

**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 2009**

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 2009, 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.

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 London and Mexico markets. BBVA American Depositary Shares (ADS) are listed in New York and also traded on the Lima exchange (Peru) under an exchange agreement between both markets.

Additionally, at 31st December 2009, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Francés, S.A. and AFP Provida were 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 Stock Exchange. BBVA Banco Francés, S.A. is also listed on the Latam market of 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, amended by Act 5/2009, 29th June, which establishes that any individual or corporation, acting alone or in concertation with others, intending to directly or indirectly acquire a significant holding in a Spanish financial institution (as defined in article 56 of the aforementioned Act 26/1998) or to directly or indirectly increase their holding in one in such a way that either the percentage of voting rights or of capital owned were equal to or more than 20, 30 or 50%, or by virtue of the acquisition, might take control over the financial institution, must first notify the Bank of Spain. The Bank of Spain will have 60 working days after the date on which the notification was received, to evaluate the transaction and, where applicable, challenge the proposed acquisition on the grounds established by law.

c) Significant direct or indirect holdings in the capital

At 31st December 2009, Mr Manuel Jove Capellán held 4.86% of BBVA's share capital through the companies, Inveravante Inversiones Universales, S.L. and Bourdet Inversiones, SICAV, S.A.

Moreover, Blackrock Inc., domiciled in the UK, has informed BBVA that, as a consequence of the acquisition of the Barclays Global Investors (BGI) business, it has come to own a 4.45% indirect holding in BBVA's share capital through its company, Blackrock Investment Management (UK).

Chase Nominees Ltd, State Street Bank & Trust Co., The Bank of New York Mellon, the Bank of New York International Nominees and Clearstream AGI, as international custodian/depositary banks, held 6.89%, 5.25%, 3.80%, 3.43% and 3.13% of BBVA's share capital, respectively, on 31st December 2009.

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 notification of paracorporate pacts that might include the regulation of how voting rights are used 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 General Meeting, without detriment to the Board's right to co-opt members in the event of any vacancy.

In both cases, 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's AGM in such a way that there is an ample majority of external directors over executive directors on the Board and that the number of independent directors accounts for at least one third of the total seats.

The 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 stand down from their office when the term for which they were appointed has expired, unless they are re-elected.

Directors must apprise the Board of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts.

Directors must place their office at the disposal of the Board and accept its decision regarding their continuity in office. Should the board resolve they not continue, they are obliged to formally tender their resignation in the scenarios covered by article 12 of its Regulations.

Directors will stand down from 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 of Directors 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, article 25 of the corporate bylaws establishes that 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 the second paragraph of this article.

g) The powers of the members of the board of directors 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 positions they hold.

Regarding the Board of Directors' capacity to issue BBVA shares, the AGM, 13th March 2009, 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, €918,252,434.6. Likewise, under the terms and conditions of article 159.2 of the Companies Act, the Board is empowered to exclude pre-emptive subscription rights over said share issues. This authority will be limited to 20% of the Company's share capital. The directors may use this authority to increase capital for the term established by law, namely 5 years. To date, BBVA has not made any share issues chargeable to this authority.

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 swappable 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 powers 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. BBVA has only drawn against this resolution to date in September 2009, for the sum of €2 bn (2,000,000,000 euros).

Moreover, the AGM, 13th March 2009, 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, up to a maximum value of 5% of the Banco Bilbao Vizcaya Argentaria, S.A. share capital or, as applicable, the maximum amount authorised by applicable legislation at any time. The Board of Directors will once again propose to the AGM, 12th March 2010, that it adopt this resolution, although, under prevailing legislation, the maximum amount for the acquisition of shares will be 10% of the Banco Bilbao Vizcaya Argentaria S.A. shares, and the term will be for five years.

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 contractual conditions agreed with the Bank's executive directors recognised their entitlement to receive compensation in the case of severance. The Bank has ceased to bear these obligations. Consequently, at 31st December 2009 there are no severance compensation payment commitments for executive directors and will not be in the future.

The contract of the president & COO determines that in the event of him losing this condition on any grounds other than his own will, retirement, disability or severe dereliction of duty, he will take early retirement with a pension payable, as he chooses, through a lifelong annuity pension, or by payment of a lump sum. This pension will be 75% of his pensionable salary if the severance occurs before he is 55, and 85% if it occurs after reaching said age.

The Bank recognises the entitlement of some members of its management team, 48 executives, 11 of whom belong to the Management committee, 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 as a function of their annual remuneration and their seniority in the Company.

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.