

*Remuneration Policy of the BBVA Board of Directors*

Grupo **BBVA**

3rd February 2010

**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.*

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## Introduction

### **Subject matter**

This report deals with the remuneration policy of Banco Bilbao Vizcaya Argentaria, S.A. for the members of its Board of Directors. It is presented pursuant to the principles of maximum transparency and information regarding the Bank's remuneration. The Bank applies these principles in all its documents providing public information, as established under its bylaws. It tries to separate out the remuneration of executive directors (ie, directors who have permanent powers of administration, have senior management duties and/or are employees of the Bank or its Group companies) from that of the non-executive directors, who are responsible for decision-making on the governing bodies.

The report contains a description of the basic principles of the Bank's remuneration policy with respect to executive and non-executive board members, and a detailed presentation of the different elements comprising their remuneration. It was drawn up on the basis of BBVA's corporate bylaws and the board regulations.

Likewise, the report includes the basic elements and principles of the Bank's general remuneration policy.

### **Frame of reference for BBVA corporate governance**

The BBVA board of directors is conscious of the importance of a good corporate governance system to run the structure and operation of its corporate bodies in the best interests of the company and its shareholders. One of BBVA's main objectives is to create long-term value. A suitable system of corporate governance is one of the mainstays of such value.

The bank's board of directors is subject to regulations that reflect and develop the principles and elements that shape BBVA's system of corporate governance. These comprise standards for the internal regime and for running the board and its committees, as well as the rights and obligations of directors in performance of their duties, which are contained in the directors' charter.

The board regulations reserve powers to the board to adopt resolutions on the remuneration of directors and, in the case of executive directors, any additional remuneration for their executive duties and other terms and conditions contained in their contracts.

Shareholders and investors may find these on the company web site ([www.bbva.com](http://www.bbva.com)).

According to best corporate governance practices worldwide, the BBVA board of directors has established several committees to help it carry out its mission most efficiently. These committees provide help on issues related to their particular area of competence.

To such end, the board of directors has constituted the committees listed below, appointing the following members to each of them:

Board Committees				
Full name	Executive Committee	Audit & Compliance	Appointments & Remuneration	Risks
Francisco González Rodríguez	●			
Ángel Cano Fernández	●			
Tomás Alfaro Drake		●		
Juan Carlos Álvarez Mezquíriz	●		●	
Rafael Bermejo Blanco		●		●
Ramón Bustamante y de la Mora		●		●
José Antonio Fernández Rivero				●
Ignacio Ferrero Jordi	●		●	
Román Knörr Borrás	●			
Carlos Loring Martínez de Irujo		●	●	
José Maldonado Ramos				●
Enrique Medina Fernández	●			●
Susana Rodríguez Vidarte		●	●	

This system of organisation requires a high number of meetings to be held both by the board and its committees, covering a vast body of materials. It thus demands special dedication from the board and committee members, including non-executive directors. The amount of work required, along with the responsibility inherent to the post and the regime regarding incompatibilities imposed by the Bank's board regulations, constitute the underlying elements of the remuneration scheme for the non-executive directors.

**Appointments & Remuneration Committee**

For the purposes of this report, the Appointments & Remuneration committee is one of the key committees, helping the board in business relating to appointing directors and to paying them. These powers are attributed to the committee under the board regulations, which state the committee must ensure enforcement of the remuneration policy that the Bank has established.

This committee is made up of a minimum of three members, who are appointed by the board of directors. All the committee members must be external directors, with a majority of independent directors. Its chairman must be an independent director.

The Appointments & Remuneration committee comprises four directors, all independent, whose names, posts and dates of appointment and re-election are given below:

Full name	Post	Date of appointment	Date of latest re-election
Carlos Loring Martínez de Irujo	Chair	30.Mar.2004	28.Mar.2007
Juan Carlos Álvarez Mezquíriz	Member	28.Feb.2002	28.Mar.2007
Ignacio Ferrero Jordi	Member	28.Jan.2000	28.Mar.2007
Susana Rodríguez Vidarte	Member	28.Mar.2007	

This committee meets as often as necessary to comply with its duties, convened by its chairman. During 2009 the Appointments & Remuneration Committee met 12 times.

