Grupo BBVA

Consolidated Financial Statements

For the year ended December 31, 2010

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

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group (Notes 1 and 60). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

We have audited the consolidated financial statements of Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank") and the companies composing, together with the Bank, the Banco Bilbao Vizcaya Argentaria Group ("the Group" – see Note 3), which comprise the consolidated balance sheet at 31 December 2010 and the related consolidated income statement, consolidated statement of recognised income and expense, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 1.2 to the accompanying consolidated financial statements, the directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. 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 the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying consolidated financial statements for 2010 present fairly, in all material respects, the consolidated equity and consolidated financial position of the Banco Bilbao Vizcaya Argentaria Group at 31 December 2010, and the consolidated results of its operations and its consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

The accompanying consolidated directors' report for 2010 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 2010. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Banco Bilbao Vizcaya Argentaria, S.A. and of the companies composing, together with the Bank, the Group.

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

Miguel Ángel Bailón

2 February 2011

Deloitte S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
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CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2010, 2009 and 2008 (Notes 1 to 5)

ASSETS	Notes	Millions of Euros 2010	2009 (*)	2008 (*)
CASH AND BALANCES WITH CENTRAL BANKS	9	**19,981**	**16,344**	**14,659**
FINANCIAL ASSETS HELD FOR TRADING	10	**63,283**	**69,733**	**73,299**
Loans and advances to credit institutions		-	-	-
Loans and advances to customers		-	-	-
Debt securities		24,358	34,672	26,556
Equity instruments		5,260	5,783	5,797
Trading derivatives		33,665	29,278	40,946
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	11	**2,774**	**2,337**	**1,754**
Loans and advances to credit institutions		-	-	-
Loans and advances to customers		-	-	-
Debt securities		688	639	516
Equity instruments		2,086	1,698	1,238
AVAILABLE-FOR-SALE FINANCIAL ASSETS	12	**56,456**	**63,521**	**47,780**
Debt securities		50,875	57,071	39,831
Equity instruments		5,581	6,450	7,949
LOANS AND RECEIVABLES	13	**364,707**	**346,117**	**369,494**
Loans and advances to credit institutions		23,637	22,239	33,856
Loans and advances to customers		338,857	323,442	335,260
Debt securities		2,213	436	378
HELD-TO-MATURITY INVESTMENTS	14	**9,946**	**5,437**	**5,282**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	15	**40**	-	-
HEDGING DERIVATIVES	15	**3,563**	**3,595**	**3,833**
NON-CURRENT ASSETS HELD FOR SALE	16	**1,529**	**1,050**	**444**
EQUITY METHOD	17	**4,547**	**2,922**	**1,467**
Associates		4,247	2,614	894
Jointly controlled entities		300	308	573
INSURANCE CONTRACTS LINKED TO PENSIONS		-	-	-
REINSURANCE ASSETS	18	**28**	**29**	**29**
TANGIBLE ASSETS	19	**6,701**	**6,507**	**6,908**
Property, plants and equipment		5,132	4,873	5,174
For own use		4,408	4,182	4,442
Other assets leased out under an operating lease		724	691	732
Investment properties		1,569	1,634	1,734
INTANGIBLE ASSETS	20	**8,007**	**7,248**	**8,439**
Goodwill		6,949	6,396	7,659
Other intangible assets		1,058	852	780
TAX ASSETS	21	**6,649**	**6,273**	**6,484**
Current		1,113	1,187	1,266
Deferred		5,536	5,086	5,218
OTHER ASSETS	22	**4,527**	**3,952**	**2,778**
Inventories		2,788	1,933	1,066
Rest		1,739	2,019	1,712
TOTAL ASSETS		**552,738**	**535,065**	**542,650**

(*) Presented for comparison purposes only

The accompanying Notes 1 to 60 and Appendices I to XI are an integral part of the consolidated balance sheet as of December 31, 2010.

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

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2010, 2009 and 2008 (Notes 1 to 5)

		Millions of Euros		
LIABILITIES AND EQUITY	**Notes**	**2010**	**2009 (*)**	**2008 (*)**
FINANCIAL LIABILITIES HELD FOR TRADING	**10**	**37,212**	**32,830**	**43,009**
Deposits from central banks		-	-	-
Deposits from credit institutions		-	-	-
Customer deposits		-	-	-
Debt certificates		-	-	-
Trading derivatives		33,166	29,000	40,309
Short positions		4,046	3,830	2,700
Other financial liabilities		-	-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**11**	**1,607**	**1,367**	**1,033**
Deposits from central banks		-	-	-
Deposits from credit institutions		-	-	-
Customer deposits		-	-	-
Debt certificates		-	-	-
Subordinated liabilities		-	-	-
Other financial liabilities		1,607	1,367	1,033
FINANCIAL LIABILITIES AT AMORTIZED COST	**23**	**453,164**	**447,936**	**450,605**
Deposits from central banks		11,010	21,166	16,844
Deposits from credit institutions		57,170	49,146	49,961
Customer deposits		275,789	254,183	255,236
Debt certificates		85,179	99,939	104,157
Subordinated liabilities		17,420	17,878	16,987
Other financial liabilities		6,596	5,624	7,420
HEDGES OF INTEREST RATE RISK		**(2)**	-	-
HEDGING DERIVATIVES	**15**	**1,664**	**1,308**	**1,226**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**16**	-	-	-
LIABILITIES UNDER INSURANCE CONTRACTS	**24**	**8,034**	**7,186**	**6,571**
PROVISIONS	**25**	**8,322**	**8,559**	**8,678**
Provisions for pensions and similar obligations		5,980	6,246	6,359
Provisions for taxes and other legal contingencies		304	299	263
Provisions for contingent exposures and commitments		264	243	421
Other provisions		1,774	1,771	1,635
TAX LIABILITIES	**21**	**2,195**	**2,208**	**2,266**
Current		604	539	984
Deferred		1,591	1,669	1,282
OTHER LIABILITIES	**22**	**3,067**	**2,908**	**2,557**
TOTAL LIABILITIES		**515,263**	**504,302**	**515,945**

(*) Presented for comparison purposes only

LIABILITIES AND EQUITY (Continued)	Notes	2010	2009 (*)	2008 (*)
		Millions of Euros		
STOCKHOLDERS' FUNDS		**36,689**	**29,362**	**26,586**
Common Stock	**27**	**2,201**	**1,837**	**1,837**
Issued		2,201	1,837	1,837
Unpaid and uncalled (-)		-	-	-
Share premium	**28**	**17,104**	**12,453**	**12,770**
Reserves	**29**	**14,360**	**12,074**	**9,410**
Accumulated reserves (losses)		14,305	11,765	8,801
Reserves (losses) of entities accounted for using the equity method		55	309	609
Other equity instruments		**37**	**12**	**89**
Equity component of compound financial instruments		-	-	-
Other equity instruments		37	12	89
Less: Treasury stock	**30**	**(552)**	**(224)**	**(720)**
Income attributed to the parent company		**4,606**	**4,210**	**5,020**
Less: Dividends and remuneration		**(1,067)**	**(1,000)**	**(1,820)**
VALUATION ADJUSTMENTS	**31**	**(770)**	**(62)**	**(930)**
Available-for-sale financial assets		333	1,951	931
Cash flow hedging		49	188	207
Hedging of net investment in foreign transactions		(158)	219	247
Exchange differences		(978)	(2,236)	(2,231)
Non-current assets held-for-sale		-	-	-
Entities accounted for using the equity method		(16)	(184)	(84)
Other valuation adjustments		-	-	-
NON-CONTROLLING INTEREST	**32**	**1,556**	**1,463**	**1,049**
Valuation adjustments		(86)	18	(175)
Rest		1,642	1,445	1,224
TOTAL EQUITY		**37,475**	**30,763**	**26,705**
TOTAL LIABILITIES AND EQUITY		**552,738**	**535,065**	**542,650**

MEMORANDUM ITEM	Notes	2010	2009 (*)	2008 (*)
		Millions of Euros		
CONTINGENT EXPOSURES	**34**	**36,441**	**33,185**	**35,952**
CONTINGENT COMMITMENTS	**34**	**90,574**	**92,323**	**98,897**

(*) Presented for comparison purposes only

The accompanying Notes 1 to 60 and Appendices I to XI are an integral part of the consolidated balance sheet as of December 31, 2010.

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

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(Notes 1 to 5)

		Millions of Euros		
	Notes	2010	2009(*)	2008 (*)
INTEREST AND SIMILAR INCOME	39	21,134	23,775	30,404
INTEREST AND SIMILAR EXPENSES	39	(7,814)	(9,893)	(18,718)
NET INTEREST INCOME		**13,320**	**13,882**	**11,686**
DIVIDEND INCOME	40	529	443	447
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	41	335	120	293
FEE AND COMMISSION INCOME	42	5,382	5,305	5,539
FEE AND COMMISSION EXPENSES	43	(845)	(875)	(1,012)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	44	1,441	892	1,328
Financial instruments held for trading		643	321	265
Other financial instruments at fair value through profit or loss		83	79	(17)
Other financial instruments not at fair value through profit or loss		715	492	1,080
Rest		-	-	-
EXCHANGE DIFFERENCES (NET)		453	652	231
OTHER OPERATING INCOME	45	3,543	3,400	3,559
Income on insurance and reinsurance contracts		2,597	2,567	2,512
Financial income from non-financial services		647	493	485
Rest of other operating income		299	340	562
OTHER OPERATING EXPENSES	45	(3,248)	(3,153)	(3,093)
Expenses on insurance and reinsurance contracts		(1,815)	(1,847)	(1,896)
Changes in inventories		(554)	(417)	(403)
Rest of other operating expenses		(879)	(889)	(794)
GROSS INCOME		**20,910**	**20,666**	**18,978**
ADMINISTRATION COSTS	46	(8,207)	(7,662)	(7,756)
Personnel expenses		(4,814)	(4,651)	(4,716)
General and administrative expenses		(3,393)	(3,011)	(3,040)
DEPRECIATION AND AMORTIZATION	47	(761)	(697)	(699)
PROVISIONS (NET)	48	(482)	(458)	(1,431)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	49	(4,718)	(5,473)	(2,941)
Loans and receivables		(4,563)	(5,199)	(2,797)
Other financial instruments not at fair value through profit or loss		(155)	(274)	(144)
NET OPERATING INCOME		**6,742**	**6,376**	**6,151**

(*) Presented for comparison purposes only.

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(Notes 1 to 5)

		Millions of Euros		
(Continued)	Notes	2010	2009 (*)	2008 (*)
NET OPERATING INCOME		**6,742**	**6,376**	**6,151**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	50	(489)	(1,618)	(45)
Goodwill and other intangible assets		(13)	(1,100)	(1)
Other assets		(476)	(518)	(44)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	51	41	20	72
NEGATIVE GOODWILL	20	1	99	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	52	127	859	748
INCOME BEFORE TAX		**6,422**	**5,736**	**6,926**
INCOME TAX	21	(1,427)	(1,141)	(1,541)
INCOME FROM CONTINUING TRANSACTIONS		**4,995**	**4,595**	**5,385**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)		-	-	-
NET INCOME		**4,995**	**4,595**	**5,385**
Net Income attributed to parent company		4,606	4,210	5,020
Net income attributed to non-controlling interests	32	389	385	365

		Euros		
	Note	2010	2009 (*)	2008 (*)
EARNINGS PER SHARE	**5**			
Basic earnings per share		1.17	1.08	1.31
Diluted earnings per share		1.17	1.08	1.31

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 60 and Appendices I to XI are an integral part of the consolidated income statement for the year ending December 31, 2010.

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

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008 (Notes 1 to 5)

	Millions of Euros		
	2010	2009 (*)	2008 (*)
NET INCOME RECOGNIZED IN INCOME STATEMENT	**4,995**	**4,595**	**5,385**
OTHER RECOGNIZED INCOME (EXPENSES)	**(813)**	**1,061**	**(3,237)**
Available-for-sale financial assets	**(2,166)**	**1,502**	**(3,787)**
Valuation gains/(losses)	(1,963)	1,520	(2,065)
Amounts removed to income statement	(206)	(18)	(1,722)
Reclassifications	3	-	-
Cash flow hedging	**(190)**	**(32)**	**361**
Valuation gains/(losses)	(156)	(21)	373
Amounts removed to income statement	(34)	(11)	(12)
Amounts removed to the initial carrying amount of the hedged items	-	-	-
Reclassifications	-	-	-
Hedging of net investment in foreign transactions	**(377)**	**(27)**	**(50)**
Valuation gains/(losses)	(377)	(27)	(50)
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Exchange differences	**1,384**	**68**	**(661)**
Valuation gains/(losses)	1,380	141	(678)
Amounts removed to income statement	4	(73)	17
Reclassifications	-	-	-
Non-current assets held for sale	**-**	**-**	**-**
Valuation gains/(losses)	-	-	-
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Actuarial gains and losses in post-employment plans	**-**	**-**	**-**
Entities accounted for using the equity method	**228**	**(88)**	**(144)**
Valuation gains/(losses)	228	(88)	(144)
Amounts removed to income statement	-	-	-
Reclassifications	-	-	-
Rest of recognized income and expenses	**-**	**-**	**-**
Income tax	**308**	**(362)**	**1,044**
TOTAL RECOGNIZED INCOME/EXPENSES	**4,182**	**5,656**	**2,148**
Attributed to the parent company	3,898	5,078	1,838
Attributed to minority interests	284	578	310

The accompanying Notes 1 to 60 and Appendices I to XI are an integral part of the consolidated statement of recognized income and expense for the year ended December 31, 2010.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(Notes 1 to 5)

	Millions of Euros												
	Total Equity Attributed to the Parent Company											Non-controlling Interests (Note 32)	Total Equity
	Stockholders' Funds									Valuation Adjustments (Note 31)	Total		
			Reserves (Note 29)										
2010	Common Stock (Note 27)	Share Premium (Note 28)	Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock (Note 30)	Income Attributed to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds				
Balances as of January 1, 2010	1,837	12,453	11,765	309	12	(224)	4,210	(1,000)	29,362	(62)	29,300	1,463	30,763
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	1,837	12,453	11,765	309	12	(224)	4,210	(1,000)	29,362	(62)	29,300	1,463	30,763
Total income/expense recognized	-	-	-	-	-	-	4,606	-	4,606	(708)	3,898	284	4,182
Other changes in equity	364	4,651	2,540	(254)	25	(328)	(4,210)	(67)	2,721	-	2,721	(191)	2,530
Common stock increase	364	4,651	-	-	-	-	-	-	5,015	-	5,015	-	5,015
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	25	-	-	-	25	-	25	-	25
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(558)	(1,067)	(1,625)	-	(1,625)	(197)	(1,822)
Transactions including treasury stock and other equity instruments (net)	-	-	(105)	-	-	(328)	-	-	(433)	-	(433)	-	(433)
Transfers between total equity entries	-	-	2,865	(213)	-	-	(3,652)	1,000	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	(220)	(41)	-	-	-	-	(261)	-	(261)	6	(255)
Balances as of December 31, 2010	2,201	17,104	14,305	55	37	(552)	4,606	(1,067)	36,689	(770)	35,919	1,556	37,475

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(Notes 1 to 5)

Millions of Euros

2009	Total Equity Attributed to the Parent Company – Stockholders' Funds – Common Stock (Note 27)	Share Premium (Note 28)	Reserves (Note 29) – Accumulated Reserves (Losses)	Reserves (Note 29) – Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock (Note 30)	Income Attributed to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds	Valuation Adjustments (Note 31)	Total	Non-controlling Interests (Note 32)	Total Equity (*)
Balances as of January 1, 2009	1,837	12,770	8,801	609	89	(720)	5,020	(1,820)	26,586	(930)	25,656	1,049	26,705
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	1,837	12,770	8,801	609	89	(720)	5,020	(1,820)	26,586	(930)	25,656	1,049	26,705
Total income/expense recognized	-	-	-	-	-	-	4,210	-	4,210	868	5,078	578	5,656
Other changes in equity	-	(317)	2,964	(300)	(77)	496	(5,020)	820	(1,434)	-	(1,434)	(164)	(1,598)
Common stock increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	10	-	-	-	10	-	10	-	10
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)	(144)	(1,144)
Transactions including treasury stock and other equity instruments (net)	-	-	(238)	-	-	496	-	-	258	-	258	-	258
Transfers between total equity entries	-	-	3,378	(178)	-	-	(5,020)	1,820	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	(317)	-	-	(87)	-	-	-	(404)	-	(404)	-	(404)
Rest of increases/reductions in total equity	-	-	(176)	(122)	-	-	-	-	(298)	-	(298)	(20)	(318)
Balances as of December 31, 2009	1,837	12,453	11,765	309	12	(224)	4,210	(1,000)	29,362	(62)	29,300	1,463	30,763

(*) Presented for comparison purposes only.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008 (Notes 1 to 5)

	Millions of Euros												
	Total Equity Attributed to the Parent Company												
	Stockholders' Funds												
			Reserves (Note 29)										
2008	Common Stock (Note 27)	Share Premium (Note 28)	Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock (Note 30)	Income Attributed to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds	Valuation Adjustments (Note 31)	Total	Non-controlling Interests (Note 32)	Total Equity
Balances as of January 1, 2008	1,837	12,770	5,609	451	68	(389)	6,126	(1,661)	24,811	2,252	27,063	880	27,943
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	1,837	12,770	5,609	451	68	(389)	6,126	(1,661)	24,811	2,252	27,063	880	27,943
Total income/expense recognized	-	-	-	-	-	-	5,020	-	5,020	(3,182)	1,838	310	2,148
Other changes in equity	-	-	3,192	158	21	(331)	(6,126)	(159)	(3,245)	-	(3,245)	(142)	(3,387)
Common stock increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	21	-	-	-	21	-	21	-	21
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(1,002)	(1,820)	(2,822)	-	(2,822)	(142)	(2,964)
Transactions including treasury stock and other equity instruments (net)	-	-	(172)	-	-	(331)	-	-	(503)	-	(503)	-	(503)
Transfers between total equity entries	-	-	3,431	33	-	-	(5,125)	1,661	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	9	-	-	-	-	-	9	-	9	-	9
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	(75)	125	-	-	-	-	49	-	49	-	49
Balances as of December 31, 2008	1,837	12,770	8,801	609	89	(720)	5,020	(1,820)	26,586	(930)	25,656	1,049	26,705

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 60 and Appendices I to XI are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2010.

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, 2010, 2009 AND 2008 (Notes 1 to 5)

		Millions of Euros		
	Notes	2010	2009 (*)	2008 (*)
CASH FLOW FROM OPERATING ACTIVITIES (1)	**53**	**8,503**	**2,567**	**(1,992)**
Net income for the year		**4,995**	**4,595**	**5,385**
Adjustments to obtain the cash flow from operating activities:		**(534)**	**(591)**	**(1,112)**
Depreciation and amortization		761	697	699
Other adjustments		(1,295)	(1,288)	(1,811)
Net increase/decrease in operating assets		**6,452**	**(9,781)**	**45,714**
Financial assets held for trading		(6,450)	(3,566)	10,964
Other financial assets designated at fair value through profit or loss		437	582	588
Available-for-sale financial assets		(7,064)	15,741	(800)
Loans and receivables		18,590	(23,377)	30,866
Other operating assets		939	839	4,096
Net increase/decrease in operating liabilities		**9,067**	**(12,359)**	**37,908**
Financial liabilities held for trading		4,383	(10,179)	23,736
Other financial liabilities designated at fair value through profit or loss		240	334	-
Financial liabilities at amortized cost		5,687	(3,564)	20,058
Other operating liabilities		(1,243)	1,050	(5,886)
Collection/Payments for income tax		**1,427**	**1,141**	**1,541**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	**53**	**(7,078)**	**(643)**	**(2,865)**
Investment		**8,762**	**2,396**	**4,617**
Tangible assets		1,040	931	1,199
Intangible assets		464	380	402
Investments		1,209	2	672
Subsidiaries and other business units		77	7	1,559
Non-current assets held for sale and associated liabilities		1,464	920	515
Held-to-maturity investments		4,508	156	-
Other settlements related to investing activities		-	-	270
Divestments		**1,684**	**1,753**	**1,752**
Tangible assets		261	793	168
Intangible assets		6	147	31
Investments		1	1	9
Subsidiaries and other business units		69	32	13
Non-current assets held for sale and associated liabilities		1,347	780	374
Held-to-maturity investments		-	-	283
Other collections related to investing activities		-	-	874

(*) Presented for comparison purposes only.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(Notes 1 to 5)

		Millions of Euros		
(Continued)	**Notes**	**2010**	**2009 (*)**	**2008 (*)**
CASH FLOWS FROM FINANCING ACTIVITIES (3)	**53**	**1,148**	**(74)**	**(2,271)**
Investment		**12,410**	**10,012**	**17,807**
Dividends		1,218	1,567	2,813
Subordinated liabilities		2,846	1,667	735
Common stock amortization		-	-	-
Treasury stock acquisition		7,828	6,431	14,095
Other items relating to financing activities		518	347	164
Divestments		**13,558**	**9,938**	**15,536**
Subordinated liabilities		1,205	3,103	1,535
Common stock increase		4,914	-	-
Treasury stock disposal		7,439	6,835	13,745
Other items relating to financing activities		-	-	256
EFFECT OF EXCHANGE RATE CHANGES (4)		**1,063**	**(161)**	**(791)**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)		**3,636**	**1,689**	**(7,919)**
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**16,331**	**14,642**	**22,561**
CASH OR CASH EQUIVALENTS AT END OF THE YEAR		**19,967**	**16,331**	**14,642**

		Millions of Euros		
COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR	**Notes**	**2010**	**2009 (*)**	**2008 (*)**
Cash		4,284	4,218	3,915
Balance of cash equivalent in central banks		15,683	12,113	10,727
Other financial assets		-	-	-
Less: Bank overdraft refundable on demand		-	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF THE YEAR	**9**	**19,967**	**16,331**	**14,642**
Of which:				
Held by consolidated subsidiaries but not available for the Group		**-**	-	-

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 60 and Appendices I to XI are an integral part of the consolidated statement of cash flows for the year ended December 31, 2010.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

REPORT FOR THE YEAR

ENDED DECEMBER 31, 2010

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

1.1 INTRODUCTION

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

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

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

As of December 31, 2010, the Group was made up of 302 companies accounted for under the full consolidation method and 7 under the proportionate consolidation method. A further 68 companies are accounted for using the equity method (see Notes 3 and 17 and Appendices II to VII of these financial consolidated statements).

The Group's consolidated financial statements for the years ending December 31, 2009 and 2008 were approved by the shareholders at the Bank's Annual General Meeting ("AGM") held on March 12, 2010 and March 13, 2009, respectively.

The 2010 consolidated financial statements of the Group and the 2010 financial statements of the Bank and of substantially all the Group companies have not yet been approved by their shareholders at the respective AGMs. 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 accompanying consolidated financial statements for 2010 are presented in accordance with the International Financial Reporting Standards endorsed by the European Union ("EU-IFRS") applicable at year-end 2010, and additionally considering the Bank of Spain Circular 4/2004, of December 22, 2004 (and as amended thereafter). This Bank of Spain Circular is the regulation that implements and adapts the EU-IFRS for Spanish banks.

The consolidated financial statements for the year ended December 31, 2010 were prepared by the Bank's directors (at the Board Meeting on February 1, 2011) by applying the principles of consolidation, accounting policies and valuation criteria described in Note 2, so that they present fairly the Group's consolidated equity and financial position as of December 31, 2010, together with the consolidated results of its operations and cash flows generated during 2010. These consolidated financial statements were prepared on the basis of the accounting records kept by the Bank and each of the other entities in the Group, and include the adjustments and reclassifications required to harmonize the accounting policies and valuation criteria used by the Group (see Note 2.2).

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

The amounts reflected in the accompanying consolidated financial statements are presented in millions of euros, except as stated otherwise due to the need for a smaller unit. Therefore, there may be occasions when a balance does not appear in the financial statements because it is in units of euros. In addition, the percentage changes are calculated using thousands of euros. The accounting balances have been rounded to present the amounts in millions of euros. As a result, the amounts appearing in some tables may not be the arithmetical sum of the preceding figures.

1.3. COMPARATIVE INFORMATION

The information contained in these consolidated financial statements and in the explanatory notes referring to 2009 and 2008 is presented, solely for comparison purposes, with information relating to December 31, 2010, and, therefore, do not constitute the consolidated financial statements for the Group or 2009 and 2008.

1.4. SEASONAL NATURE OF INCOME AND EXPENSES

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

1.5. RESPONSIBILITY FOR THE INFORMATION AND FOR THE ESTIMATES MADE

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

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

- Impairment on certain financial assets (see Notes 7, 8, 12, 13, 14 and 17).
- The assumptions used to quantify other provisions (see Note 25) and for the actuarial calculation of post-employment benefit liabilities and commitments (see Note 26).
- The useful life and impairment losses of tangible and intangible assets (see Notes 16, 19, 20 and 22).
- The valuation of consolidation goodwill (see Notes 17 and 20).
- The fair value of certain unlisted financial assets and liabilities (see Notes 7, 8, 10, 11, 12 and 15).

Although these estimates were made on the basis of the best information available as of December 31, 2010 on the events analyzed, events that take place in the future might make it necessary to change them (upwards or downwards) in the coming years.

With regard to the impairment losses on financial assets and assets acquired in debt payments, of particular importance is the entry into force on September 30, 2010, of Bank of Spain Circular 3/2010 of June 29. This Circular has modified Circular 4/2004 with respect to provision of these impairment losses to be carried out by Spanish credit institutions. The Bank of Spain has modified and updated certain parameters established in Annex IX of said Circular to adjust them to the experience and information of the Spanish banking sector as a whole following the financial crisis of the past few years.

The new requirements included in the Circular have changed the estimates for impairment losses on some financial assets and assets acquired in payment of debts carried out by the Bank and its consolidated entities. Given that they have been considered as changes in estimates, in accordance with applicable standards, the impact of these changes has been recognized in the consolidated income statement for 2010 for a total of €198 million.

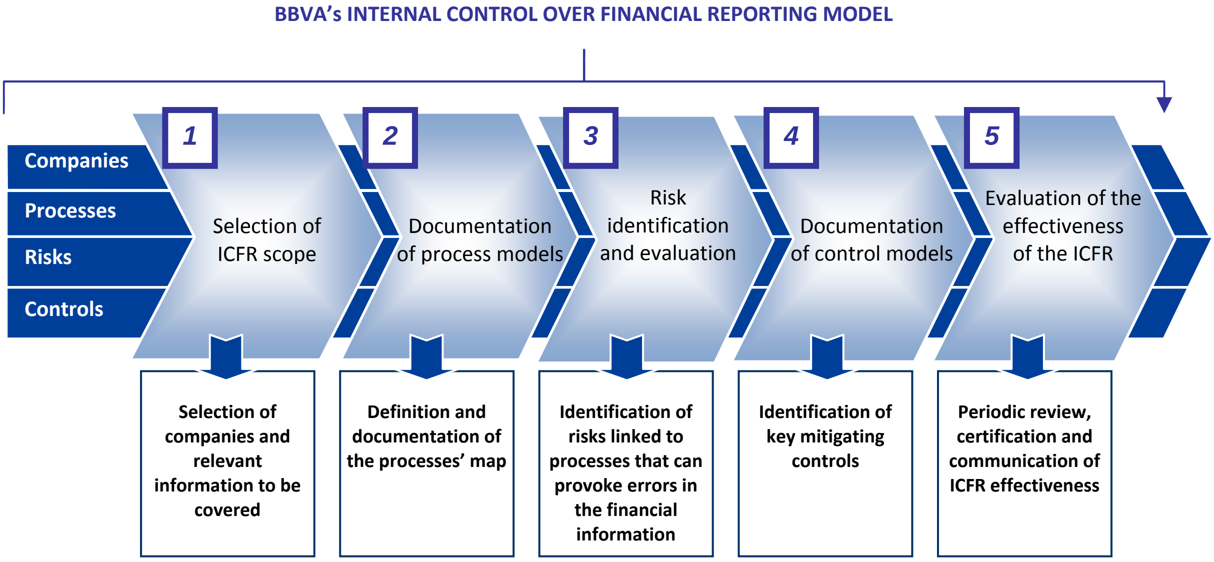
1.6. BBVA GROUP INTERNAL CONTROL OVER FINANCIAL REPORTING MODEL

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

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

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

The BBVA Group ICFR Model is summarized in the following chart:



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

Among the main characteristics of the Group ICFR Model are as follows:

- The BBVA Group has opted for a direct model of individually assigned responsibilities through a more ambitious model of certification aimed to ensure that the internal control extends to a greater range of hierarchical levels and contributes to the culture of control within the Group.
- The internal control system is dynamic and evolves continuously over time in a way that reflects the reality of the business of the Group at all times, together with the risks affecting it and the controls mitigating these risks.
- A complete documentation of the processes, risks and control activities is prepared within its scope, including detailed descriptions of the transactions, criteria for evaluation and revisions applied.

To determine the scope of the ICFR Model annual evaluation, the main companies, accounts and most significant processes are identified based on quantitative criteria (probability of occurrence, economic impact and materiality) and qualitative criteria (related to typology, complexity, nature of risks and the business structure), ensuring coverage of critical risks for the BBVA Group consolidated financial statements.

As well as the evaluation that the Internal Control Units performs, ICFR Model is subject to regular evaluations by the Internal Audit Department and is supervised by the Group's Audit and Compliance Committee.

As a foreign private issuer in the United States, the BBVA Group submits registration Form 20F to the Securities and Exchange Commission (SEC) and thus complies with the requirements pursuant to Section 404 of the Sarbanes-Oxley Act of 2002.

At the date these consolidated annual financial statements were prepared, no weaknesses were detected in the evaluation that could have a material or significant impact on the BBVA Group consolidated financial statements for the year 2010.

1.7. MORTGAGE MARKET POLICIES AND PROCEDURES

The additional disclosures required by Bank of Spain Circular 7/2010, applying Royal Decree 716/2009 of April 24, 2009 (which developed certain aspects of Act 2/1981, of 25 March 1981, on the regulation of the mortgage market and other mortgage and financial market regulations) is detailed in the Bank's individual financial statements for the year ended December 31, 2010.

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

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

2.1. PRINCIPLES OF CONSOLIDATION

The accounting principles and valuation criteria used to prepare the Group's consolidated financial may differ from those used by certain companies in the Group. For this reason, the required adjustments and reclassifications were made on consolidation to harmonize the principles and criteria used and to make them compliant with EU-IFRSs.

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

The Group consolidated companies are classified into three types: subsidiaries, jointly controlled entities and associates entities.

Subsidiaries

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

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

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

Note 3 include information related to the main companies in the Group as of December 31, 2010. Appendix II includes the most significant information on these companies.

Jointly controlled entities

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

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

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

As of December 31, 2010, 2009 and 2008, the contribution of jointly controlled financial entities to the main figures in the Group's consolidated financial statements under the proportionate consolidation method, calculated on the basis of the Group's holding in them, is shown in the table below:

	Millions of Euros		
Contribution to the Group by Entities Accounted for Under the Proportionate Method	**2010**	**2009**	**2008**
Assets	1,040	869	331
Liabilities	891	732	217
Equity	28	38	27
Net income	19	17	11

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

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

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

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

Associate entities

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

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

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

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

2.2. ACCOUNTING POLICIES AND VALUATION CRITERIA APPLIED

Accounting policies and valuation criteria used in preparing these consolidated financial statements were as follows:

2.2.1. FINANCIAL INSTRUMENTS

a) Measurement of financial instruments and recognition of changes in fair value

All financial instruments are initially accounted for at fair value which, unless there is evidence to the contrary, shall be the transaction price.

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

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

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

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

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

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

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

- “Available-for-sale financial assets”

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

Changes arising from the measurement at fair value (gains or losses) are recognized temporarily, for their amount net of tax effect, 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 accompanying consolidated balance sheets. Valuation adjustments arising from monetary items by changes in foreign exchange rates are recognized under the heading “Net exchange differences” in the accompanying consolidated income statements.

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

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

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

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

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

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

- “Hedging derivatives” and “Fair value changes of the hedged items in portfolio hedges of interest rate risk”

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

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

- In fair value hedges, the changes in the fair value of the derivative and the hedged item attributable to the hedged risk are recognized under the heading “Net gains (losses) on financial assets and liabilities” in the consolidated income statement, with a balancing item under the headings where hedging items ("Hedging derivatives") and the hedged items are recognized, as applicable.

  In fair value hedges of interest rate risk of a portfolio of financial instruments (portfolio-hedges), the gains or losses that arise in the measurement of the hedging instrument are recognized in the consolidated income statement, and the gains or losses that arise from the change in the fair value of the hedged item (attributable to the hedged risk) are recognized in the consolidated income statement, using, as a balancing item, the headings "Fair value changes of the hedged items in portfolio hedges of interest rate risk" in the consolidated balance sheets, as applicable.

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

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

- Other financial instruments

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

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

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

b) Impairment on financial assets

Definition of impaired financial assets

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

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

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to the consolidated income statement for the period in which the impairment becomes known. The recoveries of previously recognized impairment losses are registered, if appropriate, in the consolidated income statement for the year in which the impairment is reversed or reduced, with an exception: any recovery of previously recognized impairment losses for an investment in an equity instrument classified as financial assets available for sale is not recognized through consolidated financial statements, but under the heading "Valuation Adjustments – Available-for-sale financial assets" in the consolidated balance sheet.

The amounts in balance sheet 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.

- **Debt securities at amortized cost**

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

  - **Impairment losses determined individually**

    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). Impairment losses include an estimate for the possibility of collecting accrued, past due and uncollected interest.
    - 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.

In respect to impairment losses resulting from the materialization of insolvency risk of the obligors (credit risk), a debt instrument is impaired:

- o When there is evidence of a reduction in the obligor's capacity to pay, whether manifestly by default or for other reasons; and/or
- o When country-risk is risk materializes, understood as the risk among debtors who are resident in a particular country as a result of factors other than normal commercial risk.

The group has policies, methods and procedures for hedging its credit risk, for both insolvency attributable to counterparties and country-risk.

These policies, methods and procedures are applied to the arrangement, study and documentation of debt instruments, risks and contingent commitments, as well as the detection of their deterioration and in the calculation of the amounts needed to cover their credit risk.

- **Impairment losses determined collectively**

The quantification of losses inherent in deterioration is calculated collectively, both in the case of assets classified as impaired and for the portfolio of current assets that are not currently impaired, but for which an imminent loss is expected.

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

The Group estimates collectively the inherent loss of credit risk corresponding to operations realized by Spanish financial entities of the Group (approximately 68.7 % on “Loans and receivables” of the Group as of December 31, 2010), 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), approved by the Bank of Spain, 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 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 13.9% of the “Loans and receivables” of the Group as of December 31, 2010).

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

1. Impaired financial assets

As a general rule, impaired debt instruments, provided that they do not have any of the guarantees mentioned below, will be provisioned by applying the percentages indicated below over the amount of the outstanding risk pending, according to the oldest past-due amount, or the date on which the assets were classified as impaired, if earlier:

Allowance Percentages for Impairment Loans

Age of the Past-due Amount	Allowance Percentage
Up to 6 months	25%
Over 6 months and up to 9 months	50%
Over 9 months and up to 12 months	75%
Over 12 months	100%

The impairment on debt instruments that have one or more of the guarantees stipulated below will be calculated by applying the above percentages to the amount of the outstanding risk pending that exceeds the value of guarantees, in accordance with the following methodology:

Transactions secured by real estate

For the purposes of calculating impairment on financial assets classified as impaired, the value of the real rights received as security will be calculated according to the type of asset secured by the real right, using the following criteria, provided they are first call and duly constituted and registered in favor of the bank.

a. Completed home that is the primary residence of the borrower.

Includes homes with a current certificate of habitability or occupation, issued by the corresponding administrative authority, in which the borrower habitually lives and has the strongest personal ties. The calculation of the value of the rights received as collateral shall be 80% of the cost of the completed home and the appraisal value of its current state, whichever is lower. For these purposes, the cost will be the purchase price declared by the borrower in the public deed. If the deed is manifestly old, the cost may be obtained by adjusting the original cost by an indicator that accurately reflects the average change in price of existing homes between the date of the deed and that of the calculation.

b. Rural buildings in use, and completed offices, premises and multi-purpose buildings.

Includes land not declared as urbanized, and on which construction is not authorized for uses other than agricultural, forest or livestock, as appropriate; as well as multi-purpose buildings, whether or not they are linked to an economic use, that do not include construction or legal characteristics or elements that limit or make difficult their multi-purpose use and thus their easy conversion into cash. The calculation of the value of the rights received as collateral shall be 70% of the cost of the completed property or multi-purpose buildings and the appraisal value of its current state, whichever is lower. For these purposes, the cost shall be deemed to be the purchase price declared in the public deed. If the property was constructed by the borrower himself, the cost shall be calculated by the price of acquisition of the land declared in the public deed plus the value of work certificates, and including any other necessary expenses and accrued taxes

c. Finished homes (rest).

Includes finished homes that, at the date referred to by the consolidated annual accounts, have the corresponding current certificate of habitability or occupancy issued by the corresponding administrative authority, but that do not qualify for consideration under section a. above. The value of the rights received as collateral shall be 60% of the cost of the completed home and the appraisal value of its current state, whichever is lower.

The cost will be the purchase price declared by the borrower in the public deed.

In the case of finance for real estate construction, the cost will include the amount declared on the purchase deed for the land, together with any necessary expenses actually paid for its development, excluding commercial and financial expenses, plus the sum of the costs of construction as accredited by partial certificates for the work issued by experts with appropriate professional qualifications, including that corresponding to the end of the work. In the case of groups of homes that form part of developments partially sold to third parties, the cost shall be that which can be rationally imputed to the homes making up the collateral.

d. Land, lots and other real estate assets.

The value of the rights received as collateral shall be 50% of the cost of the lot or real-estate asset affected and the appraisal value of its current state, whichever is lower. For these purposes, the cost is made up of the purchase price declared by in the public deed, plus the necessary expenses that have actually been incurred by the borrower for the consideration of the land or lot in question as consolidated urban land, as well as those stipulated in section c. above.

Transactions secured by other collateral (not real estate)

Transactions that have as collateral any of the pledges indicated below shall be hedged by applying the following criteria:

a. Partial cash guarantees

Transactions that have partial cash guarantees shall be hedged by applying the coverage percentages stipulated as general criteria to the difference between the amount for which they are registered in the asset and the current value of the deposits.

b. Partial pledges

Transactions that have partial pledges on shares in monetary financial institutions or securities representing debt issued by government or credit institutions rated in the "negligible risk" class, or other financial instruments traded on asset markets, shall be hedged by applying the hedging percentages stipulated as a general rule to the difference between the amount for which they are registered in the asset and 90% of the fair value of these financial instruments.

2. Not individually impaired assets

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

The allowance percentages of hedge are as follows:

Allowance Percentages for Non-Impaired transaction collectively assesses

Type of Risk	Allowance Percentage Range
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, 2010, this provision represents a 0.37% 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), after deducting any impairment loss previously recognized in the consolidated income statement and their fair value.

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.

- **Impairment of equity instruments**

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

- ***Equity instruments measured at fair value**:* The criteria for quantifying and recognizing 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 accompanying consolidated balance sheet (Note 31).

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

Impairment losses are recognized in the consolidated income statement for the year in which they arise as a direct reduction of the cost of the instrument. These losses may only be reversed subsequently in the event of the sale of these assets.

2.2.2. TRANSFERS AND DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

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

- Both the income generated on the transferred (but not derecognized) financial asset and the expenses of the new financial liability are recognized in the accompanying consolidated income statements.

Purchase and sale commitments

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

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

Securitization

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

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

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

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

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

2.2.3. FINANCIAL GUARANTEES

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

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

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

Income from guarantee instruments is registered 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 42).

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

The heading “Non-current assets held-for-sale” in the accompanying consolidated balance sheets recognized the carrying amount of financial or non-financial assets that are not part of operating activities of the Group. The recovery of this carrying amount is expected to take place through the price obtained on its disposal (see Note 16). The assets included under this heading are assets where an active sale plan has been initiated and approved at the appropriate level of management and it is highly probable they will be sold in their current condition within one year from the date on which they are classified as such.

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

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

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

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

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

2.2.5. TANGIBLE ASSETS

Tangible assets - Property, plants and equipment for own use

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

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

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

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

Amortization Rates for Tangible Assets

Type of Assets	Annual Percentage
Buildings for own use	1.33% - 4.00%
Furniture	8% - 10%
Fixtures	6% - 12%
Office supplies and hardware	8% - 25%

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

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

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

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

Other assets leased out under an operating lease

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

Investment properties

The heading "Tangible assets - Investment properties" in the accompanying consolidated balance sheets reflects the net values of the land (purchase cost minus the corresponding accumulated repayment, and if appropriate, estimated impairment losses), buildings and other structures held either to earn rentals or for capital appreciation through sale and are neither expected to be sold off in the ordinary course of business nor are destined for own use (see Note 19).

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

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

2.2.6. INVENTORIES

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

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

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

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

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

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

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

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

2.2.7. BUSINESS COMBINATIONS

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

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

In addition, and pursuant to the new IFRS 3, the purchasing entity shall recognize an asset in the balance sheet under the heading "Intangible Asset – Goodwill" when there is a positive difference on the date of purchase between the sum of the fair value of the price paid, the amount of all the non-controlling interests and the fair value of stock previously held in the acquired entity; and the fair value of the assets acquired and liabilities assumed. If this difference is negative, it shall be recognized directly in the income statement under the heading "Negative Goodwill in business combinations". The non-controlling interests mentioned may be valued in two ways: at their fair value, or at the proportional percentage of net assets identified in the acquired entity. The form of valuating the non-controlling holdings may be chosen in each business combination.

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

2.2.8. INTANGIBLE ASSETS

Goodwill

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

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

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

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

For the purpose of determining the impairment of a cash-generating unit to which a part of goodwill has been allocated, the carrying amount of that unit, adjusted by the theoretical amount of the goodwill attributable to the non-controlling interests, in the event they are not valued at fair value, is compared with its recoverable amount.

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

If the carrying amount of the cash-generating unit exceeds the related recoverable amount, the Group recognizes an impairment loss; the resulting loss is apportioned by reducing, first, the carrying amount of the goodwill allocated to that unit and, second, if there are still impairment losses remaining to be recognized, the carrying amount of the rest of the assets. This is done by allocating the remaining loss in proportion to the carrying amount of each of the assets in the unit. In the event the non-controlling interests are not valued at fair value, the deterioration of goodwill attributable to minority interests will be recognized. No impairment of goodwill attributable to the minority interests may be recognized.

In any case, impairment losses on goodwill can never be reversed. Impairment losses on goodwill are recognized under the heading "Impairment losses on other assets (net) – Goodwill and other intangible assets" in the accompanying consolidated income statements (see Note 50).

Other intangible assets

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

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

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

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

2.2.9. INSURANCE AND REINSURANCE CONTRACTS

The assets of the Group's insurance companies are recognized according to their nature under the corresponding headings of the accompanying consolidated balance sheets and their registration and valuation is carried out according to the criteria in this Note 2.

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

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

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

In the insurance activity carried out by the Group's insurance companies, the amount of the premiums from insurance contracts written are credited to income and the cost of any claims that may be met when they are finally settled are charged to the income statement. Both the amounts charged and not paid and the costs incurred and not paid at the date in question are accrued at the end of each year.

The most significant items that are subject to previsions by consolidated insurance entities in relation to direct insurance contracts that they arranged (see Note 24) are as follows:

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

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.

2.2.10. TAX ASSETS AND LIABILITIES

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

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

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

The "Tax Assets" chapter of the accompanying consolidated balance sheets includes the amount of all the assets of a tax nature, and distinguishes between: "Current" (amounts recoverable by tax in the next twelve months) and "Deferred" (including taxes recoverable in future years, including loss carryforwards or tax credits for deductions and tax rebates pending application).

The "Tax Liabilities" chapter of the accompanying consolidated balance sheets includes the amount of all the liabilities of a tax nature, except for provisions for taxes, broken down into: "Current" (income tax payable on taxable profit for the year and other taxes payable in the next twelve months) and "Deferred" (income taxes payable in subsequent years).

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

Deferred tax assets are recognized to the extent that it is considered probably that the consolidated entities will have sufficient taxable profits in the future against which the deferred tax assets can be utilized and are not from the initial recognition (except in the case of a combination of business) of other assets or liabilities in a transaction that does not affect the fiscal outcome or the accounting result.

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

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

2.2.11. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

Provisions are recognized in the balance sheet when each and every one of the following requirements is met: The Group has an existing obligation resulting from a past event and, at the consolidated balance sheet date, it is more likely than not that the obligation will have to be settled; it is probable that to settle the obligation the entity will have to give up resources embodying economic benefits; and a reliable estimate can be made of the amount of the obligation. Among other items they include provisions for commitments to employees mentioned in section 2.2.12, as well as provisions for tax and legal litigation.

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

Contingent assets are not recognized in the consolidated balance sheet or in the consolidated income statement; however, they are disclosed in the notes to financial statements, provided that it is probable that these assets will give rise to an increase in resources embodying economic benefits (see Note 36).

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

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

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

Commitments valuation: assumptions and actuarial gains/losses recognition

The present values of the commitments are quantified on a case-by-case basis. Costs are calculated using the projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit/commitment and measures each unit separately to build up the final obligation.

In adopting the actuarial assumptions, the following are taken into account:

- They are unbiased, in that they are not unduly aggressive nor excessively conservative.
- They are mutually compatible, reflecting the economic relationships between factors such as inflation, rates of salary increase, discount rates and expected return of assets. The expected return of plan assets in the post-employment benefits is estimated taking into account the market expectations and the distribution of such assets in the different portfolios.
- The future levels of salaries and benefits are based on market expectations at the balance sheet date for the period over which the obligations are to be settled.
- The discount rate used is determined by reference to market yields at the balance sheet date on high quality corporate bonds or debentures.

The Group recognizes all actuarial differences under the heading "Provisions (net)" (see Note 48) in the accompanying consolidated income statements in the period in which they arise in connection with commitments assumed by the Group for its staff's early retirement schemes, benefits awarded for seniority and other similar concepts.

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

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

Post-employment benefits

- Pensions

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

- <u>Defined-contribution commitments</u>

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

-<u>Defined-benefit commitments</u>

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

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

These commitments are charged to the heading "Provisions (net) – Pension funds and similar obligations" in the accompanying consolidated income statements (see Note 48).

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

- Early retirements

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

The commitments to early retirees include the compensation and indemnities and contributions to external pension funds payable during the year of early retirement. The commitments relating to this group of employees after they have reached normal retirement age are included in the previous section "Pensions".

- Other post-employment welfare benefits

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

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

- Other long-term commitments to employees

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

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

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

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

2.2.13. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

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

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

2.2.14. TERMINATION BENEFITS

Termination benefits must be recognized when the Group is committed to severing its contractual relationship with its employees and, to this end, has a formal detailed redundancy plan. At the date these consolidated financial statements were prepared, there was no plan to reduce staff in the Group's companies that would make it necessary to set aside provisions for this item.

2.2.15. TREASURY STOCK

The amount of the equity instruments that the Group's entities own is recognized under "Stockholders' funds - Treasury stock" in the accompanying consolidated balance sheets. The balance of this heading relates mainly to the Bank's shares and share derivatives held by some of its consolidated companies (see Note 30).

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

2.2.16. FOREIGN CURRENCY TRANSACTIONS AND EXCHANGE DIFFERENCES

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

- Assets and liabilities: at the average spot exchange rates as of the date of each of the accompanying consolidated balance sheets.
- Income and expenses and cash flows: at the average exchange rates for each year presented.
- Equity items: at the historical exchange rates.

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

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

The breakdown of the main balances in foreign currencies of the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008, with reference to the most significant foreign currencies, are set forth in Appendix IX.

2.2.17. RECOGNITION OF INCOME AND EXPENSES

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

Interest income and expenses and similar items

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

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

Commissions, fees and similar items

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

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

Non-financial income and expenses

These are recognized for accounting purposes on an accrual basis.

Deferred collections and payments

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

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

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

2.2.19. LEASES

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

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

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

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

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

2.2.20. CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSES

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

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

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

2.2.21. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

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

2.2.22. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

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

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

- 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 Cash and Deposit balances from central banks.
- Operating activities: The typical activities of credit institutions and other activities that cannot be classified as investing or financing activities.
- Investing activities: The acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: Activities that result in changes in the size and composition of equity and of liabilities that do not form part of operating activities.

2.2.23. ENTITIES AND BRANCHES LOCATED IN COUNTRIES WITH HYPERINFLATIONARY ECONOMIES

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

Since the end of 2009, the Venezuelan economy has been considered to be hyperinflationary as defined by the aforementioned criteria. Accordingly, the financial statements as of December 31, 2010 and 2009, of the Group's subsidiaries based in Venezuela (Note 3) are adjusted to correct for the effects of inflation. Pursuant to the requirements of IAS 29, the monetary headings (mainly loans and credits) have not been re-expressed, while the non-monetary headings (mainly tangible fixed assets) have been re-expressed in accordance with the change in the country's Consumer Price Index.

The historical differences as of January 1, 2009 between the re-expressed costs and the previous costs in the non-monetary headings were credited to "Reserves” on the accompanying consolidated balance sheet as of December 31, 2009, while the differences for 2010 and 2009, and the re-expression of the income statement for 2010 and 2009 were recognized in the consolidated income statement for 2010 and 2009.

The effects of inflation accounting in Venezuela in the consolidated income statement corresponding to the year ended December 31, 2010 were not significant.

In January 2010, the Venezuelan authorities announced the devaluation of the Venezuelan bolivar with regard to the main foreign currencies and that other economic measures will be adopted. The effects of this devaluation on the consolidated income statement for 2010 and consolidated equity as of December 31, 2010, were not significant.

2.3 RECENT IFRS PRONOUNCEMENTS

a) STANDARDS AND INTERPRETATIONS EFFECTIVE IN 2010

The following modifications to the IFRS or their interpretations (“IFRIC”) came into force in 2010. Their integration in the Group has not had a significant impact on these consolidated financial statements:

Second IFRS annual improvements project

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

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

IFRS 2 Amended – “Share-based payment”

The IASB published an amendment to IFRS 2 - "Share-based payment" on how a subsidiary should to account, in its individual financial statements, for share-based payment arrangements of the group (for both creditors and employees) in the event the payment is made with another Group subsidiary or the parent company.

The amendments clarify that the entity receiving the goods and services in a share-based payment transaction must, in its financial statements, account for goods and services in accordance with IFRS 2, regardless of which entity within the group makes the payment or of the payment being made is in shares or in cash. Under IFRS 2, the Group includes the parent company and its subsidiaries, in line with that stipulated in IAS 27 - Consolidate and separate financial statements.

Furthermore, the contents of IFRIC 8 - "Scope of IFRS 2” and IFRIC 11- “Group and Treasury Share Transactions" are incorporated into IFRS 2, thus nullifying them.

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

The amendments to IFRS 3 and IAS 27 represent some significant changes to various aspects related to accounting for business combinations. They generally place more emphasis on using the fair value. Some of the main changes are: acquisition costs will be recognized as expense instead of the current practice of considering them as a part of the cost of the business combination; acquisitions achieved in stages, in which at the date of acquisition the acquirer should remeasure its previously held equity interest in the acquiree at fair value or the option of measuring the non-controlling interests in the acquired company at fair value, instead of the current practice of only measuring the proportional share of the fair value of the acquired net assets.

In the year ended December 31, 2010, no significant business combination has required the application of the modifications established in the IFRS 3 and IAS 27 standards.

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

The amendment to IAS 39 introduces new requirements on eligible hedged items.

The amendment stipulates that:

- Inflation may not be designated as a hedged item unless it is identifiable and the inflation portion is a contractually specified portion of cash flows of an inflation-linked financial instrument, and the rest of the cash flows are not affected by the inflation-linked portion.
- When changes in cash flows or the fair value of an item are hedged above or below a specified price or other variable (a one-side risk) via a purchased option, the intrinsic value and time value components of the option must be separated and only the intrinsic value may be designated as a hedging instrument.

IFRIC 17 – "Distributions of non-cash assets to owners"

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

- The dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity.
- An entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

IFRIC 18 – "Transfer of assets from customers"

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

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

b) STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AS OF DECEMBER 31, 2010

New International Financial Reporting Standards together with their interpretations (IFRIC) had been published at the date of close of these consolidated financial statements. These were not obligatory as of December 31, 2010. Although in some cases the IASB permits early adoption before they enter into force, the Group has not done so as of this date.

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

IAS 24 Revised – "Related party disclosures"

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

This amendment will apply for years beginning after January 1, 2011. Early adoption is permitted.

IAS 32 Amended – "Financial instruments: Presentation - Classification of preferred subscription rights"

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

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

IFRIC 14 Amended – "Prepayment of Minimum Funding Contributions"

The IASB issued an amendment to IFRIC 14 to correct the fact that, under the current IFRIC 14, in certain circumstances it is not permitted to recognize some prepayments of minimum funding contributions as assets.

This amendment will apply for years beginning after January 1, 2011. Early adoption is permitted.

IFRIC 19- "Settlement of financial liabilities through equity instruments"

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

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

IFRS 9 – "Financial Instruments"

On November 12, 2009, the IASB published IFRS 9 – Financial Instruments as the first stage of its plan to replace IAS 39 – Financial Instruments: Recognition and Valuation. IFRS 9, which introduces new requirements for the classification and valuation of financial assets, is mandatoty from January 1, 2013 onwards, although early adoption is permitted from December 31, 2009 onwards. The European Commission has decided not to adopt IFRS 9 for the time being. The possibility of early adoption of this first part of the standard ended for European entities.

Third annual improvements project for the IFRS

The IASB has published its third annual improvements project, which includes small amendments in the IFRS. These will mostly be applicable for annual periods starting after January 1, 2011.

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

IFRS 7 Amended – Disclosures – Transfers of Financial Assets

The amendments to IFRS 7 modify the disclosures that have to be presented on transfers and derecognition in the balance sheets of financial assets.

IFRS 7 as amended establishes that entities that transfer financial assets must disclose information that enables people to a) understand the relationship between the transferred financial assets that are derecognized in their entirety and the associated liabilities; and b) evaluate the nature of, and the risks associated with, the entity's continuing involvement in transferred and derecognized financial assets.

Additional disclosures are required for asset transfer transactions when the transfers have not been uniform throughout the reporting period.

This amendment will apply annually beginning after July 1, 2011. Early adoption is permitted.

IAS 12 Amended – Income Taxes – Deferred Taxation: Recovery of Underlying Assets

The IAS 12 establishes that the deferred tax assets and liabilities will be calculated by using the tax base and the tax rate corresponding according to the form in which the entity expects to recover or cancel the corresponding asset or liability: by the use of the asset or by its sale.

The IASB has published a modification to IAS 12 – Deferred Taxes. This includes the assumption when calculating the assets and liabilities for deferred taxes that the recovery of the underlying asset will be carried out through its sale in investment property valued at fair value under NIC 40 Investment Property. However, an exception is admitted if the investment is depreciable and is managed according to a business model whose objective is to use the profits from the investment over time, and not from its sale.

At the same time, IAS 12 includes the content of sic 21 Deferred Taxes – Recovery of revalued non-depreciable assets, which is withdrawn.

This amendment should be appled retrospectively for annual periods beginning on January 1, 2012. Early adoption is permitted.

3. BANCO BILBAO VIZCAYA ARGENTARIA GROUP

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

Appendix II shows relevant information on the Group's subsidiaries as of December 31, 2010. Appendix III shows relevant information on the consolidated jointly controlled entities accounted for using the proportionate consolidation method, as of December 31, 2010. Appendix IV provides additional information on investments and jointly controlled companies consolidated using the equity method in the BBVA Group. Appendix V shows the main changes in investments over 2010. Appendix VI gives details of the subsidiaries under the full consolidation method and which, based on the information available, were more than 10% owned by non-Group shareholders as of December 31, 2010.

The following table sets forth information related to the Group's total assets as of 31 December 2010, 2009 and 2008 and the Group's income attributed to parent company for 2010, 2009 and 2008, broken down by the companies in the group according to their activity:

Contribution to Consolidated Group. Entities by Main Activities 2010	Millions of Euros/Porcentages Total Assets Contributed to the Group	% of the Total Assets of the Group	Net Income Attributed to Parent Company	% of the Net Income Attributed to Parent Company
Banks	521,701	94.38%	3,749	81.39%
Financial services	8,070	1.46%	247	5.36%
Portfolio, securities dealers and mutual funds management companies	3,372	0.61%	(239)	(5.19%)
Insurance and pension fund managing companies	17,034	3.08%	826	17.93%
Real Estate, services and other entities	2,561	0.46%	23	0.50%
Total	**552,738**	**100.00%**	**4,606**	**100.00%**

Contribution to Consolidated Group. Entities by Main Activities 2009	Millions of Euros/ Percentage Total Assets Contributed to the Group	% of the Total Assest of the Group	Net Income Attributed to Parent Company	% of the Net Income Attributed to Parent Company
Banks	505,398	94.46%	3,435	81.58%
Financial services	7,980	1.49%	343	8.16%
Portfolio, securities dealers and mutual funds management companies	3,053	0.57%	(243)	(5.77%)
Insurance and pension fund managing companies	16,168	3.02%	755	17.94%
Real Estate, services and other entities	2,466	0.46%	(80)	(1.91%)
Total	**535,065**	**100.00%**	**4,210**	**100.00%**

Contribution to Consolidated Group. Entities by Main Activities 2008	Millions of Euros/ Percentage			
	Total Assets Contributed to the Group	% of the Total Assest of the Group	Net Income Attributed to Parent Company	% of the Net Income Attributed to Parent Company
Banks	498,030	91.78%	3,535	70.41%
Financial services	15,608	2.88%	393	7.84%
Portfolio, securities dealers and mutual funds management companies	11,423	2.10%	466	9.28%
Insurance and pension fund managing companies	14,997	2.76%	646	12.86%
Real Estate, services and other entities	2,592	0.48%	(20)	(0.40%)
Total	**542,650**	**100.00%**	**5,020**	**100.00%**

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

As of December 31, 2010, 2009 and 2008, the total assets broken down by countries in which the Group operates, were as follows:

Total Assets by Countries	Millions of Euros		
	2010	2009	2008
Spain	365,019	370,622	380,486
Mexico	73,837	61,655	61,023
The United States	52,166	49,576	49,698
Chile	13,309	10,253	9,389
Venezuela	8,613	11,410	9,652
Colombia	8,702	6,532	6,552
Peru	10,135	7,311	7,683
Argentina	6,075	5,030	5,137
Rest	14,882	12,676	13,030
Total	**552,738**	**535,065**	**542,650**

For the year ended December 31, 2010, 2009 and 2008, the "Interest and similar income" of the Group's most significant subsidiaries, broken down by countries where Group operates, were as follows:

Interest and Similar Income by Countries	Millions of Euros		
	2010	2009	2008
Spain	9,426	12,046	16,892
Mexico	5,543	5,354	6,721
The United States	2,050	1,991	2,174
Chile	850	522	986
Venezuela	975	1,553	1,116
Colombia	694	750	811
Peru	597	563	520
Argentina	563	549	541
Rest	436	447	643
Total	**21,134**	**23,775**	**30,404**

- Spain

The Group's activity in Spain is principally through BBVA, which is the parent company of the BBVA Group. Appendix I shows BBVA's individual financial statements as of December 31, 2010, 2009 and 2008.

The following table sets forth BBVA's total assets and income before tax as a proportion of the total assets and consolidated income before tax of the Group, as of December 31, 2010, 2009 and 2008, after the corresponding consolidation process adjustments:

Contribution of BBVA, S.A. to Total Assets and Income before Taxes of BBVA Group	2010	2009	2008
% BBVA Assets over Group Assets	64%	67%	63%
% BBVA Income before tax over consolidated income before tax	32%	49%	28%

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

- Rest of Europe

The BBVA Group is present in the United Kingdom, France, Belgium, Germany, Italy, Portugal, Ireland and Switzerland.

- **Mexico**

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

- **The United States and Puerto Rico**

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

In 2009, through its subsidiary BBVA Compass, the Group acquired certain assets and liabilities of Guaranty Bank, Inc. (hereinafter, "Guaranty Bank") from the Federal Deposit Insurance Corporation (hereinafter, "FDIC").

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

- **Latin America**

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

The Group owns more than 50% of some of the companies in these countries. Appendix II shows a list of the companies which, although less than 50% owned by the BBVA Group, as of December 31, 2010, are fully consolidated at this date as a result of agreements between the Group and the other shareholders giving the Group effective control of these entities (see Note 2.1).

- **Asia**

The Group's activity in Asia is carried out through operational branches (in Tokyo, Hong Kong and Singapore) and representative offices (in Beijing, Shanghai, Seoul, Mumbai and Taipei). The BBVA Group also has several agreements with the CITIC Group (CITIC) for a strategic alliance in the Chinese market (see Note 17). The investment in the CITIC Group includes the investment in Citic International Financial Holdings Limited ("CIFH") and China National Citic Bank ("CNCB").

Changes in the Group

The principal noteworthy acquisitions and sales of subsidiaries and associate entities in 2010, 2009 and 2008 were as follows:

In 2010

- ***Purchase of an additional 4.93% of the share capital of CNCB***

  On April 1, 2010, after obtaining the corresponding authorizations, the purchase of an additional 4.93% of CNCB's capital was finalized for €1,197 million.

  As of December 31, 2010, BBVA had a 29.68% holding in CIFH and 15% in CNCB.

- ***Purchase of Credit Uruguay Banco***

  In May 2010, the Group announced that it has reached an agreement to acquire, through its subsidiary BBVA Uruguay, the Credit Uruguay Banco, from a French financial group. On January 18, 2011, after obtaining the corresponding authorizations, the purchase of Credit Uruguay Banco was completed for approximately €78 million.

- ***Agreement for the acquisition of a holding in the bank Garanti***

  In November 2010, BBVA signed an agreement with the primary shareholders of the Turkish bank, Turkiye Garanti Bankasi, AS (hereinafter, "Garanti Bank"): the Turkish group Dogus and the General Electric group for the acquisition of a 24.89% holding of the common stock of Garanti Bank, for a total price of $5,838 million, which is equivalent to a payment of approximately €4,195 million (*).

  The agreement with the Dogus group includes an agreement for the joint management of the bank and the appointment of some of the members of its board of directors. In addition, BBVA has the option of purchasing an additional 1% of Garanti Bank five years after the initial purchase. At the date these annual consolidated financial statements were prepared, this transaction was subject to the pertinent authorizations of the competent bodies.

  (*) Calculated at the exchange rate as of October 29, 2010 at $/€ = 1.3916.

In 2009

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

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

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

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

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

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

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

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

In 2008

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

4. APPLICATION OF EARNINGS

In 2010, the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. resolved to distribute the first, second and third amounts against the 2010 dividends of the income, amounting to a total of €0.270 gross per share. The aggregate amount of the interim dividends declared as of December 31, 2010, net of the amount collected by the Group companies, was €1,067 million and was recognized under the heading "Stockholders' funds - Dividends and remuneration" in the accompanying consolidated balance sheet. The provisional financial statements prepared in 2010 by Banco Bilbao Vizcaya Argentaria, S.A. in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the amounts to the interim dividend were as follows:

	Millions of euros		
Available Amount for Interim Dividend Payments	**31-05-2010 First**	**31-08-2010 Second**	**30-11-2010 Third**
Profit at each of the dates indicated, after the provision for income tax	1,432	3,072	3,088
Less -			
Estimated provision for Legal Reserve	-	-	73
Interim dividends paid	-	337	675
Maximum amount distributable	**1,432**	**2,735**	**2,340**
Amount of proposed interim dividend	**337**	**337**	**404**

The application of earnings during 2010 was as follows:

Application of Earnings 2010	**Millions of Euros**
Net income for year of 2010 (*)	**2,904**
Distribution:	
Dividends	1,079
Legal reserve	73
Voluntary reserves	1,752

(*) Net income of BBVA, S.A. (Apendix I)

The dividends per share in 2010 were as follows:

	Euros per Share			
Dividends per Share	**First Interim**	**Second Interim**	**Third Interim**	**Total**
2010	0.090	0.090	0.090	0.270

The dividends paid per share in 2010 and 2009 were as follows:

	2010			2009		
Dividends Paid (*)	**% Over Nominal**	**Euros per Share**	**Amount (Millions of Euros)**	**% Over Nominal**	**Euros per Share**	**Amount (Millions of Euros)**
Ordinary shares	67%	0.330	1,237	86%	0.420	1,574
Rest of shares	-	-	-	-	-	-
Total dividends paid	**67%**	**0.330**	**1,237**	**86%**	**0.420**	**1,574**
Dividends with charge to income	67%	0.330	1,237	86%	0.420	1,574
Dividends with charge to reserve or share premium	-	-	-	-	-	-
Dividends in kind	-	-	-	-	-	-

(*) The total dividens paid under the cash-flows criteria, are the total amount paid in cash each year to shareholders, regardless of the year there were accued.

New scheme for payment to shareholders

At the Ordinary General Meeting of Shareholders, the Board of Directors will propose two capital increases under the heading of voluntary reserves within the framework of the new scheme of payment to shareholders ("Dividend Option").

The “Dividend Option” scheme enables shareholders to choose between different alternatives for their remuneration: either receiving shares issued through an increase in released capital or in cash by selling the rights assigned in said increase.

This new scheme presents the opportunity for the shareholder to choose to perceive the entirety of his payment in cash or in new issued shares, while the Group continues to respects the terms of payment to shareholders. In this regard, the first of these payments under Dividend Option is expected to occur in April 2011, to substitute the traditional final dividend, for which an increase in released capital is planned for an approximate amount of €690 million.

5. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated according to the criteria established by IAS 33:

- **Basic earnings per share** are determined by dividing the “Net income attributed to parent company” by the weighted average number of shares outstanding, excluding the average number of treasury stocks maintained throughout the year.
- **Diluted earnings per share** is calculated by using a method similar to that used to calculate basic earnings per share; the weighted average number of shares outstanding, and the net income attributed to the parent company if appropriate, is adjusted to take into account the potential dilutive effect of certain financial instruments that could generate the issue of new Bank shares (share option commitments with employees, warrants on parent company shares, convertible debt instruments) or for discontinued operations.

Two transactions were carried out in 2010 and 2009 that affect the calculation of basic and diluted earnings per share:

- In 2010 the Bank has carried out a capital increase with the pre-emptive subscription right for former shareholders (see Note 27). According to IAS 33, the calculation of the basic and diluted earnings per share should be adjusted retrospectively for all years before the issue by using a corrective factor that will be applied to the denominator (a weighted average number of shares outstanding). Said corrective factor is the result of dividing the fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value per share. For these purposes the basic and diluted earnings per share have been recalculated for 2009 and 2008 from the following table.
- In 2009, the Bank issued subordinated convertible bonds amounting to €2,000 million (see Note 23.4). Since the conversion is mandatory on the date of their final maturity, in accordance with the IAS 33 criteria, the following adjustments must be applied to both the calculation of the diluted earnings per share as well as the basic earnings per share.
    - o In the numerator, the net income attributed to the parent company is increased by the amount of the annual coupon of the subordinated convertible bond.

- o In the denominator, the weighted average number of shares outstanding is increased by the estimated number of shares after the conversion if done that day.

As a result, as can be seen in the following table, for 2010, 2009 and 2008 the amount of the basic earnings per share and diluted earnings per share coincide, as since the diluting effect of the conversion is mandatory, it should also be applied to the calculation of the basic earnings per share.

The calculation of earnings per share in 2010, 2009 and 2008 is as follows:

Basic and Diluted Earnings per Share	**2010**	**2009**	**2008**
Numerator for basic and diluted earnigs per share (million of euros)			
Net income attributed to parent company	4,606	4,210	5,020
+ADJUSTMENTt: Mandatory convertible bonds interest expenses	70	18	-
Net income adjusted (millions of euros) (A)	4,676	4,228	5,020
Denominator for basic earnings per share (number of shares outstanding)			
Weighted average number of shares outstanding (1)	3,762	3,719	3,706
Weighted average number of shares outstanding x corrective factor (2)	-	3,860	3,846
+ADJUSTMENT: Average number of estimated shares to be converted	221	39	-
Adjusted number of shares (B)	3,983	3,899	3,846
Basic earnings per share (Euros per share)A/B	**1.17**	**1.08**	**1.31**
Diluted earnings per share (Euros per share)A/B	**1.17**	**1.08**	**1.31**

(1) 'Weighted average number of shares outstanding (millions of euros), excluded weighted average of treasury shares during the period

(2) Corrective factor, due to the common stock increase with right issue, applied for the previous years.

As of December 31, 2010, 2009 and 2008, except for the aforementioned convertible bonds, there were no other financial instruments, share option commitments with employees or discontinued transactions that could potentially affect the calculation of the diluted earnings per share for the years presented.

6. BASIS AND METHODOLOGY FOR SEGMENT REPORTING

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

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

- **Economic capital:** Capital is allocated to each business based on capital at risk (CaR) criteria, in turn predicated on unexpected loss at a specific confidence level, determined as a function of the Group's target capital ratio. This target level is applied at two levels: the first is adjusted core capital, which determines the allocated capital. The Bank uses this amount as a basis for calculating the return generated on the equity in each business (ROE). The second level is total capital, which determines the additional allocation in terms of subordinate debt and preferred securities. The calculation of the CaR combines credit risk, market risk, structural risk associated with the balance sheet equity positions, operational risk, fixed assets risks and technical risks in the case of insurance companies. These calculations are carried out using internal models that have been defined following the guidelines and requirements established under the Basel II Capital Accord, with economic criteria prevailing over regulatory ones.

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

- **Internal transfer prices**: The calculation of the net interest income of each business is performed using rates adjusted for the maturities and rate reset clauses in effect on the various assets and liabilities making up each unit's balance sheet. The allocation of profits across business units 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. In this regard, we should note that the primary change in criteria during 2010 related to the assignment of expenses refers to the allocation of rent expenses in Spain and Portugal. This was formerly carried out based on a percentage over the book value of the real estate property and based on the area occupied. As of 2010, this allocation will be carried out at market value.

