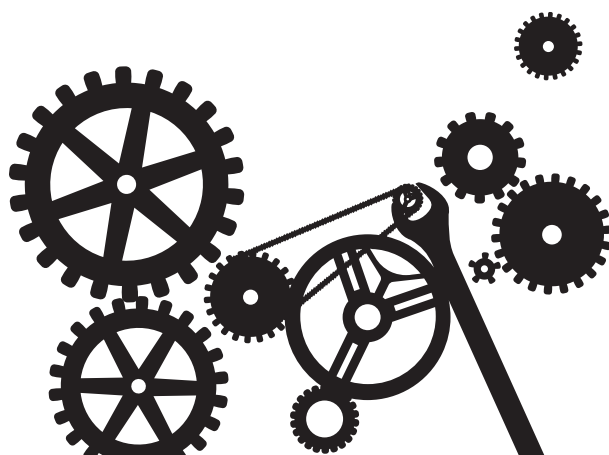




Annual Report 2008



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Annual Report

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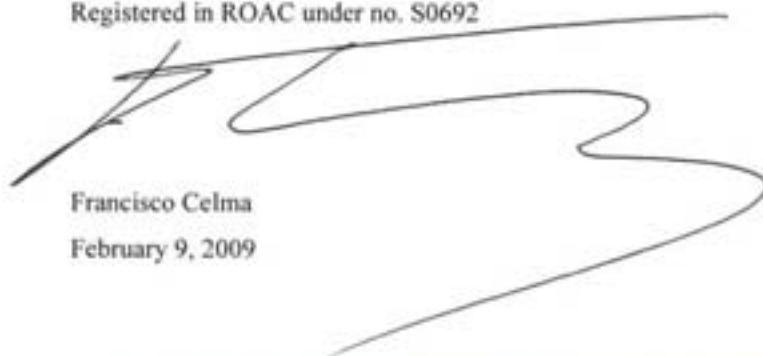
Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (Notes 1 and 58). 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 the Banco Bilbao Vizcaya Argentaria Group (the "Group" – Note 3), which consist of the consolidated balance sheet at 31 December 2008, and the related consolidated income statement, consolidated cash flow statement, consolidated changes in total equity 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 corporate and commercial law, for comparison purposes the Bank's directors present, in addition to the figures for 2008 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated changes in total equity and notes to the consolidated financial statements, the figures for 2007. In addition, and also for comparison purposes, the figures for 2006 are presented. On 7 February 2008 and 13 February 2007, we issued our auditors' reports on the consolidated financial statements for 2007 and 2006, in which we expressed unqualified opinions.
3. In our opinion, the accompanying consolidated financial statements for 2008 present fairly, in all material respects, the consolidated equity and consolidated financial position of the Banco Bilbao Vizcaya Argentaria Group at 31 December 2008, and the consolidated results of its operations, the changes in the consolidated total 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 2008 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 2008. 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 consolidated companies' accounting records.

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



Francisco Celma
February 9, 2009

Consolidated Financial Statements



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

Consolidated balance sheets as of december 31, 2008, 2007 and 2006

(Notes 1 to 5)

	Millions of euros		
	2008	2007 ^(*)	2006 ^(*)
ASSETS			
CASH AND BALANCES WITH CENTRAL BANKS (Note 9)	14,659	22,581	12,515
FINANCIAL ASSETS HELD FOR TRADING (Note 10)	73,299	62,336	51,791
Loans and advances to credit institutions	-	-	-
Loans and advances to customers	-	-	-
Debt securities	26,556	38,392	30,426
Other equity instruments	5,797	9,180	9,949
Trading derivatives	40,946	14,764	11,416
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 11)	1,754	1,167	977
Loans and advances to credit institutions	-	-	-
Loans and advances to customers	-	-	-
Debt securities	516	421	56
Other equity instruments	1,238	746	921

(*) Presented for comparison purposes only.

Consolidated balance sheets as of december 31, 2008, 2007 and 2006

(Notes 1 to 5)

	Millions of euros		
	2008	2007 ^(*)	2006 ^(*)
ASSETS (Continuation)			
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Note 12)	47,780	48,432	42,256
Debt securities	39,831	37,336	32,219
Other equity instruments	7,949	11,096	10,037
LOANS AND RECEIVABLES (Note 13)	369,494	337,765	279,658
Loans and advances to credit institutions	33,856	24,527	21,264
Loans and advances to customers	335,260	313,178	258,317
Debt securities	378	60	77
HELD-TO-MATURITY INVESTMENTS (Note 14)	5,282	5,584	5,906
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	-	-	-
HEDGING DERIVATIVES (Note 15)	3,833	1,050	1,963
NON-CURRENT ASSETS HELD FOR SALE (Note 16)	444	240	186
INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD (Note 17)	1,467	1,542	889
Associates	894	846	206
Jointly controlled entities	573	696	683
INSURANCE CONTRACTS LINKED TO PENSIONS	-	-	-
REINSURANCE ASSETS (Note 18)	29	43	32
TANGIBLE ASSETS (Note 19)	6,908	5,238	4,527
Property, plants and equipment	5,174	5,156	4,466
Own use	4,442	4,437	3,816
Other assets leased out under an operating lease	732	719	650
Investment properties	1,734	82	61
INTANGIBLE ASSETS (Note 20)	8,439	8,244	3,269
Goodwill	7,659	7,436	2,973
Other intangible assets	780	808	296
TAX ASSETS (Note 32)	6,484	5,207	5,340
Current	1,266	682	449
Deferred	5,218	4,525	4,891
OTHER ASSETS (Note 21)	2,778	2,297	2,354
Inventories	1,066	457	470
Other	1,712	1,840	1,884
TOTAL ASSETS	542,650	501,726	411,663

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 58 and Appendices I to XI are an integral part of the consolidated balance sheet as of December 31, 2008.

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

Consolidated balance sheets as of december 31, 2008, 2007 and 2006

(Notes 1 to 5)

Millions of euros

LIABILITIES AND EQUITY	2008	2007 ^(*)	2006 ^(*)
FINANCIAL LIABILITIES HELD FOR TRADING (Note 10)	43,009	19,273	14,923
Deposits from central banks	-	-	-
Deposits from credit institutions	-	-	-
Deposits from customers	-	-	-
Debt certificates	-	-	-
Trading derivatives	40,309	17,540	13,218
Short positions	2,700	1,733	1,705
Other financial liabilities	-	-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 11)	1,033	449	582
Deposits from central banks	-	-	-
Deposits from credit institutions	-	-	-
Deposits from customers	-	-	-
Debt certificates	-	-	-
Subordinated liabilities	-	-	-
Other financial liabilities	1,033	449	582
FINANCIAL LIABILITIES AT AMORTISED COST (Note 22)	450,605	431,856	351,405
Deposits from central banks	16,844	27,326	15,238
Deposits from credit institutions	49,961	60,772	42,567
Deposits from customers	255,236	219,610	186,749
Debt certificates	104,157	102,247	86,482
Subordinated liabilities	16,987	15,662	13,597
Other financial liabilities	7,420	6,239	6,772
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	-	-	-
HEDGING DERIVATIVES (Note 15)	1,226	1,807	2,280
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE (Note 16)	-	-	-
LIABILITIES UNDER INSURANCE CONTRACTS (Note 23)	6,571	6,867	6,908
PROVISIONS (Note 24)	8,678	8,342	8,649
Provisions for pensions and similar obligations	6,359	5,967	6,358
Provisions for taxes	263	225	232
Provisions for contingent exposures and commitments	421	546	502
Other provisions	1,635	1,604	1,557
TAX LIABILITIES (Note 32)	2,266	2,817	2,369
Current	984	582	622
Deferred	1,282	2,235	1,747
OTHER LIABILITIES (Note 21)	2,557	2,372	2,229
TOTAL LIABILITIES	515,945	473,783	389,345

(*) Presented for comparison purposes only.

Consolidated balance sheets as of december 31, 2008, 2007 and 2006

(Notes 1 to 5)

	Millions of euros		
	2008	2007 ^(*)	2006 ^(*)
LIABILITIES AND EQUITY <i>(Continuation)</i>			
SHAREHOLDERS' FUNDS	26,586	24,811	18,209
Capital (Note 27)	1,837	1,837	1,740
Issued	1,837	1,837	1,740
Unpaid and uncalled (-)	-	-	-
Share premium (Note 28)	12,770	12,770	9,579
Reserves (Note 29)	9,410	6,060	3,629
Accumulated reserves (losses)	8,801	5,609	3,268
Reserves (losses) of entities accounted for using the equity method	609	451	361
Other equity instruments	89	68	35
Equity component of compound financial instruments	-	-	-
Other	89	68	35
Less: Treasury shares (Note 30)	(720)	(389)	(147)
Income attributed to the Group	5,020	6,126	4,736
Less: Dividends and remuneration	(1,820)	(1,661)	(1,363)
VALUATION ADJUSTMENTS	(930)	2,252	3,341
Available-for-sale financial assets (Note 12)	931	3,546	3,323
Cash flow hedges	207	(50)	17
Hedges of net investment in a foreign operations	247	297	(5)
Exchange differences	(2,231)	(1,588)	(27)
Non-current assets held for sale	-	-	-
Entities accounted for using the equity method	(84)	47	33
Other valuation adjustments	-	-	-
MINORITY INTERESTS (Note 26)	1,049	880	768
Valuation adjustments	(175)	(118)	8
Other	1,224	998	760
TOTAL EQUITY	26,705	27,943	22,318
TOTAL LIABILITIES AND EQUITY	542,650	501,726	411,663

	Millions of euros		
	2008	2007 ^(*)	2006 ^(*)
CONTINGENT EXPOSURES (Note 33)	35,952	36,859	29,986
CONTINGENT COMMITMENTS (Note 33)	98,897	106,940	103,221

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 58 and Appendices I to XI are an integral part of the consolidated balance sheet as of December 31, 2008.

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

Consolidated income statements for the years ended december 31, 2008, 2007 and 2006

(Notes 1 to 5)

	Millions of euros		
	2008	2007 ^(*)	2006 ^(*)
INTEREST AND SIMILAR INCOME (Note 38)	30,404	26,176	20,042
INTEREST EXPENSE AND SIMILAR CHARGES (Note 38)	(18,718)	(16,548)	(11,904)
NET INTEREST INCOME	11,686	9,628	8,138
DIVIDEND INCOME (Note 39)	447	348	380
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD (Note 40)	293	241	308
FEE AND COMMISSION INCOME (Note 41)	5,539	5,603	5,133
FEE AND COMMISSION EXPENSES (Note 42)	(1,012)	(1,043)	(943)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES (Note 43)	1,328	1,545	1,261
Held for trading	265	709	829
Other financial instruments at fair value through profit or loss	(17)	43	62
Other financial instruments not at fair value through profit or loss	1,080	793	370
Other	-	-	-
EXCHANGE DIFFERENCES (NET)	231	411	376
OTHER OPERATING INCOME (Note 44)	3,559	3,589	3,413
Income on insurance and reinsurance contracts	2,512	2,605	2,736
Financial income from non-financial services	485	655	460
Rest of other operating income	562	329	217
OTHER OPERATING EXPENSES (Note 44)	(3,093)	(3,051)	(2,923)
Expenses on insurance and reinsurance contracts	(1,896)	(2,052)	(2,209)
Changes in inventories	(403)	(467)	(329)
Rest of other operating expenses	(794)	(532)	(385)
GROSS INCOME	18,978	17,271	15,143
ADMINISTRATION COSTS (Note 45)	(7,756)	(7,253)	(6,330)
Personnel expenses	(4,716)	(4,335)	(3,989)
General and administrative expenses	(3,040)	(2,918)	(2,342)
DEPRECIATION AND AMORTIZATION	(699)	(577)	(472)
PROVISIONS (NET) (Note 46)	(1,431)	(235)	(1,338)
IMPAIRMENT ON FINANCIAL ASSETS (NET) (Note 47)	(2,941)	(1,903)	(1,457)
Loans and receivables (Note 13)	(2,797)	(1,902)	(1,477)
Other financial instruments not at fair value through profit or loss	(144)	(1)	20
NET OPERATING INCOME	6,151	7,303	5,545

(*) Presented for comparison purposes only.

Consolidated income statements for the years ended december 31, 2008, 2007 and 2006

(Notes 1 to 5)

	Millions of euros		
(Continuation)	2008	2007 ^(*)	2006 ^(*)
NET OPERATING INCOME	6,151	7,303	5,545
IMPAIRMENT LOSSES OF OTHER ASSETS (NET) (Note 48)	(45)	(13)	(12)
Goodwill and other intangible assets (Note 20)	(1)	(1)	(13)
Other assets	(44)	(12)	1
GAINS (LOSSES) IN WRITTEN OFF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE (Note 49)	72	13	956
NEGATIVE GOODWILL	-	-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS (Note 50)	748	1,191	541
INCOME BEFORE TAX	6,926	8,494	7,030
INCOME TAX (Note 32)	(1,541)	(2,079)	(2,059)
INCOME FROM ORDINARY ACTIVITIES	5,385	6,415	4,971
INCOME FROM DISCONTINUED OPERATIONS (NET)	-	-	-
NET INCOME	5,385	6,415	4,971
Net income attributed to parent company	5,020	6,126	4,736
Profit or loss attributable to minority interest (Note 26)	365	289	235

	Units of euros		
	2008	2007 ^(*)	2006 ^(*)
EARNINGS PER SHARE FOR CONTINUING OPERATIONS (Note 5)			
Basic earnings per share	1,35	1,70	1,39
Diluted earnings per share	1,35	1,70	1,39

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 58 and Appendices I to XI are an integral part of the consolidated balance sheet as of December 31, 2008.

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

Consolidated changes in total equity for the years ended december 31, 2008, 2007 and 2006 (Notes 1 to 5)

	Shareholders' funds			
	Reserves			
	Share Capital (Note 27)	Share premium	Reserves (accumulated losses)	Reserves (losses from entities accounted for equity method)
Balances at January 1, 2008	1,837	12,770	5,609	451
Effects of changes in accounting policies	-	-	-	-
Effect of correction of errors	-	-	-	-
Adjusted initial balance	1,837	12,770	5,609	451
Total income/expense recognized	-	-	-	-
Other changes in equity	-	-	3,192	158
Increased of capital	-	-	-	-
Capital reduction	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-
Increase of other equity instruments	-	-	-	-
Reclassification of financial liabilities to other equity instruments	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-
Dividend distribution	-	-	-	-
Transactions including treasury shares and other equity instruments (net)	-	-	(172)	-
Transfers between total equity entries	-	-	3,431	33
Increase/Reduction in business combinations	-	-	9	-
Payments with equity instruments	-	-	-	-
Rest of increase/reductions in total equity	-	-	(75)	125
Balances at December 31, 2008	1,837	12,770	8,801	609

The accompanying Notes 1 to 58 and Appendices I to XI are an integral part of the consolidated balance sheet as of December 31, 2008.

Millions of euros

Total equity attributed to the parent company

Other equity instruments	Less: Treasury shares (Note 30)	Profit for the year attributed to parent company	Less: dividends and remunerations	Total shareholders' funds	Valuation adjustments	Total	Minority interest (Note 26)	Total equity
68	389	6,126	1,661	24,811	2,252	27,063	880	27,943
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
68	389	6,126	1,661	24,811	2,252	27,063	880	27,943
-	-	5,020	-	5,020	(3,182)	1,838	310	2,148
21	331	(6,126)	159	(3,244)	-	(3,244)	(142)	(3,388)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
21	-	-	-	21	-	-	-	21
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	1,002	(1,820)	2,822	-	2,822	142	2,964
-	331	-	-	(503)	-	(503)	-	(503)
-	-	(5,125)	(1,661)	-	-	-	-	-
-	-	-	-	9	-	9	-	9
-	-	-	-	-	-	-	-	-
-	-	-	-	49	-	49	-	49
89	720	5,020	1,820	26,586	(930)	25,656	1,049	26,705

Consolidated changes in total equity for the years ended december 31, 2008, 2007 and 2006 (Notes 1 to 5)

	Shareholders' funds			
	Reserves			
	Share Capital (Note 27)	Share premium	Reserves (accumulated losses)	Reserves (losses from entities accounted for equity method)
<i>(Continuation)</i>				
Balances at January 1, 2007	1,740	9,579	3,268	361
Effects of changes in accounting policies	-	-	-	-
Effect of correction of errors	-	-	-	-
Adjusted initial balance	1,740	9,579	3,268	361
Total income/expense recognized	-	-	-	-
Other changes in equity	97	3,191	2,341	90
Increased of capital	97	3,191	(24)	-
Capital reduction	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-
Increase of other equity instruments	-	-	-	-
Reclassification of financial liabilities to other equity instruments	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-
Dividend distribution	-	-	-	-
Transactions including treasury shares and other equity instruments (net)	-	-	(26)	-
Transfers between total equity entries	-	-	2,435	90
Increase/Reduction in business combinations	-	-	-	-
Payments with equity instruments	-	-	-	-
Rest of increase/reductions in total equity	-	-	(44)	-
Balances at December 31, 2007	1,837	12,770	5,609	451
	Share Capital (Note 27)	Share premium	Reserves (accumulated losses)	Reserves (losses from entities accounted for equity method)
Balances at January 1, 2006	1,662	6,658	2,343	(171)
Effects of changes in accounting policies	-	-	-	-
Effect of correction of errors	-	-	-	-
Adjusted initial balance	1,662	6,658	2,343	(171)
Total income/expense recognized	-	-	-	-
Other changes in equity	78	2,921	925	532
Increased of capital	78	2,921	(40)	-
Capital reduction	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-
Increase of other equity instruments	-	-	-	-
Reclassification of financial liabilities to other equity instruments	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-
Dividend distribution	-	-	-	-
Transactions including treasury shares and other equity instruments (net)	-	-	17	-
Transfers between total equity entries	-	-	1,479	532
Increase/Reduction in business combinations	-	-	-	-
Payments with equity instruments	-	-	-	-
Rest of increase/reductions in total equity	-	-	(531)	-
Balances at December 31, 2006	1,740	9,579	3,268	361

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 58 and Appendices I to XI are an integral part of the consolidated balance sheet as of December 31, 2008.

Millions of euros

Total equity attributed to the parent company

Other equity instruments	Less: Treasury shares (Note 30)	Profit for the year attributed to parent company	Less: dividends and remunerations	Total shareholders' funds	Valuation adjustments	Total	Minority interest (Note 26)	Total equity ⁽¹⁾
35	147	4,736	1,363	18,209	3,341	21,550	768	22,318
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
35	147	4,736	1,363	18,209	3,341	21,550	768	22,318
-	-	6,126	-	6,126	(1,088)	5,038	285	5,323
33	242	(4,736)	298	476	(1)	475	(173)	302
-	-	-	-	3,264	-	3,264	-	3,264
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	848	(1,661)	2,509	-	2,509	108	2,617
-	242	-	-	(268)	-	(268)	-	(268)
-	-	(3,888)	(1,363)	-	-	-	-	-
-	-	-	-	-	-	-	-	-
33	-	-	-	33	-	33	-	33
-	-	-	-	(44)	(1)	(45)	(65)	(110)
68	389	6,126	1,661	24,811	2,252	27,063	880	27,943

Other equity instruments	Less: Treasury shares (Note 30)	Profit for the year attributed to parent company	Less: dividends and remunerations	Total shareholders' funds	Valuation adjustments	Total	Minority interest (Note 26)	Total equity ⁽¹⁾
-	96	3,806	1,166	13,036	3,295	16,331	971	17,302
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	96	3,806	1,166	13,036	3,295	16,331	971	17,302
-	-	4,736	-	4,736	46	4,782	235	5,017
35	51	(3,806)	197	437	-	437	(438)	(1)
-	-	-	-	2,959	-	2,959	-	2,959
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	629	(1,363)	1,992	-	1,992	104	2,096
-	51	-	-	(34)	-	(34)	-	(34)
-	-	(3,177)	(1,166)	-	-	-	-	-
-	-	-	-	-	-	-	-	-
35	-	-	-	35	-	35	-	35
-	-	-	-	(531)	-	(531)	(334)	(865)
35	147	4,736	1,363	18,209	3,341	21,550	768	22,318

Consolidated statements of changes in total equity

(Continuación)

(Notas 1 a 5)

	Millions of euros		
	2008	2007 ^(*)	2006 ^(*)
NET INCOME RECOGNISED DIRECTLY IN EQUITY	5,385	6,415	4,971
OTHER RECOGNIZED INCOME (EXPENSES)	(3,237)	(1,092)	46
Available-for-sale financial assets	(3,787)	320	143
Revaluation gains/losses	(2,065)	1,857	1,264
Amounts removed to income statement	(1,722)	(1,537)	(1,121)
Reclassifications	-	-	-
Cash flow hedges	361	(94)	183
Revaluation gains/losses	373	(81)	183
Amounts removed to income statement	(12)	(13)	-
Amounts removed to the initial carrying amount of the hedged items	-	-	-
Reclassifications	-	-	-
Hedges of net investment in foreign operations	(50)	507	676
Revaluation gains/losses	(50)	507	676
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Exchange differences	(660)	(2,311)	(1,328)
Translation gains/losses	(678)	(2,311)	(1,328)
Amounts removed to income statement	17	-	-
Reclassifications	-	-	-
Non-current assets held for sale	-	-	-
Revaluation gains	-	-	-
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Actuarial gains and losses in post-employment plans	-	-	-
Entities accounted for using the equity method	(144)	18	29
Valuation gains/losses	(144)	18	29
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Rest of recognized income and expenses	-	-	-
Income tax	1,044	468	343
TOTAL RECOGNIZED INCOME/EXPENSES	2,148	5,323	5,017
Attributed to the parent company	1,838	5,038	4,782
Attributed to minority interest	310	285	235

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 58 and Appendices I to XI are an integral part of the consolidated balance sheet as of December 31, 2008.

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

Consolidated statements of cash flows for the years ended december 31, 2008, 2007 and 2006

(Notes 1 to 5)

	Millions of euros		
	2008	2007 ^(*)	2006 ^(*)
CASH FLOW FROM OPERATING ACTIVITIES (1)	(1,992)	17,290	2,222
Consolidated profit for the year	5,385	6,415	4,971
Adjustments to obtain the cash flow from operating activities:	(1,112)	828	1,522
Amortization	699	577	472
Other adjustments	(1,811)	251	1,050
Net increase/decrease in operating assets	45,714	74,226	19,468
Financial assets held for trading	10,964	10,545	7,779
Other financial assets designated at fair value through profit or loss	588	190	(444)
Available-for-sale financial assets	(800)	5,827	(18,357)
Loans and receivables	30,866	58,352	33,334
Other operating assets	4,096	(688)	(2,844)
Net increase/decrease in operating liabilities	37,908	82,192	13,138
Financial liabilities held for trading	23,736	4,350	(1,347)
Other financial liabilities designated at fair value through profit or loss	-	(134)	(158)
Financial liabilities measured at amortised cost	20,058	78,385	17,672
Other operating liabilities	(5,886)	(408)	(3,029)
Collection/Payments for income tax	1,541	2,080	2,059
CASH FLOWS FROM INVESTING ACTIVITIES (2)	(2,865)	(7,987)	(2,128)
Investment	4,617	10,948	5,401
Tangible assets	1,199	1,836	1,214
Intangible assets	402	134	253
Investments	672	690	80
Subsidiaries and other business units	1,559	7,082	1,629
Non-current assets held for sale and associated liabilities	515	487	279
Held-to-maturity investments	-	-	1,946
Other payments related to investing activities	270	719	-
Divestments	1,752	2,961	3,273
Tangible assets	168	328	501
Intangible assets	31	146	120
Investments	9	227	825
Subsidiaries and other business units	13	11	934
Non-current assets held for sale and associated liabilities	374	744	370
Held-to-maturity investments	283	321	-
Other collections related to investing activities	874	1,184	523

(*) Presented for comparison purposes only.

Consolidated statements of cash flows for the years ended december 31, 2008, 2007 and 2006

(Notes 1 to 5)

	Millions of euros		
(Continuation)	2008	2007 ^o	2006 ^o
CASH FLOWS FROM FINANCING ACTIVITIES (3)	(2,271)	1,996	871
Investment	17,807	20,470	9,554
Dividends	2,813	2,424	1,914
Subordinated liabilities	735	1,723	1,760
Amortization of own equity instruments	-	-	-
Acquisition of own equity instruments	14,095	16,182	5,677
Other items relating to financing activities	164	141	203
Divestments	15,536	22,466	10,425
Subordinated liabilities	1,535	3,096	1,846
Issuance of own equity instruments	-	3,263	2,939
Disposal of own equity instruments	13,745	16,041	5,640
Other items relating to financing activities	256	66	-
EFFECT OF EXCHANGE RATE CHANGES (4)	(791)	(1,233)	(785)
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)	(7,919)	10,066	180
CASH OR CASH EQUIVALENTS AT BEGINNING OF YEAR	22,561	12,496	12,317
CASH OR CASH EQUIVALENTS AT END OF YEAR	14,642	22,561	12,496

	Millions of euros		
COMPONENTS OF CASH AND EQUIVALENT AT END OF YEAR	2008	2007 ^o	2006 ^o
Cash	3,915	2,938	2,756
Balance of cash equivalent in central banks	10,727	19,623	9,713
Other financial assets	-	-	-
Less: bank overdraft refundable on demand	-	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF YEAR	14,642	22,561	12,496
Of which:			
held by consolidated entities but no available for the Group	-	-	-

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 58 and Appendices I to XI are an integral part of the consolidated balance sheet as of December 31, 2008.

Notes to the Consolidated Financial Statements



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

Notes to the Consolidated Financial Statements for the year ended december 31, 2008

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

1.1. INTRODUCTION

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

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

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

As of December 31, 2008 the Group was composed by 357 entities that were fully consolidated, 5 were consolidated by the proportionate method and 72 entities accounted for using the equity method (Notes 3 and 17 and appendix II to VI of the present consolidated financial statements).

The Group’s consolidated financial statements as of December 31, 2007 were approved by the shareholders at the Bank’s Annual General Meeting on March 14, 2008.

The 2008 consolidated financial statements of the Group and the 2008 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 are presented in accordance with the International Financial Reporting Standards endorsed by the European Union ("IFRS-EU") applicable at year-end 2008, and additionally considering Bank of Spain Circular 4/2004, of December 22, 2004 (and as amended thereafter). These Circular of the Bank of Spain are the legislation that enacts and adapts the IFRS-EU for Spanish banks.

The BBVA Group's consolidated financial statements for 2008 were prepared by the Bank's directors (at the Board Meeting on February 5, 2009) in accordance with the EU-IFRS required to be applied under the Bank of Spain's Circular 4/2004, and by applying the basis of consolidation, accounting policies and measurement bases described in Note 2, so that they present fairly the Group's equity and financial position in 2008, and the results of its operations, the changes in the consolidated equity and consolidated cash flows arising in the Group during 2008. These consolidated financial statements were prepared on the basis of the accounting records kept by the Bank and by each of the other Group companies and include the adjustments and reclassifications required to unify the accounting policies and measurement bases used by the Group (Note 2.2).

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

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

1.3. COMPARATIVE INFORMATION

Aforementioned, the annual consolidated financial statements for the year ended December 31, 2008 were prepared under the financial statements models established in Circular 4/2004 of the Bank of Spain, and its subsequent modifications. Bank of Spain issued Circular 6/2008 of the Bank of Spain, of November 26, 2008, which represents modifications in the presentation format of the consolidated financial statements.

For this reason, the consolidated financial statements for 2007 and 2006, which are presented alongside the accompanying consolidated financial statements exclusively for comparison purposes, have been modified with respect to those originally prepared by the Group in order to adapt them to the presentation requirements. These changes exclusively affect the presentation format and have no impact whatsoever on the Group's consolidated equity or profit.

Appendix VIII reconciles the originally issued consolidated financial statements for 2008, 2007 and 2006.

1.4. RESPONSIBILITY FOR THE INFORMATION AND FOR THE ESTIMATES MADE

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

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

- The impairment losses on certain financial assets (Notes 7, 8, 11, 12, 13 and 16).
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and commitments (Note 25).
- The useful life of tangible and intangible assets (Notes 19 and 20).
- The measurement of goodwill arising on consolidation (Notes 17 and 20).
- The fair value of certain unlisted assets (Note 7, 8, 10, 11, 12 and 15).

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

1.5. ENVIRONMENTAL IMPACT

Given the activities 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 heading on the face of the Group's 2008 consolidated financial statements that requires disclosure in the environmental report stipulated under the Ministry of Economics Order of October 8, 2001. Further the notes to the accompanying financial statements do not include specific disclosure on environmental matters.

1.6. DETAIL OF AGENTS OF CREDIT INSTITUTIONS

The detail of BBVA agents required pursuant to Article 22 of Royal Decree 1245/1995 of July 14 of the Ministry of Economy and Finance is disclosed in the BBVA financial statements for the year ended December 31, 2008.

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

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

1.8. CAPITAL MANAGEMENT AND MINIMUM EQUITY REQUIRED

Capital requirements

Bank of Spain Circular 3/2008, of May 22, on the calculation and control of minimum capital requirements, regulates the minimum capital requirements for Spanish credit institutions –both as individual entities and as consolidated groups– and how to calculate them, as well as the various internal capital adequacy assessment processes they should have in place and the information they should disclose to the market.

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

The minimum capital requirements established by Bank of Spain Circular 3/2008 are calculated on the basis of the Group's exposure to credit risk and dilution risk (on the basis of the assets, obligations and other memorandum items that present these risks, depending on their amounts, characteristics, counterparties, guarantees, etc.), to counterparty risk and position and settlement risk in the trading book, to foreign exchange risk (on the basis of the overall net foreign currency position) and to operational risk. Additionally, the Group is subject to compliance with the risk concentration limits established in the aforementioned Circular and with the requirements concerning internal corporate governance, internal capital adequacy assessment, measurement of interest rate risk and information to be disclosed to the market also set forth therein. With a view to guaranteeing compliance with the aforementioned objectives, the Group performs integrated management of these risks, in accordance with its internal policies (see Note 7).

As of December 31, 2007 and 2006, regulatory capital management analyzed capital base and capital ratios under requirements of Circular 5/1993, of March 26, of Bank of Spain.

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

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

Capital management

New Basel Capital Accord - Basel II - Economic Capital

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

Regulatory capital management is based on the analysis of the capital base and the capital ratios (core capital, Tier 1, etc.) using Basel ("BIS") and Bank of Spain criteria (Note 31)

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

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

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

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

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

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

1.9. 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 that are not affected by seasonal or cyclical factors.

2. BASIS OF CONSOLIDATION, ACCOUNTING POLICIES AND MEASUREMENT BASES APPLIED AND IFRS RECENT PRONOUNCEMENTS

Glossary (Appendix XI) includes the definition of financial and economic terms use in this Note 2 "Basis of consolidation, accounting policies and measurement bases applied and IFRS pronouncements" and subsequent notes.

2.1. BASIS OF CONSOLIDATION

The accounting policies and measurement bases used in preparing the Group's consolidated financial statements as of December 31, 2008 may differ from those used by certain Group companies. For this reason, the required adjustments and reclassifications were made on consolidation to unify the policies and bases used and to make them compliant with EU-IFRSs.

The results of subsidiaries acquired during the period are included in the consolidated income statement from the date of acquisition to period-end; similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

In the Group there are three types of consolidated entities: subsidiaries, jointly controlled entities and associates.

Subsidiaries

The financial statements of the subsidiaries are fully consolidated with those of the Bank.

The share of minority shareholders of the subsidiaries in the Group's net consolidated equity is presented under the heading "Minority Interests" in the consolidated balance sheet and their share in the profit or loss for the year is presented under the heading "Profit or loss attributable to minority interest" in the consolidated income statement (Note 26).

Note 3 contain information on the most significant investments and divestments in subsidiaries that took place as of December 31, 2008. Appendix II includes the most significant information on these companies.

Jointly controlled entities

Since the implementation of IFRS-EU in 2005, the Group has pursued the following policy in relation to investments in jointly controlled entities:

- *Jointly controlled financial entities.* Since their corporate purpose is that of a financial entity, management considers that the best way of reflecting their activities within the Group's consolidated financial statements is using the proportionate method of consolidation.

The contribution of jointly controlled financial entities to the Group's 2008 consolidated financial statements under the proportionate consolidation method and calculated on the basis of the interest held by the Group is depicted in the table below:

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

Appendix IV itemises the jointly controlled entities consolidated by the Group under the proportionate method, listing salient information for these companies.

	Millions of euros
Group Asset	331
Group Liabilities	217
Group Equity	27
Group Consolidated Income	11

- *Jointly controlled non-financial entities.* Management believes that the effect of breaking out the balance sheet and income statement headings of 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 recognising these investments.

Appendix V to the accompanying 2008 financial statements lists the main financial magnitudes for jointly controlled entities consolidated using the equity method. Note 17 - Investments meanwhile discloses the impact that application of an alternative method of consolidation, i.e. proportionate consolidation, would have had on the consolidated balance sheet and income statement.

Associates

Associates are 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.

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. The investments in these entities, which do not represent material amounts for the Group, are classified as available-for-sale investments.

In addition, certain investments in entities in which the Group holds less than 20% of the voting rights are accounted for as Group associates based on the judgment that the Group has the power to exercise significant influence over these entities.

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

2.2. ACCOUNTING POLICIES AND MEASUREMENT BASES APPLIED

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

2.2.1. FINANCIAL INSTRUMENTS

A) MEASUREMENT OF FINANCIAL INSTRUMENTS AND RECOGNITION OF CHANGES ARISING FROM THE MEASUREMENT

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

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

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

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

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

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

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

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

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

- ***“Available-for-Sale Financial Assets”***

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

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

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

The gains from sales of other equity instruments considered strategic investments and classified as “Available-for-sale”, are registered in the heading “Gains (losses) in non-current assets held-for-sale not classified as discontinued operations” (Note 50), although they had not qualified in a previous balance like non-current assets held-for-sale as is indicated in norm 56 of the Circular 4/2004 modified by the Circular 6/2008.

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

- ***“Loans and receivables”, “Held-to-maturity investments” and “Financial liabilities at amortised cost”***

Assets and liabilities recognized in these headings in the accompanying consolidated balance sheets are measured at “amortized cost” using the “effective interest rate” method, due to the consolidated entities has the intention to hold them to maturity.

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

- ***“Hedging derivatives”***

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

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

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

Differences in valuation of the hedging item for ineffective portions of cash flow hedges and net investments in a foreign operation hedges are recognized directly in the heading “Gains or losses on financial assets and liabilities (Net)” in the consolidated income statement.

- ***“Other financial instruments”***

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

- Equity instruments whose fair value cannot be determined in a sufficiently objective manner and financial derivatives that have those instruments as their underlying and are settled by delivery of those instruments are measured at acquisition cost adjusted, where appropriate, by any related impairment loss.
- Valuation adjustments arising on 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” of the consolidated balance sheet.

B) IMPAIRMENT 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 68.73% on Loans and receivables of the Group as of December 31, 2008), 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% of the Loans and Receivables of the Group as of December 31, 2008).

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

1. Portfolio doubtful

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%

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

2. Portfolio into force

The debt instruments, whoever the obligor and whatever the guarantee or collateral, that do not have individually objective of impairment are collectively assesses, including the assets in a group with similar credit risk characteristics, 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, 2008, this provision represents a 0.55% 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 determined by the category where it 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.
- ***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. RECOGNITION OF INCOME AND EXPENSES

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

Interest income and expenses and similar items:

As a general rule, interest income and expenses and similar items are recognized on the basis of their period of accrual using the effective interest rate method. Specifically, the financial fees and commissions that arise on the arrangement of loans, basically origination and analysis fees must be deferred and recognized in the income statement over the expected life of the loan. The direct costs incurred in arranging these transactions can be deducted from the amount thus recognized. 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 when it is received.

Commissions, fees and similar items:

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

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

Non-financial income and expenses:

These are recorded for accounting purposes on an accrual basis.

Deferred collections and payments:

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

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

Following is a description of the most significant accounting criteria relating to the commitments to employees, related to post-employment benefits and other long term commitments, of certain Group companies in Spain and abroad (Note 25).

Commitments valuation: assumptions and gains/losses recognition

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

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

- They are unbiased, in that they are neither imprudent nor excessively conservative.
- They are mutually compatible, reflecting the economic relationships between factors such as inflation, rates of salary increase, 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.

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

The Group recognizes the actuarial gains or losses arising on all other defined benefit post-employment commitments directly in “Reserves” within the Group’s consolidated equity, in accordance with standard 35 of Bank of Spain Circular 4/2004 (as amended by Circular 6/2008). Specifically, the balance of actuarial differences is recognized in “Actuarial gains and losses on post-employment plans” within “Net income recognized directly in equity - Other recognized income (expenses)” in the consolidated statement of changes in total equity.

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

Post-employment benefits

- Pensions

Post-employment benefits include defined contribution and defined obligation 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 current contributions made by the Group’s companies for defined contribution retirement commitments, which are recognized with a charge to the heading “Personnel Expenses – Contributions to external pension funds” in the accompanying consolidated income statements (Notes 25 and 45).

- Defined benefit commitments

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

The amounts recognized in the heading “Provisions - Funds for Pensions and Similar Obligations” (Note 24) 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 it the case, which are to be used directly to settle employee benefit obligations.

The provisions for defined obligation retirement commitments were charged to the heading “Provisions expense (net) – Provisions to pension commitments and similar obligations” in the accompanying consolidated income statements (Note 46).

The current contributions made by the Group’s companies for defined obligation retirement commitments covering current employees are charged to the heading “Personnel Expenses” in the accompanying consolidated income statements.

- **Early retirements**

In 2008, the Group offered certain employees in Spain the possibility of taking early retirement before the age stipulated in the collective labor agreement in force. The corresponding provisions by the Group were recognized with a charge to the heading “Provision Expense (Net) - Transfers to Funds for Pensions and Similar Obligations—Early Retirements” in the accompanying consolidated income statements. The present values are quantified on a case-by-case basis and they are recognized in the heading “Provisions - Funds for Pensions and Similar Obligations” in the accompanying consolidated balance sheets (Note 24).

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

- **Post-employment welfare benefits**

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

The present values of the vested obligations for post-employment welfare benefits are quantified on a case-by-case basis. They are recognized in the heading “Provisions - Funds for Pensions and Similar Obligations” in the accompanying consolidated balance sheets (Note 24) and they are charged to the heading “Personnel expenses – Other personnel expenses” in the accompanying income statements (Note 45).

Other long term commitments to employees

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

The present values of the vested obligations for commitments with personnel are quantified on a case-by-case basis. They are recognized in the heading “Provisions - Funds for Pensions and Similar Obligations” in the accompanying consolidated balance sheets (Note 24).

The post-employment 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 (Note 45).

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

2.2.4. 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 translated to euros as follows:

- Assets and liabilities: at the average spot exchange rates as of December 31, 2008, 2007 and 2006.
- Income and expenses and cash flows: at the average exchange rates of the year.
- Equity items: at the historical exchange rates.

The exchange differences arising on the translation of foreign currency balances to the functional currency of the consolidated entities (or entities accounted for equity method) and their branches are generally recorded 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 recorded under the heading “Valuation Adjustments - Exchange Differences” of the consolidated balance sheet.

The exchange differences arising on the translation to euros of balances in the functional currencies of the consolidated entities (or entities accounted for equity method) whose functional currency is not the euro are recorded 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 recorded in the income statement.

The breakdown of the main balances in foreign currency of the consolidated balance sheet as of December 31, 2008, 2007 and 2006, based on the nature of the related items, was as follows:

	Millions of euros		
	2008	2007	2006
Assets -	181,108	168,983	126,190
Cash and balances with Central Banks	11,579	10,097	8,858
Financial held for trading	20,324	28,561	22,398
Available-for-sale financial assets	20,780	21,159	14,801
Loans and receivables	120,168	102,987	71,728
Investments	589	523	66
Tangible assets	2,016	2,026	1,661
Other	5,652	3,630	6,678
Liabilities-	214,929	189,683	135,829
Financial held for trading	6,168	1,893	1,879
Financial liabilities at amortised cost	201,295	181,611	128,154
Other	7,466	6,179	5,796

The breakdown of the balances in foreign currencies of the consolidated balance sheet as of December 31, 2008 and 2007, based on the most significant foreign currencies, are set forth in the following table:

2008	Millions of euros			
	USD	Mexican Pesos	Other foreign	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	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

2007	Millions of euros			
	USD	Mexican Pesos	Other foreign	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	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

As of December 31, 2006 the balances held in foreign currency, approximately 64% of assets and 64% of liabilities were related to transactions in Mexican pesos and US dollars.

2.2.5. ENTITIES AND BRANCHES LOCATED IN COUNTRIES WITH HYPERINFLATIONARY ECONOMIES

None of the functional currencies of the consolidated subsidiaries and associates and their branches located abroad relate to hyperinflationary economies as defined by EU-IFRSs. Accordingly, as of December 31, 2008, 2007 and 2006 it was not necessary to adjust the financial statements of any of the consolidated subsidiaries or associates to correct for the effect of inflation.

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

The heading “Non-current Assets Held for Sale” in the accompanying consolidated balance sheets reflects the carrying amount of the assets that are not included in operating activities – composing a “disposal group” or forming part of a business unit that the Group intends to sell (“discontinued operations”) – i.e., assets where an active program to locate a buyer and complete the plan has been initiated and approved at the appropriate level of management and it is highly probable they will be sold in their current condition within one year from the date on which are classified as such. Therefore, the carrying amount of these assets – which can be financial or non-financial but are not included in Group’s operating activities – will foreseeably be recovered through the price obtained on their sale.

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

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

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

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

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

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

The heading “Other operating income - Sales and 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.

2.2.8. INSURANCE AND REINSURANCE CONTRACTS

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

The most significant accruals recorded by the consolidated entities in relation to direct insurance contracts arranged by them relate to the following (Note 23):

- Mathematical provisions, which include:
 - Life insurance provisions: these represent the value of the life insurance obligations of the insurance companies at period-end, net of the obligations of the policyholder.
 - 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.
 - Provision for claims: this reflects the total amount of the obligations outstanding arising from claims incurred prior to the reporting date. The 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.
- Provisions for unexpired risks and other provisions, which include:
 - Non-life insurance provisions – 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 period-end.
 - Technical provisions for reinsurance ceded: calculated by applying the criteria indicated above for direct insurance, taking account of the cession conditions established in the reinsurance contracts in force.
 - Other technical provisions: the insurance companies have recognized provisions to cover the probable mismatches in the market reinvestment interest rates with respect to those used in the measurement of the technical provisions.
- Provision for bonuses and rebates: this provision includes the amount of the bonuses accruing to policyholders, insureds or beneficiaries and the premiums to be returned to policyholders or insureds, as the case may be, based on the behaviour of the risk insured, to the extent that such amounts have not been individually assigned to each of them.

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

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 recorded by the consolidated insurance entities (Note 18).

The heading “Liabilities under Insurance Contracts” in the accompanying consolidated balance sheets includes 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 (Note 23).

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

2.2.9. TANGIBLE ASSETS

Non-current tangible assets for own use:

The heading Non-Current Tangible Assets for own use relates to the assets, under ownership or acquired under finance leases, intended to the future or current use by the Group and that it is expected to be held 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.

Non-Current tangible assets for own use are presented in the consolidated balance sheets at acquisition cost less any accumulated depreciation and, where appropriate, any estimated impairment losses (net carrying amount higher than fair 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 has an indefinite life and, therefore, is not depreciated.

The period tangible asset depreciation charge is recognized with a balancing entry in the consolidated income statement and is based on the application of the following depreciation rates (determined on the basis of the average years of estimated useful life of the various assets):

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

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

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

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

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

Other assets leased out under an operating lease

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

Investment property:

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

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

2.2.10. BUSINESS COMBINATIONS

A business combination is the bringing together of two or more separate entities or businesses into one single entity or group of entities. As a result of a business combination, which is accounted for using the purchase method, the Group obtains control over one or several entities.

The purchase method accounts for business combinations from the perspective of the acquirer. The acquirer must recognize the assets acquired and the liabilities and contingent liabilities assumed, including those not previously recognized by the acquired entity. This method measures the cost of the business combination and the assignment of it, at the date of acquisition, to the identifiable assets, liabilities and contingent liabilities measured at fair value.

In addition, any purchases of minority interests after the date on which the Group obtains control of the acquired are recorded as equity transactions, i.e. the difference between the price paid and the carrying amount of the percentage of minority interests acquired is charged directly to equity.

2.2.11. INTANGIBLE ASSETS

Goodwill

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, liabilities and contingent liabilities of the acquired entity are recorded as goodwill on the asset side of the consolidated balance sheet. Goodwill represents the future economic benefits from assets that cannot be individually identified and separately recognized. Goodwill is not amortized and is subject periodically to an impairment analysis. Any impaired goodwill is written off.

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 business and/or geographical segments as managed internally by its directors within the Group.

The cash-generating units to which goodwill has been allocated are tested for impairment based on the carrying amount of the unit including the allocated goodwill. Such testing is performed at least annually and, always, is an 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 interest, shall be compared with its recoverable amount. If the carrying amount of the cash generating unit exceed the related recoverable amounts the entity will recognised an impairment loss; the resulting loss shall be apportioned by reducing, firstly, the carrying amount of the goodwill allocated to that unit and, secondly, if there are still impairment losses remaining to be recognized, the carrying amount of the rest of the assets. This shall be done by allocating the remaining loss in proportion to the carrying amount of each of the assets in the unit. It will be taken into account that no impairment of goodwill attributable to the minority interest may be recognized. In any case, impairment losses on goodwill can never be reversed.

Other intangible assets

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

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

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

In both cases the consolidated entities recognize any impairment loss on the carrying amount of these assets with charge to the heading "Impairment Losses (Net) - Other Intangible Assets" in the consolidated income statement. The criteria used to recognize the impairment losses on these assets and, where applicable, the recovery of impairment losses recognized in prior periods are similar to those used for tangible assets.

2.2.12. INVENTORIES

The heading "Other assets - Inventories" in the consolidated balance sheet reflects the land and other properties that Group real estate agencies hold for sale as part of their property development activities (Note 21)

Inventories are measured at the lower of cost and net realisable value, which 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.

The amount of any write-down of inventories, such as that reflecting damage, obsolescence, and reduction of the sale price, to net realisable value and any other losses is recognized as an expense in the period in which the write-down or loss occurs. Subsequent reversal of any write-down is recognized in the consolidated income statement for the period in which it occurs.

When inventories are sold, the carrying amount of those inventories is derecognised and recorded as an expense in the period in which the related revenue is recognized. The expense is included in the heading “Other operating expenses – Changes in Inventories” of the accompanying consolidated income statement (Note 44).

2.2.13. TAX ASSETS AND LIABILITIES

The Spanish corporation tax expense 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 the profits or losses on which are recognized directly in equity, in which case the related tax effect is also recognized in equity.

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

Deferred tax assets and liabilities include temporary differences, measured at the amount expected to be payable or recoverable on future fiscal years for the differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carry forwards. These amounts are measured applying to each temporary difference the tax rates that are expected to apply in the period when the asset is realised or the liability settled (Note 32).

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 still exist, 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 further unlikely that it will reverse in the foreseeable future.

2.2.14. FINANCIAL GUARANTEES

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

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

The provisions made for financial guarantees classified as substandard are recognized under “Provisions - Provisions for Contingent Liabilities and Commitments” on the liability side in the accompanying consolidated balance sheet (Note 24). These provisions are recognized and reversed with a charge or credit, respectively, to “Provisions Expense” in the consolidated income statement.

2.2.15. LEASES

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

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

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

Assets provided under operating leases to other Group entities are treated in the consolidated financial statements as assets held for continued use.

2.2.16. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The heading "Provisions" of the accompanying consolidated balance sheets 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, settlement of which is deemed likely to entail an outflow of resources embodying economic benefits. The obligations may arise in connection with legal or contractual provisions, valid expectations formed by Group companies relative to third parties in relation to the assumption of certain responsibilities or virtually certain developments of particular aspects of applicable regulation, specifically draft legislation to which the 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 restructuring charges and litigation, including tax litigation.

Contingent assets are possible assets that arise from past events and whose existence is conditional on, and will be confirmed only by the occurrence or non-occurrence of, events beyond the control of the 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.

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 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.

2.2.17. TRANSFERS OF FINANCIAL ASSETS AND DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are transferred to third parties.

The financial assets are derecognised from the consolidated balance sheet only if their cash flows are extinguished or the risks and rewards associated with the financial assets are substantially transferred. If the risks and rewards are substantially transferred to third parties, the financial asset is derecognized from the balance sheet, and any right or obligation retained or created as a result of the transfer is simultaneously recognized. Similarly, the financial liabilities are derecognised of the consolidated balance sheet only if their obligations are extinguished or acquired (with a view to subsequent cancellation or renewed placement)

If substantially all the risks and rewards associated with the transferred financial asset are transferred to third parties, the transferred financial asset is derecognised and, at the same time, any right or obligation retained or created as a result of the transfer is recognized.

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

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

- The transferred financial asset is not derecognized and continues to be measured using the same criteria as those used before the transfer in the consolidated balance sheet.

- A financial liability is recognized in 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. 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, in so far as these instruments are deemed to specifically finance the assets transferred.
- Both the income generated on the transferred (but not derecognized) financial asset and the expenses of the new financial liability are recognized in the consolidated income statement

Securitizations

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

- The securitization fund’s activities are undertaken in the name of the entity in accordance with that bank’s specific business requirements with a view to generating benefits or gains from the securitization funds’ operations.
- The bank 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 their incorporation).
- The bank is entitled to receive the bulk of the securitization funds’ profits 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 risk embodied by the assets in the securitization funds and the corresponding asset derecognition rules are applied.

If control is deemed to exist based on the aforementioned indicators, the securitization funds are consolidated within the consolidating entity. 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 material. 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 substantially all the risk and rewards incidental to ownership for all securitizations performed since January 1, 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 (Note 13.3) 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 extended by the BBVA Group to the same securitization funds.

2.2.18. OWN EQUITY INSTRUMENTS

The balance of the heading “Shareholders’ funds - Treasury Shares” in the accompanying consolidated balance sheets relates mainly to Bank shares held by certain consolidated companies as of December 31, 2008, 2007 and 2006. These shares are carried at acquisition cost, and the gains or losses arising on their disposal are credited or debited, respectively, as appropriate, to the heading “Shareholders’ funds - Reserves” in the accompanying consolidated balance sheets (Note 30).

2.2.19. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

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

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

2.2.20. 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 issue.

2.2.21. CONSOLIDATED STATEMENTS OF CASH FLOWS

For the preparation of the consolidated statement of cash flows has been used the indirect method. This method starts from the entity's consolidated profit or loss and adjusts its amount for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

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

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

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

- a) Cash flows: Inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments subject to a low risk of changes in value, such as balances with central banks, short-term Treasury bills and notes, and demand balances with other credit institutions.
- b) Operating activities: The typical activities of credit institutions and other activities that cannot be classified as investing or financing activities.
- c) Investing activities: The acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents.
- d) Financing activities: Activities that result in changes in the size and composition of equity and of liabilities that do not form part of operating activities

2.2.22. STATEMENT OF CHANGES IN CONSOLIDATED TOTAL EQUITY

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

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

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

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

2.3. IFRS RECENT PRONOUNCEMENTS

A) STANDARDS AND INTERPRETATIONS IN EFFECT IN 2008

The following amendments to IFRS or interpretations of existing standards ("IFRIC") came into effect for the first time in 2008. Their application by the Group did not have an impact on the accompanying consolidated financial statements:

IAS 39 “Financial Instruments”

This standard was modified in 2008 to enable certain reclassifications of assets included in held for trading portfolios to the available-for-sale and held-to-maturity portfolios, subject to compliance with certain criteria. The Group did not perform any such reclassifications.

IFRIC 11

IFRIC 11 provides guidance on interpreting IFRS 2: Group and Treasury Share Transactions, specifically clarification on whether certain transactions need to be accounted for as equity-settled or cash-settled. In addition, this interpretation addresses how to account for share-based payment arrangements that involve two or more entities within the same group.

B) STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE IN 2008

At the date of elaboration of the consolidated financial statements new IFRS's (International Financial and Reporting Standards) and interpretations (“IFRIC's”) have been issued, which are not required to be applied as of December 31, 2008, although in some cases earlier application is encouraged. The Group has not yet applied any of the following Standards to its consolidated financial statements.

IFRS 8 “Operating Segments”

It will be effective for annual periods beginning on or after January 1, 2009.

This new standard replaces IAS 14 “Segment Reporting”. The main novelty is the adoption of an approach to management 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 present, the segments identified and the criteria used to identify the segments, will be coincide with those used internally by the organization and the direction, but do not meet the criteria IFRS of the financial statements.

This standard will not have an impact on balance and/or income statement, but will affect the Report breakdown of the information by segments.

IAS 23 Revised “Borrowing Costs”

It will be effective for annual periods beginning on or after January 1, 2009, early application is permitted.

The revision to IAS 23 removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is one that takes a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalise such borrowing costs as part of the cost of the asset.

The Group does not anticipate that adoption of IAS 23 will have any effects on its consolidated financial position, results of operations or cash flows.

IFRI 13 “Customer Loyalty Programmes”

It will be effective for annual periods beginning on or after July 1, 2008, early application is permitted.

This IFRIC establishes the accounting procedure for the customer loyalty programmes used by entities 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”). The customer can redeem the award credits for awards such as free or discounted goods or services. The entity may operate the customer loyalty programme itself or participate in a programme operated by a third party.

The interpretation requires entities allocate part of incomes of initial sale to exchangeable bond, recognizing them as income only when they have fulfilled their obligations by providing such awards or paying third parties to do so.

The Group does not anticipate that adoption of IFRIC 13 will have any effects on its consolidated financial position, results of operations or consolidated cash flows.

IAS 1 Revised “Presentation of Financial Statements”

The revised standard will come into effect for the annual periods beginning on or after January 1, 2009, but early adoption is permitted.

The main changes from the previous version are to require that an entity must:

The “statement of changes in equity” will present the amounts of transactions with owners in their capacity as owners, such as equity contributions, reacquisition of the entity’s own equity instruments and dividends.

Present all non-owner changes in equity (that is, ‘comprehensive income’) either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income).

Also, introduce new disclosures requirements when the entity applies an accounting policy retrospectively, makes a restatement or reclassifies headings vis-à-vis the previous Financial Statement. The names of some Financial Statements are change to reflect more clearly its function. (i.e. the Balance Sheet is rename as Statement of Financial Position).

No material effects are expected with the application of this Standard in the Group.

IFRS 3 Revised “Business Combinations” and modification of IAS 27 “Consolidated and Separate Financial Statements”

These standards will be effective for annual periods beginning on or after January 1, 2009. An entity shall apply them prospectively from the period beginning after June 30, 2007.

IFRS 3 (Revised) and the modifications of IAS 27 represent some significant changes in various aspects related to the accounting for Business Combinations that, in general, making more emphasis on fair value. Some of the main changes are: the acquisition costs, which will be registered as expense compared to current treatment of increasing the cost of the business combination; acquisitions achieved in stages, in which at the time the acquirer held the control, re-measured at fair value the ownership interest; or the existence of the option to measure at fair value the minority interests in the acquired, compared to current treatment of measuring its proportional share at fair value of the net assets acquired.

IFRS 2 Revised “Share-based Payment”

The amendment will apply for annual periods beginning on or after January 1, 2009, with earlier application permitted.

The amendment clarifies that vesting conditions are service conditions and performance conditions only, and that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment

No material effects are expected with the application of this standard in the Group.

Amendments to IAS 32 “Financial Instruments: Presentation” and y IAS 1 “Presentation of financial statements”

The amendments performed to IAS 1 and IAS 32 have the objective of improving the accounting process for financial instruments who’s features are similar to the features of ordinary shares but that are at the present time classified as financial liabilities. These amendments will be applied from January 1, 2009, being earlier application permitted.

The amendment to IAS 32 requires that entities start to classify some instruments as equity, as long as they fulfill a series of particular requirements. Specifically, the following instruments will be classified as equity:

“Puttable instruments”: Financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset or is automatically put back to the issuer on the occurrence of an uncertain future event or retirement of the instrument holder. Puttable instruments that are subordinate and that entitle the holder to a pro rata share of the entity’s net assets in the event of the entity’s liquidation will be classified as equity.

Instruments, or components of instruments, that are subordinate to all other classes of instruments and that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation.

No significant impact in the consolidated financial situation of the Group is expected from the implementation of this standard.

Amendment to IAS 27 “Consolidated and separated financial statements”. Cost of investments in subsidiaries, jointly controlled entities and associates

This amended standard shall be applied from January 1, 2009, being earlier application permitted. The main changes in IAS 27 are the following:

The elimination of the “cost method” from IAS 27.4, which implied that any return of the investment that corresponded to earnings not generated after the date of acquisition should be reduced in the separated financial statements, was due to problems that arose from this concept definition in some jurisdictions. In order to reduce the risk of overvaluation of the investments in subsidiaries, jointly controlled entities and associates, any dividend received by the investor from these entities will be recognised as an income and the related investment would be examined towards any impairment in accordance with IAS 36, as long as there is evidence of impairment of the investment (defining as such those cases in which: the book value of the investment in the separated financial statements is higher than the book value of the consolidated financial statements of the net assets of the investment, including goodwill; or when the dividend exceeds the valuation adjustments recognized in equity related with the investment in the period to which the distribution of dividends are charged).

When a new parent company is formed, it will value the cost of the investments in its separate financial statements the book value presented in the financial statements of the previous parent company as of the date in which the new parent company is created. This would be the case in which a new parent company is created when an existing entity decides to reorganize its operational structure and consequently becomes a subsidiary of the new parent company.

No significant impact in the consolidated financial situation of the Group is expected from the implementation of this standard.

First annual Project of improvements of IFRS

This project is required to be applied from January 1, 2009, being earlier application permitted. This is the first annual project of improvements carried out by the IASB in which small changes that affect the presentation, recognition or assessment of the IFRS as well as changes in terminology and editing, that don't have any significant effect on the accounting process.

The most significant changes 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*

The changes that affect the aforementioned standards do not represent a significant impact in the consolidated financial situation of the Group.

Amendment to IAS 39 “Financial Instruments: Recognition and Measurement”. Eligible Hedged Items

This amendment applies retrospectively for annual periods beginning on or after July 1, 2009. Earlier application 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 and other cash flows of the financial instrument are not affected by the inflation portion.
- When changes in the cash flows or fair value of a hedged item above or below a specified price or other variable (a one-sided risk) are hedged via a purchased option, the intrinsic value and time value components must be separated and only the intrinsic value may be designated as a hedging instrument.

Group management considers that the effectiveness of this amendment will not have a material impact on its consolidated financial statements.

IFRIC 15 “Agreements for the Construction of Real Estate”

IFRIC 15 is effective for annual periods beginning on or after 1 January 2009 and earlier application is permitted.

This Interpretation says that agreements for the construction of real estate shall only fall under the scope of IAS 11 “Construction Contracts” 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). To the contrary IAS 18 applies.

Group management considers that the effectiveness of this amendment will not have a material impact on its consolidated financial statements.

IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”

IFRIC 16 is applicable for annual periods beginning on or after October 1, 2008.

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

- The risk hedged is the foreign currency exposure to the functional currencies of the foreign operation 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 the foreign operation the investment in which is hedged), so long as IAS 39 requirements are met.

Group management considers that the effectiveness of this amendment will not have a material impact on its consolidated financial statements.

IFRIC 17 “Distribution of Non-cash Assets to Owners”

The Interpretation is effective for annual periods beginning on or after July 1, 2009. Earlier application is permitted.

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

- A 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.

Group management considers that the effectiveness of this amendment will not have a material impact on its consolidated financial statements.

3. BANCO BILBAO VIZCAYA ARGENTARIA GROUP

The BBVA Group is an international diversified financial group with a significant presence in the retail banking business, wholesale banking, assets management and private banking. Additionally, the Group maintains business activity in the insurance and real estate sector as well as other business activities such as operational leasing.

The following table sets forth information relating to total assets and income attributed to the Group of the entities of the Group, based on the activity of the entity, for the year 2008:

	Millions of euros			
	Total assets contributed to the Group	% of the total asset of the Group	Total income of the period contributed to the Group	% of the total income of the Group
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%	5,020	100%

The activity of the Group is mainly located in Spain, Mexico, United States, and other Latin American maintaining as well as an active presence in Asia (Note 17).

The total assets of the Group's most significant subsidiaries, grouped by countries where Group has activity, as of December 31, 2008, 2007 and 2006 are as follows:

Country	Millions of euros		
	2008	2007	2006
Spain	380,532	347,767	302,412
Mexico	61,023	65,556	55,992
USA & Puerto Rico	49,698	44,358	14,682
Chile	9,389	8,835	7,273
Venezuela	9,652	7,156	6,824
Colombia	6,552	5,922	4,797
Peru	7,683	5,650	4,464
Argentina	5,137	4,798	4,595
Other	12,984	11,684	10,624
Total	542,650	501,724	411,663

The finance income of the Group's most significant subsidiaries, grouped by countries where Group has activity, as of December 31, 2008, 2007 and 2006, are as follows:

Country	Millions of euros		
	2008	2007	2006
Spain	16,892	15,007	10,792
Mexico	6,721	6,185	5,991
USA & Puerto Rico	2,174	1,476	566
Chile	986	793	513
Venezuela	1,116	772	574
Colombia	811	589	437
Peru	520	395	326
Argentina	541	466	439
Other	643	493	404
Total	30,403	26,176	20,044

Appendix II provides relevant information as of December 31, 2008 on the consolidated entities in the Group accounted for using the equity method.

Appendix IV provides relevant information as of December 31, 2008 on the consolidated jointly controlled entities accounted for using the proportionate consolidation method.

Appendix VI includes the changes in ownership interests held by the Group in the year 2008.

Appendix VII includes a detail of the fully consolidated subsidiaries which, based on the information available, were more than 5% owned by non-Group shareholders as of December 31, 2008.

- **Spain**

The activity of the Group in Spain is carried out fundamentally through BBVA which is the Group's parent company. Appendix I includes the BBVA individual financial statements as of December 31, 2008, 2007 and 2006.

The following table sets forth information relating to total assets and income before tax of the Group over the total assets and consolidated income before tax of the Group, as of December 31, 2008, 2007 and 2006:

	2008	2007	2006
% BBVA Assets over Group Assets	63%	62%	65%
% BBVA Income before tax over Consolidated income before tax	28%	46%	33%

Additionally, there are other entities of the Group in Spain's banking sector, insurance sector, real estate sector and entities of services and operating leases.

- **Mexico**

The Group presence in Mexico dates back to 1995. The activity is mainly developed through Grupo Financiero BBVA Bancomer, both in the banking sector through BBVA Bancomer, S.A. de C.V. as 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 several southern states. In 2007 the Group acquired Compass Bancshares Inc. and State National Bancshares Inc. taking control of these entities and the companies of their groups. The merger between the three banks in Texas (Laredo National Bank, Inc., Texas National Bank, and State National Bank) and Compass Bank will take place along 2008.

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

- **Other Latin American Countries.**

The Group's activity in the rest of the Latin American countries is mainly focused on the banking, insurance and/or pensions sectors in the following countries: Chile, Venezuela, Colombia, Peru, Argentina, Panama, Paraguay and Uruguay. In Bolivia and Ecuador the business activity is concentrated in the pensions sector.

The Group owns more than 50% of most of the companies in these countries, with the exception of certain companies based in Peru and Venezuela. Following is the detail of 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, 2008, are fully consolidated because the agreements entered into with the other shareholders give the Group effective control (Note 2.1):

Company	% Voting Rights	% Ownership
Banco Continental, S.A.	92.08	46.04
Continental Bolsa, Sociedad Agente de Bolsa, S.A.	100	46.04
Continental Sociedad Titulizadora, S.A.	100	46.04
Continental S.A. Sociedad Administradora de Fondos	100	46.04
Inmuebles y Recuperaciones Continental, S.A.	100	46.04
Banco Provincial Overseas N.V.	100	48.01

Changes in the Group in the last three years

The most noteworthy acquisitions and sales of subsidiaries in 2008, 2007 and 2006 were as follows:

Changes in the Group in 2008

During 2008, there were no significant changes in the Group, except the previously mentioned fusion 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 our ownership interest in CITIC Group (Note 17).

Changes in the Group in 2007

- On January 3, 2007 the Group closed the transaction to purchase State National Bancshares Inc. with an investment of 488 million dollars (€378 million), generating a goodwill of €270 million.
- On September 7, 2007 the Group acquired 100% of the share capital of Compass Bancshares Inc., ("Compass") a U.S. banking Group, which conducts its main business activity 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 of shares issued, which represent 5.5% of the current share capital of BBVA. This capital increase took place on September 10, 2007 at an issuance rate of €16.77 per share, the closing market price of the BBVA's shares at September 6, 2007, in accordance with the resolutions adopted by the BBVA's general shareholders' meeting.

BBVA financed the cash consideration in this transaction with internal resources, among which are the 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.

Changes in the Group in 2006

The most noteworthy acquisitions and sales of subsidiaries in 2006 were as follows:

- On July 28, 2006, Telefónica España, S.A., proceeded to start selling to BBVA its 33% ownership interest in Uno-E Bank, S.A. for an aggregated amount of €148.5 million, reaching BBVA a 100% ownership of Uno-E Bank, S.A.
- In May 2006 BBVA acquired a 51% ownership interest in Forum, a Chilean company specialising in car purchase financing, through the Chilean entities Forum Distribuidora, S.A. and Forum Servicios Financieros, S.A. (which in turn own all the shares of ECASA, S.A.), giving rise to the incorporation of BBVA Financiamiento Automotriz.
- On April 5, 2006 the Group sold its 51% ownership interest in Banc Internacional d'Andorra, S.A. for €395 million, which gave rise to a gain of €184 million.

- On November 10, 2006 the Group acquired Texas Regional Bancshares Inc. through the investment of \$2,141 million (€1,674 million).
- On November 30, 2006 the Group acquired all the shares of the Italian vehicle rental company Maggiore Fleet S.p.A., for €70.2 million.

4. ALLOCATION OF PROFIT OR LOSS

In 2008 the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. resolved to pay the shareholders three interim dividends out of 2008 profit, amounting to a total of €0.501 gross per share. The aggregate amount of the interim dividends declared as of December 31, 2008, net of the amount collected and to be collected by the consolidable Group companies, was €1,820 million and was recorded under "Equity-Dividends and Remuneration" in the related consolidated balance sheet. The last of the aforementioned interim dividends, which amounted to €0.167 gross per share and was paid to the shareholders on January 12, 2009, was recorded under the heading "Financial Liabilities at Amortised Cost – Other Financial Liabilities", in the consolidated balance sheet as of December 31, 2008 (Note 22).

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

	Millions of euros		
	25-06-2008 Dividend 1	31-08-2008 Dividend 2	30-11-2008 Dividend 3
Interim dividend -			
Profit at each of the dates indicated, after the provision for income tax	1,748	2,785	2,967
Less -			
Estimated provision for Legal Reserve	-	-	-
Interim dividends paid	-	626	1,252
Maximum amount distributable	1,748	2,159	1,715
Amount of proposed interim dividend	626	626	626

	Millions of euros
Net profit for 2008^(*)	2,835
Distribution:	
Dividends	
- Interim	1,878
- Final	-
Legal reserve	-
Voluntary reserves	957
(*) Profit of BBVA, S.A. (Appendix I).	

The distribution of profit per share during 2008, 2007 and 2006 was as follows:

	First interim	Second interim	Third interim	Final	Total
2008	0.167	0.167	0.167	-	0.501
2007	0.152	0.152	0.152	0.277	0.733
2006	0.132	0.132	0.132	0.241	0.637

The dividends paid during 2008 and 2007 were as follow:

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

The Bank's Board of Directors plans to propose to its shareholders in general meeting the distribution of additional shareholder remuneration to complement the 2008 cash dividend in the form of an in-kind distribution of a portion of the share premium reserve: specifically, the proposal is to give Banco Bilbao Vizcaya Argentaria, S.A. shareholders Company shares from treasury stock in the proportion of one (1) share for every sixty-two (62) outstanding.

Accordingly, the maximum number of shares to be distributed is sixty million, four hundred and fifty-one thousand, one hundred and fifteen (60,451,115) treasury shares of Banco Bilbao Vizcaya Argentaria, S.A. (Note 30).

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

5. EARNINGS PER SHARE

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

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

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

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

	2008	2007	2006
Earnings per share for continuing operations			
Numerator for basic earnings per share:			
Income available to common stockholders (thousands of euros)	5,020	6,126	4,736
Numerator for diluted earnings per share:			
Income available to common stockholders (thousands of euros)	5,020	6,126	4,736
Denominator for basic earnings per share (millions of shares)	3,706	3,594	3,406
Denominator for diluted earnings per share (millions of shares)	3,706	3,594	3,406
Basic earnings per share for continuing operations (euros)	1.35	1.70	1.39
Diluted earnings per share for continuing operations (euros)	1.35	1.70	1.39

As of December 31, 2008, 2007 and 2006, there were neither instruments nor share based payment to employees that could potentially dilute basic earnings per share, nor discontinued operations that affected the earnings per share calculation for periods presented.

6. BASIS AND METHODOLOGY INFORMATION 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 recorded 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, each of the legal entities making up the Group are assigned to the various business segments based on their core activities; where their businesses are sufficiently diverse to so warrant, they are in turn segmented and their assets and liabilities and income statement accounts are allocated to more than one segment.

