	**(928)**	**57,071**

The increase in the balance of the heading “Financial assets held for trading - Debt securities” in 2009 is due to the acquisition of debt securities from the Spanish government and other countries.

	Millions of euros		
2008	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic	**229**	**(62)**	**11,910**
Spanish Government and other government agency debt securities	138	-	6,371
Other debt securities	91	(62)	5,539
International-	**586**	**(774)**	**27,920**
United States -	**155**	**(286)**	**10,442**
Government securities	15	(1)	840
US Treasury and other US Government agencies	0	-	444
States and political subdivisions	15	(1)	396
Other securities	140	(285)	9,602
Other Countries	**431**	**(488)**	**17,478**
Other foreign Governments and other government agency debt securities	261	(232)	9,653
Other debt securities	170	(256)	7,825
Total net	**815**	**(836)**	**39,830**

	Millions of euros		
2007	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic	**150**	**(77)**	**10,161**
Spanish Government and other government agency debt securities	79	(31)	5,274
Other debt securities	71	(46)	4,887
International-	**737**	**(287)**	**27,175**
United States -	**50**	**(45)**	**9,056**
Government securities	6	(2)	579
US Treasury and other US Government agencies	1	-	61
States and political subdivisions	5	(2)	518
Other securities	44	(43)	8,477
Other Countries	**687**	**(242)**	**18,119**
Other foreign Governments and other government agency debt securities	562	(128)	11,278
Other debt securities	125	(114)	6,841
Total net	**887**	**(364)**	**37,336**

12.3. EQUITY INSTRUMENTS

The breakdown of the balance of the heading “Equity instruments”, broken down by the nature of the financial instruments as of December 31, 2009, 2008 and 2007 was as follows:

	Millions of euros		
2009	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Other equity instruments listed	**1,750**	**(40)**	**5,633**
Listed Spanish company shares	**1,738**	**(12)**	**5,383**
Credit institutions	-	-	-
Other entities	1,738	(12)	5,383
Listed foreign company shares	**12**	**(28)**	**250**
United States	-	(8)	8
Other countries	12	(20)	242
Other unlisted equity instruments	**109**	**-**	**817**
Unlisted Spanish company shares	**-**	**-**	**26**
Credit institutions	-	-	1
Other entities	-	-	25
Shares of unlisted foreign companies	**109**	**-**	**791**
United States	104	-	729
Other countries	5	-	62
TOTAL	**1,859**	**(40)**	**6,450**

The decrease of the balance in this heading in 2009 is fundamentally due to the reclassification of the participation in China Citic Bank (CNCB) (Note 17).

2008	Millions of euros Unrealized Gains	Unrealized Losses	Fair Value
Other equity instruments listed	**1,190**	**(236)**	**7,082**
Listed Spanish company shares	**1,189**	**(95)**	**4,639**
Credit institutions	-	(9)	22
Other entities	1,189	(86)	4,617
Listed foreign company shares	**1**	**(141)**	**2,443**
United States	-	(11)	28
Other countries	1	(130)	2,416
Other unlisted equity instruments	**7**	**(1)**	**867**
Unlisted Spanish company shares	-	**(1)**	**36**
Credit institutions	-	-	1
Other entities	-	(1)	35
Shares of unlisted foreign companies	**7**	-	**831**
United States	-	-	626
Other countries	7	-	205
TOTAL	**1,197**	**(237)**	**7,949**

2007	Millions of euros Unrealized Gains	Unrealized Losses	Fair Value
Other equity instruments listed	**4,449**	**(24)**	**10,797**
Listed Spanish company shares	**3,322**	-	**7,032**
Credit institutions	4	-	35
Other entities	3,318	-	6,997
Listed foreign company shares	**1,127**	**(24)**	**3,765**
United States	-	(1)	419
Other countries	1,127	(23)	3,346
Other unlisted equity instruments	**52**	**(5)**	**299**
Unlisted Spanish company shares	**64**	**(5)**	**132**
Credit institutions	-	-	2
Other entities	64	**(5)**	130
Shares of unlisted foreign companies	**(12)**	-	**167**
United States	-	-	70
Other countries	(12)	-	97
TOTAL	**4,501**	**(29)**	**11,096**

12.4. GAINS/LOSSES

The changes in the gains/losses, net of taxes, recognized under the equity heading “Valuation adjustments – Available-for-sale assets” for the year ended December 31, 2009, 2008 and 2007 was as follows:

	Millions of euros 2009	2008	2007
Balance at beginning of year	**931**	**3,546**	**3,323**
Valuation gains and losses	1,520	(2,065)	1,857
Income tax	(483)	1,172	(97)
Amounts transferred to income	(17)	(1,722)	(1,537)
Balance at end of year	**1,951**	**931**	**3,546**
Of which:			
Debt securities	456	(116)	331
Equity instruments	1,495	1,047	3,215

The losses recognized under the heading “Impairment losses on financial assets (net) - Available for sale assets” for the year ended December 31, 2009 income statement amounted to €277 million (€145 million and €1 million for the year ended December 31, 2008 and 2007, respectively) (see Note 49).

The losses recognized in the heading “Valuation adjustments - Available-for-sale financial assets” as of December 31, 2009, were generated in a period of less than a year and correspond to debt securities.

After analyzing these losses, it was concluded that they are temporary since the payment deadlines for interests have been met for all debt securities, there is no evidence that the issuer will not continue meeting the payment terms and the future payments of principal and interest are sufficient to recover the cost of the debt securities.

13. LOANS AND RECEIVABLES

13.1. BREAKDOWN OF THE BALANCE

The details of the balance of this heading in the consolidated balance sheets as of December 31, 2009, 2008 and 2007, based on the nature of the financial instrument, is as follows:

	Millions of euros		
	2009	2008	2007
Loans and advances to credit institutions	22,239	33,856	24,527
Loans and advances to customers	323,442	335,260	313,178
Debt securities	436	378	60
Total	**346,117**	**369,494**	**337,765**

13.2. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

The details of the balance under this heading in the consolidated balance sheets as of December 31, 2009, 2008 and 2007, broken down by the nature of the related financial instrument, is as follows:

	Millions of euros		
	2009	2008	2007
Reciprocal accounts	226	390	138
Deposits with agreed maturity	8,301	8,005	9,388
Demand deposits	2,091	6,433	834
Other accounts	6,125	9,250	4,610
Reverse repurchase agreements	5,457	9,601	9,422
Total gross	**22,200**	**33,679**	**24,392**
Valuation adjustments	39	177	135
Impairment losses	(68)	(74)	(10)
Accrued interest and fees	110	223	107
Hedging derivatives and others	(3)	28	38
Total	**22,239**	**33,856**	**24,527**

13.3. LOANS AND ADVANCES TO CUSTOMERS

The details of the balance under this heading in the consolidated balance sheets as of December 31, 2009, 2008 and 2007, broken down by the nature of the related financial instrument, is as follows:

	Millions of euros		
	2009	2008	2007
Financial paper	602	587	387
Commercial credit	24,031	29,215	36,108
Secured loans	148,874	145,522	135,557
Credit accounts	19,683	21,593	23,835
Other loans	98,238	111,597	94,695
Reverse repurchase agreements	987	1,658	2,000
Receivable on demand and other	15,253	13,372	14,582
Finance leases	8,222	9,341	9,149
Impaired assets	15,197	8,437	3,358
Total gross	**331,087**	**341,322**	**319,671**
Valuation adjustments	(7,645)	(6,062)	(6,493)
Impairment losses	(8,720)	(7,431)	(7,138)
Accrued interests and fees	320	719	549
Hedging derivatives and others	755	650	96
Total	**323,442**	**335,260**	**313,178**

The Group, 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, 2009, 2008 and 2007 was as follows:

	Millions of euros		
	2009	2008	2007
Movable property	4,963	6,158	5,983
Inmovable property	3,259	3,271	3,166
Fixed rate	38%	33%	28%
Floating rate	62%	67%	72%

As of December 31, 2009, non-accrued financial income from finance leases granted to customers amounted to €113 million. The unguaranteed residual value of these contracts amounted to €475 million. Impairment losses determined collectively on finance lease arrangements amounted to €85 million.

The "Loans and receivables - Loans and advances to customers" heading of the consolidated balance sheets includes securitized loans that have not been derecognized as mentioned in Note 2.2.2.

The amounts recognized on the consolidated balance sheets corresponding to these securitized loans as of December 31, 2009, 2008 and 2007 are set forth below:

	Millions of euros		
	2009	2008	2007
Securitized mortgage assets	33,786	34,012	17,214
Other securitized assets(*)	10,597	10,341	11,007
Commercial and industrial loans	4,356	2,634	3,097
Finance leases	1,380	2,238	2,361
Loans to individuals	4,536	5,124	5,154
Rest	326	345	395
Total	**44,383**	**44,353**	**28,221**
Of which:			
Liabilities associated to assets retained on the	9,011	14,948	19,249

(*) These liabilities are recognized under "Financial liabilities at amortized cost – Debt securities" in the accompanying consolidated balance sheets. (see Note 23.4).

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

As of December 31, 2009, 2008 and 2007, the outstanding balances of derecognized securitized loans were as follows:

	Millions of euros		
	2009	2008	2007
Securitized mortgage assets	116	132	173
Other securitized assets	276	413	585
Total	**392**	**545**	**758**

14. HELD-TO-MATURITY INVESTMENTS

As of December 31, 2009, 2008 and 2007, the detail of the balance of this heading in the consolidated balance sheets was as follows:

	Millons of euros			
2009	Amortised Cost	Unrealized Gains	Unrealized Losses	Fair Value
Domestic	**2,626**	**29**	**(31)**	**2,624**
Spanish Government and other government agency debt securities	1,674	21	(13)	1,682
Other domestic debt securities	952	8	(18)	942
Foreign securities	**2,811**	**71**	**(13)**	**2,869**
Government and other government agency debt securities	2,399	64	(7)	2,456
Other debt securities	412	7	(6)	413
Total	**5,437**	**100**	**(44)**	**5,493**

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

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

The foreign securities by the Group as of December 31, 2009, 2008 and 2007 in the held-to-maturity portfolio corresponds to European issuers.

After analyzing the unrealized losses, it was concluded that they are temporary since the payment deadlines on the interests have been met for all debt securities, there is no evidence that the issuer will not continue meeting the payment terms and the future payments of principal and interest are sufficient to recover the cost of the securities.

The following is a summary of the gross changes in 2009, 2008 and 2007 in this heading in the consolidated balance sheets, not including impairment losses:

	2009	2008	2007
	Millons of euros		
Balance at beginning of year	**5,285**	**5,589**	**5,911**
Acquisitions	426	-	-
Redemptions	(257)	(284)	(300)
Rest	(16)	(20)	(22)
Balance at end of year	**5,438**	**5,285**	**5,589**
Impairment	(1)	(3)	(5)
Total	**5,437**	**5,282**	**5,584**

15. HEDGING DERIVATIVES (RECEIVABLE AND PAYABLE)

As of December 31, 2009, 2008 and 2007, the main positions hedged by the Group and the derivatives assigned to hedge those positions are:

- Fair value hedge:
  - Available-for-sale fixed-interest debt securities: this risk is hedged using interest-rate derivatives (fixed-variable swaps).
  - Long term fixed-interest debt issued by Group: this risk is hedged using interest-rate derivatives (fixed-variable swaps).
  - Available-for-sale equity securities: this risk is hedged using equity swaps.
  - Fixed-interest 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 foreign-exchange and interest-rate swaps.
- Net foreign-currency investment hedge: The risks hedged are foreign-currency investments in the Group's subsidiaries abroad. This risk is hedged mainly with foreign-exchange options and forward currency purchase.

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

The details of the fair value of the hedging derivatives, organized hedged risk, recognized in the consolidated balance sheets are as follows:

	Millions of euros				
2009	**Exchange Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Other Risks**	**Total**
OTC markets					
Credit institutions	**18**	**2,216**	**(36)**	**(4)**	**2,194**
Fair value hedge	-	1,985	(32)	-	1,953
Cash flow hedge	17	258	(4)	(4)	267
Net investment in a foreign operation hedge	1	(27)	-	-	(26)
Other financial institutions	**-**	**123**	**(21)**	**-**	**102**
Fair value hedge	-	123	(21)	-	102
Cash flow hedge	-	-	-	-	-
Other sectors	**-**	**(9)**	**-**	**-**	**(9)**
Fair value hedge	-	(9)	-	-	(9)
Cash flow hedge	-	-	-	-	-
Total	**18**	**2,330**	**(57)**	**(4)**	**2,287**
of which: Asset Hedging Derivatives	**22**	**3,492**	**81**	**0**	**3,595**
of which: Liability hedging Derivatives	**(4)**	**(1,162)**	**(138)**	**(4)**	**(1,308)**

	Millions of euros		
2008	**Exchange Risk**	**Interest Rate Risk**	**Total**
OTC markets			
Credit institutions	**205**	**2,290**	**2,495**
Fair value hedge	-	1,972	1,972
Cash flow hedge	106	338	444
Net investment in a foreign operation hedge	99	(20)	79
Other financial institutions	**0**	**100**	**100**
Fair value hedge	-	68	68
Cash flow hedge	-	32	32
Other sectors	**11**	**1**	**12**
Fair value hedge	-	1	1
Cash flow hedge	11	-	11
Total	**216**	**2,391**	**2,607**
of which: Asset Hedging Derivatives	**227**	**3,606**	**3,833**
of which: Liability hedging Derivatives	**(11)**	**(1,215)**	**(1,226)**

	Millions of euros			
2007	**Exchange Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Total**
Organised Markets				
Fair value hedge	(1)	-	-	(1)
OTC markets				
Credit institutions	**18**	**(719)**	**(72)**	**(773)**
Fair value hedge	-	(693)	(72)	(765)
Cash flow hedge	-	(26)	-	(26)
Net investment in a foreign operation hedge	18	-	-	18
Other financial institutions	**8**	**144**	**(135)**	**17**
Fair value hedge	-	100	(135)	(35)
Cash flow hedge	-	44	-	44
Net investment in a foreign operation hedge	8	0	-	8
Total	**25**	**(575)**	**(207)**	**(757)**
of which: Asset Hedging Derivatives	**35**	**1,015**	**-**	**1,050**
of which: Liability hedging Derivatives	**(10)**	**(1,590)**	**(207)**	**(1,807)**

The most significant cash flows that are expected to have an impact on the income statement in the coming years for cash flow hedging held on the balance sheet as of December 31, 2009 are shown below:

	3 months or less	More than 3 months but less than 1 year	From 1 to 5 years	More than 5 years	Total
Cash inflows from assets	123	269	486	592	1,470
Cash outflows from liabilities	58	229	291	317	895

The forecast cash flows will at most impact on the consolidated income statement for 2048. The amounts previously recognized in equity from cash flow hedges that were removed from equity and included in the consolidated income statement, either in the heading “Net gains (losses) on financial assets and liabilities” or in the heading “Exchange differences (net)”, in 2009, 2008 and 2007 were €12 million, €12 million and €13 million, in 2008 and 2007 respectively.

The amount for derivatives designated as accounting hedges that did not pass the effectiveness test in 2009 was not significant.

As of December 31, 2009 there were no hedges of highly probable forecast transactions in the Group.

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

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

Millions of euros

	2009	2008	2007
From:			
Tangible fixed assets	397	151	99
For own use	313	79	32
Assets leased out under an operating lease	84	72	67
Foreclosures or recoveries	861	391	237
Foreclosures	795	364	215
Recoveries from financial leases	66	27	22
Accrued amortization until classified as non-current assets held for sale	(41)	(34)	(30)
Impairment losses	(167)	(64)	(66)
Total	**1,050**	**444**	**240**

As of December 31, 2009, 2008 and 2007, there were no liabilities associated with non-current assets held for sale.

As of December 31, 2009, 2008 and 2007, the changes in the heading “Non-current assets held for sale” of the consolidated balance sheets were as follow:

Millions of euros

	2009	2008	2007
Revalued cost -			
Balance at beginning of year	**506**	**306**	**268**
Additions	919	515	487
Retirements	(780)	(374)	(744)
Acquisition of subsidiaries	-	-	15
Transfers	493	57	265
Exchange difference and other	79	2	15
Balance at end of year	**1,217**	**506**	**306**
Impairment -			
Balance at beginning of year	**62**	**66**	**82**
Additions	134	38	38
Retirements	(7)	(22)	(43)
Transfers	77	25	8
Exchange difference and other	(99)	(45)	(19)
Balance at end of year	**167**	**62**	**66**
Balance total at end of year	**1,050**	**444**	**240**

16.1. FROM TANGIBLE ASSETS FOR OWN USE

The most significant changes in the balance of the heading “Non-current assets held for sale – From tangible assets for own use”, in 2009, 2008 and 2007, were a result of the following operations:

Transfers 2009

In 2009, 1,150 properties (offices and other singular buildings) belonging to the Group in Spain were reclassified to this heading at an amount of €426 million, for which a sales plan had been established. As of December 31, 2009, these assets were recognized under the heading “Tangible assets - Property, plants and equipment - For own use” of the consolidated balance sheets (Note 19).

Sale of property with leaseback in 2009

In 2009, the Bank sold 971 properties in Spain to investments not related to BBVA Group for a total sale price of €1,263 million at market prices, without making funds available to the buyers to pay the price of these transactions.

At the same time the Bank signed long-term operating leases with these investors on the aforementioned properties for periods of 15, 20, 25 or 30 years (according to the property and renewable. Most have obligatory periods of 20 or 30 years. Most can be extended for a maximum of three additional 5-year periods, up to a total of 35 to 45 years. The total of these operating leases establish a rent price (initially set at €87 million a year) which is updated each year.

The sale agreements also established call options for each of the properties at the termination of each of the lease agreements so that the Bank can repurchase these properties at the market price (as determined by an independent expert) on the date on which each option becomes available. As the repurchasing price will be the market value as determined by an independent expert, These call options, these transactions were considered firm sales. Therefore, the Group made a gross profit of €914 million euros, recognized under the heading “Gains (losses) in non-current assets held for sale not classified as discontinued operations" in the accompanying income statement for 2009 (see Note 52).

The current value of the future minimum payments the Bank will incur in the obligational period, as of December 31, 2009, is €80 million in 1 year, €265 million between 2 and 5 years and €517 million in more than 5 years.

Sale of the Bancomer building in 2008

On March 4, 2008, BBVA Bancomer, S.A. de C.V. completed the process of selling its Centro Bancomer property together with its car part, for which it obtained a gross profit of €61.3 million, recognized under the heading “Gains (losses) in non-current assets held for sale not classified as discontinued operations" in the accompanying income statement for 2008 (see Note 52). This transaction was carried out without the purchaser receiving any type of finance from any BBVA Group entity.

As of December 31, 2007, these assets were recognized under the heading "Tangible assets - Property, plants and equipment - For own use" in the accompanying consolidated balance sheet (see Note 19). Jointly with the sale agreement, an operational leasing agreement was concluded for this property and its car park for a 3-year period extendable for 2 more years.

Sale of BBVA’s real estate in 2007

In 2007, the Bank reached an agreement with a real estate group not linked to the BBVA Group for the sale of Bank properties located on Castellana 81, Goya 14, Hortaleza-Vía de los Poblados and Alcalá 16, all in Madrid. As a result, 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 of the buildings was completed, the amounts were derecognized under the heading “Non-current assets held for sale”. The sale price of these buildings was €579 million.

This sale generated gains of €279 million recognized in the heading "Gains (losses) in non-current assets held for sale not classified as discontinued operations" in the accompanying income statement (see Note 52). The sale was carried out without the GMP Group receiving any type of finance from any BBVA Group entity.

At the same time, an operational lease contract was signed for these properties for a period of 2 years, which can be renewed yearly.

16.2. FROM FORECLOSURES OR RECOVERIES

As of December 31, 2009, the balance of the heading "Non-current assets held for sale - Foreclosures or recoveries" was made up of €441 million of assets for residential use, €209 million of assets for tertiary use (industrial, commercial or offices) and €27 million of assets for agricultural use.

In 2009, the additions of assets through foreclosures or recoveries amounted to €721 million. The derecognitions in 2009 through sales of such assets amounted to €309 million. None of these sale operations were carried out by the BBVA Group providing finance for the purchaser.

As of December 31, 2009, mean maturity of the assets through foreclosures and recoveries was less than 2 years.

In 2009, some of the Group's entities financed 2.5% of the total sales of “Non-current assets held for sale”. The amount of the loans granted to the buyers of these assets in 2009 was €40 million.

There are €32 million of gains from the financed sale of these assets yet to be recognized for transactions completed in 2009 as well as in previous years.

17. INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

The changes in balances of “Investments in entities accounted for using the equity” in the consolidated balance sheets is as follows:

	Millions of euros		
	2009	2008	2007
Associate entities	2,614	894	846
Jointlly controlled entities	308	573	696
Total	**2,922**	**1,467**	**1,542**

17.1. ASSOCIATES

The following table shows the carrying amount of the most significant of the Group’s investments in associates as of December 31, 2009, 2008 and 2007:

	Millons of euros		
Investments in Associates	**2009**	**2008**	**2007**
CITIC Group (*)	2,296	541	432
Occidental Hoteles Management, S.L.	84	128	131
Tubos Reunidos, S.A.	52	54	85
BBVA Elcano Empresarial II, S.C.R., S.A.	49	39	57
BBVA Elcano Empresarial, S.C.R., S.A.	49	39	57
Rest of companies	84	93	84
Total	**2,614**	**894**	**846**

(*)The investment in the CITIC Group includes the investment in Citic International Financial Holdings Limited (“CIFH”) and China Citic Bank (“CNCB”), as described below.).

Appendix IV shows on details of associates as of December 31, 2009. As of December 31, 2009, the fair value, calculated according to the official listed price, of the listed associates was higher than their book value.

The details of the balance and gross changes as of December 31, 2009, 2008 and 2007 under this heading of the consolidated balance sheets were as follows:

	Millons of euros		
	2009	**2008**	**2007**
Balance at beginning of year	**894**	**846**	**206**
Acquisitions and capital increases	53	655	626
Disposals	(2)	(782)	-
Transfers and others (*)	1,669	175	14
Balance at end of year	**2,614**	**894**	**846**
Of which:			
Goodwill	**844**	**217**	**119**
CITIC Group	841	214	115
Rest	3	3	4

(*) The “Transfers and others” heading in 2009 mainly relates the classification of the investment in CNCB described below from the heading "Available-for-sale assets".

Agreement with the CITIC Group

In November 2006 and June 2008 BBVA reached agreements with the banking branch of the largest industrial group in China, CITIC Group (CITIC) to develop a strategic alliance in the Chinese market.

Under these agreements, as of December 31, 2009, BBVA has a 29.68% holding in CITIC International Financial Holdings Ltd, (CIFH), which operates in Hong Kong, and 10.07% in China Citic Bank (CNCB).

BBVA’s investment in CNCB is considered strategic for the Group, as it is the platform for developing its business in continental China and is also key for the development of CITIC’s international business. BBVA has the status of “sole strategic investor” in CNCB. In addition, under the umbrella of its strategic commitment to CNCB, in 2009 BBVA and CNCB concluded new economic cooperation agreements under profit sharing regimes in the car financing and private banking segments. As of December 31, 2008 and 2007, BBVA’s interest in CNCB was included under “Available-for-sale financial assets” in the accompanying consolidated balance sheets (see Note 12). For 2009 it was reclassified to “Investments in entities accounted for using the equity - Associates” since the Group gained significant influence in the investment.

BBVA also had an option to extend its holding, subject to certain conditions. On December 3, 2009, the BBVA Group announced its intention of exercising this call option for a total of 1,924,343,862 shares, amounting to 4.93% of CNCB's capital. The acquisition price will be approximately €0.56 per share, which means that the total amount of the investment resulting from the exercise of the option will be approximately €1,000 million. Once this option is exercised, the BBVA Group's investment in CNCB's capital will be 15%. As of the date on which these consolidated financial statements were drafted, said purchase had not materialized.

17.2. JOINTLY CONTROLLED ENTITIES

The jointly controlled entities that the Group has considered should be accounted by the equity method (see Note 2.1) because this better reflects the economic reality of such holdings, are registered in this heading of accompanying consolidated balance sheets.

The following table shows the detail of the most significant Group's investments in jointly controlled entities as of December 31, 2009, 2008 and 2007:

	Millions of euros		
Jointly controlled entities	**2009**	**2008**	**2007**
Corporación IBV Participaciones Empresariales S.A.	157	385	574
Fideicomiso F/403853-5 BBVA Bancomer SºS ZIBAT	20	20	-
I+D Mexico, S.A.	15	14	-
Las Pedrazas Golf, S.L.	15	16	-
Fideicomiso Hares BBVA Bancomer F/47997-2	9	12	-
Dintransa Rentrucks, S.A. (*)	-	15	-
Rest	92	111	122
Total	**308**	**573**	**696**
Of which			
Goodwill			
Grupo Profesional Planeación y Proyectos S.A. de C.V.	3	4	4
Dintransa Rentrucks, S.A.	-	8	-
Rest	2	4	2
	5	**16**	**6**

(*) For the year ended Decembre 31, 2009, the company Distransa Rentrucks, S.A. had been accounted for the proportionated method.

If the jointly controlled entities accounted for equity method had been accounted for by the proportionate method, the effect on the Group's main consolidated figures as of December 31, 2009, 2008 and 2007 would have been as follows:

	Millions of euros		
	2009	**2008**	**2007**
Assets	719	910	1,009
Liabilities	364	139	122
Net operating income	(12)	17	40

Details of the jointly controlled entities consolidated using the equity method as of December 31, 2009 are shown in Appendix IV.

17.3. INFORMATION ABOUT ASSOCIATES AND JOINTLY CONTROLLED ENTITIES BY THE EQUITY METHOD

The following table provides relevant information of the balance sheet and income statement of associates and jointly controlled entities accounted for by the equity method as of December 31, 2009, 2008 and 2007, respectively (see Appendix IV).

	Millions of euros					
	2009 (*)		**2008 (*)**		**2007 (*)**	
	Associates	**Jointly controlled entities**	**Associates**	**Jointly controlled entities**	**Associates**	**Jointly controlled entities**
Current Assets	10,611	347	745	559	423	680
Non-current Assets	8,463	514	4,162	349	2,116	329
Current Liabilities	10,356	108	230	136	385	199
Non-current Liabilities	8,719	754	4,677	772	2,154	810
Net sales	605	84	210	102	181	109
Operating Income	244	(12)	99	17	64	40
Net Income	166	(14)	93	286	29	221

(*) Non audited information

17.4. NOTIFICATIONS ABOUT ACQUISITION OF HOLDINGS

Appendix V shown on acquisitions and disposals of holdings in associates or jointly controlled entities and the notification dates thereof, in compliance with Article 86 of the Corporations Act and Article 53 of the Securities Market Act 24/1988.

17.5 IMPAIRMENT

For the year ended December 31, 2009, €3 million of impairment losses on goodwill in jointly controlled entities were recognized, of which most were related to Econta Gestión Integral, S.L. For the year ended December 31, 2008 and 2007, no impairment on goodwill in associates and jointly controlled entities was recognized.

18. REINSURANCE ASSETS

This heading in the accompanying consolidated balance sheets reflects the amounts receivable by consolidated entities from reinsurance contracts with third parties.

As of December 31, 2009, 2008 and 2007, the detail of the balance of this heading in the consolidated balance sheets was as follows:

	Millions of euros		
	2009	2008	2007
Reinsurance asset	29	29	43

19. TANGIBLE ASSETS

As of December 31, 2009, 2008 and 2007, the details of the balance of this heading in the consolidated balance sheets, broken down by the nature of the related items, were as follows:

	Millions of euros						
	For own use			Total tangible asset of own use	Investment Properties	Assets Leased out under an Operating Lease	Total
2009	Land and Buildings	Work in Progress	Furniture, Fixtures and Vehicles				
Revalued cost -							
Balance as of 1 January 2009	**3,030**	**422**	**4,866**	**8,318**	**1,786**	**996**	**11,100**
Additions	120	102	437	659	74	210	943
Retirements	(22)	(73)	(661)	(756)	(35)	(2)	(793)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	(747)	(16)	(23)	(786)	(11)	(212)	(1,009)
Exchange difference and other	353	-	980	1,333	(11)	(3)	1,319
Balance as of 31 December 2009	**2,734**	**435**	**5,599**	**8,768**	**1,803**	**989**	**11,560**
Accrued depreciation -							
Balance as of 1 January 2009	**729**	**-**	**3,128**	**3,857**	**45**	**259**	**4,161**
Additions	66	-	349	415	11	8	434
Retirements	(15)	-	(511)	(526)	-	(1)	(527)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	(253)	-	(15)	(268)	(2)	(103)	(373)
Exchange difference and other	223	-	867	1,090	(1)	102	1,191
Balance as of 31 December 2009	**750**	**-**	**3,818**	**4,568**	**53**	**265**	**4,886**
Impairment -							
Balance as of 1 January 2009	**16**	**-**	**3**	**19**	**8**	**5**	**32**
Additions	7	-	17	24	93	38	155
Retirements	(2)	-	(17)	(19)	(1)	-	(20)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Exchange difference and other	(6)	-	1	(5)	16	(11)	-
Balance as of 31 December 2009	**15**	**-**	**4**	**19**	**116**	**32**	**167**
Net tangible assets -							
Balance as of January 1, 2009	**2,285**	**422**	**1,735**	**4,442**	**1,734**	**732**	**6,908**
Balance as of December 31, 2009	**1,969**	**435**	**1,777**	**4,181**	**1,634**	**692**	**6,507**

2008	For own use			Total tangible assets of own use	Investment Properties	Assets Leased out under an Operating Lease	Total
	Land and Buildings	Work in Progress	Furniture, Fixtures and Vehicles				
							Millions of euros
Revalued cost -							
Balance as of 1 January 2008	**3,415**	**151**	**5,024**	**8,590**	**96**	**966**	**9,652**
Additions	156	101	561	818	41	220	1,079
Retirements	(125)	(55)	(483)	(663)	(3)	(28)	(694)
Acquisition of subsidiaries in the year	-	-	16	16	1,661	-	1,677
Disposal of entities in the year	(12)	(2)	(5)	(19)	-	-	(19)
Transfers	(326)	263	(22)	(85)	(8)	(162)	(255)
Exchange difference and other	(78)	(36)	(225)	(339)	(1)	-	(340)
Balance at 31 December 2008	**3,030**	**422**	**4,866**	**8,318**	**1,786**	**996**	**11,100**
Accrued depreciation -							
Balance as of 1 January 2008	**725**	**-**	**3,402**	**4,127**	**14**	**245**	**4,386**
Additions	77	-	356	433	1	8	442
Retirements	(30)	-	(490)	(520)	(3)	(4)	(527)
Acquisition of subsidiaries in the year	-	-	4	4	33	-	37
Disposal of entities in the year	(3)	-	(4)	(7)	-	-	(7)
Transfers	(11)	-	(4)	(15)	-	-	(15)
Exchange difference and other	(29)	-	(136)	(165)	-	10	(155)
Balance at 31 December 2008	**729**	**-**	**3,128**	**3,857**	**45**	**259**	**4,161**
Impairment -							
Balance as of 1 January 2008	**21**	**-**	**5**	**26**	**1**	**2**	**29**
Additions	3	-	-	3	4	1	8
Retirements	(1)	-	-	(1)	-	-	(1)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Exchange difference and other	(7)	-	(2)	(9)	3	2	(4)
Balance as of 31 December 2008	**16**	**-**	**3**	**19**	**8**	**5**	**32**
Net tangible assets -							
Balance as of 1 January 2008	**2,669**	**151**	**1,617**	**4,437**	**82**	**719**	**5,238**
Balance as of 31 December 2008	**2,285**	**422**	**1,735**	**4,442**	**1,734**	**732**	**6,908**

2007	For own use			Total tangible assets of own use	Investment Properties	Assets Leased out under an Operating Lease	Total
	Land and Buildings	Work in Progress	Furniture, Fixtures and Vehicles				
							Millions of euros
Revalued cost -							
Balance as of 1 January 2007	**3,088**	**24**	**4,974**	**8,086**	**76**	**881**	**9,043**
Additions	501	138	577	1,216	38	213	1,467
Retirements	(116)	(29)	(165)	(310)	(2)	(16)	(328)
Acquisition of subsidiaries in the year	388	32	65	485	-	57	542
Disposal of entities in the year	-	-	(19)	(19)	(16)	(160)	(195)
Transfers	(272)	(8)	(174)	(454)	1	-	(453)
Exchange difference and other	(174)	(6)	(234)	(414)	(1)	(9)	(424)
Balance as of 31 December 2007	**3,415**	**151**	**5,024**	**8,590**	**96**	**966**	**9,652**
Accrued depreciation -							
Balance as of 1 January 2007	**798**	-	**3,445**	**4,243**	**14**	**231**	**4,488**
Additions	54	-	340	394	3	79	476
Retirements	(6)	-	(114)	(120)	-	(77)	(197)
Acquisition of subsidiaries in the year	8	-	4	12	-	21	33
Disposal of entities in the year	-	-	(24)	(24)	-	-	(24)
Transfers	(65)	-	(81)	(146)	-	-	(146)
Exchange difference and other	(64)	-	(168)	(232)	(4)	(9)	(245)
Balance as of 31 December 2007	**725**	-	**3,402**	**4,127**	**13**	**245**	**4,385**
Impairment -							
Balance as of 1 January 2007	**27**	-	-	**27**	**1**	-	**28**
Additions	6	-	5	11	-	-	11
Retirements	(3)	(4)	-	(7)	-	-	(7)
Acquisition of subsidiaries in the year	-	-	-	-	-	2	2
Exchange difference and other	(9)	4	-	(5)	-	-	(5)
Balance as of 31 December 2007	**21**	-	**5**	**26**	**1**	**2**	**29**
Net tangible assets -							
Balance as of 1 January 2007	**2,263**	**24**	**1,529**	**3,816**	**61**	**650**	**4,527**
Balance as of 31 December 2007	**2,669**	**151**	**1,617**	**4,437**	**82**	**719**	**5,238**

The main changes under this heading in 2009, 2008 and 2007 are as follows:

2009

- The reduction in the balance of the heading “Property, plants and equipment - For own use” in 2009 is mainly the result of the transfer of some properties owned by the Bank in Spain to the heading “Non-current assets held for sale", as mentioned in Note 16.

2008

- The balance under the heading "Investment properties" includes mainly the rented buildings of the real estate fund BBVA Propiedad FII (see Appendix II) which has been fully consolidated since 2008 (see Appendix II) following the Group's acquisition in 2008 of a 95.65% stake. The activity of this real estate fund is subject to regulations by the Spanish Securities and Exchange Commission (CNMV).

- In March 2008, BBVA Bancomer bought two properties in Mexico City, one of them located on Paseo de la Reforma and the other on Parques Polanco, in which it will set up the new BBVA Bancomer Group corporate headquarters.. These acquisitions were recognized, as of December 31, 2009, under the heading "Tangible assets – Property, plants and equipment - For own use" in the accompanying consolidated balance sheets. The total cost of acquisition was €72 million.

2007

- Under an agreement signed on June 19, 2007 with a real estate investor not part of the BBVA Group, the Group purchased the Parque Empresarial Foresta industrial estate through a real estate company that is part of the Group. The acquisition is located in a development area in the north of Madrid and will be the site of a new corporate headquarters. This project amounted to an initial investment of €451 million for the BBVA Group. The amount is recognized under the headings "Tangible assets- Property, plants and equipment - For own use" and "Work in progress" in the accompanying consolidated balance sheets. As of December 31, 2009, the accumulated investment for this project amounted to €353 million and €98 million respectively..

  In the case of the land and buildings acquired in 2007 in the "Parque Empresarial Foresta" for the purpose of building a new corporate headquarters, no impairment was recognized in the recoverable value of these assets as of December 31, 2009, 2008 or 2007.

As of December 31, 2009 the carrying amount of fully amortized financial assets that continue in use was €1,583 million.

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

	Number of branches		
	2009	**2008**	**2007**
Spain	3,055	3,375	3,595
America	4,267	4,267	4,291
Rest of the world	144	145	142
Total	**7,466**	**7,787**	**8,028**

As of December 31, 2009, 2008 and 2007, the percentage of branches leased from third parties in Spain was 77%, 47.3% and 47.3%, respectively. The figures in Latin America for the same periods were 55%, 61% and 56.7%, respectively. The increase in the number of branches leased in Spain is mainly due to the sale and leaseback operation described above (see Note 16).

The following table shows the detail of the net carrying amount of the tangible assets corresponding to Spanish or foreign entities as of December 31, 2009, 2008 and 2007:

	Millions of euros		
	2009	**2008**	**2007**
Foreign subsidiaries	2,473	2,276	2,271
BBVA y Spanish subsidiaries	4,034	4,632	2,967
Total	**6,507**	**6,908**	**5,238**

The amount of tangible assets under financial lease schemes on which it is expected to exercise the purchase option was insignificant as of December 31, 2009, 2008 and 2007.

20. INTANGIBLE ASSETS

20.1. GOODWILL

As of December 31, 2009, 2008 and 2007, the details of the balance of this heading in the accompanying consolidated balance sheets, broken down by the cash-generating units ("CGU") that originated them, were as follows:

	Millions of euros					
2009	**Balance at beginning of year**	**Additions**	**Exchange difference**	**Impairment**	**Rest**	**Balance at end of year**
United States	6,676	-	(226)	(1,097)	4	**5,357**
México	588	-	9	-	(4)	**593**
Colombia	193	-	12	-	-	**205**
Chile	54	-	11	-	-	**65**
Chile Pensions	89	-	19	-	-	**108**
Spain and Portugal	59	-	-	-	9	**68**
Fully consolidated	**7,659**	**-**	**(175)**	**(1,097)**	**9**	**6,396**

	Millions of euros					
2008	**Balance at beginning of year**	**Additions**	**Exchange difference**	**Impairment**	**Rest**	**Balance at end of year**
United States	6,296	-	368	-	12	**6,676**
México	702	-	(114)	-	-	**588**
Colombia	204	-	(11)	-	-	**193**
Chile	64	-	(10)	-	-	**54**
Chile Pensions	108	-	(19)	-	-	**89**
Spain and Portugal	62	-	-	-	(3)	**59**
Fully consolidated	**7,435**	**-**	**214**	**-**	**9**	**7,659**

	Millions of euros					
2007	**Balance at beginning of year**	**Additions**	**Exchange difference**	**Impairment**	**Rest**	**Balance at end of year**
United States	1,714	5,171	(562)	-	(27)	6,296
México	787	-	(85)	-	-	702
Colombia	213	-	(1)	-	(8)	204
Chile	86	-	(2)	-	20	64
Chile Pensions	112	-	(4)	-	-	108
Spain and Portugal	61	1	-	-	-	62
Fully consolidated	**2,973**	**5,172**	**(654)**	**-**	**(55)**	**7,436**

For the year ended December 31, 2009, through Compass Bank the Group acquired banking transactions from Guaranty Bank (see Note 3). On December 31, 2009, using the purchase method, the comparison between the fair values assigned at the time of the purchase to the assets and liabilities acquired from Guaranty Bank (including the cash payment that the FDIC made in consideration of the transaction ($2,100 million) generated a difference €99 million, recognized under the heading "Negative goodwill" in the accompanying consolidated income statement for the year ended 31 December 31, 2009.

As of December 31, 2009 the Group had performed the goodwill impairment test. The results of the test were estimated impairment losses of €1,097 million in the United States cash-generating unit which were recognized under "Impairment losses on other assets (net) - Goodwill and other tangible assets" in the accompanying income statement for 2009 (Note 50). The impairment loss of this unit is attributed to the significant decline in economic and credit conditions in the states in which the Group operates in the United States. The valuations have been verified by an independent expert, not the Group´s accounts auditor.

As mentioned in Note 2.2.8, when completing the impairment analysis, the carrying amount of the cash-generating unit is compared with its recoverable amount. The United States' CGU recoverable amount is equal to its value in use. Value in use is calculated as the discounted value of the cash flow projections that

Management estimates and is based on the latest budgets available for the next three years. The Group uses a sustainable growth rate of 4.3% to extrapolate the cash flows in perpetuity which is based on the US real GDP growth rate. The discount rate used to discount the cash flows is the cost of capital assigned to the CGU, 11.2%, which consists of the free risk rate plus a risk premium.

Both the US unit's fair values and the fair values assigned to its assets and liabilities are based on the estimates and assumptions that the Group's Management deems most likely given the circumstances. However, some changes to the valuation assumptions used could result in differences in the impairment test result. If the discount rate had increased or decreased by 50 basic points, the difference between the carrying amount and its recoverable amount would have increased or decreased by up to €573 million and €664 million, respectively. If the growth rate had increased or decreased by 50 basic points, the difference between the carrying amount and its recoverable amount would have increased or decreased by €555 million and €480 million, respectively.

As of December 31, 2008 and 2007, there were no impairment losses on the goodwill that the Group recognized.

20.2. OTHER INTANGIBLE ASSETS

The details of the balance under this heading in the consolidated balance sheets as of December 31, 2009, 2008 and 2007 are as follows:

	Millions of euros			Average Useful Life (years)
	2009	2008	2007	
Computer software acquisition expense	464	259	42	5
Other deferred charges	29	113	202	5
Other intangible assets	360	409	571	5
Impairment	(1)	(1)	(7)	
Total	**852**	**780**	**808**	

The changes for the year ended, December 31, 2009, 2008 and 2007 under this heading in the consolidated balance sheets are as follows:

		Millons de euros		
	Note	2009	2008	2007
Balance at beginning of year		**780**	**808**	**296**
Additions		362	242	134
Amortization in the year	47	(262)	(256)	(151)
Exchange differences and other		(28)	(13)	530
Impairment	50	-	(1)	(1)
Balance at end of year		**852**	**780**	**808**

As of December 31, 2009, the totally amortized intangible assets still in use amounted to €1,061 million.

21. TAX ASSETS AND LIABILITIES

21.1 CONSOLIDATED TAX GROUP

Pursuant to current legislation, the Consolidated Tax Group includes BBVA as the Parent company, and, as subsidiaries, the Spanish subsidiaries that meet the requirements provided for under Spanish legislation regulating the taxation regime for the consolidated net income of corporate groups.

The Group’s other banks and subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

21.2 YEARS OPEN FOR REVIEW BY THE TAX AUTHORITIES

The years open to review in the Consolidated Tax Group at the time these consolidated financial statements were prepared, are 2004 onward for the main taxes applicable.

In 2008, as a result of action by the tax authorities, tax inspections had been initiated in various Group companies for the years up to and including 2003, some of which were contested. Said inspections were in 2009, and their impact on equity was fully provisioned at year-end

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

21.3 RECONCILIATION

The reconciliation of the corporate tax expense resulting from the application of the standard tax rate and the expense registered by this tax as of December 31, 2009, 2008 and 2007 in the accompanying income statement is as follows:

	Millions of euros		
	2009	**2008**	**2007**
Corporation tax (*)	**1,721**	**2,078**	**2,761**
Decreases due to permanent differences:			
Tax credits and tax relief at consolidated Companies	(223)	(441)	(439)
Other items net	(410)	(249)	(229)
Net increases (decreases) due to temporary differences	96	580	(262)
Charge for income tax and other taxes	**1,184**	**1,968**	**1,831**
Deferred tax assets and liabilities recorded (utilized)	(96)	(580)	262
Income tax and other taxes accrued in the year	**1,088**	**1,388**	**2,093**
Adjustments to prior years' income tax and other taxes	53	153	(14)
Income tax and other taxes	**1,141**	**1,541**	**2,079**

(*) 30% Tax Rate in 2009 and 2008 and 32.5% in 2007.

The effective tax rate for 2009, 2008 and 2007 is as follows:

	Millions of euros		
	2009	**2008**	**2007**
Income from:			
Consolidated tax group	4,066	2,492	4,422
Other Spanish entities	(77)	40	4
Foreign entities	1,747	4,394	4,069
	5,736	**6,926**	**8,495**
Income tax	1,141	1,541	2,079
Effective tax rate	**19.89%**	**22.25%**	**24.48%**

21.4 TAX RECOGNIZED IN TOTAL EQUITY

In addition to the income tax recognized in the consolidated income statements, the group has recognized the following amounts for these items in its consolidated equity as of December 31, 2009, 2008 and 2007:

	Millions of euros		
	2009	**2008**	**2007**
Charges to total equity			
Debt securities	(276)	(19)	(36)
Equity instruments	(441)	(168)	(1,373)
Credits to total equity			
Rest	1	2	22
Total	**(716)**	**(185)**	**(1,387)**

21.5 DEFERRED TAXES

The balance of the heading "Tax assets" in the consolidated balance sheets includes the tax receivables relating to deferred tax assets; the balance of the heading "Tax liabilities" includes the liabilities relating to the Group's various deferred tax liabilities.

The details of the most important tax assets and liabilities are as follows:

	Millions of euros		
	2009	**2008**	**2007**
Tax assets	**6,273**	**6,484**	**5,207**
Current	**1,187**	**1,266**	**682**
Deferred	**5,086**	**5,218**	**4,525**
Of which:			
Pensions	1,472	1,654	1,519
Portfolio	89	335	587
Impairment losses	1,632	1,436	1,400
Rest	1,867	1,753	895
Tax losses and other	26	40	124
Tax liabilities	**2,208**	**2,266**	**2,817**
Current	**539**	**984**	**582**
Deferred	**1,669**	**1,282**	**2,235**
Of which:			
Free depreciation and other	1,669	1,282	2,235

As of December 31, 2009, the estimated balance of temporary differences in connection with investments in subsidiaries, branches and associates and investments in jointly controlled entities was €432 million. No deferred tax liabilities have been recognized with respect to this in the consolidated balance sheet.

The amortization of certain components of goodwill for tax purposes gives rise to temporary differences triggered by the resulting differences in the tax and accounting bases of goodwill balances. In this regard, and as a general rule, the Group's accounting policy is to recognize deferred tax liabilities in respect of these temporary differences at the Group companies that are subject to this particular tax benefit.

22. OTHER ASSETS AND LIABILITIES

The breakdown of the balance of these headings in the consolidated balance sheets as of December 31, 2009, 2008 and 2007 are as follows:

	Millions of euros		
	2009	**2008**	**2007**
Assets -			
Inventories	1,933	1,066	457
Transactions in transit	55	33	203
Accrued interest	581	383	604
Unaccrued prepaid expenses	421	206	359
Other prepayments and accrued income	160	177	245
Other items	1,383	1,296	1,033
Total	**3,952**	**2,778**	**2,297**
Liabilities -			
Transactions in transit	49	53	54
Accrued interest	2,079	1,918	1,820
Unpaid accrued expenses	1,412	1,321	1,381
Other accrued expenses and deferred income	667	597	439
Other items	780	586	498
Total	**2,908**	**2,557**	**2,372**

The heading "Inventories" includes the net carrying amount of the purchases of land and property that the Group's property companies hold for sale or for their business. Of the amount reflected in the table above as of December 31, 2009, €776 million correspond to land and real estate purchased from customers in difficulties in Spain during 2009, net of their corresponding impairment (Note 50).

The principal companies in the Group that engage in real estate business activity and make up nearly all of the amount in the "Inventory" heading of the accompanying consolidated balance sheets are as follows: Anida Desarrollos Inmobiliarios, S.A., Inensur Brunete, S.L., Monasterio Desarrollo, S.L., Desarrollo Urbanístico Chamartín, S.A., Marina Llar, S.L., Montealiaga, S.A., Anida Desarrollo Singulares, S.L. y Anida Operaciones Singulares, S.L. , Anida Inmuebles España y Portugal, S.L. and Adprotel Strand, S.L.

23. FINANCIAL LIABILITIES AT AMORTIZED COST

The breakdown of the balance under this heading in the accompanying consolidated balance sheets as of December 2009, 2008 and 2007 is as follows:

	Millions of euros		
	2009	**2008**	**2007**
Deposits from central banks	21,166	16,844	27,326
Deposits from credit institutions	49,146	49,961	60,772
Customer deposits	254,183	255,236	219,610
Debt certificates (including bonds)	99,939	104,157	102,247
Subordinated liabilities	17,878	16,987	15,662
Other financial liabilities (*)	5,624	7,420	6,239
Total	**447,936**	**450,605**	**431,856**

(*) The agreed dividend payable by BBVA but pending payment, relating to the third interim dividend against 2008 and 2007 results, paid in January of the following years, is included as of December 31, 2008 and 2007 (see Note 4).

23.1. DEPOSITS FROM CENTRAL BANKS

The breakdown of the balance of this heading in the consolidated balance sheets as of December 31, 2009, 2008 and 2007 is as follows:

Millions of euros	2009	2008	2007
Bank of Spain	12,130	4,036	19,454
Credit account drawdowns	10,974	37	8,209
Other State debt and Treasury bills under repurchase agreement	-	2,904	-
Other assets under repurchase agreement	1,156	1,095	11,245
Other central banks	8,966	12,726	7,802
Subtotal	**21,096**	**16,762**	**27,256**
Accrued interest until expiration	70	82	70
Total	**21,166**	**16,844**	**27,326**

The financing limit assigned to the Group by the Bank of Spain and the rest of central banks and the amount drawn down as of December 31, 2009, 2008 and 2007 was as follows:

Millions of euros	2009	2008	2007
Assigned	43,535	16,049	10,320
Drawn down	10,925	125	8,053

23.2. DEPOSITS FROM CREDIT INSTITUTIONS

The breakdown of the balance of this heading in the consolidated balance sheets, according to the nature of the related transactions, as of December 31, 2009, 2008 and 2007 was as follows:

Millions of euros	2009	2008	2007
Reciprocal accounts	68	90	3,059
Deposits with agreed maturity	30,608	35,785	33,576
Demand deposits	1,273	1,228	1,410
Other accounts	733	547	362
Repurchase agreements	16,263	11,923	21,988
Subtotal	**48,945**	**49,573**	**60,395**
Accrued interest until expiration	201	388	377
Total	**49,146**	**49,961**	**60,772**

The details by geographical area and the nature of the related instruments of this heading as of December 31, 2009, 2008 and 2007, disregarding valuation adjustments, were as follows:

Millions of euros 2009	Demand Deposits	Deposits with Agree Maturity	Funds Received Under Financial Asset Transfers	Total
Spain	456	6,414	822	7,692
Rest of Europe	382	15,404	4,686	20,472
United States	150	5,611	811	6,572
Latin America	336	1,576	9,945	11,857
Rest of the world	16	2,336	-	2,352
Total	**1,340**	**31,341**	**16,264**	**48,945**

2008	Demand Deposits	Deposits with Agree Maturity	Funds Received Under Financial Asset Transfers	Total
	Millions of euros			
Spain	676	4,413	1,131	6,220
Rest of Europe	82	17,542	2,669	20,293
United States	40	8,164	1,093	9,297
Latin America	439	3,518	7,030	10,987
Rest of the world	80	2,696	-	2,776
Total	**1,317**	**36,333**	**11,923**	**49,573**

2007	Demand Deposits	Deposits with Agree Maturity	Funds Received Under Financial Asset Transfers	Total
	Millions of euros			
Spain	790	5,247	3,239	9,276
Rest of Europe	231	13,126	3,943	17,300
United States	3,077	6,853	881	10,811
Latin America	331	3,962	13,925	18,218
Rest of the world	40	4,750	-	4,790
Total	**4,469**	**33,938**	**21,988**	**60,395**

23.3. CUSTOMERS DEPOSITS

The breakdown of the balance of this heading in the accompanying consolidated balance sheets, according to the nature of the related transactions, as of December, 31 2009, 2008 and 2007, was as follows:

	2009	2008	2007
	Millions of euros		
Government and other government agencies	**15,297**	**18,837**	**16,372**
Spanish	4,291	6,320	6,844
Foreign	10,997	12,496	9,512
Accrued interest	9	21	16
Other resident sectors -	**93,190**	**98,630**	**90,863**
Current accounts	20,243	20,725	22,798
Savings accounts	27,137	23,863	21,389
Fixed-term deposits	35,135	43,829	36,911
Reverse repos	7,186	9,339	8,785
Other accounts	3,031	62	141
Accrued interest	458	812	839
Non-resident sectors	**145,696**	**137,769**	**112,375**
Current accounts	33,697	28,160	25,453
Savings accounts	23,394	22,840	19,057
Fixed-term deposits	83,754	79,094	58,492
Repurchase agreements	4,415	6,890	8,545
Other accounts	103	104	166
Accrued interest	333	681	662
Total	**254,183**	**255,236**	**219,610**
De los que:			
In euros	114,066	121,895	107,371
In foreign currency	140,117	133,341	112,239
Of which:			
Deposits from other creditors without valuation adjustment	253,566	254,075	218,509
Accrued interest	617	1,161	1,101

The details by geographical area of this heading as of December 31, 2009, 2008 and 2007, disregarding valuation adjustments, were as follows:

2009	Demand Deposits	Saving Deposits	Deposits with Agreed Maturity	Repos	Total
	Millions of euros				
Spain	23,836	27,245	38,370	7,572	97,023
Rest of Europe	2,975	457	18,764	3	22,199
United States	11,548	10,146	46,292	-	67,986
Latin America	24,390	13,593	20,631	4,413	63,027
Rest of the world	440	181	2,527	-	3,148
Total	**63,189**	**51,622**	**126,584**	**11,988**	**253,383**

2008	Demand Deposits	Saving Deposits	Deposits with Agreed Maturity	Repos	Total
	Millions of euros				
Spain	26,209	23,892	45,299	9,745	105,145
Rest of Europe	3,214	360	22,733	34	26,341
United States	8,288	10,899	36,997	-	56,184
Latin America	20,219	9,911	20,195	6,867	57,192
Rest of the world	1,576	2,488	4,796	-	8,860
Total	**59,506**	**47,550**	**130,020**	**16,646**	**253,722**

2007	Demand Deposits	Saving Deposits	Deposits with Agreed Maturity	Repos	Total
	Millions of euros				
Spain	28,339	21,467	37,862	9,199	96,867
Rest of Europe	3,055	315	12,555	10	15,935
United States	6,996	7,877	22,964	148	37,985
Latin America	18,677	9,445	21,854	8,392	58,368
Rest of the world	1,656	2,842	4,439	-	8,937
Total	**58,723**	**41,946**	**99,674**	**17,749**	**218,092**

23.4. DEBT CERTIFICATES (INCLUDING BONDS) AND SUBORDINATED LIABILITIES

The breakdown of the heading “Debt certificates (including bonds)” in the accompanying consolidated balance sheets as of December 31, 2009, 2008 and 2007, by type of financial instruments, are as follows:

	Millions of euros		
	2009	**2008**	**2007**
Promissory notes and bills			
In euros	11,024	9,593	4,902
In other currencies	18,558	10,392	857
Subtotal	**29,582**	**19,985**	**5,759**
Bonds and debentures issued			
In euros -			
Non-convertible bonds and debentures at floating interest rates	8,593	11,577	18,955
Non-convertible bonds and debentures at fixed interest rates	5,932	4,736	6,154
Covered bonds	34,708	38,481	38,680
Hybrid Financial Instruments	389	-	-
Bonds from securitization realized by the Group	8,407	13,783	19,229
Valuation adjustments (*)	2,731	2,668	252
In foreign currency -			
Non-convertible bonds and debentures at floating interest rates	4,808	8,980	10,707
Non-convertible bonds and debentures at fixed interest rates	2,089	1,601	1,322
Covered bonds	731	1,005	1,049
Hybrid Financial Instruments	1,342	-	-
Other securities associate to financial activities	-	15	-
Bonds from securitization realized by the Group	605	1,165	20
Valuation adjustments (*)	22	161	120
Subtotal	**70,357**	**84,172**	**96,488**
Total	**99,939**	**104,157**	**102,247**

(*) Hedging operations and issuance costs.

The breakdown of the heading “Subordinatid liabilities” of the consolidated balance sheets, by type of financial instruments, are as follows:

	Millions of euros		
	2009	**2008**	**2007**
Subordinated debt	12,117	10,785	10,834
Preference shares	5,188	5,464	4,561
Total gross	**17,305**	**16,249**	**15,395**
Valuation adjustments	573	738	267
Total	**17,878**	**16,987**	**15,662**

The changes in 2009, 2008 and 2007 under the headings “Debt certificates (including bonds)” and “Subordinated liabilities” are as follows:

	Millions of euros				
2009	**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	111,158	129,107	(126,713)	(6,484)	107,068
With information brochure	111,125	129,107	(126,713)	(6,485)	107,034
Without information brochure	33	-	-	1	34
Other debt certificates issued outside European Union	9,986	4,894	(4,343)	210	10,748
Total	**121,144**	**134,001**	**(131,056)**	**(6,274)**	**117,816**

	Millions of euros				
2008	**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	109,173	107,848	(85,671)	(20,193)	111,158
With information brochure	109,140	107,848	(85,671)	(20,193)	111,125
Without information brochure	33	-	-	-	33
Other debt certificates issued outside European Union	8,737	42,494	(40,844)	(401)	9,986
Total	**117,910**	**150,342**	**(126,515)**	**(20,594)**	**121,144**

2007	Balance at beginning of year	Issuances	Repurchase or refund	Exchange differences and others	Balance at the end of year
	Millions of euros				
Debt certificates issued in the European Union	95,107	64,972	(40,801)	(9,641)	109,637
With information brochure	95,077	64,967	(40,801)	(9,639)	109,604
Without information brochure	30	5	-	(2)	33
Other debt certificates issued outside European Union	5,471	3,589	(1,213)	425	8,272
Total	**100,578**	**68,561**	**(42,014)**	**(9,216)**	**117,909**

The detail of the most significant outstanding issuances, repurchases or refunds of debt instruments issued by the Bank or companies in the Group as of December 31, 2009, 2008 and 2007 are shown on Appendix X.

23.4.1 Promissory notes and bills

These promissory notes were issued mainly by BBVA, S.A. and Banco de Financiación, S.A..

23.4.2. Bonds and debentures issued

The following table shows the weighted average interest rates of fixed and floating rate bonds and debentures issued in euros and foreign currencies in 2009, 2008 and 2007:

	2009		2008		2007	
	Euros	Foreign currency	Euros	Foreign currency	Euros	Foreign currency
Fixed rate	3.86%	5.00%	3.86%	4.79%	3.87%	5.12%
Floating rate	0.90%	2.56%	4.41%	4.97%	4.68%	5.97%

Most of the foreign-currency issuances are denominated in U.S. dollars.

23.4.3. Subordinated liabilities

23.4.3.1. Subordinated debt

These issuances are non-convertible subordinated debt and, accordingly, for debt seniority purposes, they rank behind ordinary debt.

The breakdown of this heading in the accompanying consolidated balance sheets, without factoring in valuation adjustments, by currency of issuance and interest rate, is disclosed in Appendix X.

The change in 2009 in the heading “Subordinated Liabilities” of the consolidated balance sheets is due, primarily, to the issue of convertible subordinated obligations at a value of €2,000 million issued by BBVA in September 2009. These obligations have a 5% annual coupon, payable quarterly, and can be converted into Bank shares after the first year, at the Bank´s discretion, at each of the coupon payment dates, and by obligation on the date of their final maturity date, October 15, 2014. These obligations have been recognized as financial liablities given that the number of Bank shares to be delivered is variable. The number of said shares will be that value at the date of conversion (determined based on the quoted value of the five sessions preceding the conversion) is equal to the nominal value of the obligations.

23.4.3.2. Preferred securities:

The breakdown by issuer of this heading in the consolidated balance sheets as of December 31, 2009, 2008 and 2007 is as follows:

	Millions of euros		
	2009	2008	2007
BBVA Internacional, Ltd. (1)	500	500	500
BBVA Capital Finance, S.A.U.	2,975	2,975	1,975
Banco Provincial, S.A	67	70	66
BBVA International Preferred, S.A.U. (2)	1,628	1,901	2,003
Phoenix Loan Holdings, Inc.	18	18	17
Total	**5,188**	**5,464**	**4,561**

(1) Traded on the Spanish AIAF market.
(2) Traded on the London Stock Exchange and New York Stock Exchange.

These issues were fully subscribed by third parties outside the Group and are wholly or partially redeemable at the issuer company's option after five or ten years from the issue date, depending on the terms of each issue.