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

Description of the Group's business segments

The business areas described below are considered the Group's business segments. The composition of the Group's business areas as of 31 December 2010 was as follows:

- **Spain and Portugal:** This area handles the financial and non-financial needs of private individual customers (Retail Network), including the higher net-worth market segment (BBVA Banca Privada, private banking), as well as the business segment (professionals, the self-employed, retailers, the farming community and SMEs) in the Spanish market. It also manages business with SMEs, corporations and public and private institutions and developers in Spain through the Corporate and Business Banking unit ("CBB"). Other specialized units handle online banking, consumer finance (the Consumer Finance Unit), the bancassurance business (BBVA Seguros) and BBVA Portugal.

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

- **United States:** encompasses the Group's business in the United States and in the Commonwealth of Puerto Rico.

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

- **Wholesale Banking and Asset Management (WB&AM):** handles the Group's wholesale businesses and asset management in all the geographical areas where it operates. For the purposes of this financial report, the business and earnings of the units in the Americas are registered in their respective areas (Mexico, South America and the United States). **WB&AM is organized** around three main business units: Corporate and Investment Banking ("C&IB"), Global Markets ("GM") and Asset Management ("AM"). It also includes the Industrial and Real Estate Holdings unit and the Group's holdings in the CITIC financial group.

  C&IB coordinates the origination, distribution and management of a complete catalogue of corporate and investment banking products (corporate finance, structured finance, structured trade finance, equity capital markets and debt capital markets), and global transactional services. Large corporate customers are offered a specialized coverage by sector (industry bankers).

  This unit handles the origination, structuring, distribution and risk management of market products, which are traded through several markets.

  Asset Management is BBVA's provider of asset management solutions. It designs and manages mutual funds, pension funds and the third-party fund platform Quality Funds. The unit has solutions tailored for each customer segment, based on constant product innovation as the key to success.

  Industrial and Real Estate Holdings diversifies the area by developing long-maturing projects that create value in the medium and long-term through the active management of industrial equity holdings and real estate projects (Duch).

As well as the areas indicated, all the areas also have allocations of other businesses that include eliminations and other items not assigned to the units.

Finally, the Corporate Activities unit includes all the business not included in the business areas. Basically, this segment records the costs from head offices with a strictly corporate function and makes allocations to corporate and miscellaneous provisions, such as early retirement. It also includes the Financial Management unit, which performs management functions for the Group as a whole, essentially management of asset and liability positions in euro-denominated interest rates and in exchange rates, as well as liquidity and capital management functions. The management of asset and liability interest-rate risks in currencies other than the euro is recognized in the corresponding business areas. It also includes the Industrial and Financial Holdings unit and the Group's non-international real estate businesses.

In 2010, certain changes were made in the criteria applied in 2009 in terms of the composition of some of the different business areas, such as:

- **United States and WB&AM**: In order to give a global view of the Group's business in the United States, we decided to include the New York branch, formerly in WB&AM, in the United States area. This change is consistent with BBVA's current method of reporting its business units.
- **South America**: The adjustment for the hyperinflation is included in 2010 in the accounting statements for Banco Provincial (Venezuela); this will also be carried out for the 2009 statements to make them comparable. At the close of 2009, when the Venezuelan economy was for the first time considered hyperinflationary for accounting purposes, this impact was registered in Corporate Activities, with the aim of making comparison with 2008 easier and in order not to distort the quarterly series for 2009 itself.

Likewise, a modification has been made in the allocation of certain costs from the corporate headquarters to the business areas that affect rent expenses and sales of IT services, though to a lesser extent. This has meant that the data for 2009 and 2008 has been reworked to ensure that the different years are comparable

The total breakdown of the Group's assets by business areas as of December 31, 2010, 2009 and 2008 was as follows:

	Millions of Euros		
Total Assets by Bussiness Areas	**2010**	**2009**	**2008**
Spain and Portugal	217,191	215,823	220,464
Mexico	75,152	62,855	60,774
South America	51,663	44,378	41,600
The United States	57,613	77,896	74,124
WB&AM	121,522	106,563	124,058
Corporate Activities	29,597	27,550	21,630
Total	**552,738**	**535,065**	**542,650**

The detail of the consolidated net income for the years 2010, 2009 and 2008 for each business area was as follows:

	Millions of Euros		
Net Income attributed by Bussiness Areas	**2010**	**2009**	**2008**
Spain and Portugal	2,070	2,275	2,473
Mexico	1,707	1,357	1,930
South America	889	780	727
The United States	236	(950)	308
WB&AM	950	853	722
Corporate Activities	(1,246)	(105)	(1,140)
Subtotal	4,606	4,210	5,020
Non-assigned income	-	-	-
Elimination of interim income (between segments)	-	-	-
Other gains (losses)	389	385	365
Income tax and/or income from discontinued operations	1,427	1,141	1,541
INCOME BEFORE TAX	**6,422**	**5,736**	**6,926**

For the years 2010, 2009 and 2008 the detail of the ordinary income for each operating segment, which is made up of the "Interest and similar income", "Dividend income", "Fee and commission income", "Net gains (losses) on financial assets and liabilities" and "Other operating income", is as follows:

	Millions of Euros		
Total Ordinary Income by Bussiness Areas	**2010**	**2009**	**2008**
Spain and Portugal	10,151	10,974	12,787
Mexico	8,271	7,669	9,166
South America	5,684	5,755	5,970
The United States	3,067	3,191	3,932
WB&AM	1,987	2,887	4,739
Corporate Activities	2,869	3,339	4,683
Adjustments and eliminations of ordinary income between segments	-	-	-
Total	**32,029**	**33,815**	**41,277**

7. RISK EXPOSURE

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

- Credit risk: Credit risk defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risks: These are defined as the risks arising from the maintenance of financial instruments whose value may be affected by changes in market conditions. It includes three types of risk:
    - Foreign-exchange risk: this is the risk resulting from variations in foreign exchange rates.
    - Interest rate risk: this arises from variations in market interest rates.
    - Price risk: This is the risk resulting from variations in market prices, either due to factors specific to the instrument itself, or alternatively to factors which affect all the instruments traded on the market.
- Liquidity risk: This is the possibility that a company cannot meet its payment commitments duly, or, to do so, must resort to borrowing funds under onerous conditions, or risking its image and the reputation of the entity.

PRINCIPLES AND POLICIES

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

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

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

CORPORATE GOVERNANCE SYSTEM

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

In the field of risks the Board of Directors is responsible for establishing the general principles that define the Institution's risk objectives, approving the risk control and management policy and the regular monitoring of the internal systems of information and control.

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

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

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

The risk management function is distributed into the Risk Units of the business areas and the Corporate Area, which defines the policy, strategies, methodologies and global infrastructure. The risk units in the business areas propose and maintain the risk profile of each client independently, but within the corporate framework for action.

The Corporate Risk Area combines the view by risk type with a global view. It is made up of the Corporate Risk Management unit, which covers the different types of risk, the Technical Secretary responsible for technical comparison, which works alongside the transversal units: such as Structural Management & Asset Allocation, Risk Assessment Methodologies and Technology, and Validation and Control, which include internal control and operational risks.

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

This organizational scheme is complemented by different committees, which include the following:

- The Global Asset Allocation Committee is made up of the Group’s President and COO, the financial director, the corporate strategy and development director and the Global Risk Management director. This committee plans the process of risk acceptance by proposing an objective risk objective, which is submitted to the Board's Risk Committee.
- The task of the *Global Internal Control and Operational Risk Committee* is to undertake a review at the level of the Group and of each of its units, of the control environment and the running of the Internal Control and Operational Risk Models, and likewise to monitor and locate the main operational risks the Group is subject to, including those that are transversal in nature. This Committee is therefore the highest operational risk management body in the Group.
- This *Risk Management Committee* is made up of the risk managers from the Risk Units from the business areas and those of the Corporate Risk Area. This body meets monthly and is responsible for establishing the Group's risk strategy (especially as regards policies and structure of the operation of the Group), presenting the risk strategy to the Group’s governing bodies for their approval, monitoring the management and control of risks in the Group and, if necessary, adopting the necessary actions.

- The Global Risk Management Committee is made up of the corporate directors of the Group's risk unit and those responsible for risks in the different countries. The Committee meets every week to review the Group's risk strategy, and review and agree on the main risk projects and initiatives in the business areas.

- The Risk Management Committee is made up of the following permanent members: the Global Risk Management director, the Corporate Risk Management director and the Technical Secretary. The rest of the committee members deal with the operations that have to be analyzed in each of its sessions. The members analyze and decide on those financial programs and operations that are within its remit and discuss those that are not, and if necessary transfer them for approval to the Risk Committee.

- The Assets and Liabilities Committee ("ALCO") is responsible for actively managing structural interest rate and foreign exchange risk positions, global liquidity and the Group's capital resources.

- The Technology and Methodologies Committee is a forum that decides on the hedging needs of models and infrastructures in the Business Areas within the framework of the operational model of Global Risk Management.

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

TOOLS, CIRCUITS AND PROCEDURES

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

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

INTERNAL CONTROL MODEL

The Group's Internal Control Model is based on the best practices described in the following documents: "*Enterprise Risk Management – Integrated Framework*" by the COSO (*Committee of Sponsoring Organizations of the Treadway Commission*) and "*Framework for Internal Control Systems in Banking Organizations*" by the Bank for International Settlements (BIS).

The Internal Control Model therefore comes within the Integral Risk Management Framework. Said framework is understood as the process within an organization involving its board of directors, its management and all its staff, which is designed to identify potential risks facing the institution and which enables them to be managed within the limits defined, in such a way as to reasonably assure that the organization meets its business targets.

This Integral Risk Management Framework is made up of Specialized Units (Risks, Compliance, Accounting and Consolidation, Legal Services), the Internal Control Function and Operational Risk and Internal Audit.

The Internal Control Model is underpinned by, amongst others, the following principles:

- The "process" is the articulating axis of the Internal Control Model.

- Risk identification, assessment and mitigation activities must be unique for each process.

- It is the Group's units that are responsible for internal control.

- The systems, tools and information flows that support internal control and operational risk activities must be unique or, in any event, they must be wholly administered by a single unit.
- The specialized units promote policies and draw up internal regulations, the second-level development and application of which is the responsibility of the Corporate Internal Control and Operational Risk Unit.

One of the essential elements in the model is the Institution-level Controls, a top-level control layer, the aim of which is to reduce the overall risk inherent in its business activities.

Each unit's Internal Control and Operational Risk Management is responsible for implementing the control model within its scope of responsibility and managing the existing risk by proposing improvements to processes.

Given that some units have a global scope of responsibility, there are transversal control functions which supplement the previously mentioned control mechanisms.

Lastly, the Internal Control and Operational Risk Committee in each unit is responsible for approving suitable mitigation plans for each existing risk or shortfall. This committee structure culminates at the Group's Global Internal Control and Operational Risk Committee.

RISK CONCENTRATION

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

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

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

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

7.1 CREDIT RISK

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contractual obligation due to the insolvency or incapacity of the natural or legal persons involved.

Maximum credit risk exposure

The Group's maximum credit risk exposure as of December 31, 2010, 2009 and 2008, without recognizing the availability of collateral or other credit enhancements to guarantee compliance, is broken down by financial instrument and counterparties in the table below:

		Millions of Euros		
Maximum Credit Risk Exposure	**Notes**	**2010**	**2009**	**2008**
Financial assets held for trading	**10**	**24,358**	**34,672**	**26,556**
Debt securities		24,358	34,672	26,556
Government		20,397	31,290	20,778
Credit institutions		2,274	1,384	2,825
Other sectors		1,687	1,998	2,953
Other financial assets designated at fair value through profit or loss	**11**	**691**	**639**	**516**
Debt securities		691	639	516
Government		70	60	38
Credit institutions		87	83	24
Other sectors		534	496	454
Available-for-sale financial assets	**12**	**50,602**	**57,067**	**39,961**
Debt securities		50,602	57,067	39,961
Government		33,074	38,345	19,576
Credit institutions		11,235	12,646	13,377
Other sectors		6,293	6,076	7,008
Loans and receivables	**13**	**373,037**	**353,741**	**375,387**
Loans and advances to credit institutions		23,604	22,200	33,679
Loans and advances to customers		347,210	331,087	341,322
Government		31,224	26,219	22,503
Agriculture		3,977	3,924	4,109
Industry		36,578	42,799	46,576
Real estate and construction		55,854	55,766	54,522
Trade and finance		45,689	40,714	44,885
Loans to individuals		135,868	126,488	127,890
Finance leases		8,141	8,222	9,385
Other		29,879	26,955	31,452
Debt securities		2,223	454	386
Government		2,040	342	290
Credit institutions		6	4	4
Other sectors		177	108	92
Held-to-maturity investments	**14**	**9,946**	**5,438**	**5,285**
Government		8,792	4,064	3,844
Credit institutions		552	754	800
Other sectors		602	620	641
Derivatives (trading and hedging)	**10-15**	**44,762**	**42,836**	**46,887**
Subtotal		503,396	494,393	494,591
Valuation adjustments		299	436	942
Total balance		**503,695**	**494,829**	**495,533**
Financial guarantees		36,441	33,185	35,952
Drawable by third parties		86,790	84,925	92,663
Government		4,135	4,567	4,221
Credit institutions		2,303	2,257	2,021
Other sectors		80,352	78,101	86,421
Other contingent exposures		3,784	7,398	6,234
Total off-balance	**34**	**127,015**	**125,508**	**134,849**
Total maximum credit exposure		**630,710**	**620,337**	**630,382**

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

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

Regarding the renegotiated financial assets as of December 31, 2010, the BBVA Group did not perform any renegotiations that resulted in the need to reclassify doubtful risks as outstanding risks. The amount of financial assets that would be irregular had their conditions not been renegotiated is not significant with respect to the Group's total loan portfolio as of December 31, 2010.

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

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

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

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

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

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

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

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

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

- **Financial assets held for trading:** The guarantees or credit enhancements obtained directly from the issuer or counterparty are implicit in the clauses of the instrument. In trading derivatives, credit risk is minimized through contractual netting agreements, where positive- and negative-value derivatives with the same counterparty are offset for their net balance. There may likewise be other kinds of guarantees, depending on counterparty solvency and the nature of the transaction.

- **Other financial assets designated at fair value through profit or loss:** The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent in the structure of the instrument.

- **Available for sale financial assets:** The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent in the structure of the instrument.

- **Loans and receivables:**

  - Loans and advances to credit institutions: These have the counterparty’s personal guarantee.

  - Total lending to customers: Most of these operations are backed by personal guarantees extended by the counterparty. The collateral received to secure loans and advances to other debtors includes mortgages, cash guarantees and other collateral such as pledged securities. Other kinds of credit enhancements may be put in place such as guarantees.

  - Debt securities: The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent in the structure of the instrument.

- **Held-to-maturity investments:** The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent in the structure of the instrument.
- **Hedging derivatives:** Credit risk is minimized through contractual netting agreements, where positive- and negative-value derivatives with the same counterparty are settled at their net balance. There may likewise be other kinds of guarantees, depending on counterparty solvency and the nature of the transaction.
- **Financial guarantees, other contingent exposures and drawable by third parties:** These have the counterparty's personal guarantee.

The Group's collateralized credit risk as of December 31, 2010, 2009 and 2008, excluding balances deemed impaired, is broken down in the table below:

	Millions of Euros		
Collateralized Credit Risk	**2010**	**2009**	**2008**
Mortgage loans	**132,628**	**127,957**	**125,540**
Operating assets mortgage loans	3,638	4,050	3,896
Home mortgages	108,224	99,493	96,772
Rest of mortgages	20,766	24,414	24,872
Secured loans, except mortgage	**18,154**	**20,917**	**19,982**
Cash guarantees	281	231	250
Secured loan (pledged securities)	563	692	458
Rest of secured loans	17,310	19,994	19,274
Total	**150,782**	**148,874**	**145,522**

In addition, the derivatives carry contractual, legal compensation rights that have effectively reduced credit risk by €27,933 million as of December 31, 2010, by €27,026 million as of December 31, 2009 and by €29,377 million as of December 31, 2008.

As of December 31, 2010, specifically in relation to mortgages, the average amount pending loan collection represented 53,1% of the collateral pledged (54% as of December 31, 2009 and 55% as of December 31, 2008).

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 Group has a series of tracking tools and historical databases that house the pertinent information generated internally.

The scoring tools vary by customer segment (companies, corporate clients, SMEs, public authorities, etc.). Scoring is a decision model that contributes to both the arrangement and management of retail type loans: Consumer loans, mortgages, credit cards for individuals, etc. Scoring is the tool used to decide to whom a loan should be assigned, what amount should be assigned and what strategies can help establish the price, because it is an algorithm that sorts transactions in accordance with their credit rating. The move towards advanced risk management makes it possible to establish more proactive commercial relations with customers. Proactive scoring establishes limits for customers that are then used when granting transactions.

Rating tools, as opposed to scoring tools, do not assess transactions but focus on customers instead: Companies, corporate clients, SMEs, public authorities, etc. For wholesale portfolios where the number of defaults is very low (sovereigns, corporates, financial entities) the internal ratings models are fleshed out by benchmarking the statistics maintained by external rating agencies (Moody's, Standard & Poor's and Fitch). To this end, each year the Bank compares the PDs compiled by the agencies at each level of risk rating and maps the measurements compiled by the various agencies to the BBVA master rating scale.

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

BBVA maintains a master rating scale with a view to facilitating the uniform classification of the Group's various asset risk portfolios. The table below shows the abridged scale which groups outstanding risk into 17 categories as of December 31, 2010:

Internal Rating	Probability of default (basic points)		
Reduced List (17 groups)	Average	Minimum from >=	Maximum
AAA	1	-	2
AA+	2	2	3
AA	3	3	4
AA-	4	4	5
A+	5	5	6
A	8	6	9
A-	10	9	11
BBB+	14	11	17
BBB	20	17	24
BBB-	31	24	39
BB+	51	39	67
BB	88	67	116
BB-	150	116	194
B+	255	194	335
B	441	335	581
B-	785	581	1,061
C	2,122	1,061	4,243

The table below outlines the distribution of exposure including derivatives by internal ratings, to financial entities and public institutions (excluding sovereign risk), of the Group's main institutions as of December 31, 2010, 2009 and 2008:

Credit Risk Distribution by Internal Rating	2010	2009	2008
AAA/AA+/AA/AA-	26.94%	19.55%	23.78%
A+/A/A-	27.49%	28.78%	26.59%
BBB+	9.22%	8.65%	9.23%
BBB	4.49%	7.06%	5.76%
BBB-	5.50%	6.91%	9.48%
BB+	5.10%	4.46%	8.25%
BB	4.57%	6.05%	6.16%
BB-	4.88%	6.45%	5.91%
B+	4.84%	5.38%	3.08%
B	4.81%	3.34%	1.44%
B-	1.89%	0.88%	0.28%
CCC/CC	0.27%	2.49%	0.03%
Total	**100.00%**	**100.00%**	**100.00%**

Policies and procedures for preventing excessive risk concentration

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

- The need to balance the customer's financing needs, broken down by type (commercial/financial, short/long-term, etc.). This approach provides a better operational mix that is still compatible with the needs of the bank's clientele.

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

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

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

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

Sovereign risk exposure

As of December 31, 2010, the sovereign risk exposure amounted to €62,769 million. This exposure is included in the following lines of the accompanying consolidated balance sheet: "Financial Liabilities Held for trading" (31.4%), "Available-for-Sale Financial Assets" (57.4%), "Loans and Receivables" (3.2%) and "Held-to-Maturity Investments" (14.0%).

As of December 31, 2010, the breakdown of our sovereign risk exposure in accordance with the classification of each country by its ratings was as follows:

Exposure to Sovereign Counterparties by Ratings (*)	Millions of Euros	%
Higher than AA	**35,293**	**56.23%**
Of which:		
Spain	31,212	49.72%
AA or below	**27,475**	**43.77%**
Of which:		
Mexico	17,665	28.14%
Italy	4,229	6.74%
Portugal	58	0.09%
Grece	107	0.17%
Ireland	-	-
Total	**62,768**	**100.00%**

(*) Global Ratings established by external rating agencies as of December 31, 2010.

Financial assets past due but not impaired

The table below provides details of financial assets past due as of December 31, 2010, 2009 and 2008, but not considered to be impaired, listed by their first due date:

	Millions of Euros								
	2010			2009			2008		
Financial Assets Past Due but Not Impaired	Less than 1 Months Past-Due	1 to 2 Months Past-Due	1 to 3 Months Past-Due	Less than 1 Months Past-Due	1 to 2 Months Past-Due	1 to 3 Months Past-Due	Less than 1 Months Past-Due	1 to 2 Months Past-Due	1 to 3 Months Past-Due
Loans and advances to credit institutions	-	-	-	-	-	-	-	-	-
Loans and advances to customers	1,082	311	277	2,653	336	311	1,580	534	447
Government	122	27	27	45	32	19	30	10	12
Other sectors	960	284	250	2,608	304	292	1,550	524	435
Debt securities	-	-	-	-	-	-	-	-	-
Total	**1,082**	**311**	**277**	**2,653**	**336**	**311**	**1,580**	**534**	**447**

Impaired assets and impairment losses

The table below shows the composition of the balance of impaired financial assets, broken down by heading in the balance sheet, and the impaired contingent liabilities as of December 31, 2010, 2009 and 2008:

Impaired Risks. Breakdown by Type of Asset and by Sector (Millions of Euros)	2010	2009	2008
Impaired Risks on Balance			
Available-for-sale financial assets	140	212	188
Debt securities	140	212	188
Loans and receivables	15,472	15,311	8,540
Loans and advances to credit institutions	101	100	95
Loans and advances to customers	15,361	15,197	8,437
Debt securities	10	14	8
Total Impaired Risks on Balance (1)	**15,612**	**15,523**	**8,728**
Impaired Risks Off Balance (2)			
Impaired contingent liabilities	324	405	131
TOTAL IMPAIRED RISKS (1)+(2)	**15,936**	**15,928**	**8,859**
Of which:			
Goverment	123	87	102
Credit institutions	129	172	165
Other sectors	15,360	15,264	8,461
Mortgage	8,627	7,932	3,047
With partial secured loans	159	37	4
Rest	6,574	7,295	5,410
Impaired contingent liabilities	324	405	131
TOTAL IMPAIRED RISKS	**15,936**	**15,928**	**8,859**

The changes in 2010, 2009 and 2008 in the impaired financial assets and contingent liabilities were as follows:

Changes in Impaired Financial Assets and Contingent Liabilities (Millions of Euros)	2010	2009	2008
Balance at the beginning	**15,928**	**8,859**	**3,418**
Additions (1)	13,207	17,298	11,488
Recoveries (2)	(9,138)	(6,524)	(3,668)
Net additions (1)+(2)	4,069	10,774	7,820
Transfers to write-off	(4,307)	(3,737)	(2,198)
Exchange differences and other	247	32	(181)
Balance at the end	**15,936**	**15,928**	**8,859**
Recoveries on entries (%)	69	38	32

Below are details of the impaired financial assets as on December 31, 2010, classified by geographical location of risk and by the time since their oldest past-due amount or the period since they were deemed impaired:

Impaired Assets by Geographic Area and Time Since Oldest Past-Due Amount

2010 (Millions of Euros)	Less than 6 Months Past-Due	6 to 9 Months Past-Due	9 to 12 Months Past-Due	More than 12 Months Past-Due	Total
Spain	5,279	1,064	798	4,544	11,685
Rest of Europe	106	24	24	55	209
Latin America	1,473	112	100	397	2,082
The United States	1,110	84	111	331	1,636
Rest of the world	-	-	-	-	-
Total	**7,968**	**1,284**	**1,034**	**5,327**	**15,612**

Below are details of the impaired financial assets as on December 31, 2010, classified by type of loan in accordance with its associated guarantee, and by the time since their oldest past-due amount or the period since they were deemed impaired:

	Millions of Euros				
2010	**Less than 6 Months Past-Due**	**6 to 9 Months Past-Due**	**9 to 12 Months Past-Due**	**More than 12 Months Past-Due**	**Total**
Unsecured loans	4,309	338	271	1,710	6,628
Mortgage	3,301	946	763	3,617	8,627
Residential mortgage	629	304	271	1,472	2,676
Commercial mortgage (rural properties in operation and offices, and industrial buildings)	561	128	100	602	1,391
Rest of residential mortgage	701	132	99	593	1,525
Plots and other real state assets	1,410	382	293	950	3,035
Other partially secured loans	159	-	-	-	159
Others	199	-	-	-	198
Total	**7,968**	**1,284**	**1,034**	**5,327**	**15,612**

The table below shows the finance income accrued on impaired financial assets as of December 31, 2010, 2009 and 2008:

	Millions of Euros		
	2010	**2009**	**2008**
Financial Income from Impaired Assets	**1,717**	**1,485**	**1,042**

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

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

The following shows the changes in impaired financial assets written off from the balance sheet for the years ended December 31, 2010, 2009 and 2008 because the possibility of their recovery was deemed remote:

	Millions of Euros		
Changes in Impaired Financial Assets Written-Off from the Balance Sheet	**2010**	**2009**	**2008**
Balance at the beginning	**9,834**	**6,872**	**5,622**
Increase:	**4,788**	**3,880**	**1,976**
Decrease:	**(1,448)**	**(1,172)**	**(567)**
Re-financing or restructuring	(1)	-	-
Cash recovery	(253)	(188)	(199)
Foreclosed assets	(5)	(48)	(13)
Sales of written-off	(342)	(590)	(261)
Other causes	(847)	(346)	(94)
Net exchange differences	**193**	**253**	**(159)**
Balance at the end	**13,367**	**9,833**	**6,872**

The Group's Non-Performing Assets ("NPA") ratios for the headings "Loans and advances to customers" and "Contingent liabilities" as of December 31, 2010, 2009 and 2008 were as follows:

	Percentage (%)		
NPA ratio	**2010**	**2009**	**2008**
BBVA Group	4.1	4.3	2.3

A breakdown of impairment losses by type of financial instrument registered in the accompanying consolidated income statement and the recoveries of impaired financial assets is provided Note 49.

The accumulated balance of impairment losses broken down by portfolio as of December 31, 2010, 2009 and 2008 is as follows:

		Millions of Euros		
Impairment Losses	**Notes**	**2010**	**2009**	**2008**
Available-for-sale portfolio	**12**	**619**	**449**	**202**
Loans and receivables	**13**	**9,473**	**8,805**	**7,505**
Loans and advances to customers		9,396	8,720	7,412
Loans and advances to credit institutions		67	68	74
Debt securities		10	17	19
Held to maturity investment	**14**	**1**	**1**	**4**
Total		**10,093**	**9,255**	**7,711**
Of which:				
For impaired portfolio		7,362	6,380	3,480
For currently non-impaired portfolio		2,731	2,875	4,231

In addition to total amount of funds indicated above, as of December 31, 2010, 2009 and 2008, the amount of the provisions for contingent exposures and commitments rose to €264, €243 and €421 million, respectively (see Note 25).

The changes in the accumulated impairment losses for the years 2010, 2009 and 2008 were as follows:

	Millions of Euros		
Changes in the Impairment Losses	**2010**	**2009**	**2008**
Balance at the beginning	**9,255**	**7,711**	**7,194**
Increase in impairment losses charged to income	7,207	8,282	4,590
Decrease in impairment losses credited to income	(2,236)	(2,622)	(1,457)
Transfers to written-off loans	(4,488)	(3,878)	(1,951)
Exchange differences and other	355	(238)	(662)
Balance at the end	**10,093**	**9,255**	**7,711**
Of which:			
For impaired portfolio	7,362	6,380	3,480
For currently non-impaired portfolio	2,731	2,875	4,231

The majority of the impairment on financial assets corresponds to the heading "Loans and receivables - Loans and advances to customers". The changes in the accumulated impairment losses for the years 2010, 2009 and 2008 under this heading were as follows:

	Millions of Euros		
Changes in the Impairment Losses of the heading Loans and Receivables - Loans and advances to customers	**2010**	**2009**	**2008**
Balance at the beginning	**8,720**	**7,412**	**7,117**
Increase in impairment losses charged to income	7,014	7,983	4,434
Decrease in impairment losses credited to income	(2,200)	(2,603)	(1,636)
Transfers to written-off loans	(4,423)	(3,828)	(1,950)
Exchange differences and other	285	(244)	(553)
Balance at the end	**9,396**	**8,720**	**7,412**
Of which:			
For impaired portfolio	6,683	5,864	3,239
For currently non-impaired portfolio	2,713	2,856	4,173

7.2 MARKET RISK

a) Market Risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, resulting in changes in the different assets and financial risk factors. The risk can be mitigated or even eliminated through hedges using other products (assets/liabilities or derivatives), or by undoing the transaction/open position.

There are three main risk factories that affect market prices: Interest rates, foreign exchange rates and equity.

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

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

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

The BBVA and BBVA Bancomer have received approval from the Bank of Spain to use the internal model to calculate bank capital for market risk.

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

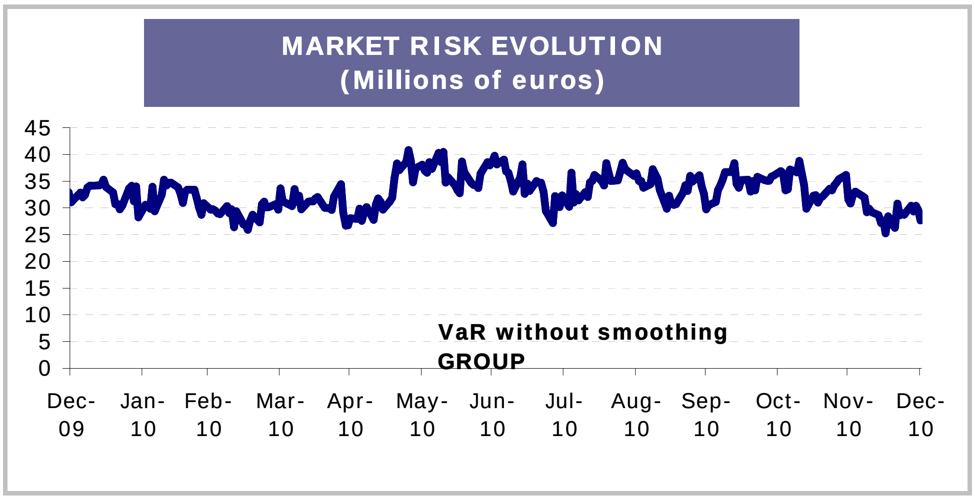
With regard to market risk, limit structure determines a system of VaR and economic capital at risk limits for each business unit, with specific sub-limits by type of risk, activity and desk.

Validity tests are performed on the risk measurement models used to estimate the maximum loss that could be incurred in the positions assessed with a certain level of probability (backtesting), as well as measurements of the impact of extreme market events on risk positions (stress testing). The Group is currently performing stress testing on historical and economic crisis scenarios drawn up by its Economic Research Department.

Changes in market risk in 2010

The BBVA Group's market risk is higher in 2010 compared to previous years. The average risk for 2010 stood at €33 million (VaR calculation without smoothing). The changes in the Group's market risk can be basically explained by the contribution of Global Market Europe, which has seen its risk increase as a result mainly of greater market volatility in interest rates and credit spreads, together with greater exposure to interest-rate risk towards the end of the year. Global Market Bancomer has contributed to a lesser extent to the Group's increased risk due to the growth in equity risk throughout the year, particularly in the first quarter through a one-off operation.

In 2010, the changes in market risk (VaR calculations without smoothing with a 99% confidence level and a 1-day horizon) were as follows:



The breakdown of VaR by risk factor as of December 31, 2010, 2009 and 2008 was as follows:

	Millions of Euros		
VaR by Risk Factor	**2010**	**2009**	**2008**
Interest/Spread risk	**29**	**38**	**24**
Currency risk	3	2	7
Stock-market risk	4	9	1
Vega/Correlation risk	12	15	15
Diversification effect	**(21)**	**(33)**	**(24)**
Total	**28**	**31**	**23**
VaR medium in the period	**33**	**26**	**20**
VaR max in the period	**41**	**33**	**35**
VaR min in the period	**25**	**18**	**13**

b) Structural interest rate risk

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

ALCO uses the interest rate risk measurements performed by the Risk Area. Acting as an independent unit, the Risk Area periodically quantifies the impact of interest rate fluctuations on the BBVA Group's net interest income and economic value.

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

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

Below are the average interest rate risk exposure levels in terms of sensitivity of the main financial institutions of the BBVA Group in 2010, in millions of euros:

	Impact on Net Interest Income (*)		Impact on Economic Value (**)	
2010	**100 Basis-Point Increase**	**100 Basis-Point Decrease**	**100 Basis-Point Increase**	**100 Basis-Point Decrease**
Europe	-3.06%	+4.83%	+1.10%	-1.21%
BBVA Bancomer	+1.71%	-1.71%	-1.49%	+0.98%
BBVA Compass	+3.63%	-2.66%	+1.60%	-3.39%
BBVA Puerto Rico	+4.50%	-4.27%	+2.88%	-2.48%
BBVA Chile	-1.36%	+1.29%	-5.13%	+3.72%
BBVA Colombia	+1.32%	-1.33%	-2.51%	+2.50%
BBVA Banco Continental	+2.28%	-2.25%	-4.93%	+5.26%
BBVA Banco Provincial	+1.66%	-1.55%	-0.64%	+0.66%
BBVA Banco Francés	+0.47%	-0.48%	-2.02%	+2.12%
BBVA Group	**+0.43%**	**+0.26%**	**+0.44%**	**-0.91%**

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

(**) Percentage relating to each entity's Capital Base.

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

c) Structural currency risk

Structural foreign exchange risk is basically caused by exposure to variations in foreign exchange rates that arise in the Group's foreign subsidiaries and the provision of funds to foreign branches financed in a different currency to that of the investment.

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

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

In 2010, the average asset exposure sensitivity to 1% depreciation in exchange rates stood at €113 million, with the following concentration: 45% in the Mexican peso, 28% in South American currencies and 18% in the US dollar.

d) Structural equity risk

The Group's exposure to structural equity risk comes largely from its holdings in industrial and financial companies with medium- to long-term investment horizons, reduced by the short net positions held in derivative instruments on the same underlying assets, in order to limit portfolio sensitivity to potential price cuts. The aggregate sensitivity of the Group's consolidated equity to a 1% fall in the price of shares stood, on December 31, 2010, at €47.5 million, while the sensitivity of the consolidated earnings to the same change in price on the same date is estimated at €3.3 million. The latter is positive in the case of falls in prices as these are short net positions in derivatives. This figure is determined by considering the exposure on shares measured at market price or, if not available, at fair value, including the net positions in options on the same underlyings in delta equivalent terms. Treasury Area portfolio positions are not included in the calculation.

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

7.3 LIQUIDITY RISK

The aim of liquidity risk management, tracking and control is to ensure, in the short-term, that the payment commitments can be duly met without having to resort to borrowing funds under burdensome terms, or damaging the image and reputation of the institution. In the medium term the aim is to ensure that the financing structure is ideal and that it moves in the right direction, in the context of the economic situation, the markets and regulatory changes.

Liquidity management and structural finance in the BBVA Group are based on the principle of the financial autonomy of its subsidiaries. This management approach helps prevent or limit liquidity risk by reducing the vulnerability of the BBVA Group during high-risk periods.

Once the decentralization is considered by geographical areas/subsidiaries, the management and monitoring of liquidity risk is carried out comprehensively in each of the Group’s units with both a short and long-term Approach. The short-term liquidity approach has a time horizon of up to 366 days. It is focused on the management of payments and collections from Treasury and Markets and includes the operations specific to the areas and the Bank's possible liquidity requirements. The second medium-term or medium-financing approach is focused on financial management of all the balance sheet, with a time horizon of one year or more.

The comprehensive management of liquidity is carried out by the Assets and Liabilities Committee (ALCO) in each management unit. The Financial Management unit, as part of the Financial Division, analyzes the implications of the Bank’s various projects in terms of finance and liquidity and its compatibility with the target financing structure and the situation of the financial markets. The Financial Management unit executes proposals agreed by the ALCO in accordance with the agreed budgets and manages liquidity risk using a broad scheme of limits, sub-limits and alerts approved by the Permanent Delegate Committee. The Risk Area uses these limits to carry out its mediation and control work independently and provides the manager with the support tools and metrics needed for decision-making. Each of the local risk areas, which are independent from the local manager, complies with the corporative principles of liquidity risk control that are established by the Global Market Risk (GRM) unit, which is the global structural risks unit for the whole Group.

At the level of each entity, the managing areas request and propose a scheme of quantitative and qualitative limits and alerts that affect liquidity risk in the short and medium term. Once agreed with GRM, controls and limits are proposed to the Board of Directors through its delegate bodies, for approval at least once a year. The proposals submitted by GRM are adapted to the situation of the market according to the risk tolerance level aimed for by the Group.

The implementation of a new Liquidity and Finance Manual, which was approved in the last quarter of the year, has meant the extension of schemes limiting the internal financing of business units, the financial structure and financing concentration, as well as establishing alerts in qualitative liquidity indicators.

GRM carries out regular measurements of risk incurred and the monitoring of consumption of limits. It develops tools and adapts valuation models, carries out regular stress tests and reports to ALCO and the Group’s Management Committee on a monthly basis about liquidity levels. It also reports more often to the management areas themselves and to the GRM Management Committee. The frequency of communication and the amount of information under the current Contingency Plan is decided by the Liquidity Committee on the proposal of the Technical Liquidity Group (TLG). The TLG carries out the initial analysis of the Bank's short or long-term liquidity situation. The TLG is made up of specialized staff from the Short-Term Cash Desk, Financial Management and the Global Market Risk Unit (UCRAM-Structural Risk). If the alert levels suggest a deterioration of the relative situation, the TLG reports the matter to the Liquidity Committee, which is composed of the managers of the related areas. If required, the Liquidity Committee is responsible for calling the Financing Committee, which is made up of the President and COO, the Director of the Financial Area, the Director of the Risk Area, the Director of Global Business and the Director of Business of the country in question.

One of the most significant aspects that have had an effect on the monitoring and management of liquidity risk in 2010 has been the management and development of the sovereign risk crisis. In this sense, the role of the central banks has been decisive in calming markets during the Eurozone debt crisis and the ECB has been proactive in guaranteeing the liquidity conditions of the interbank markets. The BBVA Group has not needed to use the extraordinary measures established by the Spanish and European authorities to mitigate tension in bank financing.

On the regulatory side, the Basel Committee on Banking Supervision (Bank for International Settlements) has proposed a new liquidity regulatory scheme based on two ratios: the Liquidity Coverage Ratio (LCR), to enter into force in 2015; and the Net Stable Funding Ratio (NSFR), which will be implemented in 2018. The Group participated in the corresponding impact study (QIS) and has included the new regulatory challenges in its new general framework for action in the field of Liquidity and Finance.

7.4. RISK CONCENTRATIONS

Below is presented a breakdown by geographical area, of the balances of certain headings of financial instruments in the accompanying consolidated balance sheets, disregarding any valuation adjustments:

	Millions of Euros					
2010	**Spain**	**Europe, Excluding Spain**	**USA**	**Latin America**	**Rest**	**Total**
RISKS ON-BALANCE						
Financial assets held for trading	18,903	22,899	3,951	15,126	2,404	63,283
Debt securities	9,522	2,839	654	10,938	405	24,358
Equity instruments	3,041	888	148	861	322	5,260
Derivatives	6,340	19,172	3,149	3,327	1,677	33,665
Other financial assets designated at fair value through profit or loss	284	98	481	1,913	1	2,777
Debt securities	138	66	480	7	-	691
Equity instruments	146	32	1	1,906	1	2,086
Available-for-sale portfolio	25,230	7,689	7,581	14,449	1,234	56,183
Debt securities	20,725	7,470	6,903	14,317	1,187	50,602
Equity instruments	4,505	219	678	132	47	5,581
Loans and receivables	218,399	30,985	39,944	77,861	5,847	373,036
Loans and advances to credit institutions	6,786	7,846	864	7,090	1,018	23,604
Loans and advances to customers	210,102	23,139	38,649	70,497	4,822	347,209
Debt securities	1,511	-	431	274	7	2,223
Held-to-maturity investments	7,504	2,443	-	-	-	9,947
Hedging derivatives	234	2,922	131	281	35	3,603
Total	**270,554**	**67,036**	**52,088**	**109,630**	**9,521**	**508,829**
RISKS OFF-BALANCE						
Financial guarantees	20,175	6,773	3,069	4,959	1,465	36,441
Contingent exposures	35,784	19,144	17,604	17,132	910	90,574
Total	**55,959**	**25,917**	**20,673**	**22,091**	**2,375**	**127,015**

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

2008	Spain	Europe, Excluding Spain	USA	Latin America	Rest	Total
	Millions of Euros					
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**	**13,060**	**506,333**
RISKS OFF-BALANCE						
Financial guarantees	16,843	8,969	3,456	4,721	1,963	35,952
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 foreign currencies of the accompanying consolidated balance sheets, with reference to the most significant foreign currencies, is set forth in Appendix IX.

7.5. RESIDUAL MATURITY

Below is a breakdown by contractual maturity, of the balances of certain headings in the accompanying consolidated balance sheets, disregarding any valuation adjustments:

2010	Demand	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	Millions of Euros						
ASSETS -							
Cash and balances with central banks	17,275	1,497	693	220	282	-	19,967
Loans and advances to credit institutions	2,471	10,590	1,988	1,658	4,568	2,329	23,604
Loans and advances to customers	16,543	33,397	21,127	49,004	85,800	141,338	347,209
Debt securities	497	3,471	12,423	8,123	35,036	28,271	87,821
Derivatives (trading and hedging)	-	636	1,515	3,503	13,748	17,827	37,229
LIABILITIES-							
Deposits from central banks	50	5,102	3,130	2,704	-	1	10,987
Deposits from credit institutions	4,483	30,031	4,184	3,049	9,590	5,608	56,945
Deposits from customers	111,090	69,625	21,040	45,110	21,158	6,818	274,841
Debt certificates (including bonds)	96	5,243	10,964	7,159	42,907	15,843	82,212
Subordinated liabilities	-	537	3	248	2,732	13,251	16,771
Other financial liabilities	4,177	1,207	175	433	647	1,564	8,203
Short positions	-	651	-	10	-	3,385	4,046
Derivatives (trading and hedging)	-	826	1,473	3,682	12,813	16,037	34,831

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

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

7.6. RISK IN THE REAL ESTATE AND CONSTRUCTION SECTOR IN SPAIN

As of December 31, 2010, exposure to the construction sector and real estate activities in Spain stood at €31,708 million. Of that amount, risk from loans to the construction sector and real estate activities accounted for €16,608 million, representing 9% of loans and advances to customers of the balance of business in Spain (excluding Government and other government agencies) and 3% of the total assets of the Consolidated Group.

Lending for Real Estate Development according to the purpose of the loans as of December 31, 2010, is shown below:

Financing allocated to construction and real estate development and its coverage	Gross amount	Drawn over the guarantee value	Specific coverage
	Millions of Euros		
Loans recorded by the Group's credit institutions (Business in Spain)	16,608	4,869	1,224
Of which: Non-performing	3,543	1,355	893
Of which: Sub-standard	2,381	1,185	331
Memorandum item:			
Total generic provisions (Total business)			2,698
Write-offs	23		

Memorandum item: Consolidated Group Data (carrying amount)	2010
	Millions of Euros
Total loans and advances to customers, excluding the Public Sector (Business in Spain)	185,361
Total consolidated assets (total business)	552,738

Impaired assets and substandard assets rose to €3,543 million and €2,381 million, respectively, with specific recognized provisions amounting to €1,224 million.

The drawn over the guarantee value shown in the tables above corresponds to the excess from the gross amount of each loan over the value of the real rights that, if applicable, were received as security, calculated according to Appendix IX of Circular 4.2004 of the Bank of Spain. This means that additional regulatory corrective factors ranging from 30% to 50%, based on the type of asset, have been applied to the updated appraisal values. For the total portfolio, this amount rose to €4,869 mill and to €1,355 million and €1,185 million for the non-performing and substandard loan portfolio, respectively. The updated appraisal values, without the application of said corrective factors, rose to €25,327 million, which broadly covers the amount of the debt.

Of the €3,543 million in non-performing assets, €1,138 million (32%) correspond to loans whose payments are up-to-date and whose placing in arrears has been anticipated in the framework of the policy of prudence.

The following is a description of the real estate credit risk based on the types of associated guarantees:

	Millions of Euros
Credit: Gross amount (Business in Spain)	**2010**
Without secured loan	1,259
With secured loan	15,249
Terminated buildings	7,403
Homes	7,018
Other	385
Buildings under construction	3,531
Homes	3,320
Other	211
Land	4,315
Urbanized land	2,922
Rest of land	1,393
Rest	100
Total	**16,608**

A total of 66% of loans to developers are guaranteed with buildings (62% are homes, 89% of which are first homes or public housing), and only 26% in land, of which 68% is urbanized).

The information on the retail mortgage portfolio risk as of December 31, 2010 is as follows:

	Millions of Euros
Housing-acquisition loans to households (Business in Spain)	**2010**
Without secured loan (gross amount)	-
of which: Non-performing	-
With secured loan (gross amount)	80,027
of which: Non-performing	2,324
Total	**80,027**

Information on the loan to value (LTV: ratio resulting from dividing the risk as of that date over the amount of the last available appraisal) of the retail mortgage portfolio risk shown above is as follows:

	Millions of Euros			
LTV Breakdown of secured loans to households for the purchase of a home (Business in Spain)	**Less than or equal to 50%**	**Over 50% but less than or equal to 80%**	**Over 80% but less than or equal to 100%**	**Over 100%**
Gross amount	20,109	44,362	14,399	1,157
of which: Non-performing	413	806	903	202

Secured loans to households for the purchase of a home as of December 31, 2010 have an average LTV of 51%.

The breakdown of foreclosed, acquired, purchased or exchanged assets from debt from loans relating to business in Spain, as well as the holdings and financing to non-consolidated companies holding such assets is as follows:

	Millions of Euros	
Foreclosed assets to the consolidated Group entities (Business in Spain)	**Carrying Amount**	**Of which: Coverage**
Real estate assets from loans to the construction and real estate development sectors in Spain.	**2,214**	**1,045**
Terminated buildings	598	202
Homes	341	110
Other	257	92
Buildings under construction	124	74
Homes	115	71
Other	9	3
Land	1,492	769
Urbanized land	724	392
Rest of land	768	377
Rest of real estate assets from mortgage financing for households for the purchase of a home	**682**	**193**
Rest of foreclosed real estate assets	**127**	**77**
Equity instruments, investments and financing to non-consolidated companies holding said assets	**168**	**287**

The net carrying amount of said assets rose to €3,191 million with specific recognized provisions amounting to €1,602 million, for a total coverage of 33%. Likewise, the net carrying amount of the real estate assets rose to €3,023 million with specific recognized provisions amounting to €1,315 million, which implies a coverage of 30.3%.

The policies and strategies established by the Group to address the problematic assets are explained in Section 6 “Risk exposure” of the Management Report accompanying these consolidated financial statements.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

If there is no market price for a given financial asset or liability, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, by using mathematical measurement models sufficiently tried and trusted by the international financial community. The estimates used in such models take into consideration the specific features of the asset or liability to be measured and, in particular, the various types of risk associated with the asset or liability. However, the limitations inherent in the measurement models developed and the possible inaccuracies of the assumptions required by these models may mean that the fair value of an asset or liability that is estimated does not coincide exactly with the price for which the asset or liability could be exchanged or settled on the date of its measurement.

Determining the fair value of financial instruments

Below is a comparison of the carrying amount of the Group's financial assets and liabilities in the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008, and their respective fair values:

		Millions of Euros					
		2010		2009		2008	
Fair Value and Carrying Amount	Notes	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS-							
Cash and balances with central banks	9	19,981	19,981	16,344	16,344	14,659	14,659
Financial assets held for trading	10	63,283	63,283	69,733	69,733	73,299	73,299
Other financial assets designated at fair value through profit or loss	11	2,774	2,774	2,337	2,337	1,754	1,754
Available-for-sale financial assets	12	56,456	56,456	63,521	63,521	47,780	47,780
Loans and receivables	13	364,707	371,359	346,117	354,933	369,494	381,845
Held-to-maturity investments	14	9,946	9,189	5,437	5,493	5,282	5,221
Fair value changes of the hedges items in portfolio hedges of interes rate risk	15	40	40	-	-	-	-
Hedging derivatives	15	3,563	3,563	3,595	3,595	3,833	3,833
LIABILITIES-							
Financial assets held for trading	10	37,212	37,212	32,830	32,830	43,009	43,009
Other financial liabilities designated at fair value through profit or loss	11	1,607	1,607	1,367	1,367	1,033	1,033
Financial liabilities at amortized cost	23	453,164	453,504	447,936	448,537	450,605	447,722
Fair value changes of the hedged items in portfolio hedges of interest rate risk.	15	(2)	(2)	-	-	-	-

For financial instruments whose carrying amount is different from its fair value, fair value was calculated in the following manner:

- The fair value of "Cash and balances with central banks", which are short term by their very nature, is equivalent to their carrying amount.
- The fair value of "Held-to-maturity investments" is equivalent to their quoted price in active markets.
- The fair values of "Loans and receivables" and "Financial liabilities at amortized cost" were estimated by discounting estimated cash flows using the market interest rates prevailing at each year-end. The "Fair value changes of the hedged items in portfolio hedges of interest rate risk" item registers the difference between the carrying amount of the hedged deposits lent, registered under "Loans and Receivables," and the fair value calculated using internal models and observable variables of market data (see Note 15).

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

- **Level 1**: Measurement using market observable quoted prices for the financial instrument in question, secured from independent sources and linked to active markets. This level includes listed debt securities, listed equity instruments, some derivatives and mutual funds.
- **Level 2**: Measurement using valuation techniques the inputs for which are drawn from market observable data.
- **Level 3**: Measurement using valuation techniques, where some of the inputs are not taken from market observable data. Model selection and validation is undertaken at the independent business units. As of December 31, 2010, Level 3 financial instruments accounted for 0.28% of financial assets and 0.01% of financial liabilities.

Model selection and validation is undertaken by control areas outside the business units.

The following table shows the main financial instruments carried at fair value in the accompanying consolidated balance sheets, broken down by the valuation technique level used to determine fair value:

		Millions of Euros								
		2010			2009			2008		
Fair Value by Levels	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
ASSETS-										
Financial assets held for trading	10	28,914	33,568	802	39,608	29,236	889	29,096	43,257	946
Debt securities		22,930	921	508	33,043	1,157	471	22,227	4,015	314
Equity instruments		5,034	92	134	5,504	94	185	5,348	89	360
Trading derivatives		950	32,555	160	1,060	27,985	233	1,521	39,153	272
Other financial assets designated at fair value through profit or loss	11	2,326	448	-	1,960	377	-	923	831	-
Debt securities		624	64	-	584	54	-	515	1	-
Equity instruments		1,702	384	-	1,376	323	-	408	830	-
Available-for-sale financial assets	12	41,500	13,789	668	49,747	12,367	818	24,640	19,679	2,905
Debt securities		37,024	13,352	499	44,387	12,146	538	19,274	19,384	1,173
Equity instruments		4,476	437	169	5,360	221	280	5,366	295	1,732
Hedging derivatives	15	265	3,298	-	302	3,293	-	444	3,386	2
LIABILITIES-										
Financial liabilities held for trading	10	4,961	32,225	25	4,936	27,797	96	4,517	38,408	84
Trading derivatives		916	32,225	25	1,107	27,797	96	1,817	38,408	84
Short positions		4,046	-	-	3,830	-	-	2,700	-	-
Other financial liabilities designated at fair value through profit or loss	11	-	1,607	-	-	1,367	-	-	1,033	-
Hedging derivatives	15	96	1,568	-	319	989	-	564	662	-

The heading “Available-for-sale-financial assets” in the accompanying consolidated balance sheet as of December 31, 2010, 2009 and 2008, additionally includes €499 million, €589 million and €556 million, respectively, accounted for at cost as indicated in the Section “Financial instruments at cost”.

The following table sets forth the main valuation techniques, hypotheses and inputs used in the estimation of fair value of the financial assets classified under in level 2 and 3 as of December 31, 2010, based on the type of financial instrument as of December 31, 2010:

Financial Instruments LEVEL 2	Valuation techniques	Main assumptions	Main inputs used	2010 Fair value (Millions of Euros)	
▪ Debt securities ▪ Equity instruments	Present-value method.	Calculation of the present value of financial instruments as the current value of future cash flows (discounted at market interest rates), taking into account: • Estimate of prepayment rates; • Issuer credit risk; and • Current market interest rates. • Net Asset Value (NAV) published recurrently, but not every quarter	• Risk premiums. • Observable market interest rates.	**Trading portfolio**	
				Debt securities	921
				Equity instruments	92
				Other financial assets designated at fair value through profit or loss	
				Debt securities	64
				Equity instruments	384
				Available-for-sale financial assets	
				Debt securities	13,352
				Equity instruments	437
				Other financial liabilities designated at fair value through profit or loss	1,607
▪ Derivatives	Analytic/Semi-analytic Formulae	For share, currency, inflation or commodity derivatives: • Black-Scholes assumptions take possible convexity adjustments into account For interest rate derivatives: • Black-Scholes models apply a lognormal process for forward rates and consider possible convexity adjustments.	For share, currency, inflation or commodity derivatives: • Forward structure of the underlying asset. • Volatility of options. • Observable correlations between underlying assets. For interest rate derivatives: • The term structure of interest rates. • Volatility of underlying asset. For credit derivatives: • Credit default swap (CDS) pricing. • Historical CDS volatility	<u>**ASSETS**</u>	
				Trading derivatives	32,555
				Hedging Derivatives	3,298
	For share, currency or commodity derivatives: • Monte Carlo simulations.	Local volatility model: assumes a constant diffusion of the underlying asset with the volatility depending on the value of the underlying asset and the term.		<u>**LIABILITIES**</u>	
	For interest rate derivatives: • Black-Derman-Toy Model, Libor Market Model and SABR. • HW 1 factor	This model assumes that: • The forward rates in the term structure of the interest rate curve are perfectly correlated.		Trading derivatives	32,225
	For credit derivatives: • Diffusion model	These models assume a constant diffusion of default intensity.		Hedging derivatives	1,568

Financial Instruments LEVEL 3	Valuation techniques	Main assumptions	Main unobservable inputs	2010 Fair value (Millions of Euros)	
▪ Debt securities	▪ Present-value method; and ▪ "Time default" model for financial instruments in the collateralized debt obligations (CDOs) family	Calculation of the present value of financial instruments as the current value of future cash flows (discounted at market interest rates), taking into account: • Estimate of prepayment rates; • Issuer credit risk; and • Current market interest rates. In the case of valuation of asset-backed securities (ABSs), future prepayments are calculated on the conditional prepayment rates that the issuers themselves provide. The "time-to-default" model is used to measure default probability. One of the main variables used is the correlation of defaults extrapolated from several index tranches (ITRAXX and CDX) with the underlying portfolio of our CDOs.	•Prepayment rates. •Default correlation. •Credit spread (1)	**Trading portfolio**	
				Debt securities	508
				Equity instruments	134
				Available-for-sale financial assets	
				Debt securities	499
▪ Equity instruments	• Present-value method.	Net asset value (NAV) for hedge funds and for equity instruments listed in thin and less active markets	•Credit spread (1) •NAV supplied by the fund manager.	Equity instruments	169
▪ Derivatives	Derivatives for interest rate futures and forwards: • Present-value method. • "Libor Market" model.	The "Libor Market" model models the complete term structure of the interest rate curve, assuming a CEV (constant elasticity of variance) lognormal process. The CEV lognormal process is used to measure the presence of a volatility shift.	•Correlation decay.(2)	**ASSETS**	
	For variable income and foreign exchange options: • Monte Carlo simulations • Numerical integration • Heston	The options are valued through generally accepted valuation models, to which the observed implied volatility is added.	•Vol-of-vol. (3) •Reversion factor. (4) •Volatility Spot Correlation.(5)	Trading derivatives	160
				LIABILITIES	
	• Credit baskets	These models assume a constant diffusion of default intensity.	•Defaults correlation. •Historical CDS volatility	Trading derivatives	25

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

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

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

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

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

The changes in 2010 and 2009 in the balance of Level 3 financial assets and liabilities were as follows:

Financial Assets Level 3 Changes in the Period	Millions of Euros 2010 Assets	 Liabilities	 2009 Assets	 Liabilities
Balance at the beginning	**1,707**	**96**	**3,853**	**84**
Valuation adjustments recognized in the income statement (*)	(123)	12	(146)	6
Valuation adjustments not recognized in the income statement	(18)	-	33	-
Acquisitions, disposals and liquidations	(334)	(100)	(634)	(1)
Net transfers to Level 3	236	-	(1,375)	7
Exchange differences	1	17	(24)	-
Balance at the end	**1,469**	**25**	**1,707**	**96**

(*) Profit or loss that are attributable to gains or losses relating to those assets and liabilities held at the end of the reporting period

In 2010 the balance Level 3 financial assets did not register any significant changes. Net transfers to Level 3 correspond to debt instruments of credit institutions whose inputs used in the valuation are no longer observable. This increase is compensated by sales, settlements and valuations of equity instruments.

The financial assets transferred between the different levels of valuation during 2010 were at the following amounts in the consolidated balance sheets as of December 31, 2010:

Transfer between levels	Millions of Euros From: Level I To: Level 2	 Level 3	 Level 2 Level 1	 Level 3	 Level 3 Level 1	 Level2
ASSETS	-	-	-	-	-	-
Financial assets held for trading	107	-	4	118	-	55
Available-for-sale financial assets	263	4	3	209	-	53
Hedging derivatives	-	-	-	-	-	-
LIABILITIES-	-	-	-	-	-	-

As of December 31, 2010, the potential effect in the consolidated income and consolidated equity on the valuation of Level 3 financial instruments of a change in the main assumptions if other reasonable models, more or less favorable, were used, taking the highest or lowest value of the range deemed probable, would have the following effect:

Financial Assets Level 3 Sensitivity Analysis	Millions of Euros Potential Impact on Consolidated Income Statement Most Favorable Hypotheses	 Least Favorable Hypotheses	 Potential Impact on Total Equity Most Favorable Hypotheses	 Least Favorable Hypotheses
ASSETS				
Financial assets held for trading	43	(90)	-	-
Available-for-sale financial assets	-	-	13	(4)
LIABILITIES-				
Financial liabilities held for trading	3	(3)	-	-
Total	**46**	**(93)**	**13**	**(4)**

Loans and financial liabilities at fair value through profit or loss

As of December 31, 2010, 2009 and 2008, there were no loans or financial liabilities at fair value other than those recognized in the headings "Other financial assets designated at fair value through profit and loss" and "Other financial liabilities designated at fair value through profit and loss" in the accompanying consolidated balance sheets.

Financial instruments at cost

The Group had equity instruments, derivatives with equity instruments as underlyings and certain discretionary profit sharing arrangements that were recognized at cost in Group's consolidated balance sheet, as their fair value could not be reliably determined. As of December 31, 2010, 2009 and 2008, the balance of these financial instruments amounted to €499 million, €589 million and €556 million, respectively. These instruments are currently in the available-for-sale financial assets portfolio.

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

The table below outlines the financial assets and liabilities carried at cost that were sold in 2010, 2009 and 2008:

Sales of financial instruments at cost	Millions of Euros 2010	2009	2008
Amount of Sale	51	73	219
Carrying Amount at Sale Date	36	64	147
Gains/Losses	15	9	72

9. CASH AND BALANCES WITH CENTRAL BANKS

The breakdown of the balance of the headings “Cash and balances with central banks” and “Deposits from central banks” and "Financial liabilities at amortized cost" in the accompanying consolidated balance sheets was as follows:

Cash and Balances with Central Banks	Millions of Euros 2010	2009	2008
Cash	4,284	4,218	3,915
Balances at the Central Banks	15,683	12,113	10,727
Accrued interests	14	13	17
Total	**19,981**	**16,344**	**14,659**

Deposits from Central Banks	Millions of Euros 2010	2009	2008
Deposits from Central Banks	10,987	21,096	16,762
Accrued interest until expiration	23	70	82
Total	**11,010**	**21,166**	**16,844**

10. FINANCIAL ASSETS AND LIABILITES HELD FOR TRADING

10.1. BREAKDOWN OF THE BALANCE

The breakdown of the balances of these headings in the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008 was as follows:

Financial Assets and Liabilities Held-for-Trading	Millions of Euros 2010	2009	2008
ASSETS-			
Debt securities	24,358	34,672	26,556
Equity instruments	5,260	5,783	5,797
Trading derivatives	33,665	29,278	40,946
Total	**63,283**	**69,733**	**73,299**
LIABILITIES-			
Trading derivatives	33,166	29,000	40,309
Short positions	4,046	3,830	2,700
Total	**37,212**	**32,830**	**43,009**

10.2. DEBT SECURITIES

The breakdown by type of instrument of the balance of this heading in the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008 was as follows:

	Millions of Euros		
Debt Securities Held-for-Trading Breakdown by type of instrument	**2010**	**2009**	**2008**
Issued by Central Banks	699	326	378
Spanish government bonds	7,954	13,463	6,453
Foreign government bonds	11,744	17,500	13,947
Issued by Spanish financial institutions	722	431	578
Issued by foreign financial institutions	1,552	954	2,247
Other debt securities	1,687	1,998	2,953
Total	**24,358**	**34,672**	**26,556**

10.3. EQUITY INSTRUMENTS

The breakdown of the balance of this heading in the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008 was as follows:

	Millions of Euros		
Equity Instruments Held-for-Trading Breakdown by Issuer	**2010**	**2009**	**2008**
Shares of Spanish companies			
Credit institutions	304	666	444
Other sectors	2,738	2,602	1,888
Subtotal	3,042	3,268	2,332
Shares of foreign companies			
Credit institutions	167	156	205
Other sectors	2,051	2,359	3,260
Subtotal	2,218	2,515	3,465
Total	**5,260**	**5,783**	**5,797**

10.4. TRADING DERIVATIVES

The trading derivatives portfolio arises from the Group's need to manage the risks incurred by it in the course of its normal business activity, mostly for the positions held with customers. As of December 31, 2010, 2009 and 2008, trading derivatives were principally contracted in non-organized markets, with non-resident credit entities as the main counterparties, and related to foreign exchange and interest rate risk and shares.

Below is a breakdown by transaction type and market, of the fair value of outstanding financial trading derivatives recognized in the accompanying consolidated balance sheets and held by the main companies in the Group, divided into organized and non-organized (Over The Counter-"OTC") markets:

Outstanding Financial Trading Derivatives. Breakdown by Markets and Transaction Types

Millions of Euros

2010	Currency Risk	Interest Rate Risk	Equity Price Risk	Precious Metals Risk	Commodities Risk	Credit Risk	Other Risks	Total
Organized markets								
Financial futures	-	2	6	-	-	-	-	8
Options	(3)	-	(348)	(11)	(7)	-	-	(369)
Other products	-	-	-	-	-	-	-	-
Subtotal	(3)	2	(342)	(11)	(7)	-	-	(361)
OTC markets								
Credit institutions								
Forward transactions	(96)	-	-	-	-	-	-	(96)
Future rate agreements (FRAs)	-	15	-	-	-	-	-	15
Swaps	(541)	(1,534)	(4)	2	28	-	-	(2,049)
Options	(97)	(786)	45	-	-	-	1	(837)
Other products	(1)	11	-	-	-	(175)	-	(165)
Subtotal	(735)	(2,294)	41	2	28	(175)	1	(3,132)
Other financial institutions								
Forward transactions	54	-	-	-	-	-	-	54
Future rate agreements (FRAs)	-	4	-	-	-	-	-	4
Swaps	-	1,174	31	-	(5)	-	-	1,200
Options	(12)	(56)	(144)	-	-	-	-	(212)
Other products	-	-	-	-	-	319	-	319
Subtotal	42	1,122	(113)	-	(5)	319	-	1,365
Other sectors								
Forward transactions	385	-	-	-	-	-	-	385
Future rate agreements (FRAs)	-	22	-	-	-	-	-	22
Swaps	18	1,628	145	-	(15)	-	-	1,776
Options	(41)	81	395	-	-	-	-	435
Other products	-	14	-	-	-	(5)	-	9
Subtotal	362	1,745	540	-	(15)	(5)	-	2,627
Subtotal	(331)	573	468	2	8	139	1	860
Total	**(334)**	**575**	**126**	**(9)**	**1**	**139**	**1**	**499**
of which: Asset Trading Derivatives	**6,007**	**22,978**	**3,343**	**14**	**186**	**1,125**	**12**	**33,665**
of which: Liability Trading Derivatives	**(6,341)**	**(22,404)**	**(3,216)**	**(23)**	**(185)**	**(986)**	**(11)**	**(33,166)**

Millions of Euros

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

Outstanding Financial Trading Derivatives. Breakdown by Markets and Transaction Types

Millions of Euros

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

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

The breakdown of the balances of these headings in the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008 was as follows:

Other Financial Assets Designated at Fair Value through Profit or Loss. Breakdown by Type of Instruments	Millions of Euros 2010	 2009	 2008
ASSETS-			
Debt securities	688	639	516
Unit-linked products	103	95	516
Other securities	585	544	-
Equity instruments	2,086	1,698	1,238
Unit-linked products	1,467	1,242	921
Other securities	619	456	317
Total	**2,774**	**2,337**	**1,754**
LIABILITIES-			
Other financial liabilities	1,607	1,367	1,033
Unit-linked products	1,607	1,367	1,033
Total	**1,607**	**1,367**	**1,033**

12. AVAILABLE FOR SALE FINANCIAL ASSETS

12.1. BREAKDOWN OF THE BALANCE

The detail of the balance of this heading in the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008, broken down by the nature of the financial instruments, was as follows:

	Millions of Euros		
Available-for-Sale Financial Assets	**2010**	**2009**	**2008**
Debt securities	50,875	57,071	39,831
Equity instruments	5,581	6,450	7,949
Total	**56,456**	**63,521**	**47,780**

12.2. DEBT SECURITIES

The detail of the balance of the heading "Debt securities" as of December 31, 2010, 2009 and 2008, broken down by the nature of the financial instruments, was as follows:

AFS-Debt Securities. Breakdown by Type of Financial Instrument

	Millions of Euros		
2010	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic Debt Securities			
Spanish Government and other government agency debt securities	58	(1,264)	15,337
Other debt securities	49	(206)	5,229
Issue by Central Banks	-	-	-
Issue by credit institutions	24	(156)	4,090
Issue by other issuers	25	(50)	1,139
Subtotal	107	(1,470)	20,566
Foreign Debt Securities			
Mexico	470	(17)	10,547
Mexican Government and other government agency debt securities	441	(14)	9,858
Other debt securities	29	(3)	689
Issue by Central Banks	-	-	-
Issue by credit institutions	28	(2)	579
Issue by other issuers	1	(1)	110
The United States	216	(234)	6,832
Government securities	13	(9)	771
US Treasury and other US Government agencies	6	(8)	578
States and political subdivisions	7	(1)	193
Other debt securities	203	(225)	6,061
Issue by Central Banks	-	-	-
Issue by credit institutions	83	(191)	2,873
Issue by other issuers	120	(34)	3,188
Other countries	394	(629)	12,930
Other foreign governments and other government agency debt securities n	169	(371)	6,100
Other debt securities	225	(258)	6,830
Issue by Central Banks	1	-	945
Issue by credit institutions	177	(188)	4,420
Issue by other issuers	47	(70)	1,465
Subtotal	1,080	(880)	30,309
Total	**1,187**	**(2,350)**	**50,875**

The decrease in the balance of the heading "Financial assets held for trading - Debt securities" in 2010 is due, primarily, to the sale of securities and the changes in the valuations of these portfolios.

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

AFS-Debt Securities. Breakdown by Type of Financial Instrument

2008	Unrealized Gains (Millions of Euros)	Unrealized Losses (Millions of Euros)	Fair Value (Millions of Euros)
Domestic Debt Securities			
Spanish Government and other government agency debt securities	138	-	6,371
Other debt securities	91	(62)	5,539
Subtotal	229	(62)	11,910
Foreign Debt Securities			
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 debt securities	140	(285)	9,602
Other countries	431	(488)	17,478
Other foreign governments and other government agency debt securities	261	(232)	9,653
Other debt securities	170	(256)	7,825
Subtotal	586	(774)	27,920
Total	**815**	**(836)**	**39,830**

As of December 31, 2010, the credit ratings of the issuers of debt securities in the available-for-sale portfolio were as follows:

Avalaible for Sale financial assets Debt Secutities by Rating	Fair Value (Millions of Euros)	%
AAA	11,638	22.9%
AA+	12,210	24.0%
AA	5,022	9.9%
AA-	2,523	5.0%
A+	1,651	3.2%
A	8,661	17.0%
A-	574	1.1%
With rating BBB+ or below	3,761	7.4%
Without rating	4,835	9.5%
Total	**50,875**	**100.0%**

12.3. EQUITY INSTRUMENTS

The breakdown of the balance of the heading "Equity instruments", broken down by the nature of the financial instruments as of December 31, 2010, 2009 and 2008 was as follows:

AFS-Equity Instruments. Breakdown by Type of Financial Instrument

2010	Millions of Euros Unrealized Gains	 Unrealized Losses	 Fair Value
Equity instruments listed			
Listed Spanish company shares	1,212	(7)	4,583
Credit institutions	-	-	3
Other entities	1,212	(7)	4,580
Listed foreign company shares	8	(25)	253
United States	1	-	13
Other countries	7	(25)	240
Subtotal	1,220	(32)	4,836
Unlisted equity instruments			
Unlisted Spanish company shares	-	-	25
Credit institutions	-	-	1
Other entities	-	-	24
Unlisted foreign companies shares	63	-	720
United States	55	-	649
Other countries	8	-	71
Subtotal	63	-	745
Total	**1,283**	**(32)**	**5,581**

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

AFS-Equity Instruments. Breakdown by Type of Financial Instrument

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

12.4. GAINS/LOSSES

The changes in the gains/losses, net of taxes, recognized under the equity heading "Valuation adjustments – Available-for-sale financial assets" for the year ended December 31, 2010, 2009 and 2008 was as follows:

Changes in Valuation Adjustments - Available-for-Sale Financial Assets	Millions of Euros 2010	2009	2008
Balance at the beginning	**1,951**	**931**	**3,546**
Valuation gains and losses	(1,952)	1,520	(2,065)
Income tax	540	(483)	1,172
Amounts transferred to income	(206)	(18)	(1,722)
Balance at the end	**333**	**1,951**	**931**
Of which:			
Debt securities	(746)	456	(116)
Equity instruments	1,079	1,495	1,047

The losses recognized under the heading "Valuation adjustments – Available for sale financial assets" in the consolidated income statement as of December 31, 2010, correspond mainly to Spanish government debt securities.