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 solvency ratio. This target is in turn set at two levels: Tier 1 capital, which determines capital allocation and serves as the benchmark for determining each business' return-on-equity (ROE); total capital, which determines additional allocations in relation to preferred shares and subordinated debt. The CaR calculation encompasses credit risk, market risk, structural balance sheet risk, shareholding risks, operational risk, risks to tangible assets and technical risks at insurance companies.

The calculation of eligible capital under prevailing legislation is a very important exercise for the Group at the global level; however, CaR criteria are used to allocate capital by business, which, due to sensitivity to risk factors, dovetails with the management policies governing the businesses themselves and the overall business portfolio. This procedure, a frontrunner for the trend later endorsed in the Basel II capital accord, standardizes capital allocation across businesses in accordance with the risks incurred and facilitates comparison of returns across the businesses.

Internal transfer prices: the calculation of the spreads at 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.

Recognition of revenue from cross-selling: on certain occasions, as a result of the correct allocation of revenues and expenses, consolidation adjustments are made to eliminate overlap in the units' results on account of cross-selling incentives.

The primary segment reporting format used is that of business segments. The BBVA Group manages its business along two fundamental axes: wholesale and retail businesses, via five business units and one corporate division.

These units constitute the main cut-off for forming the Group's business segments. They are managed individually and each has discrete characteristics in relation to customers, products, distribution networks, rates and/or returns produced.

The breakdown of primary business segments is as follows:

- The wholesale businesses (a segment denominated Global Businesses), which includes wholesale type transactions undertaken in any part of the world, and is made up of: Global Clients & Investment Banking, which encompasses the wholesale businesses performed by the European, Asian and New York based offices, Global Markets, charged with treasury management and distribution in the same markets, Asset Management, which includes the traditional asset management businesses (mutual funds and pension funds in Spain), alternative asset management and private equity, the Proprietary Project Management arm, including the Group's non-financial shareholdings and proprietary real estate activities, and Asia, which holds the Group's investment in the CITIC Group.
- The retail businesses, which constitute the Group's core business, and are in turn split into four segments, given each unit's unique characteristics. The names of these segments have been preserved from how the Group has traditionally reported its business performance to the market. They are:
 - The retail banking business in the eurozone (a segment denominated Spain and Portugal), which includes: the retail banking network in Spain, including the retail segment, wealth management and the company and business banking unit in this market; commercial banking, which encompasses banking with SMEs, corporates, institutions and developers in the same geography, and all other related businesses, noteworthy among which are the consumer financing, European insurance and Portuguese banking units.
 - The retail businesses in Mexico (a segment denominated Mexico), which includes the banking, insurance and pension businesses in this nation.
 - The retail businesses in the US (a segment denominated USA), which includes the banking and insurance businesses in the US and Puerto Rico.
 - The retail businesses in the rest of the Americas (a segment denominated South America), which includes the banking, insurance and pension businesses in this region.
- Activities of a corporate nature (Corporate Activities), a unit which performs management functions for the Group as a whole, essentially management of structural euro- and currency-denominated balance sheet interest rate positions, as well as liquidity and capital management functions; the management of structural risks in non-euro interest rate positions is undertaken at the corresponding business units. This segment also includes the Industrial and Financial Shareholdings unit and the allocation of strictly head-office costs and certain allowances, such as early retirement provisions and others that are also corporate in nature.

This segment breakdown is different to that presented in 2007, and reflects the Group's new organizational structure in force since January 2008. The main changes to the new structure are: the segregation of the US operation as an independent business unit (having been previous combined into a Mexico & USA unit) and the swapping of certain portfolios and units among the Spain and Portugal and Global Businesses segments.

Accordingly the figures presented for 2007 and 2006 have been restated using the same criteria and segment breakdown as disclosed in 2008, to enable like-for-like year-on-year comparisons.

The detail of the total assets for each operating segment as of December 31, 2008, 2007 and 2006, is as follows:

	Millions of euros		
	2008	2007	2006
Total assets			
Spain and Portugal	223,498	223,628	200,814
Global Businesses	140,372	103,999	84,792
Mexico	60,805	65,678	56,879
USA	43,345	38,381	14,951
South America	41,600	34,690	30,498
Corporate Activities	33,029	35,350	23,730
Total	542,650	501,726	411,663

The detail of the consolidated income before tax for the year 2008, 2007 and 2006 for each operating segment is as follows:

	Millions of euros		
	2008	2007	2006
Consolidated income			
Spain and Portugal	2,625	2,381	1,884
Global Businesses	754	896	859
Mexico	1,938	1,880	1,711
USA	211	203	64
South America	727	623	509
Corporate Activities	(1,235)	142	(291)
Subtotal	5,020	6,126	4,736
Not assigned income	-	-	-
Elimination of interim income (between segments)	-	-	-
Other gains (losses)	366	289	235
Income tax and/or income from discontinued operations	1,541	2,079	2,059
INCOME BEFORE TAX	6,926	8,494	7,030

For the years 2008, 2007 and 2006 the detail of the ordinary income for each operating segment, which is conformed by the interest income, equity instruments income, fee and commission income, net gains on financial assets and liabilities and other operating income, is as follows:

	Millions of euros		
	2008	2007	2006
Total ordinary income			
Spain and Portugal	12,613	11,442	9,832
Global Businesses	5,920	5,559	4,035
Mexico	9,162	8,721	8,431
USA	2,862	1,831	701
South America	5,834	4,643	3,954
Corporate Activities	4,886	5,064	3,275
Adjustments and eliminations of ordinary income between segments	-	-	-
Total	41,277	37,260	30,229

The secondary level of segments is geographic (note 3).

7. RISK EXPOSURE

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

- Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. There are three types of market risk:
- Currency risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- Price risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Liquidity risk is defined as the risk that an entity will not be able to meet obligations associated with financial liabilities, or will be forced to secure funding on onerous conditions as a result of difficulties encountered in meeting its obligations.

RISK GUIDELINES AND POLICIES

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

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

Building on these principles, the 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 (i.e., separation of risk-taking and risk control functions), (ii) a set of tools, circuits and procedures that constitute the various discrete risk management regimes, and (iii) an internal risk control system.

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

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

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

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

CORPORATE MANAGEMENT STRUCTURE

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

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

- Analysing and assessing proposals for Group risk strategy and policies in order to submit them to the Bank's Standing Committee for approval.
- Monitoring the degree to which the risks assumed are in line with the specified profile, as a reflection of the Bank's risk tolerance and expected earnings in view of the risk exposure.
- Approval of risk operations within the established delegation system.
- Verification that the Group is provided with the means, systems, structures and resources in line with best practices, to enable it to implement its risk management strategy.
- Submission of the proposals it considers necessary or appropriate to the Bank's Standing Committee so that risk management adapts to best practices arising from recommendations on corporate governance or from risk supervisory bodies.

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

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

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

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

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

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

TOOLS, CIRCUITS AND PROCEDURES

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

Specifically, the main risk management activities performed are as follows: calculation of the risk exposures of the various portfolios, considering any related mitigating factors (netting, collateral, etc.); calculation of the probability of default (PD), loss

severity and expected loss of each portfolio, and assignment of the PD to the new transactions (ratings and scorings); measurement of the values-at-risk of the portfolios based on various scenarios using historical simulations; establishment of limits to the potential losses based on the various risks incurred; determination of the possible impacts of the structural risks on the income statement; setting of limits and alerts to safeguard the 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 achievement of the targets set.

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 an obligation.

Maximum exposure to credit risk

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

The Group's maximum credit exposure at December 31, 2008, 2007 and 2006, without recognizing the availability of collateral or other credit enhancements, is broken down by sector in the table below:

	Millions of euros		
	2008	2007	2006
Financial asstest held for trading (Note 10)	67,502	53,156	41,842
Debt securities	26,556	38,392	30,426
Public sector	20,778	27,960	20,939
Credit institutions	2,825	6,020	6,352
Other sectors	2,953	4,412	3,135
Trading derivatives	40,946	14,764	11,416
Other financial assets designated at fair value through profit or loss (Note 11)	516	421	56
Debt securities	516	421	56
Public sector	38	41	40
Credit institutions	24	36	10
Other sectors	454	344	6
Available-for-sale financial assets (Note 12)	39,961	37,252	32,068
Debt securities	39,961	37,252	32,068
Public sector	19,576	17,573	17,964
Credit institutions	13,377	13,419	9,199
Other sectors	7,008	6,260	4,905
Loans and receivables (Note 13)	375,386	344,124	285,421
Loans and advances to credit institutions	33,679	24,392	21,204
Loans and advances to customers	341,321	319,671	264,139
Public Sector	22,502	21,065	21,194
Agriculture	4,109	3,737	3,133
Industry	46,576	39,922	24,731
Real estate and construction	47,682	55,156	41,502
Trade and finance	51,725	36,371	38,910
Loans to individuals	127,890	121,462	103,918
Leases	9,385	9,148	7,692
Other	31,452	32,810	23,059
Debt securities	386	61	78
Public sector	290	(1)	-
Credit institutions	4	1	1
Other sectors	92	61	77
Held-to-maturity investments (Note 14)	5,285	5,589	5,911
Public sector	3,844	4,125	4,440
Credit institutions	800	818	823
Other sectors	641	646	648
Hedging derivatives (Note 15)	3,833	1,050	1,963
Subtotal	492,482	441,592	367,261
Valuation adjustments	942	655	401
Total Balance	493,424	442,247	367,662
Financial guarantees (Note 33)	35,952	65,845	42,281
Other contingent exposures	6,234	5,496	4,995
Drawable by third parties (Note 33)	92,663	101,444	98,226
Public sector	4,221	4,419	3,122
Credit institutions	2,021	2,619	4,356
Other sectors	86,421	94,406	90,748
Total off-balances	134,849	172,785	145,502
Total	628,273	615,032	513,164

Mitigating credit risk: collateral and other credit enhancements

In most instances the maximum credit exposure is mitigated by collateral, credit enhancements and other measures devised to reduce BBVA's ultimate exposure. Following is a description for every class of financial instruments:

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

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

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

Loans and receivables:

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

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

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

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

The Group's collateralized credit risk at December 31, 2008, 2007 and 2006, excluding balances deemed impaired, is broken down in the table below:

	Millions of euros		
	2008	2007	2006
Mortgage loans	125,540	123,998	107,837
Operating assets mortgage loans	3,896	4,381	4,595
Home mortgages	82,613	79,377	67,777
Rest	39,031	40,240	35,465
Secured loans, except mortgage	19,982	11,559	8,900
Cash guarantees	250	578	727
Pledging of securities	458	766	972
Rest	19,274	10,215	7,201
Total	145,522	135,557	116,737

In addition, the derivatives carry contractual, legal compensation rights that have effectively reduced credit risk by €29,377 million in 2008, by €9,480 million in 2007 and by €9,142 million in 2006.

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

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

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

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

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

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

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

BBVA maintains a master ratings scale with a view to facilitating the uniform classification of the Group's various risky asset portfolios. There are two versions of this scale: a 17-notch abridged scale which groups outstanding risk into 17 categories and an extended 34-notch scale that best represents the heterogeneous nature of BBVA's portfolio. The enables the Group to factor in geographic diversity and the various levels of risk inherent in the various portfolios in the Group's different operating markets.

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

Rating	%
AAA/AA	23.77%
A	26.59%
BBB+	9.23%
BBB	5.76%
BBB-	9.48%
BB+	8.25%
BB	6.16%
BB-	5.91%
B+	3.08%
B	1.44%
B-	0.29%
CCC/CC	0.03%
Total	100.00%

Policies and procedures for preventing excessive concentrations of risk

In order to prevent the build up of excessive concentrations of credit risk at the individual, country and sector levels, the 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:

- Striking a balance between the customer's financing needs, broken down by type (trade/financial, short/long-term, etc.), and the degree to which its business is or is not attractive to BBVA. This approach drives a better operational mix that is still compatible with the needs of the bank's clientele.
- Other determining factors relate to national legislation and the ratio between the size of the customer book and bank's equity, to prevent risk from becoming overly concentrated among few customers. Additional factors taken into consideration include constraints related to market, customer, internal regulation and macroeconomic factors, etc.
- Meanwhile, correct portfolio management leads to identification of risk concentrations and enables the taking of appropriate action.

Operations with customers or groups that entail an expected loss plus economic capital of over €18 million are approved at the highest level, i.e., by the Board Risk Committee. As a reference point, this is equivalent in terms of exposure to 10% of

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

eligible equity for a AAA and to 1% for a BB rating, implying oversight of the major individual risk concentrations by the highest-level risk governance bodies as a function of credit ratings.

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

Financial assets past due but not impaired

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

	Millions of euros			
	Less than 1 month	1 to 2 months	2 to 3 months	Total
Loans and advances to customers	1,580	534	447	2,561

Impaired assets and impairment losses

The table below breaks down the balance of impaired financial assets in the consolidated balance sheets and impaired contingent liabilities at December 31, 2008, 2007 and 2006 by heading:

	Millions of euros		
	2008	2007	2006
Impaired risks on balance			
Available-for-sale	188	3	3
Debt securities	188	3	3
Loans and advances	8,540	3,366	2,500
Loans and advances to credit institutions	95	8	8
Loans and advances to customers	8,437	3,358	2,492
Debt securities	8	-	-
	8,728	3,369	2,503
Impaired risks off balance			
Impaired contingent liabilities	131	49	40
Total impaired risks	8,859	3,418	2,543

The changes for December 31, 2008, 2007 and 2006 in the impaired financial assets and contingent liabilities were as follow:

	Millions of euros		
	2008	2007	2006
Balance at the beginning of the year	3,418	2,543	2,389
Additions	11,488	4,606	2,746
Recoveries	(3,668)	(2,418)	(1,830)
Transfers to write-off	(2,198)	(1,497)	(707)
Exchange differences and others	(182)	184	(55)
Balance at the end of the year	8,858	3,418	2,543

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

	Millions of euros					
	Impaired assets of loans and advances to customers					
	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

The table below breaks down impaired financial assets by segment, indicating, where appropriate, the type of security taken to ensure collection, at December 31, 2008, 2007 and 2006:

Impaired risks on balance	Millions of euros		
	2008	2007	2006
Public sector	102	177	216
Credit institutions	165	8	8
Collateralized financial assets with other sectors	3,428	809	545
Mortgage	2,487	696	459
Other collateralized financial assets	941	113	86
Non-collateralized financial assets with other sectors	5,033	2,375	1,734
Total	8,728	3,369	2,503

The table below depicts the finance income accrued on impaired financial assets at December 31, 2008, 2007 and 2006:

	Millions of euros		
	2008	2007	2006
Financial income from impaired assets	1,042	880	1,107

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

The analysis of financial assets that are individually determined to be impaired as at the reporting date, including the factors the entity considered in determining that they are impaired and a description of collateral held by the entity as security and other credit enhancements, is provided in Note 2.2.1.b.

The changes during 2008, 2007 and 2006 of the transfers to writ-offs (financial impairment assets removed from balance because the recovery was considered remote) were as follow:

	Millions of euros		
	2008	2007	2006
Balance at beginning of year	5,622	6,120	6,187
Increase:			
Assets of remote collectability	1,700	1,895	472
Products overdue not collected	276	217	167
Decrease:			
Cash recovery	(199)	(237)	(463)
Foreclosed assets	(13)	(5)	(5)
Other causes	(355)	(2,455)	(129)
Net exchange differences	(159)	87	(109)
Balance at the end of year	6,872	5,622	6,120

Decreases by other causes shown in the table above include sales to non Group third parties of the portfolio of write-offs during the current year, which are describe in the following table:

	Millions of euros	
	2008	2007
Sales to third parties		
Bancomer	249	1,338
BBVA, S.A.	12	968
Total	261	2,306
Gains for sales to third parties	3	26

Group's NPL ratios as of December 31, 2008, 2007 and 2006 were:

	Millions of euros		
	2008	2007	2006
NPL ratio	2.12	0.89	0.83

The breakdown of impairment losses by type of instrument registered in profit and loss and recoveries of written-off assets realized in the year at December 31, 2008, 2007 and 2006 is provided in note 47 "Impairment of financial assets (net)". The changes in the accumulated impairment losses for the years 2008, 2007 and 2006 on the financial assets were as follow:

	Millions of euros		
	2008	2007	2006
Balance at beginning of year	7,194	6,504	5,729
Increase in impairment losses charged to income	4,590	2,462	2,113
Decrease in impairment losses credited to income	(1,457)	(333)	(470)
Aquisition of subsidiaries in the year	1	276	91
Disposal of subsidiaries in the year	(4)	(26)	(22)
Transfers to written-off loans	(1,951)	(1,297)	(563)
Exchange differences and other	(662)	(392)	(374)
Balance at end of year	7,711	7,194	6,504
<i>Of which:</i>			
For impaired portfolio	3,480	1,999	2,083
For current portfolio non impaired	4,231	5,195	4,421

Renegotiated financial assets

At December 31, 2008 the carrying amount of unimpaired financial assets which could have been impaired had the conditions thereof not been renegotiated amounted to €6,565 million (1.78% of credit investment).

Exposure to subprime credit risk

Given the lack of an agreed definition of “subprime” in use across the market, we consider “subprime credit risk” to be the risk incidental to all those financial instruments of which the direct or indirect end borrower merits a credit FICO® score (a credit score based on a statistical analysis of each person’s credit profile, which is used to represent the creditworthiness of that person) of less than 640 points.

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 in the ability to pay of certain borrowers, has implied a downgrade in the respective credit FICO ® score of these borrowers. 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, 2008, mortgage loans originated in the United States to customers whose creditworthiness had dropped below the “subprime” level as defined above totalled €498 million (0.15% of our total customer credit risk). Of this amount, only €42 million was past due or impaired.

In addition, as of December 31, 2008, indirect exposure through credit instruments tied to an underlying subprime risk totalled €21 million (Note 8), of which 75% carried high ratings from the rating agencies widely recognized in the marketplace.

7.2. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

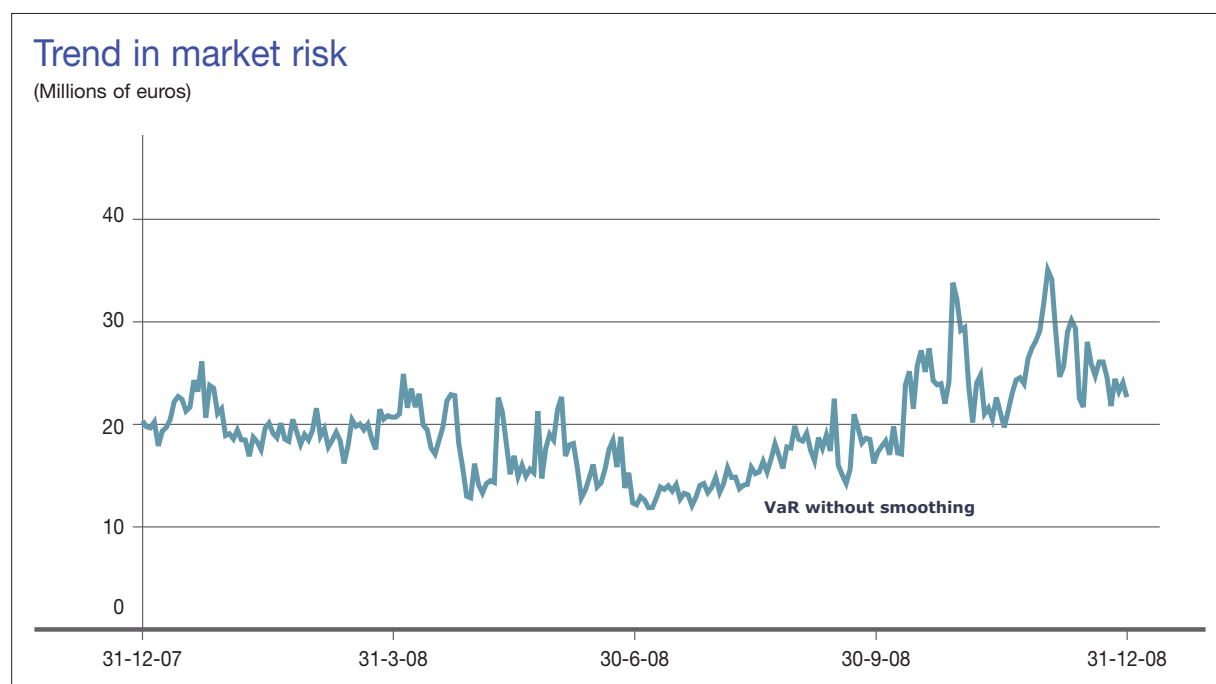
- **Currency risk:** the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market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

A) MARKET RISK

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

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

The BBVA Group's market risk was higher in 2008 than in prior years due to protracted and intense financial market volatility. The market risk profile as of December 31, 2008, 2007 and 2006 for the VaR calculations without smoothing with a 99% confidence interval and a 1-day horizon were as follows:



The market risks for risk factors are:

Millions of euros			
	2008	2007	2006
Interest/Spread risk	24.2	12.2	12.9
Currency risk	7.4	2.4	0.7
Stock-market risk	1.1	6.3	5.8
Vega/Correlation risk	14.8	8.8	7.9

Since February 29, 2008 and with effect from December 31, 2007, the internal model of calculate of minimum capital was approved by the Bank of Spain for the trading portfolios of BBVA, S.A. and BBVA Bancomer.

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

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

The types of risk factors used to measure VaR are:

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

- Credit spread risk: Defined as the potential loss caused by movements in credit spread levels determining the value of corporate bonds or any corporate bond derivative. Credit spread VaR is estimated by moving the credit spreads used as risk factors through a range of scenarios. The risk factors used in the simulation are credit spread curves by sector and by rating, and specific spread curves for individual issuers.
- Exchange rate risk: Defined as the potential loss caused by movements in exchange rates. Exchange rate risk VaR is estimated by impacting present positions with observed actual changes in exchange rates.
- Equity or commodity risk: Defined as the potential loss caused by movements in equity prices, stock-market indices and commodity prices. Equity or commodity risk VaR is estimated by re-measuring present positions in line with observed actual changes in equity prices, stock-market indices and commodity prices.
- Vega risk: Defined as the potential loss caused by movements in implied volatilities affecting the value of options. Vega (equities, interest rate and exchange rate) risk VaR is estimated by impacting implied volatility surfaces with observed changes in the implied volatilities of equity, interest rate and exchange rate options.
- Correlation risk: Defined as the potential loss caused by a disparity between the estimated and actual correlation between two assets, currencies, derivatives, instruments or markets.

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

B) STRUCTURAL INTEREST RATE RISK

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

The ALCO bases its activities on the interest rate risk measurements performed by the Risk Area. Acting as an independent unit, the Risk Area periodically quantifies the impact of interest rate fluctuations on the 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 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 Standing Committee are reported to the various managing bodies of the BBVA Group.

Following is a detail in millions of euros of the average interest rate risk exposure levels of the main financial institutions of the BBVA Group in 2008:

Entities	Average Impact on Net Interest Income (Millions of euros)				
	100 Basis-Point Increase				100 Basis-Point Decrease
	Euro	Dollar	Other	Total	Total
Europa	-89.3	-30.1	+0.7	-115.0	+136.9
BBVA Bancomer	-	+18.2	+25.2	+43.4	-43.4
BBVA Puerto Rico	-	+2.0	-	+2.0	-3.2
Compass Bancshares, Inc.	-	-8.3	-	-8.3	+4.6
BBVA Chile	-	+0.2	-0.5	-0.3	+0.1
BBVA Colombia	-	-0.2	+8.9	+8.6	-8.7
BBVA Banco Continental	-	-1.2	+2.9	+1.7	-1.8
BBVA Banco Provincial	-	+1.2	-1.4	-0.2	+0.2
BBVA Banco Francés	-	-0.2	+0.3	+0.1	-0.1

Entities	Average impact on economic value (Millions of euros)				
	100 Basis-Point Increase				100 Basis-Point Decrease
	Euro	Dollar	Other	Total	Total
Europa	+140.6	+14.1	-1.1	+152.6	-196.2
BBVA Bancomer	-	+55.1	-401.8	-346.0	+331.1
BBVA Puerto Rico	-	+6.4	-	+6.4	-18.6
Compass Bancshares, Inc.	-	-127.4	-	-127.4	+44.9
BBVA Chile	-	+3.2	-54.3	-51.1	+39.7
BBVA Colombia	-	-0.8	-9.5	-10.4	+11.4
BBVA Banco Continental	-	-23.7	-16.3	-40.0	+41.7
BBVA Banco Provincial	-	-12.8	+2.0	-10.8	+12.0
BBVA Banco Francés	-	+0.1	-9.4	-9.3	+9.8

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

C) STRUCTURAL CURRENCY RISK

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

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

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

As of December 31, 2008, the coverage of structural currency risk exposure stood at 45%. The aggregate figure of asset exposure sensitivity to 1% depreciation in exchange rates stood, as of December, 31 2008, at €75 million, with the following concentration: 63% in the Mexican peso and 33% in other South American currencies.

D) STRUCTURAL EQUITY PRICE RISK

The BBVA Group's exposure to structural equity price risk derives mainly from investments in industrial and financial companies with medium- to long-term investment horizons. It is reduced by the net short positions held in derivative instruments on the same underlyings in order to limit the sensitivity of the portfolio to possible falls in prices. As of December 31, 2008 the aggregate sensitivity of the Group's equity positions to a 1% fall in the price of the shares amounted to €78 million, 52% of which is concentrated in highly liquid European Union equities. This figure is determined by considering the exposure on shares measured at market price or, in the absence thereof, at fair value, including the net positions in equity swaps and options on the same underlying in delta equivalent terms. Treasury Area portfolio positions are not included in the calculation.

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

7.3. LIQUIDITY RISK

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

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

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

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

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

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

A detail, by contractual maturity, of the balances of certain headings in the consolidated balance sheets as of December 31, 2008, 2007 and 2006, disregarding valuation adjustments, was as follow:

2008	Millions of euros						
	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	14,640	13,485	476	296	181	202	-
Loans and advances to credit insititutions	33,678	6,198	16,215	1,621	2,221	4,109	3,314
Loans and advances to customers	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
Deposits from customers	253,722	101,140	68,804	27,025	35,176	16,440	5,137
Debt certificates (including bonds)	101,329	-	9,788	13,516	12,072	45,470	20,483
Subordinated liabilities	16,250	69	913	1	872	3,582	10,813
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)	41,534	-	2,693	3,108	6,310	15,537	13,886

2007	Millions of euros						
	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	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 customers	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
Other assets	-	-	-	-	-	-	-
OTC derivatives	-	-	-	-	-	-	-
LIABILITIES-							
Deposits from central banks	27,256	117	25,013	1,435	691	-	-
Deposits from credit institutions	60,395	6,696	36,665	4,063	5,258	5,657	2,055
Money market operations through counterparties	-	-	-	-	-	-	-
Deposits from customers	218,541	74,605	51,671	15,815	36,390	34,404	5,656
Debt certificates (including bonds)	101,875	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
OTC derivatives	-	-	-	-	-	-	-

2006	Millions of euros						
	Total	Demand	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
ASSETS -							
Cash and balances with central banks	12,496	12,446	50	-	-	-	-
Loans and advances to credit institutions	21,205	4,705	9,306	1,271	2,166	3,131	626
Loans and advances to customers	264,139	2,919	23,196	21,555	37,308	71,728	107,433
Money market operations through counterparties	-	-	-	-	-	-	-
Debt securities	68,537	379	1,272	16,223	7,068	16,461	27,134
Other assets	-	-	-	-	-	-	-
OTC derivatives	-	-	-	-	-	-	-
LIABILITIES-							
Deposits from central banks	15,191	1,802	11,041	1,850	498	-	-
Deposits from credit institutions	42,285	2,529	22,017	5,268	5,968	4,460	2,043
Money market operations through counterparties	-	-	-	-	-	-	-
Deposits from customers	186,035	77,654	46,488	12,352	16,412	27,295	5,834
Debt certificates (including bonds)	85,670	3,453	5,629	2,989	9,952	41,985	21,662
Subordinated liabilities	13,411	-	-	560	631	3,435	8,785
Other financial liabilities	6,771	4,552	1,596	262	210	147	4
OTC derivatives	-	-	-	-	-	-	-

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

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

- Royal Decree-Law 6/2008, of October 10, creating the Spanish Financial Asset Acquisition Fund, and Order EHA/3118/2008, dated October 31, enacting this Royal Decree. The purpose of the fund, which is managed by Spain's economy ministry and has an initial endowment of €30 billion, extendable to €50 billion, is to acquire, with public financing and based on market criteria, via auctions, financial instruments issued by the banks and cajas and securitization funds containing Spanish assets, secured by loans extended to individuals, companies and non-financial corporates.
- Royal Decree-Law 7/2008, of October 13, on Emergency Economic Measures in connection with the Concerted Euro Area Action Plan, and Order EHA/3364/2008, dated November 21, enacting article 1 of the aforementioned Royal Decree, including the following measures:

The extension of state guarantees to secure bills, debentures and bonds issued by credit entities resident in Spain since October 14, 2008. Debt issued availing this state guarantee must: form part of individual operations or issuance programs; not be subordinated or secured by any other class of guarantee; be traded on official Spanish secondary markets; mature within 3 months and 3 years, although this maturity can be extended to 5 years subject to prior notification to the Bank of Spain; be fixed or floating rate, subject to special conditions for floating-rate debt; be repaid in a single installment at maturity; not have any options or other derivatives attached; and, have a nominal value of €10 million or more. The deadline for granting state guarantees is December 31, 2009 and the total amount of guarantees that can be extended in 2008 is €100 billion.

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

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

7.4. RISK CONCENTRATIONS

The table below depicts the Group's financial instruments by classes and geographic markets, disregarding valuation adjustments, at December 31, 2008:

	Millions of euros					
	Spain	Europe except Spain	USA	Latin America	Rest	Total
RISKS ON BALANCE						
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						
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 main balances in the consolidated balance sheets at December 31, 2008 and 2007 held in foreign currency are broken down into the main currencies of denomination in Note 2.2.4.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

If there is no market price for a given asset or liability, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, by using mathematical measurement models sufficiently tried and trusted by the international financial community. The models we most frequently use are the present value

method, Monte Carlo, and Black-Scholes. The estimates used in such models take into consideration the specific features of the asset or liability to be measured and, in particular, the various types of risk associated with the asset or liability. However, the limitations inherent to the measurement models developed and the possible inaccuracies of the assumptions required by these models may signify that the fair value of an asset or liability that is estimated does not coincide exactly with the price for which the asset or liability could be exchanged or settled on the date of its measurement.

Determining the fair value of financial instruments

Following is a comparison of the carrying amounts of the Group's financial assets and liabilities and their respective fair values as of December 31, 2008, 2007 and 2006:

	Millions of euros					
	2008		2007		2006	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Assets						
Cash and balances with central banks	14,659	14,659	22,581	22,581	12,515	12,515
Financial assets held for trading	73,299	73,299	62,336	62,336	51,791	51,835
Other financial assets designated at fair value through profit or loss	1,755	1,755	1,167	1,167	977	977
Available-for-sale financial assets	47,780	47,780	48,432	48,432	42,256	42,267
Loans and receivables	369,494	381,845	337,765	345,505	279,658	287,590
Held-to-maturity investments	5,282	5,282	5,584	5,334	5,906	5,757
Hedging derivatives	3,833	3,833	1,050	1,050	1,963	1,963
Liabilities						
Financial assets held for trading	43,009	43,009	19,273	19,273	14,923	14,923
Other financial liabilities designated at fair value through profit or loss	1,033	1,033	449	449	582	582
Financial liabilities at amortised cost	450,605	447,722	431,856	425,265	351,405	347,557
Hedging derivatives	1,226	1,226	1,807	1,807	2,280	2,280

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

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

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

- Measurement using market observable quoted prices for the financial instrument in question, secured from independent sources and linked to active markets (Level 1). This level includes listed debt securities, other listed equity instruments, derivatives in organized markets and mutual funds.
- Measurement using valuation techniques the inputs for which are drawn from market observable data (Level 2). They are measured using discounted cash flow methodology using market observable interest rate and spread curves. This level includes unlisted debt securities, other unlisted equity instruments and OTC derivatives (swaps, forward contracts, credit default swaps (CDS), etc).
- Measurement using valuation techniques, where some of the inputs are not taken from market observable data (Level 3). Model selection and validation is undertaken at the independent business units.

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

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

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

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

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

	Millions of euros					
	2008			2007		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS						
Financial assets held for trading (Note 10)	29,096	43,257	946	44,880	17,247	210
Debt securities (Note 10.2)	22,227	4,015	314	34,265	4,031	96
Other equity instruments (Note 10.3)	5,348	89	360	9,149	30	1
Trading derivatives (Note 10.4)	1,521	39,153	272	1,466	13,185	113
Other financial assets designated at fair value through profit or loss (Note 11)	923	831	-	1,116	51	-
Debt securities	515	1	-	370	51	-
Other equity instruments	408	830	-	746	-	-
Available-for-sale financial assets (Note 12)	24,640	19,679	2,905	37,590	10,445	397
Debt securities	19,274	19,384	1,173	35,587	1,452	297
Other equity instruments	5,366	295	1,732	2,003	8,993	100
Hedging derivatives (Note 15)	444	3,386	2	389	661	-
LIABILITIES						
Financial liabilities held for trading (Note 10)	4,517	38,408	84	1,506	17,691	76
Trading derivatives (Note 10.4)	1,817	38,408	84	-	17,464	76
Short positions (Note 10.1)	2,700	-	-	1,506	227	-
Other financial liabilities designated at fair value through profit or loss (Note 11)	-	1,033	-	449	-	-
Hedging derivatives (Note 15)	564	662	-	502	1,305	-

Certain structured instruments of credit for which previously an active market existed have included in the Level 3 since, as a result of the changes in the economic conditions, they have turned in illiquid, being necessary to change method to determine its fair value. The amount of reclassified assets to Level 3 in 2008 was €2,566 millions.

At December 31, 2008, the amount of gains no realized recognized in the accompanying consolidated income statement is a credit of €33 million.

At December 31, 2008, the above table includes structured credit instruments, which book value was €7,548 million, of which 87.48% is guaranteed by insurance agencies and companies. The aforementioned amount was recognized in the held for trading portfolio (€569 million) and in the available-for-sale portfolio (€6,979 million).

Financial instruments at cost

The Group had equity instruments, derivatives with equity instruments as the underlying 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, 2008, the balance of these financial instruments carried at cost at year-end amounted to €556 million. These instruments are currently classified in the available-for-sale portfolio.

The fair value of these instruments could not be reliably estimated because they correspond to investments in companies that are not quoted on organized markets and any valuation technique employed would entail the use of a significant number of non-observable inputs.

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

	Millions of euros		
	Amount of sale	Carrying amount at sale date	Gains/Losse
Sale of instruments at costos	219	147	72

Loans and financial liabilities through profit or loss

As of December 31, 2008, 2007 and 2006 there are not registered loans and financial liabilities (different of indicated in the present consolidated statements) as through profit or loss in the accompanying consolidated balance sheets.

9. CASH AND BALANCES WITH CENTRAL BANKS

The breakdown of the balance of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Cash	3,915	2,938	2,756
Balances at the Bank of Spain	2,391	11,543	2,705
Balances at other central banks	8,336	8,080	7,035
Total gross	14,642	22,561	12,496
Accrued interests	17	20	19
Total	14,659	22,581	12,515

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, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Assets -			
Debt securities	26,556	38,392	30,426
Other equity instruments	5,797	9,180	9,949
Trading derivatives	40,946	14,764	11,416
Total	73,299	62,336	51,791
Liabilities -			
Trading derivatives	40,309	17,540	13,218
Short positions	2,700	1,733	1,705
Total	43,009	19,273	14,923

10.2. DEBT INSTRUMENTS

The breakdown by type of instrument of the balance of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Issued by central banks	378	208	623
Spanish government bonds	6,453	5,043	3,345
Foreign government bonds	13,947	22,709	16,971
Issued by Spanish financial institutions	578	1,436	1,572
Issued by foreign financial institutions	2,247	4,584	4,780
Other fixed debt securities	2,953	4,412	3,135
Total	26,556	38,392	30,426

10.3. EQUITY INSTRUMENTS

The breakdown of the balance of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Shares of Spanish companies	2,332	2,996	5,498
Credit institutions	444	237	672
Other	1,888	2,759	4,826
Shares of foreign companies	3,465	6,184	4,451
Credit institutions	205	602	526
Other	3,260	5,582	3,925
Total	5,797	9,180	9,949

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. Trading derivatives are principally contracted in non organized markets, with credit entities as counterpart and related to foreign currencies risk, interest risk and equity securities.

The detail, by transaction type and market, of the balances of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006 was as follows shown the organized markets and non organized markets:

Millions of euros							
2008	Currency Risk	Interest Rate Risk	Equity Price Risk	Commodities Risk	Credit Risk	Other Risks	Total
Organised markets	-	5	(228)	-	2	-	(221)
Financial futures	-	-	4	-	-	-	4
Options	-	5	(232)	-	2	-	(225)
Other products	-	-	-	-	-	-	-
OTC markets	(1,491)	1,288	674	92	296	-	859
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)	-	-	-	(485)
Other financial Institutions	(112)	1,335	(151)	27	582	-	1,681
Forward transactions	(110)	-	-	-	-	-	(110)
Future rate agreements (FRAs)	-	-	-	-	-	-	-
Swaps	-	1,278	24	12	582	-	1,896
Options	(2)	57	(175)	15	-	-	(105)
Other sectors	297	1,605	990	50	(90)	-	2,852
Forward transactions	378	-	-	-	-	-	378
Future rate agreements (FRAs)	-	-	-	-	-	-	-
Swaps	10	1,482	49	62	(90)	-	1,513
Options	(91)	119	962	(12)	-	-	978
Other products	-	4	(21)	-	-	-	(17)
Total	(1,491)	1,288	446	92	296	-	638
of which: Asset Trading Derivatives	10,940	22,574	5,081	174	2,174	2	40,945
of which: Liability Trading Derivatives	12,431	21,281	4,636	81	1,878	2	(40,309)

2007	Millions of euros						
	Currency Risk	Interest Rate Risk	Equity Price Risk	Commodities Risk	Credit Risk	Other Risks	Total
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)

2006	Millions of euros						
	Currency Risk	Interest Rate Risk	Equity Price Risk	Commodities Risk	Credit Risk	Other Risks	Total
Organised markets	(747)	-	270	2	-	1	(474)
Financial futures	13	-	1	-	-	-	14
Options	(760)	-	269	2	-	1	(488)
Other products	-	-	-	-	-	-	-
OTC markets	(240)	587	(1,654)	5	(4)	(22)	(1,328)
Credit institutions	(267)	(297)	(637)	1	(9)	(22)	(1,231)
Forward transactions	8	-	-	1	-	-	9
Future rate agreements (FRAs)	-	44	-	-	-	-	44
Swaps	(269)	(177)	(24)	-	-	-	(470)
Options	(6)	(164)	(613)	-	(9)	(22)	(814)
Other products	-	-	-	-	-	-	-
Other financial Institutions	(5)	953	(570)	-	3	-	381
Forward transactions	(3)	-	-	-	-	-	(3)
Future rate agreements (FRAs)	-	-	-	-	-	-	-
Swaps	-	1,045	7	-	-	-	1,052
Options	(2)	(92)	(577)	-	3	-	(668)
Other products	-	-	-	-	-	-	-
Other sectors	32	(69)	(447)	4	2	-	(478)
Forward transactions	2	-	-	-	-	-	2
Future rate agreements (FRAs)	-	-	-	-	-	-	-
Swaps	-	(346)	(396)	4	-	-	(738)
Options	30	277	(51)	-	2	-	258
Other products	-	-	-	-	-	-	-
Total	(987)	587	(1,384)	7	(4)	(21)	(1,802)
of which: Asset Trading Derivatives	469	8,518	2,262	35	81	51	11,416
of which: Liability Trading Derivatives	(1,456)	(7,931)	(3,646)	(28)	(85)	(72)	(13,218)

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

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006, based on the nature of the related transactions, was as follows:

Millions of euros			
	2008	2007	2006
Assets			
Debt securities	516	421	56
Unit-Linked products	516	421	56
Equity instruments	1,238	746	921
Unit-Linked products	921	329	472
Other securities	317	417	449
Total	1,754	1,167	977
Liabilities			
Other financial liabilities	1,033	449	582
Unit-Linked products	1,033	449	582
Total	1,033	449	582

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, 2008, 2007 and 2006, based on the nature of the related transactions, was as follows:

Millions of euros			
	2008	2007	2006
Debt securities	39,831	37,336	32,218
Other equity instruments	7,949	11,096	10,037
Total	47,780	48,432	42,255

12.2. DEBT SECURITIES

The detail of the balance of the heading “Debt securities” as of December 31, 2008, 2007 and 2006, based on the nature of the related transactions, was as follows:

2008	Millions of euros		
	Unrealized Gains	Unrealized Losses	Fair Value
Domestic	229	(62)	11,910
Spanish Government and other Spanish Government 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	-	-	444
States and political subdivisions	15	(1)	396
Other securities	140	(285)	9,602
Other Countries	431	(488)	17,478
Securities of other foreign Governments	261	(232)	9,653
Other debt securities	170	(256)	7,825
Total net	815	(836)	39,830

2007	Millions of euros		
	Unrealized Gains	Unrealized Losses	Fair Value
Domestic	150	(77)	10,161
Spanish Government and other Spanish Government 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
Securities of other foreign Governments	562	(128)	11,278
Other debt securities	125	(114)	6,841
Total net	887	(364)	37,336

2006	Millions of euros		
	Unrealized Gains	Unrealized Losses	Fair Value
Domestic	291	(18)	9,494
Spanish Government and other Spanish Government securities	279	(16)	6,859
Other debt securities	12	(2)	2,635
International-	852	(130)	22,724
United States -	13	(21)	5,506
Government securities	3	(2)	653
US Treasury and other US Government agencies	3	(2)	343
States and political subdivisions	-	-	310
Other securities	10	(19)	4,853
Other Countries	839	(109)	17,218
Securities of other foreign Governments	588	(60)	10,386
Other debt securities	251	(49)	6,832
Total net	1,143	(148)	32,218

12.3. OTHER EQUITY INSTRUMENTS

The breakdown of the balance of the heading “Other equity instruments” by nature of the operations as of December 31, 2008, 2007 and 2006 was as follows:

2008	Millions of euros		
	Unrealized Gains	Unrealized Losses	Fair Value
Other equity instruments listed	1,190	(236)	7,082
Shares of Spanish companies	1,189	(95)	4,639
Credit institutions	-	(9)	22
Other entities	1,189	(86)	4,617
Shares of foreign companies listed	1	(141)	2,443
United States	-	(11)	28
Other countries	1	(130)	2,416
Other equity instruments unlisted	7	(1)	867
Shares of Spanish companies	-	(1)	36
Credit institutions	-	-	1
Other entities	-	(1)	35
Shares of foreign companies unlisted	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
Shares of Spanish companies	3,322	-	7,032
Credit institutions	4	-	35
Other entities	3,318	-	6,997
Shares of foreign companies listed	1,127	(24)	3,765
United States	-	(1)	419
Other countries	1,127	(23)	3,346
Other equity instruments unlisted	52	(5)	299
Shares of Spanish companies	64	(5)	132
Credit institutions	-	-	2
Other entities	64	(5)	130
Shares of foreign companies unlisted	(12)	-	167
United States	-	-	70
Other countries	(12)	-	97
Total	4,501	(29)	11,096

2006	Millions of euros		
	Unrealized Gains	Unrealized Losses	Fair Value
Other equity instruments listed	3,628	(15)	9,867
Shares of Spanish companies	2,817	-	7,342
Shares of foreign companies listed	811	(15)	2,525
United States	1	-	28
Other countries	810	(15)	2,497
Other equity instruments unlisted	-	-	170
Shares of Spanish companies	-	-	39
Shares of foreign companies unlisted	-	-	131
United States	-	-	26
Other countries	-	-	105
Total	3,628	(15)	10,037

12.4. GAINS/LOSSES

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

	Millions of euros		
	2008	2007	2006
Accumulated gains/losses	931	3,546	3,323

These unrealised losses are considered temporary, because they have mainly arisen in a period shorter than one year and the decline is mainly attributable to adverse interest rate movements.

The changes of accumulated gains/losses, net of tax, in the year 2008, 2007, and 2006 were as follow:

	Millions of euros		
	2008	2007	2006
Balance at beginning of year	3,546	3,323	3,002
Measurement gains and losses	(2,065)	1,857	1,264
Income tax	1,172	(97)	178
Amounts transfers to income ^(*)	(1,722)	(1,537)	(1,121)
Balance at end of year	931	3,546	3,323
Of which:			
Equity instruments	1,047	3,215	2,620
Debt securities	(116)	331	703

(*) Registered in the heading “Gains and losses on financial instruments (net)” of the consolidated income statement (Note 42).

13. LOANS AND RECEIVABLES

13.1. BREAKDOWN OF THE BALANCE

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006, based on the nature of the related financial instrument, is as follows:

	Millions of euros		
	2008	2007	2006
Loans and advances to credit institutions	33,856	24,527	21,264
Loans and advances to customers	335,260	313,178	258,317
Debt securities	378	60	77
Total	369,494	337,765	279,658

13.2. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006, based on the nature of the related financial instrument, was as follows:

	Millions of euros		
	2008	2007	2006
Reciprocal accounts	390	138	131
Deposits with agreed maturity	8,005	9,388	9,469
Demand deposits	6,433	834	439
Other accounts	9,250	4,610	5,675
Reverse repurchase agreements	9,601	9,422	5,490
Total gross	33,679	24,392	21,204
Valuation adjustments	177	135	60
Impairment losses	(74)	(10)	(6)
Accrued interest and fees	223	107	63
Hedging derivatives and others	28	38	3
Total	33,856	24,527	21,264

13.3. LOANS AND ADVANCES TO CUSTOMERS

The detail, by loan type and status, of the balance of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006, was as follows:

	Millions of euros		
	2008	2007	2006
Financial paper	587	387	9
Commercial credit	29,215	36,108	22,453
Secured loans	145,522	135,557	116,737
Credit accounts	21,593	23,835	21,700
Other loans	111,597	94,695	78,990
Reverse repurchase agreements	1,658	2,000	1,526
Receivable on demand and other	13,372	14,582	12,182
Finance leases	9,341	9,149	8,053
Impaired assets	8,437	3,358	2,492
Total gross	341,322	319,671	264,142
Valuation adjustments	(6,062)	(6,493)	(5,825)
Impairment losses	(7,431)	(7,138)	(6,420)
Accrued interests and fees	719	549	341
Hedging derivatives and others	650	96	254
Total	335,260	313,178	258,317

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 at December 31, 2008, 2007 and 2006 was as follows:

Millions of euros			
	2008	2007	2006
Movable property	6,114	5,982	4,700
Immovable property	3,271	3,166	3,353
Fixed rate	33%	28%	10%
Variable rate	67%	72%	90%

At December 31, 2008, unaccrued finance revenue from finance leases granted to customers amounted to €119 million. The unsecured residual value of those contracts totalled €519 million. Impairment losses determined collectively on finance lease arrangements meanwhile totalled €15 million.

The “Loans to individuals” subheading includes certain securitized loans that have not been derecognized since the Group has retained Group substantially all the related risks or rewards due to the fact that it has granted

subordinated financing or other types of credit enhancements that absorb either substantially all expected credit losses on the asset transferred or the probable variation in attendant net cash flows.

The on-balance sheet amounts of said securitized loans not derecognized at December 31, 2008, 2007 and 2006 are set forth below:

Millions of euros			
	2008	2007	2006
Securitized mortgage assets	34,012	17,214	2,320
Other securitized assets	10,341	11,007	6,736
Commercial and industrial loans	2,634	3,097	1,975
Leasing	2,238	2,361	-
Loans to individuals	5,124	5,154	4,741
Other	345	395	20
Total	44,353	28,221	9,056
<i>Of which:</i>			
Liabilities associated to assets retained on the balance sheet ^(*)	14,948	19,249	8,807

(*) These liabilities are recognized under “Financial liabilities at amortized cost – Debt securities” in the accompanying consolidated balance sheets. (Note 22.4).

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

At December 31, 2008, 2007 and 2006, the outstanding balances of derecognized securitized loans were as follows:

Millions of euros			
	2008	2007	2006
Securitized mortgage assets	132	173	209
Other securitized assets	413	585	849
Total	545	758	1,058

14. HELD-TO-MATURITY INVESTMENTS

As of December 31, 2008, 2007 and 2006, the detail of the balance of this heading in the consolidated balance sheets was as follows:

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

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

Millions of euros				
2006	Amortised Cost	Unrealized Gains	Unrealized Losses	Fair Value
Domestic	2,404	2	(69)	2,337
Spanish Governments and other Spanish Governments securities	1,417	1	(40)	1,378
Other debt securities	987	1	(29)	959
International	3,502	5	(86)	3,421
Total	5,906	7	(155)	5,758

The foreign securities by the Group as of December 31, 2008, 2007 and 2006 in the held to maturity portfolio corresponds to European issuers.

The gross changes for December 31, 2008, 2007 and 2006 in the balance of this heading in the consolidated balance sheets were summarised as follows not considering impairment losses:

	Millions of euros		
	2008	2007	2006
Balance at beginning of year	5,589	5,911	3,964
Acquisitions	-	-	2,211
Redemptions	(284)	(300)	(274)
Other	(20)	(22)	10
Balance at end of year	5,285	5,589	5,911

15. HEDGING DERIVATIVES (RECEIVABLE AND PAYABLE)

The nature of principal risks hedges by the Group is analyzed in note 7.

As of December 31, 2008, 2007 and 2006, the main positions hedged by the Group and the derivatives assigned to hedge those positions are:

1. Fair value hedge:
 - Available for sale fixed rate debt securities: this risk is hedged using interest-rate derivatives (fixed- variable swaps).
 - Long term fixed rate debt issued by 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 rate loans: this risk is hedged using interest-rate derivatives (fixed- variable swaps).
2. Cash flow hedge: Most of the hedged items are floating interest rate loans: this risk is hedged using currency and interest rate swaps.
3. Net investment in a foreign operation hedge: Most of risks hedged are investments in foreign currency in foreign subsidiaries. This risk is hedged mainly with exchange rate options and forward currency purchase.

As of December 31, 2008, 2007 and 2006 there were no hedges of highly probable forecast transaction in the Group.

The detail of the hedging derivatives held by the Group as of December 31, 2008, 2007 and 2006 recognized in the consolidated balance sheets was as follows:

Millions of euros			
2008	Exchange Risk	Interest Rate Risk	Total
Non organised markets			
Credit institutions	204	2,290	2,494
Fair value hedge	-	1,972	1,972
Cash flow hedge	104	338	443
Net investment in a foreign operation hedge	99	(20)	79
Other financial institutions	-	100	100
Fair value hedge	-	68	68
Cash flow hedge	-	32	32
Other sectors	11	1	13
Fair value hedge		1	1
Cash flow hedge	11	-	11
Total	215	2,391	2,606
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)
Non organised 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	-	-	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)

2006	Millions of euros		
	Interest Rate Risk	Equity Price Risk	Total
Non organised markets			
Credit institutions	(382)	(116)	(498)
Fair value hedge	(404)	(116)	(520)
Cash flow hedge	22	-	22
Other financial institutions	178	(3)	175
Fair value hedge	126	(3)	123
Cash flow hedge	52	-	52
Other sectors	9	(3)	6
Fair value hedge	9	(3)	6
Total	(195)	(122)	(317)
of which: Asset Hedging Derivatives	1,915	48	1,963
of which: Liability hedging Derivatives	(2,110)	(170)	(2,280)

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

	Millions of euros			
	3 months or less	More than 3 months but less than 1 year	From 1 to 5 years	More than 5 years
Cash inflows from assets	174	399	330	148
Cash outflows from liabilities	75	217	313	205

The amounts previously recognized in equity from cash flow hedge that were removed from equity and included in consolidated income statement – in the heading “Gains or losses of financial assets and liabilities (net)” or in the heading “Exchange differences (net)” – during the years 2008 and 2007 €12 and €13 millions, respectively.

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

The non-current assets held for sale recorded as assets in the accompanying consolidated balances sheets as of December 31, 2008 related to properties from the award for carrying out the guarantee to ensure the recovery of loans. These properties are assets available for sale, which is considered highly probable. The sale of most of these assets is expected to be completed within one year of the date on which they are classified as “non-current assets held for sale”.

As of December 31, 2008, 2007 and 2006, the changes in the heading “Non-current assets held for sale” of the consolidated balance sheets were as follow:

	Millions of euros		
	2008	2007	2006
Revalued cost -			
Balance at beginning of year	306	268	401
Additions	515	487	279
Retirements	(374)	(744)	(370)
Acquisition of subsidiaries in the year	-	15	17
Transfers	57	265	13
Exchange difference and other	2	15	(72)
Balance at end of year	506	306	268
Impairment -			
Balance at beginning of year	66	82	170
Additions	38	38	61
Retirements	(22)	(43)	(105)
Transfers	25	8	6
Exchange difference and other	(45)	(19)	(50)
Balance at end of year	62	66	82
Balance total at end of year	444	240	186

As of December 31, 2008, 2007 and 2006, the balance of this heading related basically to foreclosed assets or recovered assets of finance leases.

On March 4, 2008 BBVA Bancomer, S.A de C.V concluded the sale of its corporate headquarters, Centro Bancomer and its car park, with a regross gain of €61.3 million, recognized, as of December 31, 2008, in the heading “Gains in written of assets not classified as non-current assets held for sale” in the accompanying consolidated income statements of 2008. As of December 31, 2007 these assets were recognized in the heading “Tangible assets – Land and buildings for own use” (Note 19) in the accompanying consolidated balance sheets. Jointly with this operation BBVA Bancomer subscribed a contract for the renting of Centro Bancomer and its car park for a 3 year period extendable for 2 more years.

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

In the case of Spain, the independent valuation and appraisal companies authorised by the Bank of Spain and entrusted with the appraisal of these assets were: Krata, S.A., Gesvalt, S.A., Alia Tasaciones, S.A., Tasvalor, S.A. and Trinsa, S.A.

As of December 31, 2008, 2007 and 2006, there were no liabilities associated with non-current assets held for sale.

17. INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

17.1. INVESTMENTS IN ASSOCIATES

The following table shows the detail of the most significant Group's investments in associates as of December 31, 2008, 2007 and 2006:

Investments in Associates	Millions of euros		
	2008	2007	2006
Citic International Financial Holdings Limited CIFH	541	432	-
Occidental Hoteles Management, S.L. ^(*)	128	131	-
Tubos Reunidos, S.A.	54	85	69
BBVA Elcano Empresarial II, S.C.R., S.A.	39	57	31
BBVA Elcano Empresarial, S.C.R., S.A.	39	57	31
Rest of companies	93	84	75
Total	894	846	206

(*) Former Metropolitan Participaciones, S.L.

The detail of the balance and gross changes as of December 31, 2008, 2007 and 2006 in this heading of the consolidated balance sheets, were as follows:

	Millions of euros		
	2008	2007	2006
Balance at beginning of year	846	206	946
Acquisitions:	655	626	28
Of which:			
Citic International Financial Holdings Limited (CIFH)	655	432	-
Occidental Hoteles Management, S.L.	-	131	-
Disposals	(782)	-	(802)
Of which:			
Tubos Reunidos, S.A. ^(*)	(41)	-	-
Transfers and others	(739)	-	-
Of which:	175	14	34
Balance at end of year	894	846	206
Of which:			
Goodwill	217	119	4
CIFH	214	115	-
Other	3	4	4

(*) Corresponds to the sale of the 0.853% of the capital stock in January 2008 (see appendix VI).

The following tables show the book value and the fair value of listed associates accounted for using the equity method as of December 31, 2008 and 2007, calculated on the base of its official listed:

Company	Millions of euros			
	2008		2007	
	Book value	Fair value	Book value	Fair value
Tubos Reunidos, S.A.	54	85	85	241
Citic International Financial Holdings Limited ^(*)	-	-	432	355

(*) Delisted from the Hong Kong stock exchange in November 2008.

Appendix V shows associate entities as of December 31, 2008.

Agreement with the CITIC Group

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

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

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

The investment in CIFH was made in cash after this company delisted from the Hong Kong Stock Exchange. Subsequently, CIFH sold its investment in CNCB (15%) to its existing shareholders on a proportionate basis. This acquisition, coupled with the purchase of an additional 0.65% stake from the CITIC Group, raised BBVA's ownership interest in CNCB at year-end 2008 to 9.93%. These acquisitions entailed a total payout of €926 million.

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

Under the terms of the new agreement, BBVA also has an option to acquire an additional percentage, subject to certain conditions, during a two-year period, which could bring its interest in CNCB to 15%. At December 31, 2008 and 2007, BBVA's interest in CNCB was including under “Available-for-sale financial assets” in the accompanying consolidated balance sheets (Note 12).

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

The role of strategic foreign investor in commercial banks in the People's Republic of China entails compliance with the following principles: to invest with a long-term horizon, to upgrade corporate governance, to undertake business alliances and to fend off the competition. Under this framework, BBVA participates in the definition of key policies at CNCB through its representation on the Board of Directors (BBVA will have 2 out of 15 seats on the Board under the new agreement) and on the Strategy Committee (1 member out of a total of 6).

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

17.2. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

The jointly controlled entities that the Group has considered, because reflect the economic reality of such holdings, must be accounted by the “equity method” (Note 2.1.b) are registered in this heading of accompanying consolidated balance sheet.

The following table shows the detail of the most significant Group’s investments in jointly controlled entities as of December 31, 2008, 2007 and 2006:

	Millions of euros		
	2008	2007	2006
Jointly controlled entities			
Corporación IBV Participaciones Empresariales S.A.	385	574	565
Fideicomiso F/403853-5 BBVA Bancomer SºS ZIBAT	20	-	-
Las Pedrazas Golf, S.L.	16	-	-
Dintransa Rentrucks, S.A.	15	-	-
Rest	137	122	118
Total	573	696	683
<i>Of which</i>			
Goodwill			
Grupo Profesional Planeación y Proyectos S.A. de C.V.	4	4	5
Dintransa Rentrucks, S.A.	8	-	-
Rest	4	2	-
	16	6	5

If the jointly controlled entities accounted for equity method had been accounted for proportionate method, the Group had been increased as follow, as of December 31, 2008, 2007 and 2006:

	Millions of euros		
	2008	2007	2006
Group’s Asset	910	1,009	1,017
Net interest income	139	122	88
Gross Income	17	40	297

Appendix V show jointly controlled entities consolidated using the equity method as of December 31, 2008.

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

The following table provides relevant information of the balance sheet and income statement of associates and jointly controlled entities by the proportionate consolidation method as of December 31, 2008, 2007 and 2006, respectively (Appendix V).

Items ^(*)	Millions of euros					
	2008		2007		2006	
	Associates	Jointly controlled entities	Associates	Jointly controlled entities	Associates	Jointly controlled entities
Current Assets	745	559	423	680	125	655
Non-current Assets	4,162	349	2,116	329	109	324
Current Liabilities	230	136	385	199	47	191
Non-current Liabilities	4,677	772	2,154	810	187	788
Net sales	210	102	181	109	131	145
Operating Income	99	17	64	40	21	297
Net Income	93	286	29	221	13	269
(*) Non audited information						

17.4. NOTIFICATIONS ABOUT ACQUISITION OF HOLDINGS

The notifications on the acquisition and disposal of holdings in associates or jointly controlled, in compliance with Article 86 of the Spanish Corporations Law and Article 53 of the Securities Market Law 24/1988, are listed in Appendix VI.

17.5. IMPAIRMENT

During 2008 and 2007, the goodwill in associates and jointly controlled entities has not registered impairment.

During 2006, the goodwill in jointly controlled entities was impaired for €6 million.

18. REINSURANCE ASSETS

This heading of the accompanying consolidated balance sheets reflects the amounts to receive from consolidated entities whose origins are reinsurance contracts with third parties.

As of December 31, 2008, 2007 and 2006, the detail of the balance of this heading in the consolidated balance sheets was as follows:

	Millions of euros		
	2008	2007	2006
Reinsurance asset	29	43	32

19. TANGIBLE ASSETS

As of December 31, 2008, 2007 and 2006, the detail and the change of the balance of this heading in the consolidated balance sheets based on the nature of the related items, were as follows:

	Millions of euros						
	Property, plants and equipment						
	Land and Buildings	Work in Progress	Furniture, Fixtures and Vehicles	Total tangible asset of own use	Investment Properties	Assets Leased out under an Operating Lease	Total
2008							
Revalued cost -							
Balance at 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
Accumulated depreciation -							
Balance at 1 January 2008	725	-	3,402	4,127	14	245	4,386
Additions	77	-	356	433	1	18	452
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)			(165)
Balance at 31 December 2008	729	-	3,128	3,857	45	259	4,161
Impairment -							
Balance at 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 at 31 December 2008	16	-	3	19	8	5	32
Net tangible assets -							
Balance at 1 January 2008	2,669	151	1,617	4,437	82	719	5,238
Balance at 31 December 2008	2,285	422	1,735	4,442	1,734	732	6,908

(*) The balance under "Investment properties" has increased mainly due to the incorporation of the assets of Fondo Inmobiliario BBVA Propiedad (see Appendix II) which is fully consolidated following the acquisition by the Group in 2008 of a 95.65% stake,

2007	Millions of euros						
	Property, plants and equipment			Total tangible asset of own use	Investment Properties	Assets Leased out under an Operating Lease	Total
	Land and Buildings	Work in Progress	Furniture, Fixtures and Vehicles				
Revalued cost -							
Balance at 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 at 31 December 2007	3,415	151	5,024	8,590	96	966	9,652
Accumulated depreciation -							
Balance at 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 at 31 December 2007	(725)	-	(3,402)	(4,127)	(13)	(245)	(4,385)
Impairment -							
Balance at 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 at 31 December 2007	(21)	-	(5)	(26)	(1)	(2)	(29)
Net tangible assets -							
Balance at 1 January 2007	2,263	24	1,529	3,816	61	650	4,527
Balance at 31 December 2007	2,669	151	1,617	4,437	82	719	5,238

2006	Millions of euros						
	Property, plants and equipment			Total tangible asset of own use	Investment Properties	Assets Leased out under an Operating Lease	Total
	Land Buildings	Work in Progress	Furniture, Fixtures and Vehicles				
Revalued cost -							
Balance at 1 January 2006	3,153	19	4,976	8,148	93	630	8,871
Additions	58	32	436	526	-	304	830
Retirements	(14)	(15)	(195)	(224)	(5)	(187)	(416)
Acquisition of subsidiaries in the year	127	2	32	161	-	150	311
Disposal of entities in the year	(47)	-	(37)	(84)	-	-	(84)
Transfers	(18)	(7)	5	(20)	(1)	-	(21)
Exchange difference and other	(171)	(7)	(243)	(421)	(11)	(16)	(448)
Balance at 31 December 2006	3,088	24	4,974	8,086	76	881	9,043
Accumulated depreciation -							
Balance at 1 January 2006	(796)	-	(3,483)	(4,279)	(15)	(164)	(4,458)
Additions	(68)	-	(266)	(334)	(1)	(48)	(383)
Retirements	13	-	160	173	1	13	187
Acquisition of subsidiaries in the year	-	-	(9)	(9)	-	(48)	(57)
Disposal of entities in the year	3	-	35	38	-	-	38
Transfers	7	-	1	8	-	-	8
Exchange difference and other	43	-	117	160	1	16	177
Balance at 31 December 2006	(798)	-	(3,445)	(4,243)	(14)	(231)	(4,488)
Impairment -							
Balance at 1 January 2006	(28)	-	-	(28)	(1)	-	(29)
Additions	(4)	-	-	(4)	-	-	(4)
Retirements	8	-	-	8	-	-	8
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Exchange difference and other	(3)	-	-	(3)	-	-	(3)
Balance at 31 December 2006	(27)	-	-	(27)	(1)	-	(28)
Net tangible assets -							
Balance at 1 January 2006	2,329	19	1,493	3,841	77	466	4,384
Balance at 31 December 2006	2,263	24	1,529	3,816	61	650	4,527

In March 2008, BBVA Bancomer realized the acquisition of two buildings in the city of Mexico, one of them located on the Paseo de la Reforma and the other in Parques Polanco, in which it will establish its new corporate headquarters. These acquisitions were recognized, as of December 31, 2008, in the heading “Tangible assets – Land and buildings for own use” in the accompanying consolidated balance sheets, for a total amount of €71 million.

The Group BBVA purchased, through a Real Estate company of the Group and in accordance with an agreement signed on June 19, 2007 with the “Group Gmp” (GMP), the “Parque Empresarial Foresta” located in a development area in the north of Madrid, where the new Corporate Headquarter will be build. This project has meant to the BBVA Group an investment of €434 million, recognized, as of December 31, 2008 and 2007, in the headings “Land and Buildings” and “works in progress” for an amount of €353 million and €81 million, respectively.

The land and buildings acquired in 2007 in the “Parque Empresarial Foresta”, for the purpose of building a new corporate headquarters, were not deemed impaired at either December 31, 2008 or 2007.

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

Area	Number of branches		
	2008	2007	2006
Spain	3,375	3,595	3,635
United States	4,267	4,291	3,742
Rest of the world	145	142	122
Total	7,787	8,028	7,499

As of December 31, 2008, 2007 and 2006, the percentage of branches which were leased from third parties in Spain was 47.3%, 47.3% and 46.9%, respectively. As of December 31, 2008, 2007 and 2006, the percentage of branches which were leased from third parties in Latin America was 61%, 56.7% and 60%, respectively.

Following the table shows the detail of tangible assets based on Spanish or foreign entities as of December 31, 2008, 2007 and 2006:

	Millions of euros		
	2008	2007	2006
Foreign subsidiaries	2,276	2,271	2,670
BBVA, S.A. and spanish subsidiaries	4,633	2,967	1,857
Total	6,909	5,238	4,527

Moreover, the amount of tangible assets under finance leases on which it is expected exercise the option to purchase was €2 million as December 31, 2008. As of December 31, 2007 and 2006 the amount of tangible assets under finance leases on which it is expected exercise the option to purchase was not significant.

20. INTANGIBLE ASSETS

20.1. GOODWILL

As of December 31, 2008, 2007 and 2006, the detail of the balance of this heading and the changes, according to the companies that originated them, was as follows:

2008	Millions of euros			Balance at end of year
	Balance at beginning of year	Exchange Differences	Other ^(*)	
BBVA USA Bancshares, Inc.	6,265	366	12	6,643
Grupo Financiero Bancomer, S.A. de C.V.	485	(79)	-	406
Hipotecaria Nacional S.A. C.V.	213	(35)	-	178
BBVA Colombia, S.A.	204	(11)	-	193
BBVA Inversiones Chile, S.A.	87	(16)	-	71
Maggiore Fleet, S.p.A.	34	-	-	34
BBVA Chile, S.A.	34	(6)	-	28
BBVA Puerto Rico, S. A.	31	2	-	33
FORUM Servicios Financieros,S.A.	28	(3)	-	25
AFP Provida, S.A.	21	(3)	-	18
BBVA Portugal,S.A.	16	-	-	16
Finanzia, Banco de Crédito, S.A.	5	-	-	5
BBVA Finanzia S.p.A.	4	-	-	4
BBVA Bancomer USA	4	-	-	4
FORUM Distribuidora, S.A.	2	(1)	-	1
BBVA Renting S.p.A.	3	-	(3)	-
FULLY CONSOLIDATED COMPANIES	7,436	214	9	7,659

(*) The goodwills of the four banks merged in 2008 are included (see Note 3).

There were no additions to, retirements or impairments of the goodwill carried in the accompanying consolidated balance sheets in 2008.

2007	Millions of euros				
	Balance at beginning of year	Additions	Exchange Differences	Other	Balance at end of year
BBVA USA Bancshares, Inc.	1,679	5,171	(558)	(27)	6,266
<i>of which:</i>					
<i>Laredo National Bank</i>	422	-	(43)	-	379
<i>Texas Regional Bank</i>	1,257	-	(129)	(27)	1,101
<i>State National Bank</i>	-	270	(33)	-	237
<i>Compass Bank</i>	-	4,901	(353)	-	4,549
Grupo Financiero Bancomer, S.A. de C.V.	544	-	(59)	-	485
Hipotecaria Nacional S.A. C.V.	239	-	(26)	-	213
BBVA Colombia, S.A.	213	-	(1)	(8)	204
BBVA Pensiones Chile, S.A.	90	-	(3)	-	87
Maggiore Fleet, S.p.A.	36	-	-	(2)	34
BBVA Chile, S.A.	35	-	(1)	-	34
BBVA Puerto Rico, S. A.	35	-	(4)	-	31
FORUM Servicios Financieros, S.A.	49	-	(1)	(20)	28
AFP Provida, S.A.	22	-	(1)	-	21
BBVA Portugal, S.A.	16	-	-	-	16
Finanzia, Banco de Crédito, S.A.	5	-	-	-	5
BBVA Finanzia S.p.A.	4	-	-	-	4
BBVA Bancomer USA	4	-	-	-	4
BBVA Renting S.p.A.	-	1	-	2	3
FORUM Distribuidora, S.A.	2	-	-	-	2
FULLY CONSOLIDATED COMPANIES	2,973	5,172	(654)	(55)	7,436

There were no retirements or impairments of the goodwill carried in the accompanying consolidated balance sheets in 2007.