Pursuant to article 33 of the board regulations, the Appointments & Remuneration committee has the following tasks:

- It formulates proposals to the board that it can then put to the AGM for the appointment and re-election of independent directors. And to issue the corresponding report to the board in the case of all other 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.

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.

- 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.
- It proposes the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company's bylaws. This system shall deal with the system's items, amounts and method of payment.
- It determines 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.
- It submits 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.
- It carries out all other duties allocated to it under the board regulations or under board resolutions. These include the procedure for assessing the committee's performance and the performance of the chairman of the board and the appointment and severance of the secretary of the board.

In the performance of its duties, the Appointments & Remuneration committee shall consult with the chairman of the board and, where applicable, the chief executive officer, especially with respect to matters related to executive directors and senior managers.

In accordance with the BBVA board regulations, the Appointments & Remuneration committee may ask people with knowledge or responsibilities related to its business within the Group to attend its meetings. It may also receive help from external advisors when this is required to establish an informed opinion on issues falling within its scope.

With these duties, the Appointments & Remuneration committee plays an essential role with respect to remuneration issues for the Bank's board of directors. This is further explained in the sections that follow.

In reaching its decisions on remuneration issues, the Appointments & Remuneration committee and the Board of Directors in 2009 have received advice from the in-house BBVA services and

market information and advice from the big global consultancy firms working on directors' and senior-managers' remuneration, such as Watson Wyatt Worldwide and Towers Perrin. This report was drawn up by the Appointments & Remuneration committee with the help of Towers Watson.

## General principles behind the BBVA directors' remuneration policy

BBVA considers that the remuneration system is a key element in creating value. It thus has an advanced remuneration scheme based on the reciprocity of value for employees and for the Group in line with the interests of shareholders. The system reflects the very latest standards and principles of best Spanish and international practices in good governance, which have been suitably adapted to the Bank's specific structure and circumstances.

BBVA's remuneration system is informed by the following principles:

- Long-term value creation.
- Remunerate achievement of results on the basis of prudent, responsible risk bearing.
- Attract and retain the best professionals.
- Reward the level of responsibility and professional path.
- Ensure equity in the Group and competitiveness outside it.
- Benchmark performance against the market using analyses from prestigious consultancy firms specialising in remuneration.
- Ensure transparency in its remuneration policy.

The Group's remuneration policy is structured taking into account the environment in which it operates and the results it achieves. It includes the following elements:

- Fixed remuneration based on the level of responsibility, which constitutes a relevant part of total pay.
- Variable annual remuneration linked to the achievement of previously established targets and prudent risk management.
- A variable remuneration scheme running over several years to promote value generation in the medium and long term within the Group, in line with shareholder interests.

The combination of these elements comprises a balanced remuneration system reflecting the Group strategy and its values as well as the interests of its shareholders.

The main characteristics of these elements in the total remuneration are listed below:



## **Fixed remuneration**

The fixed remuneration in BBVA is established taking into account the level of responsibility and the professional path of the employee within the Group. A wage benchmark is established for each function, reflecting its value to the organisation. This wage benchmark is defined by analysing its equivalence and fairness inside the Group and on the market outside. First-level firms specialising in remuneration consultancy provide advice in this definition.

## **Variable remuneration**

Variable remuneration in BBVA comprises two elements: the annual variable remuneration and the multi-annual variable remuneration. Combining these two elements fosters creation of mid- and long-term value. Performance is related to achievement of the objectives at Unit and Group level, prudent risk management and the cost of capital associated to management. It is instrumented through payment in cash and payment in BBVA shares.

### **a) Variable annual remuneration**

The variable annual remuneration rewards the creation of value in the Group through each of the Units comprising BBVA. It recognises the contributions made by individuals, teams and the aggregation of these.

The model of variable annual pay in BBVA is based on establishing value-creation indicators for each Unit. Compliance with these indicators generates the amount of variable remuneration payable to the members of the Unit. This is distributed on the bases of individual performance.