Some 13.7% of the losses recognized under the heading "Valuation adjustments – Available-for-sale financial assets" of the debt securities were generated over more than twelve months. However, as no impairment has been estimated following an analysis of these unrealized losses, it can be concluded that they are temporary, because: the interest payment periods of all the fixed-income securities have been satisfied; and because there is no evidence that the issuer will not continue to comply with payment obligations, nor that future payments of both principal and interests will not be sufficient to recover the cost of the fixed-income securities.

The losses recognized under the heading "Impairment losses on financial assets (net) - Available for sale assets" in the income statement year ended December 31, 2010 amounted to €155 million (€277 million and €145 million for the year ended December 31, 2009 and 2008, respectively) (see Note 49).

13. LOANS AND RECEIVABLES

13.1. BREAKDOWN OF THE BALANCE

The detail of the balance of this heading in the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008, based on the nature of the financial instrument, is as follows:

Loans and Receivables	Millions of Euros 2010	2009	2008
Loans and advances to credit institutions	23,637	22,239	33,856
Loans and advances to customers	338,857	323,442	335,260
Debt securities	2,213	436	378
Total	**364,707**	**346,117**	**369,494**

The increase in 2010 of the "Debt securities" item in the above table is mainly due to the reclassification of some debt instruments issued by governments and registered under the heading "Available-for-sale financial assets" in 2009.

13.2. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

The detail of the balance under this heading in the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008, broken down by the nature of the related financial instrument, is as follows:

	Millions of Euros		
Loans and Advances to Credit Institutions	**2010**	**2009**	**2008**
Reciprocal accounts	168	226	390
Deposits with agreed maturity	7,307	8,301	8,005
Demand deposits	2,008	2,091	6,433
Other accounts	6,299	6,125	9,250
Reverse repurchase agreements	7,822	5,457	9,601
Total gross	23,604	22,200	33,679
Valuation adjustments	33	39	177
Impairment losses	(67)	(68)	(74)
Accrued interests and fees	101	110	223
Hedging derivatives and others	(1)	(3)	28
Total	**23,637**	**22,239**	**33,856**

13.3. LOANS AND ADVANCES TO CUSTOMERS

The detail of the balance under this heading in the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008, broken down by the nature of the related financial instrument, is as follows:

	Millions of Euros		
Loans and Advances to Customers	**2010**	**2009**	**2008**
Financial paper	1,982	602	587
Commercial credit	21,229	24,031	29,215
Secured loans	150,782	148,874	145,522
Credit accounts	23,705	19,683	21,593
Other loans	101,999	98,238	111,597
Reverse repurchase agreements	4,764	987	1,658
Receivable on demand and other	19,246	15,253	13,372
Finance leases	8,141	8,222	9,341
Impaired assets	15,361	15,197	8,437
Total gross	347,210	331,087	341,322
Valuation adjustments	(8,353)	(7,645)	(6,062)
Impairment losses	(9,396)	(8,720)	(7,431)
Accrued interests and fees	195	320	719
Hedging derivatives and others	848	755	650
Total net	**338,857**	**323,442**	**335,260**

Of all the "Loans and advances to customers" as of December 31, 2010, 23.1% were concluded with fixed-interest conditions and 76.9% were variable interest.

The Group, via several of its banks, provides its customers with financing to purchase assets, including movable and immovable property, in the form of the finance lease arrangements recognized under this heading. The breakdown of these finance leases as of December 31, 2010, 2009 and 2008 was as follows:

	Millions of Euros		
Financial Lease Arrangements	**2010**	**2009**	**2008**
Movable property	4,748	4,963	6,158
Real Estate	3,393	3,259	3,271
Fixed rate	42%	38%	33%
Floating rate	58%	62%	67%

As of December 31, 2010, non-accrued financial income from finance leases granted to customers amounted to €132 million. The unguaranteed residual value of these contracts amounted to €435 million. Impairment losses determined collectively on finance lease arrangements amounted to €12 million.

The heading "Loans and receivables – Loans and advances to customers" in the accompanying consolidated balance sheets includes mortgage loans that, as mentioned in Note 35, are considered a suitable guarantee for the issue of long-term mortgage covered bonds (Note 23.4), pursuant to the Mortgage Market Act.

The heading "Loans and receivables - Loans and advances to customers" heading of the accompanying consolidated balance sheets includes securitized loans that have not been derecognized as mentioned in Note 2.2.2. The amounts recognized in the accompanying consolidated balance sheets corresponding to these securitized loans as of December 31, 2010, 2009 and 2008 are set forth below:

Securitized Loans	Millions of Euros 2010	2009	2008
Securitized mortgage assets	**31,884**	**33,786**	**34,032**
Other securitized assets	**10,563**	**10,597**	**10,341**
Commercial and industrial loans	6,263	4,356	2,634
Finance leases	771	1,380	2,238
Loans to individuals	3,403	4,536	5,124
Rest	126	325	345
Total	**42,447**	**44,383**	**44,373**
Of which:			
Liabilities associated to assets retained on the balance sheet (*)	8,846	9,012	14,948

(*)These liabilities are recognized under "Financial liabilities at amortized cost - Debt securities" in the accompanying consolidated balance sheets (Note 23).

Some other securitized loans have been derecognized where substantially all attendant risks or benefits were effectively transferred. As of December 31, 2010, 2009 and 2008, the outstanding balances of derecognized securitized loans were as follows:

Derecognized Securitized Loans	Millions of Euros 2010	2009	2008
Securitized mortgage assets	24	116	132
Other securitized assets	176	276	413
Total	**200**	**392**	**545**

14. HELD-TO-MATURITY INVESTMENTS

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

Held-to-Maturity Investments. Breakdown by Type of Financial Instrument

2010	Millions of Euros Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Domestic Debt Securities				
Spanish Government and other government agency debt securities	6,611	2	(671)	5,942
Other domestic debt securities	892	-	(63)	829
Issue by credit institutions	290	-	(13)	277
Issue by other issuers	602	-	(50)	552
Subtotal	7,503	2	(734)	6,771
Foreign Debt Securities				
Other foreign governments and other government agency debt securities not issued by the governments of the countries where they operate	2,181	10	(20)	2,171
Issue by credit institutions	262	6	(21)	247
Subtotal	2,443	16	(41)	2,418
Total	**9,946**	**18**	**(775)**	**9,189**

The net increase in the balance in 2010 is due primarily to the acquisition of debt securities from the Spanish government.

The foreign securities by the Group as of December 31, 2010, 2009 and 2008 in the held-to-maturity portfolio correspond to European issuers.

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

Held-to-Maturity Investments. Breakdown by Type of Financial Instrument

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

As of December 31, 2010, the distribution to the credit ratings of the issuers of debt securities of the held-to-maturity investments was as follows:

Held to Maturuty Investments Debt Secutities by Rating	Carrying amount (Millions of euros)	%
AAA	1,908	19.2%
AA+	6,703	67.4%
AA-	1,222	12.3%
With rating A+ or below	113	1.1%
Total	**9,946**	**100.0%**

Following an analysis of the unrealized losses, it can be concluded that they are temporary, because: the interest payment periods of all the fixed-income securities have been satisfied; and because there is no evidence that the issuer will not continue to comply with payment obligations, nor that future payments of both principal and interests will not be sufficient to recover the cost of the securities.

The following is a summary of the gross changes in 2010, 2009 and 2008 in this heading in the accompanying consolidated balance sheets, not including impairment losses:

Held-to-Maturity Investments Changes on the Period	Millions of Euros 2010	2009	2008
Balance at the beginning	**5,438**	**5,285**	**5,589**
Acquisitions	4,969	426	-
Redemptions	(460)	(273)	(304)
Balance at the end	**9,947**	**5,438**	**5,285**
Impairment	(1)	(1)	(3)
Total	**9,946**	**5,437**	**5,282**

15. HEDGING DERIVATIVES (RECEIVABLE AND PAYABLE) AND FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES

The breakdown of the balance of these items in the accompanying consolidated balance sheets was as follows:

	Millions of Euros		
Hedging derivatives and Fair value changes of the hedged items in portfolio hedges of interest rate risk	**2010**	**2009**	**2008**
ASSETS-			
Fair value changes of the hedged items in portfolio hedges of interest rate risk	40	-	-
Hedging derivatives	3,563	3,595	3,833
LIABILITIES-			
Fair value changes of the hedged items in portfolio hedges of interest rate risk	(2)	-	-
Hedging derivatives	1,664	1,308	1,226

As of December 31, 2010, 2009 and 2008, the main positions hedged by the Group and the derivatives assigned to hedge those positions are:

- Fair value hedge:
  - Available-for-sale fixed-interest debt securities: this risk is hedged using interest-rate derivatives (fixed-variable swaps).
  - Long term fixed-interest debt issued by Group: this risk is hedged using interest-rate derivatives (fixed-variable swaps).
  - Available-for-sale equity securities: this risk is hedged using equity swaps.
  - Fixed-interest loans: this risk is hedged using interest-rate derivatives (fixed-variable swaps).
  - Fixed-interest deposit portfolio hedges: this risk is hedged using fixed-variable swaps and derivatives for interest rate. The valuation of the deposit hedges corresponding to interest-rate risk is recognized under the heading "Changes in the fair value of the hedged items in the portfolio hedges of interest-rate risk".
- Cash-flow hedge: Most of the hedged items are floating interest-rate loans: this risk is hedged using foreign-exchange and interest-rate swaps.
- Net foreign-currency investment hedge: The risks hedged are foreign-currency investments in the Group’s subsidiaries abroad. This risk is hedged mainly with foreign-exchange options and forward currency purchase.

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

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

Hedging Derivatives. Breakdown of the Fair Value by Markets and Transaction Type

Millions of Euros

2010	Currency Risk	Interest Rate Risk	Equity Price Risk	Other Risks	Total
OTC markets					
Credit institutions					
Fair value hedge	-	1,645	7	3	1,655
Of wich: Macro hedge	-	(282)	-	-	(282)
Cash flow hedge	(4)	160	-	-	156
Net investment in a foreign operation hedge	3	(6)	-	-	(3)
Subtotal	**(1)**	**1,799**	**7**	**3**	**1,808**
Other financial Institutions					
Fair value hedge	-	109	5	-	114
Of wich: Macro hedge	-	(20)	-	-	(20)
Cash flow hedge	-	(1)	-	-	(1)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	**-**	**108**	**5**	**-**	**113**
Other sectors					
Fair value hedge	-	(12)	-	-	(12)
Of wich: Macro hedge	-	(2)	-	-	(2)
Cash flow hedge	-	(10)	-	-	(10)
Net investment in a foreign operation hedge	-	-	-	-	-
Subtotal	**-**	**(22)**	**-**	**-**	**(22)**
Total	**(1)**	**1,885**	**12**	**3**	**1,899**
of which: Asset Hedging Derivatives	**14**	**3,486**	**60**	**3**	**3,563**
of which: Liability Hedging Derivatives	**(15)**	**(1,601)**	**(48)**	**-**	**(1,664)**

Millions of Euros

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

Hedging Derivatives. Breakdown of the Fair Value by Markets and Transaction Type

Millions of Euros

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

The most significant cash flows forecasted for the coming years for cash flow hedging held on the balance sheet as of December 31, 2010 are shown below:

Cash Flows of Hedging Instruments	Millions of Euros 3 Months or Less	From 3 Months to 1 Year	From 1 to 5 Years	More than 5 Years	Total
Receivable cash inflows	103	292	1,080	2,276	3,751
Payable cash outflows	103	168	815	2,395	3,481

The cash flows indicated above will impact the consolidated income statements until 2049. 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 2010, 2009 and 2008 reached €34 million, €11 million and €12 million, respectively.

The amount for derivatives designated as accounting hedges that did not pass the effectiveness test in 2010 was not significant.

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

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

Non-Current Assets Held-for-Sale Breakdown by type of Asset	Millions of Euros 2010	2009	2008
Property, plants and equipment	252	397	151
Buildings for own use	188	313	79
Oparating leases	64	84	72
Foreclosures and recoveries	1,513	861	391
Foreclosures	1,427	795	364
Recoveries from financial leases	86	66	27
Accrued amortization (*)	(52)	(41)	(34)
Impairment losses	(184)	(167)	(64)
Total	**1,529**	**1,050**	**444**

(*) Until classified as non-current assets held for sale

As of December 31, 2010, 2009 and 2008, there were no liabilities associated with non-current assets held for sale.

As of December 31, 2010, 2009 and 2008, the changes in the heading "Non-current assets held for sale" of the accompanying consolidated balance sheets were as follow:

Non-Current Assets Held-for-Sale. Changes in the Period	Millions of Euros 2010	2009	2008
Balance at the beginning	1,217	506	306
Additions	1,513	919	515
Retirements	(1,017)	(780)	(374)
Acquisition of subsidiaries	-	-	-
Transfers	145	493	57
Exchange difference and other	(172)	79	2
Balance at the end (1)	1,686	1,217	506
Impairment -			
Balance at the beginning	167	62	66
Additions	221	134	38
Retirements	(44)	(7)	(22)
Transfers	38	77	25
Exchange difference and other	(225)	(99)	(45)
Balance at the end (2)	157	167	62
Total (1) - (2)	**1,529**	**1,050**	**444**

16.1. FROM TANGIBLE ASSETS FOR OWN USE

The most significant changes in the balance of the heading "Non-current assets held for sale – From tangible assets for own use", in 2010, 2009 and 2008, were a result of the following operations:

Sale of property with leaseback in 2010 and 2009.

In 2009, 1,150 properties (offices and other singular buildings) belonging to the Group in Spain were reclassified to this heading at an amount of €426 million, for which a sales plan had been established. As of December 31, 2008, these assets were recognized under the heading "Tangible assets - Property, plants and equipment - For own use" of the accompanying consolidated balance sheets (Note 19).

In 2010 and 2009, the Bank sold 164 and 971 properties, respectively, in Spain to investments not related to BBVA Group for a total sale price of €404 million and €1,263 million at market prices, respectively, without making funds available to the buyers to pay the price of these transactions.

At the same time the Bank signed long-term operating leases with these investors on the aforementioned properties for periods of 10, 15, 20, 25 or 30 years (according to the property) and renewable. Most have obligatory periods of 20 or 30 years. Most can be extended for a maximum of three additional 5-year periods, up to a total of 35 to 45 years. The total annual nominal income from the real estate in said operating lease arrangements amounted to €115 million. This income is updated annually based on the terms and conditions set forth in said arrangements.

In 2010 and 2009, a total of €113 and €31 million, respectively, were registered to the enclosed income statement for income from rents (Note 46.2) corresponding to said lease contracts.

The sale agreements also established call options for each of the properties at the termination of each of the lease agreements so that the Bank can repurchase these properties The repurchasing price of these call options will be the market value as determined by an independent expert. For this reason, these transactions have been considered as firm sales. Therefore, the Group made a gross profit of €273 and €914 million, recognized under the heading "Gains (losses) in non-current assets held for sale not classified as discontinued operations" in the accompanying consolidated income statements for 2010 and 2009 (see Note 52).

The current value of the future minimum payments the Bank will incur in the mandatory period, as of December 31, 2010, is €106 million in 1 year, €349 million between 2 and 5 years and €649 million in more than 5 years.

Sale of the Bancomer building in 2008

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

Jointly with the sale agreement, an operational leasing agreement was concluded for this property and its car park for a 3-year period extendable for 2 more years.

16.2. FROM FORECLOSURES OR RECOVERIES

As of December 31, 2010, the balance of the heading "Non-current assets held for sale - Foreclosures or recoveries" was made up of €1,114 million of assets for residential use, €209 million of assets for tertiary use (industrial, commercial or offices) and €10 million of assets for agricultural use.

In 2010, the additions of assets through foreclosures or recoveries amounted to €1,306 million. The derecognitions in 2010 through sales of such assets amounted to €700 million.

As of December 31, 2010, mean maturity of the assets through foreclosures or recoveries was less than 2 years.

In 2010, some of the sales operations of these assets were financed by some Group entities. The amount of the loans granted to the buyers of these assets was €193 million, with a mean percentage financed of 90.4% of the price of sale.

As of December 31, 2010, there were €32 million of gains from the financed sale of these assets yet to be recognized for transactions completed in 2010 as well as in previous years.

17. INVESTMENTS

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

	Millions of Euros		
Investments in Entities Accounted for Using the Equity Method	**2010**	**2009**	**2008**
Associate entities	4,247	2,614	894
Jointly controlled entities	300	308	573
Total	**4,547**	**2,922**	**1,467**

17.1. ASSOCIATES

The following table shows the carrying amount of the most significant of the Group’s investments in associates in the accompanying consolidated balance sheets:

	Millions of Euros		
Associates Entities	**2010**	**2009**	**2008**
Grupo CITIC	4,022	2,296	541
Occidental Hoteles Management, S.L. (*)	-	84	128
Tubos Reunidos, S.A. (**)	51	52	54
BBVA Elcano Empresarial II, S.C.R.R.S., S.A.	37	49	39
BBVA Elcano Empresarial, S.C.R.R.S., S.A.	37	49	39
Rest of associate	100	84	93
Total	**4,247**	**2,614**	**894**

(*) Since November 2010 the company had been accounted for as a jointly controlled entitie.

(**) Company that quoted in Madrid's stock exchange market.

The investment in the CITIC Group includes the investment in Citic International Financial Holdings Limited ("CIFH") and China National Citic Bank ("CNCB").

Appendix IV shows details of associates as of December 31, 2010.

The details of the balance and gross changes as of December 31, 2010, 2009 and 2008 under this heading in the accompanying consolidated balance sheets are as follows:

Associates Entities. Changes in the year Breakdown of Goodwill	Millions of Euros 2010	2009	2008
Balance at the beginning	**2,614**	**894**	**846**
Acquisitions and capital increases (*)	1,210	53	655
Disposals	(9)	(2)	(782)
Transfers and others (**)	432	1,669	175
Balance at the end	**4,247**	**2,614**	**894**
Of which:			
Goodwill	1,574	844	217
CITIC Group	1,570	841	214
Rest	4	3	3

(*) The change of 2010 corresponds basically to the acquisition of 4.93% of CNCB formalized in April 2010

(**) Correspond mainly to the reclassification from the heading "Available-for-sale financial assets " of CNCB investmentand in 2009 and in 2010 due to the exchange rate development.

Agreement with the CITIC Group

The BBVA Group holds several agreements with the CITIC Group to develop a strategic alliance in the Chinese market. BBVA's investment in CNCB is considered strategic for the Group, as it is the platform for developing its business in continental China and is also key for the development of CITIC's international business. BBVA has the status of "sole strategic investor" in CNCB. In 2009, BBVA's share in CNCB was reclassified from "Available for sale financial assets" of the accompanying consolidated balance sheets (Note 12) to the heading "Investments in entities accounted for using the equity method - Associates" since the Group gained significant influence in the holding.

Furthermore, on April 1, 2010, after obtaining the corresponding authorizations, the purchase of an additional 4.93% of CNCB's capital was finalized for €1,197 million.

As of December 31, 2010, BBVA had a 29.68% holding in CIFH and 15% in CNCB.

17.2. JOINTLY CONTROLLED ENTITIES

This heading of the accompanying consolidated balance sheets encompasses the jointly controlled entities that the Group has considered should be accounted for using the equity method (see Note 2.1) because this better reflects the economic reality of such holdings.

The following table shows the balances of the most significant of the Group's investments in the primary jointly controlled entities in the accompanying consolidated balance sheets:

Jointly Controlled Entities	Millons of Euros 2010	2009	2008
Corporación IBV Participaciones Empresariales S.A.	71	157	385
Occidental Hoteles Management, S.L. (*)	88	-	-
Fideicomiso F/403853-5 BBVA Bancomer SºS ZIBAT	22	20	20
I+D Mexico, S.A.	22	15	14
Fideicomiso Hares BBVA Bancomer F/47997-2 (**)	-	15	12
Fideicomiso F/70413 Mirasierra	14	12	-
Fideicomiso F/402770-2 Alamar	11	10	-
Fideicomiso F/403112-6 Dos lagos	11	9	-
Las Pedrazas Golf, S.L.	10	9	16
Altitude Software SGPS, S.A.	10	-	-
Rest	41	61	111
Total	**300**	**308**	**558**
Of which			
Goodwill	9	5	8

(*) Since November 2010 the company had been accounted for as a jointly controlled entitie.

(**) Since august 2010 the company had been accounter for as a subsidiary.

If the jointly controlled entities accounted for using equity method had been accounted for by the proportionate method, the effect on the Group's main consolidated figures as of December 31, 2010, 2009 and 2008 would have been as follows:

Jointly Controlled Entities. Effect on the Group's main figures	Millions of Euros 2010	2009	2008
Assets	1,062	863	910
Liabilities	313	469	139
Net operating income	15	(12)	17

Details of the jointly controlled entities consolidated using the equity method as of December 31, 2010 are shown in Appendix IV.

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

The following table provides relevant information of the balance sheet and income statement of associates and jointly controlled entities accounted for using the equity method as of December 31, 2010, 2009 and 2008, respectively (see Appendix IV).

Associates and Jointly Controlles Entities	Millions of Euros 2010 (*)		2009 (*)		2008 (*)	
Financial Main figures	Associates	Jointly Controlled Entities	Associates	Jointly Controlled Entities	Associates	Jointly Controlled Entities
Current Assets	19,979	279	10,611	347	745	559
Non-current Assets	17,911	780	8,463	514	4,162	349
Current Liabilities	32,314	179	10,356	108	230	136
Non-current Liabilities	5,576	879	8,719	754	4,677	772
Net sales	855	168	605	84	210	102
Operating Income	450	15	244	(12)	99	17
Net Income	339	1	166	(14)	93	286

(*) Non audited information

17.4. NOTIFICATIONS ABOUT ACQUISITION OF HOLDINGS

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

17.5 IMPAIRMENT

No impairment losses on the goodwill of jointly-controlled entities were recognized in 2010. For the year ended December 31, 2009, €3 million of impairment losses on goodwill in jointly controlled entities were recognized, of which most were related to Econta Gestión Integral, S.L. For the year ended December 31, 2008, no impairment on goodwill in associates and jointly controlled entities was recognized.

18. REINSURANCE ASSETS

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

The amounts recognized in the accompanying consolidated balance sheets corresponding to the share of the reinsurer in the technical provisions are set forth below:

	Millions of Euros		
Reinsurance Asset	**2010**	**2009**	**2008**
Reinsurance assets	28	29	29

19. TANGIBLE ASSETS

As of December 31, 2010, 2009 and 2008, the details of the balance of this heading in the accompanying consolidated balance sheets, broken down by the nature of the related items, were as follows:

	Millions of Euros						
	For Own Use						
2010	**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**
Cost -							
Balance at the beginning	**2,734**	**435**	**5,599**	**8,768**	**1,803**	**989**	**11,560**
Additions	194	179	357	730	66	245	1,041
Retirements	(49)	(45)	(156)	(250)	(8)	(2)	(260)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	387	(335)	(81)	(29)	32	(221)	(218)
Exchange difference and other	140	(19)	(264)	(143)	(52)	4	(191)
Balance at the end	**3,406**	**215**	**5,455**	**9,076**	**1,841**	**1,015**	**11,932**
Accrued depreciation -							
Balance at the beginning	**750**	**-**	**3,818**	**4,568**	**53**	**265**	**4,886**
Additions	86	-	362	448	15	7	470
Retirements	(6)	-	(142)	(148)	(1)	(1)	(150)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	27	-	(47)	(20)	(1)	(110)	(131)
Exchange difference and other	32	-	(244)	(212)	-	111	(101)
Balance at the end	**889**	**-**	**3,747**	**4,636**	**66**	**272**	**4,974**
Impairment -							
Balance at the beginning	**15**	**-**	**4**	**19**	**116**	**32**	**167**
Additions	8	-	1	9	83	-	92
Retirements	(2)	-	(5)	(7)	-	(14)	(21)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Exchange difference and other	10	-	-	10	7	1	18
Balance at the end	**31**	**-**	**-**	**31**	**206**	**19**	**256**
Net tangible assets -							
Balance at the beginning	**1,969**	**435**	**1,777**	**4,181**	**1,634**	**692**	**6,507**
Balance at the end	**2,486**	**215**	**1,708**	**4,409**	**1,569**	**724**	**6,702**

	Millions of Euros						
	For Own Use						
2009	**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**
Cost -							
Balance at the beginning	**3,030**	**422**	**4,866**	**8,318**	**1,786**	**996**	**11,100**
Additions	120	102	437	659	74	210	943
Retirements	(22)	(73)	(661)	(756)	(35)	(2)	(793)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	(747)	(16)	(23)	(786)	(11)	(212)	(1,009)
Exchange difference and other	353	-	980	1,333	(11)	(3)	1,319
Balance at the end	**2,734**	**435**	**5,599**	**8,768**	**1,803**	**989**	**11,560**
Accrued depreciation -							
Balance at the beginning	**729**	**-**	**3,128**	**3,857**	**45**	**259**	**4,161**
Additions	66	-	349	415	11	8	434
Retirements	(15)	-	(511)	(526)	-	(1)	(527)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	(253)	-	(15)	(268)	(2)	(103)	(373)
Exchange difference and other	223	-	867	1,090	(1)	102	1,191
Balance at the end	**750**	**-**	**3,818**	**4,568**	**53**	**265**	**4,886**
Impairment -							
Balance at the beginning	**16**	**-**	**3**	**19**	**8**	**5**	**32**
Additions	7	-	17	24	93	38	155
Retirements	(2)	-	(17)	(19)	(1)	-	(20)
Acquisition of subsidiaries in the year	-	-	-	-	-	- -	
Exchange difference and other	(6)	-	1	(5)	16	(11)	-
Balance at the end	**15**	**-**	**4**	**19**	**116**	**32**	**167**
Net tangible assets -							
Balance at the beginning	**2,285**	**422**	**1,735**	**4,442**	**1,734**	**732**	**6,908**
Balance at the end	**1,969**	**435**	**1,777**	**4,181**	**1,634**	**692**	**6,507**

	Millions of Euros						
	For Own Use						
2008	**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**
Cost -							
Balance at the beginning	**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 the end	**3,030**	**422**	**4,866**	**8,318**	**1,786**	**996**	**11,100**
Accrued depreciation -							
Balance at the beginning	**725**	**-**	**3,402**	**4,127**	**14**	**245**	**4,386**
Additions	77	-	356	433	1	8	442
Retirements	(30)	-	(490)	(520)	(3)	(4)	(527)
Acquisition of subsidiaries in the year	-	-	4	4	33	-	37
Disposal of entities in the year	(3)	-	(4)	(7)	-	-	(7)
Transfers	(11)	-	(4)	(15)	-	-	(15)
Exchange difference and other	(29)	-	(136)	(165)	-	10	(155)
Balance at the end	**729**	**-**	**3,128**	**3,857**	**45**	**259**	**4,161**
Impairment -							
Balance at the beginning	**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 the end	**16**	**-**	**3**	**19**	**8**	**5**	**32**
Net tangible assets -							
Balance at the beginning	**2,669**	**151**	**1,617**	**4,437**	**82**	**719**	**5,238**
Balance at the end	**2,285**	**422**	**1,735**	**4,442**	**1,734**	**732**	**6,908**

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

2009

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

2008

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

- In March 2008, BBVA Bancomer bought two properties in Mexico City, one of them located on Paseo de la Reforma and the other on Parques Polanco, in which it will set up the new BBVA Bancomer Group corporate headquarters..

As of December 31, 2010 the carrying amount of fully amortized financial assets that continue in use was €480 million.

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

	Number of branches		
Bank Branches by Geographical Location	**2010**	**2009**	**2008**
Spain	3,024	3,055	3,375
Americas	4,193	4,267	4,267
Rest of the world	144	144	145
Total	**7,361**	**7,466**	**7,787**

As of December 31, 2010, 2009 and 2008, the percentage of branches leased from third parties in Spain was 83%, 77% and 47.3%, respectively, and 57%, 55% and 61% in Latin America, respectively. The increase in the number of branches leased in Spain is mainly due to the sale and leaseback operations carried out in 2010 and 2009 described above (see Note 16).

The following table shows the detail of the net carrying amount of the tangible assets corresponding to Spanish or foreign entities as of December 31, 2010, 2009 and 2008:

	Millions of Euros		
Tangible Assets by Spanish and Foreign Subsidiaries Net Assets Values	**2010**	**2009**	**2008**
Foreign subsidiaries	2,741	2,473	2,276
BBVA and Spanish subsidiaries	3,960	4,034	4,632
Total	**6,701**	**6,507**	**6,908**

The amount of tangible assets under financial lease schemes on which it is expected to exercise the purchase option was insignificant as of December 31, 2010, 2009 and 2008.

20. INTANGIBLE ASSETS

20.1. GOODWILL

As of December 31, 2010, 2009 and 2008, the details of the balance of this heading in the accompanying consolidated balance sheets, broken down by the cash-generating units ("CGU") that originated them, were as follows:

Goodwill. Breakdown by CGU and Changes of the Period

	Millions of Euros					
2010	**Balance at the Beginning**	**Additions**	**Exchange Difference**	**Impairment**	**Rest**	**Balance at the End**
The United States	5,357	-	418	-	(2)	**5,773**
Mexico	593	-	85	-	-	**678**
Colombia	205	-	31	-	-	**236**
Chile	65	-	11	-	-	**76**
Chile Pensions	108	-	18	-	-	**126**
Spain and Portugal	68	-	-	(13)	-	**55**
Global markets (*)	-	1	1	-	3	**5**
Total	**6,396**	**1**	**564**	**(13)**	**1**	**6,949**

(*) Since February 2010, Group PYPSA (CGU Global Markets), accounted for using the proportionate method (previously accounted for using the equity method)

Goodwill. Breakdown by CGU and Changes of the Period

	Millions of Euros					
2009	**Balance at the Beginning**	**Additions**	**Exchange Difference**	**Impairment**	**Rest**	**Balance at the End**
The United States	6,676	-	(226)	(1,097)	4	**5,357**
Mexico	588	-	9	-	(4)	**593**
Colombia	193	-	12	-	-	**205**
Chile	54	-	11	-	-	**65**
Chile Pensions	89	-	19	-	-	**108**
Spain and Portugal	59	-	-	-	9	**68**
Total	**7,659**	**-**	**(175)**	**(1,097)**	**9**	**6,396**

Goodwill. Breakdown by CGU and Changes of the Period

	Millions of Euros					
2008	**Balance at the Beginning**	**Additions**	**Exchange Difference**	**Impairment**	**Rest**	**Balance at the End**
The United States	6,296	-	368	-	12	**6,676**
Mexico	702	-	(114)	-	-	**588**
Colombia	204	-	(11)	-	-	**193**
Chile	64	-	(10)	-	-	**54**
Chile Pensions	108	-	(19)	-	-	**89**
Spain and Portugal	62	-	-	-	(3)	**59**
Total	**7,436**	**-**	**214**	**-**	**9**	**7,659**

As described in Note 2.2.8, the cash-generating units to which goodwill has been allocated are tested for impairment by including the allocated goodwill in their carrying amount. This analysis is performed at least annually and always if there is any indication of impairment.

As of December 31, 2010, 2009 and 2008, the Group performed the goodwill impairment tests. The results from each of these tests on the dates mentioned were as follows:

- As of December 31, 2010, there were no impairment losses on the goodwill recognized in the Group's cash-generating units, except for the insignificant impairment on the goodwill for the cash-generating unit in Spain and Portugal for the impairment on the investments in Rentrucks, Alquiler y Servicios de Transportes, S.A. and in BBVA Finanzia SpA (for €9 million and €4 million, respectively).

  The most significant goodwill corresponds to the CGU in the United States. The recoverable amount of this CGU is equal to its value in use. This is calculated as the discounted value of the cash flow projections that Management estimates based on the latest budgets available for the next five years. As of December 31, 20010, the Group used a sustainable growth rate of 4.2% (4.3% as of December 31, 2009) to extrapolate the cash flows in perpetuity which was based on the US real GDP growth rate. The discount rate used to discount the cash flows is the cost of capital assigned to the CGU, and stood at 11.4% as of December 31, 2010 (11.2% as of December 31, 2009), which consists of the free risk rate plus a risk premium.

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

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

- As of December 31, 2008, there were no impairment losses on the goodwill recognized in the Group’s cash-generating units.

20.2. OTHER INTANGIBLE ASSETS

The details of the balance under this heading in the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008 are as follows:

	Millions of Euros		
Other Intangible Assets. Breakdown by type of Assets	**2010**	**2009**	**2008**
Computer software acquisition expenses	749	464	259
Other deferred charges	28	29	113
Other intangible assets	282	360	409
Impairment	(1)	(1)	(1)
Total	**1,058**	**852**	**780**

The changes for the year ended, December 31, 2010, 2009 and 2008 under this heading in the accompanying consolidated balance sheets are as follows:

		Millions of Euros		
Other Intangible Assets. Changes Over the Period	**Notes**	**2010**	**2009**	**2008**
Balance at the beginning		**852**	**780**	**808**
Additions		458	362	242
Amortization in the year	47	(291)	(262)	(256)
Exchange differences and other		39	(28)	(13)
Impairment	50	-	-	(1)
Balance at the end		**1,058**	**852**	**780**

As of December 31, 2010, the totally amortized intangible assets still in use amounted to €294 million.

21. TAX ASSETS AND LIABILITIES

21.1. CONSOLIDATED TAX GROUP

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

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

21.2 YEARS OPEN FOR REVIEW BY THE TAX AUTHORITIES

The years open to review in the Consolidated Tax Group as of December 31, 2010 are 2004 and following for the main taxes applicable.

The rest of the Spanish consolidated entities in general have the last four years open for inspection by the tax authorities for the main taxes applicable, except for those in which there has been an interruption of the limitation period due to the start of an inspection.

In 2009, as a result of action by the tax authorities, tax inspections proceedings were instituted for the years since (and including) 2003, some of which were contested. After considering the temporary nature of certain of the items assessed, provisions were set aside for the amounts, if any, that might arise from these assessments.

Over the year ended December 31, 2009, notice was also given of the start of inspections for the years 2004 to 2006 for the main taxes to which the tax group is subject. These inspections had not been completed as of December 31, 2010.

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

21.3 Reconciliation

The reconciliation of the corporate tax expense resulting from the application of the standard tax rate and the expense registered by this tax in the accompanying consolidated income statements is as follows:

Reconciliation of the Corporate Tax Expense Resulting from the Application of the Standard Rate and the Expense Registered by this Tax	Millions of Euros 2010	2009	2008
Corporation tax (*)	1,927	1,721	2,078
Decreases due to permanent differences:	(559)	(633)	(690)
Tax credits and tax relief at consolidated Companies	(180)	(223)	(441)
Other items net	(379)	(410)	(249)
Net increases (decreases) due to temporary differences	(19)	96	580
Charge for income tax and other taxes	**1,349**	**1,184**	**1,968**
Deferred tax assets and liabilities recorded (utilized)	**19**	(96)	(580)
Income tax and other taxes accrued in the period	**1,368**	**1,088**	**1,388**
Adjustments to prior years' income tax and other taxes	59	53	153
Income tax and other taxes	**1,427**	**1,141**	**1,541**

(*) 30% Tax Rate.

The effective tax rate for 2010, 2009 and 2008 is as follows:

Effective Tax Rate	Millions of Euros 2010	2009	2008
Income from:			
Consolidated Tax Group	2,398	4,066	2,492
Other Spanish Entities	(70)	(77)	40
Foreign Entities	4,094	1,747	4,394
Total	**6,422**	**5,736**	**6,926**
Income tax and other taxes	1,427	1,141	1,541
Effective Tax Rate	**22.22%**	**19.89%**	**22.25%**

21.4 Tax recognized in total equity

In addition to the income tax recognized in the accompanying consolidated income statements, the group has recognized the following amounts for these items in the consolidated equity as of December 31, 2010, 2009 and 2008:

Tax Recognized in Total Equity	Millions of Euros 2010	2009	2008
Charges to total equity			
Debt securities	-	(276)	(19)
Equity instruments	(354)	(441)	(168)
Subtotal	(354)	(717)	(187)
Credits to total equity (*)			
Debt securities and others	192	1	2
Subtotal	192	1	2
Total	**(162)**	**(716)**	**(185)**

(*) Tax asset credit to total equity as of December 31, 2010, due primaly to debt instruments unrealized losses.

21.5 Deferred taxes

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

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

Tax Assets and Liabilities. Breakdown	Millions of Euros 2010	2009	2008
Tax assets-			
Current	1,113	1,187	1,266
Deferred	5,536	5,086	5,218
Pensions	1,392	1,483	1,659
Portfolio	1,546	987	1,205
Other assets	234	221	140
Impairment losses	1,648	1,632	1,453
Other	699	737	720
Tax losses	17	26	40
Total	**6,649**	**6,273**	**6,484**
Tax Liabilities-			
Current	604	539	984
Deferred	1,591	1,669	1,282
Portfolio	1,280	1,265	977
Charge for income tax and other taxes	311	404	305
Total	**2,195**	**2,208**	**2,266**

As of December 31, 2010, the estimated balance of temporary differences in connection with investments in subsidiaries, branches and associates and investments in jointly controlled entities was €503 million. No deferred tax liabilities have been recognized with respect to this in the accompanying consolidated balance sheet.

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

22. OTHER ASSETS AND LIABILITIES

The breakdown of the balance of these headings in the accompanying consolidated balance sheets was as follows:

Other Assets and Liabilities	Millions of Euros 2010	2009	2008
ASSETS-			
Inventories	2,788	1,933	1,066
Of which:			
Real estate agencies	2,729	1,930	1,064
Transactions in transit	26	55	33
Accrued interest	538	581	383
Unaccrued prepaid expenses	402	421	206
Other prepayments and accrued income	136	160	177
Other items	1,175	1,383	1,296
Total	**4,527**	**3,952**	**2,778**
LIABILITIES-			
Transactions in transit	58	49	53
Accrued interest	2,162	2,079	1,918
Unpaid accrued expenses	1,516	1,412	1,321
Other accrued expenses and deferred income	646	667	597
Other items	847	780	586
Total	**3,067**	**2,908**	**2,557**

The heading "Inventories" includes the net carrying amount of the purchases of land and property that the Group's property companies hold for sale or for their business. The amounts under this heading include real-estate assets bought by these companies from distressed customers (mainly in Spain), net of their corresponding impairment. In 2010, 2009 and 2008, the accumulated valuation adjustment due to impairment losses on these assets amounted to €1,088 million, €606 million and €85 million, respectively.

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

23. FINANCIAL LIABILITIES AT AMORTIZED COST

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

	Millions of Euros		
Financial Liabilities at Amortized Cost	**2010**	**2009**	**2008**
Deposits from central banks (Note 9)	11,010	21,166	16,844
Deposits from credit institutions	57,170	49,146	49,961
Customer deposits	275,789	254,183	255,236
Debt certificates	85,179	99,939	104,157
Subordinated liabilities	17,420	17,878	16,987
Other financial liabilities	6,596	5,624	7,420
Total	**453,164**	**447,936**	**450,605**

23.1. DEPOSITS FROM CENTRAL BANKS

The breakdown of the balance under this heading in the accompanying consolidated balance sheets is presented in Note 9.

23.2. DEPOSITS FROM CREDIT INSTITUTIONS

The breakdown of the balance of this heading in the consolidated balance sheets, according to the nature of the financial instruments, is as follows:

	Millions of Euros		
Deposits from Credit Institutions	**2010**	**2009**	**2008**
Reciprocal accounts	140	68	90
Deposits with agreed maturity	38,265	30,608	35,785
Demand deposits	1,530	1,273	1,228
Other accounts	696	733	547
Repurchase agreements	16,314	16,263	11,923
Subtotal	56,945	48,945	49,573
Accrued interest until expiration	225	201	388
Total	**57,170**	**49,146**	**49,961**

The breakdown by geographical area and the nature of the related instruments of this heading in the accompanying consolidated balance sheets, disregarding valuation adjustments, was as follows:

	Millions of Euros			
2010	**Demand Deposits**	**Deposits with Agreed Maturity**	**Repos**	**Total**
Spain	961	7,566	340	8,867
Rest of Europe	151	16,160	6,315	22,626
The United States	147	6,027	665	6,839
Latin America	356	5,408	8,994	14,758
Rest of the world	56	3,799	-	3,855
Total	**1,671**	**38,960**	**16,314**	**56,945**

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

2008	Millions of Euros Demand Deposits	Deposits with Agreed Maturity	Repos	Total
Spain	676	4,413	1,131	6,220
Rest of Europe	82	17,542	2,669	20,293
The 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**

23.3. CUSTOMERS DEPOSITS

The breakdown of this heading of the accompanying consolidated balance sheets, by type of financial instruments, was as follows:

Customer Deposits	Millions of Euros 2010	2009	2008
Government and other government agencies	30,982	15,297	18,837
Spanish	17,404	4,291	6,320
Foreign	13,563	10,997	12,496
Accrued interests	15	9	21
Other resident sectors	116,217	93,190	98,630
Current accounts	18,705	20,243	20,725
Savings accounts	24,520	27,137	23,863
Fixed-term deposits	49,160	35,135	43,829
Repurchase agreements	23,197	10,186	9,339
Other accounts	46	31	62
Accrued interests	589	458	812
Non-resident sectors	128,590	145,696	137,769
Current accounts	39,567	33,697	28,160
Savings accounts	26,435	23,394	22,840
Fixed-term deposits	56,752	83,754	79,094
Repurchase agreements	5,370	4,415	6,890
Other accounts	122	103	104
Accrued interests	344	333	681
Total	**275,789**	**254,183**	**255,236**
Of which:			
In euros	151,806	114,066	121,895
In foreign currency	123,983	140,117	133,341
Of which:			
Deposits from other creditors without valuation adjustment	275,055	253,566	254,075
Accrued interests	734	617	1,161

The breakdown by geographical area of this heading in the accompanying consolidated balance sheets, by type of instrument and geographical area, disregarding valuation adjustments, was as follows:

2010	Demand Deposits	Deposits with Agreed Maturity	Repos	Total
	Millions of Euros			
Spain	961	7,566	340	8,867
Rest of Europe	151	16,160	6,315	22,626
The United States	147	6,027	665	6,839
Latin America	356	5,408	8,994	14,758
Rest of the world	56	3,799	-	3,855
Total	**1,671**	**38,960**	**16,314**	**56,945**

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

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

23.4. DEBT CERTIFICATES AND SUBORDINATED LIABILITIES

The breakdown of the headings “Debt certificates (including bonds)” and “Subordinated liabilities” in the accompanying consolidated balance sheets was as follows:

Debt Certificates and Subordinated Liabilities	2010	2009	2008
	Millions of Euros		
Debt Certificates	85,179	99,939	104,157
Promissory notes and bills	13,215	29,582	19,985
Accrued interest until expiration	71,964	70,357	84,172
Subordinated Liabilities	17,420	17,878	16,987
Total	**102,599**	**117,817**	**121,144**

The changes in 2010, 2009 and 2008 under the headings “Debt certificates (including bonds)” and “Subordinated liabilities” was as follows:

2010	Balance at the Beginning	Issuances	Repurchase or Redemption	Exchange Differences and Other	Balance at the End
	Millions of Euros				
Debt certificates issued in the European Union	107,069	129,697	(149,965)	3,768	90,569
With information brochure	107,035	129,697	(149,962)	3,768	90,538
Without information brochure	34	-	(3)	-	31
Other debt certificates issued outside the European Union	10,748	2,622	(2,097)	758	12,031
Total	**117,817**	**132,319**	**(152,062)**	**4,526**	**102,600**

2009	Balance at the Beginning	Issuances	Repurchase or Redemption	Exchange Differences and Other	Balance at the End
	Millions of Euros				
Debt certificates issued in the European Union	111,159	129,107	(126,713)	(6,484)	107,069
With information brochure	111,126	129,107	(126,713)	(6,485)	107,035
Without information brochure	33	-	-	1	34
Other debt certificates issued outside the European Union	9,986	4,894	(4,343)	211	10,748
Total	**121,145**	**134,001**	**(131,056)**	**(6,273)**	**117,817**

2008	Balance at the Beginning	Issuances	Repurchase or Redemption	Exchange Differences and Other	Balance at the End
	Millions of Euros				
Debt certificates issued in the European Union	109,173	107,848	(85,671)	(20,192)	111,158
With information brochure	109,140	107,848	(85,671)	(20,192)	111,125
Without information brochure	33	-	-	-	33
Other debt certificates issued outside the European Union	8,737	42,494	(40,844)	(401)	9,986
Total	**117,910**	**150,342**	**(126,515)**	**(20,593)**	**121,144**

The detail of the most significant outstanding issuances, repurchases or refunds of debt instruments issued by the Bank or companies in the Group as of December 31, 2010, 2009 and 2008 are shown on Appendix VIII.

23.4.1 PROMISSORY NOTES AND BILLS

The breakdown of the balance under this heading "Promissory notes and bills", by currency, is as follows:

Promissory notes and bills	2010	2009	2008
	Millions of Euros		
In euros	7,672	11,024	9,593
In other currencies	5,543	18,558	10,392
Total	**13,215**	**29,582**	**19,985**

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

23.4.2. BONDS AND DEBENTURES ISSUED

The breakdown of the balance under this heading "Bonds and debentures issued", by financial instrument and currency, is as follows:

Bonds and debentures issued	2010	2009	2008
	Millions of Euros		
In euros -			
Non-convertible bonds and debentures at floating interest rates	6,776	8,593	11,577
Non-convertible bonds and debentures at fixed interest rates	7,493	5,932	4,736
Covered bonds	37,170	34,708	38,481
Hybrid financial instruments	373	389	-
Securitization bonds realized by the Group	8,047	8,407	13,783
Accrued interest and others (*)	2,952	2,731	2,668
In foreign currency -			
Non-convertible bonds and debentures at floating interest rates	3,767	4,808	8,980
Non-convertible bonds and debentures at fixed interest rates	2,681	2,089	1,601
Covered bonds	772	731	1,005
Hybrid financial instruments	1,119	1,342	-
Other securities associated to financial activities	-	-	15
Securitization bonds realized by the Group	799	605	1,165
Accrued interest and others (*)	15	22	161
Total	**71,964**	**70,357**	**84,172**

(*) Hedging operations and issuance costs.

The following table shows the weighted average interest rates of fixed and floating rate bonds and debentures issued in euros and foreign currencies in 2010, 2009 and 2008:

Interests Rates of Promissory Notes and Bills Issued	2010		2009		2008	
	Euros	Foreign Currency	Euros	Foreign Currency	Euros	Foreign Currency
Fixed rate	3.75%	5.31%	3.86%	5.00%	3.86%	4.79%
Floating rate	1.30%	3.00%	0.90%	2.56%	4.41%	4.97%

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

23.4.3. Subordinated liabilities

The breakdown of the heading "Subordinated liabilities" of the accompanying consolidated balance sheets, by type of financial instruments, was as follows:

Subordinated Liabilities	Millions of Euros 2010	2009	2008
Subordinated debt	11,569	12,117	10,785
Preferred securities	5,202	5,188	5,464
Subtotal	16,771	17,305	16,249
Accrued interest until expiration	649	573	738
Total	**17,420**	**17,878**	**16,987**

23.4.3.1. Subordinated debt

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

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

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

23.4.3.2. Preferred securities:

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

Preferred Securities by Issuer	Millions of Euros 2010	2009	2008
BBVA International, Ltd. (1)	500	500	500
BBVA Capital Finance, S.A.U. (1)	2,975	2,975	2,975
Banco Provincial, S.A	37	67	70
BBVA International Preferred, S.A.U. (2)	1,671	1,628	1,901
Phoenix Loan Holdings, Inc.	19	18	18
Total	**5,202**	**5,188**	**5,464**

(1) Traded on the Spanish AIAF market,

(2) Traded on the London Stock Exchange and New York Stock Exchanges,

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

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

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

The breakdown of the issues of preferred securities in the accompanying consolidated balance sheets, disregarding valuation adjustments, by currency of issuance and interest rate of the issues, is disclosed in Appendix VIII.

23.5. OTHER FINANCIAL LIABILITIES

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

	Millions of Euros		
Other financial liabilities	**2010**	**2009**	**2008**
Creditors for other financial liabilities	2,295	1,776	3,191
Collection accounts	2,068	2,049	2,077
Creditors for other payment obligations	1,829	1,799	1,526
Dividend payable but pending payment	404	-	626
Total	**6,596**	**5,624**	**7,420**

As of December 31, 2010 and 2008, the “Dividend payable but pending payment” from the table above corresponds to the third interim dividend against the 2010 and 2008 results, paid in January of the following years, (see Note 4). As of December 31, 2009, said heading did not include the third interim dividend, as it was paid in December 2009.

24. LIABILITIES UNDER INSURANCE CONTRACTS

The breakdown of the balance of this item in the accompanying consolidated balance sheets was as follows:

	Millons of Euros		
Liabilities under Insurance Contracts Technical Reserve and Provisions	**2010**	**2009**	**2008**
Mathematical reserves	6,766	5,994	5,503
Provision for unpaid claims reported	759	712	640
Provisions for unexpired risks and other provisions	509	480	428
Total	**8,034**	**7,186**	**6,571**

25. PROVISIONS

The details of the balance of this heading in the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008 are as follows:

	Millions of Euros		
Provisions. Breakdown by concepts	**2010**	**2009**	**2008**
Provisions for pensions and similar obligations	5,980	6,246	6,359
Provisions for taxes and other legal contingencies	304	299	263
Provisions for contingent exposures and commitments	264	243	421
Other provisions	1,774	1,771	1,635
Total	**8,322**	**8,559**	**8,678**

The changes in 2010, 2009 and 2008 in the balances of this heading in the accompanying consolidated balance sheets are as follows:

		Millions of Euros		
Provisions for Pensions and Similar Obligations. Changes Over the Period	**Notes**	**2010**	**2009**	**2008**
Balance at the beginning		**6,246**	**6,359**	**5,967**
Add -				
Charge to income for the year		607	747	1,229
Interest expenses and similar charges	39.2	259	274	254
Personnel expenses	46.1	37	44	56
Provision expenses		311	429	919
Charges to reserves (*)	26.2	63	146	63
Transfers and other changes		16	111	65
Less -				
Payments		(815)	(980)	(828)
Amount used and other changes		(137)	(137)	(137)
Balance at the end		**5,980**	**6,246**	**6,359**

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

	Millions of Euros		
Provisions for Contingent Exposures and Commitments. Changes Over the Period	**2010**	**2009**	**2008**
Balance at beginning	243	421	546
Add -			
Charge to income for the year	62	110	97
Transfers and other changes	5	-	-
Less -			
Available funds	(40)	(280)	(216)
Amount used and other variations	(6)	(8)	(6)
Balance at the end	**264**	**243**	**421**

	Millions of Euros		
Provisions for Taxes, Legal Contingents and Other Provisions Changes Over the Period	**2010**	**2009**	**2008**
Balance at beginning	**2,070**	**1,898**	**1,829**
Add -			
Charge to income for the year	145	152	705
Acquisition of subsidiaries	-	-	-
Transfers and other changes	41	360	254
Less -			
Available funds	(90)	(103)	(245)
Amount used and other variations	(88)	(237)	(645)
Disposal of subsidiaries	-	-	-
Balance at the end	**2,078**	**2,070**	**1,898**

26. PENSIONS AND OTHER COMMITMENTS

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

26.1. PENSION COMMITMENTS THROUGH DEFINED-CONTRIBUTION PLANS

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

The amounts registered under this item in the accompanying consolidated income statements for contributions to these plans in 2010, 2009 and 2008 were €84, €68 and €71 million, respectively (see Note 46.1).

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

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

The breakdown of the BBVA Group's aggregate amounts for pension commitments in defined-benefit plans and other post-employment commitments (such as early retirement and welfare benefits) registered under the heading "Provisions - Provisions for pensions and similar obligations" of the accompanying consolidated balance sheets for the last five years, are as follows.

	Millions of Euros				
Commitments and Plan Assets in Defined-Benefit Plans and Other Post-Employment Commitments	**2010**	**2009**	**2008**	**2007**	**2006**
Pension and post-employment benefits	8,082	7,996	7,987	7,816	8,173
Assets and insurance contracts coverage	2,102	1,750	1,628	1,883	1,816
Net assets	-	-	-	(34)	-
Net liabilities (*)	5,980	6,246	6,359	5,967	6,357

(*) Registered under the heading "Provisions - Provisions for pensions and similar obligations" of the accompanying consolidated balance sheets

The breakdown of the pension commitments in defined-benefit plans and other post-employment commitments as of December 31, 2010, 2009 and 2008, as well as the corresponding insurance contracts or coverage, distinguishing between employees in Spain and the rest of the BBVA, S.A. companies and branches abroad, is as follows.

	Millions of Euros								
	Commitments in Spain			Commitments Abroad			Total BBVA Group		
Pensions and Early-Retirement Commitments and Welfare Benefits: Spain and Abroad	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Post-employment benefits									
Pension commitments	2,857	2,946	3,060	1,122	998	904	3,979	3,944	3,964
Early retirements	3,106	3,309	3,437	-	-	-	3,106	3,309	3,437
Post-employment welfare benefits	220	222	221	777	521	365	997	743	586
Total post-employment benefits (1)	6,183	6,477	6,718	1,899	1,519	1,269	8,082	7,996	7,987
Insurance contracts coverage									
Pension commitments	430	455	436	-	-	-	430	455	436
Other plan assets									
Pension commitments	-	-	-	1,052	953	891	1,052	953	891
Post-employment welfare benefits	-	-	-	620	342	301	620	342	301
Total plan assets and insurance contracts coverage (2)	430	455	436	1,672	1,295	1,192	2,102	1,750	1,628
Total net commitments (1) - (2)	**5,753**	**6,022**	**6,282**	**227**	**224**	**77**	**5,980**	**6,246**	**6,359**
of which:									
Net assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net liabilities (*)	**5,753**	**6,022**	**6,282**	**227**	**224**	**77**	**5,980**	**6,246**	**6,359**

(*) Registered under the heading "Provisions - Provisions for pensions and similar obligations" of the accompanying consolidated balance sheets

Additionally, there are other commitments to employees, including long-service awards which are recognized under the heading "Other provisions" in the accompanying consolidated balance sheets (see

Note 25). These amounted to €39 million, €39 million and €36 million as of December 31, 2010, 2009 and 2008, respectively, of which €11 million, €13 million and €11 million correspond to Spanish companies and €28 million, €26 million and €25 million correspond to companies and branches abroad.

The balance of the heading "Provisions - Provisions for pensions and similar obligations" of the accompanying consolidated balance sheets as of December 31, 2010 included €209.3 million, for commitments for post-employment benefits maintained with previous members of the Board of Directors and the Bank's Management Committee. No charges for those concepts were recognized in the consolidate income statements in 2010.

The aggregated total of the changes in all the net commitments from companies in Spain and abroad in 2010, 2009 and 2008 were as follows:

	Millions of Euros								
	Commitments in Spain			Commitments Abroad			Total BBVA Group		
Net Commitments Spain and Abroad: Summary of Changes in the period	2010	2009	2008	2010	2009	2008	2010	2009	2008
Balance at the Beginning	**6,022**	**6,282**	**5,832**	**224**	**76**	**100**	**6,246**	**6,358**	**5,932**
Interest costs	244	259	244	131	105	116	375	364	360
Expected return on plan assets	-	-	-	(116)	(90)	(106)	(116)	(90)	(106)
Current service cost	6	20	16	37	26	43	43	46	59
Cost for early retirements	296	430	1,004	9	-	-	305	430	1,004
Past service cost or changes in the plan	-	36	8	9	7	1	9	43	9
Benefits paid made in the period	(815)	(980)	(828)	-	-	-	(815)	(980)	(828)
Acquisitions and divestitures	-	-	-	-	-	-	-	-	-
Effect of curtailments and settlements	-	-	-	-	6	(88)	-	6	(88)
Contributions in the period	-	-	-	(137)	(55)	(50)	(137)	(55)	(50)
Actuarial gains and losses	(4)	3	4	72	146	59	68	149	63
Exchage differences	-	-	-	26	2	1	26	2	1
Other changes	4	(28)	2	(29)	1	-	(25)	(27)	2
Balance at the End	**5,753**	**6,022**	**6,282**	**227**	**224**	**76**	**5,980**	**6,246**	**6,358**

The net charges registered in the accompanying consolidated income statement and under the heading "Reserves" of the accompanying consolidated balance sheets (see Note 2.2.11) of the BBVA Group for the commitments in post-employment benefits in entities in Spain and abroad, are as follows:

		Millions of Euros		
Total Post-employments Benefits BBVA Group: Income Statements and Equity Effects.	Notes	2010	2009	2008
Interest and similar expenses	**39.1**	**259**	**274**	**254**
Interest costs		375	364	360
Expected return on plan assets		(116)	(90)	(106)
Personnel expenses		**127**	**132**	**143**
Defined-contribution plan expense	46.1	84	68	71
Defined-benefit plan expense	46.1	37	44	56
Other personnel expenses - Welfare benefits		6	20	16
Provision - Pension funds and similar obligations	48	**405**	**552**	**985**
Pension funds	25	9	(5)	(83)
Early retirements	25	301	431	1,003
Other provisions		95	126	65
Total Effects in Income Statements: Debit (Credit)		**791**	**958**	**1,382**
Total Effects in Equity: Debit (Credit) to Reserves (*)		**64**	**149**	**62**

(*) Correspond to actuarial losses (gains) arising from pension commitments and welfare benefits recognized in "Reserves". For Early reitirements are recognized in the Income Statements (see Note 2.2.3.).

26.2.1 Commitments in Spain

The most significant actuarial assumptions used as of December 31, 2010, 2009 and 2008, to quantify these commitments are as follows:

Actuarial Assumptions Commitments with employees in Spain	2010	2009	2008
Mortality tables	PERM/F 2000P.	PERM/F 2000P.	PERM/F 2000P.
Discount rate (cumulative annual)	4.5% / AA Corporate Bond Yield Curve	4.5% / AA Corporate Bond Yield Curve	4.5% / AA Corporate Bond Yield Curve
Consumer price index (cumulative annual)	2%	2%	2%
Salary growth rate (cumulative annual)	At least 3% (depending on employee)	At least 3% (depending on employee)	At least 3% (depending on employee)
Retirement age	First date at which the employees are entitled to retire or contractually agreed at the individual level in the case of early retirements		

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

- **Pension commitments in Spain**

The breakdown of pension commitments in defined-benefit plans as of December 31, 2010, 2009 and 2008 is as follows:

	Millions of Euros		
Pension Commitments Spain	**2010**	**2009**	**2008**
Pension commitments to retired employees	2,765	2,847	2,852
Vested contingencies in respect of current employees	92	99	208
Total (*)	**2,857**	**2,946**	**3,060**

(*) Recognized under the heading "Provisions-Provisions for pension and similar obligations" in the accompanyng consolidated balance sheets

Insurance contracts have been contracted with insurance companies not related to the group to cover some pension commitments in Spain. These commitments are covered by assets and therefore are presented in the accompanying consolidated balance sheets for the net amount of the commitment less plan assets. As of December 31, 2010, 2009 and 2008, the plan assets related to the aforementioned insurance contracts (shown under the heading “Insurance contract cover”) equaled the amount of the commitments covered, therefore its net value was zero in the accompanying consolidated balance sheets.

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

- **Early retirements in Spain**

In 2010 the Group offered certain employees the possibility of taking early retirement before the age stipulated in the collective labor agreement in force. This offer was accepted by 683 employees (857 and 2.044 in 2009 and 2008, respectively).

The early retirements commitments in Spain as of December 31, 2010, 2009 and 2008 are recognized under the heading “Provisions – Provisions for pensions and similar obligations” (see Note 25) in the accompanying consolidated balance sheets amounted to €3,106 million, €3,309 million and €3,437 million, respectively.

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

- **Other long-term commitments with employees in Spain**

The long-term commitments with employees include post-employment welfare benefits and other commitments with employees.

- ***Post-employment welfare benefits in Spain***

The details of these commitments as of December 31, 2010, 2009 and 2008 are as follows:

	Millions of Euros		
Post-Employment Welfare Benefits Commitments in Spain	**2010**	**2009**	**2008**
Post-employment welfare benefit commitments to retired employees	180	183	181
Vested post-employment welfare benefit contingencies in respect of current employees	40	39	40
Total Commitments (*)	**220**	**222**	**221**

(*) Recognized under the heading "Provisions-Provisions for pension and similar obligations" in the accompanyng consolidated balance sheets

- ***Other commitments with employees - Long-service awards***

In addition to the post-employment welfare benefits mentioned above, the Group maintained certain commitments in Spain with some employees, called "Long-service awards". These commitments were for payment of a certain amount in cash and for the allotment of Banco Bilbao Vizcaya Argentaria S.A. shares, when these employees complete a given number of years of effective service. The Group has offered these employees the option to redeem the accrued value of such share benefits prior to the established date of seniority. The value of the long-service awards as of December 31, 2010 for employees who did not choose early settlement is recognized under the heading "Provisions – Other provisions" (Note 25) of the accompanying consolidated balance sheets as of December 31, 2010, 2009 and 2008 with the amount of €11 million, €13 million and €12 million, respectively.

Breakdown of changes in commitments with employees in Spain

The changes in the net commitments with employees in Spain in 2010, 2009 and 2008 were as follows:

	Millions of Euros			
Net Commitments in Spain : Changes in the year 2010	**Pensions**	**Early Retirements**	**Welfare Benefits**	**Total Spain**
Balance at the Beginning	**2,491**	**3,309**	**222**	**6,022**
Interest costs	107	127	10	244
Expected return on plan assets	-	-	-	-
Current service cost	4	-	2	6
Cost for early retirements	-	296	-	296
Past service cost or changes in the plan	-	-	-	-
Benefits paid in the period	(170)	(627)	(18)	(815)
Acquisitions and divestitures	-	-	-	-
Effect of curtailments and settlements	-	-	-	-
Contributions in the period	-	-	-	-
Actuarial gains and losses	(9)	6	(1)	(4)
Exchage differences	-	-	-	-
Other changes	4	(5)	5	4
Balance at the End	**2,427**	**3,106**	**220**	**5,753**

	Millions of Euros			
Net Commitments in Spain : Changes in the year 2009	**Pensions**	**Early Retirements**	**Welfare Benefits**	**Total Spain**
Balance at the Beginning	**2,624**	**3,437**	**221**	**6,282**
Interest costs	114	135	10	259
Expected return on plan assets	-	-	-	-
Current service cost	18	-	2	20
Cost for early retirements	-	430	-	430
Past service cost or changes in the plan	31	-	5	36
Benefits paid in the period	(249)	(712)	(19)	(980)
Effect of curtailments and settlements	-	-	-	-
Contributions in the period	-	-	-	-
Actuarial gains and losses	2	4	(3)	3
Other changes	(49)	15	6	(28)
Balance at the End	**2,491**	**3,309**	**222**	**6,022**

	Millions of Euros			
Net Commitments in Spain : Changes in the year 2008	**Pensions**	**Early Retirements**	**Welfare Benefits**	**Total Spain**
Balance at the Beginning	**2,648**	**2,950**	**234**	**5,832**
Interest costs	116	117	11	244
Expected return on plan assets	-	-	-	-
Current service cost	14	-	2	16
Cost for early retirements	-	1,004	-	1,004
Past service cost or changes in the plan	8	-	-	8
Benefits paid in the period	(167)	(618)	(43)	(828)
Acquisitions and divestitures	-	-	-	-
Effect of curtailments and settlements	-	-	-	-
Contributions in the period	-	-	-	-
Actuarial gains and losses	5	(2)	1	4
Exchage differences	-	-	-	-
Other changes	-	(14)	16	2
Balance at the End	**2,624**	**3,437**	**221**	**6,282**

The net charges registered in the accompanying consolidated income statement and under the heading "Reserves" of the accompanying consolidated balance sheets (see Note 2.2.12) of the BBVA Group for commitments to post-employment benefits in Spain are as follows:

	Millions of Euros		
Post-employments Benefits in Spain Income Statements and Equity Effects	**2010**	**2009**	**2008**
Interest and similar expenses	244	259	244
Personnel expenses	6	20	16
Provision (net) - Early retirements	301	431	1,003
Total Effects in Income Statements: Debit (Credit)	**551**	**710**	**1,263**
Total Effects in Equity: Debit (Credit) to Reserves (*)	**(9)**	**2**	**5**

26.2.2. Commitments abroad:

The main post-employment commitments through defined-contribution plans with employees abroad correspond to those in Mexico, Portugal and the United States, which jointly represent 95% of the total commitments with employees abroad as of December 31, 2010, and 22% of the total commitments with employees in the Group as a whole as of December 31, 2010 (94% and 18%, respectively, as of December 31, 2009 and 94% and 15%, respectively, as of December 31, 2008).

As of December 31, 2010, the breakdown by country of the various commitments with employees of the BBVA Group abroad was as follows:

	Millions of Euros								
	Commitments			**Plan Assets**			**Net Commitments**		
Post-Employment Commitments Abroad	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Pension Commitments									
Mexico	508	398	387	519	424	436	(11)	(26)	(49)
Portugal	288	321	283	290	320	283	(2)	1	-
The United States	236	195	168	191	163	135	45	32	33
Rest of countries	90	84	66	52	46	37	38	38	29
Subtotal	1,122	998	904	1,052	953	891	70	45	13
Post-Employment Welfare Benefits									
Mexico	766	511	360	620	342	301	146	169	59
Portugal	-	-	-	-	-	-	-	-	-
The United States	-	-	-	-	-	-	-	-	-
Rest of countries	11	10	4	-	-	-	11	10	4
Subtotal	777	521	364	620	342	301	157	179	63
Total	**1,899**	**1,519**	**1,268**	**1,672**	**1,295**	**1,192**	**227**	**224**	**76**

The changes in the net post-employment commitments with employees abroad in 2010 were as follows:

	Millions of Euros				
Net Commitments Abroad: Changes in the year 2010	**Mexico**	**Portugal**	**United States**	**Rest of Countries**	**Total Abroad**
Balance at the Beginning	**143**	**1**	**32**	**48**	**224**
Interest cost	94	17	12	8	131
Expected return on plan assets	(87)	(13)	(13)	(3)	(116)
Current service cost	26	5	5	2	37
Cost for early retirements	-	9	-	-	9
Past service cost or changes in the plan	8	-	-	1	9
Benefits paid in the period	-	-	-	-	(0)
Acquisitions and divestitures	-	-	-	-	-
Effect of curtailments and settlements	-	-	-	-	-
Contributions in the period	(114)	(17)	(2)	(3)	(137)
Actuarial gains and losses	45	19	9	(1)	72
Exchage differences	20	-	2	4	26
Other changes	(1)	(22)	1	(7)	(29)
Balance at the End	**135**	**(2)**	**45**	**49**	**227**

	Millions of Euros				
Net Commitments Abroad: Changes in the year 2009	**Mexico**	**Portugal**	**United States**	**Rest of Countries**	**Total Abroad**
Balance at the Beginning	**10**	**-**	**33**	**33**	**76**
Interest cost	72	16	11	6	105
Expected return on plan assets	(65)	(13)	(10)	(2)	(90)
Current service cost	15	4	4	3	26
Cost for early retirements	-	-	-	-	-
Past service cost or changes in the plan	1	-	-	6	7
Benefits paid in the period	-	-	-	-	-
Acquisitions and divestitures	-	-	-	-	-
Effect of curtailments and settlements	(5)	10	-	1	6
Contributions in the period	(12)	(29)	(12)	(2)	(55)
Actuarial gains and losses	127	13	7	(1)	146
Exchage differences	-	-	(1)	3	2
Other changes	-	-	-	1	1
Balance at the End	**143**	**1**	**32**	**48**	**224**

	Millions of Euros				
Net Commitments Abroad: Changes in the year 2008	**Mexico**	**Portugal**	**United States**	**Rest of Countries**	**Total Abroad**
Balance at the Beginning	**74**	**3**	**(6)**	**29**	**100**
Interest cost	84	15	9	8	116
Expected return on plan assets	(78)	(13)	(12)	(3)	(106)
Current service cost	29	4	5	5	43
Cost for early retirements	-	-	-	-	-
Past service cost or changes in the plan	-	-	1	-	1
Benefits paid in the period	-	-	-	-	-
Acquisitions and divestitures	-	-	-	-	-
Effect of curtailments and settlements	(83)	-	(2)	(3)	(88)
Contributions in the period	(31)	(10)	(3)	(6)	(50)
Actuarial gains and losses	15	1	41	2	59
Exchage differences	-	-	-	1	1
Other changes	-	-	-	-	-
Balance at the End	**10**	**-**	**33**	**33**	**76**

In the tables above, "Benefits paid in the period" are presented net, as the difference between the commitments and plan assets for the same amount. These payments corresponding to 2010, amounted to €36 million for pensions in Mexico, €18 million for welfare benefits in Mexico, €16 million for pensions in Portugal and €8 million for pensions in the United States.