2006	Millions of euros						Balance at end of year
	Balance at beginning of year	Additions	Retirements	Exchange Differences	Impairment	Other	
Texas Regional Bancshares, Inc.	-	1,294	-	(37)	-	-	1,257
Grupo Financiero BBVA Bancomer, S.A. de C.V.	617	-	-	(73)	-	-	544
Grupo Laredo	474	-	-	(49)	-	(3)	422
Hipotecaria Nacional, S.A. de C.V.	259	-	-	(30)	-	10	239
Grupo BBVA Colombia	267	-	-	(19)	-	(35)	213
BBVA Pensiones Chile, S.A.	104	-	-	(14)	-	-	90
Forum Servicios Financieros, S.A.	-	51	-	(2)	-	-	49
Maggiore Fleet, S.p.A.	-	36	-	-	-	-	36
BBVA Chile, S.A.	41	-	-	(6)	-	-	35
BBVA Puerto Rico, S.A.	39	-	-	(4)	-	-	35
AFP Provida	26	-	-	(4)	-	-	22
BBVA Portugal, S.A.	16	-	-	-	-	-	16
Finanzia, Banco de Crédito, S.A.	5	-	-	-	-	-	5
BBVA Bancomer USA ^(*)	5	-	-	(1)	-	-	4
BBVA Finanzia, S.p.A.	-	4	-	-	-	-	4
Forum Distribuidora, S.A.	-	2	-	-	-	-	2
Invesco Management N°1	-	6	-	-	(6)	-	-
Other companies	5	3	(9)	-	-	1	-
FULLY CONSOLIDATED COMPANIES	1,858	1,396	(9)	(239)	(6)	(27)	2,973

(*) Former Valley Bank.

Annually an impairment test is carried out for each company that generates goodwill. This test compares the present value of future cash flows that are expected to be obtained by each company with its book value and goodwill, in order to determine whether or not its value is impaired. As of December 31, 2008, as a result of the impairment tests carried out, there were no losses due to impairments in the value of these companies.

In 2007, the Group acquired 100% of the capital shares of State National Bancshares Inc. and Compass Bancshares Inc. The detail of the book value of the consolidated assets and liabilities of Compass Bancshares Inc. and State National Bancshares, Inc. previous to its acquisition and the corresponding acquisition costs, gross of tax, which according to the acquisition method have been allocated at the moment of purchase and which are definitive, were as follow:

Acquisition cost of Compass Bancshares, Inc.		
	Millions of euros	
Compass Bancshares, Inc. value at the date of acquisition	Book Values	Fair Value
Cash	426	426
Loans and receivables	18,610	18,221
Financial assets	5,692	5,631
Tangible assets	443	514
Intangible assets obtained from previous business combinations	560	2
Intangible assets identify at the date of the business combination ^(*)	-	545
Other assets	390	391
Financial liabilities	(23,521)	(23,518)
Other liabilities	(378)	(402)
Recognised contingent liabilities	-	-
Deferred tax	-	(18)
Total Equity	2,222	1,792
Goodwill		4,901

(*) The balance of intangible assets identified at the acquisition date corresponds mainly to fair value gains allocated to core deposits in the amount of €466 million.

Acquisition cost of State National Bancshares, Inc.		
	Millions of euros	
State National Bancshares, Inc. value at the date of acquisition	Book Values	Fair Value
Cash	82	82
Loans and receivables	899	884
Financial assets	207	204
Tangible assets	45	47
Intangible assets obtained from previous business combinations	88	-
Intangible assets identify at the date of the business combination	-	28
Other assets	8	7
Financial liabilities	(1,145)	(1,146)
Other liabilities	(5)	(7)
Recognised contingent liabilities	-	-
Deferred tax	-	9
Total Equity	179	108
Goodwill		270

The valuations were conducted by an independent expert, applying different valuation methods on the basis of each asset and liability. The methods used are based on the present value of the cash flows that business or asset is expected to generate in the future, the Market Transaction Method and the Cost Method.

During 2008 there have not been effects of gains, losses, error corrections and other significant adjustments in relation with assets, liabilities and contingent liabilities in the acquired entities in 2007 or prior periods.

20.2. OTHER INTANGIBLE ASSETS

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros			Average Useful Life (years)
	2008	2007	2006	
Computer software acquisition expense	258	42	56	5
Other deferred charges	113	202	116	5
Other intangible assets	408	571	132	5
Impairment	(1)	(7)	(8)	
Total	780	808	296	

The changes in 2008, 2007 and 2006 in this heading were as follows:

	Millions of euros		
	2008	2007	2006
Balance at beginning of year	808	296	212
Additions	242	134	171
Year amortization	(256)	(151)	(89)
Exchange differences and other	13	530	2
Impairment	(27)	(1)	-
Balance at end of year	780	808	296

21. REST OF ASSETS AND LIABILITIES

The detail of the balance of these headings in the consolidated balance sheets as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Assets -			
Inventories(*)	1,066	457	470
Transactions in transit	33	203	106
Accrued interest	383	604	674
Prepaid expenses	206	359	279
Other prepayments and accrued income	177	245	395
Other	1,296	1,033	1,104
Total	2,778	2,297	2,354
Liabilities -			
Transactions in transit	53	54	140
Accrued interest	1,918	1,820	1,510
Unmatured accrued expenses	1,321	1,381	1,169
Other accrued expenses and deferred income	597	439	341
Other	586	498	579
Total	2,557	2,372	2,229

(*) The balance of the heading Inventories in the consolidated financial statements relates basically to the following companies: 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. and Anida Operaciones Singulares, S.L.

The heading "Inventories" includes the purchases of land and property to customers in troubles that the Group real estate companies held for sale or in their development business.

22. FINANCIAL LIABILITIES AT AMORTISED COST

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

	Millions of euros		
	2008	2007	2006
Deposits from central banks	16,844	27,326	15,238
Deposits from credit institutions	49,961	60,772	42,567
Deposits from customers	255,236	219,610	186,749
Debt certificates (including bonds)	104,157	102,247	86,482
Subordinated liabilities	16,987	15,662	13,597
Other financial liabilities(*)	7,420	6,239	6,772
Total	450,605	431,856	351,405

(*) At December 31, 2008, 2007 and 2006, "Other financial liabilities" included €626 million, €570 million and €469 million, respectively, in connection with the third interim dividend declared each year (Note 4).

22.1. DEPOSITS FROM CENTRAL BANKS

The breakdown of the balance of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006 is as follows:

	Millions of euros		
	2008	2007	2006
Bank of Spain	4,036	19,454	7,265
Credit account drawdowns	37	8,209	4,010
Other State debt and Treasury bills under repurchase agreement	2,904	-	-
Other assets under repurchase agreement	1,095	11,245	3,255
Other central banks	12,726	7,802	7,926
Total gross	16,762	27,256	15,191
Accrued interest until expiration	82	70	47
Total	16,844	27,326	15,238

As of December 31, 2008, 2007 and 2006, the financing limit assigned to the Group by the Bank of Spain and the rest of central banks and the one that it had been drawn down this one, was as follow:

	Millions of euros		
	2008	2007	2006
Assigned	16,049	10,320	8,136
Drawn down	125	8,053	4,535

22.2. DEPOSITS FROM CREDIT INSTITUTIONS

The breakdown of the balance of this heading in the consolidated balance sheets, based on the nature of the related transactions, as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Reciprocal accounts	90	3,059	78
Deposits with agreed maturity	35,785	33,576	27,016
Demand deposits	1,228	1,410	1,782
Other accounts	547	362	393
Repurchase agreements	11,923	21,988	13,017
Subtotal	49,573	60,395	42,286
Accrued interest until expiration	388	377	281
Total	49,961	60,772	42,567

The detail, by geographical area and on the nature of the related instruments, of this heading as of December 31, 2008, 2007 and 2006 disregarding valuation adjustments was as follows:

Millions of euros				
2008	Demand Deposits	Deposits with Agree Maturity	Funds Received Under Financial Asset Transfers	Total
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

Millions of euros				
2007	Demand Deposits	Deposits with Agree Maturity	Funds Received Under Financial Asset Transfers	Total
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

Millions of euros				
2006	Demand Deposits	Deposits with Agree Maturity	Funds Received Under Financial Asset Transfers	Total
Spain	807	5,001	1,683	7,491
Rest of Europe	642	12,640	4,621	17,903
United States	110	2,653	797	3,560
Latin America	239	3,166	5,916	9,321
Rest of the world	61	3,950	-	4,011
Total	1,859	27,410	13,017	42,286

22.3. DEPOSITS FROM CUSTOMERS

The breakdown of the balance of this heading in the accompanying consolidated balance sheets, based on the nature of the related transactions, as of December 2008, 2007 and 2006, was as follows:

	Millions of euros		
	2008	2007	2006
General Government	18,837	16,372	14,171
Spanish	6,320	6,844	7,109
Foreign	12,496	9,512	7,038
Accrued interest	21	16	24
Other resident sectors -	98,630	90,863	88,811
Current accounts	20,725	22,798	25,346
Savings accounts	23,863	21,389	22,460
Fixed-term deposits	43,829	36,911	30,894
Reverse repos	9,339	8,785	9,081
Other accounts	62	141	318
Accrued interest	812	839	712
Non-resident sectors	137,769	112,375	83,767
Current accounts	28,160	25,453	19,043
Savings accounts	22,840	19,057	13,636
Fixed-term deposits	79,094	58,492	40,906
Repurchase agreements	6,890	8,545	9,555
Other accounts	104	166	67
Accrued interest	681	662	560
Total	255,236	219,610	186,749
<i>Of which:</i>			
Deposits from customers without valuation adjustment	254,075	218,509	185,900
Accrued interest	1,161	1,101	849
In euros	121,895	107,371	102,731
In foreign currency	133,341	112,239	84,018

The detail, by geographical area, of this heading as of December 31, 2008, 2007 and 2006 disregarding valuation adjustments was as follows:

2008	Millions of euros				Total
	Demand Deposits	Saving Deposits	Deposits with Agreed Maturity	Repos	
Spain	26,209	23,892	45,299	9,746	105,146
Rest of Europe	3,214	360	22,733	34	26,341
United States	8,289	10,899	36,997	-	56,185
Latin America	20,219	9,911	20,195	6,868	57,193
Rest of the world	1,576	2,488	4,796	-	8,860
Total	59,507	47,550	130,020	16,648	253,725

Millions of euros					
2007	Demand Deposits	Saving Deposits	Deposits with Agreed Maturity	Repos	Total
Spain	28,339	21,467	36,242	9,199	95,247
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	98,054	17,749	216,472

Millions of euros					
2006	Demand Deposits	Saving Deposits	Deposits with Agreed Maturity	Repos	Total
Spain	30,906	22,525	31,325	10,303	95,059
Rest of Europe	2,746	1,049	7,244	448	11,487
United States	1,420	2,019	10,529	57	14,025
Latin America	17,817	11,466	22,461	9,064	60,808
Rest of the world	795	403	2,876	-	4,074
Total	53,684	37,462	74,435	19,872	185,453

22.4. DEBT CERTIFICATES (INCLUDING BONDS) AND SUBORDINATED LIABILITIES

The breakdown of the balance of the heading “Debt certificate (including Bonds)” in the accompanying consolidated balance sheets as of December 31, 2008, 2007 and 2006, by the nature of the transactions, was as follows:

Millions of euros			
	2008	2007	2006
Promissory notes and bills			
In euros	9,593	4,902	6,671
In other currencies	10,392	857	885
Subtotal	19,985	5,759	7,556
Bonds and debentures issued			
In euros -			
Non-convertible bonds and debentures at floating interest rates	11,577	18,955	18,346
Non-convertible bonds and debentures	4,736	6,154	6,438
Covered bonds	38,481	38,680	35,808
Bonds from securitization realized by the Group (Note 13)	13,783	19,229	8,764
Valuation adjustments ^(*)	2,668	252	734
In foreign currencies -			
Non-convertible bonds and debentures at floating interest rates	8,980	10,707	7,866
Non-convertible bonds and debentures	1,601	1,322	626
Covered bonds	1,005	1,049	221
Other securities associate to financial activities	15	-	-
Bonds from securitization realized by the Group (Note 13)	1,165	20	43
Valuation adjustments ^(*)	161	120	80
Subtotal	84,172	96,488	78,926
Total	104,157	102,247	86,482

(*) Hedge transactions and issue expenses.

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

	Millions of euros		
	2008	2007	2006
Subordinated debt	10,785	10,834	9,385
Preference shares	5,464	4,561	4,025
Total gross	16,249	15,395	13,410
Valuation adjustments	738	267	187
Total	16,987	15,662	13,597

The changes as of December 31, 2008, 2007 and 2006 in the heading “Debt certificates (including Bonds)” and “Subordinated liabilities” were as follows:

	Millions of euros				
	2008				
	Balance at beginning of year	Issuances	Repurchase or refund	Exchange differences and others	Balance at the end of year
Issuances of the entity					
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

	Millions of euros				
	2007				
	Balance at beginning of year	Issuances	Repurchase or refund	Exchange differences and others	Balance at the end of year
Issuances of the entity					
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 issuances, repurchases or refunds of debt instruments issued by the bank or Group entities as of December 31, 2008, 2007 and 2006 are shown on Appendix IX.

22.4.1. PROMISSORY NOTES AND BILLS:

These promissory notes were issued mainly by the Group’s subsidiary Banco de Financiación, S.A. and BBVA.

22.4.2. BONDS AND DEBENTURES ISSUED:

Following the table shows the (weighted average) interest rate relating to fixed and floating rate bonds and debentures issued in euros and foreign currencies as of December 31, 2008, 2007 and 2006:

	2008		2007		2006	
	Euros	Foreign currency	Euros	Foreign currency	Euros	Foreign currency
Fixed rate	3.86%	4.79%	3.87%	5.12%	3.83%	5.34%
Floating rate	4.41%	4.97%	4.68%	5.97%	3.67%	5.25%

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

22.4.3. SUBORDINATED LIABILITIES

22.4.3.1. 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 IX.

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.

22.4.3.2. PREFERENCE SHARES

The detail, by company, of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
BBVA Internacional, Ltd. ⁽¹⁾	500	500	1,000
BBVA Capital Finance, S.A.U.	2,975	1,975	1,975
Banco Provincial, S.A	70	66	-
BBVA International Preferred, S.A.U. ⁽²⁾	1,901	2,003	1,050
Phoenix Loan Holdings, Inc.	18	17	-
Total	5,464	4,561	4,025

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

The breakdown of the nominal of each of the issuances of the aforementioned companies as of December 31, 2008, 2007 and 2006, was as follows:

	2008		2007		2006	
	Currency	Amount issued (Millions)	Currency	Amount issued (Millions)	Currency	Amount issued (Millions)
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	-	-	-	-
BBVA International Preferred, S.A.U.						
September 2005	EUR	550	EUR	550	EUR	500
September 2006	EUR	500	EUR	500	EUR	500
April 2007	USD	600	USD	600	-	-
July 2007	GBP	400	GBP	400	-	-
Banco Provincial, S.A. - Banco Universal						
October 2007	BS	150,000	BS	150,000	-	-
November 2007	BS	58,266	BS	58,000	-	-
Phoenix Loan Holdings, Inc.						
November 2007	USD	111	USD	28	-	-
January 2008	USD	21,000	-	-	-	-
Tucson Loan Holdings, Inc.						
January 2008	USD	111	-	-	-	-

These issues were 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.

The issuances of BBVA International Ltd BBVA, BBVA Capital Finance, S.A. and BBVA International Preferred, S.A.U, are subordinatedly guaranteed by the Bank.

23. LIABILITIES UNDER INSURANCE CONTRACTS

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Technical provisions for:			
Mathematical reserves	5,503	5,847	5,465
Provision for unpaid claims reported	640	580	655
Other insurance technical provisions	428	440	788
Total	6,571	6,867	6,908

24. PROVISIONS

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Provisions for pensions and similar obligations (Note 25)	6,359	5,967	6,358
Provisions for taxes and other legal contingents	263	225	232
Provisions for contingent exposures and commitments (Note 7)	421	546	502
Other provisions	1,635	1,604	1,557
Total	8,678	8,342	8,649

The changes in 2008, 2007 and 2006 in the balances of this heading in the accompanying consolidated balance sheets were as follows:

	Millions of euros		
	Provisions for Pensions and similar obligation		
	2008	2007	2006
Balance at beginning of the year	5,967	6,358	6,240
Add -			
Year provision with a charge to income for the year	1,309	417	1,410
Of which:			
Interest expenses and similar charges	252	242	254
Personnel expenses	55	71	74
Provision expenses	1,002	104	1,081
Charges in reserves ^(*)	74	-	-
Transfers and other changes	(1)	(4)	-
Less -			
Payments	(963)	(843)	(1,208)
Amount use and other variations	(27)	39	(84)
Balance at end of the year	6,359	5,967	6,358

(*) Correspond to actuarial losses (gains) arising on certain defined benefit post-employment commitments recognised in "Reserves" within the Group's consolidated equity (see Note 2.2.3.).

	Millions of euros		
	Commitments and contingent risks provisions		
	2008	2007	2006
Balance at beginning of the year	546	502	452
Add -			
Year provision with a charge to income for the year	97	93	74
Transfers and other Changes	-	-	5
Less -			
Available funds	(216)	(46)	(17)
Amount use and other variations	(6)	(3)	(12)
Balance at end of the year	421	546	502

	Millions of euros		
	Provisions for taxes and other provisions		
	2008	2007	2006
Balance at beginning of the year	1,829	1,789	2,009
Add -			
Year provision with a charge to income for the year	705	275	353
Acquisition of subsidiaries	-	56	4
Transfers and other Changes	254	14	101
Less -			
Available funds	(245)	(140)	(51)
Amount use and other variations	(645)	(165)	(608)
Disposal of subsidiaries	-	-	(19)
Balance at end of the year	1,898	1,829	1,789

25. COMMITMENTS WITH PERSONNEL

As described in note 2.2.3, the Group holds both defined benefit and defined contribution post-employment commitments; the proportion of defined contribution benefits is gradually increasing, mainly due to new hires.

25.1. COMMITMENTS WITH PERSONNEL FOR POST-EMPLOYMENT DEFINED CONTRIBUTION PLANS

The commitments with personnel for post-employment defined contribution correspond to contributions on behalf of current employees made annually by the Group. These contributions are accrued and charged to the consolidated income statement in the corresponding financial year (see Note 2.2.3). No liability is therefore recognised in the accompanying consolidated balance sheets.

The contributions to the defined contribution plans in 2008, 2007 and 2006 were €71, €58 and €53 million of euros, respectively.

25.2. COMMITMENTS FOR POST-EMPLOYMENT DEFINED BENEFIT PLANS AND OTHER LONG-TERM POST-EMPLOYMENT BENEFITS

Commitments relating to pensions in defined benefit plans correspond principally to employees who have retired or taken early retirement from the Group and to certain groups of personnel still employed in the Group in the case of pension benefits, while commitments relating to permanent disability and death benefits correspond to the bulk of its active labor force.

Following the table shows the commitments for defined benefit plans and the long-term post-employment benefits, which are recognized as provisions on the accompanying consolidated balance sheets (Note 24), as of December 31, 2008, 2007, 2006, 2005 and 2004:

	Millions of euros				
	2008	2007	2006	2005	2004
Post-employment welfare benefits	7,985	7,816	8,173	7,639	7,404
Assets and Insurance contracts coverages	1,626	1,883	1,816	1,399	555
Net assets	-	(34)	-	-	-
Net liabilities	6,359	5,967	6,357	6,240	6,849

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

	Millions of euros								
	Commitments in Spain			Commitments abroad			TOTAL		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Post-employment benefits									
Post-employment benefits	3,060	3,115	3,386	903	1,097	956	3,963	4,212	4,342
Early retirement	3,437	2,950	3,186	-	-	-	3,437	2,950	3,186
Post-employment welfare benefits	221	234	223	364	420	422	585	654	645
Total	6,718	6,299	6,795	1,267	1,517	1,378	7,985	7,816	8,173
Insurance contracts coverages									
Post-employment benefits	436	467	569	-	-	-	436	467	569
	436	467	569	-	-	-	436	467	569
Other plan assets									
Post-employment benefits	-	-	-	889	1,062	879	889	1,062	879
Post-employment welfare benefit	-	-	-	301	354	368	301	354	368
	-	-	-	1,190	1,416	1,247	1,190	1,416	1,247
Net commitments of plan assets	6,282	5,832	6,226	77	101	131	6,359	5,933	6,357
of which:									
Net assets	-	-	-	-	(34)	-	-	(34)	-
Net liabilities ^(*)	6,282	5,832	6,226	77	135	131	6,359	5,967	6,357

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

Additionally, there are other commitments with personnel for long service bonuses which were recognized under the heading "Other provisions" of the accompanying consolidated balance sheets (Note 24) and amounted to €36 million as of December 31, 2008, €11 million due to Spanish companies and €25 million due to abroad companies.

25.2.1. MAIN COMMITMENTS IN SPAIN:

The most significant actuarial assumptions used as of December 31, 2008, 2007 and 2006, to quantify these commitments were as follows:

	2008	2007	2006
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%	1.5%
Salary growth rate (cumulative annual)	At least 3% (depending on employee)	At least 3% (depending on employee)	At least 2.5% (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 disclosure of the different commitments with personnel in Spain is as follows:

Pension commitments

The situation of pension commitments in defined benefit plans as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Commitments to retired employees	2,852	2,733	3,186
Vested contingencies in respect of current employees	208	382	200
Net Commitments^(*)	3,060	3,115	3,386

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

To cover certain pension commitments, insurance contracts have been contracted with insurance companies not related to the group. These commitments are covered by assets and therefore are presented in the accompanying consolidated balance sheets for the net amount commitment less plan assets. As of December 31, 2008, 2007 and 2006, the amount of the plan assets to the mentioned insurance contracts (shown in the previous table under the heading "Plan Insurance contracts") equalled the amount of the commitments covered, therefore its net value was zero in the accompanying consolidated balance sheets.

On the other hand, the rest of commitments mentioned in the previous table include commitments by defined benefit for which insurance contracts have been contracted with BBVA Seguros, S.A. de Seguros y Reaseguros, which is 99.94% owned by the Group. The assets in which the insurance company has invested the amount of the contracts can not be considered plan assets according to IAS 19 and are presented in the accompanying consolidated balance sheets in different headings of Assets depending on the classification of financial instruments that corresponds. The commitments are recognized under the heading "Funds for pensions and similar obligations" of the accompanying consolidated balance sheets (Note 24).

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

	Millions of euros		
	2008	2007	2006
Balance at beginning of year	2,648	2,817	2,816
Interest cost	116	109	110
Current service cost	14	18	23
Payments made	(167)	(163)	(159)
Other changes	8	1	11
Actuarial losses (gains)	5	(134)	16
Balance at end of year	2,624	2,648	2,817

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

	2009	2010	2011	2012	2013	2014-2018
Pension commitments	173	178	178	177	176	850

Early retirements

In 2008 the Group offered to certain employees the possibility of taking early retirement before the age stipulated in the collective labour agreement in force. This offer was accepted by 2,044 employees (575 and 1,887 employees in 2007 and 2006, respectively).

The early retirements commitments in Spain as of December 31, 2008, 2007 and 2006 were recognised as provisions in the heading “Provisions for Pensions and Similar Obligations” (Note 24) in the accompanying consolidated balance sheets amounted to €3,437 million, €2,950 million, and €3,186 million, respectively.

The changes of these commitments in 2008, 2007 and 2006 for all Group’s companies in Spain, were as follows:

	Millions of euros		
	2008	2007	2006
Balance at beginning of the year	2,950	3,186	2,583
Interest cost	117	112	92
Current services cost	1,004	294	1,019
Payments made	(618)	(587)	(505)
Other changes	(14)	-	(3)
Actuarial losses (gains)	(2)	(55)	-
Balance at end of the year	3,437	2,950	3,186

The cost of the early retirements in 2008 were recognised in the heading “Provision Expense (Net) – Transfers to funds for pensions and similar obligations – Early retirements” in the accompanying consolidated income statements.

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

	2009	2010	2011	2012	2013	2014-2018
Early Retirements	606	539	498	458	415	1,293

Other long-term commitments with personnel

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

Post-employment welfare benefits

The detail of these commitments as of December 31, 2008, 2007 and 2006 were as follows:

	Millions of euros		
	2008	2007	2006
Post-employment welfare benefit commitments to retired employees	181	192	169
Vested post-employment welfare benefit contingencies in respect of current employees	40	42	54
Net Commitments ^(*)	221	234	223

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

The changes of these commitments in 2008, 2007 and 2006 for all Group's companies in Spain, were as follows:

	Millions of euros		
	2008	2007	2006
Balance at beginning of year	234	223	211
Interest cost	11	9	9
Current service cost	2	2	2
Payments made	(43)	(12)	(13)
Prior service cost or changes in the plan	-	8	-
Other changes	16	3	6
Actuarial losses (gains)	1	1	8
Balance at end of year	221	234	223

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

	2009	2010	2011	2012	2013	2014-2018
Post-employment welfare benefits	20	19	18	17	17	81

Summary on the consolidated income statements by defined contribution plans commitments

Following is a summary of the charges to the consolidated income statements in 2008, 2007 and 2006 for post-employment benefits commitments of companies in Spain:

	Millions of euros		
	2008	2007	2006
Interest expense and similar charges			
Interest cost of pension funds	244	230	210
Personnel expenses			
Transfer to pensions plans	14	18	27
Social attentions	2	2	2
Provision expense (net)			
Transfer to fund for pension and similar obligations			
Pension funds	8	(180)	23
Early retirements	1,004	294	1,019
Total	1,272	364	1,281

Other commitments with personnel

Long-service cash bonuses

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

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

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

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

25.2.2. COMMITMENTS ABROAD:

As of December 31, 2008 and 2007 the main commitments with personnel abroad are related to Mexico, Portugal and United States, which jointly represent 94% and 96%, respectively of the total amount of commitments with personnel abroad and 15% and 19%, respectively of the total of the commitments with personnel of BBVA Group.

As of December 31, 2006, the main foreign post-retirement commitments corresponded to those in place in Mexico and Portugal, which jointly represented 66.6% of total commitments with personnel abroad, and 11.1% of total BBVA Group commitments with personnel anywhere in the world.

As of December 31, 2008 the details by countries of the various commitments with personnel of Group BBVA abroad are as follows:

	Millions of euros		
	Commitments	Plan assets	Net commitments
Post-employment benefits			
Pension commitments			
Mexico	387	436	(49)
Portugal	283	283	-
United States	167	133	34
Rest	66	37	29
	903	889	14
Post-employment welfare benefits			
Mexico	360	301	59
Portugal	-	-	-
United States	-	-	-
Rest	4	-	4
	364	301	63
Total commitments	1,267	1,190	77

25.2.2.1. COMMITMENTS WITH PERSONNEL IN MEXICO:

In Mexico, the main actuarial assumptions used in quantifying the commitments with personnel as of December 31, 2008, 2007 and 2006, were as follows:

	2008	2007	2006
	EMSSA 97	EMSSA 97	EMSSA 97
Mortality tables	10.3%	8.8%	9.0%
Discount rate (cumulative annual)	3.8%	3.6%	3.5%
Consumer price index (cumulative annual)	6.8%	5.8%	5.5%
Medical cost trend rates	9.8%	8.8%	9.0%
Expected rate of return on plan assets			

Pension commitments

Plan assets are those assets that are to be used directly to settle the vested obligations and which 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. The return of plan assets amounts to €11 million. The vested obligations related to these commitments were disclosed net of the balances of the aforementioned plan assets in the accompanying consolidated balance sheets.

As of December 31 2008 the plan assets related to these commitments are in full debt securities.

A new defined contribution plan was put in place in Mexico on a voluntary basis; it substitutes current commitments under the defined benefit plan. Approximately 70% of the workforce opted to sign up for the new plan, triggering a decrease in the pension obligations included in the tables presented to explain the variation in commitments in 2008.

The changes of these commitments and plan assets in 2008, for all Group's companies in Mexico, were as follows:

	Millions of euros		
	2008		
	Commitments	Plan assets	Net commitments
Balance at beginning of year	584	572	12
Finance expenses	49	-	49
Finance income	-	48	(48)
Current service cost	15	-	15
Prior service cost of changes in the plan	-	-	-
Acquisitions or divestments made	-	-	-
Effect of reductions or settlement	(66)	-	(66)
Payments	(31)	(31)	-
Exchange difference	(88)	(95)	7
Actuarial losses (gains)	(47)	(37)	(10)
Contributions	-	8	(8)
Other movements	(29)	(29)	-
Balance at end of year	387	436	(49)

At December 31, 2007 the net commitments of plan assets amount to €12 million of euros. As of December 31, 2006 the commitments are over covered by the plan assets.

The table above includes, in both the commitments and plan assets columns, the portion of the existing plan pending transfer (at December 31, 2008) to the new defined contribution system, corresponding to the employees that have accepted migration to the new scheme, in the amount of €33 million.

The commitments net of the aforementioned Plan assets were recognized in the heading "Funds for Pensions and Similar Obligations" in the accompanying consolidated balance sheets (Note 24).

The estimated payments for commitments in million of euros for the next 10 years were as follows:

	2009	2010	2011	2012	2013	2014-2018
Pensions	30	30	30	31	31	174

Following is a detail of the charges of these commitments, for all Group's companies in Mexico, on the consolidated income statements corresponding to 2008:

	Millions of euros	
	2008	2007
Interest expense and similar charges	1	1
Personnel expenses	15	17
Provisions expense (net)	(66)	(3)
Total	(50)	15

Post-employment welfare benefits

Plan assets are used directly to settle the vested obligations and which 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. The return of plan assets of post-employment welfare benefits commitments amounts to €7 million. The vested obligations related to these commitments were disclosed net of the balances of the aforementioned plan assets in the accompanying consolidated balance sheets.

As of December 31, 2008 the plan assets to these commitments relate in full to debt securities.

The commitments net of the aforementioned plan assets were recognized in the heading "Provisions-Provisions for Pensions and Similar Obligations" in the accompanying consolidated balance sheets (Note 24).

The changes of these commitments and plan assets in 2008, for all Groups' companies in Mexico, were as follows:

	Millions of euros		
	2008		
	Commitments	Plan assets	Net commitments
Balance at beginning of year	416	354	62
Finance expenses	35	-	35
Finance income	-	30	(30)
Current service cost	14	-	14
Prior service cost of changes in the plan	-	-	-
Acquisitions or divestments made	-	-	-
Effect of reductions or settlement	(17)	-	(17)
Payments	(19)	(19)	-
Exchange difference	(71)	(64)	(7)
Actuarial losses (gains)	2	(23)	25
Contributions	-	23	(23)
Other movements	-	-	-
Balance at end of year	360	301	59

As of December 31, 2007 and 2006 the commitments net of plan assets amounted to €62 million and €54 million, respectively.

Following is a detail of the charges of these commitments, for all Group's companies in Mexico, on the consolidated income statements corresponding to 2008 and 2007:

Millions of euros		
	2008	2007
Interest expense and similar charges	5	5
Personnel expenses	14	16
Provisions expense (net)	(17)	13
Total	2	34

The sensibility analysis to changes in rates in 2008 trend in the growth of medical care costs of BBVA Bancomer, S.A. was as follows:

Millions of euros		
	1% increase	1% decrease
Increase/Decrease in current services cost and interest cost	11	(9)
Increase/Decrease in commitments	72	(57)

25.2.2.2. PENSION COMMITMENTS IN PORTUGAL:

In Portugal, the main actuarial assumptions used in quantifying the commitments as of December 31, 2008, 2007 and 2006, were as follows:

	2008	2007	2006
Mortality tables	TV88/90	TV88/90	TV88/90
Discount rate (cumulative annual)	5.9%	5.3%	4.8%
Consumer price index (cumulative annual)	2.0%	2.0%	2.0%
Salary growth rate (cumulative annual)	3.0%	3.0%	3.0%
Expected rate of return on plan assets	4.6%	4.6%	4.5%

Plan assets are assets that are to be used directly to settle the vested obligations and which 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. The return of plan assets of pension commitments amounts to -€4 million. The vested obligations related to these commitments were disclosed net of the balances of the aforementioned plan assets in the accompanying consolidated balance sheets.

The distribution of the mainly category of plan assets to 2008 and 2007 for all Group's companies in Portugal was as follows:

	%	
	2008	2007
<i>Equity securities</i>	8.7	13.0
<i>Debt securities</i>	85.3	83.5
<i>Property, Land and Buildings</i>	0.5	0.3
<i>Cash</i>	3.6	0.8
<i>Other investments</i>	1.9	2.4

The changes of these commitments and plan assets in 2008, for all Group's companies in Portugal, were as follows:

	Millions of euros		
	2008		
	Commitments	Plan assets	Net commitments
Balance at beginning of year	295	292	3
Finance expenses	15	-	15
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	-	-	-
Payments	(15)	(15)	-
Exchange difference	-	-	-
Actuarial losses (gains)	(16)	(17)	1
Contributions	-	10	(10)
Other movements	-	-	-
Balance at end of year	283	283	-

As of December 31, 2007 and 2006 the commitments net of plan assets amounted to €3 million and €39 million, respectively.

The commitments net of the aforementioned plan assets were recognized in the heading "Funds for Pensions and Similar Obligations" in the accompanying consolidated balance sheets (Note 24).

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

	2009	2010	2011	2012	2013	2014-2018
Pensions	15	15	16	16	16	80

Following is a detail of the changes on the consolidated income statements corresponding to 2008 for the commitments for pensions in Portuguese entities:

Millions of euros		
	2008	2007
Interest expense and similar charges	2	2
Personnel expenses	4	5
Provisions expense (net)	-	11
Total	6	18

25.2.2.3. PENSION COMMITMENTS IN UNITED STATES:

In United States, the main actuarial assumptions used in quantifying the commitments as of December 31, 2008 and 2007, were as follows:

	2008	2007
Mortality tables	RP 2000 Projected	RP 2000 Projected
Discount rate (cumulative annual)	6.9%	6.6%
Consumer price index (cumulative annual)	2.5%	2.5%
Salary growth rate (cumulative annual)	4.0%	4.0%
Expected rate of return on plan assets	7.5%	7.5%
Medical care growth rate	n/a	n/a

Plan assets are the assets that are to be used directly to settle the vested obligations and which 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. The return of plan assets of pension commitments amounts to -€40 million of euros. The vested obligations related to these commitments were disclosed net of the balances of the aforementioned plan assets in the accompanying consolidated balance sheets.

The distribution of the mainly category of plan assets to 2008 and 2007 was as follows:

	%	
	2008	2007
<i>Equity securities</i>	52.7	59.2
<i>Debt securities</i>	46	39.9
<i>Cash</i>	1.3	-

The changes of these commitments and plan assets in 2008, for all Group's companies in United States, were as follows:

	Millions of euros		
	2008		
	Commitments	Plan assets	Net commitments
Balance at beginning of year	159	166	(7)
Finance expenses	10	-	10
Finance income	-	12	(12)
Current service cost	5	-	5
Prior service cost of changes in the plan	1	-	1
Acquisitions or divestments made	-	-	-
Effect of reductions or settlement	(3)	-	(3)
Payments	(7)	(7)	-
Exchange difference	10	10	-
Actuarial losses (gains)	(8)	(52)	44
Contributions	-	4	(4)
Other movements	-	-	-
Balance at end of year	167	133	34

At December 31, 2007 commitments net of plan assets amounted to -€7 million.

The commitments net of the aforementioned plan assets were recognized in the heading "Funds for Pensions and Similar Obligations" in the accompanying consolidated balance sheets (Note 24).

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

	2009	2010	2011	2012	2013	2014-2015
Pensions	7	7	8	8	9	61

Following is a detail of the charges on the consolidated income statements corresponding to 2008 and 2007 for all Groups' companies in United States:

	Millions of euros	
	2008	2007
Interest expense and similar charges	(2)	-
Personnel expenses	5	2
Provisions expense (net)	(2)	(6)
Total	1	(4)

25.2.2.4. COMMITMENTS WITH PERSONNEL IN REST OF COUNTRIES

In rest of countries, the commitments for post-employment defined contribution plans and other post-employment benefits as of December 31, 2008 amounted to €66 million and €4 million, respectively.

Following is a detail of the charges on the consolidated income statements corresponding to 2008 and 2007 for all Group's companies in rest of countries:

	Millions of euros	
	2008	2007
Interest expense and similar charges	2	3
Personnel expenses	1	3
Provisions expense (net)	-	5
Total	3	11

26. MINORITY INTERESTS

The detail, by consolidated company, of the balance of the heading "Minority Interests" of consolidated equity in 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
BBVA Colombia Group	26	23	18
BBVA Chile Group	129	116	95
BBVA Banco Continental Group	278	246	235
BBVA Banco Provincial Group	413	267	224
Provida Group	65	79	66
BBVA Banco Francés Group	88	87	52
Other companies	50	62	78
Total	1,049	880	768

Following is the amount of the share of profit in 2008, 2007 and 2006 of the minority group. These amounts are recognized in the heading "Minority interests" of the consolidated income statements:

	Millions of euros		
	2008	2007	2006
BBVA Colombia Group	5	5	3
BBVA Chile Group	28	15	3
BBVA Banco Continental Group	97	76	67
BBVA Banco Provincial Group	175	106	69
Provida Group	3	28	25
BBVA Banco Francés Group	44	36	43
Other companies	14	23	25
Total	366	289	235

27. CAPITAL STOCK

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

On September 10, 2007 the capital increase approved on the Extraordinary General Meeting of Shareholders of June 21, 2007 was carried out with the issuance of 196,000,000 ordinary shares of the same class and series to the previously existing ones as part of the payment for the acquisition of the total share capital of Compass Bancshares Inc. As of December 31, 2008, there was no significant capital increase in progress at any of the Group companies.

All the shares of BBVA carry the same voting and dividend rights and no single shareholder enjoys special voting rights. There are no shares that are not representative of an interest in the Bank's capital.

The shares of BBVA are quoted on the computerized trading system of the Spanish stock exchanges and on the Frankfurt, London, Zurich, Milan and Mexico stock market.

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

Also, as of December 31, 2008, 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 quoted on their respective local stock markets, being the last two quoted as well on the New York Stock Exchange. As well, BBVA Banco Frances, S.A. is listed on the Latin-American market of the Madrid Stock Exchange.

At December 31, 2008, BBVA was not aware of any shareholder holding a significant interest in its equity other than Mr. Manuel Jove Capellán who, at that date, owned 4.34% of BBVA through the following vehicles: Inveravante Inversiones Universales, S.L., Bourdet Inversiones, SICAV, S.A. and Doniños de Inversiones, SICAV, S.A. The reduction in Mr. Manuel Jové's shareholding with respect to the 5.01% interest he held at year-end 2007 is the result of a securities loan (specifically the loan of 25,000,000 shares) undertaken in accordance with additional provision 18 of Law 62/2003, of December 30. The settlement of the loan in the future will ultimately restore Mr. Jové's ownership stake to 5.01%.

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

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

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

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

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

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

28. SHARE PREMIUM

The balance of this heading in the consolidated balance sheet amounts to €12,770 million and includes, inter alia, the amounts of the share premiums arising from the capital increases, in particular the capital increase in 2007 for an amount of €3,191 million (see Note 27), as well as the surpluses arising from the merger of Banco Bilbao, S.A. and Banco Vizcaya, S.A., amounted to €641 million.

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

29. RESERVES

The breakdown of the balance of this heading in the accompanying consolidated balance sheets as of December 2008, 2007 and 2006 is as follows:

	Millions of euros		
	2008	2007	2006
Legal reserve	367	348	332
Restricted reserve for retired capital	88	88	88
Restricted reserve for Parent Company shares	604	912	815
Restricted reserve for redenomination of capital in euros	2	2	2
Revaluation Royal Decree-Law 7/1996	82	85	176
Voluntary reserves	1,927	822	672
Consolidation reserves attributed to the Bank and dependents consolidated companies	6,340	3,803	1,544
Total	9,410	6,060	3,629

29.1. LEGAL RESERVE:

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

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

29.2. RESTRICTED RESERVES:

Pursuant to the Consolidated Spanish Companies Law, the respective restricted reserves were recorded in relation to the reduction of the par value of each share in April 2000, the treasury shares held by the bank at each period-end, and the customer loans outstanding at those dates that were granted for the purchase of, or are secured by, Bank shares.

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

29.3. REVALUATION ROYAL DECREE-LAW 7/1996 (ASSET REVALUATIONS AND REGULARISATIONS)

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

	Millions of euros
	2008
Legal revaluations and regularisations of tangible assets:	
Cost	187
Less:	
Single revaluation tax (3%)	(6)
Balance as of December 31, 1999	181
Adjustment as a result of review by the tax authorities in 2000	(5)
Transfer to voluntary reserves	(94)
Total	82

Following the review of the balance of the account Revaluation Reserve Royal Decree-Law 7/1996 by the tax authorities in 2000, this balance can only be used, free of tax, to offset recorded losses and to increase capital until January 1, 2007. From that date, the remaining balance of this account can also be taken to unrestricted reserves, provided that the surplus has been depreciated or the revalue assets have been transferred or derecognised.

29.4. RESERVES AND LOSSES AT CONSOLIDATED COMPANIES:

The breakdown, by company or corporate group, of the balances of these headings in the accompanying consolidated balance sheets is as follows:

	Millions of euros		
	2008	2007	2006
Fully and proportionately consolidated companies			
BBVA Bancomer Group	3,489	2,782	2,187
Provida Group	333	264	214
BBVA Banco Provincial Group	198	84	35
BBVA Continental Group	95	79	58
BBVA Puerto Rico Group	44	43	38
BBVA USA Bancshares Group	(84)	23	2
BBVA Chile Group	(85)	(109)	(102)
BBVA Portugal Group	(220)	(236)	(207)
BBVA Colombia Group	(264)	(313)	(341)
BBVA Banco Francés Group	(305)	(441)	(602)
BBVA Luxinvest, S.A.	1,232	1,295	999
Corporacion General Financiera, S.A.	979	965	701
BBVA Seguros, S.A.	862	681	485
Anida Grupo Inmobiliario, S.L.	380	296	218
Cidessa Uno, S.L.	298	197	73
BBVA Suiza, S.A.	222	197	171
Bilbao Vizcaya Holding, S.A.	150	104	54
Finanzia, Banco de Crédito, S.A.	144	139	115
Compañía de Cartera e Inversiones, S.A.	121	(10)	84
Banco Industrial de Bilbao, S.A.	114	95	95
BBVA Panama, S.A.	108	85	79
Banco de Crédito Local, S.A.	(243)	(243)	(249)
BBVA International Investment Corporation	(418)	(424)	(424)
Other	135	(5)	(89)
Subtotal	7,285	5,548	3,594
For using the equity method:	609	451	360
Corp. IBV Participaciones Empresariales, S.A.	437	428	326
Citic Intern.Final.Holding	151	(5)	-
Tubos Reunidos, S.A.	53	66	56
Other	(32)	(38)	(22)
Total	7,894	5,999	3,954

For the purpose of allocating the reserves and accumulated losses at consolidated companies shown in the foregoing table, the transfers of reserves arising from the dividends paid and the writedowns or transactions between these companies are taken into account in the period in which they took place.

At December 31, 2008, 2007 and 2006, the individual financial statements of the subsidiaries giving rise to the balances itemized in "Reserves and losses at consolidated companies – Fully and proportionately consolidated companies" in the table above included €2,217 million, €1,706 million and €1,743 million, respectively, of restricted reserves, all of which are restricted for companies shares.

30. TREASURY SHARES

As of December 31, 2008, 2007 and 2006 the Group companies performed the following transactions involving Bank shares:

	2008		2007		2006	
	Number of shares	Millions of euros	Number of shares	Millions of euros	Number of shares	Millions of euros
Balance at beginning of year	15,836,692	389	8,306,205	147	7,609,267	96
+ Purchases	1,118,942,855	14,096	921,700,213	16,156	338,017,080	5,677
- Sales	(1,073,239,664)	(13,685)	(914,169,726)	(16,041)	(337,319,748)	(5,639)
+/- Other	-	(60)	-	(1)	(394)	(1)
+/- Derivatives over BBVA shares	-	(20)	-	128	-	14
Balance at end of year	61,539,883	720	15,836,692	389	8,306,205	147
Of which:						
Held by the BBVA S.A.	4,091,197	143	291,850	129	2,462,171	40
Held by Corporación General Financiera	57,436,183	577	15,525,688	260	5,827,394	107
Held by other entities of the Group	12,503	-	19,154	-	16,640	-
Average purchase price	12.60		17.53		16.80	
Average selling price	12.52		17.51		16.77	
Net gain or losses on transactions		-		-		-
(Shareholders' funds-Reserves)	(172)		(26)		17	

The percentages of treasury shares held by the Group in 2008, 2007 and 2006 were as follows:

	2008		2007		2006	
	Min	Max	Min	Max	Min	Max
% treasury shares	0.318%	3.935%	0.136%	1.919%	0.020%	0.858%

The number of shares of Banco Bilbao Vizcaya Argentaria S.A., with nominal value per share €0.49, accepted in pledge as of December 31, 2008, 2007 and 2006 was as follow:

	2008	2007	2006
Number of shares in pledge	98,228,254	96,613,490	74,453,876
Nominal value	0,49	0,49	0,49
% of share capital	2.62%	2.58%	2.1%

The number of BBVA shares own by third parties but manage by entities of the Group as of December 31, 2008, 2007 and 2006 was as follow:

	2008	2007	2006
Number of shares property of third parties	104,534,298	105,857,665	99,849,614
Nominal value	0,49	0,49	0,49
% of share capital	2.8%	2.8%	2.8%

31. CAPITAL RATIO

As of December 31, 2008, 2007 and 2006, the capital of the Group exceeded the minimum level required by the rules in force in every date (Note 1.8), as shown below:

	Millions of euros		
	2008 ^(*)	2007	2006
Basic equity	22,107	19,115	18,313
Capital	1,837	1,837	1,740
Parent company reserves	20,768	18,389	13,527
Minority interests	928	760	514
Other equity instruments	5,391	4,491	4,025
Deductions (Goodwill and others)	(9,998)	(9,654)	(4,180)
Attributed net income (less dividends)	3,181	3,292	2,687
Additional equity	12,387	13,147	12,344
Other deductions	(957)	(1,786)	(1,223)
Additional Capital due to mixed Group^(**)	1,129	1,160	980
Total Equity	34,666	31,636	30,414
Minimum equity required	23,653	25,496	21,047

(*) Provisionals data
(**) Mainly Insurance entities of the Group.

32. TAX MATTERS

A) CONSOLIDATED TAX GROUP

Pursuant to current legislation, the Consolidated Tax Group includes Banco Bilbao Vizcaya Argentaria, S.A., as the Parent company, and, as subsidiaries, the Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated 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.

B) YEARS OPEN FOR REVIEW BY THE TAX AUTHORITIES

At the date these consolidated financial statements were prepared, the Consolidated Tax Group had 2001 and subsequent years open for review by the tax authorities for the main taxes applicable to it.

In 2008, as a result of an inspection by the tax authorities, tax assessments were accepted covering fiscal years through 2003, inclusive, some of which were signed under objection. Although these tax assessments were not official at the date of preparing the accompanying consolidated financial statements, their potential impact on equity was fully provisioned at year-end 2008.

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

C) RECONCILIATION

The reconciliation of the corporation tax expense resulting from the application of the standard tax rate to the corporation tax expense recognized as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Corporation tax^(*)	2,078	2,761	2,461
Decreases due to permanent differences:			
Tax credits and tax relief at consolidated Companies	(441)	(439)	(353)
Other items net	(249)	(229)	(151)
Net increases (decreases) due to temporary differences	580	(262)	(38)
Charge for income tax and other taxes	1,968	1,831	1,919
Deferred tax assets and liabilities recorded (utilised)	(580)	262	38
Income tax and other taxes accrued in the year	1,388	2,093	1,957
Adjustments to prior years' income tax and other taxes	153	(14)	102
Income tax and other taxes	1,541	2,079	2,059

(*) Tax rate 30% in 2008, 32.5% in 2007 and 35% in 2006.

The effective tax rate as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Consolidated Tax Group	2,492	4,422	3,376
Other Spanish entities	40	4	102
Foreign entities	4,394	4,069	3,552
	6,926	8,495	7,030
Income tax	1,541	2,079	2,059
Effective tax rate	22.25%	24.48%	29.29%

D) TAX RECOGNIZED IN EQUITY

In addition to the income tax recognized in the consolidated income statements during 2008, 2007 and 2006, the Group recognized the following amounts in consolidated equity:

	Millions of euros		
	2008	2007	2006
Charges to equity net			
Debt securities	(19)	(36)	(291)
Equity instruments	(168)	(1.373)	(1.105)
Credits to equity net			
Other	2	22	41
Total	(185)	(1.387)	(1.355)

E) DEFERRED TAXES

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

The detail of deferred tax assets and liabilities was as follows:

	Millions of euros		
	2008	2007	2006
Deferred tax assets:	6,484	5,207	5,340
<i>Of which:</i>			
Pensions commitments	1,654	1,519	1,640
Portfolio	335	587	672
Loan loss provisions	1,436	1,400	1,464
Tax losses and other	1,631	805	927
Deferred tax liabilities	2,266	2,817	2,369
<i>Of which:</i>			
Free depreciation and other	(1,282)	(2,235)	(1,769)

At December 31, 2008, the balance of temporary differences estimated in connection with investments in subsidiaries, branches and associates and investments in jointly controlled entities, in respect of which no deferred tax liabilities have been recognized in the consolidated balance sheet, amounted to €397 million.

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 the aforementioned temporary differences at the Group companies that are subject to this particular tax shelter.

33. FINANCIAL GUARANTEES AND DRAWABLE BY THIRD PARTIES

The breakdown of the balances of these items as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Contingent exposures -			
Collateral, bank guarantees and indemnities	27,649	27,997	24,708
Rediscounts, endorsements and acceptances	81	58	44
Other	8,222	8,804	5,235
	35,952	36,859	29,987
Contingent commitments -			
Drawable by third parties:	92,663	101,444	98,226
Credit institutions	2,021	2,619	4,356
General government sector	4,221	4,419	3,122
Other resident sectors	37,529	42,448	43,730
Non-resident sector	48,892	51,958	47,018
Other commitments	6,234	5,496	4,995
Total	98,897	106,940	103,221

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.

Income from the guarantee instruments is recorded under the heading "Fee and Commission Income" in the consolidated income statement and is calculated by applying the rate established in the related contract to the nominal amount of the guarantee (see Note 41).

In 2008, 2007 and 2006 no issuances of debt securities carried out by associate entities, jointly controlled entities (accounted for using the equity method) and non Group entities have been guaranteed.

34. ASSETS ASSIGNED TO OTHER OWN AND THIRD-PARTY OBLIGATIONS

As of December 31, 2008, 2007 and 2006, the face amount of the assets owned by the consolidated entities pledged as security for own transactions, amounted to €76,259 million, €58,406 million and €45,774 million, respectively, and related basically to the pledge of certain assets as security for financing liabilities with the Bank of Spain (Note 22.4) which pursuant to the Mortgage Market Law are admitted as security for obligation to third parties.

As of December 31, 2008, 2007 and 2006, there were no additional assets assigned to own or third-party obligations to those described in the different headings of these financial statements.

35. OTHER CONTINGENT ASSETS

As of December 31, 2008, 2007 and 2006, there were no significant contingent assets registered in the financial statements attached.

36. PURCHASE AND SALE COMMITMENTS

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

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

The breakdown of sale and purchase commitments of the Group BBVA as of December 31, 2008, 2007 and 2006 was as follow:

	Millions of euros		
	2008	2007	2006
Financial instruments sales with repurchase commitments	32,569	50,982	36,139
Financial instruments purchase with resale commitments	11,259	11,423	7,018

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

	Millions of euros				Total
	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	
Financial leases	-	-	-	-	-
Operational leases	336	51	36	105	528
Purchase commitments	33	4	-	-	37
Technology and systems projects	10	-	-	-	10
Other projects	23	4	-	-	27
Total	369	55	36	105	565

37. TRANSACTIONS FOR THE ACCOUNT OF THIRD PARTIES

As of December 31, 2008, 2007 and 2006, the detail of the most significant items composing this heading was as follows:

	Millions of euros		
	2008	2007	2006
Financial instruments entrusted by third parties	510,019	567,263	524,151
Conditional bills and other securities received for collection	5,208	20,824	3,640
Securities received in credit	71	632	70

As of December 31, 2008, 2007 and 2006, the off balance sheet customer funds was as follows:

	Millions of euros		
	2008	2007	2006
The off balanced sheet customer funds	114,840	165,314	157,550
- Commercialised by the Group			
- Investment companies and mutual funds	37,076	63,487	62,246
- Pension funds	42,701	59,143	55,505
- Saving insurance contracts	10,398	10,437	13,104
- Customer portfolios managed on a discretionary basis	24,582	31,936	26,465
<i>Of which:</i>			
Portfolios managed on a discretionary	12,176	18,904	13,995
- Commercialised by the Group managed by third parties outside the Group			
- Investment companies and mutual funds	59	156	115
- Pension funds	24	128	97
- Saving insurance contracts	-	27	18

38. INTEREST INCOME AND EXPENSE AND SIMILAR ITEMS

38.1. INTEREST AND SIMILAR INCOME

The breakdown of the most significant interest and similar income earned by the Group in 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Central Banks	479	458	444
Loans and advances to credit institutions	1,323	1,664	958
Loans and advances to customers	23,580	19,208	13,599
General government	736	668	539
Resident sector	11,177	9,281	6,394
Non resident sector	11,667	9,259	6,666
Debt securities	3,706	3,472	3,197
Trading	2,241	2,028	1,363
Investment	1,465	1,444	1,834
Rectification of income as a result of hedging transactions	175	177	684
Insurance activity income	812	821	774
Other income	329	376	386
Total	30,404	26,176	20,042

The amounts recognized in consolidated equity during the year in connection with fair value hedges and the amounts derecognized from consolidated equity and taken to the consolidated income statement during the year are disclosed in the accompanying statements of consolidated changes in total equity.

The breakdown of the balance of this heading in the accompanying consolidated income statements by geographic area as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Domestic	15,391	13,709	9,801
Foreign	15,014	12,467	10,242
<i>European Union</i>	<i>1,974</i>	<i>1,652</i>	<i>1,262</i>
<i>OECD</i>	<i>8,671</i>	<i>7,336</i>	<i>6,200</i>
<i>Rest of countries</i>	<i>4,369</i>	<i>3,479</i>	<i>2,780</i>
Total	30,404	26,176	20,042

38.2. INTEREST EXPENSE AND SIMILAR CHARGES

The breakdown of the balance of this heading in the accompanying consolidated income statements as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Bank of Spain and other central banks	384	365	300
Deposits from credit institutions	3,115	3,119	2,343
Deposits from customers	9,057	7,840	5,038
Debt certificates	3,631	3,658	2,821
Subordinated liabilities	1,121	868	567
Rectification of expenses as a result of hedging transactions	421	(327)	(231)
Cost attributable to pension funds (Note 24)	254	241	255
Insurance	571	616	633
Other charges	164	168	178
Total	18,718	16,548	11,904

38.3. AVERAGES RETURN ON INVESTMENTS AND AVERAGE BORROWING COST

The detail of the average return on investments in 2008 and 2007 was as follows:

	Millions of euros					
	2008			2007		
	Average Balances	Expenses	Interest Rates (%)	Average Balances	Expenses	Interest Rates (%)
Assets						
Cash and balances with central banks	14,396	479	3.32	16,038	458	2.86
Securities portfolio and derivatives	118,356	4,659	3.94	107,236	4,386	4.09
Loans and advances to credit institutions	31,229	1,367	4.38	39,509	1,777	4.50
Euros	21,724	933	4.30	29,522	1,138	5.39
Foreign currency	9,505	434	4.57	9,987	639	6.39
Loans and advances to customers	321,498	23,720	7.38	275,647	19,290	7.00
Euros	218,634	13,072	5.98	201,045	10,747	5.22
Foreign currency	102,864	10,648	10.35	74,602	8,543	11.45
Other finance income	-	179	-	-	265	-
Other assets	32,377	-	-	22,770	-	-
ASSETS/FINANCE INCOME	517,856	30,404	5.87	461,200	26,176	5.68

The average borrowing cost in 2008 and 2007 was as follows:

Liabilities	Millions of euros					
	2008			2007		
	Average Balances	Expenses	Interest Rates (%)	Average Balances	Expenses	Interest Rates (%)
Deposits from central banks and credit institutions	77,159	3,809	4.94	65,822	3,469	5.27
Euros	32,790	1,604	4.89	27,388	1,261	4.60
Foreign currency	44,369	2,205	4.97	38,434	2,209	5.75
Customer deposits	237,387	8,390	3.53	205,740	7,013	3.41
Euros	115,166	3,765	3.27	109,605	3,133	2.83
Foreign currency	122,221	4,625	3.78	96,135	3,880	4.04
Marketable securities and subordinated liabilities	119,249	6,100	5.12	116,247	5,658	4.87
Euros	96,764	5,055	5.22	99,612	4,675	4.67
Foreign currency	22,485	1,045	4.65	16,635	983	5.91
Other finance expenses	-	418	-	-	408	-
Other liabilities	56,867	-	-	48,776	-	-
Equity	27,194	-	-	24,615	-	-
LIABILITIES + EQUITY/ FINANCE EXPENSE	517,856	18,717	3.61	461,200	16,548	3.59

The variation on finance income and on financial costs in 2008 with respect to 2007 and 2006, that is determined by the variation in prices (price effect) and the variation in the volume of activity (volume effect), was as follows:

	Millions of euros		
	Volume Price-Effect 2008/2007		
	Volume Effect ⁽¹⁾	Price Effect ⁽²⁾	Total Effect
Cash and balances with central banks	(46)	66	21
Securities portfolio and derivatives	468	(195)	273
Loans and advances to credit institutions	(368)	(41)	(409)
Euros	37	(242)	(205)
Foreign currency	(29)	(175)	(204)
Loans and advances to customers	3,270	1,159	4,430
Euros	698	1,627	2,325
Foreign currency	3,269	(1,164)	2,105
Other financial income	-	(86)	(86)
FINANCE INCOME	3,297	932	4,229
Deposits from central banks and credit institutions	609	(269)	340
Euros	253	91	344
Foreign currency	348	(351)	(3)
Customer deposits	1,101	277	1,377
Euros	167	493	660
Foreign currency	1,066	(321)	745
Marketable securities and subordinated liabilities	162	281	443
Euros	(142)	522	380
Foreign currency	349	(287)	62
Other finance expense	-	10	10
FINANCE EXPENSE	2,084	86	2,170
NET INTEREST INCOME	1,213	846	2,059

(1) The volume effect is calculated by multiplying the interest rate for the first year by the difference between the average balances for the two periods.
(2) The price effect is calculated by multiplying the average balance for the second year by the difference between the interest rates for the two periods.

39. DIVIDEND INCOME

The amount recorded under this heading in the accompanying consolidated income statements relates in full to dividends from other shares and equity instruments. The breakdown was as follows:

	Millions of euros		
	2008	2007	2006
Dividends from other shares and other equity instrument			
Financial assets held for trading	110	121	121
Other financial assets designated at fair value through profit or loss	-	-	-
Available-for-sale financial assets	337	227	259
Total	447	348	380

40. 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, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Corporación IBV Participaciones Empresariales, S.A.	233	209	251
Servired Española de Medios de Pago, S.A.	26	-	-
Tubos Reunidos, S.A.	20	20	14
CITIC International Financial Holding Limited CIFH	18	7	-
Rest	(4)	5	43
Total	293	241	308

41. FEE AND COMMISSION INCOME

The breakdown of the balance of this heading in the accompanying consolidated statements of income as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Commitment fees	62	55	56
Contingent liabilities	243	229	204
Documentary credits	45	38	33
Bank and other guarantees	198	191	171
Arising from exchange of foreign currencies and banknotes	24	24	20
Collection and payment services	2,655	2,567	2,274
Securities services	1,895	2,089	2,017
Counselling on and management of one-off transactions	9	16	14
Financial and similar counselling services	24	23	18
Factoring transactions	28	25	19
Non-banking financial products sales	96	87	80
Other fees and commissions	503	488	431
Total	5,539	5,603	5,133

42. FEE AND COMMISSION EXPENSES

The breakdown of the balance of this heading in the accompanying consolidated income statements as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Brokerage fees on lending and deposit transactions	9	7	11
Fees and commissions assigned to third parties	728	612	561
Other fees and commissions	275	424	372
Total	1,012	1,043	943

43. NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES

The detail of the balance of this heading in the accompanying consolidated income statements as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Financial assets held for trading	265	709	829
Other financial assets designated at fair value through profit or loss	(17)	43	62
Other financial instruments not at fair value through profit or loss	1,080	793	370
Available-for-sale financial assets	996	709	612
Loans and receivables	13	63	77
Other	71	21	(319)
Total	1,328	1,545	1,261

The breakdown of the balance of this heading in the accompanying consolidated income statements by the nature of financial instruments as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Debt instruments	(143)	(6)	174
Equity instruments	(1,986)	1,026	2,106
Loans and advances to customers	106	88	113
Derivatives	3,305	409	(1,169)
Deposits from customers	13	-	-
Other	33	28	37
Total	1,328	1,545	1,261

In 2008, related to the most significant fair value hedges, were recorded in the consolidated income statement €2,519 million of gains for the hedging instruments and €2,556 million of losses for hedge instruments attributable to hedge risk.

As of December 31, 2008, the amounts recognised in profit or loss by the ineffective portion of cash flow hedges and hedges of a net investment in a foreign operation are not significant.

44. OTHER OPERATING INCOME AND EXPENSES

The detail of the heading “Other operating income” of the accompanying consolidated income statements as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Income on insurance and reinsurance contracts	2,512	2,605	2,736
Financial income from non-financial services	485	655	460
<i>Of which:</i>			
Real estate agencies	40	279	189
Rest of operating income	562	329	217
Total	3,559	3,589	3,413

The detail of the heading “Other operating expenses” of the accompanying income statements as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Expenses on insurance and reinsurance contracts	1,896	2,052	2,209
Change in inventories	403	467	329
Rest of operating expenses	794	532	385
<i>Of which:</i>			
Fondo de garantía de depósitos	251	225	215
Total	3,093	3,051	2,923

45. ADMINISTRATION COSTS

45.1. PERSONNEL EXPENSES

The detail of the balance of this heading in the accompanying consolidated income statements as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Wages and salaries	3,593	3,297	3,012
Social security costs	566	546	504
Transfers to internal pension provisions (Note 25)	56	56	74
Contributions to external pension funds (Note 25 and Note 2.2.3)	71	58	53
Other personnel expenses	430	378	346
Total	4,716	4,335	3,989

As of December 31, 2008, certain Group companies implemented corporate programs for the acquisition of shares with discount of Banco Bilbao Vizcaya Argentaria S.A. The cost of these programs is recognised under the heading “Other personnel expenses”.

The detail, by professional category and by geographical area, of the average number of employees in 2008, 2007 and 2006, was as follows:

	Average number of employees		
	2008	2007	2006
Spanish banks			
Executives	1,053	1,102	1,104
Other line personnel	21,268	21,672	21,818
Clerical staff	6,152	6,849	7,141
Abroad branches	720	745	676
	29,193	30,368	30,739
Companies abroad			
Mexico	27,369	26,568	25,157
Venezuela	6,154	5,793	5,555
Argentina	4,242	3,955	3,604
Colombia	4,382	4,639	5,155
Peru	3,836	3,349	2,705
United States	12,029	6,767	1,685
Other	4,918	4,780	4,490
	62,930	55,851	48,351
Pension fund managers	8,470	8,969	8,297
Other non-banking companies	11,343	9,327	8,351
Total	111,936	104,515	95,738

The detail, by professional category and by gender, of the average number of employees in 2008 and 2007, was as follows:

	2008		2007	
	Average number		Average number	
	Men	Women	Men	Women
Executives	1,629	316	1,667	318
Other line personnel	23,392	19,927	24,506	16,337
Clerical staff	29,335	37,337	28,993	32,694
Total	54,356	57,580	55,166	49,349

Equity-instrument-based employee remuneration -

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

Under this Plan the Bank promises to deliver ordinary shares of BBVA to the members of the Group's management team (including executive directors and management committee members of BBVA). A number of "theoretical shares" will be allocated to the beneficiaries based on the annual variable remuneration earned by each member in the last three years and on their level of responsibility. This number will serve as the basis for the calculation of the BBVA shares that will be delivered, as the case may be, when the Plan expires. The specific number of BBVA shares to be delivered to each beneficiary on expiry of the Plan will be calculated by multiplying the number of "theoretical shares" allocated by a coefficient ranging from 0 to 2. The value of the coefficient established by comparing the performance of the Total Shareholder Return (TSR) - share appreciation plus dividends -

of the Bank over the term of the Plan with the performance of the same indicator for 13 leading European banks. The amount of the obligation that will be registered in the consolidated financial statements will be determined by multiplying the number of the shares by the estimated average price at the moment of the liquidation of the Plan (€15.02 at the moment of approved the Plan).

Both TSR and estimated average price per share were considered market variations at the moment of calculated the cost of the Plan when the Plan was initiated (Note 2.2.19). The value of the TSR calculated by Montecarlo simulations was €0.896, while the calculation of the estimated average price was of €15.02.

As of December 31, 2008, the estimated number of theoretical shares for the Group as a whole, including executive directors and BBVA's Management Committee members (Note 54), was 9,715,468, representing 0.259% of the Bank's share capital.

As of December 31, 2008, the total accrued amount during the Plan's life is €131 million. For the year 2008 the expense amounted to €40 million and was recognized under the heading "Personnel Expenses – Other" in the Group's consolidated income statement with charge to "Equity-Other equity instrument-Rest" in the consolidated balance sheet as of December 31, 2008, net of tax effect.

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

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 duration of three years.

The plan represents an obligation by Compass Bancshares to deliver an equivalent number of BBVA American Depositary Shares that are not permitted to be sold, transferred, pledged or assigned during a designated restriction period, but which otherwise have voting and dividend rights associated with BBVA American Depositary Shares during the restriction period and/or the assignation of restricted share units, representing each of these units the obligation of Compass to deliver an equivalent number of ADS once the restriction period has ended assuming the compliance with certain requirements.

The initial maximum number of BBVA American Depositary Shares available for distribution under the Compass Restricted Share Plan is 1,320,911 (1 ADS is equivalent to one BBVA ordinary share) representing a 0.035% of the share capital of the bank.

As of December 31, 2008 only "restricted share units" have been assigned. As of December 31, 2008 1,067,593 restricted share units have been assigned to 408 employees and have restriction periods that will lapse during 2009, 2010, and 2011, representing 0.028% of the banks share capital.

The amount of expense associated with the above-described awards that has been accrued and recognized under the heading "Personnel expenses – Other personnel expenses" of the consolidated income statement for the year ended December 31, 2008 amounted to \$8.4 million (€5.77 million), been recognized net of the correspondent tax effect in the heading "Stockholder's equity – Other equity instruments" of the consolidated balance sheet as of December 31, 2008.

45.2. GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of the balance of this heading in the consolidated income statements as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Technology and systems	598	539	495
Communications	260	236	218
Advertising	273	248	207
Property, fixtures and materials	617	520	451
Of which:			
Rents expenses ^(*)	268	205	173
Taxes other than income tax	295	258	203
Other expenses	997	1,117	768
Total	3,040	2,918	2,342

(*) The consolidated companies do not expect to terminate the lease contracts early.

46. PROVISIONS (NET)

The net allowances charged to the income statement in connection with the headings “Pension Commitments and similar obligations”, “Risks and contingent commitments”, “Tax provisions” and “Other provisions” in 2008, 2007 and 2006 were as follow:

	Millions of euros		
	2008	2007	2006
Provisions to Pension Commitments and similar obligations	985	135	1,068
Spain	1,008	84	1,040
Mexico	(57)	19	(10)
Portugal	-	7	35
United States	9	(3)	-
Rest of the countries	25	28	3
Provisions to risks and contingent commitments	(119)	48	57
Provisions to tax and other provisions	564	52	213
Total	1,431	235	1,338

47. IMPAIRMENT ON FINANCIAL ASSETS (NET)

The detail of impairment on financial assets by nature of these assets as of December 31, 2008, 2007 and 2006 was as follow:

	Millions of euros		
	2008	2007	2006
Other financial instruments not at fair value through profit or loss			
Available-for-sale financial assets	145	1	(20)
Debt securities	144	1	(21)
Other equity instruments	2	-	1
Loans and receivables	(1)	-	-
Held-to-maturity investments	2,797	1,902	1,477
Of which:			
Recovery of written-off assets	192	226	184
Total	2,941	1,903	1,457

48. IMPAIRMENT LOSSES OF OTHER ASSETS (NET)

The detail of impairment losses of non-financial assets by nature of these assets as of December 31, 2008, 2007 and 2006 was as follow:

	Millions of euros		
	2008	2007	2006
Goodwill	-	-	13
Other intangible assets	1	1	-
Tangible assets	13	12	(5)
Inventories	26	-	-
Rest	5	-	4
Total	45	13	12

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

The breakdown of the balances of these headings in the accompanying consolidated income statements as of December 31, 2008, 2007 and 2006 was as follows:

	Millions of euros		
	2008	2007	2006
Gains			
Disposal of tangible assets	27	2	936
Disposal of intangible assets and other	75	39	35
Losses:			
Disposal of tangible assets	(14)	(7)	-
Disposal of intangible assets and other	(16)	(21)	(15)
Total	72	13	956

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

The detail of the heading “Gains and losses in non-current assets held for sale not classified as discontinued operations” of the accompanying consolidated income statement as of December 31, 2008, 2007 and 2006 was as follow:

	Millions of euros		
	2008	2007	2006
Gains for real estate	21	344	18
Of which:			
Sales of buildings Madrid -SPAIN- (1)	-	279	-
Sales of buildings Mexico D.F. -MEXICO- (2)	64	-	-
Gains for sale of available-for-sale assets	727	847	523
Of which:			
Bradesco	727	-	-
Iberdrola	-	847	-
Repsol	-	-	523
Total	748	1,191	541

(1) Sale of BBVA's buildings located on Castellana 81, Alcalá, 16 and Hortaleza-Vía de los Poblados (all of them in Madrid). The sale of this buildings amounted to €579 million.