There are two kinds of annual targets: financial indicators (Group and Unit) and non-financial indicators specific to the Unit. These are weighted more than the financial indicators in the following Units: Audit, Regulatory Compliance, Finance Department, Legal Services, Accounts & Consolidation, Company Secretariat and Risks.

BBVA considers prudent risk management to be a determining element in its variable remuneration policy. This is why it has established Economic Profit (EP) as its main financial indicator for determining amounts payable under this item. This indicator is based on the level of risk borne and the cost of capital employed.

To determine the amount of variable annual remuneration as a function of target achievement, a corporate multiplier is also applied to the senior management, including executive directors. This specially remunerates the results obtained over and above the targets established for the Group's recurring EP. The amount of this multiplier may account for between 0% and 25% of the bonus to be received on the basis of a scale defined for different degrees of compliance with the target established.

**b) Multi-annual variable remuneration**

A fundamental element in BBVA's endeavour to generate mid- to long-term value for the Group, is its multi-annual variable remuneration policy, based on BBVA shares.

This policy is established with annual overlapping programmes for the medium and the long term. Each individual is allocated a set of theoretical shares that may, at the end of each programme, lead to the delivery of BBVA shares as a function of a scale defined for indicators linked to the generation of shareholder value, provided the beneficiary meets the levels of individual performance established for the term of the programme.

## General principles of the Remuneration Policy for BBVA directors

The remuneration system described above is applied to the entire BBVA staff, adapted to different posts according to their levels of responsibility and professional development. The specific features of the BBVA governing bodies and senior management are also taken into account for their members.

Thus, BBVA's remuneration policy for members of the Board of Directors distinguishes between the remuneration of executive directors and non-executive directors.

### Remuneration policy for executive directors

The system established to remunerate executive directors places a premium on their executive duties. It applies remuneration items used worldwide by the big listed international corporations to pay their senior staff.

These items are included in article 50.b of the BBVA bylaws and correspond with those applicable to its senior management as a whole.

The remuneration policy for executive directors is aligned with the Group's general remuneration policy. It considers various elements, including the following:

- Fixed remuneration, taking into account the level of responsibility the post's duties entail and ensuring this remuneration is competitive with remuneration paid for equivalent posts in the international banks in the main European countries and the USA.
- Variable annual remuneration linked to the Group's results. The amount of this remuneration is subject to achieving specific quantifiable targets, aligned directly with shareholders' interests.
- Multi-annual variable remuneration linked to targets based on mid- to long-term value-creation targets for the Group.

## **Remuneration policy for non-executive directors**

The remuneration policy for non-executive directors is not intended to reward attendance at meetings via per diem payments. Rather, it is based on criteria measuring responsibility, dedication and incompatibilities inherent to each post held. There are two elements to said policy:

- Fixed annual remuneration for occupying a seat on the board and another for belonging to the different committees. Greater weighting is applied to chairing committees, and the relative nature of the duties of each committee is also weighted.
- A scheme comprising deferred delivery of shares. Beneficiaries are allocated a number of theoretical shares to be delivered to them, where applicable, on the date on which they leave the board for any cause other than dereliction of duties. This scheme is in line with best international practices in corporate governance.

## Remuneration system for BBVA executive directors

As indicated above, the structure of executive-directors' remuneration is regulated under article 50.b of the Bank's bylaws. It is in line with the general policy for senior-management remuneration.

The contracts signed with each independent director determine their respective remunerations, entitlements and economic rewards, comprising the items established under said article 50.b of the corporate bylaws. Below is a detailed analysis of such items:

### Fixed remuneration

Each year, the Appointments & Remuneration Committee, considers how the executive directors' fixed remuneration might be updated, applying the parameters from article 50.b of the bylaws, and on the basis of analyses and studies intended to establish the most suitable remuneration levels.

The Committee takes other factors into account, such as the average increase in the remuneration of Management committee members and the specific characteristics of each post, as well as the remuneration information supplied by the main consultancy firms working in management-remuneration policy.

The Committee determines the fixed remuneration payable to each executive director and then puts its proposal to the Board for approval, with the acquiescence of the executive directors.