Of the above, the issuances of BBVA International Ltd., BBVA Capital Finance, S.A.U. and BBVA International Preferred, S.A.U, are subordinately guaranteed by the Bank.

In 2009, there was a partial exchange of three issues of preferred securities of the company BBVA International Preferred, S.A.U. for two new preferred securities in the same company. As a result of said exchange, two issues in euros at €801 million and another in pounds sterling at 369 million pounds, which were substituted with one issue in euros at €645 million and another in pounds sterling at 251 million pounds. The debt instruments issued have substantially different conditions than those amortized in terms of their current value. Therefore, the Group has recognized gains of €228 million in the heading "Net gains (losses) on financial assets and liabilities" of the consolidated income statement for 2009 (see Note 44).

The breakdown of this heading in the accompanying consolidated balance sheets, disregarding valuation adjustments, by currency of issuance and interest rate, is disclosed in Appendix X.

24. LIABILITIES UNDER INSURANCE CONTRACTS

The details of the balance of this heading in the consolidated balance sheets as of December 31, 2009, 2008 and 2007 are as follows:

	Millions of euros		
	2009	2008	2007
Technical provisions for:			
Mathematical reserves	5,994	5,503	5,847
Provision for unpaid claims reported	712	640	580
Other insurance technical provisions	480	428	440
Total	**7,186**	**6,571**	**6,867**

25. PROVISIONS

The details of the balance of this heading in the consolidated balance sheets as of December 31, 2009, 2008 and 2007 are as follows:

		Millions of euros		
	Note	2009	2008	2007
Provisions for pensions and similar obligations	26	6,246	6,359	5,967
Provisions for taxes and other legal contingents		299	263	225
Provisions for contingent exposures and commitments		243	421	546
Other provisions		1,771	1,635	1,604
Total		**8,559**	**8,678**	**8,342**

The changes in 2009, 2008 and 2007 in the balances of this heading in the accompanying consolidated balance sheets are as follows:

		Millions of euros		
Provisions for Pensions and similar obligation	**Note**	**2009**	**2008**	**2007**
Balance at beginning of the year		**6,359**	**5,967**	**6,358**
Add -				
Year provision with a charge to income for the year		870	1,309	417
Interest expenses and similar charges	39	274	252	242
Personal expenses	46	44	55	71
Provision expenses	48	552	1,002	104
Charges in reserves (*)		147	74	-
Transfers and other changes		13	(1)	(4)
Less -				
Payments		(1,087)	(963)	(843)
Amount use and other variations		(56)	(27)	39
Balance at end of the year		**6,246**	**6,359**	**5,967**

(*) Correspond to actuarial losses (gains) arising from certain defined-benefit post-employment commitments recognized in "Reserves" in the consolidated balance sheets (see Note 2.2.3.).

	Millions of euros		
Commitments and contingent risks provisions	**2009**	**2008**	**2007**
Balance at beginning of the year	**421**	**546**	**502**
Add -			
Year provision with a charge to income for the year	110	97	93
Transfers and other Changes	0	-	-
Less -			
Available funds	-280	(216)	(46)
Amount use and other variations	(8)	(6)	(3)
Balance at end of the year	**243**	**421**	**546**

	Millions of euros		
Provisions for taxes and other provisions	**2009**	**2008**	**2007**
Balance at beginning of the year	**1,898**	**1,829**	**1,789**
Add -			
Year provision with a charge to income for the year	152	705	275
Adquisition of subsidiaries	0	-	56
Transfers and other Changes	360	254	14
Less -			
Available funds	(103)	(245)	(140)
Amount use and other variations	(237)	(645)	(165)
Disposal of subsidiaries	0	-	-
Balance at end of the year	**2,070**	**1,898**	**1,829**

26. PENSION AND OTHER COMMITMENTS

As described in Note 2.2.12, the Group has assumed both defined-benefit and defined-contribution post-employment commitments with its employees; the proportion of defined-contribution benefits is gradually increasing, mainly due to new hires.

26.1. PENSION COMMITMENTS THROUGH DEFINED-CONTRIBUTION PLANS

The commitments with employees for pensions in post-employment defined-contribution plans correspond to current contributions the Group makes every year on behalf of active employees. These contributions are accrued and charged to the consolidated income statement in the corresponding financial year (see Note 2.2.12). No liability is therefore recognized in the accompanying consolidated balance sheets.

The contributions to the defined-contribution plans in 2009, 2008 and 2007 were €68, €71 and €58 million, respectively (see Note 46.1).

26.2 PENSION COMMITMENTS THROUGH DEFINED-BENEFIT PLANS AND OTHER LONG-TERM BENEFITS

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

The following table shows the commitments under defined-benefit plans and the long-term post-employment benefits, which are recognized under the heading "Provisions" in the accompanying consolidated balance sheets corresponding to 2009, 2008, 2007, 2006 and 2005:

	Millions of euros				
Commintments, benefits and plan assets Summary	**2009**	**2008**	**2007**	**2006**	**2005**
Post-employment welfare benefits	7,995	7,985	7,816	8,173	7,639
Assets and Insurance contracts coverages	1,749	1,626	1,883	1,816	1,399
Net assets	-	-	(34)	-	-
Net liabilities (Note 25)	6,246	6,359	5,967	6,357	6,240

The commitments under defined-contribution plans as well as the rest of long-term post-employment benefits, in Spain and abroad as of December 31, 2009, 2009 and 2007, can be broken down as follows:

	Millions of euros								
	Commitments in Spain			Commitments abroad			TOTAL		
Commintments, benefits and plan assets Spain and abroad summary	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Post-employment benefits									
Post-employment benefits	2,946	3,060	3,115	997	903	1,097	3,943	3,963	4,212
Early retirement	3,309	3,437	2,950	-	-	-	3,309	3,437	2,950
Post-employment welfare benefits	222	221	234	521	364	420	743	585	654
Total post-employment benefits	**6,477**	**6,718**	**6,299**	**1,518**	**1,267**	**1,517**	**7,995**	**7,985**	**7,816**
Insurance contracts coverages									
Post-employment benefits	455	436	467	-	-	-	455	436	467
Other plan assets									
Post-employment benefits	-	-	-	952	889	1,062	952	889	1,062
Post-employment welfare benefits	-	-	-	342	301	354	342	301	354
Total assets and Insurance contracts coverages	455	436	467	1,294	1,190	1,416	1,749	1,626	1,883
Net commitments of plan assets	**6,022**	**6,282**	**5,832**	**224**	**77**	**101**	**6,246**	**6,359**	**5,933**
of which:									
Net assets	-	-	-	-	-	(34)	-	-	(34)
Net liabilities (*)	6,022	6,282	5,832	224	77	135	6,246	6,359	5,967

(*) Recognized under the heading “Provisions – Provisions for pensions and similar obligations” in the accompanying consolidated balance sheets.

Additionally, there are other commitments to employees, including long-service bonuses which are recognized under the heading “Other provisions” in the accompanying consolidated balance sheets (see Note 25). These amounted to €39 million as of December 31, 2009 of which €13 million correspond to Spanish companies and €26 million to companies abroad.

The balance of the heading “Provisions - Provisions for pensions and similar obligations” of the consolidated balance sheets as of December 31, 2009 included €206.2 millioon, for commitments for post-employment benefits maintained with previous executive members of the Board of Directors and the Bank´s Managment Commitee. Likewise, it inclused €8 million, under the concept of commitments for post-employment benefits mainted with former non-executive members of the Board of Directors of the Group.

The charges recognized in the consoidated income sheets for 2009, under the concept of commitments for pensions and similar obligations maintained by the Group with former members of the Board of Directors of the Bank and the Management Committee reached €6 million. For the year ended December 31,2009, no charges for those concepts corresponding to former non-executive members of the Bank´s Board of Directors were recognized.

26.2.1 Commitments in Spain

The most significant actuarial assumptions used as of December 31, 2009, 2008 and 2007, to quantify these commitments are as follows:

Pension actuarial hypotesis Spain	2009	2008	2007
Mortality tables	PERM/F 2000P.	PERM/F 2000P.	PERM/F 2000P.
Discount rate (cumulative annual)	4.5%/AA corporate bond yield curve	4.5%/AA corporate bond yield curve	4.5%/AA corporate bond yield curve
Consumer price index (cumulative annual)	2%	2%	2%
Salary growth rate (cumulative annual)	At least 3% (depending on employee)	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		

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

Pension commitments in Spain

The situation of pension commitments in defined-benefit plans as of December 31, 2009, 2008 and 2007 is as follows:

	Millions of euros		
Pension commitments Spain	2009	2008	2007
Commitments to retired employees	2,847	2,852	2,733
Vested contingencies in respect of current employe	99	208	382
Net Commitments (*)	**2,946**	**3,060**	**3,115**

(*) Recorded in the heading "Funds for Pensions and Similar Obligations"

Insurance contracts have been contracted with insurance companies not related to the group to cover some pension commitments. These commitments are covered by assets and therefore are presented in the accompanying consolidated balance sheets for the net amount of the commitment less plan assets. As of December 31, 2009, 2008 and 2007, the plan assets related to the insurance contracts mentioned (shown in the previous table under the heading “Insurance contract cover”) equaled the amount of the commitments covered, therefore its net value was zero in the accompanying consolidated balance sheets.

The rest of commitments included in the previous table include defined-benefit commitments for which insurance has been contracted with BBVA Seguros, S.A. de Seguros y Reaseguros, which is 99.95% owned by the Group. The assets in which the insurance company has invested the amount of the policies cannot be considered plan assets under IAS 19 and are presented in the accompanying consolidated balance sheets under different headings of “assets”, depending on the classification of their corresponding financial instruments. The commitments are recognized under the heading "Provisions – Provision for pensions and similar obligations" of the accompanying consolidated balance sheets (see Note 25).

The changes in these commitments, net of plan insurance contracts, contracted with insurance companies related to the group in 2009, 2008 and 2007, were as follows:

Pension commitments Spain	2009	2008	2007
	Millions of euros		
Balance at beginning of year	**2,624**	**2,648**	**2,817**
Interest cost	114	116	109
Current service cost	18	14	18
Payments made	(249)	(167)	(163)
Prior service cost or changes in the plan	31	8	1
Actuarial losses (gains)	2	5	(134)
Other changes	(49)	-	-
Balance at end of year	**2,491**	**2,624**	**2,648**

The estimated benefit payments in millions of euros over the next 10 years is as follows:

Pension commintments Spain	2010	2011	2012	2013	2014	2015-2019
			Millions of euros			
Future estimated payments	175	175	174	173	170	823

Early retirements in Spain

In 2009 the Group offered certain employees the possibility of taking early retirement before the age stipulated in the collective labor agreement in force. This offer was accepted by 857 employees (2,044 and 575 in 2008 and 2007, respectively).

The early retirements commitments in Spain as of December 31, 2009, 2008 and 2007 are recognized under the heading “Provisions – Provisions for pensions and similar obligations” (see Note 25) in the accompanying consolidated balance sheets amounted to €3,309 million, €3,437 million and €2,950 million, respectively.

The changes in these commitments in 2009, 2008 and 2007 for all the Group’s companies in Spain, were as follows:

Early retirements commintments Spain	2009	2008	2007
	Millions of euros		
Balance at beginning of the year	**3,437**	**2,950**	**3,186**
Interest cost	135	117	112
Current services cost	430	1,004	294
Payments made	(712)	(618)	(587)
Other changes	15	(14)	-
Actuarial losses (gains)	4	(2)	(55)
Balance at end of the year	**3,309**	**3,437**	**2,950**

The cost of early retirements for the year was recognized under the heading “Provision Expense (Net) – Transfers to funds for pensions and similar obligations – Early retirements” in the accompanying consolidated income statements (see Note 48).

The estimated benefit payments in millions of euros over the next 10 years is as follows:

Early retirements commintments Spain	2010	2011	2012	2013	2014	2015-2019
			Millions of euros			
Future estimated payments	612	546	504	460	412	1,198

Other long-term commitments with employees in Spain

On October 18, 2007, the Bank signed a Social Benefit Standardization Agreement for their employees in Spain. The agreement standardizes the existing welfare benefits for the different groups of employees and, in some cases when a service is provided, quantifies it as an annual amount in cash. These welfare benefits include post-employment welfare benefits and other commitments with employees.

Post-employment welfare benefits in Spain

The details of these commitments as of December 31, 2009, 2008 and 2007 are as follows:

	Millions of euros		
Post-employment welfare benefits Spain	**2009**	**2008**	**2007**
Post-employment welfare benefit commitments to retired employees	183	181	192
Vested post-employment welfare benefit contingencies in respect of current employees	39	40	42
Net Commitments (*)	**222**	**221**	**234**

(*) Recorded in the heading "Funds for Pensions and Similar Obligations"

The changes in these commitments in 2009, 2008 and 2007 for all the Group's companies in Spain, were as follows:

	Millions of euros		
Post-employment welfare benefits Spain	**2009**	**2008**	**2007**
Balance at beginning of year	**221**	**234**	**223**
Interest cost	10	11	9
Current service cost	2	2	2
Payments made	(19)	(43)	(12)
Prior service cost or changes in the plan	5	-	8
Other changes	6	16	3
Actuarial losses (gains)	(3)	1	1
Balance at end of year	**222**	**221**	**234**

The estimated benefit payments in millions of euros over the next 10 years is as follows:

	Millions of euros					
Post-employment welfare benefits Spain	**2010**	**2011**	**2012**	**2013**	**2014**	**2015-2019**
Future estimated payments	20	19	18	17	17	83

Other commitments with employees

Long-service bonuses

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

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

In November 2007, the Group in Spain offered to these employees the option to redeem the accrued value of such share benefits prior to the established date of seniority. The offer was accepted by most of employees and the settlement (by allotment of shares or cash) took place in December 2007.

The value of the long-service bonuses as of December 31, 2009 for employees who did not choose early settlement is recognized under the heading "Provisions – Other provisions" of the accompanying consolidated balance sheets with the figure of €13 million (see Note 25).

Summary on the consolidated income statements by defined contribution plans commitments

The charges corresponding to 2009, 2008 and 2007 for commitments in post-employment benefits in entities in Spain are summarized below:

Post-employment commitments Spain Profit and losses summary	2009	2008	2007
	Millions of euros		
Interest expense and similar charges			
Interest cost of pension funds	259	244	230
Personnel expenses			
Transfer to pensions plans	18	14	18
Social attentions	2	2	2
Provision expense (net)			
Transfer to fund for pension and similar obligations			
Pension funds	-	8	(180)
Early retirements	434	1,004	294
Total	**713**	**1,272**	**364**

26.2.2. Commitments abroad:

As of December 31, 2009, 2008 and 2007 the main commitments with employees abroad correspond to those in Mexico, Portugal and United States, which jointly represent 94%, 94% and 96% respectively of the total commitments with employees abroad and 18%, 15% and 19% respectively of the total commitments with employees in the BBVA Group as a whole.

As of December 31, 2009 the breakdown by country of the various commitments with employees of the BBVA Group abroad were as follows:

Post-employment commintments Abroad summary	Notes	Commitments	Plan Assets	Net commitments
		Millions of euros		
Pension commitments				
Mexico	26.2.2.1.	398	424	(26)
Portugal	26.2.2.2.	321	320	1
United States	26.2.2.3.	194	162	32
Rest	26.2.2.4.	84	46	38
		997	**952**	**45**
Post-employment welfare benefits				
Mexico	26.2.2.1.	511	342	169
Portugal	26.2.2.2.	-	-	-
United States	26.2.2.3.	-	-	-
Rest	26.2.2.4.	10	-	10
		521	**342**	**179**
Total commitments		**1,518**	**1,294**	**224**

26.2.2.1. Commitments with employees in Mexico

In Mexico, the main actuarial assumptions used in quantifying the commitments with employees as of December 31, 2009, 2008 and 2007, were as follows:

Pension actuarial hypotesis Mexico	2009	2008	2007
Mortality tables	EMSSA 97	EMSSA 97	EMSSA 97
Discount rate (cumulative annual)	9.25%	10.25%	8.75%
Consumer price index (cumulative annual)	3.75%	3.75%	3.60%
Medical cost trend rates	6.75%	6.75%	5.75%
Expected rate of return on plan assets	9.40%	9.75%	8.75%

- **Pension commitments in Mexico**

The plan assets related to these commitments are to be used directly to settle the vested obligations and meet the following conditions: They are not owned by the Group entities; they are available only to pay post-employment benefits; and they cannot be returned to the Group entities. In 2009, the return on plan assets amounts to €43 million. The vested obligations related to these commitments are disclosed in the accompanying consolidated balance sheets net of the plan assets for these commitments.

As of December 31, 2009 the plan assets for these commitments were all in debt securities.

On December 2008 new defined-contribution plan was put in place in Mexico on a voluntary basis; it substitutes the current defined-benefit plan commitments. Approximately 70% of the workforce opted to sign up for the new plan, triggering a decrease in the pension obligations included in the tables showing the changes in commitments in 2009.

The changes of these commitments and plan assets in 2009, for all Group's companies in Mexico, were as follows:

	Millions of euros		
	2009		
Pension commitments Mexico	**Commitments**	**Plan assets**	**Net commitments**
Balance at beginning of year	**387**	**436**	**(49)**
Finance expenses	35	-	35
Finance income	-	37	(37)
Current service cost	4	-	4
Prior service cost of changes in the plan	1	-	1
Acquisitions or divestments made	-	-	-
Effect of reductions or settlement	(1)	-	(1)
Payments	(31)	(31)	-
Exhange difference	6	6	-
Actuarial losses (gains)	30	6	24
Contributions	-	3	(3)
Other movements (*)	(33)	(33)	-
Balance at end of year	**398**	**424**	**(26)**

(*) This change, in commitments and affected assets, corresponds to the new system of contribution by the collective that accepted the proposal for the migration of their commitments

As of December 31, 2008, the affected assets exceeding the commitments by €49 million. As of December 31, 2007 the net commitments of plan assets amounted to €12 million.

The net commitments of the plan assets mentioned above are recognized under the heading "Provisions-Provisions for pensions and similar obligations" in the accompanying consolidated balance sheets (see Note 25).

The estimated benefit payments in millions of euros over the next 10 years for all the companies in Mexico is as follows:

	Millions of euros					
Pension commintmemts Mexico	**2010**	**2011**	**2012**	**2013**	**2014**	**2015-2019**
Future estimated payments	32	30	31	31	32	191

The following is a summary of the charges for these commitments, for all Group's companies in Mexico, in the consolidated income statements corresponding to 2009, 2008 and 2007:

	Millions of euros		
Penison commintments Mexico **Profit and losses summary**	**2009**	**2008**	**2007**
Interest expense and similar charges	(2)	1	1
Personnel expenses	4	15	17
Provisions expense (net)	(1)	(66)	(3)
Total	**1**	**(50)**	**15**

- **Post-employment welfare commitments in Mexico**

The plan assets related to these commitments are to be used directly to settle the vested obligations and meet the following conditions: They are not owned by the Group entities; they are available only to pay post-employment benefits; and they cannot be returned to the Group entities. In 2009, the return on plan assets for the post-employment welfare benefits commitments amounts to €44 million. The vested obligations related to these commitments are disclosed in the accompanying consolidated balance sheets net of the plan assets for these commitments.

The plan assets for these commitments are all in debt securities.

The net commitments of the above plan assets are recognized under the heading “Provisions – Provision for pensions and similar obligations” in the accompanying consolidated balance sheets (see Note 25).

The changes in these commitments and plan assets in 2009 for all Groups’ companies in Mexico were as follows:

	Millions of euros		
	2009		
Post-employment welfare benefits Mexico	**Commitments**	**Plan Assets**	**Net Commitments**
Balance at beginning of year	**360**	**301**	**59**
Finance expenses	37	-	37
Finance income	-	28	(28)
Current service cost	11	-	11
Prior service cost of changes in the plan	-	-	-
Acquisitions or divestments made	-	-	-
Effect of reductions or settlement	(4)	-	(4)
Payments	(18)	(18)	-
Exhange difference	6	6	-
Actuarial losses (gains)	119	16	103
Contributions	-	9	(9)
Other movements	-	-	-
Balance at end of year	**511**	**342**	**169**

As of December 31, 2008 and 2007 the net commitments of plan assets amounted to €59 million and €62 million respectively.

The following is a summary of the charges for these commitments, for all Group’s companies in Mexico, in the consolidated income statements corresponding to 2009, 2008 and 2007:

	Millions of euros		
Post-employment welfare benefits Mexico Profit and losses summary	**2009**	**2008**	**2007**
Interest expense and similar charges	9	5	5
Personnel expenses	11	14	16
Provisions expense (net)	(4)	(17)	13
Total	**16**	**2**	**34**

The sensitivity analysis to changes in trend rates growth of medical care costs for 2009 by BBVA Bancomer, S.A. is as follows:

	Millions of euros	
Post-employment welfare benefits Mexico Sensitivity analysis	**1% increase**	**1% decrease**
Increase/Decrease in current services cost and interest cost	14	(11)
Increase/Decrease in commitments	101	(79)

26.2.2.2. Pension Commitments in Portugal:

In Portugal, the main actuarial assumptions used in quantifying the commitments as of December 31, 2009, 2008 and 2007, are as follows:

Post-employment actuarial hypotesis Portugal	2009	2008	2007
Mortality tables	TV 88/90	TV88/90	TV88/90
Discount rate (cumulative annual)	5.35%	5.90%	5.30%
Consumer price index (cumulative annual)	2.00%	2.00%	2.00%
Salary growth rate (cumulative annual)	3.00%	3.00%	3.00%
Expected rate of return on plan assets	4.50%	4.60%	4.60%

The plan assets related to these commitments are to be used directly to settle the vested obligations and meet the following conditions: They are not owned by the Group entities; they are available only to pay post-employment benefits; and they cannot be returned to the Group entities. In 2009 the return on plan assets related to these pension commitments reached €24 million. The vested obligations related to these commitments are disclosed in the accompanying consolidated balance sheets net of the plan assets for these commitments.

The distribution of the main categories of plan assets related to these commitments as of 31 December, 2009, 2008 and 2007 for all Group's companies in Portugal was as follows:

		%	
Plan assets Portugal	2009	2008	2007
Equity securities	-	8.7	13.0
Debt securities	93.2	85.3	83.5
Property, Land and Buildings	-	0.5	0.3
Cash	5.2	3.6	0.8
Other investments	1.6	1.9	2.4

The changes to these commitments and plan assets in 2009, for all Group's companies in Portugal, were as follows:

	Millions of euros		
		2009	
Post-employment commintments Portugal	Commitments	Plan assets	Net commitments
Balance at beginning of year	**283**	**283**	**-**
Finance expenses	16	-	16
Finance income	-	13	(13)
Current service cost	4	-	4
Prior service cost of changes in the plan	-	-	-
Acquisitions or divestments made	-	-	-
Effect of reductions or settlement	10	-	10
Payments	(16)	(16)	-
Exhange difference	-	-	-
Actuarial losses (gains)	24	11	13
Contributions	-	29	(29)
Other movements	-	-	-
Balance at end of year	**321**	**320**	**1**

As of December 31, 2008, the amount of the affected assets was equal to that of the commitments. As of December 31, 2007 the net commitments of plan assets amounted to €3 million.

The net commitments of the plan assets mentioned above are recognized under the heading "Provisions-Provisions for pensions and similar obligations" in the accompanying consolidated balance sheets (see Note 25).

The estimated benefit payments in millions of euros over the next 10 years is as follows:

Post-employment commintments Portugal	Millions of euros 2010	2011	2012	2013	2014	2015-2019
Future estimated payments	16	16	17	18	18	102

The following is a summary of the charges for these commitments, for all Group's companies in Portugal, in the consolidated income statements corresponding to 2009, 2008 and 2007:

Post-employment commintments Portugal Profit and losses summary	2009	Millions of euros 2008	2007
Interest expense and similar charges	3	2	2
Personnel expenses	4	4	5
Provisions expense (net)	10	-	11
Total	**17**	**6**	**18**

26.2.2.3. Pension commitments in the United States:

In the United States, the main actuarial assumptions used in quantifying the commitments as of December 31, 2009, 2008 and 2007, are as follows:

Post-employment actuarial hypotesis USA	2009	2008	2007
Moratility tables	RP 2000 Projected	RP 2000 Projected	RP 2000 Projected
Discount rate (cumulative annual)	5.93%	6.92%	6.62%
Consumer price index (cumulative annual)	2.50%	2.50%	2.50%
Salary growth rate (cumulative annual)	3.50%	4.00%	4.00%
Expected rate of return on plan assets	7.50%	7.50%	7.50%
Medical care growth rate	8% to 5% 2010-2013	n/a	n/a

The plan assets related to these commitments are to be used directly to settle the vested obligations and meet the following conditions: They are not owned by the Group entities; they are available only to pay post-employment benefits; and they cannot be returned to the Group entities. In 2009 the return on plan assets related to these pension commitments reached €27 million. The vested obligations related to these commitments are disclosed in the accompanying consolidated balance sheets net of the plan assets for these commitments.

The distribution of the main category of plan assets related to these commitments as of 31 December, 2009, 2008 and 2007 for all the companies in the United States was as follows:

Plan assets USA	2009	2008	2007
Equity securities	63.6	52.7	59.2
Debt securities	35.1	46.0	39.9
Property, Land and Buildings	-	-	-
Cash	-	1.3	-
Other investments	1.3	-	0.9

The changes of these commitments and plan assets in 2009, for all Group's companies in United States, were as follows:

Post-employment commintments USA	Millions of euros 2009 Commitments	Plan assets	Net commitments
Balance at beginning of year	**167**	**133**	**34**
Finance expenses	11	-	11
Finance income	-	10	(10)
Current service cost	5	-	5
Prior service cost of changes in the plan	(1)	-	(1)
Acquisitions or divestments made	-	-	-
Effect of reductions or settlement	-	-	-
Payments	(7)	(7)	-
Exhange difference	(6)	(5)	(1)
Actuarial losses (gains)	25	17	8
Contributions	-	14	(14)
Other movements	-	-	-
Balance at end of year	**194**	**162**	**32**

As of December 31, 2008 and 2007 the net commitments of plan assets amounted to €34 million and €-7 million respectively.

The net commitments of the plan assets mentioned above are recognized under the heading "Provisions-Provisions for pensions and similar obligations" in the accompanying consolidated balance sheets (see Note 25).

The estimated benefit payments in millions of euros over the next 10 years is as follows:

Post-employment commintments USA (Millions of euros)	2010	2011	2012	2013	2014	2015-2019
Future estimated payments	7	8	8	9	10	63

The following is a summary of the charges for these commitments, for all Group's companies in the United States, in the consolidated income statements corresponding to 2009, 2008 and 2007:

Post-employment commintments USA Profit and losses summary	Millions of euros 2009	2008	2007
Interest expense and similar charges	1	(2)	-
Personnel expenses	5	5	2
Provisions expense (net)	-	(2)	(6)
Total	**6**	**1**	**(4)**

26.2.2.4. Commitments with employees in other countries

In other countries, the commitments for post-employment defined-contribution plans and other post-employment benefits as of December 31, 2009 amounted to €84 million for pension commitments and €10 million for post-employment welfare benefits.

Below is a summary of the charges resulting from these commitments on the consolidated income statements corresponding to 2009, 2008 and 2007 for all the Group's companies in other countries:

Post-employment commintments Rest Profit and losses summary	Millions of euros 2009	2008	2007
Interest expense and similar charges	4	2	3
Personnel expenses	-	1	3
Provisions expense (net)	6	-	5
Total	**10**	**3**	**11**

27. COMMON STOCK

As of December 31, 2009, the share capital of BBVA amounted to €1,836,504,869.29, divided into 3,747,969,121 fully subscribed and paid-up registered shares, all of the same class and series, at €0.49 par value each, represented through book-entry accounts.

All BBVA shares carry the same voting and dividend rights and no single shareholder enjoys special voting rights. There are no shares that do not represent an interest in the Bank's capital.

The shares of BBVA are traded on the stock market in Spain and in the markets in London and Mexico. 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, 2009, 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 also traded on their respective local stock markets, with BBVA Banco Francés and AFP Provida also being traded on the New York Stock Exchange. In addition, BBVA Banco Francés, S.A. is traded on the Latin-American market of the Madrid Stock Exchange.

As of December 31, 2009, Manuel Jove Capellán owned 4.86% of BBVA common stock through the companies Inveravante Inversiones Universales, S.L. and Bourdet Inversiones, SICAV, S.A.

Blackrock Inc, with a registered office in the United Kingdom, also notified BBVA that as a result of the acquisition on December 1 of Barclays Global Investors (BGI), it now has a 4.45% indirect holding in BBVA's common stock through the company Blackrock Investment Management (UK).

In addition, as of December 31, 2009, Chase Nominees Ltd, State Street Bank and Trust Co., The Bank of New York Mellon, The Bank of New York International Nominees and Clearstream AG, in their capacity as international custodian/depositary banks, held 6.89%, 5.25%, 3.80%, 3.43% and 3.13% of BBVA common stock, respectively.

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 agreements between shareholders to regulate the exercise of voting rights at the Bank's AGMs, or to restrict or place conditions upon the free transferability of BBVA shares. The Bank is also not aware of any agreement that might result in changes in the control of the issuer.

At the AGM held on March 13, 2009 the shareholders resolved to delegate to the Board of Directors, in accordance with Article 153.1.b) of the Spanish Corporations Act, 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-up share capital at the date of the resolution, i.e. €918,252,434.60. Article 159.2 of the Corporations Act empowers the Board to exclude the preferred subscription right in relation to these share issues, although these powers will be limited to 20% of the Company's share capital. The directors have the legally established time limit in which to increase the capital, i.e., five years. So far BBVA has not issued any shares under this authorization.

At the AGM held on March 14, 2008 the shareholders resolved to delegate to the Board of Directors for a five-year period the right to issue bonds, convertible and/or exchangeable into Bank shares for a maximum total of €9,000 million. The powers include the right to establish the different aspects and conditions of each issue, including the power to exclude the preferential subscription rights of shareholders in accordance with the Corporations Act, to determine the basis and methods of conversion and to increase capital stock in the amount considered necessary. In virtue of this authorization, the Board of Directors agreed at its meeting on July 27, 2009 to issue €2,000 million euros of convertible bonds, excluding the right to preferential subscription.

Previously, the AGM held on March 18, 2006 had agreed to delegate to the Board of Directors the faculty to issue, within a maximum legal period of five years as of said date, on one or several occasions, directly or through subsidiary companies fully underwritten by the Bank, any kind of debt instruments through debentures, any class of bonds, promissory notes, any class of commercial paper or warrants, which may be totally or partially exchangeable for equity that the Company or another company may already have issued, or via contracts for difference (CFD), or any other senior or secured nominative or bearer debt securities (including mortgage-backed 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 authorized is €105,000 million. This amount was increased by €30,000 million by the Ordinary General Stockholders' Meeting held on March 16, 2007, by €50,000 million by the AGM on March 14 2008, and by an additional €50,000 million by the AGM on March 13, 2009. Accordingly, the maximum total nominal amount delegated by the General Meeting was €235,000 million.

28. SHARE PREMIUM

The amounts under this heading in the accompanying consolidated balance sheets total €12,453, €12,770 and €12,770 million as of 31 December, 2009, 2008 and 2007, respectively.

The change in the balance in 2009 is the result of a charge of €317 million corresponding to the payment to shareholders on April 20, 2009 as a complement to dividends for 2008, which was approved at the AGM on March 13, 2009 (see Note 4)

This payment consisted in a total of 60,451,115 treasury stock (see Note 30) at one (1) share for each sixty-two (62) held by shareholders at market close on April 9, 2009. These shares are valued at €5.25 each (the average weighted price per share of Banco Bilbao Vizcaya Argentaria, S.A. in the Spanish stock market (continuous market) on March 12, the day before that of the AGM mentioned above.

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

29. RESERVES

The breakdown of the balance under this heading in the accompanying consolidated balance sheets as of December 31, 2009, 2008 and 2007 is as follows:

	Millions of euros		
	2009	**2008**	**2007**
Legal reserve	367	367	348
Restricted reserve for retired capital	88	88	88
Restricted reserve for Parent Company shares	470	604	912
Restricted reserve for redenomination of capital in euros	2	2	2
Revaluation Royal Decree-Law 7/1996	48	82	85
Voluntary reserves	2,918	1,927	822
Consolidation reserves attributed to the Bank and dependents consolidated companies	8,181	6,340	3,803
Total	**12,074**	**9,410**	**6,060**

29.1. LEGAL RESERVE

Under the amended Corporations Act, 10% of any profit made each year must be transferred to the legal reserve until the balance of this reserve reaches 20% of the share capital. This limit had already been reached the 20% by Banco Bilbao Vizcaya Argentaria, S.A. as of December 31, 2009. The legal reserve can be used to increase the share capital provided that the remaining reserve balance does not fall below 10% of the increased capital.

To the extent mentioned above, and 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.

29.2. RESTRICTED RESERVES

Pursuant to the amended Spanish Corporations Act, a restricted reserve is recognized resulting from the reduction of the nominal value of each share in April 2000, and another restricted reserve resulting from the amount of treasury stock held by the bank at each period-end, as well as by the amount of customer loans outstanding at those dates that were granted for the purchase of, or are secured by, the Bank's shares.

Finally, pursuant to Law 46/1998 on the introduction of the euro, a restricted reserve is recognized as a result of the rounding effect of the redenomination of the share capital in euros.

29.3. REVALUATION OF ROYAL DECREE-LAW 7/1996 (REVALUATION AND REGULARIZATION OF THE BALANCE SHEET)

Prior to the merger, Banco de Bilbao, S.A. and Banco de Vizcaya, S.A. availed themselves of the legal provisions applicable to the regularization and revaluation of balance sheets. Thus, on December 31, 1996, Banco Bilbao Vizcaya, S.A. revalued its tangible assets pursuant to Royal Decree-Law 7/1996 of June 7 by applying the maximum coefficients authorized, up to the limit of the market value arising from the existing valuations. The resulting increases in the cost and depreciation of tangible fixed assets were calculated and allocated as follows:

	Millions of euros 2009
Legal revaluations and regularizations of tangible assets:	
Cost	187
Less:	
Single revaluation tax (3%)	(6)
Balance as of December 31, 1999	**181**
Rectification as a result of review by the tax authorities in 2000	(5)
Transfer to voluntary reserves	(128)
Total	**48**

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

29.4. RESERVES AND LOSSES AT CONSOLIDATED COMPANIES:

The breakdown, by company or corporate group, of the balances under these headings in the accompanying consolidated balance sheets as at December 31, 2009, 2008 and 2007 is as follows:

	Millions of euros		
	2009	2008	2007
Fully and proportionately consolidated companies			
BBVA Bancomer Group	4,022	3,489	2,782
BBVA Chile Group	419	248	155
BBVA Banco Provincial Group	413	198	84
BBVA Continental Group	127	95	79
BBVA Puerto Rico Group	72	44	43
BBVA USA Bancshares Group	71	(84)	23
BBVA Portugal Group	(207)	(220)	(236)
BBVA Colombia Group	(209)	(264)	(313)
BBVA Banco Francés Group	(139)	(305)	(441)
BBVA Luxinvest, S.A.	1,239	1,232	1,295
Corporacion General Financiera, S.A.	1,229	979	965
BBVA Seguros, S.A.	1,052	862	681
Anida Grupo Inmobiliario, S.L.	401	380	296
Cidessa Uno, S.L.	746	298	197
BBVA Suiza, S.A.	233	222	197
Bilbao Vizcaya Holding, S.A.	166	150	104
Finanzia, Banco de Crédito, S.A.	146	144	139
Compañía de Cartera e Inversiones, S.A.	123	121	(10)
Banco Industrial de Bilbao, S.A.	96	114	95
BBVA Panama, S.A.	118	108	85
Almacenes Generales de Depósito, S.A.E.	105	97	90
BBVA Ireland Public Limited Company	103	103	97
Participaciones Arenal, S.L.	(181)	(182)	(182)
Banco de Crédito Local, S.A.	-	(243)	(243)
BBVA International Investment Corporation	-	(418)	(424)
Rest	(55)	117	(10)
Subtotal	**10,090**	**7,285**	**5,548**
Using the equity method:	**309**	**609**	**451**
Corp. IBV Participaciones Empresariales, S.A.	249	437	428
CITIC Group	31	151	(5)
Tubos Reunidos, S.A.	51	53	66
Rest	(22)	(32)	(38)
Total	**10,399**	**7,894**	**5,999**

For the purpose of allocating the reserves and accumulated losses at the consolidated companies shown in the above table, the transfers of reserves arising from the dividends paid and transactions between these companies are taken into account in the period in which they took place.

As at December 31, 2009, 2008 and 2007, the individual financial statements of the subsidiaries giving rise to the balances recognized in "Reserves and losses at consolidated companies – Fully and proportionately consolidated companies" in the table above included €2,410 million €2,217 million and €1,706 million, respectively, of restricted reserves, all of which are restricted for the companies' shares.

30. TREASURY STOCK

In 2009, 2008 and 2007 the Group companies performed the following transactions with shares issued by the Bank:

	2009		2008		2007	
	Number of shares	Millions of euros	Number of shares	Millions of euros	Number of shares	Millions of euros
Balance as of January 1	**61,539,883**	**720**	**15,836,692**	**389**	**8,306,205**	**147**
+ Purchases	688,601,601	6,431	1,118,942,855	14,096	921,700,213	16,156
- Sales and other changes	(733,499,430)	(6,835)	(1,073,239,664)	(13,745)	(914,169,726)	(16,042)
+/- Derivatives over BBVA shares	-	(92)	-	(20)	-	128
Balance at end of year	**16,642,054**	**224**	**61,539,883**	**720**	**15,836,692**	**389**
Of which:						
Held by BBVA	8,900,623	128	4,091,197	143	291,850	129
Held by Corporación General Financiera, S.A.	7,740,902	96	57,436,183	577	15,525,688	260
Held by other subsidiaries	529	-	12,503	-	19,154	-
Average purchase price in euros	9.34		12.6		17.53	
Average selling price in euros	8.95		12.52		17.51	
Net gain or losses on transactions (Shareholders' funds-Reserves)	(238)		(172)		(26)	

The amount under the heading of "Sales and other changes" in the above table in 2009 includes the allocation of treasury stock to the shareholders as an additional remuneration to complement the dividends for 2008 (see Note 28).

The percentages of treasury stock held by the Group in 2009, 2008 and 2007 were as follows:

	2009		2008		2007	
	Min	Max	Min	Max	Min	Max
% treasury stock	0.020%	2.850%	0.318%	3.935%	0.136%	1.919%

The number of shares of BBVA accepted in pledge as of December 31, 2009, 2008 and 2007 was as follows:

	2009	2008	2007
Number of shares in pledge	92,503,914	98,228,254	96,613,490
Nominal value	0.49	0.49	0.49
% of share capital	2.47%	2.62%	2.58%

The number of BBVA shares owned by third parties but managed by a company in the Group as of December 31, 2009, 2008 and 2007 was as follows:

	2009	2008	2007
Number of shares property of third parties	82,319,422	104,534,298	105,857,665
Nominal value	0.49	0.49	0.49
% of share capital	2.20%	2.79%	2.80%

31. VALUATION ADJUSTMENTS

The breakdown of the balance under this heading in the accompanying consolidated balance sheets as of December 2009, 2008 and 2007 is as follows:

	Note	Millions of euros 2009	2008	2007
Available-for-sale financial assets	12.4	1,951	931	3,546
Cash flow hedging		188	207	(50)
Hedging of net investments in foreign transactions		219	247	297
Exchange differences	2.2.16	(2,236)	(2,231)	(1,588)
Non-current assets held for sale		-	-	-
Entities accounted for using the valuation method		(184)	(84)	47
Other valuation adjustments		-	-	-
Total		**(62)**	**(930)**	**2,252**

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

32. NON-CONTROLLING INTEREST

The breakdown by consolidated company of the balance under the heading “Non-controlling interest” of consolidated equity in 2009, 2008 and 2007 was as follows:

	Millions of euros		
	2009	2008	2007
BBVA Colombia Group	30	26	23
BBVA Chile Group	280	194	195
BBVA Banco Continental Group	391	278	246
BBVA Banco Provincial Group	590	413	267
BBVA Banco Francés Group	127	88	87
Other companies	45	50	62
Total	**1,463**	**1,049**	**880**

The amount share in net income in 2009, 2008 and 2007 of the non-controlling interests in the Group was as follows. These amounts are recognized in the heading “Non-controlling interest” of the accompanying consolidated income statements:

	Millions of euros		
	2009	2008	2007
BBVA Colombia Group	6	5	5
BBVA Chile Group	64	31	43
BBVA Banco Continental Group	126	97	76
BBVA Banco Provincial Group	148	175	106
BBVA Banco Francés Group	33	44	36
Other companies	8	13	23
Total	**385**	**365**	**289**

33. CAPITAL BASE AND CAPITAL MANAGEMENT

Capital base

Bank of Spain Circular 3/2008, of May 22, on the calculation and control of minimum capital base requirements, regulates the minimum capital base requirements for Spanish credit institutions –both as individual entities and as consolidated groups– and how to calculate them, as well as the various internal capital adequacy assessment processes they should have in place and the information they should disclose to the market.

Circular 3/2008 implements Spanish legislation on capital base and consolidated supervision of financial institutions, as well as adapting Spanish law to the relevant European Union Directives, in compliance with the Accord by the Basel Committee on Banking Supervision (Basel II).

The minimum capital base requirements established by Circular 3/2008 are calculated according to the Group’s exposure to credit and dilution risk, counterparty and liquidity risk relating to the trading portfolio, exchange rate risk and operational risk. In addition, the Group must fulfill the risk concentration limits established in said Circular and the internal Corporate Governance obligations.

In 2009 and 2008, the solvency ratios were calculated in accordance with the criteria under Bank of Spain Circular 3/2008. In 2007 these ratios were still subject to the criteria under the previous circular (Bank of Spain Circular 5/1993, March 26.

As of December 31, 2009, 2008 and 2007, the Group's capital exceeded the minimum capital base level required by regulations in force on each date as shown below:

	Millions of euros		
	2009 (*)	2008	2007
Basic equity	**27,114**	**22,107**	**19,115**
Common Stock	1,837	1,837	1,837
Parent company reserves	20,892	21,394	18,389
Reserves in consolidated companies	1,600	(626)	-
Non-controlling interests	1,245	928	760
Other equity instruments	7,130	5,391	4,491
Deductions (Goodwill and others)	(8,177)	(9,998)	(9,654)
Attributed net income (less dividends)	2,587	3,181	3,292
Additional equity	**12,116**	**12,543**	**13,924**
Other deductions	**(2,133)**	**(957)**	**(1,786)**
Additional equity due to mixed group (**)	**1,305**	**1,129**	**1,160**
Total Equity	**38,402**	**34,822**	**32,413**
Minimum equity required	**23,282**	**24,124**	**25,386**

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

Capital management

Capital management in the Group has a twofold aim: to preserve the level of capitalization, in accordance with the business objectives in all the countries in which it operates; and, at the same time, to maximize the return on shareholders' funds through the efficient allocation of capital to the different units, good management of the balance sheet and appropriate use of the various instruments forming the basis of the Group's equity: stock, preferential stock and subordinate debt.

This capital management is carried out in accordance with the criteria of the Bank of Spain Circular 3/2008, both in terms of determining the capital base and the solvency ratios. This regulation allows each entity to apply its own internal ratings based (IRB) approach to risk and capital management.

The Group carries out an integrated management of these risks, in accordance with its internal policies (see Note 7) and its internal capital estimation model has received the Bank of Spain's approval for certain portfolios.

Capital is allocated to each business area (see Note 6) according to economic risk capital (ERC) criteria, which are based on the concept of unexpected loss with a specific confidence level, as a function of a solvency target determined by the Group. This target is established at two levels: adjusted core capital, which determines the allocated capital and serves as a reference to calculate the return generated on equity (ROE) by each business; and total capital, which determines the additional allocation in terms of subordinate debt and preferred securities.

Because of its sensitivity to risk, ERC is an element linked to policies for managing the actual businesses. The procedure provides a harmonized basis for assigning capital to businesses according to the risks incurred and makes it easier to compare returns.

34. FINANCIAL GUARANTEES AND DRAWABLE BY THIRD PARTIES

The breakdown of the balances of these items as of December 31, 2009, 2008 and 2007 was as follows:

	Millions of euros		
	2009	2008	2007
Contingent exposures -			
Collateral, bank guarantees and indemnities	26,266	27,649	27,997
Rediscounts, endorsements and acceptances	45	81	58
Rest	6,874	8,222	8,804
	33,185	**35,952**	**36,859**
Contingent commitments -			
Drawable by third parties:	84,925	92,663	101,444
Credit institutions	2,257	2,021	2,619
Government and other government agency	4,567	4,221	4,419
Other resident sectors	29,604	37,529	42,448
Non-resident sector	48,497	48,892	51,958
Other commitments	7,398	6,234	5,496
Total	**92,323**	**98,897**	**106,940**

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

In 2009, 2008 and 2007 no issuances of debt securities carried out by associate entities, jointly controlled entities (accounted for using the equity method) or non-Group entities have been guaranteed.

35. ASSETS ASSIGNED TO OTHER OWN AND THIRD-PARTY OBLIGATIONS

In addition to those mentioned in other notes in these annual financial statements as at December 31, 2009 and 2008 and 2007 the treasury assets of consolidated entities that guaranteed their own obligations amounted to €81,231 million, €76,259 million and €58,406 million. This amount mainly corresponds to assets allocated as collateral for certain lines of short-term finance assigned to the Group by the Bank of Spain and to the issue of long-term mortgage-backed securities (Note 23.4) which, pursuant to the Mortgage Market Act, are admitted as third-party collateral.

As of December 31, 2009, 2008 and 2007, none of the Group's assets were linked to any additional third-party obligations apart from those described in the various notes to these consolidated annual financial statements.

36. OTHER CONTINGENT ASSETS AND LIABILITIES

As of December 31, 2009, 2008 and 2007, there were no significant contingent assets or liabilities registered in the financial statements attached.

37. PURCHASE AND SALE COMMITMENTS AND FUTURE PAYMENT OBLIGATIONS

The breakdown of sale and purchase commitments of the BBVA Group as of December 31, 2009, 2008 and 2007 was as follows:

	Millions of euros		
	2009	2008	2007
Financial instruments sales with repurchase commitments	29,409	32,569	50,982
Financial instruments purchase with resale commitments	7,023	11,515	11,423

Below is a breakdown of the maturity of other future payment obligations (in addtion to those described in Note 16.1 for propery leases) maturing after December 31, 2009:

	Millions of euros				
	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Finance leases	-	-	-	-	-
Operating leases	159	88	108	213	568
Purchase commitments	240	16	2	-	258
Technology and systems projects	178	16	2	-	196
Other projects	62	-	-	-	62
Total	**399**	**104**	**110**	**213**	**826**

38. TRANSACTIONS FOR THE ACCOUNT OF THIRD PARTIES

As of December 31, 2009, 2008 and 2007, the details of the most significant items under this heading were as follows:

	Millions of euros		
	2009	2008	2007
Financial instruments entrusted by third parties	530,109	510,019	567,263
Conditional bills and other securities received for collection	4,428	5,208	20,824
Securities received in credit	489	71	632

As of December 31, 2009, 2008 and 2007, the off-balance sheet customer funds were as follows:

	Millions of euros		
	2009	2008	2007
Off balance sheet customer funds	**133,537**	**114,840**	**165,314**
- Commercialized by the Group			
- Investment companies and mutual funds	39,849	37,076	63,487
- Pension funds	57,264	42,701	59,143
- Saving insurance contracts	9,814	10,398	10,437
- Customer portfolios managed on a discretionary basis	26,501	24,582	31,936
Of which:			
Portfolios managed on a discretionary	10,757	12,176	18,904
- Commercialized by the Group managed by third parties outside the Group			
- Investment companies and mutual funds	85	59	156
- Pension funds	24	24	128
- Saving insurance contracts	-	-	27

39. INTEREST INCOME AND EXPENSES

39.1. INTEREST AND SIMILAR INCOME

The breakdown of the most significant interest and similar income earned by the Group in 2009, 2008 and 2007 was as follows:

	2009	2008	2007
Central Banks	254	479	458
Loans and advances to credit institutions	631	1,323	1,664
Loans and advances to customers	18,119	23,580	19,208
Govermment and other govermment agency	485	736	668
Resident sector	7,884	11,177	9,281
Non resident sector	9,750	11,667	9,259
Debt securities	3,342	3,706	3,472
Trading	1,570	2,241	2,028
Investment	1,772	1,465	1,444
Rectification of income as a result of hedging transactions	177	175	177
Insurance activity income	940	812	821
Other income	312	329	376
Total	**23,775**	**30,404**	**26,176**

Millions of euros

The amounts recognized in consolidated equity during the year in connection with hedging derivatives and the amounts derecognized from consolidated equity and taken to the consolidated income statement during the year are disclosed in the accompanying consolidated income statements.

The following table shows the adjustments in income resulting from hedge accounting, broken down by type of hedge.

Millions of euros

	2009	2008	2007
Cash flow hedging	295	152	133
Fair value hedging	(118)	23	44
	177	**175**	**177**

The breakdown of the balance of this heading in the accompanying consolidated income statements by geographical area is as follows:

Millions of euros

	2009	2008	2007
Domestic market	11,224	15,391	13,709
Foreign	12,551	15,013	12,467
European Union	1,089	1,974	1,652
OECD	7,153	8,671	7,336
Rest of countries	*4,309*	*4,368*	*3,479*
Total	**23,775**	**30,404**	**26,176**

39.2. INTEREST AND SIMILAR EXPENSES

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

	Millions of euros		
	2009	2008	2007
Bank of Spain and other central banks	202	384	365
Deposits from credit institutions	1,511	3,115	3,119
Customers deposits	4,312	9,057	7,840
Debt certificates	2,681	3,631	3,658
Subordinated liabilities	1,397	1,121	868
Rectification of expenses as a result of hedging transactions	(1,215)	421	(327)
Cost attributable to pension funds	274	254	241
Insurance	679	571	616
Other charges	52	164	168
Total	**9,893**	**18,718**	**16,548**

The following table shows the adjustments in expenses resulting from hedge accounting, broken down by type of hedge.

	Millions of euros		
Rectification of cost due to hedging derivatives	**2009**	**2008**	**2007**
Cash flow hedging	(35)	(33)	(24)
Fair value hedging	(1,180)	454	(303)
	(1,215)	**421**	**(327)**

39.3. AVERAGES RETURN ON INVESTMENTS AND AVERAGE BORROWING COST

The detail of the average return on investments in 2009, 2008 and 2007 was as follows:

ASSETS	Millions of euros								
	2009			2008			2007		
	Average Balances	Expenses	Interest Rates (%)	Average Balances	Expenses	Interest Rates (%)	Average Balances	Expenses	Interest Rates (%)
Cash and balances with central banks	18,638	253	1.36	14,396	479	3.32	16,038	458	2.86
Securities portfolio and derivatives	138,030	4,207	3.05	118,356	4,659	3.94	107,236	4,386	4.09
Loans and advances to credit institutions	26,152	697	2.66	31,229	1,367	4.38	39,509	1,777	4.50
Euros	16,190	353	2.18	21,724	933	4.30	29,522	1,138	5.39
Foreign currency	9,962	344	3.45	9,505	434	4.57	9,987	639	6.39
Loans and advances to customers	328,969	18,498	5.62	321,498	23,720	7.38	275,647	19,290	7.00
Euros	222,254	9,262	4.17	218,634	13,072	5.98	201,045	10,747	5.22
Foreign currency	106,715	9,236	8.65	102,864	10,648	10.35	74,602	8,543	11.45
Other finance income	-	120	-	-	179	-	-	265	-
Other assets	31,180	-	-	32,377	-	-	22,770	-	-
ASSETS/INTEREST AND SIMILAR INCOME	**542,969**	**23,775**	**4.38**	**517,856**	**30,404**	**5.87**	**461,200**	**26,176**	**5.68**

The average borrowing cost in 2009, 2008 and 2007 was as follows:

LIABILITIES	Millions of euros								
	2009			2008			2008		
	Average Balances	Expenses	Interest Rates (%)	Average Balances	Expenses	Interest Rates (%)	Average Balances	Expenses	Interest Rates (%)
Deposits from central banks and credit institutions	74,017	2,143	2.89	77,159	3,809	4.94	65,822	3,469	5.27
Euros	35,093	967	2.75	32,790	1,604	4.89	27,388	1,261	4.60
Foreign currency	38,924	1,176	3.02	44,369	2,205	4.97	38,434	2,209	5.75
Customer deposits	249,106	4,056	1.63	237,387	8,390	3.53	205,740	7,013	3.41
Euros	116,422	1,326	1.14	115,166	3,765	3.27	109,605	3,133	2.83
Foreign currency	132,684	2,730	2.06	122,221	4,625	3.78	96,135	3,880	4.04
Debt certificates and subordinated liabilities	120,228	3,098	2.58	119,249	6,100	5.12	116,247	5,658	4.87
Euros	91,730	2,305	2.51	96,764	5,055	5.22	99,612	4,675	4.67
Foreign currency	28,498	787	2.76	22,485	1,045	4.65	16,635	983	5.91
Other finance expenses	-	596	-	-	418	-	-	408	-
Other liabilities	70,020	-	-	56,867	-	-	48,776	-	-
Equity	29,598	-	-	27,194	-	-	24,615	-	-
LIABILITIES+EQUITY/INTEREST AND SIMILAR EXPENSES	**542,969**	**9,893**	**1.82**	**517,856**	**18,717**	**3.61**	**461,200**	**16,548**	**3.59**

The change in the balance under the headings “Interest and similar income” and “Interest and similar expenses” in the accompanying consolidated income statement between 2009 and 2008 is the result of changing prices (price effect) and changing volume of activity (volume effect), as can be seen below:

	Millions of euros		
	Volume Price-Effect 2009/2008		
	Volume Effect (1)	Price Effect (2)	Total Effect
Cash and balances with central banks	141	(366)	(225)
Securities portfolio and derivatives	774	(1,226)	(452)
Loans and advances to credit institutions	(222)	(448)	(670)
Euros	(238)	(342)	(580)
Foreign currency	21	(112)	(91)
Loans and advances to customers	551	(5,774)	(5,222)
Euros	216	(4,027)	(3,810)
Foreign currency	399	(1,811)	(1,412)
Other financial income	-	(59)	(59)
INTEREST AND SIMILAR INCOME	**1,474**	**(8,104)**	**(6,629)**
Deposits from central banks and credit institutions	(155)	(1,512)	(1,667)
Euros	113	(750)	(637)
Foreign currency	(271)	(759)	(1,029)
Customer deposits	414	(4,748)	(4,334)
Euros	41	(2,480)	(2,439)
Foreign currency	396	(2,291)	(1,895)
Debt certificates and subordinated liabilities	50	(3,052)	(3,002)
Euros	(263)	(2,481)	(2,744)
Foreign currency	280	(537)	(285)
Other finance expense	-	178	178
INTEREST AND SIMILAR EXPENSES	**908**	**(9,733)**	**(8,825)**
NET INTEREST INCOME			**2,197**

(1) The volume effect is calculated as the result of the interest rate of the initial period multiplied by the difference between the average balances of both periods.

(2) The price effect is calculated as the result of the average balance of the last period multiplied by the difference between the interest rates of both periods.

40. DIVIDEND INCOME

The balances for this heading in the accompanying consolidated income statement correspond to dividends on shares and capital instruments other than those from shares in entities accounted for by the equity method (see Note 41), as can be seen in the breakdown below:

	Millions of euros		
	2009	2008	2007
Dividends from:			
Financial assets held for trading	131	110	121
Available-for-sale financial assets	312	337	227
Total	**443**	**447**	**348**

41. SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

The profit contributed by the entities accounted for using the equity method as of December 31, 2009, 2008 and 2007 was as follows:

	Millions of euros		
	2009	2008	2007
CITIC Group	164	18	7
Corporación IBV Participaciones Empresariales, S.A.	18	233	209
Tubos Reunidos, S.A.	1	20	20
Occidental Hoteles Management, S.L.	(31)	(9)	(6)
Hestenar, S.L.	(13)	(1)	-
Las Pedrazas Golf, S.L.	(7)	-	-
Servired Española de Medios de Pago, S.A.	(2)	26	-
Rest	(10)	6	11
Total	**120**	**293**	**241**

42. FEE AND COMMISSION INCOME

The breakdown of the balance under this heading in the accompanying consolidated income statements for 2009, 2008 and 2007 by geographical area was as follows:

	Millions of euros		
	2009	2008	2007
Commitment fees	97	62	55
Contingent liabilities	260	243	229
Documentary credits	42	45	38
Bank and other guarantees	218	198	191
Arising from exchange of foreign currencies and banknotes	14	24	24
Collection and payment services	2,573	2,655	2,567
Securities services	1,636	1,895	2,089
Counselling on and management of one-off transactions	7	9	16
Financial and similar counselling services	43	24	23
Factoring transactions	27	28	25
Non-banking financial products sales	83	96	87
Other fees and commissions	565	503	488
Total	**5,305**	**5,539**	**5,603**

43. FEE AND COMMISSION EXPENSES

The breakdown of the balance under this heading in the accompanying consolidated income statements for 2009, 2008 and 2007 by geographical area was as follows:

	Millions of euros		
	2009	2008	2007
Brokerage fees on lending and deposit transactions	7	8	7
Fees and commissions assigned to third parties	610	728	612
Other fees and commissions	258	276	424
Total	**875**	**1,012**	**1,043**

44. NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES

The breakdown of the balance under this heading in the accompanying consolidated income statements for 2009, 2008 and 2007 was as follows:

Millions of euros	2009	2008	2007
Financial assets held for trading	321	265	709
Other financial assets designated at fair value through profit or loss	79	(17)	43
Other financial instruments not designated at fair value through profit or loss	492	1,080	793
Available-for-sale financial assets	504	996	709
Loans and receivables	20	13	63
Rest	(32)	71	21
Total	**892**	**1,328**	**1,545**

The balance under this heading in the accompanying consolidated income statements, broken down by the nature of the financial instruments, was as follows:

Millions of euros	2009	2008	2007
Debt instruments	875	(143)	(6)
Equity instruments	1,271	(1,986)	1,026
Loans and advances to customers	38	106	88
Derivatives	(1,318)	3,305	409
Customer deposits	(2)	13	-
Rest	28	33	28
Total	**892**	**1,328**	**1,545**

The breakdown of the balance of the impact of the derivatives (trading and hedging) on this heading in the accompanying consolidated income statements was as follows:

Millions of euros	2009	2008	2007
Trading derivatives	**(1,264)**	**3,239**	**417**
Interest rate agreements	(213)	568	482
Security agreements	(993)	2,621	(95)
Commodity agreements	(2)	42	8
Credit derivative agreements	(130)	217	50
Foreign-exchange agreements	64	(152)	(29)
Other agreements	10	(57)	-
Hedging Derivatives Ineffectiveness	**(54)**	**66**	**(8)**
Fair value hedging	(55)	66	8
Hedging derivative	58	2,513	(805)
Hedged item	(113)	(2,447)	798
Cash flow hedging	1	-	-
Total	**(1,318)**	**3,305**	**409**

In addition, in 2009 €52 million have been recognized under the heading "Exchange differences" in the consolidated income statement, through foreign exchange derivative trading.