(2) Sale of BBVA Bancomer's building in the city of Mexico (Note 16).

As of December 31, 2008 the impairment loss of non-current assets held for sale was €62 millions.

51. CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities amounted to –€1,992 million in 2008, compared to €17,290 million in 2007. The most significant changes occurred in “Loans and advances” and “Financial liabilities at amortized cost” and trading portfolio.

Cash flows from investing activities amounted to –€2,865 million in 2008, compared to –€7,987 million in 2007. The most significant changes occurred in “Subsidiaries and other business units”.

Cash flows from financing activities amounted to –€2,271 million in 2008, compared to €1,996 million in 2007. The most significant movements are shown in the line of “Acquisition and amortization of own equity instrument”.

The table below breaks down the main cash flows from and used in investing activities in 2008 and 2007:

	2008	
	Cash flows of investment activities	
	Investments (–)	Desinvestments (+)
Tangible assets	1,199	168
Intangible assets	402	31
Investments	672	9
Subsidiaries and other business units	1,559	13
Non-current assets and liabilities associated held for sale	515	374
Held-to-maturity investments	-	283
Other settlements related with investment activities	270	874

2007		
Cash flows of investment activities		
	Investments (-)	Desinvestments (+)
Tangible assets	1,836	328
Intangible assets	134	146
Investments	690	227
Subsidiaries and other business units	7,082	11
Compass Bancshares, Inc. (Note 3)(*)	6,693	-
State Nacional Bancshares, Inc. (Note 3)	378	-
Other	12	-
Non-current assets and liabilities associated held for sale	487	744
Held-to-maturity investments	-	321
Other settlements related with investment activities	719	1,184

(*) An investment of €6,672 million (of which €3,385 million was paid in cash and the rest in shares issued pursuant to a rights issue) plus €21 million in transaction expenses directly attributable to the acquisition.

52. ACCOUNTANTS FEES AND SERVICES

The detail of the fees for the services provided to the Group companies by their respective accountants in 2008 was as follows:

	Millions of euros
Audits of the companies audited by firms belonging to the Deloitte worldwide organisation	12.2
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	5.3

The detail of the other services provided to the various Group companies in 2008 was as follows:

	Millions of euros
Firms belonging to the Deloitte worldwide organisation	1.5
Other firms	7.0

The services provided by our accountants meet the independence requirements established in Law 44/2002, of 22 November, on Measures Reforming the Financial System and in the Sarbanes-Oxley Act of 2002 adopted by the Securities and Exchange Commission (SEC), and accordingly they did not include the performance of any work that is incompatible with the auditing function.

53. RELATED PARTY TRANSACTIONS

BBVA and other entities of the Group in their condition of financial entities maintain transactions with related parties in the normal course of their business. All these transactions are of no relevance and are performed in market conditions.

53.1. SIGNIFICANT TRANSACTIONS WITH SHAREHOLDERS

As of December 31, 2008 the balance of the transactions maintained with significant shareholder's (see Note 27) correspond to "Deposits from customers" for an amount of €27 million and "Loans and advances to customers" for an amount of €4 million, all of them under normal market conditions.

53.2. TRANSACTIONS WITH BBVA GROUP

The balances of the main aggregates in the consolidated financial statements arising from the transactions carried out by the Group with associated and jointly controlled companies accounted for using the equity method (Note 2.1), as of December 31, 2008, 2007 and 2006 were as follows:

	Millions of euros		
	2008	2007	2006
Assets:			
Due from credit institutions	27	32	-
Total net lending	507	610	374
Liabilities:			
Due to credit institutions	1	-	-
Deposits	23	55	83
Debt certificates	344	440	463
Memorandum accounts:			
Contingent risks	37	129	23
Commitments contingents	415	443	457

The balances of the main aggregates in the consolidated income statements resulting from transactions with associated and jointly controlled entities that consolidated by the equity method in the years 2008, 2007 and 2006, were as follows:

	Millions of euros		
	2008	2007	2006
Statement of income:			
Financial Revenues	36	33	12
Financial Expenses	22	18	13

There are no other material effects on the consolidated financial statements of the Group arising from dealings with these companies, other than the effects arising from using the equity method (Note 2.1), and from the insurance policies to cover pension or similar commitments (Note 24).

As of December 31, 2008, 2007 and 2006, the notional amount of the futures transactions arranged by the Group with the main related companies amounted to approximately €101 million, €74 million and €9 million, respectively.

In addition, as part of its normal activity, the Group has entered into agreements and commitments of various types with shareholders of subsidiaries and associates, which have no material effects on the consolidated financial statements.

53.3. TRANSACTIONS WITH KEY ENTITY PERSONNEL

The information on the remuneration of key personnel (members of the Board of Directors of BBVA and of the Management Committee) is included in Note 54.

The amount disposed of the loans granted to members of Board of Directors as of December 31, 2008 totalled €33 thousand.

The amount disposed of the loans granted as of December 31, 2008, to the Management Committee, excluding the executive directors, amounted to €3,891 thousand. As of December 31, 2008, 2007 and 2006, guarantees provided on behalf of members of the Management Committee amounted to €13 thousand.

As of December 31, 2008, the amount disposed of the loans granted to parties related to key personnel (the aforementioned members of the Board of Directors of BBVA and of the Management Committee) totalled €8,593 thousand. As of December 31, 2008, the other exposure to parties related to key personnel (guarantees, finance leases and commercial loans) amounted to €18,794 thousand.

53.4. TRANSACTIONS WITH OTHER RELATED PARTIES

As of December 31, 2008, the company does not present any transaction with other related parties that does not belong to the normal course of their business, that is not under market conditions and that is relevant for the equity and income of the entity and for the presentation of the financial situation of this.

54. REMUNERATION OF THE BANK'S DIRECTORS AND SENIOR MANAGEMENT

Remunerations of the members of the board 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 2008 is indicated below. The figures are given individually for each non-executive director and itemised in thousand euros:

	Thousand of euros					Total
	Board	Standing Committee	Audit	Risk	Appointments and Compensation	
Tomás Alfaro Drake	129	-	71	-	-	200
Juan Carlos Álvarez Mezquíriz	129	167	-	-	42	338
Rafael Bermejo Blanco	129	-	179	107	-	415
Richard C. Breeden	350	-	-	-	-	350
Ramón Bustamante y de La Mora	129	-	71	107	-	307
José Antonio Fernández Rivero ^(*)	129	-	-	214	-	343
Ignacio Ferrero Jordi	129	167	-	-	42	338
Román Knörr Borrás	129	167	-	-	-	296
Carlos Loring Martínez de Irujo	129	-	71	-	107	307
Enrique Medina Fernández	129	167	-	107	-	403
Susana Rodríguez Vidarte	129	-	71	-	42	242
Total	1,640	668	463	535	233	3,539

(*) Mr José Antonio Fernández Rivero, apart from the amounts detailed above, also received a total of €652 thousand during the six months ended 2008 in early retirement payments as a former member of the BBVA management.

- REMUNERATION OF EXECUTIVE DIRECTORS

The remuneration paid to the non-executive members of the Board of Directors during 2008 is indicated below. The figures are given individually for each non-executive director:

	Thousand of euros		
	Fixed remunerations	Variable remunerations ^(*)	Total ^(**)
Chairman & CEO	1,928	3,802	5,729
President & COO	1,425	3,183	4,609
Company Secretary	665	886	1,552
Total	4,019	7,871	11,890

(*) Figures relating to variable remuneration for 2007 paid in 2008.

(**) In addition, the executive directors received remuneration in kind during 2008 totalling €38 thousand, of which €9 thousand relates to Chairman & CEO, €16 thousand relates to President & COO and €13 thousand to Company Secretary.

Meanwhile, the executive directors accrued variable remuneration in 2008 to be paid in 2009 in the amount of €3,416 thousand in the case of the Chairman and CEO, €2,861 thousand in the case of the President and COO and €815 thousand in the case of the Board Secretary. These amounts are recognized under the heading "Other liabilities – Accrued interest" on the liability side of the consolidated balance sheet at December 31, 2008.

- REMUNERATION OF THE MEMBERS OF THE MANAGEMENT COMMITTEE

The remuneration paid during the year 2008 to the members of BBVA's Management Committee, excluding executive directors, comprised €6,768 thousand in fixed remuneration and €13,320 thousand in variable remuneration accrued in 2008 and paid in 2009.

In addition, the members of the Management Committee, excluding executive directors, received remuneration in kind totalling €369 thousand in the year 2008.

(*) This paragraph includes information on the members of the Management committee as of December 31, 2008, excluding the executive directors.

– PENSION COMMITMENTS

The provisions recorded at December 31, 2008 to cover the commitments assumed in relation to executive director pensions, including the allowances recorded in 2008, amounted to €19,968 thousand, broken down as follows:

	Thousand of euros
Chairman & CEO	72,547
President & COO	52,495
Company Secretary	8,710
Total	133,752

Insurance premiums amounting to €78 thousand were paid on behalf of the non-executive directors on the Board of Directors.

The provisions charged as of December 31, 2008 for post-employment commitments for the Management committee members, excluding executive directors, amounted to €51,326 thousand. Of these, €16,678 thousand were charged in the year.

• LONG-TERM PLAN FOR REMUNERATION WITH SHARES (2006-2008) FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

The AGM, 18th March 2006, approved a long-term plan for remuneration of executives with shares for the period 2006-2008. The plan was for members of the management team, including the executive directors and members of the Management committee and will be paid out in the second half of 2009.

The plan allocated each beneficiary a certain number of theoretical shares as a function of their variable pay and their level of responsibility. At the end of the plan, the theoretical shares are used as a basis to allocate BBVA shares to the beneficiaries, should the initial requirements be met.

The number of shares to be delivered to each beneficiary is determined by multiplying the number of theoretical shares allocated to them by a coefficient of between 0 and 2. This coefficient reflects the relative performance of BBVA's total shareholder value (TSR) during the period 2006-2008 compared against the TSR of its European peer group.

Although this group of banks was determined in a resolution approved by shareholders in general meeting on March 18, 2006, the Board, at the proposal of the Appointments and Remuneration Committee, exercising the powers delegated to its at the shareholders' meeting, agreed to modify the composition of the peer group in the wake of M&A activity at certain of the banks, adjusting the Plan coefficients so as not to distort its ultimate execution.

The number of theoretical shares allocated to executive directors, in accordance with the plan ratified at the shareholders' meeting, was 320,000 for the Chairman & CEO, 270,000 for the President & COO and 100,000 for the Board Secretary.

The total number of theoretical shares allocated to Management Committee members, excluding executive directors, at December 31, 2008, was 1,124,166.

Upon conclusion of the Plan on December 31, 2008, the TSR was determined for BBVA and its peers in accordance with the terms established at the outset. BBVA ranked third among its peers, so that the coefficient to be applied to the number of theoretical shares assigned to each beneficiary to determine the number of BBVA shares to be distributed to them is a factor of 1.42.

As a result, the number of shares to be delivered under the Plan, the settlement of which will be submitted to the Bank's shareholders in general meeting, to each of the executive directors and members of the Management Committee as of year-end as a group, is as follows:

	Nº assigned theoretical shares	Multiplier ratio	Number of shares
Chairman & CEO	320,000	1.42	454,400
President & COO	270,000	1.42	383,400
Company Secretary	100,000	1.42	142,000
Other members of Board of Directors	1,124,166	1.42	1,596,316

- SCHEME FOR REMUNERATION OF NON-EXECUTIVE DIRECTORS WITH DEFERRED DELIVERY OF SHARES

The Annual General Meeting, March 18th, 2006, under agenda item eight, resolved to establish a remuneration scheme using deferred delivery of shares to the Bank's non-executive directors, to substitute the earlier scheme that had covered these directors.

The new plan assigns theoretical shares each year to non-executive director beneficiaries equivalent to 20% of the total remuneration paid to each in the previous year, using the average of BBVA stock closing prices from the sixty trading sessions prior to the annual general meeting that approve the financial statements for the years covered by the scheme starting from the year 2007. These shares, where applicable, are to be delivered when the beneficiaries cease to be directors on any grounds other than serious dereliction of duties.

The number of theoretical shares allocated to non-executive director beneficiaries under the deferred share delivery scheme approved at the shareholders' meeting in 2008 corresponding to 20% of the total remuneration paid to each in 2007, is set forth below:

Directors	Theoretical shares	Accumulated theoretical shares
Tomás Alfaro Drake	2,655	4,062
Juan Carlos Álvarez Mezquíriz	4,477	23,968
Rafael Bermejo Blanco	4,306	4,306
Ramón Bustamante y de la Mora	4,064	23,987
José Antonio Fernández Rivero	4,533	14,452
Ignacio Ferrero Jordi	4,477	24,540
Román Knörr Borrás	3,912	19,503
Carlos Loring Martínez de Irujo	4,067	11,751
Enrique Medina Fernández	5,322	33,357
Susana Rodríguez Vidarte	3,085	13,596
Total	40,898	173,522

- SEVERANCE PAYMENTS

The Chairman of the board will be entitled to retire as an executive director at any time after his 65th birthday and the President & COO and the Company Secretary after their 62nd birthday. They will all be entitled to the maximum percentage

established under their contracts for retirement pension, and vesting their right to the pension once they reach said ages will render the indemnity agreed under their contracts null and void.

The contracts of the Bank's executive directors (Chairman & CEO, President & COO, and Company Secretary) recognise their entitlement to be compensated should they leave their post for grounds other than their own decision, retirement, disablement or serious dereliction of duty. Had this occurred during the year 2009, they would have received the following amounts: €80,833 thousand for the Chairman & CEO; €60,991 thousand for the President & COO, and €13,958 thousand for the Company Secretary.

In order to receive such compensation, directors must place their directorships at the disposal of the board, resign from any posts that they may hold as representatives of the Bank in other companies, and waive prior employment agreements with the Bank, including any senior management positions and any right to obtain compensation other than that already indicated.

On standing down, they will be rendered unable to provide services to other financial institutions in competition with the Bank or its subsidiaries for two years, as established in the board regulations.

55. DETAIL OF THE DIRECTORS' HOLDINGS IN COMPANIES WITH SIMILAR BUSINESS ACTIVITIES

As of December 31, 2008 pursuant to Article 127 third section of the Spanish Corporations Law, introduced by Law 26/2003 of 17 July amending Securities Market Law 24/1988 of July 28, and the revised Corporations Law, in order to reinforce the transparency of listed companies, set forth below are the companies engaging in an activity that is identical, similar or complementary to that which constitutes the corporate purpose of BBVA, in which the members of the Board of Directors have a direct or indirect ownership interest. None of the directors discharge executive or administrative functions at these companies.

Surname (s) and First Name	Investments		
	Company	Number of Shares	Type of Ownership Interest
Alfaro Drake, Tomás	-	-	-
Álvarez Mezquíriz, Juan Carlos	-	-	-
Bermejo Blanco, Rafael	Banco Santander Banco Popular Español	7,400 14,180	Direct Direct
Breeden, Richard C.	-	-	-
Bustamante y de la Mora, Ramón	-	-	-
Fernández Rivero, José Antonio	-	-	-
Ferrero Jordi, Ignacio	Banco Santander Banco Popular Español	12,245 2,490	Indirect Indirect
Goirigolzarri Tellaeche, José Ignacio	-	-	-
González Rodríguez, Francisco	RBC Dexia Investor Services España, S.A,	76,040	Indirect
Knörr Borrás, Román	-	-	-
Loring Martínez de Irujo, Carlos	-	-	-
Maldonado Ramos, José	-	-	-
Medina Fernández, Enrique	-	-	-
Rodríguez Vidarte, Susana	-	-	-

56. OTHER INFORMATION

On March 15, 2002, the Bank of Spain initiated a proceeding against BBVA and 16 of its former directors and executives, as a result of the existence of funds (approximately €225 million) belonging to BBV that were not included in the entity's financial statements until they were voluntarily regularized by being recorded in the 2000 consolidated income statement as extraordinary income, for which the related corporation tax was recorded and paid. BBVA notified the Bank of Spain of these matters on January 19, 2001.

On May 22, 2002, the Council of the Spanish Securities and Exchange Commission (CNMV) commenced a proceeding against BBVA for possible contravention of the Securities Market Law (under Article 99 ñ) thereof) owing to the same events as those which gave rise to the Bank of Spain's proceeding.

The commencement of proceedings to determine an eventual criminal liability of the individuals involved in those events triggered the suspension of the above mentioned proceedings until a definitive criminal resolution was issued. These criminal proceedings finished by definitive court resolutions on 2007 without criminal liability for any person involved in them. The end of these criminal proceedings has allowed the re-opening of the proceedings: on June 13, 2007 the Bank of Spain, and on July 26, 2007 the Spanish National Securities Market Commission (CNMV), notified the end of the proceeding development suspension.

On July 18, 2008, the board of the Bank of Spain sanctioned BBVA with a fine of one million euros for a serious breach as typified in article 5.p) of the "Ley de Disciplina e Intervención de las Entidades de Crédito" (Law regulating the conduct of financial entities) and also imposed various sanctions on the managers and executives responsible for such conduct none of whom are presently members of the Board of Directors, or hold executive office at BBVA.

On July 18, 2008, the Ministry of Economy and Finance sanctioned the entity with a fine of two million euros, as a result of the proceeding initiated by the Spanish Securities and Exchange Commission, for a very serious breach as typified in Article 99, n) of the "Ley del Mercado de Valores" (law regulating securities markets).

Both sanctions have been appealed within the Ministry of Economy and Finance, but no decisions have been issued as of the date of this report.

57. SUBSEQUENT EVENTS

Subsequent to the year-end close, the Directors of Banco de Crédito Local de España, S.A. and BBVA Factoring E.F.C., S.A. (both sole shareholder companies), in their respective Board meetings held on January 26, 2009, and Banco Bilbao Vizcaya Argentaria, S.A., in its Board meeting of January 27, 2009, approved the proposal to merge the first two sole shareholder companies into Banco Bilbao Vizcaya Argentaria, S.A. and the subsequent transfer *en bloc* of their assets to BBVA, which will acquire by universal succession the transferors' rights and obligations.

The merger agreement will be submitted to shareholders for approval in general meeting during the first quarter of the year. Given that the merged companies are wholly and directly owned by Banco Bilbao Vizcaya Argentaria, S.A., in accordance with article 250.1 of the Spanish Public Limited Companies Act, it will not be necessary to increase the capital of Banco Bilbao Vizcaya Argentaria, S.A. or for management reports to be prepared by the companies involved in the merger, or for reports to be prepared by independent experts on the merger proposal.

58. 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.

Appendix I. Financial Statements of Banco Bilbao Vizcaya Argentaria, S.A.

Balance sheets as of december 31, 2008 and 2007

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

(*) Presented for comparison purposes only.

Balance sheets as of december 31, 2008 and 2007

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

(*) Presented for comparison purposes only.

Balance sheets as of december 31, 2008 and 2007

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

	Millions of euros	
	2008	2007 ^(*)
PRO-MEMORIA		
CONTINGENT EXPOSURES	64,729	73,903
CONTINGENT COMMITMENTS	69,671	76,246

(*) Presented for comparison purposes only.

Income statements for the years ended december 31, 2008 and 2007

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

(*) Presented for comparison purposes only.

Changes in total equity for the years ended december 31, 2008 and 2007

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

Changes in total equity for the years ended december 31, 2008 and 2007

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

(*) Presented for comparison purposes only.

Changes in total equity for the years ended december 31, 2008 and 2007

(Continuation)

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

(*) Presented for comparison purposes only.

Cash flow statements for the years ended december 31, 2008 and 2007

Millions of euros

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

(*) Presented for comparison purposes only.

Cash flow statements for the years ended december 31, 2008 and 2007

(Continuation)

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

(*) Presented for comparison purposes only.

Appendix II Additional information on consolidated subsidiaries composing the BBVA Group

Company	Location	Activity	% of Voting Rights controlled by the Bank			Thousand of euros ^(*)				
			Direct	Indirect	Total	Net Carrying Amount	Investee Data			
							Assets as of 31.12.08	Liabilities as of 31.12.08	Equity 31.12.08	Profit (Loss) for the Period ended 31.12.08
AAI HOLDINGS, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
ADMINISTRAD. DE FONDOS PARA EL RETIRO-BANCOMER, S.A. DE C.V.	MEXICO	PENSIONS	17.50	82.50	100.00	302,164	151,825	28,044	84,131	39,650
ADMINISTRADORA DE FONDOS DE PENSIONES PROVIDA (AFP PROVIDA)	CHILE	PENSIONS	12.70	51.62	64.32	191,473	340,987	76,787	279,565	(15,365)
AFP GÉNESIS ADMINISTRADORA DE FONDOS, S.A.	ECUADOR	PENSIONS	-	100.00	100.00	3,249	5,747	2,532	1,031	2,184
AFP HORIZONTE, S.A.	PERU	PENSIONS	24.85	75.15	100.00	33,616	56,826	19,912	34,530	2,384
AFP PREVISIÓN BBV-ADM. DE FONDOS DE PENSIONES, S.A.	BOLIVIA	PENSIONS	75.00	5.00	80.00	2,063	12,687	6,121	3,786	2,780
ALMACENES GENERALES DE DEPÓSITO, S.A.E. DE	SPAIN	PORTFOLIO	83.90	16.10	100.00	12,649	113,131	2,997	103,795	6,339
ALTITUDE INVESTMENTS LIMITED	UNITED KINGDOM	FINANCIAL SERV.	51.00	-	51.00	225	992	753	1,016	(777)
ALTURA MARKETS, SOCIEDAD DE VALORES, S.A.	SPAIN	SECURITIES	50.00	-	50.00	5,000	1,491,084	1,463,685	12,041	15,358
ANIDA CARTERA SINGULAR, S.L.	SPAIN	PORTFOLIO	-	100.00	100.00	-	260	-	5,260	(5,000)
ANIDA DESARROLLOS INMOBILIARIOS, S.L.	SPAIN	REAL STATE	-	100.00	100.00	112,477	250,890	85,910	166,877	(1,897)
ANIDA DESARROLLOS SINGULARES, S.L.	SPAIN	REAL ESTATE INSTR.	-	100.00	100.00	-	594,494	610,811	4,964	(21,281)
ANIDA GERMANIA IMMOBILIEN ONE, GMBH	GERMANY	REAL ESTATE INSTR.	-	100.00	100.00	4,099	19,658	15,567	8,328	(4,237)
ANIDA GRUPO INMOBILIARIO, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	198,357	667,126	94,755	499,998	72,373
ANIDA INMOBILIARIA, S.A. DE C.V.	MEXICO	PORTFOLIO	-	100.00	100.00	91,316	72,965	72	73,424	(531)
ANIDA OPERACIONES SINGULARES, S.L.	SPAIN	REAL ESTATE INSTR.	-	100.00	100.00	3	1,649,249	1,650,489	3	(1,243)
ANIDA PROYECTOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE INSTR.	-	100.00	100.00	72,012	102,069	30,058	72,729	(718)
ANIDA SERVICIOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE INSTR.	-	100.00	100.00	793	1,008	211	537	260
APLICA SOLUCIONES ARGENTINAS, S.A.	ARGENTINA	SERVICES	-	100.00	100.00	1,538	3,639	1,925	1,468	246
APLICA SOLUCIONES GLOBALES, S.L.	SPAIN	SERVICES	94.98	5.02	100.00	60	66,128	67,329	288	(1,489)
APLICA TECNOLOGÍA AVANZADA, S.A. DE C.V.	MEXICO	SERVICES	100.00	-	100.00	4	38,817	38,101	2,966	(2,250)
APOYO MERCANTIL, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	777	120,708	119,931	3,040	(2,263)
ARAGÓN CAPITAL, S.L.	SPAIN	PORTFOLIO	99.90	0.10	100.00	37,925	32,901	98	31,819	984
ARIZONA FINANCIAL PRODUCTS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	661,400	666,141	4,741	642,442	18,958
ARIZONA KACHINA HOLDINGS, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
ATREA HOMES IN SPAIN, LTD.	UNITED KINGDOM	BANKING	-	100.00	100.00	-	11	351	(340)	-
ATUEL FIDEICOMISOS, S.A.	ARGENTINA	SERVICES	-	100.00	100.00	6,269	6,288	18	5,607	663
AUTOMERCANTIL-COMERCIO E ALUGER DE VEICULOS AUTOM., LDA.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	7,209	60,301	50,960	9,449	(108)
BAHÍA SUR RESORT, S.C.	SPAIN	NO ACTIVITY	99.95	-	99.95	1,436	1,438	15	1,423	-
BANCO BILBAO VIZCAYA ARGENTARIA (PANAMÁ), S.A.	PANAMA	BANKING	54.11	44.81	98.92	19,464	1,193,426	1,036,611	128,625	28,190
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	PORTUGAL	BANKING	9.52	90.48	100.00	278,916	6,903,307	6,662,510	223,477	17,320
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	CHILE	BANKING	55.97	12.21	68.18	303,531	8,587,405	8,075,856	456,634	54,915
BANCO BILBAO VIZCAYA ARGENTARIA PUERTO RICO	PUERTO RICO	BANKING	-	100.00	100.00	99,693	4,317,976	3,952,085	342,472	23,419
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	URUGUAY	BANKING	100.00	-	100.00	17,049	489,055	450,065	30,031	8,959
BANCO CONTINENTAL, S.A.	PERU	BANKING	-	92.08	92.08	470,732	7,698,528	7,187,325	342,406	168,797
BANCO DE CRÉDITO LOCAL, S.A.	SPAIN	BANKING	100.00	-	100.00	509,594	11,311,890	11,166,097	58,905	86,888
BANCO DE PROMOCIÓN DE NEGOCIOS, S.A.	SPAIN	BANKING	-	99.82	99.82	15,151	33,869	392	32,410	1,067
BANCO DEPOSITARIO BBVA, S.A.	SPAIN	BANKING	-	100.00	100.00	1,595	898,558	805,258	48,510	44,790
BANCO INDUSTRIAL DE BILBAO, S.A.	SPAIN	BANKING	-	99.93	99.93	97,220	291,669	15,740	219,664	56,265
BANCO OCCIDENTAL, S.A.	SPAIN	BANKING	49.43	50.57	100.00	15,812	17,423	365	16,431	627
BANCO PROVINCIAL OVERSEAS N.V.	NETHERLANDS ANTILLES	BANKING	-	100.00	100.00	26,801	426,998	400,530	19,006	7,462
BANCO PROVINCIAL, S.A. - BANCO UNIVERSAL	VENEZUELA	BANKING	1.85	53.75	55.60	153,859	9,495,115	8,582,684	564,493	347,938
BANCOMER FINANCIAL SERVICES, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1,903	663	(1,240)	1,914	(11)
BANCOMER FOREIGN EXCHANGE, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	4,201	5,772	1,571	2,940	1,261
BANCOMER PAYMENT SERVICES, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	38	28	(10)	41	(3)
BANCOMER TRANSFER SERVICES, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	17,228	68,836	51,607	8,236	8,993
BANKERS INVESTMENT SERVICES, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	637	679	42	630	7

(*) Information on foreign companies at exchange rate on 12-31-08.

Additional information on consolidated subsidiaries composing the BBVA Group *(Continuation)*

Company	Location	Activity	% of Voting Rights controlled by the Bank			Investee Data				
			Direct	Indirect	Total	Net Carrying Amount	Assets as of 31.12.08	Liabilities as of 31.12.08	Equity 31.12.08	Profit (Loss) for the Period ended 31.12.08
BBV AMERICA, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	479,328	889,260	-	695,890	193,370
BBV SECURITIES HOLDINGS, S.A.	SPAIN	PORTFOLIO	99.86	0.14	100.00	13,327	47,941	29,648	16,159	2,134
BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A.	SPAIN	SECURITIES	70.00	-	70.00	1,331	12,592	6,753	4,165	1,674
BBVA ADMINISTRADORA GENERAL DE FONDOS, S.A.	CHILE	FINANCIAL SERV.	-	100.00	100.00	18,388	19,309	919	16,714	1,676
BBVA ASESORIAS FINANCIERAS, S.A.	CHILE	FINANCIAL SERV.	-	98.60	98.60	13,973	14,531	359	13,335	837
BBVA ASSET MANAGEMENT, S.A., SGIIC	SPAIN	FINANCIAL SERV.	17.00	83.00	100.00	11,436	209,515	122,872	21,589	65,054
BBVA BANCO DE FINANCIACION, S.A.	SPAIN	BANKING	-	100.00	100.00	64,200	5,765,224	5,692,947	70,808	1,469
BBVA BANCO FRANCES, S.A.	ARGENTINA	BANKING	45.65	30.35	76.00	40,139	4,486,157	4,064,180	353,683	68,294
BBVA BANCOMER ASSET MANAGEMENT, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1	1	-	1	-
BBVA BANCOMER FINANCIAL HOLDINGS, INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	40,350	37,567	(2,746)	39,394	919
BBVA BANCOMER GESTION, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	99.99	99.99	22,245	37,892	15,643	6,910	15,339
BBVA BANCOMER HOLDINGS CORPORATION	UNITED STATES	PORTFOLIO	-	100.00	100.00	9,835	9,835	-	7,490	2,345
BBVA BANCOMER OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	108,236	280,141	171,905	(9,550)	117,786
BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	954	6,155	5,201	514	440
BBVA BANCOMER SERVICIOS, S.A.	MEXICO	BANKING	-	100.00	100.00	453,310	475,676	22,366	350,078	103,232
BBVA BANCOMER USA	UNITED STATES	BANKING	-	100.00	100.00	7,103	93,620	86,518	15,855	(8,753)
BBVA BANCOMER, S.A. DE C.V.	MEXICO	BANKING	-	100.00	100.00	4,181,301	59,174,003	54,982,771	3,068,463	1,122,769
BBVA BRASIL BANCO DE INVESTIMENTO, S.A.	BRAZIL	BANKING	100.00	-	100.00	16,166	30,830	4,872	23,971	1,987
BBVA BROKER, CORREDURIA DE SEGUROS Y REASEGUROS, S.A.	SPAIN	FINANCIAL SERV.	99.94	0.06	100.00	297	23,116	2,768	15,005	5,343
BBVA CAPITAL FINANCE, S.A.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	60	3,001,677	3,001,455	198	24
BBVA CAPITAL FUNDING, LTD.	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	-	100.00	-	1,174,864	1,173,183	1,713	(32)
BBVA CARTERA DE INVERSIONES, SICAV, S.A.	SPAIN	VARIABLE CAPITAL	100.00	-	100.00	118,445	111,651	108	113,870	(2,327)
BBVA COLOMBIA, S.A.	COLOMBIA	BANKING	76.20	19.23	95.43	263,965	6,505,196	5,937,078	442,448	125,670
BBVA COMERCIALIZADORA LTDA.	CHILE	FINANCIAL SERV.	-	100.00	100.00	(282)	195	476	54	(335)
BBVA CONSOLIDAR SEGUROS, S.A.	ARGENTINA	INSURANCES	87.78	12.22	100.00	6,514	39,656	23,060	11,168	5,428
BBVA CONSULTORIA, S.A.	SPAIN	SERVICES	-	100.00	100.00	2,227	2,186	38	3,479	(1,331)
BBVA CORREDORA TECNICA DE SEGUROS BHIF LTDA.	CHILE	FINANCIAL SERV.	-	100.00	100.00	21,994	23,626	1,630	17,459	4,537
BBVA CORREDORES DE BOLSA, S.A.	CHILE	SECURITIES	-	100.00	100.00	22,740	160,243	137,505	20,782	1,956
BBVA DINERO EXPRESS, S.A.U	SPAIN	FINANCIAL SERV.	100.00	-	100.00	2,186	9,658	5,505	3,444	709
BBVA E-COMMERCE, S.A.	SPAIN	SERVICES	100.00	-	100.00	30,879	35,235	-	33,281	1,954
BBVA FACTORING E.F.C., S.A.	SPAIN	FINANCIAL SERV.	-	100.00	100.00	126,447	6,786,041	6,523,179	228,768	34,094
BBVA FACTORING LIMITADA	CHILE	FINANCIAL SERV.	-	100.00	100.00	2,807	17,326	14,520	3,216	(410)
BBVA FIDUCIARIA, S.A.	COLOMBIA	FINANCIAL SERV.	-	99.99	99.99	9,956	11,305	1,346	7,150	2,809
BBVA FINANCE (UK), LTD.	UNITED KINGDOM	FINANCIAL SERV.	-	100.00	100.00	3,324	23,168	13,145	9,703	320
BBVA FINANCE SPA	ITALY	FINANCIAL SERV.	100.00	-	100.00	4,648	5,460	447	4,963	50
BBVA FINANCIAMIENTO AUTOMOTRIZ, S.A.	CHILE	PORTFOLIO	-	100.00	100.00	85,607	85,696	89	75,949	9,658
BBVA FINANZIA, S.P.A	ITALY	FINANCIAL SERV.	50.00	50.00	100.00	36,465	447,794	434,679	26,269	(13,154)
BBVA FUNDOS, S.G. DE FUNDOS DE PENSOES, S.A.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	998	5,525	570	3,319	1,636
BBVA GEST, S.G. DE FUNDOS DE INVESTIMENTO MOBILIARIO, S.A.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	998	6,842	523	4,965	1,354
BBVA GLOBAL FINANCE LTD.	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	-	100.00	-	586,894	583,286	3,437	171
BBVA GLOBAL MARKETS RESEARCH, S.A.	SPAIN	FINANCIAL SERV.	99.99	0.01	100.00	501	4,728	3,196	1,479	53
BBVA HORIZONTE PENSIONES Y CESANTIAS, S.A.	COLOMBIA	PENSIONS	78.52	21.43	99.95	36,879	72,698	18,157	45,713	8,828
BBVA INMOBILIARIA E INVERSIONES, S.A.	CHILE	REAL ESTATE INSTR.	-	68.11	68.11	3,893	21,428	15,713	6,581	(866)
BBVA INSERVEX, S.A.	SPAIN	SERVICES	100.00	-	100.00	1,205	2,447	262	1,442	743

(*) Information on foreign companies at exchange rate on 12-31-08.

Additional information on consolidated subsidiaries composing the BBVA Group *(Continuation)*

Company	Location	Activity	% of Voting Rights controlled by the Bank			Investee Data				
			Direct	Indirect	Total	Net Carrying Amount	Assets as of 31.12.08	Liabilities as of 31.12.08	Equity 31.12.08	Profit (Loss) for the Period ended 31.12.08
BBVA INSTITUIÇÃO FINANCEI. CREDITO, S.A.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	43,626	396,129	359,727	34,556	1,846
BBVA INTERNATIONAL INVESTMENT CORPORATION	PUERTO RICO	FINANCIAL SERV.	100.00	-	100.00	2,769,952	2,143,991	29	1,525,791	618,171
BBVA INTERNATIONAL LIMITED	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	-	100.00	1	509,587	507,027	2,699	(139)
BBVA INTERNATIONAL PREFERRED, S.A.U.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	60	1,929,850	1,929,623	124	103
BBVA INVERSIONES CHILE, S.A.	CHILE	FINANCIAL SERV.	36.65	63.35	100.00	306,854	374,617	8,633	375,143	(9,159)
BBVA INVESTMENTS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	10,921	12,191	1,270	8,315	2,606
BBVA IRELAND PUBLIC LIMITED COMPANY	IRELAND	FINANCIAL SERV.	100.00	-	100.00	180,381	2,302,336	1,980,247	300,774	21,315
BBVA LEASIMO - SOCIEDADE DE LOCAÇÃO FINANCEIRA, S.A.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	11,576	42,560	32,227	10,222	111
BBVA LEASING, S.A. COMPAÑÍA DE FINANCIAMIENTO COMERCIAL	COLOMBIA	FINANCIAL SERV.	-	100.00	100.00	16,295	52,254	35,942	15,971	341
BBVA LUXINVEST, S.A.	LUXEMBOURG	PORTFOLIO	36.00	64.00	100.00	255,843	1,529,677	86,200	1,408,176	35,301
BBVA MEDIACIÓN OPERADOR DE BANCA-SEGUROS VINCULADO, S.A.	SPAIN	FINANCIAL SERV.	-	100.00	100.00	60	89,356	77,387	6,061	5,908
BBVA NOMINEES LIMITED	UNITED KINGDOM	SERVICES	100.00	-	100.00	-	1	-	1	-
BBVA PARAGUAY, S.A.	PARAGUAY	BANKING	99.99	-	99.99	22,598	625,831	569,516	31,422	24,893
BBVA PARTICIPACIONES INTERNACIONAL, S.L.	SPAIN	PORTFOLIO	92.69	7.31	100.00	273,365	345,195	2,768	332,119	10,308
BBVA PATRIMONIOS GESTORA SGIC, S.A.	SPAIN	FINANCIAL SERV.	99.98	0.02	100.00	3,907	51,584	4,157	40,143	7,284
BBVA PENSIONES, S.A. ENTIDAD GESTORA DE FONDOS DE PENSIONES	SPAIN	PENSIONS	100.00	-	100.00	12,922	74,573	34,419	25,938	14,216
BBVA PLANIFICACIÓN PATRIMONIAL, S.L.	SPAIN	FINANCIAL SERV.	80.00	20.00	100.00	1	514	10	485	19
BBVA PRIVANZA (JERSEY), LTD.	CHANNEL ISLANDS	NO ACTIVITY	-	100.00	100.00	20,610	21,759	10	17,638	4,111
BBVA PROPIEDAD F.I.I.	SPAIN	OTHER INVEST. COMP.	-	95.65	95.65	1,522,714	1,655,365	75,248	1,573,328	6,789
BBVA PUERTO RICO HOLDING CORPORATION	PUERTO RICO	PORTFOLIO	100.00	-	100.00	255,804	100,177	8	100,217	(48)
BBVA RE LIMITED	IRELAND	INSURANCES	-	100.00	100.00	656	48,632	30,913	13,215	4,504
BBVA RENTING, S.A.	SPAIN	FINANCIAL SERV.	-	100.00	100.00	20,976	789,704	695,902	90,792	3,010
BBVA RENTING, SPA	ITALY	SERVICES	-	100.00	100.00	1,925	36,750	35,569	1,797	(616)
BBVA SECURITIES, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	30,267	26,039	4,574	20,913	552
BBVA SECURITIES OF PUERTO RICO, INC.	PUERTO RICO	FINANCIAL SERV.	100.00	-	100.00	4,726	5,831	503	4,820	508
BBVA SEGUROS COLOMBIA, S.A.	COLOMBIA	INSURANCES	94.00	6.00	100.00	9,259	32,225	19,671	10,447	2,107
BBVA SEGUROS DE VIDA COLOMBIA, S.A.	COLOMBIA	INSURANCES	94.00	6.00	100.00	13,242	183,692	153,770	25,787	4,135
BBVA SEGUROS DE VIDA, S.A.	CHILE	INSURANCES	-	100.00	100.00	24,840	308,595	283,754	24,977	(136)
BBVA SEGUROS, INC.	PUERTO RICO	FINANCIAL SERV.	-	100.00	100.00	180	3,384	661	1,851	872
BBVA SEGUROS, S.A. DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES	94.30	5.64	99.94	414,525	11,474,162	10,523,770	692,709	257,683
BBVA SENIOR FINANCE, S.A.U.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	60	11,704,747	11,704,466	378	(97)
BBVA SERVICIOS, S.A.	SPAIN	SERVICES	-	100.00	100.00	354	19,174	5,497	5,440	8,237
BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	CHILE	FINANCIAL SERV.	-	97.49	97.49	9,063	36,224	26,926	8,786	512
BBVA SUBORDINATED CAPITAL, S.A.U.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	130	3,930,607	3,930,373	324	(90)
BBVA SUIZA, S.A. (BBVA SWITZERLAND)	SWITZERLAND	BANKING	39.72	60.28	100.00	55,795	951,366	645,983	295,139	10,244
BBVA TRADE, S.A.	SPAIN	SERVICES	-	100.00	100.00	6,379	19,177	11,054	4,882	3,241
BBVA U.S. SENIOR, S.A.U.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	132	5,061,163	5,060,986	182	(5)
BBVA USA BANCSHARES, INC.	UNITED STATES	PORTFOLIO	100.00	-	100.00	9,417,869	9,076,103	8,472	9,326,607	(258,976)
BBVA VALORES COLOMBIA, S.A. COMISIONISTA DE BOLSA	COLOMBIA	SECURITIES	-	100.00	100.00	3,405	3,991	582	2,570	839
BBVA (SUIZA), S.A. OFICINA DE REPRESENTACIÓN	URUGUAY	BANKING	-	100.00	100.00	11	2,264	2,253	11	-
BCL INTERNATIONAL FINANCE, LTD.	CAYMAN ISLANDS	FINANCIAL SERV.	-	100.00	100.00	-	112,943	112,939	15	(11)
BEXCARTERA, SICAV, S.A.	SPAIN	NO ACTIVITY	-	80.78	80.78	9,352	13,526	72	13,454	-
BIBJ MANAGEMENT, LTD.	CHANNEL ISLANDS	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-

(*) Information on foreign companies at exchange rate on 12-31-08.

Additional information on consolidated subsidiaries composing the BBVA Group *(Continuation)*

Company	Location	Activity	% of Voting Rights controlled by the Bank			Investee Data				
			Direct	Indirect	Total	Net Carrying Amount	Assets as of 31.12.08	Liabilities as of 31.12.08	Equity 31.12.08	Profit (Loss) for the Period ended 31.12.08
BIBJ NOMINEES, LTD.	CHANNEL ISLANDS	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-
BILBAO VIZCAYA AMÉRICA B.V.	NETHERLANDS	PORTFOLIO	-	100.00	100.00	756,000	483,360	189	402,089	81,082
BILBAO VIZCAYA HOLDING, S.A.	SPAIN	PORTFOLIO	89.00	11.00	100.00	34,771	201,339	6,681	187,190	7,468
BLUE INDICO INVESTMENTS, S.L.	SPAIN	PORTFOLIO	99.99	0.01	100.00	18,221	51,060	1	49,865	1,194
BROOKLINE INVESTMENTS, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	33,969	32,395	524	31,897	(26)
CB TRANSPORT, INC.	UNITED STATES	SERVICES	-	100.00	100.00	14,450	17,862	3,411	16,231	(1,780)
CANAL COMPANY, LTD.	CHANNEL ISLANDS	NO ACTIVITY	-	100.00	100.00	26	793	7	763	23
CAPITAL INVESTMENT COUNSEL, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	19,439	20,937	1,498	18,533	906
CARTERA E INVERSIONES, S.A., CÍA. DE	SPAIN	PORTFOLIO	100.00	-	100.00	60,541	217,651	48,160	68,236	101,255
CASA DE BOLSA BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	54,497	67,976	13,476	16,195	38,305
CASA DE CAMBIO MULTIDIVISAS, S.A. DE C.V.	MEXICO	NO ACTIVITY	-	100.00	100.00	145	145	-	143	2
CENTRAL BANK OF THE SOUTH	UNITED STATES	BANKING	-	100.00	100.00	1,176	3,709	2,534	1,144	31
CÍA. GLOBAL DE MANDATOS Y REPRESENTACIONES, S.A.	URUGUAY	NO ACTIVITY	-	100.00	100.00	108	180	2	178	-
CIDESSA DOS, S.L.	SPAIN	PORTFOLIO	-	100.00	100.00	11,602	11,925	127	11,613	185
CIDESSA UNO, S.L.	SPAIN	PORTFOLIO	-	100.00	100.00	4,754	690,939	109	248,054	442,776
CIERVANA, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	53,164	68,947	2,442	55,428	11,077
COMERCIALIZADORA CORPORATIVA SAC	PERU	FINANCIAL SERV.	-	99.99	99.99	120	272	151	114	7
COMERCIALIZADORA DE SERVICIOS FINANCIEROS, S.A.	COLOMBIA	SERVICES	-	99.98	99.98	96	206	111	97	(2)
COMPASS ARIZONA ACQUISITION, CORP.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
COMPASS ASSET ACCEPTANCE COMPANY, LLC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	341,239	341,569	329	326,948	14,292
COMPASS AUTO RECEIVABLES CORPORATION	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	3,002	3,003	1	3,005	(3)
COMPASS BANCSHARES, INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	9,058,349	9,358,516	300,166	9,314,819	(256,469)
COMPASS BANK	UNITED STATES	BANKING	-	100.00	100.00	9,101,163	46,842,954	37,741,791	9,348,126	(246,963)
COMPASS BROKERAGE, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	22,919	24,358	1,438	18,734	4,186
COMPASS CAPITAL MARKETS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	5,138,466	5,138,466	-	5,003,740	134,726
COMPASS CONSULTING & BENEFITS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	12,121	12,705	583	11,562	560
COMPASS CUSTODIAL SERVICES, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
COMPASS FIDUCIARY SERVICES, LTD., INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	9	9	1	9	(1)
COMPASS FINANCIAL CORPORATION	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	6,512	51,683	45,170	7,099	(586)
COMPASS GP, INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	32,458	41,091	8,633	31,855	603
COMPASS INSURANCE AGENCY, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	118,981	132,232	13,249	110,076	8,907
COMPASS INVESTMENTS, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
COMPASS LIMITED PARTNER, INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	4,444,607	4,444,607	1	4,329,440	115,166
COMPASS LOAN HOLDINGS TRS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	55,768	58,210	2,442	55,259	509
COMPASS MORTGAGE CORPORATION	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1,830,203	1,831,372	1,169	1,782,160	48,043
COMPASS MORTGAGE FINANCING, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	25	25	-	25	-
COMPASS MULTISTATE SERVICES CORPORATION	UNITED STATES	SERVICES	-	100.00	100.00	2,695	2,761	66	2,695	-
COMPASS SECURITIES, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
COMPASS SOUTHWEST, LP	UNITED STATES	BANKING	-	100.00	100.00	3,629,145	3,630,558	1,413	3,529,350	99,795
COMPASS TEXAS ACQUISITION CORPORATION	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1,627	1,643	17	1,626	-
COMPASS TEXAS MORTGAGE FINANCING, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	25	25	-	25	-
COMPASS TRUST II	UNITED STATES	NO ACTIVITY	-	100.00	100.00	-	1	-	1	-
COMPASS UNDERWRITERS, INC.	UNITED STATES	INSURANCES	-	100.00	100.00	147	147	1	141	5
COMPASS WEALTH MANAGERS COMPANY	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
COMPAÑIA CHILENA DE INVERSIONES, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	232,976	173,294	2,295	171,112	(113)
COMUNIDAD FINANCIERA INDICO, S.L.	SPAIN	SERVICES	-	100.00	100.00	349	495	128	350	17

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Additional information on consolidated subsidiaries composing the BBVA Group *(Continuation)*

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CONSOLIDAR A.F.J.P., S.A.	ARGENTINA	PENSIONS	46.11	53.89	100.00	52,900	58,868	9,629	56,570	(7,331)
CONSOLIDAR ASEGURADORA DE RIESGOS DEL TRABAJO, S.A.	ARGENTINA	INSURANCES	87.50	12.50	100.00	32,598	166,487	131,121	26,102	9,264
CONSOLIDAR CÍA. DE SEGUROS DE RETIRO, S.A.	ARGENTINA	INSURANCES	33.33	66.67	100.00	14,224	538,662	517,328	17,838	3,496
CONSOLIDAR CÍA. DE SEGUROS DE VIDA, S.A.	ARGENTINA	INSURANCES	34.04	65.96	100.00	27,225	47,184	4,010	40,378	2,796
CONSOLIDAR COMERCIALIZADORA, S.A.	ARGENTINA	FINANCIAL SERV.	-	100.00	100.00	553	3,817	3,265	935	(383)
CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA, S.A.	PERU	SECURITIES	-	100.00	100.00	3,860	6,395	2,535	2,688	1,172
CONTINENTAL DPR FINANCE COMPANY	CAYMAN ISLANDS	FINANCIAL SERV.	-	100.00	100.00	-	182,651	182,651	-	-
CONTINENTAL, S.A. SOCIEDAD ADMINISTRADORA DE FONDOS	PERU	FINANCIAL SERV.	-	100.00	100.00	5,021	6,303	1,284	4,469	550
CONTINENTAL SOCIEDAD TITULIZADORA, S.A.	PERU	FINANCIAL SERV.	-	100.00	100.00	414	453	37	392	24
CONTRATACIÓN DE PERSONAL, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	1,280	8,150	6,871	346	933
CORPORACIÓN DE ALIMENTACIÓN Y BEBIDAS, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	138,508	164,531	2,409	157,487	4,635
CORPORACIÓN GENERAL FINANCIERA, S.A.	SPAIN	PORTFOLIO	100.00	-	100.00	452,431	1,432,107	11,784	1,400,480	19,843
CORPORACIÓN INDUSTRIAL Y DE SERVICIOS, S.L.	SPAIN	PORTFOLIO	-	100.00	100.00	1,251	5,573	577	4,870	126
DESARROLLADORA Y VENDEDORA DE CASAS, S.A. DE C.V.	MEXICO	REAL ESTATE INSTR.	-	100.00	100.00	17	17	-	22	(5)
DESARROLLO URBANÍSTICO DE CHAMARTÍN, S.A.	SPAIN	REAL STATE	-	72.50	72.50	29,330	59,259	17,074	42,167	18
DESITEL TECNOLOGÍA Y SISTEMAS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	1,299	1,345	45	1,147	153
DEUSTO, S.A. DE INVERSIÓN MOBILIARIA	SPAIN	PORTFOLIO	-	100.00	100.00	11,492	17,074	1,544	15,176	354
DINERO EXPRESS SERVICIOS GLOBALES, S.A.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	10,421	3,807	19,850	6,238	(22,281)
EL ENCINAR METROPOLITANO, S.A.	SPAIN	REAL STATE	-	98.92	98.92	5,641	9,057	3,495	5,266	296
EL OASIS DE LAS RAMBLAS, S.L.	SPAIN	REAL STATE	-	70.00	70.00	167	493	340	135	18
ELANCHOVE, S.A.	SPAIN	PORTFOLIO	100.00	-	100.00	1,500	3,878	1,541	2,413	(76)
EMPRESA INSTANT CREDIT, C.A.	VENEZUELA	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-
ESPAÑHOLA COMERCIAL E SERVIÇOS, LTDA.	BRAZIL	FINANCIAL SERV.	100.00	-	100.00	-	1,585	267	6,031	(4,713)
ESTACIÓN DE AUTOBUSES CHAMARTÍN, S.A.	SPAIN	SERVICES	-	51.00	51.00	31	30	-	31	(1)
EUROPEA DE TITULIZACIÓN, S.A., SDAD. GEST. DE FDS. DE TITUL.	SPAIN	FINANCIAL SERV.	85.99	-	85.99	1,815	11,599	1,337	6,162	4,100
EXPLOTACIONES AGROPECUARIAS VALDELEYEGUA, S.A.	SPAIN	REAL STATE	-	100.00	100.00	9,121	9,128	8	9,361	(241)
FIDEIC. N° 711, EN BANCO INVEX, S.A. INSTITUCIÓN DE BANCA MÚLTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	124,766	122,022	(2,700)	5,444
FIDEICOMISO 29764-8 SOCIO LIQUIDADOR POSICIÓN DE TERCEROS	MEXICO	FINANCIAL SERV.	-	100.00	100.00	28,422	28,970	549	25,746	2,675
FIDEICOMISO 474031 MANEJO DE GARANTÍAS	MEXICO	FINANCIAL SERV.	-	100.00	100.00	2	2	-	2	-
FIDEICOMISO BBVA BANCOMER SERVICIOS N° F/47433-8, S.A.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	32,442	51,540	19,099	23,289	9,152
FIDEICOMISO INVEX 228	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	-	-	-	-
FIDEICOMISO INVEX 367	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	-	-	-	-
FIDEICOMISO INVEX 393	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	-	-	-	-
FIDEICOMISO INVEX 411	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	-	-	-	-
FIDEICOMISO N° 402900-5 ADMINISTRACIÓN DE INMUEBLES	MEXICO	FINANCIAL SERV.	-	100.00	100.00	2,631	2,580	-	2,580	-
FIDEICOMISO N° 752 EN BANCO INVEX, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	55,999	55,067	(170)	1,102
FIDEICOMISO N° 781 EN BANCO INVEX, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. 3ª EMISIÓN)	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	287,718	296,867	1,653	(10,802)

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			Direct	Indirect	Total	Net Carrying Amount	Investee Data			
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FIDEICOMISO N° 847 EN BANCO INVEX, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. 4ª EMISIÓN)	MEXICO	FINANCIAL SERV.	-	100.00	100.00	25.00	301,319	305,535	790	(5,006)
FIDEICOMISO SOCIO LIQUIDADOR DE OP. FINANC. DERIVADAS	MEXICO	FINANCIAL SERV.	-	100.00	100.00	16,692	17,476	784	15,833	859
FINANCEIRA DO COMERCIO EXTERIOR, S.A.R.	PORTUGAL	NO ACTIVITY	100.00	-	100.00	51	37	-	44	(7)
FINANCIERA AYUDAMOS, S.A. DE C.V., SOFOMER	MEXICO	FINANCIAL SERV.	-	100.00	100.00	4,616	4,960	345	5,092	(477)
FINANCIERA ESPAÑOLA, S.A.	SPAIN	PORTFOLIO	85.85	14.15	100.00	4,522	6,812	1	6,654	157
FINANZIA AUTORENTING, S.A.	SPAIN	SERVICES	-	100.00	100.00	33,561	651,086	642,804	21,454	(13,172)
FINANZIA, BANCO DE CRÉDITO, S.A.	SPAIN	BANKING	-	100.00	100.00	56,203	7,403,407	7,245,109	162,626	(4,328)
FIRS TIER CORPORATION	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
FRANCÉS ADMINISTRADORA DE INVERSIONES, S.A.	ARGENTINA	FINANCIAL SERV.	-	100.00	100.00	5,912	9,521	3,610	5,220	691
FRANCÉS VALORES SOCIEDAD DE BOLSA, S.A.	ARGENTINA	FINANCIAL SERV.	-	100.00	100.00	2,133	2,652	519	1,550	583
FUTURO FAMILIAR, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	191	483	293	124	66
FW CAPITAL I	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
GENTE BBVA, S.A.	CHILE	FINANCIAL SERV.	-	100.00	100.00	(243)	5,790	6,034	55	(299)
GESTIÓN DE PREVISIÓN Y PENSIONES, S.A.	SPAIN	PENSIONS	60.00	-	60.00	8,830	26,532	2,123	20,873	3,536
GESTIÓN Y ADMINISTRACIÓN DE RECIBOS, S.A.	SPAIN	SERVICES	-	100.00	100.00	150	2,763	876	1,182	705
GOBERNALIA GLOBAL NET, S.A.	SPAIN	SERVICES	-	100.00	100.00	947	2,491	1,188	1,396	(93)
GRAN JORGE JUAN, S.A.	SPAIN	REAL STATE	100.00	-	100.00	110,115	494,296	411,493	101,894	(19,091)
GRAN FIDUCIARIA	COLOMBIA	FINANCIAL SERV.	-	90.00	90.00	-	245	108	158	(21)
GRELAR GALICIA, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	4,500	4,687	-	4,500	187
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	48.97	51.00	99.97	6,050,885	5,603,415	820	4,013,560	1,589,035
HIPOTECARIA NACIONAL MEXICANA INC. ORPORATED	UNITED STATES	REAL ESTATE INSTR.	-	100.00	100.00	206	315	110	105	100
HIPOTECARIA NACIONAL, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	202,262	219,458	17,195	139,766	62,497
HOLDING CONTINENTAL, S.A.	PERU	PORTFOLIO	50.00	-	50.00	123,678	504,399	83	347,754	156,562
HOLDING DE PARTICIPACIONES INDUSTRIALES 2000, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	3,618	4,470	-	4,321	149
HOMEOWNERS LOAN CORPORATION	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	7,684	8,987	1,302	5,974	1,711
HUMAN RESOURCES PROVIDER	UNITED STATES	SERVICES	-	100.00	100.00	1,131,354	1,131,402	48	1,093,050	38,304
HUMAN RESOURCES SUPPORT, INC.	UNITED STATES	SERVICES	-	100.00	100.00	1,130,007	1,133,128	3,121	1,091,845	38,162
HYDROX HOLDINGS, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-
IBERDROLA SERVICIOS FINANCIEROS, E.F.C. S.A.	SPAIN	FINANCIAL SERV.	-	84.00	84.00	7,290	9,641	74	9,334	233
IBERNEGOCIO DE TRADE, S.L.	SPAIN	SERVICES	-	100.00	100.00	1,586	1,737	150	16,662	(15,075)
INENSUR BRUNETE, S.L.	SPAIN	REAL STATE	-	100.00	100.00	48,715	105,290	82,553	23,504	(767)
INGENIERÍA EMPRESARIAL MULTIBA, S.A. DE C.V.	MEXICO	SERVICES	-	99.99	99.99	-	-	-	-	-
INMOBILIARIA ASUDI, S.A.	SPAIN	REAL ESTATE INSTR.	-	100.00	100.00	2,886	3,239	-	3,092	147
INMOBILIARIA BILBAO, S.A.	SPAIN	REAL ESTATE INSTR.	-	100.00	100.00	3,657	3,812	1	3,658	153
INMUEBLES Y RECUPERACIONES CONTINENTAL, S.A.	PERU	REAL ESTATE INSTR.	-	100.00	100.00	3,586	7,252	3,668	219	3,365
INVERAHORRO, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	474	520	3	502	15
INVERSIONES ALDAMA, C.A.	VENEZUELA	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-
INVERSIONES BANPRO INTERNATIONAL, INC. N.V.	NETHERLANDS ANTILLES	PORTFOLIO	48.00	-	48.00	11,390	29,312	1,050	20,747	7,515
INVERSIONES BAPROBA, C.A.	VENEZUELA	FINANCIAL SERV.	100.00	-	100.00	1,307	1,159	230	706	223
INVERSIONES P.H.R.4, C.A.	VENEZUELA	NO ACTIVITY	-	60.46	60.46	-	50	-	50	-
INVERSIONES T, C.A.	VENEZUELA	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-
INVERSORA OTAR, S.A.	ARGENTINA	PORTFOLIO	-	99.96	99.96	2,156	40,876	25	37,083	3,768
INVESCO MANAGEMENT N° 1, S.A.	LUXEMBOURG	FINANCIAL SERV.	-	100.00	100.00	10,016	10,480	494	10,945	(959)
INVESCO MANAGEMENT N° 2, S.A.	LUXEMBOURG	FINANCIAL SERV.	-	100.00	100.00	-	11,334	19,021	(6,108)	(1,579)

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JARDINES DE SARRIENA, S.L.	SPAIN	REAL STATE	-	85.00	85.00	255	503	165	369	(31)
LIQUIDITY ADVISORS, L.P.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	851,032	853,671	2,639	834,089	16,943
MAGGIORE FLEET, SPA.	ITALY	SERVICES	-	100.00	100.00	67,785	202,340	166,006	34,869	1,465
MARINA LLAR, S.L.	SPAIN	REAL STATE	-	100.00	100.00	19,071	58,547	39,476	19,796	(725)
MARQUÉS DE CUBAS 21, S.L.	SPAIN	REAL STATE	100.00	-	100.00	2,869	7,551	5,727	2,105	(281)
MEDITERRANEA DE PROMOCIONES I GESTIONS INMOBILIARIES, S.A.	SPAIN	NO ACTIVITY	-	100.00	100.00	779	1,391	193	776	422
MEGABANK FINANCIAL CORPORATION	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
MERCURY TRUST LIMITED	CAYMAN ISLANDS	FINANCIAL SERV.	-	100.00	100.00	3,786	3,820	38	3,857	(75)
MILANO GESTIONI, SRL	ITALY	REAL ESTATE INSTR.	-	100.00	100.00	46	4,184	3,816	350	18
MIRADOR DE LA CARRASCOA, S.L.	SPAIN	REAL STATE	-	55.90	55.90	9,724	34,572	17,518	17,062	(8)
MISAPRE, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	9,793	17,890	8,463	6,912	2,515
MONESTERIO DESARROLLOS, S.L.	SPAIN	REAL STATE	-	100.00	100.00	20,000	56,323	36,506	19,820	(3)
MONTEALIAGA, S.A.	SPAIN	REAL STATE	-	100.00	100.00	21,154	101,228	74,417	20,056	6,755
MULTIASISTENCIA OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	32	614	582	25	7
MULTIASISTENCIA SERVICIOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	17	1,059	1,042	57	(40)
MULTIASISTENCIA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	8,298	17,808	8,473	6,651	2,684
MULTIVAL, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	67	234	136	104	(6)
OCCIVAL, S.A.	SPAIN	NO ACTIVITY	100.00	-	100.00	8,211	9,950	132	9,495	323
OPCIÓN VOLCAN, S.A.	MEXICO	REAL ESTATE INSTR.	-	100.00	100.00	49,153	53,520	4,366	45,741	3,413
OPPLUS OPERACIONES Y SERVICIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	1,067	13,264	10,926	975	1,363
OPPLUS, S.A.C	PERU	SERVICES	-	100.00	100.00	196	1,191	1,014	152	25
PALADIN BROKERAGE SOLUTIONS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	8,454	8,769	316	8,375	78
PARTICIPACIONES ARENAL, S.L.	SPAIN	NO ACTIVITY	-	100.00	100.00	6,458	7,922	1,238	6,456	228
PENSIONES BANCOIMER, S.A. DE C.V.	MEXICO	INSURANCES	-	100.00	100.00	98,732	1,395,384	1,296,646	74,490	24,248
PERI 5.1 SOCIEDAD LIMITADA	SPAIN	REAL STATE	-	54.99	54.99	1	-	-	-	-
PHOENIX LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	571,034	589,469	18,435	541,310	29,724
PI HOLDINGS NO. 1, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	12,558	13,732	1,175	10,549	2,008
PI HOLDINGS NO. 3, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	53	53	-	53	-
PI HOLDINGS NO. 4, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1	1	-	1	-
PORT ARTHUR ABSTRACT & TITLE COMPANY	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	2,143	2,466	323	2,265	(122)
PREMEXSA, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	375	679	348	313	18
PRESTACIONES ADMINISTRATIVAS LIMITADA - PROEX LIMITADA	CHILE	FINANCIAL SERV.	-	100.00	100.00	80	635	626	3	6
PREVENTIS, S.A.	MEXICO	INSURANCES	-	90.27	90.27	3,639	11,753	7,780	4,959	(986)
PRO-SALUD, C.A.	VENEZUELA	SERVICES	-	58.86	58.86	-	-	-	-	-
PROMOCION EMPRESARIAL XX, S.A.	SPAIN	PORTFOLIO	100.00	-	100.00	1,522	12,728	10,797	2,101	(170)
PROMOTORA DE RECURSOS AGRARIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	139	125	-	127	(2)
PROMOTORA RESIDENCIAL GRAN EUROPA, S.L.	SPAIN	REAL STATE	-	58.50	58.50	254	441	7	432	2
PROVIDA INTERNACIONAL, S.A.	CHILE	PENSIONS	-	100.00	100.00	29,453	29,520	67	28,695	758
PROVINCIAL DE VALORES CASA DE BOLSA, C.A.	VENEZUELA	FINANCIAL SERV.	-	90.00	90.00	2,561	10,550	7,009	3,725	(184)
PROVINCIAL SDAD.ADMIN.DE ENTIDADES DE INV.COLECTIVA, C.A.	VENEZUELA	FINANCIAL SERV.	-	100.00	100.00	2,336	2,321	131	1,716	474
PROVIENDA, ENTIDAD RECAUDADORA Y ADMIN.DE APORTES, S.A.	BOLIVIA	PENSIONS	-	100.00	100.00	490	2,284	1,755	452	77
PROXIMA ALFA INVESTMENTS (IRELAND) LIMITED	IRELAND	FINANCIAL SERV.	-	100.00	100.00	125	125	-	125	-
PROXIMA ALFA INVESTMENTS (UK) LLP	UNITED KINGDOM	FINANCIAL SERV.	-	51.00	51.00	-	1,397	1,265	15	117

(*) Information on foreign companies at exchange rate on 12-31-08.

Additional information on consolidated subsidiaries composing the BBVA Group (Continuation)

Company	Location	Activity	% of Voting Rights controlled by the Bank			Thousand of euros ^(*)				
			Direct	Indirect	Total	Net Carrying Amount	Investee Data			
							Assets as of 31.12.08	Liabilities as of 31.12.08	Equity 31.12.08	Profit (Loss) for the Period ended 31.12.08
PROXIMA ALFA INVESTMENTS (USA) LLC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	-	24,803	28,670	(6,999)	3,132
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) II, INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	-	4	4	-	-
PROXIMA ALFA INVESTMENTS HOLDINGS (USA), INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	344	390	390	-	-
PROXIMA ALFA INVESTMENTS, SGIIC, S.A.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	16,785	15,848	4,431	14,942	(3,525)
PROXIMA ALFA MANAGING MEMBER LLC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	2	1	4	-	(3)
PROXIMA ALFA SERVICES LTD.	UNITED KINGDOM	FINANCIAL SERV.	-	100.00	100.00	2,292	1,852	185	1,657	10
PROYECTO MUNDO AGUILON, S.L	SPAIN	REAL STATE	-	100.00	100.00	9,317	24,194	1,412	23,276	(494)
PROYECTOS EMPRESARIALES CAPITAL RIESGO I.S.C.R.SIMP, S.A.	SPAIN	VENTURE CAPITAL	100.00	-	100.00	155,700	145,411	886	137,351	7,174
PROYECTOS INDUSTRIALES CONJUNTOS, S.A. DE	SPAIN	PORTFOLIO	-	100.00	100.00	3,148	8,327	5,030	3,432	(135)
RESIDENCIAL CUMBRES DE SANTA FE, S.A. DE C.V.	MEXICO	REAL STATE	-	100.00	100.00	8,858	10,538	2,065	8,809	(336)
RIVER OAKS BANK BUILDING, INC.	UNITED STATES	REAL ESTATE INSTR.	-	100.00	100.00	14,977	15,924	947	14,551	426
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	223	7,454	7,231	202	21
S. GESTORA FONDO PUBL. REGUL. MERCADO HIPOTECARIO, S.A.	SPAIN	FINANCIAL SERV.	77.20	-	77.20	138	213	67	148	(2)
SCALDIS FINANCE, S.A.	BELGIUM	PORTFOLIO	-	100.00	100.00	3,416	3,661	141	3,513	7
SEGUROS BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES	24.99	75.01	100.00	301,667	1,465,656	1,264,620	63,865	137,171
SEGUROS PROVINCIAL, C.A.	VENEZUELA	INSURANCES	-	100.00	100.00	22,347	44,857	22,502	8,957	13,398
SERVICIOS CORPORATIVOS BANCOMER, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	90	3,161	3,072	23	66
SERVICIOS CORPORATIVOS DE SEGUROS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	438	3,814	3,374	129	311
SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2,310	4,423	2,113	1,685	625
SERVICIOS TECNOLÓGICOS SINGULARES, S.A.	SPAIN	SERVICES	-	100.00	100.00	103	10,637	10,835	103	(301)
SMARTSPREAD LIMITED (UK)	UNITED KINGDOM	SERVICES	-	63.52	63.52	-	1	-	1	-
SOCIEDAD DE ESTUDIOS Y ANÁLISIS FINANC., S.A.	SPAIN	COMERCIAL	100.00	-	100.00	114,518	195,905	1,438	190,950	3,517
SOCIETE IMMOBILIERE BBV D'ILBARRIZ	FRANCE	REAL STATE	-	100.00	100.00	1,589	1,647	45	1,590	12
SOUTHEAST TEXAS TITLE COMPANY	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	699	938	237	861	(160)
SPORT CLUB 18, S.A.	SPAIN	PORTFOLIO	100.00	-	100.00	21,923	37,451	15,662	22,237	(448)
ST. JOHNS INVESTMENTS MANAGEMENT CO.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	3,653	3,816	163	3,565	88
STATE NATIONAL CAPITAL TRUST I	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	338	11,117	10,778	317	22
STATE NATIONAL PROPERTIES LLC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	13	14	1	16	(3)
STATE NATIONAL STATUTORY TRUST II	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	223	7,423	7,199	211	13
STAVIS MARGOLIS ADVISORY SERVICES, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	20,363	21,152	791	19,393	968
TARUS, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
TEXAS LOAN SERVICES, LP.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	842,681	843,680	1,001	827,050	15,629
TEXAS REGIONAL STATUTORY TRUST I	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1,114	37,117	36,001	1,051	65
TEXASBANC CAPITAL TRUST I	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	563	18,751	18,189	530	32
TRANSITORY CO	PANAMA	REAL ESTATE INSTR.	-	100.00	100.00	135	2,674	2,524	155	(5)
TSB PROPERTIES, INC.	UNITED STATES	REAL ESTATE INSTR.	-	100.00	100.00	(1,419)	762	2,181	(1,419)	-
TUCSON LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	553,469	553,549	80	524,864	28,605
TWOENC, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	(357)	299	655	(356)	-
UNICOM TELECOMUNICACIONES, S. DE R.L. DE C.V.	MEXICO	SERVICES	-	99.98	99.98	1	2	2	(12)	12
UNIDAD DE AVALUOS MÉXICO, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	1,163	1,593	733	649	211
UNITARIA GESTIÓN DE PATRIMONIOS INMOBILIARIOS, S.A.	SPAIN	SERVICES	-	100.00	100.00	2,410	2,634	33	2,525	76
UNIVERSALIDAD "E5"	COLOMBIA	FINANCIAL SERV.	-	100.00	100.00	-	3,645	3,644	1	-
UNIVERSALIDAD - BANCO GRANAHORRAR	COLOMBIA	FINANCIAL SERV.	-	100.00	100.00	-	5,464	5,805	(2,277)	1,936

(*) Information on foreign companies at exchange rate on 12-31-08.