The board, at the proposal of the Appointments & Remuneration committee, resolved at its meeting, 3rd February 2010, that this year (as in 2009) it would not update the fixed remuneration of the executive directors. Consequently, the figures for their remuneration will continue to be as follows:

Chairman & CEO:	€1,927,706
President & COO:	€1,250,000

The previous Director & Company Secretary stood down as a Bank executive on 22nd December 2009. During the year, he was paid €649,858 in fixed remuneration.

### Variable annual remuneration

The standards for variable annual remuneration applicable to executive directors approved by the Board of Directors contain the same elements established under the general system for the Group's senior management. However, they also recognise the specificities of each executive director's situation, defining a scheme for each case, within the corporate framework. Targets are established and the individual performance of each executive director is evaluated accordingly. In some cases, incentivisation multipliers applicable to senior management and other management posts are added.

The targets to determine the annual variable remuneration of executive directors are established by the Appointments & Remuneration committee on the basis of information on the metrics of variable annual remuneration in the large international banks and their evolution over time. These are then submitted to the approval of the Board of Directors.

The targets are linked to the Group's earnings, cost-income ratio and their own indicators, with the following weighting for each:

	Group recurrent adjusted economic profit target	Group recurrent cost-income ratio target	Specific task-related targets
Chairman & CEO	70%	30%	
President & COO	70%	20%	10%

Pursuant to the core principles of BBVA's general remuneration policy and on the basis of prudent risk management, BBVA has chosen the Group's recurrent Economic Profit (EP) as the main indicator for measuring the Group's targets for the purpose of establishing its executive directors' variable remuneration. It considers that this is the most suitable way to measure sustained generation of shareholder value over the medium and long term, considering the level of risk borne and the cost of capital employed.

Technically speaking, the Economic Profit is obtained by taking the recurrent Adjusted Profit and subtracting the return on the capital employed in each business divided by the cost of said capital, or the expected rate of return for investors. The Adjusted Profit is not the same as the Book Profit, as economic criteria are used to define it rather than the accounting standards in some kinds of operations. Conceptually, Economic Profit is the recurrent profit generated over and above market expectations regarding capital yields.

As indicated above, to determine the amount of variable annual remuneration for the executive directors as a function of their target achievement, a corporate multiplier is also applied. This remunerates the results obtained over and above the targets established for the Group's recurring EP. The multiplier may account for between 0% and 25% of the bonus to be received on the basis of a scale defined for different degrees of compliance with the target established.

The chairman & CEO has accrued the sum of €3,388,121 euros in variable remuneration for 2009, payable in 2010. This is 0.80% down on 2008, which was in turn 10.15% down on the variable remuneration received in 2007. The President & COO has accrued the sum of €1,481,809 in variable remuneration for 2009, payable in 2010. And the former Company Secretary & director, who stood down as Bank executive on 22nd December 2009, has accrued the sum of €804,689 in variable remuneration for 2009, payable in 2010.

## Multi-annual variable remuneration

A fundamental part of BBVA's remuneration of its senior management, including executive directors and the members of the Management committee, is its policy of variable remuneration straddling several years, based on the delivery of Bank shares.

This policy is instrumented with annual overlapping programmes for the medium and the long term. Each individual is allocated a set of theoretical shares that may, if the conditions laid down are met at the end of the programme, lead to the delivery of BBVA shares as a function of a scale associated to an indicator of how much shareholder value has been generated, subject to good individual performance whilst the programme was in force. This policy began to be applied with the 2009-2010 Programme, adopted by the General Meeting, 13th March 2009.

The number of BBVA shares to be given to each beneficiary at the end of the 2009-2010 Programme, will be the result of multiplying the number of units assigned by a ratio of between 0 and 2. This ratio is established as a function of the comparative performance of the Bank's TSR (total shareholder return) during the Programme against the TSR of the 18 banks in its peer group. The peer banks benchmarked for this programme are:

PEER GROUP - 18 BANKS		PEER GROUP - 18 BANKS	
Banco Santander	Spain	Barclays	UK
BNP	France	Lloyds Banking Group	UK
Credit Agricole	France	Royal Bank of Scotland	UK
Societe Generale	France	Credit Suisse	Switzerland
Intesa San Paolo	Italy	UBS	Switzerland
Unicredito Italiano	Italy	Citigroup	United States
Deutsche Bank	Germany	Bank of America	United States
Commerzbank	Germany	JP Morgan Chase	United States
HSBC	UK	Wells Fargo	United States

The TSR measures the return on investment for shareholders as the sum of the change in the listed value of the share plus dividends and other similar items paid out whilst the programme is in force.