45. OTHER OPERATING INCOME AND EXPENSES

The breakdown of the balance under the heading "Other operating income" in the accompanying consolidated income statements was as follows:

	Millions of euros		
	2009	2008	2007
Income on insurance and reinsurance contracts	2,567	2,512	2,605
Financial income from non-financial services	493	485	655
Of which:			
Real estate agencies	42	40	279
Rest of operating income	340	562	329
Of which:			
Net operating profit from rented buildings	57	20	11
Total	**3,400**	**3,559**	**3,589**

The breakdown of the balance under the heading "Other operating expense" in the accompanying consolidated income statements was as follows:

	Millions of euros		
	2009	2008	2007
Expenses on insurance and reinsurance contracts	1,847	1,896	2,052
Change in inventories	417	403	467
Rest of operating expenses	889	794	532
Of which:			
Fondo de garantía de depositos	323	251	225
Total	**3,153**	**3,093**	**3,051**

46. ADMINISTRATION COSTS

46.1 PERSONNEL EXPENSES

The breakdown of the balance under this heading in the accompanying consolidated income statements for 2009, 2008 and 2007 was as follows:

		Millions of euros		
	Note	2009	2008	2007
Wages and salaries		3,607	3,593	3,297
Social security costs		531	566	546
Transfers to internal pension provisions	26.2	44	56	56
Contributions to external pension funds	26.1	68	71	58
Other personnel expenses		401	430	378
Total		**4,651**	**4,716**	**4,335**

The breakdown of number of employees in the Group in 2009, 2008 and 2007, by professional categories and geographical areas, was as follows:

	Average number of employees		
	2009	2008	2007
Spanish banks			
Executives	1,043	1,053	1,102
Other line personnel	20,700	21,268	21,672
Clerical staff	5,296	6,152	6,849
Branches abroad	653	720	745
	27,692	**29,193**	**30,368**
Companies abroad			
Mexico	26,675	27,369	26,568
Venezuela	5,935	6,154	5,793
Argentina	4,156	4,242	3,955
Colombia	4,289	4,382	4,639
Peru	4,222	3,836	3,349
United States	10,705	12,029	6,767
Other	4,839	4,918	4,780
	60,821	**62,930**	**55,851**
Pension fund managers	**5,642**	**8,470**	**8,969**
Other non-banking companies	**10,261**	**11,343**	**9,327**
Total	**104,416**	**111,936**	**104,515**

The breakdown of the average number of employees in the Group in 2009, 2008 and 2007, by professional category and gender, was as follows:

	2009 Average number		2008 Average number		2007 Average number	
	Male	Female	Male	Female	Male	Female
Executive managers	1,667	330	1,629	316	1,667	318
Other line personnel	23,438	16,921	23,392	19,927	24,506	16,337
Clerical staff	25,650	36,410	29,335	37,337	28,993	32,694
Total	**50,755**	**53,661**	**54,356**	**57,580**	**55,166**	**49,349**

The total number of employees in the Group as of December 31, 2009, 2008 and 2007, broken down by professional category and gender, was as follows:

	2009 Total number of employees		2008 Total number of employees		2007 Total number of employees	
	Male	Female	Male	Female	Male	Female
Executive managers	1,646	328	1,627	319	1,656	314
Other line personnel	21,960	18,687	22,983	19,092	24,515	19,034
Clerical staff	26,913	34,187	29,169	35,782	31,127	35,267
Total	**50,519**	**53,202**	**53,779**	**55,193**	**57,298**	**54,615**

Equity-instrument-based employee remuneration

Settlement of the long-term share remuneration plan 2006-2008

The settlement of the long-term share remuneration plan of 2006-2008 was approved by the AGM held on March 13, 2009.

Given that the Group ranked third among the 13 benchmark banks, the Total Shareholders' Return ("TSR") applied in the settlement of the plan meant applying a multiplier of 1.42. Applied to the theoretical number of shares allocated to each beneficiary, this gave a total of 13,677,226 shares to be delivered across the whole Group. The final price of the shares allocated as remuneration was set at €6.25 per share.

Multi-Year Variable Share-Based Remuneration Plan for the BBVA Executive Team 2009-2010

At the Annual General Meeting held on March 13, 2009, the Bank's shareholders approved a long-term share-based remuneration plan for the members of the Group's executive team ("the Plan"). The Plan entered into force on April 15, 2009 and will end on December 31, 2010. Its settlement is planned for April 15, 2011.

This Plan consists of the promise to give ordinary BBVA shares to members of the Group's management team (including executive board directors and members of the Steering Team of BBVA: see Note 56).

At the start of the Plan, each of the beneficiaries was assigned an initial number of “units”. At the expiry of the Plan, the final number of shares to be delivered to each beneficiary will be calculated by multiplying the number of “units” allocated by a coefficient ranging from 0 to 2. The value of the coefficient will be established by comparing the performance of the Bank’s TSR (share appreciation plus dividends) over the term of the Plan with the performance of the same indicator for 18 other leading European and U.S. banks.

The amount of the obligation that will be registered in the consolidated financial statements during the period of the Plan will be determined by multiplying the number of the “units” by the estimated average price of the share at the moment of the settlement of the Plan.

As of December 31, 2009, the estimated number of “units” was 6,849,553 in the Group as a whole, including executive directors and the BBVA’s Management Committee members (see Note 56).

The amount of the Plan will be accrued throughout its life. The expense registered for the period from April 15 to December 31, 2009 amounted to €11 million and is recognized under the heading “Personnel expenses – Other” in the Group’s accompanying consolidated income statement for the year 2009 with a charge to “Stockholders' Funds - Other equity instruments” in the consolidated balance sheet as of December 31, 2009, net of tax effect.

Compass long-term incentive plan

The board of directors of Compass Bancshares (“Compass”) approved a long-term restricted share plan to provide incentives to certain officers and key employees of Compass Bancshares and its subsidiaries. This plan enters into effect in 2008 and has a duration of three years.

The plan represents an obligation by Compass Bancshares to deliver an equivalent number of BBVA American Depository Shares that may not be sold, transferred, pledged or assigned during a designated restriction period, but which otherwise have voting and dividend rights associated with BBVA American Depository Shares during the restriction period and/or the assignation of restricted share units, each of these units representing the obligation of Compass to deliver an equivalent number of ADS once the restriction period has ended, assuming the fulfillment of certain criteria.

The initial maximum number of BBVA ADS available for distribution under this Plan was 1,320,911 (1 ADS is equivalent to one BBVA ordinary share) representing a 0.035% of the common stock of the Bank. In November, approval was granted to increase the number of ADS under this Plan by 1,692,916.

A total of 821,511 “restricted share units” have been assigned to 380 employee beneficiaries, representing 0.022% of the share capital of the Bank, with restriction periods in 2009, 2010, and 2011.

The expense associated in 2009 reached $9.1 million (equivalent to €6.5 million). It is recognized under the heading “Personnel expenses – Other personnel expenses” in the consolidated income statement for the year, and a balancing entry has been made under the heading “Stockholders’ funds – Other equity instruments” in the consolidated balance sheet as of December 31, 2009, net of tax effect.

46.2 GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of the balance under this heading in the accompanying consolidated income statements for 2009, 2008 and 2007 was as follows:

	Millions of euros		
	2009	**2008**	**2007**
Technology and systems	577	598	539
Communications	254	260	236
Advertising	262	273	248
Property, fixtures and materials	643	617	520
Of which:			
Rents expenses (*)	304	268	205
Taxes	266	295	258
Other administration expenses	1,009	997	1,117
Total	**3,011**	**3,040**	**2,918**

(*) The consolidated companies do not expect to terminate the lease contracts early.

47. DEPRECIATION AND AMORTIZATION

The breakdown of the balance under this heading in the accompanying consolidated income statements for 2009, 2008 and 2007 was as follows:

		Millions of euros		
	Note	2009	2008	2007
Tangible assets depreciation charge	19	435	443	426
For own use		416	435	418
Investment properties		11	1	1
Operating lease		8	8	7
Intangible assets depreciation charge	20.2	262	256	151
Total		**697**	**699**	**577**

48. PROVISIONS (NET)

The net allowances charged to the income statement under the headings “Provision for pensions and similar obligations”, “Provisions for contingent exposures and commitments", “Provisions for taxes and other legal contingencies” and “Other provisions" (Note 25) for the years 2009, 2008 and 2007 were as follows:

	Millions of euros		
	2009	2008	2007
Provisions for pensions and similar obligations	552	985	135
Provisions for contingent exposures and commitments	(170)	(119)	48
Provisions for taxes, other legal contingents and other provisions	76	565	52
Total	**458**	**1,431**	**235**

49. IMPAIRMENT (LOSSES) ON FINANCIAL ASSETS (NET)

The details of impairment on financial assets broken down by the nature of these assets as of December 31, 2009, 2008 and 2007 were as follows:

		Millions of euros		
	Note	2009	2008	2007
Available-for-sale financial assets	12	277	145	1
Debt securities		167	144	1
Other equity instruments		110	1	-
Held-to-maturity investments	14	(3)	(1)	-
Loans and receivables	7	5,199	2,797	1,902
Of which:				
Recovery of writen-off assets	7	187	192	226
Total		**5,473**	**2,941**	**1,903**

50. IMPAIRMENT LOSSES ON OTHER ASSETS (NET)

The details of impairment losses of non-financial assets broken down by the nature of these assets as of December 31, 2009, 2008 and 2007 were as follows:

		Millions of euros		
	Note	2009	2008	2007
Goodwill	20.1 y 17	1,100	-	-
Other intangible assets	20.2	-	1	1
Tangible assets	19	155	13	12
For own use		62	(8)	(12)
Investment properties		93	(6)	-
Inventories	22	334	26	-
Rest		29	5	-
Total		**1,618**	**45**	**13**

51. GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE

The breakdown of the balances under these headings in the accompanying consolidated income statements for 2009, 2008 and 2007 was as follows:

	Millions of euros		
	2009	2008	2007
Gains			
Disposal of investments in entities	6	27	2
Disposal of intangible assets and other	28	75	39
Losses:			
Disposal of investments in entities	(2)	(14)	(7)
Disposal of intangible assets and other	(12)	(16)	(21)
Total	**20**	**72**	**13**

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

The details under the heading "Gains and losses in non-current assets held for sale not classified as discontinued operations" in the accompanying consolidated income statement for 2009, 2008 and 2007 were as follows:

	Millions of euros		
	2009	2008	2007
Gains for real estate	**986**	**61**	**366**
Impairment of non-current assets held for sale	**(127)**	**(40)**	**(22)**
Gains on sale of available-for-sale financial assets	**-**	**727**	**847**
Total	**859**	**748**	**1,191**

"Net gains on property sales" above refer mainly to the Group's sales of property with leaseback in Spain (€914 million) in 2009, the sale of a Bancomer property in 2008 (€61 million) and the sale of four of the Bank's properties in Madrid in 2007 (€279 million) (see Note 16.1).

The “Gains (losses) on available-for-sale financial assets” correspond to the transactions of participations sales of Bradesco in 2008 and Iberdrola in 2007.

53. CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities increased in 2009 by €2,567 million, compared with the decrease of €1,992 million in 2008. The most significant changes occurred in the headings of “Available-for-sale financial assets”, “Loans and receivables” and “Financial liabilities at amortized cost” and “Financial assets held for trading”.

Cash flows from investment activities decreased in 2009 by €643 million, compared with to the decrease of €2,865 million in 2008. The most significant changes are included under the headings “Tangible assets” and “Investment in subsidiaries and other business units”.

Cash flows from financing activities decreased in 2009 by €74 million, compared with the decrease of €2,271 million in 2008. The most significant movements are shown in the line detailing the acquisition and amortization of own equity instruments.

The table below breaks down the main cash flows related to investing activities as of December 31, 2009, 2008 and 2007:

2009	Note	2009 Cash flows of investment activities Investments (-)	Desinvestments (+)
Tangible assets	19	931	793
Intangible assets	20	380	147
Investments	17	2	1
Subsidiaries and other business units		7	32
Non-current assets and liabilities associated held for sale	16	920	780
Held-to-maturity investments	14	156	-
Other settlements related with investement activities		-	-

2008	Note	2008 Cash flows of investment activities Investments (-)	Desinvestments (+)
Tangible assets	19	1,199	168
Intangible assets	20	402	31
Investments	17	672	9
Subsidiaries and other business units		1,559	13
Non-current assets and liabilities associated held for sale	16	515	374
Held-to-maturity investments	14	-	283
Other settlements related with investement activities		270	874

2007	Note	2007 Cash flows of investment activities Investments (-)	Desinvestments (+)
Tangible assets	19	1,836	328
Intangible assets	20	134	146
Investments	17	690	227
Subsidiaries and other business units		7,082	11
Non-current assets and liabilities associated held for sale	16	487	744
Held-to-maturity investments	14	-	321
Other settlements related with investement activities		719	1,184

54. ACCOUNTANT FEES AND SERVICES

The details of the fees for the services contracted by the companies of the Group in 2009 with their respective auditors and other audit companies were as follows:

	Millions of euros
Audits of the companies audited by firms belonging to the Deloitte worldwide organisation	13.1
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	5.2

Other companies in the Group contracted other services as at December 31, 2009, as follows:

	Millions of euros
Firms belonging to the Deloitte worldwide organisation	2.0
Other firms	7.4

The services provided by our accountants meet the independence requirements established under Law 44/2002, of 22 November, on Measures Reforming the Financial System and by the Sarbanes-Oxley Act of 2002 adopted by the Securities and Exchange Commission (SEC); accordingly they did not include the performance of any work that is incompatible with the auditing function.

55. RELATED PARTIES TRANSACTIONS

As financial institutions, BBVA and other companies in the Group engage in transactions with related parties in the normal course of their business. All these transactions are of little relevance and are carried out in normal market conditions.

55.1 TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS

As of December 31, 2009, the balances of transactions with significant shareholders (see Note 27) correspond to "Customer deposits", at €39 million, “Loans and advances to customers”, at €37 million and “Contingent exposures, at €17 million, all of them in normal market conditions.

55.2 TRANSACTIONS WITH THE BBVA GROUP

The balances of the main aggregates in the consolidated financial statements arising from the transactions carried out by the Group with associates and jointly controlled companies accounted for using the equity method (see Note 2.1), as of December 31, 2009, 2008 and 2007, were as follows:

	Millions of euros		
	2009	2008	2007
Assets:			
Loans and advances to credit institutions	45	27	32
Loans and advances to customers	613	507	610
Liabilities:			
Deposits from credit institutions	3	1	-
Customers deposits	76	23	55
Debt certificates	142	344	440
Memorandum accounts:			
Contingent exposures	36	37	129
Contingents commitments	340	415	443

The balances of the main aggregates in the accompanying consolidated income statements resulting from transactions with associated and jointly controlled entities that consolidated by the equity method in 2009, 2008 and 2007, were as follows:

	Millions of euros		
	2009	2008	2007
Income statement:			
Financial Revenues	18	36	33
Financial Expenses	6	22	18

There are no other material effects on the consolidated financial statements of the Group in 2009 arising from dealings with these companies, other than the effects arising from using the equity method (see Note 2.1), and from the insurance policies to cover pension or similar commitments (see Note 25).

As of December, 2009, 2008 and 2007, the notional amount of the futures transactions arranged by the Group with the main companies mentioned above amounted to approximately €569 million, €101 million and €74 million on December 31, 2008 and 2009, respectively (of which €474 million in 2009 correspond to futures transactions with the CITIC Group).

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.

55.3 TRANSACTIONS WITH MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT COMMITTEE

The information on the remuneration of members of the Board of Directors of BBVA and of the Group's Management Committee is included in Note 56.

The amount disposed of the loans granted to members of Board of Directors as of December 31, 2009 totaled €806 thousand.

The amount disposed of the loans granted as of December 31, 2009 to the Management Committee, excluding the executive directors, amounted to €3.912 thousand.

As of December 31, 2009, there were no guarantees provided on behalf of members of the Bank's Management Committee.

As of December 31, 2009, the loans granted to parties related to key personnel (the members of the Board of Directors of BBVA and of the Management Committee as mentioned above) amounted to €51,882 thousand. As of December 31, 2009, the other exposure (guarantees, financial leases and commercial loans) to parties related to key personnel amounted to €24,514 thousand.

55.4 TRANSACTIONS WITH OTHER RELATED PARTIES

As of December 31, 2009, the Group did not present any transactions with other related parties that did not belong to the normal course of their business, that was not under market conditions and that was relevant for the equity, income or the entity and financial situation of this entity.

56. REMUNERATION OF THE BOARD OF DIRECTORS AND MEMBERS OF THE BANK'S MANAGEMENT COMMITTEE

Remuneration and other benefits of the members of the Board of Directors and members of the Management Committee.

- REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration paid to individual non-executive members of the Board of Directors in 2009 is indicated below, broken down by type of remuneration:

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
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 (**)	**1,290**	**668**	**463**	**535**	**233**	**3,189**

(*)Mr. José Antonio Fernández Rivero, apart from the amounts detailed in the table above, also received a total of €652 thousand in early retirement benefit as a former director of BBVA.
(**) In addition, Mr. Richard C. Breeden, who resigned as director on March 13, 2009, received a total of €87,000 in 2009 as remuneration for his position on the Board.

- REMUNERATION OF EXECUTIVE DIRECTORS

The remuneration paid to individual executive directors in 2009 is indicated below, broken down by type of remuneration:

Thousand of euros

	Fixed remunerations	Variable remunerations (*)	Total (**)
Chairman & CEO	1928	3,416	5,343
President & COO	783	1,256	2,039
Total	**2,710**	**4,672**	**7,382**

(*) The figures relate to variable remuneration for 2008 paid in 2009.
(**) The remuneration paid to the current COO appointed on September 29, 2009, includes the remuneration received as Director of Resources and Media in the period for which he occupied this position.

In addition, the previous COO, who resigned on September 29, 2009, received €1,065 thousand as fixed remuneration for 2009 and €2,861 thousand as variable remuneration for 2008.

The previous Company Secretary, who resigned as executive of the Bank on December 22, 2009, received €650 thousand in 2009 as fixed remuneration and €815 thousand as variable remuneration for 2008.

In addition, those who were executive directors in 2009 have received remuneration in kind and in other forms for a joint total of €144 thousand.

The executive directors accrued variable remuneration for 2009, to be paid in 2010, amounting to €3,388 thousand in the case of the Chairman and CEO and €1,482 thousand in the case of the COO.

The previous COO has accrued €2,811 thousand euros for this item and the previous Company Secretary €805 thousand, both amounts to be paid in 2010.

These amounts are recognized under the item "Other liabilities – Accruals" on the liability side of the consolidated balance sheet as of December 31, 2009.

- REMUNERATION OF THE MEMBERS OF THE MANAGEMENT COMMITTEE (*)

The remuneration paid in 2009 to the members of BBVA's Management Committee amounted to €6,257 thousand in fixed remuneration and €10,804 thousand in variable remuneration accrued in 2008 and paid in 2009.

In addition, the members of the Management Committee received remuneration in kind and other items totaling €453 thousand in 2009.

(*) This section includes information on the members of the Management Committee as of December 31, 2009, excluding the executive directors.

- TERMINATION OF THE LONG-TERM STOCK REMUNERATION PLAN (2006-2008) FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

BBVA's Ordinary AGM held on March 13, 2009, approved the liquidation of the Long-Term Stock Remuneration Plan for 2006-2008 ("the Plan") under the terms established at its start. The number of BBVA shares to be given to its beneficiaries were calculated in accordance with BBVA's TSR compared with the international financial institutions used as a reference.

The termination of the Plan was formalized on March 30, 2009, and the number of Banco Bilbao Vizcaya Argentaria, S.A. shares distributed to the executive directors was as follows:

	Nº assigned theoretical shares	Multiplier ratio	Number of shares
Chairman & CEO	320,000	1.42	454,400
President & COO	125,000	1.42	177,500

(*) The shares given to the former President and COO and to the former Company Secretary as a result of the liquidation of the Plan were 383,400 and 142,000 shares, respectivery

The total number of shares allocated to Management Committee members at the time the Plan was terminated, excluding executive directors, was 1,191,116.

- VARIABLE MULTI-YEAR STOCK REMUNERATION PROGRAM FOR 2009-2010 FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

The AGM held on March 13, 2009 approved a Multi-Year Variable Retribution Program for shares for the years 2009-2010 ("the Program") for members of the management team, including the executive directors and members of the Management Committee.

The Program allocates each beneficiary a certain number of units depending on his level of responsibility. At the end of the Program, this could give rise to an allocation of BBVA shares, should the initial requirements be met.

The precise number of shares to be given to each beneficiary of the Program is determined by multiplying the number of units allocated by a coefficient of between 0 and 2. This coefficient reflects the relative performance of BBVA's total stockholder return (TSR) during the period 2009-2010 compared with the TSR of a group of the Bank's international peers.

The number of units assigned to executive directors (*) was 215,000 in the case of the Chairman and CEO and 131,707 in the case of the COO.

The total number of units assigned under this Program to the Management Committee members who held this position on December 31, 2009, excluding executive directors, was 817,464.

(*) The units initially assigned to the previous COO and the previous Company Secretary were reduced as a result of their retirement, in accordance with a scale calculated according to the time they had worked in their executive functions in the Bank and the total duration of the program, this was 48,293 and 29,024 units, respectively.

- SCHEME FOR REMUNERATION OF NON-EXECUTIVE DIRECTORS WITH DEFERRED DISTRIBUTION OF SHARES

The Bank's AGM on March 18, 2006 resolved under agenda item eight to establish a remuneration scheme using deferred distribution of shares to the Bank's non-executive directors, to replace the earlier post-employment scheme in place for these directors.

The plan assigns a number of "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 share closing prices from the trading sessions prior to the annual general meeting approving the financial statements for the years covered by the scheme. These shares, where applicable, are to be distributed 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 distribution scheme approved by the AGM for 2009, corresponding to 20% of the total remuneration paid to each in 2008, is set out below:

DIRECTORS	Theoretical shares	Accumulated theoretical shares
Tomás Alfaro Drake	5,645	9,707
Juan Carlos Álvarez Mezquíriz	9,543	33,511
Rafael Bermejo Blanco	11,683	15,989
Ramón Bustamante y de la Mora	8,661	32,648
José Antonio Fernández Rivero	9,663	24,115
Ignacio Ferrero Jordi	9,543	34,083
Román Knörr Borrás	8,335	27,838
Carlos Loring Martínez de Irujo	8,667	20,418
Enrique Medina Fernández	11,351	44,708
Susana Rodríguez Vidarte	6,854	20,450
Total	**89,945**	**263,467**

- PENSION COMMITMENTS

The provisions registered as of December 31, 2009 for pension commitments to the COO are €13,753 thousand, including both those accumulated as director of the Group and those resulting from his current position as COO. As of this date, there are no other pension obligations to executive directors.

In 2009 the Board of Directors determined the pension rights corresponding to the Chairman of the Board, as he had reached the age of 65 and had consolidated his right to a retirement pension, calculated in accordance with the actuarial criteria applicable to the Bank at €79,775 thousand euros, of which €72,547 thousand had already been charged to the results of previous years, and had been externalized as an insurance policy whose benefits could not be received until the Chairman of the Board ceased his executive duties. Thus as of December 31, 2009, all the pension commitments of the bank to the Chairman of the Board had been met.

In addition, the Board of Directors determined the pension rights of the previous COO as a result of his early retirement. They amounted to €68,674 thousand, of which €52,495 thousand had already been charged to the results of previous years, which had been externalized as an insurance policy, so as of December 31, 2009, all the pension commitments of the Bank to the previous COO had been met.

Finally, the Board of Directors determined the pension rights of the previous Company Secretary as a result of his early retirement. They were set at €13,511 thousand, of which €8,710 thousand had already been charged to the results of earlier years. This amount had been satisfied as a compensation for his pension rights, so as of December 31, 2009 all the Bank's pension commitments to the previous Company Secretary had been met.

In addition, insurance premiums amounting to €79 thousand were paid on behalf of the non-executive members on the Board of Directors.

The provisions registered as of December 31, 2009 for pension commitments for the Management Committee members, excluding executive directors, amounted to €45,535 thousand. Of these, €8,371 thousand were charged against 2009 earnings.

- TERMINATION OF THE CONTRACTUAL RELATIONSHIP.

The contract terms and conditions established for the Bank's executive directors entitled them to receive indemnity should they leave. The Bank no longer assumes these obligations, and consequently as of December 31, 2009 there are no obligations to pay indemnity to executive directors.

In the case of the COO, the provisions of his contract stipulate that in the event that he loses this position for any reason other than of his own will, retirement, invalidity or serious dereliction of duty, he will take early retirement with a pension that may be received as a life annuity or a capital sum equal to 75% of his pensionable salary if this should occur before he reaches 55 years of age, or 85% after this age.

57. DETAILS OF THE DIRECTORS' HOLDINGS IN COMPANIES WITH SIMILAR BUSINESS ACTIVITIES

Pursuant to the third paragraph of Article 127 the Spanish Corporations Act, introduced by Law 26/2003 of 17 July amending Securities Market Act 24/1988 of July 28, and the revised Corporations Act, in order to reinforce the transparency of listed companies, there follows a list of the companies engaging in an activity that is identical, similar or complementary to that which constitutes the corporate purpose of BBVA, and in which the members of the Board of Directors have a direct or indirect ownership interest as of December 31, 2009. In no case do they engage in 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	4,400	Direct
	Banco Popular Español	11,213	Direct
Bustamante y de la Mora, Ramón	--	--	--
Cano Fernández, Ángel	--	--	--
Fernández Rivero, José Antonio	--	--	--
Ferrero Jordi, Ignacio	BNP Paribas	420	Indirect
González Rodríguez, Francisco	--	--	--
Knörr Borrás, Román	--	--	--
Loring Martínez de Irujo, Carlos	--	--	--
Maldonado Ramos, José	--	--	--
Medina Fernández, Enrique	Banco Popular Español	43.4246	Indirect
	Bankinter	47.9168	Indirect
Rodríguez Vidarte, Susana	--	--	--

58. OTHER INFORMATION

58.1 ENVIRONMENTAL IMPACT

Given the activities in which the Group companies engage, the Group has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its consolidated equity, financial situation and profits. Consequently, there is no item in the Group's 2009 consolidated financial statements that requires disclosure in an environmental information report pursuant to the Ministry of Economy Order of October 8, 2001, and no specific disclosure of information on environmental matters is included in these statements.

58.2. DETAIL OF AGENTS OF CREDIT INSTITUTIONS

The list of BBVA agents as required by Article 22 of Royal Decree 1245/1995 of July 14, of the Ministry of Economy and Finance, is included in the Bank's individual financial statements for 2009.

58.3. REPORT ON THE ACTIVITY OF THE CUSTOMER CARE SERVICE AND THE CUSTOMER OMBUDSMAN

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

58. 4 OTHER INFORMATION

On March 15, 2002, the Bank of Spain initiated proceedings 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 recognized in the 2000 consolidated income statement as non-recurrent income, for which the related corporation tax was recognized and paid. BBVA notified the Bank of Spain of these matters on January 19, 2001.

On May 22, 2002, the Board of the Spanish Securities and Exchange Commission (CNMV) commenced proceedings against BBVA for possible contravention of Article 99 ñ) of the Securities Market Act for the same events as those which gave rise to the proceedings initiated by the Bank of Spain.

The start of legal proceedings to determine possible criminal responsibility of the individuals involved in these events triggered the suspension of the above administrative proceedings until a definitive criminal judgment was issued. These criminal proceedings ended with a definitive court judgment in 2007, with none of those involved being convicted. The end of these criminal proceedings meant that the administrative proceedings could be re-opened. The Bank of Spain and the Spanish National Securities Market Commission (CNMV) announced the lifting of the suspension to their proceedings on June 13, 2007 and July 26, 2007 respectively.

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 CNMV, for a very serious breach under Article 99 ñ) of the Stock Markets Act.

Both decisions were confirmed by the Ministry for Economy and Finance on administrative appeal.

59. SUBSEQUENT EVENTS

Since January 1, 2010 until the preparation of these annual consolidated financial statements, no other significant events have taken place affecting the Group's results or its equity position.

60. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of IFRS's, as adopted by the European Union. Certain accounting practices applied by the Group that conform with EU-IFRS's may not conform with other generally accepted accounting principles.

APPENDICES

APPENDIX I. FINANCIAL STATEMENTS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2009 AND 2008

Millions of euros

ASSETS	2009	2008 (*)
CASH AND BALANCES WITH CENTRAL BANKS	**3,286**	**2,687**
FINANCIAL ASSETS HELD FOR TRADING	**57,532**	**59,987**
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	22,833	14,953
Equity instruments	4,996	5,605
Trading derivatives	29,703	39,429
Memorandum item: Loaned or advanced as collateral	*12,665*	*5,012*
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**-**
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	-	-
Equity instruments	-	-
Memorandum item: Loaned or advanced as collateral	-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**35,964**	**18,726**
Debt securities	30,610	11,873
Equity instruments	5,354	6,853
Memorandum item: Loaned or advanced as collateral	*23,777*	*7,694*
LOANS AND RECEIVABLES	**256,355**	**272,114**
Loans and advances to credit institutions	27,863	45,274
Loans and advances to customers	228,491	226,836
Debt securities	1	4
Memorandum item: Loaned or advanced as collateral	*40,040*	*4,683*
HELD-TO-MATURITY INVESTMENTS	**5,437**	**5,282**
Memorandum item: Loaned or advanced as collateral	*1,178*	*729*
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**-**	**-**
HEDGING DERIVATIVES	**3,082**	**3,047**
NON-CURRENT ASSETS HELD FOR SALE	**570**	**149**
INVESTMENTS	**22,120**	**21,668**
Associates	2,296	452
Jointly controlled entities	17	4
Subsidiaries	19,807	21,212
INSURANCE CONTRACTS LINKED TO PENSIONS	**1,883**	**1,996**
TANGIBLE ASSETS	**1,464**	**1,895**
Property, plants and equipment	1,461	1,884
For own use	1,461	1,884
Other assets leased out under an operating lease	-	-
Investment properties	**3**	11
Memorandum item: Acquired under financial lease	-	-
INTANGIBLE ASSETS	**246**	**166**
Goodwill	-	-
Other intangible assets	246	166
TAX ASSETS	**3,188**	**3,568**
Current	448	320
Deferred	2,740	3,248
OTHER ASSETS	**718**	**735**
TOTAL ASSETS	**391,845**	**392,020**

(*) Presented for comparison purposes only.

APPENDIX I (Continued)**. FINANCIAL STATEMENTS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

BALANCE SHEETS AS OF DECEMBER 31, 2009 AND 2008

	Millions of euros	
LIABILITIES AND EQUITY	**2009**	**2008 (*)**
FINANCIAL LIABILITIES HELD FOR TRADING	**31,943**	**40,538**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Customers deposits	-	-
Debt certificates	-	-
Trading derivatives	28,577	37,885
Short positions	3,366	2,653
Other financial liabilities	-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**-**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Customer deposits	-	-
Debt certificates	-	-
Subordinated liabilities	-	-
Other financial liabilities	-	-
FINANCIAL LIABILITIES AT AMORTIZED COST	**328,389**	**322,197**
Deposits from central banks	20,376	13,697
Deposits from credit institutions	40,201	43,972
Customer deposits	180,407	188,311
Debt certificates	69,453	58,837
Subordinated liabilities	14,481	13,332
Other financial liabilities	3,471	4,048
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**-**	**-**
HEDGING DERIVATIVES	**1,014**	**824**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**0**	**0**
PROVISIONS	**6,790**	**7,071**
Provisions for pensions and similar obligations	5,426	5,651
Provisions for taxes and other legal contingencies	-	-
Provisions for contingent exposures and commitments	201	387
Other provisions	1,163	1,033
TAX LIABILITIES	**715**	**633**
Current	-	-
Deferred	715	633
OTHER LIABILITIES	**1,317**	**1,044**
TOTAL LIABILITIES	**370,168**	**372,307**

(*) Presented for comparison purposes only.

Millions of euros

LIABILITIES AND EQUITY (Continuation)	2009	2008 (*)
STOCKHOLDERS' FUNDS	**20,034**	**18,562**
Common Stock	**1,837**	**1,837**
Issued	1,837	1,837
Unpaid and uncalled (-)	-	-
Share premium	**12,453**	**12,770**
Reserves	**3,893**	**3,070**
Other equity instruments	**10**	**71**
Equity component of compound financial instruments	-	-
Other equity instruments	10	71
Less: Treasury stock	**(128)**	**(143)**
Income attributed to the parent company	**2,981**	**2,835**
Less: Dividends and remuneration	**(1,012)**	**(1,878)**
VALUATION ADJUSTMENTS	**1,643**	**1,151**
Available-for-sale financial assets	1,567	937
Cash flow hedging	80	141
Hedging of net investment in a foreign transactions	-	-
Exchange differences	(4)	73
Non-current assets helf for sale	-	-
Other valuation adjustments	-	-
TOTAL EQUITY	**21,677**	**19,713**
TOTAL LIABILITIES AND EQUITY	**391,845**	**392,020**

MEMORANDUM ITEM	2009	2008 (*)
CONTINGENT EXPOSURES	**58,174**	**64,729**
CONTINGENT COMMITMENTS	**64,428**	**69,671**

(*) Presented for comparison purposes only.

APPENDIX I (Continued)**. FINANCIAL STATEMENTS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

Millions of euros

	2009	2008 (*)
INTEREST AND SIMILAR INCOME	11,420	15,854
INTEREST AND SIMILAR EXPENSES	(5,330)	(12,178)
NET INTEREST INCOME	**6,090**	**3,676**
DIVIDEND INCOME	1,773	2,318
FEE AND COMMISSION INCOME	1,948	2,034
FEE AND COMMISSION EXPENSES	(303)	(359)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	96	632
Financial instruments held for trading	(133)	(2)
Other financial instruments at fair value through profit or loss	-	-
Other financial instruments not at fair value through profit or loss	229	634
Rest	-	-
NET EXCHANGE DIFFERENCES	259	(20)
OTHER OPERATING INCOME	81	83
OTHER OPERATING EXPENSES	(98)	(100)
GROSS INCOME	**9,846**	**8,264**
ADMINISTRATION COSTS	(3,337)	(3,324)
Personnel expenses	(2,251)	(2,258)
General and administrative expenses	(1,086)	(1,066)
DEPRECIATION AND AMORTIZATION	(243)	(219)
PROVISIONS (NET)	(269)	(1,327)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(1,698)	(996)
Loans and receivables	(1,518)	(900)
Other financial instruments not at fair value through profit or loss	-	-
	(180)	(96)
NET OPERATING INCOME	**4,299**	**2,398**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(1,746)	(8)
Goodwill and other intangible assets	-	-
Other assets	(1,746)	(8)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	3	-
NEGATIVE GOODWILL	-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	892	736
INCOME BEFORE TAX	**3,448**	**3,126**
INCOME TAX	(467)	(291)
PRIOR YEAR INCOME FROM CONTINUING TRANSACTIONS	**2,981**	**2,835**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	-	-
NET INCOME	**2,981**	**2,835**

(*) Presented for comparison purposes only.

APPENDIX I (Continued)**. FINANCIAL STATEMENTS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

STATEMENTS OF RECOGNIZED INCOME AND EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Millions of euros	
STATEMENT OF RECOGNIZED INCOME AND EXPENSES	**2009**	**2008 (*)**
NET INCOME FOR THE YEAR	**2,981**	**2,835**
OTHER RECOGNIZED INCOME (EXPENSES)	**492**	**(1,737)**
Available-for-sale financial assets	**1,028**	**(2,838)**
Valuation gains/losses	1,045	(1,727)
Amounts removed to income statement	(17)	(1,111)
Reclassifications	-	-
Cash flow hedging	**(85)**	**310**
Valuation gains/losses	(80)	298
Amounts removed to income statement	(5)	12
Amounts removed to the initial book value of the hedged items	-	-
Other reclassifications	-	-
Hedging of net investment in foreign transactions	**-**	**-**
Valuation gains/losses	-	-
Amounts removed to income statement	-	-
Other reclassifications	-	-
Exchange differences	**(79)**	**86**
Valuation gains/losses	(6)	104
Amounts removed to income statement	(73)	(18)
Other reclassifications	-	-
Non-current assets held for sale	**-**	**-**
Valuation gains and losses	-	-
Amounts removed to income statement	-	-
Other reclassifications	-	-
Actuarial gains and losses on pension plans	**-**	**-**
Rest of recognized income and expenses	**-**	**-**
Income tax	**(372)**	**705**
TOTAL RECOGNIZED INCOME/EXPENSE	**3,473**	**1,098**

APPENDIX I (Continued)**. FINANCIAL STATEMENTS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

Millions of euros

	Stockholders' funds									
	Capital (Note 23)	Share premium (Note 24)	Reserves (Note 25)	Other equity instruments	Less: Treasury stock (Note 26)	Profit for the year	Less: dividends and remunerations (Note 3)	Total stockholders' funds	Valuation adjustments (Note 27)	Total Equity
Balances as of January 1, 2009	**1,837**	**12,770**	**3,070**	**71**	**(143)**	**2,835**	**(1,878)**	**18,562**	**1,151**	**19,713**
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**1,837**	**12,770**	**3,070**	**71**	**(143)**	**2,835**	**(1,878)**	**18,562**	**1,151**	**19,713**
Total recognized income/expense	**-**	**-**	**-**	**-**	**-**	**2,981**	**-**	**2,981**	**492**	**3,473**
Other changes in equity	**-**	**(317)**	**823**	**(61)**	**15**	**(2,835)**	**866**	**(1,509)**	**-**	**(1,509)**
Capital increases	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	5	-	-	-	5	-	5
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividend distribution/Remuneration	-	-	-	-	-	-	(1,012)	(1,012)	-	(1,012)
Transactions including treasury shares and other equity instruments (net	-	-	(99)	-	15	-	-	(84)	-	(84)
Transfers between total equity entries	-	-	957	-	-	(2,835)	1,878	-	-	-
Increases/reductions due to business combinations	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	(317)	-	(66)	-	-	-	(383)	-	(383)
Rest of increases/reductions in total equity	-	-	(35)	-	-	-	-	(35)	-	(35)
Balances as of December 31, 2009	**1,837**	**12,453**	**3,893**	**10**	**(128)**	**2,981**	**(1,012)**	**20,034**	**1,643**	**21,677**

Millions of euros

	Stockholders' funds									
	Capital (Note 23)	Share premium (Note 24)	Reserves (Note 25)	Other equity instruments	Less: Treasury stock (Note 26)	Profit for the year	Less: dividends and remunerations	Total stockholders' funds	Valuation adjustments (Note 27)	Total Equity
Balances as of 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 recognized income/expense	**-**	**-**	**-**	**-**	**-**	**2,835**	**-**	**2,835**	**(1,737)**	**1,098**
Other changes in equity	**-**	**-**	**813**	**22**	**14**	**(3,612)**	**199**	**(2,990)**	**-**	**(2,990)**
Capital increases	-	-	-	-	-	-	-	-	-	-
Capital reductions	-	-	-	-	-	-	-	-	-	-
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)	-	-	-
Increases/reductions due to business combinations	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	(8)	-	-	-	-	(8)	-	(8)
Balances as of December 31, 2008	**1,837**	**12,770**	**3,070**	**71**	**143**	**2,835**	**1,878**	**18,562**	**1,151**	**19,713**

(*) Presented for comparison purposes only.

APPENDIX I (Continued)**. FINANCIAL STATEMENTS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

CASH FLOW STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Notes	2009	2008 (*)
		Millions of euros	
CASH FLOWS FROM OPERATING ACTIVITIES(1)	47	**2,372**	**(7,399)**
Profit for the year		**2,981**	**2,835**
Adjustments to obtain the cash flow from operating activities:		934	(2,232)
Amortization		243	219
Other adjustments		691	(2,451)
Net increase/decrease in operating assets		**(2,022)**	**46,475**
Financial assets held for trading		(2,455)	18,807
Other financial assets at fair value through profit or loss		-	-
Available-for-sale financial assets		17,238	(754)
Loans and receivables		(15,759)	25,792
Other operating assets		(1,046)	2,630
Net increase/decrease in operating liabilities		**(4,032)**	**38,182**
Financial liabilities held for trading		(8,594)	21,814
Other financial liabilities at fair value through profit or loss		-	-
Financial liabilities at amortized cost		5,668	18,351
Other operating liabilities		(1,106)	(1,983)
Collection/Payments for income tax		**467**	**291**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	47	**(656)**	**(217)**
Investment		**2,306**	**1,491**
Tangible assets		268	282
Intangible assets		138	112
Investments in associates		1,039	696
Subsidiaries and other business units		-	-
Non-current assets held for sale and associated liabilities		436	131
Held-to-maturity investments		425	-
Other settlements related with investment activities		-	270
Divestments		**1,650**	**1,274**
Tangible assets		**6**	14
Intangible assets		-	-
Investments in associates		21	7
Other business units		-	-
Non-current assets held for sale and associated liabilities		1,350	949
Held-to-maturity investments		257	284
Other collections related to investing activities		16	20
CASH FLOWS FROM FINANCING ACTIVITIES (3)	47	**(1,118)**	**(1,912)**
Investment		**7,785**	**11,360**
Dividends		1,638	2,860
Subordinated liabilities		1,682	600
Amortization of own equity instruments		-	-
Acquisition of own equity instruments		4,232	7,900
Other items relating to financing activities		233	-
Divestments		**6,667**	**9,448**
Subordinated liabilities		2,927	1,295
Issuance of own equity instruments		-	-
Disposal of own equity instruments		3,740	7,747
Other items relating to financing activities		-	406
EFFECT OF EXCHANGE RATE CHANGES (4)		**1**	**(1)**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)		**599**	**(9,529)**
CASH OR CASH EQUIVALENTS AT BEGINNING OF YEAR		**2,687**	**12,216**
CASH OR CASH EQUIVALENTS AT END OF YEAR		**3,286**	**2,687**

COMPONENTS OF CASH AND EQUIVALENT AT END OF YEAR	Notes	2009	2008 (*)
Cash		650	668
Balance of cash equivalent in central banks		2,636	2,019
Other financial assets		-	-
Less: Bank overdraft refundable on demand		-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF YEAR	7	**3,286**	**2,687**

(*) Presented for comparison purposes only.

APPENDIX II. Additional information on consolidated subsidiaries composing 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 as of 31.12.09	Liabilities as of 31.12.09	Equity 31.12.09	Profit (Loss) for the Period ended 31.12.09
ADMINISTRAD. DE FONDOS PARA EL RETIRO-BANCOMER,S.A DE C.V.	MEXICO	PENSIONS	17.50	82.50	100.00	322,688	163,686	19,680	94,793	49,213
ADMINISTRADORA DE FONDOS DE PENSIONES PROVIDA, S.A. (AFP PROVIDA)	CHILE	PENSIONS	12.70	51.62	64.32	258,163	472,233	79,197	288,299	104,737
ADPROTEL STRAND, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	3	319,717	319,962	3	(248)
AFP GENESIS ADMINISTRADORA DE FONDOS Y FIDEICOMISOS, S.A.	ECUADOR	PENSIONS	-	100.00	100.00	3,879	6,527	2,649	1,006	2,872
AFP HORIZONTE, S.A.	PERU	PENSIONS	24.85	75.15	100.00	39,118	62,782	18,804	23,906	20,072
AFP PREVISION BBV-ADM.DE FONDOS DE PENSIONES S.A.	BOLIVIA	PENSIONS	75.00	5.00	80.00	2,063	10,723	5,123	3,487	2,113
ALMACENES GENERALES DE DEPOSITO, S.A.E. DE	SPAIN	PORTFOLIO	83.90	16.10	100.00	12,649	118,816	3,010	110,134	5,672
ALTITUDE INVESTMENTS LIMITED	UNITED KINGDOM	IN LIQUIDATION	51.00	-	51.00	615	762	386	1,275	(899)
AMERICAN FINANCE GROUP, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	13,337	14,540	1,203	13,346	(9)
ANIDA CARTERA SINGULAR, S.L.	SPAIN	PORTFOLIO	-	100.00	100.00	(555,210)	221,961	359,008	(36,509)	(100,538)
ANIDA DESARROLLOS INMOBILIARIOS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	239,854	565,607	312,344	287,027	(33,764)
ANIDA DESARROLLOS SINGULARES, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	(106,837)	1,190,622	1,484,451	(23,463)	(270,366)
ANIDA GERMANIA IMMOBILIEN ONE, GMBH	GERMANY	REAL ESTATE	-	100.00	100.00	4,330	19,872	15,511	4,336	25
ANIDA GRUPO INMOBILIARIO, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	198,357	440,882	460,954	532,053	(552,125)
ANIDA INMOBILIARIA, S.A. DE C.V.	MEXICO	PORTFOLIO	-	100.00	100.00	108,055	86,029	3	86,715	(689)
ANIDA INMUEBLES ESPAÑA Y PORTUGAL, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	3	129,120	136,751	3	(7,634)
ANIDA OPERACIONES SINGULARES, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	(30,226)	1,772,683	2,065,885	(13,198)	(280,004)
ANIDA PROYECTOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	85,564	113,976	28,413	85,814	(251)
ANIDA SERVICIOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	307	913	608	815	(510)
ANIDAPORT INVESTIMENTOS IMOBILIARIOS, UNIPESSOAL, LTDA	PORTUGAL	REAL ESTATE	-	100.00	100.00	5	23,538	24,031	5	(498)
APLICA SOLUCIONES ARGENTINAS, S.A.	ARGENTINA	SERVICES	-	100.00	100.00	1,424	2,350	826	1,518	6
APLICA SOLUCIONES GLOBALES, S.L.	SPAIN	SERVICES	100.00	-	100.00	57	77,770	75,672	810	1,288
APLICA TECNOLOGIA AVANZADA, S.A. DE C.V.	MEXICO	SERVICES	100.00	-	100.00	4	44,932	38,762	692	5,478
APOYO MERCANTIL S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	986	133,261	132,275	788	198
ARAGON CAPITAL, S.L.	SPAIN	PORTFOLIO	99.90	0.10	100.00	37,925	32,883	24	32,803	56
ARIZONA FINANCIAL PRODUCTS, INC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	658,953	664,232	5,280	639,051	19,901
ATUEL FIDEICOMISOS, S.A.	ARGENTINA	SERVICES	-	100.00	100.00	6,307	6,328	21	5,509	798
AUTOMERCANTIL-COMERCIO E ALUGER DE VEICULOS AUTOM.,LDA	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	5,300	55,169	46,374	9,373	(578)
BAHIA SUR RESORT, S.C.	SPAIN	IN LIQUIDATION	99.95	-	99.95	1,436	1,438	15	1,423	-
BANCO BILBAO VIZCAYA ARGENTARIA (PANAMA), S.A.	PANAMA	BANKING	54.11	44.81	98.92	19,464	1,374,863	1,212,287	133,378	29,198
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	PORTUGAL	BANKING	9.52	90.48	100.00	278,916	7,009,350	6,762,697	242,062	4,591
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	CHILE	BANKING	-	68.18	68.18	447,965	9,188,004	8,530,441	570,131	87,432
BANCO BILBAO VIZCAYA ARGENTARIA PUERTO RICO, S.A.	PUERTO RICO	BANKING	-	100.00	100.00	165,725	3,815,865	3,450,005	436,123	(70,263)
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	URUGUAY	BANKING	100.00	-	100.00	17,049	625,593	573,821	51,725	47
BANCO CONTINENTAL, S.A.	PERU	BANKING	-	92.08	92.08	638,802	7,263,761	6,570,044	472,382	221,335
BANCO DE PROMOCION DE NEGOCIOS, S.A.	SPAIN	BANKING	-	99.82	99.82	15,152	33,107	204	32,523	380
BANCO DEPOSITARIO BBVA, S.A.	SPAIN	BANKING	-	100.00	100.00	1,595	1,100,017	1,015,173	52,989	31,855
BANCO INDUSTRIAL DE BILBAO, S.A.	SPAIN	BANKING	-	99.93	99.93	97,220	278,987	14,733	192,227	72,027
BANCO OCCIDENTAL, S.A.	SPAIN	BANKING	49.43	50.57	100.00	16,384	17,913	337	17,058	518
BANCO PROVINCIAL OVERSEAS N.V.	NETHERLANDS ANTILLES	BANKING	-	100.00	100.00	30,085	317,243	286,421	23,057	7,765
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	VENEZUELA	BANKING	1.85	53.75	55.60	148,879	11,265,237	10,092,078	686,661	486,498
BANCOMER FINANCIAL SERVICES INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1,783	652	(1,131)	1,843	(60)
BANCOMER FOREIGN EXCHANGE INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	5,524	6,684	1,160	4,018	1,506
BANCOMER PAYMENT SERVICES INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	35	24	(11)	37	(2)
BANCOMER TRANSFER SERVICES, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	16,642	72,931	55,942	7,185	9,804
BBV AMERICA, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	479,328	880,229	-	889,260	(9,031)
BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A.	SPAIN	SECURITIES	70.00	-	70.00	1,331	10,126	3,663	5,839	624
BBVA ASESORIAS FINANCIERAS, S.A.	CHILE	FINANCIAL SERV.	-	100.00	100.00	2,759	3,536	776	931	1,829
BBVA ASSET MANAGEMENT ADMINISTRADORA GENERAL DE FONDOS S.A.	CHILE	FINANCIAL SERV.	-	100.00	100.00	13,567	15,183	1,619	8,877	4,687
BBVA ASSET MANAGEMENT, S.A., SGIIC	SPAIN	FINANCIAL SERV.	17.00	83.00	100.00	11,436	186,612	92,058	58,428	36,126
BBVA AutoRenting SPA	ITALY	SERVICES	-	100.00	100.00	64,160	264,399	234,275	29,687	437
BBVA BANCO DE FINANCIACION S.A.	SPAIN	BANKING	-	100.00	100.00	64,200	2,338,428	2,265,989	72,277	162
BBVA BANCO FRANCES, S.A.	ARGENTINA	BANKING	45.65	30.36	76.01	51,151	4,293,968	3,752,431	389,329	152,208
BBVA BANCOMER FINANCIAL HOLDINGS, INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	34,156	28,917	(5,409)	38,756	(4,430)

APPENDIX II. (Continued) **Additional information on consolidated subsidiaries composing 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 as of 31.12.09**	**Liabilities as of 31.12.09**	**Equity 31.12.09**	**Profit (Loss) for the Period ended 31.12.09**
BBVA BANCOMER GESTION, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	23,476	28,348	4,872	9,309	14,167
BBVA BANCOMER OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	26,623	180,141	153,517	110,564	(83,940)
BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	343	8,200	7,857	973	(630)
BBVA BANCOMER, S.A. DE C.V.	MEXICO	BANKING	-	100.00	100.00	5,173,428	59,039,672	53,869,257	4,190,965	979,450
BBVA BRASIL BANCO DE INVESTIMENTO, S.A.	BRASIL	BANKING	100.00	-	100.00	16,166	40,040	5,549	33,566	925
BBVA BROKER, CORREDURIA DE SEGUROS Y REASEGUROS, S.A.	SPAIN	FINANCIAL SERV.	99.94	0.06	100.00	297	29,906	3,756	20,630	5,520
BBVA CAPITAL FINANCE, S.A.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	60	2,988,033	2,987,801	222	10
BBVA CAPITAL FUNDING, LTD.	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	-	100.00	0	945,645	943,992	1,623	30
BBVA CARTERA DE INVERSIONES,SICAV,S.A.	SPAIN	VARIABLE CAPITAL	100.00	-	100.00	118,449	119,042	174	111,546	7,322
BBVA COLOMBIA, S.A.	COLOMBIA	BANKING	76.20	19.23	95.43	262,780	6,484,031	5,796,408	564,896	122,727
BBVA COMERCIALIZADORA LTDA.	CHILE	FINANCIAL SERV.	-	100.00	100.00	(723)	267	989	(356)	(366)
BBVA COMPASS CONSULTING & BENEFITS, INC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	12,194	12,501	307	11,694	500
BBVA COMPASS INVESTMENT SOLUTIONS, INC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	37,893	40,893	2,999	32,527	5,367
BBVA CONSOLIDAR SEGUROS, S.A.	ARGENTINA	INSURANCES	87.78	12.22	100.00	6,331	39,680	22,513	14,556	2,611
BBVA CONSULTING (BEIJING) LIMITED	CHINA	FINANCIAL SERV.	-	100.00	100.00	477	339	31	386	(78)
BBVA CONSULTORIA, S.A.	SPAIN	SERVICES	-	100.00	100.00	2,115	3,550	617	2,148	785
BBVA CORREDORA TECNICA DE SEGUROS LIMITADA	CHILE	FINANCIAL SERV.	-	100.00	100.00	5,590	7,784	2,194	1,092	4,498
BBVA CORREDORES DE BOLSA, S.A.	CHILE	SECURITIES	-	100.00	100.00	35,008	381,675	346,669	27,980	7,026
BBVA DINERO EXPRESS, S.A.U	SPAIN	FINANCIAL SERV.	100.00	-	100.00	2,186	8,306	3,489	4,153	664
BBVA E-COMMERCE, S.A.	SPAIN	SERVICES	100.00	-	100.00	30,878	35,804	3	35,217	584
BBVA FACTORING LIMITADA (CHILE)	CHILE	FINANCIAL SERV.	-	100.00	100.00	4,568	18,864	14,298	3,473	1,093
BBVA FIDUCIARIA , S.A.	COLOMBIA	FINANCIAL SERV.	-	100.00	100.00	17,052	19,462	2,394	12,882	4,186
BBVA FINANCE (UK), LTD.	UNITED KINGDOM	FINANCIAL SERV.	-	100.00	100.00	3,324	23,498	12,645	10,749	104
BBVA FINANCE SPA.	ITALY	FINANCIAL SERV.	100.00	-	100.00	4,648	6,747	1,294	5,341	112
BBVA FINANCIAMIENTO AUTOMOTRIZ, S.A.	CHILE	PORTFOLIO	-	100.00	100.00	115,284	115,344	60	102,261	13,023
BBVA FINANZIA, S.p.A	ITALY	FINANCIAL SERV.	50.00	50.00	100.00	38,300	454,316	426,266	28,115	(65)
BBVA FUNDOS, S.Gestora Fundos Pensoes,S.A.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	998	6,957	594	4,802	1,561
BBVA GEST, S.G.DE FUNDOS DE INVESTIMENTO MOBILIARIO, S.A.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	998	7,089	255	6,308	526
BBVA GLOBAL FINANCE LTD.	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	-	100.00	-	540,013	536,513	3,487	13
BBVA GLOBAL MARKETS B.V.	NETHERLANDS	FINANCIAL SERV.	100.00	-	100.00	18	17	-	18	(1)
BBVA GLOBAL MARKETS RESEARCH, S.A.	SPAIN	FINANCIAL SERV.	99.99	0.01	100.00	501	5,079	2,469	2,087	523
BBVA HORIZONTE PENSIONES Y CESANTIAS, S.A.	COLOMBIA	PENSIONS	78.52	21.43	99.95	40,171	105,548	32,071	56,392	17,085
BBVA INMOBILIARIA E INVERSIONES, S.A.	CHILE	REAL ESTATE	-	68.11	68.11	3,998	23,752	17,882	6,716	(846)
BBVA INSTITUIÇAO FINANCEIRA DE CREDITO, S.A.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	43,626	458,190	419,067	36,402	2,721
BBVA INTERNATIONAL LIMITED	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	-	100.00	1	503,508	500,957	2,471	80
BBVA INTERNATIONAL PREFERRED, S.A.U.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	60	1,787,316	1,670,937	226	116,153
BBVA INVERSIONES CHILE, S.A.	CHILE	FINANCIAL SERV.	61.22	38.78	100.00	580,584	938,225	9,575	806,727	121,923
BBVA IRELAND PUBLIC LIMITED COMPANY	IRELAND	FINANCIAL SERV.	100.00	-	100.00	180,381	1,200,253	855,432	322,089	22,732
BBVA LEASIMO - SOCIEDADE DE LOCAÇAO FINANCEIRA, S.A.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	11,576	34,932	24,510	10,333	89
BBVA LEASING S.A. COMPAÑÍA DE FINANCIAMIENTO COMERCIAL (COLOMBIA)	COLOMBIA	FINANCIAL SERV.	-	100.00	100.00	19,376	110,077	90,701	17,225	2,151
BBVA LUXINVEST, S.A.	LUXEMBOURG	PORTFOLIO	36.00	64.00	100.00	255,843	1,511,080	92,105	1,408,179	10,796
BBVA MEDIACION OPERADOR DE BANCA-SEGUROS VINCULADO, S.A.	SPAIN	FINANCIAL SERV.	-	100.00	100.00	60	82,530	71,288	6,166	5,076
BBVA NOMINEES LIMITED	UNITED KINGDOM	SERVICES	100.00	-	100.00	-	1	-	1	-
BBVA PARAGUAY, S.A.	PARAGUAY	BANKING	100.00	-	100.00	22,598	766,239	693,781	44,852	27,606
BBVA PARTICIPACIONES INTERNACIONAL, S.L.	SPAIN	PORTFOLIO	92.69	7.31	100.00	273,365	347,381	457	342,426	4,498
BBVA PATRIMONIOS GESTORA SGIIC, S.A.	SPAIN	FINANCIAL SERV.	99.98	0.02	100.00	3,907	30,180	3,989	20,143	6,048
BBVA PENSIONES, SA, ENTIDAD GESTORA DE FONDOS DE PENSIONES	SPAIN	PENSIONS	100.00	-	100.00	12,922	74,200	34,797	25,939	13,464
BBVA PLANIFICACION PATRIMONIAL, S.L.	SPAIN	FINANCIAL SERV.	80.00	20.00	100.00	1	495	2	504	(11)
BBVA PRIVANZA (JERSEY), LTD.	JERSEY	NO ACTIVITY	-	100.00	100.00	20,610	22,350	10	23,321	(981)
BBVA PROPIEDAD F.I.I.	SPAIN	OTHER	-	95.69	95.69	1,409,194	1,544,210	64,529	1,579,706	(100,025)
BBVA PUERTO RICO HOLDING CORPORATION	PUERTO RICO	PORTFOLIO	100.00	-	100.00	322,837	166,136	10	166,186	(60)
BBVA RE LIMITED	IRELAND	INSURANCES	-	100.00	100.00	656	57,561	34,125	18,149	5,287
BBVA RENTING, S.A.	SPAIN	FINANCIAL SERV.	-	100.00	100.00	20,976	840,090	754,149	93,802	(7,861)
BBVA RENTING, SPA	ITALY	SERVICES	-	100.00	100.00	8,453	43,917	36,026	8,277	(386)