Additional information on consolidated subsidiaries composing the BBVA Group *(Continuation)*

Company	Location	Activity	% of Voting Rights controlled by the Bank			Thousand of euros ^(*)				
			Direct	Indirect	Total	Net Carrying Amount	Investee Data			
							Assets as of 31.12.08	Liabilities as of 31.12.08	Equity 31.12.08	Profit (Loss) for the Period ended 31.12.08
UNO-E BANK, S.A.	SPAIN	BANKING	67.35	32.65	100.00	174,751	1,296,768	1,167,220	142,336	(12,788)
URBANIZADORA SAINT LLORENC, S.A.	SPAIN	NO ACTIVITY	60.60	-	60.60	-	108	-	108	-
VALANZA CAPITAL RIESGO S.G.E.C.R., S.A. UNIPERSONAL	SPAIN	VENTURE CAPITAL	100.00	-	100.00	1,200	8,863	1,692	3,662	3,509
VALLEY MORTGAGE COMPANY, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
VIRTUAL DOC, S.L.	SPAIN	SERVICES	-	70.00	70.00	467	618	114	667	(163)
VISACOM, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	860	860	1	221	638
WESTERN BANCSHARES OF ALBUQUERQUE, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
WESTERN MANAGEMENT CORPORATION	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-

(*) Information on foreign companies at exchange rate on 12-31-08.

Appendix III. BBVA Group's securitization funds

SECURITIZATION	COMPANY	ORIGINATION DATE (month/year)	TOTAL SECURITIZED EXPOSURES AT THE ORIGINATION DATE	Thousand of euros
				SECURITIZED EXPOSURES TOTAL
BBVA AUTOS I FTA	BBVA, S.A.	10/2004	1,000,000	347,929
BBVA-3 FTPYME FTA	BBVA, S.A.	11/2004	1,000,000	246,486
BBVA HIPOTECARIO 3 FTA	BBVA, S.A.	06/2005	1,450,000	626,210
BBVA-4 PYME FTA	BBVA, S.A.	09/2005	1,250,000	338,192
BBVA AUTOS 2 FTA	BBVA, S.A.	12/2005	1,000,000	680,709
GAT FTGENCAT 2005 FTA	BBVA, S.A.	12/2005	700,000	92,139
BBVA CONSUMO 1 FTA	BBVA, S.A.	05/2006	1,500,000	1,116,144
BBVA-5 FTPYME FTA	BBVA, S.A.	10/2006	1,900,000	949,701
BBVA CONSUMO 2 FTA	BBVA, S.A.	11/2006	1,500,000	1,366,022
BBVA RMBS 1 FTA	BBVA, S.A.	02/2007	2,500,000	2,070,860
BBVA RMBS 2 FTA	BBVA, S.A.	03/2007	5,000,000	4,142,290
BBVA LEASING 1 FTA	BBVA, S.A.	06/2007	2,500,000	2,311,172
BBVA-6 FTPYME FTA	BBVA, S.A.	06/2007	1,500,000	958,144
BBVA RMBS 3 FTA	BBVA, S.A.	07/2007	3,000,000	2,720,745
BBVA EMPRESAS 1 FTA	BBVA, S.A.	11/2007	1,450,000	981,441
BBVA RMBS 4 FTA	BBVA, S.A.	11/2007	4,900,000	4,352,863
BBVA-7 FTGENCAT FTA	BBVA, S.A.	02/2008	250,000	193,353
BBVA CONSUMO 3 FTA	BBVA, S.A.	04/2008	975,000	314,168
BBVA RMBS 5 FTA	BBVA, S.A.	05/2008	5,000,000	4,810,142
BBVA-8 FTPYME FTA	BBVA, S.A.	07/2008	1,100,000	989,947
BBVA RMBS 6 FTA	BBVA, S.A.	11/2008	4,995,000	4,935,419
BBVA RMBS 7 FTA	BBVA, S.A.	11/2008	8,500,000	8,367,252
PEP80040F110	BBVA BANCO CONTINENTAL	12/2007	17,964	14,305
BBVA-FINANZIA AUTOS 1 FTA	FINANZIA BANCO DE CRÉDITO, S.A.	04/2007	800,000	661,284
BBVA CONSUMO 3 FTA	FINANZIA BANCO DE CRÉDITO, S.A.	04/2008	975,000	632,517
2 PS Interamericana	BBVA CHILE	09/2004	14,506	12,925
2 PS Interamericana	BBVA SDAD. LEASING HABITACIONAL BHIF	09/2004	9,755	8,692
11 PS BICE	FÓRUM SERVICIOS FINANCIEROS ^(*)	03/2005	25,657	19,152
11 PS Banchile	FÓRUM SERVICIOS FINANCIEROS ^(*)	09/2005	10,743	9,904
23 PS BICE	FÓRUM SERVICIOS FINANCIEROS ^(*)	02/2006	9,784	9,397
4 PS Itau	FÓRUM SERVICIOS FINANCIEROS ^(*)	09/2006	9,802	9,558
Fannie Mae - Lender No. 227300000	COMPASS BANK	12/2001	176,774	28,833
Home Equity - 2003-HE1	COMPASS BANK	05/2003	542,092	66,187
Fannie Mae - Lender No. 227300027	COMPASS BANK	12/2003	268,215	117,794
Mortgages - LLC 2004-R1	COMPASS BANK	03/2004	424,636	132,088
			56,254,927	44,633,962

(*) Proportionate consolidation method.

Appendix IV. Additional information on jointly controlled companies proportionately consolidated in the BBVA Group

Company	Location	Activity	% of Voting Rights controlled by the Bank			Thousand of euros ^(*)				
						Net Carrying Amount	Investee Data			
			Direct	Indirect	Total		Assets as of 31.12.08	Liabilities as of 31.12.08	Equity 31.12.08	Profit (Loss) for the Period ended 31.12.08
ECASA, S.A.	CHILE	FINANCIAL SERV.	-	51.00	51.00	5,469	6,794	1,326	(812)	6,280
FÓRUM DISTRIBUIDORA, S.A.	CHILE	FINANCIAL SERV.	-	51.04	51.04	4,723	18,825	13,543	4,883	399
FÓRUM SERVICIOS FINANCIEROS, S.A.	CHILE	FINANCIAL SERV.	-	51.00	51.00	43,705	474,870	413,581	37,977	23,312
INVERSIONES PLATCO, C.A.	VENEZUELA	FINANCIAL SERV.	-	50.00	50.00	1,004	3,287	1,280	2,007	-
PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERV.	-	50.00	50.00	6,926	92,089	78,234	11,702	2,153

(*) Information on foreign companies at exchange rate on 12-31-08.

Appendix V. Additional information on investments and jointly controlled companies accounted for using the equity method in the BBVA Group

Company	Location	Activity	% of voting rights controllend by the Bank			Thousand of euros				
			Direct	Indirect	Total	Net Carrying amount	Investee Data			
							Assets	Liabilities	Equity	Profit (loss)
ADQUIRA ESPAÑA, S.A.	SPAIN	SERVICES	-	40.00	40.00	3,742	24,151	15,852	6,674	1,625 ⁽²⁾
ALMAGRARIO, S.A.	COLOMBIA	SERVICES	-	35.38	35.38	6,222	26,494	5,200	18,126	3,168 ⁽²⁾
AUREA, S.A. (CUBA)	CUBA	REAL ESTATE	-	49.00	49.00	4,168	8,619	626	7,867	126 ⁽²⁾
BBVA ELCANO EMPRESARIAL II, S.C.R., S.A.	SPAIN	VENTURE CAPITAL	45.00	-	45.00	38,506	59,494	486	71,555	(12,547) ⁽²⁾
BBVA ELCANO EMPRESARIAL, S.C.R., S.A.	SPAIN	VENTURE CAPITAL	45.00	-	45.00	38,502	59,499	486	71,557	(12,544) ⁽²⁾
CAMARATE GOLF, S.A. ^(*)	SPAIN	REAL ESTATE	-	26.00	26.00	5,170	68,873	50,992	17,927	(46) ⁽³⁾
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFH	HONG-KONG	FINANCIAL SERV.	29.68	-	29.68	541,221	11,531,795	9,224,863	2,133,662	173,270 ⁽¹⁾⁽²⁾
COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, S.A.	SPAIN	SERVICES	21.82	-	21.82	11,502	63,052	12,600	48,248	2,204 ⁽²⁾
COMPAÑÍA MEXICANA DE PROCESAMIENTO, S.A. DE C.V.	MEXICO	SERVICES	-	50.00	50.00	3,189	7,983	1,832	8,913	(2,762) ⁽³⁾
CORPORACIÓN IBV PARTICIPACIONES EMPRESARIALES, S.A. ^(*)	SPAIN	PORTFOLIO	-	50.00	50.00	385,062	1,537,225	382,240	747,225	407,760 ⁽¹⁾⁽²⁾
DISTRANSA RENTRUCKS, S.A. ^(*)	SPAIN	SERVICES	-	50.00	50.00	14,994	16,305	15,069	806	430 ⁽²⁾
ECONTA GESTIÓN INTEGRAL, S.L. ^(*)	SPAIN	SERVICES	-	60.00	60.00	2,745	4,023	491	4,613	(1,081) ⁽²⁾
FERROMOVIL 3000, S.L. ^(*)	SPAIN	SERVICES	-	20.00	20.00	5,089	632,971	603,297	29,977	(303) ⁽²⁾
FERROMOVIL 9000, S.L. ^(*)	SPAIN	SERVICES	-	20.00	20.00	3,453	366,389	347,594	18,773	22 ⁽²⁾
FIDEICOMISO F/70191-2 PUEBLA ^(*)	MEXICO	REAL ESTATE	-	25.00	25.00	8,778	73,626	28,000	42,995	2,631 ⁽²⁾
FIDEICOMISO F/403853-5 BBVA BANCOMER SERVICIOS ZIBATA ^(*)	MEXICO	REAL ESTATE	-	30.00	30.00	19,807	-	-	-	- ⁽⁴⁾
FIDEICOMISO HARES BBVA BANCOMER F/47997-2 ^(*)	MEXICO	REAL ESTATE	-	50.00	50.00	11,713	23,913	339	21,864	1,710 ⁽²⁾
GRUPO PROFESIONAL PLANEACIÓN Y PROYECTOS, S.A. DE C.V. ^(*)	MEXICO	SERVICES	-	44.39	44.39	7,063	26,971	17,749	8,614	608 ⁽¹⁾⁽²⁾
HESTENAR, S.L. ^(*)	SPAIN	REAL ESTATE	-	43.34	43.34	6,454	27,835	21,969	5,909	(43) ⁽³⁾
INMOBILIARIA DUQUE D'AVILA, S.A. ^(*)	PORTUGAL	REAL ESTATE	-	50.00	50.00	5,011	26,138	16,504	9,848	(214) ⁽³⁾
INMUEBLES MADARIAGA PROMOCIONES, S.L. ^(*)	SPAIN	REAL ESTATE	50.00	-	50.00	3,681	18,717	4,055	6,313	8,349 ⁽²⁾
JARDINES DEL RUBIN, S.A. ^(*)	SPAIN	REAL ESTATE	-	50.00	50.00	6,569	31,265	21,642	5,900	3,723 ⁽²⁾
LA ESMERALDA DESARROLLOS, S.L. ^(*)	SPAIN	REAL ESTATE	-	25.00	25.00	4,998	56,571	36,571	20,000	- ⁽³⁾
LAS PEDRAZAS GOLF, S.L. ^(*)	SPAIN	REAL ESTATE	-	50.00	50.00	15,808	74,949	45,204	31,837	(2,092) ⁽²⁾
MONTEALMENARA GOLF, S.L. ^(*)	SPAIN	REAL ESTATE	-	50.00	50.00	2,876	86,561	51,518	15,606	19,437 ⁽³⁾
OCCIDENTAL HOTELES MANAGEMENT, S.L.	SPAIN	SERVICES	-	38.53	38.53	127,823	917,019	543,599	387,477	(14,057) ⁽¹⁾⁽²⁾
PARQUE REFORMA SANTA FE, S.A. DE C.V.	MEXICO	REAL ESTATE	-	30.00	30.00	4,408	82,225	67,377	19,612	(4,764) ⁽²⁾
ROMBO COMPAÑÍA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERV.	-	40.00	40.00	7,830	105,558	89,082	15,662	814 ⁽²⁾
SERVICIOS ELECTRÓNICOS GLOBALES, S.A. DE C.V.	MEXICO	SERVICES	-	46.14	46.14	3,924	13,610	3,938	9,626	46 ⁽²⁾
SERVICIOS ON LINE PARA USUARIOS MÚLTIPLES, S.A. (SOLIJUM) ^(*)	SPAIN	SERVICES	-	66.67	66.67	3,381	4,722	2,048	2,287	387 ⁽²⁾
SERVIRED SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A.	SPAIN	FINANCIAL SERV.	20.50	0.93	21.43	36,849	54,138	4,512	49,394	232 ⁽²⁾
TELEFÓNICA FACTORING, S.A.	SPAIN	FINANCIAL SERV.	30.00	-	30.00	2,962	90,854	81,268	6,905	2,682 ⁽²⁾
TUBOS REUNIDOS, S.A.	SPAIN	INDUSTRIAL	-	23.40	23.40	54,296	762,413	405,924	271,388	85,101 ⁽¹⁾
VITAMÉDICA S.A. DE C.V. ^(*)	MEXICO	INSURANCE	-	50.99	50.99	2,275	9,794	4,221	5,491	82 ⁽²⁾
OTRAS SOCIEDADES						66,784				
TOTAL						1,466,855	16,893,752	12,107,150	4,122,650	663,953

Data relating to the latest financial statements approved at the date of preparation of these notes to the consolidated financial statements.

For the companies abroad the exchange rates ruling at the reference date are applied.

(1) Consolidated Data.

(2) Financial statements as of December 31, 2007.

(3) Financial statements as of December 31, 2006.

(4) New incorporation.

(*) Jointly controlled entities accounted for using the equity method.

Appendix VI. Changes and notification of investments in the BBVA Group in 2008

Business combinations and other acquisitions or increase of interest ownership in consolidated subsidiaries and jointly controlled companies accounted for using the proportionate method

Company	Type of transaction	Activity	Price paid in the transaction + expenses directly attributable to the acquisition (thousand of euros)	Fair value of equity instruments issued for the acquisition of the company	%Voting rights	
					Acquired in the period (net)	Voting rights controlled after the acquisition
BBVA LEASING S.A. Cia,FINANC, COMERC, (COLOMBIA)	FOUNDING	FINANCIAL SERV.	7,892	-	100.000%	100.000%
FINANZIA AUTORENTING*	ACQUISITION	SERVICES	10,999	-	11.681%	100.000%
ANIDA CARTERA SINGULAR, S.L.	FOUNDING	CARTERA	5,300	-	100.000%	100.000%
ANIDA DESARROLLOS SINGULARES, S.L.	FOUNDING	REAL ESTATE	5,000	-	100.000%	100.000%
MARINA LLAR, S.A.*	ACQUISITION	REAL ESTATE	100	-	50.000%	100.000%
PREVENTIS	ACQUISITION	INSURANCES	2,486	-	15.262%	90.272%
PROXIMA ALFA INVESTMENTS, SGIIC, S.A.*	ACQUISITION	FINANCIAL SERV.	11,678	-	49.000%	100.000%
EUROPEA DE TITULIZACION, S.A.,S.G.F.T.*	ACQUISITION	FINANCIAL SERV.	309	-	3.018%	85.988%
BBVA PROPIEDAD, F.I.I.	ACQUISITION	OTHER INVEST. ENTITIES	1,532,798	-	95.654%	95.654%

(*) Notifications.

Business combinations and other acquisitions or increase of interest ownership in associated and jointly controlled companies accounted for using the equity method

Company	Type of transaction	Activity	Price paid in the transaction + expenses directly attributable to the acquisition (thousand of euros)	Fair value of equity instruments issued for the acquisition of the company	%Voting rights	
					Acquired in the period (net)	Voting rights controlled after the acquisition
FIDEICOMISO F/402770-2 ALAMAR	FOUNDING	REAL ESTATE	11,756	-	42.400%	42.400%
FIDEICOMISO F/403112-6 DE ADMINISTRACION DOS LAGOS	FOUNDING	REAL ESTATE	10,865	-	46.914%	46.914%
SERVICIOS ON LINE PARA USUARIOSMULTIPLES (SOLIUM)	ACQUISITION	SERVICES	2,450	-	33.333%	66.667%
DISTRANSA RENTRUCKS, S.A.*	ACQUISITION	SERVICES	15,200	-	42.922%	42.922%
FIDEICOMISO F/403853-5 BBVA BANCOMER S°S ZIBATA	FOUNDING	REAL ESTATE	22,503	-	30.000%	30.000%
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFIH	ACQUISITION	FINANCIAL SERV.	654,827	-	15.163%	29.679%

(*) Notifications.

Disposals of interest ownership in consolidated subsidiaries and jointly controlled companies accounted for using the proportionate consolidation method

Company	Type of transaction	Activity	Profit/loss in the transaction (thousand of euros)	%Voting rights		Effective date (or notification date)
				%Sold	Totally controlled after the disposal	
BBVA CONSOLIDAR SALUD, S.A.	DISPOSAL	INSURANCE	3,610	99.999%	0.000%	31/10/2008

Disposal of interest ownership in associates and jointly controlled companies accounted for using the equity method

Company	Type of transaction	Activity	Profit/loss in the transaction (thousand of euros)	%Voting rights		Effective date (or notification date)
				%Sold	Totally controlled after the disposal	
TUBOS REUNIDOS ^(*)	DISPOSAL	INDUSTRIAL	8,362	0.853%	23.403%	16/01/2008 28/02/2008
TRIBUGEST GESTIÓN DE TRIBUTOS, S.A.	DISPOSAL	SERVICES	1,000	39.979%	0.000%	23/12/2008

(*) Notification.

Complement Appendix VI rest of quoted subsidiaries and jointly controlled companies

Company	Type of transaction	Activity	% Voting rights		Effective date (or notification date)
			Net acquired in the year	Totally controlled after acquisition	
ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. ^(*)	Refresh dates	SERVICES		3.216%	11/01/2008
ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. ^(*)	Disposal	SERVICES	(0.411%)	2.805%	13/08/2008
GAMESA CORPORACIÓN TECNOLÓGICA, S.A. ^(*)	Acquisition	INDUSTRIAL	4.626%	4.684%	11/03/2008
GAMESA CORPORACIÓN TECNOLÓGICA, S.A. ^(*)	Disposal	INDUSTRIAL	(2.711%)	1.973%	14/08/2008 25/08/2008
SOL MELIÁ, S.A. ^(*)	Acquisition	SERVICES	3.116%	3.495%	10/03/2008

(*) Notification.

Appendix VII. Subsidiaries fully consolidated with more than 5% owned by non-Group shareholders

Company	Activity	% of voting rights controlled by the bank		
		Direct	Indirect	Total
ALTITUDE INVESTMENTS LIMITED	FINANCIAL SERV.	51.00	-	51.00
ALTURA MARKETS, SOCIEDAD DE VALORES, S.A.	BROKERING	50.00	-	50.00
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	BANKING	55.97	12.21	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 BANCO FRANCES, S.A.	BANKING	45.65	30.35	76.00
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.	NO ACTIVITY	-	60.46	60.46
JARDINES DE SARRIENA, S.L.	REAL ESTATE	-	85.00	85.00
MIRADOR DE LA CARRASCOSA, S.L.	REAL ESTATE	-	55.90	55.90
PERI 5.1 SOCIEDAD LIMITADA	REAL ESTATE	-	54.99	54.99
PREVENTIS, S.A.	INSURANCE	-	90.27	90.27
PROMOTORA RESIDENCIAL GRAN EUROPA, S.L.	REAL ESTATE	-	58.50	58.50
PRO-SALUD, C.A.	SERVICES	-	58.86	58.86
PROVINCIAL DE VALORES CASA DE BOLSA, C.A.	FINANCIAL SERV.	-	90.00	90.00
SMARTSPREAD LIMITED	SERVICES	-	63.52	63.52
VIRTUAL DOC, S.L.	SERVICES	-	70.00	70.00

Appendix VIII Reconciliation of the consolidated financial statements for the years 2008, 2007 and 2006 elaborated in accordance with the models of Circular 6/2008 of the Bank of Spain with respect to those elaborated in accordance with Bank of Spain Circular 4/2004

The Group's consolidated financial statements for the years 2008, 2007 and 2006, which are presented for comparison purposes in these half-yearly consolidated financial statements, have been modified with respect to those originally prepared by the Group at that dates and 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 Circular 6/2008 of the Bank of Spain. This change in format has no effect on the equity or on profit attributable to the Group.

The main differences between the financial statement models set out in Circular 6/2008 of the Bank of Spain and the formats included in the Group's consolidated financial statements at December 31, 2007 are as follows:

- **Consolidated balance sheet:** in contrast to the consolidated balance sheet forming part of the consolidated financial statements at December 31, 2007, the model balance sheet included in these consolidated financial statements:
 - Includes within "Tangible assets – Tangible fixed assets" both "Tangible assets – For own use" and "Tangible assets – Other assets leased out under and operating lease", included in the asset side of the consolidated balance sheet forming part of the Group's consolidated financial statements for 2007.
 - Includes under "Loans and advances to credit institutions" and "Loans and advances to customers," all the amounts previously classified in under "Loans and receivables – Other financial assets" in the asset side of consolidated balance sheet forming part of the Group's consolidated financial statements for 2007.
 - Includes "Other assets - Other," which combines the captions "Prepayments" and "Other assets" presented in the asset side of consolidated balance sheet forming part of the Group's consolidated financial statements for 2007.
 - 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:** in contrast to the model consolidated income statement used in the consolidated financial statements at December 31, 2007, the consolidated income statement presented in these consolidated financial statements:

A new margin called "Net interest income" representing the difference between "Interest and similar income" and "Interest expense and similar charges". Both "Interest income" and "Interest expense" include income and expenses of this nature arising on the insurance business and on non-financial activities.

As explained in the previous paragraph dealing with "Interest income" and "Interest expense", 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.

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 (see letter g, below) and comprises other items previously recognized under "Other gains" and "Other losses".

Eliminates the headings "Sales and income from the provision of non-financial services" and "Cost of sales" 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.

"Staff expenses" and "General and administrative expenses" include amounts previously recognized under "Other gains" and "Other losses" in the earlier model.

"Impairment losses (net)" is now divided into two headings: "Impairment on financial assets (net)", which comprises net impairment on the financial assets other than equity instruments classified as shareholdings; and "Impairment losses on other assets (net)", which includes net impairment losses on equity instruments classified as shareholdings and on non-financial assets.

Eliminates the headings "Financial income from non-financial activities" and "Financial expense on non-financial activities." These amounts are now recognized under "Interest income" and "Interest expense", respectively, in the consolidated income statement.

Changes "Net operating income". These measures of profit mainly differ in that includes the financial interest income and expense arising on the Group's non-financial activity, net impairment on financial instruments and net provisions, as well as the amounts previously recognized under "Other gains" and "Other losses" in the earlier statement format.

Does not include "Other gains" and "Other losses," instead creating the following new headings: "Gains/(losses) on derecognised 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.

A reconciliation between the consolidated income statement for 2008, 2007 and 2006, prepared by the Group in accordance with the model of Circular 4/2004 of Bank of Spain and the model of Circular 6/2008 of Bank of Spain

INCOME STATEMENT IN ACCORDANCE WITH BANK OF SPAIN CIRCULAR 4/2004	2008	Reconciliation	2008	INCOME STATEMENT IN ACCORDANCE WITH BANK OF SPAIN CIRCULAR 6/2008
INTEREST AND SIMILAR INCOME LESS INTEREST EXPENSE AND SIMILAR CHARGES	11,444	242		
			11,686	NET INTEREST INCOME
INCOME FROM EQUITY INSTRUMENTS	447	-	447	DIVIDEND INCOME
NET INTEREST INCOME	11,891			
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	293	-	293	SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD
NET FEES AND COMMISSIONS	4,687	(159)	4,527	NET FEES AND COMMISSIONS
INSURANCE ACTIVITY INCOME	851	(851)		
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES AND EXCHANGE DIFFERENCES (NET)	2,132	(574)	1,558	INCOME FROM INSURANCE ACTIVITIES (NET) AND EXCHANGE DIFFERENCES (NET)
			466	466
GROSS INCOME	19,853	(876)	18,978	GROSS INCOME
COST OF SALES (NET)	82	(82)		
ADMINISTRATION COST	(7,756)	-	(7,756)	ADMINISTRATION COSTS
AMORTIZATION	(699)	-	(699)	DEPRECIATION AND AMORTIZATION
OTHER OPERATING INCOME (NET)	(201)	201		
			(2,940)	(2,940)
			(1,431)	(1,431)
NET OPERATING INCOME	11,279	(5,127)	6,151	NET OPERATING INCOME
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(3,026)	2,981	(45)	IMPAIRMENT LOSSES OF REST ASSETS (NET)
PROVISION EXPENSE (NET)	(1,433)	1,433		
FINANCIAL INCOME AND EXPENSES FROM NON-FINANCIAL ACTIVITIES	-	-		
OTHER GAINS AND LOSSES (NET)	106	(106)		
			72	72
			-	-
			748	748
INCOME BEFORE TAX	6,926	-	6,926	INCOME BEFORE TAX
INCOME TAX	(1,541)	-	(1,541)	INCOME TAX
INCOME FROM ORDINARY ACTIVITIES	5,385	-	5,385	INCOME FROM ORDINARY ACTIVITIES
INCOME FROM DISCONTINUED OPERATIONS (NET)		-		INCOME FROM DISCONTINUED OPERATIONS (NET)
INCOME FOR THE YEAR (+/-)	5,385	-	5,385	NET INCOME
INCOME ATTRIBUTED TO MINORITY INTEREST	(366)	-	(366)	PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST
INCOME ATTRIBUTED TO THE GROUP	5,020	-	5,020	NET INCOME ATTRIBUTED TO PARENT COMPANY

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	DIVIDEND INCOME
NET INTEREST INCOME	9,769		9,976	
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	242	-	242	SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD
NET FEES AND COMMISSIONS	4,723	(164)	4,559	NET FEES AND COMMISSIONS
INSURANCE ACTIVITY INCOME	729	(729)		
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES AND EXCHANGE DIFFERENCES (NET)	2,670	(714)	1,956	INCOME FROM INSURANCE ACTIVITIES (NET) AND EXCHANGE DIFFERENCES (NET)
			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 COSTS
AMORTIZATION	(577)	-	(577)	DEPRECIATION AND AMORTIZATION
OTHER OPERATING INCOME (NET)	(146)	146		
			9,441	
			(1,903)	IMPAIRMENT ON FINANCIAL ASSETS (NET)
			(235)	PROVISIONS (NET)
NET OPERATING INCOME	10,544	(3,241)	7,303	NET 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	GAINS (LOSSES) IN WRITTEN OFF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE
			-	NEGATIVE GOODWILL
			1,191	GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS
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	NET INCOME
INCOME ATTRIBUTED TO MINORITY INTEREST	(289)	-	(289)	PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST
INCOME ATTRIBUTED TO THE GROUP	6,126	-	6,126	NET INCOME ATTRIBUTED TO PARENT COMPANY

INCOME STATEMENT IN ACCORDANCE WITH BANK OF SPAIN CIRCULAR 4/2004	2006	Reconciliation	2006	INCOME STATEMENT IN ACCORDANCE WITH BANK OF SPAIN CIRCULAR 6/2008
INTEREST AND SIMILAR INCOME LESS INTEREST EXPENSE AND SIMILAR CHARGES	7,995	143	8,138	
			8,138	NET INTEREST INCOME
INCOME FROM EQUITY INSTRUMENTS	379	-	380	DIVIDEND INCOME
NET INTEREST INCOME	8,374		8,518	
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	308	-	308	SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD
NET FEES AND COMMISSIONS	4,335	(144)	4,191	NET FEES AND COMMISSIONS
INSURANCE ACTIVITY INCOME	650	(650)		
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES AND EXCHANGE DIFFERENCES (NET)	2,034	(396)	1,638	INCOME FROM INSURANCE ACTIVITIES (NET) AND EXCHANGE DIFFERENCES (NET)
		490	490	OTHER OPERATING INCOME AND EXPENSES (NET)
GROSS INCOME	15,701	(558)	15,143	GROSS INCOME
COST OF SALES (NET)	131	(131)		
ADMINISTRATION COST	(6,330)	-	(6,330)	ADMINISTRATION COSTS
AMORTIZATION	(472)	-	(472)	DEPRECIATION AND AMORTIZATION
OTHER OPERATING INCOME (NET)	(146)	146		
			8,340	
		(1,457)	(1,457)	IMPAIRMENT ON FINANCIAL ASSETS (NET)
		(1,338)	(1,338)	PROVISIONS (NET)
NET OPERATING INCOME	8,883	(3,338)	5,545	NET OPERATING INCOME
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(1,504)	1,492	(12)	IMPAIRMENT LOSSES OF REST ASSETS (NET)
PROVISION EXPENSE (NET)	(1,338)	1,338		
FINANCIAL INCOME AND EXPENSES FROM NON-FINANCIAL ACTIVITIES	2	(2)		
OTHER GAINS AND LOSSES (NET)	987	(987)		
		956	956	GAINS (LOSSES) IN WRITTEN OFF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE
		-	-	NEGATIVE GOODWILL
		541	541	GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS
INCOME BEFORE TAX	7,030	-	7,030	INCOME BEFORE TAX
INCOME TAX	(2,059)	-	(2,059)	INCOME TAX
INCOME FROM ORDINARY ACTIVITIES	4,971	-	4,971	INCOME FROM ORDINARY ACTIVITIES
INCOME FROM DISCONTINUED OPERATIONS (NET)		-		INCOME FROM DISCONTINUED OPERATIONS (NET)
INCOME FOR THE YEAR (+/-)	4,971	-	4,971	NET INCOME
INCOME ATTRIBUTED TO MINORITY INTEREST	(235)	-	(235)	PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST
INCOME ATTRIBUTED TO THE GROUP	4,736	-	4,736	NET INCOME ATTRIBUTED TO PARENT COMPANY

- Consolidated statement of recognised income and expense and consolidated statement of total changes in equity.

The consolidated statement of changes in equity and the detail of the changes in consolidated equity disclosed in the notes to the Group's consolidated financial statements for the year ended December 31, 2007 are replaced by the consolidated statement of recognised income and expense and the consolidated statement of total changes in equity, respectively, which are included in the consolidated financial statements for 2008 and present, basically, the following significant differences:

- a) The consolidated statement of total changes in equity and the consolidated statement of recognised income and expense presented in these consolidated financial statements for 2008 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 recognised income and expense does not include "Other Financial Liabilities designated at Fair Value" and the related balance is recognised under "Other Recognised Income and Expense".
- b) The statement of recognised income and expense includes "Actuarial Gains/(losses) on Pension Plans", for the recognition of changes in equity resulting from the recording of such actuarial gains and losses, if appropriate, against reserves; "Entities Accounted for Using the Equity Method", which includes the changes in consolidated equity valuation adjustments arising from the application of the equity method to associates and jointly controlled entities; and "Other Recognised Income and Expense", for the recognition of the items recorded as consolidated equity valuation adjustments and not included in any other specific line item in this statement.
- c) The statement of recognised income and expense includes the line item "Income Tax" for the recognition of the tax effect of the items recognised directly in equity, except for "Entities Accounted for Using the Equity Method", which is presented net of the related tax effect. Accordingly, each item recognised in equity valuation adjustments is recognised gross.

All the items recognised as valuation adjustments in the format of the consolidated statement of changes in equity included in the consolidated financial statements for 2007 were presented net of the related tax effect.

- d) The consolidated statement of recognised 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 statutory consolidated financial statements for the year ended December 31, 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.

Detail of the most significant issuances, repurchases or refunds of debt instruments issued by the bank or entities of the Group as of December 31, 2008, 2007 and 2006

Millions of euros						
ISSUER	Currency	2008	2007	2006	Prevailing interest rate December 08	Maturity date
ISSUES IN EUROS						
BBVA						
july-96	EUR	27	27	27	9.37%	22-dec-16
february-97	EUR	-	-	60	6.97%	18-dec-07
september-97	EUR	-	-	36	6.65%	17-dec-07
december-01	EUR	-	-	1,500	3.50%	01-jan-17
july-03	EUR	-	600	600	4.32%	17-jul-13
november-03	EUR	750	750	750	4.50%	12-novi-15
october-04	EUR	992	992	991	4.37%	20-oct-19
february-07	EUR	297	297	-	4.50%	16-feb-22
may-08	EUR	125	-	-	6.03%	03-mar-33
july-08	EUR	100	-	-	6.20%	04-jul-23
BBVA CAPITAL FUNDING, LTD.						
march-97	EUR	-	-	46	2.71%	20-mar-07
october-97	EUR	-	-	77	4.10%	08-oct-07
october-97	EUR	229	229	229	6.00%	24-dec-09
july-99	EUR	73	73	73	6.35%	16-oct-15
february-00	EUR	442	497	498	6.38%	25-feb-10
july-01	EUR	-	-	-	-	04-jul-11
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	5.92%	15-oct-16
november-01	EUR	55	55	55	5.49%	02-nov-16
december-01	EUR	56	56	56	3.83%	20-dec-16
BBVA SUBORDINATED CAPITAL, S.A.U.						
may-05	EUR	484	497	497	4.38%	23-may-17
october-05	EUR	150	150	150	5.69%	13-oct-20
october-05	EUR	250	250	250	5.34%	20-oct-17
october-06	EUR	1,000	1,000	1,000	5.24%	24-oct-16
april-07	EUR	750	750	-	5.51%	03-apr-17
april-07	EUR	100	100	-	4.47%	04-apr-22
may-08	EUR	50	-	-	4.75%	19-may-23
july-08	EUR	20	-	-	6.11%	22-jul-18
BBVA BANCOMER, S.A. de C.V.						
may-07	EUR	610	596	-	4.80%	17-may-17
ALTURA MARKETS A.V., S.A.						
november-07	EUR	3	3	-	5.90%	29-nov-17
ISSUES IN FOREIGN CURRENCIES						
BBVA PUERTO RICO, S.A.						
september-04	USD	36	34	38	4.20%	23-sep-14
september-06	USD	27	25	28	5.76%	29-sep-16
september-06	USD	22	21	23	2.02%	29-sep-16
BBVA GLOBAL FINANCE, LTD.						
december-95	USD	144	136	152	7.00%	01-dec-25
december-95	USD	-	-	-	-	09-may-06
BANCO BILBAO VIZCAYA ARGENTARIA, CHILE						
november-98	CLP	287	283	276	Various	Various
BBVA BANCOMER, S.A. de C.V.						
november-98	-	-	-	-	-	28-sep-06
july-05	USD	360	340	377	5.38%	22-jul-15
september-06	MXN	130	156	174	8.23%	18-sep-14

Millions of euros						
ISSUER	Currency	2008	2007	2006	Prevailing interest rate December 08	Maturity date
may-07	USD	360	340	-	6.01%	17-may-22
july-08	MXN	62	-	-	9.35%	16-jul-18
october-08	MXN	156	-	-	9.38%	24-sep-18
december-08	MXN	1	-	-	9.74%	26-nov-20
december-08	MXN	142	-	-	9.74%	26-nov-20
BBVA CAPITAL FUNDING, LTD.						
october-95	JPY	79	60	64	6.00%	26-oct-15
BBVA SUBORDINATED CAPITAL, S.A.U.						
october-05	JPY	159	122	127	2.75%	22-oct-35
october-05	GBP	315	409	447	6.28%	21-oct-15
march-06	GBP	315	409	447	5.00%	31-mar-16
march-07	GBP	262	343	-	5.75%	11-mar-18
RIVERWAY HOLDING CAPITAL TRUST I						
march-01	USD	7	7	9	10.18%	08-jun-31
TEXAS REGIONAL STATUTORY TRUST I						
july-01	USD	-	-	4	9.30%	25-jul-31
february-04	USD	36	34	38	7.84%	17-mar-34
COMPASS BANCSHARES INC.						
july-01	USD	-	2	-	10.18%	31-jul-31
STATE NATIONAL CAPITAL TRUST I						
july-03	USD	11	10	-	5.23%	30-sep-33
STATE NATIONAL STATUTORY TRUST II						
march-04	USD	7	7	-	4.66%	17-mar-34
TEXASBANC CAPITAL TRUST I						
july-04	USD	18	17	-	6.43%	23-jul-34
COMPASS BANK						
august-99	USD	128	124	-	8.10%	15-aug-09
april-99	USD	72	69	-	6.45%	01-may-09
march-05	USD	201	188	-	5.50%	01-apr-20
march-06	USD	186	175	-	5.90%	01-apr-26
sep-07	USD	250	236	-	6.40%	01-oct-17
BBVA COLOMBIA, S.A.						
august-06	COP	128	135	136	13.33%	28-aug-11
BBVA PARAGUAY, S.A.						
Various	PYG	2	-	-	Various	Various
Various	USD	6	-	-	Various	Various
BANCO CONTINENTAL, S.A.						
december-06	USD	22	20	-	4.35%	15-feb-17
may-07	PEN	9	9	-	5.85%	07-may-22
may-07	USD	14	14	-	6.00%	14-may-27
june-07	PEN	14	12	-	3.72%	18-jun-32
september-07	USD	14	14	-	3.65%	24-sep-17
november-07	PEN	12	11	-	3.56%	19-nov-32
february-08	USD	14	-	-	6.46%	28-feb-28
june-08	USD	22	-	-	5.30%	15-jun-18
july-08	PEN	11	-	-	3.06%	08-jul-23
september-08	PEN	12	-	-	3.09%	09-sep-23
november-08	USD	14	-	-	4.47%	15-feb-19
december-08	PEN	7	-	-	4.19%	15-dec-33
TOTAL		10,785	10,834	9,385		

Appendix X. Consolidated income statements of first half of 2008 and 2007 and second half of 2008 and 2007

	Millions of euros	
	Six months ended December 31, 2008	Six months ended December 31, 2007
INTEREST AND SIMILAR INCOME	15,622	14,297
INTEREST EXPENSE AND SIMILAR CHARGES	(9,491)	(9,167)
NET INTEREST INCOME	6,131	5,130
DIVIDEND INCOME	206	150
FEE AND COMMISSION INCOME	2,762	2,883
FEE AND COMMISSION EXPENSES	(518)	(530)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	310	622
EXCHANGE DIFFERENCES (NET)	89	181
OTHER OPERATING INCOME	1,628	1,787
OTHER OPERATING EXPENSES	(1,375)	(1,535)
GROSS INCOME	9,352	8,826
ADMINISTRATION COSTS	(3,940)	(3,708)
Personnel expenses	(2,373)	(2,268)
General and administrative expenses	(1,567)	(1,440)
DEPRECIATION AND AMORTIZATION	(361)	(330)
PROVISIONS (NET)	(819)	(55)
IMPAIRMENT LOSSES (NET)	(1,776)	(1,033)
NET OPERATING INCOME	2,455	3,700
IMPAIRMENT LOSSES OF OTHER ASSETS (NET)	(39)	(11)
GAINS (LOSSES) IN WRITTEN OF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	51	9
NEGATIVE GOODWILL	-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	(31)	96
INCOME BEFORE TAX	2,436	3,794
TAX EXPENSE (INCOME)	(328)	(902)
INCOME FROM CONTINUED OPERATIONS	2,108	2,891
INCOME FROM DISCONTINUED OPERATIONS (NET)	-	-
INCOME FOR THE YEAR	2,108	2,891

Appendix XI. Glossary of terms for the 2008 consolidated financial statements

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: <ul style="list-style-type: none"> • 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	<i>See Commissions, fees and similar items</i>
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	<ul style="list-style-type: none"> 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.

	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> a) income and expenses in respect of intragroup transactions are eliminated in full. b) profits and losses resulting from intragroup transactions are similarly eliminated. The carrying amount of the parent's investment and the parent's share of equity in each subsidiary are eliminated.
Gains or losses on financial assets and liabilities, net	This heading reflects fair value changes in financial instruments - except for changes attributable to accrued interest upon application of the interest rate method and asset impairment losses (net) recognized in the income statement - as well as gains or losses generated by their sale - except for gains or losses generated by the disposal of investments in subsidiaries, jointly controlled entities and associates and of securities classified as held to maturity.
Goodwill	Goodwill acquired in a business combination represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not able to be individually identified and separately recognized.
Hedges of net investments in foreign operations	Foreign currency hedge of a net investment in a foreign operation .
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)	<p>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.</p> <p>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").</p>
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	<p>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:</p> <ol style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. <p>These headings include customer loans and deposits effected via so-called unit-linked life insurance contracts, in which the policyholder assumes the investment risk.</p>
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	<p>The venturer combines and subsequently eliminates its interests in jointly controlled entities' balances and transactions in proportion to its ownership stake in these entities.</p> <p>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.</p>
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	<p>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:</p> <ul style="list-style-type: none"> • 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.

Management Report



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

Management Report for the year ended december 31, 2008

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 finance group which engages in the direct or indirect performance of activities, transactions, agreements and services relating to banking. 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 finance 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.

ECONOMIC ENVIRONMENT IN 2008

The international economic crisis was the main feature that characterised 2008. Financial markets suffered sharp fluctuations during the entire period, with general falls on international stock markets and higher volatility.

During the third trimester of 2008 the international macroeconomic environment has kept deteriorating. Financial markets have suffered important disruptions, especially in September, marked by this crisis of various Financial and insurance companies.

This then resulted in higher liquidity tensions and a practical halt in the interbank lending market. All of this has led to continued increase in interest rates, especially for short terms. Likewise stock indexes around the world have suffered new drops, with volatility increasing.

In the USA, where the crisis originated, activity indicators show a notable slowdown in the economy. The real state market is still immersed in its adjustment period, reflected by house sales data (new and old), consumer confidence indicator and unemployment numbers. Other activity indicators, such as the Industrial Production and the Manufacturing Index ISM, have finished the year below 50 points. This clearly reflects the recession de American economy is in the midst of.

Nonetheless, the decrease in the price of oil has lightened the pressure on inflation. The Euro Zone indicators point to a slow rhythm in economic advancement, in line with what is happening in Spain. In Europe, the slowdown in economic growth continues. The industrial and service activities are at all time lows, as reflected by the PMI index being under 50 points, with an increased deterioration of consumer confidence levels as well. Mirroring the situation in the USA, industrial production is slowing down significantly, while unemployment is on the rise, confirming the deterioration of the real economy. This is appreciated in the slowdown of GDP growth.

In view of the seriousness of the situation, during the month of October the governments of the USA and from numerous countries in the European Union started to approve specific plans to combat the crisis. The measures taken by the Spanish government aim to resolve the lack of liquidity of financial entities, re-establish confidence and to recover the mechanism of long term financing, with a limited cost and that will be recovered in the future. This will all be done through the Financial Assets Acquisition Fund (there has already been auctions in 2008).

Likewise, Central Banks have intervened by the means of liquidity injections, and in a coordinated action lowered the interest rates in December the Federal Reserve (down to 0.25%), the European Central Bank (down to 2.5%) and the Bank of England (down to 2%). In January 2009 the ECB and the Bank of England again lowered the interest rates half a point, down to 2% and 1.5% respectively.

Although the poor global economic environment, the evolution of the Latin American economy remains positive, due to the continued increase of internal demand. Nevertheless, the continued worsening of inflation expectations has led most central banks to toughen their monetary policy. In Mexico, the interbank interest rate has risen over the trimester, ending December at 8.69%.

In relation of exchange rates, most of the currencies that affect the financial situation of the group have suffered depreciation in respect to the Euro during the last months of the year. The USA dollar on the other hand, has appreciated during the last months of the year. Therefore there still is a small negative impact in the year-on-year comparison of the BBVA Group's balance sheet.

The average exchange rates for the year 2008 register year-on-year depreciations for all of the currencies: 9.3% for the Mexican Peso, 7.0% for the US dollar, 8.7% for the Argentinean Peso, 7.0% for the Venezuelan Bolivar, 7.2% for the Chilean Peso, 0.1% for Peru's Sol and 1.3 for the Colombian Peso. As a result, the comparison of the Group's profit and loss account in 2008 and the same period last year is negatively affected by the exchange rate by almost 5 percentage points.

	Average exchange rates		Year-end exchange rates	
	2008	2007	2008	2007
Mexican peso	16.2912	14.9730	19.2334	16.0521
U.S. dollar	1.4705	1.3705	1.3917	1.4721
Argentine peso	4.7078	4.3111	4.9197	4.6684
Chilean peso	762.78	715.31	885.74	731.53
Colombian peso	2,857.14	2,840.91	3,125.00	2,967.36
Peruvian new sol	4.2898	4.2856	4.3678	4.4060
Venezuelan bolivar	3.1582	2.9412	2.9884	3.1646

SELECTED HISTORICAL FINANCIAL INFORMATION ON THE BBVA GROUP FOR 2008 AND 2007

The selected financial information as of December 31, 2008 and 2007 is as follows:

	2008	2007
BALANCE SHEET (Millions of euros)		
Total assets	542,650	501,726
Total lending (gross)	335,260	313,178
Customer funds on balance sheets	376,380	337,518
Other customer funds	119,017	150,777
Total customer funds	495,397	488,295
Total equity	26,705	27,943
Shareholders' funds	26,586	24,811
INCOME STATEMENT (Millions of euros)		
Net interest income	11,686	9,628
Gross Income	18,978	17,271
Operating income	10,523	9,441
Income before tax	6,926	8,494
Net income attributed to parent company	5,020	6,126
DATA PER SHARE AND MARKET CAPITALIZATION		
Share price (euros)	8.66	16.76
Market capitalization (million of euros)	32,457	62,816
Basic earnings per share (euros)	1.35	1.70
Diluted earnings per share (euros)	1.35	1.70
Book value (euros)	7.09	6.62
Dividend (euros)	0.61	0.73
PER (Price/earnings ratio; times)	6.5	10.3
P/BV (Price/book value; times)	1.2	2.5
SIGNIFICANT RATIOS (%)		
ROE (Net attributable profit/Average equity)	21.5	34.2
ROA (Net profit/ATA)	1.04	1.39
OTHER INFORMATION		
Number of shares (millions)	3,748	3,748
Number of shareholders	903,897	889,734
Number of employees	108,972	111,913
Spain	29,070	31,106
America ⁽¹⁾	77,928	78,805
Rest of the world	1,974	2,002
Number of branches	7,787	8,028
Spain	3,375	3,595
America ⁽¹⁾	4,267	4,291
Rest of the world	145	142

(1) Includes those related to the BBVA Group's banking, pension fund managers and insurance companies in all the American countries in which it is present.

CONSOLIDATED INCOME STATEMENT

The Group's consolidated income statements for 2008 and 2007 are as follows:

	Millions of euros	
	2008	2007
NET INTEREST INCOME	11,686	9,628
Dividend income	447	348
Share of profit or loss of entities accounted for using the equity method	293	241
Net fees and commissions	4,527	4,560
Net gains (losses) on financial assets and liabilities and exchange differences	1,559	1,956
Other operating income and expenses	466	538
GROSS INCOME	18,978	17,271
Administration costs	(7,756)	(7,253)
Personnel expenses	(4,716)	(4,335)
General and administrative expenses	(3,040)	(2,918)
Depreciation and amortization	(699)	(577)
OPERATING INCOME	10,523	9,441
Impairment on financial assets (net)	(2,941)	(1,903)
Provisions (net)	(1,431)	(235)
NET OPERATING INCOME	6,151	7,303
Other gains (losses)	775	1,191
INCOME BEFORE TAX	6,926	8,494
Income tax	(1,541)	(2,079)
NET INCOME	5,385	6,415
Profit or loss attributable to minority interest	(365)	(289)
NET INCOME ATTRIBUTED TO PARENT COMPANY	5,020	6,126
MEMORANDUM ITEM		
One-off operations	(395)	724
NET INCOME ATTRIBUTED TO PARENT COMPANY (EXCEPT ONE-OFF OPERATIONS)	5,414	5,403

Year-on-year comparisons of the BBVA Group's earnings in 2008 are affected by a series of one-off operations:

- In 2008, a gross gain of €727 million was registered (€509, net of tax) from the sale of its stake in Bradesco. On the other hand, the income statement register a charge of €860 million, gross, for extraordinary early retirements in Spain stemming from the Transformation Plan (€602 million after tax), and a extraordinary charge associated with the loss from the Madoff ponzi scheme (€302 million after taxes).
- In 2007, a gain of €847 million, gross, (€696 million after tax) was registered from the sale of its stake in Iberdrola and €273 million, gross, (€233 million after tax) in gains on the sale of real estate as part of the project for the new corporate headquarters. On the other hand, a minus of €200 million, gross, (€135 million after tax) was registered in contributions to the BBVA Foundation for microfinance and €100 million, gross, (€70 million net) in provisions for extraordinary early retirements.

The combined effect of all these operations, net of corresponding taxes, was additional charge of €395 million in 2008 and additional credit of €724million in 2007.

The changes in the principal headings of the consolidated income statements were as follows:

- The balance of the “*Net interest income*” heading for 2008 was €11,686 million, for a 21.4% increase over the €9,628 million recorded in 2007, due primarily to the larger business volumes and management of spreads at the different units.
- The balance of the “*Dividend income*” heading (*dividends*) for 2008 was €447 million, for a 28.4% increase over the €348 million recorded in 2007, due primarily to dividends from Telefónica.
- The balance of the “*Share of profit or loss of entities accounted for using the equity method*” heading for 2008 was €293 million euros, for a 21.1% increase over the €242 million recorded in 2007, due primarily to the results contributed by Corporación IBV.
- The balance of the “*Net fees and commissions*” heading for 2008 was €4,527 million, for a 0.7% decrease from the amount €4,559 million recorded in 2007, due mainly to the decrease in fee and commission income from mutual and pension funds, which have been affected by the negative impact on managed assets of the decline in stock markets and clients’ greater preference for time deposits in markets such as Spain.
- The balance of the “*Net gains (losses) on financial assets and liabilities and exchange differences*” heading for 2008 was €1,559 million, for a 20.3% decrease compared with the €1,956 million in 2007, due primarily to the lower results generated by the Global Markets unit.
- The balance of the “*Other operating income and other operating expenses*” heading for 2008 is €467 million, for a 13.4% decrease compared with the €538 million recorded in 2007, due primarily to the smaller amount of income generated from real estate activities.

Based on the foregoing, the “*Gross income*” for 2008 was €18,978 million, for a 9.9% increase over the €17,271 million recorded in 2007.

- The balance of the “*Administration costs*” heading for 2008 was €7,756 million, with a 6.9% increase over the €7,253 million recorded in 2007, due primarily to the broadening of the scope, growth projects, and strong commercial activity. These factors have been partially offset through the transformation plans to be implemented in 2008. In this regard, the headcount of the BBVA Group stood at 108,972 at December 31, 2008, down 2.6% from the 111,913 employees employed at the 2007 year end.
- The balance of the “*Depreciation and amortization*” heading for 2008 was €699 million, for a 21.1% increase over the €577 million in 2007, due primarily to the amortization of intangible assets of the banks acquired in the United States.

Based on the foregoing, the “*Operating income*” for 2008 was €10,523 million, with an 11.5% increase over the €9,441 million recorded in 2007. At constant exchange rates, the increase is 15.9%.

- The balance of the “*Impairment on financial assets (net)*” heading for 2008 was €2,940 million, for a 54.5% increase over the €1,903 million recorded in 2007, due primarily to the deterioration of the economic environment and to the Group’s application of prudent criteria with respect to risks.
- The balance of the “*Provisions (net)*” heading for 2008 was €1,431 million, compared with the €235 million recorded in 2007, due primarily to the larger provisions for early retirement and the extraordinary provision stemming from the Madoff case.

Based on the foregoing, “*Net operating income*” for 2008 was €6,151 million, for a 15.8% from 2007 (€7,303 million).

- The balance of the remaining items for 2008 was €775 million, for a 34.9% from 2007 (€1,191 million). In 2008, the gain from the sale of the stake in Bradesco stands out, whereas in 2007, gains were earned on the sale of a stake in Iberdrola as well as on the sale of real estate as part of the project for the new corporate headquarters.

Based on the foregoing, “*Income before tax*” for 2008 was €6,926 million, for a 18.5% from 2007 (€8,494 million).

- The balance of the “*Income tax*” heading for 2008 was €1,541 million, with a 25.9% from 2007 (€2,079 million), due to lower profits before tax, higher profits exempt of tax and the reduction of the tax rate in Spain from 32.5% in 2007 to 30% in 2008.

Hence, the “*Net income for 2008*” was €5,385 million, for a 16.1% from 2007 (€6,415 million).

Of this income, the “*Profit or loss attributable to minority interest*” in 2008 was €365 million, for a 26.3% increase over the €289 million in 2007, due primarily to the greater profits obtained at Latin American subsidiaries in which there are minority interests.

The “*Net income attributed to the parent company*” in 2008 was €5,020 million, with a 18.1% from 2007 (€6,126 million). Without the one-off items, the attributed income was €5,414 million, for a 0.2% increase over the €5,403 million recorded in 2007, which, at constant exchange rates, is equivalent to 4.0%.

Earnings per share (EPS) were €1.35 in 2008, for a 20.5% decrease from €1.70 in 2007, which is higher than the profit attributed due to the increase in outstanding shares, consequent from the September 2007 rights issue (1.46% without on-off items, a 2.8% decrease compared with €1.50 euros in 2007).

Return on equity (ROE) was 21.5% in 2008, for a 34.2% decrease from 2007 (23.2% and 30.2% without one-off items in 2008 and 2007, respectively).

Return on total average assets (ROA) was 1.04% in 2008, for a 1.39% decrease from 2007 (1.11% and 1.23% without one-off items in 2008 and 2007, respectively).

BUSINESS ACTIVITY

The Group’s consolidated balance sheets as of December 31, 2008 and 2007 are as follows:

ASSETS	Millions of euros	
	2008	2007
CASH AND BALANCES WITH CENTRAL BANKS	14,659	22,581
FINANCIAL ASSETS HELD FOR TRADING	73,299	62,336
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	1,754	1,167
AVAILABLE FOR SALE FINANCIAL ASSETS	47,780	48,432
LOANS AND RECEIVABLES	369,494	337,765
Loans and advances to credit institutions	33,856	24,527
Loans and advances to customers	335,260	313,178
Debt securities	378	60
HELD-TO-MATURITY INVESTMENTS	5,282	5,584
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	-	-
HEDGING DERIVATIVES	3,833	1,050
NON-CURRENT ASSETS HELD FOR SALE	444	240
INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	1,467	1,542
INSURANCE CONTRACTS LINKED TO PENSIONS	-	-
REINSURANCE ASSETS	29	43
TANGIBLE ASSETS	6,908	5,238
INTANGIBLE ASSETS	8,439	8,244
TAX ASSETS	6,484	5,207
OTHER ASSETS	2,778	2,297
TOTAL ASSETS	542,650	501,726

Millions of euros		
	2008	2007
LIABILITIES		
FINANCIAL LIABILITIES HELD FOR TRADING	43,009	19,273
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	1,033	449
FINANCIAL LIABILITIES AT AMORTISED COST	450,605	431,856
Deposits from central banks	16,844	27,326
Deposits from credit institutions	49,961	60,772
Deposits from customers	255,236	219,610
Debt certificates	104,157	102,247
Subordinated liabilities	16,987	15,662
Other financial liabilities	7,420	6,239
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	-	-
HEDGING DERIVATIVES	1,226	1,807
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-	-
LIABILITIES UNDER INSURANCE CONTRACTS	6,571	6,867
PROVISIONS	8,678	8,342
TAX LIABILITIES	2,266	2,817
OTHER LIABILITIES	2,557	2,372
TOTAL LIABILITIES	515,945	473,783
EQUITY		
SHAREHOLDERS' FUNDS	26,586	24,811
VALUATION ADJUSTMENTS	(930)	2,252
MINORITY INTERESTS	1,049	880
TOTAL EQUITY	26,705	27,943
TOTAL EQUITY AND LIABILITIES	542,650	501,726

The explanation of the changes in the principal headings of the consolidated balance sheet is as follows:

- As of 31 December 2008, the Group's "**Total assets**" were valued at €542.650 million, for an 8.2% increase over the €501,726 million in 2007.
- As of 31 December 2008, the balance of the "**Loans and receivables**" heading was €369,494 million, for a 9.4% increase over the €337,765 million recorded in 2007, due primarily to the increase in lending to clients.

This variation mainly relates to "**Loans and advances to customers**". At the end of 2008, the value of this heading was €335,260 million, for a 7.1% increase over the €313,178 million recorded in 2007, due primarily to a slowdown in loans to clients residing in Spain and an increase in loans to nonresidents.

- As of 31 December 2008, the balance of the "**Financial liabilities at amortised cost**" heading was €450,605 million, for a 4.3% increase over the €431,856 million recorded in 2007, due primarily to the increase in deposits of clients.

At the end of 2008, the value of **Total customer funds**, both included and not included in the balance sheet, which comprise mutual funds, pension funds and customer portfolios, was €495,397 million, for a 1.5% increase over the €488,295 million in 2007. Funds on the balance sheet increased 11.5%, but off-balance-sheet funds decreased 21.1%, due primarily to the negative effect of the decline in the markets on assets managed in mutual funds and pensions and portfolios belonging to customers, as well as the exit of pension funds from Argentina and the sale of the business of the Miami branch.

EXCEPTIONAL FACTORS

The exceptional factors occurring in 2008, as described in detail the section entitled *Economic environment in 2008* in this management report, shaped the performance of the global financial system and, by extension, the performance of the BBVA Group.

BUSINESS PERFORMANCE / NEW PRODUCTS AND SERVICES

The breakdown of “*Net income attributed to parent company*” in 2008 and 2007 by business segment is as follows:

	Millions of euros		
	2008	2007	% interannual variation
Spain and Portugal	2,625	2,381	10.2
Global Businesses ^(*)	754	896	(15.9)
Mexico	1,938	1,880	3.1
USA	211	203	3.9
South America	727	623	16.7
Corporate Activities	(1,235)	142	n.s.

(*) Also called, Wholesale banking and Asset Management.

An explanation of the performance in the main income statement and balance sheet headings for each of the business units as well as of the most important facts therein and the principal new products and services launched in 2008:

SPAIN AND PORTUGAL

	Millions of euros	
	2008	2007
Spain and Portugal		
NET INTEREST INCOME	4,828	4,391
Net fees and commissions	1,639	1,701
Net trading income	254	250
Other income/expenses	415	391
GROSS INCOME	7,136	6,732
Administration costs	(2,480)	(2,505)
Depreciation and amortization	(103)	(111)
OPERATING INCOME	4,553	4,117
Impairment on financial assets (net)	(809)	(594)
Provisions (net) and other gains/losses	6	6
INCOME BEFORE TAX	3,751	3,529
Income tax	(1,125)	(1,149)
NET INCOME	2,625	2,381
Minority interests	-	1
NET ATTRIBUTABLE PROFIT	2,625	2,381

Spain and Portugal	Millions of euros	
	2008	2007
Customer lending ⁽¹⁾	199,297	198,524
Customer deposits ⁽²⁾	100,893	91,546
. Deposits	100,743	91,463
. Asset sold under repurchase agreement	151	83
Off-balance-sheet funds	40,873	52,541
. Mutual funds	31,270	42,469
. Pension funds	9,603	10,072
Other placements	6,097	5,254
Customer portfolios	10,650	14,075
Total assets	223,498	223,628

(1) Gross lending excluding NPL
(2) Include collection accounts

The changes in the principal headings of the P&L account of this area of the business were:

- The balance of the “*Net interest income*” heading for 2008 was €4,828 million, for a 10.0% increase over the €4,391 million recorded in 2007, due primarily to the profitable management of the business volumes.
- The balance of the “*Net fees and commissions*” heading for 2008 was €1,639 million, for a 3.6% decrease from the amount recorded in 2007, due primarily to the decrease in fee and commission income from mutual funds, due to the impact of the negative market effect on the managed assets and clients’ greater preference for time deposits.
- The balance of the “*Net trading income*” heading for 2008 was €254 million, for a 1.6% increase over the €250 million in 2007.
- The balance of “*Other income/expenses*” for 2008 was €415 million, with a 6.1% increase vis-à-vis the €391 million recorded in 2007.

Based on the foregoing, the “*Gross income*” for 2008 was €7,136 million, for a 6.0% increase over the €6,732 million recorded in 2007.

- The balance of the “*Administration costs*” heading for 2008 was €2,480 million, for a 1.0% decrease over the €2,505 million recorded in 2007, due primarily to the profitable management of the business volumes.

Hence, the “*Operating income*” for 2008 was €4,553 million, for a 10.6% increase over the €4,117 million recorded in 2007.

- The balance of the “*Impairment on financial assets (net)*” heading for 2008 was €809 million, for a 36.2% increase over the €594 million in 2007, due primarily to the increase in doubtful risks.

Based on the foregoing, “*Income before tax*” for 2008 was €3,751 million, for a 6.3% increase over the €3,529 million recorded in 2007.

After the deduction of the €1,125 million corresponding to taxes, amount that benefited from the reduction in the tax rate in Spain from 32.5% in 2007 to 30% in 2008, the “*Net attributable profit*” for 2008 was €2,625 million, for a 10.2% increase over the €2,381 million in 2007.

The changes in the principal headings of activity in this area of the business were as follows:

- As of 31 December 2008, the balance of *Lending* was €199,297 million, for a 0.4% increase from the €198,524 million recorded in 2007, reflecting the important slowdown in lending in Spain.

At the end of 2008, the value of *Total customer funds*, both included and not included in the balance sheet, which comprise

mutual funds, pension funds and other placements, was €147,713 million, for a decrease of 1.0% from 2007 (€149,257 million), due primarily to the negative market effect on mutual funds and pension funds.

In order to offer better customer service, there has been a thorough reorganization process of the commercial network, making it possible for us to increase our commercial capacity and work more closely with our customers. To this end, each group of offices has been given a pool of managers specialized in given segments, and the quality of the operating processes has been improved by concentrating these administrative tasks in the Retail Banking Centres, thereby enhancing our efficiency.

In the sphere lending for consumption by private parties, we have launched two new loans with a pre-authorized limit, PIDE Reactivo and PIDE Autónomos, as well as the Personal Consumption loan. In the sphere of mortgage loans, in the segment for young people, we should mention an initial 1% payment of the amount of mortgages on amounts less than €200,000. This also offers the Euribor-0,25 for the first year. In addition, the Ven a Casa-200 campaign offers a gift of €200 a month for one year to customers who transfer their mortgage from one of our competitors.

In terms of resources, in transactional liabilities, we should stress the two “Quincenas del Libretón” and the “Jornada de tu vida” campaign. In term deposits, we have completed a catalogue of a wide range of products, combining a guarantee on invested capital with liquidity and a very competitive yield—most notably, the BBVA Depósito Doble (Double Deposit), the Depósito Creciente BBVA (Growing Deposit) and the Depósito Fortaleza (Strength Deposit), to attract new money. In mutual funds, in which customers’ requirements have been more conservative, we have broadened our range of guaranteed products: BBVA Top 4, BBVA Top 5, BBVA Inflation and Fondplazo 2009 B.

BBVA Wealth Management, as a unit that directly manages the highest segment of private clients, has continued to increase its range of products specially designed for business people who are clients of the Corporate Banking unit, and it has launched new products related to deposits (structured) as well as lending (portfolio-financing plan). In addition, it has opened two new wealth management centres, in the Canary Islands and Galicia. In the family office sphere, tourism projects have been approved within the Real Estate México I, II and III mutual funds, and rights have been issued by these funds. In addition, we need to stress photovoltaic investment projects for customers.

In the business segment, we should stress the Más Cobertura Profesional (More Professional Coverage) insurance plan, which covers disability for independent contractors and provides risk coverage with the 3-year Stockpyme plan for small businesses, as well as the PoS Voucher for merchants and the Compromiso Negocios (Business Commitment) and Compromiso Autónomos (Independent Contractor Commitment) plans.

In the sphere of Retail Banking and Corporate Banking, we have marketed new lines of financing in collaboration with the I.C.O., including the ICO SME 2008 Line, and the range of products stemming from risk coverage (Stockpyme) has been broadened. The most noteworthy of the new products and services include financing for photovoltaic facilities (leasing and renting), the new modalities for cards (Ingreso Express [Express Entry], Tarjeta Recarga Empresas [Business Recharge Card] and Tarjeta Solred Empresas [Business Solred Card]), ERE insurance, new solutions in electronic banking (e-factoring and Autocobro Express [Express Auto-Collection]), and nonfinancial services for enterprises (BBVA Solutions Catalog): Activo a RRHH [Human Resources Assets], management subsidies for innovation, environmental consulting and Solium) and new forms of customer relationships (Premium Human Resources Program and Enterprise Newsletter).

In Consumer Finance, we have acquired 50% of Rentrucks, an industrial vehicle rental company, complementing our business renting and financing business. In terms of forms of payment, we have launched a credit card for Inditex Portugal, the first cobranded card launched outside of Spain. In terms of deposit-related products, we should stress the cash refund of 20% of the payroll of current and new clients who domicile their payroll and three receipts, with the advantages of an account without fees and with all transaction services. We have also launched several structured deposits, such as the Depósito Blindado Uno-e, a 12 meses [12-month shielded e-deposit], on which 100% of the capital is guaranteed, and the 9-month Deposit 16.

Lastly, Seguros Europa has broadened its catalog of products in 2008, both in non-life insurance, with the launching of the BBVA Auto Insurance and Family Protection insurance and Más Cobertura Profesional [More Professional Coverage], as well as life-savings insurance, with the Systematic Savings Plans, individual savings products with tax advantages, and Variable Yield Income, which offer yields according to the market situation at any given time, with a guaranteed minimum.

WHOLESALE BANKING & ASSET MANAGEMENT

Wholesale Banking & Asset Management	Millions of euros	
	2008	2007
NET INTEREST INCOME	745	(7)
Net fees and commissions	413	446
Net trading income	144	791
Other income/expenses	434	518
GROSS INCOME	1,736	1,749
Administration costs	(511)	(467)
Depreciation and amortization	(9)	(7)
OPERATING INCOME	1,216	1,275
Impairment on financial assets (net)	(256)	(130)
Provisions (net) and other gains/losses	(25)	9
INCOME BEFORE TAX	934	1,154
Income tax	(174)	(247)
NET INCOME	760	907
Minority interests	(6)	(10)
NET ATTRIBUTABLE PROFIT	754	896

Wholesale Banking & Asset Management	Millions of euros	
	2008	2007
Customer lending ⁽¹⁾	48,683	37,337
Customer deposits ⁽²⁾	62,568	42,243
. Deposits	52,731	33,036
. Asset sold under repurchase agreement	9,837	9,207
Off-balance-sheet funds	10,824	9,788
. Mutual funds	4,014	2,425
. Pension funds	6,810	7,363
Total assets	140,372	103,999

(1) Gross lending excluding NPL.
(2) Include collection accounts.

The changes in the principal headings of the P&L account of this area of the business were:

- The sum of the “*Net interest income*” and “*Net trading income*” headings for 2008—which should be examined together, due to the offsets between the two in given market transactions— was €889 million, for a 13.4% increase over the €784 million recorded in 2007, due primarily to the increase in Net interest at the Global Clients unit as a consequence of the strong increase in credit.
- The balance of the “*Net fees and commissions*” heading for 2008 was €413 million, for a 7.5% from 2007 (€446 million), mainly at the Assets Management (due to the decrease in managed assets) and Global Markets units.
- The balance of the remaining “*Other income/expenses*” for 2008 was €434 million, corresponding primarily to profit of entities accounted for using the equity method and income on equity instruments, for a 16.2% from 2007 (€518 million), due primarily to smaller amount of income generated from real estate activities.

Based on the foregoing, the “*Gross income*” for 2008 was €1,736 million, for a 0.7% decrease from the €1,749 million recorded in 2007 which, without taking into account the net income from nonfinancial activities, translates into an increase of 5.3%.