To determine TSR and in order to avoid atypical fluctuations in the indicator, the benchmark at the beginning and at the end of the programme is the rolling average of the listed price of the banks' shares over 31 trading sessions. These 31 trading sessions will also include the session of the day and the 15 sessions before and after the date in question, whether this be at the beginning or at the end of the programme.

The BBVA Board of Directors may adopt the necessary resolutions to ensure that, should there be any corporate event or operation while the programme is in force that could affect either the BBVA shares (eg, a merger, a share split, etc) or the benchmark peers (eg, a merger altering the number of entities comprising the peer group and thus the position on the ranking table), the economic yield that the programme beneficiaries may receive should it be settled will be equivalent to what they would have been entitled to had such circumstance not arisen.

The Programme came into force on 15th April 2009 and will end on 31st December 2010. It will be settled before 15th April 2011, without detriment to the possibility of early settlement under conditions that may be established in the Regulation governing it. The number of units allocated to the executive directors, pursuant to the AGM resolution, 13 March 2009, was 215,000 units for the chairman & CEO; 131,707 for the president & COO, and 29,024 for the former Company secretary & director. This latter figure reflects the resolution of the Board of Directors, 22nd December 2009, to reduce the number of units initially allocated to the Company secretary & director under the Programme, when he stood down as Bank executive, as a function of the time during which he was an executive director in the Bank and the total duration of the Programme.

Pursuant to the BBVA's multi-annual variable remuneration policy described above, the Board of Directors will propose that the General Meeting of shareholders approve a new programme for 2010 and 2011.

Both the indicator considered, and the achievement scale and the peer group established for the new Programme, should it be adopted by the AGM, will be the same as defined in the prevailing Programme of multi-year variable remuneration for 2009-2010. However, unlike the previous Programme, 40% of the shares delivered to the beneficiaries will be freely transferable as soon as the Programme is settled; 30% of the shares received will be transferable as of one year after the Programme's settlement date; and the remaining 30% will be transferable as of two years after the Programme's settlement date. All this will be done under the terms and conditions established by the Board of Directors.

The BBVA AGM, 13th March 2009, also approved the settlement of the Long-Term Share Remuneration Plan for 2006 to 2008, under the terms and conditions established when it began, as a function of the BBVA TSR performance benchmarked against those of the banks in its peer group. The number of BBVA shares deliverable to its beneficiaries were: 454,400 shares for the chairman & CEO; 177,500 shares for the president & COO and 142,000 for the former Company Secretary



## Corporate annuity scheme

Pursuant to article 50 b) of the corporate bylaws, the contracts for the executive directors include a system of protection against the contingencies of retirement, disability and death.

The provisions recorded at 31st December 2009 to cover the commitments for this protection for the president & COO was €13,752,502. This includes both the sums accumulated as member of the Group Management committee, and also those stemming from his current position as president & COO. To date, there are no other commitments for executive directors under this item.

These commitments stem from the contract with the president & COO to cover the contingencies listed below:

### a) Retirement

The entitlement to receive an annual retirement pension is recognised, whose amount will be calculated on the basis of the annual average total remuneration that would have been payable over the last two years prior to his retirement as part of his fixed and of his variable remuneration. The amount of the pension will be determined as a function of his effective seniority in the Bank until reaching the age of 65 years, capped at 85%.

This entitlement will arise when, in performance of his professional duties, he reaches the age of 65 years.

### b) Disability

On the same bases as the retirement pension, the entitlement to a disability pension will be recognised for an amount equal to the maximum amount of his retirement pension should he become permanently, totally or absolutely disabled whilst performing his professional duties.

### c) Death

In the event of death, his widow will be entitled to a pension of 50% of the average pensionable base for retirement or, as applicable, the retirement or disability pension that he may be receiving.