APPENDIX II. (Continued) **Additional information on consolidated subsidiaries composing 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 as of 31.12.09	Liabilities as of 31.12.09	Equity 31.12.09	Profit (Loss) for the Period ended 31.12.09
BBVA SECURITIES HOLDINGS, S.A.	SPAIN	PORTFOLIO	99.86	0.14	100.00	13,334	53,408	31,775	18,292	3,341
BBVA SECURITIES INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	23,957	31,664	6,130	20,578	4,956
BBVA SECURITIES OF PUERTO RICO, INC.	PUERTO RICO	FINANCIAL SERV.	100.00	-	100.00	4,726	6,576	936	5,130	510
BBVA SEGUROS COLOMBIA, S.A.	COLOMBIA	INSURANCES	94.00	6.00	100.00	9,339	35,238	22,128	11,726	1,384
BBVA SEGUROS DE VIDA COLOMBIA, S.A.	COLOMBIA	INSURANCES	94.00	6.00	100.00	13,242	271,906	236,231	32,537	3,138
BBVA SEGUROS DE VIDA, S.A.	CHILE	INSURANCES	-	100.00	100.00	37,780	365,173	327,395	29,905	7,873
BBVA SEGUROS INC.	PUERTO RICO	FINANCIAL SERV.	-	100.00	100.00	174	4,147	524	2,599	1,024
BBVA SEGUROS, S.A., DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES	94.30	5.65	99.95	414,612	11,582,821	10,544,608	778,929	259,284
BBVA SENIOR FINANCE, S.A.U.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	60	13,644,130	13,643,784	283	63
BBVA SERVICIOS, S.A.	SPAIN	SERVICES	-	100.00	100.00	354	17,003	4,172	8,535	4,296
BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	CHILE	FINANCIAL SERV.	-	97.49	97.49	12,120	54,429	41,995	11,257	1,177
BBVA SUBORDINATED CAPITAL S.A.U.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	130	3,657,266	3,656,866	233	167
BBVA SUIZA, S.A. (BBVA SWITZERLAND)	SUIZA	BANKING	39.72	60.28	100.00	55,795	1,106,702	790,062	298,628	18,012
BBVA TRADE, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	6,379	19,206	11,035	8,123	48
BBVA U.S. SENIOR S.A.U.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	132	2,222,160	2,222,059	176	(75)
BBVA USA BANCSHARES, INC	UNITED STATES	PORTFOLIO	100.00	-	100.00	8,555,593	8,211,206	9,404	9,579,533	(1,377,731)
BBVA VALORES COLOMBIA, S.A. COMISIONISTA DE BOLSA	COLOMBIA	SECURITIES	0.00	100.00	100.00	4,018	4,678	650	2,939	1,089
BCL INTERNATIONAL FINANCE. LTD.	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	-	100.00	-	40,336	40,342	4	(10)
BIBJ MANAGEMENT, LTD.	JERSEY	INACTIVE	-	100.00	100.00	-	-	-	-	-
BIBJ NOMINEES, LTD.	JERSEY	INACTIVE	-	100.00	100.00	-	-	-	-	-
BILBAO VIZCAYA AMERICA B.V.	NETHERLANDS	PORTFOLIO	-	100.00	100.00	746,000	564,988	189	463,549	101,250
BILBAO VIZCAYA HOLDING, S.A.	SPAIN	PORTFOLIO	89.00	11.00	100.00	34,771	235,582	15,142	214,970	5,470
BLUE INDICO INVESTMENTS, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	18,228	25,181	87	50,934	(25,840)
BROOKLINE INVESTMENTS,S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	33,969	32,395	535	31,871	(11)
C B TRANSPORT ,INC.	UNITED STATES	SERVICES	-	100.00	100.00	11,872	13,490	1,618	14,028	(2,156)
CANAL COMPANY, LTD.	JERSEY	INACTIVE	-	100.00	100.00	28	834	8	842	(16)
CAPITAL INVESTMENT COUNSEL, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	19,524	20,977	1,452	18,755	770
CARTERA E INVERSIONES S.A., CIA DE	SPAIN	PORTFOLIO	100.00	-	100.00	60,541	207,082	44,124	173,972	(11,014)
CASA DE BOLSA BBVA BANCOMER , S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	51,427	64,478	13,048	27,684	23,746
CASA de CAMBIO MULTIDIVISAS, SA DE CV	MEXICO	IN LIQUIDATION	-	100.00	100.00	149	148	-	147	1
CIA. GLOBAL DE MANDATOS Y REPRESENTACIONES, S.A.	URUGUAY	IN LIQUIDATION	-	100.00	100.00	108	174	2	172	-
CIDESSA DOS, S.L.	SPAIN	PORTFOLIO	-	100.00	100.00	12,244	12,164	117	11,799	248
CIDESSA UNO, S.L.	SPAIN	PORTFOLIO	-	100.00	100.00	4,754	942,337	126	687,846	254,365
CIERVANA, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	53,164	69,418	3,042	67,352	(976)
COMERCIALIZADORA CORPORATIVA SAC	PERU	FINANCIAL SERV.	-	99.99	99.99	129	284	156	125	3
COMERCIALIZADORA DE SERV.FINANCIER., S.A.	COLOMBIA	SERVICES	-	100.00	100.00	510	1,120	559	509	52
COMPASS ASSET ACCEPTANCE COMPANY, LLC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	336,445	336,445	-	329,562	6,883
COMPASS AUTO RECEIVABLES CORPORATION	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	2,900	2,901	1	2,900	-
COMPASS BANCSHARES, INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	8,192,333	8,812,708	620,377	9,569,404	(1,377,073)
COMPASS BANK	UNITED STATES	BANKING	-	100.00	100.00	8,637,425	48,357,800	39,720,373	9,988,121	(1,350,694)
COMPASS CAPITAL MARKETS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	5,109,507	5,109,507	-	4,988,515	120,992
COMPASS CUSTODIAL SERVICES, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
COMPASS FINANCIAL CORPORATION	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	6,331	50,031	43,700	6,290	41
COMPASS GP,INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	31,793	40,144	8,352	31,341	451
COMPASS INSURANCE AGENCY, INC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	121,414	131,005	9,593	114,873	6,539
COMPASS INVESTMENTS, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
COMPASS LIMITED PARTNER, INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	4,418,760	4,419,169	409	4,318,121	100,639
COMPASS LOAN HOLDINGS TRS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	53,907	55,705	1,798	53,873	34
COMPASS MORTGAGE CORPORATION	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1,785,485	1,786,404	917	1,767,557	17,930
COMPASS MORTGAGE FINANCING, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	24	24	-	24	-
COMPASS MULTISTATE SERVICES CORPORATION	UNITED STATES	SERVICES	-	100.00	100.00	2,604	2,657	54	2,603	-
COMPASS SOUTHWEST, LP	UNITED STATES	BANKING	-	100.00	100.00	3,627,266	3,643,363	16,098	3,530,458	96,807
COMPASS TEXAS ACQUISITION CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	1,571	1,588	16	1,573	(1)
COMPASS TEXAS MORTGAGE FINANCING, INC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	24	24	-	24	-
COMPASS TRUST II	UNITED STATES	INACTIVE	-	100.00	100.00	-	1	-	1	-
COMPASS TRUST IV	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	8	486,080	486,073	6	1
COMPASS WEALTH MANAGERS COMPANY	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-

APPENDIX II. (Continued) Additional information on consolidated subsidiaries composing the BBVA Group

Company	Location	Activity	% of Voting Rights controlled by the Bank: Direct	Indirect	Total	Thousand of Euros (*): Net Carrying Amount	Investee Data: Assets as of 31.12.09	Liabilities as of 31.12.09	Equity 31.12.09	Profit (Loss) for the Period ended 31.12.09
COMPAÑIA CHILENA DE INVERSIONES, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	232,976	173,294	2,341	171,000	(47)
COMUNIDAD FINANCIERA ÍNDICO, S.L.	SPAIN	SERVICES	-	100.00	100.00	16	212	51	369	(208)
CONSOLIDAR A.F.J.P., S.A.	ARGENTINA	PENSIONS	46.11	53.89	100.00	4,623	36,987	26,523	17,840	(7,376)
CONSOLIDAR ASEGURADORA DE RIESGOS DEL TRABAJO, S.A.	ARGENTINA	INSURANCES	87.50	12.50	100.00	28,772	170,840	137,864	31,212	1,764
CONSOLIDAR CIA. DE SEGUROS DE RETIRO, S.A.	ARGENTINA	INSURANCES	33.79	66.21	100.00	47,242	569,458	498,108	56,316	15,034
CONSOLIDAR COMERCIALIZADORA, S.A.	ARGENTINA	FINANCIAL SERV.	-	100.00	100.00	2,343	7,171	4,828	3,760	(1,417)
CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA, S.A.	PERU	SECURITIES	-	100.00	100.00	4,283	9,668	5,386	3,604	678
CONTINENTAL DPR FINANCE COMPANY	CAYMAN ISLANDS	FINANCIAL SERV.	-	100.00	100.00	-	176,153	176,153	-	-
CONTINENTAL S.A. SOCIEDAD .ADMINISTRADORA DE FONDOS	PERU	FINANCIAL SERV.	-	100.00	100.00	5,943	7,054	1,112	5,767	175
CONTINENTAL SOCIEDAD TITULIZADORA, S.A.	PERU	FINANCIAL SERV.	-	100.00	100.00	393	463	69	399	(5)
CONTRATACION DE PERSONAL, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	1,938	6,791	4,853	1,296	642
CORPORACION DE ALIMENTACION Y BEBIDAS, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	138,508	164,282	1,325	162,122	835
CORPORACION GENERAL FINANCIERA, S.A.	SPAIN	PORTFOLIO	100.00	-	100.00	452,431	1,477,996	18,708	1,420,370	38,918
CORPORACION INDUSTRIAL Y DE SERVICIOS, S	SPAIN	PORTFOLIO	-	100.00	100.00	1,251	3,791	-	4,998	(1,207)
DESARROLLADORA Y VENDEDORA DE CASAS, S.A	MEXICO	REAL ESTATE	-	100.00	100.00	13	13	1	16	(4)
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	SPAIN	REAL ESTATE	-	72.50	72.50	41,383	76,167	19,106	57,211	(150)
DESITEL TECNOLOGIA Y SISTEMAS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	1,372	1,375	2	1,321	52
DEUSTO, S.A. DE INVERSION MOBILIARIA	SPAIN	PORTFOLIO	-	100.00	100.00	14,122	18,374	1,962	16,504	(92)
DINERO EXPRESS SERVICIOS GLOBALES, S.A.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	2,042	2,218	213	5,578	(3,573)
EL ENCINAR METROPOLITANO, S.A.	SPAIN	REAL ESTATE	-	98.93	98.93	5,343	7,242	1,859	5,326	57
EL OASIS DE LAS RAMBLAS, S.L.	SPAIN	REAL ESTATE	-	70.00	70.00	167	493	236	153	104
ELANCHOVE, S.A.	SPAIN	PORTFOLIO	100.00	-	100.00	1,500	4,100	1,591	2,337	172
EMPRESA INSTANT CREDIT, C.A.	VENEZUELA	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
ESPANHOLA COMERCIAL E SERVIÇOS, LTDA.	BRASIL	FINANCIAL SERV.	100.00	-	100.00	-	655	293	4,975	(4,613)
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SPAIN	SERVICES	-	51.00	51.00	31	31	-	31	-
EUROPEA DE TITULIZACION, S.A., S.G.F.T.	SPAIN	FINANCIAL SERV.	87.50	-	87.50	1,974	17,688	1,281	10,262	6,145
FIDEIC. Nº.711, EN BANCO INVEX, S.A. INSTITUCION DE BANCA MÚLTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO ANTES(FIDEIC. INVEX 1ª EMIS.)	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	112,243	107,529	2,777	1,937
FIDEICOMISO 28991-8 TRADING EN LOS MCADOS FINANCIEROS	MEXICO	FINANCIAL SERV.	-	100.00	100.00	1,607	1,607	-	1,220	387
FIDEICOMISO 29764-8 SOCIO LIQUIDADOR POSICION DE TERCEROS	MEXICO	FINANCIAL SERV.	-	100.00	100.00	14,969	15,228	259	12,884	2,085
FIDEICOMISO BBVA BANCOMER SERVICIOS Nº F/47433-8, S.A.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	34587	50471	15884	32965	1622
FIDEICOMISO N.847 EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. 4 EMISION)	MEXICO	FINANCIAL SERV.	-	100.00	100.00	25.00	269,166	269,456	(4,310)	4,020
FIDEICOMISO Nº.402900-5 ADMINISTRACION DE INMUEBLES	MEXICO	FINANCIAL SERV.	-	100.00	100.00	2333	2536	186	2350	-
FIDEICOMISO Nº.752 EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO(FIDEIC.INVEX 2ª EMISION)	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	50,683	48,762	945	976
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	-	276,505	271,800	(9,392)	14,097
FIDEICOMISO SOCIO LIQUIDADOR DE OP.FINANC.DERIVADAS	MEXICO	FINANCIAL SERV.	-	100.00	100.00	10,498	10,703	206	9,721	776
FINANCEIRA DO COMERCIO EXTERIOR S.A.R.	PORTUGAL	INACTIVE	100.00	-	100.00	51	36	-	37	(1)
FINANCIERA AYUDAMOS S.A. DE C.V., SOFOMER	MEXICO	FINANCIAL SERV.	-	100.00	100.00	4,222	5,424	1,201	4,696	(473)
FINANCIERA ESPAÑOLA, S.A.	SPAIN	PORTFOLIO	85.85	14.15	100.00	4,522	6,858	1	6,810	47
FINANZIA AUTORENTING, S.A.	SPAIN	SERVICES	27.13	72.87	100.00	47,026	613,307	600,056	42,932	(29,681)
FINANZIA, BANCO DE CREDITO, S.A.	SPAIN	BANKING	-	100.00	100.00	210,615	7,633,026	7,438,854	330,828	(136,656)
FRANCES ADMINISTRADORA DE INVERSIONES, S.A.	ARGENTINA	FINANCIAL SERV.	-	100.00	100.00	6,053	9,103	3,048	5,191	864
FRANCES VALORES SOCIEDAD DE BOLSA, S.A.	ARGENTINA	FINANCIAL SERV.	-	100.00	100.00	1,492	2,497	1,005	1,667	(175)
FUTURO FAMILIAR, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	296	629	333	194	102
GENTE BBVA, S.A.	CHILE	FINANCIAL SERV.	-	100.00	100.00	(1,909)	553	2,464	(387)	(1,524)
GESTION DE PREVISION Y PENSIONES, S.A.	SPAIN	PENSIONS	60.00	-	60.00	8,830	25,426	1,692	20,873	2,861
GESTION Y ADMINISTRACION DE RECIBOS, S.A.	SPAIN	SERVICES	-	100.00	100.00	150	3,666	831	1,887	948
GFIS HOLDINGS INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	8,941	8,941	1	6,238	2,702
GOBERNALIA GLOBAL NET, S.A.	SPAIN	SERVICES	-	100.00	100.00	947	2,781	1,228	1,303	250
GRAN JORGE JUAN, S.A.	SPAIN	REAL ESTATE	100.00	-	100.00	110,115	468,642	408,189	82,803	(22,350)
GRANFIDUCIARIA	COLOMBIA	FINANCIAL SERV.	-	90.00	90.00	-	231	114	145	(28)
GRELAR GALICIA, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	4,720	4,721	-	4,687	34
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE	MEXICO	FINANCIAL SERV.	99.97	-	99.97	6,677,124	6,026,397	860	4,875,864	1,149,673
GUARANTY BUSINESS CREDIT CORPORATION	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	23,974	25,419	1,446	23,987	(14)
GUARANTY FINANCIAL INSURANCE SOLUTIONS INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	8,941	10,916	1,974	6,239	2,703
GUARANTY PLUS HOLDING COMPANY	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	(20,689)	41,594	62,283	(15,761)	(4,928)

APPENDIX II. (Continued) **Additional information on consolidated subsidiaries composing 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 as of 31.12.09	Liabilities as of 31.12.09	Equity 31.12.09	Profit (Loss) for the Period ended 31.12.09
GUARANTY PLUS PROPERTIES LLC-2	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	32,341	32,461	120	36,489	(4,148)
GUARANTY PLUS PROPERTIES LLC-3	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
GUARANTY PLUS PROPERTIES LLC-4	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
GUARANTY PLUS PROPERTIES LLC-5	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
GUARANTY PLUS PROPERTIES LLC-6	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
GUARANTY PLUS PROPERTIES LLC-7	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
GUARANTY PLUS PROPERTIES LLC-8	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
GUARANTY PLUS PROPERTIES LLC-9	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
GUARANTY PLUS PROPERTIES, INC-1	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	9,022	9,033	12	9,311	(290)
HIPOTECARIA NACIONAL MEXICANA INCORPORAT	UNITED STATES	REAL ESTATE	-	100.00	100.00	170	275	105	199	(29)
HIPOTECARIA NACIONAL, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	136,901	169,708	12,384	151,751	5,573
HOLDING CONTINENTAL, S.A.	PERU	PORTFOLIO	50.00	-	50.00	123,678	677,228	4	462,416	214,808
HOLDING DE PARTICIPACIONES INDUSTRIALES 2000, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	3,618	4,487	-	4,470	17
HOMEOWNERS LOAN CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	7,390	7,817	428	7,423	(34)
HUMAN RESOURCES PROVIDER	UNITED STATES	SERVICES	-	100.00	100.00	818,763	818,808	45	815,892	2,871
HUMAN RESOURCES SUPPORT, INC	UNITED STATES	SERVICES	-	100.00	100.00	817,323	817,401	77	814,595	2,729
IBERDROLA SERV.FINANCIER., E.F.C., S.A.	SPAIN	FINANCIAL SERV.	-	84.00	84.00	7,290	9,585	17	9,567	1
IBERNEGOCIO DE TRADE (antes IBERTRADE, LTD.)	SPAIN	SERVICES	-	100.00	100.00	1,583	1,688	105	1,587	(4)
INGENIERIA EMPRESARIAL MULTIBA, S.A. DE C.V.	MEXICO	SERVICES	-	99.99	99.99	-	-	-	-	0
INMOBILIARIA BILBAO, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	3,837	3,838	1	3,810	27
INMUEBLES Y RECUPERACION.CONTINENTAL,S.A	PERU	REAL ESTATE	-	100.00	100.00	1,722	5,735	4,014	317	1,404
INVERAHORRO, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	474	56,713	57,503	516	(1,306)
INVERSIONES ALDAMA, C.A.	VENEZUELA	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	NETHERLANDS ANTILLES	IN LIQUIDATION	48.00	-	48.00	11,390	32,337	930	23,640	7,767
INVERSIONES BAPROBA, C.A.	VENEZUELA	FINANCIAL SERV.	100.00	-	100.00	1,307	1,314	130	891	293
INVERSIONES P.H.R.4, C.A.	VENEZUELA	IN LIQUIDATION	-	60.46	60.46	-	48	-	48	-
INVERSIONES T, C.A.	VENEZUELA	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
INVERSORA OTAR, S.A.	ARGENTINA	PORTFOLIO	-	99.96	99.96	2,472	52,064	5	34,808	17,251
INVESCO MANAGEMENT Nº 1, S.A.	LUXEMBOURG	FINANCIAL SERV.	-	100.00	100.00	9,857	10,366	539	9,986	(159)
INVESCO MANAGEMENT Nº 2, S.A.	LUXEMBOURG	FINANCIAL SERV.	-	100.00	100.00	-	11,063	19,627	(7,687)	(877)
JARDINES DE SARRIENA, S.L.	SPAIN	REAL ESTATE	-	85.00	85.00	152	499	327	338	(166)
LIQUIDITY ADVISORS, L.P	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	825,654	828,255	2,598	822,032	3,625
MARQUES DE CUBAS 21, S.L.	SPAIN	REAL ESTATE	100.00	-	100.00	2,869	7,544	5,801	1,838	(95)
MEDITERRANIA DE PROMOCIONS I GESTIONS INMOBILIARIES, S.A.	SPAIN	INACTIVE	-	100.00	100.00	1,187	1,248	60	1,197	(9)
MIRADOR DE LA CARRASCOSA, S.L.	SPAIN	REAL ESTATE	-	65.77	65.77	14,724	38,866	21,824	17,057	(15)
MISAPRE, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	14,312	18,399	6,039	14,202	(1,842)
MULTIASISTENCIA OPERADORA S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	67	678	611	32	35
MULTIASISTENCIA SERVICIOS S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	165	1,288	1,123	17	148
MULTIASISTENCIA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	11,566	20,208	7,593	9,463	3,152
MULTIVAL, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	112	255	143	114	(2)
OCCIVAL, S.A.	SPAIN	INACTIVE	100.00	-	100.00	8,211	9,889	9	9,818	62
OPCION VOLCAN, S.A.	MEXICO	REAL ESTATE	-	100.00	100.00	54,003	57,734	3,730	49,936	4,068
OPPLUS OPERACIONES Y SERVICIOS, S.A. (Antes STURGES)	SPAIN	SERVICES	100.00	-	100.00	1,067	18,946	14,345	2,919	1,682
OPPLUS S.A.C	PERU	SERVICES	-	100.00	100.00	600	1,621	945	591	85
PARTICIPACIONES ARENAL, S.L.	SPAIN	INACTIVE	-	100.00	100.00	7,552	7,665	112	6,683	870
PENSIONES BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES	-	100.00	100.00	103,660	1,751,823	1,648,158	41,884	61,781
PHOENIX LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	419,685	437,335	17,650	420,352	(667)
PI HOLDINGS NO. 1, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	42,743	43,347	603	45,496	(2,752)
PI HOLDINGS NO. 3, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	15,044	15,331	287	14,094	950
PI HOLDINGS NO. 4, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	1	1	-	1	-
PORT ARTHUR ABSTRACT & TITLE COMPANY	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1,740	2,093	353	2,081	(341)
PREMEXSA, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	375	725	303	335	87
PRESTACIONES ADMINISTRATIVAS LIMITADA - PROEX LIMITADA	CHILE	FINANCIAL SERV.	-	100.00	100.00	447	1,445	997	38	410
PREVENTIS, S.A.	MEXICO	INSURANCES	-	90.27	90.27	6,624	19,751	12,520	4,016	3,215
PRO-SALUD, C.A.	VENEZUELA	SERVICES	-	58.86	58.86	-	-	-	-	-
PROMOCION EMPRESARIAL XX, S.A.	SPAIN	PORTFOLIO	100.00	-	100.00	1,522	12,260	11,139	1,930	(809)
PROMOTORA DE RECURSOS AGRARIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	139	124	-	125	(1)

APPENDIX II. (Continued) Additional information on consolidated subsidiaries composing the BBVA Group

Company	Location	Activity	%of Voting Rights controlled by the Bank: Direct	Indirect	Total	Thousand of Euros (*): Net Carrying Amount	Investee Data: Assets as of 31.12.09	Liabilities as of 31.12.09	Equity 31.12.09	Profit (Loss) for the Period ended 31.12.09
PROMOTORA RESIDENCIAL GRAN EUROPA, S.L.	SPAIN	REAL ESTATE	-	58.50	58.50	227	387	-	426	(39)
PROVIDA INTERNACIONAL, S.A.	CHILE	PENSIONS	-	100.00	100.00	39,129	39,136	10	27,322	11,804
PROVINCIAL DE VALORES CASA DE BOLSA, C.A.	VENEZUELA	FINANCIAL SERV.	-	90.00	90.00	2,668	13,841	10,162	3,457	222
PROVINCIAL SDAD.ADMIN.DE ENTIDADES DE INV.COLECTIVA, C.A.	VENEZUELA	FINANCIAL SERV.	-	100.00	100.00	2,104	2,095	100	1,678	317
PROVIVIENDA, ENTIDAD RECAUDADORA Y ADMIN.DE APORTES, S.A.	BOLIVIA	PENSIONS	-	100.00	100.00	604	1,444	790	505	149
PROXIMA ALFA INVESTMENTS (IRELAND) LIMITED	IRELAND	FINANCIAL SERV.	-	100.00	100.00	317	344	29	330	(15)
PROXIMA ALFA INVESTMENTS (UK) LLP	UNITED KINGDOM	FINANCIAL SERV.	-	51.00	51.00	-	2,143	2,747	167	(771)
PROXIMA ALFA INVESTMENTS (USA) LLC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	6,689	1,393	314	17,054	(15,975)
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) II INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	67	63	40	23	-
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	-	6,693	3,243	3,450	-
PROXIMA ALFA INVESTMENTS, SGIIC, S.A.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	-	2,780	11,884	11,205	(20,309)
PROXIMA ALFA MANAGING MEMBER LLC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	-	-	-	(24)	24
PROXIMA ALFA SERVICES LTD.	UNITED KINGDOM	FINANCIAL SERV.	-	100.00	100.00	-	3,265	212	3,050	3
PROYECTOS EMPRESARIALES CAPITAL RIESGO I, S.C.R, SIMP. S.A.	SPAIN	VENTURE CAPITAL	100.00	-	100.00	114,609	89,963	29	132,114	(42,180)
PROYECTOS INDUSTRIALES CONJUNTOS, S.A. D	SPAIN	PORTFOLIO	-	100.00	100.00	3,148	7,504	3,811	3,770	(77)
RESIDENCIAL CUMBRES DE SANTA FE, S.A. DE	MEXICO	REAL ESTATE	-	100.00	100.00	8,682	9,752	1,522	8,614	(384)
RIVER OAKS BANK BUILDING, INC.	UNITED STATES	REAL ESTATE	-	100.00	100.00	14,915	15,834	919	14,454	461
RIVER OAKS TRUST CORPORATION	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
RIVERWAY HOLDINGS CAPITAL TRUST I	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	216	7,202	6,986	193	23
RWHC, INC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	500,734	501,210	476	499,579	1,155
S.GESTORA FONDO PUBL.REGUL.MERCADO HIPOT	SPAIN	FINANCIAL SERV.	77.20	-	77.20	138	213	67	146	-
SCALDIS FINANCE, S.A.	BELGICA	PORTFOLIO	-	100.00	100.00	3,416	3,657	143	3,519	(5)
SEGUROS BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES	24.99	75.01	100.00	322,887	1,882,969	1,653,645	108,425	120,899
SEGUROS PROVINCIAL, C.A.	VENEZUELA	INSURANCES	-	100.00	100.00	36,397	66,334	29,931	14,003	22,400
SERVICIOS CORPORATIVOS BANCOMER, S.A. DE	MEXICO	SERVICES	-	100.00	100.00	350	1,118	768	89	261
SERVICIOS CORPORATIVOS DE SEGUROS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	746	4,072	3,323	446	303
SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2,886	4,067	1,180	2,346	541
SERVICIOS TECNOLOGICOS SINGULARES, S.A.	SPAIN	SERVICES	-	100.00	100.00	-	16,001	18,048	(198)	(1,849)
SMARTSPREAD LIMITED (UK)	UNITED KINGDOM	SERVICES	-	99.78	99.78	-	125	11	242	(128)
SOCIEDAD DE ESTUDIOS Y ANALISIS FINANC.,S.A.	SPAIN	COMERCIAL	100.00	-	100.00	114,518	194,234	104	194,467	(337)
SOCIETE INMOBILIERE BBV D'ILBARRIZ	FRANCE	REAL ESTATE	-	100.00	100.00	1,688	1,716	33	1,739	(56)
SOUTHEAST TEXAS TITLE COMPANY	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	491	703	212	682	(191)
SPORT CLUB 18, S.A.	SPAIN	PORTFOLIO	100.00	-	100.00	26,423	43,322	18,138	26,243	(1,059)
ST. JOHNS INVESTMENTS MANAGMENT CO.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	3,417	3,593	177	3,532	(116)
STATE NATIONAL CAPITAL TRUST I	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	326	10,739	10,413	314	12
STATE NATIONAL STATUTORY TRUST II	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	216	7,166	6,950	207	9
STAVIS MARGOLIS ADVISORY SERVICES, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	20,021	20,660	639	19,660	361
TEXAS LOAN SERVICES, LP.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	818,714	819,612	900	813,921	4,791
TEXAS REGIONAL STATUTORY TRUST I	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1,076	35,828	34,752	1,034	42
TEXASBANC CAPITAL TRUST I	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	540	17,992	17,452	520	20
TMF HOLDING INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	6,820	6,843	23	6,804	16
TRAINER PRO GESTION DE ACTIVIDADES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	2,886	3,261	-	3,238	23
TRANSITORY CO	PANAMA	REAL ESTATE	-	100.00	100.00	141	1,780	1,640	144	(4)
TUCSON LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	381,983	382,061	77	377,254	4,730
TWOENC, INC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	(1,080)	1,036	2,117	(1,080)	(1)
UNICOM TELECOMUNICACIONES S.DE R.L. DE C.V.	MEXICO	SERVICES	-	99.98	99.98	-	3	3	-	-
UNIDAD DE AVALUOS MEXICO, SA DE CV	MEXICO	FINANCIAL SERV.	-	100.00	100.00	1,387	1,588	510	871	207
UNITARIA GESTION DE PATRIMONIOS INMOBILIARIOS	SPAIN	SERVICES	-	100.00	100.00	2,410	2,627	3	2,601	23
UNIVERSALIDAD "E5"	COLOMBIA	FINANCIAL SERV.	-	100.00	100.00	-	4,032	2,388	1,452	192
UNIVERSALIDAD - BANCO GRANAHORRAR	COLOMBIA	FINANCIAL SERV.	-	100.00	100.00	-	3,125	1,489	(338)	1,974
UNIVERSALIDAD TIPS PESOS E-9	COLOMBIA	FINANCIAL SERV.	-	100.00	100.00	-	105,975	102,477	(519)	4,017
UNO-E BANK, S.A.	SPAIN	BANKING	67.35	32.65	100.00	174,751	1,382,368	1,274,638	140,662	(32,932)
URBANIZADORA SANT LLORENC, S.A.	SPAIN	NO ACTIVITY	60.60	0.00	60.60	-	108	-	108	-
VALANZA CAPITAL RIESGO S.G.E.C.R. S.A. UNIPERSONAL	SPAIN	VENTURE CAPITAL	100.00	0.00	100.00	1,200	16,263	1,517	7,171	7,575
VIRTUAL DOC, S.L.	SPAIN	SERVICES	-	70.00	70.00	252	744	422	504	(182)
VISACOM, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	915	915	-	870	45

(*) Information on foreign companies at exchange rate on 12-31-09

APPENDIX III. Additional information on the jointly controlled companies accounted for under the proportionate consolidation method 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 31.12.09	Liabilities 31.12.09	Equity 31.12.09	Profit (Loss) for the period ended 31.12.09
ALTURA MARKETS, SOCIEDAD DE VALORES, S.A.	SPAIN	SECURITIES	50.00	-	50.00	12,600	952,234	915,091	27,341	9,802
DISTRANSA RENTRUCKS, S.A.	SPAIN	FINANCIAL SERV.	-	42.92	42.92	11,675	58,366	47,008	13,324	(1,966)
ECASA, S.A.	CHILE	FINANCIAL SERV.	-	51.00	51.00	3,847	4,886	1,039	158	3,689
FORUM DISTRIBUIDORA, S,A,	CHILE	FINANCIAL SERV.	-	51.04	51.04	5,673	54,033	47,622	5,877	534
FORUM SERVICIOS FINANCIEROS, S.A.	CHILE	FINANCIAL SERV.	-	51.00	51.00	54,261	551,872	474,393	50,037	27,442
INVERSIONES PLATCO, C.A.	VENEZUELA	FINANCIAL SERV.	-	50.00	50.00	11,270	31,991	9,451	26,564	(4,024)
PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERV.	-	50.00	50.00	9,353	74,488	55,782	11,906	6,800

Information on foreign companies at exchange rate on 12/31/09

APPENDIX IV. Additional information on investments and jointly controlled companies accounted for under the equity method in the BBVA Group

(Including the most significant entities, jointly representing 98% of all investment in this collective)

			% 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	3,096	20,609	11,181	8,401	1,027 **(2)**
ALMAGRARIO, S.A.	COLOMBIA	SERVICES	-	35.38	35.38	4,297	26,494	5,200	18,126	3,168 **(3)**
AUREA, S.A. (CUBA)	CUBA	REAL ESTATE	-	49.00	49.00	3,848	8,859	484	8,336	39 **(2)**
BBVA ELCANO EMPRESARIAL II, S.C.R., S.A.	SPAIN	VENTURE CAPITAL	45.00	-	45.00	48,566	84,607	423	88,622	(4,438) **(2)**
BBVA ELCANO EMPRESARIAL, S.C.R., S.A.	SPAIN	VENTURE CAPITAL	45.00	-	45.00	48,594	84,607	423	88,621	(4,437) **(2)**
CAMARATE GOLF, S.A.(*)	SPAIN	REAL ESTATE	-	26.00	26.00	4,568	39,396	18,764	17,798	2,835 **(2)**
CHINA CITIC BANK LIMITED CNCB	CHINA	BANKING	10.07	-	10.07	1,893,783	125,126,663	115,052,412	8,768,056	1,306,195 **(2)**
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFH	HONG-KONG	FINANCIAL SERVICES	29.68	-	29.68	401,832	13,911,177	10,366,544	2,436,101	1,108,532 **(1) (2)**
COMPAÑIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A.	SPAIN	FINANCIAL SERVICES	21.82	-	21.82	12,170	63,052	12,600	48,248	2,204 **(3)**
COMPAÑIA MEXICANA DE PROCESAMIENTO, S.A. DE C.V.	MEXICO	SERVICES	-	50.00	50.00	3,646	8,338	1,875	5,416	1,047 **(2)**
CORPORACION IBV PARTICIPACIONES EMPRESARIALES, S.A.(*)	SPAIN	PORTFOLIO	-	50.00	50.00	157,098	1,196,635	298,600	317,025	581,010 **(1) (2)**
FERROMOVIL 3000, S.L.(*)	SPAIN	SERVICES	-	20.00	20.00	5,964	678,770	651,300	29,503	(2,033) **(2)**
FERROMOVIL 9000, S.L.(*)	SPAIN	SERVICES	-	20.00	20.00	4,319	428,236	408,826	18,679	731 **(2)**
FIDEIC. F 404015 0 BBVA BANCOMER LOMAS III	MEXICO	REAL ESTATE	-	25.00	25.00	5,069	-	-	-	- **(4)**
FIDEICOMISO F/70191-2 PUEBLA (*)	MEXICO	REAL ESTATE	-	25.00	25.00	6,655	44,360	11,668	28,189	4,503 **(2)**
FIDEICOMISO F/403853-5 BBVA BANCOMER SERVICIOS ZIBATA (*)	MEXICO	REAL ESTATE	-	30.00	30.00	19,980	-	-	-	- **(4)**
FIDEICOMISO F/401555-8 CUATRO BOSQUES (*)	MEXICO	REAL ESTATE	-	50.00	50.00	4,132	8,072	14	8,055	3 **(2)**
FIDEICOMISO HARES BBVA BANCOMER F/47997-2 (*)	MEXICO	REAL ESTATE	-	50.00	50.00	15,367	29,076	388	27,669	1,019 **(2)**
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.(*)	MEXICO	SERVICES	-	44.39	44.39	6,118	25,201	16,671	7,468	1,062 **(1) (2)**
I+D MEXICO, S.A. DE C.V.(*)	MEXICO	SERVICES	-	50.00	50.00	15,491	68,938	40,625	23,434	4,879 **(2)**
IMOBILIARIA DUQUE D'AVILA, S.A. (*)	PORTUGAL	REAL ESTATE	-	50.00	50.00	5,211	26,138	16,504	9,848	(214) **(5)**
INMUEBLES MADARIAGA PROMOCIONES, S.L.(*)	SPAIN	REAL ESTATE	50.00	-	50.00	3,707	18,717	4,055	6,313	8,349 **(3)**
JARDINES DEL RUBIN, S.A.(*)	SPAIN	REAL ESTATE	-	50.00	50.00	2,206	15,579	2,320	9,623	3,636 **(2)**
LAS PEDRAZAS GOLF, S.L.(*)	SPAIN	REAL ESTATE	-	50.00	50.00	8,519	74,827	47,548	29,630	(2,351) **(2)**
OCCIDENTAL HOTELES MANAGEMENT, S.L.	SPAIN	SERVICES	-	38.53	38.53	84,360	871,949	508,676	384,752	(21,479) **(1) (2)**
PARQUE REFORMA SANTA FE, S.A. DE C.V.	MEXICO	REAL ESTATE	-	30.00	30.00	4,027	66,363	55,103	9,923	1,337 **(2)**
PROMOTORA METROVACESA, S.L.	SPAIN	REAL ESTATE	-	50.00	50.00	8,790	76,015	61,525	16,486	(1,995) **(3)**
ROMBO COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	40.00	40.00	9,083	121,179	101,955	15,472	3,752 **(2)**
SERVICIOS DE ADMINISTRACION PREVISIONAL, S.A.	CHILE	PENSION FUND MANAGEMENT COMPANIES	-	37.87	37.87	4,079	7,977	2,824	7,871	(2,718) **(2)**
SERVICIOS ELECTRONICOS GLOBALES, S.A. DE C.V.	MEXICO	SERVICES	-	46.14	46.14	4,193	12,571	3,902	7,964	705 **(2)**
SERVICIOS ON LINE PARA USUARIOS MULTIPLES, S.A. (SOLIUM)(*)	SPAIN	SERVICES	-	66.67	66.67	3,648	7,842	4,941	2,699	203 **(2)**
SERVIRED SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A.	SPAIN	FINANCIAL SERVICES	20.42	0.93	21.35	20,399	159,257	7,666	48,782	102,809 **(2)**
TELEFONICA FACTORING, S.A.	SPAIN	FINANCIAL SERVICES	30.00	-	30.00	3,247	76,165	65,833	6,848	3,484 **(2)**
TUBOS REUNIDOS, S.A.	SPAIN	INDUSTRIAL	-	23.36	23.36	51,645	749,991	510,146	157,999	81,846 **(1) (2)**
VITAMEDICA S.A DE C.V.(*)	MEXICO	INSURANCES	-	50.99	50.99	2,409	8,487	3,601	4,652	234 **(2)**
REST OF ENTITIES						41,488				
					TOTAL	**2,921,604**	**144,146,148**	**128,294,596**	**12,666,608**	**3,184,944**

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, 2008

(2) Financial statements as of December 31, 2007

(4) New incorporation

(3) Financial statements as of December 31, 2006

(*) Jointly controlled companies accounted for under tne equity method

APPENDIX V. Changes and notification of investments in the BBVA Group in 2009

BUSINESS COMBINATIONS AND OTHER ACQUISITIONS OR INCREASE OF INTEREST OWNERSHIP IN CONSOLIDATED SUBSIDIARIES AND JOINTLY CONTROLLED COMPANIES ACCOUNTED FOR UNDER THE PROPORTIONATE METHOD

Company	Type of transaction	Activity	Price paid in the transaction + expenses directly attributable to the acquisition (thounsand of euros)	Fair value of equity instruments issued for the acquisition of the company	%Voting rights		Effective date (or notification date)
					Acquired in the period (net)	Voting rights controlled after the acquisition	
FIDEICOMISO 28991-8 TRADING EN LOS MCADOS FINANCIEROS	ACQUISITION	FINANCIAL SERV.	1,212		100.000%	100.000%	1/28/2009
UNIVERSALIDAD TIPS PESOS E-9	FOUNDING	FINANCIAL SERV.	-		100.000%	100.000%	1/29/2009
EUROPEA DE TITULIZACION, S.A. S.G.F.T.	ACQUISITION	FINANCIAL SERV.	159		1.516%	87.504%	2/28/2009
ANIDA INMUEBLES ESPAÑA Y PORTUGAL, S.L.	FOUNDING	REAL ESTATE	3		100.000%	100.000%	3/17/2009
COMPASS TRUST IV	FOUNDING	FINANCIAL SERV.	8		100.000%	100.000%	3/27/2009
BBVA CONSULTING(BEIJING) LIMITED	FOUNDING	FINANCIAL SERV.	400		100.000%	100.000%	5/28/2009
MIRADOR DE LA CARRASCOSA, S.L.*	ACQUISITION	REAL ESTATE	5,000		9.865%	65.769%	6/30/2009
ADPROTEL STRANDS, S.L.	FOUNDING	REAL ESTATE			100.000%	100.000%	7/28/2009
ANIDAPORT INVESTIMENTOS IMOBILIARIOS, UNIPESSOAL, LTDA	FOUNDING	REAL ESTATE	5		100.000%	100.000%	9/25/2009
GUARANTY BUSINESS CREDIT CORPORATION	FOUNDING	FINANCIAL SERV.	25,922		100.000%	100.000%	9/25/2009
AMERICAN FINANCE GROUP, INC.	FOUNDING	FINANCIAL SERV.	13,933		100.000%	100.000%	9/25/2009
GFIS HOLDINGS INC.	FOUNDING	FINANCIAL SERV.	6,290		100.000%	100.000%	9/25/2009
GUARANTY FINANCIAL INSURANCE SOLUTIONS INC.	FOUNDING	FINANCIAL SERV.	6,290		100.000%	100.000%	9/25/2009
TMF HOLGING INC.	FOUNDING	FINANCIAL SERV.	10,132		100.000%	100.000%	9/25/2009
GUARANTY PLUS HOLDING COMPANY	FOUNDING	FINANCIAL SERV.	-15,547		100.000%	100.000%	9/25/2009
RWHC, INC	FOUNDING	FINANCIAL SERV.	492,924		100.000%	100.000%	9/25/2009
GUARANTY PLUS PROPERTIES, INC-1	FOUNDING	FINANCIAL SERV.	9,264		100.000%	100.000%	9/25/2009
GUARANTY PLUS PROPERTIES LLC-2	FOUNDING	FINANCIAL SERV.	35,769		100.000%	100.000%	9/25/2009
GUARANTY PLUS PROPERTIES LLC-3	FOUNDING	FINANCIAL SERV.	1		100.000%	100.000%	9/25/2009
GUARANTY PLUS PROPERTIES LLC-4	FOUNDING	FINANCIAL SERV.	1		100.000%	100.000%	9/25/2009
GUARANTY PLUS PROPERTIES LLC-5	FOUNDING	FINANCIAL SERV.	1		100.000%	100.000%	9/25/2009
GUARANTY PLUS PROPERTIES LLC-6	FOUNDING	FINANCIAL SERV.	1		100.000%	100.000%	9/25/2009
GUARANTY PLUS PROPERTIES LLC-7	FOUNDING	FINANCIAL SERV.	1		100.000%	100.000%	9/25/2009
GUARANTY PLUS PROPERTIES LLC-8	FOUNDING	FINANCIAL SERV.	1		100.000%	100.000%	9/25/2009
GUARANTY PLUS PROPERTIES LLC-9	FOUNDING	FINANCIAL SERV.	1		100.000%	100.000%	9/25/2009
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	ACQUISITION	FINANCIAL SERV.	1		0.001%	99.966%	9/30/2009
BBVA GLOBAL MARKETS B.V.	FOUNDING	FINANCIAL SERV.			100.000%	100.000%	11/25/2009
BBVA ASESORIAS FINANCIERAS, S.A.	ACQUISITION	FINANCIAL SERV.	243		1.398%	100.000%	12/30/2009
BBVA LEASING S.A.COMPAÑIA DE FINANCIAMIENTO COMERCIAL	ACQUISITION	FINANCIAL SERV.	67		0.001%	100.000%	12/30/2009
COMERCIALIZADORA DE SERVICIOS FINANCIEROS, S.A.	ACQUISITION	SERVICES			0.00016	0.99996	40177

***Notifications**

APPENDIX V (Continued): **Changes and notification of investments in the BBVA Group in 2009**

DISPOSALS OF INTEREST OWNERSHIP IN CONSOLIDATED SUBSIDIARIES AND JOINTLY CONTROLLED COMPANIES ACCOUNTED FOR UNDER THE PROPORTIONATE CONSOLIDATION METHOD						
Company	Type of transaction	Activity	Profit (Loss) in the transaction (thousand €)	%VOTING RIGHTS		Effective date (or notification date)
				% Sold	Totally controlled after the disposal	
FIDEICOMISO INVEX 228	LIQUIDATION	FINANCIAL SERV.	(1)	100.000%	0.000%	1/2/2009
FIDEICOMISO INVEX 367	LIQUIDATION	FINANCIAL SERV.	-	100.000%	0.000%	1/2/2009
FIDEICOMISO INVEX 393	LIQUIDATION	FINANCIAL SERV.	-	100.000%	0.000%	1/2/2009
FIDEICOMISO INVEX 411	LIQUIDATION	FINANCIAL SERV.	-	100.000%	0.000%	1/2/2009
BEXCARTERA, SICAV, S.A.	LIQUIDATION	PORTFOLIO	362	80.783%	0.000%	1/28/2009
MILANO GESTIONI, SRL (1)	MERGER	REAL ESTATE	-	100.000%	0.000%	1/2/2009
COMPASS UNDERWRITERS, INC.(2)	MERGER	INSURANCE	-	100.000%	0.000%	2/2/2009
CONSOLIDAR CIA. DE SEGUROS DE VIDA, S.A.(3)	MERGER	INSURANCE	-	100.000%	0.000%	4/1/2009
BANKER INVESTMENT SERVICES, INC.(4)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	4/13/2009
TSB PROPERTIES, INC,(5)	MERGER	REAL ESTATE	-	100.000%	0.000%	4/13/2009
VALLEY MORTGAGE COMPANY, INC.(6)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	4/8/2009
STATE NATIONAL PROPERTIES LLC(7)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	4/13/2009
TARUS, INC.(8)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	4/23/2009
COMPASS ARIZONA ACQUISITION, CORP.(9)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	4/9/2009
COMPASS SECURITIES(10)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	4/9/2009
MEGABANK FINANCIAL CORPORATION (11)	MERGER	SERVICES	-	100.000%	0.000%	4/13/2009
WESTERN BANCSHARES OF ALBUQUERQUE, INC(15)	MERGER	SERVICES	-	100.000%	0.000%	4/17/2009
WESTERN MANAGEMENT CORPORATION(16)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	4/13/2009
ARIZONA KACHINA HOLDINGS, INC.(17)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	4/13/2009
COMPASS FIDUCIARY SERVICES, LTD, INC,(17)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	4/9/2009
FIRS TIER CORPORATION(12)	MERGER	SERVICES	-	100.000%	0.000%	5/20/2009
AAI HOLDINGS ,INC.(13)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	5/28/2009
BBVA FACTORING E.F.C. S.A.(14)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	6/30/2009
BANCO DE CREDITO LOCAL, S.A.(14)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	6/30/2009
PALADIN BROKERAGE SOLUTIONS, INC.(2)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	6/12/2009
FW CAPITAL I	LIQUIDATION	SERVICES	-	100.000%	0.000%	6/12/2009
BBVA BANCOMER ASSET MANAGEMENT INC.(19)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	01/072009
BBVA BANCOMER HOLDINGS CORPORATION(20)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	01/072009
BBVA INVESTMENTS, INC.(21)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	01/072009
BBVA INTERNATIONAL INVESTMENT CORPORATION(18)	MERGER	FINANCIAL SERV.	-	100.000%	0.000%	8/17/2009
BBVA BANCOMER SERVICIOS, S.A,(22)	MERGER	BANKING	-	99.999%	0.000%	8/1/2009
BBVA BANCOMER USA (23)	MERGER	BANKING		100.000%	0.000%	9/10/2009
CENTRAL BANK OF THE SOUTH (23)	MERGER	BANKING		100.000%	0.000%	9/10/2009
HYDROX HOLDINGS, INC,(24)	MERGER	SERVICES		100.000%	0.000%	9/24/2009
PERI 5,1 S.L.	LIQUIDATION	REAL ESTATE	1	54.990%	0.000%	9/30/2009
FIDEICOMISO 474031 MANEJO DE GARANTIAS	LIQUIDATION	FINANCIAL SERV.	(4)	100.000%	0.000%	11/30/2009
BBVA(SUIZA) S.A. OFICINA DE REPRESENTACION	LIQUIDATION	FINANCIAL SERV.	264	100.000%	0.000%	11/30/2009
MONTEALIAGA, S.A.(25)	MERGER	REAL ESTATE		100.000%	0.000%	12/3/2009
BBVA INSERVEX, S.A.	LIQUIDATION	SERVICES	(25)	100.000%	0.000%	12/29/2009
INENSUR BRUFNETE, S.L.(25)	MERGER	REAL ESTATE		100.000%	0.000%	12/3/2009
EXPLOTACIONES AGROPECUARIAS VALDELAYEGUA, S.A.(25)	MERGER	REAL ESTATE		100.000%	0.000%	12/3/2009
PROYECTO MUNDO AGUILON, S.A.(25)	MERGER	REAL ESTATE		100.000%	0.000%	12/3/2009
MONESTERIO DESARROLLOS, S.L.(25)	MERGER	REAL ESTATE		100.000%	0.000%	12/3/2009
MARINA LLAR, S.L.(25)	MERGER	REAL ESTATE		100.000%	0.000%	12/3/2009
MERCURY TRUST LIMITED	LIQUIDATION	FINANCIAL SERV.	(692)	100.000%	0.000%	12/18/2009
ATREA HOMES IN SPAIN LTD	LIQUIDATION	SERVICES	340	100.000%	0.000%	12/28/2009

***Notifications**

APPENDIX V (Continued): **Changes and notification of investments in the BBVA Group in 2009**

BUSINESS COMBINATIONS AND OTHER ACQUISITIONS OR INCREASE OF INTEREST OWNERSHIP IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD							
					%Voting rights		
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	Acquired in the period (net)	Voting rights controlled after the acquisition	Effective date (or notification date)
FIDEIC.F/404015-0 BBVA BANCOMER LOMAS III	FOUNDING	REAL ESTATE	2,689		25.000%	25.000%	6/18/2009
OPERADORA ZIBATA S.DE RL.L. DE C.V.	FOUNDING	REAL ESTATE	1		30.000%	25.000%	6/30/2009
CORPORACION SUICHE 7B, C.A.	ACQUISITION	FINANCIAL SERV.	497		19.795%	19.795%	6/30/2009
CAJA VENEZOLANA DE VALORES, S.A.	ACQUISITION	FINANCIAL SERV.	192		16.093%	16.093%	6/30/2009
ECONTA GESTION INTEGRAL, S.L.*	ACQUISITION	SERVICES	822		6.864%	70.085%	6/30/2009
CHINA CITIC BANK LIMITED CNCB **	ACQUISITION	BANKING	1,847,801		10.070%	10.070%	1/9/2009

***Notifications**

**** Transfer from Available-For-Sale, after Bank of Spain authoritation to be considered a relevant investment.**

DISPOSAL OF INTEREST OWNERSHIP IN ASSOCIATES AND JOINTLY CONTROLLED COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD						
				%VOTING RIGHTS		
Company	Type of transaction	Activity	Profit (Loss) in the transaction (thousand €)	% Sold	Totally controlled after the disposal	Effective date (or notification date)
AIR MILES ESPAÑA, S.A.	DISPOSAL	COMERCIAL	1,313	22.999%	0.000%	2/23/2009
UNITARIA PINAR, S.L.	LIQUIDATION	REAL ESTATE	-	50.000%	0.000%	2/19/2009
TUBOS REUNIDOS, S.A.	DISPOSAL	INDUSTRIAL	92	0.040%	23.828%	9/3/2009

***Notifications**

APPENDIX VI. Fully consolidated subsidiaries with more than 10% owned by non-Group shareholders as of 31 December, 2009

Company	Activity	% of voting rights Controlled by the bank		
		Direct	Indirect	Total
ALTITUDE INVESTMENTS LIMITED	IN LIQUIDATION	51.00	-	51.00
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	BANKING	-	68.18	68.18
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	BANKING	1.85	53.75	55.60
BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A.	BROKERING	70.00	-	70.00
BBVA INMOBILIARIA E INVERSIONES, S.A.	REAL ESTATE	-	68.11	68.11
DESARROLLO URBANISTICO DE CHAMARTÍN, S.A.	REAL ESTATE	-	72.50	72.50
EL OASIS DE LAS RAMBLAS, S.L.	REAL ESTATE	-	70.00	70.00
ESTACIÓN DE AUTOBUSES CHAMARTÍN, S.A.	SERVICES	-	51.00	51.00
GESTIÓN DE PREVISIÓN Y PENSIONES, S.A.	PENSIONS	60.00	-	60.00
HOLDING CONTINENTAL, S.A.	PORTFOLIO	50.00	-	50.00
IBERDROLA SERVICIOS FINANCIEROS, E.F.C, S.A.	FINANCIAL SERV.	-	84.00	84.00
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	PORTFOLIO	48.00	-	48.00
INVERSIONES P.H.R.4, C.A.	IN LIQUIDATION	-	60.46	60.46
JARDINES DE SARRIENA, S.L.	REAL ESTATE	-	85.00	85.00
MIRADOR DE LA CARRASCOSA, S.L.	REAL ESTATE	-	65.77	65.77
PROMOTORA RESIDENCIAL GRAN EUROPA, S.L.	REAL ESTATE	-	58.50	58.50
PRO-SALUD, C.A.	SERVICES	-	58.86	58.86
VIRTUAL DOC, S.L.	SERVICES	-	70.00	70.00

APPENDIX VII. BBVA’s Group securitization fund

Securitization	Company	Origination Date (Month/Year)	Total Securitized Exposures at the origination date	Securitized Exposures Total
HIPOTECARIO 2 FTH	BBVA, S.A.	12/1998	1,051,771	90,816
BBVA-1 F.T.A.	BBVA, S.A.	02/2000	1,112,800	4,417
BCL MUNICIPIOS I FTA	BBVA, S.A.	06/2000	1,205,000	207,536
BBVA-2 FTPYME ICO FTA	BBVA, S.A.	12/2000	900,000	24,544
GC GENCAT II FTA	BBVA, S.A.	03/2003	950,000	16,110
BBVA AUTOS I FTA	BBVA, S.A.	10/2004	1,000,000	194,371
BBVA-3 FTPYME FTA	BBVA, S.A.	11/2004	1,000,000	160,868
BBVA HIPOTECARIO 3 FTA	BBVA, S.A.	06/2005	1,450,000	473,418
BBVA-4 PYME FTA	BBVA, S.A.	09/2005	1,250,000	208,396
GAT FTGENCAT 2005 FTA	BBVA, S.A.	12/2005	700,000	67,434
BBVA AUTOS 2 FTA	BBVA, S.A.	12/2005	1,000,000	459,889
BBVA CONSUMO 1 FTA	BBVA, S.A.	05/2006	1,500,000	695,609
BBVA-5 FTPYME FTA	BBVA, S.A.	10/2006	1,900,000	642,710
BBVA CONSUMO 2 FTA	BBVA, S.A.	11/2006	1,500,000	914,022
BBVA RMBS 1 FTA	BBVA, S.A.	02/2007	2,500,000	1,926,480
BBVA RMBS 2 FTA	BBVA, S.A.	03/2007	5,000,000	3,821,577
BBVA-FINANZIA AUTOS 1 FTA	FINANZIA BANCO DE CREDITO, S.A.	04/2007	800,000	473,216
BBVA-6 FTPYME FTA	BBVA, S.A.	06/2007	1,500,000	668,977
BBVA LEASING 1 FTA	BBVA, S.A.	06/2007	2,500,000	1,478,871
BBVA RMBS 3 FTA	BBVA, S.A.	07/2007	3,000,000	2,525,578
BBVA EMPRESAS 1 FTA	BBVA, S.A.	11/2007	1,450,000	647,412
BBVA RMBS 4 FTA	BBVA, S.A.	11/2007	4,900,000	3,880,534
BBVA-7 FTGENCAT FTA	BBVA, S.A.	02/2008	250,000	137,508
BBVA CONSUMO 3 FTA	BBVA, S.A.	04/2008	975,000	220,462
BBVA CONSUMO 3 FTA	FINANZIA BANCO DE CREDITO, S.A.	04/2008	975,000	496,468
BBVA RMBS 5 FTA	BBVA, S.A.	05/2008	5,000,000	4,376,918
BBVA-8 FTPYME FTA	BBVA, S.A.	07/2008	1,100,000	739,428
BBVA RMBS 6 FTA	BBVA, S.A.	11/2008	4,995,000	4,490,079
BBVA RMBS 7 FTA	BBVA, S.A.	11/2008	8,500,000	7,356,542
BBVA EMPRESAS 2 FTA	BBVA, S.A.	03/2009	2,850,000	2,268,925
BBVA RMBS 8 FTA	BBVA, S.A.	07/2009	1,220,000	1,180,921
BBVA CONSUMO 4 FTA	FINANZIA BANCO DE CREDITO, S.A.	12/2009	1,100,000	672,158
BBVA CONSUMO 4 FTA	BBVA, S.A.	12/2009	1,100,000	411,871
BBVA EMPRESAS 3 FTA	BBVA, S.A.	12/2009	2,600,000	2,585,140
2 PS Interamericana	BBVA CHILE	09/2004	17,590	6,251
2 PS Interamericana	BBVA SDAD. LEASING HABITACIONAL BHIF	09/2004	11,828	9,044
2 PS RBS (ex ABN)	BBVA SDAD. LEASING HABITACIONAL BHIF	09/2001	7,690	5,619
4 PS Itau	FORUM SERVICIOS FINANCIEROS (*)	09/2006	11,885	1,884
23 PS BICE	FORUM SERVICIOS FINANCIEROS (*)	02/2006	11,864	805
FannieMae- Lender No. 227300000	COMPASS BANK	12/2001	170,773	24,192
FannieMae- Lender No. 227300027	COMPASS BANK	12/2003	259,111	96,237
Mortgages - LLC 2004-R1	COMPASS BANK	03/2004	410,222	98,975
PEP80040F110	BBVA BANCO CONTINENTAL	12/2007	17,354	10,846
BACOMCB 07	BANCOMER	12/2007	139,706	106,115
BACOMCB 08	BANCOMER	03/2008	61,025	48,064
BACOMCB 08U	BANCOMER	08/2008	301,002	229,222
BACOMCB 08-2	BANCOMER	12/2008	307,759	261,996
BACOMCB 09, 09-2, 09-3	BANCOMER	08/2009	345,889	308,199
CBBACOM 09-4, 09U	BANCOMER	12/2009	85,178	85,178
BBVA UNIVERSALIDAD E9	BBVA COLOMBIA	12/2008	47,871	36,701
BBVA UNIVERSALIDAD E10	BBVA COLOMBIA	03/2009	25,246	20,443
BBVA UNIVERSALIDAD E11	BBVA COLOMBIA	05/2009	16,666	14,182
BBVA UNIVERSALIDAD E12	BBVA COLOMBIA	08/2009	26,773	23,326
			71,110,003	**45,906,484**

APPENDIX VIII. Reconciliation of the consolidated financial statements for the year 2007 prepared in accordance with the models of Bank of Spain Circular 6/2008 with respect to those prepared in accordance with Bank of Spain Circular 4/2004.

The Group's consolidated financial statements for 2007, which are presented for comparison purposes in these annual consolidated financial statements, have been modified with respect to those originally prepared by the Group at the time in accordance with the model used in the consolidated financial statements for 2007, in order to adapt them to the disclosure and presentation requirements set out in the Bank of Spain Circular 6/2008. This change in format has no effect on the equity or on profit attributable to the Group.

The main differences between the two models of financial statements are as follows:

- ***Consolidated balance sheet**: Compared with the consolidated balance sheet forming part of the consolidated financial statements as at December 31, 2007, the balance sheet included in these accompanying consolidated financial statements presents the following differences:*
  - *Under the heading "Tangible assets – Tangible fixed assets", two sub-headings: "Tangible assets – For own use" and "Tangible assets – Other assets leased out under an operating lease". These are included in the asset side of the consolidated balance sheet forming part of the Group's consolidated financial statements for 2007.*
  - *Under "Loans and advances to credit institutions" and "Loans and advances to customers," it includes all the amounts previously classified in under "Other financial assets" in the heading "Loans and receivables" in the asset side of consolidated balance sheet forming part of the Group's consolidated financial statements for 2007.*
  - *It includes the heading "Other assets - Other," which combines the items "Prepayments" and "Other assets" presented in the asset side of consolidated balance sheet forming part of the Group's consolidated financial statements for 2007.*
  - *It includes on the liability side of the balance sheet "Other liabilities", which combines the "Accrued expenses" and "Other liabilities" headings included on the consolidated balance sheet forming part of the annual financial statements at December 31, 2007.*
- ***Consolidated income statement**: With respect to the form of consolidated income statement used in the consolidated financial statements at December 31, 2007, the consolidated income statement presented in these consolidated financial statements presents the following differences:*

  It does not include "Intermediation margin", but introduces a new margin called "Net interest income" representing the difference between "Interest and similar income" and "Interest expense and similar charges". Both "Interest and similar income" and "Interest expense and similar charges" include income and expenses of this nature arising from the insurance business and non-financial activities.

  As explained in the previous paragraph dealing with "Interest and similar income" and "Interest expense and similar charges", income and expense arising on the Group's insurance activities are no longer offset. Rather, they are now recognized in the corresponding income or expense captions of the consolidated income statement, with the resulting effect on each of the margins and on the captions comprising that statement.

  It includes a new margin called "Gross income". "Ordinary margin" is no longer included. This new "Gross income" 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 and comprises other items previously recognized under "Other gains" and "Other losses".

  It eliminates the captions "Sales and income from the provision of non-financial services" and "Sales cost" from the consolidated income statement. These amounts are now recognized primarily under "Other operating income" and "Other operating expenses," respectively, in the consolidated income statement.

  "Personnel costs" and "General and administrative expenses" include amounts previously recognized under "Other gains" and "Other losses" in the earlier model.

  "Impairment losses (net)" is now presented as two headings: "Impairment on financial assets (net)", which comprises net impairment on 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.

It eliminates the headings “Financial income from non-financial activities” and “Financial expense on non-financial activities.” These amounts are now recognized under “Interest and similar income” and “Interest expense and similar charges,” respectively, in the consolidated income statement.

It eliminates “Operating margin” and creates “Net operating income.” These measures of profit differ, basically, in that the latter includes the financial interest income and expense arising on the Group’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.

It does not include “Other gains” and “Other losses,” Instead it includes the following new headings: “Gains/(losses) on derecognized assets not classified as non-current assets held for sale,” “Negative goodwill” 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.