- The balance of the “*Administration costs*” heading for 2008 was €511 million, for a 9.5% increase over the €467 million recorded in 2007, due primarily to the growth plans of the area.

Hence, the “*Operating income*” for 2008 was €1,216 million, for a 4.6% decrease over the €1,275 million recorded in 2007.

- The balance of the “*Impairment on financial assets (net)*” heading for 2008 was €256 million, for a 96.9% increase over the €130 million in 2007, stemming from provisions linked to growth in the lending activity.

Based on the foregoing, the “*Income before tax*” for 2008 was €934 million, for a 19.0% from 2007 (€1,154 million).

Once the provision for corporate tax and the portion corresponding to minority interests have been deducted, the “*Net attributable profit*” for 2008 was €754 million, for a 15.9% reduction from the €896 million recorded in 2007. These results may be interpreted in a positive light, given that the environment is especially difficult for the businesses managed by the area. Most large international financial groups, according to published intermediate results, have experienced strong declines in their profits and even losses in these businesses, due to lower revenue and the need to take extraordinary writedowns.

The preceding results do not take into account the impact of the Bernard L. Madoff Investment Securities fraud, which, due to its unique nature, is included in the area of Corporate Activities.

The changes in the principal headings of activity in this area of the business were as follows:

- As of 31 December 2008, the balance of *Lending* was €48,683 million, with a 30.4% increase over the €37,337 million recorded in 2007, most of which has been concentrated in the Global Clients unit.

At the end of 2008, the value of *Total customer funds*, both included and not included in the balance sheet, which comprise mutual funds and pension funds, was €63,555 million, for a 48.4% increase over the €42,824 million in 2007, which was also concentrated in the Global Clients unit.

Within the Global Clients and Investment Banking unit, we need to emphasize the following events that took place in 2008: the opening of the Frankfurt office, the relaunching of the Investment Banking Client for enterprises, institutions and corporations as a midterm growth project; the segmentation of global clients at all offices in Europe (Madrid, London, Paris, Milan and Frankfurt) and the consolidation of the management model with five differentiated industries; and the implementation of a new relationship model in the Asia-Pacific, with special emphasis on high-value-added products, project finance, and trade finance. In addition, the Global Clients and Investment Banking UNITS in America have been reorganized, in order to be closer to customers and place greater emphasis on products, with a matrix structure that combines product managers with the managers responsible for each geographic area.

At a Global Trade Finance, a unit has been created in South Korea, and at the Madrid Hub, the Europe back & middle office has been centralized.

At the Global Transaction Services unit, the following events should be stressed: In Spain and Portugal, AutoCobro Express (Express Auto-Collection), E-Factoring, Spain-Brussels international centralization, the file-normalization service, the incorporation of the double Token Plus security factor at BBVA net cash, and, in Portugal, SEPA transfers and the payment of taxes and non-domiciled receipts at BBVA net cash; in Mexico, Bancomer TIB 2.0 integral treasury, SIT dispersion, check protection with beneficiary, the new statements required by the transparency law, a broadening of the range of services offered by Host to Host and SWIFT and new developments at Bancomer.com; in Puerto Rico, launching of the Remote Deposit (CK 21) at BBVA Paynet, the new SWIFT services, Positive Pay at BBVA Cash, and the Reserve CD, P/T & Lockbox; and, in Colombia, the receipt of deposits from other banks through ACH for liquid credit, the implementation of the SWIFT Channel, and direct loading at BBVA Cash PGP-encrypted files.

In 2008, Global Markets began to have a notable commercial activity in its new Treasury desks: Dusseldorf, inaugurated in January, where a team of sales persons has begun to give specialized coverage in market products to institutional clients; and Hong Kong, where the market teams have been formed that will be broaden the range of Global Markets services with Asian assets, the commercial activity of which has focused on Asian clients, while also servicing clients in Europe and Latin America.

In Latin America, the Regional Derivatives Centre has begun to operate and the Riskpyme Latam project has been consolidated in all countries, to promote the marketing of derivatives through the Group's networks just as been done in Spain and Mexico. In addition, in Mexico the first listed fund (ETF) of the leading companies that are traded on the International Market of Latin American Securities (Latibex) has been launched.

In Asset Management, the following launches were made: BBVA Bonos Corto Plazo Gobiernos and Fondo Liquidez, which are short-term fixed-income funds; BBVA Estructurado Finanzas BP and BBVA Estructurado Telecomunicaciones BP, which are global funds that primarily target Personal Banking clients, and the FTSE 4Good Ibex ETF variable income listed fund. Among the new guaranteed mutual funds, we should stress BBVA Inflación (the first guaranteed fund for the Spanish inflation rate is the underlying), BBVA Elite Protegido, BBVA Top 4 Guaranteed, and BBVA Top 5 Guaranteed, as well as 11 BBVA fixed-income guaranteed funds such as Fon-plazo 2009 and 2009 D and F.

Regarding activities carried out by the bank on its own, in 2008 the interest in Hispasat and part of the interest in Gamesa were sold, as no important investments had been made.

BBVA has increased its stake in CITIC International Financial Holdings (CIFH) of Hong Kong and in China CITIC Bank (CNCB). BBVA has thereby consolidated its positioning in the region, reinforcing its bet on China.

MEXICO

Millions of euros		
Mexico	2008	2007
NET INTEREST INCOME	3,716	3,505
Net fees and commissions	1,189	1,305
Net trading income	376	311
Other income/expenses	154	115
GROSS INCOME	5,435	5,236
Administration costs	(1,727)	(1,737)
Depreciation and amortization	(73)	(102)
OPERATING INCOME	3,634	3,397
Impairment on financial assets (net)	(1,110)	(834)
Provisions (net) and other gains/losses	(25)	19
INCOME BEFORE TAX	2,499	2,583
Income tax	(560)	(701)
NET INCOME	1,939	1,882
Minority interests	(1)	(2)
NET ATTRIBUTABLE PROFIT	1,938	1,880

Millions of euros		
Mexico	2008	2007
Customer lending ⁽¹⁾	25,543	26,899
Customer deposits ⁽²⁾	29,677	31,408
. Deposits	25,053	25,945
. Asset sold under repurchase agreement	4,625	5,463
Off-balance-sheet funds	16,376	19,862
. Mutual funds	9,180	11,214
. Pension funds	7,196	8,648
Other placements	2,830	3,127
Customer portfolios	5,200	6,237
Total assets	60,805	65,678

(1) Gross lending excluding NPLs and Bancomer's old mortgage portfolio.
(2) Excluding deposits and repos issued by Bancomer's Markets unit.

A year-on-year comparison of the financial statements of the area is skewed by the depreciation of the Mexican peso 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 with regard to a constant exchange rate.

The changes in the principal headings of the P&L account of this area of the business were:

- The balance of the “*Net Interest income*” heading for 2008 was €3,716 million, for a 3.6% increase over the €3,505 million recorded in 2007 (12.7% at a constant exchange rate), due primarily to the larger business volumes and an adequate handling of prices.
- The balance of the “*Net fees and commissions*” heading for 2008 was €1,189 million, for an 8.9% decrease from the €1,305 million recorded in 2007, due primarily the depreciation of the peso.
- The balance of the “*Net trading income*” heading for 2008 was €376 million, for a 20.9% increase over the €311 million in 2007.
- The balance of the remaining “*Other income/expenses*” for 2008 was €154 million, for a 33.8% increase over the €115 million recorded in 2007, due primarily to the increase in revenue from the insurance activity.

Based on the foregoing, the “*Gross income*” for 2008 was €5,435 million, for a 3.8% increase over the €5,236 million recorded in 2007 (+12.9% at a constant exchange rate).

- The balance of the “*Administration costs*” heading for 2008 was €1,727 million, for a 0.8 % decrease from the €1,741 million recorded in 2007, which, at a constant exchange rate, represents an increase of 8.0% which has been decelerating during the year due to the application of cost-control programs.

Hence, the “*Operating income*” for 2008 was €3,634 million, with a 7.1% increase over the €3,394 million recorded in 2007 (16.5% at a constant exchange rate).

- The balance of the “*Impairment on financial assets (net)*” for 2008 was €1,110 million, with a 33.1% increase over the €834 million recorded in 2007, due primarily to higher investment and the deterioration in the credit quality of the entire Mexican financial system.

Based on the foregoing, the “*Income before tax*” for 2008 was €2,499 million, with a 3.2% decrease vis-à-vis the €2,583 million recorded in 2007.

After the deduction of profit tax, which was more favourable because of the lower tax rate due to the sale of portfolios of non-performing loans, and the small portion corresponding to minority interests, the “*Net attributable profit*” for 2008 was €1,938 million, for a 3.0% increase over the €1,880 million in 2007 (12.1% at a constant exchange rate).

The changes in the principal headings of activity in this area of the business were as follows:

- As of 31 December 2008 the balance of *Lending* was €25,543 million, for a 5.0% decrease with regard to the €26,899 million in 2007, which was due solely to the depreciation of the peso, since it would be a 13.8% increase at a constant exchange rate.

At the end of 2008, the value of *Total customer funds* managed by the bank, both included and not included in the balance sheet, which comprise mutual funds and other placements, was €41,687 million, for a decrease of 8.9% vis-à-vis the €45,749 million in 2007 (9.2% increase at a constant exchange rate). The value of pension funds managed by Afore Bancomer stands at €7,196 million, for a 16.8% decrease from the €8,648 million recorded in 2007, due to the depreciation of the peso and the negative market effect.

Bancomer has continued to expand its distribution network. In 2008, 20 offices were opened, 761 ATMs and more than 20,000 point-of-sale terminals were installed, special offices were inaugurated for the foreign-client segment, and efforts were made to promote a specialized network for the small-business segment, with 10 business centres and close to 140 specialized executives.

As part of the strategy designed to attract customers' funds, the now-traditional Libretón promotions were conducted including the, “Quincenas del Ahorro” (Two-Weeks of Savings”), through which record levels of prizes were given away to the bank's customers. In addition, efforts were made to promote products such as the Winner Card, to encourage savings among young people and children through a commercial partnership with a leading cereal brand. Also noteworthy are the promotions aimed at incorporating new payroll accounts, such as the specialized campaign in the small-business segment.

To promote credit, technology-based solutions and products have been launched, intended to facilitate the process for customers, such as Mortgage Banking Remote Sale, immediate service, and telephone advice, which make it possible to channel clients interested in a mortgage loan to specialized offices. For housing promoters, a Multiproduct Simulator has been created which makes it possible to calculate a desired credit for an entire range of mortgage products.

In Assets Management, the B+Real has been launched, which seeks to pay yields above inflation, as well as the BBVABRIC fund, which invests in stock markets in Brazil, Russia, India and China. For its part, the Investment Banking unit has handled an initial public offering on the Mexican Stock Exchange and the refinancing and coverage of a convertible bond of Petróleos Mexicanos.

In 2000, Bancomer conducted an ambitious debt-placement program on local markets, which has included subordinated debt, stock certificates, and securitizations, and has become a point of reference on the market.

USA

United States	Millions of euros	
	2008	2007
NET INTEREST INCOME	1,332	763
Net fees and commissions	546	314
Net trading income	123	37
Other income/expenses	21	11
GROSS INCOME	2,022	1,125
Administration costs	(1,088)	(621)
Depreciation and amortization	(244)	(123)
OPERATING INCOME	690	381
Impairment on financial assets (net)	(365)	(85)
Provisions (net) and other gains/losses	(15)	1
INCOME BEFORE TAX	309	297
Income tax	(99)	(93)
NET INCOME	211	203
Minority interests	-	-
NET ATTRIBUTABLE PROFIT	211	203

United States	Millions of euros	
	2008	2007
Customer lending ⁽¹⁾	31,066	26,161
Customer deposits ⁽²⁾	26,240	23,784
. Deposits	25,845	23,424
. Asset sold under repurchase agreement	395	360
Customer portfolios	5,550	6,682
Total assets	43,345	38,381

(1) Gross lending excluding NPLs.
(2) Excluding deposits and repos issued by Markets unit.

For the year-on-year comparison of the PML account of this business area, we must take into account the fact that Compass Bank joined the Group in September 2007; hence, the account for 2007 only includes four months of figures, for which reason the year-on-year rates of change are not significant.

In addition, the dollar has depreciated vis-à-vis the euro in annual average transactions, but it has appreciated in final transactions, which indicates a negative exchange-rate affect on P&L account and a positive effect on the balance sheet transactions.

- The balance of the “*Net interest income*” heading for 2008 was €1,332 million, with a 74.6% increase over the €763 million recorded in 2007.
- The balance of the “*Net fees and commissions*” heading for 2008 was €546 million, with a 73.6% increase over the €314 million recorded in 2007.
- The balance of the “*Net trading income*” heading for 2008 was €123 million, compared with the €37 million in 2007.

Based on the foregoing, the “*Gross income*” for 2008 was €2,022 million, for a 79.7% increase over the €1,125 million recorded in 2007.

- The balance of the “*Administration costs*” heading for 2008 was €1,088 million, for a 75.2% increase over the €621 million recorded in 2007, due primarily to the inclusion of integration and merger expenses.
- The balance of the “*Depreciation and amortization*” heading for 2008 was €244 million, with a 98.4% increase over the €123 million in 2007, due primarily to the amortization of intangible assets of the banks acquired.

Hence, the “*Operating income*” for 2008 was €690 million, with an 81.1% increase over the €381 million recorded in 2007.

- The balance of the “*Impairment on financial assets (net)*” for 2008 was €365 million, compared with €85 million recorded in 2007, due to the fact that a special effort has been made with writedowns, in light of the country’s economic situation.

Based on the foregoing, the “*Income before tax*” for 2008 was €309 million, for a 4.3% increase over the €297 million recorded in 2007.

After the deduction of profit tax, the “*Net attributable profit*” for 2008 was €211 million, for a 3.9% increase over the €203 million in 2007 (+11.2% at a constant exchange rate). If the amortization of intangible assets is disregarded, the attributed profit is €317 million.

The changes in the principal headings of activity in this area of the business were as follows:

- As of 31 December 2008 the balance of *Lending* was €31,066 million, for an 18.7% increase over the €26,161 million in 2007 (+12.3% at a constant exchange rate).
- At the end of 2008, *Customer deposits* totalled €26,240 million, for a 10.3% increase over the €23,784 million in 2007 (+4.3% at a constant exchange rate).

During 2008, the four banks of the Group have been successfully integrated in the Sunbelt Region. In the first quarter, the legal merger was carried out and the platform of State National Bank was integrated into that Compass Bank. In the third quarter, Texas State Bank was integrated, and in the fourth quarter the process of integrating Laredo National Bank into the platform of BBVA Compass was completed. Within this process, some 500,000 accounts and 50,000 preferred customers have been integrated into the Compass Bank platform.

In addition, the Group decided to implement a new brand, BBVA Compass, and has made progress in doing so. This process will be completed in the first months of 2009. Moreover, in the fourth quarter, a new management team was appointed to take one more step toward the integration of BBVA’s organizational and business model and continue developing the strategic plan.

A new customer-relation program has been implemented, which provides employees information on the opportunities to sell to each client and makes it possible to send them messages through different channels, in order to carry out crossed sales and ensure customer retention. We have continued to improve the service and the range of products for preferred clients, and we have created a preferred client program for businesses. In addition, a mobile bank program has been launched, using the online banking platform, an electronic check-transfer system has been implemented, making it possible for companies to make deposits without going to their branches.

SOUTH AMERICA

South America	Millions of euros	
	2008	2007
NET INTEREST INCOME	2,199	1,746
Net fees and commissions	775	750
Net trading income	253	222
Other income/expenses	(35)	(18)
GROSS INCOME	3,192	2,701
Administration costs	(1,315)	(1,181)
Depreciation and amortization	(107)	(93)
OPERATING INCOME	1,770	1,427
Impairment on financial assets (net)	(358)	(262)
Provisions (net) and other gains/losses	(17)	(63)
INCOME BEFORE TAX	1,396	1,102
Income tax	(318)	(197)
NET INCOME	1,078	905
Minority interests	(351)	(282)
NET ATTRIBUTABLE PROFIT	727	623

South America	Millions of euros	
	2008	2007
Customer lending ⁽¹⁾	24,475	21,845
Customer deposits ⁽²⁾	29,382	25,525
. Deposits	28,864	24,759
. Asset sold under repurchase agreement	518	766
Off-balance-sheet funds	25,831	36,551
. Mutual funds	1,300	1,725
. Pension funds	24,531	34,826
Total assets	41,600	34,690

(1) Gross lending excluding NPLs.
(2) Includes marketable 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 the P&L account of this area of the business were:

- The balance of the “*Net interest income*” heading for 2008 was €2,199 million, for a 25.9% increase over the €1,746 million recorded in 2007 (+32.0% at constant exchange rates), due primarily to the larger business volumes and the defence of the spreads.
- The balance of the “*Net fees and commissions*” heading for 2008 was €775 million, or 3.3% increase over the €750 million recorded in 2007, as the banking business performed better than the pensions business.
- The balance of the “*Net trading income*” heading for 2008 was €253 million, for a 13.9% increase over the €222 million in 2007.

Based on the foregoing, the “*Gross income*” for 2008 was €3,192 million, for an 18.2% increase over the €2,701 million recorded in 2007.

- The balance of the “*Administration costs*” heading for 2008 was €1,315 million, for a 9.5% increase over the €1,181 million recorded in 2007, due primarily to the general rekindling of inflation, the commercial growth in all the units, and the expansion processes at some of them.

Hence, the “*Operating income*” for 2008 was €1,770 million, for a 25.9% increase over the €1,427 million recorded in 2007 (+32.0% at constant exchange rates).

- The balance of the “*Impairment on financial assets (net)*” heading for 2008 was €358 million, for a 36.6% increase over the €262 million recorded in 2007, due primarily to the strong jump in credit investment in recent years.

Based on the foregoing, “*Income before tax*” for 2008 was €1,396 million, for a 26.7% increase over the €1,102 million recorded in 2007.

After the deduction of €318 million corresponding to profit tax and the €351 million corresponding to minority interests, the “*Net attributable profit*” for 2008 was €727 million, for a 16.7% increase over the €623 million in 2007 (+22.7% at constant exchange rates).

The changes in the principal headings of activity in this area of the business were as follows:

- As of 31 December 2008, the *Lending* was valued at €24,475 million, for an 12.0% increase over the €21,845 million recorded in 2007.

At the end of 2008, the value of the *Total customer funds* of the banks, which comprise deposits on the balance sheet and mutual funds, was €30,682 million, for a 12.6% increase over the €27,250 million recorded in 2007 (+17.8% at a constant exchange rate). By contrast, the value of the assets managed by mutual funds, €24,531 million as of 31 December 2008, decreased by 29.6% from the €34,826 million recorded in 2007 (-19.2% at a constant exchange rate), due to the impact of the decline of the markets and the closing of the funds of Consolidar in Argentina.

In 2008, the units in the area have continued to make progress within the line set out in the Plan to Encourage the Use of Banking Services that began the previous year, in order to increase the weight of the retail business and expand the customer base.

In Argentina, most of the growth of BBVA Banco Francés has taken place in the segment of private parties (personal loans, guaranteed loans, and credit cards), whereas with companies, financing has been led by advance payments, documents, and foreign-trade operations. Among the resources-based products, the Vuela Vuela campaign stands out.

Chile had a very dynamic year in the retail-segment lines, especially in consumer credit and auto financing (including loans to acquire industrial vehicles and the Instant Purchase product). In terms of savings, the Plan Preferente Remunerado (“Remunerated Preferential Plan”—a remunerated current account), as well as several funds with guaranteed investments, have been launched: Ultradepósito, Top Markets II, Siempre Ganas (which invests in commodities) and Panda II, which invests in China.

Retail products have also been fundamental for BBVA Colombia. Hence, in consumer credit, BBVA was the institution that grew the most in 2008, and it launched the “Cuota regalo” product, in which the customer only makes 11 payments a year. In addition, nearly 200,000 new credit cards have been issued. In addition, we have also launched the VIS mortgage credit in pesos for the mortgage segment and Paquete Blue for the youth segment. At the end of the year, BBVA Colombia securitized a mortgage portfolio.

At BBVA Banco Continental de Perú, the priorities in investments have been credit cards, consumer credit (including auto financing and the “Tu préstamo” product for low-income workers, as well as Préstamo 60, a 60-month loan) and mortgage loans. In terms deposits, products such as Ahorro Cero Mantenimiento (“Zero Maintenance Savings”), Tasa Creciente (“Growing Rate”), Super Tasa (“Super Rate”), Super Regalo (“Super Gift”), and the Vuela Vuela and Mundo Sueldo campaigns have been launched.

BBVA Banco Provincial de Venezuela has conducted a policy aimed at raising its profitability and optimizing the cost of resources. Among lending products, priority has been given to products for private parties, especially consumer credit and credit cards (most notably, the launching of the 365-protection debit card). Regarding savings products, the Deposit Certificate product has been launched. This is a short-term instrument aimed at customers who handle large volumes of cash flow.

In the pension and insurance businesses, 2008 was a year of intense commercial activity, which translated into a substantial increase in revenue and policies issued, with a growing importance of alternative selling channels, despite the fact that during the year the performance of the financial markets was not favourable, especially for voluntary pension products. In the last months of the year, there were two news items in Argentina, both with a limited impact on the Group’s P&L: The Argentine government proceeded to nationalize the private-pension business, in which the BBVA Group participated through Consolidar AFJP, and in the insurance business, the Group sold the company named Consolidar Salud.

CORPORATE ACTIVITIES

	Millions of euros	
	2008	2007
Corporate activities		
NET INTEREST INCOME	(1,135)	(770)
Net fees and commissions	(35)	43
Net trading income	409	346
Other income/expenses	217	111
GROSS INCOME	(543)	(271)
Administration costs	(633)	(742)
Depreciation and amortization	(164)	(142)
OPERATING INCOME	(1,339)	(1,155)
Impairment on financial assets (net)	(43)	1
Provisions (net) and other gains/losses	(581)	984
INCOME BEFORE TAX	(1,963)	(170)
Income tax	735	307
NET INCOME	(1,228)	137
Minority interests	(7)	5
NET ATTRIBUTABLE PROFIT	(1,235)	142

The changes in the principal headings of the P&L account of this area of the business were:

- The balance of the “*Net interest income*” heading for 2008 was -€1,135 million, for a 47.4% increase over the -€770 million recorded in 2007, due primarily to the financing of Compass and the higher cost of wholesale financing.
- The balance of the “*Net trading income*” heading for 2008 was €409 million, for an 18.4% increase over the €346 million recorded in 2007.
- The balance of “*Other income/expenses*” for 2008 was €217 million, for a 95.9% increase vis-à-vis the €111 million recorded in 2007.

Based on the foregoing, the “*Gross income*” for 2008 was -€543 million, compared with the -€271 million recorded in 2007.

- The balance of the “*Administration costs*” heading for 2008 was €633 million, for a 14.7% decrease from the €742 million recorded in 2007, which included a contribution to the BBVA Foundation for Microfinance.
- The balance of the “*Depreciation and amortization*” heading for 2008 was €164 million, for a 15.5% increase over the €142 million recorded in 2007.

Hence, the “*Operating income*” for 2008 was -€1,339 million, for a 16.0% increase over the -€1,155 million recorded in 2007.

- The balance of the “*Provisions (net) and other gains/losses*” heading for 2008 was -€581 million, compared with the €984 million recorded in 2007, due primarily to the larger provisions for early retirement and the lower one-off gains. These categories comprise most of the one-off items: In 2008, €727 million in gains from the sale of its stake in Bradesco, minus €860 million in provisions for extraordinary early retirements and minus €431 million in provisions for the loss that could be caused by the Madoff fraud; in 2007, the gains on the sale of the stake in Iberdrola (€847 million) and the sale of real estate as part of the project for the new corporate headquarters (€273 million) minus €100 million for provisions for extraordinary early retirements.

Based on the foregoing, the “*Income before tax*” for 2008 was -€1,963 million, compared with the -€170 million recorded in 2007.

After provisions for “*Income tax*” and the portion corresponding to “*Minority interests*”, the “*Net attributable profit*” for 2008 was -€1,235 million, compared with €142 million in 2007, due primarily to the aforementioned one-off items, which have entailed an attributed income of -€395 million in 2008, compared with €724 millions in 2007.

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, 2008, 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.

DEPENDENCE ON 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, licences, industrial, mercantile or financial contracts or on new manufacturing processes in carrying out its business purpose.

GROUP CAPITAL

The BBVA Group's **capital base**, calculated according to rules defined in accordance with the Basel II capital accord, is €34,687 million as of December 31, 2008 –0.5% less than on the same date in 2007, primarily due to the smaller contribution of Tier-II resources.

Risk-weighted assets (RWAs) have increased by 5.5% in the year, to €283,320 million, at the end of the year. Hence, the **surplus equity** on 8% of the risk-weighted assets required by regulations stands at €12,022 million.

Core capital at the end of the year rose to €17,552 million, more than €2,006 million higher than the figure for 2007, due primarily to withheld attributable profit, and represents 6.2% of the risk-weighted assets, compared with 5.8% in December 2007.

Hence, in an especially complicated year, the BBVA Group has been able to generate capital organically.

After adding preference securities to core capital, Tier I stands at €22,364 million as of December 31, 2008, which is 7.9% of risk-weighted assets (7.3% as of December 31, 2007). Preference securities currently account for 24.1% of Tier I capital.

Other eligible capital (Tier II) mainly consists of subordinated debt, latent capital gains and excess generic provisions up to the limit set forth in regulations. The rest of the generic surplus is considered in the calculation of the RWAs of the portfolios in advanced models. At the end of 2008, Tier II had reached €12,324 million, that is, 4.3% of the risk-weighted assets. Its evolution during the year has been closely determined by declines in the stock markets.

By adding Tier I and Tier II, as of December 31, 2008, we see that the **BIS total capital ratio** is 12.2%, compared with 13.0% on the same date in 2007.

ASSETS	Millions of euros	
	2008	2007
Equity	26,586	24,811
Adjustments	(9,034)	(9,265)
CORE CAPITAL	17,552	15,546
Preference securities	5,395	4,492
Adjustments	(583)	(479)
CAPITAL (TIER I)	22,364	19,559
Valuation adjustments and other	12,914	15,784
Deductions	(590)	(479)
OTHER ELIGIBLE CAPITAL (TIER II)	12,324	15,305
CAPITAL BASE (TIER I + TIER II) (a)	34,687	34,864
Minimum capital requirement (BIS Regulation)	22,666	21,479
CAPITAL SURPLUS	12,022	13,384
Risk weighted assets (b)	283,320	268,491
BIS RATIO (%) (a)/(b)	12,2	13,0
CORE CAPITAL	6,2	5,8
TIER I (%)	7,9	7,3
TIER II (%)	4,3	5,7

CAPITAL STOCK AND TREASURY SHARES

Information about capital stock and transactions with treasury shares are in Notes 27 and 30 of the accompanying consolidated financial statements.

In compliance with article 116.b of the Securities Market Act, this explanatory report has been drawn up with respect to the following aspects:

CAPITAL STRUCTURE, INCLUDING SECURITIES NOT TRADED ON THE REGULATED EU MARKET, WITH INDICATION, WHERE APPLICABLE, OF THE DIFFERENT CLASSES OF SHARES AND, FOR EACH CLASS OF SHARES, THE RIGHTS AND OBLIGATIONS THEY CONFER AND THE PERCENTAGE OF TOTAL SHARE CAPITAL THEY REPRESENT

At December 31, 2008, BBVA share capital stood at €1,836,504,869.29, divided into 3,747,969,121 nominative shares each with a face value of €0.49, all of the same class and series, fully subscribed and paid up and represented by account entries. On 10th September 2007, the capital increase approved by the Extraordinary General Meeting of shareholders, 21st June 2007, was executed by the issue of 196,000,000 ordinary shares of the same class and series as those already in existence. This issue was made for settlement of the consideration agreed for the acquisition of Compass Bancshares, Inc.'s total share capital. At 31st December 2008 there were no significant capital increase procedures in any of the Group entities.

All the shares in BBVA's capital bear the same voting and economic rights. There are no distinct voting rights for any shareholder. There are no shares that do not represent capital.

BBVA shares are traded on the continuous market of the Spanish securities exchanges and on the Frankfurt, London, Zurich, Milan and Mexico markets.

BBVA American Depositary Shares (ADS) are traded in New York and also on the Lima exchange (Peru) under an exchange agreement between both markets.

Additionally, at 31st December 2008, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Francés, S.A. and AFP Provida were traded on their respective local securities markets, and

the BBVA Banco Francés, S.A. and AFP Provida shares were also traded on the New York exchange. BBVA Banco Francés, S.A. is also listed on the LatAm market at the Bolsa de Madrid.

RESTRICTIONS ON THE SECURITIES' TRANSFERABILITY

There are no legal or bylaw restrictions on the free acquisition or transfer of shares in the company's capital other than those established in articles 56 and following in Act 26/1988, 9th July, on discipline and oversight in financial institutions, which establish that any individual or corporation intending to directly or indirectly acquire a significant holding in a Spanish financial institution or to divest a significant holding, must first inform the Bank of Spain. The Bank of Spain will have a maximum of three months as of the date on which it is informed, to challenge the transaction intended, where applicable.

SIGNIFICANT DIRECT OR INDIRECT HOLDINGS IN THE CAPITAL

At 31st December 2008, BBVA was not aware of any significant holdings in its share capital, except that owned by Mr Manuel Jove Capellán, who on said date held 4.343% of BBVA's share capital through the companies, Inveravante Inversiones Universales, S.L., Doniños de Inversiones, SICAV, S.A. and Bourdet Inversiones, SICAV, S.A. The drop in Mr Manuel Jove's holding in BBVA from the 5.01% he held at year-end 2007, according to the filing to the CNMV, 11th December 2008, corresponds to a securities loan deal (specifically against 25,000,000 shares) carried out pursuant to additional provision 18 in Act 62/2003, 30th December. In due time, the cancellation of the loan would mean that Mr Jove can recover his previous 5.01% holding.

Moreover, on 31st December 2008, State Street Bank and Trust Co., Chase Nominees Ltd, the Bank of New York International Nominees and Clearstream AG, as international custodian/depositary banks, held 4.62%, 4.15%, 3.56% and 3.4% of BBVA's share capital, respectively.

ANY RESTRICTION ON VOTING RIGHTS

There are no legal or bylaw restrictions on the exercise of voting rights.

PARACORPORATE PACTS

BBVA has not received any information of extracorporate agreements including the regulation of the exercise of voting rights at its general meetings or restricting or placing conditions on the free transferability of BBVA shares.

DISTRIBUTION OF PROFIT

Information about distribution of profit is in the note 4 of the accompanying consolidated financial statements.

RISK MANAGEMENT

BBVA Group's system of risk management is described in Note 7 "Risk exposure" of the accompanying consolidated financial statements.

SUBPRIME CREDIT RISK EXPOSURE

Given the lack of an agreed definition of "subprime" in use across the market, we consider "subprime credit risk" to be the risk incidental to all those financial instruments of which the direct or indirect end borrower merits a credit FICO® score (a credit score based on a statistical analysis of each person's credit profile, which is used to represent the creditworthiness of that person) of less than 640 points.

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 in the ability to pay of certain borrowers, has implied a downgrade in the respective credit FICO® score of these borrowers. 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, 2008, mortgage loans originated in the United States to customers whose creditworthiness had dropped below the “subprime” level as defined above totalled €498 million (0.15% of our total customer credit risk). Of this amount, only €42 million was past due or impaired.

In addition, as of December 31, 2008, indirect exposure through credit instruments tied to an underlying subprime risk totalled €21 million (Note 8), of which 75% carried high ratings from the rating agencies widely recognized in the marketplace.

STRUCTURED INSTRUMENTS

At December 31, 2008, there are structured credit instruments, which book value was €7,548 million, of which 87.48% is guaranteed by insurance agencies and companies. The aforementioned amount was recognized in the held for trading portfolio (€569 million) and in the available-for-sale portfolio (€6,979 million).

Respect underlying, at December 31 2008, only €21 million of this balance had US assets deemed subprime as the underlying.

Valuation methods of this type of financial instruments are described in Note 8 “Fair value of financial instruments” of accompanying financial statements.

CORPORATE GOVERNANCE

In accordance with the provisions of article 116 of the Spanish Securities Market Law, the Group has prepared a corporate governance report for 2008 which is an integral part of this Management Report following the content guidelines set down in Order ECO 3722/2003 dated December 26 and in CNMV (Spanish securities regulator) Circular 4/2007, dated December 27, including a section detailing the degree to which the Bank is compliant with existing corporate governance recommendations in Spain.

In addition, all the disclosure required by article 117 of the Spanish Securities Market Law, as enacted by Law 26/2003 and by Order ECO 3722/2003 dated December 26 can be accessed on BBVA's webpage (www.bbva.es) in the section entitled “Corporate Governance”

In compliance with article 116 b of the Securities Market Act, the Group includes the information detailed as follows:

REGULATIONS APPLICABLE TO APPOINTMENTS AND SUBSTITUTION OF MEMBERS OF GOVERNING BODIES AND THE AMENDMENT OF COMPANY BYLAWS

APPOINTMENT AND RE-ELECTION

The rules applicable to the appointment and re-election of members of the board of directors are laid down in articles 2 and 3 of the board regulations, which stipulate that members shall be appointed to the board by the AGM without detriment to the Board's right to co-opt members in the event of any vacancy.

In any event, proposed candidates for appointment as directors must meet the requirements of applicable legislation in regard to the special code for financial entities, and the provisions of the Company's bylaws.

The Board of Directors shall put its proposals to the General Meeting of the Bank's shareholders in such a way that, if approved, the Board would contain an ample majority of external directors over executive directors and at least one third of the seats would be occupied by independent directors.

The proposals that the Board submits to the Bank's General Meeting for the appointment or re-election of directors and the resolutions to co-opt directors made by the Board of Directors shall be approved at (i) the proposal of the Appointments & Remuneration committee in the case of independent directors and (ii) on the basis of a report from said committee in the case of all other directors.

The Board's resolutions and deliberations shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave the room.

Directors shall remain in office for the term defined by the corporate bylaws under a resolution passed by the AGM. If they have been co-opted, they shall work out the term of office remaining to the director whose vacancy they have covered through co-option, unless a proposal is put to the AGM to appoint them for the term of office established under the corporate bylaws.

TERMINATION OF DIRECTORSHIP

Directors shall resign their office when the term for which they were appointed has expired, unless they are re-elected.

Directors must apprise the board of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts.

Directors must place their office at the disposal of the board and accept its decision regarding their continuity in office. Should the board resolve they not continue, they shall accordingly tender their resignation.

Directors will resign their positions on reaching 70 years of age. They must present their resignation at the first meeting of the Bank's board of directors after the AGM that approves the accounts for the year in which they reach this age.

CHANGES TO THE CORPORATE BYLAWS

Article 30 of the BBVA Bank bylaws establishes that the General Meeting of shareholders has the power to amend the Bank bylaws and/or confirm and rectify the interpretation of said bylaws by the Board of Directors.

To such end, the regime established under articles 144 and following of the Companies Act will be applicable.

The above notwithstanding, in order to adopt resolutions for substituting the corporate object, transforming, breaking up or winding up the company and amending this second paragraph of the present article, the General Meeting on first summons must be attended by two thirds of the subscribed capital with voting rights and on second summons, 60% of said capital.

POWERS OF THE BOARD MEMBERS AND, IN PARTICULAR, POWERS TO ISSUE AND/OR BUY BACK SHARES

The executive directors shall hold broad-ranging powers of representation and administration in keeping with the requirements and characteristics of the posts they occupy.

With respect to the Board of Directors' capacity to issue BBVA shares, the AGM, 28th February 2004, resolved to confer authority on the Board of Directors, pursuant to article 153.1.b) of the Companies Act, to resolve to increase the capital on one or several occasions up to the maximum nominal amount representing 50% of the Company's share capital that is subscribed and paid up on the date on which the resolution is adopted, ie, €830,758,750.54. The directors have the legally established time period during which to increase the capital, ie, five years. The only amount that BBVA has drawn down against this authorisation so far is the capital issue it made in November 2006 for €78,947,368.22.

Since five years have ensued since said authority was conferred, the board of directors has resolved to propose to the AGM, 13th March 2009, that it renew the authority for a further five-year period.

Likewise, the Bank's AGM, 14th March 2008, resolved to confer authority to the board of directors, for five years, to issue securities convertible and/or exchangeable for the Bank's shares for up to a maximum of €9 bn (9,000,000,000 euros), establish the various aspects and terms and conditions of each issue, including authority to exclude or not exclude the pre-emptive subscription rights pursuant to article 159.2 of the Companies Act, determine the bases and modalities of the conversion and increase share capital by the amount required.

Likewise, the AGM, 16th March 2007, pursuant to article 75 of the Spanish Companies Act, authorised the Company, directly or through any of its subsidiary companies, for a maximum of eighteen months, to buy Banco Bilbao Vizcaya Argentaria, S.A. shares at any time and as often as deemed timely, by any means accepted by law. The board of directors will once again propose to the AGM, 13th March 2009, that it adopt this resolution.

SIGNIFICANT RESOLUTIONS THAT THE COMPANY MAY HAVE PASSED THAT COME INTO FORCE, ARE AMENDED OR CONCLUDE IN THE EVENT OF ANY CHANGE OF CONTROL OVER THE COMPANY FOLLOWING A PUBLIC TAKEOVER BID

No agreement is known that could give rise to changes in the control of the issuer.

AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS, MANAGERS OR EMPLOYEES ESTABLISHING INDEMNITY PAYMENTS WHEN THEY RESIGN OR ARE DISMISSED WITHOUT DUE CAUSE OR IF THE EMPLOYMENT CONTRACT EXPIRES DUE TO A TAKEOVER BID

The Bank's executive directors (the chairman & CEO, the president & COO and the company secretary) are entitled under their contracts to receive indemnity should they leave on grounds other than their own will, retirement, invalidity or dereliction of duty. The amount, terms and conditions of this indemnity are detailed in Note 54 of the annual report.

The Bank recognised the entitlement of some members of its management team, 59 senior managers, to be paid indemnity should they leave on grounds other than their own will, retirement, invalidity or dereliction of duty. The amount of this indemnity will be calculated in part as a function of their annual remuneration and the number of years they have worked for the Company and in part as a function of the amounts due to them under the passive rights they may have accumulated.

The Bank has agreed clauses with some staff (50 technical and specialist employees) to indemnify them in the case of dismissal without due cause. The amounts agreed are calculated as a function of the professional and wage conditions of each employee.

RESEARCH AND DEVELOPMENT

Business 2008 has seen the consolidation of numerous projects, as well as the start of new ones, all with a view to making life easier for people, through the widespread use of new information technologies.

The schemes rolled out basically involve five lines of action:

1. Research and development into new ways of marketing and communicating. This sphere encompasses several projects, such as: Webzine, a business dealing with advertising through digital magazines targeting different market segments; Actibva, a community platform that is open to all and which provides society with BBVA's financial knowledge and tools; and Colección Planta 29, which includes a blog on innovation aimed at the developers' community. Finally, the Group has attended sundry events in 2008, such as Campus Party Madrid, Valencia and Colombia, World Internet Day, Madrid es Ciencia (Madrid is Science), Mobuzz TV, Evento Blog España and FICOD.
2. Research and development into new digital business models. This encompasses both those projects already launched in 2007, such as e-conta, an online accounting service for pymes and self-employed, together with new ones, such as Virtualdoc, a service for digitalisation, secure storage, management of the information cycle and web access to the same, and the most important project that has been introduced during the year, BBVA Tú Cuentas (You Matter), a personal finance manager that aggregates accounts and makes financial and non-financial recommendations based on artificial intelligence. This service provides a revolutionary solution enabling online banking users to improve the management of their personal finances.
3. Research and development into new ways of cooperating. Three new projects have been consolidated in 2008: Google, whose intranet search engine provides access to the information contained on the Group's website, intranets, shared resources and local information; the Blogosphere, a new internal, multi-directional, online communication tool that facilitates the transfer of individual knowledge into the collective domain; and, finally, Infoblue, the revamping of the Documentation Centre on the back of the developments made in digitalisation and connectivity, for the more efficient management of information. In addition to all the above, there is the Innovation Centre, an area for testing new work methods, based on new solutions in connectivity, mobility and digitalisation, which will be fully up and running in 2009.
4. Research and development into new payment channels and mobility solutions. The Group has decided to respond to the major changes taking place within this field, with the aim being to structure the Group's approach to payment channels and mobility and drive the development of projects with the areas.
5. Research and development into new ways of understanding customers. The BBVA Group aims to become a referent in the development and application of a 360° approach to knowledge on consumers, understanding the major issues that affect them through a qualitative analysis of social trends, at both financial and non-financial level. Furthermore, the bank seeks to become a market benchmark through the external dissemination of reports and the creation of a network of alliances in Consumer Insight.

ENVIRONMENTAL INFORMATION

COMMITMENT TO THE ENVIRONMENT

The BBVA Group prioritises 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, the via the environmental ramifications of the products and services it provides, especially those related to financing, asset management and management of its supply chain - indirect impacts).

ENVIRONMENTAL POLICY TARGETS

The objectives of the Group's environmental policy are as follows:

1. Compliance with prevailing environmental legislation in all the BBVA Group's operating markets.
2. Ongoing improvement in its ability to identify and manage the environmental risks incidental to the Group's financing and investment activities.
3. Development of environmentally-friendly financial products and services.
4. Eco-efficiency in the use of natural resources, including setting and delivery of targets for improvement.
5. Management of its direct environmental impact via an environmental management system (EMS), the main components of which are ISO 14001-certified.
6. To exert a positive influence on the environmental records of its stakeholders by communicating to them and raising their awareness of the importance of the environment as an additional input in business and HR management practice.
7. To communicate, sensitize and train its employees on environmental matters.
8. To promote environmental sponsorship, volunteering initiatives and research.
9. To support the main initiatives to fight against and prevent climate change.

The principal international environmental commitments assumed by the Group are:

1. United Nations Global Compact (since 2002) www.globalcompact.org.
2. UNEP- FI (since 1998) www.unepfi.org.
3. Equator Principles (since 2004) www.equator-principles.com.

ENVIRONMENTAL POLICY SCOPE, GOVERNANCE AND REVIEW

This policy is global in scope and affects all the activities undertaken by the Group, i.e. the banks and subsidiaries over which BBVA exerts effective control and will be reviewed and updated periodically.

The Department for Corporate Responsibility and Reputation is tasked with coordinating environmental policy and overseeing compliance with it. The members of the BBVA Group's Executive Committee also oversee correct compliance with this policy. To this end, the Executive Committee members make efforts to develop and oversee the implementation of this policy across the Group.

MAIN ENVIRONMENTAL ACTIONS IN 2008

The main environmental actions carried out by the Group in 2008 are as follows:

1. Launch of the Global Eco-Efficiency Plan (2008-2012). The plan was devised with the goal of minimizing BBVA's direct impact on the environment. It has a budget of €19 million and will generate annual savings of €1.5 million from 2012 thanks to a more efficient use of natural resources. The plan encompasses six 6 targets (stated on a per employee basis) and a significant number of core initiatives:
 - A 20% reduction in the Group's carbon emissions.
 - A 10% reduction in paper consumption.
 - A 7% reduction in water consumption.
 - A 2% reduction in energy consumption.
 - 20% of employees will work in ISO 14001 certified buildings (26,000 employees).
 - LEED gold certification for the Group's new headquarters in Madrid, Mexico and Paraguay (15,500 employees).
2. Improved environmental risk management systems in project finance (Equator Principles) and in determining borrower's credit profiles (Ecorating).

3. The Group continued to lead renewable energy project financing in Spain and abroad.
4. The Group continued to promote international initiatives in support of the fight against climate change.
5. The environmental sponsorship arm of the BBVA Foundation has ambitious programs for protecting the environment. Among these efforts, the Foundation's sponsorship of the Knowledge Frontier prize, endowed with €400,000 in the climate change category, stands out. The 2008 edition of the BBVA Foundation Knowledge Frontier prize in this category was awarded to US researcher Wallace S. Broecker, who was the first scientist to bring global warming to the world's attention. The jury highlighted the pioneering nature of Broecker's research and the contributions made by this US scientist to our knowledge of the so-called 'abrupt phenomena', processes which unleash extreme climatic changes. In addition, in 2008 the BBVA Foundation launched the IV edition of its environmental research grants in ecology and conservation biology, endowed with €3.6 million to finance 18 different research projects.

As of December 31, 2008, there were no items in the Group's consolidated financial statements that warranted inclusion in the separate environmental information document envisaged in the Ministry of the Economy Order dated October 8, 2001.

REPORT ON THE ACTIVITY OF THE CUSTOMER CARE AND CUSTOMER OMBUDSMAN DEPARTMENT

In Spain the BBVA Group has a Customer Care Service in place to manage customer complaints and grievances. In addition, if a customer were unsatisfied with the solution proposed by the Customer Care Service, he or she has a second line of defense in the Customer Ombudsman.

In accordance with the stipulations of article 17 of the Ministry for the Economy Order ECO/734/2004, dated March 11 regarding customer care and consumer ombudsman departments at financial institutions, and in line with the BBVA Group's "Internal Regulations for Customer Protection in Spain" approved by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. in its session of July 23, 2004, the following is a summary of related activities in 2008:

REPORT ON THE ACTIVITY OF THE CUSTOMER CARE DEPARTMENT IN 2008

STATISTICAL SUMMARY OF THE GRIEVANCES AND COMPLAINTS HANDLED BY BBVA'S CUSTOMER CARE SERVICE IN 2008

The number of customer complaints received by BBVA's Customer Care Service in 2008 was 8,983, of which 520 were ultimately not processed because they did not comply with the requirements of Ministry of the Economy Order ECO/734/2004. 90.7% of the complaints (7,679 files) were resolved in the year and 784 complaints had not yet been analysed as of December 31, 2008.

The complaints managed can be classified as follows:

	Percentage of Complaints
Insurances	17.7%
Customer information	17.7%
Assets products	16.9%
Commision and expenses	15.3%
Operations	14.9%
Finacial and welfare products	7.1%
Collection and payment services	7.0%
Other complaints	3.4%
Total	100.0%

The detail of the complaints handled in 2008, by the nature of their final resolution, is as follows:

	Number of Complaints
In favour of the person submitting the complaint	2,951
Partially in favour of the person submitting the complaint	855
In favour of the BBVA Group	3,873

The principles and methods used by the Customer Care Service to resolve complaints are based on the application of the rules on transparency and customer protection and best banking practices. The Service adopts its decisions independently, notifying the various units involved of any actions which require review or adaptation to the related regulations.

RECOMMENDATIONS OR SUGGESTIONS DERIVING FROM YOUR EXPERIENCE, WITH A VIEW TO BETTER ATTAINING THE AIMS OF YOUR WORK.

In 2008 the Customer Care Service has aided in the resolution of a significant number of claims, working closely with customers in branch offices. This has encouraged amicable settlements to disputes, which undoubtedly boosts customers' perceptions of quality.

The company has applied a number of recommendations with respect to initiatives aimed at improving the banking practice of the different companies subject to the Regulation.

REPORT ON THE ACTIVITY OF THE CONSUMER OMBUDSMAN OF BBVA

The following is a summary of the 2008 annual report outlining the activities of the Customer Care Department, in accordance with the provisions of article 17 of Ministry of Economics Order ECO/734/2004, of March 11, on customer service departments and services, and financial ombudsmen for credit institutions.

STATISTICAL SUMMARY OF THE GRIEVANCES AND COMPLAINTS HANDLED BY BBVA'S CONSUMER OMBUDSMAN IN 2008

The number of customer complaints received by BBVA's Consumer Ombudsman in 2008 was 2,187 of which 109 were ultimately not processed because they did not comply with the requirements of Ministry of the Economy Order ECO/734/2004. 92.46% of the complaints (2,022 files) were resolved in the year and 56 complaints had not yet been analysed as of December 31, 2008.

The grievances and complaints handled are classified in the table below in line with the criteria established by the Claims Service of the Bank of Spain in its half-yearly data compilations:

	Number of Complaints
Assets operations	265
Liabilities operations	203
Other banking products (Cash, Automated teller...)	115
Collection and payment services	108
Investment services	247
Insurance and welfare products	631
Other complaints	453

The detail of the files resolved in 2008, according to its final resolution, was as follows:

	Number of Complaints
In favour of the person submitting the complaint	159
Partially in favour of the person submitting the complaint	1,055
In favour of the BBVA Group	808

Based on the above, over 60% of the customers bringing a complaint before the BBVA Consumer Ombudsman, were in some way satisfied, either as a consequence of the final resolution of the Ombudsman or because of its role as middleman in favor of the person submitting the claim.

The Ombudsman issues its verdicts based on prevailing legislation, the contractual relationships in place among the parties, current standards on transparency and customer protection on best banking practices and, especially, on the principle of equality.

The independent nature of the role of the Consumer Ombudsman is vital and is a requirement to earn the trust of the institution's clientele. Verdicts handed down by the Ombudsman in favour of the customer are binding on the affected Group entity.

RECOMMENDATIONS OR SUGGESTIONS DERIVED FROM THE EXPERIENCE ACQUIRED BY THE OMBUDSMAN ACTIVITY, WITH A VIEW TO BETTER ATTAINING THE AIMS OF ITS WORK.

Among the various initiatives implemented by the Entity at the behest of the Ombudsman in 2008, we would highlight the following:

On behalf of the Ombudsman, the corresponding departments have been notified of suggested ways to improve the Group's claims processes in order to improve and increase satisfaction with the customer care service; some of these will be adopted over the coming year.

Also pursuant to a proposal made by the Ombudsman, a new BBVA Rentas contract has been drawn up with clearer and more precise wording, in order to enhance the protection afforded to customers.

Lastly, Group representatives are in constant contact and meet regularly with the claims services of the Bank of Spain, the Spanish National Securities Market Commission and the Spanish General Directorate of Insurance, all with a common goal of harmonising criteria and fostering more robust customer protection and safety.

Clients not satisfied with the resolution of the Consumer Ombudsman, can take them before the Bank of Spain, the Spanish National Securities Market Commission and the Spanish General Directorate of Insurance. The Ombudsman always notifies this to the clients.

In 2008, the percentage of complaints examined or resolved by the Consumer Ombudsman that were afterward presented by the client before the abovementioned organisms was 7.81%, a bit higher in comparison to 6.40% during 2007.

FUTURE OUTLOOK

2008 has been defined by financial turmoil of considerable import on a global scale. The problems of solvency facing certain financial institutions have helped to accelerate the transmission from financial variables to real ones. This factor, together with the cyclic slowdown already under way in 2007, meant that world growth fell from 5% to 3.5% in 2008. In the developed economies, there was confirmation of the onset of a period of recession. Within this framework, the Spanish economy ended 2008 with somewhat higher growth than the economies in its area. For their part, the emerging economies managed to record growth rates that were still high, albeit lower than in 2007. Especially remarkable was the resistance shown by the Chinese economy, which continued to gain ground in the global economy and rose to third place in terms of GDP, behind only the USA and Japan.

Within this environment of soaring uncertainty, credit crunch and economic fragility, the economic perspectives for 2009 will be highly conditioned by the effectiveness of the monetary and fiscal policies that are being rolled out. The main scenario, nonetheless, will be characterised by a moderation in world growth to a figure below 2% and a state of recession in the developed economies. The Spanish economy is most likely to perform in line with Europe as a whole. Amongst the emerging countries, there is probably going to be a further sluggishness in growth, but generally speaking no repetition is expected of the episodes of financial crisis that occurred in the 90s. The Chinese economy might achieve growth of close to 8%, which means it will continue to increase its importance on the global stage. Finally, there is expected to be a scenario of falls in inflation over the coming year as a result of the weakness of internal demand and the drop in the prices of commodities.

The BBVA Group has a very sound business model that is responding appropriately to these changes, combined with a new type of consumer and the revolution in information technologies. Faced with this situation, the BBVA Group is confident as it is in the best possible position regarding risk management, thereby being able to manoeuvre with a greater advantage over its competitors. This is reaffirmed in its objectives for growth, return and dividend policy through a differential strategy based on transformation, innovation and profitable compounded growth.

BUSINESS AREA PLANS

The area of Spain and Portugal seeks to forge a long-term banking relationship with its customers, underpinned by the strength, profitability and efficiency of its activity, with both balanced growth in its businesses and strict and differentiated risk management and analysis.

Wholesale Banking & Asset Management faces 2009 with a sharp focus on the implementation of its strategic agenda.

In 2009, the strategy pursued by BBVA Bancomer will focus on upholding its leadership and maintaining the pace of its volumes on a par with the industry, as well as the associated income, through a hands-on and positive management of the prices of assets and liabilities, exploiting the bank's commercial muscle, its capillarity, its competitive position and its robustness.

The strategic priority in the United States for fiscal year 2009 is the Transformation Plan for building the BBVA franchise as a platform for growth in this country.

In South America, amongst the main strategic lines to be pursued in 2009 in the retail banking business there are such highlights as the penetration of lending, leveraged on paylips to mitigate risk, and enhancing the efficiency of the distribution model, with its ensuing impact on the arrangement of the branch network, in which the aim is to apply the experience of PFMs to the management of sales forces.

SPAIN AND PORTUGAL

Throughout 2008, the area of Spain and Portugal has successfully dealt with an environment of sharp economic adjustment, thanks to the strategy of pre-emption implemented in 2007.

Given the scenario anticipated for 2009, Spain and Portugal is committed to a competitive offer in products and services adapted to its customers' needs, thereby reinforcing and extending the business perimeter.

Accordingly, it aims to leverage its operations in 2009 on the following:

- An organisation that is fully customer-focused: by being a "bank of people for people", with a clear strategy of commercial proximity based on segmentation by value with specific networks, sales forces and products for each kind of segment, from personal banking through to SMEs, large corporations and institutional businesses, including the self-employed and retailers.
- Multi-channel approach, which maximises selling opportunities and exploits the synergies of distribution, improving commercial productivity and favouring the cross-sale of products of greater value.
- Improved efficiency, with further development of the Transformation Plan, which will lead to distribution and production models that are ever more efficient and profitable and seeking a greater commercial focus in the branch network, through the industrialisation of operating and administrative processes.
- Excellent and differential risk management.

WHOLESALE BANKING & ASSET MANAGEMENT

The area of Global Businesses has changed its name to strengthen BBVA's positioning as regards its wholesale customers, and is now Wholesale Banking & Asset Management. The aim of this modification is to identify BBVA as a universal bank on the one hand, and on the other, this area as a comprehensive provider of high value.

In 2008, the area has shown a strong capacity for resilience and adjustment to the adverse environment of financial markets, heading into 2009 ready to fulfil its strategic agenda:

In Corporate and Investment Banking, the Group will further develop its strategy of presenting selected customers with a comprehensive offer of products and services in which BBVA has a sustainable competitive advantage. The definitive implementation of the model of industry specific coverage paves the way for a strategic dialogue with customers that, in turn, redounds to a greater anticipation of their needs and the adaptation of products and services to them.

Global Markets will continue promoting cross-selling to BBVA Group customers, basing itself on the relations developed with its key customers.

Asset Management will make the most of the prevailing uncertainty in the industry to fully transform its business portfolio, which will inform its future growth as a global unit integrating its business processes.

Regarding Asia, whereas 2008 saw the culmination of negotiations with the CITIC Group with an increase in the investment in CNCB and CIFH, 2009 will be a key year in the pursuit of joint business ventures and in the region's development in three-way cooperation between CNCB, CIFH and BBVA.

Finally, the Industrial and Real Estate Holdings unit will devote itself to diversifying the area's businesses, as well as to creating value in the medium and long terms through the active management of its portfolio of industrial holdings, applying criteria of profitability, efficiency and turnaround.

MEXICO

In spite of the slowdown recorded by the Mexican economy in 2008, the area has concluded another year of solid growth.

In 2009, BBVA Bancomer will face a more challenging environment than in prior years. Accordingly, its strategy will be based on upholding its leadership and maintaining the pace of its volumes on a par with the industry, as well as the associated income, through a hands-on and positive management of the prices of assets and liabilities, exploiting the bank's commercial muscle, its capillarity, its competitive position and its robustness.

To achieve this goal, a significant boost has been given to the Transformation Plan, which will usher in benefits in both efficiency and productivity. This, combined with specific cost-control projects, will lead to better recurrency and efficiency ratios.

Controlling the quality of assets will continue to be a mainstay for continued profitable growth. Accordingly, techniques and solutions have been expanded and improved throughout the lending circuit (origination, monitoring and collection) for all products, with the aim being to uphold the differential advantage that BBVA Bancomer has maintained so far over its competitors in loan quality indicators.

Even though BBVA Bancomer has a sound liquidity position, efforts will continue to be made to properly manage liquidity levels in an ever changing market. The management of capital is also a key component of the financial strategy for 2009, in order to maintain the high level of solvency.

With a view to further improving customer service, two main lines are to be addressed: revitalising the monitoring of customer satisfaction with waiting-times in branches and gradually evolving towards a new appraisal of the service based on levels of recommendation. In addition, BBVA Bancomer has the permanent objective of continuing to improve in its quest to become one of the best places to work in Mexico.

UNITED STATES

2008 has witnessed the successful integration of Texas State Bank, State National Bank and Laredo National Bank within Compass and the launch of the new BBVA Compass brand.

BBVA Compass will dedicate its greatest efforts to efficient capital management. Initiatives are to be undertaken with a view to increasing the amount of deposits, actively managing prices, controlling risk quality and improving efficiency.

The aim in Puerto Rico is to continue improving efficiency, rationalising structures and controlling expenditure, as well as managing both prices and risk efficiently within the island's current economic environment.

The priorities for Bancomer Transfer Services are to uphold its leadership in the remittance of transfers between the US and Mexico, bolster the origination and distribution network and diversify its product range.

SOUTH AMERICA

Despite the turmoil in the financial markets, the area has evolved very positively in 2008.

The main aims for this area in 2009 are to increase the penetration of lending, leveraged on payslips to mitigate risk, and enhancing the efficiency of the distribution model, with its ensuing impact on the arrangement of the branch network, in which the aim is to exploit the experience of PFMs.

The transformation of the model, designed to improve productivity and the quality of service, includes concentrating transactions in credit cards and leveraging in channels other than the branch office, above all for certain customer segments, focusing on multi-channel marketing processes and a greater degree of automation.

Other matters to be addressed on a priority basis are the complete reassessment of the “VIP” segment and the definition of a plan for improving charges. Action will continue to be undertaken in CBB designed to expand this business in a profitable manner, fine-tuning the management model and improving the offer of financial products for this segment with a view to positioning BBVA at the forefront of CBB in this region.

Regarding the pension business, strategic lines will continue to be directed towards increasing the value of the franchise based on the synergies between the banks and PFMs, through the development of new businesses and the reinforcement of both its institutional presence and brand image.

In the insurance business, priority will be given to the work undertaken in pursuit of greater value creation, giving a major boost to the bancassurance activity in progress, as well as to the development of new distribution channels (large-scale sales forces, call centre), business intelligence and operating support, in order to improve both efficiency and performance.

FINANCING OUTLOOK

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 14, 2008, March 18, 2006 and February 28, 2004, the shareholders resolved to authorize a comprehensive program of capital increases and debt security issues. The related resolutions can be summarized as follows:

- 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 euros; to establish the different aspects and conditions of each issue, including the authority to exclude or not exclude the pre-emptive subscription right, as set forth in Article 159.2 of the Ley de Sociedades Anónimas [Companies Act]; to determine the bases for and modalities of such conversions; and to increase the capital stock as required. Agreement taken at the General Meeting held on March 14, 2008.
- 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. This resolution was adopted at the Annual General Meeting on March 18, 2006. This amount was increased by €30,000 million by the Ordinary General Meeting held on March 16, 2007 and by €50,000 million by the Ordinary General Meeting held on March 14, 2008, reaching an aggregate limit set €185,000 million.
- To confer upon the Board of Directors, pursuant to Article 153.1.b) of the Combined Text of Spanish Companies Law (Texto Refundido de la Ley de Sociedades Anónimas), the authority to increase the share capital, within the five-year period stipulated by law, on one or several occasions, by an amount (par value) not exceeding 50% of the Bank's share capital subscribed and paid at the date of this authorization, through the issuance of new ordinary shares, preference shares, redeemable shares or any other kind of shares permitted by Law, carrying voting rights or otherwise, with or without pre-emptive subscription rights. In this last-mentioned case the shares are to be issued at an issue price equal to their actual value, as required by law and the provisions of Article 161.1 of the Spanish Companies Law. This resolution was adopted at the Annual General Meeting on February 28, 2004. Based on these resolutions, the Bank could issue ordinary shares for an amount of up to €830,758,750.54. The only disposition done by BBVA under this authorization was the capital increase made in November 2006 by an amount of €78,947,368.22. This agreement will remain without effect from February 28, 2009.

Securities class	Millions of euros
BBVA Shares ⁽¹⁾	830
Debt securities	185,000
Convertible bonds ⁽¹⁾	9,000

(1) Resolution adopted on the Annual General Meetings celebrated on February 28, 2004, March 1, 2003 and March 9, 2002, that delegates to the board of directors the power to issue shares that could affect the capital of the Group.

BBVA GROUP ESTABLISHMENTS IN OFFSHORE FINANCIAL CENTERS

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 to three the number of offshore financial centers (see Corporate Social Responsibility Report 2004).

At year-end 2008, the measures deriving from the said plan had led to the removal of 36 permanent establishments. In addition, 3 companies were in the process of liquidation and another 6 had ceased all business activity as a preliminary step to the said process. Of the latter, 5 show liabilities with securities issued, and the time of their effective liquidation will depend on the repurchase and/or amortization process.

The accompanying table presents a comparative list of the issues existing as at 31-Dec-08 and 31-Dec-07.

Issuer	Country	Millions of euros								
		Preference shares ⁽¹⁾			Subordinated debt ⁽¹⁾			Other fixed-income securities		
		31-12-08	% Var.	31-12-07	31-12-08	% Var.	31-12-07	31-12-08	% Var.	31-12-07
BBVA International LTD	Cayman Islands	500	-	500						
BBVA Capital Funding LTD	Cayman Islands				1,142	1.7	1,123			
BBVA Global Finance LTD	Cayman Islands				144	5.9	136	405	(62.2)	1,072
BCL International Finance TLD	Cayman Islands							108	(7.7)	117
Mercury Trust LTD ⁽²⁾	Cayman Islands							106	(28.0)	148
TOTAL		500	-	500	1,286	2.1	1,259	619	(53.7)	1,337

(1) Securities issued before enactment of 19/2003 Act, of 4 July.
(2) Securitization bond issues on flows generated by BBVA Bancomer credit cards.

At year-end 2008, 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 Netherlands Antilles.
2. Business in Panama.
3. The BBVA Group's holding in Inversiones Banpro Internacional Inc. N.V. (Netherlands Antilles.)

BRANCHES OF THE BBVA GROUP'S BANKS IN THE CAYMAN ISLANDS AND THE NETHERLANDS ANTILLES

At year-end 2008, the BBVA Group has three bank branches registered in the Cayman Islands and another one in the Netherlands 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.

The accompanying tables include information on the type of business or main activity of these branches (which does not include the rendering of private banking services) and their balance sheets, including the main headings as at 31-Dec-08 and 31-Dec-07.

	Banco Bilbao Vizcaya Argentaria, S.A.	BBVA Bancomer, S.A.	Banco Provincial, S.A.	Compass Bank
OFC in which the permanent establishment is domiciled	Cayman Islands	Cayman Islands	Netherlands Antilles	Cayman Islands
Jurisdiction in which operations are effectively administered	United States of America	Mexico	Venezuela	United States of America
Main activity or business	Corporate Banking	Financial and balance sheet risks management	Commercial Banking	Corporate Banking

Balances sheets

	Millions of euros															
	Cayman Islands BBVA branch (Spain)				Cayman Islands BBVA Bancomer branch (Mexico)				Cayman Islands Compass Bank branch (USA)				Netherlands Antilles Banco Provincial branch (Venezuela)			
	31-12-08	% Var.	% Var. ⁽¹⁾	31-12-07	31-12-08	% Var.	% Var. ⁽¹⁾	31-12-07	31-12-08	% Var.	% Var. ⁽¹⁾	31-12-07	31-12-08	% Var.	% Var. ⁽¹⁾	31-12-07
Total net lending	8,538	35.5	28.1	6,303	267	(20.5)	(24.8)	336	-	-	-	-	3	(42.1)	(45.2)	5
Securities portfolio	1	-	(5.5)	1	538	(37.9)	(41.2)	866	-	-	-	-	1	n,s,	n,s,	-
Liquid assets	-	-	-	-	10	n,s,	n,s,	75	2,966	420.9	392.5	569	41	(24.0)	(28.1)	55
Property and equipment and intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	1	n,s,	n,s,	-	1,146	(36.1)	(39.6)	1,795	-	-	-	-	-	52.3	43.9	-
TOTAL ASSETS	8,540	35.5	28.1	6,304	1,961	(36.2)	(39.6)	3,072	2,966	420.9	392.5	569	46	(23.4)	(27.6)	59
Deposits	8,231	34.1	26.7	6,140	1,389	5.7	(0.1)	1,314	2,993	402.2	374.8	596	15	(48.6)	(51.5)	30
Equity	309	88.4	78.1	164	(367)	n,s,	n,s,	220	(27)	0.3	(5.2)	(27)	13	30.5	23.4	10
Liquid liabilities	-	-	-	-	274	(60.8)	(62.9)	700	-	-	-	-	14	n,s,	n,s,	19
Other liabilities	-	-	-	-	665	(20.7)	(25.0)	839	-	-	-	-	3	n,s,	n,s,	-
TOTAL LIABILITIES AND EQUITY	8,540	35.5	28.1	6,304	1,961	(36.2)	(39.6)	3,072	2,966	421.0	392.5	569	46	(23.4)	(27.6)	59
Memorandum accounts	1,255	(44.2)	(47.2)	2,249	121,295	(5.5)	(10.7)	128,389	-	-	-	-	163	(24.8)	(28.9)	217
Bonds, guarantees and cautions	1,255	(44.2)	(47.2)	2,249	-	-	-	-	-	-	-	-	-	-	-	-
Other operations	-	-	-	-	121,295	(5.5)	(10.7)	128,389	-	-	-	-	163	(24.8)	(28.9)	217

(1) At constant exchange rate.

BUSINESS IN PANAMA

At year-end 2008, the BBVA Group has the following permanent establishments in Panama: a subsidiary bank, Banco Bilbao Vizcaya Argentaria, S.A. (Panamá), which in turn owns a company for holding 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 rendering of private banking services. In general, Banco Bilbao Vizcaya Argentaria, S.A. (Panamá) restricts the admission of business relations with non-resident individuals (irrespective of whether they are recorded as holders of the business relation or as economic beneficiaries of the same, when its holder is a corporate entity) and with companies registered in other jurisdictions to cases where the business relation is a consequence of commercial activities known and developed in Panama. In any event, any exception to the general criteria would require the application of reinforced procedures on customer knowledge and approval.

The following table includes the condensed balance sheets of the BBVA Panama financial group as at 31-Dec-08 and 31-Dec-07.

Balance sheets				
Millions of euros				
BBVA Group (Panama)				
Panama	31-12-08	% Var.	% Var. ⁽¹⁾	31-12-07
Total net lending	1,449	73.6	64.1	835
Securities portfolio	4	17.8	11.3	3
Liquid assets	151	65.9	56.8	91
Property and equipment and intangible assets	10	63.6	54.6	6
Other assets	46	65.2	56.1	28
TOTAL ASSETS	1,660	72.3	62.9	963
Deposits	1,117	49.3	41.2	748
Equity	218	81.3	71.4	120
Liquid liabilities	281	297.7	276.0	71
Other liabilities	44	79.9	70.1	24
TOTAL LIABILITIES AND EQUITY	1,660	72.3	62.9	963
Memorandum accounts	435	32.3	25.1	329
Bonds, guarantees and cautions	73	106.7	95.4	35
Other operations	362	23.4	16.6	293

(1) At constant exchange rate.

THE BBVA GROUP'S HOLDING IN INVERSIONES BANPRO INTERNACIONAL INC. N.V. (NETHERLANDS ANTILLES)

The BBVA Group owns 48% of the share capital of Inversiones Banpro Internacional Inc. N.V., a company registered in the Netherlands Antilles whose sole asset is its ownership of all of the shares of Banco Provincial Overseas, N.V., a bank registered in the same country, where it has the necessary resources to manage and administer its operations. Banco Provincial Overseas, N.V. limits its activities (which do not include the rendering 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 US 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 31-Dec-08 and 31-Dec-07.

Balance sheets				
Millions of euros				
Banco Provincial Overseas				
Netherland Antilles	31-12-08	% Var.	% Var. ⁽¹⁾	31-12-07
Total net lending	-	(87.6)	(88.2)	2
Securities portfolio	71	149.4	135.8	28
Liquid assets	354	9.9	3.9	322
Property and equipment and intangible assets	1	6.5	0.7	1
Other assets	1	n.s.	n.s.	-
TOTAL ASSETS	427	20.8	14.2	354
Deposits	390	24.0	17.2	314
Equity	26	5.7	-	25
Liquid liabilities	1	(86.9)	(87.6)	5
Other liabilities	10	13.2	7.0	9
TOTAL LIABILITIES AND EQUITY	427	20.8	14.2	354
Memorandum accounts	402	22.2	15.6	329
Bonds, guarantees and cautions	113	14.2	7.9	99
Other operations	289	25.7	18.8	230

(1) At 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 verifies the following: the coincidence of their activities with the definition of their corporate purpose, compliance with corporate policies and procedures in matters relating to customer knowledge and prevention of money laundering, the veracity of the information submitted to the parent company and compliance 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 2008, 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 therefrom 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 forming the same. The selection criterion is to designate the same auditing firm for all the BBVA Group's permanent establishments in offshore financial centers, unless, for reasons which the committee will appreciate, this is not possible or fitting. For 2008, 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.