Likewise, an annual orphans' pension will be granted for children until they reach the age of 25. For each such child, this will be 20% of the same bases used for the widow's pension.

In no event may the widow's and orphans' pension be more than 100% of what the beneficiary of the policy was receiving at the time of death.

The Bank's retirement commitments for the president & COO may be met, as he chooses, by the payment of a lifelong annuity pension, or by payment of a lump sum at the time when the conditions established for this in the contract occur.

During 2009, the Board of Directors determined the pension rights to which the chairman & CEO was entitled, having reached the age of 65 and vested his retirement pension rights established under the actuarial criteria applicable to the bank, at €79,774,560, of which €72,546,963 had already been charged to the earnings of previous years, which have been outsourced under an insurance policy whose benefits may not be received until the chairman & CEO stands down from his executive responsibilities. Thus, at 31st December 2009, all the pension commitments for the chairman & CEO have been met.

Likewise, the Board of Directors determined the pension rights to which the former Company secretary & director was entitled as a consequence of his early retirement. It established this sum at €13,511,256, of which €8,710,144 were already charged to the earnings of previous years. This amount has been paid as compensation for his pension rights, such that at 31st December 2009, the Bank's pension commitments for the former Company secretary & director have been met.

#### **Other remuneration**

BBVA's executive directors are entitled to benefit from the reward schemes established for the Bank's senior management in general and other remunerations such as rental cars, insurance, etc.

## Main characteristics of the executive directors' contracts with BBVA

The contracts signed with the executive directors are open-ended and compliant with the rights recognised under article 50.b of the Bank's bylaws. None include any period of prior notice.

The contractual conditions agreed with the Bank's executive directors recognised their entitlement to receive compensation in the event of severance. The Bank has ceased to bear this obligation. Consequently, at 31st December 2009 and thenceforth, there are no commitments to pay compensation to the executive directors.

The terms and conditions of the current president & COO's contract determine that should he cease to hold this post for any reason other than his own will, retirement, disability or serious dereliction of duty, he will be given early retirement with a pension, which he may choose to receive as a life-long annuity or as a lump sum. This will be 75% of his pensionable salary should this occur before he reaches the age of 55 years, or 85% should it occur after he has reached said age.

## Remuneration system for non-executive BBVA directors

BBVA has set up a remuneration system tailored to the posts of non-executive BBVA directors, different from the system for the executive directors. It is based on their responsibilities, dedication and incompatibilities as a function of the post they hold.

The duties of BBVA Board members require a lot of time and work, as the Group's governing bodies are intensely active. There is a high number of meetings held both by the Board of Directors and the various committees helping it in the performance of its duties. The number of meetings held in 2009 was:

	Number of meetings
Board of Directors	14
Executive Committee	18
Audit & Compliance Committee	13
Risks Committee	53
Appointments & Remuneration Committee	12

BBVA directors are also subject to a strict regime of incompatibilities in sitting on governing bodies of Group companies or associated undertakings. Thus, except for executive directors with express authorisation from the Board, Board members may not take up directorships in subsidiaries or associated undertakings, when the directorship is linked to the Group's shareholding in such company.

Moreover, when the current board members leave their Bank directorship, they may not provide services to another financial institution in competition with the Bank or its subsidiaries for two years, unless they are given express authorisation by the Board. Such authorisation may be denied on the grounds of corporate interest.

Non-executive directors are subject to a system regulating possible conflicts of interest between their private activity and the performance of their duties as BBVA director. The system is governed by the Board regulations.

On the basis of the foregoing, the remuneration system for non-executive directors comprises the following elements:

### Annual Remuneration

Non-executive directors receive an annual payment for sitting on the BBVA board, and another fixed amount for their membership of different committees. Chairing a committee is given a higher weighting, and the amount for committee members reflects the different duties of each committee.

The Board of Directors periodically reviews these fixed components in order to ensure they keep up with changing market circumstances and any changes in the kind of duties that the BBVA directors perform. These amounts have not been updated since July 2007.