Below is a reconciliation between the consolidated income statement for 2007, prepared by the Group in accordance with the model of the Bank of Spain Circular 4/2004 and the model of the Bank of Spain Circular 6/2008.

INCOME STATEMENT IN ACCORDANCE WITH BANK OF SPAIN CIRCULAR 4/2004	2007	Reconciliation	2007	INCOME STATEMENT IN ACCORDANCE WITH BANK OF SPAIN CIRCULAR 6/2008
INTEREST AND SIMILAR INCOME LESS INTEREST EXPENSE AND SIMILAR CHARGES	9,422	206		
			9,628	**NET INTEREST INCOME**
INCOME FROM EQUITY INSTRUMENTS	348	-	348	INCOME FROM EQUITY INSTRUMENTS
NET INTEREST INCOME	**9,769**		**9,976**	
SHARE OR PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	242	-	242	INCOME BY EQUITY METHOD
NET FEE INCOME	4,723	(164)	4,559	NET FEE INCOME
INSURANCE ACTIVITY INCOME	729	(729)		
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES AND EXCHANGE DIFFERENCES	2,670	(714)	1,956	INCOME FROM INSURANCE ACTIVITIES (NET) AND EXCHANGE DIFFERENCES (NET)
		538	538	OTHER OPERATING INCOME AND EXPENSES (NET)
GROSS INCOME	**18,133**	**(862)**	**17,271**	**GROSS INCOME**
COST OF SALES (NET)	188	(188)		
ADMINISTRATION COST	(7,053)	(200)	(7,253)	ADMINISTRATION COST
AMORTISATION	(577)	-	(577)	AMORTISATION
OTHER OPERATING INCOME (NET)	(146)	146		
			9,441	
		(1,903)	(1,903)	IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)
		(235)	(235)	PROVISION EXPENSE (NET)
NET OPERATING INCOME	**10,544**	**(3,241)**	**7,303**	**OPERATING INCOME**
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(1,938)	1,925	(13)	IMPAIRMENT LOSSES OF REST ASSETS (NET)
PROVISION EXPENSE (NET)	(210)	210		
FINANCIAL INCOME AND EXPENSES FROM NON-FINANCIAL ACTIVITIES	1	(1)		
OTHER GAINS AND LOSSES (NET)	97	(97)		
		13	13	GAINS (LOSSES) IN WRITTEN OFF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR
		-	-	NEGATIVE GOODWILL
		1,191	1,191	GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED
INCOME BEFORE TAX	**8,495**	-	**8,495**	**INCOME BEFORE TAX**
INCOME TAX	(2,080)	-	(2,080)	INCOME TAX
INCOME FROM ORDINARY ACTIVITIES	**6,415**	-	**6,415**	**INCOME FROM ORDINARY ACTIVITIES**
INCOME FROM DISCONTINUED OPERATIONS (NET)		-		INCOME FROM DISCONTINUED OPERATIONS (NET)
INCOME FOR THE YEAR (+/-)	**6,415**	-	**6,415**	**CONSOLIDATED INCOME FOR THE YEAR**
INCOME ATRIBUTED TO MINORITY INTEREST	(289)	-	(289)	INCOME ATRIBUTED TO MINORITY INTEREST
INCOME ATRIBUTED TO THE GROUP	**6,126**	**-**	**6,126**	**INCOME ATRIBUTED TO THE GROUP**

- ***Consolidated statement of recognized income and expense and consolidated statement of total changes in equity:***

The consolidated statement of changes in equity and the comprehensive statement of changes in consolidated equity: The "Statement of changes in consolidated equity" and the details of changes in consolidated equity broken down in notes in the consolidated financial statements of the Group as at December 31, 2007 have been replaced by the consolidated statement of recognized income and expense and the comprehensive income statement, respectively, which are included in the consolidated financial statements and present, basically, the following significant differences:

- *The comprehensive income statement and the consolidated statement of recognized income and expense presented in these consolidated financial statements should be understood as the two parts of the former consolidated statement of changes in equity and replace the aforementioned statements presented in the statutory financial statements for 2007. The statement of recognized income and expense does not include "Other financial liabilities at fair value" and the related balance is recognized under "Other recognized income and expense".*

- *The statement of recognized 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 in consolidated equity valuation adjustments arising from the application of the equity method to associates and jointly controlled entities; and "Other recognized income and expense", for the recognition of the items recognized as consolidated equity valuation adjustments and not included in any other specific line item in this statement.*

- *The statement of recognized income and expense includes the line item "Income tax" for the recognition of the tax effect of the items recognized directly in equity, except for "Entities accounted for using the equity method", which is presented net of the related tax effect. Accordingly, each item recognized in equity valuation adjustments is recognized gross.*

- *All the items recognized as valuation adjustments in the format of the consolidated statement of changes in equity included in the consolidated financial statements for 2007 were presented net of the related tax effect.*

- *The consolidated statement of recognized income and expense no longer includes the effect on equity of changes in accounting policies or of errors allocable to prior years.*

Consolidated cash flow statement: The format of consolidated cash flow statement included in these consolidated financial statements contains, at the end of the statement, a detail of the items composing cash and cash equivalents, which was not included in the consolidated cash flow statement presented in the Group's consolidated 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 IX. CONSOLIDATED BALANCE SHEETS HELD IN FOREIGN CURRENCIES AS AT DECEMBER 31, 2009, 2008 AND 2007

	Millions of euros			
2009	**USD**	**Mexican Pesos**	**Other foreign currencies**	**TOTAL**
Assets -	**78,113**	**55,497**	**44,661**	**178,271**
Cash and balances with Central Banks	3,198	5,469	4,278	12,945
Financial assets held for trading	2,607	12,121	2,459	17,187
Available-for-sale financial assets	8,451	7,277	5,227	20,955
Loans and receivables	59,400	27,618	27,953	114,971
Investments in entities accounted for using the equity method	5	112	2,328	2,445
Tangible assets	753	777	653	2,183
Other	3,699	2,123	1,763	7,585
Liabilities-	**123,678**	**50,123**	**46,305**	**220,106**
Financial liabilities held for trading	893	2,507	968	4,368
Financial liabilities at amortised cost	121,735	43,300	42,502	207,537
Other	1,050	4,316	2,835	8,201

	Millions of euros			
2008	**USD**	**Mexican Pesos**	**Other foreign currencies**	**TOTAL**
Assets -	**86,074**	**52,819**	**42,215**	**181,108**
Cash and balances with Central Banks	2,788	5,179	3,612	11,579
Financial assets held for trading	4,137	13,184	3,003	20,324
Available-for-sale financial assets	10,321	5,613	4,846	20,780
Loans and receivables	65,928	26,168	28,072	120,168
Investments in entities accounted for using the equity method	5	103	481	589
Tangible assets	802	729	485	2,016
Other	2,093	1,843	1,716	5,652
Liabilities-	**119,107**	**50,103**	**45,719**	**214,929**
Financial liabilities held for trading	1,192	3,919	1,057	6,168
Financial liabilities at amortised cost	116,910	42,288	42,097	201,295
Other	1,005	3,896	2,565	7,466

	Millions of euros			
2007	**USD**	**Mexican Pesos**	**Other foreign currencies**	**TOTAL**
Assets -	**73,296**	**58,449**	**37,238**	**168,983**
Cash and balances with Central Banks	1,785	5,459	2,853	10,097
Financial assets held for trading	5,963	20,203	2,395	28,561
Available-for-sale financial assets	10,477	5,227	5,455	21,159
Loans and receivables	52,311	26,436	24,240	102,987
Investments in entities accounted for using the equity method	5	72	446	523
Tangible assets	737	823	466	2,026
Other	2,018	229	1,383	3,630
Liabilities-	**95,939**	**53,021**	**40,723**	**189,683**
Financial liabilities held for trading	1,441	18	434	1,893
Financial liabilities at amortised cost	93,835	49,647	38,129	181,611
Other	663	3,356	2,160	6,179

APPENDIX X. Details of the most significant outstanding subordinated debt and preferred securities issued by the Bank or entities in the Group consolidated as of December 31, 2009, 2008 and 2007

ISSUER	Currency	2009	2008	2007	Prevailing Interest Rate at 2009	Maturity Date
		Millions of euros				
ISSUES IN EUROS						
BBVA						
july-96	EUR	27	27	27	9.37%	22-dic-16
july-03	EUR	-	-	600	4.32%	17-jul-13
november-03	EUR	750	750	750	4.50%	12-nov-15
octuber-04	EUR	992	992	992	4.37%	20-oct-19
february-07	EUR	297	297	297	4.50%	16-feb-22
march-08	EUR	125	125	-	6.03%	03-mar-33
july-08	EUR	100	100	-	6.20%	04-jul-23
septembar-09	EUR	2,000	-	-	5.00%	15-oct-14
BBVA CAPITAL FUNDING, LTD. (*)						
october-97	EUR	-	229	229	6.00%	24-dic-09
july-99	EUR	73	73	73	6.35%	16-oct-15
february-00	EUR	442	442	497	6.38%	25-feb-10
october-01	EUR	60	60	60	5.73%	10-oct-11
october-01	EUR	40	40	40	6.08%	10-oct-16
october-01	EUR	50	50	50	1.34%	15-oct-16
november-01	EUR	55	55	55	1.42%	02-nov-16
december-01	EUR	56	56	56	1.41%	20-dic-16
BBVA SUBORDINATED CAPITAL, S.A.U. (*)						
may-05	EUR	456	484	497	1.02%	23-may-17
october-05	EUR	130	150	150	1.04%	13-oct-20
october-05	EUR	231	250	250	0.99%	20-oct-17
october-06	EUR	900	1,000	1,000	1.03%	24-oct-16
april-07	EUR	700	750	750	0.97%	03-abr-17
april-07	EUR	100	100	100	3.43%	04-abr-22
may-08	EUR	50	50		4.75%	19-may-23
july-08	EUR	20	20		6.11%	22-jul-18
BBVA BANCOMER, S.A. de C.V.						
may-07	EUR	560	610	596	5.00%	17-may-17
ALTURA MARKETS A.V., S.A.						
november-07	EUR	2	3	3	2.72%	29-nov-17
ISSUES IN FOREIGN CURRENCY						
BBVA PUERTO RICO, S.A.						
september-04	USD	35	36	34	1.69%	23-sep-14
september-06	USD	26	27	25	5.76%	29-sep-16
september-06	USD	21	22	21	0.81%	29-sep-16
BBVA GLOBAL FINANCE, LTD. (*)						
december-95	USD	139	144	136	7.00%	01-dic-25
december-95	USD			-	-	09-may-06
BANCO BILBAO VIZCAYA ARGENTARIA, CHILE	CLP	336	287	283	Several	Several
BBVA BANCOMER, S.A. de C.V.						
july-05	USD	241	-	-	5.00%	22-jul-15
september-06	MXN	132	-	-	5.24%	18-sep-14
may-07	USD	345	-	-	6.00%	17-may-22
july-08	MXN	63	-	-	5.54%	16-jul-18
october-08	MXN	158	-	-	5.58%	24-sep-18
december-08	MXN	146	-	-	5.94%	26-nov-20
january-09	MXN	2	-	-	5.94%	26-nov-20
february-09	MXN	2	-	-	5.94%	26-nov-20
march-09	MXN	1	-	-	5.94%	26-nov-20
april-09	MXN	1	-	-	5.94%	26-nov-20
june-09	MXN	138	-	-	6.23%	07-jun-19
july-09	MXN	5	-	-	6.23%	07-jun-19
september-09	MXN	1	-	-	6.23%	07-jun-19
october-09	MXN	-	-	-	6.23%	07-jun-19
november-09	MXN	-	-	-	6.23%	07-jun-19

(*) The issues of BBVA Capital Funding, Ltd., BBVA Subordinated Capital, S.A.U. and BBVA Global Finance, LTD. are guaranteed (secondary liability) by the Bank.

Millions of euros

ISSUER	Currency	2009	2008	2007	Prevailing Interest Rate at 2009	Maturity Date
BBVA CAPITAL FUNDING, LTD.						
october-95	JPY	75	79	60	6.00%	26-oct-15
BBVA SUBORDINATED CAPITAL, S.A.U.						
october-05	JPY	150	159	122	2.75%	22-oct-35
october-05	GBP	277	315	409	0.79%	21-oct-15
march-06	GBP	325	315	409	5.00%	31-mar-16
march-07	GBP	282	262	343	5.75%	11-mar-18
RIVERWAY HOLDING CAPITAL TRUST I						
march-01	USD	7	7	7	10.18%	08-jun-31
TEXAS REGIONAL STATUTORY TRUST I						
february-04	USD	35	36	34	3.10%	17-mar-34
COMPASS BANCSHARES INC						
july-01	USD	-	-	2	10.18%	31-jul-31
STATE NATIONAL CAPITAL TRUST I						
july-03	USD	10	11	10	3.30%	30-sep-33
STATE NATIONAL STATUTORY TRUST II						
march-04	USD	7	7	7	3.04%	17-mar-34
TEXASBANC CAPITAL TRUST I						
july-04	USD	17	18	17	2.88%	23-jul-34
COMPASS BANK						
august-99	USD	-	128	124	8.10%	15-ago-09
april-99	USD	-	72	69	6.45%	01-may-09
march-05	USD	195	201	188	5.50%	01-abr-20
march-06	USD	180	186	175	5.90%	01-abr-26
sep-07	USD	242	250	236	6.40%	01-oct-17
BBVA COLOMBIA, S.A.						
august-06	COP	136	128	135	7.69%	28-ago-11
BBVA PARAGUAY, S.A.						
Several	PYG	2	2	-	Several	Several
Several	USD	6	6	-	Several	Several
BANCO CONTINENTAL, S.A.						
december-06	USD	21	22	20	2.10%	15-feb-17
may-07	PEN	10	9	9	5.85%	07-may-22
may-07	USD	14	14	14	6.00%	14-may-27
june-07	PEN	14	14	12	3.47%	18-jun-32
september-07	USD	14	14	14	1.82%	24-sep-17
november-07	PEN	13	12	11	3.56%	19-nov-32
february-08	USD	14	14	-	6.47%	28-feb-28
june-08	USD	21	22	-	3.11%	15-jun-18
july-08	PEN	11	11	-	3.06%	08-jul-23
september-08	PEN	12	12	-	3.09%	09-sep-23
november-08	USD	14	14	-	3.15%	15-feb-19
december-08	PEN	7	7	-	4.19%	15-dic-33
TOTAL		**12,117**	**10,785**	**10,834**		

PREFERRED SECURITIES	2009		2008		2007	
	Currency	Amount issued	Currency	Amount issued	Currency	Amount issued
BBVA International, Ltd.						
December 2002	EUR	500	EUR	500	EUR	500
BBVA Capital Finance, S.A.U.						
December 2003	EUR	350	EUR	350	EUR	350
July 2004	EUR	500	EUR	500	EUR	500
December 2004	EUR	1,125	EUR	1,125	EUR	1,125
December 2008	EUR	1,000	EUR	1,000	-	-
BBVA International Preferred, S.A.U.						
September 2005	EUR	85	EUR	550	EUR	550
September 2006	EUR	164	EUR	500	EUR	500
April 2007	USD	600	USD	600	USD	600
July 2007	GBP	31	GBP	400	GBP	400
October 2009	EUR	645	-	-	-	-
October 2009	GBP	251	-	-	-	-
Banco Provincial, S.A. - Banco Universal						
October 2007	VEF	150	BS	150	BS	150
November 2007	VEF	58	BS	58	BS	58
Phoenix Loan Holdings Inc.						
January 2008	USD	25	USD	21	-	-

APPENDIX XI. Consolidated income statements for the first and second half of 2009 and 2008.

	Millions of euros			
	Six months ended June 30, 2009	Six months ended December 31, 2009	Six months ended June 30, 2008	Six months ended December 31, 2008
INTEREST AND SIMILAR INCOME	12,911	10,864	14,782	15,622
INTEREST AND SIMILAR EXPENSES	(6,053)	(3,840)	(9,227)	(9,491)
NET INTEREST INCOME	**6,858**	**7,024**	**5,555**	**6,131**
DIVIDEND INCOME	248	195	241	206
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METH	27	93	173	119
FEE AND COMMISSION INCOME	2,638	2,667	2,778	2,762
FEE AND COMMISSION EXPENSES	(457)	(418)	(493)	(518)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	446	446	1,017	310
NET EXCHANGE DIFFERENCES	352	300	142	89
OTHER OPERATING INCOME	1,755	1,645	1,931	1,628
OTHER OPERATING EXPENSES	(1,487)	(1,666)	(1,718)	(1,375)
GROSS INCOME	**10,380**	**10,286**	**9,626**	**9,352**
ADMINISTRATION COSTS	(3,734)	(3,928)	(3,816)	(3,940)
Personnel expenses	(2,291)	(2,360)	(2,343)	(2,373)
General and administrative expenses	(1,443)	(1,568)	(1,473)	(1,567)
DEPRECIATION AND AMORTIZATION	(354)	(343)	(338)	(361)
PROVISIONS (NET)	(152)	(306)	(612)	(819)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(1,945)	(3,528)	(1,164)	(1,777)
NET OPERATING INCOME	**4,195**	**2,181**	**3,696**	**2,455**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(271)	(1,347)	(6)	(39)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	9	11	21	51
NEGATIVE GOODWILL	-	99	0	0
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	70	789	779	(31)
INCOME BEFORE TAX	**4,003**	**1,733**	**4,490**	**2,436**
INCOME TAX	(961)	(180)	(1,213)	(328)
PRIOR YEAR INCOME FROM CONTINUING TRANSACTIONS	**3,042**	**1,553**	**3,277**	**2,108**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	-	-	0	0
NET INCOME	**3,042**	**1,553**	**3,277**	**2,108**
Net Income attributed to parent company	2,799	1,411	**3,108**	**1,911**
Net income attributed to non-controlling interests	243	142	**169**	**197**

	euros			
	Six months ended June 30, 2009	Six months ended December 31, 2009	Six months ended June 30, 2008	Six months ended December 31, 2008
EARNINGS PER SHARE				
Basic earnings per share	0.76	0.36	0.84	0.51
Diluted earnings per share	0.76	0.36	0.84	0.51

APPENDIX XII. GLOSSARY

Adjusted acquisition cost	The acquisition cost of the securities less accumulated amortizations, plus interest accrued, but not net of any other valuation adjustments.
Amortized cost	The amortized cost of a financial asset is the amount at which it was measured at initial recognition minus principal repayments, plus or minus, as warranted, the cumulative amount taken to profit or loss using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or change in measured value.
Assets leased out under operating lease	Lease arrangements that are not finance leases are designated operating leases.
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.
Available-for-sale financial assets	Available-for-sale (AFS) financial assets are debt securities that are not classified as held-to-maturity investments or as financial assets designated at fair value through profit or loss (FVTPL) and equity instruments that are not subsidiaries, associates or jointly controlled entities and have not been designated as at FVTPL.
Basic earnings per share	Calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period
Business combination	The merger of two or more entities or independent businesses into a single entity or group of entities.
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.
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: • Feed and commissions relating linked to financial assets and liabilities measured at fair value through profit or loss, which are recognized when collected. • Fees and commissions arising from transactions or services that are provided over a period of time, which are recognized over the life of these transactions or services. • Fees and commissions generated by a single act are accrued upon execution of that act.
Contingencies	Current obligations 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.
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.
Contingent risks	Transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts.
Current tax assets	Taxes recoverable over the next twelve months.
Current tax liabilities	Corporate income tax payable on taxable profit for the year and other taxes payable in the next twelve months.
Debt 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.
Deferred tax assets	Taxes recoverable in future years, including loss carryforwards or tax credits for deductions and tax rebates pending application.
Deferred tax liabilities	Income taxes payable in subsequent years.

Defined benefit 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.
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.
Deposits from central banks	Deposits of all classes, including loans and money market operations, received from the Bank of Spain and other central banks.
Deposits from credit institutions	Deposits of all classes, including loans and money market operations received, from credit entities.
Deposits from customers	Redeemable cash balances received by the entity, with the exception of debt certificates, money market operations through counterparties and subordinated liabilities, that are not received from either central banks or credit entities. This category also includes cash deposits and consignments received that can be readily withdrawn.
Diluted earnings per share	This calculation is similar to that used to measure basic earnings per share, except that the weighted average number of shares outstanding is adjusted to reflect the potential dilutive effect of any stock options, warrants and convertible debt instruments outstanding the year. For the purpose of calculating diluted earnings per share, an entity shall assume the exercise of dilutive warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price of ordinary shares during the period shall be treated as an issue of ordinary shares for no consideration. Such shares are dilutive and are added to the number of ordinary shares outstanding in the calculation of diluted earnings per share.
Early retirements	Employees that no longer render their services to the entity but which, without being legally retired, remain entitled to make economic claims on the entity until they formally retire.
Economic capital	Eligible capital for regulatory capital adequacy calculations.
Equity	The residual interest in an entity's assets after deducting its liabilities. It includes owner or venturer contributions to the entity, at incorporation and subsequently, unless they meet the definition of liabilities, and accumulated net profits or losses, fair value adjustments affecting equity and, if warranted, minority interests.
Equity instruments	An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
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.
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.
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
Fair value hedges	Derivatives that hedge the exposure of the fair value of assets and liabilities to movements in interest rates and/or exchange rates designated as a hedged risk.
Fees	*See Commissions, fees and similar items*

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.
Financial liabilities at amortized cost	Financial liabilities that do not meet the definition of financial liabilities designated at fair value through profit or loss and arise from the financial entities' ordinary activities to capture funds, regardless of their instrumentation or maturity.
Full consolidation	• 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. • Group entity income statement income and expense headings are similarly combined line by line into the consolidated income statement, having made the following consolidation eliminations: a) income and expenses in respect of intragroup transactions are eliminated in full. b) profits and losses resulting from intragroup transactions are similarly eliminated. • The carrying amount of the parent's investment and the parent's share of equity in each subsidiary are eliminated.
Gains or losses on financial assets and liabilities, net	This heading reflects fair value changes in financial instruments - except for changes attributable to accrued interest upon application of the interest rate method and asset impairment losses (net) recognized in the income statement - as well as gains or losses generated by their sale - except for gains or losses generated by the disposal of investments in subsidiaries, jointly controlled entities and associates an of securities classified as held to maturity.
Goodwill	Goodwill acquired in a business combination represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not able to be individually identified and separately recognized.
Hedges of net investments in foreign operations	Foreign currency hedge of a net investment in a foreign operation .
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.
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. This category also includes financial derivatives not qualifying for hedge accounting, and in the case of borrowed securities, financial liabilities originated by the firm sale of financial assets acquired under repurchase agreements or received on loan ("short positions").
Impaired/doubtful/non-performing portfolio	Financial assets whose carrying amount is higher than their recoverable value, prompting the entity to recognize the corresponding impairment loss
Impaired financial assets	A financial asset is deemed impaired, and accordingly restated to fair value, when there is objective evidence of impairment as a result of one or more events that give rise to: 1. A measurable decrease in the estimated future cash flows since the initial recognition of those assets in the case of debt instruments (loans and receivables and debt securities). 2. A significant or prolonged drop in fair value below cost in the case of equity instruments.

Income from equity instruments	Dividends and income on equity instruments collected or announced during the year corresponding to profits generated by investees after the ownership interest is acquired. Income is recognized gross, i.e., without deducting any withholdings made, if any.
Insurance contracts linked to pensions	The fair value of insurance contracts written to cover pension commitments.
Inventories	Assets, other than financial instruments, under production, construction or development, held for sale during the normal course of business, or to be consumed in the production process or during the rendering of services. Inventories include land and other properties held for sale at the real estate development business.
Investment properties	Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for own use or sale in the ordinary course of business.
Jointly controlled entities	Companies 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.
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.
Liabilities associated with non-current assets held for sale	The balance of liabilities directly associated with assets classified as non-current assets held for sale, including those recognized under liabilities in the entity's balance sheet at the balance sheet date corresponding to discontinued operations.
Liabilities under insurance contracts	The technical reserves of direct insurance and inward reinsurance recorded by the consolidated entities to cover claims arising from insurance contracts in force at period-end.
Loans and advances to customers	Loans and receivables, irrespective of their type, granted to third parties that are not credit entities and that are not classified as money market operations through counterparties.
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.
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.
Non-current assets held for sale	A non-current asset or disposal group, whose carrying amount is expected to be realized through a sale transaction, rather than through continuing use, and which meets the following requirements: a) it is immediately available for sale in its present condition at the balance sheet date, i.e. only normal procedures are required for the sale of the asset. b) the sale is considered highly probable.
Other equity instruments	This heading reflects the increase in equity resulting from various forms of owner contributions, retained earnings, restatements of the financial statements and valuation adjustments.
Other financial assets/liabilities at fair value through profit or loss	• Assets and liabilities that are deemed hybrid financial assets and liabilities and for which the fair value of the embedded derivatives cannot be reliably determined. • These are financial assets managed jointly with “Liabilities under insurance contracts” valued at fair value, in combination with derivatives written with a view to significantly mitigating exposure to changes in these contracts' fair value, or in combination with financial liabilities and derivatives designed to significantly reduce global exposure to interest rate risk. These headings include customer loans and deposits effected via so-called unit-linked life insurance contracts, in which the policyholder assumes the investment risk.
Own/treasury shares	The amount of own equity instruments held by the entity.
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.
Post-employment benefits	Retirement benefit plans are arrangements whereby an enterprise provides benefits for its employees on or after termination of service.
Property, plant and equipment/tangible assets	Buildings, land, fixtures, vehicles, computer equipment and other facilities owned by the entity or acquired under finance leases.
Proportionate consolidation method	The venturer combines and subsequently eliminates its interests in jointly controlled entities' balances and transactions in proportion to its ownership stake in these entities. 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.
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.

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.
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.
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.
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.
Share premium	The amount paid in by owners for issued equity at a premium to the shares' nominal value.
Short positions	Financial liabilities arising as a result of the final sale of financial assets acquired under repurchase agreements or received on loan.
Subordinated liabilities	Financing received, regardless of its instrumentation, which ranks after the common creditors in the event of a liquidation.
Subsidiaries	Companies 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: · an agreement that gives the parent the right to control the votes of other shareholders; · power to govern the financial and operating policies of the entity under a statute or an agreement; power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; · power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.
Tax liabilities	All tax related liabilities except for provisions for taxes.
Trading derivatives	The fair value in favor of the entity of derivatives not designated as accounting hedges.
Value at Risk (VaR)	Value at Risk (*VaR*) is the basic variable for measuring and controlling the Group's market risk. This risk metric estimates the maximum loss that may occur in a portfolio's market positions for a particular time horizon and given confidence level VaR figures are estimated following two methodologies: - VaR without smoothing, which awards equal weight to the daily information for the immediately preceding last two years. This is currently the official methodology for measuring market risks vis-à-vis limits compliance of the risk. - VaR with smoothing, which weights more recent market information more heavily. This is a metric which supplements the previous one. VaR with smoothing adapts itself more swiftly to the changes in financial market conditions, whereas VaR without smoothing is, in general, a more stable metric that will tend to exceed VaR with smoothing when the markets show less volatile trends, while it will tend to be lower when they present upturns in uncertainty.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2009

BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2009

1. THE BBVA GROUP

Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank" or "BBVA") is a private-law entity governed by the rules and regulations applicable to banks operating in Spain and is the Parent of the financial group whose object is to engage directly or indirectly in activities, transactions, agreements and services relating to the banking business. The Bank conducts its business through branches and offices located throughout Spain and abroad.

The Banco Bilbao Vizcaya Argentaria Group ("the Group or BBVA Group") is an internationally diversified financial group with a significant presence in traditional retail banking, asset management, private banking and wholesale banking.

The financial information included in this management report is presented in accordance with the criteria established by the International Financial Reporting Standards endorsed by the European Union ("IFRS-EU") approved by the European Union and taking into account Bank of Spain Circular 4/2004, and its subsequent amendments.

2. ECONOMIC ENVIRONMENT IN 2009

The year experienced a shift from an almost-widespread decline in terms of activity and employment at the start of the year toward relative stabilization and, in some cases, early growth, although widely varied. The difference between these two scenarios lies in the implementation of special government stimulus packages, both on monetary and on fiscal and budget policy fronts. These allowed economies to gain traction, especially in the second six months, and to experience different pattern growths.

Generally speaking, the first half of the year saw further development of the adjustment that started at the end of 2008, with heavy falls in most economies, a sharp decline in global trade flows and financial markets which although showed some signs of recovery, were far from returning completely back to normal. Against this background of almost-widespread market failure, countercyclical economic policy measures were necessary to break the vicious circle that started in 4Q08, mainly characterized by risk aversion and the search for safe-haven assets, the liquidity crisis on wholesale finance markets, solvency problems in many financial institutions and, overall, a widespread shrinking of the economy.

With the adoption of largely-expansive fiscal policies in most economies, the monetary policy began to offer new alternatives. The fall in activity levels and the sudden collapse of commodity prices led to a quick drop in inflation rates, which gave central banks room to implement unconventional measures or expand traditional measures as far as possible. The European Central Bank (ECB) continued to slash interest rates to 1.0% and increase full allotment auctions to twelve months. The Federal Reserve, whose official rate had hit zero, undertook various asset purchase programs.

Moving into the second half of the year, the set of adopted measures, along with the US's attitude toward solving the financial problem, was a salutary lesson for international financial markets. The performance of stress tests on the balance sheets of the biggest financial institutions revealed the system's specific capital requirements, therefore quashing uncertainty. Some financial institutions started to issue unsecured debt and to repay the Treasury the capital injections received at the height of vulnerability, which resulted in a loosening of financial tension. The improvement in some economic indicators consolidated the first signs of “green shoots” which was confirmed with the third quarter results. This growth was backed by the strength of the Asian region, on the restructuring of inventories and on the boost in confidence levels.

In spite of the recovery witnessed in the second half of the year, 2009 ended with a fall of 2.5% in the US and 3.9% in the Euro zone, with a negative annual average inflation rate of -0.3% in the US and around 0.3% in Europe. The wider scope of the US fiscal program and more determination to tackle the financial problem will probably lead to higher growth rates than in the Euro zone in 2010. In addition, in Europe the fiscal problems that some economies such as Greece are facing could have a negative effect by significantly increasing the sovereign risk.

As regards the Spanish economy, the fall in the GDP will be similar to the Euro zone (3.6%),due to the positive contribution from the foreign sector, which behaves counter cyclically, and the wider scope of the fiscal stimulus package implemented in relation to Europe. These factors have counteracted some of the pending adjustments which affect the Spanish economy such as job losses, the resizing of the real estate sector and the deleveraging process in the private sector. Average inflation for the year was negative ().

In the home stretch of the year, it was evident that global growth was led by the emerging economies in Asia and Latin America, and that growth in developed countries still depended heavily on stimulus packages.

In Mexico, after dealing with the collapse of world trade and the H1N1 influenza pandemic at the start of the year, the results for the end of the year confirm the recovery trend. In addition, the relative strength of employment in comparison to other crises, greater competition and better performance in the US hint at growth of around 3% for the coming year. Other countries in the region also experienced strong growth in 2010, including Brazil, Columbia and Peru.

On the foreign exchange market, after being favored by the safe-haven effect during the first quarter of the year, the dollar depreciated significantly after the Federal Reserve announced the substantial asset purchase program. Other short-term factors linked to the interest rate spread, along with the diversification of reserves prompted by the debate on the reserve currency status of the US dollar, encouraged this trend.

	Average exchange rates		**Year-end exchange rates**	
Currency	**2009**	**2008**	**2009**	**2008**
Mexican peso	18.7988	16.2912	18.9222	19.2334
U.S.dollar	1.3948	1.4705	1.4406	1.3917
Argentine peso	5.2649	4.7078	5.5571	4.9197
Chilean peso	777.6050	762.7765	730.4602	885.7396
Colombian peso	2976.1905	2857.1429	2941.1765	3125.0000
Peruvian new sol	4.1905	4.2898	4.1626	4.3678
Venezuelan bolivar	2.9950	3.1582	3.0934	2.9884

The average exchange rates for 2009 register year-on-year depreciations for some of the currencies: 15.21% for the Mexican peso, 12.17% for the Argentinean peso, 3.98% for the Chilean peso and 1.77% for the Colombian peso, compared with the previous year. Other currencies have gained ground: 5.20% for the U.S. dollar (against the euro), 5.20% for the Venezuelan bolivar and 2.40% for the Peruvian sol. As a result, the comparison of the Group’s consolidated income statement for 2009 and the same period lastthe previous year is negatively affected by the exchange rate by almost 5 percentage points.

3. CONSOLIDATED INCOME STATEMENT

The Group's summarized consolidated income statements for the years ending December 31, 2009 and 2008 are as follows:

	Millions of euros	
BBVA Group Consolidated income statement	**2009**	**2008**
NET INTEREST INCOME	**13,882**	**11,686**
Dividend income	443	447
Share of profit or loss of entities accounted for using the equity method	120	293
Net fees and commissions	4,430	4,527
Net gains (losses) on financial assets and liabilities and net exchange differences	1,544	1,559
Other operating income and expenses	247	466
GROSS INCOME	**20,666**	**18,978**
Operating expenses	(8,359)	(8,455)
Personnel expenses	(4,651)	(4,716)
General and administrative expenses	(3,011)	(3,040)
Depretiation and amortización	(697)	(699)
OPERATING INCOME	**12,307**	**10,523**
Impairment losses on financial assets (net)	(5,473)	(2,941)
Provisions (net)	(458)	(1,431)
NET OPERATING INCOME	**6,376**	**6,151**
Other gains (losses)	(640)	775
INCOME BEFORE TAX	**5,736**	**6,926**
Income tax	(1,141)	(1,541)
NET INCOME	**4,595**	**5,385**
Net income attributed to non-controlling interests	(385)	(365)
NET INCOME ATTRIBUTED TO PARENT COMPANY	**4,210**	**5,020**

Year-on-year comparisons of the BBVA Group's earnings in 2009 and 2008 are affected by a series of one-off operations:

- On September 25, 2009, sale with leaseback of 948 properties was formalized with an investment group not related to BBVA which resulted in gains fo €830 million. For a smilar amount loss provisioning on investments we carried out. A negative result of €1,050 million (net of taxes) originating from the provisioning realized in the United States, of which €705 million are due to goodwill and €346 million to major loan-loss provisions to increase the coverage of risks.

- In 2008, the singular results detracted €395 million at the attributed profit level, through €509 million in gains on sales of the investment in Bradesco, minus €602 million for extraordinary contributions to early retirement and minus €302 million for the charge originating in the Madoff scam.

The explanation of the changes in the principal headings of the consolidated income statements were as follows:

- The "***Net interest income***" balance for 2009 was €13,882 million, 18.8% up on the €11,686 million in 2008. This increase, despite a slowdown in volumes of activity, is mainly the result of the active trade policy in business units and a proper management of the structural risks on the balance sheet.

- The "***Dividend income***" balance for 2009 was €443 million euros, in line with the €447 million in 2008, mainly as a result of the dividends received from the Group's investment in Telefónica.

- The "***Share of profit or loss of entities accounted for using the equity method***" balance for 2009 was €120 million, after accounting for the contribution from China Citic Bank (CNCB). In 2008, they were 59.1% down on the €293 million in 2008, mainly due to the results in for industrial and real estate holdings due to the gains from the sale of an investment in Gamesa**.**

- The ***"Net fees and commissions"*** balance for 2009 was €4,430 million, 2.1% down on the €4,527 million in 2008. The trend is still influenced by fee and commission income from mutual and pension funds, which fell 18.3% year on year, while fee and commission income from bank services grew 4.3% during the year.

- The ***"Net gains (losses) on financial assets and liabilities and net exchange differences"*** headings for 2009 were €1,544 million, slightly lower (-0.9%) than the €1,559 millon in 2008.

- The balance of **"Other operating incomes and expenses"** for 2009 totalled €247 million, €219 million less than the balance for the previous year. This is primarily the result of the effect of monetary correction for the hyperinflation in Venezuela and of the greater contribution made to deposit guarantee funds (+28.8% interannually) in the different countries where the Group operates, including the extraordinary contribution from the United States to the FDIC. The previous expenses are partially compensated by the marked evolution of the revenue in insurance activity, which increase 22.9% interannually, up to €720 million.

Based on the foregoing, ***"Gross income"*** for 2009 was €20,666 million, 8.9% up on the €18,978 million in 2008 (+12.8% at a constant exchange rate).

- The ***"Operating expenses"*** balance for 2009 was €8,359 million, 1.1% down on the €8,455 million in 2008, mainly due to the Group's capacity to anticipate the current crisis situation with the implementation of transformation plans begun in 2006. Thus in 2009, Personnel, general and administrative expenses were €7,662 million, 1.2% down on the €7,756 million for the same period the previous year, in other words, €65 million less in "***Personnel costs***" and €29 million less in ***"General and administrative expenses"***. The Group's workforce was 103,721 people as of December 31, 2009, 4.8% down on the 108,972 at the end of 2008. There were a total of 7,466 branches as of the same date, which is 4.1% less than the 7,787 as of December 31, 2008. Finally, the "Depreciation and amortization" balance, €697 million, is slightly lower than the €699 million in 2008.

Based on the foregoing, the ***"Net operating income"*** for 2009 was €12,307 million, with a 17.0% increase over the €10,523 million in 2008 (+22.3% at constant exchange rates).

- The ***"Impairment losses on financial assets (net)"*** balance in 2009 was €5,473 million, 86.1% up on the €2,941 million in 2008. This balance includes a special write-off of €1,363 million: €830 million of general provisions realized in Spain and Portugal and €533 million in the United States in order to increase the coverage ratio. If both of the above effects are deducted, the balance is €4,110 million, €1,170 higher than in 2008, demonstrating the increased effort in loss-loan provisions realized by the Group. This has been due to a detailed analysis of the most problematic portfolio , which has allowed for the anticipation of the possible effects of the current forecasts for 2010 on these areas. Other actions of interest include:

    - In Spain and Portugal, the impaired assets of the Consumer Finance Unit were above the calendar for a total of €377 million annual.

    - In Mexico, provisions have increase over the previous year, primarily due to a stiffening of the parameters for loss expected due to recalibration of the internal credit card models.

    - In the United States, the valuation of collateral associated to the *commercial real estate,* portfolio was updated, recognizing a *write-off* for the difference.

- The ***"Provisions (net)"*** balance in 2009 was €458 million, 68.0% down on the €1,431 million in 2008, due mainly to the one-off early-retirements registered in 2008.

- The "***Other gains (losses)*** " balance in 2009 was a negative €640 million and includes the following one-off gains/losses: +€830 million for the gains in said sales with leaseback, realized on September 25, of the 948 properties in Spain, -€998 million for the goodwill impairment in the United States and loss of -€475 million for the update of the value of the foreclosed or acquired assets in Spain. In 2008, this line item gave a positive result of +€775 million, mainly due to the gains from the sale of the investment in Bradesco.

Based on the foregoing, the ***"Income before tax"*** balance in 2009 was €5,736 million, 17.2% down on the €6,926 million in 2008.

- The "***Income tax***" balance in 2009 was €1,141 million, 26.0% down on the €1,541 million in 2008, mainly due to the lower income before tax and higher pre-tax income, because gains recognized in 2008 from sales of Industrial and Real Estate Holdings were subject to a low tax rate.

As a result of the above, ***"Net income"*** for 2009 was €4,595 million, 14.7% down on the €5,385 million in 2008.

The "***Net income attributed to non-controlling interests"*** balance in 2009 was €385 million, versus €365 million in 2008.

The ***"Net income attributed to parent company"*** balance in 2009 was €4,210 million, 16.1% down on the €5,020 million in 2008. Without the one-off income, the attributed income would have been €5,260 million, 2.8% down (and would have been up 2.0% at constant exchange rates), compared with €5,414 million in the same period in 2008.

Earnings per share (EPS) were €1.12 in 2008, 17.0% down on the €1.35 in 2008. This is in line with the fall in ***"Net income attributed to parent company"***. If we do not include the results of one-off transactions, the EPS would be €1.40, a slight fall of 3.9% on the €1.46 in the same period of 2008.

Return on equity (ROE) was 16.0% in 2009, 21.5% down on 2008 (20.0% and 23.2% excluding one-offs in 2009 and 2008, respectively) due to the hostile economic situation that is affecting the sector as a whole.

Return on total average assets (ROA) was 0.85% in 2009, compared to 1.04% in 2008 (1.043% and 1.12% excluding one-offs in 2009 and 2008, respectively).

4. CONSOLIDATED BALANCE SHEET AND ACTIVITY

The Group's summarized consolidated balance sheets as of December 31, 2009 and 2008 are as follows:

	Millions of euros	
ASSETS	**2009**	**2008**
CASH AND BALANCES WITH CENTRAL BANKS	16,344	14,659
FINANCIAL ASSETS HELD FOR TRADING	69,733	73,299
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	2,337	1,755
AVAILABLE-FOR-SALE FINANCIAL ASSETS	63,520	47,780
LOANS AND RECEIVABLES	346,117	369,493
Loans and advances to credit institutions	22,239	33,856
Loans and advances to customers	323,442	335,260
Debt securities	436	378
HELD-TO-MATURITY INVESTMENTS	5,437	5,282
HEDGING DERIVATIVES	3,595	3,833
NON-CURRENT ASSETS HELD FOR SALE	1,050	444
INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	2,922	1,467
INSURANCE CONTRACTS LINKED TO PENSIONS	-	-
REINSURANCE ASSETS	29	29
TANGIBLE ASSETS	6,507	6,908
INTANGIBLE ASSETS	7,248	8,440
TAX ASSETS	6,273	6,484
OTHER ASSETS	3,953	2,778
TOTAL ASSETS	**535,065**	**542,650**

LIABILITIES AND EQUITY	2009	2008
	Millions of euros	
LIABILITIES		
FINANCIAL LIABILITIES HELD FOR TRADING	32,830	43,009
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	1,367	1,033
FINANCIAL LIABILITIES AT AMORTIZED COST	447,936	450,605
Deposits from central banks	21,166	16,844
Deposits from credit institutions	49,146	49,961
Customer deposits	254,183	255,236
Debt certificates	99,939	104,157
Subordinated liabilities	17,878	16,987
Other financial liabilities	5,624	7,420
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	-	-
HEDGING DERIVATIVES	1,308	1,226
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-	-
LIABILITIES UNDER INSURANCE CONTRACTS	7,186	6,571
PROVISIONS	8,559	8,678
TAX LIABILITIES	2,208	2,266
OTHER LIABILITIES	2,908	2,557
OTHER LIABILITIES	**504,302**	**515,945**
TOTAL EQUITY		
STOCKHOLDERS' FUNDS	29,362	26,586
VALUATION ADJUSTMENTS	(62)	(930)
NON-CONTROLLING INTEREST	1,463	1,049
TOTAL EQUITY	**30,763**	**26,705**
TOTAL LIABILITIES AND EQUITY	**535,065**	**542,650**

- As of December 31, 2009, the *Group's **"Total assets"*** were €535,065 million, an slight fall on the €542,650 for 2008.
- As of December 31, 2009, the balance of "**Loans and receivables**" was €346,117 million, a fall of 6.3% on the €369,494 million in 2008. This change was mainly the result of the balance of "Loans and advances to customers". As of 31 December 2009, the balance of the *"**Loans and and advances to customers"*** heading was €323,442 million, a fall of 3.5% on the €335,260 million recorded at the end of 2008, due primarily to the general slowdown in lending activity in 2009.
- As of December 31, 2009, the "***Financial liabilities at amortized cost"*** balance was €447,936 million, very similar to the €450,605 million at the end of 2008.
- As of December 31, 2009, the "Total customer funds", including both customer deposits recognized on the balance sheet and customer assets managed by the Group, such as investment funds, pension funds and other customer investments and portfolios, stood at €508,957 million, an increase of 2.7% on the €495,397 million in 2008. The funds on the balance sheet fell by 1.2%, but the off-balance sheet funds increased by 15.1%, due mainly to the recovery of the stock markets in the second half of 2009 and the positive performance of the pension funds
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5. BUSINESS PERFORMANCE / NEW PRODUCTS AND SERVICES

The breakdown of ***"Net income attributed to parent company"*** in 2009 and 2008 by business segment in the Group is as follows:

Net income attributed to parent company	Millions of euros		% Interanual variation
	2009	2008	
Spain and Portugal	2,373	2,565	(7.5%)
Wholesale Banking & Asset Management (WB & AM)	1,011	773	30.9%
México	1,359	1,938	(29.9%)
United States	(1,071)	211	n/s
South America	871	727	19.8%
Corporate activities	(333)	(1,193)	(72.1%)

The explanations for the changes in the income statement and the main figures on the balance sheet for each of the business areas are given below.

Spain and Portugal

Spain and Portugal	Millions of euros	
	2009	2008
NET INTEREST INCOME	**4,934**	**4,804**
Net fees and commissions	1,482	1,635
Net gains (losses) on financial assets and liabilities and net exchange differences	188	232
Other operating income and expenses	434	430
GROSS INCOME	**7,038**	**7,101**
Operating expenses	(2,505)	(2,613)
Personnel, general and administrative expenses	(2,400)	(2,509)
Depretiation and amortización	(105)	(104)
OPERATING INCOME	**4,533**	**4,488**
Impairment losses on financial assets (net)	(1,931)	(809)
Provisions (net) and other Gains (Losses)	777	5
INCOME BEFORE TAX	**3,380**	**3,684**
Income tax	(1,007)	(1,119)
NET INCOME	**2,373**	**2,565**
Net income attributed to non-controlling interests	-	-
NET INCOME ATTRIBUTED TO PARENT COMPANY	**2,373**	**2,565**

Spain and Portugal	Millions of euros	
	2009	2008
Loans and advances to customers (gross)	204,351	206,896
Customer deposits [(1)]	92,936	101,299
- Deposits	92,867	101,148
- Funds received under financial asset transfers	69	151
Out of balances funds	40,171	40,873
- Investment funds	29,842	31,270
- Pensions funds	10,329	9,603
Others funds	8,278	6,097
Customer´s portfolios under management	13,074	10,650
Total Assets	**215,797**	**220,470**

(1) Includes all type of acccounts with custormer and insurances rents

The changes in the principal headings of the income statement of this area of the business were:

- The balance *of the **"Net interest income"*** heading for 2009 was €4,934 million, an increase of 2.7% over the €4,804 million recognized in 2008, in a year in which GDP was down. This was due primarily to the good price management in the area, contained in the cost of resources and transferring the greatest credit risk cost to the investment. The return on managed assets increased to 2.25% (2.16% in 2008).

- The balance of the ***"Net fees and commisions"*** for 2009 was €1,482 million, a fall of 9.4% on the €1,635 in 2008, due mainly to the fall in fees from mutual funds and pensions, since banking services show an increase of 1.4%.

- The balance of the ***"Net gains (losses) on financial assets and liabilities and net exchange differences)"*** heading for 2009 was €188 million, a fall of 18.8% on the €232 million in 2008, due primarily to decreased customer activity.

- The balance of "***Other operating income/expenses***" for 2009 was €434 million, a 0.8% increase on the €430 million recognized in 2008, due to the positive contribution of the insurance activity, which has more than compensated for the decrease in the results for the entities evaluated using the equity method for the lowest contribution of SERMEPA.

Based on the foregoing***,*** the "***Gross income***" for 2009 was €7,038 million, a fall of 0.9% over the €7,101 million recognized in 2008.

- The balance of the ***"Operating expenses"*** heading for 2009 was €2,505 million, a 4.2% decrease over the €2,613 million recognized in 2008, due primarily to the area transformation plan implemented in 2006. Since 2007, there has been a decrease of 5.4% in expenses with 540 fewer branch offices and 3,170 fewer employees.

Based on the above***,*** the "***Operating income***" for 2009 was €4,533 million, an increase of 1.0% over the €4,488 million recognized in 2008.

- The **"Impairment losses on financial assets (net)"** balance in 2009 was €1,931 million, an increase of €1,120 million on the €809 million in 2008. This balance includes €830 million of general provisions for insolvencies, allocated in the third quarter, relating to 100% of the gains from the sale and long-term leaseback of 948 properties in Spain, mostly branches. Discounting this effect, the balance is €1,101 million, more than in 2008. This is mainly as a result of the increase in impaired loans due to the current economic situation.

- The balance of **"Provisions (net) and other gains/losses"** was €777 million, compared with €5 million in 2008, due mainly to the register of gains from the sale and leaseback of the 948 properties in Spain realized on September 25, 2009.

- As a result of the above, **"Income before tax"** for 2009 was €3,380 million, with a fall of 8.3% on the €3,684 million in 2008.

Discounting the €1,007 million corresponding to tax, the ***"Net income attributed to parent company"*** for 2009 was €2,373 million, a fall of 7.5% compared with the €2,565 of 2008.

The changes in the principal headings of activity in this area of the business were as follows:

- As of December 31, 2009, the "***Loan and advances to customers"*** balance was €204,351 million, down 1.2% from the €206,896 million as of December 31, 2008, due to the decrease in positions in the sectors and greater risk products.

- As of December 31, 2009, customer funds**,** both those included on the balance sheet and off-balance sheet funds (comprising mutual funds, pension funds and other funds), were €141,316 million, a 4.6% decrease on the €148,119 million as of December 31, 2008, due primarily to the drop in term deposits caused by the heavy fall in base rates.

The area has a differentiated business model based on its relationship with customers, prudent risk management, progress in efficiency and a sound financial and liquidity position. In 2009 it reinforced its commitment to families, companies, the self-employed and public and private institutions within the framework of the current economic situation. To do so, it has increased the range of financial and non-financial solutions it offers adapted to the needs of each of the segments it deals with.

Throughout the year BBVA has developed a number of campaigns in which it has been a pioneer in Spain. In mortgages for the first home, among the most notable are the *Hipoteca Blue Protegida* (Protected Blue Mortgage) targeted at young people and the re-launch of the *Ven a Casa* (Come Back Home) campaign. In consumer lending, among the most notable are the *Crédito Nómina* (Payslip Loan), a new Internet channel for *Crédito Coche* (Car Loan) applications and the offer of a free 32" LCD television for operations of more than 12,000 euros. In funds, there were two new *Quincenas del Libretón* (Passbook Fortnights) and campaigns to win paycheck and pension deposits, as well as high-income paychecks; and a new *Jornada de tu Vida* (Day of your Life) campaign. In term deposits, the product catalog has been completed with another edition of *Depósitos Fortaleza* (Strength Deposits), with the *Depósitos Fortaleza Nómina* (Paycheck Strength Deposits), as well as the *Multidepósitos* (Multideposits) and the *Depósito Líder* (Leader Deposit), aimed at the preserving and winning new deposits. BBVA maintained its leading position in mutual funds in 2009. Particularly notable was its first place in guaranteed funds, and it has also extended the range with new equity and fixed-income products: BBVA *Oportunidad Geográfica* (Geographical Opportunity), BBVA *Inversión Europa* (Europa Investment), BBVA *Europa Garantizado* (Europe Guaranteed), GGVA *Doble Garantía* (Double Guarantee) and BBVA *Solidez y Planes Renta* (Soundness and Income Plans).

BBVA’s **individual customers** have also benefited from the launch of a new line of credit cards with two promotions. These meet a threefold objective: better adaptation to payment preferences; simpler use; and increased security. BBVA has for this purpose simplified its range and grouped it into four categories: *Antes* (Before), *Ahora* (Now), *Después* (After) and *A tu Ritmo* (At Your Pace).

The new management model for BBVA **Patrimonios** is based on four strategic lines (innovation, differentiation, guidance and customer appeal) has given rise to the following: a new platform of systems that optimize operational processes; a range of products adapted to each customer profile (managed and guided portfolio, Family Office products) and new services, such as the BBVA Broker in insurance and Planific@, a pioneering asset planning service. Another important achievement has been the implementation of the Plan PROA in Private Banking, the commercialization of the Visa Infinite card, the distribution of *Rentas Aseguradas* (Annuities) and the agreement with SEPLA.

In the **business** segment there have been agreements with various associations: the self-employed (ATA), taxi drivers (UNALT) and restaurant owners (FEHR). The *Plan Choque Comercios* (Emergency Retail Plan) was launched, offering a competitive range of asset and deposit products; while *Factoría de Clientes* (Customer Factory) aimed to increase the customer base through visits to more than 200,000 people who were not customers.

BBVA **Seguros** has commercialized new forms of insurance that adapt to customers' protection needs in price and cover. They include: *Seguro Coche BBVA Gama Terceros* (BBVA Third-Party Range Car Insurance), *Seguro Vivienda Plus* (Housing Plus Insurance), the essential range in the *Más Cobertura Profesional* (More Professional Cover) and the *Plus Fidelización* personal insurance (Loyalty Plus Personal Insurance), which have been supported by a new telephone platform that complements the guidance offered in branches. Finally, there are is also new unemployment insurance linked to the *Hipoteca Blue Protegida* (Blue Protected Mortgage) or those distributed through the Consumer Finance network.

In the field of **Corporate and Business Banking** we have marketed new ICO finance lines apart from the *Línea ICO PYME* finance for SMEs and the *ICO Crecimiento Empresarial* (Business Growth) such as the *Liquidez* (Liquidity), *Renove* (Car Trade-In) and *Turismo* (Tourism). New value proposals in investment banking, new types of leasing plans (trucks, technology for integral technology solutions and second-hand cars). The range of non-financial corporate services has increased (energy efficiency and environmental consulting; real estate solutions; family business consulting; and franchise advice); and new ways of bringing the Bank closer to customers (*Destructores de Paro* (Unemployment Destroyers), *Empresas Sobresalientes* (Outstanding Companies) and the *Newsletter Empresas* (Company Newsletter).

In **Consumer Finance** there have been actions to increase cross-selling and build loyalty. This the Prescription unit includes new unemployment and incapacity insurance. BBVA Autorenting has strengthened agreements with the branch network for the sale of vehicles. Among the equipment financing schemes is the technological leasing activity (Rent&Tech) in partnership with Solium. In payment channels, as well as consolidating the co-branded credit card business in Portugal, there have been agreements with Repsol Portugal and Liberty Seguros. Uno-e continued with its paycheck campaign, which gives a bonus of 20% of the paycheck for customers who pay it directly into their account together with 3 regular bills. With the latest available data from ASNEF, Consumer Finance has risen to second place in the market by turnover share (13.3%).

Whosale Banking and Assets Management (WB&AM)

Wholesale Banking & Asset Management (WB & AM)	Millions of euros 2009	2008
NET INTEREST INCOME	**1,148**	**746**
Net fees and commissions	516	414
Net gains (losses) on financial assets and liabilities and net exchange differences	(53)	140
Other operating income and expenses	317	409
GROSS INCOME	**1,928**	**1,709**
Operating expenses	(541)	(500)
Personnel, general and administrative expenses	(531)	(491)
Depretiation and amortización	(10)	(9)
OPERATING INCOME	**1,387**	**1,209**
Impairment losses on financial assets (net)	(7)	(258)
Provisions (net) and other Gains (Losses)	(5)	5
INCOME BEFORE TAX	**1,375**	**956**
Income tax	(360)	(177)
NET INCOME	**1,015**	**779**
Net income attributed to non-controlling interests	(3)	(6)
NET INCOME ATTRIBUTED TO PARENT COMPANY	**1,012**	**773**

Wholesale Banking & Asset Management (WB & AM)	Millions of euros 2009	2008
Loans and advances to customers (gross)	38,073	49,059
Customer deposits (1)	61,213	62,094
- Deposits	53,645	52,257
- Funds received under financial asset transfers	7,568	9,837
Out of balances funds	11,139	10,824
- Investment funds	3,914	4,014
- Pensions funds	7,225	6,810
Total Assets	**139,632**	**136,785**

(1) Includes all type of acccounts with custormer

The changes in the principal headings of the income statement for this area of the business were:

- The aggregate balance of the ***"Net interest income"*** and ***"Net gains (losses) on financial assets and liabilities and net exchange differences"*** headings for 2009 (which should be examined together, due to the offsets between the two in given market transactions) was €1,095 million, a 23.6% increase over the €886 million recognized in 2008, due primarily to an active price management, an excellent product portfolio and an extended relationship with customers.

- The balance of ***"Net fees and commissions"*** for 2009 was €516 million, an increase of 24.7% on the €414 million in 2008, mainly because the activity in the area has been focused on customers with a high earning potential.

- The balance of "**Other operating income/expenses**" for 2009 was €317 million, corresponding primarily to the share of profit or loss of entities accounted for using the equity method (which includes the contribution of China Citic Bank after being considered a Group subsidiary) and return on equity instruments. The interannual fall was 22.6% on the €409 million in 2008, due primarily the effect of income from the sale of stock in 2008.

Based on the above, the ***"Gross income"*** for 2009 was €1,928 million, compared with the €1,709 million in 2008, an increase of 12.8%.

- The "***Operating expenses"*** balance for 2009 was €541 million, an 8.2% increase on the €500 million in 2008, due primarily to growth plans in the area. However, there was a significant slowdown in the growth of this heading when compared against its progress from 2007 to 2008 as a result of cost restraints contemplated and implemented in the area. The number of branches remained steady in 2009, but employees increased by 50.

Based on the above***,*** the "***Operating income***" for 2009 was €1,387 million, an increase of 14.7% over the €1,209 million recognized in 2008.

- The ***"Impairment losses on financial assets"*** balance in 2009 was €7 million, versus €258 million in 2008. Against the complicated backdrop in 2009, investment restraints, as well as a stronger focus on clients with a higher credit rating, were reflected in the freeing of loss provisioning.

As a result of the above, ***"Income before tax"*** for 2009 was €1,375 million, with an increase of 43.8% on the €956 for the same period of 2008.

Once the provision for corporate tax and the portion corresponding to non-controlling interests have been deducted, the ***"Net income attributed to parent company"*** in 2009 was €1,012 million, a 30.9% reduction on the €773 million recognized in 2008.

The changes in the principal activity headings in this business area were as follows:

- As of December 31, 2009, the ***"Loans and advances to customers"*** balance was €38,073 million, a decrease of 22,4% on the €49,059 million as of December 31, 2008, partly due to restraints on credit activity in the current economic situation, and also due to a greater concentration in customers with a high credit rating, with whom trade relations are being boosted. This fall is heavily concentrated in the Corporate and Investment Banking unit.

- As of December 31, 2009, Customer funds***,*** both those included on the balance sheet (loans and advances) and off-balance customer funds (mutual and pension funds) increased to €64,784 million euros, which represented a 2.7% yoy increase on the €63,081 million as of December 31, 2008. This increase was possible due to the increase in loans and advances to customers and the positive performance of pension fund assets.

In the **Corporate and Investment Banking (C&IB)** unit, April saw a number of organizational changes as a response to the economic situation and the current business model that has been developing since 2007. The new structure includes a more reduced customer base focused on more strategic customers with a higher added value, as well as the separation between lending and fee products. The main changes in this area have been:

- The creation of a EMEA (European Middle East Asia) Customer unit to strengthen the focus on the Banks relationship with these customers. The new unit groups together all the initiatives with customers in this geographical area. It includes the positions of industry head and senior banker to bring the customer closer and simplify the division of functions in the relationship. The aim is to progress in a matrix model that ensures the industry and geographical visions are ideally coordinated.

- The trade finance business has been incorporated into the aggregate C&IB value chain as a strengthening of the product unit Global Structured Finance To do so, Global Trade Finance has been divided into Structured Trade Finance (STF), which deals with the management of structured transactions, and Transactional Trade Finance (TTF) to channel standard transactions. This division allows the Group to adapt to customer needs better and more easily, as well as maximizing the results from these activities. At the same time, a new business line has been created within STF called Commodity Trade Finance, which aims to develop this specific activity within BBVA. Its first transaction was concluded with the Brazilian company Amaggi in November, although within the General Finance Agreement signed with China Citic Bank a transaction of this type was concluded to finance power lines for a railroad in China.

- A new boost has been given to the BIBEC project (Investment Banking for Companies and Corporations) by increasing the team and creating two new sector-based bankers to look after any needs that may arise from HNWI Banking, such as collaboration in the management of customers who undergoing a restructuring process.