SUBSEQUENT EVENTS

Subsequent to the year-end close, the Directors of Banco de Crédito Local de España, S.A. and BBVA Factoring E.F.C., S.A. (both sole shareholder companies), in their respective Board meetings held on January 26, 2009, and Banco Bilbao Vizcaya Argentaria, S.A., in its Board meeting of January 27, 2009, approved the proposal to merge the first two sole shareholder companies into Banco Bilbao Vizcaya Argentaria, S.A. and the subsequent transfer *en bloc* of their assets to BBVA, which will acquire by universal succession the transferors' rights and obligations.

The merger agreement will be submitted to shareholders for approval in general meeting during the first quarter of the year. Given that the merged companies are wholly and directly owned by Banco Bilbao Vizcaya Argentaria, S.A., in accordance with article 250.1 of the Spanish Public Limited Companies Act, it will not be necessary to increase the capital of Banco Bilbao Vizcaya Argentaria, S.A. or for management reports to be prepared by the companies involved in the merger, or for reports to be prepared by independent experts on the merger proposal.

ANNUAL REPORT ON CORPORATE GOVERNANCE

PUBLICLY TRADED COMPANIES

ISSUER IDENTIFICATION

END OF BUSINESS YEAR

2008

Tax ID no. A-48265169

Registered offices: BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

WARNING: *The English version is only a translation of the original in Spanish for information purposes.
In case of a discrepancy, the Spanish original prevails.*

STANDARD ANNUAL REPORT ON THE CORPORATE GOVERNANCE OF PUBLICLY TRADED COMPANIES

To better understand the form and fill it in, first read the instructions at the end of this report. The column with the tax ID number will not be public. Fill in the tax ID number for all the cases in which is necessary to complete the data on individuals and companies.

A OWNERSHIP STRUCTURE

A.1. Fill in the following table on the company's share capital:

Date of latest change	Share capital (€)	Number of shares	Number of voting rights
10-09-2007	1,836,504,869.2 9	3,747,969,121	3,747,969,121

Indicate if there are different kinds of shares with different rights associated to them:

YES ☐ NO ☒

A.2. List the direct and indirect owners of significant holdings in your company at year end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
MANUEL JOVE CAPELLAN	0	162,768,608	4.343

(*) Through:

Name of direct shareholder (person or organisation)	Number of direct voting rights	% of total voting rights
INVERAVANTE INVERSIONES UNIVERSALES, S.L.	162,706,040	4.341
DONÍOS DE INVERSIONES, SICAV, S.A.	51,500	0,001
BOURDET INVERSIONES, SICAV S.A.	11,068	0,000

Indicate the most significant movements in the shareholding structure during the year:

Name of shareholder	Date of transaction	Description of the transaction
MANUEL JOVE CAPELLAN	03/12/2008	Has gone below 5% of share capital

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A.3. Fill in the following tables with the members of the company's board of directors with voting rights on company shares:

Name of director (person or company)	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
GONZALEZ RODRÍGUEZ, FRANCISCO	2,518	1,482,571	0.040
GOIRIGOLZARRI TELLAECHÉ, JOSE IGNACIO	523	463,707	0.012
ALFARO DRAKE, TOMÁS	8,803	0	0,000
ÁLVAREZ MEZQUIRIZ, JUAN CARLOS	30,530	0	0,001
BERMEJO BLANCO, RAFAEL	21,000	0	0,001
BREEDEN, RICHARD C.	40,000	0	0,001
BUSTAMANTE Y DE LA MORA, RAMÓN	10,139	2,000	0,000
FERNÁNDEZ RIVERO, JOSÉ ANTONIO	50,000	825	0,001
FERRERO JORDI, IGNACIO	2,787	51,300	0,001
KNÓR BORRÁS, ROMÁN	36,637	6,987	0,001
LORING MARTÍNEZ DE IRUJO, CARLOS	19,149	0	0,001
MALDONADO RAMOS, JOSÉ	12,235	0	0,000
MEDINA FERNÁNDEZ, ENRIQUE	30,831	1,160	0,001
RODRIGUEZ VIDARTE, SUSANA	16,037	2,272	0,000

(*) Through:

Name of direct shareholder (person or organisation)	Number of direct voting rights	% of total voting rights
BELEGAR INVERSIONES, S.L.	1,482,571	0.040
AZATRA, S.L.	463,707	0.012
LEMPIRA SIMCAV, S.A.	28,000	0,001
ESEO 20, S.L.	23,300	0,001
PILAR ALONSO VERASTEGUI	6,287	0,000
RETAIL STORES, S.L.	700	0,000
DESPACHO LEGAL, S.L.	757	0,000
HORTENSIA MALO GONZALEZ	403	0,000
BORJA LIZARRAGA RODRÍGUEZ	568	0,000
PATRICIA LIZARRAGA RODRÍGUEZ	568	0,000

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JAIME LIZARRAGA RODRÍGUEZ	568	0,000
ROCIO LIZARRAGA RODRÍGUEZ	568	0,000
JAINALPIRA SICAV, S.A.	2,000	0,000
LAURA FERNANDEZ LORD	825	0,000

% of total share capital held by the board of directors	0.061
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Fill in the following tables with the members of the company's board of directors with voting rights on company shares:

Name of director (person or company)	Number of direct option rights	Number of indirect option rights	Number of equivalent shares	% of total voting rights
FRANCISCO GONZÁLEZ RODRÍGUEZ	1,200,000	0	1,200,000	0.032
FRANCISCO GONZÁLEZ RODRÍGUEZ	320,000	0	0	0.009
JOSE IGNACIO GOIRIGOLZARRI TELLAECHE	270,000	0	0	0,007
JOSÉ MALDONADO RAMOS	100,000	0	0	0.003

A.4. Where applicable, list any family, trading, contractual or corporate relationships between holders of significant shareholdings, insofar as the company is aware of them, unless they are of little relevance or due to ordinary commercial traffic and exchange:

A.5. Where applicable, list any family, trading, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or due to ordinary commercial traffic and exchange:

A.6. Indicate if any shareholder agreements have been disclosed to the company that affect it under art. 112 of the securities market act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

YES ☐ NO ☒

Indicate whether the company knows the existence of concerted actions amongst its shareholders. If so, describe them briefly.

YES ☐ NO ☒

If there has been any alteration or breakdown of said pacts or agreements or concerted actions, indicate this expressly.

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A.7. Indicate whether any person or organisation exercises or may exercise control over the company pursuant to article 4 of the stock-exchange act. If so, identify names:

YES ☐ NO ☒

A.8. Fill in the following tables regarding the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	% total share capital
4,091,197	57,448,686	1.641

(*) Through:

Name of direct shareholder (person or organisation)	Number of direct shares
BBVA Seguros, S.A.	10,351
CORPORACIÓN GENERAL FINANCIERA	57,436,183
Continental Bolsa	611
Provincial de Val. CB	1,541
Total:	57,448,686

List significant changes occurring during the year, pursuant to royal decree 1362/2007:

Date of communication	Total direct shares acquired	Total indirect shares acquired	Total % share capital
15-Jan-2008	3,660,719	48,110,154	1.382
16-Jan-2008	6,696,622	19,153,528	0.690
29-Jan-2008	12,928,624	31,319,980	1.181
15-Feb-2008	15,892,345	31,141,670	1.255
12-Mar-2008	5,931,219	31,634,712	1.002
09-Apr-2008	1,457,389	30,686,546	0.858
16-Apr-2008	3,522,770	28,477,583	0.854
19-May-2008	1,695,723	22,246,278	0.639
13-June-2008	5,801,621	30,758,167	0.976
03-Jul-2008	4,954,235	37,785,676	1.140
10-Jul-2008	17,791,560	123,491,027	3.770
15-Jul-2008	11,380,498	39,256,933	1.351
18-Aug-2008	9,267,421	38,465,981	1.275
18-Sept-2008	7,426,372	42,228,467	1.325
06-Oct-2008	2,368,523	125,428,151	3.410
15-Oct-2008	11,091,859	51,705,916	1.676
29-Oct-2008	14,698,297	54,212,344	1.838
14-Nov-2008	10,789,756	56,098,527	1.785
09-Dec-2008	15,184,738	62,618,634	2.076
30-Dec-2008	4,344,599	57,449,112	1.649

Capital gains (losses) on treasury stock divested during the period	- 172,000
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A.9. Detail the terms and conditions of the current AGM authorisation to the board of directors to buy and/or transfer treasury stock.

The following is a transcription of the resolution adopted by the annual general meeting of Banco Bilbao Vizcaya Argentaria, S.A. shareholders, 14th March 2008, under agenda item seven:

“1.- Repealing the part not executed from the resolution adopted at the Annual General Meeting, 16th March 2007, under its agenda item four, to authorise the Bank, directly or via any of its subsidiaries, for a maximum of eighteen months as of the date of this present AGM, to purchase Banco Bilbao Vizcaya Argentaria, S.A. shares at any time and as many times as it deems appropriate, by any means permitted by law. The purchase may be charged to the year's earnings and/or to unrestricted reserves and the shares may be sold or redeemed at a later date. All this shall comply with article 75 and others of the Companies Act.

2.- To approve the limits or requirements of these acquisitions, which shall be as follows:

- The nominal of the shares purchased, added to those already in possession of the Bank and its subsidiaries, will not exceed, at any time, five per cent (5%) of the share capital of Banco Bilbao Vizcaya Argentaria, S.A., at all times respecting the limitations established for the purchase of treasury stock by the regulatory authorities governing the exchanges on which Banco Bilbao Vizcaya Argentaria, S.A. securities are listed.
- A restricted reserve be charged to the Bank's net total assets on the balance sheet equivalent to the sum of treasury stock booked under Assets. This reserve must be maintained until the shares are sold or redeemed.
- The stock purchased must be fully paid up.
- The purchase price will not be below the nominal price nor more than 20% above the listed price or any other price associated to the stock on the date of purchase. Operations to purchase treasury stock will comply with securities markets' standards and customs.

3.- Express authorisation is given to earmark all or some of the shares purchased by the Bank or any of its subsidiaries hereunder for Company workers, employees or directors when they have an acknowledged right, either directly or as a result of exercising the option rights they hold, as established in the final paragraph of article 75, section 1 of the Companies Act.

4.- To reduce share capital in order to redeem such treasury stock as the Bank may hold on its Balance Sheet, charging this to profits or free reserves and for the amount which is appropriate or necessary at any time, to the maximum number of own shares existing at any time.

5.- Authorise the board, in compliance with article 30c) of the corporate bylaws, to implement the above resolution to reduce share capital, on one or several occasions and within the maximum period of eighteen months from the date of this AGM, undertaking such procedures, processes and authorisations as necessary or as required by the Companies Act and other applicable provisions. Specifically, the board is delegated, within the deadlines and limits established for the aforementioned implementation, to establish the date(s) of each capital reduction, its timeliness and appropriateness, taking into account market conditions, listed price, the Bank's economic and financial position, its cash position, reserves and business performance and any other factor relevant to the decision. It may specify the amount of the capital reduction; determine where to credit said amount, either to a restricted reserve or to freely available reserves, where relevant, providing the necessary guarantees and complying with legally established requirements; amend article 5 of the corporate bylaws to reflect the new figure for share capital; request de-listing of the redeemed stock and, in general, adopt such resolutions as necessary regarding this

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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:

YES ☐ 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:

YES ☐ NO ☒

Maximum percentage of voting rights that a shareholder may exercise under the legal restriction	0
---	---

Description of legal and bylaw restrictions on the exercise of voting rights
--

Indicate whether there are legal restrictions on the acquisition or transfer of shares in the company's capital:

YES ☒ NO ☐

Description of the legal restrictions on the acquisition or transfer of shares in the company's capital:
Articles 56 and following in Act 26/1988, 29 July, on discipline and oversight in financial institutions, establishes that any individual or corporation intending to directly or indirectly acquire a significant holding in a Spanish financial institution or to divest a significant holding, must first inform the Bank of Spain. The Bank of Spain will have a maximum of three months as of the date on which it is informed, to challenge the transaction intended, where applicable.

A.11. Indicate whether the AGM has approved measures to neutralise a public takeover bid, pursuant to Act 6/2007.

YES ☐ NO ☒

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient.

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B GOVERNANCE STRUCTURE**B.1. Board of Directors****B.1.1. List the maximum and minimum number of directors established in the bylaws:**

Maximum number of directors	15
Minimum number of directors	5

B.1.2. Fill in the following table on the board members:

Name of director (person or company)	Repre- sentative	Post on the board	Date of first appointment	Date of latest appointment	Election procedure
FRANCISCO GONZÁLEZ RODRÍGUEZ	--	CHAIRMAN & CEO	28-Jan-2000	26-Feb-2005	AGM
JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHÉ	--	PRESIDENT & COO	18-Dec-2001	14-Mar-2008	AGM
TOMÁS ALFARO DRAKE	--	DIRECTOR	18-Mar-2006	18-Mar-2006	AGM
JUAN CARLOS ALVAREZ MEZQUIRIZ	--	DIRECTOR	28-Jan-2000	18-Mar-2006	AGM
RAFAEL BERMEJO BLANCO	--	DIRECTOR	16-Mar-2007	16-Mar-2007	AGM
RICHARD C. BREEDEN	--	DIRECTOR	29-Oct-2002	28-Jan-2004	AGM
RAMÓN BUSTAMANTE Y DE LA MORA	--	DIRECTOR	28-Jan-2000	26-Feb-2005	AGM
JOSÉ ANTONIO FERNÁNDEZ RIVERO	--	DIRECTOR	28-Feb-2004	28-Feb-2004	AGM
IGNACIO FERRERO JORDI	--	DIRECTOR	28-Jan-2000	26-Feb-2005	AGM
ROMÁN KNÖRR BORRÁS	--	DIRECTOR	28-May-2002	14-Mar-2008	AGM
CARLOS LORING MARTINEZ DE IRUJO	--	DIRECTOR	28-Jan-2004	18-Mar-2006	AGM
JOSÉ MALDONADO RAMOS	--	DIRECTOR & SECRETARY	28-Jan-2000	28-Jan-2004	AGM
ENRIQUE MEDINA FERNÁNDEZ	--	DIRECTOR	28-Jan-2000	28-Jan-2004	AGM
SUSANA RODRÍGUEZ VIDARTE	--	DIRECTOR	28-May-2002	18-Mar-2006	AGM

Total number of directors	14
---------------------------	----

Indicate which directors have left their seat on the board during the period:

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B.1.3. Fill in the following tables on the board members and their different kinds of directorship:

EXECUTIVE DIRECTORS

Name of director (person or company)	Committee proposing his/her name	Post within company organisation
FRANCISCO GONZÁLEZ RODRÍGUEZ	--	CHAIRMAN
JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHÉ	--	PRESIDENT & COO
JOSÉ MALDONADO RAMOS	--	DIRECTOR & COMPANY SECRETARY

Total number of executive directors	3
% of total directors	21.429%

EXTERNAL NOMINEE DIRECTORS

INDEPENDENT EXTERNAL DIRECTORS

Name of director (person or company)	Profile
TOMÁS ALFARO DRAKE	DIRECTOR OF THE GRADUATE PROGRAM FOR BUSINESS MANAGEMENT AND UNIVERSITY DIPLOMA IN BUSINESS SCIENCES AT THE FRANCISCO DE VITORIA UNIVERSITY SINCE 1998. READ ENGINEERING AT ICAI
JUAN CARLOS ÁLVAREZ MEZQUIRIZ	MANAGING DIRECTOR OF GRUPO EULEN, S.A. READ ECONOMIC AND BUSINESS SCIENCES FROM THE UNIVERSIDAD COMPLUTENSE DE MADRID:
RAFAEL BERMEJO BLANCO	CHAIRMAN OF THE AUDIT & COMPLIANCE COMMITTEE. TECHNICAL SECRETARY GENERAL OF BANCO POPULAR (1999-2004). READ INDUSTRIAL ENGINEERING AT ETS MADRID.
RICHARD C. BREEDEN	CHAIRMAN OF RICHARD C. BREEDEN & CO., AND DESIGNATED BY THE COURTS AS CORPORATE MONITOR OF WORLDCOM., INC. OTHER RELEVANT POSTS: WAS USA PRESIDENTIAL AIDE IN THE WHITE HOUSE, PRESIDENT OF THE SEC; PRESIDENT OF INTERNATIONAL FINANCIAL SERVICES FOR COOPERS & LYBRAND, LLC; LAWYER. READ LAW AT THE HARVARD LAW SCHOOL AND AT STANFORD UNIVERSITY
RAMÓN BUSTAMANTE Y DE LA MORA	DIRECTOR AND GENERAL MANAGER AND NON-EXECUTIVE VICE-PRESIDENT OF ARGENTARIA, AND CHAIRMAN OF UNITARIA.

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	OTHER RELEVANT POSTS: VARIOUS POSTS OF RESPONSIBILITY IN BANESTO; READ ECONOMIC AND BUSINESS SCIENCES AT UNIVERSIDAD COMPLUTENSE DE MADRID.
JOSÉ ANTONIO FERNÁNDEZ RIVERO	APPOINTMENTS & REMUNERATION COMMITTEE OTHER RELEVANT POSTS: GENERAL MANAGER OF THE GROUP UNTIL JANUARY 2003. DIRECTOR REPRESENTING BBVA ON THE BOARDS OF: TELEFÓNICA, IBERDROLA, BANCO DE CRÉDITO LOCAL, AND CHAIRMAN OF ADQUIRA. READ ECONOMIC SCIENCES AT UNIVERSIDAD DE SANTIAGO DE COMPOSTELA.
IGNACIO FERRERO JORDI	CHAIRMAN OF NUTREXPA AND LA PIARA. READ LAW AT UNIVERSIDAD DE BARCELONA.
ROMÁN KNÖRR BORRÁS	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
CARLOS LORING MARTÍNEZ DE IRUJO	CHAIRMAN OF THE BOARD'S APPOINTMENTS & REMUNERATION COMMITTEE. SPECIALIST IN CORPORATE GOVERNANCE. OTHER RELEVANT POSTS: PARTNER AT ABOGADOS GARRIGUES LAW FIRM. READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID.
ENRIQUE MEDINA FERNÁNDEZ	STATE ATTORNEY ON SABBATICAL. OTHER RELEVANT POSTS: WORKED IN DIFFERENT FINANCIAL INSTITUTIONS. DEPUTY CHAIRMAN OF GINÉS NAVARRO CONSTRUCCIONES UNTIL IT MERGED TO BECOME GRUPO ACS. READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID
SUSANA RODRÍGUEZ VIDARTE	DEAN OF THE ECONOMIC AND BUSINESS SCIENCES FACULTY, "LA COMERCIAL", DEUSTO UNIVERSITY. MEMBER OF THE ACCOUNTS AND ACCOUNTS AUDITING INSTITUTE. DOCTOR IN ECONOMIC AND BUSINESS SCIENCES FROM DEUSTO UNIVERSITY.

Total number of independent directors	11
% of total directors	78,5714%

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OTHER EXTERNAL DIRECTORS

Detail the reasons why they cannot be considered shareholder-nominated or independent directors and their affiliations with the company or its management or its shareholders:

Indicate any changes that may have occurred during the period in the type of directorship of each director:

- B.1.4. Explain, where applicable, the reasons why nominee directors have been appointed at the behest of the shareholder whose holding is less than 5% of the capital:

Indicate whether formal petitions for a seat on the board have been ignored from shareholders whose holding is equal to or higher than others at whose behest nominee directors were appointed. Where applicable, explain why these petitions have been ignored.

YES ☐ NO ☒

Name of shareholder	Explanation

- B.1.5. Indicate if any director has stood down before the end of his/her term in office, if the director has explained his/her reasons to the board and through which channels, and if the director sent a letter of explanation to the entire board, explain below, at least the reasons that he/she gave:

YES ☐ NO ☒

- B.1.6. Indicate any powers delegated to the managing directors(s):

Name of director (person or company)	Brief description
FRANCISCO GONZÁLEZ RODRÍGUEZ	HOLDS WIDE-RANGING POWERS OF PROXY AND ADMINISTRATION IN KEEPING WITH THE CHARACTERISTICS AND NEEDS OF HIS POST AS CHAIRMAN OF THE COMPANY.
JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHÉ	HOLDS WIDE-RANGING POWERS OF PROXY AND ADMINISTRATION IN KEEPING WITH THE CHARACTERISTICS AND NEEDS OF HIS POST AS CHIEF OPERATING OFFICER OF THE COMPANY.

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B.1.7. Identify any members of the board holding posts as directors or managers in other companies that form part of the listed company's group:

Name of director (person or company)	Name of the group's company	Post
FRANCISCO GONZÁLEZ RODRÍGUEZ	GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	DIRECTOR
FRANCISCO GONZÁLEZ RODRÍGUEZ	BBVA BANCOMER, S.A.	DIRECTOR
FRANCISCO GONZÁLEZ RODRÍGUEZ	BBVA BANCOMER SERVICIOS, S.A. (MEXICO)	DIRECTOR
JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHÉ	GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	DIRECTOR
JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHÉ	BBVA BANCOMER, S.A.	DIRECTOR
JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHÉ	BBVA BANCOMER SERVICIOS, S.A. (MEXICO)	DIRECTOR

B.1.8 List, where applicable, any company directors that sit on boards of other companies publicly traded in Spain outside the group, of which the company has been informed:

B.1.9 Indicate and, where applicable, explain whether the company has established rules on the number of boards on which its directors may sit:

YES ☒ NO ☐

Explanation of the rules
<p>Article 11 of the Board Regulations establishes that directors shall not provide professional services to companies competing with the Bank or of any of its Group companies. -----</p> <p>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.</p> <p>Directors of the Bank shall not hold office in any company in which it holds an interest or in any company of its Group.</p> <p>As an exception and at the discretion of the Bank, executive directors are able to hold office in companies directly or indirectly controlled by the Bank with the approval of the Executive committee, and in other associate companies with the approval of the Board of Directors. Loss of the office of executive director carries an obligation to resign from any office in a subsidiary or associate company that is held by virtue of such directorship.</p> <p>Non-executive directors may hold office in the Bank's associate companies or in any other Group company provided this is not related to the Group's holding in such companies and after prior approval from the Bank's board of directors.</p>

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B.1.10. Regarding the recommendation no. 8 of the Unified Code, list the general strategies and policies in the company that the board reserves for plenary approval:

	Yes	No
The investment and funding policy;	X	
The definition of how the Group companies are structured		
The corporate governance policy	X	
The corporate social responsibility policy		
The strategic or business plan and the annual management and budgetary targets	X	
The policy for senior managers' remuneration and performance assessment	X	
The policy for overseeing and managing risks, and the periodic monitoring of the internal information and oversight systems.	X	
The pay-out policy and the treasury-stock policy, especially their limits.	X	

B.1.11 Fill in the following tables on the aggregate remuneration of directors accruing during the year:

a) In the company covered in this report:

Remuneration item	Data in €k
Fixed pay	7,558
Variable pay	7,871
Per diem	
Bylaw perquisites	
Share and other financial options	
Others	768
Total:	16,197

Other benefits	Data in €k
Advances	
Loans granted	
Funds and pension funds Contributions	
Funds and pension funds Contractual obligations	133,752
Life-insurance premiums	
Guarantees constituted by the company for the directors	

b) For company directors sitting on other boards of directors and/or belonging to the senior management of group companies:

Remuneration item	Data in €k
Fixed pay	
Variable pay	
Per diem	0
Bylaw perquisites	0
Share and other financial options	0
Others	
Total:	

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Other benefits	Data in €k
Advances	0
Loans granted	0
Funds and pension funds Contributions	0
Funds and pension funds Contractual obligations	
Life-insurance premiums	0
Guarantees constituted by the company for the directors	0

c) Total remuneration by type of directorship:

Type of directorship	By company	By group
Executives	11,928	0
Nominee directors		0
Independent external directors	4,269	0
Other external directors		0
Total:	16,197	0

d) Regarding the attributable profit of the dominant company:

Total remuneration of all directors (€k)	16,197
Total remuneration all directors/attributable profit of dominant company (expressed as %)	0,3

B.1.12. Identify the members of the senior management that are not in turn executive directors, and indicate total remuneration accruing to them during the year:

Name (person or organisation)	Post
EDUARDO ARBIZU LOSTAO	SERVICIOS JURÍDICOS, S.A. TAX, AUDIT & COMPLIANCE
FRANCISCO JAVIER ARGENTÉ ARIÑO	BANKING BUSINESSES SPAIN
JUAN ASÚA MADARIAGA	SPAIN & PORTUGAL
JAVIER AYUSO CANALS	COMMUNICATION
JOSÉ BARREIRO HERNÁNDEZ	WB&AM
JAVIER BERNAL DIONIS	BUSINESS DEVELOPMENT & INNOVATION - SPAIN & PORTUGAL
ÁNGEL CANO FERNÁNDEZ	RESOURCES & SYSTEMS
IGNACIO DESCHAMPS GONZALEZ	MEXICO
JOSE MARIA GARCIA MEYER-DOHNER	UNITED STATES
MANUEL GONZÁLEZ CID	FINANCE DEPARTMENT
VICENTE RODERO RODERO	SOUTH AMERICA
JOSÉ SEVILLA ÁLVAREZ	RISKS

Total remuneration senior management (€k)	20,457
--	--------

B.1.13. Identify in aggregate terms whether there are ring-fence or guarantee clauses for cases of dismissal or changes of control in favour of the senior management, including executive directors, in the company or in its group. Indicate whether these contracts must be disclosed and/or approved by the company or group governance bodies:

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Number of beneficiaries	15
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	Board of Directors	AGM
Body authorising the clauses	YES	NO

Is the AGM informed of the clauses?	YES
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B.1.14. Indicate the process to establish remuneration of board members and the relevant bylaw clauses.

Process to establish remuneration of board members and the relevant bylaw clauses
<p>The remuneration system for the board members' pay as directors has to be approved by the board at the proposal of the Appointments & Remuneration committee, comprising external directors, pursuant to article 33 of the Board Regulations.</p> <p>Thus, section b of article 17 of the Board Regulations establish that the Board must approve directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that their contracts must include.</p> <p>Article 53 of the BBVA bylaws "Application of earnings" establishes the following:</p> <p>"From the proceeds obtained during the financial year, the net profit shall be calculated by deducting all general expenses, interest, bonuses and taxes, as well as all such sums as must be charged to regularisation provisions and depreciation.</p> <p>The resultant profit, after the allocations referred to in the previous paragraph, shall be distributed in the following order:</p> <ul style="list-style-type: none"> a) Appropriations to the reserves and provisions required by current legislation and, as may be the case, the minimum dividend contemplated in article 13 hereof. b) Four per cent of the paid-up capital, at least, as a dividend for shareholders, in accordance with article 130 of the Companies Act. c) Four per cent of the paid up capital as remuneration for the services of the board of directors and of the Executive committee, except where the board resolves to reduce that percentage participation in those years when it considers it appropriate to do so. The resulting figure shall be at the disposal of the board of directors for distribution amongst its members at such time, in such manner and in such proportion as the board may determine. The payment of said sum may be made in cash or, following an AGM resolution pursuant to the Companies Act, in shares or share options or through remuneration indexed to the value of the shares. <p>The said sum may only be availed after the shareholders have been allocated the minimum dividend of four per cent indicated in the previous paragraph."</p>

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Article 50 bis of the BBVA bylaws establishes the following for executive directors:

“Article 50 bis

Directors who have provided services in the company attributed to them, whatever the nature of their legal relation with it, will be entitled to receive remuneration for the provision of these services. This will consist of: a fixed sum, adequate to the services and responsibilities assumed, a variable complementary sum and the incentive schemes established with a general nature for the bank's senior management, which may comprise the delivery of shares, or option rights to these or remuneration indexed to the value of the shares subject to the requirements laid down in the legislation in force at any time. And also a benefit part, which will include the relevant retirement and insurance schemes and social security. In the event of cessation not due to failure to fulfil their duties, they will be entitled to compensation.”

Under the BBVA Board Regulations, the Appointments and Remuneration committee has powers to determine the extent and amount of the remuneration, entitlements and other economic rewards for the chairman, the chief operating officer and other executive directors of the Bank, so that these can be submitted to the Board of Directors.

The Remuneration & Appointments committee, which comprises only independent directors, annually determines the fixed and variable remuneration of the executive directors and establishes the targets for the chairman of the board in order to determining the variable remuneration. This is later approved by the Board of Directors.

Pursuant to article 53 of the Board Regulations, the Board of Directors adopted a remuneration system that is not applicable to the executive directors. The system determines a fixed amount for the directorship, valuing the responsibility, dedication and incompatibilities the directorship entails. It also comprises another fixed amount for the members of the different committees, valuing the responsibility, dedication and incompatibilities sitting on these committees entails, applying a heavier weighting to the post of chairman on each committee.

The AGM, 18th March 2006, approved a remuneration system with deferred delivery, comprising the annual allocation over five years of “theoretical BBVA shares” to non-executive directors in the Bank, as part of their pay, which will be delivered, where applicable, on the date on which they cease to be directors for any cause other than serious dereliction of duty.

State whether the board, in plenary session, has reserved powers to approve the following resolutions:

	Yes	No
At the proposal of the CEO, the appointment and possible severance of senior managers, and their compensation clauses.	X	
The remuneration of directors and, in the case of executive directors, the additional pay for their executive duties and other terms and conditions to be included in their contracts.	X	

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B.1.15. Indicate whether the board of directors approves a detailed remuneration policy and explain on which issues it pronounces its opinion:

YES ☒ NO ☐

	YES	NO
Amount of the fixed components, with breakdown, where applicable, for per diem payments for attending the board and its committee meetings and an estimate of the fixed annual remuneration ensuing on this.	X	
Variable remuneration items.	X	
Main characteristics of the pension and annuity systems, with an estimate of their amount or equivalent annual cost.	X	
Conditions that the contracts of executive directors in senior management must respect.	X	

B.1.16. Indicate whether the Board of Directors submits an annual report on the directors pay policy to the AGM for consultation purposes. If so, explain the aspects of the report on the remuneration policy approved by the board for future years, the most significant changes in this policy compared to the policy applied during the year and a global summary of how the remuneration policy was applied during the year. Describe the role played by the Remuneration committee and if external advisors have been engaged, the identity of the consultants involved:

YES ☐ NO ☒

Issues on which the board pronounces on remuneration policy
<p>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.</p> <p>The report contains explanations on the general principles behind the BBVA directors' pay policy, the system for remunerating executive directors, which includes both fixed and variable pay, long-term rewards, distribution of total annual remuneration, corporate pension and annuity system and other remunerations; the main characteristics of the BBVA executive directors' contracts, which includes fixed remuneration and the system for remuneration with deferred delivery of shares; the evolution of total remuneration of the board and future policy, plus an executive summary of the annual remuneration items payable to the members of the BBVA board of directors.</p> <p>However, given that Spanish law does not establish a consultative vote at the AGM, the board does not envisage this possibility.</p>

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Role of the Remuneration Committee	
The duties of the Appointments & Remuneration committee regarding remuneration are covered in the Board Regulations. They are as follows:	
<ul style="list-style-type: none"> Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company's bylaws. This system shall deal with the system's items, amounts and method of payment. Determine the extent and amount of the remuneration, entitlements and other economic rewards for the chairman, the chief operating officer and other executive directors of the Bank, so 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. 	

	YES	NO
Has external consultancy been used?	X	
Identity of external consultants.	Watson Wyatt and Towers Perrin	

B.1.17 Indicate, where applicable, the identity of board members who also sit on boards or form part of the management of companies that hold significant shareholdings in the listed company and/or in its group companies:

List the relevant affiliations other than those considered in the above paragraph, that link board members to significant shareholders and/or companies in their group:

B.1.18. Indicate whether during the year there has been any change in the board regulations.

YES ☐ NO ☒

B.1.19. Indicate procedures for appointment, re-election, evaluation and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

Appointment:

Articles 2 and 3 of the Board Regulations stipulate that members shall be appointed to the Board by the AGM without detriment to the Board's right to co-opt members in the event of any vacancy.

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In any event, persons proposed for appointment as directors must meet the requirements of applicable legislation in regard to the special code for financial entities, and the provisions of the Company's Bylaws.

The Board of Directors shall put its proposals to the Company AGM in such a way that there is an ample majority of external directors to executive directors on the Board and that the number of independent directors accounts for at least one third of the total seats.

Proposals put by the Board to the AGM for appointment or re-election of directors and its resolutions to co-opt directors shall be approved at the proposal of the Appointments & Remuneration committee in the case of independent directors and following a report from said committee for all other directors.

The Board's resolutions and deliberations on these matters shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave.

Directors shall stay in office for the term defined by the Company's bylaws under a resolution passed by the AGM. If they have been co-opted, they shall work out the term of office remaining to the director whose vacancy they have covered through co-option, unless a proposal is put to the AGM to appoint them for the term of office established under the Company's bylaws.

Re-election:

See previous section.

Evaluation:

Article 17 of the Board Regulations indicates that the Board of Directors shall be responsible for assessment of the quality and efficiency in the operation of the Board and its committees, on the basis of the reports that said committees submit.

Also assessment of the chairman of the Board's performance of his/her duties and, where pertinent, of the Company's chief executive officer, on the basis of the report submitted by the Appointments & Remuneration committee.

Moreover, article 5 of the Board Regulations establishes that the chairman, who is charged with the efficient running of the board, will organise and coordinate with the chairs of the relevant committees to carry out periodic assessment of the board, and of the chief executive officer of the Bank, should it not be one and the same with the chairman of the board.

Severance:

Directors shall resign their office when the term for which they were appointed has expired, unless they are re-elected.

Directors must make the board aware of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts.

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Directors must place their directorship at the disposal of the board and accept its decision regarding their continuity in office. If its decision is negative, they are obliged to tender their resignation under the circumstances listed in section B.1.20 below.

Directors shall resign their positions on reaching 70 years of age. They must present their resignation at the first meeting of the Bank's Board of Directors after the AGM that approves the accounts for the year in which they reach this age.

B.1.20. Indicate the circumstances under which directors are obliged to resign.

Article 12 of the BBBVA Board Regulations establishes that board members must place their directorship at the disposal of the board of directors and accept the board's decision on whether or not they are to continue to sit on it. Should the board decide against their continuity, they are obliged to present their formal resignation. Such circumstances would arise in the following cases:

- When they are affected by circumstances of incompatibility or prohibition as defined under prevailing legislation, in the Company's bylaws or in the director's charter.
- When significant changes occur in their professional situation or that may affect the condition by virtue of which they were appointed to the Board.
- When they are in serious dereliction of their duties as directors.
- When the director, acting as such, has caused severe damage to the Company's assets or its reputation or credit, and/or no longer displays the commercial and professional honour required to hold a Bank directorship.

B.1.21. Explain whether the role of chief executive officer in the company is played by the chairman of the board. If so, indicate the measures taken to limit the risks of accumulating powers in a single person:

YES ☒ NO ☐

Measures to limit risks
<p>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.</p> <p>Under the corporate bylaws, the chairman, in all cases, shall be the highest-ranking representative of the Company.</p> <p>However, under articles 45 and 46 of the bylaws, the Company has an Executive committee with the following powers:</p> <p>"To formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix goals, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the entity; to determine the volume of investment in each individual activity; to approve or reject operations,</p>

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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. The Board has delegated the Chief Operating Officer (COO) the broadest faculties, with powers of administration and representation of the company inherent to the position. The general managers of each of the company's business areas and support areas report to the COO.

Finally, the Board has the support of various committees to help it best perform its duties. These include the Audit & Compliance committee, the Appointment and Remuneration committee and the Risks committee, which help the Board on issues corresponding to business within the scope of their powers.

Indicate and, where applicable explain whether rules have been established to empower one of the independent directors to request a board meeting be called or new business included on the agenda, to coordinate and give voice to the concerns of external directors and to direct the assessment by the Board of Directors.

YES ☐ NO ☒

B.1.22. Are reinforced majorities required, other than the legal majorities, for any type of resolution?

YES ☐ 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:

Adopting resolutions		
Description of resolution	Quorum	Type of majority
1) Appointment of an Executive committee and appointment of President & Chief Operating Officer	For 1 and 2, half plus one of members present and represented. (50.01%)	For 1) Favourable vote of 2/3 of members. (66,66%)
2) Other resolutions		For 2) Absolute majority of votes present and represented. (50.01%)

B.1.23. Explain whether there are specific requirements, other than those regarding directors, to be appointed chairman?

YES ☐ NO ☒

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B.1.24. Indicate whether the chairman has a casting vote:

YES ☐ NO ☒

B.1.25. Indicate whether the bylaws or the board regulations establish any age limit for directors:

YES ☒ NO ☐

Age limit for chairman	-
Age limit for managing director (COO)	-
Age limit for directors	70

B.1.26. Indicate whether the bylaws or the board regulations establish any limit for independent directors' term of office:

YES ☒ NO ☐

Maximum number of years in office	12
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B.1.27. If there are few or no female directors, explain the reasons and the initiatives adopted to correct the situation.

Explanation of reasons and initiatives

Article 3 of the board regulations establishes that the proposals that the board submits to the Company's AGM for the appointment or re-election of directors and the resolutions to co-opt directors made by the board of directors shall be approved at the proposal of the Appointments & Remuneration committee in the case of independent directors and on the basis of a report from said committee in the case of all other directors.

The Board's resolutions and deliberations on these matters shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave.

The Appointments & Remuneration committee is tasked with formulating and reporting proposals for appointment and re-election of directors.

To such end, the committee shall evaluate the skills, knowledge and experience that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising,

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assessing the dedication necessary to be able to suitably perform their duties in light of the needs that the Company's governing bodies may have at any time.

The committee shall ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that – when there are few or no female directors- women who display the professional profile being sought after are included on the shortlists.

In particular, indicate whether the Appointments & Remuneration committee has established procedures for selecting female directors, and deliberately seeks candidates meeting the required profile:

YES ☐ NO ☒

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	13
Number of board meetings not attended by the chairman	0

Indicate the number of meetings the board's different committees have held during the year.

Number of Executive committee meetings	18
Number of Audit committee meetings	15
Number of Appointments & Remuneration committee meetings	5

B.1.30. Indicate the number of meetings the board of directors has held during the year without the attendance of all its members. In calculating this number, non-attendance shall mean proxies given without specific instructions:

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Number of non-attendances by directors during the year	2
% of number of non-attendances to total votes during the year	1.099

B.1.31. Indicate whether the individual and consolidated financial statements presented to the board's approval are certified beforehand:

YES ☐ NO ☒

Where applicable, identify the person(s) who has(have) certified the individual and consolidated financial statements to be filed by the board:

B.1.32. Explain the mechanisms, if any, established by the board of directors to prevent the individual and consolidated financial statements that it files from being presented to the AGM with a qualified auditors report.

Article 2 of the BBVA audit and compliance committee's regulations establishes that the committee, consisting exclusively of independent directors, shall have the task of assisting the Board of Directors in supervising the BBVA Group's financial statements and in the exercise of its oversight duties for the BBVA Group. This falls within the scope of its duties. Supervising the sufficiency, adequacy and effectiveness of the internal oversight systems and to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in the annual and quarterly reports. This also applies to the accounting and financial information required by the Bank of Spain or other regulatory bodies of countries where the Group operates.

The Committee shall verify that the audit schedule is being carried out under the service agreement with suitable periodicity, and that it satisfies the requirements of the competent authorities (in particular the Bank of Spain) and the Bank's governing bodies. It shall periodically (at least once a year) request the auditors to provide an assessment of the quality of internal oversight procedures in the Group.

The committee shall also be aware of any infractions, situations requiring corrections, or anomalies of relevance that may be detected while the external audit is being carried out. Relevance shall mean any that, on their own or together as a whole, may originate significant material damage or impact on the Group's net worth, earnings or reputation. It is up to the external auditor's discretion to decide what is of relevance and, in the event of any doubt, the auditor shall opt for communication.

B.1.33. Is the company secretary a director?

YES ☒ NO ☐

B.1.34. Explain the appointment and severance procedures for the secretary of the board, indicating whether his/her appointment and severance have been reported to the Appointments committee and approved by the board in a plenary meeting.

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Appointment and severance procedure		
The BBVA Board Regulations establish that the Board of Directors shall designate a secretary from amongst its members, on the basis of a report from the Appointments & Remuneration committee, unless it resolves to commend these duties to a non-board-member. The same procedure shall be applicable for the separation of the secretary from his or her duties.		

	YES	NO
Does the Appointment committee have a say in his/her appointment?	X	
Does the Appointment committee have a say in his/her severance?	X	
Does the board approve the appointment?	X	
Does the board approve the severance?	X	

Does the secretary of the board have the duty to take special care in overseeing good governance recommendations?

YES ☒ NO ☐

Observations

Article 23 of the Board Regulations establishes that the secretary, as well as performing the duties attributed by law and by the corporate bylaws, shall be concerned with the formal and material legality of the Board's actions, ensuring they are in compliance with the corporate bylaws, the AGM regulations and the board regulations, and that they take into account any recommendations on good governance that the Company has underwritten at any time.

B.1.35. Indicate what mechanisms the company has established, if any, to preserve the independence of the auditor, the financial analysts, the investment banks and the rating agencies.

The BBVA Audit & Compliance committee regulations establish that this committee's duties, described in section B.2.3.2, include ensuring the independence of the external audit in two senses:

- ensuring that the auditors' warnings, opinions and recommendations cannot be compromised;
- establishing the incompatibility between the provision of audit services and the provision of consultancy, unless there are no alternatives in the market to the auditors or companies in the auditors' group of equal value in terms of their content, quality or efficiency. In such event, the Committee must grant its approval, which can be done in advance by delegation to its Chairman.

This matter is subjected to special attention by the Audit Committee, which holds periodic meetings with the external auditor, to know the details of the progress and quality of the external audit work. It monitors the engagement of consultancy services to ensure compliance with the Committee's Regulations and the applicable legislation in order to safeguard the independence of the external auditor.

Additionally, BBVA, as its shares are listed on the New York stock exchange, is subject to compliance with the standards established in this respect under the Sarbanes Oxley Act and its ramifications.

B.1.36. Indicate whether the company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

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YES ☐ NO ☒

Outgoing auditor	Incoming auditor

If there were disagreements with the outgoing auditor, explain their grounds.

YES ☐ 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 ☒ NO ☐

	Company	Group	Total
Amount for work other than audit (€k)	3,242	3,496	6,738
Amount of work other than audit / total amount billed by the audit firm (%)	17.300	18.660	17.980

B.1.38. Indicate whether the audit report on the annual financial statements for the previous year contained reservations or qualifications. If so, indicate the reasons given by the chairman of the Audit committee to explain the content and scope of such reservations or qualifications.

YES ☐ NO ☒

B.1.39. Indicate the number of years during which the current audit firm has been doing the audit of the financial statements for the company and/or its group without interruption. Indicate the percentage of the number of years audited by the current audit firm to the total number of years in which the annual financial statements have been audited:

	Company	Group
Number of years running	6	6

	Company	Group
Number of years audited by current audit firm / number of years the company has been audited (%)	66.6%	66.6%

B.1.40. Indicate the holdings of the company's board members in the capital of institutions that have the same, an equivalent or a supplementary kind of activity to that of the corporate object of the company and its group, that have been communicated to the company. Indicate the posts or duties they exercise in these institutions:

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Name of director (person or company)	Name of institution	% holding	Post or duties
FRANCISCO GONZÁLEZ RODRÍ GUEZ	RBC DEXIA INVESTOR SERVICES ESPAÑA, S.A.	3,042	--
RAFAEL BERMEJO BLANCO	BANCO SANTANDER	0,000	--
RAFAEL BERMEJO BLANCO	BANCO POPULAR ESPAÑOL	0,001	--
IGNACIO FERRERO JORDI	BANCO SANTANDER	0,000	--
IGNACIO FERRERO JORDI	BANCO POPULAR ESPAÑOL	0,000	--

B.1.41. Indicate and, where applicable, give details on the existence of a procedure for directors to get external advisory services:

YES ☒ NO ☐

Details of the procedure
<p>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.</p> <p>Article 31 of the Board Regulations establishes that the Audit & Compliance committee may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence.</p> <p>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.</p>

B.1.42. Indicate and, where applicable, give details on the existence of a procedure for directors to get the information they need to prepare the meetings of the governing bodies in sufficient time:

YES ☒ NO ☐

Details of the procedure
<p>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.</p> <p>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.</p>

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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 ☒ NO ☐

Explanation of the rules
<p>Article 12 of the Board Regulations establishes that directors must make the Board aware of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts.</p> <p>Directors must place their office at the disposal of the Board and accept its decision regarding their continuity or non-continuity in office. Should the Board resolve they not continue, they shall accordingly tender their resignation when, for events that can be traced to the director as such, have cause serious damage to the company's net worth, credit and/or reputation or have lost the commercial and professional honour necessary to be a Bank director.</p>

B.1.44. Indicate whether any board member has informed the company of being sued or having any court proceedings opened against him or her for any of the offences listed in article 124 of the Companies Act.

YES ☐ NO ☒

Indicate whether the board of directors has analysed the case. If so, explain the grounds for the decision reached as to whether or not the director should remain on the board.

YES ☐ NO ☒

Decision	Explanation
Should remain / Should not remain	

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B.2. Board of Directors' Committees

B.2.1. List all the Board of Directors' committees and their members:

EXECUTIVE COMMITTEE

Name	Post	Type
FRANCISCO GONZÁLEZ RODRÍGUEZ	CHAIRMAN	EXECUTIVE
JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHÉ	MEMBER	EXECUTIVE
JUAN CARLOS ALVAREZ MEZQUIRIZ	MEMBER	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	INDEPENDENT
ROMÁN KNÖRR BORRÁS	MEMBER	INDEPENDENT
ENRIQUE MEDINA FERNÁNDEZ	MEMBER	INDEPENDENT

AUDIT COMMITTEE

Name	Post	Type
RAFAEL BERMEJO BLANCO	CHAIRMAN	INDEPENDENT
TOMÁS ALFARO DRAKE	MEMBER	INDEPENDENT
RAMÓN BUSTAMANTE Y DE LA MORA	MEMBER	INDEPENDENT
CARLOS LORING MARTÍNEZ DE IRUJO	MEMBER	INDEPENDENT
SUSANA RODRÍGUEZ VIDARTE	MEMBER	INDEPENDENT

APPOINTMENTS & REMUNERATION COMMITTEE

Name	Post	Type
CARLOS LORING MARTÍNEZ DE IRUJO	CHAIRMAN	INDEPENDENT
JUAN CARLOS ÁLVAREZ MEZQUIRIZ	MEMBER	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	INDEPENDENT
SUSANA RODRÍGUEZ VIDARTE	MEMBER	INDEPENDENT

RISKS COMMITTEE

Name	Post	Type
JOSÉ ANTONIO FERNÁNDEZ RIVERO	CHAIRMAN	INDEPENDENT
RAFAEL BERMEJO BLANCO	MEMBER	INDEPENDENT
RAMÓN BUSTAMANTE Y DE LA MORA	MEMBER	INDEPENDENT
JOSÉ MALDONADO RAMOS	MEMBER	EXECUTIVE
ENRIQUE MEDINA FERNÁNDEZ	MEMBER	INDEPENDENT

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B.2.2. Mark with a cross the duties assigned to the Audit Committee:

	Yes	No
To supervise the process of drawing up the financial information and its integrity for the Company and its Group, reviewing compliance with regulatory requirements, suitable scope of the consolidation perimeter and the correct application of accounting principles.	X	
To periodically review the systems of internal risk management and oversight to ensure the main risks are identified, managed and sufficiently well known.	X	
To ensure the independence and efficacy of the internal audit. To propose the selection, appointment, re-election and severance of the internal audit officer. To propose the budget for the internal audit service. To receive periodic information on their activities; And to check that the senior management takes the conclusions and recommendations of their reports into account.	X	
To establish and supervise a mechanism that enables employees to confidentially and, if this is deemed appropriate, anonymously communicate irregularities they notice within the Company that may be of potential importance, especially financial and accounting irregularities.	X	
To put to the Board the proposals for selection, appointment, re-election and substitution of the external auditor and the terms and conditions of engagement.	X	
To receive regular information from the external auditor on the audit plan and the outcome of its execution, verifying that the senior management takes due note of its recommendations.	X	
To ensure the independence of the external auditor	X	
In the Group, to help the Group auditor take responsibility for the auditing of the companies comprising it.	X	

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.

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B.2.3.1 Executive Committee

Article 26 of the Board Regulations establishes the following:

"In accordance with corporate bylaws, the Board of Directors may appoint an Executive committee, once two-thirds of its members vote for it and record of the resolution is duly filed at the company registry. It shall try to ensure that it has a majority of external directors to executive directors and that independent directors occupy at least one third of the total seats.

The Executive committee shall be chaired by the chairman of the Board of Directors, or when this is not possible, by whomever the corporate bylaws determines.

The secretary shall be the company secretary who, if absent, may be substituted by whomever is appointed by the meeting's members."

Article 27 of the Board Regulations establishes the duties of the Executive committee within the company, as follows:

"The Executive committee shall deal with the business that the Board of Directors delegates to it in accordance with prevailing legislation or with the Company's bylaws.

Specifically, the Executive committee is entrusted with evaluation of the Bank's system of corporate governance. This shall be analysed in the context of the Company's development and results, taking into account any regulations that may be established and recommendations made regarding best market practices, adapting these to the Company's specific circumstances."

Additionally, article 28 of the Board Regulations establishes the following rules regarding the committee's organisation and running:

"The Executive committee shall meet on the dates indicated in the annual calendar of meetings and when the chairman or acting chairman so decides.

All other aspects of its organisation and operation shall be subject to the provisions these regulations establish for the Board of Directors.

Once the minutes of the meeting of the Executive committee are approved, they shall be signed by the secretary and countersigned by whomever chaired the meeting.

Directors will be given access to the approved minutes of the Executive committee at the beginning of Board meetings, so that they can be aware of the content of its meetings and the resolutions it has passed."

B.2.3.2 Audit & Compliance Committee

Article 29 of the Board Regulations establishes the following:

"Article 29. Composition

The BBVA Audit & Compliance committee shall be formed exclusively by independent directors who are not members of the Bank's Executive committee. They are tasked with assisting the Board of Directors in supervising the financial statements and exercising oversight for the BBVA Group.

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It shall have a minimum of four members appointed by the Board in the light of their knowledge and experience in accounting, audit and risk management. One of these shall act as chairman, also by Board appointment.

Members of the committee do not necessarily have to be experts in financial matters but must understand the nature of the Group's businesses and the basic risks associated with it. It is also essential that they be prepared to apply the judgement skills ensuing from their professional experience, with an independent and critical attitude. In any event, the committee chairman shall have experience in financial management and shall understand the accounting procedures and standards required by the bodies regulating the sector.

When the chairman cannot be present, his/her duties shall be performed by the most senior member of the committee, and, where more than one person of equal seniority are present, by the oldest.

The committee shall appoint a secretary who may or may not be a committee member but may not be an executive director.

Article 30. Functions

The committee will have the powers established under the corporate bylaws, with the following scope:

- Supervise the internal control systems' sufficiency, appropriateness and efficacy in order to ensure the accuracy, reliability, scope and clarity of the financial statements of the company and its consolidated group in their annual and quarterly reports. Also to oversee the accounting and financial information that the Bank of Spain or other regulators from Spain and abroad may require.
- Oversee compliance with applicable national and international regulations on matters related to money laundering, conduct on the securities markets, data protection and the scope of group activities with respect to anti-trust regulations. Also ensure that any requests for information or for a response from the competent bodies in these matters are dealt with in due time and in due form.
- Ensure that the internal codes of ethics and conduct and securities market operations, as they apply to group personnel, comply with legislation and are properly suited to the bank.
- Especially to enforce compliance with provisions contained in the BBVA directors charter, and ensure that directors satisfy applicable standards regarding their conduct on the securities markets.

As part of this objective scope, the Board shall detail the duties of the committee in specific regulations establishing procedures by which it may perform its mission. These shall supplement the provisions of the present regulations.

Article 31. Rules of organisation and operation

The Audit & Compliance committee shall meet as often as necessary to comply with its functions although an annual calendar of meetings shall be drawn up in accordance with its duties.

The officers responsible for Comptrol, Internal Audit and Regulatory Compliance may be invited to attend committee meetings. They may request other staff be invited from their areas who have particular knowledge or responsibility in the matters contained in the

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agenda, when their presence at the meeting is deemed advisable. However, only the committee members and the secretary shall be present when the results and conclusions of the meeting are evaluated.

The committee may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence.

The committee may call on the personal co-operation and reports of any employee or member of the management team when it considers that this is necessary to carry out its functions with regard to relevant issues. The usual channel for a request of this nature shall be through the reporting lines of the Company organisation. However, in exceptional cases the request can be notified directly to the person in question.

The system of convening meetings, quorums, the approval of resolutions, minutes and other details of its system of operation shall be governed by the provisions of these regulations for the Board of Directors insofar as they are applicable and by any specific regulations that might be established for this committee."

B.2.3.3 Appointments & Remuneration Committee

The Appointments & Remuneration committee of the BBVA Board of Directors is tasked to assist the Board on issues regarding the appointment of Bank directors and other issues covered by these regulations. It shall oversee observance of the remuneration policy that the Company establishes.

Here, article 32 of the Board Regulations establishes the following:

"Article 32. Composition

The Appointments & Remuneration committee shall consist of at least three members, appointed by the Board of Directors which will also appoint the committee chairman.

All the committee members must be external directors, with a majority of independent directors. Its chairman must be an independent director.

In the absence of the chairman, the sessions shall be chaired by the longest-serving member of the committee and in the event of senior members with equal service, by the oldest.

Article 33. Functions

The functions of the Appointments & Remuneration committee shall be as follows:

1.- Draw up and report proposals for appointment and re-election of directors under the terms and conditions established in the first paragraph of article 3 above.

To such end, the committee shall evaluate the skills, knowledge and experience that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in light of the needs that the Company's governing bodies may have at any time.

The committee shall ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought after are included on the shortlists.

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When drawing up proposals for the appointment and re-election of directors, the committee shall take into account, in case they may be considered suitable, any applications that may be made by any Board member for potential candidates to fill the vacancies.

2.- Should the chairmanship of the Board or the post of chief executive officer fall vacant, the commission shall examine or organise, in the manner it deems suitable, the succession of the chairman and/or chief executive officer and put corresponding proposals to the Board for an orderly, well-planned succession.

3.- Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company's bylaws. This system shall deal with the system's items, amounts and method of payment.

4.- Determine the extent and amount of the remuneration, entitlements and other economic rewards for the chairman, the chief operating officer and other executive directors of the Bank, so that these can be reflected in their contracts. The committee's proposals on such matters shall be submitted to the Board of Directors.

5.- Submit an annual report on the directors pay policy to the Board of Directors.

6.- Report the appointments and severances of senior managers and propose senior-management remuneration policy to the Board, along with the basic terms and conditions for their contracts.

7.- Any others that may have been allocated under these regulations or attributed to the committee by a Board of Directors resolution.

In the performance of its duties, the Appointments & Remuneration committee shall consult with the Company chairman and, where applicable, the chief executive officer via the committee chair, especially with respect to matters related to executive directors and senior managers.

Article 34. Rules of organisation and operation

The Appointments & Remuneration committee shall meet as often as necessary to perform its duties, convened by its chairman or by whomsoever stands in for its chairman in accordance with article 32 above.

The committee may request the attendance at its sessions of persons with positions in the group that are related to the committee's functions. It may also obtain advice as necessary to establish criteria related to its business. This shall be done through the Board secretary.

The system for convening meetings, quorums, the adoption of resolutions, minutes and other details of its operation shall be in accordance with the provisions of these Board of Directors regulations insofar as they are applicable."

B.2.3.4 Risks Committee

Article 35 of the Board Regulations establishes the following:

"Article 35. Composition

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The Risk committee shall have a majority of external directors, with a minimum of three members, appointed by the Board of Directors, which shall also appoint its chairman.

If its chairman is absent, its meetings shall be chaired by the longest-serving member of the committee and, in the event of more than one person with equal seniority, by the oldest.

Article 36. Functions

The functions of the Board of Directors' Risk committee shall be as follows:

- Analyse and evaluate proposals related to the Group's risk management and oversight policies and strategy. In particular, these shall identify:
 - a) The risk map;
 - b) The setting of the level of risk considered acceptable according to the risk profile (expected loss) and capital map (risk capital) broken down by the Group's businesses and areas of activity;
 - c) The internal information and oversight systems used to oversee and manage risks;
 - d) The measures established to mitigate the impact of risks identified should they materialise.
- Monitor the match between risks accepted and the profile established.
- Analyse and approve any risks that might compromise the Group's capital adequacy or recurrence of its earnings in view of their size or might entail operational or reputation risk.
- Check that the group possesses the means, systems, structures and resources benchmarked against best practices to allow implementation of its risk management strategy.

Article 37. Rules of organisation and operation

The Risks committee shall meet as often as necessary to comply with its duties, convened by its chairman or by whomever stands in for its chairman in accordance with the provisions of the previous item although an annual calendar of meetings shall be drawn up in accordance with its tasks.

The system of convening meetings, quorums, the adoption of resolutions, minutes and other details of its procedures shall be governed by the provisions defined in these regulations for the Board of Directors insofar as they are applicable to the committee and by any specific regulations that might be established. "

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B.2.4. Indicate the powers of advice, queries and, where applicable, proxies for each of the commissions:

Name of committee	Brief description
EXECUTIVE COMMITTEE	<p>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.</p> <p>Article 46 of the bylaws establishes the following:</p> <p>“The Executive committee shall meet as often as its chairman or the person acting in his/her stead considers appropriate or at the request of a majority of the members thereof, and it shall consider those matters falling within the responsibility of the Board which the Board, in accordance with the applicable legislation or these bylaws, resolves to entrust to it, including, by way of illustration only, the following powers:</p> <p>To formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix goals, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the entity; to determine the volume of investment in each individual activity; to approve or reject operations, determining methods and conditions; to arrange inspections and internal or external audits of all areas of operation of the entity; and in general to exercise the faculties delegated to it by the board of directors.”</p> <p>Any investment or divestment worth over €50m must be submitted to Executive committee approval.</p> <p>The duties of this committee are detailed in section B.2.3.1.</p>
AUDIT & COMPLIANCE COMMITTEE	<p>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.</p> <p>The Audit Committee shall have, as a minimum, the following powers:</p> <p>a) to report, at the AGM on issues that shareholders bring up there regarding matters within the scope of its powers</p>

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	<p>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.</p> <p>c) to supervise internal auditing services.</p> <p>d) to know the financial information process and the internal control systems.</p> <p>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.</p> <p>The duties of this committee are detailed in section B.2.3.2.</p>
APPOINTMENTS & REMUNERATION COMMITTEE	SEE B.2.3.3
RISKS COMMITTEE	SEE B.2.3.4

B.2.5. Indicate, where applicable, the existence of regulations for the board committees, where they can be consulted and any amendments made to them during the year. Indicate whether an annual report on the activities of each committee has been drawn up voluntarily.

Name of committee

APPOINTMENTS & REMUNERATION COMMITTEE

Brief description

The Board Regulations, amended in December 2007, as explained in section B.2.3 herein, include specific sections for each committee, regulating their composition, role and rules of operation. The Appointments & Remuneration committee presented a report to the BBVA Board of Directors on its activities during 2008, describing the tasks carried out with respect to the pay of executive directors, analysis of the general pay policy and the remuneration system for the Board.

Name of committee

AUDIT COMMITTEE

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Brief description

The BBVA Audit & Compliance committee has a set of specific regulations approved by the Board, which govern its operation and powers, amongst other things. These regulations are available on the Company's website (www.bbva.com).

During 2008, no amendments have been made to said Audit & Compliance committee regulations.

The Board Regulations, amended in December 2007, as detailed in section B.2.3 of this report, include specific sections for each committee, regulating their composition, duties and operation.

The Audit committee has presented the Board of Directors a report on its activities, describing the tasks the committee carried out with respect to its duties and, especially, with respect to the financial statements of the Bank and its Group, its work with the Group's external auditors and the core features of the external audit plan for 2008.

Name of committee

RISKS COMMITTEE

Brief description

The BBVA Risks committee has a set of specific regulations approved by the Board, which govern its operation and powers, amongst other things. These regulations are available on the Company's website (www.bbva.com).

During 2008, no amendments have been made to said BBVA Risks committee regulations.

The Board Regulations, amended in December 2007, as detailed in section B.2.3 of this report, include specific sections for each committee, regulating 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 ☒ NO ☐

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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 ☒ NO ☐

- C.2. List the relevant transactions entailing a transfer of resources or obligations between the company or its group companies, and the company's significant shareholders:

- C.3. List the relevant transactions entailing a transfer of resources or obligations between the company or its group companies, and the company's directors and/or senior managers:

- C.4. List the relevant transactions in which the company has engaged with other companies belonging to the same group, except those that are eliminated in the process of drawing up the consolidated financial statements and that do not form part of the company's habitual traffic with respect to its object and conditions:

- C.5. Indicate whether the board members have come across any situation of conflicting interests during the year, as defined under article 127 of the Companies Act.

YES ☐ NO ☒

- C.6. List the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or its group, and its directors, managers and/or significant shareholders.

Articles 8 and 9 of the Board Regulations regulate issues relating to possible conflicts of interest as follows:

"Article 8.

Directors shall act ethically and in good faith.

For this reason directors must notify the Board of any direct or indirect conflict that they might have with the Company's interests, any stake they might have in a company whose activities are the same, similar or complementary to the Company's corporate object and the offices or functions which they perform in it. They must also notify the Board of any activities that are the same, similar or complementary to those pursued by the Company when performed on their own behalf or on behalf of a third party.

The directors must inform the Appointments & Remuneration committee of their other professional obligations, in case these might interfere with the dedication required to comply with their duties as directors.

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Article 9.

Directors must refrain from taking part or intervening in those cases where a conflict of interest with the Company might arise.

Directors shall not be present when the corporate bodies to which they belongs are discussing matters in which they might have a direct or indirect vested interest, or matters that might affect persons with whom they are related or affiliated under legally established terms and conditions.

Directors must also refrain from taking a direct or indirect interest in businesses or enterprises in which Bank or companies of its Group hold an interest, unless such interest was held prior to joining the Board or the moment when the Group took out its interest in such business or enterprise, or unless such companies are listed on domestic or international stock exchanges, or unless authorised to do so by the Board of Directors.

Directors may not use their position in the Company to obtain a material gain. Nor may they take advantage directly for themselves or indirectly for persons related to them, from any business opportunity that they have become aware of as a result of their Bank directorship, unless this opportunity has been previously offered to the Bank and the Bank had decided not to take it up and the director has been authorised to do so by its Board.

Directors must comply at all times with the applicable provisions of the BBVA Group code of conduct for stock-exchange trading, with legislation and with any other internal codes regarding requests for loans, bank bonds and guarantees made to the financial 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.

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C.7. Are more than one of the group's companies listed in Spain as publicly traded companies?

YES ☐ NO ☒

Identify listed subsidiaries:

D SYSTEMS OF RISK CONTROL

D.1. Give a general description of risk policy in the company and/or its group, listing and evaluating the risks dealt with by the system, along with an explanation of how far these systems match the profile of each type of risk.

BBVA believes that excellence in the management of risk is an essential part of its competitive strategy.

The Group sees risk management and its global dimensions as a cornerstone for creating value in the banking business. Its internal decision mechanisms use metrics that quantify the different risks in a uniform and consistent manner. These metrics require suitable identification, measurement and evaluation of the different types of risk that affect the banking business, mainly lending, market, structural and operational risks, together with comprehensive and unified control in accordance with a global risk management system.

The system has four basic parts:

- Standardised measurement tools for the types of risk implicit in each of the Group's businesses. In recent years, the bank has invested considerable effort in developing tools that incorporate methodologies sharing the same metrics for risk measurement.
- Databases and reporting systems to feed the various systems for measuring expected losses and economic capital figures at the different levels of decision making.
- Procedures, circuits and management criteria, that incorporate the risk management model for strategic, tactical and operational decision processes in the Group's daily operations.
- An expert and highly qualified team that handles the risk management function.

One of the core aspects of the Group's management policies is striking a suitable balance between return and risk in the development and implementation of business plans for its units.

Based on corporate strategy, the Group's board of directors sets the general principles that define the target risk profile. It also approves the policies, methods and procedures necessary for integrated management of the risks that have been or may be incurred and adopt the strategies for maintaining the capital required in each case.

The valuation of the recurrency of earnings and detailed, exhaustive monitoring of exposures and concentrations was one of the most important aspects of development in 2008.

Different macroeconomic and financial scenarios were analysed and classified as a function of their probability of occurring and their impact on the earnings and other aspects of management performance. The Group has measures for earnings volatility for all its businesses.

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Another major aspect in controlling and limiting lending risk concentration is the delegation by iso-risk curves, based on the sum of expected loss and economic capital, and their equivalence to nominal exposure as a function of the rating.

PRINCIPLES OF RISK MANAGEMENT AT BBVA

The risk management model at BBVA is based on the following four basic principles:

- A risk function that is independent of decision-making.
- Standardised measurement systems and methods for evaluating risk.
- Uniform structures, processes and operations at the units responsible for the Group's management.
- A global approach to risk management.

- Principle of independence

In the BBVA Group, the Central Risk area performs its duties in an independent manner, reporting to the chief operating officer, the Risk committee, the Executive committee and the board

Independence of the risk function is achieved through specific procedures. Risk managers in the individual business areas report to the central Risk area although, within the Company's organisational chart, the business manager of their particular area is their immediate superior. Therefore they apply the central area's risk criteria for admission, tracking and control policies, using corporate management tools for this purpose.

This system of control follows recommendations by supervisory and watchdog organisations as well as those of leading groups of experts.

- Principle of standardisation.

The principle of standardisation is ensured by common benchmarking for risk quantification in all the Group's companies and by the uniform risk-evaluation methods.

The BBVA Group ensures a standardised, uniform method of integrated management for all risks that affect its ordinary operations (lending, markets and operations). This entails their quantification and uniform management based on a common measurement – economic capital allocation. This is an estimate of the unexpected losses that can be incurred in different risk activities at a certain level of statistical confidence.

The concept of economic capital is a key factor in evaluation of the Group's global risk profile. It allows capital to be allocated to the different businesses and activities depending on the different types and amounts of risk.

Thus, an estimate of risk capital provides a more accurate calculation of the risk-weighted return of the different business lines. It establishes the relationship between earnings obtained and the risk capital effectively consumed.

In addition, BBVA uses uniform methods for valuing, controlling and managing the different risks that might arise in its ordinary operations. These types of risk can be divided into four general categories: (i) credit risk, (ii) market risk, (iii) structural risk and (iv) operational risk.

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- Principle of uniformity.

The principle of uniformity basically refers to common corporate criteria for risk management in the entire Group. It covers policies, tools and systems, circuits and processes, structures and models.

In this manner the Risk area can exercise control of the entire risk cycle throughout the BBVA Group. In the case of lending risk, this control is exercised in the risk admission function, the tracking function and in eventual recovery functions while such risk exists. Loans are qualified as non-performing (doubtful) or, where indicated, as defaults. In the case of market risk and operational risk, the Risk area also monitors the entire risk cycle, through policies, structures, processes, systems and methodologies.

The BBVA Group has a standardised risk management model that allows risk to be accepted, tracked and recovered in a uniform manner regardless of particular features of the business in question, the geographic area or the customer segments.

The uniformity principle informs a centralised definition of structures, tools and the risk culture (vision), combined with decentralised decisions (empowerment).

Decentralisation of decisions is aided by a corporate-defined structure of limits related to market risks and delegation rules for lending risk.

The delegated limit at a particular level is the maximum aggregate of limits and risk that can be granted to a specific customer at that level. Transactions whose amount, type or maturity means they cannot be authorised at a specific level or that are related to customers that are not delegated, are passed up to a higher level.

The various decision levels for lending risk, from highest to lowest, are as follows: the board of directors, the risk committee, the technical operations committee and the risk committee of the central lending-risk unit.

- Principle of globality

The importance of the global aspect to risk management stems from BBVA's nature as a financial conglomerate that incurs many different types of risk in different geographic areas, with different customer profiles via a wide range of products and financial services.

The global aspect of risk has two important parts. First, a global vision of risk that, heeding the different needs of a financial entity, allows risk to be grouped under different business and management headings (customer, product, country, business unit, risk type, etc). And second, the conviction that risk and return must be analysed jointly in a consistent manner.

The ultimate goal is to align risk management with the Bank's strategic objectives, that fosters the creation of value and ensures capital adequacy, conserving the target rating.

The philosophy at BBVA holds that an integrated risk system must be simple, attainable and controllable. This enables it to be easily accepted and implemented within the Group, simultaneously fostering a risk culture throughout the organisation. It must be capable of being understood and developed by the company without difficulty, simultaneously fostering a risk culture.