The net charges registered in the accompanying consolidated income statement and under the heading “Reserves" of the accompanying consolidated balance sheets (see Note 2.2.12) of the BBVA Group for commitments to post-employment benefits abroad are as follows:

Commitments with employees Abroad: Income Statements and Equity Effects.	Millions of Euros 2010	2009	2008
Interest and similar expenses	15	15	10
Personnel expenses	37	24	40
Provisions (net)	9	(5)	(83)
Total Effects in Income Statements: Debit (Credit)	**61**	**34**	**(33)**
Total Effects in Equity: Debit (Credit) to Reserves	**73**	**147**	**57**

- **Commitments with employees in Mexico:**

In Mexico, the main actuarial assumptions used in quantifying the commitments with employees as of December 31, 2010, 2009 and 2008, were as follows:

Post-Employment Actuarial Assumptions in Mexico	2010	2009	2008
Mortality tables	EMSSA 97	EMSSA 97	EMSSA 97
Discount rate (cumulative annual)	8.75%	9.25%	10.25%
Consumer price index (cumulative annual)	3.75%	3.75%	3.75%
Medical cost trend rate	6.75%	6.75%	6.75%
Expected rate of return on plan assets	9.00%	9.40%	9.75%

- **Pension commitments in Mexico**

The changes of these commitments and plan assets in 2010, for all Group’s companies in Mexico, were as follows:

Pension Commitments and Plan Assets in Mexico: Changes in the period	Millions of Euros Commitments			Plan Assets			Net Commitments		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Balance at the Beginning	**398**	**387**	**584**	**424**	**436**	**572**	**(26)**	**(49)**	**12**
Interest costs	40	35	49	-	-	-	40	35	49
Expected return on plan assets	-	-	-	42	37	48	(42)	(37)	(48)
Current service cost	7	4	15	-	-	-	7	4	15
Past service cost or changes in the plan	8	1	-	-	-	-	8	1	-
Benefits paid in the period	(36)	(31)	(31)	(36)	(31)	(31)	(0)	-	-
Effect of curtailments and settlements	-	(1)	(66)	-	-	-	-	(1)	(66)
Contributions in the period	-	-	-	45	3	8	(45)	(3)	(8)
Actuarial gains and losses	33	30	(47)	66	6	(37)	(33)	24	(10)
Exchage differences	57	6	(88)	61	6	(95)	(4)	-	7
Other changes	-	(33)	(29)	(83)	(33)	(29)	83	-	-
Balance at the End	**508**	**398**	**387**	**519**	**424**	**436**	**(11)**	**(26)**	**(49)**

The plan assets related to these commitments are to be used directly to settle the vested obligations and meet the following conditions: They are not owned by the Group entities; they are available only to pay post-employment benefits; and they cannot be returned to the Group entities. In 2010, the return on plan assets amounts to €108 million.

As of December 31, 2010 the plan assets for these commitments were all in debt securities.

The vested obligations related to these commitments are presented in the accompanying consolidated balance sheets net of the plan assets for these commitments recognized under the heading “Provisions – Provisions for pensions and similar obligations” (see Note 25).

On December 2008, a new defined-contribution plan was put in place in Mexico on a voluntary basis; it substitutes the current defined-benefit plan commitments. Approximately 70% of the workforce opted to sign up for the new plan, triggering a decrease in the pension obligations included in the changes in commitments in 2009.

- **Post-employment welfare benefits in Mexico**

The changes in these commitments and plan assets in 2010 for all Groups' companies in Mexico were as follows:

	Millions of Euros								
	Commitments			Plan Assets			Net Commitments		
Welfare Benefits Commitments and Plan Assets in Mexico: Changes in the period	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Balance at the Beginning	**511**	**360**	**416**	**342**	**301**	**354**	**169**	**59**	**62**
Interest costs	54	37	35	-	-	-	54	37	35
Expected return on plan assets	-	-	-	45	28	30	(45)	(28)	(30)
Current service cost	19	11	14	-	-	-	19	11	14
Past service cost or changes in the plan	-	-	-	-	-	-	-	-	-
Benefits paid made in the period	(18)	(18)	(19)	(18)	(18)	(19)	-	-	-
Effect of curtailments and settlements	-	(4)	(17)	-	-	-	-	(4)	(17)
Contributions in the period	-	-	-	69	9	23	(69)	(9)	(23)
Actuarial gains and losses	127	119	2	49	16	(23)	78	103	25
Exchage differences	73	6	(71)	49	6	(64)	24	-	(7)
Other changes	-	-	-	84	-	-	(84)	-	-
Balance at the End	**766**	**511**	**360**	**620**	**342**	**301**	**146**	**169**	**59**

The plan assets related to these commitments are to be used directly to settle the vested obligations and meet the following conditions: They are not owned by the Group entities; they are available only to pay post-employment benefits; and they cannot be returned to the Group entities. In 2010, the return on plan assets for the post-employment welfare benefits commitments amounts to €94 million.

The plan assets for these commitments are all in debt securities.

The vested obligations related to these commitments are presented in the accompanying consolidated balance sheets net of the plan assets for these commitments recognized under the heading "Provisions - Provisions for pensions and similar obligations" (see Note 25).

The sensitivity analysis to changes in medical cost trend rates costs for 2010 is as follows:

	Millions of Euros	
Welfare Benefits in Mexico. Sensitivity Analysis	**1% Increase**	**1% Decrease**
Increase/Decrease in current service cost and interest cost	21	(16)
Increase/Decrease in commitments	155	(121)

- **Pension Commitments in Portugal:**

In Portugal, the main actuarial assumptions used in quantifying the commitments with employees as of December 31, 2010, 2009 and 2008, were as follows:

Post-Employment Actuarial Assumptions in Portugal	**2010**	**2010**	**2009**
Mortality tables	TV 88/90	TV 88/90	TV88/90
Discount rate (cumulative annual)	5.35%	5.35%	5.90%
Consumer price index (cumulative annual)	1.75%	2.00%	2.00%
Salary growth rate (cumulative annual)	2.75%	3.00%	3.00%
Expected rate of return on plan assets	4.40%	4.50%	4.60%

The changes to these commitments and plan assets in 2010, for all the Group's companies in Portugal, were as follows:

Pensions Net Commitments in Portugal: Changes in the period	Commitments 2010	Commitments 2009	Commitments 2008	Plan Assets 2010	Plan Assets 2009	Plan Assets 2008	Net Commitments 2010	Net Commitments 2009	Net Commitments 2008
				Millions of Euros					
Balance at the Beginning	**321**	**283**	**295**	**320**	**283**	**292**	**1**	**-**	**3**
Interest costs	17	16	15	-	-	-	17	16	15
Expected return on plan assets	-	-	-	13	13	13	(13)	(13)	(13)
Current service cost	5	4	4	-	-	-	5	4	4
Cost for early retirements	9	-	-	-	-	-	9	-	-
Past service cost or changes in the plan	-	-	-	-	-	-	-	-	-
Benefits paid in the period	(16)	(16)	(15)	(16)	(16)	(15)	-	-	-
Effect of curtailments and settlements	-	10	-	-	-	-	-	10	-
Contributions in the period	-	-	-	17	29	10	(17)	(29)	(10)
Actuarial gains and losses	(25)	24	(16)	(44)	11	(17)	19	13	1
Exchage differences	-	-	-	-	-	-	-	-	-
Other changes	(22)	-	-	-	-	-	(22)	-	-
Balance at the End	**288**	**321**	**283**	**290**	**320**	**283**	**(2)**	**1**	**-**

The plan assets related to these commitments are to be used directly to settle the vested obligations and meet the following conditions: They are not owned by the Group entities; they are available only to pay post-employment benefits; and they cannot be returned to the Group entities. In 2010 the return on plan assets related to these pension commitments reached -31 million euros.

The vested obligations related to these commitments are presented in the accompanying consolidated balance sheets net of the plan assets for these commitments recognized under the heading "Provisions - Provisions for pensions and similar obligations" (see Note 25).

The distribution of the main categories of plan assets related to these commitments as of 31 December, 2010, 2009 and 2008 for all Group's companies in Portugal was as follows:

Plan Assets Categories in Portugal	2010	2009	2008
		Percentage	
Equity instruments	-	-	8.7
Debt securities	91.5	93.2	85.3
Property, Land and Buildings	0.5	-	0.5
Cash	8.0	5.2	3.6
Other investments	-	1.6	1.9

- **Pension commitments in the United States:**

In the United States, the main actuarial assumptions used in quantifying the commitments with employees as of December 31, 2010, 2009 and 2008, were as follows:

Post-Employment Actuarial Assumptions in the United States	2010	2009	2008
Mortality tables	RP 2000 Projected	RP 2000 Projected	RP 2000 Projected
Discount rate (cumulative annual)	5.44%	5.93%	6.92%
Consumer price index (cumulative annual)	2.50%	2.50%	2.50%
Salary growth rate (cumulative annual)	3.50%	3.50%	4.00%
Expected rate of return on plan assets	7.50%	7.50%	7.50%

The changes of these commitments and plan assets in 2010, for all Group's companies in United States, were as follows:

Pensions Net Commitments in the United States Changes in the period	Commitments 2010	Commitments 2009	Commitments 2008	Plan Assets 2010	Plan Assets 2009	Plan Assets 2008	Net Commitments 2010	Net Commitments 2009	Net Commitments 2008
	Millions of Euros								
Balance at the Beginning	**195**	**168**	**162**	**163**	**135**	**168**	**32**	**33**	**(6)**
Interest costs	12	11	9	-	-	-	12	11	9
Expected return on plan assets	-	-	-	13	10	12	(13)	(10)	(12)
Current service cost	5	4	5	-	-	-	5	4	5
Past service cost or changes in the plan	-	-	1	-	-	-	-	-	1
Benefits paid in the period	(7)	(6)	(7)	(7)	(6)	(7)	-	-	-
Effect of curtailments and settlements	-	-	(2)	-	-	-	-	-	(2)
Contributions in the period	-	-	-	2	12	3	(2)	(12)	(3)
Actuarial gains and losses	16	24	(9)	7	17	(50)	9	7	41
Exchage differences	14	(6)	9	12	(5)	9	2	(1)	-
Other changes	1	-	-	-	-	-	1	-	-
Balance at the End	**236**	**195**	**168**	**191**	**163**	**135**	**45**	**32**	**33**

The plan assets related to these commitments are to be used directly to settle the vested obligations and meet the following conditions: They are not owned by the Group entities; they are available only to pay post-employment benefits; and they cannot be returned to the Group entities. In 2010 the return on plan assets related to these pension commitments reached €20 million.

The vested obligations related to these commitments are presented in the accompanying consolidated balance sheets net of the plan assets for these commitments recognized under the heading "Provisions - Provisions for pensions and similar obligations" (see Note 25).

The distribution of the main category of plan assets related to these commitments as of 31 December, 2010, 2009 and 2008 for all the companies in the United States was as follows:

Plan Assets Categories for Pension Commitments in the United States	Percentage 2010	Percentage 2009	Percentage 2008
Equity instruments	62.4	63.6	52.7
Debt securities	35.7	35.1	46.0
Property, Land and Buildings	-	-	-
Cash	1.9	1.3	1.3
Other investments	-	-	-

26.2.3 Estimated future payments for commitments with employees in the BBVA Group

The estimated benefit payments in millions of euros over the next 10 years for all the companies in Spain, Mexico, Portugal and the United States are as follows:

Expected Future Benefits for Post-Employment Commitments	2011	2012	2013	2014	2015	2016-2020
	Millions of Euros					
Pensions Spain	791	734	688	637	580	1,939
Early retirement Spain	596	541	497	448	392	1,043
Pensions Mexico	60	59	61	65	70	441
Pensions Portugal	17	17	17	17	17	84
Pensions The United States	8	9	10	11	12	72
Total	**876**	**819**	**776**	**730**	**679**	**2,536**

27. COMMON STOCK

The BBVA Board of Directors, at its meeting on November 1, 2010, under the delegation conferred by the AGM held on March 13, 2009, agreed to a BBVA capital increase (including the pre-emptive subscription right for former shareholders) that was completed for a nominal amount of €364,040,190.36, with the issue and release into circulation of 742,939,164 new ordinary shares of the same class and series as the previously existing ones, with a par value of €0.49 each and represented through book-entry accounts. The subscription price of the new shares was €6.75 per share, of which forty-nine euro cents (€0.49) corresponded to the par value and six euros and twenty-six cents (€6.26) corresponded to the share premium (Note 28), therefore, the total effective amount of the common stock increase was €5,014,839,357.

After the aforementioned capital increase, BBVA's share capital, as of December 31, 2010 amounted to €2,200,545,059.65, divided into 4,490,908,285 fully subscribed and paid-up registered shares, all of the same class and series, at €0.49 par value each, represented through book-entry accounts.

All BBVA shares carry the same voting and dividend rights and no single stockholder enjoys special voting rights. There are no shares that do not represent an interest in the Bank's common stock.

BBVA shares are traded on the continuous market in Spain, as well as on the London and Mexico stock markets. American Depositary Shares (ADSs) traded on the New York Stock Exchange are also traded on the Lima Stock Exchange (Peru), under an exchange agreement between these two markets.

Also, as of December 31, 2010, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Frances, S.A. and AFP Provida were listed on their respective local stock markets, the last two also being listed on the New York Stock Exchange. BBVA Banco Frances, S.A. is also listed on the Latin American market of the Madrid Stock Exchange.

As of December 31, 2010, Manuel Jove Capellán owned 5.07% of BBVA common stock through the company Inveravante Inversiones Universales, S.L.

Furthermore, as of December 31, 2010, State Street Bank and Trust Co., Chase Nominees Ltd. and The Bank of New York Mellon, S.A. NV, in their capacity as international custodian/depositary banks, held 7.22%, 5.95% and 3.65% of BBVA common stock, respectively. Of said positions held by the custodian banks, there are no individual shareholder with direct or indirect holdings greater than or equal to 3% of the BBVA common stock, except in the case of the Blackrock Inc. company that, on February 4, 2010, reported to the Spanish Securities and Exchange Commission (CNMV) that, as a result of the acquisition on December 1, 2009 of the Barclays Global Investors (BGI) company, now has an indirect holding of BBVA common stock totaling 4.45% through the Blackrock Investment Management company.

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

BBVA has not been notified of the existence of any agreements between shareholders to regulate the exercise of voting rights at the Bank's AGMs, or to restrict or place conditions upon the free transferability of BBVA shares. The Bank is also not aware of any agreement that might result in changes in the control of the issuer.

The AGM held on March 13, 2009, under the fifth point of the Agenda, resolved to confer authority on the Board of Directors, pursuant to article 153.1.b) of the Corporations Act (now Article 297.1b) of the Corporations Act), to resolve to increase the common stock on one or several occasions up to the maximum nominal amount representing 50% of the Company's common stock that is subscribed and paid up on the date on which the resolution is adopted, i.e., €918,252,434.60. Article 159.2 of the Corporations Act (now Article 506 of the Corporations Act) empowers the Board to exclude the pre-emptive subscription right in relation to these share issues, under the terms and with the limitations of the aforementioned agreement. The directors have five years from the date of the adoption of the agreement by the General Meeting, i.e. March 13, 2009, to perform this common stock increase.

On the signing of this agreement, the Board of Directors agreed on a share capital increase of the Bank with the pre-emptive subscription right, as described above, on November 1, 2010. The Board of Directors, at its meeting on July 27, 2009, agreed to a share capital increase for the amount required to address the conversion of the convertible obligations agreed upon on said date, as described below. This will be carried out through the issue and release into circulation of up to 444,444,445 ordinary shares with a par value of €0.49 each and without prejudice to the adjustments that may arise according to the anti-dilution mechanisms.

At the AGM held on March 14, 2008 the shareholders resolved to delegate to the Board of Directors for a five-year period the right to issue bonds, convertible and/or exchangeable into Bank shares for a maximum total of €9,000 million. The powers include the right to establish the different aspects and conditions of each issue, including the power to exclude pre-emptive subscription right of shareholders in accordance with the Corporations Act (now the Corporations Act), to determine the basis and methods of conversion and to increase capital stock in the amount considered necessary. In virtue of said authorization, the Board of Directors, at its meeting on July 27, 2009, agreed to proceed to the issue of convertible obligations for an amount of €2,000 million with the exclusion of the pre-emptive subscription right (see Note 23.4), as well as the corresponding Bank's share capital increase needed to address the conversion of said convertible obligations, on the basis of the conferral to the Board of Directors to increase share capital, as adopted by the aforementioned AGM held on March 13, 2009.

Previously, the AGM held on March 18, 2006 had agreed to delegate to the Board of Directors the faculty to issue, within a maximum legal period of five years as of said date, on one or several occasions, directly or through subsidiary companies fully underwritten by the Bank, any kind of debt instruments through debentures, any class of bonds, promissory notes, any class of commercial paper or warrants, which may be totally or partially exchangeable for equity that the Company or another company may already have issued, or via contracts for difference (CFD), or any other senior or secured nominative or bearer debt securities (including mortgage-backed bonds) in euros or any other currency that can be subscribed in cash or kind, with or without the incorporation of rights to the securities (warrants), subordinated or not, with a limited or open-ended term. The total maximum nominal amount authorized is €105,000 million. This amount was increased by €30,000 million by the Ordinary General Stockholders' Meeting held on March 16, 2007, by €50,000 million by the AGM on March 14 2008, and by an additional €50,000 million by the AGM on March 13, 2009. Accordingly, the maximum total nominal amount delegated by the General Meeting was €235,000 million.

28. SHARE PREMIUM

The amounts under this heading in the accompanying consolidated balance sheets total €17,104, €12,453 and €12,770 million as of 31 December, 2010, 2009 and 2008, respectively.

The change in the amount in 2010 is due to the share premium of the aforementioned capital increase.

The change in the balance in 2009 is the result of a charge of €317 million corresponding to the payment to shareholders on April 20, 2009 as a complement to dividends for 2008, which was approved at the AGM on March 13, 2009.

This payment consisted in a total of 60,451,115 treasury stock (see Note 30) at one (1) share for each sixty-two (62) held by shareholders at market close on April 9, 2009. These shares are valued at €5.25 each (the average weighted price per share of Banco Bilbao Vizcaya Argentaria, S.A. in the Spanish stock market (continuous market) on March 12, the day before that of the AGM mentioned above.

The amended Spanish Corporation Act expressly permits the use of the share premium balance to increase capital and establishes no specific restrictions as to its use.

29. RESERVES

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

	Millions of Euros		
Reserves. Breakdown by concepts	**2010**	**2009**	**2008**
Legal reserve	367	367	367
Restricted reserve for retired capital	88	88	88
Restricted reserve for Parent Company shares	456	470	604
Restricted reserve for redenomination of capital in euros	2	2	2
Revaluation Royal Decree-Law 7/1996	32	48	82
Voluntary reserves	4,168	2,918	1,927
Consolidation reserves attributed to the Bank and dependents consolidated companies	9,247	8,181	6,340
Total	**14,360**	**12,074**	**9,410**

29.1. LEGAL RESERVE

Under the amended Corporations Act, 10% of any profit made each year must be transferred to the legal reserve until the balance of this reserve reaches 20% of the share capital. This limit of 20% of share capital had already been reached BBVA as of December 31, 2010, once the proposal for applying the 2010 earnings was considered (see Note 4). The legal reserve may also be used to increase the share capital in the part exceeding the 10% of the capital already increased.

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

BBVA has recognized a restricted reserve resulting from the reduction of the nominal value of each share in April 2000, and another restricted reserve resulting from the amount of treasury stock held by the Bank at each period-end, as well as by the amount of customer loans outstanding at those dates that were granted for the purchase of, or are secured by, the Bank's shares.

Finally, pursuant to Law 46/1998 on the introduction of the euro, a restricted reserve is recognized as a result of the rounding effect of the redenomination of the share capital in euros.

29.3. REVALUATION OF ROYAL DECREE-LAW 7/1996 (REVALUATION AND REGULARIZATION OF THE BALANCE SHEET)

Prior to the merger, Banco de Bilbao, S.A. and Banco de Vizcaya, S.A. availed themselves of the legal provisions applicable to the regularization and revaluation of balance sheets. Thus, on December 31, 1996, Banco Bilbao Vizcaya, S.A. revalued its tangible assets pursuant to Royal Decree-Law 7/1996 of June 7 by applying the maximum coefficients authorized, up to the limit of the market value arising from the existing valuations. The resulting increases in the cost and depreciation of tangible fixed assets were calculated and allocated as follows:

	Millions of Euros		
Revaluation and Regularization of the Balance Sheet	**2010**	**2009**	**2008**
Legal revaluations and regularizations of tangible assets:			
Cost	187	187	187
Less:			
Single revaluation tax (3%)	(6)	(6)	(6)
Balance as of December 31, 1999	**181**	**181**	**181**
Rectification as a result of review by the tax authorities in 2000	(5)	(5)	(5)
Transfer to voluntary reserves	(144)	(128)	(94)
Total	**32**	**48**	**82**

Following the review of the balance of the "Revaluation Reserve pursuant to Royal Decree-Law 7/1996", June 7, account by the tax authorities in 2000, this balance could only be used, free of tax, to offset recognized losses and to increase share capital until January 1, 2007. From that date, the remaining balance of this account can also be allocated to unrestricted reserves, provided that the surplus has been depreciated or the revalued assets have been transferred or derecognized. As of December 31, 2010, 2009 and 2008, the balance of restricted reserves (not yet classified as unrestricted reserves) amounted to €32, €48 million and €82 million, respectively.

29.4. RESERVES (LOSSES) BY ENTITY

The breakdown, by company or corporate group, of the item "Reserves" in the accompanying consolidated balance sheets is as follows:

	Millions of Euros		
Reserves Assigned to the Consolidation Process	**2010**	**2009**	**2008**
Accumulated reserves (losses)			
BBVA, S.A. (Reserves asigned to the holding company)	4,760	1,676	1,516
Grupo BBVA Bancomer	4,306	4,022	3,489
Grupo Chile	540	419	248
Grupo BBVA Banco Provincial	593	413	198
Grupo BBVA Continental	183	127	95
Grupo BBVA Puerto Rico	5	72	44
Grupo BBVA USA Bancshares	(960)	71	(84)
Grupo BBVA Portugal	(207)	(207)	(220)
Grupo BBVA Colombia	(144)	(209)	(264)
Grupo BBVA Banco Francés	(113)	(139)	(305)
BBVA Seguros, S.A.	1,275	1,052	862
Corporacion General Financiera, S.A.	1,356	1,229	979
BBVA Luxinvest, S.A.	1,231	1,239	1,232
Cidessa Uno, S.L.	1,016	746	298
Anida Grupo Inmobiliario, S.L.	377	401	380
BBVA Suiza, S.A.	249	233	222
Bilbao Vizcaya Holding, S.A.	150	166	150
BBVA Panamá, S.A.	147	118	108
BBVA Ireland Public Limited Company	144	103	103
Almacenes Generales de Deposito, S.A.E.	-	105	97
Compañía de Cartera e Inversiones, S.A.	141	123	121
Anida Desarrollos Singulares, S.L.	(299)	(21)	-
Participaciones Arenal, S.L.	(181)	(181)	(182)
Anida Operaciones Singulares, S.L.	(117)	(1)	-
BBVA Propiedad F.I.I.	(116)	(12)	(11)
Compañía Chilena de Inversiones, S.L.	(87)	(135)	(135)
Finanzia, Banco de Crédito, S.A.	(49)	146	144
Rest	105	211	(288)
Subtotal	14,305	11,766	8,801
Reserves (losses) of entities accounted for using the equity method:			
Grupo CITIC	93	31	151
Tubos Reunidos, S.A.	52	51	53
Corp. IBV Participaciones Empresariales, S.A.	4	249	437
Part. Servired, Sdad.Civil	12	24	8
Occidental Hoteles Management, S.L.	(44)	(13)	(3)
Hestenar, S.L.	(15)	(2)	(0)
Rest	(47)	(31)	(37)
Subtotal	55	309	609
Total Reserves	**14,360**	**12,075**	**9,410**

For the purpose of allocating the reserves and accumulated losses at the consolidated companies shown in the above table, the transfers of reserves arising from the dividends paid and transactions between these companies are taken into account in the period in which they took place.

As of December 31, 2010, 2009 and 2008, €2,612 million, €2,140 and 2,217 million, respectively, in the individual financial statements of the subsidiaries were restricted reserves.

30. TREASURY STOCK

In 2010, 2009 and 2008 the Group companies performed the following transactions with shares issued by the Bank:

Treasury Stock	2010 Number of Shares	2010 Millions of Euros	2009 Number of Shares	2009 Millions of Euros	2008 Number of Shares	2008 Millions of Euros
Balance at beginning	16,642,054	224	61,539,883	720	15,836,692	389
+ Purchases	821,828,799	7,828	688,601,601	6,431	1,118,942,855	14,096
- Sales and other changes	(780,423,886)	(7,545)	(733,499,430)	(6,835)	(1,073,239,664)	(13,745)
+/- Derivatives over BBVA shares	-	45	-	(92)	-	(20)
Balance at the end	**58,046,967**	**552**	**16,642,054**	**224**	**61,539,883**	**720**
Of which:						
Held by BBVA	2,838,798	83	8,900,623	128	4,091,197	143
Held by Corporación General Financiera, S.A.	55,207,640	469	7,740,902	96	57,436,183	577
Held by other subsidiaries	529		529		12,503	
Average purchase price in euros	9.53		9.34		12.60	
Average selling price in euros	9.48		8.95		12.52	
Net gain or losses on transactions (Shareholders' funds-Reserves)		(106)		(238)		(172)

The amount under the heading of "Sales and other changes" in the above table in 2009 includes the allocation of treasury stock to the shareholders as an additional remuneration to complement the dividends for 2008 (see Note 28).

The percentages of treasury stock held by the Group in 2010, 2009 and 2008 were as follows:

Treasury Stock	2010 Min	2010 Max	2009 Min	2009 Max	2008 Min	2008 Max
% treasury stock	**0.352%**	**2.396%**	**0.020%**	**2.850%**	**0.318%**	**3.935%**

The number of shares of BBVA accepted in pledge as of December 31, 2010, 2009 and 2008 was as follows:

Shares of BBVA Accepted in Pledge	2010	2009	2008
Number of shares in pledge	107,180,992	92,503,914	98,228,254
Nominal value	0.49	0.49	0.49
% of share capital	2.39%	2.47%	2.62%

The number of BBVA shares owned by third parties but managed by a company in the Group as of December 31, 2010, 2009 and 2008 was as follows:

Shares of BBVA Owned by Third Parties but Managed by the Group	2010	2009	2008
Number of shares property of third parties	96,107,765	82,319,422	104,534,298
Nominal value	0.49	0.49	0.49
% of share capital	2.14%	2.20%	2.79%

31. VALUATION ADJUSTMENTS

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

		Millions of Euros		
Valuation Adjustments	**Notes**	**2010**	**2009**	**2008**
Available-for-sale financial assets	12.4	333	1,951	931
Cash flow hedging		49	188	207
Hedging of net investments in foreign transactions		(158)	219	247
Exchange differences	2.2.16	(978)	(2,236)	(2,231)
Non-current assets held for sale		-	-	-
Entities accounted for using the equity method		(16)	(184)	(84)
Other valuation adjustments		-	-	-
Total		**(770)**	**(62)**	**(930)**

The balances recognized under these headings are presented net of tax.

32. NON-CONTROLLING INTEREST

The breakdown by consolidated company of the balance under the heading "Non-controlling interests" of total equity in the accompanying consolidated balance sheets was as follows:

	Millions of Euros		
Net Income atributed to Non-Controlling Interests	**2010**	**2009**	**2008**
BBVA Colombia Group	8	6	5
BBVA Chile Group	89	64	31
BBVA Banco Continental Group	150	126	97
BBVA Banco Provincial Group	98	148	175
BBVA Banco Francés Group	37	33	44
Other companies	7	8	13
Total	**389**	**385**	**365**

These amounts are broken down by consolidated company under the heading "Net income attributed to non-controlling interests" in the accompanying consolidated income statements:

	Millions of Euros		
Net Income atributed to Non-Controlling Interests	**2010**	**2009**	**2008**
BBVA Colombia Group	8	6	5
BBVA Chile Group	89	64	31
BBVA Banco Continental Group	150	126	97
BBVA Banco Provincial Group	98	148	175
BBVA Banco Francés Group	37	33	44
Other companies	7	8	13
Total	**389**	**385**	**365**

33. CAPITAL BASE AND CAPITAL MANAGEMENT

Capital base

Bank of Spain Circular 3/2008, of 22 May 2008, modified by Circular 9/2010 of 22 December 2010, on the calculation and control of minimum capital base requirements, and subsequent amendments, regulates the minimum capital base requirements for Spanish credit institutions –both as individual entities and as consolidated groups– and how to calculate them, as well as the various internal capital adequacy assessment processes they should have in place and the information they should disclose to the market.

Circular 3/2008 and subsequent amendments implement Spanish legislation on capital base and consolidated supervision of financial institutions, as well as adapting Spanish law to the relevant European Union Directives, in compliance with the Accord by the Basel Committee on Banking Supervision (Basel II).

The minimum capital base requirements established by Circular 3/2008 are calculated according to the Group's exposure to credit and dilution risk, counterparty and liquidity risk relating to the trading portfolio, exchange rate risk and operational risk. In addition, the Group must fulfill the risk concentration limits established in said Circular and the internal Corporate Governance obligations.

As of December 31, 2010, 2009 and 2008, the Group's capital exceeded the minimum capital base level required by regulations in force on each date as shown below:

	Millions of Euros		
Capital Base	**2010(*)**	**2009**	**2008**
Basic equity	34,352	27,114	22,107
Common Stock	2,201	1,837	1,837
Parent company reserves	28,738	20,892	21,394
Reserves in consolidated companies	1,720	1,600	(626)
Non-controlling interests	1,325	1,245	928
Other equity instruments	7,175	7,130	5,391
Deductions (Goodwill and others)	(10,331)	(8,177)	(9,998)
Attributed net income (less dividends)	3,526	2,587	3,181
Additional equity	7,472	12,116	12,543
Other deductions	(4,477)	(2,133)	(957)
Additional equity due to mixed group (**)	1,291	1,305	1,129
Total Equity	**38,639**	**38,402**	**34,822**
Minimum equity required	**25,066**	**23,282**	**24,124**

(*) Provisional data.

(**) Mainly insurance companies in the Group.

The results of the stress tests of European financial institutions, published on July 23, 2010, suggested that the BBVA Group will maintain its current solvency levels in 2011, even in the most adverse scenario that incorporates the additional impact of a possible sovereign risk crisis.

Capital management

Capital management in the Group has a twofold aim: to preserve the level of capitalization, in accordance with the business objectives in all the countries in which it operates; and, at the same time, to maximize the return on shareholders' funds through the efficient allocation of capital to the different units, good management of the balance sheet and appropriate use of the various instruments forming the basis of the Group's equity: stock, preferential stock and subordinate debt.

This capital management is carried out in accordance with the criteria of the Bank of Spain Circular 3/2008 and subsequent amendments both in terms of determining the capital base and the solvency ratios. This regulation allows each entity to apply its own internal ratings based (IRB) approach to risk and capital management.

The Group carries out an integrated management of these risks, in accordance with its internal policies (see Note 7) and its internal capital estimation model has received the Bank of Spain's approval for certain portfolios.

Capital is allocated to each business area (see Note 6) according to economic risk capital (ERC) criteria, which are based on the concept of unexpected loss with a specific confidence level, as a function of a solvency target determined by the Group. This target is established at two levels: Core equity: which determines the allocated capital and serves as a reference to calculate the return generated on equity (ROE) by each business; and total capital, which determines the additional allocation in terms of subordinate debt and preferred securities.

Because of its sensitivity to risk, ERC is an element linked to policies for managing the actual businesses. The procedure provides a harmonized basis for assigning capital to businesses according to the risks incurred and makes it easier to compare returns. The calculation of the CaR combines credit risk, market risk, structural risk associated with the balance sheet equity positions, operational risk, fixed assets risks and technical risks in the case of insurance companies. These calculations are carried out using internal models that have been defined following the guidelines and requirements established under the Basel II Capital Accord, with economic criteria prevailing over regulatory ones.

34. FINANCIAL GUARANTEES AND DRAWABLE BY THIRD PARTIES

The breakdown of the balances of these items as of December 31, 2010, 2009 and 2008 was as follows:

	Millions of Euros		
Financial Guarantees and Drawable by Third Parties	**2010**	**2009**	**2008**
Contingent Exposures			
Collateral, bank guarantees and indemnities	28,092	26,266	27,649
Rediscounts, endorsements and acceptances	49	45	81
Rest	8,300	6,874	8,222
Total	**36,441**	**33,185**	**35,952**
Contingent Commitments			
Drawable by third parties:	86,790	84,925	92,663
Credit institutions	2,303	2,257	2,021
Government and other government agency	4,135	4,567	4,221
Other resident sectors	27,201	29,604	37,529
Non-resident sector	53,151	48,497	48,892
Other commitments	3,784	7,398	6,234
Total	**90,574**	**92,323**	**98,897**

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

In 2010, 2009 and 2008 no issuances of debt securities carried out by associate entities, jointly controlled entities (accounted for using the equity method) or non-Group entities have been guaranteed.

35. ASSETS ASSIGNED TO OTHER OWN AND THIRD-PARTY OBLIGATIONS

In addition to those mentioned in other notes in these annual financial statements as at December 31, 2010 and 2009 and 2008, (see Notes 13 and 26), the assets of consolidated entities that guaranteed their own obligations amounted to €81,631 million, €81,231 million and €76,259 million. These amounts mainly correspond to the issue of long-term covered bonds (Note 23.4) which, pursuant to the Mortgage Market Act, are admitted as third-party collateral and to assets allocated as collateral for certain lines of short-term finance assigned to the Group by central banks.

As of December 31, 2010, 2009 and 2008, none of the Group's assets were linked to any additional third-party obligations apart from those described in the various notes to the accompanying consolidated annual financial statements.

36. OTHER CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As of December 31, 2010, 2009 and 2008, there were no significant contingent assets or liabilities registered in the financial statements attached.

37. PURCHASE AND SALE COMMITMENTS AND FUTURE PAYMENT OBLIGATIONS

The breakdown of sale and purchase commitments of the BBVA Group as of December 31, 2010, 2009 and 2008 was as follows:

	Millions of Euros		
Purchase and Sale Commitments	**2010**	**2009**	**2008**
Financial instruments sold with repurchase commitments	40,323	29,409	32,569
Financial instruments purchased with resale commitments	8,693	7,023	11,515

Below is a breakdown of the maturity of other future payment obligations due later than December 31, 2010:

	Millions of Euros				
Maturity of Future Payment Obligations	**Up to 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**Over 5 Years**	**Total**
Finance leases	-	-	-	-	-
Operating leases	144	71	29	89	332
Purchase commitments	26	-	-	-	26
Technology and systems projects	14	-	-	-	14
Other projects	13	-	-	-	13
Total	**170**	**71**	**29**	**89**	**358**

38. TRANSACTIONS ON BEHALF OF THIRD PARTIES

As of December 31, 2010, 2009 and 2008, the details of the most significant items under this heading were as follows:

	Millions of Euros		
Transactions on Behalf of Third Parties	**2010**	**2009**	**2008**
Financial instruments entrusted by third parties	534,243	530,109	510,019
Conditional bills and other securities received for collection	4,256	4,428	5,208
Securities received in credit	999	489	71

As of December 31, 2010, 2009 and 2008, the off-balance sheet customer funds were as follows:

	Millions of Euros		
Off-Balance Sheet Customer Funds by Type	**2010**	**2009**	**2008**
Commercialized by the Group			
Investment companies and mutual funds	41,006	39,849	37,076
Pension funds	72,598	57,264	42,701
Saving insurance contracts	9,296	9,814	10,398
Customer portfolios managed on a discretionary basis	25,435	26,501	24,582
Of which:			
Portfolios managed on a discretionary	10,494	10,757	12,176
Commercialized by the Group managed by third parties outside the Group			
Investment companies and mutual funds	76	85	59
Pension funds	21	24	24
Saving insurance contracts	-	-	-
Total	**148,432**	**133,537**	**114,840**

39. INTEREST, INCOME AND SIMILAR EXPENSES

39.1. INTEREST AND SIMILAR INCOME

The breakdown of the most significant interest and similar income earned by the Group in 2010, 2009 and 2008 was as follows:

Interest and Similar Income. Breakdown by Origin.	Millions of Euros 2010	2009	2008
Central Banks	239	254	479
Loans and advances to credit institutions	402	631	1,323
Loans and advances to customers	16,002	18,119	23,580
Government and other government agency	485	485	736
Resident sector	5,887	7,884	11,177
Non resident sector	9,630	9,750	11,667
Debt securities	3,080	3,342	3,706
Held for trading	956	1,570	2,241
Available-for-sale financial assets and held-to-madurity investments	2,124	1,772	1,465
Rectification of income as a result of hedging transactions	63	177	175
Insurance activity	975	940	812
Other income	373	312	329
Total	**21,134**	**23,775**	**30,404**

The amounts recognized in consolidated equity as of December 31, 2010, 2009 and 2008, in connection with hedging derivatives and the amounts derecognized from consolidated equity and taken to the consolidated income statement during those years are disclosed in the accompanying consolidated statements of recognized income and expenses.

The following table shows the adjustments in income resulting from hedge accounting, broken down by type of hedge:

Adjustments in Income Resulting from Hedge Accounting	Millions of Euros 2010	2009	2008
Cash flow hedging	213	295	152
Fair value hedging	(150)	(118)	23
Total	**63**	**177**	**175**

The breakdown of the balance of this heading in the accompanying consolidated income statements by geographical area is as follows:

Interest and Similar Income. Breakdown by Geographical Area	Millions of Euros 2010	2009	2008
Domestic market	8,906	11,224	15,391
Foreign	12,228	12,551	15,013
European Union	744	1,089	1,974
Rest of OECD	7,417	7,153	8,671
Rest of countries	4,067	4,309	4,368
Total	**21,134**	**23,775**	**30,404**

39.2. INTEREST AND SIMILAR EXPENSES

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

	Millions of Euros		
Interest and Similar Expenses. Breakdown by Origin	**2010**	**2009**	**2008**
Bank of Spain and other central banks	184	202	384
Deposits from credit institutions	1,081	1,511	3,115
Customers deposits	3,570	4,312	9,057
Debt certificates	2,627	2,681	3,631
Subordinated liabilities	829	1,397	1,121
Rectification of expenses as a result of hedging transactions	(1,587)	(1,215)	421
Cost attributable to pension funds (Note 26)	259	274	254
Insurance activity	707	679	571
Other charges	144	52	164
Total	**7,814**	**9,893**	**18,718**

The following table shows the adjustments in expenses resulting from hedge accounting, broken down by type of hedge:

	Millions of Euros		
Adjustments in Expenses Resulting from Hedge Accounting	**2010**	**2009**	**2008**
Cash flow hedging	-	(35)	(33)
Fair value hedging	(1,587)	(1,180)	454
TOTAL	**(1,587)**	**(1,215)**	**421**

39.3. AVERAGES RETURN ON INVESTMENTS AND AVERAGE BORROWING COST

The detail of the average return on investments in 2010, 2009 and 2008 was as follows:

	Millions of Euros								
	2010			2009			2008		
ASSETS	**Average Balances**	**Interest and Similar Income**	**Interest Rates (%)**	**Average Balances**	**Interest and Similar Income**	**Interest Rates (%)**	**Average Balances**	**Interest and Similar Income**	**Interest Rates (%)**
Cash and balances with central banks	21,342	239	1.12	18,638	253	1.36	14,396	479	3.32
Securities portfolio and derivatives	145,990	3,939	2.70	138,030	4,207	3.05	118,356	4,659	3.94
Loans and advances to credit institutions	25,561	501	1.96	26,152	697	2.66	31,229	1,367	4.38
Euros	15,888	210	1.32	16,190	353	2.18	21,724	933	4.30
Foreign currency	9,673	291	3.01	9,962	344	3.45	9,505	434	4.57
Loans and advances to customers	333,021	16,296	4.89	328,969	18,498	5.62	321,498	23,720	7.38
Euros	219,857	7,023	3.19	222,254	9,262	4.17	218,634	13,072	5.98
Foreign currency	113,164	9,273	8.19	106,715	9,236	8.65	102,864	10,648	10.35
Other finance income	-	159	-	-	120	-	-	179	-
Other assets	32,894	-	-	31,180	-	-	32,377	-	-
ASSETS/INTEREST AND SIMILAR INCOME	**558,808**	**21,134**	**3.78**	**542,969**	**23,775**	**4.38**	**517,856**	**30,404**	**5.87**

The average borrowing cost in 2010, 2009 and 2008 was as follows:

	Millions of Euros								
	2010			2009			2008		
LIABILITIES	**Average Balances**	**Interest and Similar Expenses**	**Interest Rates (%)**	**Average Balances**	**Interest and Similar Expenses**	**Interest Rates (%)**	**Average Balances**	**Interest and Similar Expenses**	**Interest Rates (%)**
Deposits from central banks and credit institutions	80,177	1,515	1.89	74,017	2,143	2.89	77,159	3,809	4.94
Euros	45,217	863	1.91	35,093	967	2.75	32,790	1,604	4.89
Foreign currency	34,960	652	1.87	38,924	1,176	3.02	44,369	2,205	4.97
Customer deposits	259,330	3,550	1.37	249,106	4,056	1.63	237,387	8,390	3.53
Euros	121,956	1,246	1.02	116,422	1,326	1.14	115,166	3,765	3.27
Foreign currency	137,374	2,304	1.68	132,684	2,730	2.06	122,221	4,625	3.78
Debt certificates and subordinated liabilities	119,684	2,334	1.95	120,228	3,098	2.58	119,249	6,100	5.12
Euros	89,020	1,569	1.76	91,730	2,305	2.51	96,764	5,055	5.22
Foreign currency	30,664	765	2.49	28,498	793	2.78	22,485	1,045	4.65
Other finance expenses	-	415	-	-	596	-	-	418	-
Other liabilities	66,541	-	-	70,020	-	-	56,867	-	-
Equity	33,076	-	-	29,598	-	-	27,194	-	-
LIABILITIES+EQUITY/INTEREST AND SIMILAR EXPENSES	**558,808**	**7,814**	**1.40**	**542,969**	**9,893**	**1.82**	**517,856**	**18,717**	**3.61**

The change in the balance under the headings "Interest and similar income" and "Interest and similar expenses" in the accompanying consolidated income statements is the result of changing prices (price effect) and changing volume of activity (volume effect), as can be seen below:

	Millions of Euros					
	2010 / 2009			2009 / 2008		
Interest Income and Expense and Similar Items. Change in the Balance	**Volume Effect (1)**	**Price Effect (2)**	**Total Effect**	**Volume Effect (1)**	**Price Effect (2)**	**Total Effect**
Cash and balances with central banks	37	(51)	(14)	141	(366)	(225)
Securities portfolio and derivatives	243	(511)	(268)	774	(1,226)	(452)
Loans and advances to credit institutions	(16)	(179)	(195)	(222)	(448)	(670)
Euros	(7)	(136)	(142)	(238)	(342)	(580)
Foreign currency	(10)	(43)	(53)	21	(112)	(91)
Loans and advances to customers	228	(2,429)	(2,201)	551	(5,774)	(5,222)
Euros	(100)	(2,139)	(2,239)	216	(4,027)	(3,810)
Foreign currency	558	(521)	37	399	(1,811)	(1,412)
Other financial incomes	-	39	39	-	(59)	(59)
INTEREST AND SIMILAR INCOME	**693**	**(3,333)**	**(2,641)**	**1,474**	**(8,104)**	**(6,629)**
Deposits from central banks and credit institutions	178	(806)	(628)	(155)	(1,512)	(1,667)
Euros	279	(382)	(104)	113	(750)	(637)
Foreign currency	(120)	(404)	(524)	(271)	(759)	(1,029)
Customer deposits	166	(672)	(505)	414	(4,748)	(4,334)
Euros	63	(143)	(80)	41	(2,480)	(2,439)
Foreign currency	96	(522)	(425)	396	(2,291)	(1,895)
Debt certificates and subordinated liabilities	(14)	(750)	(764)	50	(3,052)	(3,002)
Euros	(68)	(668)	(736)	(263)	(2,481)	(2,744)
Foreign currency	60	(88)	(27)	280	(537)	(258)
Other financial expenses	-	(181)	(181)	-	178	178
INTEREST AND SIMILAR EXPENSES	**288**	**(2,367)**	**(2,079)**	**908**	**(9,733)**	**(8,825)**
NET INTEREST INCOME			**(562)**			**2,197**

(1) The volume effect is calculated as the result of the interest rate of the initial period multiplied by the difference between the average balances of both periods.
(2) The price effect is calculated as the result of the average balance of the last period multiplied by the difference between the interest rates of both periods.

40. DIVIDEND INCOME

The balances for this heading in the accompanying consolidated income statements correspond to dividends on shares and equity instruments other than those from shares in entities accounted for using the equity method (see Note 41), as can be seen in the breakdown below:

	Millions of Euros		
Dividend Income	**2010**	**2009**	**2008**
Dividends from:			
Financial assets held for trading	157	131	110
Available-for-sale financial assets	372	312	337
Total	**529**	**443**	**447**

41. SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

The breakdown of the share of profit or loss of entities accounted for using the equity method in the accompanying consolidated income statements is as follows:

	Millions of Euros		
Investments in Entities Accounted for Using the Equity Method	**2010**	**2009**	**2008**
CITIC Group	337	164	18
Corporación IBV Participaciones Empresariales, S.A.	16	18	233
Tubos Reunidos, S.A.	-	1	20
Occidental Hoteles Management, S.L.	(29)	(31)	(9)
Hestenar, S.L.	-	(13)	(1)
Las Pedrazas Golf, S.L.	1	(7)	-
Servired Española de Medios de Pago, S.A.	8	(2)	26
Rest	2	(10)	6
Total	**335**	**120**	**293**

42. FEE AND COMMISSION INCOME

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

Fee and Commission Income. Breakdown by main Items	Millions of Euros 2010	2009	2008
Commitment fees	133	97	62
Contingent liabilities	282	260	243
Letters of credit	45	42	45
Bank and other guarantees	237	218	198
Arising from exchange of foreign currencies and banknotes	19	14	24
Collection and payment services	2,500	2,573	2,655
Securities services	1,651	1,636	1,895
Counselling on and management of one-off transactions	11	7	9
Financial and similar counselling services	60	43	24
Factoring transactions	29	27	28
Non-banking financial products sales	102	83	96
Other fees and commissions	595	565	503
Total	**5,382**	**5,305**	**5,539**

43. FEE AND COMMISSION EXPENSES

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

Fee and Commission Expenses. Breakdown by main Items	Millions of Euros 2010	2009	2008
Brokerage fees on lending and deposit transactions	5	7	8
Fees and commissions assigned to third parties	578	610	728
Other fees and commissions	262	258	276
Total	**845**	**875**	**1,012**

44. NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES

The breakdown of the balance under this heading, by source of the related items, in the accompanying consolidated income statements was as follows:

Gains (Losses) on Financial Assets and Liabilities (Net)	Millions of Euros 2010	2009	2008
Financial assets held for trading	643	321	265
Other financial assets designated at fair value through profit or loss	83	79	(17)
Other financial instruments not designated at fair value through profit or loss	715	492	1,080
Available-for-sale financial assets	653	504	996
Loans and receivables	25	20	13
Rest	37	(32)	71
Total	**1,441**	**892**	**1,328**

The balance under this heading in the accompanying consolidated income statements, broken down by the nature of the financial instruments, is as follows:

Net Gains (Losses) on Financial Assets and Liabilities Breakdown by Nature of the Financial Instrument	Millions of Euros 2010	2009	2008
Debt instruments	783	875	(143)
Equity instruments	(318)	1,271	(1,986)
Loans and advances to customers	33	38	106
Derivatives	847	(1,318)	3,305
Customer deposits	-	(2)	13
Rest	96	28	33
Total	**1,441**	**892**	**1,328**

The breakdown of the balance of the impact of the derivatives (trading and hedging) on this heading in the accompanying consolidated income statements was as follows:

Derivatives Trading and Heading	Millions of Euros 2010	2009	2008
Trading derivatives			
Interest rate agreements	133	(213)	568
Security agreements	712	(993)	2,621
Commodity agreements	(5)	(2)	42
Credit derivative agreements	(63)	(130)	217
Foreign-exchange agreements	79	64	(152)
Other agreements	(1)	10	(57)
Subtotal	855	(1,264)	3,239
Hedging Derivatives Ineffectiveness			
Fair value hedging	(8)	(55)	66
Hedging derivative	(127)	58	2,513
Hedged item	119	(113)	(2,447)
Cash flow hedging	-	1	-
Subtotal	(8)	(54)	66
Total	**847**	**(1,318)**	**3,305**

In addition, in 2010 and 2009, negative €287 million and positive €52 million, respectively, have been recognized under the heading "Net Exchange differences" in the accompanying consolidated income statement, through foreign exchange trading derivatives.

45. OTHER OPERATING INCOME AND EXPENSES

The breakdown of the balance under the heading “Other operating income” in the accompanying consolidated income statements was as follows:

Other Operating Income. Breakdown by main Items	Millions of Euros 2010	2009	2008
Income on insurance and reinsurance contracts	2,597	2,567	2,512
Financial income from non-financial services	647	493	485
Of which:			
Real estate agencies	202	42	40
Rest of other operating income	299	340	562
Of which:			
Net operating profit from rented buildings	60	57	20
Total	**3,543**	**3,400**	**3,559**

The breakdown of the balance under the heading "Other operating expense" in the accompanying consolidated income statements was as follows:

	Millions of Euros		
Other Operating Expenses. Breakdown by main Item	**2010**	**2009**	**2008**
Expenses on insurance and reinsurance contracts	1,815	1,847	1,896
Change in inventories	554	417	403
Of which:			
Real estate agencies	171	29	27
Rest of other operating expenses	879	889	794
Of which:			
Contributions to guaranted banks deposits funds	386	323	251
Total	**3,248**	**3,153**	**3,093**

46. ADMINISTRATIVE COSTS

46.1 PERSONNEL EXPENSES

The breakdown of the balance under this heading in the accompanying consolidated income statements was as follows:

		Millions of Euros		
Personnel Expenses. Breakdown by main Concepts	**Notes**	**2010**	**2009**	**2008**
Wages and salaries		3,740	3,607	3,593
Social security costs		567	531	566
Defined-benefit plan expense	26.2	37	44	56
Defined-contribution plan expense	26.1	84	68	71
Other personnel expenses		386	401	430
Total		**4,814**	**4,651**	**4,716**

The breakdown of number of employees in the Group in 2010, 2009 and 2008, by professional categories and geographical areas, was as follows:

	Average number of employees		
Average Number of Employees by Geographical Areas	**2010**	**2009**	**2008**
Spanish banks			
Executive managers	1,084	1,043	1,053
Other line personnel	20,901	20,700	21,268
Clerical staff	4,644	5,296	6,152
Branches abroad	666	653	720
Subtotal	27,295	27,692	29,193
Companies abroad			
Mexico	26,693	26,675	27,369
Venezuela	5,592	5,935	6,154
Argentina	4,247	4,156	4,242
Colombia	4,317	4,289	4,382
Peru	4,379	4,222	3,836
United States	11,033	10,705	12,029
Other	4,796	4,839	4,918
Subtotal	61,057	60,821	62,930
Pension fund managers	6,229	5,642	8,470
Other non-banking companies	10,174	10,261	11,343
Total	**104,755**	**104,416**	**111,936**

The breakdown of the average number of employees in the Group in 2010, 2009 and 2008, by gender, was as follows:

	2010		2009		2008	
	Male	Female	Male	Female	Male	Female
Average Number of Employees	50,804	53,951	50,755	53,661	54,356	57,580
Of which:						
BBVA, S.A.	15,616	11,218	15,947	11,213	16,874	11,643

The total number of employees in the Group as of December 31, 2010, 2009 and 2008, broken down by professional category and gender, was as follows:

	2010		2009		2008	
Number of Employees by Professional Category and Gender	Male	Female	Male	Female	Male	Female
Executive managers	1,659	338	1,646	328	1,627	319
Other line personnel	23,779	20,066	21,960	18,687	22,983	19,092
Clerical staff	26,034	35,100	26,913	34,187	29,169	35,782
Total	**51,472**	**55,504**	**50,519**	**53,202**	**53,779**	**55,193**

Equity-instrument-based employee remuneration

BBVA has a variable multi-year remuneration scheme in place as part of the remuneration policy established for its executive team. It is based on the award of Bank shares that are instrumented through annual overlapping medium- and long-term programs. These consist of allocating individuals theoretical shares ("units") that at the end of each program are converted into real BBVA shares, provided certain initially established conditions are met, with the number depending on a scale linked to an indicator of value generation for the shareholder, and dependent on the individual performing well during the period the program is in operation.

At the conclusion of each program, the final number of shares to be granted will be equal to the result of multiplying the initial number of assigned "units" by a coefficient on a scale of between 0 and 2, which is linked to the movement of the Total Shareholders Return (TSR) indicator. This indicator measures the return on investment for shareholders as the sum of the revaluation of the Bank's shares plus dividends or other similar concepts during the period of each program/plan by comparing the movement of this indicator for a group of banks of reference in Europe and the United States.

Below are the main features of each of the equity-based remuneration schemes currently in force in the BBVA Group.

Multi-Year Variable Share-Based Remuneration Plans for the BBVA Executive Team

The beneficiaries of these programs are the members of the Group's executive team, including executive directors and the BBVA's Management Committee members (see Note 56):

- ***2009-2010 program***

  The Bank's AGM on March 13, 2009 approved the 2009-2010 Program, with a completion date of December 31, 2010.

  As of December 31, 2010, the total number of "units" assigned to the beneficiaries of this program was 6,752,579.

  Once the 2009/2010 Program period was completed, the TSR for BBVA and the 18 reference banks was then determined; given the final positioning of BBVA, it resulted in the application of a multiplier ratio of 0 to the assigned units, the Program will be settled without the allocation of shares to the beneficiaries.

- ***2010-2011 program***

  The Bank's AGM on March 12, 2010 approved the 2010-2011 Program, with a completion date of December 31, 2011.

  This program incorporates some restrictions to granting shares to the beneficiaries after the settlement. These shares are available as follows:

  - 40 percent of the shares received shall be freely transferable by the beneficiaries at the time of their delivery;

- 30 percent of the shares are transferable a year after the settlement date of the program; and
- 30 percent are transferable starting two years after the settlement date of the program.

As of December 31, 2010, the total number of "units" assigned to the beneficiaries of this program was 3,314,050.

BBVA Compass long-term incentive plan

The Remuneration Committee of BBVA Compass has approved various long-term remuneration plans with BBVA shares for members of the management team and key employees of BBVA Compass and its affiliates.

Currently, BBVA Compass is operating the following plans:

- ***2008-2010 plan***

  The starting date of this plan was January 1, 2008, and its completion date will be December 31, 2010.

  The plan consists in assigning "restricted share units" to the beneficiaries. Each of these units represents an obligation on the part of BBVA Compass to grant an equivalent number of BBVA American Depositary Shares (ADS) after a certain period, conditional on compliance with specific criteria.

  The total number of "restricted share units" assigned to the beneficiaries of this plan was 821,511.

- ***2009-2011 plan***

  On November 27, 2009, the Remuneration Committee of BBVA Compass agreed to increase the number of ADS in the existing plan and set up a new plan for the period 2009-2011, with a completion date of December 31, 2011.

  This plan consists of granting "units" or theoretical shares to management staff (as described at the start of this section on remuneration based on equity instruments.

  The total number of "units" and "restricted share units" assigned to the beneficiaries of this plan was 1,128,628.

- ***2010-2012 plan***

  In May 2010, the Remuneration Committee of BBVA Compass approved a new long-term share-based remuneration plan solely for members of the executive team of BBVA Compass and its affiliates, for the period 2010-2012, with the completion date on December 31, 2012.

  The total number of "units" assigned to the beneficiaries of this plan was 986,542.

During the period of operation of each of the schemes mentioned above, the sum of the commitment to be accounted for at the date of the accompanying consolidated financial statements was obtained by multiplying the number of "units" assigned by the expected share price and the expected value of the coefficient, both estimated at the date of the entry into force of each of the schemes.

The cost of these programs/plans is broken up throughout their operational life. The expense associated in 2010, 2009 and 2008 for those programs/plans reached $33 million, €18 million and €46 million, respectively. It is recognized under the heading "Personnel expenses – Other personnel expenses" in the accompanying consolidated income statements, and a balancing entry has been made under the heading "Stockholders' funds – Other equity instruments" in the consolidated balance sheets, net of tax effect.

46.2 GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of the balance under this heading in the accompanying consolidated income statements for 2010, 2009 and 2008 was as follows:

General and Administrative Expenses. Breakdown by main concepts	Millions of Euros 2010	2009	2008
Technology and systems	563	577	598
Communications	284	254	260
Advertising	345	262	273
Property, fixtures and materials	750	643	617
Of which:			
Rent expenses (*)	397	304	268
Taxes	322	266	295
Other administration expenses	1,129	1,009	997
Total	**3,393**	**3,011**	**3,040**

(*) The consolidated companies do not expect to terminate the lease contracts early.

47. DEPRECIATION AND AMORTIZATION

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

Depreciation and Amortization	Notes	Millions of Euros 2010	2009	2008
Tangible assets	19	470	435	443
For own use		448	416	434
Investment properties		15	11	1
Operating lease		7	8	8
Other Intangible assets	20.2	291	262	256
Total		**761**	**697**	**699**

48. PROVISIONS (NET)

The net allowances charged to the income statement under the headings “Provisions for pensions and similar obligations”, “Provisions for contingent exposures and commitments", “Provisions for taxes and other legal contingencies” and “Other provisions" (Note 25) in the accompanying consolidated income statements were as follows:

Provisions (Net)	Notes	Millions of Euros 2010	2009	2008
Provisions for pensions and similar obligations	26	405	552	985
Provisions for contingent exposures and commitments		22	(170)	(118)
Provisions for taxes and other legal contingencies		6	5	4
Other Provisions		49	71	560
Total		**482**	**458**	**1,431**

49. IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)

The breakdown of impairment losses on financial assets broken down by the nature of these assets in the accompanying consolidated income statements was as follows:

Impairment Losses on Financial Assets (Net) Breakdown by main concepts	Notes	Millions of Euros 2010	2009	2008
Available-for-sale financial assets	12	155	277	145
Debt securities		4	167	144
Other equity instruments		151	110	1
Held-to-maturity investments	14	-	(3)	(1)
Loans and receivables	7	4,563	5,199	2,797
Of which:				
Recovery of written-off assets	7	253	187	192
Total		**4,718**	**5,473**	**2,941**

50. IMPAIRMENT LOSSES ON OTHER ASSETS (NET)

The breakdown of impairment losses of non-financial assets broken down by the nature of these assets in the accompanying consolidated income statements was as follows:

Impairment Losses on Other Assets (Net)	Notes	Millions of Euros 2010	2009	2008
Goodwill	20.1 - 17	13	1,100	-
Other intangible assets	20.2	-	-	1
Tangible assets	19	92	155	13
For own use		9	62	8
Investment properties		83	93	5
Inventories	22	370	334	26
Rest		14	29	5
Total		**489**	**1,618**	**45**

51. GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE

The breakdown of the balances under these headings in the accompanying consolidated income statements for 2010, 2009 and 2008 was as follows:

Gains and Losses on Derecognized Assets Not Classified as Non-current Assets Held for Sale	Millions of Euros 2010	2009	2008
Gains			
Disposal of investments in entities	40	6	27
Disposal of intangible assets and other	17	28	75
Losses:			
Disposal of investments in entities	(11)	(2)	(14)
Disposal of intangible assets and other	(5)	(12)	(16)
Total	**41**	**20**	**72**

52. GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS

The details under the heading "Gains and losses in non-current assets held for sale not classified as discontinued operations" in the accompanying consolidated income statements for 2010, 2009 and 2008 were as follows:

Gains and Losses in Non-current Assets Held for Sale	Millions of Euros 2010	2009	2008
Gains for real estate	**374**	**986**	**61**
Of which:			
Foreclosed	17	5	(40)
Sale of buildings for own use (Note 16.1)	285	925	64
Impairment of non-current assets held for sale	**(247)**	**(127)**	**(40)**
Gains on sale of available-for-sale financial assets	**-**	**-**	**727**
Total	**127**	**859**	**748**

"Gains for real estate" above refer mainly to the Group's sales of property with leaseback in Spain (€273 million and €914 million) in 2010 and 2009, respectively, and the sale of a Bancomer property in 2008 (€61 million) (see Note 16.1).

The "Gains (losses) on available-for-sale financial assets" correspond to several sales of stakes in Bradesco during 2008.

53. CONSOLIDATES STATEMENT OF CASH FLOWS

Cash flows from operating activities increased in 2010 by €8,503 million, compared with the increase of €2,567 million in 2009. The most significant changes occurred in the headings of "Loans and receivables", "Financial liabilities at amortized cost" and "Financial assets held for trading".

Cash flows from investment activities decreased in 2010 by €7,078 million, compared with the decrease of €643 million in 2009. The most significant change is included under the heading "Held-to-maturity investments".

Cash flows from financing activities increased in 2010 by €1,148 million, compared with the decrease of €74 million in 2009. The most significant movements are shown in the line detailing the acquisition and amortization of own equity instruments.

The table below breaks down the main cash flows in investing activities as of December 31, 2010, 2009 and 2008:

Main Cash Flows in Investing Activities	Millions of Euros Cash Flows in Investment Activities	
2010	**Investments (-)**	**Divestments (+)**
Tangible assets	1,040	261
Intangible assets	464	6
Investments	1,209	1
Subsidiaries and other business units	77	69
Non-current assets held for sale and associated liabilities	1,464	1,347
Held-to-maturity investments	4,508	-
Other settlements related to investement activities	-	-

Main Cash Flows in Investing Activities	Millions of Euros Cash Flows in Investment Activities	
2009	**Investments (-)**	**Divestments (+)**
Tangible assets	931	793
Intangible assets	380	147
Investments	2	1
Subsidiaries and other business units	7	32
Non-current assets held for sale and associated liabilities	920	780
Held-to-maturity investments	156	-
Other settlements related to investement activities	-	-

Main Cash Flows in Investing Activities	Millions of Euros Cash Flows in Investment Activities Investments (-)	Divestments (+)
Intangible assets	402	31
Investments	672	9
Subsidiaries and other business units	1,559	13
Non-current assets held for sale and associated liabilities	515	374
Held-to-maturity investments	-	283
Other settlements related to investement activities	270	874

54. ACCOUNTANT FEES AND SERVICES

The details of the fees for the services contracted by the companies of the Group in 2010 with their respective auditors and other audit companies were as follows:

Fees for Audits Conducted	Millions of Euros
Audits of the companies audited by firms belonging to the Deloitte worldwide organization and other reports related with the audit	16.4
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 organization	3.8
Fees for audits conducted by other firms	-

Other companies in the Group contracted other services (other than audits) as of December 31, 2010, as follows:

Other Services Contracted	Millions of Euros
Firms belonging to the Deloitte worldwide organization	2.6
Other firms	17.6

(*) Including €1.3 million related to fees for tax services.

The services provided by our accountants meet the independence requirements established under Law 44/2002, of 22 November, on Measures Reforming the Financial System and by the Sarbanes-Oxley Act of 2002 adopted by the Securities and Exchange Commission (SEC); accordingly they did not include the performance of any work that is incompatible with the auditing function.

55. RELATED PARTY TRANSACTIONS

As financial institutions, BBVA and other companies in the Group engage in transactions with related parties in the normal course of their business. All these transactions are of little relevance and are carried out in normal market conditions.

55.1 TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS

As of December 31, 2010, the balances of transactions with significant shareholders (see Note 27) correspond to "Customer deposits", at €57 million, “Loans and advances to customers”, at €49 million and “Contingent exposures”, at €20 million, all of them in normal market conditions.

55.2 TRANSACTIONS WITH THE BBVA GROUP

The balances of the main aggregates in the accompanying consolidated balance sheets arising from the transactions carried out by the Group with associates and jointly controlled companies accounted for using the equity method (see Note 2.1), were as follows:

	Millions of Euros		
Balances arising from transactions with Entities of the Group	**2010**	**2009**	**2008**
Assets:			
Loans and advances to credit institutions	87	45	27
Loans and advances to customers	457	613	507
Liabilities:			
Deposits from credit institutions	-	3	1
Customer deposits	89	76	23
Debt certificates	8	142	344
Memorandum accounts:			
Contingent exposures	55	36	37
Contingents commitments	327	340	415

The balances of the main aggregates in the accompanying consolidated income statements resulting from transactions with associated and jointly controlled entities that consolidated by the equity method, were as follows:

	Millions of Euros		
Balances of Income Statement arising from transactions with Entities of the Group	**2010**	**2009**	**2008**
Income statement:			
Financial incomes	14	18	36
Financial costs	2	6	22

There are no other material effects in the accompanying consolidated financial statements of the Group arising from dealings with these companies, other than the effects arising from using the equity method (see Note 2.1), and from the insurance policies to cover pension or similar commitments (see Note 26).

As of December 31, 2010, the notional amount of the futures transactions arranged by the Group with the main companies mentioned above amounted to €1,373 million (of which €1,282 million in 2010 correspond to futures transactions with the CITIC Group).

In addition, as part of its normal activity, the Group has entered into agreements and commitments of various types with shareholders of subsidiaries and associates, which have no material effects on the accompanying consolidated financial statements.

55.3 TRANSACTIONS WITH MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT COMMITTEE

The information on the remuneration of members of the Board of Directors of BBVA and of the Group's Management Committee is included in Note 56.

The amount disposed of the loans granted to members of Board of Directors as of December 31, 2010 and 2009 totaled €531 and €806 thousand, respectively.

The amount disposed of the loans granted as of December 31, 2010 and 2009 to the Management Committee, excluding the executive directors, amounted to €4,924 and €3,912 thousand, respectively.

As of December 31, 2010 and 2009, there were no guarantees, finance leases or commercial loans provided on behalf of members of the Bank's Board of Directors or Management Committee.

The loans granted to parties related to key personnel (the members of the Board of Directors of BBVA and of the Management Committee as mentioned above) as of December 31, 2010 and 2009 amounted to €28,493 thousand and €51,882 thousand, respectively.

As of December 31, 2010 and 2009, the other exposure, guarantees, financial leases and commercial loans to parties related to key personnel amounted to €4,424 thousand and €24,514 thousand, respectively.

55.4 TRANSACTIONS WITH OTHER RELATED PARTIES

As of December 31, 2010 and 2009, the Group did not perform any transactions with other related parties that did not belong to the normal course of their business, that was not under market conditions and that was relevant for the equity, income or the entity and financial situation of the BBVA Group.

56. REMUNERATION OF THE BOARD OF DIRECTORS AND MEMBERS OF THE BANK'S MANAGEMENT COMMITTEE

Remuneration and other benefits of the members of the Board of Directors and members of the Management Committee.

- Remuneration of non-executive directors

The remuneration paid to individual non-executive members of the Board of Directors in 2010 is indicated below, broken down by type of remuneration:

Year 2010 Remuneration of Non-Executive Directors	Thousand of Euros Board of Directors	Standing-Executive Committee	Audit Committee	Risk Committee	Appointments and Compensation Committee (4)	Appointments Committee (5)	Compensation Committee (5)	Total
Tomás Alfaro Drake	129	-	71	-	-	59	-	259
Juan Carlos Alvarez Mezquiriz	129	167	-	-	18	-	25	339
Rafael Bermejo Blanco	129	-	179	107	-	-	-	415
Ramón Bustamante y de la Mora	129	-	71	107	-	-	-	307
José Antonio Fernández Rivero (1)	129	-	-	214	-	23	-	366
Ignacio Ferrero Jordi	129	167	-	-	18	-	25	339
Carlos Loring Martinez de Irujo	129	-	71	-	45	-	62	307
José Maldonado Ramos (2)	129	-	-	107	-	23	25	284
Enrique Medina Fernández	129	167	-	107	-	-	-	403
Susana Rodríguez Vidarte	129	-	71	-	18	23	25	266
Total (3)	**1,290**	**501**	**463**	**642**	**99**	**128**	**162**	**3,284**

(1) Mr. José Antonio Fernández Rivero, apart from the amounts detailed in the table above, also received a total of €652 thousand in early retirement benefit as a former director of BBVA.
(2) Mr. José Maldonado Ramos, who resigned as chief executive of BBVA on December 22, 2009, received in the year 2010 apart from the amounts detailed in the table above, a total of €805 thousand in accrued variable compensation in 2009 by his former post of Company Secretary
(3) Mr. Roman Knörr Borras, who resigned as executive director on March 23, 2010, received in the year 2010 the total amount of €74 thousand as compensation for their membership of the Board of Directors and Standing-Executive Committee until that date.
(4) By agreement of the Board of Directors on May 25, 2010, created two new Appointments and Compensation Committees, which replaced the former Appointments and Compensation Committee.
(5) Remuneration received from June 1, 2010.

- Remuneration of executive directors

The remuneration paid to individual executive directors in 2010 is indicated below, broken down by type of remuneration:

Year 2010 Remuneration of Executive Directors	Thousand of Euros Fixed Remuneration	Variable Remuneration (1)	Total
Chairman and CEO	1,928	3,388	5,316
President and COO	1,249	1,482	2,731
Total	**3,177**	**4,870**	**8,046**

(1) The figures relate to variable remuneration for 2009 paid in 2010.
(2) The variable remuneration for 2009 of COO, who was appointed on September 29, 2009, includes the remuneration received as Director of Resources and Media in the period of 2009 in which he occupied that function (9 months) and earned as COO since his appointment.

In addition, the executive directors received payment-in-kind during 2010 totaling €32 thousand, of which €10 thousand relates to Chairman and CEO, €22 thousand relates to President and COO.

The Executive Directors accrued variable remuneration for 2010, to be paid in 2011, amounting to €3,011 thousand in the case of the Chairman and CEO and €1,889 thousand in the case of the President and COO.

These amounts are recognized under the item “Other liabilities – Accruals” on the liability side in the accompanying consolidated balance sheet as of December 31, 2010.

- Remuneration of the members of the Management Committee (*)

The remuneration paid in 2010 to the members of BBVA's Management Committee amounted to €7,376 thousand in fixed remuneration and €15,174 thousand in variable remuneration accrued in 2009 and paid in 2010.

In addition, the members of the Management Committee received remuneration in kind and other items totaling €807 thousand in 2010.

(*) This section includes information on the members of the Management Committee as of December 31, 2010, excluding the executive directors.