In the Cash Management department of the Global Transactional Services unit, two important measures have been the implementation in Spain and Portugal of the SEPA transfer module and the module of periodic information on balances and movements within BBVA net cash; and the implementation of the PRISMA project, an integral solution for transactional management of the branch network. The Sistema Integral de Tesorería para Dispersión (a system that provides large multinationals, companies and institutions with an easy and extremely secure method of paying suppliers) and another for Bancomer have been installed in Mexico, both through the host-to-host system. In Venezuela, the double security factor Token Plus was incorporated into BBVA Cash; and in Peru, the Consolidated Collection System and the e-empresario.com portal were launched.

In Corporate and Investment Banking in South America and the United States progress continued in implementing the Master Plan and a new model of coverage and definition of the customer base has been developed in Colombia, Peru, Venezuela, Argentina and Chile (in addition to the model already implemented in Mexico).

Global Markets has significantly consolidated its commercial activity, particularly in the two latest offices opened:

- Dusseldorf, which has improved the service to institutional customers and also begun to distribute to the corporate segment.
- Hong Kong, where additions are being made to teams and markets to extend the underlying products offered to an increasingly large number of type of customer. Among the highlights of 2009 have been the approval of the Medium Term Note (MTN), the start of activity with institutional investment customers and cross-selling with global corporate customers.

In Latin America, Global Markets will continue to consolidate its derivate distribution activity through its hub in Mexico (Regional Derivate Center). The capacity to give a more global and improved service to major multinationals has also been strengthened, and they are now offered an integrated management of their parents and subsidiaries. A new exchange-traded fund (ETF) called MEXTRAC has also been launched on the Mexican stock exchange. Its portfolio is made up of the 20 stocks on up the Down Jones Mexico Titans 20 index.

In 2009 the Asset Management activity in new products has continued focused responding to customer needs at any given time. Thus the first half of the year, when markets were unstable and there was high risk aversion, saw the completion of the conservative product range with the launch of two products: the BBVA Bonos Cash (BBVA Cash Bonds) monetary fund for retail customers; and BBVA Bonos Largo Plazo Gobiernos II (BBVA Long-Term Government Bonds) in public debt funds. In addition, to take advantage of the opportunities presented in corporate fixed-income, there were launches of fixed-income long-term funds: BBVA Bonos Corporativos 2011 and BBVA Bonos 2014, which were preferentially, though not exclusively, sold to HNWI customers. The structured funds BBVA Oportunidad Europa and BBVA Selección Empresas were also launched for these networks. In guaranteed products, 2009 has been a year with many maturities and most of the activity was focused on renewals. Thus, in Commercial Banking nine guaranteed equity funds were launched (six of them renewals), eight fixed-income guaranteed funds of the Planes Renta type (all renewals) and eight guaranteed fixed-income Fon-Plazo type funds (seven of them renewals)

The Solidez range of four guaranteed fixed-income funds has been introduced for HNWI Banking.Finally, BBVA has decided to exercise a purchase option to increase its stake in China Citic Bank (CNCB) from 10% to 15% after executing the purchase option, which will be effective in 2010. The increased stake in CITIC represents an investment of close to €1,000 after the execution of a purchase option at a price of HKD 6.45 per share. With this new investment BBVA has strengthened its collaboration with CITIC.

Mexico

México	Millions of euros 2009	2008
NET INTEREST INCOME	**3,307**	**3,716**
Net fees and commissions	1,077	1,189
Net gains (losses) on financial assets and liabilities and net exchange differences	370	376
Other operating income and expenses	116	154
GROSS INCOME	**4,870**	**5,435**
Operating expenses	(1,551)	(1,800)
Personnel, general and administrative expenses	(1,486)	(1,727)
Depretiation and amortización	(65)	(73)
OPERATING INCOME	**3,319**	**3,635**
Impairment losses on financial assets (net)	(1,525)	(1,110)
Provisions (net) and other Gains (Losses)	(21)	(26)
INCOME BEFORE TAX	**1,773**	**2,499**
Income tax	(412)	(560)
NET INCOME	**1,361**	**1,939**
Net income attributed to non-controlling interests	(2)	(1)
NET INCOME ATTRIBUTED TO PARENT COMPANY	**1,359**	**1,938**

México	Millions of euros 2009	2008
Loans and advances to customers (gross)	28,996	28,644
Customer deposits (1)	31,252	29,678
- Deposits	27,201	25,053
- Funds received under financial asset transfers	4,051	4,625
Out of balances funds	20,065	16,376
- Investment funds	10,546	9,180
- Pensions funds	9,519	7,196
Other funds	2,781	2,830
Customer´s portfolios under management	5,042	5,200
Total Assets	**62,857**	**60,704**

(1) Excludes deposits and repos issues by Bancomer Market Department.

A year-on-year comparison of the financial statements of this area is skewed by the depreciation of the Mexican peso with respect to the euro, both in final and the intermediate transactions; hence, for the most important transactions, a reference is given to indicate the percentage change against a constant exchange rate.

The changes in the principal headings of income statement of this area of business were:

- The balance of ***"Net interest income"*** for 2009 was € million, a fall of 11.0% on the 3,176 million in the same period in 2008. However, using constant exchange rates, this change represents an increase of 2.7% compared with 2008, due mainly to the good performance of commercial activity (with increases in both demand deposits and customer lending), and a positive and active price management.

- The ***"Net fees and commissions"*** balance for 2009 was €1,077 million, 9.4% down on the €1,189 million in 2008, mainly due to the depreciation of the mean peso-euro exchange rate, because in local currency the recognized increase was 4.6%, due to the excellent performance of fee and commission related to account maintenance and fee and commission received for pension fund management.

- The balance of "***Net gains (losses) on financial assets and liabilities and exchange differences***" heading for 2009 was €370 million, with a slight fall of 1.4% on the €376 million in 2008, mainly due to the depreciation of the Mexican peso. In local currency, the increase was 13.7%, due to a positive interest rate situation throughout the year and an increase in income from service-linked transactions with customers and a favorable market.

- The "***Other operating income/expenses"*** balance for 2009 was €116 million, 24.6% down on the €154 million in 2008, due primarily to the deprecation of the Mexican peso. However, the excellent performance of the insurance business was offset by the greater allocation to the "Deposit Guarantee Fund", due to the increases in the liabilities balances.

Based on the above, the "***Gross income***" for 2009 was €4,870 million, with a fall of 10.4% (an increase of 3.4% at constant exchange rates) compared with the €5,435 million recognized in 2008.

- The balance of the ***"Operating expenses"*** heading for 2009 was €1,551 million, a 13.8% decrease (0.6% at constant exchange rates) over the €1,800 million recognized in 2008, due to the launch of Transformation and Efficiency Plans.

Thus***,*** the "***Operating income***" for 2009 was €3,319 million, with a fall of 8.7% (an increase of 5.4% at constant exchange rates) compared with the €3,634 million recognized in 2008.

- The ***"Impairment losses on financial assets"*** balance in 2009 was €1,525 million, 37.4% up on the €1,110 million in 2008. This was partly due to the increases in consumer loans and credit cards due to the economic situation, and secondly due to stricter calculation criteria used in internal expected loss models in credit cards and, therefore, led to an increase in loss provisioning.

As a result of the above, "***Income before tax"*** for 2009 was €1,773 million, with a fall of 29.1% on the €2,499 million in 2008.

Once the provision for corporate tax and the portion corresponding to non-controlling interests have been deducted, the ***"Net income attributed to parent company"*** in 2009 was €1,359 million, a 29.9% reduction (19.1% at constant exchange rates) compared with the €1,938 million recognized in 2008.

The changes in the principal headings of activity in this area of business were as follows:

- As of December 31, 2009, the "***Loans and advances to customers"*** balance was €28,996 million, a 1.2% increase on the €28,644 million as of December 31, 2008, largely due to the currency appreciation in final transactions, since in 2009 there were general restraints on credit activity. However, in spite of the difficult circumstances, the fall in this heading in the area, without considering the exchange rate effect, was just 0.4%.

- As at December 31, 2009, the value of Total customer funds***,*** both on the balance sheet and off (comprising investment funds and other funds) were €44,579 million, an increase of 6.9% on the figure of €41,687 million on December 31, 2008, due primarily to the increase in customer deposits and Investment funds. The value of pension funds managed by Afore Bancomer stands at €9,519 million, for a 32.3% increase from the €7,196 million recorded in 2008.

The Banking Business:

The main products and services launched by the area in 2009 are as follows:

BBVA Bancomer continued improving its **distribution network** to offer a better service to its customers by increasing the number of ATMs by 423 in 2009. This made it the bank with the biggest number of ATMs in the system for the first time. It also implemented the *practicajas* system, which allows customers to make deposits, third-party transfers, payments for services and for credit cards and request loans with a better quality and more flexible service at the bank window. BBVA Bancomer has also received authorization to operate banking correspondents, which will increase its points of sale by more than 12,000 units in 2010, with extended opening hours including weekends, thus increasing its current infrastructure.

In the **loan book**, BBVA Bancomer's commitment to Mexican families can be seen in the launch of the *Paga bien, Paga menos* (Pay well, Pay less) program, which offers a gradual reduction in credit card interest rates for families that do not default on their payments. In October 2009 BBVA Bancomer received the National Housing Prize 2008 in its financial schemes category for the launch of six lending products adapted to the needs of housing developers and people who want to buy or improve a home. Among these products is *Economía Emergente* (Emerging Economy), an individual loan for people who find it difficult to justify their income and which, apart from offering specific financial conditions, integrates the home into a trust during the first years of the loan to make its future recovery easier. Finally, there was the implementation of a new platform for mortgage loan collection designed to improve efficiency in the management of mortgage collection. As well as this, the *Programa de Liquidez PYME* (SME Liquidity Program) was launched to boost the productive sector and reactivate the country's economy. The program has placed more than 1,800 million pesos, restructured more than 1,200 million and benefited over 6,000 SMEs.

In **EFTs**, the global Asset Management unit launched MEXTRAC, a collective investment vehicle that complements the range of funds based on the indices of highly capitalized Mexican companies (for more details, see the area of Wholesale Banking & Asset Management). There was also the first issue in 2009 of mortgage-backed bonds by a private institution, for 5,910 million pesos, as well as an issue of subordinate bonds for 2,979 million pesos.

With regard to the quality of its assets, BBVA Bancomer has been the only bank in Mexico to receive a certification from the National Banking and Securities Commission and the Bank of Spain for its internal model of expected losses for credit card reserves.

Insurance in Mexico

March saw the launch of the new product Seguro Médico Bancomer – Plan 10, which covers larger medical expenses and 10 of the most common serious illnesses. This insurance has performed best in terms of sales among recently launched products, with 5,600 policies issued in the first quarter since its launch.

United States

	Millions of euros	
United States	**2009**	**2008**
NET INTEREST INCOME	**1,514**	**1,332**
Net fees and commissions	555	546
Net gains (losses) on financial assets and liabilities and net exchange differences	151	123
Other operating income and expenses	(35)	21
GROSS INCOME	**2,184**	**2,022**
Operating expenses	(1,309)	(1,332)
Personnel, general and administrative expenses	(1,105)	(1,088)
Depretiation and amortización	(204)	(244)
OPERATING INCOME	**875**	**690**
Impairment losses on financial assets (net)	(1,419)	(365)
Provisions (net) and other Gains (Losses)	(1,056)	(15)
INCOME BEFORE TAX	**(1,599)**	**309**
Income tax	528	(99)
NET INCOME	**(1,071)**	**211**
Net income attributed to non-controlling interests	-	-
NET INCOME ATTRIBUTED TO PARENT COMPANY	**(1,071)**	**211**

	Millions of euros	
United States	**2009**	**2008**
Loans and advances to customers (gross)	34,108	31,518
Customer deposits (1)	32,538	25,779
- Deposits	32,273	25,384
- Funds received under financial asset transfers	265	395
Total Assets	**44,528**	**43,351**

(1) Excludes deposits and repos issues by Market Department.

The dollar has depreciated against the euro in annual average transactions, but it has appreciated in final transactions, which indicates a positive exchange-rate effect on the income statement and a negative effect on the balance sheet transactions.

Another important event took place on 21 August 2009, when BBVA Compass bought some assets and liabilities of the financial institution Guaranty Bank (Guaranty) from the Federal Deposit Insurance Corporation (FDIC). This investment offers an attractive financial return, an opportunity to strengthen BBVA USA's banking franchise in the retail market (164 branches and 300,000 customers in Texas and California), while the agreement with the FDIC limits the credit risk to a minimum (the FDIC assumes 80% of the losses until the threshold of $2,285 million and 95% of the losses from this threshold). In addition, the purchase of Guaranty provided the Group with $7,500 million in loan portfolio and $11,400 million in customer funds. Its impact on results was not relevant. Guaranty contributed nearly 6% of the gross income of Compass Bank.

The results for 2009 in this area have been influenced by two **t**ransactions that are non-recurring in nature by BBVA Compass: one for the deterioration of goodwill at €704 million before tax and another for losses subject to provisioning of €346 million (€533 million before taxes) in order to increase the coverage ratio in the area. In total, €1,050 million net of taxes.

Considering the above, the changes in the principal headings of income statement of this area of business were:

- The ***"Net interest income"*** balance in 2009 was €1,514 million, a 13.7% increase (7.8% at a constant exchange rate) on the €1,332 million in 2008, mainly due to the repricing effort realized thoughout the year and increased activity with the incorporation of Guaranty.

- The "***Net fees and commissions"*** balance for 2009 was €555 million, a 1.7% increase on the €546 million in 2008, due to the appreciation, in exchange rates at least, of the dollar.

- The "***Net gains (losses) on financial assets and liabilities and net exchange differences"*** balance for 2009 was €151 million, a 23.0% increase on the €123 million in 2008, due to evolution of client activity and positive market performance towards the end of the year.

- The ***"Other operating income/expences"*** balance for 2009 was a negative €35 million, compared with a positive €21 million in 2008, due to the greater provision for the Federal Deposit Insurance Corporation (FDIC) and the one-off allocations during the year.

Based on the foregoing, "***Gross income"*** for 2009 was €2,184 million, +8.0% (+2.5% at a constant exchange rate) on the €2,022 million in 2008.

- The ***"Operating expenses"*** balance for 2009 was €1,309 million, a decrease of 1.7% (6,7% at a constant exchange rate) on the €1,332 million in 2008. This improvement was due to a lower depreciation of intangible assets and the successful merger process in 2008 in BBVA Compass, which is achieving considerable cost synergies, with lower merger costs and a drop in the workforce cost due to the rationalization during the first half of 2009

Hence, "***Operating income"*** for 2009 was €875 million, a 26.8% increase on the €690 million in 2008 (20.3% at a constant exchange rate).

- The ***"Impairment losses on financial assets (net)"*** balance reached €1,419 million, €1,054 million more than the €365 million in 2008, evidence of the great efforts in loss provisioning in 2009, especially during the last three months. The valuation of collateral associated to the commercial real estate portfolio was updated, with a write-off for the difference and additional one-off loss provisioning was carried out for €533 million, which has allowed for an increase of the coverage ratio in the area.

- The ***"Provisions (net) and other gains (losses)"*** recognized a negative amount of €1,056 million, versus the megative €15 million in 2008, due to the burden of deterioration of goodwill of €998 million.

As a result of the above, "***Income before taxes"*** for 2009 was a negative €1,599 million, compared with a positive €309 million in 2008.

Discounting the amount relating to income tax, the ***"Net income attributed to parent company"*** for 2009 was a negative €1,071 million, compared to the positive €211 million in 2008, of which €1,050 million (346 for loss provisioning and 704 for deterioration of goodwill, net of taxes) are singular negative results produced during 2009. Excluding those one-off expenses, the result would be a loss in the United States of €21 million in 2009.

The changes in the principal headings of activity in this area of the business were as follows:

- As of December 31, 2009, the "***Loans and advances to customers"*** balance was €34,108 million, an 8.2% increase on the €31,518 million as of December 31, 2008, largely due to the takeover of Guaranty in 2009. Excluding the Guaranty balances, the loan portfolio fell by 6.0% year on year.

- In 2009, **Customer deposits r**ose to €32,538 million euros, a 26.2% increase on the €25,779 million as of December 31, 2008. If we exclude the Guaranty balance, year on year growth is 4.8%.

Apart from the purchase of some of the assets and liabilities of Guaranty (see above), the following new products and services are worth highlighting:

In March Wealth Management unit launched Power CD, a product offering customers the chance to earn returns linked to the Standard & Poors 500 index. In 2009 more than $120 million in deposits were made, exceeding the annual target of $100 million.

The Retail Banking unit has commercialized the following products:

- The ClearPoints credit card, which with a new transparent design and better security measures offers a number of advantages to customers. These include not charging for non-payment, maintaining interest-rate conditions and giving financial incentives to customers who pay within the established period.

- Business Build-to-order Checking, which allows companies to personalize the features of their checking accounts.

- Compass for your Cause, a package designed for non-profit organizations, which not only includes products such as checking accounts but options for discounts in other products and services.

- Money Market Sweep, a product that uses an interest-bearing checking account as an investment vehicle that allows customers with surplus of funds to transfer them automatically to this interest-bearing checking account

South America

	Millions of euros	
South America	**2009**	**2008**
NET INTEREST INCOME	**2,463**	**2,149**
Net fees and commissions	836	775
Net gains (losses) on financial assets and liabilities and net exchange differences	405	253
Other operating income and expenses	2	15
GROSS INCOME	**3,706**	**3,192**
Operating expenses	(1,504)	(1,421)
Personnel, general and administrative expenses	(1,389)	(1,315)
Depretiation and amortización	(115)	(107)
OPERATING INCOME	**2,202**	**1,770**
Impairment losses on financial assets (net)	(419)	(358)
Provisions (net) and other Gains (Losses)	(52)	(17)
INCOME BEFORE TAX	**1,731**	**1,396**
Income tax	(397)	(318)
NET INCOME	**1,334**	**1,078**
Net income attributed to non-controlling interests	(463)	(351)
NET INCOME ATTRIBUTED TO PARENT COMPANY	**871**	**727**

South America	Millions of euros 2009	2008
Loans and advances to customers (gross)	26,223	25,255
Customer deposits (1)	31,529	29,373
- Deposits	31,236	28,855
- Funds received under financial asset transfers	293	519
Off-balances-sheet funds	38,744	25,831
- Mutual funds	2,640	1,300
- Pension funds	36,104	24,531
Total Assets	**44,378**	**41,600**

(1) Includes trading debt securities

A year-on-year comparison of the financial statements of the area is skewed by the depreciation of most currencies vis-à-vis the euro, both in final and the intermediate transactions; hence, for the most important transactions, a reference is given to indicate the percentage change with regard to constant exchange rates.

The changes in the principal headings of income statement of this area of business were:

- The balance of the ***"Net interest income"*** in 2009 was €2,463 million, an increase of 14.6% (15.2% at constant exchange rates) on the €2,149 million in 2008, mainly due to the correct deposit price policy and the improved spreads applied by all of the units in the area, which are fundamental factors to offset the gradual slowdown in credit activity. It is worth mentioning, however, the excellent performance of lower cost liabilities.
- The balance of the ***"Net fees and commissions"*** in 2009 was €836 million, a 7.8% increase over the €775 million recognized in 2008, due primarily to business lines related to customer activity and the outstanding performance of the pension and insurance unit.
- The "***Other operating income/expenses***" balance for 2009 was €2 million, compared with €15 million in 2008, due to the greater provision of deposit guarantee funds in countries in the region (27.5% more than in 2008 for th ewhol area), expenses that have been greater than the excelling income from insurance activity in the area

Based on the above, the "***Gross income***" for 2009 was €3,706 million, with an increase of 16.1% (17.4% at constant exchange rates) compared with the €3,192 million recognized in 2008.

- Austerity measures and correct cost management have been key factors during the year. The ***"Operating expenses"*** balance for 2009 was €1,504 million, with a 5.8% yoy change, versus €1,421 million in 2008. This is considerably lower than the regional inflation average.

Thus***,*** the "***Operating income***" for 2009 was €2,202 million, with an increase of 24.4% (25.1% at constant exchange rates) compared with the €1,770 million recognized in 2008.

- The balance of ***"Impairment losses on financial assets (net)"*** for 2009 was €419 million, an increase of 17.3% on the €358 million in 2008.

As a result of the above,***"Income before tax"*** for 2009 was €1,731 million, an increase of 24.0% on the €1,396 million in 2008.

Discounting the amount corresponding to income tax and minority interests, the ***"Net income attributed to parent company"*** in 2009 was €871 million, an increase of 19.8% (21.8% at constant exchange rates) on the figure of €727 million in 2008.

The changes in the principal headings of activity in this area of business were as follows:

- As of December 31, 2009, the balance of ***"Loans and advances to customers"*** totaled €26,223 million, an increase of 3.8% on the figure of €25,255 as of December 31, 2008, basically due to exchange rates, as activity has been very contained during the year.
- As of December 31, 2009, the **"Customer funds",** including those both on and off the balance sheet (investment funds), stood at €34,169 million, an increase of 11.4% on the €30,674 million in December 31, 2008. This was the result of both the increase in customer deposits and of investment

funds. The assets managed by pension funds stood at €36,104 million as of December 31, 2009, 47.2% more than the figure of €24,531 million in 2008, due to deposits in the year and the recovery in the capital markets, above all in the second half of 2009.

Below are the main products and services launched by the area in 2009, broken down by country:

Argentina: The launch of products basically focused on residential mortgages and services adapting to specific customer needs.

- Launch of Francés Móvil, a service offering banking transactions and consultations by cell phone.
- A flexible mortgage targeted at the high segment of customers designed for the purchase of the first or second home, with a fixed-interest repayment period of 15 years. This aims to eliminate the uncertainty about the future variations in reference interest rates.
- Mortgage loans for customers and non-customers, aimed at the purchase and construction of the first home, with a fixed interest rate in pesos of 18% and a maximum repayment period of 15 years (180 months).
- Mass action in Visa credit cards, with the issue and home delivery to the customer of a pre-authorized card that is one category above that he already holds.

Chile: The new products and services have been focused on investment, specifically consumption, cards and mortgage loans.

- Three campaigns have been run with the BBVA Visa card to win new customers and increase the loyalty of existing ones. In May, discounts were offered on the purchase of theater tickets; in August, there was the chance to buy items without interest or fees (up to 18 regular payments), and in the last months of the year there was a range of attractive promotions linked to Christmas purchases.
- Two consumer campaigns: one in February, with a specially flexible loan; and one in October, with an offer of up to 2 million pesos of 0% interest to capture loans maintained with other banks and retailers.
- The launch of various mortgage campaigns: The first, in May, featured an attractive interest rate, at 3.65% for the first three years and free life insurance for a year, provided that customers used the BBA Visa card. The second, in September, consisted of a fixed-income loan at 4.25% over 20 years to buy homes.
- Finally, there was the commercialization of the first guaranteed mutual fund *Plan Rentas 201*2, which pays a defined interest rate quarterly to its participants.

Colombia: Launch of finance for individuals, savings, insurance and transactional products.

- The transactional channels launched PagaATiempo, a service offering flexible direct-debit payment of bills; and Banca Móvil, allowing accounts to be checked and transfers made via the cell phone. In addition, the GanaTiempo program was designed and launched to encourage the use of electronic channels and reduce the time needed to pay with vouchers in restaurants, cinemas and shows, among others.
- In finance for individuals two new credit cards were launched: Mujer BBVA, which offers special advantages for women and which also contributes to the prevention of breast cancer and gender violence; and Mastercard Black BBVA, with special advantages for the high-end segment of customers. In mortgages, the No VIS line provides funds for refurbishing the home.
- In savings, the Blue Kid account was launched to promote financial education and habits of saving among children aged 0 to 13; and the Mi Proyecto savings account gives customers the chance to choose a fixed monthly payment and term for savings as a way of achieving their goals, with a preferential interest rate.
- In insurance the following were launched: the Póliza de Seguro para Automóviles policy for cars, BBVA Fiduciaria and the Cartera Colectiva BBVA País, specialized in investment in local public debt.

Peru: A very active year for lauching new products

- In the segment of individuals, lending activity included Préstamo 60 for personal loans; the Perú Gourmet y Aventura Gastronómica competition, with the participation of the chef Gastón Acurio, to encourage the use of credit cards; and the Tarjéta Débito Mundo Sueldo to create a close link to paycheck customers. New initiatives were also undertaken in consumer finance, such as Mi Auto GNV, targeted at all those workers who use their vehicle as the main tool of their trade; and the study loan Con Mucho Gusto, aimed at financing postgraduate catering studies.

- In savings, the new Cuenta Ganadora account fulfilled all the targets set, with an excellent uptake in the market.
- In the business segment, there were campaigns aimed to increase volumes and the link with customers, such as *Reto Crecer* (Challenge to Grow), which aimed to win new customers and increase business growth figures; and *Sinergías Bidireccionales* (Two-way Synergies), which focused on the management of paycheck customers.
- The most important event in transaction services was the launch of e-empresario.com, which provides a means of collecting bills in advance through a system of electronic credit claims collection.

Uruguay:

- Plan de Servicing for branches, which aims to improve the quality of customer service.
- In the companies and business segment, the Plan Crecer links new customers who have loans, foreign trade operations, transactions and paycheck payments.
- The Banking Penetration Plan aims to attract paycheck deposits linked to *Planes Sueldo* (Salary Plans). The aim is to increase cross-sales of products: credit cards, "5x3" consumer loan (five salaries paid in three years), mortgage loans, loans for cars, etc.

Venezuela:

- In mobile banking, in which Banco Provincial is a pioneer in Venezuela, the online Provitexto service was launched to allow customers to check their accounts in real time.
- In savings, the new checking account Servicuenta was launched, with medical assistance and home services.
- Special areas were created in the branches called Zonas Express, where users can carry out their banking operations quicker, more comfortably and safely.
- The launch of the Visa Signatura credit card, with a wide range of services and preferential personalized attention. Among the services included are: travel assistance, medical and accident care on trips, and the Priority Pass card (access to VIP lounges in more than 450 airports around the world).
- Installation of Multiexpress ATMs with a biometric identification system, in which customers only have place their fingerprint on the sensor to receive their pension payment.
- Finally, there were a number of year-end campaigns: Campaña Provimillas, in which customers who increased the balance of their checking account could win cash prizes; Campaña Comercios, in which stores had the chance of receiving up to 15% of the amount paid to them; and the credit card campaign for individuals who could accumulate coupons with the chance of a prize if they take cash advances on their credit cards.

Corporate Activities

Corporate activities	Millions of euros 2009	2008
NET INTEREST INCOME	**516**	**(1,061)**
Net fees and commissions	(36)	(32)
Net gains (losses) on financial assets and liabilities and net exchange differences	483	436
Other operating income and expenses	(23)	176
GROSS INCOME	**940**	**(481)**
Operating expenses	(948)	(788)
Personnel, general and administrative expenses	(751)	(625)
Depretiation and amortización	(197)	(163)
OPERATING INCOME	**(8)**	**(1,269)**
Impairment losses on financial assets (net)	(172)	(41)
Provisions (net) and other Gains (Losses)	(743)	(609)
INCOME BEFORE TAX	**(923)**	**(1,919)**
Income tax	506	732
NET INCOME	**(417)**	**(1,187)**
Net income attributed to non-controlling interests	84	(7)
NET INCOME ATTRIBUTED TO PARENT COMPANY	**(333)**	**(1,193)**

The changes in the principal headings of income statement of this area of business were:

- The balance of "***Net interest income***" for 2009 was a positive €516 million, compared to a negative €1,061 million in 2008, due mainly to the good management of the balance in euros and the positive effect of the major fall in interest rates.

- The balance of the ***"Net gains (losses) on financial assets and liabilities and exchange differences"*** heading in 2009 was €483 million, an increase of 10.8% on the €436 million in 2008.

- The balance of "***Other operating income/expenses***" for 2009 was a negative €23 million, versus the €176 million recognized in 2008 due to the hyperinflation in Venezuela. The impact of re-expressing the income statements for 2009 of BBVA activity in Venezuela has been recognized in the Corporate Activities, since by not re-expressing the account in 2008, its location in South American would distort the interpretation of the evolution of figures in said area.

Given the above, the ***"Gross income"*** for 2009 was a positive €940 million, compared to a negative €481 million in 2008.

- The balance of ***"Operating expenses"*** for 2009 was €948 million, a fall of 20.2% on the €788 million recognized in 2008 due to three factors: the aformentioned hyperinflation in Venezuela, higher leasing expenses for sale and posterior leaseback of a large portion of the properties in Spain and the costs derived from the development of the new platform.

Thus the ***"Operating income"*** for 2009 was a negative €8 million euros as compared with the negative figure of €1,269 million in 2008.

- The balance of ***"Impairment on financial assets (net)*** for 2009 was €172 million, compared with €41 million in 2008, due mainly to country risk hedges.

- The balance of ***"Provisions (net) and other gains/losses"*** in 2009 was a negative €743 million, compared with a negative figure of €609 million in 2008, due basically to the valuation of the foreclosed and acquired assets and those from the real estate fund, on which updated valuations are applied, while there were one-off results from both the sale of the stake in Bradesco and the one-off early retirement program.

As a result of the above, ***"Income before tax"*** for 2009 was a negative €923 million, compared with a negative €1,919 million in 2008.

After the provisions for income tax and the part corresponding to non-controlling interests**,** the "***Net income attributed to parent company***" for 2009 was a negative €333 million***,*** compared with a negative €1,193 million in 2008, which would be a negative €799 million if the one-off results mentioned above were not taken into account.

6. RISK MANAGEMENT

The BBVA Group's system of risk management is described in Note 7 "Risk exposure" of the accompanying consolidated financial statements.

Exposure to subprime credit risk

The application across the BBVA Group of prudent risk policies has resulted in very limited exposure to subprime credit risks with respect to mortgage loans, mortgage-backed securities and other securitized financial instruments originated the United States.

We do not market products specifically to the subprime segment. However, the financial crisis that began in the United States in 2007, and the consequent decline in economic conditions and increased inability to pay on the part of certain borrowers, has implied a downgrade in their respective credit ratings. It is important to note, however, that the classification of a financial instrument as a subprime credit risk does not necessarily signify that such financial instrument is either past due or impaired or that we have not assigned such financial instrument a "high" or "very high" estimate of recoverability.

As of December 31, 2009, mortgage loans originated in the United States to customers whose creditworthiness had dropped below the "subprime" level totaled €513 million 0.16% of the Group's total customer credit risk. Of this amount, only €66 million was past due or impaired.

In addition, as of December 31, 2009, the net carrying amount of structured credit instruments with underlying subprime assets was €13 million (see Note 8), of which 85% have a high credit rating from the main rating agencies operating in the market.

Structured credit instruments

As of December 31, 2009, the carrying amount of structured credit instruments in the Group was €4,403 million, of which the majority is guaranteed by agencies and insurance companies. Of this total, €615 million were recognized under "Financial assets held for trading", €380 million recognized in "Financial instruments at fair value through profit or loss and €3,408 million under "Available for sale financial assets".

The valuation methods of this kind of financial product are described in Note 8, "Fair value of financial instruments" in the accompanying consolidated financial accounts.

7. THE GROUP'S CAPITAL BASE

The **BBVA Group's capital base**, calculated according to rules defined **in accordance with the Basel II** capital accord, is €39,440 million as of 31 December 2009, 12.6% more than at December 31, 2008, mainly due to the greater contribution of Core Capital.

The **risk-weighted assets (RWA)** have increased 1.3% over this period to €291.026 million euros as of December 31 2009. Thus the **excess of capital reso**urces over and above the 8.0% of the risk-weighted assets required by the regulations stands at €16,158 million.

Core capital at December 31, 2009 stood at €23,191 million, more than €5,293 million higher than the figure as of December 31, 2008, due primarily to withheld attributable profit and the issue of convertible bonds in shares (€2,000 million) and represents 8.0% of the risk-weighted assets, compared with 6.2% as of December 31, 2008.

Hence, in what was a particularly difficult period, the BBVA Group has been able to generate capital organically.

After adding *prefered securities to core capital,* **Tier I** stands at €27,254 million as of December 31, which is 9.4% of risk-weighted assets. This improved the figure with respect to December 31, 2008 by 20%. Preferred securities currently account for 18.8% 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. At December 31, 2009, Tier II stood at €12,186 million, i.e. 4.2% of risk-weighted assets. The changes in Tier I and Tier II are basically caused by the increase in deductions due to increasing the holding in CNCB above 10%.

By aggregating Tier I and Tier II, as of 31 December 2009, the **BIS total capital ratio** is 13.6%, compared with 12.2% on December 31, 2008.

	Millions of euros	
	2009	**2008**
Stockholders´s funds	29,512	26,586
Adjustments	(8,321)	(8,688)
Mandatoty convertible bonds	2,000	-
CORE CAPITAL	**23,191**	**17,898**
Preferred securities	5,129	5,395
Adjustments	(1,066)	(583)
CAPITAL (TIER I)	**27,254**	**22,709**
Subordinated debt and other	13,251	12,914
Deductions	(1,065)	(590)
OTHER ELIGIBLE CAPITAL (TIER II)	**12,186**	**12,324**
CAPITAL BASE (TIER I + TIER II) (a)	**39,440**	**35,033**
Minimun capital requirement (BIS II Regulations)	**23,282**	22,989
CAPITAL SURPLUS	**16,158**	**12,044**
RISK WEIGHTED ASSETS (b)	**291,026**	**287,364**
BIS RATIO (a)/(b)	**13.6%**	**12.2%**
CORE CAPITAL	**8.0%**	**6.2%**
TIER I	**9.4%**	**7.9%**
TIER II	**4.2%**	**4.3%**

8. COMMON STOCK AND TREASURY STOCK

Information about common stock and transactions with treasury stock are shown in Notes 27 and 30 of the accompanying consolidated financial statements.

In compliance with Article 116.bis of the Securities Market Act, this explanatory report has been drawn up with respect to the following aspects:

Common stock structure, including securities not traded on a regulated EU market, with an 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 common stock they represent:

As of December 31, 2009, the common stock of Banco Bilbao Vizcaya Argentaria, S.A. amounted to €1,836,504,869.29, divided into 3,747,969,121 fully subscribed and paid-up registered shares, all of the same class and series, at €0.49 par value each, represented through book-entry accounts.

All BBVA shares carry the same voting and dividend rights and no single stockholder enjoys special voting rights. There are no shares that do not represent an interest in the Bank's common stock.

BBVA shares are traded on the continuous market in Spain, as well as on the London and Mexico stock markets. American Depositary Shares (ADSs) listed in New York are also traded on the Lima (Peru) Stock Exchange, by virtue of an exchange agreement into which these two markets entered.

Also, as of December 31, 2009, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Frances, S.A. and AFP Provida were listed on their respective local stock markets, the last two also being listed on the New York Stock Exchange. BBVA Banco Frances, S.A. is also listed on the Latin-American market of the Madrid Stock Exchange.

Any restriction on the transferability of securities

There are no legal or bylaw restrictions on the free acquisition or transfer of common stock other than those established in articles 56 and following in Law 26/1988, of July 9, on discipline and oversight in financial institutions, amended by Law 5/2009, June 29,which establish that any individual or corporation, acting alone or together with other parties, intending to directly or indirectly acquire a significant holding in a Spanish financial institution (as defined in article 56 of the aforementioned Law 26/1998) or directly or indirectly increase its holding so that the voting rights or owned stock is equal to or more than 20, 30 or 50 percent, must first inform the Bank of Spain.The Bank of Spain will have 60 working days from the acknowledgement of receipt of the notice to assess the transaction and, if necessary, object to the proposed acquisition due to legal reasons.

Significant direct or indirect holdings in the common stock

As of December 31, 2009, Manuel Jove Capellán owned 4.86% of BBVA common stock through the companies Inveravante Inversiones Universales, S.L. and Bourdet Inversiones, SICAV, S.A.

Blackrock Inc, with address in the United Kingdom, also notified BBVA that as a result of the acquisition on December 1, 2009 of Barclays Global Investors (BGI), it now has an indirect holding in BBVA's common stock of 4.45% through the company Blackrock Investment Management (UK).

In addition, as of December 31, 2009, Chase Nominees Ltd, State Street Bank and Trust Co., The Bank of New York Mellon, The Bank of New York International Nominees and Clearstream AG, in their capacity as international custodian/depositary banks, held 6.89%, 5.25%, 3.80%, 3.43% and 3.13% of BBVA common stock, respectively.

Any restriction on voting rights

There are no legal or bylaw restrictions on the exercise of voting rights.

Agreements between stockholders

BBVA has not received any information on stockholder 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.

9. APPLICATION OF EARNINGS

Information about application of earnings is in Note 4 of the accompanying consolidated financial statements.

10. CORPORATE GOVERNANCE

In accordance with the provisions of Article 116 of the Spanish Securities Market Act, the Group has prepared the Annual Corporate Governance Report for 2009, 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 the CNMV Circular 4/2007, dated December 27, including a section detailing the degree to which the Bank is compliant with existing corporate governance recommendations in Spain.

In addition, all the 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.bis 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 Annual General Meeting of the Bank's stockholders in such a way that, if approved, the Board would contain a large 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, he/she 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 from 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 in the situations envisaged in article 12 of the board regulations.

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 Stockholders 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, article 25 of the Bylaws lays down that in order to adopt resolutions for substituting the corporate object, transforming, breaking up or winding up the company or amending the second paragraph of this article, the General Meeting on first summons must be attended by two thirds of the subscribed common stock with voting rights and on second summons, 60% of said common stock.

Powers of the board members and, in particular, powers to issue and/or buy back shares

The executive directors shall hold broad 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, March 13, 2009, resolved to confer authority on the Board of Directors, pursuant to article 153.1.b) of the Companies Act, to resolve to increase the common stock on one or several occasions up to the maximum nominal amount representing 50% of the Company's common stock that is subscribed and paid up on the date on which the resolution is adopted, ie, €918,252,434.6. Article 159.2 of the Corporations Act empowers the Board to exclude the preferred subscription right in relation to these share issues, although these powers will be limited to 20% of the Company's common stock. The directors have the legally-established time period during which to increase the common stock, i.e., five years. So far BBVA has not issued any shares under this authorization.

Likewise, the Bank's AGM, March 14 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 €9,000 million, 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 common stock by the amount required. The only disposal carried out so far by BBVA under this authorization was in September 2009 for an amount of €2,000 million.

The AGM of March 13, 2009, pursuant to Article 75 of the Spanish Corporations Act, authorized 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 opportune, by any means accepted by law up to a maximum of 5% of the common stock of Banco Bilbao Vizcaya Argentaria, S.A. or, as applicable, the maximum amount authorized under applicable legislation. The Board of Directors will propose to the Ordinary General Meeting of Stockholders on March 12, 2010, that this resolution be adopted, although in accordance with current legislation the maximum amount to acquire shares will be 10% of the common stock of Banco Bilbao Vizcaya Argentaria, S.A. and the term five years.

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. This exception will not apply when the company is legally bound to publish this information.

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 contract terms and conditions established for the Bank's executive directors entitled them to receive indemnity should they leave. The Bank no longer assumes these obligations, and consequently as of December 31, 2009 and in the future there are no obligations to pay indemnity to executive directors.

In the case of the Chief Operating Officer, the contract lays down that in the event that they lose this status due to a reason other than their own will, retirement, invalidity or dereliction of duty, they will take early retirement with a pension, which can be received as life income or common stock, equal to 75% of their pensionable salary if this occurs before they reach 55 years old, or 85% after that age.

The Bank recognized the entitlement of some members of its management team, 48 senior managers, 11 of them belonging to the Management Committee, 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.

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.

11. BBVA OFFSHORE ENTITIES

In 2004, the BBVA Group stated its policy on activities with establishments permanently registered in Offshore Financial Centers. At the same time, it issued a plan for reducing the number of offshore financial centers to three (see Corporate Social Responsibility Report 2004).

Subsequent to the measures deriving from said plan, from its start date and up to December 31, 2009 and 2008, 37 and 36 permanent establishments respectively were removed. In addition, X companies were in the process of liquidation and another X had ceased all business activity as a preliminary step to winding up. Of the latter, X have securities issues among their liabilities, and the time of the repurchase and/or amortization of these assets will depend on the time of the companies' complete liquidation.

The accompanying table presents a comparative list of the issues outstanding as of December 31, 2008 and 2009:

Millions of euros

Issuer entity	Country	Preferences Shares [1]			Subordinated Debts[1]			Other debt securities		
		31-12-09	% Var	31-12-08	31-12-09	% Var	31-12-08	31-12-09	% Var	31-12-08
BBVA International LTD	Cayman Islands	500	-	500	-	-	-	-	-	-
BBVA Capital Funding LTD	Cayman Islands	-	-	-	909	(20.4)	1,142	-	-	-
BBVA Global Finance LTD	Cayman Islands	-	-	-	139	(3.5)	144	359	(11.4)	405
BCL International Finance TLD	Cayman Islands	-	-	-	-	-	-	35	(67.6)	108
Mercury Trust LTD[2]	Cayman Islands	-	-	-	-	-	-	-	(100.0)	106
Continental DPR Finance Company	Cayman Islands	-	-	-	-	-	-	173	(3.4)	180
TOTAL		500	-	500	1,048	(18.5)	1,286	567	(29.0)	799

[1] Securities issued before enactment of 19/2003 Act, of 4 de julio

[2] Securitization bond issues on flows generated by BBVA bancomer credit cards

At year-end 2009, the BBVA Group's permanent establishments with some sort of business activity registered in offshore financial centers *that are considered tax havens by the* OECD can be classified as follows:

1. Branches of the BBVA Group's banks in the Cayman Islands and the Dutch Antilles.
2. Businesses in Panama.
3. The BBVA Group's holding in Inversiones Banpro Internacional Inc. (Dutch Antilles).

The changes seen throughout 2009 in OECD consideration of tax havens should be taken into account in this regard which led, on December 23, 2009, to all other locations with these characteristics where the BBVA Group has permanent establishments operating commercial activities no longer being considered as such, with the exception of Panama.

1) Branches of the BBVA Group's banks in the Cayman Islands and the Dutch Antilles

At year-end 2009, the BBVA Group has three bank branches registered in the Cayman Islands and another in the Dutch Antilles. The activities and business of these branches are pursued under the strictest compliance to applicable laws, both in the jurisdictions in which they are domiciled and in those where their operations are effectively governed.

In addition, and as stated, both the Cayman Islands and Netherlands Antilles were removed from the list of countries considered tax havens by the OECD in 2009. In turn, and in the case of the Netherlands Antilles, the "Tax Information Exchange Agreement between the Netherlands on behalf of the Netherlands Antilles and the Kingdom of Spain" came into force on January 27, 2010, from which date they will no longer be considered a "Tax Haven" in Spanish regulations.

The accompanying tables include information on the type of business or main activity of these branches (which does not include the provision of private banking services) and their balance sheets, including the main headings at the close of 2009 and 2008.

BBVA Group branches at off-shore entities	Banco Bilbao Vizcaya Argentaria S.A.	BBVA Bancomer S.A.	Banco Provincial S.A.	Compass Bank
OFC in witch the permanent establishment is domiciled	Cayman Islands	Cayman Islands	Netherlands Antilles	Cayman Islands
Jurisdiction in witch operations are effectively administered	United States	México	Venezuela	United States
Main activity or business	Corporative Banking	Financial and balance sheet risks management	Commercial Banking	Corporative Banking

Millions of euros

Balances Sheets	Cayman Islands BBVA branch (Spain) 31-12-09	% Var	% Var(1)	31-12-08	Cayman Islands BBVA Bancomer branch (México) 31-12-09	% Var	% Var(1)	31-12-08
Total Loans and receivables	6,731	(21.2)	(18.4)	8,538	22	(91.8)	(91.5)	267
Securities portfolio	2	129.0	137.1	1	1,017	89.0	95.7	538
Liquid assets	-	-	-	-	6	(41.6)	(39.5)	10
Tangible and intagibles assets	-	-	-	-	-	-	-	-
Other assets	0	(94.8)	(94.6)	1	1,245	8.6	12.4	1,146
TOTAL ASSETS	6,733	(21.2)	(18.4)	8,540	2,289	16.7	20.8	1,961
Deposits	6,274	(23.8)	(21.1)	8,231	1,350	(2.8)	0.6	1,389
Sotckholders' funds	442	42.9	48.0	309	86	n.s.	n.s.	- 367
Liquid liabilities	-	-	-	-	-	(100.0)	(100.0)	274
Other liabilities	18	n.s.	n.s.	-	853	28.2	32.8	665
TOTAL LIABILITIES AND EQUITY	6,733	(21.2)	(18.4)	8,540	2,289	16.7	20.8	1,961

Balances Sheets	Cayman Islands BBVA Compass Bank branch (USA) 31-12-09	% Var	% Var(1)	31-12-08	Netherlands Antilles Banco Provincial branch (Venezuela) 31-12-09	% Var	% Var(1)	31-12-08
Total Loans and receivables	-	-	-	-	2	(41.3)	(39.2)	3
Securities portfolio	-	-	-	-	0	(88.6)	(88.2)	1
Liquid assets	2,934	(1.1)	2.4	2,966	58	40.2	45.2	41
Tangible and intagibles assets	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	0	n.s.	n.s.	0
TOTAL ASSETS	2,934	(1.1)	2.4	2,966	60	31.8	36.5	46
Deposits	2,951	(1.4)	2.1	2,993	-	(100.0)	(100.0)	15
Sotckholders' funds	(17)	(34.7)	(32.4)	(27)	10	(22.3)	(19.5)	13
Liquid liabilities	-	-	-	-	44	219.6	231.0	14
Other liabilities	-	-	-	-	6	78.5	84.8	3
TOTAL LIABILITIES AND EQUITY	2,934	(1.1)	2.4	2,966	60	31.8	36.5	46

(1) At a constant exchange rate

2) Businesses in Panama

As of December 31, 2009, the BBVA Group had the following permanent establishments in Panama: a banking subsidiary, Banco Bilbao Vizcaya Argentaria, S.A. (Panama), which is, in turn, the owner of a holding company for foreclosed assets, Transitory Co. These establishments limit their activities to what is strictly related to the development of commercial banking business, basically domestic, which does not include the provision of private banking services. In general, Banco Bilbao Vizcaya Argentaria, S.A. (Panama) restricts its business relations to non-resident individuals (irrespective of whether the business relations are in their name or they are simply their economic beneficiaries, when the holder is a corporate entity) and to companies domiciled in other jurisdictions in cases where the business relation is a consequence of commercial activities known and developed in Panama. In any event, any exception to these general criteria would require the application of reinforced procedures on knowledge of the customer and on approval.

The following table includes the condensed balance sheets of the BBVA Panama financial group as the close of 2008 and 2009.

Millions de euros

Balances Sheets	Panamá BBVA Group (Panamá) 31-12-09	% Var	% Var(1)	31-12-08
Total Loans and receivables	1,055	1.3	4.9	1,041
Securities portfolio	6	117.3	125.0	3
Liquid assets	275	153.3	162.3	109
Tangible and intagibles assets	8	6.2	10.0	7
Other assets	31	(7.6)	(4.3)	33
TOTAL ASSETS	1,374	15.2	19.3	1,193
Deposits	1,052	31.1	35.7	803
Sotckholders' funds	162	3.7	7.3	157
Liquid liabilities	128	(36.4)	(34.2)	202
Other liabilities	31	(1.2)	2.3	32
TOTAL LIABILITIES AND EQUITY	1,374	15.2	19.3	1,193

(1) At a constant exchange rate

3) The BBVA Group's holding in Inversiones Banpro Internacional Inc. (Dutch Antilles)

The BBVA Group owns 48% of the share capital of Inversiones Banpro Internacional Inc. N.V., a company domiciled in the Dutch Antilles whose main asset is all the stock of Banco Provincial Overseas, N.V., a banking institution also domiciled in the Dutch Antilles, where it has the resources needed to manage and administer its operations. Banco Provincial Overseas, N.V. limits its activities (which do not include the provision of private banking services) to providing transactional services and the issue of guarantees, fundamentally for companies. These activities are complemented by a limited range of U.S. dollar-denominated savings products for both companies and individuals.

The following table includes the condensed balance sheets of Banco Provincial Overseas, N.V. as at year-end 2007 and 2008.

Millions de euros

	Netherlands Antilles Banco Provincial Overseas			
Balances Sheets	31-12-09	% Var	% Var(1)	31-12-08
Total Loans and receivables	0	(7.8)	(4.5)	0
Securities portfolio	22	(68.4)	(67.3)	71
Liquid assets	301	(14.9)	(11.9)	354
Tangible and intagibles assets	1	(6.6)	(3.2)	1
Other assets	0	(62.2)	(60.9)	1
TOTAL ASSETS	325	(23.9)	(21.2)	427
Deposits	289	(25.9)	(23.3)	390
Sotckholders' funds	30	12.0	16.0	26
Liquid liabilities	0	(81.7)	(81.0)	1
Other liabilities	7	(35.9)	(33.6)	10
TOTAL LIABILITIES AND EQUITY	325	(23.9)	(21.2)	427

(1) At a constant exchange rate

Supervision and control of the permanent establishments of the BBVA Group in offshore financial centers

BBVA applies risk management criteria and policies to all its permanent establishments in offshore financial centers *that are* identical to those for the rest of the companies making up the Group.

During the reviews carried out annually on each and every one of its permanent establishments in offshore financial centers*, BBVA's* Internal Audit department checks the following: that their activities match the definition of their corporate object, that they comply with corporate policies and procedures in matters relating to knowledge of the customers and prevention of money laundering, that the information submitted to the parent company is true, and that they comply with tax obligations. *In addition, every year a special review is performed on Spanish legislation applicable to the transfer of funds between the* Group's banks in Spain and its companies established in offshore centers.

Furthermore, in 2000 BBVA's Compliance department supervised the action plans deriving from the Audit Reports on each one of the establishments. On an annual basis, conclusions deriving from these are submitted for consideration to the Audit and Compliance Committee, which in turn submits the corresponding report to the BBVA Board of Directors.

As far as external audits are concerned, one of the functions of the Audit and Compliance Committee is to select an external auditor for the consolidated group and for all the companies in it. *The selection criterion is to designate the same auditing firm for all the BBVA Group's permanent establishments in offshore financial centers*, unless the Committee determines this is not possible or advisable. *For 2009, all of the BBVA Group's permanent establishments registered in offshore financial centers* have the same external auditor (Deloitte), except for the BBVA Group's companies established in the Netherlands Antilles, whose external auditor is PricewaterhouseCoopers.

12. REPORT ON THE ACTIVITY OF THE CUSTOMER CARE SERVICE AND CUSTOMER OMBUDSMAN

In Spain the BBVA Group has a Customer Care Service in place to manage customer complaints and grievances. In addition, if a customer is not satisfied 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 meeting of July 23, 2004, the following is a summary of related activities in 2009:

Report on the activity of the customer care service in 2009

<u>Statistical summary of the grievances and complaints handled by BBVA's Customer Care Service in 2009.</u>

The number of customer complaints received by BBVA's Customer Care Service in 2009 was 9,283, of which 514 were finally not processed because they did not comply with the requirements of the Ministerial Order ECO/734. 87.3% of the complaints (8,106 case files) were resolved within the year and 663 complaints had not yet been analyzed as of December 31, 2009.

The complaints managed can be classified as follows:

Type of complaint	Percentage of complaints
Insurances	26.1%
Customer information	24.7%
Assets products	11.2%
Commision and expenses	10.7%
Operations	9.8%
Financial and welfare products	7.1%
Collection and payment services	6.1%
Other complaints	4.3%
Total	**100.0%**

The complaints handled in 2009, broken down by the nature of their final resolution, are as follows:

Final resolution	Number of complaints
In favour of the person submitting the complaint	2,298
Partially In favour of the person submitting the complaint	1,163
In favour of the BBVA Group	4,645
Total	**8,106**

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.

Recommendations or suggestions derived from the experience acquired by the ombudsman's activity with a view to better meeting its aims.

In 2009 the Customer Care Service aided in the resolution of a significant number of claims, working closely with customers in branch offices. This encouraged amicable settlements to disputes which, undoubtedly, boost customer satisfaction and perceptions of quality.

The Customer Care Service promoted and put into place a specific Complaints Committee in 2009 to promote the implementation of initiatives aimed at improving banking practices and procedures, as well as the monitoring of work lines based on their activity, across all units and companies. The Committee is attended by business and operational unit representatives as well as the Consumer Ombudsman.

Report on the activity of the BBVA Group consumer ombudsman

The following is a summary of the 2009 annual report outlining the activities of the consumer ombudsman, in accordance with the provisions of article 17 of Ministry of Economy order ECO/734/2004, of March 11, on customer service departments and services, and consumer ombudsmen for financial institutions:

Statistical summary of the grievances and complaints handled by BBVA's consumer ombudsman in 2009.

The number of customer complaints received by BBVA's consumer ombudsman in 2009 was 2,643. Of these, 88 were finally not processed as they did not fulfill the requirements of the Ministerial order. ECO/734. 93% of the complaints (2,458 case files) were resolved and concluded within the year and 97 complaints had not yet been analyzed as of December 31, 2009.

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:

Type of complaint	Number of complaints
Assets operations	679
Liabilities operatins	263
Other banking products (cash, automated teller,…)	135
Servicios de Cobro y Pago	158
Servicios de Inversión	376
Seguros y Fondos de Pensiones	714
Varios	318
Total	**2,643**

The details of the files resolved in 2009, broken down according to their final resolution, were as follows:

Final resolution	Number of complaints
In favour of the person submitting the complaint	116
complaint	1,288
In favour of the BBVA Group	1,054
Total	**2,458**

Based on the above, it can be concluded that more than 57% customers bringing a complaint before the consumer ombudsman were in some way satisfied, either as a consequence of the final resolution of the ombudsman or because of its role as mediator between the customer and the BBVA Group.

The ombudsman's decisions are based on current legislation, the contractual relationships in place between the parties, current standards on transparency and customer protection on best banking practices and, especially, on the principle of equity.

The independent nature of the role of the consumer ombudsman is essential and is a required to earn the trust of the institution's clientele. The decisions handed down by the ombudsman in favor of the customer are binding on the Group entity affected.

Recommendations or suggestions derived from the experience acquired by the ombudsman's activity, with a view to better meeting its aims.

Among the various initiatives implemented by the Entity at the behest of the ombudsman in 2009, 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 Rentas BBVA contract has been drawn up with clearer and more precise wording, in order to enhance the protection afforded to customers.

Lastly, Group representatives are in constant contact and meet regularly with the claims services of the Bank of Spain, the CNMV and the Spanish General Directorate of Insurance, all with a common goal of harmonizing criteria and fostering more robust customer protection and security.

Customers not satisfied with the resolution of the consumer ombudsman can appeal before the Bank of Spain, the CNMV or the Spanish General Directorate of Insurance. The ombudsman always informs the customers of this option.

In 2009, the percentage of complaints examined or resolved by the consumer ombudsman that were subsequently presented by the client before the above competent bodies was only 79% of the total, the same percentage as the previous year (79%).

13. RESEARCH AND DEVELOPMENT

The Group carries out research and development activities across three wide areas:

INNOVATION AND DEVELOPMENT

Innovation and Development

The year 2009 saw 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 implemented basically involve five lines of action:

- Research and development into new ways of *marketing* and communicating. This area encompasses several projects, such as: Webzines, a business dealing with advertizing 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; Colección Planta 29, which includes a blog on innovation aimed at the community of developers, and BBVA Open Talent, a support program for entrepreneurs and start ups. Finally, the Group was represented at sundry events in 2009, such as Campus Party Madrid, Valencia and Colombia, World Internet Day, *Madrid es Ciencia* (Madrid is Science), Mobuzz TV, Evento Blog España and FICOD. In turn, the activities at the Innovation Center in Madrid meant the Group's vision and innovation reality was promoted both internally and externally.

- 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 offering non-financial products and services to companies, together with new ones, such as Virtualdoc, a service for digitalization, secure storage, management of the information cycle and web access to the same. 2009 saw the mass launch of the personal finance manager BBVA Tú Cuentas (BBVA You Matter): integrated into BBVA online banking so as to improve user experience, new functions were added and it is already being used by over 350,000 customers who found a new channel for their contact with the Bank in BBVA Tú Cuentas.

- Research and development into new ways of co-operating. 2009 saw further development in the main Information Management projects: Google, whose intranet search engine provides access to the information contained on the Group's website, intranets, shared resources and local information; the Blogosphere**,** an internal, multi-directional, online communication tool that facilitates the transfer of individual knowledge into the collective domain; the new Directorio Global (Global Directory) which provides all web 2.0 functions in a single information site for all BBVA Group employees, and, finally, Infobook, the revamping of the Documentation Center on the back of the developments made in digitalization and connectivity for more effective information management. In addition to all the above, there is the Innovation Center, an area for testing new work methods based on new solutions in connectivity, mobility and digitalization, which started up in 2009.

- Research and development into new payment channels, mobility solutions and transactionality. The Bank has decided to respond to the major changes taking place within this field, with the aim being to structure the Bank's approach to payment channels and mobility and drive the development of projects with the areas: developments in line with the latest trends appeared in 2009 with geolocation projects and native mobile applications.

- Research and development into new ways of customer insight. BBVA aims to become a model in the development and application of a comprehensive 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.

In turn, the development and application in the businesses of new anthropological and quantitative methodologies is being promoted for advanced data mining development, so as to detect and understand BBVA Customers' financial needs, be able to apply this knowledge in developing new products and services that are kept up-to-date and making BBVA's market offer stand out, and put it into action in targeted marketing that is relevant for consumers.

Technology and Operations

BBVA technology and operations developed in 2009 in line with the Strategic Plan 2007-2010, supported on four key pillars: 1) Technology and Operation, providing strong effective infrastructures; 2) Design and Development, providing the rich functionality for new applications on the BBVA Platform; 3) Operations and Production, generating new efficiency standards in back office processes, 4) Strategy and Innovation, promoting the early adoption of technologies that contribute to developing the business attributes and allow offers that stand out to customers. Some of the main initiatives developed in the four lines of action are below:

- Technology and Operation: the stock of servers in single buildings was reduced 80% thanks to virtualization techniques. This led to major savings in management and maintenance costs, supporting the expansion of these techniques to other areas. In a different vein, thanks to the use of innovative technologies such as Grid Computing and after reaching the technical limits of conventional computing, the BBVA managed to develop risk calculation systems so that hundreds of low cost computers work together as a single machine, allowing increased precision and reduced calculation times.

- Design and Development: in line with the BBVA Platform in developing systems "from the outside in" (first, customer interaction, then internal components to perform the activity), the new Front Office was put into practice, optimizing employee time in accessing and interacting with customer information, with an estimated 20% time reduction which they can dedicate to commercial business. The BBVA Platform is already running some of the basic internal components to provide support to the other functions on the new platform. These internal components are supported by a modular design based on SOA (Service Oriented Architecture) which is supported by ESB systems (Enterprise Service Bus), BPM tools (Business Process Management) and Business Rules Engines, the new Advanced CRM at BBVA being one of the first systems to use it.

- Operations and Production: the Group is redefining banking back office activity with industrialization via OpPlus centers. Thanks to new technologies, customer information goes from being vertically processed by product or business line to a more horizontal approach by activity. Supported on the ubiquity offered by image digitalization and process automation, not only does outsourcing provide benefits of cost-saving, but also serves as a lever to make efficiency leaps in each activity beyond the prior vertical model. In turn, digitalization in offices, as opposed to handling documents and recording data, provides significant time savings for commercial business. These improvements would not have been possible without this paradigm shift.

- Strategy and Innovation: BBVA remains committed to disruptive innovation in collaboration with global leaders. This collaboration has offered initiatives that are already included in the Technology and Operations Strategic Plan, mainly in the areas of interaction, where advances in self service banking stand out, and in analysis areas, where tailored customer offers are boosted. The initiatives are centered on the technological attributes of ubiquity, interactivity, analysis, collaboration and personalization, which intend to offer a vanguard approach to technology use at BBVA.

Transformation and Productivity

The Global Transformation Plan Plans were developed in the Transformation area, with the Servicing Project aimed at improving quality levels offered to customers, the Holding Project, which develops the cross-view of corporate activity, the Span and Fragmentation Project, focused on improving efficiency and simplifying structures across the Group and the Process Management Plan, with development in Infrastructures, Taxonomy and training Specialists to Analyze and Redesign Processes across the Group all stand out. Further, new functions were set out, such as Global Outsourcing Management and Global Fraud Management, aimed at improving the Group operating model.