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D.2. Indicate if any of the risks facing the company and/or its group (operational, technological, financial, legal, reputational, tax, etc) have materialised.

YES ☒ NO ☐

If so, indicate the circumstances and whether the control systems worked properly.

Risk materialised in the financial year

See next section

Circumstances that led to this

Risk is inherent to financial activities and therefore the materialisation of risk, to a greater or lesser degree, is absolutely unavoidable. Therefore, as indicated above in Section D.1, the Group sees risk as a cornerstone for creating value in the banking business, which is why it has set up highly sophisticated risk control and management systems, the fundamental features of which have been described in the previous section.

Operation of the control systems

The Bank also has risk control systems and mechanisms and systems that limit the maximum impact of risks, should they materialise.

These additional mechanisms include the following:

1. Market risk

Apart from the limits on market risk the Group uses *stop-loss* limits. This means that managers are obliged to unwind their positions if the amount of loss exceeds a specific threshold, thus capping losses.

2. Credit risk

Management of credit risk is not confined to the acceptance process but entails tracking the risk throughout the life of the loan, facilitating action at any time there is an impairment of asset quality in the individual exposures or portfolio exposures as a whole. The possibility of incurring losses is therefore enormously reduced.

3. Operational risk

The tools implemented cover quantitative and qualitative aspects of operational risk, which are classified under the Basel categories: processes, fraud, technology, human resources, commercial practices and disasters.

The risk areas of each bank in the Group are responsible for implementing the tools and complying with the Basel standards. The business and support units are tasked with managing it through the Operational Risk Committees. Each area has an officer in charge of the internal control and operational risk function. This officer co-ordinates all these tasks. The management comprises exhaustive monitoring of the data facilitated by the tools and the implementation of mitigation measures.

These control systems worked satisfactorily during 2008.

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However, the substratum of the control systems consists largely of risk control and measurement tools, and the model adopted by the Risk function within the Group.

Amongst these tools, we should highlight scoring and rating tools implemented throughout the Group, which can rank the asset quality in transactions or the customer's creditworthiness, assigning probabilities of default.

Apart from what we call reactive scorings, the other analysis tools used in the Group are behaviour scorings, which take into account the past behaviour of the product and the customer.

The Group also has different tools for rating different customer segments. These tools do not classify operations, but customers. The probability of default assigned by the evaluation tool is adjusted for the economic cycle. It takes into account past rates as well as expectations related to the economic cycle. The probability is linked to the BBVA master scale so that all the Group's operations are assigned an internal rating.

Market risks are managed by limits that depend on the particular activities of each trading floor. The system forecasts the impact of negative developments in the market on the unit's positions. This is done for normal circumstances and for situations in which the risk factors are less favourable.

In order to take into account the results already obtained during the year in course, the accumulation of negative results in business units can trigger reductions in their approved VaR limits. The system also incorporates loss limits and alerts, which automatically activate procedures to handle situations that might have a negative impact on the business area's activities.

The measurement model used is Value-at-Risk (VaR) without curve flattening at 99% with a one-day horizon. As of 29th February 2008 with effect as of 31st December 2007, the historic simulation methodology has been used, in compliance with the internal model approved by the Bank of Spain for the BBVA, S.A. and BBVA Bancomer trading portfolios.

To evaluate impacts on impacts in markets that are shallow or have higher probability of transitory illiquidity, we carry out periodic analyses that consider the different liquidity conditions that affect financial markets in combination with economic capital and VaR limits under stress. They take into account the impact of past financial crises and scenarios that might arise in the future. The management model for market risk uses back-testing or hindsight comparisons. These corroborate the exactitude of the risk measures effected and compare the daily management results, at different aggregation levels, with the VaR measures corresponding to these levels.

The Assets & Liabilities committee (ALCO) relies, to control structural interest-rate risk, on input from the Risk area, which functions as an independent unit. This area designs the systems for measurement, tracking, information and control, together with the limit policies. In addition, the risk area calculates the sensitivity of net interest income and economic value to parallel displacement of the yield curve. Although we examine different degrees of parallel displacement, positive and negative, BBVA's standard shock is 100 basis points.

Apart from calculating sensitivity, BBVA uses simulations to evaluate non-parallel movements such as changes of slope and curvature in yield curves. The estimated impact of these curves helps to determine the maximum loss that the Group might incur for a given level of confidence and a given time horizon, in terms of net interest income and economic capital. The maximum loss of value at 99% confidence is the economic capital for structural interest-rate risk. These calculations are complemented by the evaluation of forecast scenarios and stress scenarios. These are periodically updated according to the economic and financial situation.

BBVA gauges structural exchange risk using exchange-rate simulations that consider past behaviour and possible future developments in accordance with market expectations and the likelihood of currency

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crises. Economic capital for structural exchange-rate risk is calculated from these simulations, using the maximum loss in the Group's assets caused by changes in exchange rates at 99% confidence. This approach is also used to estimate the impact on the income statement. We determine the contribution of each currency to the risk taken on and this allows us to identify the more relevant exposures.

The measurements used to control liquidity risk are mainly the daily tracking of short-term liquidity. The timeframe is 1 to 90 days. Monthly structural liquidity is also tracked by forecasting liquidity gaps for the next 12 months, according to the bank's finance planning.

The measurement, whether short- or medium-term, is taken from the different quantitative indicators, for which we establish limits and/or alerts. These limits are diverse. They cover different aspects susceptible to control, ranging from liquidity gaps to the possibility of market calls, or the degree of concentration. We also monitor qualitative indicators that can affect liquidity, such as the perception of the market or of rating agencies.

The Group has several operational risk control mechanisms. First and foremost, Ev-Ro is a basic qualitative tool to identify and evaluate the operational risk factors by business and support area, and by class of risk. The Ev-Ro tool is used in practically all the Group's business and support units, and is thus the prime source of information for applying mitigation measures.

TransVaR is a tool for managing operational risk by using indicators. These indicators are generated by the processes that manage the units. They can be divided into two classes: production (reflecting the volume of transactions) and quality (measuring the effectiveness of controls and process quality). TransVaR is one of the 22 common indicators for the entire Group. These can be broken down by type of risk and by country.

SIRO is a large corporate database which, since January 2002, contains all the operational risk events that caused a loss or cost to the Group. The events are classified by business lines and class of risk. Each country has a local SIRO that transmits data to the main system in Spain each month.

SIRO is supplemented with external data provided by the ORX (Operational Risk Exchange) consortium. This association was set up in 2001 by 12 international banks, including BBVA. At the present time it has over 30 members. Information from ORX has two uses: it complements BBVA's database for risk capital calculations and it provides a comparison with the rest of the sector.

The Group also has a tool called RepTool for qualitative measurement of reputational risk. At BBVA, this is defined as the uncertainty of results arising from the perception of certain stakeholders regarding our brand image. The most important stakeholders are customers, shareholders, employees and the banking sector regulators. Reputational risk is always the result of other types of risk and perhaps operational risk is the greatest component.

The outcome of using the tools and the excellent performance of the risks function is that very few of these risks materialize, allowing the BBVA Group to report low NPA and high solvency levels.

D.3. Indicate whether there is any committee or other governing body in charge of establishing and supervising these control systems:

YES ☒ NO ☐

If so, give details of what their duties are

Name of the Committee or Body	Description of duties
Risks Committee	According to the recommendations of the Basel Committee, monitoring and supervision of risk management at financial entities is the duty of the board of directors which is the ultimate body responsible for approval and periodic review of the bank's strategies and policies on risk, reflecting its risk tolerance and the expected level of return.

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	<p>However, the growing complexity of risk management at financial entities requires them to define a risk profile that matches their strategic goals. They must advance gradually, as circumstances permit, towards a model that establishes a system of delegation based on amounts and ratings. This also applies to active tracking of exposure to quantifiable risks by means of a map of risk capital, expected losses and control on non-quantifiable risks.</p> <p>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.</p> <p>Consequently, the board Risk committee has been assigned the following duties, in accordance with the board regulations:</p> <ul style="list-style-type: none"> • Analyse and evaluate proposals related to the Group's risk management and oversight policies and strategy. In particular, these shall identify: <ul style="list-style-type: none"> 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 information and oversight systems used to oversee and manage risks; c) The measures established to mitigate the impact of the risks identified, should they materialise. <ul style="list-style-type: none"> • 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.
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D.4. Identify and describe the compliance processes for the regulations and standards affecting the company and/or its group.

As already explained in detail in section D.2., the Group's Risk area is responsible for ensuring compliance with the different regulations binding the bank and its Group. To that end, it operates independently from the business units to ensure that it guarantee not only regulatory compliance, but also the application of the best standards and most advanced practices.

There are also two basic mechanisms that guarantee compliance with the different regulations that affect the Group's companies. These are based on the controls that are applied by the following areas.

The Internal Audit area monitors compliance with internal procedures and their adaptation to regulatory requirements.

The purpose of the Compliance area is to ensure global compliance with legal requirements that affect the Group.

And the Internal Control area, whose main task is to ensure that necessary controls are in place in the business and support units and that they are correctly documented in the system. It is also responsible for periodic self-assessment of the control system done by the various Group units and the monitoring of the measures taken to correct weaknesses uncovered.

More particularly, in 2008, within Risk Management, parallel to closer integration of risk management and business decision-making, the Bank of Spain approved the advanced internal models that the Group presented for calculating minimum equity for credit risk in Spain, and is now in the final stage both for operating risk and credit risk in Mexico (there is already an internal model approved by the Supervisor to calculate market risk capital consumption).

The Group is actively co-operating with the supervisors to move forward in a consistent and co-ordinated fashion with validation of the advanced models.

E AGM

E.1. Indicate and where applicable give details, whether there are any differences from the minimum standards established under the Companies act with respect to the quorum and constitution of the General Meeting.

YES ☒ NO ☐

	% quorum different from quorum in art. 102 of the Companies Act	% quorum different from quorum in art. 103 of the Companies Act, for the special cases cited in art. 103
Quorum required on first summons		66.670% (two thirds of subscribed capital).
Quorum required on second summons		60%

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Description of differences
<p>Article 103 of the Companies Act establishes that in order for a General Meeting (AGM or EGM) to validly resolve to issue bonds, a capital increase or reduction, the transformation, merger or break-up of the company and, in general, any amendment to the bylaws, the shareholders present and represented on first summons must possess at least fifty percent of the subscribed capital with voting rights.</p> <p>On second summons, twenty-five percent of said capital will be sufficient.</p> <p>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.</p>

- E.2. Indicate and where applicable give details, whether there are any differences from the minimum standards established under the Companies act with respect to the adoption of corporate resolutions:**

YES ☐ NO ☒

Describe any differences from the guidelines established under the Companies Act.

- E.3. List all shareholders' rights regarding the general meetings different from than those established under the Companies Act.**

There are no shareholders' rights in the Company other than those established under the Companies Act with respect to AGMs.

Shareholders' rights in this respect are also shown in detail in the general meeting regulations, which are publicly available on the company website

- E.4. Indicate measures adopted, if any, to encourage shareholder participation at AGMs**

BBVA, in order to encourage the participation of its wide base of shareholders in its AGMs, apart from establishing all the information channels required by law, also sends an attendance card to the domicile of all shareholders with the right to attend. This includes the agenda and information on the date, time and place where the AGM is to be held.

It also posts information regarding the AGM on its website, with the agenda, details on its arrangements, the proposed resolutions that the board of directors will put to it and the channels of communication between the company and its shareholders, via which shareholders may apply for further details on the AGM.

To facilitate our shareholders' participation in the AGMs, a procedure has been established, in compliance with sections 4 and 5 of article 105 of Royal Decree 1564/1989, 22nd December, approving the consolidated draft of the Companies Act, to enable shareholders that are not planning to attend the AGM to vote by proxy or remotely. This procedure has been used in all general meetings held over the last four years.

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In this manner, and in accordance with the Companies Act and the bylaws, voting rights on proposals regarding agenda items may be delegated or exercised by the shareholder by post, e-mail or any other remote means of communication, provided the voter's identity is duly guaranteed.

Votes and proxies can also be sent via electronic mail, through the bank's website (www.bbva.com) following the instructions given there.

E.5. Indicate whether the AGM is chaired by the chairman of the board of directors. List measures, if any, adopted to guarantee the independence and correct operation of the AGM:

YES ☒ NO ☐

Details of the measures
<p>Article 26 of the corporate bylaws establishes that <i>"the Chairman of the AGM shall be Chairman of the Board of Directors. When there is no such or he/she is absent, the AGM shall be chaired by the Deputy Chairman [...]"</i>.</p> <p>The correct operation of the AGM is guaranteed under the AGM Regulations approved by the company shareholders at the AGM, February 2004.</p> <p>The AGM shall be convened at the initiative and according to the agenda determined by the board of directors. The board must necessarily convene a general meeting when so requested by shareholders representing a minimum of five percent of the share capital. Should the board of directors call the AGM for within the following thirty days as of the date on which required to do so by notarised document, it shall mention its compliance with this requirement in the notice convening it. The notice shall cover the matters that said notarised document puts forward as grounds for holding the meeting.</p> <p>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.</p> <p>The notice shall state on which date the AGM is to meet at first summons and all the business it will deal with. It must contain all references stipulated under the Companies Act. It must also state the date on which the AGM will be held at second summons. Shareholder representing at least five percent of the share capital may request a supplement to the notice calling a general meeting be published adding one or more agenda items.</p> <p>The notice of meeting for the AGM shall state the shareholders' right, as of the date of its publication, to immediately obtain at the registered offices any proposed resolutions, reports and other documents required by law and by the bylaws, free of charge.</p> <p>It shall also include necessary details regarding shareholder information services, indicating telephone numbers, email address, offices and opening hours. Once the</p>

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notice of meeting has been published, documents relating to the GSM shall be posted to the Company website, with information on the agenda, the proposals from the Board of Directors, and any relevant information shareholders may need to issue their vote. Where applicable, information shall be provided on how to follow the AGM from a remote location employing duly established broadcast systems. Information on anything else considered useful or convenient for the shareholders for such purposes shall be included.

Until the seventh day before the AGM date, shareholders may ask the board for information or clarification, or send in written questions regarding agenda items and information available to the public that the company may have furnished to the CNMV (the Spanish exchange authorities) since the last general meeting was held. After this deadline, shareholders have the right to request information and clarification or ask questions during the AGM as established under article 18 of the AGM regulations.

The right to information may be exercised through the company website, which shall publish the lines of communication open between the company and its shareholders and explain how shareholders may exercise their right. It shall indicate the postal and email addresses to which shareholders may address their requests and queries.

The AGMs the company holds may be attended by anyone owning the minimum number of shares established in the Bylaws, providing that, five days before the date on which the GSM is to be held, their ownership is recorded on the corresponding company ledgers and they retain at least this same number of shares until the GSM is actually held. Holders of fewer shares may group together until achieving the required number, appointing a representative.

The bylaws establish that shareholders may vote on proposals on matters in the agenda items at any kind of general meeting by proxy or by post, e-mail or any other remote means of communication, provided the voter's identity is duly guaranteed in the manner described in sections E.4, E.9 and E.10 of this report and articles 8 to 10 of the AGM Regulations. The AGMs shall be held in such fashion as to guarantee the shareholders' participation and exercise of political rights. The Company shall take such measures as it deems necessary to preserve the proper order in running the AGM.

Proper means of surveillance, protection and law enforcement shall be established for each AGM. These will include such entrance control and identification systems as may be deemed suitable at any time in view of the circumstances under which the sessions are held.

The AGM regulations contain clauses on how the attendance list is to be drawn up, how the AGMs are to be organised and how the proposed resolutions are to be voted in such a way as to guarantee the smooth running of the general meetings.

E.6. Indicate any changes brought into the AGM Regulations during the year.

There have been no changes to the AGM Regulations during 2008.

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E.7. Give attendance data on the general meetings held during the year to which this report refers:

Date of general meeting	Attendance figures				
	% shareholders present	% attending by proxy	% voting remotely		Total
			E-voting	Others	
14-03-2008	3.410	39.700	0.020	17.250	60.380

E.8. Briefly indicate the resolutions adopted at the general meetings held during the year and the percentage of votes by which each resolution was passed:

A summary is given below of the resolutions adopted at the AGM, 14th March 2008, along with the percentage of votes by which each was passed.

ITEM ONE.- Examination and approval, where forthcoming, of the annual accounts and management report for Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated financial group. Application of earnings; dividend payout. Approval of corporate management. All these refer to the year ended 31st December 2007.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,185,541,099
- Number of votes against: 3,921,052
- Number of abstentions: 73,747,151

Resolution One adopted by 96.57%.

ITEM TWO.- Amendment of article 34 "Number and Election" of the corporate bylaws in order to reduce the maximum and minimum number of directors.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,225,773,573
- Number of votes against: 1,699,336
- Number of abstentions: 35,736,393

Resolution Two adopted by 98.35%.

ITEM THREE.- Amendment of article 36 "Duration and renewal of post in the corporate bylaws, in order for directors to be appointed or their term renewed for periods of three rather than five years.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,224,296,762
- Number of votes against: 3,103,679
- Number of abstentions: 35,808,861

Resolution three adopted by 98.28%.

ITEM FOUR.- Adoption, where forthcoming, of the following resolutions on the appointment and ratification of Board members:

- 4.1.- Re-election of Mr José Ignacio Goirigolzarri Tellaeche
- 4.2.- Re-election of Mr Román Knörr Borrás

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Pursuant to paragraph 2 of article 34 of the corporate bylaws, determination of the number of directors at whatever number there are at this moment, in compliance with the resolutions adopted under this agenda item, which will be reported to the AGM for all due effects.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,215,713,228
- Number of votes against: 2,279,444
- Number of abstentions: 45,216,630

Resolution 4.1 adopted by 97.90 %

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,225,180,683
- Number of votes against: 2,074,025
- Number of abstentions: 35,954,594

Resolution 4.1 adopted by 98.32 %

ITEM FIVE.- Increase by €50,000,000,000.- (FIFTY BILLION EUROS) the maximum nominal amount against which the AGM, 18th March 2006 under its agenda item three, authorised the board of directors to issue fixed-income securities of any kind and nature, including redeemable bonds, non-convertible into equity, whose amount was increased under AGM resolution, 16th March 2007.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,224,789,451
- Number of votes against: 2,433,918
- Number of abstentions: 35,985,933

Resolution five adopted by 98.30%.

ITEM SIX.- Confer authority on the board of directors, for a maximum period of 5 years, to issue securities convertible into and/or swappable for shares in the Company up to a value of €9,000,000,000 (NINE BILLION EUROS), and authority to exclude or not exclude the pre-emptive subscription rights as established in article 159.2 of the Companies Act. determine the bases and modalities of the conversion and increase share capital by the amount necessary, amending article 5 of the corporate bylaws where applicable.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,098,035,798
- Number of votes against: 104,215,015
- Number of abstentions: 60,958,489

Resolution six adopted by 92.71%.

ITEM SEVEN.- Authorisation for the Company to acquire treasury stock directly or through Group companies, pursuant to article 75 of the Consolidated Text of the Companies Act, establishing the limits and requirements for these acquisitions, with express powers to reduce the Company's share capital to redeem treasury stock. Granting necessary authority to the board of directors to implement the resolutions passed by the AGM in this respect, repealing the authorisation conferred by the AGM, 16th March 2007.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,222,126,810
- Number of votes against: 5,133,489
- Number of abstentions: 35,949,003

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Resolution seven adopted by 98.18%.

ITEM EIGHT.- Appointment of the auditors for the 2008 accounts.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,223,674,825
- Number of votes against: 2,354,722
- Number of abstentions: 37,179,755

Resolution eight adopted by 98.25%.

ITEM NINE.- Conferral of authority to the board of directors, which may in turn delegate said authority, to formalise, correct, interpret and implement the resolutions adopted by the EGM.

- Number of votes cast: 2,263,209,302
- Number of votes in favour: 2,225,333,734
- Number of votes against: 2,191,748
- Number of abstentions: 35,683,820

Resolution nine adopted by 98.33%.

E.9. Indicate the number of shares, if any, that are required to be able to attend the General Meeting and whether there are any restrictions on such attendance in the bylaws.

YES X NO

Number of shares necessary to attend the General Meeting	500
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E.10. Indicate and explain the policies pursued by the company with reference to proxy voting at the AGM

As indicated above, any shareholders entitled to attend may be represented at the AGM by another shareholder, using the form of proxy established by the Company for any AGM, that will be displayed on the attendance card. No shareholder may be represented at the AGM by more than one proxy.

Representation conferred to someone not eligible at Law to act as proxy shall neither be valid nor effective. Proxies conferred by holders in trust or in agency may be rejected

Proxies must be conferred in writing or by means of remote communication that comply with the requirements of article 105 of the Companies Act and other applicable legislation regarding distance voting. This must be specific for each General Meeting.

Representation shall always be revocable. Should the shareholder represented attend the AGM in person, his/her representation shall be deemed null and void.

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E.11. Indicate whether the company is aware of the institutional investors' policy regarding whether or not to participate in the company's decision making:

YES ☐ NO ☒

E.12. Indicate the address and mode of access to the content on corporate governance on your web-site:

The content that must be published pursuant to Act 26/2003, 17th July, on the transparent governance of listed companies, as ramified under Ministerial Order ECO/3722/2003, 26th December, and the content required under CNMV Circular 1/2004, 17th March, on the annual report on corporate governance of listed companies, appendix I whereof was amended by CNMV Circular 4/2007, 27th December, amending the standard annual report form on corporate governance of listed companies, is directly accessible at www.bbva.com

F DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations of the unified code on corporate governance.

Should the company not have complied with any of them, explain the recommendations, standards, practices and/or criteria that the company does apply.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Complies ☒ Explain ☐

2. When a dominant and a subsidiary company are publicly traded, the two should provide detailed disclosure on:

a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Meeting for approval or ratification. In particular:

a) The transformation of listed companies into holding companies through the process of subsidiarisation, ie, reallocating core activities to subsidiaries that were previously carried out by the holding company, even though the holding company retains full control of the subsidiaries;

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b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate object;

c) Operations that effectively entail the company's liquidation.

Complies X Complies partially ☐ Explain ☐

4. Detailed proposals of the resolutions to be adopted at the General Meeting, including the information stated in Recommendation 28, should be made available at the same time as publication of the call to meeting.

Complies X Explain ☐

5. Separate votes should be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

a) The appointment or ratification of directors, with separate voting on each candidate;

b) Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different

See section: E.8

Complies X Complies partially ☐ Explain ☐

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

Complies X Explain ☐

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interests and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Complies X Complies partially ☐ Explain ☐

8. The board should see its core mission as approving the company's strategy and authorising the organisational resources to carry it forward, and ensuring that management meets the objectives set while pursuing the company's interests and corporate object. As such, the board in full should reserve the right to approve:

a) The Company's general strategies and policies, and in particular:

i) The strategic or business plan and the annual management and budgetary targets;

ii) The investment and funding policy;

iii) The definition of how the Group companies are structured:

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- iv) The corporate governance policy;
- v) The corporate social responsibility policy;
- vi) The policy for senior managers' remuneration and performance assessment;
- vii) The policy for controlling and managing risks, and the periodic monitoring of the internal information and oversight systems.
- viii) The pay-out policy and the treasury-stock policy, especially their limits.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following resolutions:

- i) At the proposal of the Company's chief executive officer, the appointment and possible separation of senior managers from their posts, as well as their compensation clauses.

See section: B.1.14

- ii) Directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that their contracts must include;

See section: B.1.14

- iii) The financial information that the Company, as a publicly traded company, must disclose periodically.
- iv) Investments and/or transactions of any kind, whose high value or special characteristics make them strategic, unless the AGM is charged with approving them;
- v) The creation or acquisition of shares in special-purpose entities or entities domiciled in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity could undermine the Group's transparency.

c) Transactions between the Company and its directors, its significant shareholders and/or shareholders represented on the board, and/or parties related to them ("related-party transactions").

However, board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

1. They are carried out under arms' length contracts with standard terms and conditions, applicable en masse to a large number of customers;
2. They go through at market rates set in general by the supplier of the goods or services;
3. They are worth less than 1% of the Company's annual revenues.

Related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or any other committee entrusted with such a report; and the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

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.

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See sections: C.1 and C.6

Complies X Complies partially ☐ Explain ☐

- 9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.**

See section: B.1.1

Complies X Explain ☐

- 10. External, shareholder-nominated and independent directors should occupy an ample majority of board places, while the number of executive directors should be the minimum required to deal with the complexity of the corporate group and reflect the ownership interests they control.**

See sections: A.2, A.3, B.1.3 and B.1.14

Complies X Complies partially ☐ Explain ☐

- 11. If any external director cannot be considered a shareholder-nominated or an independent director, the company should disclose this circumstance and the affiliations between the director and the company or its senior officers, or its shareholders.**

See section: B.1.3

Complies ☐ Explain ☐ Not applicable X

- 12. Amongst external directors, the ratio between the number of shareholder-nominated and independent directors should reflect the percentage of shares held by the company that the shareholder-nominated director represents and the remaining share capital.**

This strict proportionality can be relaxed so the percentage of nominee directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested in absolute terms.

2. In companies with a plurality of shareholders represented on the board but not otherwise related to each other.

See sections: B.1.3, A..2 and A.3

Complies X Explain ☐

- 13. Independent directors should account for at least one third of the total number of seats.**

See section: B.1.3

Complies X Explain ☐

- 14. The Board should explain the type of each directorship to the AGM that must appoint the director or ratify their appointment. This should be confirmed or reviewed each year in the annual report on corporate governance, after verification by the Appointments & Remuneration committee. Said report should also disclose the reasons for the appointment of nominee directors at the behest of**

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shareholders controlling less than 5% of capital; and it should explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a nominee directorship.

See sections: B.1.3 and B.1.4

Complies X Complies partially ☐ Explain ☐

15. If there are few or no female directors, the board should explain the reasons and the initiatives adopted to correct the situation. In particular, the Appointments committee should take steps to ensure that, when vacancies arise:

a) The procedure for filling board vacancies has no implicit bias against women candidates;

b) The company makes a conscious effort to include women with the target profile among the candidates for board seats.

See sections: B.1.2, B.1.27 and B.2.3

Complies ☐ Complies partially X Explain ☐ Not applicable ☐

Article 3 of the board regulations establishes that the proposals that the board submits to the Company's AGM for the appointment or re-election of directors and the resolutions to co-opt directors made by the board of directors shall be approved at the proposal of the Appointments & Remuneration committee in the case of independent directors and on the basis of a report from said committee in the case of all other directors.

The Board's resolutions and deliberations on these matters shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave.

The Appointments & Remuneration committee is tasked with formulating and providing information for the proposals to appoint and re-elect directors.

To such end, the committee shall evaluate the skills, knowledge and experience that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in light of the needs that the Company's governing bodies may have at any time.

The committee shall ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought after are included on the shortlists.

16. The chairman, who is responsible for the efficient running of the Board, should at all times ensure that the directors receive sufficient prior information for the meetings; encourage directors to debate and participate actively in the meetings, safeguarding their freedom to take their own stance and express their own opinion. He/she should organise and coordinate periodic assessment of the board with the chairs of the relevant committees and with the Bank's managing director or chief executive officer, when this is not also the chairman.

See section: B.1.42

Complies X Complies partially ☐ Explain ☐

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17. When a company's chairman is also its chief executive, an independent director should be empowered to request a board meeting be called or new business included on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the chairman.

See section: B.1.21

Complies ☐ Complies partially ☐ Explain ☒ Not applicable ☐

Article 5 of the Board Regulations establishes that the chairman of the board shall also be the Bank's chief executive officer unless the Board resolves to separate the posts of chairman and chief executive officer on the grounds of the Company's best interests.

Under the corporate bylaws, the chairman shall, in all cases, shall be the highest-ranking representative of the Company.

However, under article 45 of the bylaws, the Company has an Executive committee with the following powers:

"To formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix goals, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the entity; to determine the volume of investment in each individual activity; to approve or reject operations, determining methods and conditions; to arrange inspections and internal or external audits of all areas of operation of the entity; and in general to exercise the faculties delegated to it by the board of directors."

Article 49 of the bylaws establishes that the Company has a chief operating officer who has broad-ranging powers delegated by the Board, with the powers inherent to this post to administer and represent the Company. The heads of all the Company's business areas and the Company's support areas report to him/her.

Finally, the Board has the support of various committees to help it best perform its duties. These include the Audit & Compliance committee, the Appointment and Remuneration committee and the Risks committee, which help the Board on issues corresponding to business within the scope of their powers.

The Board Regulations also establish the possibility if at least one quarter of the board members appointed at any time so wish, they may request a board meeting be held. The agenda shall include the matters determined by the chairman of the Board, either at his/her own initiative or at the suggestion of any director, deemed to be advisable for the Company's best interests.

18. The Secretary should take care to ensure that the board's actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulators;
- b) Comply with the corporate bylaws and the regulations of the general meeting, the board of directors or others;
- c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the company secretary, his or her appointment and removal should be proposed by the Appointment committee and approved by a full board meeting; the relevant appointment and removal procedures being spelled out in the board's regulations.

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See section: B.1.34

Complies X Complies partially ☐ Explain ☐

19. The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29

Complies X Complies partially ☐ Explain ☐

20. Directors should keep their absences to the bare minimum. Absences should be quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 and B.1.30

Complies X Complies partially ☐ Explain ☐

21. When directors or the company secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the board meeting, the person expressing them may request they be recorded in the minutes.

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

22. The board in full should evaluate the following points on a yearly basis:

- a) The quality and efficiency of the board's operation;
- b) Starting from a report submitted by the Appointments committee, how well the chairman and chief executive have carried out their duties;
- c) The performance of its committees on the basis of the reports furnished by such committees.

See section: B.1.19

Complies X Complies partially ☐ Explain ☐

23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the chairman or secretary.

See section: B.1.42

Complies X Explain ☐

24. All directors should be entitled to call on the company for the advice and guidance they need to perform their duties. The company should provide suitable channels for the exercise of this right. Under special circumstances it could include external assistance at the company's expense.

See section: B.1.41

Complies X Explain ☐

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25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Complies X Complies partially ☐ Explain ☐

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

- a) The directors must inform the Appointments & Remuneration committee of their other professional obligations, in case these interfere with the dedication required to perform their duties.
- b) Companies should lay down rules about the number of directorships their board members can hold.

See sections: B.1.8, B.1.9 and B.1.17

Complies X Complies partially ☐ Explain ☐

27. The proposal for the appointment or renewal of directors which the board submits to the General Meeting, as well as provisional appointments by co-option, should be approved by the board:

- a) At the proposal of the Appointments committee for independent directors;
- b) On the basis of a report by the Appointments committee for all other directors.

See section: B.1.2

Complies X Complies partially ☐ Explain ☐

28. Companies should publish the following director particulars on their website and keep them permanently updated:

- a) Professional experience and background;
- b) Directorships held in other companies, listed or otherwise;
- c) An indication as to whether the directorship is executive, shareholder-nominated or independent; in the case of nominee directors, stating the shareholder they represent or to whom they are affiliated;
- d) The date of their first and subsequent appointments as a company director, and
- e) Shares and/or share options held in the company.

Complies X Complies partially ☐ Explain ☐

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2

Complies X Explain ☐

30. Nominee directors must resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to nominee directors, the number of such nominee directors should be reduced accordingly.

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See sections: A.2, A.3 and B.1.2

Complies X Complies partially ☐ Explain ☐

31. The board of directors must not propose the removal of independent directors before the expiry of their term in office pursuant to the bylaws, except where due cause is found by the board, based on a report from the Appointments committee. In particular, due cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Complies X Explain ☐

32. Companies should establish rules obliging directors to inform the board of any circumstance that might undermine the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent proceedings.

If a director is indicted or tried for any of the crimes stated in article 124 of the Companies Act, the board should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43, B.1.44

Complies X Complies partially ☐ Explain ☐

33. The directors should clearly express their opposition when they consider that a resolution submitted to the Board may not be in the Company's best interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the board adopts material or reiterated resolutions on issues about which a director has expressed serious reservations, said director must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

This Recommendation should also apply to the company secretary, even if the secretary is not a director.

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

34. If leaving office before the end of its term, the director should explain the reasons in a letter sent to all board members. Whether or not such resignation is filed as a significant event, the reasons for leaving must be explained in the Annual Corporate Governance Report.

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See section: B.1.5

Complies Complies partially ☐ Explain ☐ Not applicable x

35. The company's remuneration policy, as approved by its board of directors, should specify at least the following points:

- a) Amount of the fixed components, itemised where applicable, for per diem payments for attending the board and its committee meetings and an estimate of the fixed annual remuneration ensuing on this.
- b) Variable remuneration items, including, in particular.
 - i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
 - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;
 - iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and
 - iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.
- c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.
- d) Conditions that the contracts of executive directors in senior management must respect, including:
 - i) Duration
 - ii) Notice periods: and
 - iii) Any other clauses covering hiring bonuses, as well as indemnities or ringfencing in the event of early termination or rescission of the contractual relationship between company and executive director.

See section: B.1.15

Complies X Complies partially ☐ Explain ☐

36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-indexed instruments, payments indexed to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their term of office.

See sections: A.3, B.1.3

Complies X Explain ☐

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37. External directors' remuneration should sufficiently compensate them for the dedication, qualifications and responsibilities that the post entails; but should not be so high as to compromise their independence

Complies X Explain ☐

38. Deductions should be made to remuneration linked to company earnings, for any qualifications stated in the external auditor's report that reduce such earnings.

Complies X Complies partially ☐ Explain ☐

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Complies X Complies partially ☐ Explain ☐

40. The board should submit a report on the directors' remuneration policy to the advisory vote of the General Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 34, except those potentially entailing the disclosure of commercially sensitive information. It will highlight the most significant changes in these policies compared to those applied during the year prior to that put before the AGM. It will also include a global summary of how the remuneration policy was applied during said prior year.

The board should also report to the General Meeting on the role of the Remuneration committee in designing the policy, and identify any external advisors engaged.

See section: B.1.16

Complies ☐ Complies partially X Explain ☐

Article 33 of the Board Regulations establishes that the Appointments & Remuneration committee shall submit an annual report to the board on the directors' pay policy. This report is approved by the board of directors and made available to the shareholders when the call to meeting is published.

The report contains explanations on the general principles behind the BBVA directors' pay policy, the system for remunerating executive directors, which includes both fixed and variable pay, long-term rewards, distribution of total annual remuneration, corporate pension and annuity system and other remunerations; the main characteristics of the executive directors' contracts with BBVA; the remuneration system for non-executive BBVA directors, which includes fixed remuneration and the remuneration system with deferred delivery of shares; the evolution of the board's total remuneration and future policy.

However, given that Spanish legislation does not establish how an advisory vote at a general meeting would operate, the Board Regulations do not recognise it as a possibility.

The duties of the Appointments & Remuneration committee regarding remuneration are covered in article 33 of the Board Regulations. They are as follows:

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- Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company's bylaws. This system shall deal with the system's items, amounts and method of payment.
- Determine the extent and amount of the remuneration, entitlements and other economic rewards for the chairman, the chief operating officer and other executive directors of the Bank, so that these can be reflected in their contracts. The committee's proposals on such matters shall be submitted to the Board of Directors.
- Submit an annual report on the directors remuneration policy to the board of directors.
- And report the appointments and severances of senior managers and propose senior-management remuneration policy to the Board, along with the basic terms and conditions for their contracts.

41. The notes to the annual accounts should list individual directors' remuneration in the year, including:

- a) Itemisation of each company director's remuneration, to include where appropriate:
 - i) Attendance fees and other fixed payments for directorship;
 - ii) Additional remuneration for acting as chairman or member of a board committee;
 - iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
 - iv) The payments made to any director's defined-benefit pension scheme; or increase in the director's vested rights when linked to contributions to defined-benefit schemes;
 - v) Any severance packages agreed or paid;
 - vi) Any remuneration they receive as directors of other companies in the group;
 - vii) The remuneration executive directors receive in respect of their senior management posts;
 - viii) Any kind of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
- b) A breakdown of shares, share options or other share-based instruments delivered to each director, itemised by:
 - i) Number of shares or options awarded in the year, and the terms set for exercising the options;
 - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
 - iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
 - iv) Any change in the year in the exercise terms of previously awarded options.
- c) Information on the relationship in the previous year between the remuneration obtained by executive directors and the company's earnings or any other measure of performance.

Complies X Complies partially ☐ Explain ☐

42. When the company has an executive committee, the breakdown of its members by director category should be similar to that of the board itself. The secretary of the board should also act as secretary to the executive committee.

See sections: B.2.1 and B.2.6

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

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43. The board should be kept fully informed of the business transacted and resolutions adopted by the Executive committee. To this end, all board members should receive a copy of the committee's minutes.

Complies X Complies partially ☐ Explain ☐

44. In addition to the Audit committee mandatory under the Securities Market Act, the board of directors should form a committee, or two separate committees, for appointments and remuneration.

The rules governing the composition and operation of the Audit committee and the committee(s) for appointments and remuneration should be set forth in the board regulations, and include the following:

- a) The board of directors should appoint the members of such committees in view of the knowledge, skills and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first full board meeting following each meeting;
- b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior management may also attend meetings at the committees' express invitation.
- c) These committees should be chaired by an independent director.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meeting proceedings should be minuted and a copy sent to all board members.

See sections: B.2.1 and B.2.3

Complies X Complies partially ☐ Explain ☐

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the audit committee, the appointments committee or, as the case may be, separate compliance or corporate governance committees.

Complies X Explain ☐

46. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management.

Complies X Explain ☐

47. Listed companies should have an internal audit function, under the supervision of the audit committee, to ensure the proper operation of internal reporting and control systems.

Complies X Explain ☐

48. The head of internal audit should present an annual work programme to the audit committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Complies X Complies partially ☐ Explain ☐

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49. The oversight and risk management policy should specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational, etc) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- b) The level of risk that the company considers acceptable;
- c) The measures established to mitigate the impact of the risks identified, should they materialise;
- d) The internal oversight and reporting systems that will be used to control and manage said risks, including contingent liabilities and off-balance-sheet risks.

See section: D

Complies X Complies partially ☐ Explain ☐

50. The Audit committee's role should be:

1. With respect to internal control and reporting systems:

- a) To supervise the process of drawing up the financial information and its integrity for the company and its group, reviewing compliance with regulatory requirements, suitable scope of the consolidation perimeter and the correct application of accounting principles.
- b) To periodically review the systems of internal risk management and oversight to ensure the main risks are identified, managed and sufficiently well known;
- c) To ensure the independence and efficacy of the internal audit. To propose the selection, appointment, re-election and severance of the internal audit officer. To propose the budget for the internal audit service. To receive periodic information on their activities; and verify that the senior management pay due heed to the conclusions and recommendations of their reports;
- d) To establish and supervise a mechanism that enables employees to confidentially and, if this is deemed appropriate, anonymously communicate irregularities they notice within the company that may be of potential importance, especially financial and accounting irregularities.

2. With respect to the external auditor:

- a) To put to the board the proposals for selection, appointment, re-election and substitution of the external auditor and the terms and conditions of engagement;
- b) To receive regular information from the external auditor on the audit plan and the outcome of its execution, verifying that the senior management takes due heed of its recommendations;
- c) To ensure the independence of the external auditor, to which end:
 - i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same;
 - ii) Also to ensure that the company and the external auditor respect prevailing standards on the provision of services other than auditing, the limits on concentration of the auditor's business and, in general, other standards established to guarantee auditors' independence;
 - iii) Should the external auditor resign, to examine the circumstances leading to the resignation.
- d) In groups, to help the group auditor take responsibility for auditing the companies belonging to it.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Complies ☐ Complies partially X Explain ☐

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The BBVA Audit & Compliance committee regulations establish broad-ranging powers with respect to the internal audit, which are detailed in section B.2.2 of this report. These include ensuring the independence and efficacy of the internal audit function and being aware of the appointment and severance of the head of the internal audit service. However, its duties do not include proposing the selection of the service or its budget, as this is considered an integral part of the Bank's overall organisation.

- 51. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.**

Complies X Explain ☐

- 52. The audit committee should prepare information on the following points from Recommendation 8 for input to board decision-making:**

- a) The financial information that the company, as a publicly traded company, must disclose periodically. The committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review;
- b) The creation or acquisition of shares in special-purpose entities or entities domiciled in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity could undermine the group's transparency.
- c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: B.2.2 and B.2.3

Complies X Complies partially ☐ Explain ☐

- 53. The board of directors shall try to avoid the accounts it has filed being presented to the AGM with reservations and qualifications. When this is not possible, both the chair of the Audit committee and the auditors must clearly explain the content and scope of discrepancies to the markets and shareholders.**

See section: B.1.38

Complies X Complies partially ☐ Explain ☐

- 54. The majority of appointments committee members – or appointments & remuneration committee members as the case may be – should be independent directors.**

See section: B.2.1

Complies X Complies partially ☐ Explain ☐

- 55. The appointments committee should have the following duties in addition to those stated in earlier recommendations:**

- a) Evaluate the balance of skills, knowledge and experience required on the board, define the roles and capabilities required of the candidates to fill each vacancy accordingly, and decide the time and dedication necessary for them to properly perform their duties.

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- b) Examine or organise, in the manner it deems suitable, the succession of the chairman and/or chief executive officer and put corresponding proposals to the board for an orderly, well-planned succession.
- c) Report on the senior officer appointments and removals that the chief executive proposes to the board;
- d) Report to the board on the gender diversity issues discussed in Recommendation 14 of this code.

See section: B.2.3

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

56. The appointments & remuneration committee shall consult with the company chairman and the chief executive officer with respect to matters related to executive directors.

Any board member may suggest directorship candidates to the appointment committee for its consideration.

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

57. The appointments committee should have the following duties in addition to those stated in earlier recommendations:

a) Make proposals to the board of directors regarding:

- i) The policy for directors' and senior managers' remuneration;
- ii) The individual remuneration and other contractual conditions of executive directors;
- iii) The core conditions for senior officer employment contracts.

b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14, B.2.3

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

58. The appointments & remuneration committee shall consult with the company chairman and the chief executive officer, especially with respect to matters related to executive directors and senior managers.

Complies X Complies partially ☐ Explain ☐

G OTHER INFORMATION OF INTEREST

List and explain below the contents of any relevant principles or aspects of corporate governance applied by the company that have not been covered by this report.

This section may include any other relevant information, clarification or detail related to previous sections of the report.

Specifically indicate whether the company is subject to corporate governance legislation from any country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report

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- In compliance with section A.2, indicate that the drop in Mr Manuel Jove's holding in BBVA from the 5.01% he held at year-end 2007, according to the filing to the CNMV, 11th December 2008, corresponds to a securities loan deal (specifically against 25,000,000 shares) carried out pursuant to additional provision 18 in Act 62/2003, 30th December. In due time, the cancellation of the loan would mean that Mr Jove can recover his previous 5.01% holding.

Also, as of 31st December 2008, the State Street Bank Australia Ltd, Chase Nominees Ltd, the Bank of New York International Nominees and Clearstream AG, as international custodian/depositary banks, held ownership of 4.62%, 4.15%, 3.56% and 3.40% of BBVA's share capital, respectively.

The Bank of New York International Nominees is the depositary bank in Spain for the BBVA securities supporting the ADRs issued in the United States of America.

For information purposes, although this report refers to 2008, on 13th January 2009, Barclays Bank PLC notified CNMV that it has indirectly acquired BBVA stock surpassing the 3% voting rights in its capital, reaching 3.025% of its capital.

- Further to the information given in section A.3 (voting rights on shares), we point out that, as a result of the long-term share delivery plan 2006/2008 for the members of the management team, consisting of the promise to deliver BBVA ordinary shares, should the terms and conditions it establishes be met, as a function of the performance of the BBVA TSR (total shareholders' return) with respect to a group of peer banks, the executive directors have been allocated a number of theoretical shares: 320,000 in the case of the chairman % CEO, 270,000 in the case of the president & COO and 100,000 in the case of director & company secretary. See Note to section B.1.11 for further detail.

Likewise, as recorded in the corresponding CDO form filed with CNMV, Mr Francisco González owns 600,000 put options over BBVA shares, whose terms and conditions are described in said CDO form.

- Further to section A.5: see Note corresponding to section C.

- Further to the information in section A.8: regarding earnings from treasury-stock trading, rule 21 of the Circular 4/2004 and the IAS 32 (paragraph 33) expressly prohibit the recognition in the income statement of the profits or losses made on transactions carried out with treasury stock, including their issue and redemption. Said profits and losses are directly booked against the company's net assets. With respect to the details of significant changes during 2008, these would include a transaction filed with the CNMV on 8th January 2009, but which includes movements from 2008. (The notification date has been included as 30th December 2008 in order to be able .

- With regard to section A.10, we should indicate that although there are no legal restrictions on the acquisition or transfer of shares in BBVA's capital, article 56 and following in Act 26/1988, 29th July, on discipline and oversight in financial institutions, establishes that Bank of Spain must be informed prior to the acquisition or divestment of significant packages of shares in Spanish financial institutions.

- With regard to section B.1.1, we should note that the BBVA Board of Directors BBVA currently comprises 14 seats.

- With regard to section B.1.3 D. Francisco González Rodríguez was appointed as a BBVA director by the BBV and Argentaria merger General Meetings, 18th December 1999. He was re-elected in 2005, pursuant to the transitory condition of the corporate bylaws approved by the merger general meetings. Mr José Ignacio Goirigolzarri Tellaeche was appointed as a BBVA director in December 2001 and re-elected on 14th March 2008, as explained in section B.1.19. Mr José Maldonado Ramos was appointed as a BBVA director at the BBV and Argentaria merger General Meetings, 18th December 1999, and re-elected pursuant to section B.1.19.

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- Apart from the names indicated in section B.1.6 herein, the Company Secretary has been given broad-ranging proxies of general representation to perform his duties in the Company.

- Further to the information given in section B.1.7: José Ignacio Goirigolzarri Tellaeche is the alternate director to Francisco González Rodríguez in the following companies: Grupo Financiero BBVA Bancomer, S.A. de C.V., BBVA Bancomer, S.A. and BBVA Bancomer Servicios, S.A. (Mexico).

- Further to the information given in sections B.1.12 and B.1.13: in January 2009, two members of the Management committee left, namely, Francisco Javier Argenté Ariño and Javier Bernal Dionis, and a new member, Carlos Torres Vila, joined.

- Further to sections B.1.11 and B.1.14, an itemised list of remuneration for each of BBVA's directors in 2008, is given below, together with the pension obligations agreed for them.

Remunerations of the members of the board and the members of the management committee.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration paid to the non-executive members of the Board of Directors during 2008 is indicated below. The figures are given individually for each non-executive director and itemised in thousand euros:

Thousand of euros						
	Board	Standing Committee	Audit	Risk	Appointments and Compensation	Total
Tomás Alfaro Drake	129	-	71	-	-	200
Juan Carlos Álvarez Mezquiriz	129	167	-	-	42	338
Rafael Bermejo Blanco	129	-	179	107	-	415
Richard C. Breeden	350	-	-	-	-	350
Ramón Bustamante y de La Mora	129	-	71	107	-	307
José Antonio Fernández Rivero (*)	129	-	-	214	-	343
Ignacio Ferrero Jordi	129	167	-	-	42	338
Román Knörr Borrás	129	167	-	-	-	296
Carlos Loring Martínez de Irujo	129	-	71	-	107	307
Enrique Medina Fernández	129	167	-	107	-	403
Susana Rodríguez Vidarte	129	-	71	-	42	242
Total	1,640	668	463	535	233	3,539

(*) Mr José Antonio Fernández Rivero, apart from the amounts detailed above, also received a total of €652 thousand during the six months ended 2008 in early retirement payments as a former member of the BBVA management.

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- REMUNERATION OF EXECUTIVE DIRECTORS

The remuneration paid to the non-executive members of the Board of Directors during the six months ended June 30, 2008 is indicated below. The figures are given individually for each non-executive director:

	Thousand of euros		
	Fixed	Variable remunerations	Total (**)
Chairman & CEO	1,928	3,802	5,729
President & CEO	1,425	3,183	4,609
Company Secretary	665	886	1,552
Total	4,019	7,871	11,890

(*) Figures relating to variable remuneration for 2007 paid in 2008.

(**) In addition, the executive directors received remuneration in kind during 2008 totalling €28 thousand, of which €8 thousand relates to Chairman & CEO, €11 thousand relates to President & COO and €9 thousand to Company Secretary.

Meanwhile, the executive directors accrued variable remuneration in 2008 to be paid in 2009 in the amount of €3,416 thousand in the case of the Chairman and CEO, €2,861 thousand in the case of the President and CEO and €815 thousand in the case of the Board Secretary. These amounts are recognized under the heading "Other liabilities – Accrued interest" on the liability side of the consolidated balance sheet at December 31, 2008.

- REMUNERATION OF THE MEMBERS OF THE MANAGEMENT COMMITTEE

The remuneration paid during the year 2008 to the members of BBVA's Management Committee, excluding executive directors, comprised €6,768 thousand in fixed remuneration and €13,320 thousand in variable remuneration accrued in 2008 and paid in 2009.

In addition, the members of the Management Committee, excluding executive directors, received remuneration in kind totalling €369 thousand in the year 2008.

(*) This paragraph includes information on the members of the Management committee as of December 31, 2008, excluding the executive directors.

- PENSION COMMITMENTS

The provisions recorded at December 31, 2008 to cover the commitments assumed in relation to executive director pensions, including the allowances recorded in 2008, amounted to €19,968 thousand, broken down as follows:

	Thousand of euros
Chairman & CEO	72,547
President & COO	52,495
Company Secretary	8,710
Total	133,752

Insurance premiums amounting to €78 thousand were paid on behalf of the non-executive directors on the Board of Directors.

The provisions charged as of December 31, 2008 for post-employment commitments for the Management committee members, excluding executive directors, amounted to €51,326 thousand. Of these, €16,678 thousand were charged in the year.

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- LONG-TERM PLAN FOR REMUNERATION WITH SHARES (2006-2008) FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

The AGM, 18th March 2006, approved a long-term plan for remuneration of executives with shares for the period 2006-2008. The plan was for members of the management team, including the executive directors and members of the Management committee and will be paid out in the second half of 2009.

The plan allocated each beneficiary a certain number of theoretical shares as a function of their variable pay and their level of responsibility. At the end of the plan, the theoretical shares are used as a basis to allocate BBVA shares to the beneficiaries, should the initial requirements be met.

The number of shares to be delivered to each beneficiary is determined by multiplying the number of theoretical shares allocated to them by a coefficient of between 0 and 2. This coefficient reflects the relative performance of BBVA's total shareholder value (TSR) during the period 2006-2008 compared against the TSR of its European peer group.

Although this group of banks was determined in a resolution approved by shareholders in general meeting on March 18, 2006, the Board, at the proposal of the Appointments and Remuneration Committee, exercising the powers delegated to it at the shareholders' meeting, agreed to modify the composition of the peer group in the wake of M&A activity at certain of the banks, adjusting the Plan coefficients so as not to distort its ultimate execution.

The number of theoretical shares allocated to executive directors, in accordance with the plan ratified at the shareholders' meeting, was 320,000 for the Chairman & CEO, 270,000 for the President & CEO and 100,000 for the Board Secretary.

The total number of theoretical shares allocated to Management Committee members, excluding executive directors, at December 31, 2008, was 1,124,166.

Upon conclusion of the Plan on December 31, 2008, the TSR was determined for BBVA and its peers in accordance with the terms established at the outset. BBVA ranked third among its peers, so that the coefficient to be applied to the number of theoretical shares assigned to each beneficiary to determine the number of BBVA shares to be distributed to them is a factor of 1.42.

As a result, the number of shares to be delivered under the Plan, the settlement of which will be submitted to the Bank's shareholders in general meeting, to each of the executive directors and members of the Management Committee as of year-end as a group, is as follows:

	Nº assigned theoretical shares	Multiplier ratio	Number of shares
Chairman & CEO	320,000	1.42	454,400
President & COO	270,000	1.42	383,400
Company Secretary	100,000	1.42	142,000
Other members of Board of Directors	1,124,166	1.42	1,596,316

- SCHEME FOR REMUNERATION OF NON-EXECUTIVE DIRECTORS WITH DEFERRED DELIVERY OF SHARES

The Annual General Meeting, 18th March 2006, under agenda item eight, resolved to establish a remuneration scheme using deferred delivery of shares to the Bank's non-executive directors, to substitute the earlier scheme that had covered these directors.

The new plan assigns theoretical shares each year to non-executive director beneficiaries equivalent to 20% of the total remuneration paid to each in the previous year, using the average of BBVA stock closing prices from the sixty trading sessions prior to the annual general meeting that approve the financial statements for the years covered by the scheme starting from the year 2007. These shares, where applicable, are to be delivered when the beneficiaries cease to be directors on any grounds other than serious dereliction of duties.

The number of theoretical shares allocated to non-executive director beneficiaries under the deferred share delivery scheme approved at the shareholders' meeting in 2008 corresponding to 20% of the total remuneration paid to each in 2007, is set forth below:

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DIRECTORS	Theoretical shares	Accumulated theoretical shares
Tomás Alfaro Drake	2,655	4,062
Juan Carlos Álvarez Mezquíriz	4,477	23,968
Rafael Bermejo Blanco	4,306	4,306
Ramón Bustamante y de la Mora	4,064	23,987
José Antonio Fernández Rivero	4,533	14,452
Ignacio Ferrero Jordi	4,477	24,540
Román Knörr Borrás	3,912	19,503
Carlos Loring Martínez de Irujo	4,067	11,751
Enrique Medina Fernández	5,322	33,357
Susana Rodríguez Vidarte	3,085	13,596
Total	40,898	173,522

– SEVERANCE PAYMENTS

The Chairman of the board will be entitled to retire as an executive director at any time after his 65th birthday and the President & COO and the Company Secretary after their 62nd birthday. They will all be entitled to the maximum percentage established under their contracts for retirement pension, and vesting their right to the pension once they reach said ages will render the indemnity agreed under their contracts null and void.

The contracts of the Bank's executive directors (Chairman & CEO, President & COO, and Company Secretary) recognise their entitlement to be compensated should they leave their post for grounds other than their own decision, retirement, disablement or serious dereliction of duty. Had this occurred during the year 2009, they would have received the following amounts: €80,833 thousand for the Chairman & CEO; €60,991 thousand for the President & COO, and €13,958 thousand for the Company Secretary.

In order to receive such compensation, directors must place their directorships at the disposal of the board, resign from any posts that they may hold as representatives of the Bank in other companies, and waive prior employment agreements with the Bank, including any senior management positions and any right to obtain compensation other than that already indicated.

On standing down, they will be rendered unable to provide services to other financial institutions in competition with the Bank or its subsidiaries for two years, as established in the board regulations.

-
- With regard to section B.1.13, the board of Directors approves the severance indemnity clauses for executive directors and reports them to the AGM.
- Further to section B.1.26: Article One of the board regulations establishes that the external directors will cease to be independent when they have been external directors for a continuous period of more than 12 years.
- Further to section B.1.29: the Risks committee during 2008 held 45 meetings.
- With regard to section B.1.31: As BBVA shares are listed on the New York stock exchange, it is subject to the supervision of the Securities Exchange Commission (SEC) and thus, in compliance with the Sarbanes Oxley Act (SOA) and its ramifications, each year the chairman & CEO, president & COO and the executive tasked with preparing the accounts sign and submit the certificates described in sections 302 and 906 of the SOA, related to the content of the annual financial statements. These certificates are contained in the annual registration statement (20-F) the company files with this authority for the official record.
- With respect to the information required in section B.1.34: the current company secretary has not been proposed by the Appointments & Remuneration committee because he was appointed by the first board meeting following the BBV and Argentaria merger in January 2000.

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With respect to the duties of the Audit & Compliance committee set forth in section B.2.2: the Audit committee's duties include ensuring that the Internal Audit department has the means and resources required, with enough personnel, material elements, systems, procedures and operating manuals to perform its duties in the Group. And will be appraised of any obstacles that may have arisen for the performance of its duties.

It will analyse and, where appropriate, approve the Annual Internal Audit Plan, as well as any other additional occasional or specific plans that have to be put in place on account of regulatory changes or Group business organisational needs.

It will be appraised of the extent to which the audited units have complied with the corrective measures recommended by the Internal Audit in previous audits, and any cases that might pose a relevant risk for the Group will be reported to the Board.

The committee will be informed of any material irregularities, anomalies or breaches that Internal Audit detects in the course of its actions, material being construed as any that may cause a significant and material impact or damage to the Group's net worth, results or reputation. The Internal Audit department will judge such nature at its discretion and, in case of doubt, must report the matter.

It shall also be aware of and issue an opinion on the appointment or substitution of the Internal Audit officer, although it does not approve his or her appointment or propose the budget for the Internal Audit department.

- Further to the information in section B.2.6: article 26 of the board regulations establishes that the board of directors, pursuant to the corporate bylaws, may appoint, with the favourable vote of two thirds of its members and due entry in the Companies Registry, an Executive committee. It must try to ensure that its composition is such that external directors have a majority over the executive directors and that the number of independent directors represents at least one third of its total members.

- Regarding recommendation for corporate governance number 45 in section F: Article 30 of the Board Regulations empowers the Audit committee to supervise the internal code of conduct on the securities markets.

Article 27 of the Board Regulations empowers the Executive committee to assess the Bank's corporate governance system, which it will analyse as a function of how Company evolves and the results produced by its development, any further standards that may be established, and recommendations on best market practices that are in keeping with its corporate reality.

- Section C – Related-party transactions

BBVA and other entities of the Group in their condition of financial entities maintain transactions with related parties in the normal course of their business. All these transactions are of no relevance and are performed in market conditions.

SIGNIFICANT TRANSACTIONS WITH SHAREHOLDERS

As of December 31, 2008 the balance of the transactions maintained with significant shareholder's (see Note 27) correspond to "Deposits from other creditors" for an amount of €27 million and "Loans and advances to other debtors" for an amount of €4 million, all of them under normal market conditions.

TRANSACTIONS WITH BBVA GROUP

The balances of the main aggregates in the consolidated financial statements arising from the transactions carried out by the Group with associated and jointly controlled companies accounted for using the equity method (Note 2.1), as of December 31, 2008, 2007 and 2006 were as follows:

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Millions of euros			
	2008	2007	2006
Assets:			
Due from credit institutions	27	32	-
Total net lending	507	610	374
Liabilities:			
Due to credit institutions	1	-	-
Deposits	23	55	83
Debt certificates	344	440	463
Memorandum accounts:			
Contingent risks	37	129	23
Commitments contingents	415	443	457

The balances of the main aggregates in the consolidated income statements resulting from transactions with associated and jointly controlled entities that consolidated by the equity method in the years 2008, 2007 and 2006, were as follows:

Millions of euros			
	2008	2007	2006
Statement of income:			
Financial Revenues	36	33	12
Financial Expenses	22	18	13

There are no other material effects on the consolidated financial statements of the Group arising from dealings with these companies, other than the effects arising from using the equity method (Note 2.1), and from the insurance policies to cover pension or similar commitments (Note 24).

As of December 31, 2008, 2007 and 2006, the notional amount of the futures transactions arranged by the Group with the main related companies amounted to approximately €101 million, €74 million and €9 million, respectively.

In addition, as part of its normal activity, the Group has entered into agreements and commitments of various types with shareholders of subsidiaries and associates, which have no material effects on the consolidated financial statements.

TRANSACTIONS WITH KEY ENTITY PERSONNEL

The information on the remuneration of key personnel (members of the Board of Directors of BBVA and of the Management Committee) is included in Note 55.

The amount disposed of the loans granted to members of Board of Directors as of December 31, 2008 totalled €33 thousand.

The amount disposed of the loans granted as of December 31, 2008, to the Management Committee, excluding the executive directors, amounted to €3,891 thousand. As of December 31, 2008, 2007 and 2006, guarantees provided on behalf of members of the Management Committee amounted to €13 thousand.

As of December 31, 2008, the amount disposed of the loans granted to parties related to key personnel (the aforementioned members of the Board of Directors of BBVA and of the Management Committee) totalled €8,593 thousand. As of December 31, 2008, the other exposure to parties related to key personnel (guarantees, finance leases and commercial loans) amounted to €18,794 thousand.

TRANSACTIONS WITH OTHER RELATED PARTIES

As of December 31, 2008, the company does not present any transaction with other related parties that does not belong to the normal course of their business, that is not under market conditions and that is relevant for the equity and income of the entity and for the presentation of the financial situation of this.

- Section E.9, holders of a lesser number of shares than established under the corporate bylaws wishing to have the right to attend the AGM, may do so if they request an invitation from the Shareholder Helpdesk, on the BBVA webpage or at any BBVA branch office. The invitation will be

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extended to them taking into consideration the inevitable limitations of space in the places where general meetings can be held and the high number of shareholders in the Company.

Binding definition of independent director.

Indicate whether any of the independent directors has or has had any relationship with the company, its significant shareholders and/or its executives which, if sufficiently significant, would have meant that the director could not be considered independent under the definition given in section 5 of the unified code of good governance:

YES ☐ NO ☒

Name of shareholder	Type of relationship	Explanation

This annual report on corporate governance has been approved by the Company's board of directors on 5th February 2009.

Indicate whether any members have voted against or abstained with respect to the approval of this report.

YES ☐ NO ☒

Name of director not voting in favour of approving this report	Reasons (against, abstain, not present)	Explain the reasons

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Explanatory Report on the Management Report



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

Explanatory Report on the Management Report for the year ending 31st december 2008

In compliance with article 116.b of the Securities Market Act, this explanatory report has been drawn up with respect to the following aspects:

- a) **Capital structure, including securities not traded on the regulated EU market, with indication, where applicable, of the different classes of shares and, for each class of shares, the rights and obligations they confer and the percentage of total share capital they represent.**

At 31st December 2008, BBVA share capital stood at €1,836,504,869.29, divided into 3,747,969,121 nominative shares each with a face value of €0.49, all of the same class and series, fully subscribed and paid up and represented by account entries. On 10th September 2007, the capital increase approved by the Extraordinary General Meeting of shareholders, 21st June 2007, was executed by the issue of 196,000,000 ordinary shares of the same class and series as those already in existence. This issue was made for settlement of the consideration agreed for the acquisition of Compass Bancshares, Inc.'s total share capital. At 31st December 2008 there were no significant capital increase procedures in any of the Group entities.

All the shares in BBVA's capital bear the same voting and economic rights. There are no distinct voting rights for any shareholder. There are no shares that do not represent capital.

BBVA shares are traded on the continuous market of the Spanish securities exchanges and on the Frankfurt, London, Zurich, Milan and Mexico markets.

BBVA American Depositary Shares (ADS) are traded in New York and also on the Lima exchange (Peru) under an exchange agreement between both markets.

Additionally, at 31st December 2008, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Francés, S.A. and AFP Provida were traded on their respective local securities markets, and the BBVA Banco Francés, S.A. and AFP Provida shares were also traded on the New York exchange. BBVA Banco Francés, S.A. is also listed on the LatAm market at the Bolsa de Madrid.

b) Any restriction on the securities' transferability.

There are no legal or bylaw restrictions on the free acquisition or transfer of shares in the company's capital other than those established in articles 56 and following in Act 26/1988, 9th July, on discipline and oversight in financial institutions, which establish that any individual or corporation intending to directly or indirectly acquire a significant holding in a Spanish financial institution or to divest a significant holding, must first inform the Bank of Spain. The Bank of Spain will have a maximum of three months as of the date on which it is informed, to challenge the transaction intended, where applicable.

c) Significant direct or indirect holdings in the capital.

At 31st December 2008, BBVA was not aware of any significant holdings in its share capital, except that owned by Mr Manuel Jove Capellán, who on said date held 4.343% of BBVA's share capital through the companies, Inveravante Inversiones Universales, S.L., Doniños de Inversiones, SICAV, S.A. and Bourdet Inversiones, SICAV, S.A. The drop in Mr Manuel Jove's holding in BBVA from the 5.01% he held at year-end 2007, according to the filing to the CNMV, 11th December 2008, corresponds to a securities loan deal (specifically against 25.000.000 shares) carried out pursuant to additional provision 18 in Act 62/2003, 30th December. In due time, the cancellation of the loan would mean that Mr Jove can recover his previous 5.01% holding.

Moreover, on 31st December 2008, State Street Bank and Trust Co., Chase Nominees Ltd, the Bank of New York International Nominees and Clearstream AG, as international custodian/depository banks, held 4.62%, 4.15%, and 3.40% of BBVA's share capital, respectively.

d) Any restriction on voting rights.

There are no legal or bylaw restrictions on the exercise of voting rights.

e) Paracorporate pacts.

BBVA has not received any information of extracorporate agreements including the regulation of the exercise of voting rights at its general meetings or restricting or placing conditions on the free transferability of BBVA shares.

f) Rules applicable to the appointment and substitution of members of the governing body and the amendment of the corporate 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, persons proposed for appointment as directors must meet the requirements of applicable legislation in regard to the special code for financial institutions, and the provisions of the corporate bylaws.

The Board of Directors will 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.

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 (i) at 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 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 remain in office for the term defined by the corporate bylaws under a resolution passed by the AGM. If they have been co-opted, they shall work out the term of office remaining to the director whose vacancy they have covered through co-option, unless a proposal is put to the AGM to appoint them for the term of office established under the corporate bylaws.

Termination of directorship

Directors shall resign their office when the term for which they were appointed has expired, unless they are re-elected.

Directors must apprise the board of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts.

Directors must place their office at the disposal of the board and accept its decision regarding their continuity in office. Should the board resolve they not continue, they shall accordingly tender their resignation.

Directors will resign their positions on reaching 70 years of age. They must present their resignation at the first meeting of the Bank's board of directors after the AGM that approves the accounts for the year in which they reach this age.

Changes to the corporate bylaws

Article 30 of the BBVA corporate bylaws establishes that the AGM has the power to amend the corporate bylaws and to confirm or rectify the manner in which the board has interpreted them.

To such end, the regime established under articles 144 and following of the Companies Act will be applicable.

The above paragraph notwithstanding, two-thirds of the capital subscribed with voting rights must attend the AGM at first summons, or 60% of said capital at second summons in order to validly adopt resolutions on any change in the corporate object, transformation, total break-up or winding up of the company and amendment of this second paragraph of this current article.

g) Powers of board members and, in particular, those relating to the possibility or issuing or buying back shares.

The executive directors have broad-ranging powers of representation and administration in keeping with the characteristics and needs of the posts they hold.

Regarding the board of directors' capacity to issue BBVA shares, the AGM, 28th February 2004, resolved to confer authority upon the board of directors, pursuant to article 153.1.b) of the Companies act, with powers to resolve, on one or on several occasions, to increase capital up to the maximum nominal amount representing 50% of the Company's subscribed and paid-up share capital on the date on which the resolution is adopted, ie, €830,758,750.54. The directors may use this authority to increase capital for the term established by law, namely 5 years. BBVA has only drawn against this resolution to date in November 2006, for the sum of €78,947,368.22.

Since five years have ensued since said authority was conferred, the board of directors has resolved to propose to the AGM, 13th March 2009, that it renew the authority for a further five-year period.

Likewise, the Bank's AGM, 14th March 2008, resolved to confer authority to the board of directors, for five years, to issue securities convertible and/or exchangeable for the Bank's shares for up to a maximum of €9 bn (9,000,000,000 euros), establish the various aspects and terms and conditions of each issue, including authority to exclude or not exclude the pre-emptive subscription rights pursuant to article 159.2 of the Companies Act, determine the bases and modalities of the conversion and increase share capital by the amount required.

Moreover, the AGM, 14th March 2008, pursuant to article 75 of the Companies Act, authorised the Company to acquire Banco Bilbao Vizcaya Argentaria, S.A. shares, directly or through any of its subsidiaries, during a maximum of eighteen months, at any time and on as many occasions as it deems timely, by any means accepted by law. The board of directors will once again propose to the AGM, 13th March 2009, that it adopt this resolution.

h) Significant agreements reached by the company that come into force, are amended or conclude in the event of a change in the control of the company stemming from a public takeover bid, and its effects, except when such disclosure may be seriously harmful to the company. This exception will not be applicable when the company is legally obliged to make this information public.

No agreement is known that could give rise to changes in the control of the issuer.

i) Agreements between the Company and its directors and managers and employees who are entitled to compensation when they resign or are unfairly dismissed or if their employment relationship terminates due to a public takeover bid.

The contracts of the executive directors in the Bank (chairman & CEO, president & COO and director & company secretary) recognise their right to receive compensation in the event of severance on grounds other than their own will, retirement, disability or severe dereliction of duty. The amount and the terms and conditions of this compensation are detailed in Note 54 to this report.

Moreover, the Bank recognises the right of some members of its management team, 51 executives, to receive compensation in the event of severance on grounds other than their own will, retirement, disability or severe dereliction of duty. The amount of this compensation will be calculated firstly as a function of their annual remuneration and their seniority in the company and then as a function of any amounts for which they have accumulated rights in each case.

The Bank has also agreed compensation clauses with some employees (50 members of the technical and specialist staff) in the event of unfair dismissal. The amount of this compensation is calculated as a function of the wage and professional conditions of each employee.

This Report is printed on ecological chlorine free paper coming from sustainable certified forestry.



Design: Eugenio G. Cabanillas

Photography: Bernardo Pérez

Typesetting and Publishing: ELBA Grupo de Comunicación, S.L.

Printing: Gráficas Enar, S.A.