- VARIABLE MULTI-YEAR STOCK REMUNERATION PROGRAM FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

SETTLEMENT OF THE MULTI-YEAR VARIABLE SHARE-BASED REMUNERATION PLAN FOR 2009-2010

The AGM of the Bank held on March 13, 2009 approved a Multi-Year Variable Share-Based Remuneration Plan for shares for 2009/2010 (hereinafter, the 2009/2010 Program) for the members of the BBVA's executive team, and whose result is obtained by multiplying the initial number of assigned "units" by a coefficient on a scale of between 0 and 2, which is linked to the movement of the Total Shareholders Return (TSR) indicator of the Bank during 2009/2010 compared with the change of this same indicator in a group of international banks of reference.

The number of "units" allocated to executive directors under this program, in accordance with the resolution of the AGM, was 215,000 for the Chairman and CEO, and 131,707 for the President and COO, and 817,464 for the members of the Management Committee who held this position as of December 31, 2010, excluding executive directors.

Once the 2009/2010 Program period was completed, on December 31, 2010, the TSR for BBVA and the 18 reference banks was then determined; given the final positioning of BBVA, it resulted in the application of a multiplier ratio of 0 to the assigned units, the Program was settled without the allocation of shares to the beneficiaries.

MULTI-YEAR VARIABLE SHARE-BASED REMUNERATION PLAN FOR 2010-2011

The AGM of the Bank on March 12, 2010, approved a new multi-year variable share-based remuneration scheme for 2010-2011 (hereinafter "the 2010-2011 program") aimed at members of the BBVA executive team. It is to end on December 31, 2011 and will be settled on April 15, 2012, although the Regulation that governs it includes provisions for early settlement.

The precise number of shares to be given to each beneficiary of the Program 2010/2011 will also be determined by multiplying the number of units allocated by a coefficient of between 0 and 2. This coefficient reflects the relative performance of BBVA's total stockholder return (TSR) during the period 2010-2011 compared with the TSR of a group of the Bank's international peers.

These shares will be given to the beneficiaries after the settlement of the program. They will be able to use these shares as follows: (i) 40 percent of the shares received will be freely transferable by the beneficiaries at the moment they are received; (ii) 30 percent of the shares received will be transferable one year after the settlement date of the program; and (iii) the remaining 30 percent will be transferable starting two years after the settlement date of the program.

The number of units assigned for the executive directors under the AGM resolution is 105,000 for the Chairman and CEO and 90,000 for the President and COO.

The total number of units assigned under this Program to the Management Committee members who held this position on December 31, 2010, excluding executive directors, was 385.000.

- SCHEME FOR REMUNERATION OF NON-EXECUTIVE DIRECTORS WITH DEFERRED DISTRIBUTION OF SHARES

The Bank's AGM on March 18, 2006 resolved under agenda item eight to establish a remuneration scheme using deferred distribution of shares to the Bank's non-executive directors, to replace the earlier post-employment scheme in place for these directors.

The plan is based on the annual assignment to non-executive directors of a number of "theoretical shares" equivalent to 20% of the total remuneration received by each of them in the previous year, The share price used in the calculation is the average closing price of the BBVA shares in the seventy stock market sessions before the dates of the ordinary AGMs that approve the annual accounts for each year. The shares will be given to each beneficiary on the date he or she leaves the position of director for any reason except serious breach of duties.

The number of "theoretical shares" allocated to non-executive director beneficiaries under the deferred share distribution scheme approved by the AGM for 2010, corresponding to 20% of the total remuneration paid to each in 2009, is set out below:

Scheme for Remuneration of Non-Executive Directors with Deferred Distribution of Shares	Theorical Shares assigned in 2010	Accumulated Theorical Shares
Tomás Alfaro Drake	3,521	13,228
Juan Carlos Alvarez Mezquiriz	5,952	39,463
Rafael Bermejo Blanco	7,286	23,275
Ramón Bustamante y de la Mora	5,401	38,049
José Antonio Fernández Rivero	6,026	30,141
Ignacio Ferrero Jordi	5,952	40,035
Carlos Loring Martínez de Irujo	5,405	25,823
Enrique Medina Fernández	7,079	51,787
Susana Rodríguez Vidarte	4,274	24,724
Total (*)	**50,896**	**286,525**

(*) Additionally, were also assigned to Don Roman Knorr Borras, who resigned as director as of March 23, 2010, 5,198 theoretical shares equivalent to 20% of the remuneration received by him in 2009.

- PENSION COMMITMENTS

The provisions registered as of December 31, 2010 for pension commitments to the President and COO are €14,551 thousand, of which €941 thousand were charged against 2010 earnings. As of this date, there are no other pension obligations to executive directors.

In addition, insurance premiums amounting to €95 thousand were paid on behalf of the non-executive members on the Board of Directors.

The provisions registered as of December 31, 2010 for pension commitments for the Management Committee members, excluding executive directors, amounted to €51,986 thousand. Of these, €6,756 thousand were charged against 2010 earnings.

- TERMINATION OF THE CONTRACTUAL RELATIONSHIP.

There were no commitments as of December 31, 2010 for the payment of compensation to executive directors.

In the case of the COO, the provisions of his contract stipulate that in the event that he loses this position for any reason other than of his own will, retirement, invalidity or serious dereliction of duty, he will take early retirement with a pension that may be received as a life annuity or a capital sum equal to 75% of his pensionable salary if this should occur before he reaches 55 years of age, or 85% after this age.

57. DETAIL OF THE DIRECTORS' HOLDINGS IN COMPANIES WITH SIMILAR BUSINESS ACTIVITIES

Pursuant to Article 229.2 of the Spanish Corporations Act, approved by Legislative Royal Decree 1/2010 of 2 July 2010, as of December 31, 2010, no members of the Board of Directors have a direct or indirect holding in the common stock of companies engaging in an activity that is identical, similar or complementary to that which constitutes the corporate purpose of BBVA. None of the directors hold executive or administrative positions or functions at these companies.

Furthermore, it indicates that individuals associated to the members of the Board of Directors, as of December 31, 2010 were holders of 6,594 shares of Banco Santander, S.A. and of 414 shares of Banco Español de Crédito, S.A. (Banesto).

58. OTHER INFORMATION

58.1. ENVIRONMENTAL IMPACT

Given the activities in which the Group companies engage, the Group has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its consolidated equity, financial situation and profits. Consequently, as of December 31, 2010, there is no item in the Group's consolidated financial statements that requires disclosure in an environmental information report pursuant to the Ministry of Economy Order of October 8, 2001, and no specific disclosure of information on environmental matters is included in these statements.

58.2. DETAIL OF AGENTS OF CREDIT INSTITUTIONS

The list of BBVA agents as required by Article 22 of Royal Decree 1245/1995 of July 14, of the Ministry of Economy and Finance, is included in the Bank's individual financial statements for 2009.

58.3. REPORT ON THE ACTIVITY OF THE CUSTOMER CARE SERVICE AND THE CUSTOMER OMBUDSMAN

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

58.4. OTHER INFORMATION

The Group is party to certain legal actions in a number of jurisdictions, including, among others, Spain, Mexico and the United States, arising out of its ordinary business operations. BBVA considers that none of those actions is material and none is expected to result in a significant adverse effect on BBVA's financial position at either the individual or consolidated level. Management believes that adequate provisions have been made in respect of the litigation arising out of its ordinary business operations. BBVA has not disclosed to the markets any contingent liability that could arise from said legal actions as it does not consider them material.

59. SUBSEQUENT EVENTS

The Directors of the entities Finanzia Banco de Crédito, S.A.U. and Banco Bilbao Vizcaya Argentaria, S.A., in meetings of their respective boards of directors held on January 28, 2011 and February 1, 2011, respectively, have approved a project for the takeover of Finanzia Banco de Crédito, S.A.U. by Banco Bilbao Vizcaya Argentaria, S.A. and the subsequent transfer of all its equity interest to Banco Bilbao Vizcaya Argentaria, S.A., which will acquire all the rights and obligations of the companies it had purchased through universal succession.

The merger agreement will be submitted to shareholders for approval at the AGM during the first quarter of the year. Given that the merged company is fully owned by Banco Bilbao Vizcaya Argentaria, S.A. in accordance with Article 49.1 of Act 3/2009 of 3 April 2009 on the structural modifications of trading corporations, it will not be necessary to carry out any share capital increase of Banco Bilbao Vizcaya Argentaria, S.A. or prepare reports by the managers of the companies involved in the merger, or by independent experts on the merger proposal.

As of January 17, 2011, Banco Bilbao Vizcaya Argentaria, S.A. acquired its condition as sole shareholder as a result of the acquisition of shares in possession of the Corporación General Financiera, S.A. and Cidessa Uno, S.L. as of December 31, 2010.

Since January 1, 2011 until the preparation of these annual consolidated financial statements, no other events, not mentioned above, have taken place that have significantly affected the Group's results or its equity position.

60. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These accompanying 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 to EU-IFRS's may not conform to other generally accepted accounting principles

APPENDICES

APPENDIX I. FINANCIAL STATEMENTS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2010 AND 2009

	Millions of Euros	
ASSETS	**2010**	**2009 (*)**
CASH AND BALANCES WITH CENTRAL BANKS	**4,165**	**3,286**
FINANCIAL ASSETS HELD FOR TRADING	**51,348**	**57,532**
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	13,016	22,833
Equity instruments	4,608	4,996
Trading derivatives	33,724	29,703
Memorandum item: Loaned or advanced as collateral	8,669	12,665
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**-**
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	-	-
Equity instruments	-	-
Memorandum item: Loaned or advanced as collateral	-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**26,712**	**35,964**
Debt securities	22,131	30,610
Equity instruments	4,581	5,354
Memorandum item: Loaned or advanced as collateral	5,901	23,777
LOANS AND RECEIVABLES	**264,278**	**256,355**
Loans and advances to credit institutions	28,882	27,863
Loans and advances to customers	234,031	228,491
Debt securities	1,365	1
Memorandum item: Loaned or advanced as collateral	42,333	40,040
HELD-TO-MATURITY INVESTMENTS	**9,946**	**5,437**
Memorandum item: Loaned or advanced as collateral	-	1,178
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**40**	-
HEDGING DERIVATIVES	**2,988**	**3,082**
NON-CURRENT ASSETS HELD FOR SALE	**958**	**570**
INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE	**24,368**	**22,120**
Associates	3,612	2,296
Jointly controlled entities	14	17
Subsidiaries	20,742	19,807
INSURANCE CONTRACTS LINKED TO PENSIONS	**1,847**	**1,883**
TANGIBLE ASSETS	**1,459**	**1,464**
Property, plants and equipment	1,458	1,461
For own use	1,458	1,461
Other assets leased out under an operating lease	-	-
Investment properties	1	3
Memorandum item: Loaned or advanced as collateral	-	-
INTANGIBLE ASSETS	**410**	**246**
Goodwill	-	-
Other intangible assets	410	246
TAX ASSETS	**3,161**	**3,188**
Current	324	448
Deferred	2,837	2,740
OTHER ASSETS	**431**	**718**
TOTAL ASSETS	**392,111**	**391,845**

(*) Presented for comparison purposes only

	Millions of Euros	
LIABILITIES AND EQUITY	**2010**	**2009 (*)**
FINANCIAL LIABILITIES HELD FOR TRADING	**35,680**	**31,943**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Customer deposits	-	-
Debt certificates	-	-
Trading derivatives	32,294	28,577
Short positions	3,386	3,366
Other financial liabilities	-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**-**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Customer deposits	-	-
Debt certificates	-	-
Subordinated liabilities	-	-
Other financial liabilities	-	-
FINANCIAL LIABILITIES AT AMORTIZED COST	**320,592**	**328,389**
Deposits from central banks	10,867	20,376
Deposits from credit institutions	42,015	40,201
Customer deposits	194,079	180,407
Debt certificates	56,007	69,453
Subordinated liabilities	13,099	14,481
Other financial liabilities	4,525	3,471
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO	**(2)**	**-**
HEDGING DERIVATIVES	**1,391**	**1,014**
FOR SALE	**-**	**-**
PROVISIONS	**6,613**	**6,790**
Provisions for pensions and similar obligations	5,177	5,426
Provisions for taxes and other legal contingencies	-	-
Provisions for contingent exposures and commitments	177	201
Other provisions	1,259	1,163
TAX LIABILITIES	**488**	**715**
Current	-	-
Deferred	488	715
OTHER LIABILITIES	**1,192**	**1,317**
TOTAL LIABILITIES	**365,954**	**370,168**

(*) Presented for comparison purposes only

	Millions of Euros	
LIABILITIES AND EQUITY (Continued)	**2010**	**2009 (*)**
STOCKHOLDERS' FUNDS	**26,183**	**20,034**
Common Stock	**2,201**	**1,837**
Issued	2,201	1,837
Unpaid and uncalled (-)	-	-
Share premium	**17,104**	**12,453**
Reserves	**5,114**	**3,893**
Other equity instruments	**23**	**10**
Equity component of compound financial instruments	-	-
Other equity instruments	23	10
Less: Treasury stock	**(84)**	**(128)**
Income attributed	**2,904**	**2,981**
Less: Dividends and remuneration	**(1,079)**	**(1,012)**
VALUATION ADJUSTMENTS	**(26)**	**1,643**
Available-for-sale financial assets	39	1,567
Cash flow hedging	(62)	80
Hedging of net investment in foreign transactions	-	-
Exchange differences	(3)	(4)
Non-current assets held-for-sale	-	-
Other valuation adjustments	-	-
TOTAL EQUITY	**26,157**	**21,677**
TOTAL LIABILITIES AND EQUITY	**392,111**	**391,845**

	Millions of Euros	
MEMORANDUM ITEM	**2010**	**2009 (*)**
CONTINGENT EXPOSURES	**57,764**	**58,174**
CONTINGENT COMMITMENTS	**58,885**	**64,428**

(*) Presented for comparison purposes only

APPENDIX I. FINANCIAL STATEMENTS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Millions of Euros	
	2010	**2009(*)**
INTEREST AND SIMILAR INCOME	8,759	11,420
INTEREST AND SIMILAR EXPENSES	(3,718)	(5,330)
NET INTEREST INCOME	**5,041**	**6,090**
DIVIDEND INCOME	2,129	1,773
FEE AND COMMISSION INCOME	1,806	1,948
FEE AND COMMISSION EXPENSES	(270)	(303)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	738	96
Financial instruments held for trading	256	(133)
Other financial instruments at fair value through profit or loss	-	-
Other financial instruments not at fair value through profit or loss	482	229
Rest	-	-
EXCHANGE DIFFERENCES (NET)	112	259
OTHER OPERATING INCOME	102	81
OTHER OPERATING EXPENSES	(106)	(98)
GROSS INCOME	**9,552**	**9,846**
ADMINISTRATION COSTS	(3,409)	(3,337)
Personnel expenses	(2,202)	(2,251)
General and administrative expenses	(1,207)	(1,086)
DEPRECIATION AND AMORTIZATION	(276)	(243)
PROVISIONS (NET)	(405)	(269)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(1,925)	(1,698)
Loans and receivables	(1,794)	(1,518)
Other financial instruments not at fair value through profit or loss	(131)	(180)
NET OPERATING INCOME	**3,537**	**4,299**

(*) Presented for comparison purposes only.

	Millions of Euros	
(Continued)	**2010**	**2009 (*)**
NET OPERATING INCOME	**3,537**	**4,299**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(258)	(1,746)
Goodwill and other intangible assets	-	-
Other assets	(258)	(1,746)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	5	3
NEGATIVE GOODWILL	-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	129	892
INCOME BEFORE TAX	**3,413**	**3,448**
INCOME TAX	(509)	(467)
INCOME FROM CONTINUING TRANSACTIONS	**2,904**	**2,981**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	-	-
NET INCOME	**2,904**	**2,981**

(*) Presented for comparison purposes only.

APPENDIX I. FINANCIAL STATEMENTS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

STATEMENTS OF RECOGNIZED INCOME AND EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Millions of Euros	
	2010	2009 (*)
NET INCOME RECOGNIZED IN INCOME STATEMENT	**2,904**	**2,981**
OTHER RECOGNIZED INCOME (EXPENSES)	**(1,669)**	**492**
Available-for-sale financial assets	**(2,038)**	**1,028**
Valuation gains/(losses)	(1,756)	1,045
Amounts removed to income statement	(282)	(17)
Reclassifications	-	-
Cash flow hedging	**(190)**	**(85)**
Valuation gains/(losses)	(159)	(80)
Amounts removed to income statement	(31)	(5)
Amounts removed to the initial carrying amount of the	-	-
Reclassifications	-	-
Hedging of net investment in foreign transactions	**-**	**-**
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
Exchange differences	**-**	**(79)**
Valuation gains/(losses)	(4)	(6)
Amounts removed to income statement	4	(73)
Reclassifications	-	-
Non-current assets held for sale	**-**	**-**
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
Actuarial gains and losses in post-employment plans	**-**	**-**
Rest of recognized income and expenses	**-**	**-**
Income tax	**559**	**(372)**
TOTAL RECOGNIZED INCOME/EXPENSES	**1,235**	**3,473**

(*) Presented for comparison purposes only.

APPENDIX I. FINANCIAL STATEMENTS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Millions of Euros									
	Total Equity Attributed to the Parent Company									Total Equity
	Stockholders' Funds								Valuation Adjustments	
	Common Stock	Share Premium	Reserves - Reserves (Accumulated Losses)	Other Equity Instruments	Less: Treasury Stock	Profit for the Year	Less: Dividends and Remunerations	Total Stockholders' Funds		
Balances as of January 1, 2010	**1,837**	**12,453**	**3,893**	**10**	**(128)**	**2,981**	**(1,012)**	**20,034**	**1,643**	**21,677**
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**1,837**	**12,453**	**3,893**	**10**	**(128)**	**2,981**	**(1,012)**	**20,034**	**1,643**	**21,677**
Total income/expense recognized	**-**	**-**	**-**	**-**	**-**	**2,904**	**-**	**2,904**	**(1,669)**	**1,235**
Other changes in equity	**364**	**4,651**	**1,221**	**13**	**44**	**(2,981)**	**(67)**	**3,245**	**-**	**3,245**
Common stock increase	364	4,651	-	-	-	-	-	5,015	-	5,015
Common stock reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	13	-	-	-	13	-	13
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	(562)	(1,079)	(1,641)	-	(1,641)
Transactions including treasury stock and other equity instruments (net)	-	-	(88)	-	44	-	-	(44)	-	(44)
Transfers between total equity entries	-	-	1,407	-	-	(2,419)	1,012	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increases/reductions in total equity	-	-	(98)	-	-	-	-	(98)	-	(98)
Balances as of December 31, 2010	**2,201**	**17,104**	**5,114**	**23**	**(84)**	**2,904**	**(1,079)**	**26,183**	**(26)**	**26,157**

APPENDIX I. FINANCIAL STATEMENTS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Millions of Euros

	Total Equity Attributed to the Parent Company									Total Equity (*)
	Stockholders' Funds								Valuation Adjustments	
	Common Stock	Share Premium	Reserves: Reserves (Accumulated Losses)	Other Equity Instruments	Less: Treasury Stock	Profit for the Year	Less: Dividends and Remunerations	Total Stockholders' Funds		
Balances as of January 1, 2009	**1,837**	**12,770**	**3,070**	**71**	**(143)**	**2,835**	**(1,878)**	**18,562**	**1,151**	**19,713**
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**1,837**	**12,770**	**3,070**	**71**	**(143)**	**2,835**	**(1,878)**	**18,562**	**1,151**	**19,713**
Total income/expense recognized	**-**	**-**	**-**	**-**	**-**	**2,981**	**-**	**2,981**	**492**	**3,473**
Other changes in equity	**-**	**(317)**	**823**	**(61)**	**15**	**(2,835)**	**866**	**(1,509)**	**-**	**(1,509)**
Common stock increase	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	5	-	-	-	5	-	5
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(1,012)	(1,012)	-	(1,012)
Transactions including treasury stock and other equity instruments (net)	-	-	(99)	-	15	-	-	(84)	-	(84)
Transfers between total equity entries	-	-	957	-	-	(2,835)	1,878	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	(317)	-	(66)	-	-	-	(383)	-	(383)
Rest of increases/reductions in total equity	-	-	(35)	-	-	-	-	(35)	-	(35)
Balances as of December 31, 2009	**1,837**	**12,453**	**3,893**	**10**	**(128)**	**2,981**	**(1,012)**	**20,034**	**1,643**	**21,677**

(*) Presented for comparison purposes only.

APPENDIX I. FINANCIAL STATEMENTS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

CASH FLOW STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Millions of Euros	
	2010	**2009 (*)**
CASH FLOW FROM OPERATING ACTIVITIES (1)	**5,867**	**2,372**
Net income for the year	**2,904**	**2,981**
Adjustments to obtain the cash flow from operating activities:	**(1,141)**	**934**
Depreciation and amortization	276	243
Other adjustments	(1,417)	691
Net increase/decrease in operating assets	**(7,251)**	**(2,022)**
Financial assets held for trading	(6,184)	(2,455)
Other financial assets designated at fair value through profit or loss	-	-
Available-for-sale financial assets	(9,252)	17,238
Loans and receivables	7,963	(15,759)
Other operating assets	222	(1,046)
Net increase/decrease in operating liabilities	**(3,656)**	**(4,032)**
Financial liabilities held for trading	3,737	(8,594)
Other financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at amortized cost	(6,821)	5,668
Other operating liabilities	(572)	(1,106)
Collection/Payments for income tax	**509**	**467**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	**(7,108)**	**(656)**
Investment	**8,329**	**2,306**
Tangible assets	222	268
Intangible assets	260	138
Investments	1,864	1,039
Other business units	-	-
Non-current assets held for sale and associated liabilities	1,014	436
Held-to-maturity investments	4,969	425
Other settlements related to investing activities	-	-
Divestments	**1,221**	**1,650**
Tangible assets	-	6
Intangible assets	-	-
Investments	12	21
Subsidiaries and other business units	-	-
Non-current assets held for sale and associated liabilities	749	1,350
Held-to-maturity investments	232	257
Other collections related to investing activities	228	16

(*) Presented for comparison purposes only.

	Millions of Euros	
(Continued)	**2010**	**2009 (*)**
CASH FLOWS FROM FINANCING ACTIVITIES (3)	**2,121**	**(1,118)**
Investment	**7,622**	**7,785**
Dividends	1,237	1,638
Subordinated liabilities	1,524	1,682
Common stock amortization	-	-
Treasury stock acquisition	4,828	4,232
Other items relating to financing activities	33	233
Divestments	**9,743**	**6,667**
Subordinated liabilities	-	2,927
Common stock increase	4,914	-
Treasury stock disposal	4,829	3,740
Other items relating to financing activities	-	-
EFFECT OF EXCHANGE RATE CHANGES (4)	**(1)**	**1**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)	**879**	**599**
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**3,286**	**2,687**
CASH OR CASH EQUIVALENTS AT END OF THE YEAR	**4,165**	**3,286**

	Millions of Euros	
COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR	**2010**	**2009 (*)**
Cash	616	650
Balance of cash equivalent in central banks	3,549	2,636
Other financial assets	-	-
Less: Bank overdraft refundable on demand	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF THE YEAR	**4,165**	**3,286**

(*) Presented for comparison purposes only.

APPENDIX II. Additional information on consolidated subsidiaries composing the BBVA Group

APPENDIX II. ADDITIONAL INFORMATION ON CONSOLIDATED SUBSIDIARIES COMPRISING THE BBVA GROUP

			%of Voting Rights Controlled by the Bank			Thousands of Euros (*)				
							Affiliate Entity Data			
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets as of 12.31.10	Liabilities as of 12.31.10	Equity 12.31.10	Profit (Loss) 12.31.10
ADMINISTRADORA DE FONDOS DE PENSIONES (AFP) PROVIDA, S.A.	CHILE	PENSION FUNDS MANAGEMENT	12.7	51.6	64.3	299,781	604,814	133,974	336,179	134,661
ADMINISTRADORA DE FONDOS PARA EL RETIRO-BANCOMER,S.A DE C.V.	MEXICO	PENSION FUNDS MANAGEMENT	17.5	82.5	100.0	378,280	253,580	57,106	121,296	75,178
AFP GENESIS ADMINISTRADORA DE FONDOS Y FIDEICOMISOS, S.A.	ECUADOR	PENSION FUNDS MANAGEMENT	-	100.0	100.0	5,705	9,911	4,191	1,251	4,469
AFP HORIZONTE, S.A.	PERU	PENSION FUNDS MANAGEMENT	24.9	75.2	100.0	57,956	93,038	23,097	53,875	16,066
AFP PREVISION BBV-ADM.DE FONDOS DE PENSIONES S.A.	BOLIVIA	PENSION FUNDS MANAGEMENT	75.0	5.0	80.0	2,063	9,634	4,263	3,942	1,429
AMERICAN FINANCE GROUP, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	15,599	16,529	930	14,370	1,229
ANIDA DESARROLLOS INMOBILIARIOS, S.L.	SPAIN	REAL ESTATE	-	100.0	100.0	264,143	570,278	350,002	244,826	(24,550)
ANIDA DESARROLLOS SINGULARES, S.L.	SPAIN	REAL ESTATE	-	100.0	100.0	(485,076)	1,613,790	2,134,176	(293,829)	(226,557)
ANIDA GERMANIA IMMOBILIEN ONE, GMBH	GERMANY	REAL ESTATE	-	100.0	100.0	4,358	20,130	15,566	4,289	275
ANIDA GRUPO INMOBILIARIO, S.L.	SPAIN	INVESTMENT COMPANY	100.0	-	100.0	-	186,112	596,399	(42,568)	(367,719)
ANIDA INMOBILIARIA, S.A. DE C.V.	MEXICO	INVESTMENT COMPANY	-	100.0	100.0	106,704	98,004	9	97,847	148
ANIDA INMUEBLES ESPAÑA Y PORTUGAL, S.L.	SPAIN	REAL ESTATE	-	100.0	100.0	(11,543)	333,936	385,249	(7,631)	(43,682)
ANIDA OPERACIONES SINGULARES, S.L.	SPAIN	REAL ESTATE	-	100.0	100.0	(436,849)	2,152,664	2,644,200	(293,202)	(198,334)
ANIDA PROYECTOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.0	100.0	97,027	143,976	46,949	97,016	11
ANIDA SERVICIOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.0	100.0	499	919	420	349	150
ANIDAPORT INVESTIMENTOS IMOBILIARIOS, UNIPESSOAL, LTDA	PORTUGAL	REAL ESTATE	-	100.0	100.0	-	21,948	24,040	(1,207)	(885)
APLICA SOLUCIONES ARGENTINAS, S.A.	ARGENTINA	SERVICES	-	100.0	100.0	1,399	1,604	122	1,546	(64)
APLICA SOLUCIONES TECNOLOGICAS CHILE LIMITADA	CHILE	SERVICES	-	100.0	100.0	(76)	431	506	3	(78)
APLICA TECNOLOGIA AVANZADA OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	3	3	-	3	-
APLICA TECNOLOGIA AVANZADA SERVICIOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	3	3	-	3	-
APLICA TECNOLOGIA AVANZADA, S.A. DE C.V.- ATA	MEXICO	SERVICES	100.0	-	100.0	4	60,114	46,651	7,129	6,334
APOYO MERCANTIL S.A. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	2,115	268,134	267,388	1,122	(376)
ARIZONA FINANCIAL PRODUCTS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	718,853	721,440	2,586	705,529	13,325
AUTOMERCANTIL-COMERCIO E ALUGER DE VEICULOS AUTOM.,LDA	PORTUGAL	FINANCIAL SERVICES	-	100.0	100.0	4,720	45,950	37,434	8,795	(279)
BAHIA SUR RESORT, S.C.	SPAIN	INACTIVE	100.0	-	100.0	1,436	1,438	15	1,423	-
BANCO BILBAO VIZCAYA ARGENTARIA (PANAMA), S.A.	PANAMA	BANKING	54.1	44.8	98.9	19,464	1,585,516	1,379,245	174,908	31,363
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	PORTUGAL	BANKING	9.5	90.5	100.0	338,916	8,094,054	7,801,158	301,751	(8,855)
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	CHILE	BANKING	-	68.2	68.2	543,201	11,637,734	10,840,980	725,374	71,380
BANCO BILBAO VIZCAYA ARGENTARIA PUERTO RICO, S.A.	PUERTO RICO	BANKING	-	100.0	100.0	178,673	3,614,532	3,205,830	403,714	4,988
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	URUGUAY	BANKING	100.0	-	100.0	17,049	754,090	697,780	58,543	(2,233)
BANCO CONTINENTAL, S.A. (1)	PERU	BANKING	-	92.2	92.2	835,381	10,077,559	9,175,857	632,731	268,971
BANCO DE PROMOCION DE NEGOCIOS, S.A.	SPAIN	BANKING	-	99.8	99.8	15,165	32,901	172	32,561	168
BANCO DEPOSITARIO BBVA, S.A.	SPAIN	BANKING	-	100.0	100.0	1,595	986,755	906,042	56,174	24,539
BANCO INDUSTRIAL DE BILBAO, S.A.	SPAIN	BANKING	-	99.9	99.9	97,220	212,691	1,120	191,414	20,157
BANCO OCCIDENTAL, S.A.	SPAIN	BANKING	49.4	50.6	100.0	16,464	18,014	272	17,576	166
BANCO PROVINCIAL OVERSEAS N.V. (2)	NETHERLANDS ANTILLES	BANKING	-	100.0	100.0	35,236	424,812	388,592	25,019	11,201
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	VENEZUELA	BANKING	1.9	53.8	55.6	159,952	8,492,775	7,587,925	792,625	112,225
BANCOMER FINANCIAL SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	1,930	778	(1,152)	1,922	8
BANCOMER FOREIGN EXCHANGE INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	7,412	8,593	1,181	5,945	1,467
BANCOMER PAYMENT SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	34	22	(11)	37	(4)

(*) Information on foreign companies at exchange rate on December 31, 2010

(1) The percentage of voting rights is the result of the agreements entered into with shareholders that enable the control of the entity. The ownership percentage is 46.1%.

(2) The percentage of voting rights is the result of the agreements entered into with shareholders that enable the control of the entity. The ownership percentage is 48.0%.

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			%of Voting Rights Controlled by the Bank			Thousands of Euros (*)	Affiliate Entity Data			
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets as of 12.31.10	Liabilities as of 12.31.10	Equity 12.31.10	Profit (Loss) 12.31.10
BANCOMER TRANSFER SERVICES, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	27,707	71,644	43,936	18,342	9,366
BBV AMERICA, S.L.	SPAIN	INVESTMENT COMPANY	100.0	-	100.0	479,328	880,779	21	880,228	530
BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A.	SPAIN	SECURITIES DEALER	70.0	-	70.0	1,331	9,880	2,239	6,463	1,178
BBVA ASESORIAS FINANCIERAS, S.A.	CHILE	FINANCIAL SERVICES	-	100.0	100.0	3,990	5,374	1,385	1,174	2,815
BBVA ASSET MANAGEMENT (IRELAND) LIMITED	IRELAND	FINANCIAL SERVICES	-	100.0	100.0	245	270	34	311	(75)
BBVA ASSET MANAGEMENT ADMINISTRADORA GENERAL DE FONDOS S.A.	CHILE	FINANCIAL SERVICES	-	100.0	100.0	15,821	18,002	2,181	9,875	5,946
BBVA ASSET MANAGEMENT, S.A., SGIIC	SPAIN	FINANCIAL SERVICES	17.0	83.0	100.0	11,436	152,334	69,240	57,373	25,721
BBVA AUTORENTING SPA	ITALY	SERVICES	-	100.0	100.0	66,793	314,830	281,221	30,091	3,518
BBVA BANCO DE FINANCIACION S.A.	SPAIN	BANKING	-	100.0	100.0	64,200	703,047	630,388	72,438	221
BBVA BANCO FRANCES, S.A.	ARGENTINA	BANKING	45.7	30.4	76.0	64,589	5,249,989	4,563,209	459,362	227,418
BBVA BANCOMER FINANCIAL HOLDINGS, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.0	100.0	48,091	42,900	(5,324)	37,394	10,830
BBVA BANCOMER GESTION, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	30,613	54,585	23,972	12,548	18,065
BBVA BANCOMER OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	41,407	304,008	262,600	30,568	10,840
BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	534	24,503	23,969	394	140
BBVA BANCOMER, S.A. DE C.V.	MEXICO	BANKING	-	100.0	100.0	6,561,797	69,666,830	63,107,804	5,212,420	1,346,606
BBVA BRASIL BANCO DE INVESTIMENTO, S.A.	BRASIL	BANKING	100.0	-	100.0	16,166	47,756	6,722	39,060	1,974
BBVA CORREDURIA TECNICA ASEGURADORA, S.A.)	SPAIN	FINANCIAL SERVICES	99.9	0.1	100.0	297	35,016	3,907	25,730	5,379
BBVA CAPITAL FINANCE, S.A.	SPAIN	FINANCIAL SERVICES	100.0	-	100.0	60	2,983,028	2,982,710	267	51
BBVA CARTERA DE INVERSIONES,SICAV,S.A.	SPAIN	VARIABLE CAPITAL	100.0	-	100.0	118,444	120,093	121	118,880	1,092
BBVA COLOMBIA, S.A.	COLOMBIA	BANKING	76.2	19.2	95.4	265,416	8,634,332	7,753,127	714,310	166,895
BBVA COMERCIALIZADORA LTDA.	CHILE	FINANCIAL SERVICES	-	100.0	100.0	(1,154)	3,050	4,205	(710)	(445)
BBVA COMPASS CONSULTING & BENEFITS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	13,449	13,723	275	13,143	305
BBVA COMPASS INSURANCE AGENCY, INC	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	146,614	155,943	9,328	140,493	6,122
BBVA COMPASS INVESTMENT SOLUTIONS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	51,158	56,021	4,862	40,773	10,386
BBVA CONSOLIDAR SEGUROS, S.A.	ARGENTINA	INSURANCES SERVICES	87.8	12.2	100.0	6,496	48,124	29,304	17,334	1,486
BBVA CONSULTING (BEIJING) LIMITED	CHINA	FINANCIAL SERVICES	-	100.0	100.0	477	683	182	440	61
BBVA CONSULTORIA, S.A.	SPAIN	SERVICES	-	100.0	100.0	2,227	4,257	707	2,933	617
BBVA CORREDORA TECNICA DE SEGUROS LIMITADA	CHILE	FINANCIAL SERVICES	-	100.0	100.0	13,377	15,902	2,501	7,075	6,326
BBVA CORREDORES DE BOLSA LIMITADA	CHILE	SECURITIES DEALER	-	100.0	100.0	48,415	573,180	524,768	41,467	6,945
BBVA DINERO EXPRESS, S.A.U	SPAIN	FINANCIAL SERVICES	100.0	-	100.0	2,186	14,524	9,298	4,820	406
BBVA FACTORING LIMITADA (CHILE)	CHILE	FINANCIAL SERVICES	-	100.0	100.0	6,765	31,974	25,207	5,443	1,324
BBVA FIDUCIARIA , S.A.	COLOMBIA	FINANCIAL SERVICES	-	100.0	100.0	23,453	26,094	2,614	17,487	5,993
BBVA FINANCE (UK), LTD.	UNITED KINGDOM	FINANCIAL SERVICES	-	100.0	100.0	3,324	24,867	13,603	11,198	66
BBVA FINANCE SPA.	ITALY	FINANCIAL SERVICES	100.0	-	100.0	4,648	6,860	1,332	5,398	130
BBVA FINANCIAMIENTO AUTOMOTRIZ, S.A.	CHILE	INVESTMENT COMPANY	-	100.0	100.0	145,494	145,529	35	120,467	25,027
BBVA FINANZIA, S.p.A	ITALY	FINANCIAL SERVICES	50.0	50.0	100.0	29,200	600,187	573,633	38,061	(11,507)
BBVA FUNDOS, S.Gestora Fundos Pensoes,S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.0	100.0	998	8,679	445	6,448	1,786
BBVA GEST, S.G.DE FUNDOS DE INVESTIMENTO MOBILIARIO, S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.0	100.0	998	7,206	120	6,834	252
BBVA GLOBAL FINANCE LTD.	CAYMAN ISLANDS	FINANCIAL SERVICES	100.0	-	100.0	-	688,846	685,142	3,776	(72)
BBVA GLOBAL MARKETS B.V.	NETHERLANDS	FINANCIAL SERVICES	100.0	-	100.0	18	256,964	256,960	17	(13)

(*) Information on foreign companies at exchange rate on December 31, 2010

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			%of Voting Rights Controlled by the Bank			Thousands of Euros (*)	Affiliate Entity Data			
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets as of 12.31.10	Liabilities as of 12.31.10	Equity 12.31.10	Profit (Loss) 12.31.10
BBVA HORIZONTE PENSIONES Y CESANTIAS, S.A.	COLOMBIA	PENSION FUNDS MANAGEMENT	78.5	21.4	100.0	62,061	162,934	35,812	102,872	24,250
BBVA INMOBILIARIA E INVERSIONES, S.A.	CHILE	REAL ESTATE	-	68.1	68.1	5,652	44,049	35,750	8,641	(342)
BBVA INSTITUIÇAO FINANCEIRA DE CREDITO, S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.0	100.0	33,148	443,576	402,234	39,123	2,219
BBVA INTERNATIONAL LIMITED	CAYMAN ISLANDS	FINANCIAL SERVICES	100.0	-	100.0	1	503,692	501,107	2,751	(166)
BBVA INTERNATIONAL PREFERRED, S.A.U.	SPAIN	FINANCIAL SERVICES	100.0	-	100.0	60	1,697,891	1,697,121	378	392
BBVA INVERSIONES CHILE, S.A.	CHILE	FINANCIAL SERVICES	61.2	38.8	100.0	580,584	1,254,723	2,328	1,088,536	163,859
BBVA IRELAND PLC	IRELAND	FINANCIAL SERVICES	100.0	-	100.0	180,381	881,138	514,594	344,782	21,762
BBVA LEASIMO - SOCIEDADE DE LOCAÇAO FINANCEIRA, S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.0	100.0	11,576	28,620	18,456	10,422	(258)
BBVA LUXINVEST, S.A.	LUXEMBOURG	INVESTMENT COMPANY	36.0	64.0	100.0	255,843	1,477,238	65,971	1,406,909	4,358
BBVA MEDIACION OPERADOR DE BANCA-SEGUROS VINCULADO, S.A.	SPAIN	FINANCIAL SERVICES	-	100.0	100.0	60	85,311	73,962	5,784	5,565
BBVA NOMINEES LIMITED	UNITED KINGDOM	SERVICES	100.0	-	100.0	-	1	-	1	-
BBVA PARAGUAY, S.A.	PARAGUAY	BANKING	100.0	-	100.0	22,598	1,121,259	1,010,091	71,269	39,899
BBVA PATRIMONIOS GESTORA SGIIC, S.A.	SPAIN	FINANCIAL SERVICES	100.0	-	100.0	3,907	28,634	3,404	20,143	5,087
PENSIONES	SPAIN	PENSION FUNDS MANAGEMENT	100.0	-	100.0	12,922	72,968	34,106	25,939	12,923
BBVA PLANIFICACION PATRIMONIAL, S.L.	SPAIN	FINANCIAL SERVICES	80.0	20.0	100.0	1	502	3	493	6
BBVA PROPIEDAD F.I.I.	SPAIN	REAL ESTATE INVESTMENT COMPANY	-	100.0	100.0	1,384,561	1,469,283	74,743	1,474,196	(79,656)
BBVA PUERTO RICO HOLDING CORPORATION	PUERTO RICO	INVESTMENT COMPANY	100.0	-	100.0	322,837	179,048	6	179,107	(65)
BBVA RE LIMITED	IRELAND	INSURANCES SERVICES	-	100.0	100.0	656	67,631	39,901	22,296	5,434
BBVA RENTING, S.A.	SPAIN	FINANCIAL SERVICES	-	100.0	100.0	20,976	840,056	747,739	85,809	6,508
BBVA RENTING, SPA	ITALY	SERVICES	-	100.0	100.0	8,453	56,154	50,629	7,891	(2,366)
BBVA SECURITIES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	41,796	45,580	12,452	27,484	5,644
BBVA SECURITIES OF PUERTO RICO, INC.	PUERTO RICO	FINANCIAL SERVICES	100.0	-	100.0	4,726	6,963	755	6,082	126
BBVA SEGUROS COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.0	6.0	100.0	9,490	42,797	27,578	14,065	1,154
BBVA SEGUROS DE VIDA COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.0	6.0	100.0	13,242	329,602	278,040	41,754	9,808
BBVA SEGUROS DE VIDA, S.A.	CHILE	INSURANCES SERVICES	-	100.0	100.0	56,178	397,262	341,085	45,780	10,397
BBVA SEGUROS INC.	PUERTO RICO	FINANCIAL SERVICES	-	100.0	100.0	187	5,459	629	3,895	935
BBVA SEGUROS, S.A., DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES SERVICES	94.3	5.7	100.0	414,659	10,913,118	10,164,287	508,373	240,458
BBVA SENIOR FINANCE, S.A.U.	SPAIN	FINANCIAL SERVICES	100.0	-	100.0	60	15,154,181	15,153,452	346	383
BBVA SERVICIOS CORPORATIVOS LIMITADA	CHILE	FINANCIAL SERVICES	-	100.0	100.0	1,297	10,949	9,648	(1,968)	3,269
BBVA SERVICIOS, S.A.	SPAIN	SERVICES	-	100.0	100.0	354	10,791	1,189	7,031	2,571
BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	CHILE	FINANCIAL SERVICES	-	97.5	97.5	15,901	64,945	48,633	14,795	1,517
BBVA SUBORDINATED CAPITAL S.A.U.	SPAIN	FINANCIAL SERVICES	100.0	-	100.0	130	3,434,727	3,434,217	403	107
BBVA SUIZA, S.A. (BBVA SWITZERLAND)	SWITZERLAND	BANKING	39.7	60.3	100.0	58,107	1,406,692	1,008,595	377,797	20,300
BBVA TRADE, S.A.	SPAIN	INVESTMENT COMPANY	-	100.0	100.0	6,379	21,274	11,035	8,171	2,068
BBVA U.S. SENIOR S.A.U.	SPAIN	FINANCIAL SERVICES	100.0	-	100.0	169	898,687	898,650	138	(101)
BBVA USA BANCSHARES, INC	UNITED STATES	INVESTMENT COMPANY	100.0	-	100.0	9,268,740	9,106,626	7,897	9,355,563	(256,834)
BBVA VALORES COLOMBIA, S.A. COMISIONISTA DE BOLSA	COLOMBIA	SECURITIES DEALER	-	100.0	100.0	4,747	9,330	4,583	3,581	1,166
BBVA WEALTH SOLUTIONS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	25,398	25,990	591	25,269	130
BCL INTERNATIONAL FINANCE. LTD.	CAYMAN ISLANDS	FINANCIAL SERVICES	100.0	-	100.0	-	4	4	(5)	5
BILBAO VIZCAYA AMERICA B.V.	NETHERLANDS	INIVESTMENT COMPANY	-	100.0	100.0	746,000	629,416	22	608,766	20,628

(*) Information on foreign companies at exchange rate on December 31, 2010

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			% of Voting Rights Controlled by the Bank			Thousands of Euros (*)				
							Affiliate Entity Data			
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets as of 12.31.10**	**Liabilities as of 12.31.10**	**Equity 12.31.10**	**Profit (Loss) 12.31.10**
BILBAO VIZCAYA HOLDING, S.A.	SPAIN	INVESTMENT COMPANY	89.0	11.0	100.0	34,771	251,089	21,027	223,504	6,558
BLUE INDICO INVESTMENTS, S.L.	SPAIN	INVESTMENT COMPANY	100.0	-	100.0	49,106	55,957	207	60,897	(5,147)
C B TRANSPORT ,INC.	UNITED STATES	SERVICES	-	100.0	100.0	12,427	13,622	1,195	12,803	(376)
CAPITAL INVESTMENT COUNSEL, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	22,807	24,088	1,280	21,037	1,771
CARTERA E INVERSIONES S.A., CIA DE	SPAIN	INVESTMENT COMPANY	100.0	-	100.0	92,016	253,247	48,030	201,140	4,077
CASA DE BOLSA BBVA BANCOMER , S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	77,423	99,183	21,758	47,743	29,682
CASA DE CAMBIO MULTIDIVISAS, SA DE CV	MEXICO	IN LIQUIDATION	-	100.0	100.0	171	170	-	169	1
CIA. GLOBAL DE MANDATOS Y REPRESENTACIONES, S.A.	URUGUAY	IN LIQUIDATION	-	100.0	100.0	108	187	2	185	-
CIDESSA DOS, S.L.	SPAIN	INVESTMENT COMPANY	-	100.0	100.0	12,062	12,183	117	12,047	19
CIDESSA UNO, S.L.	SPAIN	INVESTMENT COMPANY	-	100.0	100.0	4,754	898,460	22,374	994,155	(118,069)
CIERVANA, S.L.	SPAIN	INVESTMENT COMPANY	100.0	-	100.0	53,164	70,156	3,232	66,879	45
COMERCIALIZADORA CORPORATIVA SAC (1)	PERU	FINANCIAL SERVICES	-	100.0	100.0	449	1,050	601	142	307
COMERCIALIZADORA DE SERVICIOS FINANCIEROS, S.A.	COLOMBIA	SERVICES	-	100.0	100.0	587	1,738	752	680	306
COMPASS ASSET ACCEPTANCE COMPANY, LLC	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	363,575	363,575	-	362,726	849
COMPASS AUTO RECEIVABLES CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	3,125	3,125	-	3,127	(2)
COMPASS BANCSHARES, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.0	100.0	9,083,594	9,178,765	95,174	9,339,985	(256,394)
COMPASS BANK	UNITED STATES	BANKING	-	100.0	100.0	9,049,899	51,111,008	42,061,111	9,289,908	(240,011)
COMPASS CAPITAL MARKETS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	5,626,344	5,626,344	-	5,509,976	116,368
COMPASS CUSTODIAL SERVICES, INC.	UNITED STATES	INACTIVE	-	100.0	100.0	1	1	-	1	-
COMPASS FINANCIAL CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	6,886	53,984	47,099	6,824	61
COMPASS GP,INC.	UNITED STATES	INVESTMENT COMPANY	-	100.0	100.0	34,802	43,807	9,005	34,272	530
COMPASS INVESTMENTS, INC.	UNITED STATES	INACTIVE	-	100.0	100.0	1	1	-	1	-
COMPASS LIMITED PARTNER, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.0	100.0	4,872,688	4,873,129	440	4,770,173	102,516
COMPASS LOAN HOLDINGS TRS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	58,163	60,101	1,938	58,118	45
COMPASS MORTGAGE CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	1,938,209	1,938,459	249	1,924,839	13,371
COMPASS MORTGAGE FINANCING, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	26	26	-	26	-
COMPASS MULTISTATE SERVICES CORPORATION	UNITED STATES	SERVICES	-	100.0	100.0	2,807	2,862	55	2,807	-
COMPASS SOUTHWEST, LP	UNITED STATES	BANKING	-	100.0	100.0	4,008,054	4,008,406	351	3,916,928	91,127
COMPASS TEXAS ACQUISITION CORPORATION	UNITED STATES	INACTIVE	-	100.0	100.0	1,694	1,711	17	1,693	1
COMPASS TEXAS MORTGAGE FINANCING, INC	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	26	26	-	26	-
COMPASS TRUST II	UNITED STATES	INACTIVE	-	100.0	100.0	-	1	-	1	-
COMPASS WEALTH MANAGERS COMPANY	UNITED STATES	INACTIVE	-	100.0	100.0	1	1	-	1	-
COMPAÑIA CHILENA DE INVERSIONES, S.L.	SPAIN	INVESTMENT COMPANY	100.0	-	100.0	580,313	590,050	3,534	585,508	1,008
COMUNIDAD FINANCIERA ÍNDICO, S.L.	SPAIN	SERVICES	-	100.0	100.0	69	62	-	160	(98)
CONSOLIDAR A.F.J.P., S.A.	ARGENTINA	PENSION FUNDS MANAGEMEN	46.1	53.9	100.0	4,025	19,566	12,099	10,727	(3,260)
CONSOLIDAR ASEGURADORA DE RIESGOS DEL TRABAJO, S.A.	ARGENTINA	INSURANCES SERVICES	87.5	12.5	100.0	29,434	237,856	199,586	33,211	5,059
CONSOLIDAR CIA. DE SEGUROS DE RETIRO, S.A.	ARGENTINA	INSURANCES SERVICES	33.8	66.2	100.0	32,612	608,698	559,442	36,596	12,660
CONSOLIDAR COMERCIALIZADORA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	100.0	100.0	1,440	12,577	11,139	8,864	(7,426)
CONTENTS AREA, S.L.	SPAIN	INVESTMENT COMPANY	-	100.0	100.0	1,251	1,456	44	3,789	(2,377)
CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA, S.A.(2)	PERU	SECURITIES DEALER	-	100.0	100.0	6,243	12,399	6,156	5,283	960

(*) Information on foreign companies at exchange rate on December 31, 2010

(1) The percentage of voting rights is the result of the agreements entered into with shareholders that enable the control of the entity. The ownership percentage is 50.0%.

(2) The percentage of voting rights is the result of the agreements entered into with shareholders that enable the control of the entity. The ownership percentage is 46.1%.

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

Company	Location	Activity	% of Voting Rights Controlled by the Bank: Direct	Indirect	Total	Thousands of Euros (*): Net Carrying Amount	Affiliate Entity Data: Assets as of 12.31.10	Liabilities as of 12.31.10	Equity 12.31.10	Profit (Loss) 12.31.10
CONTINENTAL DPR FINANCE COMPANY (1)	CAYMAN ISLANDS	FINANCIAL SERVICES	-	100.0	100.0	-	350,885	350,885	-	-
CONTINENTAL S.A. SOCIEDAD ADMINISTRADORA DE FONDOS (1)	PERU	FINANCIAL SERVICES	-	100.0	100.0	9,013	10,700	1,686	6,587	2,427
CONTINENTAL SOCIEDAD TITULIZADORA, S.A. (1)	PERU	FINANCIAL SERVICES	-	100.0	100.0	440	467	27	437	3
CONTRATACION DE PERSONAL, S.A. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	2,633	11,486	8,853	2,221	412
CORPORACION DE ALIMENTACION Y BEBIDAS, S.A.	SPAIN	INVESTMENT COMPANY	-	100.0	100.0	138,508	164,685	1,282	162,956	447
CORPORACION GENERAL FINANCIERA, S.A.	SPAIN	INVESTMENT COMPANY	100.0	-	100.0	509,716	1,704,190	44,359	1,604,045	55,786
DESARROLLADORA Y VENDEDORA DE CASAS, S.A	MEXICO	REAL ESTATE	-	100.0	100.0	13	15	2	16	(3)
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	SPAIN	REAL ESTATE	-	72.5	72.5	52,210	91,653	19,698	72,086	(131)
DESITEL TECNOLOGIA Y SISTEMAS, S.A. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	1,616	1,616	-	1,569	47
DINERO EXPRESS SERVICIOS GLOBALES, S.A.	SPAIN	FINANCIAL SERVICES	100.0	-	100.0	2,042	1,771	229	2,005	(463)
ECONTA GESTION INTEGRAL, S.L.	SPAIN	SERVICES	-	100.0	100.0	372	1,829	1,639	1,305	(1,115)
EL ENCINAR METROPOLITANO, S.A.	SPAIN	REAL ESTATE	-	99.0	99.0	6,253	7,240	1,056	5,378	806
EL OASIS DE LAS RAMBLAS, S.L.	SPAIN	REAL ESTATE	-	70.0	70.0	167	473	191	257	25
ENTRE2 SERVICIOS FINANCIEROS, E.F.C., S.A.	SPAIN	FINANCIAL SERVICES	-	100.0	100.0	9,139	9,515	12	9,570	(67)
ESPANHOLA COMERCIAL E SERVIÇOS, LTDA.	BRASIL	FINANCIAL SERVICES	100.0	-	100.0	-	985	313	6,945	(6,273)
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SPAIN	SERVICES	-	51.0	51.0	31	30	-	30	-
EUROPEA DE TITULIZACION, S.A., S.G.F.T.	SPAIN	FINANCIAL SERVICES	87.5	-	87.5	1,974	23,916	1,328	16,407	6,181
FIDEICOMISO 28991-8 TRADING EN LOS MCADOS FINANCIEROS	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	2,259	2,259	-	2,150	109
FIDEICOMISO BBVA BANCOMER SERVICIOS Nº F/47433-8, S.A.	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	41,490	48,139	6,648	39,573	1,918
FINANCIERAS DERIVADAS CUENTA PROPIA	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	24,506	24,947	440	23,083	1,424
FINANCIERAS DERIVADAS CUENTA TERCEROS	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	39,772	40,540	767	36,556	3,217
FIDEICOMISO HARES BBVA BANCOMER F/ 47997-2	MEXICO	REAL ESTATE	-	80.3	80.3	28,371	35,433	2,275	28,979	4,179
MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. 4 EMISION)	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	29	270,963	273,221	(355)	(1,903)
FIDEICOMISO Nº.402900-5 ADMINISTRACION DE INMUEBLES	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	2,522	2,734	201	2,533	-
FIDEICOMISO Nº.711, EN BANCO INVEX, S.A. INSTITUCION DE BANCA MÚLTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEICOMISO INVEX 1ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	-	111,196	107,748	5,365	(1,917)
FIDEICOMISO Nº.752 EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO(FIDEIC.INVEX 2ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	-	51,183	49,731	2,185	(733)
FIDEICOMISO Nº.781EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. 3ra EMISION)	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	-	295,754	275,519	5,549	14,686
FINANCEIRA DO COMERCIO EXTERIOR S.A.R.	PORTUGAL	INACTIVE	100.0	-	100.0	51	35	-	36	(1)
FINANCIERA AYUDAMOS S.A. DE C.V., SOFOMER	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	3,405	7,428	4,023	4,811	(1,406)
FINANZIA AUTORENTING, S.A.	SPAIN	SERVICES	27.1	72.9	100.0	49,879	540,085	528,174	13,250	(1,339)
FINANZIA, BANCO DE CREDITO, S.A.	SPAIN	BANKING	-	100.0	100.0	174,207	7,778,930	7,689,540	197,799	(108,409)
FRANCES ADMINISTRADORA DE INVERSIONES, S.A.	ARGENTINA	FINANCIAL SERVICES	-	100.0	100.0	7,118	10,436	3,318	6,091	1,027
FRANCES VALORES SOCIEDAD DE BOLSA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	100.0	100.0	2,255	3,686	1,431	1,482	773
FUTURO FAMILIAR, S.A. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	439	1,176	736	340	100
GESTION DE PREVISION Y PENSIONES, S.A.	SPAIN	PENSION FUNDS MANAGEMENT	60.0	-	60.0	8,830	27,725	2,587	20,873	4,265
GESTION Y ADMINISTRACION DE RECIBOS, S.A.	SPAIN	SERVICES	-	100.0	100.0	150	2,780	405	1,887	488
GOBERNALIA GLOBAL NET, S.A.	SPAIN	SERVICES	-	100.0	100.0	947	2,977	1,408	1,553	16
GRAN JORGE JUAN, S.A.	SPAIN	REAL ESTATE	100.0	-	100.0	110,115	515,862	457,176	60,453	(1,767)
GRANFIDUCIARIA	COLOMBIA	IN LIQUIDATION	-	90.0	90.0	-	218	128	136	(46)
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	100.0	-	100.0	6,677,124	7,562,447	1,002	5,984,850	1,576,595

(*) Information on foreign companies at exchange rate on December 31, 2010

(1) The percentage of voting rights is the result of the agreements entered into with shareholders that enable the control of the entity. The ownership percentage is 46.1%.

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			% of Voting Rights Controlled by the Bank			Thousands of Euros (*)				
							Affiliate Entity Data			
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets as of 12.31.10**	**Liabilities as of 12.31.10**	**Equity 12.31.10**	**Profit (Loss) 12.31.10**
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.	MEXICO	SERVICES	-	58.4	58.4	4,049	23,913	16,981	7,368	(436)
GUARANTY BUSINESS CREDIT CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	27,132	28,524	1,391	25,838	1,295
GUARANTY PLUS HOLDING COMPANY	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	(23,927)	45,646	69,571	(22,290)	(1,635)
GUARANTY PLUS PROPERTIES LLC-2	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	35,040	35,193	153	34,866	174
GUARANTY PLUS PROPERTIES LLC-3	UNITED STATES	INACTIVE	-	100.0	100.0	1	1	-	1	-
GUARANTY PLUS PROPERTIES LLC-4	UNITED STATES	INACTIVE	-	100.0	100.0	1	1	-	1	-
GUARANTY PLUS PROPERTIES LLC-5	UNITED STATES	INACTIVE	-	100.0	100.0	1	1	-	1	-
GUARANTY PLUS PROPERTIES LLC-6	UNITED STATES	INACTIVE	-	100.0	100.0	1	1	-	1	-
GUARANTY PLUS PROPERTIES LLC-7	UNITED STATES	INACTIVE	-	100.0	100.0	1	1	-	1	-
GUARANTY PLUS PROPERTIES LLC-8	UNITED STATES	INACTIVE	-	100.0	100.0	1	1	-	1	-
GUARANTY PLUS PROPERTIES LLC-9	UNITED STATES	INACTIVE	-	100.0	100.0	1	1	-	1	-
GUARANTY PLUS PROPERTIES, INC-1	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	9,349	9,351	2	9,730	(381)
HIPOTECARIA NACIONAL MEXICANA INCORPORATED	UNITED STATES	REAL ESTATE	-	100.0	100.0	312	408	95	183	130
HIPOTECARIA NACIONAL, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	58,701	91,122	11,779	80,170	(827)
HOLDING CONTINENTAL, S.A.	PERU	INVESTMENT COMPANY	50.0	-	50.0	123,678	884,998	5	628,029	256,964
HOMEOWNERS LOAN CORPORATION	UNITED STATES	INACTIVE	-	100.0	100.0	7,786	8,062	275	7,970	(183)
HUMAN RESOURCES PROVIDER	UNITED STATES	SERVICES	-	100.0	100.0	698,212	698,237	24	703,161	(4,948)
HUMAN RESOURCES SUPPORT, INC	UNITED STATES	SERVICES	-	100.0	100.0	696,453	696,511	59	701,608	(5,156)
IBERNEGOCIO DE TRADE, S.L.	SPAIN	SERVICES	-	100.0	100.0	3,687	3,688	-	1,688	2,000
INGENIERIA EMPRESARIAL MULTIBA, S.A. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	-	-	-	-	-
INMOBILIARIA BILBAO, S.A.	SPAIN	REAL ESTATE	-	100.0	100.0	3,842	3,847	1	3,837	9
INMUEBLES Y RECUPERACIONES CONTINENTAL S.A (1)	PERU	REAL ESTATE	-	100.0	100.0	5,392	6,583	1,192	1,873	3,518
INVERAHORRO, S.L.	SPAIN	INVESTMENT COMPANY	100.0	-	100.0	-	77,630	79,210	(918)	(662)
INVERSIONES ALDAMA, C.A.	VENEZUELA	IN LIQUIDATION	-	100.0	100.0	-	-	-	-	-
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	NETHERLANDS ANTILLI	IN LIQUIDATION	48.0	-	48.0	11,390	37,837	1,173	25,460	11,204
INVERSIONES BAPROBA, C.A.	VENEZUELA	FINANCIAL SERVICES	100.0	-	100.0	1,307	1,258	132	801	325
INVERSIONES P.H.R.4, C.A.	VENEZUELA	IN LIQUIDATION	-	60.5	60.5	-	26	-	26	-
INVERSORA OTAR, S.A.	ARGENTINA	INVESTMENT COMPANY	-	100.0	100.0	3,276	65,392	8	42,299	23,085
INVESCO MANAGEMENT Nº 1, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.0	100.0	9,753	10,344	623	9,825	(104)
INVESCO MANAGEMENT Nº 2, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.0	100.0	-	7,769	17,071	(8,564)	(738)
JARDINES DE SARRIENA, S.L.	SPAIN	INVESTMENT COMPANY	-	85.0	85.0	255	457	159	172	126
LIQUIDITY ADVISORS, L.P	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	900,046	902,819	2,774	890,086	9,959
MEDITERRANIA DE PROMOCIONS I GESTIONS INMOBILIARIES, S.A.	SPAIN	INACTIVE	-	100.0	100.0	1,189	1,251	60	1,187	4
MISAPRE, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	17,342	23,937	8,087	16,910	(1,060)
MULTIASISTENCIA OPERADORA S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.0	100.0	121	877	757	76	44
MULTIASISTENCIA SERVICIOS S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.0	100.0	381	1,971	1,589	208	174
MULTIASISTENCIA, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.0	100.0	16,913	25,983	7,868	14,470	3,645
OPCION VOLCAN, S.A.	MEXICO	REAL ESTATE	-	100.0	100.0	65,964	69,684	3,719	61,801	4,164
OPPLUS OPERACIONES Y SERVICIOS, S.A. (Antes STURGES)	SPAIN	SERVICES	100.0	-	100.0	1,067	19,109	11,467	4,602	3,040
OPPLUS S.A.C	PERU	SERVICES	-	100.0	100.0	600	1,710	938	754	18

(*) Information on foreign companies at exchange rate on December 31, 2010

(1) The percentage of voting rights is the result of the agreements entered into with shareholders that enable the control of the entity. The ownership percentage is 46.1%.