Moreover, 125 business continuity plans in 23 countries were redefined. Some of these plans were put into action throughout the year, such as in the case of the AH1N1 new flu pandemic threat, which allowed critical customer services to be continued, as well as fulfillment of commitments to society and different authorities.

Being aware that Business Continuity also has a major systematic derivative, BBVA continues to actively promote the creation of collaboration and exchange areas for business practices with other financial institutions and regulatory and supervisory authorities through the consolidation of the Spanish Business Continuity Consortium (CECON).

Regarding Corporate quality, several initiatives were developed, including the following highlights: production of the second Corporate Complaints Management Report, the development of a wiki incorporating all contents from the different Group units and areas, and the production of appraisal methodologies for services provided internally by the Corporate Center units to the Business Areas in Spain and Portugal and WB&AM.

14. ENVIRONMENTAL INFORMATION

Environmental commitment

BBVA prioritizes sustainable development. As a financial institution, the Group’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, 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

The objectives of BBVA's environmental policy are as follows:

- Compliance with prevailing environmental legislation in all BBVA's operating markets
- Ongoing improvement in its ability to identify and manage the environmental risks incidental to BBVA's financing and investment activities
- Development of environmentally-friendly financial products and services
- Eco-efficiency in the use of natural resources, including setting and delivery of targets for improvement
- Management of its direct environmental impact via an environmental management system (EMS), the main components of which are ISO 14001-certified
- To exert a positive influence on the environmental records of its stakeholders by communicating with them and raising their awareness of the importance of the environment as an additional input in business and human management practice
- To communicate, sensitize and train its employees on environmental matters
- To promote environmental sponsorship, volunteering initiatives and research
- To support the main initiatives to fight against and prevent climate change

The principal international environmental commitments that BBVA assumes are:

- United Nations Global Compact (since 2002) www.globalcompact.org
- UNEP- FI (since 1998) www.unepfi.org
- Equator Principles (since 2004) www.equator-principles.com
- Carbon Disclosure Project (since 2004) www.cdproject.com
- Principles for Responsible Investment (since 2008) www.unpri.org

Environmental policy scope, governance and review

This policy is global in scope and affects all the activities that BBVA undertakes, and will be reviewed and updated periodically. The last review was approved at the 9th CR Committee on May 12, 2009.

The Department for Corporate Responsibility and Reputation is tasked with coordinating environmental policy and overseeing compliance with it. The members of BBVA's Executive Committee also oversee correct compliance with this policy. To this end, its members make an effort to develop and oversee the implementation of this policy in the Bank.

Main environmental actions in 2009

The main environmental actions that BBVA carried out in 2009 are as follows:

- Monitoring 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 6 targets (stated on a per employee basis) and a significant number of core initiatives:
    - A 20% reduction in BBVA's carbon emissions
    - A 10% reduction in paper consumption
    - A 7% reduction in water consumption
    - A 2% reduction in energy consumption
    - 20% of employees to 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)
- Improved environmental risk management systems in project finance (Equator Principles) and in determining borrower's credit profiles (Ecorating)
- BBVA continues to hold a standout position in 2009 at a global level in financing renewable energies.
- BBVA continues to support international initiatives to fight against climate change
- In the area of environmental patronage, the Group has ambitious programs of environmental support via the BBVA Foundation. Among these efforts is the Foundation's sponsorship of the Knowledge Frontier prize, endowed with €400,000 in the climate change category. The BBVA Foundation Frontiers of Knowledge Award in the Climate Change category was awarded at its second edition to the German physicist and mathematician Klaus Hasselmann (Hamburg, 1931) for developing methods that verify the present global warming trend as mainly attributable to human activity. In addition, in 2009 the BBVA Foundation launched the 5th edition of its environmental research grants in ecology and conservation biology, endowed with €3.6 million to finance 18 different research projects.
- In 2009, the BBVA Group supported initiatives such as the signing of the Copenhagen Statement on climate change or sponsoring the Carbon Disclosure Project at the Madrid Stock Exchange.

As of December 31, 2009, there were no items in BBVA's financial statements that warranted inclusion in the separate environmental information document set out in the Ministry of the Economy Order dated October 8, 2001.

15. FUTURE OUTLOOK

In the future, the main challenge for economic policy is sustaining the recovery and, therefore, deciding on the right time to withdraw the stimulus packages. This is crucial in the most advanced economies, which still show clear private consumption weakness and imbalances in public finances, difficult to sustain in the medium term.

Although global recovery is already a palpable fact, the challenges the global economy must face are still significant. In this way, 2010 is set to start with major challenges but also with great opportunities.

The BBVA Group has a very sound business model that is responding appropriately to these changes, and will allow the Group to thrive in a changing environment, combined with a new type of consumer and the revolution in information technologies. In this situation, the BBVA Group is confident, as it is in the best possible position regarding risk management, thereby being able to maneuver with more agility than its competitors.

16. FINANCING OUTLOOK

A basic principle of BBVA Group's liquidity management will continue to be to encourage the financial independence of its subsidiaries. During 2009, due to the decisive role that central banks assumed, liquidity conditions on interbank markets and medium-term markets improved considerably. In the case of BBVA, the positive trend of the business liquidity gap in 2009 allowed it to maintain an irrelevant presence on long-term financing markets. The Group holds onto its strong liquidity position, given the weight of retail deposits on the balance sheet structure. With a view to 2010, BBVA's current and potential liquidity sources significantly outweigh expected liquidity uses, enabling it to keep its strong position in this market.

In addition, within the framework of the policy implemented in recent years to strengthen its net worth position, the BBVA Group will at all times adopt the decisions it deems advisable to maintain a high degree of capital solvency. In particular, at the Annual General Meetings held on March 13, 2009, March 14, 2008 and March 18, 2006, the shareholders resolved to authorize a comprehensive program of common stock increases and debt security issues. The related resolutions can be summarized as follows:

- To delegate to the Board of Directors, in accordance with Article 153.1.b) of the Spanish Corporations Law, the power to increase common stock, on one or several occasions, by a maximum par value equal to 50% of the Company's subscribed and paid common stock at the date of the resolution, i.e. €918,252,434.6. Article 159.2 of the Corporations Act empowers the Board to exclude the preferred subscription right in relation to these share issues, although these powers will be limited to 20% of the Company's common stock. The directors have five years from the date of the General Meeting, i.e. March 13, 2009, to perform this common stock increase. So far, BBVA has not issued any shares under this authorization.

- To delegate to the Board of Directors, for a term of five years, authority to issue securities convertible to and/or exchangeable for shares of the institution for up to a maximum amount of €9,000 million; to establish the different aspects and conditions of each issue, including the authority to exclude or not exclude the pre-emptive subscription right; to determine the bases for and modalities of such conversions; and to increase the capital stock as required. Resolution adopted at the General Meeting held on March 14, 2008. By virtue of this authorization, the Board of Directors agreed at its meeting on July 27, 2009 to issue €2,000 million euros of convertible bonds, excluding the right to preferential subscription. This took place last September.

- To confer upon the Board of Directors, subject to the applicable legal provisions and to the obtainment of the required authorizations, the authority to issue, within the five-year maximum period stipulated by law, on one or several occasions, directly or through subsidiaries, with the full guarantee of the Bank, any type of debt instruments, documented in obligations, bonds of any kind, promissory notes, *cédula*-type bonds and warrants, that are totally or partially exchangeable for shares already issued by the Company or another company, or which can be settled in cash, or any other fixed-income securities, in euros or any other currency, that can be subscribed in cash or in kind, registered or bearer, unsecured or secured by any kind of collateral, including a mortgage guarantee, with or without incorporation of rights to the securities (warrants), subordinate or otherwise, for a limited or indefinite period of time, up to a maximum amount of €105,000 million.

Resolution was approved at the Annual General Meeting on March 18, 2006. This amount was increased by the resolutions adopted at General Meetings held on March 16, 2007, March 14 2008 and March 13, 2009, reaching a total of €235,000 million.

Securities class	Millions of euros
BBVA Shares (1)	918
Debt securities	235,000
Convertibles bonds (convertible to BBVA shares) (1)	9,000

(1) Resoluction adopted on the Annual General Meeting of BBVA Group, celebrated on March 13, 2009 and March 14, 2008 that delegates to the Board of Directors the power to issue shares that could affect the capital of the Group

17. OTHER INFORMATION

EXCEPTIONAL FACTORS

The exceptional factors occurring in 2009, as described in detail the section entitled "Economic environment in 2009" in this management report, shaped the performance of the global financial system and, by extension, the performance of the BBVA Group.

SIGNIFICANT CONTRACTS

The Group is not aware of the signature of any material contracts other than those executed during the Bank's ordinary course of business during the two years immediately ending December 31, 2009, except those aforementioned in the accompanying consolidated financial statements.

Nor is the Group aware that the Bank or any of the Group's subsidiaries have entered into contracts that could give rise to material liabilities for the Group.

PATENTS, LICENSES OR SIMILAR

At the time of preparing the accompanying consolidated annual accounts, the BBVA Group is not materially dependent on the issuance of patents, licenses, industrial, mercantile or financial contracts or on new manufacturing processes in carrying out its business purpose.

SUBSEQUENT EVENTS

Since January 1, 2010 until the preparation of these annual consolidated financial statements, no other significant events have taken place affecting the Group's results or its equity position.

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.

ANNUAL REPORT ON CORPORATE GOVERNANCE

PUBLICLY TRADED COMPANIES

ISSUER IDENTIFICATION

END OF BUSINESS YEAR: 31/DEC/2009

TAX ID NO.: A-48265169

Registered offices: BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

STANDARD ANNUAL REPORT ON 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.

A - OWNERSHIP STRUCTURE

A.1. Fill in the following table on the company's share capital:

Date of latest amendment	Share capital ( )	Number of shares	Number of voting rights
10/09/2007	1,836,504,869.29	3,747,969,121	3,747,969,121

Indicate if there are different classes of shares with different rights associated to them:

NO

A.2 List the direct and indirect owners of significant holdings in your company at year end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
MANUEL JOVE CAPELLAN	0	182,147,774	4.860

Name of indirect owner of holding	Through: Name of direct owner of holding	Number of direct voting rights	% of total voting rights
MANUEL JOVE CAPELLAN	BOURDET INVERSIONES SICAV, S.A.	19,573	0.001

Name of indirect owner of holding	Through: Name of direct owner of holding	Number of direct voting rights	% of total voting rights
MANUEL JOVE CAPELLAN	INVERAVANTE INVERSIONES UNIVERSALES, S.L.	182,128,201	4.859

Indicate the most significant movements in the shareholding structure during the year:

A.3. Fill in the following tables with the members of the company's board of directors with voting rights on company shares:

Name of director (person or company)	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
FRANCISCO GONZALEZ RODRIGUEZ	316,411	1,555,104	0.050
ANGEL CANO FERNANDEZ	277,153	0	0.007
CARLOS LORING MARTINEZ DE IRUJO	39,780	0	0.001
DON ENRIQUE MEDINA FERNANDEZ	32,262	1,214	0.001
IGNACIO FERRERO JORDI	2,916	52,126	0.001
JOSE ANTONIO FERNANDEZ RIVERO	50,805	0	0.001
JOSE MALDONADO RAMOS	61,053	0	0.002
JUAN CARLOS ALVAREZ MEZQUIRIZ	142,439	0	0.004
RAFAEL BERMEJO BLANCO	26,000	0	0.001
RAMON BUSTAMANTE DE LA MORA	10,302	2,032	0.000
ROMAN KNORR BORRAS	38,335	7,290	0.001
SUSANA RODRIGUEZ VIDARTE	16,781	2,384	0.001
TOMAS ALFARO DRAKE	9,233	0	0.000

Name of indirect owner of holding	Through: Name of direct owner of holding	Number of direct voting rights	% of total voting rights

Name of indirect owner of holding	Through: Name of direct owner of holding	Number of direct voting rights	% of total voting rights
FRANCISCO GONZALEZ RODRIGUEZ	BELEGAR INVERSIONES, S.L.	1,555,104	0.041
IGNACIO FERRERO JORDI	ESEO 20, S.L.	23,675	0.001
IGNACIO FERRERO JORDI	LEMPIRA, SICAV, S.A.	28,451	0.001
SUSANA RODRIGUEZ VIDARTE	BORJA LIZARRAGA RODRIGUEZ	596	0.000
ENRIQUE MEDINA FERNANDEZ	DESPACHO LEGAL, S.L.	793	0.000
ENRIQUE MEDINA FERNANDEZ	HORTENSIA MALO GONZALEZ	421	0.000
SUSANA RODRIGUEZ VIDARTE	JAIME LIZARRAGA RODRIGUEZ	596	0.000
RAMON BUSTAMANTE DE LA MORA	JAINALPIRA SICAV, S.A.	2,032	0.000
SUSANA RODRIGUEZ VIDARTE	PATRICIA LIZARRAGA RODRIGUEZ	596	0.000
ROMAN KNORR BORRAS	PILAR ALONSO BERASTEGUI	6,579	0.000
ROMAN KNORR BORRAS	RETAIL STORES, S.L.	711	0.000
SUSANA RODRIGUEZ VIDARTE	ROCIO LIZARRAGA RODRIGUEZ	596	0.000

% total voting rights held by Board of Directors	0.071

Fill in the following tables on the members of the Company's Board of Directors that hold rights over Company shares:

Name of director (person or company)	No. direct option rights	No. indirect option rights	No. equivalent shares	% of total voting rights
FRANCISCO GONZALEZ RODRIGUEZ	1,200,000	0	1,200,000	0.032
FRANCISCO GONZALEZ RODRIGUEZ	215,000	0	0	0.006

Name of director (person or company)	No. rights option direct	No. rights option indirect	No. shares equivalent	% of total of rights of vote
ANGEL CANO FERNANDEZ	131,707	0	0	0.004
JOSE MALDONADO RAMOS	29,024	0	0	0.001

A.4.Where applicable, indicate 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, indicate any family, trading, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or 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:

NO

Indicate whether the company knows the existence of concerted actions amongst its shareholders. If so, describe them briefly.

NO

If there has been any alteration or breakdown of said pacts or agreements or concerted actions, indicate this expressly:

A.7. Indicate whether any person or organisation exercises or may exercise control over the company pursuant to article 4 of the Securities Market Act. If so, identify names:

NO

A.8. Fill in the following tables regarding the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	% total of share capital
8,900,623	7,741,431	0.444

(*) Through:

Name of direct shareholder (person or organisation)	Number of direct shares
BANCO BILBAO VIZCAYA ARGENTARIA, S.A	8,900,623
CORPORACION GENERAL FINANCIERA, S.A.	7,740,902
CONTINENTAL BOLSA,SAB	529

Total	16,642.05 4

List significant changes occurring during the year, pursuant to royal decree 1362/2007:

Date of communication	Total direct shares acquired	Total shares indirect acquired	total %of share capital
08/JAN/2009	4,344,599	57,449,112	1.649
16/JAN/2009	13,074,275	57,548,225	1.884
02/FEB/2009	10,525,127	65,703,836	2.034
04/MAR/2009	6,850,358	78,353,886	2.274
03/APR/2009	15,168,185	75,054,878	2.408
20/APR/2009	542,160	10,039,961	0.282
18/MAY/2009	5,026,243	43,722	0.135
22/JUN/2009	16,794,554	4,578,956	0.570

Date of communication	Total direct shares acquired	Total shares indirect acquired	total %of share capital
14/07/2009	10,154,536	3,390,713	0.361
19/08/2009	3,834,073	2,032,156	0.156
02/10/2009	3,025,796	3,990,389	0.187
15/10/2009	1,729,012	7,280,539	0.240
10/11/2009	8,338,080	9,683,790	0.480
16/12/2009	14,816,341	12,605,137	0.731

Capital gain/(loss) on treasury stock divested during the period (k)	-238.203

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, 13th March 2009, under agenda item seven:

"1.- Repealing the part not executed from the resolution adopted at the Annual General Meeting, 14th March 2008, under its agenda item seven, 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 on as many occasions as it deems appropriate, by any means permitted by law. The purchase may be charged to the year's earnings and/or to unrestricted reserves and the shares may be sold or redeemed at a later date. All this shall comply with article 75 and others of the Companies Act.

2.- To approve the limits or requirements of these acquisitions, which shall be as follows:

- The nominal value of the shares acquired, added to those that the Bank and its subsidiaries already own, may at no time exceed five percent (5%) of the Banco Bilbao Vizcaya Argentaria, S.A. share capital, or, where applicable, the maximum amount authorised under prevailing legislation at any time. In all cases, such acquisition will respect the limits on treasury stock established by the regulatory authorities on the markets where Banco Bilbao Vizcaya Argentaria, S.A. shares are listed for trading.

- 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 shares 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.- Reduce share capital in order to redeem such treasury stock as the Bank may hold on its Balance Sheet, charging this to profits or unrestricted reserves and to the amount which is appropriate or necessary at any time, up to the maximum value of the treasury stock held at any time.

5.- Authorise the board, 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 five years 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 powers, within the deadlines and limits established for the aforementioned implementation, to establish the date(s) of each capital reduction, its timeliness and appropriateness, taking into account market conditions, listed price, the Bank's economic and financial position, its cash position, reserves and business performance and any other factor relevant to the decision. It may specify the amount of the capital reduction; determine where to credit said amount, either to a restricted reserve or to freely available reserves, where relevant, providing the necessary guarantees and complying with legally established requirements amend article 5 of the company bylaws to reflect the new figure for share capital; request de-listing of the redeemed stock and, in general, adopt such resolutions as necessary regarding this redemption and the consequent capital reduction, designating the people able to formalise these actions.'

A.10 Indicate, where applicable, any legal or bylaw restriction on the exercise of voting rights, and legal restriction on the acquisition and/or transfer of shares in the company's capital. Indicate whether there are any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise under the legal restriction	0

Indicate whether there are any bylaw restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise under a bylaw restriction	0

Indicate whether there are legal restrictions on the acquisition or transfer of shares in the company's capital:

YES

Description of the legal restrictions on the acquisition or transfer of shares in the company's capital:
Compliant with the provisions of articles 56 and following in Act 26/1988, 9th July, on discipline and oversight in financial institutions, amended by Act 5/2009, 29th June, which establishes that any individual or corporation, acting alone or in concert with others, intending to directly or indirectly acquire a significant holding in a Spanish financial institution (as defined in article 56 of the aforementioned Act 26/1998) or to directly or indirectly increase their holding in one in such a way that either the percentage of voting rights or of capital owned were equal to or more than 20, 30 or 50%, or by virtue of the acquisition, might take control over the financial institution, must first notify the Bank of Sp ain. The Bank of Spain will have 60 working days after the date on which the notification was received, to evaluate

Description of the legal restrictions on the acquisition or transfer of shares in the company's capital:
the transaction and, where applicable, challenge the proposed acquisition on the grounds established by law.

A.11. Indicate whether the General Meeting has approved measures to neutralise a public takeover bid, pursuant to Act 6/2007.

NO

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient:

B - THE COMPANY'S GOVERNANCE STRUCTURE

B.1. Board of Directors

B.1.1. List the maximum and minimum number of directors established in the bylaws:

Maximum number of directors	15
Minimum number of directors	5

B.1.2. Fill in the following table on the board members:

Name of the director	Representative	Post in Board	Date First appointment	Date Last appointment	Election Procedures
FRANCISCO GONZALEZ RODRIGUEZ	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	CHAIRMAN & COO	28/01/2000	26/02/2005	VOTE IN GENERAL MEETING
ANGEL CANO FERNANDEZ	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	PRESIDENT &COO	29/09/2009	29/09/2009	COOPTION
CARLOS LORING MARTINEZ DE IRUJO	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR	28/02/2004	18/03/2006	VOTE IN GENERAL MEETING

Name of the director	Representative	Post in Board	Date First appointment	Date Last appointment	Election Procedures
DON ENRIQUE MEDINA FERNANDEZ	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR	28/JAN/2000	13/MAR/2009	VOTE IN GENERAL MEETING
IGNACIO FERRERO JORDI	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR	28/JAN/2000	26/FEB/2005	VOTE IN GENERAL MEETING
JOSE ANTONIO FERNANDEZ RIVERO	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR	28/FEB/2004	13/MAR/2009	VOTE IN GENERAL MEETING
JOSE MALDONADO RAMOS	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR	28/JAN/2000	13/MAR/2009	VOTE IN GENERAL MEETING
JUAN CARLOS ALVAREZ MEZQUIRIZ	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR	28/JAN/2000	18/MAR/2006	VOTE IN GENERAL MEETING
RAFAEL BERMEJO BLANCO	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR	16/MAR/2007	16/MAR/2007	VOTE IN GENERAL MEETING
RAMON BUSTAMANTE DE LA MORA	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR	28/JAN/2000	26/FEB/2005	VOTE IN GENERAL ACCIONISTAS
ROMAN KNORR BORRAS	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR	28/MAY/2002	14/MAR/2008	VOTE IN GENERAL MEETING
DOÑA SUSANA RODRIGUEZ VIDARTE	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR	28/MAY/2002	18/MAR/2006	VOTE IN GENERAL MEETING
DON TOMAS ALFARO DRAKE	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR	18/MAR/2006	18/MAR/2006	VOTE IN GENERAL MEETING

Total number of directors	13

Indicate which directors have left their seat on the board during the period:

Name of director (person or company)	Type of directorship at time of severance	Date of leaving

Name of director (person or company)	Type of directorship at time of severance	Date of leaving
RICHARD BREEDEN	INDEPENDENT	13/MAR/2009
JOSE IGNACIO GOIRIGOLZARRI TELLAECHE	EXECUTIVE	29/AUG/2009

B.1.3.Fill in the following tables on the Board members and their different kinds of directorship:

EXECUTIVE DIRECTORS

Name of director	Committee that proposed their appointment	Post in organisation of the company
FRANCISCO GONZALEZ RODRIGUEZ	--	CHAIRMAN & CEO
ANGEL CANO FERNANDEZ	--	PRESIDENT & COO

Total number of executive directors	2
% of total directors	15.385

EXTERNAL NOMINEE DIRECTORS

INDEPENDENT EXTERNAL DIRECTORS

Name of director (person or company)

CARLOS LORING MARTINEZ DE IRUJO

Profile

CHAIRMAN OF THE BOARD'S APPOINTMENTS & REMUNERATION COMMITTEE. SPECIALIST IN CORPORATE GOVERNANCE. OTHER RELEVANT POSTS: PARTNER AT ABOGADOS GARRIGUES LAWFIRM.

READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID

Name of director (person or company)

ENRIQUE MEDINA FERNANDEZ

Profile

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.

READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID

Name of director (person or company)

IGNACIO FERRERO JORDI

Profile

MANAGING DIRECTOR OF NUTREXPA Y LA PIARA.
CHAIRMAN OF ANETO NATURAL.
READ LAW AT UNIVERSIDAD DE BARCELONA.

Name of director (person or company)

JOSE ANTONIO FERNANDEZ RIVERO

Profile

CHAIR OF APPOINTMENTS & REMUNERATION COMMITTEE.
OTHER RELEVANT POSTS: GENERAL MANAGER OF THE GROUP UNTIL JANUARY 2003. HAS BEEN DIRECTOR REPRESENTING BBVA ON THE BOARDS OF: TELEFÓNICA, IBERDROLA, BANCO DE CRÉDITO LOCAL, AND CHAIRMAN OF ADQUIRA.
READ ECONOMICS AT UNIVERSIDAD DE SANTIAGO DE COMPOSTELA

Name of director (person or company)

JUAN CARLOS ALVAREZ MEZQUIRIZ

Profile

MANAGING DIRECTOR OF GRUPO EULEN, S.A.
READ ECONOMIC AND BUSINESS SCIENCES AT UNIVERSIDAD COMPLUTENSE DE MADRID.

Name of director (person or company)

RAFAEL BERMEJO BLANCO

Profile

CHAIR OF AUDIT & COMPLIANCE COMMMITTEE. CHAIRMAN OF INSTITUTO DE CREDITO OFICIAL (1978-1982). TECHNICAL COMPANY SECRETARY AND GENERAL MANAGER OF BANCO POPULAR (1999-2004).
READ INDUSTRIAL ENGINEERING AT ETS MADRID

Name of director (person or company)

RAMON BUSTAMANTE DE LA MORA

Profile

WAS DIRECTOR AND GENERAL MANAGER AND NON-EXECUTIVE VICE-PRESIDENT OF ARGENTARIA, AND CHAIRMAN OF UNITARIA.
OTHER RELEVANT POSTS: VARIOUS POSTS OF RESPONSIBILITY IN BANESTO;
READ ECONOMIC AND BUSINESS SCIENCES AT UNIVERSIDAD COMPLUTENSE DE MADRID.

Name of director (person or company)

ROMAN KNORR BORRAS

Profile

CHAIRMAN OF THE OFFICIAL ALAVA CHAMBER OF COMMERCE AND INDUSTRY SINCE MARCH 2006.
OTHER RELEVANT POSTS: WAS CHAIRMAN OF THE BASQUE INDUSTRIAL CONFEDERATION, (CONFEBASK) AND MEMBER OF EXECUTIVE COMMITTEE AND MANAGEMENT BOARD OF SPANISH INDUSTRIAL CONFEDERATION (CEOE).
STUDIED COMMERCIAL MANAGEMENT, MARKETING AND ADVERTISING IN VARIOUS INSTITUTIONS IN SAN SEBASTIAN AND BARCELONA.

Name of director (person or company)

SUSANA RODRIGUEZ VIDARTE

Profile

WAS DEAN OF THE ECONOMIC AND BUSINESS SCIENCES FACULTY, "LA COMERCIAL", DEUSTO UNIVERSITY 1996-2009. IS MEMBER OF THE ACCOUNTS & ACCOUNTS AUDITING INSTITUTE
DOCTOR IN ECONOMIC AND BUSINESS SCIENCES FROM DEUSTO UNIVERSITY.

Name of director (person or company)

TOMAS ALFARO DRAKE

Profile

DIRECTOR OF THE DEGREE COURSE ON BUSINESS MANAGEMENT AND ADMINISTRATION AT UNIVERSIDAD FRANCISCO DE VITORIA SINCE 1998.
READ ENGINEERING AT ICAI

Total number of independent directors	10
% of total directors	76.923

OTHER EXTERNAL DIRECTORS

Name of director (person or company)	Committee proposing appointment
JOSE MALDONADO RAMOS	--

Total number of other external directors	1
% of total directors	7.692

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.

Name of director (person or company)

JOSE MALDONADO RAMOS

Company, manager or shareholder with whom affiliated

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Reasons

Mr José Maldonado Ramos was Company and Board Secretary of BBVA until 22nd December 2009, when the Board resolved his retirement as executive in the Company. Thus, pursuant to article 1 of the Board Regulations, Mr Maldonado is an external director of the Bank.

Indicate any changes that may have occurred during the period in the type of directorship of each director:

Name of director (person or company)	Date of change	Previous condition	Current condition
JOSE MALDONADO RAMOS	22/DEC/2009	EXECUTIVE	OTHER EXTERNAL

B.1.4. Explain, where applicable, the reasons why nominee directors have been appointed at the behest of a shareholder whose holding is less than 5% of the capital.

Indicate whether formal petitions for presence 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.

NO

B.1.5. Indicate if any director has stood down before the end of his/her term in office, if the director has explained his/her reasons to the board and through which channels, and if the director sent a letter of explanation to the entire board, explain below, at least the reasons that he/she gave:

YES

Name of shareholder

JOSE IGNACIO GOIRIGOLZARRI TELLAECHE

Reason for leaving

Pursuant to the provisions of article 4 of the Board Regulations, on 29th September 2009, the former president & COO submitted a letter to all the Board members informing them of his intention to agree his early retirement as president & COO with the Bank and, consequently, present his resignation as director. The Board was notified of this letter at its meeting that same day, when it resolved the early retirement as president & COO of Mr José Ignacio Goirigolzarri Tellaeche who, consequently, presented his resignation as director with the Bank. This event was reported to the securities market authority (CNMV) as a Relevant Event filing.

B.1.6. Indicate any powers delegated to the managing directors(s):

Name of director (person or company)

ANGEL CANO FERNANDEZ

Brief description

HOLDS BROAD RANGING POWERS OF REPRESENTATION AND ADMINISTRATION IN KEEPING WITH THE CHARACTERISTICS AND NEEDS OF THE POST OF PRESIDENT & COO IN THE COMPANY THAT HE OCCUPIES

Name of director (person or company)

FRANCISCO GONZALEZ RODRIGUEZ

Brief description

HOLDS BROAD RANGING POWERS OF REPRESENTATION AND ADMINISTRATION IN KEEPING WITH THE CHARACTERISTICS AND NEEDS OF THE POST OF CHAIRMAN & CEO IN THE COMPANY THAT HE OCCUPIES

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:

Director's name (person or organisation)	Name of the Group company	Post
FRANCISCO GONZALEZ RODRIGUEZ	BBVA BANCOMER, S.A.	DIRECTOR
FRANCISCO GONZALEZ RODRIGUEZ	GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	DIRECTOR
ANGEL CANO FERNANDEZ	BBVA BANCOMER, S.A.	DIRECTOR
ANGEL CANO FERNANDEZ	CHINA CITIC BANK CORPORATION LIMITED (CNCB)	DIRECTOR
ANGEL CANO FERNANDEZ	GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	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:

YES

Explanation of the rules
Article 11 of the Board Regulations establishes that In the performance of their duties, directors shall be subject to the incompatibility regime established under current legislation and in particular under Act 31/1968, 27th July, on senior-management incompatibilities in the private-sector banking industry. This establishes the maximum number of boards to which a bank director may belong. 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. Directors of the Bank shall not hold office in any company in which it holds an interest or in any company of its Group. By way of exception, executive directors may, at the proposal of the Bank, take up directorships in companies directly or indirectly controlled by the Bank with the approval of the Executive committee, and in other associate companies with the approval of the Board of Directors. Loss of the office of executive director carries an obligation to resign from any office in a subsidiary or associate company that is held by virtue of such directorship. Non-executive directors may hold office in the Bank's associate companies or in any other Group company provided 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:

The investment and funding policy	YES
The definition of how the Group companies are structured	YES
The corporate governance policy	YES
The corporate social responsibility policy	YES
The strategic or business plan and the annual management and budgetary targets	YES
The policy for senior managers' remuneration and performance assessment	YES
The policy for overseeing and managing risks, and the periodic monitoring of the internal information and oversight systems.	YES
The pay-out policy and the treasury-stock policy, especially their limits	YES

B.1.11 Fill in the following tables on the aggregate remuneration of directors accruing during the year:

a) In the company covered in this report:

Remuneration item	**Data in thousand euros**
Fixed remuneration	7,701
Variable remuneration	8,348
Per diem	0
Bylaw perquisites	0
Share and other financial options	7,233
Others	875
Total	24,157

Other benefits	**Data in thousand euros**

Other benefits	Data in thousand euros
Advances	0
Credits granted	806
Funds and pension schemes: Contributions	0
Funds and pension schemes Obligations contracted	175,713
Life-insurance premiums	0
Guarantees constituted by the company for the directors	0

b) For company directors sitting on other boards of directors and/or belonging to the senior management of group companies:

Remuneration item	Data in thousand euros
Fixed remuneration	0
Variable remuneration	0
Per diem	0
Bylaw perquisites	0
Share and other financial options	0
Other	0

Total	0

Other benefits	Data in thousand euros
Advances	0
Credits granted	0
Funds and pension schemes Contributions	0
Funds and pension schemes Obligations contracted	0
Life-insurance premiums	0
Guarantees constituted by the company for the directors	0

c) Total remuneration by type of directorship:

Type of directorship	By company	By group
Executives	20,150	0
External nominee directors	0	0
Independent external directors	4,007	0
Other external directors	0	0
total	24,157	0

d) Regarding the attributable profit of the dominant company

Total remuneration of all directors (k)	24,157
Total remuneration all directors/attributable profit of dominant company (expressed as %)	0.6

B.1.12 Identify the members of the senior management that are not also executive directors, and indicate the total remuneration accruing to their name during the year:

Name (individuals or companies)	Post
VICENTE RODERO RODERO	SOUTH AMERICA
JUAN ASUA MADARIAGA	SPAIN & PORTUGAL
EDUARDO ARBIZU LOSTAO	LEGAL SERVICES, TAX SERVICES, AUDIT & COMPLIANCE
JOSE MARIA GARCÍA MEYER-DOHNER	UNITED STATES
MANUEL GONZALEZ CID	FINANCE DEPARTMENT
JOSE BARREIRO HERNANDEZ	WHOLESALE BANKING/ASSET MANAGEMENT
IGNACIO DESCHAMPS	MEXICO
JUAN IGNACIO APOITA GORDO	HUMAN RESOURCES & SERVICES

Name (individuals or companies)	Post
GREGORIO PANADERO ILLERA	COMMUNICATION & BRANDING
RAMÓN MARÍA MONELL VALLS	INNOVATION & TECHNOLOGY
CARLOS TORRES VILA	CORPORATE STRATEGY & DEVELOPMENT
DON MANUEL CASTRO ALADRO	RISKS

Total remuneration senior management (k)	24,501

B.1.13 Identify on an aggregate basis whether there are ring-fencing or guarantee clauses in the event of severance or changes of control in favour of members of the senior management, including executive directors, of the company or of its group. Indicate whether these contracts must be disclosed and/or approved by the company or group governance bodies:

Number of beneficiaries	11

	Board of Directors	General Meeting
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, pursuant to article 33 of the Board Regulations, at the proposal of the Appointments & Remuneration committee, made up by external directors. Section b) of article 17 of the board regulations establishes that the board reserves the powers to approve the 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 any sums that must be charged to provisions and depreciation.

Process to establish remuneration of board members and the relevant bylaw clauses

The resulting profit, after the allocations referred to in the previous paragraph, will 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 of the bylaws.

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 drawn after the shareholders have been allocated the minimum dividend of four per cent indicated in the previous paragraph.'

Article 50 b of the BBVA bylaws establishes the following for executive directors:

'Article 50 b

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 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 severance not due to dereliction of duties, the directors will be entitled to compensation.'

Thus, the Bank's General Meeting of shareholders, 13th March 2009, adopted a Multi-annual Variable Remuneration Programme in Shares for 2009 and 2010. The Programme allocates each beneficiary (members of the senior management, including executive directors and members of the BBVA Management committee) a number of units, in accordance with their levels of responsibility, which, at the end of the Programme may give rise to the delivery of ordinary shares in BBVA as a function of BBVA's TSR performance benchmarked against a peer group.

Under the BBVA Board Regulations, the Appointments & 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 Appointments & Remuneration committee, which must comprise only external directors (and currently comprises only independent directors), annually determines the updating of the fixed and variable remuneration of the executive directors and establishes the targets applicable to them in order to determine 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 for the Company directors that is not applicable to the executive directors. The system determines a

Process to establish remuneration of board members and the relevant bylaw clauses
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, adopted 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 full has reserved powers to approve the following resolutions.

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.	YES
Directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that their contracts must include.	YES

B.1.15. Indicate whether the board of directors approves a detailed remuneration policy and explain on which issues it pronounces its opinion:

YES

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	YES
Variable remuneration items	YES
Main specifications of the pension schemes, with an estimate of their amount or equivalent annual cost.	YES
Conditions that the contracts of executive directors in senior management must respect	YES

B.1.16 Indicate whether the Board puts to vote at the General Meeting, as a separate item on the agenda, and by way of consultation, a report on the directors' remuneration. If so, explain the aspects of the report with respect to the remuneration policy adopted by the Board for future years, the most significant changes in such policies compared to those applied during the year and an overall summary of how the remuneration policy was applied during the year. Give details of the role played by the Remuneration Committee and if any external advisory services were used, the identity of the external consultants:

NO

Matters governed by 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. 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 directors of BBVA, including their fixed remuneration and the remuneration scheme for remuneration through deferred delivery of shares; the evolution of the total remuneration of the Board and future policy, thereby offering maximum transparency in this matter. However, given that Spanish legislation does not establish how a consultation vote at a general meeting would operate, the Board Regulations do not recognise it as a possibility.

Role of the Remuneration Committee
The duties of the Appointments & Remuneration committee regarding remuneration are covered in the Board Regulations. They are as follows: - It proposes 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 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. - 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.

Has the Company used external consultants?	YES

Identity of external consultants.
Towers Watson

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:

Where applicable, list the relevant relationships other than those covered in the previous point, between members of the Board of Directors and any significant shareholders and/or companies within its group:

B.1.18. Indicate whether during the year there has been any change in the board regulations:

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.

Appointment:

Articles 2 and 3 of the Board Regulations stipulate that members shall be appointed to the Board by the General Meeting 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 work out 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 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 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 directorship at the disposal of the board and accept its decision regarding their continuity in office. If its decision is negative, they are obliged to tender their resignation under the circumstances listed in section B.1.20 below.

Directors will resign their positions on reaching 70 years of age. They must present their resignation at the first meeting of the Bank's board of directors after the General Meeting that approves the accounts for the year in which they reach this age.

B.1.20. Indicate the circumstances under which directors are obliged to resign.

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

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. Under the company bylaws, the chairman shall, in all cases, shall be the highest-ranking representative of the Company.

Measures to limit risks
However, under article 45 and 46 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 transactions, determining methods and conditions; to arrange inspections and internal or external audits of all areas of operation of the entity; and in general to exercise the faculties delegated to it by the board of directors.' Likewise, article 49 of the bylaws establishes that the Company has a president and chief operating officer. He/she has broad-ranging powers delegated by the Board, with the powers inherent to this post to administer and represent the Company. The heads of all the Company's business areas and the Company's support areas report to him/her. Finally, the Board has the support of various committees to help it better perform its duties. These include the Audit & Compliance committee, the Appointment and Remuneration committee and the Risks committee. They help the Board on issues corresponding to business within the scope of their powers. Their composition and the rules governing their organisation and working are given in section B.2.3.

Indicate and, as applicable, explain if rules have been established to empower one of the independent directors to request board meetings be called or new items be included on the agenda, to coordinate and voice the concerns of external directors and direct the evaluation by the Board of Directors

NO

B.1.22. Are reinforced majorities required, other than the legal majorities, for any type of resolution?

NO

Indicate how resolutions are adopted in the board of directors, giving at least the minimum quorum for attendance and the type of majorities required to adopt resolutions:

Description of resolution :

1) Appointment of an Executive committee and appointment of President & Chief Operating Officer

Quorum	%
Half plus one of its members, present or represented	50.01

Type of majority	%
Favourable vote of 2/3 of members	66.66

Description of resolution :
Other resolutions

Quorum	%
Half plus one of its members, present or represented	50.01

Type of majority	%
Absolute majority of votes present of represented.	50.1

B.1.23. Explain whether there are specific requirements, other than those regarding directors, to be appointed chairman?

NO

B.1.24. Indicate whether the chairman has a casting vote:

NO

B.1.25. Indicate whether the bylaws or the Board regulations establish any age limit for directors:

YES

Age limit for chairman	Age limit for managing director	Age limit for directors
0	0	70

B.1.26. Indicate whether the bylaws or the Board regulations establish any limit for independent directors' term of office:

YES

Maximum number of years in office	12

B.1.27. If there are few or no female directors, explain the reasons and the initiatives adopted to correct the situation

Explanation of reasons and initiatives
Article 3 of the board regulations establishes that the proposals that

Explanation of reasons and initiatives
the board submits to the Company's General Meeting for the appointment or re-election of directors and the resolutions to co-opt directors made by the board of directors 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. 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 if there are few or no women on the Board, 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 to ensure there are no implicit biases hindering the selection of female directors, and deliberately seeks candidates meeting the required profile:

NO

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.

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	14
Number of board meetings not attended by the chairman	0

Indicate the number of meetings the board's different committees have held during the year.

Number of Executive committee meetings	18
Number of Audit committee meetings	13
Number of Appointments & Remuneration committee meetings	12
Number of Appointments committee meetings	0
Number of Remuneration committee meetings	0

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	3
% of number of non-attendances to total votes during the year	1,613

B.1.31. Indicate whether the individual and consolidated financial statements presented to the board's approval are certified beforehand:

NO

If so, 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 Group. The following are included within the scope of its duties: Supervising the sufficiency, adequacy and effectiveness of the internal oversight systems and to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in the annual and quarterly reports. This also applies to the accounting and financial information required by the Bank of Spain or other regulatory bodies of countries where the Group operates.

The Committee 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. The committee will also require the auditors, at least once each year, to assess the quality of the Group's internal oversight procedures.

The committee shall also be apprised of any infractions, situations requiring corrections, or anomalies of relevance that may be detected while the external audit is being carried out. Relevance shall mean any 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?

NO

B.1.34 Explain the procedures for the appointment and severance of the company secretary, indicating whether the appointment and severance have been reported on by the Appointments committee and adopted in the plenary session of the Board.

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.

Does the Appointment committee report on his/her appointment	YES
Does the Appointment committee have a say in his/her severance?	YES
Does the board in full approve the appointment?	YES
Does the board in full approve the severance?	YES

Does the secretary of the board have the duty to take special care in overseeing good governance recommendations?

YES

Observations
Article 23 of the Board Regulations establishes that the secretary, as well as performing the duties attributed by law and by the Company bylaws, shall be concerned with the formal and material legality of the Board's actions, ensuring they are in compliance with the Company 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:

NO

Outgoing auditor	Incoming auditor

If there were disagreements with the outgoing auditor, explain their grounds:

NO

B.1.37. Indicate whether the audit firm does other work for the company and/or its group other than the audit. If so, declare the amount of fees received for such work and the percentage of such fees in the total fees charged to the company and/or its group:

YES

	Company	Group	Total
Amount for jobs other than audit (k)	952	1,077	2,029
Amount for jobs other than audit/Total invoiced by audit firm (as %)	12.290	8.520	9.950

B.1.38. Indicate whether the audit report on the annual financial statements for the previous year contained reservations or qualifications. If so, indicate the reasons given by the chairman of the Audit committee to explain the content and scope of such reservations or qualifications.

NO

B.1.39. Indicate the number of 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	7	7

	Company	Group
Number years audited by current audit firm/no. yrs company has been audited (as %)	77.7	77.7

B.1.40. Indicate the holdings of the company's board members in the capital of institutions that have the same, an equivalent or a supplementary kind of activity to that of the corporate object of the company and its group, that have been communicated to the company. Indicate the posts or duties they exercise in these institutions:

Name (person or organisation) of director	Name of institution	% holding	Post or functions
ENRIQUE MEDINA FERNANDEZ	BANCO POPULAR ESPAÑOL, S.A.	0.000	--
ENRIQUE MEDINA FERNANDEZ	BANKINTER, S.A.	0.000	--
IGNACIO FERRERO JORDI	BNP PARIBAS	0.000	--
RAFAEL BERMEJO BLANCO	BANCO POPULAR ESPAÑOL, S.A.	0.000	--
RAFAEL BERMEJO BLANCO	BANCO SANTANDER, S.A.	0.000	--

B.1.41. Indicate and, where applicable, give details on the existence of a procedure for directors to receive external advisory services:

YES

Details on procedures
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. The Audit & Compliance committee, pursuant to article 31 of the Board Regulations, may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence. 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 necessary information to prepare the meetings of the governing bodies with sufficient time:

YES

Details on procedures
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. Exercise of these rights shall be channelled through the chairman and/or secretary of the 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

Explanation of the rules
Article 12 of the Board Regulations states 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. 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 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.1.44. Indicate whether any board member has informed the company of being sued or having any court proceedings opened against him or her for any of the offences listed in article 124 of the Companies Act:

NO

Indicate whether the board of directors has analysed the case. If so, explain the grounds for the decision reached as to whether or not the director should remain on the board.

NO

Decision reached	Explanation of grounds

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 GONZALEZ RODRIGUEZ	CHAIR	EXECUTIVE
ANGEL CANO FERNANDEZ	MEMBER	EXECUTIVE
ENRIQUE MEDINA FERNANDEZ	MEMBER	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	INDEPENDENT
JUAN CARLOS ALVAREZ MEZQUIRIZ	MEMBER	INDEPENDENT
ROMAN KNORR BORRAS	MEMBER	INDEPENDENT

Audit committee

Name	Post	Type
RAFAEL BERMEJO BLANCO	CHAIR	INDEPENDENT
CARLOS LORING MARTINEZ DE IRUJO	MEMBER	INDEPENDENT

Name	Post	Type
RAMON BUSTAMANTE DE LA MORA	MEMBER	INDEPENDENT
SUSANA RODRIGUEZ VIDARTE	MEMBER	INDEPENDENT
TOMAS ALFARO DRAKE	MEMBER	INDEPENDENT

APPOINTMENTS & RENUMERATION COMMITTEE

Name	Post	Type
CARLOS LORING MARTINEZ DE IRUJO	CHAIR	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	INDEPENDENT
JUAN CARLOS ALVAREZ MEZQUIRIZ	MEMBER	INDEPENDENT
SUSANA RODRIGUEZ VIDARTE	MEMBER	INDEPENDENT

RISKS

Name	Post	Type
JOSE ANTONIO FERNANDEZ RIVERO	CHAIR	INDEPENDENT
ENRIQUE MEDINA FERNANDEZ	MEMBER	INDEPENDENT
JOSE MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
RAFAEL BERMEJO BLANCO	MEMBER	INDEPENDENT
RAMON BUSTAMANTE DE LA MORA	MEMBER	INDEPENDENT

B.2.2.Mark with a cross the duties assigned to the Audit committee.

Supervise the process used to draft and establish the integrity of the company's and, where applicable the Group's financial reporting, reviewing compliance with regulatory standards, suitable delimitation of the consolidation perimeter and correct application of accounting standards.	YES
Periodically review the systems of internal risk management and oversight to ensure the main risks are identified, managed and sufficiently well known.	YES
Ensure the independence and efficacy of the internal audit; propose the selection, appointment, re-election and severance of the internal audit officer; propose the budget for the service; receive periodic information on their activities; and verify that the senior management pay due heed to the conclusions and recommendations of their reports	YES

Establish and supervise a mechanism to permit employees to report, in a confidential and, if deemed appropriate, anonymous manner, any irregularities that may be important, especially related to finance and accounts, noticed within the company.	**YES**
Put to the Board the proposals for selection, appointment, re-election and substitution of the external auditor and the terms and conditions of engagement.	YES
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.	YES
Ensure the independence of the external auditor	YES
In the Group, to help the Group auditor take responsibility for the auditing of the companies comprising it.	YES

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.

Name of committee

APPOINTMENTS & RENUMERATION COMMITTEE

Brief description

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.

In this respect, 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.- 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 if there are few or no women on the Board, women who display the professional profile being sought after are included on the shortlists.

Likewise, 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 committee shall 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.

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 remuneration 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.'

Name of committee

EXECUTIVE COMMITTEE

Brief description

B.2.3.1 Executive Committee

Article 26 of the Board Regulations establishes the following:

'In accordance with Company bylaws, the Board of Directors may appoint an Executive committee, once two-thirds of its members vote for it and record of the resolution is duly filed at the Companies Registry. It 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 Company 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 of the results it has obtained, taking into account any regulations that may be passed and recommendations made regarding best market practices, adapting these to the company's specific circumstances.'

Additionally, article 28 of the Board Regulations establishes the following rules regarding the committee's organisation and 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, 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.'

Name of committee

AUDIT COMMITTEE

Brief description

B.2.3.2 Audit & Compliance Committee

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 necessary 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 Company 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 supervise the accounting and financial information that the Bank of Spain or other regulators from Spain and abroad may require, including those in countries where the Group operates.

- Oversee compliance with applicable national and international regulations on matters related to money laundering, conduct on the securities markets, data protection and the scope of Group activities with respect to anti-trust regulations. Also to ensure that any requests for action or information made by official authorities in these matters are dealt with in due time and in due form.

- Ensure that the internal codes of ethics and conduct and securities market trading, as they apply to Group personnel, comply with legislation and are properly suited to the Bank.

- 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 these 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.

Executives heading the Accounts & Consolidation, Internal Audit and Regulatory Compliance departments can be invited to attend its meetings and, at the request of these executives, other staff from these departments who have particular knowledge or responsibility in the matters contained in the agenda, can also be invited when their presence at the meeting is deemed appropriate. However, only the committee members and the secretary 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 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, and with whatever the specific regulations for this Committee may establish.´

Name of committee

RISKS COMMITTEE

Brief description

B.2.3.4 Risks Committee

The Board Regulations establish the following:

´Article 35. Composition

The Risks 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' Risks 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 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, and whatever is established in the specific regulations of this Committee.´

B.2.4. Indicate the powers of advice, queries and, where applicable, proxies for each of the commissions:

Name of committee

APPOINTMENTS & RENUMERATION COMMITTEE

Brief description

SEE B.2.3.3

Name of committee

EXECUTIVE COMMITTEE

Brief description

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.

Article 46 of the bylaws establishes the following:

'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 of Directors 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:

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; determine the volume of investment in each individual activity; approve or reject transactions, determining methods and conditions; arrange inspections and internal or external audits of all areas of operation of the entity; and in general to exercise the faculties delegated to it by the board of directors.'

Any investment or divestment worth over €50m must be submitted to Executive committee approval.

The duties of this committee are detailed in section B.2.3.1.

Name of committee

Audit committee

Brief description

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 corporation.

The Audit committee shall have, as a minimum, the following powers:

a) to report, at the AGM on issues that shareholders bring up there regarding matters within the scope of its powers.

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.

c) to supervise internal auditing services.

d) to be apprised of the financial information process and the internal control systems.

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.

The duties of this committee are detailed in section B.2.3.2.

Name of committee

FOR RISKS

Brief description

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 detailed in section B.2.3 of this report, include specific sections for each committee, regulating their composition, duties and operation. The Chair of the Appointments & Remuneration committee presented a report to the BBVA Board of Directors on its activities during 2009, describing the tasks carried out with respect to the pay of executive and non-executive directors, the annual report on the Board remuneration policy, the appointments, re-elections and severances of directors and other matters, such as the review of the standing of the independent directors.

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 2009, 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 chair of the Audit committee presented the Board of Directors a report on its activities, describing the tasks the committee carried out with respect to its duties and, especially, with respect to the financial statements of the Bank and its Group, its work with the Group's external auditors and the core features of the external audit plan for 2009, the monitoring of the internal control on financial information and the communications sent to the Group by the different regulators and the approval of the Regulatory Compliance Plan for the year.

Name of 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, etc. These regulations are available on the Company's website (www.bbva.com).

During 2009, 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 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

C - RELATED-PARTY TRANSACTIONS

C.1. State whether the board in plenary session has reserved the powers to approve, on the basis of a favourable report from the Audit committee or any other entrusted with such a report, the transactions in which the company engages with directors, significant shareholders or shareholders represented on the board or parties related to them:

YES

C.2 List 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.

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 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 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?

NO

Identify subsidiaries listed in Spain:

SYSTEMS OF RISK CONTROL

D.1 General description of the company's and/or its group's risk policy, detailing and evaluating the risks covered by the system, along with reasons of how such systems are matched to the profile of each type of risk.

BBVA believes that excellence in the management of risk is an essential part of its competitive strategy. The Board of Directors approves the risk management and control policy, and the periodic monitoring of the internal reporting and control systems. To better carry out its duties, the Board has the support of the Executive committee and the Risks committee, whose main mission is to help it pursue its duties related to risk management and control. The functions allocated to it pursuant to article 36 of the Board Regulations are described in section D3. The general principles guiding the Group in its definition and monitoring of risk profiles are as follow: The role of Risks is unique, independent and global. The risks accepted must be compatible with the Group's target capital adequacy levels. They must be identified, measured and valued, with procedures in place for monitoring and management, as well as sound control mechanisms. All risks must be integrally managed throughout their life cycle, treating different types of risk differently and actively managing portfolios based on a common measurement (economic capital). The business areas are responsible for proposing and maintaining the risk profile within their level of accountability and within the framework of the corporate activity (defined as the set of Risks procedures and policies). The risk infrastructure must be suitable in terms of people, tools, data bases, reporting systems and procedures. It must facilitate a clear definition of roles and responsibilities, ensuring efficient allocation of resources between the corporate area and the risks units in the business areas. On the basis of these principles, the Group has developed a global risk management system structured in three main blocks: A corporate risk governance scheme, separating out functions and responsibilities and aligned with international tendencies and recommendations, adapted to the regulatory requirements of each country and reflecting the most advanced practices in the markets where the Group operates.

A set of tools, circuits and procedures that incorporate the risk management model into strategic, tactical and operational decision processes within the Group's daily operations; a system of internal controls. The Group's risks system is managed by the Risks Area of the Corporate Centre, which combines a view of each risk type with a global vision.

The Corporate Centre Risks Area is made up of the Corporate Risk Management unit, which covers credit, market, structural and non-banking risks, along with the transversal units for Structural Management Asset Allocation; Technology & risk valuation methodologies; and Validation & Control, which includes internal control and operational risk. Below this level, there are risks teams in the business units with whom there is a comfortable, continuous relationship, which examine the risks of each country and specific groups of businesses. This organisational structure of the risks function ensures firstly the integration, control and management of all the Group's risks; secondly, the application of standardised risk metrics, policies and principles throughout the entire Group; and thirdly, having the necessary know-how on each geographical area and each business. This organisation is backed up with regular operating committees that can belong exclusively to the risk area (Risks Direction Committee, Markets Committee and Operations Committee) or span several areas (Global Asset Allocation Committee, Committee for New Products; Global Committee for Internal Control and Operational Risk, ALCO and the Liquidity Committee). Their functions are: The Risks Direction Committee is tasked with developing and implementing the risk management model in the Group and carrying out periodic monitoring into each risk type both at global level and for each of the business units. The heads of risk in the business areas and in Corporate Centre all sit on this committee. The Operations Committee analyses and give its approval, where forthcoming, to financial transactions and programmes, at its level of powers, passing on to the Risks Committee any that surpass its authority. The Global Asset Allocation Committee evaluates the global risk profile for the Group and the coherence between the risk policies and the target risk profile; identifies global concentrations of risk and the mitigation alternatives; it monitors the macroeconomic and competition environment, quantifying global sensitivities and the foreseeable impact of different scenarios on the risk position. The Global Internal Control & Operational Risks committee periodically reviews the control environment and how its control models are working, while monitoring and locating the main operational risks to which the Group is exposed, including transversal risks. It does this at Group level and for each of the units. This committee becomes the highest instance of operational risk management in the Group. The New Products Committee is charged with studying and, where applicable, approving the implementation of new products before initiating new activities; control and later monitoring the new products authorised and fostering business in an orderly manner so that it can develop in a controlled environment. ALCO is tasked with the active management of structural liquidity, interest rate and exchange rate risks, and the Group's equity base. The Liquidity Committee will monitor the measures adopted and check that the evolution of the signs that led to it to be convened disappear or, where necessary, convene the Crisis Committee.

CREDIT RISK.

Credit risk is defined as the loss that may occur stemming from the failure by a customer to fulfil the agreed contractual obligations in financial transactions with BBVA or from impairment of their asset quality.

Credit risk management includes managing counter-party risk, issuer risk, liquidation risk and country risk. The Group's credit risk management starts with the process of analysis prior to taking decisions, the decision-making, instrumentation and monitoring of the transactions formalised and may end with their recovery. It also covers the entire process of control and reporting at customer, segment, sector, business-unit or subsidiary level. Any credit risk decision must be suitably valued and all customers must be classified in order to put the decision to the body with their respective profile. The main underpinnings for decisions on credit risk are: sufficient generation of customer funds to bear the repayments of the capital and interest owing on the loans, sufficient assets and the constitution of suitable and sufficient security to enable effective recovery of the transaction. All the credit transactions booked and paid up must be accompanied by the basic information for studying their risk, the risk proposal. They must be supported by the approval documents, reflecting the terms and conditions granted by the pertinent body. The Group's credit risk management is based on an integrated structure covering all the functions, permitting objective, independent decision-making throughout the life cycle of the risk. The Group has standardised criteria for action and conduct in how to deal with credit risk in an independent manner without detriment to the specialisation of each business unit or the specificities of the legislation prevailing in each country. In order to guarantee this standardisation, the definitions and proposal of the management criteria for credit risk, circuits, procedures, structure and oversight of the management are the responsibility of the Corporate Risks Area. Managing credit risk according to the defined criteria is the responsibility of the business units as a function of the decision routing. In the case of retail segments, the decision routing works as follows: Authorisation comes from the empowerment level granted to the branches and retail business units and decisions are formalised as a function of what is dictated by the scoring tools. Changes in weighting and variables within these tools must be validated by the Corporate Risk Area. For the wholesale segments, the decision routing works as follows: Authorisation comes from the empowerment level granted according to the delegation rules and the decisions are formalised in the respective Risks committees.

The decisions adopted in Risks Committees are not collegiate but joint and several, the person with the highest-level delegation deciding the criterion. The rule of delegation specifies those cases where the decision on policies for customers or transactions cannot be delegated due to possibilities of reputational risk or others that the governing bodies deem opportune. In other cases, the delegation will be based on an iso-risk curve plotted by BBVA rating validated by the Corporate Risk Area. This means that the main risks with customers or transactions in each business unit will be decided at the level of the Corporate Risk Area committees or higher. The criteria for the development and use of the scoring and rating tools are established by the Corporate Centre Risks Area, including the construction, implementation and monitoring of models from Corporate Risk Management and their importance in calculating the EC, EP, customer monitoring, pricing. On the basis of the empowerment granted by the governing bodies to the president & COO and in compliance with the rule of delegation, the Corporate Risk Area is responsible for proposing the terms of delegation in each of the business units. This proposal will at all times be coherent with the characteristics of each unit's business; the relative sixe of its economic capital; the extent to which the Group's decision routing, procedures and standardised tools have been implemented; and the suitable organisational structure for correct credit risk management. Policies on risk concentration. In order to mitigate credit risk concentration in any geographical area, individual or industry, the Group constantly updates its individual and industry concentration indexes with respect to the different variables that may impact credit risk. Thus the Financial Quota or presence of the Group in one customer is based on that customer's asset quality, the type of transaction, and the Group's presence in a market, according to the following guidelines: The balance between the customer's financial requirements, distinguishing between commercial/financial, short/long term needs, and the degree to which it is an attractive investment for BBVA. These elements give the most favourable mix of transactions compatible with the customer's requirements. Other conditioning factors are the legal requirements of each country, the ratio between the Bank's lending to the customer and its equity, avoiding excessive concentration of risks in too few customers. Likewise, it takes into account the conditioning factors stemming from the market, the customer, internal regulations, legislation and the macroeconomic climate. Suitable portfolio management makes it possible to identify concentrations and trigger action. Any transactions with customers or groups with an expected loss plus capital of more than €18m is decided at the level of the Risks Committee. This benchmark is equivalent to an exposure of 10% of the eligible equity for a AAA rating and 1% for a BB rating. This entails the oversight of the main concentrations of individual risk by the highest-level governing bodies for risk, as a function of asset quality. There is a maximum concentration of 10% of eligible equity. Up to that level the operational approach is linked to detailed customer insight and knowledge of the markets and the industry in which the customer operates.

MARKET RISK:

This risk arises as a consequence of activity on the markets, using financial instruments whose value may be subject to changes in market conditions, reflected in changes in the different assets and financial risk factors. The risk may be mitigated or even eliminated by hedging with other products (assets/liabilities or derivatives) or undoing the open position/transaction. There are four key risk factors affecting market prices:

Interest-rate risk:

this arises from changes in the time structure of market interest rates for the different currencies. Exchange-rate risk: this arises from changes in the exchange rates between difference currencies.

Price risk:

this arises from changes in market prices, either in factors specific to the instrument itself or in factors impacting all the instruments traded on the market.