The remuneration payable to the non-executive directors for 2009 are given below. The figures are itemised for membership of committees and the posts held on the committees:

Director:	Board	Executive Committee	Audit & Compliance Committee	Risks Committee	Appointments & Remuneration Committee	Total 2009
Tomás Alfaro Drake	€128,724	-- €	€71,400	-- €	-- €	€200,124
Juan Carlos Álvarez Mezquiriz	€128,724	€166,752	-- €	-- €	€42,840	€338,316
Rafael Bermejo Blanco	€128,724	-- €	€178,512	€106,920	-- €	€414,156
Ramón Bustamante y de la Mora	€128,724	-- €	€71,400	€106,920	-- €	€307,044
José Antonio Fernández Rivero <sup>(1)</sup>	€128,724	-- €	-- €	€213,840	-- €	€342,564
Ignacio Ferrero Jordi	128,724 €	166,752 €	-- €	-- €	42,840 €	€338,316
Román Knörr Borrás	128,724 €	166,752 €	-- €	-- €	-- €	€295,476
Carlos Loring Martínez de Irujo	128,724 €	-- €	71,400 €	-- €	107,112 €	€307,236
Enrique Medina Fernández	128,724 €	166,752 €	-- €	106,920 €	-- €	€402,396
Susana Rodríguez Vidarte	128,724 €	-- €	71,400 €	-- €	42,840 €	€242,964
<b>Total (**)</b>						€3,188,592

<sup>(1)</sup> D. José Antonio Fernández Rivero, apart from the amounts detailed above, also received a total of €652,373 during 2009 in early retirement payments as a former member of the BBVA management.

<sup>(\*\*)</sup> Moreover, Mr. Richard C. Breeden, who stood down as director on 13th March 2009, received the sum of €87,480 in 2009 as remuneration for his membership of the Board.

Moreover, during 2009, insurance premiums have been paid for non-executive directors to the total joint sum of €78,790.27.

### Scheme for remuneration with deferred delivery of shares

As mentioned above, this scheme for remuneration through deferred delivery of shares was adopted by the BBVA General Meeting, 18th March 2006. It comprises an 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.

The annual number of "theoretical shares" allotted to non-executive directors who are beneficiaries of this scheme will be equivalent to 20% of the total remuneration payable to the non-executive director in the previous year, according to the average of the closing prices of the BBVA share during the sixty trading sessions prior to the AGM approving the corresponding financial statements.

The number of theoretical shares allocated to each of the non-executive directors in 2009 as beneficiaries of the scheme for remuneration through deferred delivery of shares, corresponding to 20% of the remuneration payable to said directors during 2008, and the total number of theoretical shares accumulated are shown in the following table:

<b>DIRECTORS</b>	<b>Theoretical shares allocated in 2009</b>	<b>Theoretical shares accumulated</b>
Tomás Alfaro Drake	5,645	9,707
Juan Carlos Álvarez Mezquíriz	9,543	33,511
Rafael Bermejo Blanco	11,683	15,989
Ramón Bustamante y de la Mora	8,661	32,648
José Antonio Fernández Rivero	9,663	24,115
Ignacio Ferrero Jordi	9,543	34,083
Román Knörr Borrás	8,335	27,838
Carlos Loring Martínez de Irujo	8,667	20,418
Enrique Medina Fernández	11,351	44,708
Susana Rodríguez Vidarte	6,854	20,450
<b>Total</b>	<b>89,945</b>	<b>263,467</b>

This long-term remuneration system is in line with international tendencies in corporate governance, since the theoretical shares allocated to the directors are not materialised until the moment they leave their post, providing this is not due to dereliction of duty. Where there is such dereliction, the director would not receive any payment under this item.

## Future policy

The remuneration system BBVA has established for the members of its Board of Directors has been described in detail in this report. It is the system that will be applied during the current year, in compliance with the resolutions of the Bank's corresponding governing bodies, as explained. The same system will be applicable in future years, unless the competent governing bodies resolve otherwise in the light of changed circumstances.

The above notwithstanding, the Appointments & Remuneration committee, in performance of its duties under the Board Regulations, periodically reviews the Board of Directors' remuneration policy. Within the framework established in the Company bylaws, it puts to the Board any proposals it deems timely with respect to the items included and the amount earmarked to them, taking into account the current market scenario and the Company's earnings.