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			%of Voting Rights Controlled by the Bank			Thousands of Euros (*)	Affiliate Entity Data			
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets as of 12.31.10	Liabilities as of 12.31.10	Equity 12.31.10	Profit (Loss) 12.31.10
PARTICIPACIONES ARENAL, S.L.	SPAIN	INACTIVE	-	100.0	100.0	7,574	7,582	4	7,553	25
PECRI INVERSION S.A	SPAIN	OTHER INVESTMENT COMPANIES	100.0	-	100.0	78,500	95,512	17,013	97,355	(18,856)
PENSIONES BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.0	100.0	156,591	2,529,143	2,372,547	89,097	67,499
PHOENIX LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	319,718	338,561	18,844	331,675	(11,958)
PI HOLDINGS NO. 1, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	57,372	57,768	397	58,917	(1,546)
PI HOLDINGS NO. 3, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	21,423	21,650	228	21,055	367
PI HOLDINGS NO. 4, INC.	UNITED STATES	INACTIVE	-	100.0	100.0	1	1	-	1	-
PORT ARTHUR ABSTRACT & TITLE COMPANY	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	1,839	2,176	336	1,878	(38)
PREMEXSA, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	375	1,282	571	463	248
PREVENTIS, S.A.	MEXICO	INSURANCES SERVICES	-	90.3	90.3	11,130	28,533	16,379	8,316	3,838
PRO-SALUD, C.A.	VENEZUELA	SERVICES	-	58.9	58.9	-	-	-	-	-
PROMOCION EMPRESARIAL XX, S.A.	SPAIN	INVESTMENT COMPANY	100.0	-	100.0	1,039	12,641	11,112	1,120	409
PROMOTORA DE RECURSOS AGRARIOS, S.A.	SPAIN	SERVICES	100.0	-	100.0	139	122	-	125	(3)
PROMOTORA RESIDENCIAL GRAN EUROPA, S.L.	SPAIN	REAL ESTATE	-	58.5	58.5	184	339	26	384	(71)
PROVIDA INTERNACIONAL, S.A.	CHILE	PENSION FUNDS MANAGEMENT	-	100.0	100.0	44,125	48,133	4,010	32,246	11,877
PROVINCIAL DE VALORES CASA DE BOLSA, C.A.	VENEZUELA	FINANCIAL SERVICES	-	90.0	90.0	2,344	11,277	7,966	1,362	1,949
PROVINCIAL SDAD.ADMIN.DE ENTIDADES DE INV.COLECTIVA, C.A.	VENEZUELA	FINANCIAL SERVICES	-	100.0	100.0	1,489	1,488	143	1,105	240
PROVIVIENDA ENTIDAD RECAUDADORA Y ADMIN.DE APORTES, S.A.	BOLIVIA	PENSION FUNDS MANAGEMENT	-	100.0	100.0	776	2,913	2,066	707	140
PROXIMA ALFA INVESTMENTS (UK) LLP	UNITED KINGDOM	IN LIQUIDATION	-	51.0	51.0	-	85	2,298	(617)	(1,596)
PROXIMA ALFA INVESTMENTS (USA) LLC	UNITED STATES	IN LIQUIDATION	-	100.0	100.0	7,212	1,293	201	1,163	(71)
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) II INC.	UNITED STATES	IN LIQUIDATION	-	100.0	100.0	72	68	42	25	1
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) INC.	UNITED STATES	IN LIQUIDATION	100.0	-	100.0	72	7,216	3,349	3,718	149
PROXIMA ALFA SERVICES LTD.	UNITED KINGDOM	FINANCIAL SERVICES	100.0	-	100.0	105	2,342	1	2,364	(23)
RESIDENCIAL CUMBRES DE SANTA FE, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.0	100.0	8,938	9,456	1,145	8,433	(122)
RIVER OAKS BANK BUILDING, INC.	UNITED STATES	REAL ESTATE	-	100.0	100.0	24,530	29,231	4,701	16,014	8,516
RIVER OAKS TRUST CORPORATION	UNITED STATES	INACTIVE	-	100.0	100.0	1	1	-	1	-
RIVERWAY HOLDINGS CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	233	7,765	7,531	210	24
RWHC, INC	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	542,101	542,734	634	539,968	2,132
S.GESTORA FONDO PUBL.REGUL.MERCADO HIPOT	SPAIN	INACTIVE	77.2	-	77.2	138	213	67	146	-
SCALDIS FINANCE, S.A.	BELGIUM	INVESTMENT COMPANY	-	100.0	100.0	3,416	3,652	145	3,514	(7)
SEGUROS BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	25.0	75.0	100.0	412,330	2,432,075	2,083,508	191,517	157,050
SEGUROS PROVINCIAL, C.A.	VENEZUELA	INSURANCES SERVICES	-	100.0	100.0	31,340	53,778	22,546	16,946	14,286
SERVICIOS CORPORATIVOS BANCOMER, S.A. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	317	2,501	2,182	401	(82)
SERVICIOS CORPORATIVOS DE SEGUROS, S.A. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	1,099	6,000	4,899	858	243
SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A DE C.V.	MEXICO	SERVICES	-	100.0	100.0	3,603	5,266	1,663	3,304	299
SERVICIOS TECNOLOGICOS SINGULARES, S.A.	SPAIN	SERVICES	-	100.0	100.0	-	20,216	24,042	(297)	(3,529)
SMARTSPREAD LIMITED (UK)	UNITED KINGDOM	SERVICES	100.0	-	100.0	1	137	-	(188)	325
SOCIEDAD DE ESTUDIOS Y ANALISIS FINANCIERO.,S.A.	SPAIN	COMERCIAL	100.0	-	100.0	114,518	193,810	116	194,130	(436)
SOCIETE INMOBILIERE BBV D'ILBARRIZ	FRANCE	REAL ESTATE	-	100.0	100.0	1,637	1,537	30	1,682	(175)
SOUTHEAST TEXAS TITLE COMPANY	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	529	727	198	529	-

(*) Information on foreign companies at exchange rate on December 31, 2010

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued)

			%of Voting Rights Controlled by the Bank			Thousands of Euros (*)				
							Affiliate Entity Data			
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets as of 12.31.10	Liabilities as of 12.31.10	Equity 12.31.10	Profit (Loss) 12.31.10
SPORT CLUB 18, S.A.	SPAIN	INVESTMENT COMPANY	100.0	-	100.0	23,412	53,093	29,785	25,183	(1,875)
STATE NATIONAL CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	352	11,580	11,228	339	13
STATE NATIONAL STATUTORY TRUST II	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	233	7,725	7,493	225	7
TEXAS LOAN SERVICES, LP.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	894,559	895,031	472	882,589	11,970
TEXAS REGIONAL STATUTORY TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	1,159	38,627	37,468	1,123	36
TEXASBANC CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	582	19,396	18,813	565	18
TMF HOLDING INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	7,601	10,388	2,787	7,354	247
TRAINER PRO GESTION DE ACTIVIDADES, S.A.	SPAIN	REAL ESTATE	-	100.0	100.0	2,886	2,931	-	3,261	(330)
TRANSITORY CO	PANAMA	REAL ESTATE	-	100.0	100.0	124	1,435	1,407	154	(126)
TUCSON LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	345,706	345,789	83	341,069	4,637
TWOENC, INC	UNITED STATES	FINANCIAL SERVICES	-	100.0	100.0	(1,164)	1,117	2,282	(1,165)	-
UNICOM TELECOMUNICACIONES S.DE R.L. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	1	3	2	-	1
UNIDAD DE AVALUOS MEXICO, S.A. DE CV	MEXICO	FINANCIAL SERVICES	-	100.0	100.0	1,918	3,533	1,970	1,235	328
UNITARIA GESTION DE PATRIMONIOS INMOBILIARIOS	SPAIN	SERVICES	-	100.0	100.0	2,410	2,633	1	2,624	8
UNIVERSALIDAD "E5"	COLOMBIA	FINANCIAL SERVICES	-	100.0	100.0	-	3,250	1,085	1,888	277
UNIVERSALIDAD TIPS PESOS E-9	COLOMBIA	FINANCIAL SERVICES	-	100.0	100.0	-	94,309	81,086	3,882	9,341
UNO-E BANK, S.A.	SPAIN	BANKING	67.4	32.7	100.0	174,751	1,361,488	1,255,492	107,729	(1,733)
URBANIZADORA SANT LLORENC, S.A.	SPAIN	INACTIVE	60.6	-	60.6	-	108	-	108	-
VALANZA CAPITAL RIESGO S.G.E.C.R. S.A. UNIPERSONAL	SPAIN	VENTURE CAPITAL	100.0	-	100.0	1,200	16,026	491	14,743	792
VIRTUAL DOC, S.L.	SPAIN	IN LIQUIDATION	-	70.0	70.0	-	467	620	318	(471)
VISACOM, S.A. DE C.V.	MEXICO	SERVICES	-	100.0	100.0	1,134	1,135	-	1,052	83

(*) Information on foreign companies at exchange rate on December 31, 2010

APPENDIX III. Additional information on the jointly controlled companies accounted for using the proportionate consolidation method in the BBVA Group

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Thousands of Euros (*)	Affiliate Entity Data			
			Direct	Indirect	Total	Net Carrying Amount	Assets as of 12.31.10	Liabilities as of 12.31.10	Equity 12.31.10	Profit (Loss) 12.31.10
ALTURA MARKETS, SOCIEDAD DE VALORES, S.A.	SPAIN	SECURITIES DEALER	50.0	-	50.0	12,600	1,038,431	998,424	30,381	9,626
ECASA, S.A.	CHILE	FINANCIAL SERVICES	-	51.0	51.0	5,515	7,102	7,018	(4,943)	5,027
FORUM DISTRIBUIDORA, S,A,	CHILE	FINANCIAL SERVICES	-	51.0	51.0	7,480	107,008	97,848	6,995	2,165
FORUM SERVICIOS FINANCIEROS, S.A.	CHILE	FINANCIAL SERVICES	-	51.0	51.0	56,493	719,366	643,861	29,489	46,016
INVERSIONES PLATCO, C.A.	VENEZUELA	FINANCIAL SERVICES	-	50.0	50.0	11,832	26,803	3,137	24,972	(1,306)
PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	50.0	50.0	12,451	137,358	112,456	18,707	6,195
RENTRUCKS, ALQUILER Y SERVICIOS DE TRANSPORTE, S.A.	SPAIN	FINANCIAL SERVICES	-	50.0	50.0	3,959	42,281	34,364	11,358	(3,441)

Information on foreign companies at exchange rate on December 31, 2010

(*) Jointly controlled companies accounted for using the equity method

APPENDIX IV. Additional information on investments and jointly controlled companies consolidated using the equity method in the BBVA Group
(Including the most significant entities, jointly representing 98% of all investment in this collective)

(Including the most significant entities, jointly representing 98% of all investment in this collective)

			% of Voting Rights Controlled by the Bank			Thousands of Euros (*)				
							Affiliate Entity Data			
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets of 12/31/10**	**Liabilities as of 12/31/10**	**Equity 12/31/10**	**Profit (Loss) 12/31/10**
ADQUIRA ESPAÑA, S.A.	SPAIN	SERVICES	-	40.0	40.0	2,037	17,162	9,357	6,872	934 (2)
ALMAGRARIO, S.A.	COLOMBIA	SERVICES	-	35.4	35.4	3,956	31,858	15,261	20,406	(3,809) (2)
ALTITUDE SOFTWARE SGPS, S.A.(*)	PORTUGAL	SERVICES	-	30.5	30.5	9,842	18,619	9,994	6,144	2,481 (2)
AUREA, S.A. (CUBA)	CUBA	REAL ESTATE	-	49.0	49.0	3,922	8,421	811	7,485	125 (2)
BBVA ELCANO EMPRESARIAL II, S.C.R., S.A.	SPAIN	VENTURE CAPITAL	45.0	-	45.0	37,491	104,885	15,355	89,454	77 (2)
BBVA ELCANO EMPRESARIAL, S.C.R., S.A.	SPAIN	VENTURE CAPITAL	45.0	-	45.0	37,487	104,958	15,355	89,457	146 (2)
CAMARATE GOLF, S.A.(*)	SPAIN	REAL ESTATE	-	26.0	26.0	4,091	39,396	18,764	17,798	2,835 (3)
CHINA CITIC BANK LIMITED CNCB	CHINA	BANKING	15.0	-	15.0	3,557,759	180,608,192	169,601,243	9,478,880	1,528,069 (2)
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFH	HONG-KONG	FINANCIAL SERVICES	29.7	-	29.7	464,339	11,063,029	9,619,672	1,357,742	85,616 (1) (2)
DESARROLLO S.A.	SPAIN	FINANCIAL SERVICES	21.8	-	21.8	14,413	61,967	7,126	53,086	1,755 (2)
COMPAÑIA MEXICANA DE PROCESAMIENTO, S.A. DE C.V.	MEXICO	SERVICES	-	50.0	50.0	4,706	8,854	1,558	6,564	732 (2)
EMPRESARIALES, S.A.(*)	SPAIN	INVESTMENT COMPANY	-	50.0	50.0	71,027	808,482	371,929	402,838	33,715 (1) (2)
FERROMOVIL 3000, S.L.(*)	SPAIN	SERVICES	-	20.0	20.0	6,275	649,334	619,575	27,470	2,289 (2)
FERROMOVIL 9000, S.L.(*)	SPAIN	SERVICES	-	20.0	20.0	4,614	413,798	391,994	19,410	2,394 (2)
FIDEICOMISO F/70191-2 PUEBLA (*)	MEXICO	REAL ESTATE	-	25.0	25.0	5,017	44,360	11,668	28,189	4,503 (3)
I+D MEXICO, S.A. DE C.V.(*)	MEXICO	SERVICES	-	50.0	50.0	22,127	70,158	34,068	29,080	7,010 (1) (2)
IMOBILIARIA DUQUE D'AVILA, S.A. (*)	PORTUGAL	REAL ESTATE	-	50.0	50.0	5,346	24,149	13,713	10,058	377 (2)
LAS PEDRAZAS GOLF, S.L.(*)	SPAIN	REAL ESTATE	-	50.0	50.0	9,647	66,286	49,189	27,279	(10,183) (2)
OCCIDENTAL HOTELES MANAGEMENT, S.L.(*)	SPAIN	SERVICES	-	41.7	41.7	87,579	756,194	493,789	336,310	(73,906) (1) (2)
PARQUE REFORMA SANTA FE, S.A. DE C.V.	MEXICO	REAL ESTATE	-	30.0	30.0	3,544	66,363	55,103	9,923	1,337 (3)
PROMOTORA METROVACESA, S.L(*).	SPAIN	REAL ESTATE	-	50.0	50.0	4,412	76,919	64,518	14,491	(2,089) (3)
ROMBO COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERVICES	-	40.0	40.0	9,849	86,232	65,463	13,868	6,901 (2)
SERVICIOS DE ADMINISTRACION PREVISIONAL, S.A.	CHILE	PENSION FUNDS MANAGEMENT	-	37.9	37.9	5,460	15,263	4,506	6,387	4,370 (2)
SERVICIOS ELECTRONICOS GLOBALES, S.A. DE C.V.	MEXICO	SERVICES	-	46.1	46.1	4,992	14,226	5,297	8,811	118 (2)
SERVICIOS ON LINE PARA USUARIOS MULTIPLES, S.A. (SOLIUM)(*)	SPAIN	SERVICES	-	66.7	66.7	4,056	7,710	4,488	2,902	320 (2)
PAGO, S.A.	SPAIN	FINANCIAL SERVICES	20.4	0.9	21.4	15,489	206,836	78,920	119,659	8,257 (1) (2)
TELEFONICA FACTORING, S.A.	SPAIN	FINANCIAL SERVICES	30.0	-	30.0	3,694	101,408	90,408	6,849	4,151 (2)
TUBOS REUNIDOS, S.A.	SPAIN	INDUSTRIAL	-	23.0	23.0	50,726	664,368	436,637	226,672	1,059 (1) (2)
VITAMEDICA S.A DE C.V.(*)	MEXICO	INSURANCES SERVICES	-	51.0	51.0	2,586	9,833	4,407	4,964	462 (2)
OTHER COMPANIES						90,554				
					TOTAL	4,547,037	196,149,259	182,110,166	12,429,047	1,610,047

(*) Jointly controlled companies accounted for using the equity method

(**) Data relating to the latest financial statements approved at the date of preparation of these notes to the consolidated statements

Information on foreign companies at exchange rate on reference date

(1) Consolidated Data

(2) Financial statetement as of December 31, 2009

(3) Financial statetement as of December 31, 2008

APPENDIX V. Changes and notification of investments in the BBVA Group in 2010

Business Combinations and Other Acquisitions or Increase of Interest Ownership in Consolidated Subsidiaries and Jointly Controlled Companies Accounted for using the Proporcionate Method

Company	Type of Transaction	Activity	Thousands of Euros		% of Voting Rights		Effective Date for the Trasaction (or Notification Date)
			Price Paid in the Transactions + Expenses directly attributable to the Transactions	Fair Value of Equity Instruments issued for the Transactions	% Participation (net) Acquired in the Period	Total Voting Rights Controlled after the Transactions	
APLICA SOLUCIONES TECNOLOGICAS CHILE LIMITADA	FOUNDING	SERVICES	7	-	99.99%	99.99%	4-1-2010
MONTEALMENARA GOLF, S.L.*	ACQUISITION	REAL ESTATE	6,515	-	50.00%	100.00%	26-2-2010
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.	ACQUISITION	SERVICES	904	-	14.02%	58.40%	26-2-2010
BANCO CONTINENTAL, S.A.	ACQUISITION	BANKING	998	-	0.07%	92.15%	31-3-2010
ECONTA GESTION INTEGRAL, S.L.*	ACQUISITION	SERVICES	591	-	29.92%	100.00%	22-4-2010
BBVA PROPIEDAD F.I.I.	ACQUISITION	REAL ESTATE INVESTMENT C	55,774	-	3.89%	99.57%	30-4-2010
BANCO CONTINENTAL, S.A.	ACQUISITION	BANKING	1,490	-	0.07%	92.22%	31-5-2010
BBVA PROPIEDAD F.I.I.	ACQUISITION	REAL ESTATE INVESTMENT C	-	-	0.15%	99.75%	31-5-2010
RENTRUCKS, ALQUILER Y SºS DE TRANSPORTE, S.A.*	ACQUISITION	FINANCIAL SERVICES	8	-	7.08%	50.00%	30-6-2010
BBVA SEGUROS DE VIDA, S.A.	ACQUISITION	INSURANCES SERVICES	-	-	0.00%	100.00%	31-7-2010
OCCIVAL, S.A.	ACQUISITION	INVESTMENT COMPANY	-	-	0.00%	100.00%	31-7-2010
IBERDROLA SERVICIOS FINANCIEROS, E.F.C., S.A.*	ACQUISITION	FINANCIAL SERVICES	1,849	-	16.00%	100.00%	31-7-2010
BBVA PROPIEDAD F.I.I.	ACQUISITION	REAL ESTATE INVESTMENT C	-	-	0.25%	100.00%	31-8-2010
APLICA TECNOLOGIA AVANZADA OPERADORA, S.A. DE C.V.	FOUNDING	SERVICES	3	-	100.00%	100.00%	24-9-2010
APLICA TECNOLOGIA AVANZADA SERVICIOS, S.A. DE C.V.	FOUNDING	SERVICES	3	-	100.00%	100.00%	24-9-2010
BANCO PROMOCIÓN	ACQUISITION	BANKING	13	-	0.00%	99.84%	30-11-2010
BANCO CONTINENTAL, S.A.	ACQUISITION	BANKING	-	-	0.02%	92.24%	31-12-2010
FIDEICOMISO HARES BBVA BANCOMER F/ 47997-2	ACQUISITION	REAL ESTATE	8,833	-	30.31%	80.31%	31-12-2010

(*) Notification realized

Disposals or Reduction of Interest Ownership in Consolidated Subsidiaries and Jointly Controlled Companies Accounted for Using the Proportionate Method

Company	Type of Transaction	Activity	Thousands of Euros	% of Voting Rights		Effective Date for the Transaction (or Notification Date)
			Profit (Loss) in the Transaction	% Participation Sold in the Period	Total Voting Rights Controlled after the Disposal	
BBVA LEASING S.A.COMPANIA DE FINANCIAMIENTO COMERCIAL	MERGER	FINANCIAL SERVICES	-	100.00%	-	04-01-10
GFIS HOLDINGS INC.	MERGER	FINANCIAL SERVICES	-	100.00%	-	01-02-10
GUARANTY FINANCIAL INSURANCE SOLUTIONS, INC.	MERGER	FINANCIAL SERVICES	-	100.00%	-	01-02-10
BBVA E-COMMERCE, S.A.	MERGER	SERVICES	-	100.00%	-	15-03-10
UNIVERSALIDAD- BANDO GRANAHORRAR	LIQUIDATION	FINANCIAL SERVICES	557	100.00%	-	30-04-10
PROXIMA ALFA MANAGING MEMBER LLC	LIQUIDATION	FINANCIAL SERVICES	(1)	100.00%	-	30-04-10
BIBJ MANAGEMENT, LTD.	LIQUIDATION	SERVICES	-	100.00%	-	31-05-10
BIBJ NOMINEES, LTD.	LIQUIDATION	SERVICES	-	100.00%	-	31-05-10
CANAL COMPANY, LTD.	LIQUIDATION	FINANCIAL SERVICES	(191)	100.00%	-	31-05-10
COMPASS TRUST IV	LIQUIDATION	FINANCIAL SERVICES	(1)	100.00%	-	31-05-10
APLICA SOLUCIONES GLOBALES, S.L.	LIQUIDATION	SERVICES	(14)	100.00%	-	31-07-10
BBVA PRIVANZA (JERSEY), LTD.	LIQUIDATION	FINANCIAL SERVICES	(1,272)	100.00%	-	31-08-10
BBVA CAPITAL FUNDING, LTD.	LIQUIDATION	FINANCIAL SERVICES	1,723	100.00%	-	31-08-10
ADPROTEL STRAND, S.L.	DISPOSAL	REAL ESTATE	27,139	100.00%	-	29-09-10
PRESTACIONES ADMINISTRATIVAS LIMITADA-PROEX LIMITADA	MERGER	FINANCIAL SERVICES	-	100.00%	-	01-09-10
ALTITUDE INVESTMENTS LIMITED	LIQUIDATION	FINANCIAL SERVICES	(86)	51.00%	-	05-10-10
ATUEL FIDEICOMISOS, S.A.	MERGER	SERVICES	-	100.00%	-	26-10-10
EMPRESA INSTANT CREDIT, C.A.	LIQUIDATION	REAL ESTATE	-	100.00%	-	18-11-10
INVERSIONES T, C.A.	LIQUIDATION	REAL ESTATE	-	100.00%	-	18-11-10
PROXIMA ALFA INVESTMENTS, SGIIC, S.A.	LIQUIDATION	FINANCIAL SERVICES	-	100.00%	-	12-11-10
ST. JOHNS INVESTMENTS MANAGMENT CO.	MERGER	FINANCIAL SERVICES	-	100.00%	-	30-11-10
DEUSTO, S.A. DE INVERSION MOBILIARIA	MERGER	INVESTMENT COMPANY	-	100.00%	-	10-12-10
ELANCHOVE, S.A.	MERGER	INVESTMENT COMPANY	-	100.00%	-	10-12-10
FINANCIERA ESPAÑOLA, S.A.	MERGER	INVESTMENT COMPANY	-	100.00%	-	10-12-10
OCCIVAL, S.A.	MERGER	INVESTMENT COMPANY	-	100.00%	-	10-12-10
BBVA SECURITIES HOLDINGS, S.A.	MERGER	INVESTMENT COMPANY	-	100.00%	-	21-12-10
ALMACENES GENERALES DE DEPOSITO, S.A.E. DE	MERGER	INVESTMENT COMPANY	-	100.00%	-	21-12-10
MULTIVAL, S.A.	MERGER	INVESTMENT COMPANY	-	100.00%	-	21-12-10
S.A. DE PROYECTOS INDUSTRIALES CONJUNTOS	MERGER	INVESTMENT COMPANY	-	100.00%	-	21-12-10
HOLDING DE PARTICIPACIONES INDUSTRIALES 2000, S.A.	MERGER	INVESTMENT COMPANY	-	100.00%	-	21-12-10
MIRADOR DE LA CARRASCOSA, S.L.	MERGER	REAL ESTATE	-	100.00%	-	28-12-10
MONTEALMENARA GOLF, S.L.	MERGER	REAL ESTATE	-	100.00%	-	28-12-10
BBVA GLOBAL MARKETS RESEARCH, S.A.	LIQUIDATION	FINANCIAL SERVICES	46	100.00%	-	15-12-10
ANIDA CARTERA SINGULAR, S.L,	MERGER	INVESTMENT COMPANY	-	100.00%	-	28-12-10
BBVA PARTICIPACIONES INTERNACIONAL, S.L.	MERGER	INVESTMENT COMPANY	-	100.00%	-	22-12-10
BROOKLINE INVESTMENTS,S.L	MERGER	INVESTMENT COMPANY	-	100.00%	-	22-12-10
ARAGON CAPITAL, S.L.	MERGER	INVESTMENT COMPANY	-	100.00%	-	22-12-10
GRELAR GALICIA, S.A.	MERGER	INVESTMENT COMPANY	-	100.00%	-	21-12-10
MARQUES DE CUBAS 21, S.L,	MERGER	REAL ESTATE	-	100.00%	-	28-12-10

APPENDIX V. Changes and notification of investments in the BBVA Group in 2010 (Continued)

Business Combinations and Other Acquisitions or Increases of Interest Ownership in Consolidated Subsidiaries and Jointly Controlled Companies Accounted for Using the Proportionate Method

Company	Type of Transaction	Activity	Thousands of Euros: Price Paid in the Transactions + Expenses Directly Attributable to the Transactions	Thousands of Euros: Fair Value of Equity Instruments Issued for the Transactions	% of Voting Rights: % Participation (Net) Acquired in the Period	% of Voting Rights: Total Voting Rights Controlled After the Transactions	Effective Date for the Transaction (or Notification Date)
TELEFONICA FACTORING COLOMBIA, S.A.	ACQUISITION	COMERCIAL	350	-	24.30%	24.30%	31-1-2010
MICROMEDIOS DIGITALES, S.A.	ACQUISITION	SERVICES	-	-	-	48.99%	26-2-2010
OPERADORA HITO URBANO, S.A. DE C.V.	FOUNDING	SERVICES	1	-	35.00%	35.00%	26-2-2010
CHINA CITIC BANK LIMITED CNCB	ACQUISITION	BANKING	1,197,475	-	4.93%	15.00%	30-4-2010
TELEFONICA FACTORING CHILE, S.A.	FOUNDING	COMERCIAL	139	-	24.30%	24.30%	31-5-2010
DESARROLLO URBANÍSTICO CHAPULTEPEC, S.A.P.I. DE C.V.	FOUNDING	SERVICES	280	-	50.00%	50.00%	24-6-2010
SOLIUM MEXICO, S.A. DE C.V.	FOUNDING	SERVICES	-	-	100.00%	100.00%	4-11-2010
ALTITUDE SOFTWARE SGPS, S.A.	ACQUISITION	SERVICES	9,842	-	30.47%	30.47%	29-12-2010

Disposal or Reduction of Interest Ownership in Consolidated Subsidiaries and Jointly Controlled Companies Accounted for Using the Proportionate Method

Company	Type of Transaction	Activity	Thousands of Euros: Profit (Loss) in the Transaction	% of Voting Rights: % Participation Sold in the Period	% of Voting Rights: Total Voting Rights Controlled after the Disposal	Effective Date for the Transaction (or Notification Date)
SERVICIO MERCANTIL DE OCCIDENTE, S.A.	LIQUIDATION	SERVICES	-	25.00%	-	31-05-10
INMUEBLES MADARIAGA PROMOCIONES, S.L.	LIQUIDATION	REAL ESTATE	(34)	50.0%	-	31-05-10
SDAD PARA LA PRESTACION SºS ADMINISTRATIVOS, S.L.	DISPOSAL	SERVICES	485	30.0%	-	30-06-10
INMOBILIARIA RESIDENCIAL LOS ARROYOS, S.A.	CHARGE-OFF	REAL ESTATE	-	33.3%	-	30-06-10
PRUBI, S.A.	CHARGE-OFF	REAL ESTATE	-	24.0%	-	30-06-10
FIDEICOMISO F/401555-8 CUATRO BOSQUES	DISPOSAL	REAL ESTATE	85	50.0%	-	31-08-10
MOBIPAY INTERNATIONAL, S.A.	LIQUIDATION	SERVICES	1	50.0%	-	06-08-10
TUBOS REUNIDOS, S.A.	DISPOSAL	INDUSTRIAL	141	0.1%	23.25%	30-09-10
TUBOS REUNIDOS, S.A.	DISPOSAL	INDUSTRIAL	278	0.2%	23.03%	31-10-10
FIDEICOMISOS DE ADMINISTRACION (COLOMBIA)	DISPOSAL	SERVICES	30	20.5%	-	30-11-10
TUBOS REUNIDOS, S.A.	DISPOSAL	INDUSTRIAL	28	0.0%	23.00%	30-11-10
MICROMEDIOS DIGITALES, S.A.	DISPOSAL	SERVICES	(129)	49.0%	-	31-12-10
TUBOS REUNIDOS, S.A.	DISPOSAL	INDUSTRIAL	53	0.0%	22.95%	31-12-10

APPENDIX V. Changes and notification of investments in the BBVA Group in 2010 (Continued)

Changes in other companies quoted recognize as Available-for-sale

Company	Type of Transaction	Activity	% Voting rights: % Participation Acquired (Sold) in the Period	% Voting rights: Totally Controlled after Transaction	Effective Date for the Transaction (or Notification Date)
INMOBILIARIA COLONIAL, S.A.(*)(1)	ACQUISITION	REAL ESTATE	3.302%	3.302%	18-3-2010
INMOBILIARIA COLONIAL, S.A.(*)(2)	DILUCION PARTIC.	REAL ESTATE	2.519%	0.783%	24-3-2010
ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.(*)	ACQUISITION	SERVICES	0.888%	3.560%	13-5-2010
TECNICAS REUNIDAS, S.A.(*)	DISPOSAL	SERVICES	0.434%	2.685%	29-6-2010
ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.(*)	DISPOSAL	SERVICES	0.010%	2.998%	27-10-2010
ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.(*)	ACQUISITION	SERVICES	0.150%	3.022%	10-11-2010
REPSOL YPF, S.A.(*)	ACQUISITION	SERVICES	0.803%	3.284%	28-12-2010

(*) Notifications realized

(1) Operation of change of ownership in favor of BBVA by enforcement actions of 58,012,836 shares.

(2) Dilution of our percentage of investment for increase of the issuer resulting from the conversion into shares of convertifbles obligations.

APPENDIX VI. Fully consolidated subsidiaries with more than 10% owned by non-Group shareholders as of 31 December, 2010

Fully Consolidated Subsidiaries with Over 10% Owned by Non-Group Stockholders as of December 31, 2010

		% of Voting Rights Controlled by the Bank		
Company	**Activity**	**Direct**	**Indirect**	**Total**
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	BANKING	-	68.2	68.2
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	BANKING	1.9	53.8	55.6
BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A.	SECURITIES DEALER	70.0	-	70.0
BBVA INMOBILIARIA E INVERSIONES, S.A.	REAL ESTATE	-	68.1	68.1
DESARROLLO URBANISTICO DE CHAMARTÍN, S.A.	REAL ESTATE	-	72.5	72.5
EL OASIS DE LAS RAMBLAS, S.L.	REAL ESTATE	-	70.0	70.0
ESTACIÓN DE AUTOBUSES CHAMARTÍN, S.A.	SERVICES	-	51.0	51.0
FIDEICOMISO HARES BBVA BANCOMER F/ 47997-2	REAL ESTATE	-	80.3	80.3
GESTIÓN DE PREVISIÓN Y PENSIONES, S.A.	PENSION FUND MANAGEMENT	60.0	-	60.0
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.	SERVICES	-	58.4	58.4
HOLDING CONTINENTAL, S.A.	INVESTMENT COMPANY	50.0	-	50.0
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	IN LIQUIDATION	48.0	-	48.0
INVERSIONES P.H.R.4, C.A.	IN LIQUIDATION	-	60.5	60.5
JARDINES DE SARRIENA, S.L.	REAL ESTATE	-	85.0	85.0
PROMOTORA RESIDENCIAL GRAN EUROPA, S.L.	REAL ESTATE	-	58.5	58.5
PRO-SALUD, C.A.	SERVICES	-	58.9	58.9
VIRTUAL DOC, S.L.	IN LIQUIDATION	-	70.0	70.0

APPENDIX VII. BBVA Group's securitization fund

Securitization Fund	Company	Origination Date	Thousands of Euros	
			Total Securitized Exposures at the Origination Date	Total Securitized Exposures as of December 31, 2010
BBVA AUTOS I FTA	BBVA, S.A.	10/2004	1,000,000	92,588
BBVA-3 FTPYME FTA	BBVA, S.A.	11/2004	1,000,023	106,617
BBVA AUTOS 2 FTA	BBVA, S.A.	12/2005	1,000,000	294,326
BBVA HIPOTECARIO 3 FTA	BBVA, S.A.	06/2005	1,450,013	346,643
BBVA-4 PYME FTA	BBVA, S.A.	09/2005	1,250,025	141,447
BBVA CONSUMO 1 FTA	BBVA, S.A.	05/2006	1,499,999	415,721
BBVA-5 FTPYME FTA	BBVA, S.A.	10/2006	1,900,022	402,815
BCL MUNICIPIOS I FTA	BBVA, S.A.	06/2000	1,205,059	154,217
2 PS RBS (ex ABN)	BBVA SDAD DE LEASING INMOBILIARIO, S.A.	09/2001	8,982	6,393
2 PS INTERAMERICANA	BBVA CHILE, S.A.	09/2004	14,149	6,830
2 PS INTERAMERICANA	BBVA SDAD DE LEASING INMOBILIARIO, S.A.	09/2004	20,211	10,175
BBVA-2 FTPYME ICO FTA	BBVA, S.A.	12/2000	899,393	13,848
BBVA CONSUMO 2 FTA	BBVA, S.A.	11/2006	1,500,000	582,053
BBVA CONSUMO 3 FTA	FINANZIA BANCO DE CRÉDITO, S.A.	04/2008	651,788	354,982
BBVA CONSUMO 3 FTA	BBVA, S.A.	04/2008	323,212	153,544
BBVA CONSUMO 4 FTA	FINANZIA BANCO DE CRÉDITO, S.A.	12/2009	684,530	687,429
BBVA CONSUMO 4 FTA	BBVA, S.A.	12/2009	415,470	390,774
BBVA CONSUMO 5 FTA	FINANZIA BANCO DE CRÉDITO, S.A.	12/2010	827,819	821,700
BBVA CONSUMO 5 FTA	BBVA, S.A.	12/2010	72,180	72,185
BBVA UNIVERSALIDAD E10	BBVA COLOMBIA, S.A.	03/2009	29,033	15,838
BBVA UNIVERSALIDAD E11	BBVA COLOMBIA, S.A.	05/2009	19,166	11,175
BBVA UNIVERSALIDAD E12	BBVA COLOMBIA, S.A.	08/2009	30,789	17,566
BBVA UNIVERSALIDAD E9	BBVA COLOMBIA, S.A.	12/2008	55,052	28,747
BBVA EMPRESAS 1 FTA	BBVA, S.A.	11/2007	1,450,002	436,485
BBVA EMPRESAS 2 FTA	BBVA, S.A.	03/2009	2,850,062	1,654,301
BBVA EMPRESAS 3 FTA	BBVA, S.A.	12/2009	2,600,011	1,921,757
BBVA EMPRESAS 4 FTA	BBVA, S.A.	07/2010	1,700,025	1,513,222
BACOMCB 07	BBVA BANCOMER, S.A.	12/2007	159,755	107,803
BACOMCB 08	BBVA BANCOMER, S.A.	03/2008	69,783	50,165
BACOMCB 08U	BBVA BANCOMER, S.A.	08/2008	344,198	291,279
BACOMCB 08-2	BBVA BANCOMER, S.A.	12/2008	351,925	269,905
BACOMCB 09	BBVA BANCOMER, S.A.	08/2009	395,526	344,219
FannieMae- Lender No. 227300000	COMPASS BANK	12/2001	184,116	22,763
FANNIE MAE - LENDER No. 227300027	COMPASS BANK	12/2003	279,356	86,990
BBVA-FINANZIA AUTOS 1 FTA	FINANZIA BANCO DE CRÉDITO, S.A.	04/2007	800,000	309,971
GAT FTGENCAT 2005 FTA	BBVA, S.A.	12/2005	249,943	46,081
GC GENCAT II FTA	BBVA, S.A.	03/2003	224,967	10,517
BBVA RMBS 1 FTA	BBVA, S.A.	02/2007	2,500,000	1,787,623
BBVA RMBS 2 FTA	BBVA, S.A.	03/2007	5,000,000	3,536,270
BBVA RMBS 3 FTA	BBVA, S.A.	07/2007	3,000,000	2,366,245
BBVA RMBS 4 FTA	BBVA, S.A.	11/2007	4,900,001	3,508,024
BBVA RMBS 5 FTA	BBVA, S.A.	05/2008	5,000,001	4,053,846
BBVA RMBS 6 FTA	BBVA, S.A.	11/2008	4,995,005	4,113,627
BBVA RMBS 7 FTA	BBVA, S.A.	11/2008	8,500,005	6,530,597
BBVA RMBS 9 FTA	BBVA, S.A.	04/2010	1,295,101	1,258,406
BBVA LEASING 1 FTA	BBVA, S.A.	06/2007	2,500,000	921,962
BBVA-6 FTPYME FTA	BBVA, S.A.	06/2007	1,500,101	452,240
BBVA-7 FTGENCAT FTA	BBVA, S.A.	02/2008	250,010	98,519
BBVA-8 FTPYME FTA	BBVA, S.A.	07/2008	1,100,127	539,816
BBVA RMBS 8 FTA	BBVA, S.A.	07/2009	1,220,000	1,089,584

APPENDIX VIII. Details of the outstanding subordinated debt and preferred securities issued by the Bank or entities in the Group consolidated as of December 31, 2010.

Outsanding as of December 31, 2010 of subordinated issues

		Millions of Euros				
Issuer Entity and Issued Date	**Currency**	**December 2010**	**December 2009**	**December 2008**	**Prevailing Interest Rate at 2010**	**Maturity Date**
Issues in Euros						
BBVA						
July-96	EUR	27	27	27	9.37%	22-12-16
November-03	EUR	-	750	750	-	12-11-15
October-04	EUR	992	992	992	4.37%	20-10-19
February-07	EUR	297	297	297	4.50%	16-02-22
March-08	EUR	125	125	125	6.03%	03-03-33
July-08	EUR	100	100	100	6.20%	04-07-23
September-09	EUR	2,000	2,000	-	5.00%	15-10-14
Subtotal	EUR	3,541	4,291	2,291		
BBVA GLOBAL FINANCE, LTD. (*)						
July-99	EUR	73	73	73	6.35%	16-10-15
February-00	EUR	-	442	442	-	25-02-10
October-01	EUR	60	60	60	5.73%	10-10-11
October-01	EUR	40	40	40	6.08%	10-10-16
October-01	EUR	50	50	50	1.58%	15-10-16
November-01	EUR	55	55	55	1.75%	02-11-16
December-01	EUR	56	56	56	1.72%	20-12-16
Subtotal	EUR	334	776	776		
BBVA SUBORDINATED CAPITAL, S.A.U. (*)						
May-05	EUR	423	456	484	1.34%	23-05-17
October-05	EUR	126	130	150	1.28%	13-10-20
October-05	EUR	205	231	250	1.25%	20-10-17
October-06	EUR	822	900	1,000	1.33%	24-10-16
April-07	EUR	623	700	750	1.11%	03-04-17
April-07	EUR	100	100	100	3.32%	04-05-22
May-08	EUR	50	50	50	0.00%	19-05-23
July-08	EUR	20	20	20	6.11%	22-07-18
Subtotal	EUR	2,369	2,587	2,804		
BBVA BANCOMER, S.A. de C.V.						
May-07	EUR	601	560	610	5.00%	17-07-17
Subtotal	EUR	601	560	610		
ALTURA MARKETS A.V., S.A.						
November-07	EUR	2	2	3	3.03%	29-11-17
Subtotal	EUR	2	2	3		
Total issued in Euros		**6,847**	**8,216**	**6,484**		

(*) As of March 23, 2010 issues of BBVA Capital Funding, Ltd. have been assumed by BBVA Global Finance Ltd.

The issues of BBVA Subordinated Capital, S.A.U. and BBVA Global Finance, LTD. are guaranteed (secondary liability) by the Bank.

Outsanding as of December 31, 2010 of subordinated issues

Issuer Entity and Issued Date	Currency	December 2010	December 2009	December 2008	Prevailing Interest Rate at 2010	Maturity Date
		Millions of Euros				
Issues in foreign currency						
BBVA PUERTO RICO, S.A.						
September-04	USD	38	35	36	1.74%	23-09-14
September-06	USD	28	26	27	5.76%	29-09-16
September-06	USD	22	21	22	0.86%	29-09-16
Subtotal	USD	88	82	85		
BBVA GLOBAL FINANCE, LTD. (*)						
December-95	USD	96	139	144	7.00%	01-12-25
October-95	JPY	92	75	79	6.00%	26-10-15
BANCO BILBAO VIZCAYA ARGENTARIA, CHILE						
Various issues	CLP	624	336	287	Various	Various
Subtotal	CLP	624	336	287		
BBVA BANCOMER, S.A. de C.V.						
July-05	USD	-	241	-	-	22-07-15
May-07	USD	373	345	-	6.00%	17-05-22
April-10	USD	670	-	-	7.00%	22-04-20
Subtotal	USD	1,043	586	-		
September-06	MXN	151	132	-	5.00%	18-09-14
July-08	MXN	73	63	-	5.00%	16-07-18
October-08	MXN	181	156	-	6.00%	24-09-18
December-08	MXN	166	146	-	6.00%	26-11-20
January-09	MXN	2	2	-	6.00%	26-11-20
February-09	MXN	2	2	-	6.00%	26-11-20
March-09	MXN	1	1	-	6.00%	26-11-20
April-09	MXN	1	1	-	6.00%	26-11-20
June-09	MXN	158	138	-	6.00%	07-06-19
July-09	MXN	5	5	-	6.00%	07-06-19
September-09	MXN	1	1	-	6.00%	07-06-19
Subtotal	MXN	741	647	-		
BBVA SUBORDINATED CAPITAL, S.A.U.						
October-05	JPY	184	150	159	2.75%	22-10-35
Subtotal	JPY	184	150	159		
October-05	GBP	-	277	315	-	21-10-15
March-06	GBP	326	325	315	5.00%	31-03-16
March-07	GBP	284	282	262	5.75%	11-03-18
Subtotal	GBP	610	884	892		
RIVERWAY HOLDING CAPITAL TRUST I						
March-01	USD	7	7	7	10.18%	08-06-31
Subtotal	USD	7	7	7		
TEXAS REGIONAL STATUTORY TRUST I						
February-04	USD	37	35	36	3.15%	17-03-34
Subtotal	USD	37	35	36		

(*) As of March 23, 2010 issues of BBVA Capital Funding, Ltd. have been assumed by BBVA Global Finance Ltd.

The issues of BBVA Subordinated Capital, S.A.U. and BBVA Global Finance, LTD. are guaranteed (secondary liability) by the Bank.

Outsanding as of December 31, 2010 of subordinated issues

Issuer Entity and Issued Date	Currency	December 2010 (Millions of Euros)	December 2009 (Millions of Euros)	December 2008 (Millions of Euros)	Prevailing Interest Rate at 2010	Maturity Date
STATE NATIONAL CAPITAL TRUST I						
July-03	USD	11	10	11	3.35%	30-09-33
Subtotal	USD	11	10	11		
STATE NATIONAL STATUTORY TRUST II						
March-04	USD	7	7	7	3.09%	17-03-34
Subtotal	USD	7	7	7		
TEXASBANC CAPITAL TRUST I						
July-04	USD	19	17	18	2.89%	23-07-34
Subtotal	USD	19	17	18		
COMPASS BANK						
March-05	USD	212	195	201	5.50%	01-04-20
March-06	USD	195	180	186	5.90%	01-04-26
September-07	USD	261	242	250	6.40%	01-10-17
Subtotal	USD	668	617	637		
BBVA COLOMBIA, S.A.						
August-06	COP	156	136	128	7.92%	28-08-11
Subtotal	COP	156	136	128		
BBVA PARAGUAY, S.A.						
Various	PYG	2	2	2	Various	Various
Various	USD	6	6	6	Various	Various
BANCO CONTINENTAL, S.A.						
December-06	USD	22	21	22	1.84%	15-02-17
May-07	USD	15	14	9	6.00%	14-05-27
September-07	USD	15	14	14	1.59%	24-09-17
February-08	USD	15	14	14	6.47%	28-02-28
June-08	USD	22	21	14	3.11%	15-06-18
November-08	USD	15	14	14	2.89%	15-02-19
Subtotal		104	98	87		
May-07	PEN	11	10	9	5.85%	07-05-22
June-07	PEN	16	14	14	3.88%	18-06-32
November-07	PEN	15	13	12	3.91%	19-11-32
July-08	PEN	13	11	11	3.22%	08-07-23
September-08	PEN	14	12	12	3.23%	09-09-23
December-08	PEN	8	7	7	4.30%	15-12-33
October-10	PEN	150	-	-	7.38%	15-12-33
Subtotal	PEN	227	67	65		
Total issues in foreign currencies (Millions of Euros)		**4,722**	**3,901**	**2,650**		

Outsanding as of December 31, 2010 of preferred issues

Issuer Entity and Issued Date	December 2010 Currency	December 2010 Amount Issued (Millions)	December 2009 Currency	December 2009 Amount Issued (Millions)	December 2008 Currency	December 2008 Amount Issued (Millions)
BBVA International, Ltd.	-	-	-	-	-	-
December-02	EUR	500	EUR	500	EUR	500
BBVA Capital Finance, S.A.U.	-	-	-	-	-	-
December-03	EUR	350	EUR	350	EUR	350
July-04	EUR	500	EUR	500	EUR	500
December-04	EUR	1,125	EUR	1,125	EUR	1,125
December-08	EUR	1,000	EUR	1,000	EUR	1,000
BBVA International Preferred, S.A.U.	-	-	-	-	-	-
September-05	EUR	85	EUR	85	EUR	85
September-06	EUR	164	EUR	164	EUR	164
April-07	USD	600	USD	600	USD	600
July-07	GBP	31	GBP	31	GBP	31
October-09	EUR	645	EUR	645	EUR	-
October-09	GBP	251	GBP	251	GBP	-
Banco Provincial, S.A. - Banco Universal	-	-	-	-	-	-
October-07	VEF	150	VEF	150	VEF	150
November-07	VEF	58	VEF	58	VEF	58
Phoenix Loan Holdings Inc.	-	-	-	-	-	-
November-00	USD	25	USD	25	USD	25

APPENDIX IX. Consolidated balance sheets as of December 31, 2010, 2009 and 2008 held in foreign currency

	Millions of Euros			
2010	USD	Mexican Pesos	Other Foreign Currencies	Total Foreign Currencies
Assets -				
Cash and balances with Central Banks	4,358	6,002	5,333	15,693
Financial assets held for trading	2,347	11,142	4,031	17,520
Available-for-sale financial assets	8,547	10,150	5,102	23,799
Loans and receivables	61,994	35,465	31,288	128,747
method	5	112	3,658	3,775
Tangible assets	804	916	655	2,375
Other assets	3,972	2,768	1,830	8,570
Total	**82,027**	**66,555**	**51,897**	**200,479**
Liabilities-				
Financial liabilities held for trading	1,420	3,349	1,073	5,842
Financial liabilities at amortised cost	90,444	50,708	42,645	183,797
Other liabilities	928	5,976	2,889	9,793
Total	**92,792**	**60,033**	**46,607**	**199,432**

	Millions of Euros			
2009	USD	Mexican Pesos	Other Foreign Currencies	Total Foreign Currencies
Assets -				
Cash and balances with Central Banks	3,198	5,469	4,278	12,945
Financial assets held for trading	2,607	12,121	2,459	17,187
Available-for-sale financial assets	8,451	7,277	5,227	20,955
Loans and receivables	59,400	27,618	27,953	114,971
method	5	112	2,328	2,445
Tangible assets	753	777	653	2,183
Other assets	3,699	2,123	1,763	7,585
Total	**78,113**	**55,497**	**44,661**	**178,271**
Liabilities-				
Financial liabilities held for trading	893	2,507	968	4,368
Financial liabilities at amortised cost	121,735	43,300	42,502	207,537
Other liabilities	1,050	4,316	2,835	8,201
Total	**123,678**	**50,123**	**46,305**	**220,106**

	Millions of Euros			
2008	USD	Mexican Pesos	Other Foreign Currencies	Total Foreign Currencies
Assets -				
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
method	5	103	481	589
Tangible assets	802	729	485	2,016
Other assets	2,093	1,843	1,716	5,652
Total	**86,074**	**52,819**	**42,215**	**181,108**
Liabilities-				
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 liabilities	1,005	3,896	2,565	7,466
Total	**119,107**	**50,103**	**45,719**	**214,929**

APPENDIX X. Consolidated income statements for the first and second half of 2010 and 2009

	Millions of Euros			
	Six months ended June 30, 2010	Six months ended December 31, 2010	Six months ended June 30, 2009	Six months ended December 31, 2009
INTEREST AND SIMILAR INCOME	10,457	10,677	12,911	10,864
INTEREST AND SIMILAR EXPENSES	(3,520)	(4,294)	(6,053)	(3,840)
NET INTEREST INCOME	**6,937**	**6,383**	**6,858**	**7,024**
DIVIDEND INCOME	257	272	248	195
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	151	184	27	93
FEE AND COMMISSION INCOME	2,678	2,704	2,638	2,667
FEE AND COMMISSION EXPENSES	(406)	(439)	(457)	(418)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	1,067	374	446	446
NET EXCHANGE DIFFERENCES	56	397	352	300
OTHER OPERATING INCOME	1,771	1,772	1,755	1,645
OTHER OPERATING EXPENSES	(1,631)	(1,617)	(1,487)	(1,666)
GROSS INCOME	**10,880**	**10,030**	**10,380**	**10,286**
ADMINISTRATION COSTS	(4,015)	(4,192)	(3,734)	(3,928)
Personnel expenses	(2,364)	(2,450)	(2,291)	(2,360)
General and administrative expenses	(1,651)	(1,742)	(1,443)	(1,568)
DEPRECIATION AND AMORTIZATION	(365)	(396)	(354)	(343)
PROVISIONS (NET)	(270)	(212)	(152)	(306)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(2,419)	(2,299)	(1,945)	(3,528)
NET OPERATING INCOME	**3,811**	**2,931**	**4,195**	**2,181**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(196)	(293)	(271)	(1,347)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	11	**30**	9	11
NEGATIVE GOODWILL	1	-	-	99
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	24	**103**	70	789
INCOME BEFORE TAX	**3,651**	**2,771**	**4,003**	**1,733**
INCOME TAX	(941)	(486)	(961)	(180)
INCOME FROM CONTINUING TRANSACTIONS	**2,710**	**2,285**	**3,042**	**1,553**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	-	-	-	-
NET INCOME	**2,710**	**2,285**	**3,042**	**1,553**
Net Income attributed to parent company	2,527	2,079	2,799	1,411
Net income attributed to non-controlling interests	183	206	243	142

	Euros			
	Six months ended June 30, 2010	Six months ended December 31, 2010	Six months ended June 30, 2009	Six months ended December 31, 2009
EARNINGS PER SHARE				
Basic earnings per share	0.63	0.54	0.73	0.35
Diluted earnings per share	0.63	0.54	0.73	0.35

APPENDIX XI. GLOSSARY

Adjusted acquisition cost	The acquisition cost of the securities less accumulated amortizations, plus interest accrued, but not net of any other valuation adjustments.
Amortized cost	The amortized cost of a financial asset is the amount at which it was measured at initial recognition minus principal repayments, plus or minus, as warranted, the cumulative amount taken to profit or loss using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or change in measured value.
Assets leased out under operating lease	Lease arrangements that are not finance leases are designated operating leases.
Associates	Companies in which the Group is able to exercise significant influence, without having control. Significant influence is deemed to exist when the Group owns 20% or more of the voting rights of an investee directly or indirectly.
Available-for-sale financial assets	Available-for-sale (AFS) financial assets are debt securities that are not classified as held-to-maturity investments or as financial assets designated at fair value through profit or loss (FVTPL) and equity instruments that are not subsidiaries, associates or jointly controlled entities and have not been designated as at FVTPL.
Basic earnings per share	Calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period
Business combination	The merger of two or more entities or independent businesses into a single entity or group of entities.
Cash flow hedges	Derivatives that hedge the exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could effect profit or loss.
Commissions and fees	Income and expenses relating to commissions and similar fees are recognized in the consolidated income statement using criteria that vary according to their nature. The most significant income and expense items in this connection are: • Feed and commissions relating linked to financial assets and liabilities measured at fair value through profit or loss, which are recognized when collected. • Fees and commissions arising from transactions or services that are provided over a period of time, which are recognized over the life of these transactions or services. • Fees and commissions generated by a single act are accrued upon execution of that act.
Contingencies	Current obligations arising as a result of past events, certain in terms of nature at the balance sheet date but uncertain in terms of amount and/or cancellation date, settlement of which is deemed likely to entail an outflow of resources embodying economic benefits.
Contingent commitments	Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
Contingent risks	Transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts.
Current tax assets	Taxes recoverable over the next twelve months.
Current tax liabilities	Corporate income tax payable on taxable profit for the year and other taxes payable in the next twelve months.
Debt obligations/certificates	Obligations and other interest-bearing securities that create or evidence a debt on the part of their issuer, including debt securities issued for trading among an open group of investors, that accrue interest, implied or explicit, whose rate, fixed or benchmarked to other rates, is established contractually, and take the form of securities or book-entries, irrespective of the issuer.
Deferred tax assets	Taxes recoverable in future years, including loss carryforwards or tax credits for deductions and tax rebates pending application.
Deferred tax liabilities	Income taxes payable in subsequent years.
Defined benefit commitments	Post-employment obligation under which the entity, directly or indirectly via the plan, retains the contractual or implicit obligation to pay remuneration directly to employees when required or to pay additional amounts if the insurer, or other entity required to pay, does not cover all the benefits relating to the services rendered by the employees when insurance policies do not cover all of the corresponding post-employees benefits.
Defined contribution commitments	Defined contribution plans are retirement benefit plans under which amounts to be paid as retirement benefits are determined by contributions to a fund together with investment earnings thereon. The employer's obligations in respect of its employees current and prior years' employment service are discharged by contributions to the fund.
Deposits from central banks	Deposits of all classes, including loans and money market operations, received from the Bank of Spain and other central banks.
Deposits from credit institutions	Deposits of all classes, including loans and money market operations received, from credit entities.

Deposits from customers	Redeemable cash balances received by the entity, with the exception of debt certificates, money market operations through counterparties and subordinated liabilities, that are not received from either central banks or credit entities. This category also includes cash deposits and consignments received that can be readily withdrawn.
Diluted earnings per share	This calculation is similar to that used to measure basic earnings per share, except that the weighted average number of shares outstanding is adjusted to reflect the potential dilutive effect of any stock options, warrants and convertible debt instruments outstanding the year. For the purpose of calculating diluted earnings per share, an entity shall assume the exercise of dilutive warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price of ordinary shares during the period shall be treated as an issue of ordinary shares for no consideration. Such shares are dilutive and are added to the number of ordinary shares outstanding in the calculation of diluted earnings per share.
Early retirements	Employees that no longer render their services to the entity but which, without being legally retired, remain entitled to make economic claims on the entity until they formally retire.
Economic capital	Eligible capital for regulatory capital adequacy calculations.
Effective interest rate	Discount rate that exactly equals the value of a financial instrument with the cash flows estimated over the expected life of the instrument based on its contractual period as well as its anticipated amortization, but without taking the future losses of credit risk into consideration.
Equity	The residual interest in an entity's assets after deducting its liabilities. It includes owner or venturer contributions to the entity, at incorporation and subsequently, unless they meet the definition of liabilities, and accumulated net profits or losses, fair value adjustments affecting equity and, if warranted, minority interests.
Equity instruments	An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
Equity method	The equity method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the investee, adjusted for dividends received and other equity eliminations.
Exchange/translation differences	Gains and losses generated by currency trading and the differences arising on translating monetary items denominated in foreign currency to the functional currency, exchange differences on foreign currency non-monetary assets accumulated in equity and taken to profit or loss when the assets are sold and gains and losses realized on the disposal of assets at entities with a functional currency other than the euro.
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
Fair value hedges	Derivatives that hedge the exposure of the fair value of assets and liabilities to movements in interest rates and/or exchange rates designated as a hedged risk.
Fees	*See Commissions, fees and similar items*
Financial guarantees	A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument, irrespective of its instrumentation. These guarantees may take the form of deposits, technical or financial guarantees, irrevocable letters of credit issued or confirmed by the entity, insurance contracts or credit derivatives in which the entity sells credit protection, among others.
Financial instrument	A financial instrument is any contract that gives rise to a financial asset of one entity and to a financial liability or equity instrument of another entity.
Financial liabilities at amortized cost	Financial liabilities that do not meet the definition of financial liabilities designated at fair value through profit or loss and arise from the financial entities' ordinary activities to capture funds, regardless of their instrumentation or maturity.
Full consolidation	• In preparing consolidated financial statements, an entity combines the balance sheets of the parent and its subsidiaries line by line by adding together like items of assets, liabilities and equity. Intragroup balances and transactions, including amounts payable and receivable, are eliminated in full. • Group entity income statement income and expense headings are similarly combined line by line into the consolidated income statement, having made the following consolidation eliminations: a) income and expenses in respect of intragroup transactions are eliminated in full. b) profits and losses resulting from intragroup transactions are similarly eliminated. • The carrying amount of the parent's investment and the parent's share of equity in each subsidiary are eliminated.

Gains or losses on financial assets and liabilities, net	This heading reflects fair value changes in financial instruments - except for changes attributable to accrued interest upon application of the interest rate method and asset impairment losses (net) recognized in the income statement - as well as gains or losses generated by their sale - except for gains or losses generated by the disposal of investments in subsidiaries, jointly controlled entities and associates an of securities classified as held to maturity.
Goodwill	Goodwill acquired in a business combination represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not able to be individually identified and separately recognized.
Hedges of net investments in foreign operations	Foreign currency hedge of a net investment in a foreign operation .
Held-to-maturity investments	Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.
Held for trading (assets and liabilities)	Financial assets and liabilities acquired or incurred principally for the purpose of selling or repurchasing them in the near term with a view to profiting from variations in their prices or by exploiting existing differences between their bid and ask prices. This category also includes financial derivatives not qualifying for hedge accounting, and in the case of borrowed securities, financial liabilities originated by the firm sale of financial assets acquired under repurchase agreements or received on loan (“short positions”).
Impaired/doubtful/non-performing portfolio	Financial assets whose carrying amount is higher than their recoverable value, prompting the entity to recognize the corresponding impairment loss
Impaired financial assets	A financial asset is deemed impaired, and accordingly restated to fair value, when there is objective evidence of impairment as a result of one or more events that give rise to: 1. A measurable decrease in the estimated future cash flows since the initial recognition of those assets in the case of debt instruments (loans and receivables and debt securities). 2. A significant or prolonged drop in fair value below cost in the case of equity instruments.
Income from equity instruments	Dividends and income on equity instruments collected or announced during the year corresponding to profits generated by investees after the ownership interest is acquired. Income is recognized gross, i.e., without deducting any withholdings made, if any.
Insurance contracts linked to pensions	The fair value of insurance contracts written to cover pension commitments.
Inventories	Assets, other than financial instruments, under production, construction or development, held for sale during the normal course of business, or to be consumed in the production process or during the rendering of services. Inventories include land and other properties held for sale at the real estate development business.
Investment properties	Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for own use or sale in the ordinary course of business.
Jointly controlled entities	Companies over which the entity exercises control but are not subsidiaries are designated "jointly controlled entities". Joint control is the contractually agreed sharing of control over an economic activity or undertaking by two or more entities, or controlling parties. The controlling parties agree to share the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. It exists only when the strategic financial and operating decisions require unanimous consent of the controlling parties.
Leases	A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time, a stream of cash flows that is essentially equivalent to the combination of principal and interest payments under a loan agreement.
Liabilities associated with non-current assets held for sale	The balance of liabilities directly associated with assets classified as non-current assets held for sale, including those recognized under liabilities in the entity's balance sheet at the balance sheet date corresponding to discontinued operations.
Liabilities under insurance contracts	The technical reserves of direct insurance and inward reinsurance recorded by the consolidated entities to cover claims arising from insurance contracts in force at period-end.
Loans and advances to customers	Loans and receivables, irrespective of their type, granted to third parties that are not credit entities and that are not classified as money market operations through counterparties.
Loans and receivables	Financing extended to third parties, classified according to their nature, irrespective of the borrower type and the instrumentation of the financing extended, including finance lease arrangements where the consolidated subsidiaries act as lessors.
Minority interests	Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent, including minority interests in the profit or loss of consolidated subsidiaries for the reporting period.

Mortgage-backed bonds	Fixed-income securities guaranteed with the mortgage loans for the issuing entity, which, in accordance with current legislation to that effect, are not subject to the issuance of mortgage bonds.
Non-current assets held for sale	A non-current asset or disposal group, whose carrying amount is expected to be realized through a sale transaction, rather than through continuing use, and which meets the following requirements: a) it is immediately available for sale in its present condition at the balance sheet date, i.e. only normal procedures are required for the sale of the asset. b) the sale is considered highly probable.
Other equity instruments	This heading reflects the increase in equity resulting from various forms of owner contributions, retained earnings, restatements of the financial statements and valuation adjustments.
Other financial assets/liabilities at fair value through profit or loss	• Assets and liabilities that are deemed hybrid financial assets and liabilities and for which the fair value of the embedded derivatives cannot be reliably determined. • These are financial assets managed jointly with "Liabilities under insurance contracts" valued at fair value, in combination with derivatives written with a view to significantly mitigating exposure to changes in these contracts' fair value, or in combination with financial liabilities and derivatives designed to significantly reduce global exposure to interest rate risk. These headings include customer loans and deposits effected via so-called unit-linked life insurance contracts, in which the policyholder assumes the investment risk.
Own/treasury shares	The amount of own equity instruments held by the entity.
Personnel expenses	All compensation accrued during the year in respect of personnel on the payroll, under permanent or temporary contracts, irrespective of their jobs or functions, irrespective of the concept, including the current costs of servicing pension plans, own share based compensation schemes and capitalized personnel expenses. Amounts reimbursed by the state Social Security or other welfare entities in respect of employee illness are deducted from personnel expenses.
Post-employment benefits	Retirement benefit plans are arrangements whereby an enterprise provides benefits for its employees on or after termination of service.
Property, plant and equipment/tangible assets	Buildings, land, fixtures, vehicles, computer equipment and other facilities owned by the entity or acquired under finance leases.
Proportionate consolidation method	The venturer combines and subsequently eliminates its interests in jointly controlled entities' balances and transactions in proportion to its ownership stake in these entities. The venturer combines its interest in the assets and liabilities assigned to the jointly controlled operations and the assets that are jointly controlled together with other joint venturers line by line in the consolidated balance sheet. Similarly, it combines its interest in the income and expenses originating in jointly controlled businesses line by line in the consolidated income statement.
Provisions	Provisions include amounts recognized to cover the Group's current obligations arising as a result of past events, certain in terms of nature but uncertain in terms of amount and/or cancellation date.
Provision expenses	Provisions recognized during the year, net of recoveries on amounts provisioned in prior years, with the exception of provisions for pensions and contributions to pension funds which constitute current or interest expense.
Provisions for contingent exposures and commitments	Provisions recorded to cover exposures arising as a result of transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts, and provisions for contingent commitments, i.e., irrevocable commitments which may arise upon recognition of financial assets.
Provisions for pensions and similar obligation	Constitutes all provisions recognized to cover retirement benefits, including commitments assumed vis-à-vis beneficiaries of early retirement and analogous schemes.
Reserves	Accumulated net profits or losses recognized in the income statement in prior years and retained in equity upon distribution. Reserves also include the cumulative effect of adjustments recognized directly in equity as a result of the retroactive restatement of the financial statements due to changes in accounting policy and the correction of errors.
Securitization fund	A fund that is configured as a separate equity and administered by a management company. An entity that would like funding sells certain assets to the securitization fund, which, in turn, issues securities backed by said assets.
Share premium	The amount paid in by owners for issued equity at a premium to the shares' nominal value.
Short positions	Financial liabilities arising as a result of the final sale of financial assets acquired under repurchase agreements or received on loan.
Subordinated liabilities	Financing received, regardless of its instrumentation, which ranks after the common creditors in the event of a liquidation.

Subsidiaries	Companies which the Group has the power to control. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of an entity's voting power, unless, exceptionally, it can be clearly demonstrated that ownership of more than one half of an entity's voting rights does not constitute control of it. Control also exists when the parent owns half or less of the voting power of an entity when there is: · an agreement that gives the parent the right to control the votes of other shareholders; · power to govern the financial and operating policies of the entity under a statute or an agreement; power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; · power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.
Substandard risk	All debt instruments and contingent risks which do not meet the criteria to be classified individually as non-performing or written-off, but show weaknesses that may entail for the entity the need to assume losses greater than the hedges for impairment of risks subject to special monitoring.
Tax liabilities	All tax related liabilities except for provisions for taxes.
Trading derivatives	The fair value in favor of the entity of derivatives not designated as accounting hedges.
Value at Risk (VaR)	Value at Risk (*VaR*) is the basic variable for measuring and controlling the Group's market risk. This risk metric estimates the maximum loss that may occur in a portfolio's market positions for a particular time horizon and given confidence level VaR figures are estimated following two methodologies: - VaR without smoothing, which awards equal weight to the daily information for the immediately preceding last two years. This is currently the official methodology for measuring market risks vis-à-vis limits compliance of the risk. - VaR with smoothing, which weights more recent market information more heavily. This is a metric which supplements the previous one. VaR with smoothing adapts itself more swiftly to the changes in financial market conditions, whereas VaR without smoothing is, in general, a more stable metric that will tend to exceed VaR with smoothing when the markets show less volatile trends, while it will tend to be lower when they present upturns in uncertainty.

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

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2010

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

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2010

1. THE BBVA GROUP

Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank" or "BBVA") is a private-law entity governed by the rules and regulations applicable to banks operating in Spain and is the Parent of the financial group whose object is to engage directly or indirectly in activities, transactions, agreements and services relating to the banking business. The Bank conducts its business through branches and offices located throughout Spain and abroad.

The Banco Bilbao Vizcaya Argentaria Group ("the Group or BBVA Group") is an internationally diversified financial group with a significant presence in traditional retail banking, asset management, private banking and wholesale banking.

The financial information included in this management report is presented in accordance with the criteria established by the International Financial Reporting Standards endorsed by the European Union ("IFRS-EU") approved by the European Union and taking into account Bank of Spain Circular 4/2004, and its subsequent amendments.

2. ECONOMIC ENVIRONMENT IN 2010

In 2010 the world economy recovered from the major slump in 2009. GDP picked up from a fall of 0.6% to a rise of nearly 5% in 2010. This figure is in line with those in the years immediately before the start of the crisis in the summer of 2007. However, the economic recovery is not evenly spread across regions. Throughout the year it became clear that the emerging economies, particularly in emerging Asia and Latin America, showed stronger growth and are contributing to global growth, while in advanced economies, and particularly in some European economies, recovery continues to be sluggish.

In the last quarter of 2010, uncertainty and risks in the global economy increased due to renewed financial turmoil, particularly in Europe as a result of the doubts regarding the fiscal consolidation process in some countries. This led to the activation of the rescue plans for Ireland.

In the United States cyclical concerns continue, derived from the weakness shown by private demand since some of the fiscal stimulus programs began to expire. Thus throughout the year there has been a loss of strength in the real estate market, weakness in the labor market and a deleveraging process in households. Given this situation, the Federal Reserve has begun a new monetary expansion program. At least initially, this has led to downward pressure on short-term interest rates and a depreciation of the dollar. Even so, although toward the end of 2010 the U.S. economy has slowed, the year as a whole closed with average growth close to 3%.

In Europe, the economy slowed gradually in line with expectations, although some countries such as Germany maintain their strength. Tension has also returned to the debt markets, particularly in peripheral countries, and above all in Ireland and Portugal. Nevertheless, 2010 closed with growth of nearly 2%.

The Mexican economy has throughout the second half of 2010 shown resistance to the loss of strength in foreign demand. This is reflected in a less notable slowdown of its growth rates than expected, with GDP up in 2010 by around 5%. Inflation closed at a historically low level of 4.4% as a result of the appreciation of the peso over the year, moderate international prices and the lack of pressure from domestic demand. Nevertheless, the monetary pause is expected to remain in place, at least throughout 2011.

Finally growth in emerging economies continues to ease to more sustainable levels, thus limiting the risk of overheating. In South America private demand is replacing the economic policy stimuli adopted as the main source of recovery. Although the trend for inflation is rising, it is still not a problem, and the major capital inflows in the region have led some countries to implement control mechanisms. In China, the latest economic indicators point to the existence of a renewed boost to growth and increased inflation, which is forcing the authorities to take further adjustment measures, including a recent rise in interest rates. Despite this, GDP growth in 2010 was 10.3%. In Turkey, the economy recovered in 2010, with a growth of 7.6% and inflation slightly below the Central Bank's target. At the same time, public debt has fallen steeply. Given this situation, the Central Bank has lowered the official interest rate and controlled credit with increases in bank short-term reserve requirements.

In terms of exchange rates over the last year, there was a general appreciation of the currencies of greatest importance for the Group's results and business, as can be seen in the adjoining table. The exceptions are the Venezuelan bolivar, which devalued in January, and the Argentinean peso, which depreciated slightly over the last twelve months in terms of average exchange rates. In all, the effect of the exchange rates on the year-on-year comparison of BBVA's income statements and consolidated balance sheet is positive.

	Average Exchange Rates		Year-End Exchange Rates	
Currency	**2010**	**2009**	**2010**	**2009**
Mexican peso	**16.75**	18.80	**16.55**	18.92
U.S.dollar	**1.33**	1.39	**1.34**	1.44
Argentine peso	**5.19**	5.26	**5.49**	5.56
Chilean peso	**675.92**	777.60	**625.39**	730.46
Colombian peso	**2,517.50**	2,976.19	**2,557.54**	2,941.18
Peruvian new sol	**3.75**	4.19	**3.75**	4.16
Venezuelan bolivar	**5.63**	3.00	**5.74**	3.09

3. SUMMARIZED CONSOLIDATED INCOME STATEMENTS

The Group's summarized consolidated income statements for the years ended December 31, 2010 and 2009 are as follows:

	Millions of Euros		
BBVA Group Interim Consolidated Income Statements	**2010**	**% Change 2010-2009**	**2009**
NET INTEREST INCOME	**13,320**	**-4.0**	**13,882**
Dividend income	529	19.3	443
Share of profit or loss of entities accounted for using the equity method	335	179.1	120
Net fees and commissions	4,537	2.4	4,430
Net gains (losses) on financial assets and liabilities and net exchange differences	1,894	22.7	1,544
Other operating income and expenses	295	19.5	247
GROSS INCOME	**20,910**	**1.2**	**20,666**
Operating expenses	(8,968)	7.3	(8,359)
Personnel expenses	(4,814)	3.5	(4,651)
General and administrative expenses	(3,393)	12.7	(3,011)
Depreciation and amortization	(761)	9.1	(697)
OPERATING INCOME	**11,942**	**-3.0**	**12,307**
Impairment losses on financial assets (net)	(4,718)	-13.8	(5,473)
Provisions (net)	(482)	5.3	(458)
NET OPERATING INCOME	**6,742**	**5.7**	**6,376**
Other gains (losses)	(320)	-50.0	(640)
INCOME BEFORE TAX	**6,422**	**12.0**	**5,736**
Income tax	(1,427)	25.0	(1,141)
NET INCOME	**4,995**	**8.7**	**4,595**
Net income attributed to non-controlling interests	(389)	-	(385)
NET INCOME ATTRIBUTED TO PARENT COMPANY	**4,606**	**9.4**	**4,210**

Year-on-year comparisons of the BBVA Group's earnings in 2010 and 2009 are affected by a series of **one-off operations**:

- In the third quarter of 2010, a sale and leaseback agreement for business offices in Spain was signed, resulting in capital gains of €233 million (the so-called second phase of the Árbol deal). Provisioning on loans and receivables was carried out for a similar amount, and therefore there is no effect on the attributable profit.

- In 2009, a sale and leaseback agreement for 948 properties in Spain was signed, resulting in capital gains of €830 million (the so-called first phase of the Árbol deal). Provisioning on loans and receivables was carried out for a similar amount, and therefore this transaction had no effect on the attributable profit. A loss of €1,050 million (net of taxes) was recorded, from the provisioning carried out in the United States, of which €705 million are due to goodwill and €346 million to major loan-loss provisions to increase risk hedging.

The explanations of the changes in the principal items of the accompanying consolidated income statements are as follows:

- The balance of ***"Net interest income"*** in 2010 was €13,320 million, down 4.0% on the €13,882 million recorded in 2009. This reduction was due, on the one hand, to the recent upturn in interest rates in the euro zone, which has affected liability costs to a greater extent than the return on assets. And on the other hand to the rising cost of wholesale funds and the gradual change of the portfolio mix toward items with less risk and spread, but with higher loyalty.

- The balance of the ***"Income from equity instruments (dividends)"*** heading for 2010 was €529 million, a 19.3% increase over the €443 million recorded in 2009. Its main component continues to be the dividends from BBVA's investment in Telefónica.

- The balance of the ***"Share of profit or loss of entities accounted for using the equity method"*** heading for 2010 was €335 million, compared with €120 million in 2009, mainly due to the increase in the contribution of China National Citic Bank (CNCB).

- The balance of the ***"Net fees and commissions"*** heading for 2010 was €4,537 million, an increase of 2.4% on the €4,430 million posted in 2009, due to higher fees from mutual funds and pensions, and the increase of fees linked to banking services, specifically account maintenance and management and contingent liabilities.

- The balance of the ***"Net gains (losses) on financial assets and liabilities and net exchange differences"*** heading for 2010 was €1,894 million, an increase of 22.7% on the €1,544 million recorded in 2009, due mainly to the positive effect of the devaluation of the bolivar on some positions and the adequate execution of the adjustment of ALCO portfolio duration during the first half of the year. In this period, the high price volatility in sovereign debt markets was taken advantage of to rotate and adjust the durations of these portfolios, which generated income without consuming the unrealized capital gains present at the date.

- The balance of the ***"Other operating income and expenses"*** heading in 2010 was €295 million, up 19.5% on the €247 million posted in 2009, mainly as a result of increased sales of non-financial services and a greater contribution of the insurance business.

As a result of the above, ***"Gross income"*** for 2010 was €20,910 million, an increase of 1.2% on the €20,666 million in 2009.

- The balance of ***"Operating expenses"*** in 2010 was €8,967 million, an increase of 7.3% on the €8,359 million in 2009, partly due to exchange rate effects. This increase was also the result of greater rental costs following the sale and leaseback operation on properties and offices in Spain carried out in the third quarter of September 2009 and 2010. In addition, after the end of the Transformation Plan carried out by the Group in previous years, it is now starting a very significant investment process that transversally affects the entire Organization. In this regard, some of its actions include the implementation of various growth plans in all business areas, by improving the Group's information systems, renewing and extending the number of ATMs, applying the BBVA brand's new positioning and boosting its reputation, through its sponsorship in the Liga BBVA in Spain and the US NBA basketball league.

As a result of the above, ***"Operating income"*** for 2010 was €11,942 million, a decrease of 3.0% on the €12,307 million in 2009.

- The balance of the ***"Impairment losses on financial assets (net)"*** heading for 2010 was €4,718 million, down 13.8% on the €5,473 million posted in 2009. The cause of this decrease was due primarily to the proactive measures carried out in the fourth quarter of 2009 in Spain and Portugal and in the United States. The impact throughout the year of the change in regulations regarding the calculation of impairment losses according to the amendment of the Bank of Spain Circular was very limited (€198 million).

- The balance of *"**Provisions expense (net)"*** in 2010 was €482 million, an increase of 5.3% on the €458 million in 2009, mainly due to greater provisions determined collectively for contingent exposures and commitments.

- The balance of ***"Other gains (losses)"*** in 2010 was a loss of €320 million, compared with losses of €640 million in 2009. This heading includes the loan-loss provisions for foreclosures and real estate assets that have been carried out to maintain the coverage of these assets at levels above 30% after the deterioration related to the real estate business. In 2009 it also included the provisioning to goodwill carried out in the United States. In both 2009 and 2010 they include capital gains from the first phase (€830 million in 2009) and second phase (€233 million in 2010) of the aforementioned Árbol deal.

As a result of the above, ***"Income before tax"*** for 2010 was €6,422 million, an increase of 12.0% on the €5,736 million in 2009.

- The balance of ***"Income tax"*** for 2010 was €1,427 million, up 25.0% on the €1,141 million recorded in 2009. The increase was mainly due to the rise in the tax rate in Mexico starting on January 1, 2010.

As a result of the above, ***"Net income"*** for 2010 was €4,995 million, an increase of 8.7% on the €4,595 million in 2009.

- ***"Net income attributed to non-controlling interests"*** for 2010 was €389 million, a slight increase of 1.0% on the €385 million in 2009.

"Net income attributed to parent company" in 2010 was €4,606 million, 9.4% up on the €4,210 million in 2009.

Earnings per share (EPS) in 2010 were €1.17 euros per share, 8.3% up on the €1.08 per share in 2009. This increase is lower than that recorded in "Net income attributed to parent company", due primarily to the effect of the issue of convertible bonds in September 2009. The capital increase in November 2010 has no dilutive effect on this comparison, as the number of shares in previous years are adjusted by the correction factor as regulated by IAS 33 (see Note 5).

Return on equity (ROE) in 2010 was 15.8%, slightly less than the 16.0% recorded in 2009, a level that positions BBVA as one of the most profitable banks in its reference group.

Return on total average assets (ROA) in 2010 was 0.89%, a slight increase on the 0.85% posted in 2009.