Commodities risk:

this arises from changes in the value of commodities or goods traded. For certain positions, it is necessary to consider other risks: credit spread risk, base risk, correlation volatility of risk. At present, BBVA and BBVA Bancomer are authorised by the Bank of Spain to use internal models for calculating the equity required for the risk positions it has on its trading books. All in all, these contribute to between 80% and 90% of the Group's market risk. With effect as of December 2007, BBVA and BBVA Bancomer have based their methodology for estimating market risk on historical simulation, using the Algorithmic risks platform. In the future, the new platform will integrate market risks better for the entire Advanced Internal Model risk perimeter for allocating cost of capital. The basic measurement model it uses is Value-at-Risk (VaR). This estimates the maximum loss, at a certain confidence level, that could occur on the market positions of a trading book for a specific time horizon. The Group calculates VaR with a 99% level of confidence and a time horizon of 1 day. The current model for market risk limits consists of a global structure encompassing economic risk of capital (ERC) and the VaR and the VaR sub-limits and the stop-loss limits for each of the Group's business units. The global limits are approved each year by the Executive committee, at the proposal of the Central Unit for Risks in Market Areas, after hearing the Risks Committee presentation. The limits structures is drawn up by identifying specific risks by type, activities and desks. The coherence between global and specific limits and VaR sub-limits and delta sensitivity is safeguarded by the market risk units. This is supplemented with an analysis of the impact on the income statement by stress testing risk factors, considering the impact of past financial crises and economic scenarios that could come into being in the future. In order to consider the performance of the business units over the year, the accumulation of negative results is linked to a reduction in the VaR limits established. To anticipate the application of this dynamic methodology and mitigate effects of adverse conditions, the structure is complemented with stop loss limits and warning signals that automatically activate procedures to deal with situations that could have a potential negative impact on market activities. The model for measuring market risks incorporates back-testing. This *a posteriori* check helps validate the risk measurements being taken, comparing the daily management results with the corresponding BaR measures.

STRUCTURAL RISKS:

Structural Interest Risk.

Managing the interest risk on the balance sheet aims to keep the Group's exposure to changes of market interest rates at levels in keeping with its risk profile and strategy. For this, the ALCO develops management strategies to maximise BBVA's economic value, safeguarding the recurrent generation of earnings through the net interest income. It not only considers market expectations, but also ensures that the exposure levels match the risk profiles defined by the Group management bodies and that an equilibrium is maintained between the expected earnings and the level of risk borne. The implementation of a system of transfer rates that centralises the Group's interest-rate exposure on the ALCO books helps to foster a suitable risk management of the balance sheet. The control and monitoring of the structural interest rate risk is done in the Risks Area. Acting as an independent unit, this area guarantees proper separation between risk control and risk management functions, in compliance with the Basel Committee on Banking Supervision recommendations. These functions include the design of measurement models and systems and the development of monitoring, reporting and control policies. Risks carries out monthly measurements of the structural interest rate risk, which support Group management. It is tasked with controlling and analysing the risk, and its work feeds into the main governing bodies, above all the Executive committee and the Risks committee. Changes in the market interest rates impact the Bank's net interest income in the short and in the medium term. For its economic value, a long-term focus is applied. The main source of risk is the time lag between re-pricing and maturities for the products on the banking book. The Group's structural interest rate risk measurement model uses a set of metrics and tools to quantify and evaluate its risk profile. Models have been developed to reflect risks on the balance sheet, establishing hypotheses regarding early repayment of loans and the performance of deposits with no explicit maturity date. A simulation is carried out of interest rate curves to quantify the probabilities of risks and pick up any additional sources of risk apart from flow mismatching, coming not just from parallel movements but also from changes in steepness and curvature, based on the past behaviour of each currency. This simulation model generates the income at risk (YaR) and the economic capital (EC), with maximum deviations with a negative impact on the net interest income and the economic value, respectively, at a certain level of confidence over a defined period of time. These negative impacts are limited in each of the Group's entities by its limits policy. The risk measurement model is supplemented with scenario analyses and stress tests. Sensitivity to a standard variation of 100 basis points is measured on all market curves. Structural Exchange Risk. Structural exchange risk mainly originates in exposure to changes in exchange rates arising in the Group's non-euro subsidiaries and the provisions to the branches outside Spain that are financed in a currency other than that of the loan-book. The changes in exchange rates impact the total net assets, the capital adequacy ratios and the budget compliance in BBVA's earnings, as there is an exposure due to the contribution made by the non-euro-area subsidiaries. The Finance Department, through ALCO (Assets & Liabilities Committee) actively manages the exchange rate risk by drawing up hedging policies to minimise the impact on the Group's capital ratios from fluctuations in parities, and guaranteeing the countervalue in euros of the earnings that its subsidiaries generate in other currencies. The Risks area acts as an independent unit, tasked with designing measurement models, perform the risk calculations and ensure compliance with the limits. It reports on all this to the Risks Committee and the Executive committee. Measuring structural exchange rate risk is done on the basis of a simulation modelling of exchange rate scenarios. This makes it possible to quantify changes in value that could occur for a confidence level of 99% and a predetermined time horizon. This simulation generates a distribution of possible impacts on the Group's net assets and its income statement. Thus the maximum unfavourable deviation can be determined along both axes for a predetermined level of confidence and time horizon, which depends on the market liquidity in each of the currencies. Additionally, this simulation model is used to generate a distribution of impacts on capital ratios, disaggregating the net assets and the risk weighted assets down to the level of each different currency. The Finance Department incorporates these measures into decision making, in order to match the Group's risk profile to the guidelines stemming from the limits structure authorised by the Executive committee on the basis of these same metrics. Structural equities risk. The Group's exposure to structural risk on equities mainly stems from its holdings in industrial and financial companies with mid-term and long-term investment horizons. It is reduced by the short net positions maintained in derivative instruments on the same underlyings in order to limit the portfolio's sensitivity to potential drops in prices. The Risks area carries out the effective measurement and monitoring of structural equities risk in order to limit its negative impact on the capital adequacy and the recurrence of the Group's earning that could arise from poor performance of the value of the holdings that it has in the capital of other industrial and financial companies. The monitoring perimeter comprises the positions of this nature in the investment portfolio. For reasons of prudence and efficiency in management, this includes holdings that consolidate, even if the changes in their value would not have an immediate impact on the net worth of the Group. Moreover, to determine exposure, the positions in derivatives over underlyings of the same nature are considered, used to limit the portfolio's sensitivity to potential falls in prices. In order to ensure that this risk is kept within levels compatible with the Group's target risk profile, a control and stop-loss mechanism has been structured, working on the coordinates of exposure, earnings and economic capital. The Risks area estimates the levels of risk borne and also does periodic stress testing and back testing and scenario analysis. It monitors the degree of compliance with the limits authorised by the Executive committee and periodically reports on all aspects of its mission to the senior management. The measurements of economic capital are also integrated into the measurements of risk adjusted returns used to foster efficient management of the Group's capital.

Liquidity risk.

Liquidity risk is the possibility that an entity may not be able to meet its payment commitment or that in order to do so, it may have to raise funds under burdensome conditions, impairing its reputation and public image. The Group centralises its liquidity risk monitoring in each bank, with two focal objectives: The short-term focus covers up to 90 days. It mainly centres on managing the payments and collections of Treasury and Markets, including proprietary trading in the area and the possible liquidity requirements of the bank as a whole. The medium-term structural focus centres around the financial management of the balance sheet, with a minimum one-yearly time horizon in its monitoring. The evaluation of liquidity risk on assets is based on whether or not the assets are eligible for re-discounting from the corresponding central bank. Under normal situations, maximum liquidity assets, whether for the short or the mid-term focus, are considered to be assets that are on the list of eligible assets published by the ECB or the corresponding monetary authority. Non-eligible assets, listed or not for public trading, will only be considered a second line of liquidity for the Group when analysing crisis scenarios. The integrated management of liquidity is carried out by the ALCO through the Finance Department. It takes into account a wide range of limits, sub-limits and alerts approved by the Executive committee. With these, the Risks area independently takes measurements and exercises oversight. It also provides the tools manager with support and metrics for decision making. Each of the local risks areas, all independent of the local manager, comply with the corporate principles of liquidity risk control established by the Central Structural Market Risks Unit (UCRAM) for the Group as a whole. At the level of each entity, the managing areas request and propose a set of quantitative and qualitative limits and alerts that affect both short and mid-term liquidity risk. Such requests must be authorised by the Executive committee. The Risks area also performs daily and monthly measurements of risk incurred, develops valuation tools and models, does periodic stress testing, measures the degree of concentration with inter-bank counterparties. It draws up manuals on policies and procedures and monitors the authorised limits and alerts, reviewing them at least once a year. The information on liquidity risks are periodically submitted to the Group's ALCO and to the managing areas concerned. Under the Contingency Plan, the Technical Liquidity Group (GTL) carries out the initial analysis of the Group's short and long-term liquidity situation when there is any alert signal or sign of a possible crisis. The Technical Liquidity Group comprises specialists from the short-term trading desk in Treasury, the Finance Department and UCRAM. Structural risks. When such alerts might reflect a certain degree of gravity, the GTL reports to the Liquidity committee, made up of the heads of the corresponding areas. The Liquidity committee is tasked with calling the Crisis Committee in the event of extreme necessity.

OPERATIONAL RISK:

Operational risk is the risk of loss due to failures or mismatches of processes, staff and internal systems or due to external events. Since 2000, the Group has had an operational risk model based on identifying and quantifying all the risks individually. The model is based on the concept of anticipation. This means it must be able to identify operational risks and their possible consequences before they materialise in the form of events. BBVA has various tools implemented to cover the qualitative and quantitative aspects of operational risk:

Ev-Ro: this is a tool for identifying and quantifying operational risk factors, ie, any circumstances that cause or could cause losses. Their frequency and impact on the business and support areas is estimate in terms of the direct cost, the indirect cost (inefficiency) and their opportunity cost *(manque à gagner)*. This tool is implemented throughout the Group and is updated each year. Ev-Ro identifies priority operational risk factors, which represent 80% of the quantified risk. The Operational Risk committees focus nearly all their attention on these factors.

TransVaR: to supplement Ev-Ro, the Group has an operational risk management tool using indicators. An indicator is a variable associated to a process that measures its attributes, such as quality. Consequently, it also serves to measure operational risk. This tool fundamentally serves to monitor the risk performance and to establish alert signals.

TransVar indicators are associated to the causes of operational risk. They are predictive by nature. The most important indicators are volumes processed, systems availability, the regularity of account reconciliation and the number of incidents in processes. SIRO: operational risk events tend to have a negative impact on the income statement. When they occur, they are recorded on the data bases set up for this purpose in each country. The information is then uploaded to a central data base. This process has already been in operation for 7 years. Apart from internal data there are also external data from the ORX consortium (Operational Risk Exchange). This non-profit association was set up in 2001 and has more than 50 members. The ORX data refer to operation risk events of over €20,000 each. At present, more than 90,000 such events have been recorded, totalling over €300,000 trillion. The ORX data are useful for two purposes. They feed into the data bases used to calculate risk capital, and are used for benchmarking BBVA performance against that of its peers.

D.2. Indicate if any of the risks facing the company and/or its group (operational, technological, financial, legal, reputational, tax, etc) have materialised.

YES

If so, indicate the circumstances and whether the control systems worked properly.

Risk materialised in the financial year

See following sections

Circumstances that led to this

Risk is inherent to financial activities and therefore the materialisation of risk, to a greater or lesser degree, is absolutely unavoidable.

Operation of the control systems

During the year, no extraordinary or material risks have materialised, but only those inherent to the Group's activity, listed in detail in section D.1. The Bank has sophisticated risk measurement and control systems and tools, for each kind of risk, that limit the maximum impact of risks, should they materialise.

The control systems have functioned satisfactorily during 2009. Below, we give details on the most relevant parameters for risk management in the BBA Group for the year:

CREDIT RISK

Maximum exposure to credit risk, in most cases, is reduced by collateral, credit enhancement and other actions that mitigate the Group's exposure.

The Group's policy for covering and mitigating credit risk derives from its business model in banking. It is, above all, a relationship-oriented bank. On the basis of this relational banking model, the constitution of security is a necessary instrument, but not sufficient when granting risks. Thus, for the Group to bear a risk, it must first verify the payment capacity or the capacity to generate funding to meet the repayment schedule on the risk taken.

The procedures used to value collateral security reflect best practices in the market.

This means using appraisals for real-estate collateral, market pricing for exchange-traded securities, listed prices for holdings in mutual funds, etc.

All collateral must be correctly instrumented an duly registered.

It must also be approved by the Group's Legal Affairs units.

The following is a description of the main collateral received for each category of financial instruments:

Trading portfolio: The collateral or credit enhancement obtained directly from the issuer or counterparty are implicit in the clauses of the instrument. In trading derivatives the credit risk is minimised by contractual clearing agreements, in which derivative assets and liabilities with the same counterparty are netted out for settlement. There may also be other kinds of security, depending on the solvency of the counterparty and the nature of the transaction.

Other financial assets at fair value with changes in profits and losses: The collateral or credit enhancement

obtained directly from the issuer or counterparty are inherent in the structure of the instrument.
Financial assets available for sale: The collateral or credit enhancement obtained directly from the issuer or counterparty are inherent in the structure of the instrument.
Credit investments:
- Deposits in financial institutions: These have the personal guarantee of the counterparty and, in some cases, additional guarantees from another financial institution which a credit derivative has been established.
- Customer credit: Most transactions include a personal guarantee from the counterparty. However, additional collateral is required to assure lending transactions with customers. This can be mortgage guarantees, money guarantees, pledges of securities or other property-based collateral. Other kinds of credit enhancement can be carried out, such as: credit derivatives, guarantees.
- Securities representing debt: The collateral or credit enhancement obtained directly from the issuer or counterparty are inherent in the structure of the instrument.
Portfolio of investments held to maturity: The collateral or credit enhancement obtained directly from the issuer or counterparty are inherent in the structure of the instrument.
Hedging derivatives: Credit risk is minimised by contractual clearing agreements, in which derivative assets and liabilities with the same counterparty are netted out for settlement. There may also be other kinds of security, depending on the solvency of the counterparty and the nature of the transaction. Financial guarantees, other contingent liabilities and available for third parties: These have the personal guarantee of the counterparty and, in some cases, additional guarantees from another financial institution which a credit derivative has been established.

At 31st December 2009, the average amount pending collection on mortgage loans was 54% of the value of the collateral on the loans.

Unimpaired matured financial assets

The balance of financial assets that have mature but are not considered impaired, at 31st December 2009, including any amount due at that date, was €3.3 bn. Of these, 80.4% had over-run the first maturity date by less than one month, while 10.2% had over-run the first maturity date by between one and two months and 9.4% had over-run first maturity date by between two and three months.

Doubtful or impaired assets and impairment losses.

The balance of impaired financial assets at 31st December 2009 was €15,523m. Of this sum, €15,311m come from the loan book and €212m from debt securities. At 31st December 2009, the amount of impaired contingent liabilities was €405m.

The estimated value of the assets securing doubtful risks with collateral at 31st December 2009 was greater than the amount outstanding on such risks.

Changes have been booked during 2009 for the financial assets and contingent liabilities that have impaired. A total of €27,298m have been added; €6,524m have been recovered; €3,737m have been charged down and €32m have been booked as exchange rate and other differences.

The Group's non-performing asset ratio on 'Customer credit' and 'Contingent Liabilities' at 31st December 2009 was 4.3%. The two percentage point increase against the previous year was due to the increase in the doubtful financial assets that arose during the year as a consequence of the deterioration of the macro-economic situation.

Renegotiated financial assets

At 31st December 2009, the amount of renegotiated financial assets, which could have been impaired had their terms and conditions not been negotiated, did not vary significantly against the previous year.

MARKET RISK

Market risk in 2009

The BBVA Group's market risk has risen slightly in 2009 compared against earlier years. The average exposure in 2009 (calculated as VaR without curve flattening) was €26.2m. During the first half of the year, there was higher exposure to interest rates by some of the Group companies in South America and Bancomer, as interest rates were expected to fall. When they did, this meant significant cutbacks in the short part of the local curves. This has a positive impact on the earnings from business volumes. This greater exposure was limited gradually, as the central banks began to stabilise their interest rates, contributing to a reduction in the market risks in the region. This was taken up positively by the markets, which showed a reduction in volatility. During the second half of 2009, the Group's market risk performance was marked by increased exposure in Global Markets Europe, especially in long-term interest rates and equities volatility.

D.3. Indicate whether there is any committee or other governing body in charge of establishing and supervising these control systems.

YES

If so, give details of what their duties are

Name of the Committee or Body

RISKS COMMITTEE

Description of duties

According to the recommendations of the Basel Committee, monitoring and supervision of risk management at financial entities is the duty of the board of directors 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. However, the growing complexity of risk management at financial institutions 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.

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. Consequently, the Risks committee of the Board has been assigned the following duties, in accordance with the board regulations:

. Analyse and evaluate proposals related to the Group's risk management and oversight policies and strategy. In particular, these shall identify:

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;

b) The internal reporting and internal control systems used to oversee and manage risks;

c) The measures established to mitigate the impact of the risks identified, should they materialise.

. Monitor the match between risks accepted and the profile established.

. Analyse and approve any risks that might compromise the Group's capital adequacy or recurrence of its earnings or might entail significant 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.

D.4. Identify and describe the compliance processes for the regulations and standards affecting the company and/or its group.

The Group's Risks Area is the highest instance tasked with ensuring compliance with all the different regulations affecting the Bank and its Group. To that end, it operates independently from the business units to ensure that it guarantee 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.

And the Compliance area ensures global compliance with legal requirements that affect the Group.

More particularly, in 2009, 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 eligible equity for credit-card risk in Mexico, and is now in the final stage for approving the advanced model for operating risk in Spain and in Mexico, which is expected to come through at the beginning of 2010. It also has internal models that have already been approved by the supervisor for calculating market risk capital consumption and credit risk capital consumption in Spain.

The Group is actively co-operating with the supervisors to move forward in a consistent and co-ordinated fashion with validation of the advanced models.

E - GENERAL MEETING

E.1. Indicate and, where applicable, give details, whether there are any differences from the minimum standards established under the Companies act with respect to the quorum and constitution of the General Meeting

YES

	% quorum other than legal minimum in art. 102 Companies Act for cases general	% quorum other than legal minimum in art 103 Companies Act for cases special in art. 103
Quorum required on first summons	0	66.670
Quorum required on second summons	0	66.000

Description of differences
Article 103 of the Companies Act establishes that in order for a General Meeting (whether annual or extraordinary) to validly resolve to increase or reduce capital or any other amendment to the bylaws, bond issuance, the suppression or limitation of the pre-emptive subscription rights over new shares, or the transformation, merger or break-up of the company and global assignment of assets and liabilities and the off-shoring of domicile, the shareholders present and represented on first summons must possess at least fifty percent of the subscribed capital with voting rights

Description of differences
On second summons, twenty-five percent of said capital will be sufficient. 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.

NO

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 General Meetings.

Shareholders' rights in this respect are also shown in detail in the General Meeting regulations, which are publicly available on the Company website

E.4. Indicate measures adopted, if any, to encourage shareholder participation at AGMs

BBVA, in order to encourage the participation of its wide base of shareholders in its General Meetings, apart from establishing all the information channels required by law, also sends an attendance card to the domicile of all shareholders with the right to attend, sufficiently in advance of the Meeting. This includes the agenda and information on the date, time and place where the General Meeting is to be held.

It also posts information regarding the General Meeting 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 General Meeting.

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 text 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. This information is available in English and Spanish.

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

Details of the measures
Article 26 of the corporate bylaws establishes that "the Chairman of the General Meeting shall be Chairman of the Board of Directors. When there is no such or he/she is absent, the General Meeting shall be chaired by the Deputy Chairman [....]'. The correct operation of the General Meeting is guaranteed under the General Meeting Regulations approved by the company shareholders at the AGM, February 2004. General Meetings 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 General Meeting 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. 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 with the amendment that Act 19/2005 introduced on European companies domiciled in Spain. The notice shall state on which date the General Meeting 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 General Meeting will be held at second summons. Shareholders 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 General Meeting 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 General Meeting 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 General Meeting 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 General Meeting 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,

Details of the measures
shareholders have the right to request information and clarification or ask questions during the General Meeting as established under article 18 of the General Meeting regulations. The right to information may be exercised through the company website, which 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 send their requests and queries. The General Meetings the Company holds may be attended by anyone owning the minimum number of shares established in the Bylaws, providing that, five days before the date on which the General Meeting is to be held, their ownership is recorded on the corresponding company ledgers and they retain at least this same number of shares until the General Meeting is actually held. Holders of fewer shares may group together until achieving the required number, appointing a representative. 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 General Meeting Regulations. The General Meetings 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 necessary to preserve the proper order in running the General Meeting. Proper means of surveillance, protection and law enforcement shall be established for each General Meeting. These will include such entrance control and identification systems as may be deemed suitable at any time in view of the circumstances under which the sessions are held. The General Meeting regulations contain clauses on how the attendance list is to be drawn up, how the Meetings are to be organised and how the proposed resolutions are to be voted in such a way as to guarantee the smooth running of the General Meetings.

E.6. Indicate any changes brought into the General Meeting Regulations during the year.

There have been no changes to the General Meeting Regulations during 2009.

E.7. Give attendance data on the general meetings held during the year to which this report refers:

Attendance					
Date AGM General	% present	% proxy	% voting remotely		Total
			E-voting	Others	
13/03/2009	7.010	32.310	0.020	17.860	57.200

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, 13th March 2009, 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 2008.

- Number of votes issued: 2,144,041,753
- Number of votes in favour: 2,139,446,297
- Number of votes against: 2,647,963
- Number of abstentions: 1,947,493

Resolution One adopted by 99.79%.

ITEM TWO.- Adoption of the following resolutions:

2.1.- Inclusion of new article 53.b in the Banco Bilbao Vizcaya Argentaria, S.A. bylaws to expressly mention the possibility of paying out in kind the dividends and the share premium on stock issues, and returning contributions in kind.

2.2.- Approve a payout in kind to shareholders, supplementary to the 2008 dividend by giving shareholders treasury stock against the share-premium reserve on stock issues.

- Number of votes issued: 2,144,041,753
- Number of votes in favour: 2,135,638,565
- Number of votes against: 6,866,267
- Number of abstentions: 1,536,921

Resolution Two. 1 adopted by 99.61%

- Number of votes issued: 2,144,041,753
- Number of votes in favour: 2,135,491,479
- Number of votes against: 6,944,726
- Number of abstentions: 1,605,548

Resolution Two. 2 adopted by 99.60%

ITEM THREE.- Examination and approval of the merger plan for Banco Bilbao Vizcaya Argentaria, S.A. (absorbing company) and Banco de Crédito Local de España, S.A.U. and BBVA Factoring E.F.C., S.A.U. (absorbed companies) and approval of the balance-sheet of Banco Bilbao Vizcaya Argentaria, S.A., closed on 31st December 2008, as merger balance sheet. Approval of the merger between the companies Banco Bilbao Vizcaya Argentaria, S.A. (absorbing company) and Banco de Crédito Local de España, S.A.U. and BBVA Factoring E.F.C., S.A.U. (absorbed companies). All this will be in compliance with the provisions of the aforementioned merger plan. The merger will be subject to the special tax scheme established under chapter VIII of title VII of the Companies-Tax Act (Consolidated Text).

- Number of votes issued: 2,144,041,753

- Number of votes in favour: 2,138,342,952
- Number of votes against: 1,142,330
- Number of abstentions: 4,556,471

Resolution Three adopted by 99.73%.

ITEM FOUR.- Adoption, where forthcoming, of the following resolutions on the appointment and ratification of Board members:

4.1.- Re-election of Mr José Antonio Fernández Rivero
4.2.- Re-election of Mr José Maldonado Ramos
4.3.- Re-election of Mr Enrique Medina Fernández

- Number of votes issued: 2,144,041,753
- Number of votes in favour: 2,137,031,516
- Number of votes against: 3,636,319
- Number of abstentions: 3,373,918

Resolution 4.1 adopted by 99.67%

- Number of votes issued: 2,144,041,753
- Number of votes in favour: 2,137,170,126
- Number of votes against: 3,483,148
- Number of abstentions: 3,388,479

Resolution 4.2 adopted by 99.68%

- Number of votes issued: 2,144,041,753
- Number of votes in favour: 2,137,359,417
- Number of votes against: 3,394,632
- Number of abstentions: 3,287,704

Resolution 4.3 adopted by 99.69%

ITEM FIVE.- Conferral of authority on the board of directors, pursuant to article 153.1.b) of the Companies Act, to increase share capital, during five years, up to a maximum amount corresponding to 50% of the Company's share capital on the date of the authorisation, on one or several occasions, to the amount that the board decides, by issuing new ordinary or preferred shares with or without voting rights or shares of any other kind permitted by law, including redeemable shares; envisaging the possibility of incomplete subscription pursuant to article 161.1 of the Companies Act and conferring authority to amend article 5 of the corporate bylaws. Likewise, confer authority, under the terms and conditions of article 159.2 of the Companies Act, to exclude pre-emptive subscription rights over said share issues. This authority will be limited to 20% of the Company's share capital.

- Number of votes issued: 2,144,041,753
- Number of votes in favour: 2,023,752,945
- Number of votes against: 118,751,673
- Number of abstentions: 1,537,135

Resolution Five adopted by 94.39%.

ITEM SIX.- 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 debt instruments of any kind and nature, including exchangeable and redeemable bonds, not convertible into equity.

- Number of votes issued: 2,144,041,753

- Number of votes in favour: 2,137,183,370
- Number of votes against: 5,224,067
- Number of abstentions: 1,634,316

Resolution Six adopted by 99.68%.

ITEM SEVEN.- Authorisation for the Company to acquire treasury stock directly or through Group companies, pursuant to article 75 of the Companies Act (consolidated text), establishing the limits and requirements for these acquisitions, with express powers to reduce the Company's share capital to redeem treasury stock. Due authority is conferred on the board of directors to implement the resolutions passed by the AGM in this respect, repealing the authorisation conferred by the AGM, 14th March 2008, insofar as it has not been executed.

- Number of votes issued: 2,144,041,753
- Number of votes in favour: 2,134,400,391
- Number of votes against: 8,111,775
- Number of abstentions: 1,529,587

Resolution Seven adopted by 99.55%.

ITEM EIGHT.- Adoption of resolutions on remuneration:

8.1.- Settlement of the 2006-2008 long-term share-remuneration plan.

8.2.- Approval, for application by the Bank and its subsidiaries, of a variable-remuneration scheme in BBVA shares for 2009 and 2010, addressed to the members of the senior management, including executive directors and members of the Management committee, comprising the delivery of BBVA shares to beneficiaries.

- Number of votes issued: 2,144,041,753
- Number of votes in favour: 2,122,070,492
- Number of votes against: 9,499,677
- Number of abstentions: 12,471,584

Resolution 8.1 adopted by 98.98%

- Number of votes issued: 2,144,041,753
- Number of votes in favour: 2,107,407,931
- Number of votes against: 25,593,978
- Number of abstentions: 11,039,844

Resolution 8.2 adopted by 98.29%

ITEM NINE.- Re-election of the account auditors for Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated financial group for 2009.

- Number of votes issued: 2,144,041,753
- Number of votes in favour: 2,139,678,068
- Number of votes against: 2,782,787
- Number of abstentions: 1,580,898

Resolution nine adopted by 99.80%.

ITEM TEN.- Conferral of authority on the board of directors, which may in turn delegate said authority, to formalise, correct, interpret and implement the resolutions adopted by the AGM.

- Number of votes issued: 2,144,041,753
- Number of votes in favour: 2,141,012,212
- Number of votes against: 2,565,072
- Number of abstentions: 464,469

Resolution ten adopted by 99.86%.

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

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 General Meeting.

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 General Meeting, that will be displayed on the attendance card. No shareholder may be represented at the General Meeting 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 General Meeting 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:

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, 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

Compliant

2. When a dominant and a subsidiary company are publicly traded, the two should provide detailed disclosure on:

a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

Not applicable

3. That, although not expressly required by mercantile law, the General Meeting gives its approval to transactions involving a structural change in the company, and, in particular, any of the following:

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.

Compliant

4. That the detail of the draft resolutions put to the General Meeting, including the information referred to in recommendation 28, are published when the call to meeting for the General Meeting is published.

Compliant

5. That the General Meeting votes separately on any matters that are substantially independent, in order for shareholders to exercise their voting preferences separately. 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

Compliant

6. That the companies allow the voting to be disaggregated, so that financial intermediaries legitimated as shareholders but acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

Compliant

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interests and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant

8. That the Board's core mission is to approve company strategy and the necessary organisation for implementing it, and to oversee and supervise the Management's compliance with the objectives laid down, and its respect towards the company's object and corporate interest. As such, the board in full should reserve the right to approve:

a) The Company's general strategies and policies, and in particular:

i) The strategic or business plan and the annual management and budgetary targets;

ii) The investment and funding policy;

iii) The definition of how the Group companies are structured; iv) The corporate governance policy;

v) The corporate social responsibility policy;

vi) The policy for senior managers' remuneration and performance assessment;

vii) The policy for controlling and managing risks, and the periodic monitoring of the internal information and oversight systems.

viii) The pay-out policy and the treasury-stock policy, especially their limits.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following resolutions:

i) At the proposal of the company's chief executive, the appointment and possible severance of senior managers, and 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.

The above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full board.

See sections: C.1 and C.6

Compliant

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Compliant

10. External, 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

Compliant

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

Compliant

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

Compliant

13. Independent directors should account for at least one third of the total number of seats.

See section: B.1.3

Compliant

14. That the character of each director is explained by the Board to the General Meeting that should effect or ratify their appointment, and that this is confirmed or, as applicable, revised each year in the Annual Report on Corporate Governance, after verification by the Appointments committee. And that said report also explains the reasons why nominee directors have been appointed at the behest of shareholders whose holding is less than 5% of the capital; and the reasons are given as to why no heed was paid, if applicable, to formal requests for presence on the board from shareholders whose holding in the share capital is equal to or greater than those of others at whose behest nominee directors have been appointed.

See sections: B.2.1. and B.2.4

Compliant

15. If there are few or no female directors, the board should explain the reasons and the initiatives adopted to correct the situation; In particular, the Appointments committee should take steps to ensure that, when vacancies arise:

a) The procedure for filling board vacancies has no implicit bias against women candidates;

b) The company makes a conscious effort to seek and shortlist women with the target profile among the candidates for board places.

See sections: B.1.2, B.1.27 and B.2.3

Partially compliant

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.

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 if there are few or no women on the Board, 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, shall ensure that the directors receive sufficient prior information for the meetings; encourage directors to debate and participate actively in the meetings, safeguarding their freedom to take their own stance and express their own opinion; He/she shall 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.

See section: B.2.42

Compliant

17. When a company's chairman is also its chief executive, an independent director should be empowered to request a board meeting be called or new business included on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the chairman.

See section: B.1.21

Explain

Article 5 of the Board Regulations establishes that the chairman of the board 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 company 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; determine the volume of investment in each individual activity; approval or rejection of operations, determining methods and conditions; 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 & Remuneration committee and the Risks committee, which help the Board on issues corresponding to business within the scope of their powers. Their composition and the rules governing their organisation and working are given in the corresponding sections.

The Board Regulations also establish the possibility if at least one quarter of the board members appointed at any time so wish, they may request a board meeting be held. The agenda shall include the matters determined by the chairman of the Board, either at his/her own initiative or at the suggestion of any director, deemed to be advisable for the Company's best interests.

18. The Secretary should take care to ensure that the board's actions:

a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulators;

b) Comply with the company bylaws and the regulations of the general meeting, the board of directors or others;

c) 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.2.34

Compliant

19. The board shall meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.
See section: B.2.29

Compliant

20. Directors should keep their absences to the bare minimum. Absences should be quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.
See sections: B.2.1. and B.2.30

Compliant

21. When directors or the company secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the board meeting, the person expressing them may request they be recorded in the minutes.

Compliant

22. The board in full should evaluate the following points on a yearly basis:

a) The quality and efficiency of the board's operation;

b) Starting from a report submitted by the Appointments committee, how well the chairman and chief executive have carried out their duties;

c) The performance of its committees on the basis of the reports furnished by such committees.

See section: B.2.19

Compliant

23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the chairman or secretary.
See section: B.2.42

Compliant

24. All directors should be entitled to call on the company for the advice and guidance they need to perform their duties. The company should provide suitable channels for the exercise of this right. Under special circumstances it could include external assistance at the company's expense.
See section: B.2.41

Compliant

25. Companies should organise induction programmes for new directors to acquaint them rapidly and sufficiently with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Compliant

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) The directors must inform the Appointments & 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

Compliant

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.

Compliant

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 the category of directorship that they hold; 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.

Compliant

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2.

Compliant

30. That the nominee directors present their resignation when the shareholder that they represent sells all its shareholding. And that they also do so, in the corresponding number, when said shareholder reduces its shareholding to a level that requires a reduction in the number of its nominee directors.

See sections: A.2, A.3 and B.1.2

Compliant

31. The board of directors must not propose the removal of independent directors before the expiry of their term in office pursuant to the 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

Compliant

32. Companies should establish rules obliging directors to inform the board of any circumstance that might undermine the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent proceedings. If a director is indicted or tried for any of the crimes stated in article 124 of the Companies Act, the board should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not he or she should be called on to resign his/her seat. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Compliant

33. The directors should clearly express their opposition when they consider that a resolution submitted to the Board may not be in the Company's best interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation. When the board adopts material or reiterated resolutions on issues about which a director has expressed serious reservations, said director must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation. This Recommendation should also apply to the company secretary, even if the secretary is not a director.

Compliant

34. If leaving office before the end of its term, whether on resignation or on other grounds, the director should explain the reasons in a letter sent to all board members. Whether or not such resignation is filed as a significant event, the reasons for leaving must be explained in the Annual Corporate Governance Report.
See section: B.1.5

Compliant

35. The company's remuneration policy, as approved by its board of directors, should specify at least the following points:

a) Amount of the fixed components, itemised where applicable, for 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.
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 ring-fencing in the event of early termination or rescission of the contractual relationship between company and executive director.

See section: B.1.15

Compliant

36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-indexed instruments, payments indexed to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their term of office.

See sections: A.3 and B.1.3

Compliant

37. External directors' remuneration should sufficiently compensate them for the dedication, qualifications and responsibilities that the post entails; but should not be so high as to compromise their independence.

Compliant

38. Deductions should be made to remuneration linked to company earnings, for any qualifications stated in the external auditor's report that reduce such earnings.

Compliant

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Compliant

40. The board should submit a report on the directors' remuneration policy to the advisory vote of the General Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit. The report will focus on the remuneration policy the board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will highlight the most significant changes in these policies compared to those applied during the year prior to that put before the General Meeting.

It will also include a global summary of how the remuneration policy was applied during said prior year.

The board should also report to the General Meeting on the role of the Remuneration committee in designing the policy, and identity any external advisors engaged.

See section: B.1.16

Partially compliant

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 total remuneration of the Board and future policy, thereby offering maximum transparency in this matter.

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:

. It proposes 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 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 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.

Compliant

42. When the company has an executive committee, the breakdown of its members by director category should be similar to that of the board itself. The secretary of the committee should be the secretary to the Board.
See sections: B.2.1. and B.2.6

Compliant

43. The board should be kept fully informed of the business transacted and resolutions adopted by the Executive committee. To this end, all board members should receive a copy of the committee's minutes.

Compliant

44. In addition to the Audit committee mandatory under the Securities Market Act, the board of directors should form a committee, or two separate committees, for appointments and remuneration.

That the rules regarding the composition and operation of the Audit committee and the Appointments & Remuneration committee(s) appear 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

Compliant

45. The supervision of compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit committee, the Appointments committee or, as the case may be, separate Compliance or Corporate Governance committees.

Compliant

46. All members of the Audit committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management.

Compliant

47. Listed companies should have an internal audit function, under the supervision of the Audit committee, to ensure the proper operation of internal reporting and control systems.

Compliant

48. The head of internal audit should present an annual work programme to the Audit committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Compliant

49. The oversight and risk management policy should specify at least:

a) The different types of risk (operational, technological, financial, legal, reputational, etc) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;

b) The level of risk that the company considers acceptable;

c) The measures established to mitigate the impact of the risks identified, should they materialise;

d) The internal oversight and reporting systems that will be used to control and manage said risks, including contingent liabilities and off-balance-sheet risks.

See sections: D

Compliant

50. The Audit committee's role should be:

1. With respect to internal control and reporting systems:

a) Supervise the process of drawing up the financial information and its integrity for the company and its group, reviewing compliance with regulatory requirements, suitable scope of the consolidation perimeter and the correct application of accounting principles.

b) To periodically review the systems of internal risk management and oversight to ensure the main risks are identified, managed and sufficiently well known.

c) To ensure the independence and efficacy of the internal audit; propose the selection, appointment, re-election and severance of the internal audit officer; propose the budget for this service; receive periodic information on their activities; and verify that the senior management takes due heed of its reports.

d) Establish and supervise a mechanism that enables employees to confidentially and, if this is deemed appropriate, anonymously communicate irregularities of potential importance, especially financial and accounting irregularities noticed within the company.

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 the independence of the auditors;

iii) Should the external auditor resign, to examine the circumstances leading to the resignation.

d) In groups, to help the group auditor take responsibility for auditing the companies belonging to it.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Partially compliant

The 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.

Compliant

52. The Audit committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

a) The financial information that the company, as a publicly traded company, must disclose periodically. The committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.

b)) The creation or acquisition of shares in special-purpose entities or entities domiciled in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity could undermine the group's transparency

c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: B.2.2. and B.2.3

Compliant

53. The board of directors 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

Compliant

54. The majority of Appointments committee members – or Appointments & Remuneration committee members as the case may be – should be independent directors.
See section: B.2.1

Compliant

55. The Appointments committee should have the following duties in addition to those stated in earlier recommendations:

a) Evaluate the balance of skills, knowledge and experience required on the board, define the roles and capabilities required of the candidates to fill each vacancy accordingly, and decide the time and dedication necessary for them to properly perform their duties.
b) Examine or organise, in the manner it deems suitable, the succession of the chairman and/or chief executive officer and put corresponding proposals to the board for an orderly, well-planned succession.
c) Report on the senior officer appointments and removals that the chief executive proposes to the board.
d) Report to the board on the gender diversity issues discussed in Recommendation 14 of this code.
See section: B.2.3

Compliant

56. The Appointments & Remuneration committee shall consult with the company chairman and the chief executive officer with respect to matters related to executive directors.

Any board member may suggest potential directorship candidates to the appointment committee for is consideration.

Compliant

57. The Appointments committee should have the following duties in addition to those stated in earlier recommendations:

a) Make proposals to the board of directors regarding:
i) The policy for directors' and senior managers' remuneration;
ii) The individual remuneration and other contractual conditions of executive directors. iii) The core conditions for senior officer employment contracts.
b) Oversee compliance with the remuneration policy set by the company.
See sections: B.1.14 and B.2.3

Compliant

58. The Appointments & Remuneration committee shall consult with the company chairman and the chief executive officer, especially with respect to matters related to executive directors and senior managers.

Compliant

G - OTHER INFORMATION OF INTEREST

If you consider there is any relevant principle or aspect relating to the corporate governance practices your company applies, which have not been covered herein, please mention them below and explain their content.

- Further to section A.2: Chase Nominees Ltd, State Street Bank and Trust Co, The Bank of New York Mellon, the Bank of New York International Nominees and Clearstream AG, as international custodian/depositary banks, held 6.89%, 5.25%, 3.80%, 3.43% and 3.13% of BBVA's share capital, respectively, on 31st December 2009. 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.

Moreover, Blackrock Inc., domiciled in the UK, has informed BBVA that, as a consequence of the acquisition of the Barclays Global Investors (BGI) business, it has come to own a 4.45% indirect holding in BBVA's share capital through its company, Blackrock Investment Management (UK).

Although this report refers to 2009, by way of information, we indicate that Credit Suisse Group AG has notified to the CNMV on 26th January 2010 of its indirect acquisition through subsidiaries of BBVA shares such that it surpasses 3% of the voting rights, holding 3.449% of its share capital.

- Further to the information in section A.3 (Share Rights), we indicate that the Bank's General Meeting, 13th March 2009, adopted a Multi-annual Variable Remuneration Programme in Shares for 2009 and 2010. The Programme allocates each beneficiary (members of the Group senior management, including executive directors and members of the Management committee) a number of units, according to their level of responsibility, which may at the end of the Programme give rise to the delivery of ordinary shares in BBVA as a function of BBVA's TSR performance benchmarked against a peer group. Under this Programme, 215,000 units have been allocated to the chairman & CEO, 131,700 to the president & COO and 29,024 to José Maldonado, former Company secretary & director. In the case of Mr Maldonado, the number of units that were initially allocated to him was reduced as a consequence of his retirement, pursuant to a scale as a function of the time he had performed his executive duties in the Bank and the total duration of the Programme.

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.

Finally, the General Meeting, 13th March 2009, approved the settlement of the long-term incentive plan for 2006 to 2008. On 30th March, when its settlement was formalised, 454,000 shares were delivered to the chairman & CEO, 177,500 to the president & COO, and 142,000 to the former Company secretary & director.

- 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 2004/32 and the IAS 33 (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. The capital loss on treasury stock shown in section A.8 is given in thousand euros.

- With regard to section B.1.1, we should note that the BBVA Board of Directors currently comprises 13 seats.

- Further to section B.1.3, 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.

The Board, pursuant to article 2 of the Board regulations, resolved on 29th September, with a favourable report from the Appointments & Remuneration committee, to co-opt Angel Cano as board member and president & chief operating officer.

José Maldonado was appointed as a BBVA director at the BBV and Argentaria merger General Meetings, 18th December 1999, and re-elected at the BBVA General Meeting, 13th March 2009, with a favourable report from the Appointments & Remuneration committee, pursuant to section B.1.19

- Further to the information in B.1.7: Angel Cano is the alternate director to

Francisco González Rodríguez in the following Mexican companies: Grupo Financiero BBVA Bancomer, S.A. de C.V. and Bancomer, S.A.

- Further to section B.1.11: the sum of €806,000 included in the section corresponding to credits granted, reflects the amount availed of the credit facilities granted on 31st December 2009 by the Bank as financial institution within the ordinary course of its business and under normal market conditions to members of the Board of Directors.

Further to sections B.1.11 and B.1.14, an itemised list of remuneration for each of BBVA's directors in 2009, is given below, together with the pension obligations agreed for them.

REMUNERATION OF THE BOARD OF DIRECTORS AND THE MANAGEMENT COMMITTEE OF THE BANK

Remuneration and other benefits to the Board of Directors and the members of the Management committee.

- REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration paid to the non-executive members of the Board of Directors during 2009 is indicated below. The figures are given individually for each non-executive director and itemised:

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
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 (**)	**1,290**	**668**	**463**	**535**	**233**	**3,189**

(*) José Antonio Fernández Rivero, apart from the amounts listed in the previous table, also received a total of €652 thousand during 2009 in early retirement payments as a former member of the BBVA management.

(**) Moreover, Mr. Richard C. Breeden, who stood down as director on 13th March 2009, received the sum of €87 thousand in 2009 as remuneration for his membership of the Board.

- REMUNERATION OF EXECUTIVE DIRECTORS

The remuneration paid to the executive directors during 2009 is indicated below. The figures are given individually for each executive director and itemised:

Thousand euros

	Fixed Remuneration	Variable Remuneration (*)	Total
Chairman & CEO	1,928	3,416	5,343
President & COO (**)	783	1,256	2,039
Total	**2,710**	**4,672**	**7,382**

(*) Figures for the variable pay from 2008 received in 2009.
(**) The remuneration paid to the current president & COO, who was appointed 29th September 2009, includes the amount payable as Head of Resources & Systems for the time he occupied this position.

During 2009, the former president & COO, who stood down on 29th September 2009, received €1,065 thousand in fixed remuneration and €2,861 thousand in variable remuneration from 2008.

And during 2009, the former Company secretary, who stood down as executive of the Bank on 22nd December 2009, received €650 thousand in fixed remuneration and €815 thousand in variable remuneration from 2008.

Additionally, those who have been executive directors during 2009 received remuneration in kind and others to a total joint sum of €144 thousand.

The executive directors have also accrued variable remuneration for 2009, payable in 2010: €3,388 thousand payable to the chairman & CEO and €1,482 thousand payable to the president & COO.

The former president & COO accrued €2,811 thousand under the same item, and the former Company Secretary €805 thousand. These amounts are payable in 2010.

These amounts are booked under "Other Liabilities - Carried Forward" on the consolidated balance sheet at 31st December 2009.

- REMUNERATION OF MANAGEMENT COMMITTEE MEMBERS (*)

In 2009, members of the BBVA Management committee received a total of €6,257 thousand in fixed remuneration and €10,804 thousand in variable remuneration from 2008 paid in 2009.

The Management committee members received payment in kind and other worth €453 thousand during 2009.

(*) This section includes information on the members who were on the Management committee at 31st December 2009, excluding executive directors.

- LONG-TERM SHARE REMUNERATION PLAN (2006-2008) FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

The BBVA AGM, 13th March 2009, approved the settlement of the Long-Term Share Remuneration Plan for 2006 to 2008 (hereinafter "The Plan"), under the terms and conditions established when it began, as a function of the BBVA TSR performance benchmarked against those of the banks in its peer group.

The Plan was formally settled on 30th March 2009, and the number of BBVA shares deliverable to its beneficiaries were:

	N° assigned theoretical shares	Multiplier ratio	Number of shares
Chairman & CEO	320,000	1.42	454,400
President & COO	125,000	1.42	177,500

(*) The number of shares delivered to the former president & COO and the former Company secretary & director as a result of this settlement were: 383,400 shares for the former president & COO and 142,000 for the former Company Secretary.

The total number of shares deliverable to the Management committee members sitting on the committee on the date the Plan was settled, excluding executive directors, was 1,191,616 shares.

• 2009 - 2010 MULTI-YEAR VARIABLE SHARE REMUNERATION PROGRAMME FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE.

The Bank's AGM, 13th March 2009, adopted a variable-remuneration scheme in BBVA shares for 2009 and 2010 (hereinafter "The Programme"), addressed to the members of the senior management, including executive directors and members of the Management committee.

The Programme allocates each beneficiary a number of units as a function of their level of responsibility. At the end of the plan, if the requirements established initially are met, these are used to deliver BBVA shares.
The specific number of shares to be given to each beneficiary of the Programme will be determined by multiplying the number of units allocated by a ratio of between 0 and 2, established as a function of the comparative performance of the Bank's TSR (total shareholders' return) against the TSR of the Bank's international peer-group.

The number of units allocated to the executive directors (*) was 215,000 units for the chairman & CEO; 131,707 for the president & COO.

The total number of units allocated under this Programme to Management committee members sitting on the committee on 31st December 2009, excluding executive directors, was 817,464 units.

(*) The number of units initially allocated to the former president & COO and the former Company Secretary & director was reduced as a consequence of their retirement pursuant to a scale as a function of the time during which they performed their executive duties in the Bank and the total duration of the Programme. They received 48,293 and 29,024 units respectively.

• REMUNERATION SYSTEM FOR NON-EXECUTIVE DIRECTORS USING DEFERRED DELIVERY OF SHARES

The AGM, 18th March 2006, resolved under its agenda item eight to establish a remuneration scheme using deferred delivery of shares to the Bank's non-executive directors, to substitute the earlier scheme to which these directors were entitled.
The plan is based on the annual allotment made to non-executive directors of a number of "theoretical shares", equivalent to 20% of the total remuneration received in the previous year, according to the closing prices of the BBVA share during the sixty trading sessions prior to the AGM approving the corresponding financial statements. These shares, where applicable, will be delivered to the directors on the date they leave their seat for any reason other than dereliction of duty.

The numbers of theoretical shares allocated to the non-executive directors in 2009 as beneficiaries of the scheme for remuneration through deferred delivery of shares, corresponding to 20% of the remuneration received by said directors during 2008, are as follows:

DIRECTORS	Theoretical shares	Accumulated theoretical shares
Tomás Alfaro Drake	5,645	9,707
Juan Carlos Álvarez Mezquíriz	9,543	33,511
Rafael Bermejo Blanco	11,683	15,989
Ramón Bustamante y de la Mora	8,661	32,648
José Antonio Fernández Rivero	9,663	24,115
Ignacio Ferrero Jordi	9,543	34,083
Román Knörr Borrás	8,335	27,838
Carlos Loring Martínez de Irujo	8,667	20,418
Enrique Medina Fernández	11,351	44,708
Susana Rodríguez Vidarte	6,854	20,450
Total	**89,945**	**263,467**

• PENSION COMMITMENTS

The provisions recorded at 31st December 2009 to cover the commitments for protection insurance for the president & COO was €13,753 thousand. This includes both the sums accumulated as member of the Group Management committee, and also those stemming from his current position as president & COO. To date, there are no other commitments for executive directors under this item.

During 2009, the Board of Directors determined the pension rights to which the chairman & CEO was entitled, having reached the age of 65 and vested his retirement pension rights. These were established under the actuarial criteria applicable to the bank, at €79,775 thousand of which €72,547 thousand had already been charged to the earnings of previous years, which have been outsourced under an insurance policy whose benefits may not be received until the chairman & CEO stands down from his executive responsibilities. Thus, at 31st December 2009, all the Bank's pension commitments for the chairman & CEO have been met.

Likewise, the Board of Directors determined the pension rights to which the former president & COO was entitled as a consequence of his early retirement. It established this sum at €68,674 thousand, of which €52,495 thousand were already charged to the earnings of previous years. This amount has been externalised in an insurance policy. Thus, at 31st December 2009, all the Bank's pension commitments for the former president & COO have been met.

Finally, the Board of Directors determined the pension rights to which the former Company secretary & director was entitled as a consequence of his early retirement. It established this sum at €13,511 thousand of which €8,710 thousand were already charged to the earnings of previous years. This amount has been paid as compensation for his pension rights, such that at 31st December 2009, the Bank's pension commitments for the former Company secretary & director have been met.

Moreover, €79 thousand have been paid in insurance premiums for non-executive members of the Board of Directors.

The provisions charged to 31st December 2009 for pension commitments for the Management committee members, excluding executive directors, amounted to €45,535 thousand. Of these, €8,371 thousand were provisioned during 2009.

• EXTINCTION OF CONTRACTUAL RELATIONSHIP.

The contractual conditions agreed with the Bank's executive directors recognised their entitlement to receive compensation in the case of severance. The Bank has ceased to bear these obligations. Consequently, at 31st December 2009 there are no severance compensation payment commitments for executive directors and will not be in the future.

The contract of the president & COO determines that in the event of him losing this condition on any grounds other than his own will, retirement, disability or severe dereliction of duty, he will take early retirement with a pension payable, as he chooses, through a lifelong annuity pension, or by payment of a lump sum. This pension will be 75% of his pensionable salary if the severance occurs before he is 55, and 85% if it occurs after reaching said age.

- Further to section B.1.13: BBVA's Annual Report shows the terms and conditions established for the extinction of contractual relationships with the executive directors. The Explanatory report on the management report required by article 116 b of the Securities Market Act, gives information on the agreements between the Company and members of its Board and senior management who have compensation rights if they resign or are unfairly dismissed or if the employment relationship ends as a result of a takeover.

- Further to section B.1.26: Article one of the Board Regulations establishes that external directors may only be considered independent for a continuous 12-year term in office. After this, they cease to be independent.

- Further to section B.1.29: the number of meetings held by the Risks Committee in 2009 was 53.

- 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 regard to B.1.34: The Board of Directors, December, with the favourable report of the Appointments & Remuneration committee, resolved to appoint Mr Domingo Armengol Calvo, until then deputy secretary of the Board, as BBVA's non-director Company & Board secretary, and as secretary to the Bank's Executive committee.

- With respect to the duties of the Audit & Compliance committee set forth in section B.2.2: under the regulations of the Audit committee, its duties include ensuring that the Internal Audit department has the means and resources required, with enough personnel, material elements, systems, procedures and operating manuals to perform its duties in the Group. And will be appraised of any obstacles that may have arisen to the performance of its duties.

It will analyse and, where appropriate, approve the Annual Internal Audit Plan, as well as any other additional occasional or specific plans that have to be put in place on account of regulatory changes or Group business organisational needs.

It will be 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, at its discretion, will judge whether they constitute such cause 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 head of Internal Audit, although it does not approve his or her appointment or propose the budget for the Internal Audit department.

- Further to section B.2.6: Article 26 of the Board regulations, establishes that, in accordance with Company bylaws, the Board of Directors may appoint an Executive committee, once two-thirds of its members vote for this and record of the resolution is duly filed at the Companies 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.

TRANSACTIONS WITH RELATED PARTIES

BBVA and other Group companies as financial institutions, maintain transactions with related parties within the ordinary course of their business. All these transactions account for volumes of little relevance and are done under normal market terms and conditions.

TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS

As of December 31, 2009, the balances of transactions with significant shareholders (see Note 27) correspond to "Customer deposits", at €39 million, "Loans and advances to customers", at €37 million and "Contingent exposures, at €17 million, all of them in normal market conditions.

TRANSACTIONS WITH BBVA GROUP COMPANIES

At 31st December 2009, 2008 and 2007, the balances of the biggest items on the consolidated balance sheet stemming from transactions between the Group and its associated entities and companies under joint control that are consolidated under the equity method (see Note 2.1) were as follows:

	Millions of euros		
	2009	2008	2007
Assets:			
Loans and advances to credit institutions	45	27	32
Loans and advances to customers	613	507	610
Liabilities:			
Deposits from credit institutions	3	1	-
Customers deposits	76	23	55
Debt certificates	142	344	440
Memorandum accounts:			
Contingent exposures	36	37	129
Contingents commitments	340	415	443

In 2009, 2008 and 2007, the balances of the biggest items on the attached consolidated income statement stemming from transactions between the Group and its associated entities and companies under joint control that are consolidated under the equity method (see Note 2.1) were as follows:

	Millions of euros		
	2009	2008	2007
Income statement:			
Financial Revenues	18	36	33
Financial Expenses	6	22	18

There are no other material effects on the consolidated financial statements of the Group in 2009 arising from dealings with these companies, other than the effects arising from using the equity method (see Note 2.1), and from the insurance policies to cover pension or similar commitments (see Note 25).

As of December, 2009, 2008 and 2007, the notional amount of the futures transactions arranged by the Group with the main companies mentioned above amounted to approximately €569 million, €101 million and €74 million on December 31, 2008 and 2009, respectively (of which €474 million in 2009 correspond to futures transactions with the CITIC Group).

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 MEMBERS OF THE BOARD OF DIRECTORS AND THE MANAGEMENT COMMITTEE

The information on the remuneration of members of the BBVA Board of Directors and the Group's Management committee is described in Note 56.

The amount of credit facilities granted to members of the Board of Directors at 31st December 2009 was €806 thousand.

The credit facilities availed by members of the Management committee at 31st December 2009, excluding the executive directors, stood at €3,912 thousand.

At 31st December 2009, no guarantees had been granted for members of the Board of Directors or the Management committee of the Bank.

At 31st December 2009, the amount of credit facilities availed by parties related to key personnel (the aforementioned members of the BBVA board of directors and members of the Management committee) was €51,882 thousand. At 31st December, €24,514 thousand were availed against other liabilities (guarantees, financial leases and commercial lending) with parties related to key personnel.

TRANSACTIONS WITH OTHER RELATED PARTIES

At 31st December 2009, the Group did not have any transactions with other related parties that do not belong to ordinary trading and traffic within its business, that were not effected under normal market conditions and that were not of little relevelance. This means that there were no transactions requiring reporting in order to give a true picture of the Group's net assets, the financial situation and the earnings.

- Further to section D.1: The Group has an Internal Control Model that is informed by the best practices contained in the COSO (Committee of Sponsoring Organizations of the Treadway Commission) "Enterprise Risk Management - Integrated Framework" document and in the BIS "Framework for Internal Control Systems in Banking Organizations". The Internal Control Model forms part of the Integrated Risk Management Framework, ie, the process within an organisation that involves its Board of Directors, its senior management and its staff and is designed to identify potential risks facing the institution. This means that such risks are managed within the limits established in such a way as to reasonably ensure business targets are reached. This Integrated Risk Management Framework comprises the specialist units (Risks, Compliance, Accounts & Consolidation, Legal Affairs), the Internal Control and the Internal Audit departments. The Internal Control Model is based on principles including the following:

1. The Internal Control Model is articulated along the lines of each process.

2. The activities of identifying, evaluating and mitigating risks must be unified for each process.

3. The Group units are accountable for internal oversight and control.

4. The systems, tools and reporting flows supporting the internal control and operational risk activities must be unified for each unit or, at least, be administered in an integrated manner by each unit.

5. The specialist units promote policies and draw up internal standards whose second-level development and application is the responsibility of the Corporate Internal Control unit. One of the essential elements in the model is use of Entity Level Controls (ELCs), which establish high-level controls in order to reduce the severity of risks inherent to the Group's business activities. The Internal Control department in each unit is responsible for implementing the control model within its scope of accountability and manage existing risk by proposing improvements to processes.

Given that the scope of accountabilities is worldwide for some units, there are transversal control functions that supplement the aforementioned control mechanisms. Finally, each unit has an Internal Control & Operational Risk committee, which is responsible for approving the mitigation plans matched to each risk and weakness identified in that unit. At the top of this committee structure is the Global Internal Control & Operational Risk committee for the Group as a whole. The outcome of using the tools, the working of the risks control systems and the correct performance of the risks function is that very few of these risks materialize, allowing the BBVA Group to curtail its NPA ratios and report high capital adequacy levels.

Further to section D.2: Detailed information on the BBVA Group's risk exposure is given in the BBVA Annual Report and in the BBVA Management Report, which includes the most noteworthy data.

- Further to section E.9: Holders of fewer shares than the bylaws establish for entitlement to attend, may if they wish apply for an invitation to the General Meeting through the shareholders helpdesk, the BBVA website or any BBVA branch. It will be facilitated to them where the inevitable space constraints in the facilities where General Meetings can be held allow this, given the very high number of shareholders in the company.

With respect to the recommendation on corporate governance contained in number 42, section F: Article 2 of the Board of Directors regulations establishes that the Board of Directors will put its proposals for appointment or re-election of directors to the Company's General Meeting in such a way that there is an ample majority of external directors over executive directors on the Board and that the number of independent directors accounts for at least one third of the total seats. Likewise, article 26 of the Board of Directors regulations establishes that the Board of Directors may appoint an Executive Committee, trying 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 composition of BBVA's Board of Directors and its Executive Committee is compliant with their regulations, in that they have an ample majority of independent directors. There are only two executive directors sitting on the Board of Directors and the Executive Committee.

- Regarding the 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 outcome of its development, any further standards that may be established, and recommendations on best market practices that are in keeping with its corporate reality.

This section may include any other relevant information, clarification or detail related to previous sections of the report insofar as they are relevant and not reiterative.

Specifically indicate whether the company is subject to corporate governance legislation from any country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report

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:

NO

Date and signature:

This annual report on corporate governance has been approved by the Company's Board of Directors on

03/Feb/2010

Indicate whether any members have voted against or abstained with respect to the approval of this report.

NO

DECLARATION OF LIABILITY FOR THE ANNUAL FINANCIAL REPORT

The members of the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. hereby declare that, as far as they are aware, the individual and consolidated financial statements for 2009, filed at their meeting, 3rd February 2010, drawn up according to applicable accounting standards, provide a true picture of the net worth, the financial situation and the results of Banco Bilbao Vizcaya Argentaria, S.A. and the companies it consolidates taken as a whole, and that the consolidated and individual management reports include a true analysis of the evolution and position of Banco Bilbao Vizcaya Argentaria, S.A. and the companies that it consolidates taken as a whole, along with a description of the main risks and uncertainties that they face.

Madrid, 3rd February 2010.

Mr Francisco González Rodríguez Chairman & CEO	Mr Ángel Cano Fernández President & COO	Mr Tomás Alfaro Drake Director
Mr Juan Carlos Álvarez Mezquíriz Director	Mr Rafael Bermejo Blanco Director	Mr Ramón Bustamante y de la Mora Director
Mr José Antonio Fernández Rivero Director	Mr Ignacio Ferrero Jordi Director	Mr Román Knörr Borrás Director
Mr Carlos Loring Martínez de Irujo Director	Mr José Maldonado Ramos Director	Mr Enrique Medina Fernández Director

Ms Susana Rodríguez Vidarte
Director

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.*