4. SUMMARIZED CONSOLIDATED BALANCE SHEETS AND KEY OPERATIONAL FIGURES

The Group's summarized consolidated balance sheets as of December 31, 2010 and 2009 are as follows:

	Millions of Euros		
ASSETS	2010	% Change 2010-2009	2009
CASH AND BALANCES WITH CENTRAL BANKS	19,981	22.3	16,344
FINANCIAL ASSETS HELD FOR TRADING	63,283	(9.2)	69,733
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	2,774	18.7	2,337
AVAILABLE-FOR-SALE FINANCIAL ASSETS	56,457	(11.1)	63,521
LOANS AND RECEIVABLES	364,707	5.4	346,117
Loans and advances to credit institutions	23,636	6.3	22,239
Loans and advances to customers	338,857	4.8	323,442
Debt securities	2,213	407.6	436
HELD-TO-MATURITY INVESTMENTS	9,946	82.9	5,437
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	40	n.s.	-
HEDGING DERIVATIVES	3,563	(0.9)	3,595
NON-CURRENT ASSETS HELD FOR SALE	1,529	45.6	1,050
EQUITY METHOD	4,547	55.6	2,922
INSURANCE CONTRACTS LINKED TO PENSIONS	-	n.s.	-
REINSURANCE ASSETS	28	(3.3)	29
TANGIBLE ASSETS	6,701	3.0	6,507
INTANGIBLE ASSETS	8,007	10.5	7,248
TAX ASSETS	6,649	6.0	6,273
OTHER ASSETS	4,527	11.3	3,952
TOTAL ASSETS	552,738	3.3	535,065

	Millions of Euros		
LIABILITIES AND EQUITY	2010	% Change 2010-2009	2009
LIABILITIES			
FINANCIAL LIABILITIES HELD FOR TRADING	37,212	13.3	32,830
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	1,607	17.5	1,367
FINANCIAL LIABILITIES AT AMORTIZED COST	453,162	1.2	447,936
Deposits from central banks	11,010	(48.0)	21,166
Deposits from credit institutions	57,170	16.3	49,146
Customer deposits	275,789	8.5	254,183
Debt certificates	85,179	(14.8)	99,939
Subordinated liabilities	17,420	(2.6)	17,878
Other financial liabilities	6,596	17.3	5,624
HEDGES OF INTEREST RATE RISK	(2)	-	-
HEDGING DERIVATIVES	1,664	27.2	1,308
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-	-	-
LIABILITIES UNDER INSURANCE CONTRACTS	8,033	11.8	7,186
PROVISIONS	8,322	(2.8)	8,559
TAX LIABILITIES	2,195	(0.6)	2,208
OTHER LIABILITIES	3,067	5.5	2,908
TOTAL LIABILITIES	515,262	2.2	504,302
EQUITY	-	-	-
STOCKHOLDERS' FUNDS	36,689	25.0	29,362
VALUATION ADJUSTMENTS	(770)	n.s.	(62)
NON-CONTROLLING INTEREST	1,556	6.3	1,463
TOTAL EQUITY	37,475	21.8	30,763
TOTAL LIABILITIES AND EQUITY	552,738	3.3	535,065

- As of December 31, 2010, ***"Total Group Assets"*** stood at €552,738 million, an increase of 3.3% on the figure of €535,065 million as of December 31, 2009. Exchange-rate movements have had a positive effect on the year-on-year comparison, as the appreciation of the main currencies in the countries in which the Group operates (mainly dollars and Mexican pesos) against the euro more than offsets the impact of the devaluation of the Venezuelan bolivar.

- As of December 31, 2010, the ***"Loans and receivables"*** balance was €364,707 million, an increase of 5.4% on the €346,117 million as of December 31, 2009. This change is basically the result of "Loans and advances to customers", which amounted to €338,857 million as of December 31, 2010, an increase of 4.8% on the €323,442 million as of December 31, 2009. In the second half of 2010, there appears to have been a change in the trend of declining business activity that started in 2007, as can be seen by the positive performance of the loan book, with progress in practically all the business areas, which is particularly significant in Mexico and South America.

- As of December 31, 2010, the ***"Financial liabilities measured at amortized cost"*** balance was €453,164 million, an increase of 1.2% on the €447,936 million as of December 31, 2009. Specifically, "Customer deposits", which accounts for 61% of this item, amounted to €275,789 million as of December 31, 2010, an increase of 8.5% on the €254,183 million as of December 31, 2009.

- As of December 31, 2010, total **customer funds**, both those on and off the balance sheet (customer deposits, debt certificates (including bonds), subordinated liabilities, mutual funds, pension funds and customer portfolios) stood at €525,960 million, 3.3% up on the €509,109 million as of December 31, 2009. The funds on the balance sheet increased by 1.7%, and off-balance-sheet funds by 7.6%, thanks to the positive performance of pension fund assets.

5. BUSINESS PERFORMANCE: RESULTS AND ACTIVITY BY BUSINESS AREA AND NEW PRODUCTS AND SERVICES

The breakdown of ***"Net income attributed to parent company"*** in 2010 and 2009 by business area in the Group is as follows:

	Millions of Euros		
Net Income by Bussiness Areas	**2010**	**% Change 2010-2009**	**2009**
Spain and Portugal	2,070	(9.0)	2,275
Mexico	1,707	25.7	1,357
South America	889	14.0	780
The United States	236	n.s.	(950)
WB&AM	950	11.4	852
Corporate Activities	(1,245)	n.s.	(105)
Total	**4,606**	**9.4**	**4,210**

The explanations for the changes in the income statement and the main figures on the balance sheet for each of the business areas are given below.

SPAIN AND PORTUGAL

Spain and Portugal	2010	% Change 2010-2009	2009
	Millions of Euros		
NET INTEREST INCOME	**4,675**	**(4.8)**	**4,910**
Net fees and commissions	1,388	(6.4)	1,482
Net gains (losses) on financial assets and liabilities and net exchange differences	198	6.0	187
Other operating income and expenses	368	(15.7)	436
GROSS INCOME	**6,629**	**(5.5)**	**7,015**
Operating expenses	(2,584)	(1.4)	(2,620)
Personnel, general and administrative expenses	(2,481)	(1.4)	(2,515)
Depreciation and amortization	(103)	(1.9)	(105)
OPERATING INCOME	**4,045**	**(8.0)**	**4,395**
Impairment losses on financial assets (net)	(1,335)	(30.9)	(1,931)
Provisions (net) and other gains (losses)	238	(69.4)	776
INCOME BEFORE TAX	**2,948**	**(9.0)**	**3,240**
Income tax	(878)	(9.0)	(965)
NET INCOME	**2,070**	**(9.0)**	**2,275**
Net income attributed to non-controlling interests	-	-	-
NET INCOME ATTRIBUTED TO PARENT COMPANY	**2,070**	**(9.0)**	**2,275**

Spain and Portugal	2010	% Change 2010-2009	2009
	Millions of Euros		
Loans and advances to customers (gross)	**205,776**	**0.7**	**204,378**
Total custumer funds	**144,469**	**2.1**	**141,441**
Customer deposits (1)	104,809	12.8	92,936
Deposits	104,778	12.8	92,867
Repurchase agreements	32	(54.6)	69
Off-balance-sheet funds	31,441	(21.8)	40,227
Mutual funds	21,455	(28.2)	29,898
Pension funds	9,986	(3.3)	10,329
Others placements	8,218	(0.7)	8,278
Total Assets	**217,191**	**0.6**	**215,823**
NPL Ratio	**5.0%**		**5.1%**
NPL Coverage Ratio	**45.6%**		**47.7%**

(1) Include collection acccounts with custormer and insurance rents

The changes in the principal headings of the income statement of this business area were:

- The balance of ***"Net interest income"*** generated by the area in 2010 totaled €4,675 million, 4.8% down on the €4,910 million posted in 2009. This reduction, within a context of weak banking activity, was partly due to a decrease in the weight of greater risk portfolios (developer sector), and also to the gradual upturn in the cost of funds.

- The balance of the ***"Net fees and commissions"*** heading in 2010 was €1,388 million, 6.4% down on the €1,482 million in 2009, due to the reduction in fees and commissions applied to a growing number of customers, whose loyalty has increased, together with the decrease in the assets managed in mutual funds.

- The balance of the ***"Net gains (losses) on financial assets and liabilities and net exchange differences"*** headings for 2010 was €198 million, compared with €187 million in 2009.

- The "***Other operating income and expenses"*** balance for 2010 totaled €368 million, compared with €436 million in 2009.

Based on the above, the ***"Gross income"*** for 2010 was €6,629 million, 5.5% down on the €7,015 million in 2009.

- The balance of ***"Operating expenses"*** in 2010 was €2,584 million, 1.4% down on the €2,620 million recorded in 2009, thanks to active cost management, even after the virtual conclusion of the Transformation Plan implemented in 2006, with which BBVA moved ahead of the rest of the sector.

Based on the above, ***"Operating income"*** in 2010 was €4,045 million, 8.0% down on the €4,395 million in 2009. This amount demonstrates the area's capacity to generate recurring earnings in today's difficult economic situation.

- The balance of ***"Impairment losses on financial assets (net)"*** in 2010 was €1,335 million, down 30.9% on the €1,931 million recorded in 2009, thanks to the high quality of the assets in the area.

- The balance of ***"Provisions expense (net)"*** *and* ***"Other gains (losses)"*** in 2010 was €238 million, compared with €776 million in 2009, when the gains from the first stage of the "Árbol" deal, involving the sale and subsequent leaseback of properties in Spain, were accounted for. The gains from the second stage of the aforementioned "Árbol" deal, which were less than in the stage completed in 2009, were included in 2010.

As a result of the above, ***"Income before tax"*** for 2010 was €2,948 million, a decrease of 9.0% on the €3,240 million in 2009.

- The balance of ***"Income tax"*** in 2010 was €878 million, compared with €965 million in 2009, a year-on-year fall of 9.0%.

As a result of the above, ***"Net income"*** for 2010 totaled €2,070 million, down 9.0% on the €2,275 million in 2009.

The changes in the principal headings of activity in this area of the business were as follows:

- As of December 31, 2010, the balance of **loans and advances to customers (gross)** was €205,776 million, up 0.7% on the €204,378 million as of December 31, 2009. This amount is particularly relevant if we take into account the adverse economic environment in which it was generated, with weak consumption, stagnation of mortgage credit and gradual deleveraging of companies. In this context, the area gained 33 basis points in market share in mortgage lending to households in 2010, continued to be the main provider in the company segment and was one of the most active entities in ICO fund placement.

- As of December 31, 2010, total **customer funds***,* both on and off the balance sheet (comprising mutual funds, pension funds and other placements) stood at €144,469 million, an increase of 2.2% on the figure of €141,441 million as of December 31, 2009, due primarily to the increase in customer deposits. Improved positioning of the area in term deposits and the high proportion of transactional liabilities on total on-balance sheet funds (37.9%) are also worth mentioning.

The area's business activity in 2010 took place within the framework of the launch of the **"*Plan Uno***", which has involved a new banking distribution model in order to achieve sustainable business growth, under the premise that "BBVA only wins when the customer benefits". The implementation of this plan has been based on the capabilities of a leading-edge technological platform that has made it possible, on the one hand, to generate customized commercial products with extra benefits based on the degree of loyalty, and on the other hand to integrate "physical" and "virtual" banking.

Customer focus has been aimed at launching various asset and deposit products which have improved the area's positioning.

In **investment**, the increase in mortgage demand by individual customers reflects the positive acceptance of the products "*Sí, damos hipotecas*" (Yes, we do give mortgages), "*Ven a Casa*" (Come home) and "*Hipoteca On Line BBVA*" (BBVA on-line mortgage). In the consumer finance segment, "*Crédito Coche+Seguro gratis*" (Car loan+free insurance) and the line for home improvements have been launched. New consumer and mortgage payment protection insurance products have also been designed. In **on-balance sheet funds**, loyalty has increased and new deposits have been attracted from the transactional schemes "*Ventajas Uno*" (Benefits One) and "*Cuenta Uno*" (Account One), which have resulted in over 3 million individual customers and self-employed people being exempt from paying fees and commissions; the two new "*Quincenas del Libretón*" (Passbook Fortnights); a new "*La Jornada de tu Vida*" (Day of your Life) promotion and stable saving products, such as: a new edition of the "*Depósitos Fortaleza*", (Strength Deposits) "*Depósito BBVA Uno*" (BBVA One Deposit) and "*Depósito Líder*" (Leader Deposit). In **off-balance sheet funds**, the most significant products are the guaranteed mutual funds "*BBVA Acción Europa*" (BBVA Europe Share), "BBVA Ranking", "BBVA 4x3", "*BBVA Gama Solidez*" (BBVA Soundness Range) and "*Planes Renta*" (Income

Plans). "*BBVA Tranquilidad 14B*" (BBVA Peace of Mind 14B), "*BBVA Tranquilidad 14C*" (BBVA Peace of Mind 14C) and "*BBVA Tranquilidad 16*" (BBVA Peace of Mind 16) have been added to the pension fund range.

Various campaigns have been launched in order to boost product contracting over the **Internet**: a new edition of "*Crédito Coche*" (Car Loan), "*Depósito BBVA Uno Online*" (BBVA One Deposit On-line), "*Compra de Vivienda con Garantía Hipotecaria*" (Home Purchase with Secured Loan) and "*Venta de Activos*" (Sale of Assets). A dynamic microsite has also been developed for offering commercial products to companies and institutions. In this latter segment, BBVA has been awarded public contracts by CIEMAT (Research Center for Energy, Environment and Technology), BOE (Official Gazette), State Council, General Treasury of the Social Security, Madrid Regional Government, AECID (Spanish Agency for International Cooperation) and Spanish Fleet of Official Cars.

Specific segments of **individual customers**, such as the young and over 59s, have benefited from the use of all the most significant social networks and the promotional campaign "59+ Program", with financial and non-financial products tailored to their needs.

The management model of **BBVA Patrimonios**, based on guidance, closeness to the customer, differentiation and innovation, is focused on winning new customers. To this end, "*Planifica*" (Plan), a tax advice tool, has been implemented, along with the new "*Centro de Soluciones de Inversión*" (Investment Solutions Center), which has enabled 1,600 new guided portfolios to be opened.

In **businesses**, the "*Plan Convenios*" (Agreement Plan) has been put in place with three different management models: the "*Plan Asociaciones*" (Association Plan) aimed at the most representative associations of self-employed workers (National Association of Self-employed Workers, Professional and Self-employed Worker Union, Hotel and Restaurant Trade Federation, Cab Driver Association, Tobacco Dealer Association and Lottery Ticket Seller Association), the "*Plan Colegios Profesionales*" (Professional Association Plan) (Pharmacists, Dentists, Architects, Attorneys, Lawyers and Tax Accountants) and the "*Plan Franquicias*" (Franchise Plan).

In **Corporate and Business Banking**, BBVA has confirmed its leading role in the distribution of lines of credit under preferential conditions with the signing of the ICO-2010 agreement, with the lines "*Inversión Nacional*" (National Investment), "*Inversión Internacional*" (International Investment), "*Emprendedores*" (Entrepreneurs), "*ICO liquidez*" (ICO Liquidity), "ICO-FuturE", "*ICO-Economía Sostenible*" (ICO-Sustainable Economy) and those intended for the manufacturing sector, foreign and domestic trade, and tourism, among others. In addition, BBVA was one of the two awardees of the "*ICO Directo*" (ICO Direct) line for SMEs and self-employed workers. It has also expanded its range of products, which include: "*Límite No Comprometido*" (Uncommitted Limit), "*Cuenta de Crédito Flexible*" (Flexible Charge Account), "*Bonos TPV BEC*" (TPV BEC Bonds), "*Depósito BEC Plus*" (BEC Plus Deposit), "*Cuenta de Crédito Vinculación*" (Loyalty Charge Account) and "*Cuenta de Crédito Tipo Cero*" (Zero Rate Charge Account). Finally, the insurance offer ("D&O" and "Environmental Responsibility") and non-financial services ("Training", "General Expenses", "Vehicles", "Security", among the main ones) improved once again in 2010. Agreements have also been signed with the European Investment Bank (EIB) to help companies carry out their business activity, with the new lines "*PYMES*" (SMEs) and "*Energías Renovables*" (Renewable Energy).

In **Consumer Finance** a commercial campaign was launched to facilitate the purchase of vehicles after the phasing out of state aid. The Equipment unit of Finanzia, together with other areas, has participated with CITIC in the financing of a project for exporting equipment from China to Spain, with the guarantee of Sinosure (Chinese export credit agency). In car leasing, BBVA Autorenting signed an agreement with Mapfre.

Finally, **BBVA Seguros** has completed its catalog, which apart from the products already mentioned in the various customer segments, includes new forms of insurance: "*Multirriesgo Hogar a Prima Única*" (Single Premium Multi-risk Home), "*Seguro Financiado Vivienda BBVA*" (BBVA Financed Home Insurance) and "*Rentas Diferidas BBVA*" (BBVA Deferred Income), as an integral saving solution. New services at no cost to the insured have also been added, thus boosting customer loyalty. A coinsurance agreement was also signed with Sanitas for the marketing of health insurance. Within the framework of BBVA's sponsorship of the Jacobean Year 2010, the "*Seguro del Peregrino*" (Pilgrim Insurance) was launched. In addition, BBVA received a most innovative product award for "*Seguro Afición*" (Fan Insurance), in the 2nd Award for Innovation in Insurance, granted by ICEA and Accenture.

MEXICO

Mexico	2010	% Change 2010-2009	2009
	Millions of Euros		
NET INTEREST INCOME	**3,688**	11.5	**3,307**
Net fees and commissions	1,233	14.5	1,077
Net gains (losses) on financial assets and liabilities and net exchange differences	395	6.6	370
Other operating income and expenses	179	54.8	116
GROSS INCOME	**5,496**	**12.8**	**4,870**
Operating expenses	(1,899)	22.2	(1,554)
Personnel, general and administrative expenses	(1,813)	21.8	(1,489)
Depreciation and amortization	(86)	32.5	(65)
OPERATING INCOME	**3,597**	**8.5**	**3,316**
Impairment losses on financial assets (net)	(1,229)	-19.4	(1,525)
Provisions (net) and other gains (losses)	(87)	n.s.	(21)
INCOME BEFORE TAX	**2,281**	**28.8**	**1,770**
Income tax	(570)	38.8	(411)
NET INCOME	**1,711**	**25.8**	**1,360**
Net income attributed to non-controlling interests	(4)	89.5	(2)
NET INCOME ATTRIBUTED TO PARENT COMPANY	**1,707**	**25.7**	**1,357**

Mexico	2010	% Change 2010-2009	2009
	Millions of Euros		
Loans and advances to customers (gross)	**36,526**	**26.0**	**28,996**
Total custumer funds	**69,300**	**28.1**	**54,098**
Customer deposits (1)	38,051	21.8	31,252
Deposits	32,617	19.9	27,201
Repurchase agreements	5,434	34.1	4,051
Off-balance-sheet funds	28,122	40.2	20,065
Mutual funds	**15,341**	**45.5**	10,546
Pension funds	12,781	34.3	9,519
Other placements	3,127	12.4	2,781
Total Assets	**75,152**	**19.6**	**62,855**
NPL Ratio	**3.2%**		**4.3%**
NPL Coverage Ratio	**151.6%**		**129.8%**

(1) Excluding deposits and repos issued by Bancomer Market Unit.

A year-on-year comparison of the financial statements for this area is skewed by the depreciation of the Mexican peso with respect to the euro, both in terms of final and average exchange rates; hence, for the most important figures, the percentage change against a constant exchange rate is indicated.

The changes in the principal headings of the income statement of this business area were:

- The balance of ***"Net interest income"*** in 2010 was €3,688 million, an increase of 11.5% on the €3,307 million in 2009. This increase is primarily due to the aforementioned exchange-rate effect (at a constant exchange rate the change would have been -0.7%).
- The balance of ***"Net fees and commissions"*** in 2010 was €1,233 million, an increase of 14.5% on the €1,077 million in 2009, primarily due to the aforementioned exchange-rate effect. At a constant exchange rate, the increase was 1.9% and was due to higher fees and commissions charged in the pension fund administration business and to the activity in investment companies.
- The balance of the ***"Net gains (losses) on financial assets and liabilities and net exchange differences)"*** heading for 2010 was €395 million, a 6.6% increase on the €370 million in 2009, also due to the exchange-rate effect.

- The balance of the ***"Other operating income and expenses"*** heading in 2010 rose to €179 million, a 54.8% increase on the €116 million posted in 2009, due to the exchange-rate effect (without this effect the percentage change is +37.9%) and to the positive results obtained in the insurance activity.

Based on the above, the "***Gross income***" for 2010 was €5,496 million, with an increase of 12.8% on the €4.870 million in 2009 (+0.5% at a constant exchange rate).

- ***"Operating expenses"*** in 2010 stood at €1,899 million, with an increase of 22.2% (+8.8 at a constant exchange rate) on the €1,554 million in 2009, due to greater investment in technology and infrastructure and the launch of a strategic growth plan that will be in force over the coming two years.

Based on the above, the "***Operating income***" for 2010 was €3,597 million, with an increase of 8.5% on the €3.316 million in 2009 (-3.4% at a constant exchange rate).

- The balance of the ***"Impairment losses on financial assets (net)"*** heading in 2010 dropped to €1,229 million, a 19.4% decrease on the €1,525 million in 2009, partly due to the reduced weight of higher risk portfolios on the area's total loans, as well as a significant improvement in credit rating in 2010 in virtually all the segments of the investment portfolio. The favorable performance of this heading had a positive effect on the area's risk premium and had no negative effect on hedging, which was 152% at the close of 2010 (130% as of December 31, 2009).

- The balance of ***"Provisions expense (net)"*** and ***"Other gains (losses)"*** in 2010 was €87 million, compared to €21 million in 2009.

Based on the foregoing, the ***"Income before tax"*** for 2010 was €2,281 million, a 28.8% increase on the €1.770 million recorded in 2009.

- The balance of ***"Income tax"*** for 2010 was €570 million, up 38.8% on the €411 million recorded in 2009, due to the rise in the income tax rate starting on January 2010 (from 28% to 30%) and in value added tax (from 15% to 16%).

The balance of ***"Net income"*** in 2010 rose to €1,711 million, an increase of 25.8% on the €1,360 million in 2009 (+12.0% at a constant exchange rate). The ***"Net income attributed to parent company"*** for 2010 was €1,707 million, a 25.7% increase on the €1.357 million in 2009 (+11.9% without the currency effect).

The changes in the principal headings of activity in this area of the business were as follows:

- As of December 31, 2010, the ***"Loans and advances to customers (gross)"*** balance was €36,526 million, up 26.0% on the €28,996 million as of December 31, 2009. Without the currency effect, the increase was 10.2% due to strong recovery of activity in the area in 2010, thanks to the economic recovery, BBVA Bancomer's positive commercial management and improved productivity in its distribution networks.

- As of December 31, 2010, total **customer funds**, both on-balance sheet and off-balance sheet, including mutual funds and other placements, amounted to €56,519 million, an increase of 26.8% on the €44,579 million as of December 31, 2009. Without the currency effect, the increase was 10.9%, due to positive performance of demand deposits and the dynamism shown by assets managed in mutual funds.

The main products and services launched by the area in 2010 are as follows:

The Banking Business:

In 2010, BBVA Bancomer put in place the "**2010-2012 Growth Plan**", whose overriding goals are: the customer as the focus of the business, improved product distribution and the attainment of greater process efficiency. Technology and innovation are an integral part of this plan. The Bank launched the "Bancomer Express account", the first cell phone account in Mexico linked to the customer's cell phone and debit card, which offers the possibility of making transfers between accounts, withdrawing money, checking balances and buying in stores. This account gives new customers access to financial services for the low-income segment, as it charges no fees or commissions for account administration and maintenance, and therefore requires no minimum balances. Another example of technological innovation was the launch of the "Bancomer Cell Phone" product, which has promoted the use of virtual channels.

As for the **distribution network**, BBVA Bancomer had 6,760 ATMs as of 12-31-2010, 523 more than the figure recorded as of 12-31-09. The productivity of the branch network has increased by 17% on a year earlier. One of the reasons for this is the introduction of *practicajas* (a new kind of ATM), which reduce the volume of operations in the branches and increase the sale of products. The following **mortgage products** were launched: "*Ahorra y Estrena*" (Save and move in), a mortgage loan for people with variable income that enables them to finance their home with monthly installments equivalent to the balances of their monthly savings; and the "Alia2 Plus" loan in partnership with Fovissste (Housing Fund of the Security and Social Services Institute for State Workers), which allows affiliates to increase the amount of their loan and buy a home at a fixed interest rate with set repayment amounts. The Bank also launched the product "Bancomer Cofinavit AG" in similar conditions, this time in partnership with Infonavit (National Housing Fund for Workers Institute). In 2010, for the third year in a row, BBVA Bancomer was awarded the 2009 National Housing Prize. This time the award was granted for offering a variety of solutions as a response to the crisis, supporting more than 50,000 customers affected.

In the **business segment**, the unit specializing in micro-enterprises and small businesses launched the "Micro-Business Card", with lines of credit from 20,000 to 180,000 pesos, designed to finance mainly their working capital. This product is backed by guarantees from Nacional Financiera. The risk is therefore shared with the Federal Government.

Finally, to continue boosting **consumer credit**, and specifically car loans, BBVA Bancomer signed an agreement with Ford that in 2010 generated significant growth in the Bank's market share in this type of financing, of more than 600 basis points.

In **customer deposits**, there was a new edition of the "*Quincena del Ahorro"* (Two weeks of saving) campaign, through which 1 million prizes were given out for the first time, more than €572 million euros of funds were attracted and over 300,000 new accounts opened. We should also note the "*Equipa tu Negocio*" (Equip your Business) campaign for attracting demand deposits in the SMEs segment, with more than 37,800 winners.

In **exchange-traded funds** (ETF), BBVA Bancomer launched an ETF called "BRTRAC" which invests in Brazil's top 15 companies. It also launched "BBVANDQ", which offers customers the opportunity to invest in a fund that replicates the NASDAQ in the United States. In addition, the Bank launched the "*Fondo Triple Líquido*" (Triple Liquidity Fund), offering capital protection, monthly reinvested interest and money availability every 28 days. 5 new international funds were launched, increasing the range available to include new regions and countries (Asia not including Japan, Latin America, emerging countries), technological companies and dollar-denominated government debt. BBVA Bancomer thus has the most comprehensive international fund portfolio on the market.

Insurance:

In 2010, Seguros BBVA Bancomer continued with its model focused on offering products differentiated by segment and sales channel, which has enabled it to obtain excellent results. These good results have enabled it to uphold its leadership within the bancassurance segment, with a 41% market share as of September 30, 2010 (source: AMIS). Similarly, it became the country's fourth largest insurance company, among the 67 companies operating in the country, and the number two in terms of net profit, generating 19.5% of the sector's earnings in Mexico.

In 2010, the sales network issued 1,078,069 policies, the highest figure since 2003. This growth is based primarily on car insurance products and on "*VidaSegura Preferente*" (Preferential SecureLife) and "*HogarSeguro*" (SecureHome).

Outside the branch network, alternative channels continued to grow and reached an all-time sales record in December 2010, with 64,000 policies.

SOUTH AMERICA

South America	2010	% Change 2010-2009	2009
	Millions of Euros		
NET INTEREST INCOME	**2,495**	**(2.8)**	**2,566**
Net fees and commissions	957	5.4	908
Net gains (losses) on financial assets and liabilities and net exchange differences	514	26.7	405
Other operating income and expenses	(168)	(30.7)	(242)
GROSS INCOME	**3,797**	**4.4**	**3,637**
Operating expenses	(1,668)	5.6	(1,579)
Personnel, general and administrative expenses	(1,537)	5.0	(1,464)
Depreciation and amortization	(131)	14.1	(115)
OPERATING INCOME	**2,129**	**3.4**	**2,058**
Impairment losses on financial assets (net)	(419)	(2.8)	(431)
Provisions (net) and other gains (losses)	(40)	(22.1)	(52)
INCOME BEFORE TAX	**1,670**	**6.0**	**1,575**
Income tax	(397)	(1.7)	(404)
NET INCOME	**1,273**	**8.6**	**1,172**
Net income attributed to non-controlling interests	(383)	(2.1)	(392)
NET INCOME ATTRIBUTED TO PARENT COMPANY	**889**	**14.0**	**780**

South America	2010	% Change 2010-2009	2009
	Millions of Euros		
Loans and advances to customers (gross)	**31,512**	**20.2**	**26,223**
Total custumer funds	**87,933**	**12.0**	**70,249**
Customer deposits (1)	36,070	(40.2)	31,528
Deposits	35,939	15.1	31,235
Repurchase agreements	131	(55.2)	293
Off-balance-sheet funds	51,862	52.2	38,720
Mutual funds	**3,063**	**17.0**	2,617
Pension funds	48,800	35.2	36,104
Other placements	-	-	-
Total Assets	**51,663**	**16.4**	**44,378**
NPL Ratio	**2.5%**		**2.7%**
NPL Coverage Ratio	**130.3%**		**129.5%**

(1) Includes trading debt securities

The year-on-year comparison of the financial statements in this area is affected by the general appreciation of currencies in the region, except for the Venezuelan bolivar, which suffered a devaluation at the start of the year. The exchange-rate effect is thus negative in the financial statements for South America, both in terms of the income statements and the balance sheets. 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 income statement of this business area were:

- The balance of ***"Net interest income"*** in 2010 was €2,495 million, down 2.8% on the €2,566 million in 2009. This decrease is primarily due to the exchange-rate effect mentioned above. Excluding the exchange-rate effect, there was an increase of 11.1%, due to the upturn in activity, which has compensated the effect on spreads of high competitive pressure in the region.

- The balance of ***"Net fees and commissions"*** for 2010 was €957 million, an increase of 5.4% on the figure of €908 million in 2009. The rise was basically due to the increased banking business, despite the negative effect of the regulatory limitations that entered into force in some countries in the area in 2010.

- The balance of ***"Net gains (losses) on financial assets and liabilities and net exchange differences"*** in 2010 was €514 million, an increase of 26.7% on the €405 million in 2009, primarily as a result of the valuation of US dollar positions of the Venezuelan subsidiary due to the devaluation of the Venezuelan bolivar.

- The balance of ***"Other operating income and expenses"*** in 2010 was a loss of €168 million, compared with a loss of €242 million in 2009. This line mainly includes the adjustment for hyperinflation in Venezuela.

As a result of the above, ***"Gross income"*** for 2010 was €3,797 million, an increase of 4.4% on the €3,637 million in 2009.

- The balance of ***"Operating expenses"*** in 2010 was €1,668 million, an increase of 5.6% on the €1,579 in 2009. At constant exchange rates there was an increase of 14.2%, due to the expansion projects underway in the area.

Based on the above, the "***Operating income***" for 2010 was €2,129 million, with an increase of 3.4% on the €2.058 million in 2009. The increase at constant exchange rates was 6.4%.

- The balance of ***"Impairment losses on financial assets (net)"*** in 2010 was €419 million, a decrease of 2.8% on the €431 million in 2009, against a background of economic growth with improved asset quality in the that has enabled the volume of nonperforming assets to be held in check.

- The balance of ***"Provisions (net) and other gains (losses)"*** in 2010 was €40 million, compared with €52 million in 2009.

As a result of the above, ***"Income before tax"*** in 2010 was €1,670 million, an increase of 6.0% on the €1,575 million in 2009. Without the exchange-rate effect the increase was11.3%.

- The balance of ***"Income tax"*** in 2010 was €397 million, a decrease of 1.7% on the €404 million in 2009.

As a result, ***"Net income"*** for 2010 was €1,273 million, an increase of 8.6% on the €1,172 million in 2009.

- ***"Net income attributed to non-controlling interests"*** for 2010 was €383 million, a slight fall of 2.1% on the €392 million in 2009.

The ***"Net income attributed to parent company"*** for 2010 was €889 million, a 14.0% increase on the €780 million in 2009 (at constant exchange rates the increase was 16.5%).

The changes in the principal headings of activity in this area of the business were as follows:

- As of December 31, 2010, the balance of loans and advances to customers (gross) was €31,512 million, up 20.2% on the figure of €26,223 million as of December 31, 2009, due to the economic recovery in practically all the lines of business and countries.

- As of December 31, 2010, total customer funds*,* both on the balance sheet and mutual funds, totaled €39,133 million, an increase of 14.6% on the figure of €34,145 million as of December 31, 2009, due primarily to the positive performance lower-cost items (current and savings accounts). The assets under management in pension funds were up by 35.2% to €48,800 million as of December 31, 2010, compared with €36,104 million at the close of December 2009.

Below are the main products and services launched by the units in the area in 2010:

Argentina:

BBVA Banco Francés signed an agreement with Time for Fun (T4F), the leading entertainment producer, giving it exclusive rights as the financial institution for T4F's events in Argentina until the end of 2013.

A special finance line was created in the SME segment for ARS 400 million for investment projects and capital goods purchases. These finance and leasing lines have a term of up to 48 months and a fixed nominal interest rate of 14.4%, with a minimum loan of ARS 250,000 and a maximum of ARS 4 million. An electronic online banking application called "Francés Net Cash" was launched for SME Banking customers. The "Francés GO" service was also launched, providing information on benefits and discounts available with the Bank's cards.

Banco Francés was the official bank of Agroactiva, through which it offered it a broad range of products for the livestock farming sector. Among them is the "Visa Agro Banco Francés" card, which provides a repayment period of up to 365 days at a fixed rate, and is accepted at more than 5,000 businesses.

In partnership with LAN, it presented the credit card "Banco Francés LANPASS", which accumulates air miles that can be exchanged for flights on LAN and other airlines in the Oneworld alliance. It also launched an 180-day variable-rate investment instrument denominated in pesos, which guarantees the capital invested and pays up to 20% of increases in the soybean prices on the Chicago market.

Finally, it launched a leasing line for car purchases aimed at the retail sector, with a variety of repayment terms and a price for executing the purchase option of up to 35% of the value of the vehicle.

Chile:

The "*Planes de Cuenta Corriente"* (Current Account Plans) campaign gave customers the option to request a credit line or use a credit card to purchase goods or services with up to 18 months of interest-free repayments without fees.

In mortgage lending, the "*Hipotecario Inolvidable"* (Unforgettable Mortgage) was launched, offering a fixed-interest loan in *Unidades de Fomento* (UF), the chance to choose the interest payment every month and to miss one payment every year. A mortgage campaign was also run with the lowest rates on the market, fixed in UF over 20 years; and another at a fixed rate, with up to 6 months of initial grace period and a variety of repayment options.

A new consumer loan campaign was launched aimed at both customers and non-customers, for amounts greater than CLP 5 million at fixed-interest and a minimum repayment term of 36 months. Another campaign was designed to increase the customer base, in particular for the consumer segment (above CLP 8 million), mortgages (over 3,000 UF) and current accounts.

A fee-free current account was launched for the young customer segment (under 30 years), also including a credit line and a card with specific promotions.

In alternative channels, Banco Fácil (BBVA's self-service bank) increased the range of its services to include check deposits and payment for vouchers in cash.

AFP Provida launched its new voluntary savings programs "*Ahorro Previsional Voluntario"*, "*Cuenta 2"* and "*Depósitos Convenidos"*. Finally, an agreement was reached with MasterCard for the launch of the "Mastercard Black" and "MasterCard Platinum" cards.

Colombia:

Implementation of the "BankTrade" platform began to centralize the whole foreign trade operation and eliminate manual processes while reducing operational risk.

In the Corporate and Investment Banking (CIB) segment the "BBVA Cash Net" was consolidated as a means of customer cash management, with wide-ranging consultation services, collection management for national payments and advanced administration models.

An agreement was signed with a chain of large stores to implement the "*Club Nómina"* program that aims to build customer loyalty through special discounts.

The "*Net Segura"* card was launched to increase the security of Internet transactions by including a device that generates random security keys. Another launch was the "*Seguro de Tarjetas BBVA"* insurance that gives customers the chance to protect themselves against any type of fraud or card cloning.

There were also a number of commercial campaigns of note, including a financial leasing loan placement in the Corporate Banking segment; "*Destino España"* to increase the customer base in the consumer, credit card and insurance segment; and another to increase business in freely sold insurance, based on the creation of three new products: "House Content", "Death" and "Automobile" insurance. In the mortgage area, the "*Leasing Habitacional*" (Home Leasing) product offers multiple tax benefits with favorable financial conditions.

Two new different portfolios were launched in the voluntary pension business: "*Recursos Naturales"* and "*Latinoamericano"*. In insurance, multi-products were introduced into the bancassurance channels. In addition, the "*Pago Call BBVA"* was set up to collect premiums.

Panama:

Two major sponsorships were launched: the "Panamanian Soccer League" and "*Vive la Música*", which became the launching pads for the respective campaigns "*El Gol de Tu Vida*" (the Goal of your Life) and "*BBVA te lleva por el Caribe*" (BBVA takes you across the Caribbean).

The "*Plan Agro*" was launched for customers in the livestock agricultural sector in the SME banking segment, with highly advantageous terms and interest rates.

Paraguay:

The "*H30 Hipotecario Fácil*" scheme was launched to provide mortgage loans for the purchase or construction of homes, with a repayment term of 30 years at a rate of 9.95% for purchase and 12% for construction.

An agreement was signed with John Deere Credit to offer new financing conditions for the purchase of agricultural and construction machinery. In addition, the bank was the first in the country to launch a finance campaign aimed at the educational sector.

Through a strategic alliance BBVA Paraguay has become a new issuer of MasterCard and MasterCard Oro cards, thus increasing its range of financial services. The "BBVA-Shopping del Sol" card was launched with discounts for purchases in shopping malls and a loyalty promotion with prizes related to the soccer World Cup.

Peru:

In loans to individuals, the "*Préstamo de Consumo Escolar*" was launched for school-related spending, with preferential conditions including a initial grace period of up to 6 months, and a repayment term of up to 36 months. In the same product line, the "*Préstamo Escolar Capital de Trabajo*" was launched for the SME segment to cover immediate needs such as increased production or renewal of machinery.

A number of mixed-income and equity dollar mutual funds began to be marketed: "*BBVA Moderado*", which invests up to 25% in equity; "*BBVA Balanceado*", with up to 50% of equity; "*BBVA Crecimiento*" and "*BBVA Agresivo*", funds that invest up to 75% and 100% respectively in equity.

In credit cards, the new "Mastercard Black" card was aimed at the highest-added-value customer segment. In the SME sector, the "*Tarjeta Capital de Trabajo*" was launched with programmed repayments for each purchase. In leasing, the "*Leasing Mejorado*" offered a product that is based on traditional leasing, and includes a cross-currency swap that allows payments to be changed to dollars.

In insurance, the "*Seguros Mundial 2010*" campaign boosted the credit-card protection, multiple insurance, life, life-company, cancer insurance and dental insurance products. In multi-risk, the "*Seguro Multiriesgos PYME*" insurance was launched for SMEs, as the only product with its characteristics on the Peruvian market.

Finally, a campaign was launched to encourage direct-debit payments for services, with withdrawals and other advantages for customers.

Uruguay:

BBVA Uruguay carried out a promotion of credit cards linked to results in the Soccer World Cup. An agreement was reached with various shopping centers to offer advantages and discounts to cardholders.

A number of new products were presented at Expoactiva, the national agricultural trade fair: leasing to finance up to 100% of the cost of machinery in up to 60 payments; a specific account for farming SMEs; and finance for machinery with weekly repayment to adapt payments to the production cycle.

Venezuela:

Seguros Provincial launched the new "*Póliza de Seguro Combinado Residencial*" that provides cover for property in the principal or second residence.

In cards, there was a new promotion of MasterCard and Visa credit cards called "30 x 30," which accumulate electronic coupons for each purchase or cash advance over 250 bolivars made with cards. Another promotion was the "MLB-All Star Game 2010," which offers advantages and gifts for purchases made with the bank's cards.

A new transactional portal "BBVA Provinet" has been created offering many new functions for customers. The "*Provinet Móvil"* online banking service via cell phone was also launched.

Finally, another launch was the "*Mundo Nómina"* campaign, offering a wide range of advantages, for both companies and employees with payrolls managed by the bank.

A strategic alliance was concluded with General Motors Acceptance (GMAC) to boost the "*Crédit Auto"* product and finance Chevrolet vehicles. An alliance was also reached with Chrysler dealers for loans with preferential interest rates.

THE UNITED STATES

The United States	2010	% Change 2010-2009	2009
	Millions of Euros		
NET INTEREST INCOME	**1,794**	**6.8**	**1,679**
Net fees and commissions	646	5.8	610
Net gains (losses) on financial assets and liabilities and net exchange differences	156	0.1	156
Other operating income and expenses	(49)	49.4	(33)
GROSS INCOME	**2,546**	**5.5**	**2,413**
Operating expenses	(1,517)	11.2	(1,365)
Personnel, general and administrative expenses	(1,318)	13.7	(1,159)
Depreciation and amortization	(199)	(3.1)	(205)
OPERATING INCOME	**1,029**	**(1.8)**	**1,048**
Impairment losses on financial assets (net)	(703)	(50.5)	(1,420)
Provisions (net) and other gains (losses)	(22)	(97.9)	(1,056)
INCOME BEFORE TAX	**304**	**n.s.**	**(1,428)**
Income tax	(68)	n.s.	478
NET INCOME	**236**	**n.s.**	**(950)**
Net income attributed to non-controlling interests	(0)	(20.0)	(0)
NET INCOME ATTRIBUTED TO PARENT COMPANY	**236**	**n.s.**	**(950)**

The United States	2010	% Change 2010-2009	2009
	Millions of Euros		
Loans and advances to customers (gross)	**39,570**	**(3.8)**	**41,122**
Customer deposits (1)	41,354	(51.3)	60,963
Deposits	41,139	(32.2)	60,698
Repurchase agreements	214	(19.1)	265
Total Assets	**57,613**	**(26.0)**	**77,896**
NPL Ratio	**4.4%**		**4.2%**
NPL Coverage Ratio	**61.1%**		**58.1%**

(1) Excluding deposits and repos issued by Market Unit.

A year-on-year comparison of the financial statements for this area is skewed by the appreciation of the US dollar against the euro, both in terms of final and average exchange rates; this leads to a positive exchange-rate effect on the figures in both business activity and the income statement. For the most important figures, a reference is given to indicate the percentage change at constant exchange rates.

The changes in the principal headings of the income statement of this business area were:

- The ***"Net interest income"*** balance in 2010 was €1,794 million, a 6.8% increase on the €1,679 million in 2009. This increase is the result of the exchange-rate effect (without it the year-on-year increase is 1.3%), as well as the contribution of Guarnaty and the repricing effort throughout the year.
- The balance of ***"Net fees and commissions"*** for 2010 was €646 million, 5.8% up on the figure of €610 million in 2009. The increase in mainly the result of the change in the exchange rate (a rise of 0.3% without its impact).

- The balance of ***"Net gains (losses) on financial assets and liabilities and net exchange differences"*** in 2010 was €156 million, a similar level to 2009.
- The balance of ***"Other operating income and expenses"*** for 2010 was -€49 million, compared with -€33 million in 2009.

As a result of the above, ***"Gross income"*** for 2010 was €2,546 million, an increase of 5.5% on the €2,413 million in 2009.

- The balance of ***"Operating expenses"*** in 2010 was €1,517 million, an increase of 11.2% on the €1,365 million in 2009, mainly due to the integration of Guaranty into the BBVA USA franchise.

As a result, the "***Operating income***" for 2010 was €1,029 million, a fall of 1.8% on the €1,048 million for 2009.

- The balance of ***"Impairment losses on financial assets (net)"*** for 2010 was €703 million, a fall of 50.5% on the €1,420 million in 2009, mainly as a result of increased loan-loss provisions in 2009, aimed at increasing the coverage in the area, and the risk control mechanisms implemented in 2010.
- The balance of ***"Provisions (net) and other gains (losses)"*** in 2010 was €22 million, compared with €1,056 million in 2009, when it included the charge for impairment in goodwill generated by the successive acquisitions made to construct the United States franchise.

As a result of the above, "***Income before taxes"*** for 2010 was €304 million, compared with a negative €1,428 million in 2009.

- The balance of ***"Income tax"*** in 2010 was €68 million, compared with €478 million in 2009.

As a result, ***"Net income attributed to parent company"*** in 2010 was €236 million, compared with a loss of €950 million in 2009.

The changes in the principal headings of activity in this area of the business were as follows:

- As of December 31, 2010, the loan and advances to customers (gross) balance was €39,570 million, 3.8% down on the €41,122 million as of December 31, 2009 (-10.7% without the exchange-rate effect). However, it is worth highlighting the selective growth of lending in the area, with a change in the portfolio mix towards items of less cyclical risk resulting from a clear focus on customer loyalty, credit quality, promotion of cross-selling and customer profitability. Thus the residential real estate portfolio and commercial, industrial and corporate loans have increased. In contrast, the construction real estate portfolio has reduced.
- As of December 31, 2010, customer funds totaled €41,354 million, a fall of 32.2% compared with the figure of €60,963 million as of December 31, 2009, due mainly to the reduction in maturity. However, there has been a notable performance of lower-cost deposits such as current and savings accounts. This in turn has a positive effect on customer spread, as interests paid on customer deposits have fallen.

The main products and services launched by the area in 2010 are as follows:

Retail Banking:

BBVA Compass and SmartyPig have announced a strategic alliance through which BBVA Compass will act as a depositary for SmartyPig customers in the United States. SmartyPig (a "Facebook" for savers) offers customers the chance to save with competitive interest rates, as well as accepting contributions from families and friends. Customers can also exchange their savings for a gift card with which they can get substantial discounts in a wide variety of retail outlets.

"Compass for your Cause" is a package designed for non-profit organizations, which not only includes products such as current accounts, but options for discounts in other products and services. This product was launched at the end of 2009. Since then it has not only tripled the number of NGOs participating, but has increased the number of donors by more than 700%.

In the health sector, cross-unit teams have been formed made up of the Retail, Commercial, Wealth Management and Insurance units. They offer a wide variety of products, including a new service that allows payments to be collected from patients at medical consultations.

Wealth Management:

"Fixed Annuity" is an annual fixed-income product that has attracted USD 350 million in similar assets from other banks.

Managed Money offers customers who do not meet the typical Wealth Management profile the chance to have an investment account managed by professionals.

Commercial Banking:

"Integrated payables" gives companies a means of integrating payments in a single file at a lower management cost. It brings an end to past reluctance to adopt electronic payments by offering an effective means of registering the company's suppliers, managing its banking information and sending notice of electronic payments.

The "Purchasing Card Accounts Payable" interface is an option for those organizations that want to incorporate the payment of accounts payable into their purchase card programs.

Finally, the "*Cuenta de Desembolsos Controlada*" (CDA) was updated to offer the customers reports of particular use (Perfect Presentation). Through the CDA Perfect Presentation reports, customers are informed at 9 a.m. of all the checks that are entering their account on that day. This gives companies the opportunity to maximize their liquidity by using sufficient funds to cover all the settlements and using the rest for investment or to reduce debt.

WHOLESALE BANKING AND ASSET MANAGEMENT (WB&AM)

	Millions of Euros		
Wholesale Banking and Asset Management (WB&AM)	**2010**	**% Change 2010-2009**	**2009**
NET INTEREST INCOME	**831**	**(15.4)**	**982**
Net fees and commissions	492	6.8	461
Net gains (losses) on financial assets and liabilities and net exchange differences	(66)	13.1	(59)
Other operating income and expenses	500	59.2	314
GROSS INCOME	**1,758**	**3.4**	**1,699**
Operating expenses	(501)	3.3	(485)
Personnel, general and administrative expenses	(492)	3.5	(476)
Depreciation and amortization	(9)	(7.6)	(10)
OPERATING INCOME	**1,257**	**3.5**	**1,214**
Impairment losses on financial assets (net)	(116)	92.9	(60)
Provisions (net) and other gains (losses)	2	n.s.	(4)
INCOME BEFORE TAX	**1,143**	**(0.6)**	**1,150**
Income tax	(192)	(34.8)	(294)
NET INCOME	**951**	**11.2**	**856**
Net income attributed to non-controlling interests	(2)	(53.2)	(3)
NET INCOME ATTRIBUTED TO PARENT COMPANY	**950**	**11.4**	**852**

	Millions of Euros		
Wholesale Banking and Asset Management (WB&AM)	**2010**	**% Change 2010-2009**	**2009**
Loans and advances to customers (gross)	**36,197**	**16.5**	**31,058**
Total custumer funds	**38,417**	**(12.3)**	**43,926**
Customer deposits (1)	27,632	(15.7)	32,788
Deposits	21,118	(16.3)	25,220
Repurchase agreements	6,515	(13.9)	7,568
Off-balance-sheet funds	10,785	(3.2)	11,139
Mutual funds	3,576	(8.6)	3,914
Pension funds	7,209	(0.2)	7,224
Other placements	-	-	-
Total Assets	**121,522**	**14.0**	**106,563**
NPL Ratio	**1.2%**		**1.2%**
NPL Coverage Ratio	**70.6%**		**69.9%**

(1) Include collection accounts

The changes in the principal headings of the income statement of this business area were:

- ***"Net interest income"*** and ***"Net income from financial operations and net exchange differences"*** should be examined together for the purposes of management due to offsets between the two in given market transactions. The aggregate balance of these two items in 2010 was €765 million, a fall of 17.2% on the €924 million in 2009. This fall is mainly due to an environment of high market volatility, which has led to worse trading income as credit spreads widened in the south of Europe, despite the good performance of business in Corporate and Investment Banking (C&IB), with a year-on-year growth in these items of 13.3% and a favorable performance of income from customers in Global Markets (up 20.3% year-on-year).

- The balance of ***"Net fees and commissions"*** for 2010 was €492 million, an increase of 6.8% on the €461 million in 2009, mainly because of the recurring revenues generated by shift in activity in the area towards business with customers with a high earning potential.

- The balance of ***"Other operating income and expenses"*** for 2010 was €500 million, up 59.2% compared with €314 million in 2009, mainly due to earnings of entities accounted for using the equity method, and specifically the increased contribution from China National Citic Bank (CNCB).

As a result of the above, ***"Gross income"*** for 2010 was €1,758 million, an increase of 3.4% on the €1,699 million in 2009.

- The balance of ***"Operating expenses"*** for 2010 was €501 million, an increase of 3.3% on the €485 million in 2009, due to investment in systems and the various growth plans implemented in the area.

As a result of the above, ***"Operating income"*** for 2010 was €1,257 million, an increase of 3.5% on the €1,214 million in 2009.

- The balance of ***"Impairment losses on financial assets (net)"*** in 2010 was €116 million, compared with €60 million in 2009, and accounting for only 9.2% of the operating income in the area.

- The balance of ***"Provisions (net)"*** and ***"Other gains (losses)"*** in 2010 was a recovery of €2 million.

As a result of the above, ***"Income before tax"*** for 2010 was €1,143 million, a slight fall of 0.6% on the €1,150 million for 2009.

- The balance of the heading ***"Income Tax"*** in 2010 was €192 million, a fall of 34.8% on the €294 million in 2009, due to the favorable tax effect from the result of entities accounted for using the equity method.

As a result, discounting the corresponding part of non-controlling interests, ***"Net income"*** in 2010 was €950 million, an increase of 11.4% on the €852 million in 2009.

The changes in the principal headings of activity in this area of the business were as follows:

- The area's **loans and advances to customers (gross)** as of 31-Dec-2010 was €36,197 million, 16.5% up on the €31,058 million as of December 31, 2009. However, this rise is mainly the result of a greater volume of repos in Global Markets, as in C&IB the trend continues to be for containment, with a year-on-year fall of 2.7%. This is because improving asset quality means focusing on customers with a greater loyalty, profitability and credit quality.

- As of December 31, 2010, total **customer funds**, including on-balance-sheet and off-balance-sheet, including mutual funds and pension funds, amounted to €38,417 million, a fall of 12.6% on the figure of €43,926 million as of December 31, 2009, due to the maturities on mutual funds and the difficult environment for Global Markets activity, which were not offset by the maintenance of funds in the C&IB unit.

Below are the main products and services launched by the units in the area in 2010:

A number of organizational changes in the Mexico business were made in **Corporate and Investment Banking (C&IB)**, with a separation of customer and product activity in investment banking. A global unit of investment products has been created covering business with these products in all geographical areas. With these changes, C&IB is making progress in the separation of responsibilities associated with the management of balance-sheet products and fees, and is strengthening its global management model, both in relation to customer spread and product range.

The following notable changes were also made in 2010:

The area of Debt Capital Markets launched a global dollar distribution platform to provide a comprehensive debt service to clients. The origination teams in the main offices in Europe, Asia and the Americas have also been boosted. In Europe, a group providing debt advice and ratings has been created to help the origination of business in the different product areas, and to offer a variety of high-added-value services to customers.

The Structured Trade Finance area has consolidated the operation of its units in Mexico and Frankfurt, and completed its teams there. It has also gained market recognition with the signing of a significant number of transactions. As a result of the agreement signed with CITIC, our partner in China, the first operation ever with Sinosure coverage (ECA China) has been signed in favor of a Spanish company. Customer relations have continued to be strengthened in the BIBEC (Investment Banking for Companies and Corporations) segment by extending the regional teams in Spain and Portugal.

In the Global Transaction Services unit, the first global connection channel for companies and corporations via SWIFT and Host-to-Host was launched in the International Cash Management department. This enables information to be sent between the bank and the customer. BBVA Net Cash, the electronic banking channel, has increased its product range with new products and services for customers in the United Kingdom and France, and a new Securities Depositary model. A security device called Token Plus has been incorporated to enable the employees of BBVA customers with a visual disability to validate operations through this channel. In the United States Compass e-Access, the unique-use validation code for electronic banking was incorporated, offering an alternative to the use of security tokens. The float pricing system used to assign the availability of check funds deposited by customers in the Bank was also updated.

The area of C&IB in the U.S. and South America has completed the implementation of Master Plans to consolidate the new model of coverage and segmentation of the customer base.

The **Global Markets** unit is undertaking significant investments to reinforce its Distribution team in the main international financial centers, Hong King, New York and London, with the recruitment of senior teams. At the same time, investment is being undertaken to improve access technology to Latin American stock exchanges. GM has integrated BBVA Bancomer into the BBVA global equity platform. This means a move from having local operational capacity in Mexico to more global functions for the management of equity orders.

In 2010, product innovation was consolidated in Latin America with the launch, in collaboration with the Asset Management unit, of a new Exchange Traded Fund (ETF) called BRTRAC that aims to hold all the common stocks of the BMV Brasil 15 index (the first index constructed by the Mexican Stock Exchange with foreign securities).

In 2010, **Asset Management's** activity in new products has continued to be focused on responding to customer needs at any given time, as well as a continuous effort an innovation. In the first half of the year, at a time of major worries about the situation in peripheral countries and high risk aversion, the conservative product range was completed with the launch of a Fixed Income fund whose portfolio is made up exclusively of government bonds from “core countries" in the euro zone, the BBVA Bonos Core. The product catalog was also strengthened with the launch of two new funds: BBVA Bolsa España Dividendo, an equity fund whose management is focused on companies with high dividend payments; and BBVA Bonos Corporativos Flotantes, a fixed-income fund that aims to benefit from the opportunities currently offered by the credit market. A range of dynamic asset distribution management funds was launched in the second half of the year: the Gama Evolucion (V5 and V10).

In guaranteed products, 2010 has again been a year with many maturities and most of the activity was focused on renewals. Thus, in Commercial Banking eight guaranteed equity funds were launched (seven of them renewals), nine guaranteed fixed-income funds of the Planes Renta type (all renewals) and nine guaranteed fixed-income Fon-Plazo type funds (four of them renewals). In addition, four guaranteed fixed-income funds in the Gama Solidez have again been launched by HNWI, thus continuing with the success this range had the previous year. The structured funds BBVA Destacados BP and BBVA Selección Consumo BP were also launched for these networks, and the BBVA Estructurado Telecomunicaciones was renewed. In Quality Funds, three new products began to be sold as funds of funds: Quality Commodities, Quality Valor and Quality Selección Emergentes. All three have a very dynamic management philosophy through international fund managers.

The activity of Pensions in 2010 has included the incorporation of new plans into the unit and strengthened still further BBVA's leading position in pensions in Spain.

April 1, 2010, saw the purchase of an additional 5% stake in **China Citic Bank** (CNCB) for about €1,000 million. This increased BBVA's stake in CNCB to 15%.

CORPORATE ACTIVITIES

	Millions of Euros		
Corporate Activities	**2010**	**% Change 2010-2009**	**2009**
NET INTEREST INCOME	**(163)**	**n.s.**	**437**
Net fees and commissions	(179)	65.4	(108)
Net gains (losses) on financial assets and liabilities and net exchange differences	698	44.2	484
Other operating income and expenses	329	50.0	219
GROSS INCOME	**684**	**(33.7)**	**1,031**
Operating expenses	(798)	5.6	(755)
Personnel, general and administrative expenses	(566)	1.3	(559)
Depreciation and amortization	(232)	18.1	(197)
OPERATING INCOME	**(114)**	**n.s.**	**276**
Impairment losses on financial assets (net)	(916)	n.s.	(107)
Provisions (net) and other gains (losses)	(893)	20.5	(741)
INCOME BEFORE TAX	**(1,924)**	**236.3**	**(572)**
Income tax	678	49.3	454
NET INCOME	**(1,246)**	**n.s.**	**(118)**
Net income attributed to non-controlling interests	0	(97.8)	13
NET INCOME ATTRIBUTED TO PARENT COMPANY	**(1,245)**	**n.s.**	**(105)**

The changes in the principal headings of the income statement of this business area were:

- The balance of ***“Net interest income”*** in 2010 was a €163 million negative, compared with a positive €437 million in 2009. Net interest income has been negatively effected by the end of the recovery in mortgage lending following the fall in interest rates in 2009; and by the recent upturn in the interest-rate curve in the euro zone.

- The balance ***“Net gains (losses) on financial assets and liabilities and net exchange differences”*** for 2010 was €698 million, an increase of 44.2% on the €484 million recorded in 2009, due mainly to an appropriate rotation of the sovereign bond portfolio in the first half of the year in the Financial Planning unit, which took advantage of market volatility to achieve positive earnings.

- The balance of ***“Other operating income/expenses”*** for 2010 was €329 million, a 50.0% increase over the €219 million recorded in 2009. Its main component continues to be the dividends from BBVA’s investment in Telefónica, which increased from €1.0 to €1.3 per share.

As a result of the above, ***”Gross income”*** for 2010 was €684 million, down 33.7% on the €1,031 million in 2009.

- The balance of "***Operating expenses”*** in 2010 was €798 million, an increase of 5.6% on the €755 million in 2009. A major reason was the new investments in the new technological platform and in image and brand identity.

As a result of the above, ***”Operating income”*** for 2010 was negative in €114 million, compared with €276 million in 2009.

- **“Impairment losses on financial assets (net)”** for 2010 stood at €916 million, compared with a figure of €107 million in 2009. These increased loan-loss provisions are basically the result of greater generic provisions made in the first half of the year to improve the Group's coverage.

- The balance of **"Provisions (net)”** and **“Other gains (losses)”** in 2010, which basically includes the provisions for early retirement and write-offs for acquired and foreclosed assets, stood at €893 million, an increase of 20.5% on the €741 million euros in 2009. This is mainly due to continuing provisions for foreclosed assets and real estate assets designed to maintain coverage of these assets at above 30%.

As a result of the above, "***Income before taxes"*** for 2010 was a negative €1,924 million, compared with losses of €572 million in 2009.

- The balance of ***“Income tax”*** in 2010 was €678 million in income, compared with €454 million in income in 2009.

As a result of the above, ***"Net income"*** for 2010 was a €1,246 million loss, compared with losses of €118 million in 2009.

- ***"Net income attributed to non-controlling interests"*** for 2010 was not significant, compared with €13 million in 2009.

Finally, ***"Net income attributed to parent company"*** in 2010 amounted to a loss of €1,245 million, compared with losses of €105 million in 2009.

6. RISK EXPOSURE

The BBVA Group's system of risk management and risk exposure is described in Note 7 "Risk exposure" of the accompanying consolidated financial statements. Section 7.6 of this note includes quantitative information on finance to the real-estate sector (developers and construction) and house purchase in Spain.

Credit risk in the Spanish developer sector

As of December 31, 2010, BBVA's credit exposure in the developer sector amounted to €16.6 billion, 9% of the loans to the resident sector in Spain as a whole (8% including the public sector) and barely 3% of the Group's consolidated assets.

At the end of 2009, BBVA carried out an exercise in transparency, and recognized €1,817 million as nonperforming assets mainly related with this sector. This stabilized the nonperformance of this portfolio in 2010. Currently, 32% of the nonperforming assets are up-to-date on payments (subjective nonperforming). This percentage is standout as compared with the rest of the system. Furthermore, substandard risk amounted to 14.3% of total developer risk.

According to the last Financial Stability report from the Bank of Spain, as of June 2010, the exposure of the Spanish banking system to this sector was €439 billion, which represents an approximate share of 7% for BBVA in this segment, as compared to the 11.0% share in the total loan-book in Spain. Of this amount, €175.5 billion were problematic assets (€47.9 billion nonperforming, €57.6 billion sub-standard and €70 billion acquired assets), of which BBVA only holds 5.2%.

The value of the guarantees covering developer risk, based on up-to-date appraisals, is €25,327 million, an average LTV of 65.5%, which easily covers the portfolio value. In addition, specific recognized provisions are available, amounting to €1,224 million. Circular 3/2010 of the Bank of Spain, which entered into force on September 30, amending Circular 4/2004, stipulates that very severe regulatory coefficients must be applied to the updated appraisal value of the guarantee. These coefficients range between 30% and 50%, according to the type of asset. After applying the coefficient, the excess value above the guarantee value, which represents the amount to be provisioned, amounts to €1,355 million for nonperforming assets, and €1,185 million for substandard assets.

As of December 31, 2010, BBVA held a total of €3,259 million in real estate assets at gross book value from corporate financing. This real estate has an average coverage of 32%, which is well over the regulatory requirements.

Policies and strategies established by the Group to deal with risks related to the developer and real-estate sector.

BBVA has teams specializing in the management of the Developer-Real Estate Sector, given its economic importance and specific technical component. This specialization is not only in the risk-acceptance teams, but throughout the handling, commercial, problematic management and legal aspects, and includes the Research Department, which helps determine the medium/long-term vision needed to manage this portfolio. Specialization has been increased and the management teams in the areas of recovery and the Real Estate Unit itself have been reinforced.

The distribution of risks in portfolio management has prevented their concentration in customers, products and geographical areas. A variety of monitoring and review plans is being carried out on our portfolios to anticipate their future development and needs. The tools in the W-List, the various Planes Anticipa and 3C are good examples of permanent updating.

The following strategies have been implemented with customers: avoidance of large corporate transactions, which had already reduced their share in the years of greatest market growth; non-participation in the second-home market (94% of the portfolio is primary residence); commitment to public housing; and participation in land operations with a high level of urban development security, where 75% of the land financed is urban or open to urban development.

Refinancing has been based on clear solvency and viability criteria for projects, with demanding terms for guarantees and legal compliance. The policy on refinancing uses outstanding risk rather than nonperforming assets, with a refinancing tool that standardizes criteria and values up to a total of 19 variables when considering any refinancing operation. In this complex environment, refinancing has been used to improve guarantees (99% of the exposure has a mortgage guarantee) and consolidate promotions.

In the analysis of new operations, the assessment of the commercial operation in terms of the economic and financial viability of the project has been once of the constant points that have helped ensure the success and transformation of construction land operations for our customers' developments.

In terms of product management:

- Completed homes: The final aim is the sale of these homes to private individuals, thus diluting the risk and beginning a new business cycle. Here the strategy has been to help subrogation (the default rate in this channel of business is notably lower than in any other channel of residential mortgages) and to support our customers' sales directly: using the BBVA channel itself (BBVA Services and our branches), thus creating incentives for sale and including sale orders for BBVA that set out sale prices which are notably lower than initial ones. In exceptional case we have even accepted partial haircuts, with the aim of making the sale easier.

- In ongoing works our strategy has clearly been to help the completion of the works in order to transfer the investment to Completed Homes. The whole developer Works in Progress portfolio has been reviewed and classified into different stages with the aim of using different tools to support the strategy. This includes the use of developer accounts-payable financing as a form of payment control, the use of project monitoring supported by the Real Estate Unit itself, and the management of direct suppliers for the works as a complement to the developer's own management.

- With respect to land, our presence at advanced stages in land development, where the vast majority of our risk is urban land, simplifies our management. Urban management and liquidity control to tackle urban planning costs are also subject to special monitoring.

The Risk Acceptance teams have a direct link with structure management and participate in area committees such as Recoveries and the Real Estate Unit. This guarantees coordination and exchange of information in all the processes.

Exposure to subprime risk and structured credit products

The application of prudent risk policies in the BBVA Group has resulted in a very limited exposure to subprime credit risk in the United States, as well as to structured credit products. As of December 31, 2010 and 2009, the amount of operations related to such assets was not significant.

7. THE GROUP'S CAPITAL BASE

	Millions of Euros	
The Group capital base	**2010**	**2009**
Stockholders' funds	36,689	29,362
Adjustments	(8,592)	(8,171)
Mandatory convertible bonds	2,000	2,000
CORE CAPITAL	**30,097**	**23,191**
Preferred securities	5,164	5,129
Adjustments	(2,239)	(1,066)
CAPITAL (TIER I)	**33,023**	**27,254**
Subordinated debt and other	12,140	13,251
Deductions	(2,239)	(1,065)
OTHER ELIGIBLE CAPITAL (TIER II)	**9,901**	**12,186**
CAPITAL BASE (TIER I + TIER II) (a)	**42,924**	**39,440**
Minimum capital requirement (BIS II Regulations)	**25,066**	**23,282**
CAPITAL SURPLUS	**17,858**	**16,158**
RISK WEIGHTED ASSETS (b)	**313,327**	**291,024**
BIS RATIO (a)/(b)	**13.7%**	**13.6%**
CORE CAPITAL	**9.6%**	**8.0%**
TIER I	**10.5%**	**9.4%**
TIER II	**3.2%**	**4.2%**

The BBVA Group's capital base, calculated according to rules defined in accordance with the **Basel II** capital accord, is €42,924 million as of 31 December 2010, 8.8% more than the figure as of December 31, 2009, mainly due to the share capital increase in 2010, and the profits generated but not distributed.

Risk-weighted assets (APR) increased by 7.7% in the period to €313,327 million as of December 31, 2010, due mainly to the appreciation of currencies on the Group's non-euro positions. **Excess of capital resources** over the 8.0% of risk-weighted assets required by the regulation stood at €17,858 million.

Core capital as of December 31, 2010 stood at €30,097 million, more than €6,906 million higher than the figure as of December 31, 2009, due primarily to the effect of the capital increase and the withheld attributable profit. This core capital represents 9.6% of risk-weighted assets, compared with 8.0% as of December 31, 2009. It is important to note that If the expected effect of the incorporation of Garanti is included, with €2,107 million for goodwill and €11,780 million for increased RWA, this core ratio would be 8.6%.

Adding preference shares to core capital, **Tier I** as of December 31, 2010 stood at €33,023 million, 10.5% of the risk-weighted assets. This is an increase of 117 basis points on the figure as of December 31, 2009. Preference shares amount to 15.6% of the total core capital (Tier I).

Other eligible capital (Tier II) mainly consists of subordinated debt, latent capital gains and excess generic provisions up to the limit set forth in regulations. At December 31, 2010, Tier II stood at €9,901 million, i.e. 3.2% of risk-weighted assets. The reduction in this ratio on the figure for December 2009 is basically due to the amortization of subordinated debt instruments over the year and the increase in deductions for holdings in financial institutions due to the purchase of the additional stake in CNCB.

By aggregating Tier I and Tier II, as of 31 December 2010, the **BIS total capital ratio** is 13.7%, 15 basis points above the figure of 13.6% as of December 31, 2009.

8. COMMON STOCK AND TREASURY STOCK

Information about common stock and transactions with treasury stock are shown in Notes 27 and 30 of the accompanying consolidated financial statements.

In addition, the information relating to common stock and treasury stock, which is required by Article 116.bis of the Securities Market Act, can be found in section 18 of this Management Report.

9. APPLICATION OF EARNINGS

Information about application of earnings is in Note 4 of the accompanying consolidated financial statements for 2010.

10. CORPORATE GOVERNANCE

In accordance with the provisions of Article 116 of the Spanish Securities Market Act, the Group has prepared the Annual Corporate Governance Report for 2010, 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 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 528 of the Spanish Securities Market Act can be accessed on BBVA's webpage (www.bbva.es) in the section entitled "Corporate Governance."

The information required by Article 116.bis of the Spanish Securities Market Act can be found in Section 19 of this Management Report.

11. OFFSHORE FINANCIAL CENTERS

The BBVA Group maintains an express policy on activities in entities permanently registered in offshore financial centers, which includes a plan for reducing the number of offshore financial centers in which the Group is present.

Subsequent to the measures deriving from this plan, 43 permanent establishments had been removed from its start date and up to December 31, 2010. In addition, another 3 companies ceased all business activity as a preliminary step to this process. The latter have securities issues among their liabilities, and the time of the repurchase and/or amortization of these assets will depend on the time of the companies' complete liquidation.

As of December 31, 2010, 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 at the time when the BBVA Group expressed its policy on this question (as mentioned above), and except for the Dutch Antilles, can be classified as follows:

1. Businesses in Panama
2. Branches of the BBVA Group's banks in the Cayman Islands.
3. Issuers of securities in the Cayman Islands: BBVA International, Ltd., BBVA Global Finance, Ltd., BCL International Finance, Ltd. and Continental DPR Finance Company.

It should be noted that changes were made starting in April 2009 by the OECD in its classification of tax havens. As a result, the Dutch Antilles were dropped from the OECD list in September 2009. The Kingdom of the Netherlands, in the name of the Dutch Antilles, signed an Exchange Agreement for tax information with Spain on June 10, 2008. This entered into force on January 27, 2010, and from that date the Dutch Antilles have no longer been considered a tax haven under Spanish law. As of December 31, 2010, the BBVA Group had the following permanent establishments in the Dutch Antilles: a branch of Banco Provincial (Venezuela), whose activity and volume of business are not significant; and a subsidiary Banco Provincial Overseas, N.V., whose main data appear in Appendix II.

1) Businesses in Panama

As of December 31, 2010, the BBVA Group had the following permanent establishments in Panama: a banking subsidiary, Banco Bilbao Vizcaya Argentaria, S.A. (Panama), which is at the same time the owner of a holding company for foreclosed assets, Transitory Co. These establishments limit their activities to what is strictly related to the development of commercial banking business, basically domestic, which does not include the provision of private banking services. In general, Banco Bilbao Vizcaya Argentaria, S.A. (Panama) restricts its business relations to non-resident individuals (irrespective of whether the business relations are in their name or they are simply their economic beneficiaries, when the holder is a corporate entity) and to companies domiciled in other jurisdictions in cases where the business relation is a consequence of commercial activities known and developed in Panama. The main details of these companies can be found in Appendix II.

It is important to highlight that, in accordance with the information published by the OECD, as of 31 December, 2010, Panama had signed 10 information exchange agreements with other jurisdictions and, therefore, is in an advanced process for meeting the requirements established by that organization for no longer being considered a tax haven (12 information exchange agreements signed with other jurisdictions), and on October 7, 2010 also signed an Agreement with Spain for avoiding double taxation regarding income tax and capital tax and prevent tax evasion.

2) Branches of the BBVA Group's banks in the Cayman Islands

At the close of 2010 the BBVA Group had two banking subsidiaries registered in the Cayman Islands that were dedicated to Corporate Banking activities. The activities and business of these branches (which do not include the provision of private banking services) are pursued under the strictest compliance with applicable laws, both in the jurisdictions in which they are domiciled and in those where their operations are effectively managed (United States).

The main figures of the balance sheets of these branches as of December 31, 2010 and 2009 are as follows:

BBVA Group Branches at Off-Shore Entities	Millions of Euros			
	BBVA (Spain) Branch		BBVA Compass Bank (USA) Branch	
	2010	2009	2010	2009
Total assets	4,423	6,733	2,800	2,934
Total liabilities	3,918	6,291	2,814	2,951
Total equity	505	442	(14)	(17)

In 2010 the branch of Bancomer on the Cayman Islands was closed and wound up.

3) Issuers of securities

The accompanying table presents a comparative list of the issues outstanding as of December 31, 2010 and 2009:

Issuing Entity	Country	Preferred Securities(1)		Subordinated Debts(1)		Other Debt Securities	
		2010	2009	2010	2009	2010	2009
BBVA International LTD	Cayman Islands	500	500	-	-	-	-
BBVA Capital Funding LTD	Cayman Islands	-	-	-	909	-	-
BBVA Global Finance LTD	Cayman Islands	-	-	576	139	63	359
BCL International Finance LTD	Cayman Islands	-	-	-	-	-	35
Continental DPR Finance Company	Cayman Islands	-	-	-	-	337	173
TOTAL		500	500	576	1,048	400	567

(1) Securities issued before enactment of Act 19/2003 of 4 July 2003

(2) Securitization bond issues on flows generated from export credits

The main details of these companies can be found in Appendix II.

Supervision and control of the permanent establishments of the BBVA Group in offshore financial centers

The BBVA Group applies risk management criteria and policies to all its permanent establishments in offshore financial centers that are identical to those for the rest of the companies making up the Group.

During the reviews carried out annually on each and every one of its permanent establishments in offshore financial centers, BBVA's Internal Audit department checks the following: that their activities match the definition of their corporate object, that they comply with corporate policies and procedures in matters relating to knowledge of the customers and prevention of money laundering, that the information submitted to the parent company is true, and that they comply with tax obligations. In addition, every year a special review is performed on Spanish legislation applicable to the transfer of funds between the Group's banks in Spain and its companies established in offshore centers.

Furthermore, in 2010 BBVA's Compliance Department supervised the action plans deriving from the Audit Reports on each one of the establishments. On an annual basis, conclusions deriving from these are submitted for consideration to the Audit and Compliance Committee, which in turn submits the corresponding report to the BBVA Board of Directors.

As far as external audits are concerned, one of the functions of the Audit and Compliance Committee is to select an external auditor for the consolidated group and for all the companies in it. The selection criterion is to designate the same auditing firm for all the BBVA Group's permanent establishments in offshore financial centers, unless the Committee determines this is not possible or advisable. For 2010, all of the BBVA Group's permanent establishments registered in offshore financial centers have the same external auditor (Deloitte).

12. REPORT ON THE ACTIVITY OF THE CUSTOMER CARE SERVICE AND CUSTOMER OMBUDSMAN

In Spain the BBVA Group has a Customer Care Service in place to manage customer complaints and grievances. In addition, if a customer is not satisfied with the solution proposed by the Customer Care Service, he or she has a second line of defense in the Customer Ombudsman.

In accordance with the stipulations of Article 17 of the Ministry for the Economy Order ECO/734/2004, dated March 11 regarding customer care and consumer ombudsman departments at financial institutions, and in line with the BBVA Group's "Internal Regulations for Customer Protection in Spain" approved by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. in its meeting of July 23, 2004, the following is a summary of related activities in 2010:

a) Report on the activity of the Customer Care Service department in 2010

Statistical summary of the grievances and complaints handled in 2010

The number of customer complaints received by the BBVA Group's Customer Care Service in 2010 was 9,591, of which 547 were finally not processed because they did not comply with the requirements of Ministerial Order ECO/734. 94.8% of the complaints (8,577 files) were resolved within the year and 467 complaints had not yet been analyzed as of December 31, 2010.

The complaints managed can be classified as follows:

Type of Complaint to the Customer Care Service	Percentage of Complaints
Insurance	30.7%
Assets products	21.1%
Operations	13.4%
Commisions and expenses	9.8%
Investments - Derivatives	9.0%
Customer information	6.0%
Financial and welfare products	4.2%
Collection and payment services	3.4%
Rest	2.4%
Total	100.0%

The complaints handled in 2010, broken down by the nature of their final resolution, are as follows:

Final Resolution for Complaints to the Custumer Service Center	Number of Complaints
In favor of the person submitting the complaint	2,113
Partially in favor of the person submitting the complaint	1,353
In favor of the BBVA Group	5,111
Total	**8,577**

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. This department adopts its decisions independently, notifying the various units involved of any actions which require review or adaptation to the related regulations.

Recommendations or suggestions

In 2010, the Customer Care Service aided in the resolution of a significant number of claims, working closely with customers in branch offices. This encouraged amicable settlements to disputes which, undoubtedly, boost customer satisfaction and perceptions of quality.

The Customer Care Service promoted and put into place a specific Complaints Committee in 2010 to promote the implementation of initiatives aimed at improving banking practices and procedures, as well as the monitoring of work lines based on their activity, across all units and companies. The Committee is attended by business and operational unit representatives as well as the Consumer Ombudsman.

b) Report on the activity of the BBVA Group Customer Ombudsman

The following is a summary of the 2010 annual report outlining the activities of the BBVA Group's Customer Ombudsman, in accordance with the provisions of article 17 of Ministry of Economy Order ECO/734/2004, of March 11, on customer service departments and services, and Customer Ombudsmen for financial institutions:

Statistical summary of the grievances and complaints handled in 2010

The number of customer complaints received by BBVA's Customer Ombudsman in 2010 was 2,627. Of these, 73 were finally not processed as they did not fulfill the requirements of the Ministerial Order ECO/734. 98.4% of the complaints (2,585 files) were resolved within the year and 42 complaints had not yet been analyzed as of December 31, 2010.

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 requests for information:

Type of Complaint	Number of Complaints
Insurance and welfare products	737
Assets operations	651
Investment services	451
Liabilities operations	284
Other banking products (cash, ATM, etc.)	125
Collection and payment services	110
Other	269
Total	**2,627**

The details of the files resolved in 2010, broken down according to their final resolution, were as follows:

Final Resolution	Number of Complaints
In favor of the person submitting the complaint	81
Partially in favor of the person submitting the complaint	1,339
In favor of the BBVA Group	1,092
Total	**2,512**

Based on the above, it can be concluded that more than 54% of customers bringing a complaint before the Customer Ombudsman were in some way satisfied, either as a consequence of the final resolution of the Ombudsman or because of its role as mediator between the customer and the entities composing the BBVA Group.

The Customer Ombudsman's decisions are based on current legislation, the contractual relationships in place between the parties, current standards on transparency and customer protection, on best banking practices and, especially, on the principle of equity.

The independent nature of the role of the Customer Ombudsman is essential and is a required to earn the trust of the institution's clientele. The decisions handed down by the Ombudsman in favor of the customer are binding on the Group entity affected.

Recommendations or suggestions

Among the various initiatives implemented by the Group at the behest of the Customer Ombudsman in 2010, 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.
- Special monitoring of contractual compliance with requirements imposed by MiFID Directive regulations was made.
- Operational recommendations to improve the customer service and defense system, as regards the implementation of the electronic signature.
- Recommendations have been made on adapting the product profile to the customer profile, on advertising and advertising messages, and on streamlining the process of wills.
- Group representatives are in constant contact and meet regularly with the Claims Services of the Bank of Spain, the CNMV and the Spanish General Directorate of Insurance and Pension Funds, all with a common goal of harmonizing criteria and fostering more robust customer protection and security.

Customers not satisfied with the resolution of the Customer Ombudsman can appeal before the Bank of Spain, the CNMV or the Spanish General Directorate of Insurance and Pension Funds. The Ombudsman always informs the customers of this option.

In 2010, the percentage of complaints examined or resolved by the Customer Ombudsman that were subsequently presented by the client before the supervisory bodies was 10.5%, considerably higher than in the previous year, which was 7.9%.

13. RESEARCH AND DEVELOPMENT

In 2010, the Innovation and Technology area focused its efforts on the launch of the new Growth and Differentiation Plan for the 2010-2015 period, concentrating on the following areas or lines of action:

- ***Innovation model in the medium and long term***

BBVA's innovation model consists of creating sustained value focused on the customer's dimensions. It is an **open and participatory innovation model**, as shown by the day-to-day activity of the Group's Innovation Center.

In this regard, the Innovation Center has evolved into a **"Living Lab"** where knowledge and experiences are shared in order to speed up the innovation process by turning ideas into reality.

In order to identify new opportunities, the agreements in the **Innovation Network** have been strengthened, which in turn has expanded into new relevant and emerging markets. One good example is the **Bank's participation in the Executive in Residence Program of the MIT** (Massachussets Institute of Technology), by which a representative of BBVA has joined the MIT Media Lab team.

Moreover, underlining the Bank's commitment to Innovation, in June, the Chairman and CEO of BBVA, Francisco González, paid a visit to this prestigious institute in order to identify new fields of collaboration in which the MIT is a world leader.

In addition, the commitment to value generation is proven by the execution of innovation projects. In 2010, BBVA completed the test stage and began implementing at its branches pilots of the new self-service channel, **ABIL**. Thanks to this reality, the magazine The Banker has awarded the Bank with the Innovation in Banking Technology Awards 2010 in the Delivery Channel Technology category.

- ***Agreements and development of digital businesses***

The most relevant initiatives launched in 2010 were the signing of a **partnership agreement with Smartypig** –a leading collaborative saving platform in the United States–, whose business model is focused on attracting savings in social networks. Under this agreement, BBVA Compass has become a depositary bank and partner of SmartyPig in the US. This agreement includes an exclusivity clause to launch this business model in Spain, Mexico and Latin America.

Solium Mexico –an affiliate of Solium España and Bancomer– has been set up to provide cloud computing, hosting and technology leasing services in the Mexican market. With this new subsidiary, Solium starts its international expansion after having strengthened its business model in Spain, where it has sales of €29 million and growth of 85%.

At the same time, projects from previous years have been boosted: **Ren&Tech** has strengthened its position as technological partner of Finanzia, while **Blue Vista** has consolidated its leadership in the digital magazine market in Spain and has gained a foothold in Latin America with a first partnership agreement in Chile.

- ***Development of virtual banking***

In 2010, the BBVA Group made significant efforts to improve accessibility in non-presential channels. These efforts will continue throughout 2011 with the firm commitment to ensure that all our websites have an accessibility level of at least AA based on the standards defined by W3C.

Adaptation of the **Internet Channel** websites to Web 2.0 technologies was completed. These technologies offer a number of benefits to the customers, such as better user experience, greater customization capacity and functionalities better adapted to day-to-day needs.

As far as the **Mobile Phone Channel** is concerned, new developments for intelligent terminals or smartphones have been added to the existing SMS and bbva.mobi services, which offer the customer a better user experience in mobility.

This channel offers the less fortunate segments of the population an excellent opportunity to access the financial market, as is the case with the **Express Account** service launched in Mexico. This service offers a light banking model based entirely on the mobile device. With the Express Account service, customers who do not use banking services can carry out any type of financial transactions, including paying for services or physical payment in stores using their mobile phone exclusively.

- ***Transformation of the distribution model***

Consolidation of the multi-channel distribution model and of commercial management truly focused on the customer have been the goals pursued by two of the most relevant initiatives in 2010, in terms of evolution of the physical distribution model: the creation of a Contact Center Global and an original Sales Network Objectivation system based on “Customer Centric” models.

Transformation of the **Contact Center Model** was proposed to define the common operation procedures of the Group’s contact centers, integrating them into the multi-channel customer management processes using a transversal work team in which all the Business Units and Technology participate in order to define their future vision.

The **Objectivation and Incentive Model** is a key lever for transformation towards customer-centric management. Given the Group’s diversity, this project, which will yield its first results in 2011, will identify “winner” models for each geography and network, supporting the growth process of the Group’s Strategic Plan over the next five years.

- ***Marketing and customers***

In order to guarantee global implementation of the corporate principle of “customer centric” and be able to grow, distinguish ourselves and be recognized by our customer orientation, in 2010 we worked basically on the evolution of the commercial intelligence and customer research disciplines, on the development of marketing strategies aimed at building new commercial highways in the digital world, and on the global quality, satisfaction and customer care model.

Once the capacity to extract **customer insight** in various segments and through various types of research has been established, the traditional marketing concept needs to be evolved towards **strategic marketing**, which is capable of analyzing customer needs and aspirations in a segmented way, in order to develop solutions and experiences in a competitive manner.

In this regard, work has been carried out to define the strategic segments, go more deeply into customer insight, identify the current situation of the business units, establish the requirements for developing solutions and experiences, and define a strategic action plan.

In parallel, the **digital marketing** discipline has been launched in order to strengthen new forms and channels of communication with the customer: e-mail marketing, social networks, mobile marketing, on site marketing, etc.

In terms of **quality and customer care**, the **complaint management** reference model has been aligned with the Group's new Differentiation Plan focused on the customer –customer centric– as its guiding principle.

One noteworthy best practice has been the implementation in BBVA Bancomer of the **FCR - *First Contact Resolution*** project. This initiative, which is being developed in the other Group Banks, enables customer complaints to be handled at the time the request is made, making the corresponding credits immediately without the customers having to wait for their complaint to be analyzed by the Bank.

New customer experience analysis processes have also been developed, based on **IReNe -Net Recommendation Rate-**, which make it possible to measure and increase customer satisfaction, as well as transform the customer's experience at critical moments using thousands of surveys aimed at assessing BBVA, as a financial institution, and its products and distribution channels.

These processes have been implemented in Spain and Portugal, Mexico, South America and the United States.

- ***Transformation of branch processes***

With strong contribution to branch transformation, a number of initiatives have been developed: ***First Contact Sale*** –improvement of the binding offer ratio during the first contact with the customers–, for the main products contracted by individual customers, **Framework Contract**, which develops multi-product clauses to simplify as far as possible subsequent contracts with the same customer through any channel, **product catalog purging**, started with a success story in Argentina, or the **development of a structural model for measuring "hidden" servicing** (MAR), which enables the activity carried out at the branch to be analyzed by function and categorize it homogeneously throughout the Group in order to increase in 2011 at least by 10% the time allocated to selling and reduce by 30% the time that managers devote to other types of activity.

In addition, work has been carried out to **reduce branch reporting**, thus making their daily activity easier and improving the conditions for better commercial dedication.

Moreover, other initiatives have been launched aimed at improving and simplifying the Group's way of operating:

Simplification of the budget and procurement process for improving budget-related dialog with the Business Units, reducing current granularity and simplifying authorization circuits.

Standardization of criteria and procedures for the outsourcing of activities, as well as the contribution of Best Outsourcing Practices to the Group.

Other initiatives related to effective and efficient presentations, mail streamlining, meeting optimization, etc.

- ***Technology and operations***

In 2010, technology and operations at BBVA evolved according to the Strategic Plan 2007-2010 and progressed in line with the increased efficiency envisaged in its various areas:

Technology and Operation: significant progress has been made in service industrialization, reaching virtualization ratios at the branches of 45:1, i.e., the applications of 45 office positions are being run on each virtual server, resulting in considerable management and maintenance saving and in reductions in response times in the event of breakdowns. This measure has been complemented with the deployment of the "Todomovil" project, which offers branches the possibility of communicating in an ubiquitous manner, thus separating the activity from the physical work position. The "Mainframe Downsizing" project has also been implemented, which will enable back-office systems to evolve towards new technologies in the coming years.

Design and Development: continuing with the development of the BBVA Platform, progress has been made in many commercial functionalities which improve the manager's agenda management and cross-selling of products and services. Major progress has also been made in the development of the new on-line banking, which has been described by Forrester as a benchmark in proper use of the so-called Web 2.0. Finally, the design of the future WB&AM technological platform has begun, which will increase its functionalities in a disruptive manner in the coming years.

Operations and Production: the new Operations Model based on service industrialization through the OpPlus centers and new technologies has been consolidated, generating €14 million in saving this year, a figure which is expected to increase as the model is deployed in all geographies. An expansion plan has been put in place to make the most of the model potential.

The new Strategic Plan 2011-2015 has been designed, which proposes new internal goals to make a new quantitative and qualitative leap in the area's results that will enable a new frontier of excellence to be reached:

Strengthening its role as the Group's main driving force for transformation through large technology projects (new technology projects to respond to the expansion plans of the Business Areas, USA Platform, WB&AM platform…) which constitute the BBVA of the 21st century. Transforming its production and delivery model to be able to solve the equation of having to do "much more" with "more quality, more flexibility and more efficiency".

- ***Development and coordination of Innovation and Technology***

Finally, the Area is responsible for coordinating the Group's Growth and Differentiation Plan, support to the Business Continuity function and Global Management of Fraud risk.

In order to coordinate the Group's Growth and Differentiation Plan, which has been defined for the next five years, a **Global Project Office** has been created, aimed at strengthening the Plan, supporting the definition and monitoring of corporate metrics, and collaborating in cultural evolution initiatives and in the associated Communication Plan.

The **Business Continuity** area has redefined 128 continuity plans in 25 countries. Some of them have been activated during the year, as in the case of the earthquake that hit Chile, or the floods in Mexico, snowstorms in Spain, and power outages in Venezuela.

Being aware that Business Continuity also has a major systemic derivative, BBVA continues to actively promote the creation of collaboration and exchange areas for best business practices with other financial institutions, regulatory and supervisory authorities, and other sectors through participation and support in institutions and platforms created for this purpose in various countries, such as CECON (Spanish Business Continuity Consortium) in Spain.

2010 saw the consolidation of the **Global Management of Fraud Risk** function in the BBVA Group, with a parallel gradual evolution towards its integral management in virtually all countries and businesses in which the Group is present. The first internal forum on Fraud Risk took place, setting out the Group's best practices and the trends in this area, and which in turn established the bases for the development of global plans. In addition, the publication of the **BBVA Group's Anti-fraud Program** helped to strengthen the function.

14. ENVIRONMENTAL INFORMATION

Environmental commitment

The BBVA Group prioritizes sustainable development. As a financial institution, the Group's activities have a significant impact on the environment: be it through its consumption of natural resources, e.g. management of its properties, use of paper, travel, etc. (direct impacts), or throught the consequences for the environment of the products and services it provides, particulary those related to financing, asset management and management of its chain of suppliers (indirect impacts).

Aims of the environmental policy

The objectives of the BBVA Group's environmental policy are as follows:

- Comply with prevailing environmental legislation where the BBVA Group operates
- Continually improve the identification and management of environmental risks in the Group's financial and investment operations
- Develop environmentally-friendly financial products and services
- Eco-efficiency in the use of natural resources, setting and fulfilling objectives for improvement
- Manage direct impacts through an environmental management system based on standard ISO 14001
- Have a positive influence on the environmental behaviour of stakeholders throught communication and raising awareness of the importance of the environment as an additional input in business and human management practice
- Inform, raise awareness of, and train employees in environmental issues.
- Provide support for sponsorship, voluntary work and environmental research.
- Provide support fot the main initiatives for fighting and preventing climate change

The main international environmental commitments that the BBVA Group assumes are:

- United Nations Global Compact (since 2002) www.globalcompact.org
- UNEP- FI (since 1998) www.unepfi.org
- Equator Principles (since 2004) www.equator-principles.com
- Carbon Disclosure Project (since 2004) www.cdproject.net
- Principles for Responsible Investment (since 2008) www.unpri.org

Environmental policy scope, governance and review

This environmental policy has worldwide scope and affects all the activities undertaken by the Group, i.e., the banks and subsidiaries in which BBVA has effective control. The Corporate Responsibility and Reputation (CRR) Committee is responsible coordinating environmental policy and ensuring its compliance with it through an environmental management system. The members of the BBVA Group's Management Committee promote adecuate compliance with this policy. To this end, they strive to develop and supervise the implementation in the BBVA Group. This policy is reviewed and updated periodically by the Corporate Responsibility and Reputation Committee.

Main environmental actions in 2010

The main environmental actions that the BBVA Group carried out in 2010 are as follows:

- Achievement of each of the goals set in the 2008-2012 Global Eco-Efficiency Plan, aimed at minimizing the direct environmental impacts of the BBVA Group, and which has been allocated a budget of €19 million. The Plan will involve an annual saving of €1.5 million, as a result of efficient use of natural resources. The Plan's goals per employee are as follows:
    - A 20% reduction in carbon emissions
    - A 10% reduction in paper consumption
    - A 7% reduction in water consumption
    - A 2% reduction in energy consumption
    - A 20% increase in the number of employees working in ISO 14001 certified buildings (26,000 employees)
    - LEED Gold certification for the Group's new headquarters in Madrid, Mexico and Paraguay (15,500 employees)

- Improved environmental risk management systems in project finance (Equator Principles) and in determining borrower's credit profiles (Ecorating)
- Leadership in financing of renewable energy projects internationally
- Support for major international initiatives to fight against climate change. In 2010, the BBVA Group subscribed the following international environmental initiatives: CDP Water Disclosure Project, Cancun Communiqué and the Global Investor Statement on Climate Change.
- Development of ambitious environmental sponsorship programs, particularly through the BBVA Foundation. Worth noting are the BBVA Foundation Frontiers of Knowledge awards in the Ecology, Conservation Biology and Climate Change categories, each provided with €400,000. Moreover, in 2010 the BBVA Foundation, in partnership with CSIC, implemented a scholarship program and a publication relating to the Malaspina 2010 expedition, which seeks to assess the impact of global change on the oceans and study its biodiversity.
- Launch of an internal communication plan within the framework of the 2008-2012 Global Eco-Efficiency Plan in order to raise environmental awareness among all BBVA Group employees.

As of December 31, 2010, there were no items in the BBVA Group's consolidated financial statements that warranted inclusion in the separate environmental information document set out in the Ministry of the Economy Order dated October 8, 2001.

15. ECONOMIC OUTLOOK

As for the outlook for 2011, the world economy's recovery is expected to continue to consolidate, although the most likely scenario is a slight slowdown in its rate of improvement. The world economy could grow by around 4%. Activity will slow down in all geographical areas, although growth will vary, and in most advanced economies it will be subject to risks and uncertainties.

Among the advanced economies, the US will continue to lead in terms of growth. However, the factors that still limit autonomous growth of private demand (real estate sector, labor market performance and deleveraging process) are hampering the ability to return to growth rates close to this economy's potential. Thus, GDP in 2011 is expected to be above 2%, a figure which in any case is weak in terms of historical comparison.

Recovery of the European economy will be slower. Although some of these economies have surprised the market with good results in the second half of 2010 (particularly Germany), growth as a whole is expected to remain slow, slightly above 1%. The Spanish economy, which remained stagnant in 2010, could start growing again, although not strongly enough to create jobs. Forecasts suggest that GDP could grow slightly below 1%, after falling to 0.2% in 2010.

The emerging economies will continue to grow strongly, and this region's contribution to the world economy will be significant. Asia, led by China, will once again show the strongest progress, although the measures taken by the authorities to guarantee the sustainability of its growth will lead to a slight slowdown, but at any rate growth will remain at nearly 6% for Asia as a whole and above 9% in China, which are very healthy figures insofar as inflation and overheating risks can be lowered.

Finally, a slight slowdown will also affect Latin America, but the dynamism of recent years will continue, with a greater contribution of domestic demand in a context of favorable commodity prices. Growth for the region as a whole is expected to exceed 4%. In this environment, the Mexican economy has shown resistance to weak foreign demand. This is reflected in growth of nearly 5% in 2010, which could be somewhat lower in 2011, although still above 3%.

16. LIQUIDITY AND FUNDING MANAGEMENT

Liquidity and finance management of the BBVA Group's balance sheet helps to fund the recurrent growth of the banking business at suitable maturities and costs, using a wide range of instruments that provide access to a large number of alternative sources of finance. A core principle in the BBVA Group's liquidity and funding management has been to encourage the financial independence of its banking subsidiaries. This aims to ensure that the cost of liquidity is correctly reflected in price formation and that there is sustainable growth in the lending business.

In 2010, the crises in Greece and Ireland have generated an unusual volatility in the finance markets as a result of an acute perception of sovereign risk in some European countries. The decisive role taken by central banks and the publication of the stress tests for European banks have improved the liquidity conditions on the interbank markets and medium-term finance.

BBVA continued to operate with complete normality in 2010 against this backdrop, and carried out a significant capital increase in November of €5,000 million. It was the first banking institution to open doors to the wholesale fixed-income market on two occasions: in July 2010 and January 2011, with two issues of covered bonds. The above, together with the continued positive proportion of retail deposits in the structure of the balance sheet in all its geographical areas, continue to enable the Group to improve its liquidity position.

For 2011, the wholesale maturities on the balance sheet in Spain are not significant. They amount to €11,956 million, a similar level to that in previous years, and less than that in 2010, when close to €17,000 million were issued on wholesale markets. The sound liquidity position of the BBVA Group features:

- access to wholesale markets, as demonstrated by its recent issue;
- the strength of its retail franchise in Spain, where in 2010 it attracted customer deposits of about €12,000 million;
- no need to seek finance from the European Central Bank;
- the extensive collateral available immediately, an important point with a view to the future Basel III regulations.

This all allows it to face maturities in 2011 with complete peace of mind. The current and potential sources of liquidity held by the BBVA Group easily exceed expected drainage, and enable it to consolidate its sound liquidity position over the coming years.

The following is a breakdown of maturities of wholesale issues by the nature of the issue:

	Million of Euros			
Maturity of wholesale issues	**2011**	**2012**	**2013**	**After 2013**
Senior debt	4,817	6,059	2,024	4,845
Mortgage-covered bonds	3,206	2,298	6,883	20,258
Public covered bonds	2,500	1,000	2,000	2,845
Regulatory equity instruments	1,284	1,291	452	9,643
Other long term financial instruments	150	166	69	790
Total	**11,956**	**10,814**	**11,429**	**38,382**

In addition, within the framework of the policy implemented in recent years to strengthen its net worth position, the BBVA Group will at all times adopt the decisions it deems advisable to maintain a high degree of capital solvency. In particular, at the Annual General Meeting ("AGM") held on March 13, 2009, March 14, 2008 and March 18, 2006, the shareholders resolved to authorize a comprehensive program of common stock increases and debt security issues. The related resolutions can be summarized as follows:

- To delegate to the Board of Directors, in accordance with Article 297.1.b) of the new Spanish Corporations Act ("*Ley de Sociedades de Capital*"), the power to increase common stock, on one or several occasions, by a maximum par value equal to 50% of the Company's subscribed and paid common stock at the date of the resolution, that is. €918,252,434.6. As well, Article 506 of the new

Spanish Corporations Act empowers the Board to exclude the preferred subscription right in relation to these share issues, although these powers will be limited to 20% of the Company's common stock. The directors have 5 years from the date of the AGM, (March 13, 2009) to perform this capital increase.

- To delegate to the Board of Directors, for a term of 5 years, authority to issue securities convertible to and/or exchangeable for shares of the institution for up to a maximum amount of €9,000 million; to establish the different aspects and conditions of each issue, including the authority to exclude or not exclude the pre-emptive subscription right; to determine the bases for and modalities of such conversions; and to increase the capital stock as required. Resolution adopted at the General Meeting held on March 14, 2008. Pursuant to this authorization, the Board of Directors agreed at its meeting on July 27, 2009 to issue €2,000 million euros of convertible bonds, excluding the right to preferential subscription (see note 23.4)

- To delegate to 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 approved at the AGM on March 18, 2006. This amount was increased by the resolutions adopted at AGM held on March 16, 2007, March 14 2008 and March 13, 2009, reaching a total of €235,000 million.

17. OTHER INFORMATION AND SUBSEQUENT EVENTS

Exceptional factors

2010 saw the exceptional factors described in section 2 of this Management Report: Economic Environment in 2010, which have shaped the performance of the global financial system and, by extension, of the BBVA Group.

Significant contracts

The Group is not aware of the signing of any material contracts other than those executed during the BBVA Group's ordinary course of business during the two years immediately prior to December 31, 2010, except for those mentioned in the accompanying consolidated financial statements.

Nor is the Group aware that the Bank or any of the Group's subsidiaries have entered into contracts that could give rise to material liabilities for the Group.

Patents, licenses or similar

At the time of preparing the accompanying consolidated annual accounts, the BBVA Group is not materially dependent on the issuance of patents, licenses and industrial, mercantile or financial contracts or on new manufacturing processes in carrying out its business purpose.

Subsequent events

The Directors of the entities Finanzia Banco de Crédito, S.A.U. and Banco Bilbao Vizcaya Argentaria, S.A., in meetings of their respective boards of directors held on January 28, 2011 and February 1, 2011, respectively, have approved a project for the takeover of Finanzia Banco de Crédito, S.A.U. by Banco Bilbao Vizcaya Argentaria, S.A. and the subsequent transfer of all its equity interest to Banco Bilbao Vizcaya Argentaria, S.A., which will acquire all the rights and obligations of the companies it had purchased through universal succession.

The merger agreement will be submitted to shareholders for approval at the AGM during the first quarter of the year. Given that the merged company is fully owned by Banco Bilbao Vizcaya Argentaria, S.A. in accordance with Article 49.1 of Act 3/2009 of 3 April 2009 on the structural modifications of trading corporations, it will not be necessary to carry out any share capital increase of Banco Bilbao Vizcaya Argentaria, S.A. or prepare reports by the managers of the companies involved in the merger, or by independent experts on the merger proposal.

Since January 1, 2011 until the preparation of these annual consolidated financial statements, no other significant events, not mentioned above, have taken place that affect the Group's results or its equity position.

18. REPORT REQUIRED BY ARTICLE 116.BIS OF THE SPANISH SECURITIES MARKET ACT

Pursuant to Article 116.bis of the Securities Market Act, this explanatory report has been drawn up with respect to the following aspects:

a) Common stock structure, including securities not traded on a regulated EU market, with an indication, where applicable, of the different classes of shares and, for each class of shares, the rights and obligations they confer and the percentage of total common stock they represent:

The BBVA Board of Directors, at its meeting on November 1, 2010, under the delegation conferred by the AGM held on March 13, 2009, agreed to a BBVA capital increase (including the right to preferential subscription for former shareholders) that was completed for a nominal amount of €364,040,190.36, with the issue and release into circulation of 742,939,164 new ordinary shares of the same class and series as the previously existing ones, with a par value of €0.49 each and represented through book-entry accounts. The subscription price of the new shares was €6.75 per share, of which forty-nine euro cents (€0.49) corresponded to the par value and six euros and twenty-six cents (€6.26) corresponded to the share premium (Note 28), therefore, the total effective amount of the common stock increase was €5,014,839,357.

After the aforementioned capital increase, BBVA's share capital amounts to €2,200,545,059.65, divided into 4,490,908,285 fully subscribed and paid-up registered shares, all of the same class and series, at €0.49 par value each, represented through book-entry accounts.

All BBVA shares carry the same voting and dividend rights and no single stockholder enjoys special voting rights. There are no shares that do not represent an interest in the Bank's common stock.

BBVA shares are traded on the continuous market in Spain, as well as on the London and Mexico stock markets. BBVA American Depositary Shares (ADSs) traded on the New York Stock Exchange are also traded on the Lima Stock Exchange (Peru), under an exchange agreement between these two markets.

Also, as of December 31, 2010, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Frances, S.A. and AFP Provida were listed on their respective local stock markets, the last two also being listed on the New York Stock Exchange. BBVA Banco Frances, S.A. is also listed on the Latin American market of the Madrid Stock Exchange.

b) Any restriction on the transferability of securities

There are no legal or bylaw restrictions on the free acquisition or transfer of common stock other than those established in articles 56 and the following ones in Act 26/1988, of July 29, on discipline and oversight in credit institutions, amended by Act 5/2009, dated June 29, which establish that any individual or corporation, acting alone or together with other parties, intending to directly or indirectly acquire a significant holding in a Spanish credit institution (as defined in article 56 of the aforementioned Act 26/1998) or directly or indirectly increase its holding so that the voting rights or owned stock is enough to control the credit institution, or equal to or more than 20, 30 or 50 percent, must first inform the Bank of Spain. The Bank of Spain then has 60 working days, starting on the date of the acknowledgement of receipt of the information, to evaluate the operation and, if appropriate, oppose the proposed acquisition for legal reasons.

c) Significant direct or indirect holdings in the common stock

As of December 31, 2010, Manuel Jove Capellán owned 5.07% of BBVA common stock through the company Inveravante Inversiones Universales, S.L.

As of the same date, State Street Bank and Trust Co., Chase Nominees Ltd. and The Bank of New York Mellon, S.A. NV, in their capacity as international custodian/depository banks, held 7.22%, 5.95% and 3.65% of BBVA common stock, respectively. From these holdings by the custodian banks, there are no individual shareholders with direct or indirect holdings greater than or equal to 3% of the BBVA common stock, except in the case of the Blackrock Inc. which on February 4, 2010, reported to the Spanish Securities and Exchange Commission (CNMV) that, as a result of the acquisition on December 1, 2009 of the Barclays

Global Investors (BGI) business, it had an indirect holding of BBVA common stock totaling 4.45% through Blackrock Investment Management.

d) Any restriction on voting rights.

There are no legal or bylaw restrictions on the exercise of voting rights.

e) Agreements between stockholders

BBVA has not received any information on stockholder agreements including the regulation of the exercise of voting rights at its general meetings or restricting or placing conditions on the free transferability of BBVA shares.

f) 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 AGM of the Bank's stockholders in such a way that, if approved, the Board would contain a large majority of external directors over executive directors and at least one third of the seats would be occupied by independent directors.

The proposals that the Board submits to the Bank's General Meeting for the appointment or re-election of directors and the resolutions to co-opt directors made by the Board of Directors shall be approved at (i) the proposal of the Appointments Committee in the case of independent directors and (ii) on the basis of a report from said committee in the case of all other directors.

The Board's resolutions and deliberations shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, he/she must leave the room.

Directors shall remain in office for the term defined by the corporate bylaws (currently Article 36 sets this term at three years) under a resolution passed by the AGM. If they have been co-opted, they shall work out the term of office remaining to the director whose vacancy they have covered through co-option, unless a proposal is put to the AGM to appoint them for the term of office established under the corporate bylaws.

Termination of Directorship

Directors shall resign from their office when the term for which they were appointed has expired, unless they are re-elected.

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

Directors must place their office at the disposal of the board and accept its decision regarding their continuity in office. Should the board resolve they not continue, they shall accordingly tender their resignation in the situations envisaged in article 12 of the board regulations.

Directors 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.

Changes to the corporate bylaws

Article 30 of the BBVA bylaws establishes that the General Meeting of Stockholders has the power to amend the Bank bylaws and/or confirm and rectify the interpretation of said bylaws by the Board of Directors.

To such end, the regime established under articles 285 and following of the Corporations Act will be applicable.

Notwithstanding the foregoing, article 25 of the Bylaws lays down that in order to adopt resolutions for substituting the corporate object, transforming, breaking up or winding up the company or amending the second paragraph of this article, the General Meeting on first summons must be attended by two thirds of the subscribed common stock with voting rights and on second summons, 60% of said common stock.

g) Powers of the board members and, in particular, powers to issue and/or buy back shares

The executive directors shall hold broad powers of representation and administration in keeping with the requirements and characteristics of the posts they occupy.

In addition, in terms of the capacity of the Board of Directors to issue BBVA shares, the AGM held on March 13, 2009, resolved to confer authority on the Board of Directors, pursuant to article 297.1b) of the new Spanish Corporations Act ("*Ley de Sociedades de Capital*"), to resolve to increase the common stock on one or several occasions up to the maximum nominal amount representing 50% of the Company's common stock that is subscribed and paid up on the date on which the resolution is adopted, i.e., €918,252,434.60. Article 159.2 of the Corporations Act (now Article 506 of the Corporations Act) empowers the Board to exclude the preferred subscription right in relation to these share issues, under the terms and with the limitations of the aforementioned agreement. The directors have five years from the date of the adoption of the agreement by the AGM (March 13, 2009) to perform this common stock increase.

On the signing of this agreement, the Board of Directors agreed on a share capital increase of the Bank with the right to preferential subscription, as described in Note 27, on November 1, 2010. The Board of Directors, at its meeting on July 27, 2009, agreed to a share capital increase for the amount required to address the conversion of the convertible obligations agreed upon on said date, as described below. This will be carried out through the issue and release into circulation of up to 444,444,445 ordinary shares with a par value of €0.49 each and without prejudice to the adjustments that may arise according to the anti-dilution mechanisms.

At the AGM held on March 14, 2008 the shareholders resolved to delegate to the Board of Directors for a five-year period the right to issue bonds, convertible and/or exchangeable into Bank shares for a maximum total of €9,000 million. The powers include the right to establish the different aspects and conditions of each issue, including the power to exclude the preferential subscription rights of shareholders in accordance with the Corporations Act, to determine the basis and methods of conversion and to increase capital stock in the amount considered necessary. In virtue of said authorization, the Board of Directors, at its meeting on July 27, 2009, agreed to proceed to the issue of convertible obligations for an amount of €2,000 million, as well as the corresponding Bank's share capital increase needed to address the conversion of said convertible obligations, on the basis of the conferral to the Board of Directors to increase share capital, as adopted by the aforementioned AGM held on March 13, 2009.

The AGM held on March 12, 2009, pursuant to Article 146 of the new Spanish Corporations Act, authorized the Company, directly or through any of its subsidiary companies, for a maximum of five years, to buy Banco Bilbao Vizcaya Argentaria, S.A. shares at any time and as often as deemed opportune, by any means accepted by law up to a maximum of 10% of the common stock of Banco Bilbao Vizcaya Argentaria, S.A. or, as applicable, the maximum amount authorized under applicable legislation.

h) Significant resolutions that the company may have passed that come into force, are amended or conclude in the event of any change of control over the company following a public takeover bid. This exception will not apply when the company is legally bound to publish this information.

No significant agreement is known by the Company that enters into force, is modified, or is terminated if there is a change in the control of the company resulting from a takeover bid.

i) 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

There were no commitments as of December 31, 2010 for the payment of compensation to executive directors.

In the case of the President and COO, the contract lays down that in the event that they lose this status due to a reason other than their own will, retirement, invalidity or dereliction of duty, they will take early retirement with a pension, which can be received as life income or common stock, equal to 75% of their pensionable salary if this occurs before they reach 55 years old, or 85% after that age.

The Bank recognized the entitlement of some members of its management team, 45 executive managers, 13 of them belonging to the Management Committee, to be paid indemnity should they leave on grounds other than their own will, retirement, invalidity or dereliction of duty. The amount of this indemnity will be calculated in part as a function of their annual remuneration and the number of years they have worked for the Company.

The Bank has agreed clauses with some staff (50 technical and specialist employees) to indemnify them in the event of dismissal without due cause. The amounts agreed are calculated based on the professional and wage conditions of each employee.

19. CORPORATE GOVERNANCE ANNUAL REPORT

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES

DATA IDENTIFYING ISSUER

END OF BUSINESS YEAR: 31/DEC/2010

TAX ID NO.: A-48265169

Registered offices: BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

For a better understanding of this specimen report and completion hereof, it is necessary to read the instructions on how to complete it included at the end of this report.

A OWNERSHIP STRUCTURE OF THE COMPANY

A.1. Complete the following table about the share capital of the Company:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
29/11/2010	2,200,545,059.65	4,490,908,285	4,490,908,285

State whether there are different classes of shares with different rights attaching thereto:

No

A.2. Breakdown of direct and indirect holders of significant shareholdings in the Company as of the end of the fiscal year, excluding directors:

Individual or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total Voting Rights
MANUEL JOVE CAPELLAN	0	227,553,840	5.067

Name of indirect owner of shareholder	Trough: Name of direct owner of holding	Number of indirect voting rights (*)	% of total Voting Rights
MANUEL JOVE CAPELLAN	INVERAVANTE INVERSIONES UNIVERSALES, S.L.	227,553,840	5.067

Indicate the most significant changes in the shareholding structure that have occurred during the fiscal year:

A.3. Complete the following tables about members of the Board of Directors of the Company who have voting rights attaching to shares of the Company:

Individual or corporate name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
FRANCISCO GONZALEZ RODRIGUEZ	391,877	1,925,991	0.052
ANGEL CANO FERNANDEZ	332,584	0	0.007
CARLOS LORING MARTINEZ DE IRUJO	47,736	0	0.001
ENRIQUE MEDINA FERNANDEZ	39,991	1,505	0.001
IGNACIO FERRERO JORDI	3,616	64,999	0.002
JOSE ANTONIO FERNANDEZ RIVERO	60,967	0	0.001
JOSE MALDONADO RAMOS	73,264	0	0.002
JUAN CARLOS ALVAREZ MEZQUIRIZ	170,927	0	0.004
RAFAEL BERMEJO BLANCO	35,000	0	0.001
RAMON BUSTAMANTE Y DE LA MORA	12,362	2,439	0.000
SUSANA RODRIGUEZ VIDARTE	20,801	2,958	0.001
TOMAS ALFARO DRAKE	11,435	0	0.000

% of total voting rights held by the Board of Directors	0.071

Complete the following tables about members of the Company's Board of Directors who hold rights to shares of the Company:

Name of director (person or company)	No. direct option rights	No. indirect option rights	No. equivalent shares	% of total voting rights
FRANCISCO GONZALEZ RODRIGUEZ	1,248,000	0	1,248,000	0.028
FRANCISCO GONZALEZ RODRIGUEZ	320,000	0	0	0.007
ANGEL CANO FERNANDEZ	221,707	0	0	0.005
JOSE MALDONADO RAMOS	29,024	0	0	0.001

A.4. Describe, if applicable, the family, commercial, contractual or corporate relationships between significant shareholders, to the extent known to the Company, unless they are immaterial or result from the ordinary course of business:

A.5. Describe, if applicable, the commercial, contractual or corporate relationships between significant shareholders and the Company and/or its group, unless they are immaterial or result from the ordinary course of business:

A.6. Indicate whether any paracorporate (shareholders') agreements affecting the Company pursuant to the provisions of Section 112 of the Securities Exchange Act have been reported to the Company. If so, briefly describe them and list the shareholders bound by the agreement:

No

Indicate whether the Company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

No

Expressly indicate whether any of such agreements, arrangements or concerted actions have been modified or terminated during the fiscal year.

A.7. Indicate whether there is any individual or legal entity that exercises or may exercise control over the Company pursuant to Section 4 of the Securities Market Law. If so, identify it:

NO

A.8. Complete the following tables about the Company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
2,838,798	55,208,169	1.293

(*) Through:

Name of direct shareholder (person or orgasination)	Number of direct shares
CORPORACION GENERAL FINANCIERA, S.A.	55,207,640
BANCO BILBAO VIZCAYA ARGENTARIA, S.A	2,838,798
CONTINENTAL BOLSA SAB	529

Total:	58,046,967

List significant changes occurring during the year, pursuant to royal decree 1362/2007:

Date reported	Total number of direct shares acquired	Total number of indirect shares acquired	Total % of the share capital
19/JAN/2010	8,485,317	5,860,016	0.382
2/FEB/2010	13,572,728	22,523,946	0.963
15/FEB/2010	15,712,689	36,424,187	1.391
26/MAR/2010	16,840,865	33,442,265	1.341
14/APR/2010	3,945,020	25,508,024	0.786
3/MAY/2010	7,660,659	40,041,144	1,272
13/MAY/2010	554,226	47,756,136	1.289

24/MAY/2010	12,756,082	60,253,803	1.948
9/JUN/2010	7,507,309	77,465,414	2.267
24/JUN/2010	13,995,069	59,328,685	1.956
19/JUL/2010	5,432,127	41,732,811	1.258
10/AUG/2010	4,069,259	30,402,026	0.920
17/SEP/2010	8,626,377	32,046,160	1.085
30/SEP/2010	10,582,451	24,305,513	0.930
14/OCT/2010	9,317,317	25,857,293	0.939
1/NOV/2010	0	46,871,801	1.251
25/NOV/2010	8,824,441	54,588,550	1.691
14/DEC/2010	3,623,873	66,900,735	1.571
24/DEC/2010	12,577,800	51,564,789	1,428

Gain/(Loss) on the Company's own shares disposed of during the period (thousands of euros)	**-105,665**

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, 12th March 2010, under agenda item seven:

"1.- Repealing the part not availed from the resolution adopted at the Annual General Meeting, 13th March 2009, under its agenda item seven, to authorise the Bank, directly or via any of its subsidiaries, for a maximum of five years as of the date of this present AGM, to purchase Banco Bilbao Vizcaya Argentaria, S.A. shares at any time and on as many occasions as it deems appropriate, by any means permitted by law. The purchase may be charged to the year's earnings and/or to unrestricted reserves and the shares may be sold or redeemed at a later date. All this shall comply with article 75 and others of the Companies Act.

2.- To approve the limits or requirements of these acquisitions, which shall be as follows:

- The nominal value of the shares acquired, added to those that the Bank and its subsidiaries already own, may at no time exceed ten per cent (10%) of the subscribed Banco Bilbao Vizcaya Argentaria, S.A. share capital, or, where applicable, the maximum amount authorised under prevailing legislation at any time. In all cases, such acquisition will respect the limits on treasury stock established by the regulatory authorities on the markets where Banco Bilbao Vizcaya Argentaria, S.A. shares are listed for trading.
- A restricted reserve be charged to the Bank's net total assets on the balance sheet equivalent to the sum of treasury stock booked under Assets This reserve must be maintained until the

shares are sold or redeemed.

- The shares purchased must be fully paid up.

- The purchase price will not be below the nominal price nor more than 20% above the listed price or any other price associated to the stock on the date of purchase. Operations to purchase treasury stock will comply with securities markets' standards and customs.

3.- Express authorisation is given to earmark all or some of the shares purchased by the Bank or any of its subsidiaries hereunder for Company workers, employees or directors when they have an acknowledged right, either directly or as a result of exercising the option rights they hold, as established in the final paragraph of article 75, section 1 of the Companies Act.

4.- Reduce share capital in order to redeem such treasury stock as the Bank may hold on its Balance Sheet, charging this to profits or unrestricted reserves and to the amount which is appropriate or necessary at any time, up to the maximum value of the treasury stock held at any time.

5.- Authorise the board, in compliance with article 30c) of the corporate bylaws, to implement the above resolution to reduce share capital, on one or several occasions and within the maximum period of five years from the date of this AGM, undertaking such procedures, processes and authorisations as necessary or as required by the Companies Act and other applicable provisions. Specifically, the Board is delegated powers, within the deadlines and limits established for the aforementioned implementation, to establish the date(s) of each capital reduction, its timeliness and appropriateness, taking into account market conditions, listed price, the Bank's economic and financial position, its cash position, reserves and business performance and any other factor relevant to the decision. It may specify the amount of the capital reduction; determine where to credit said amount, either to a restricted reserve or to freely available reserves, where relevant, providing the necessary guarantees and complying with legally established requirements amend article 5 of the company bylaws to reflect the new figure for share capital; request de-listing of the redeemed stock and, in general, adopt such resolutions as necessary regarding this redemption and the consequent capital reduction, designating the people able to formalise these actions.´

A.10. Indicate, where applicable, any legal or bylaw restriction on the exercise of voting rights, and legal restriction on the acquisition and/or transfer of shares in the company's capital. Indicate whether there are any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise due to legal restrictions	0

Indicate whether there are by-law restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise due to by-law restrictions	0

Indicate whether there are legal restrictions against the acquisition or transfer of interests in the share capital:

YES

Description of the legal restrictions on the acquisition or transfer of shares in the company's capital:
Compliant with the provisions of articles 56 and following in Act 26/1988, 9th July, on discipline and oversight in financial institutions, amended by Act 5/2009, 29th June, which establishes that any individual or corporation, acting alone or in concert with others, intending to directly or indirectly acquire a significant holding in a Spanish financial institution (as defined in article 56 of the aforementioned Act 26/1998) or to directly or indirectly increase their holding in one in such a way that either the percentage of voting rights or of capital owned were equal to or more than 20, 30 or 50%, or by virtue of the acquisition, might take control over the financial institution, must first notify the Bank of 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.

A.11. Indicate whether the General Meeting has approved measures to neutralise a public takeover bid, pursuant to Act 6/2007.:

NO

If applicable, describe the approved measures and the terms on which the restrictions will become ineffective.

B STRUCTURE OF THE COMPANY'S MANAGEMENT

B.1. Board of Directors

B.1.1. State the maximum and minimum number of Directors set forth in the By-Laws:

Maximum number of directors	15
Minimum number of directors	5

B.1.2. Complete the following table identifying the members of the Board of Directors:

Individual or corporate name of director	Representative	Position	Date of first appointment	Date of last appointment	Election procedure
FRANCISCO GONZALEZ RODRIGUEZ		CHAIRMAN & CEO	28/01/2000	12/03/2010	VOTE AT GENERAL SHAREHOLDERS' MEETING
ANGEL CANO FERNANDEZ		PRESIDENT COO	29/09/2009	12/03/2010	VOTE AT GENERAL SHAREHOLDERS' MEETING
CARLOS LORING MARTINEZ DE IRUJO		DIRECTOR	28/02/2004	18/03/2006	VOTE AT GENERAL SHAREHOLDERS' MEETING
ENRIQUE MEDINA FERNANDEZ		DIRECTOR	28/01/2000	13/03/2009	VOTE AT GENERAL SHAREHOLDERS' MEETING
IGNACIO FERRERO JORDI		DIRECTOR	28/01/2000	12/03/2010	VOTE AT GENERAL SHAREHOLDERS' MEETING

JOSE ANTONIO FERNANDEZ RIVERO		DIRECTOR	28/02/2004	13/03/2009	VOTE AT GENERAL SHAREHOLDERS' MEETING
JOSE MALDONADO RAMOS		DIRECTOR	28/01/2000	13/03/2009	VOTE AT GENERAL SHAREHOLDERS' MEETING
JUAN CARLOS ALVAREZ MEZQUIRIZ		DIRECTOR	28/01/2000	18/03/2006	VOTE AT GENERAL SHAREHOLDERS' MEETING
RAFAEL BERMEJO BLANCO		DIRECTOR	16/03/2007	16/03/2007	VOTE AT GENERAL SHAREHOLDERS' MEETING
RAMON BUSTAMANTE Y DE LA MORA		DIRECTOR	28/01/2000	12/03/2010	VOTE AT GENERAL SHAREHOLDERS' MEETING
SUSANA RODRIGUEZ VIDARTE		DIRECTOR	28/05/2002	18/03/2006	VOTE AT GENERAL SHAREHOLDERS' MEETING
TOMAS ALFARO DRAKE		DIRECTOR	18/03/2006	18/03/2006	VOTE AT GENERAL SHAREHOLDERS' MEETING
Total Number of Directors					12

Indicate which directors have left their seat on the board during the period:

Individual or corporate name of the Director	Status of director at the time of vacancy	Date of vacancy
ROMAN KNÖRR BORRAS	INDEPENDENT	23/MAR/2010

B.1.3.Fill in the following tables on the Board members and their different kinds of directorship:

EXECUTIVE DIRECTORS

Name of director	Committee that proposed their appointment	Post in organisation of the Company
FRANCISCO GONZALEZ RODRIGUEZ	--	CHAIRMAN & CEO
ANGEL CANO FERNANDEZ	--	PRESIDENT COO

Total number of executive directors	2
Total % of Board members	16.667

EXTERNAL PROPRIETARY DIRECTORS

EXTERNAL INDEPENDENT DIRECTORS

Name of director (person or company)

CARLOS LORING MARTINEZ DE IRUJO

Profile

CHAIRMAN OF THE BOARD'S REMUNERATION COMMITTEE. SPECIALIST IN CORPORATE GOVERNANCE. OTHER RELEVANT POSTS: PARTNER AT ABOGADOS GARRIGUES LAW-FIRM.

READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID

Name of director (person or company)

ENRIQUE MEDINA FERNANDEZ

Profile

STATE ATTORNEY ON SABBATICAL. OTHER RELEVANT POSTS: WORKED IN DIFFERENT FINANCIAL INSTITUTIONS. DEPUTY CHAIRMAN OF GINÉS NAVARRO CONSTRUCCIONES UNTIL IT MERGED TO BECOME GRUPO ACS.

READ LAW AT UNIVERSIDAD COMPLUTENSE DE MADRID

Name of director (person or company)

IGNACIO FERRERO JORDI

Profile

MANAGING DIRECTOR OF NUTREXPA Y LA PIARA.

CHAIRMAN OF ANETO NATURAL.

READ LAW AT UNIVERSIDAD DE BARCELONA.

Name of director (person or company)

JOSE ANTONIO FERNANDEZ RIVERO

Profile

CHAIR OF THE BOARD'S RISKS COMMITTEE.
OTHER RELEVANT POSTS: GENERAL MANAGER OF BBVA GROUP UNTIL JANUARY 2003.HAS BEEN DIRECTOR REPRESENTING BBVA ON THE BOARDS OF: TELEFÓNICA, IBERDROLA, BANCO DE CRÉDITO LOCAL, AND CHAIRMAN OF ADQUIRA.

READ ECONOMICS AT UNIVERSIDAD DE SANTIAGO DE COMPOSTELA

Name of director (person or company)

JUAN CARLOS ALVAREZ MEZQUIRIZ

Profile

MANAGING DIRECTOR OF GROUP EL ENEBRO, S.A.
READ ECONOMIC AND BUSINESS SCIENCES AT UNIVERSIDAD COMPLUTENSE DE MADRID.

Name of director (person or company)

RAFAEL BERMEJO BLANCO

Profile

CHAIR OF AUDIT & COMPLIANCE COMMMITTEE. CHAIRMAN OF INSTITUTO DE CREDITO OFICIAL (1978-1982). TECHNICAL COMPANY SECRETARY AND GENERAL MANAGER OF BANCO POPULAR (1999-2004).

READ INDUSTRIAL ENGINEERING AT ETS MADRID

Name of director (person or company)

RAMON BUSTAMANTE DE LA MORA

Profile

WAS DIRECTOR AND GENERAL MANAGER AND NON-EXECUTIVE VICE-PRESIDENT OF ARGENTARIA, AND CHAIRMAN OF UNITARIA.

OTHER RELEVANT POSTS: VARIOUS POSTS OF RESPONSIBILITY IN BANESTO;
READ LAW ECONOMIC AND BUSINESS SCIENCES AT UNIVERSIDAD COMPLUTENSE DE MADRID.

Name of director (person or company)

SUSANA RODRIGUEZ VIDARTE

Profile

DEAN OF THE ECONOMIC AND BUSINESS SCIENCES FACULTY, "LA COMERCIAL",DEUSTO UNIVERSITY FROM 1996 TO 2009 AND, SINCE 2003 DIRECTOR OF INSTITUTO INTERNACIONAL DE DIRECCIÓN DE EMPRESAS. PRESENTLY MANAGES THE POSTGRADUATE AREA OF THE FACULTY OF ECONOMICS AND BUSINESS SCIENCES.

SINCE 2003 IS MEMBER OF THE ACCOUNTS & ACCOUNTS AUDITING INSTITUTE

DOCTOR IN ECONOMIC AND BUSINESS SCIENCES FROM DEUSTO UNIVERSITY.

Name of director (person or company)

TOMAS ALFARO DRAKE

Profile

CHAIRMAN OF THE BOARD'S APPOINTMENTS COMMITTEE
DIRECTOR OF THE DEGREE COURSE ON BUSINESS MANAGEMENT AND ADMINISTRATION AT UNIVERSIDAD FRANCISCO DE VITORIA SINCE 1998.

READ ENGINEERING AT ICAI

Total number of independent directors	9
Total % of Board members	75.000

OTHER EXTERNAL DIRECTORS

Name of director (person or company)	Committee proposing appointment
JOSE MALDONADO RAMOS	--

Total number of other external directors	1
Total % of Board members	8.333

Detail the reasons why they cannot be considered shareholder-nominated or independent directors and their affiliations with the company or its management or its shareholders.

Name of director (person or company)

JOSE MALDONADO RAMOS

Company, manager or shareholder with whom affiliated

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Reasons

Mr José Maldonado Ramos was Company & Board Secretary of BBVA until 22nd December 2009, when the Board resolved his retirement as executive in the Company. Thus, pursuant to article 1 of the Board Regulations, Mr Maldonado is an external director of the Bank.

Indicate any changes that may have occurred during the period in the type of directorship of each director:

B.1.4. Describe, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding interest is less than 5% of share capital.

State whether formal petitions for presence on the Board have been received from shareholders whose shareholding interest is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been satisfied.

NO

B.1.5. State whether any director has withdrawn from his/her position before the expiration of his/her term of office, whether the director has given reasons to the Board and by what means, and in the event that he/she gave reasons in writing to the full Board, describe at least the reasons given by the director:

YES

Name of Director

ROMAN KNORR BORRAS

Grounds for leaving

ON 23RD MARCH 2010, ROMÁN KNORR BORRAS PRESENTED HIS RESIGNATION AS BOARD MEMBER AS HER HAD REACHED THE AGE LIMIT ESTABLISHED IN THE BOARD REGULATIONS. THIS RESIGNATION HAS BEEN REPORTED TO THE SECURITIES EXCHANGE SUPERVISOR (CNMV) IN A RELEVANT EVENT FILING..

B.1.6. Indicate the powers delegated to the CEO(s), if any:

Name of director (person or company)

ANGEL CANO FERNANDEZ

Brief description

HOLDS BROAD RANGING POWERS OF REPRESENTATION AND ADMINISTRATION IN KEEPING WITH THE CHARACTERISTICS AND NEEDS OF THE POST OF PRESIDENT & COO IN THE COMPANY THAT HE OCCUPIES

Name of director (person or company)

FRANCISCO GONZALEZ RODRIGUEZ

Brief description

HOLDS BROAD RANGING POWERS OF REPRESENTATION AND ADMINISTRATION IN KEEPING WITH THE CHARACTERISTICS AND NEEDS OF THE POST OF CHAIRMAN & CEO IN THE COMPANY THAT HE OCCUPIES

B.1.7. Identify the members of the Board, if any, who are managers or directors of other companies within the listed company's group:

Individual or corporate name of director	**Corporate name of listed company**	**Post**
FRANCISCO GONZALEZ RODRIGUEZ	BBVA BANCOMER S.A.	DIRECTOR
FRANCISCO GONZALEZ RODRIGUEZ	GRUPO FINANCIERO BBVA BANCOMER S.A DE CV	DIRECTOR
ANGEL CANO FERNANDEZ	BBVA BANCOMER S.A.	ALTERNATE DIRECTOR
ANGEL CANO FERNANDEZ	CHINA CITIC BANK CORPORATION LIMITED (CNCB)	DIRECTOR
ANGEL CANO FERNANDEZ	GRUPO FINANCIERO BBVA BANCOMER S.A DE CV	ALTERNATE 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

Description of rules
Article 11 of the Board Regulations establishes that in the performance of their duties, directors shall be subject to the incompatibility regime established under current legislation and in particular under Act 31/1968, 27th July, on senior-management incompatibilities in the private-sector banking industry. This establishes the maximum number of boards to which a bank director may belong. Directors shall not provide professional services to companies competing with the Bank or of any of its Group companies. They shall not agree to be an employee, manager or director of such companies unless they have received express prior authorisation from the Board of Directors or unless these activities had been provided or conducted before they joined the Bank Board and they had informed the Bank of them at that time. Directors of the Bank shall not hold office in any company in which it holds an interest or in any company of its Group. By way of exception, executive directors may, at the proposal of the Bank, take up directorships in companies directly or indirectly controlled by the Bank with the approval of the Executive committee, and in other associate companies with the approval of the Board of Directors. Loss of the office of executive director carries an obligation to resign from any office in a subsidiary or associate company that is held by virtue of such directorship. Non-executive directors may hold office in the Bank's associate companies or in any other Group company provided this is not related to the Group's holding in such companies and after prior approval from the Bank's board of directors.

B.1.10. Regarding the recommendation no. 8 of the Unified Code, list the general strategies and policies in the company that the board reserves for plenary approval:

The investment and funding policy	YES
The definition of the structure of the group of companies	YES
The corporate governance policy	YES
The corporate social responsibility policy	YES
The strategic or business plan, as well as management objectives and annual budgets	YES
The policy regarding compensation and evaluation of performance of senior management	YES
The risk control and management policy, as well as the periodic monitoring of the internal information and control systems	YES
The dividend policy, as well the treasury stock policy and, especially, the limits thereto	YES

B.1.11 Fill in the following tables on the aggregate remuneration of directors accruing during the year:

a) In the company covered in this report:

Remuneration item	Data in thousands of Euros
Fixed compensation	6,535
Variable compensation	5,675
Daily fees	0
Token payments	0
Share options and/or other financial instruments	0
Other	779

Total:	**12,989**

Other benefits	Data in thousands of Euros
Advances	0
Credits granted	531
Funds and pension schemes: Contributions	0
Funds and pension schemes: Obligations Contracted	14,551
Life insurance premiums	0
Guarantees given by the company for the benefit of directors	0

b) For company directors sitting on other boards of directors and/or belonging to the senior management of group companies:

Remuneration item	Data in thousands of Euros
Fixed compensation	0
Variable compensation	0
Daily fees	0
Token payments	0
Share options and/or other financial instruments	0
Other	0

Total:	**0**

Other benefits	Data in thousands of Euros
Advances	0
Loans granted	0
Funds and pension schemes: Contributions	0
Funds and pension schemes: Obligations Contracted	0
Life insurance premiums	0
Guarantees given by the company for the benefit of directors	0

c) Total remuneration by type of directorship:

Type of director	By company (thousands of Euros)	By group (thousands of Euros)
Executive	8,884	0
External Proprietary directors	0	0
External Independent directors	4,105	0
Other External	0	0

Total:	**12,989**	**0**

d) Regarding the attributable profit of the dominant company

Total remuneration of all directors (€ k)	12,989
Total remuneration all directors / attributable profit of dominant company (as a %)	0.3

B.1.12 Identify the members of the senior management that are not also executive directors, and indicate the total remuneration accruing to their name during the year:

Name	Position
VICENTE RODERO RODERO	SOUTH AMERICA
JUAN ASUA MADARIAGA	SPAIN & PORTUGAL
JUAN IGNACIO APOITA GORDO	HUMAN RESOURCES & SERVICES
EDUARDO ARBIZU LOSTAO	LEGAL SERVICES, TAX SERVICES, AUDIT & COMPLIANCE
JOSE MARIA GARCIA MEYER DONHER	GLOBAL RETAIL BUSSINES BANKING
RAMON MARIA MONELL VALLS	INNOVATION & TECHNOLOGY
CARLOS TORRES VILA	CORPORATE STRATEGY & DEVELOPMENT
GREGORIO PANADERO ILLERA	COMMUNICATIONS & BRANDING
MANUEL GONZALEZ CID	FINANCE DEPARTMENT
MANUEL CASTRO ALADRO	RISKS
JOSE BARREIRO HERNANDEZ	WHOLESALE BANKING/ASSET MANAGEMENT
IGNACIO DESCHAMPS GONZALEZ	MEXICO
MANUEL SANCHEZ RODRIGUEZ	UNITED STATES

Total remuneration senior management (€ K)	**23,357**

B.1.13 Identify on an aggregate basis whether there are ring-fencing or guarantee clauses in the event of severance or changes of control in favour of members of the senior management, including executive directors, of the company or of its group. Indicate whether these contracts must be disclosed and/or approved by the company or group governance bodies:

Number of beneficiaries	13

	Board of Directors	**Shareholders (at the General Shareholders' Meeting)**
Decision-making body approving the provisions	YES	NO

Is information about these provisions given to the shareholders at the General Shareholders' Meeting?	YES

B.1.14. Indicate the process to establish remuneration of board members and the relevant bylaw clauses.

Process to set the compensation of the members of the Board of Directors and by-law provisions

The remuneration system for the board members' pay as directors has to be approved by the board, pursuant to article 36 of the Board Regulations, at the proposal of the Remuneration committee, made up by external directors.

Section b) of article 17 of the board regulations establishes that the board reserves the powers to approve the directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that their contracts must include.

Article 53 of the BBVA bylaws "Application of earnings" establishes the following:

´From the proceeds obtained during the financial year, the net profit shall be calculated by deducting all general expenses, interest, bonuses and taxes, as well as any sums that must be charged to provisions and depreciation.

The resulting profit, after the allocations referred to in the previous paragraph, will be distributed in the following order:

a) Appropriations to the reserves and provisions required by current legislation and, as may be the case, the minimum dividend contemplated in article 13 of the bylaws.

b) Four per cent of the paid-up capital, at least, as a dividend for shareholders, in accordance with article 130 of the Companies Act.

c) Four per cent of the paid-up capital as remuneration for the services of the board of directors and of the Executive committee, except where the board resolves to reduce that percentage participation in those years when it considers it appropriate to do so. The resulting figure shall be at the disposal of the board of directors for distribution amongst its members at such time, in such manner and in such proportion as the board may determine. The payment of said sum may be made in cash or, following an AGM resolution pursuant to the Companies Act, in shares or share options or through remuneration indexed to the value of the shares.

The said sum may only be drawn after the shareholders have been allocated the minimum dividend of four per cent indicated in the previous paragraph.´

Article 50 b of the BBVA bylaws establishes the following for executive directors:

´Article 50 b

Directors who have provided services in the company attributed to them, whatever the nature of their legal relation with it, will be entitled to receive remuneration for the provision of these services. This will consist of: a fixed sum, adequate to the services and responsibilities assumed, a variable complementary sum and the incentive schemes established with a general nature for the bank's senior management, which may comprise the delivery of shares, or option rights to these or remuneration indexed to the value of the shares subject to the requirements laid down in the legislation in force at any time And also a benefit part, which will include the relevant retirement and insurance schemes and social security. In the event of severance not due to dereliction of duties, the directors will be entitled to compensation.´

Under the BBVA Board Regulations, the 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 committee, which must comprise only external directors (and currently comprises the majority of independent directors), annually determines the updating of the fixed and variable remuneration of the executive directors and establishes the targets applicable to them in order to determine the variable remuneration

Thus, the Bank's General Meeting of shareholders, 12th March 2010, adopted a Multi-annual Variable Remuneration Programme in Shares for 2010 and 2011. The Programme allocates each beneficiary (members of the senior management, including executive directors and members of the BBVA Management committee) a number of units, in accordance with their levels of responsibility, which, at the end of the Programme may give rise to the delivery of ordinary shares in BBVA as a function of BBVA's TSR performance benchmarked against a peer group.

Regarding non-executive directors, the bylaws establish;

Pursuant to article 53 of the Board Regulations, the Board of Directors adopted a remuneration system for the Company directors that is not applicable to the executive directors. The system determines a fixed amount for the directorship, valuing the responsibility, dedication and incompatibilities the directorship entails. It also comprises another fixed amount for the members of the different committees, valuing the responsibility, dedication and incompatibilities sitting on these committees entails, applying a heavier weighting to the post of chairman on each committee

The AGM, 18th March 2006, adopted a remuneration system with deferred delivery, comprising the annual allocation over five years of "theoretical BBVA shares" to non-executive directors in the Bank, as part of their pay, which will be delivered, where applicable, on the date on which they cease to be directors for any cause other than serious dereliction of duty

State whether the board in full has reserved powers to approve the following resolutions

At the proposal of the Company's chief executive, the appointment and, if applicable, the removal of senior managers, as well as their indemnity provisions.	**YES**
The compensation of directors and, in the case of executive directors, the additional compensation for their executive duties and other terms and conditions that must be included in their contracts.	**YES**

B.1.15. Indicate whether the board of directors approves a detailed remuneration policy and explain on which issues it pronounces its opinion

YES

Amount of fixed components, with a breakdown, if applicable, of fees payable for attendance at meetings of the Board and its Committees and estimated annual fixed compensation arising therefrom	**YES**
Variable compensation items	**YES**
Main characteristics of the social security systems, with an estimate of the amount thereof or equivalent annual cost.	**YES**
Terms and conditions that must be included in the contracts with executive directors performing senior management duties	**YES**

B.1.16 Indicate whether the Board puts to vote at the General Meeting, as a separate item on the agenda, and by way of consultation, a report on the directors' remuneration. If so, explain the aspects of the report with respect to the remuneration policy adopted by the Board for future years, the most significant changes in such policies compared to those applied during the year and an overall summary of how the remuneration policy was applied during the year. Give details of the role played by the Remuneration Committee and if any external advisory services were used, the identity of the external consultants:

NO

Issues concerning which the report on compensation policy expresses an opinion
The Company plans to put the approval of the report on the Board remuneration policy to a consultative vote at the next General Meeting of shareholders, to be held 11th March 2011. In its meeting, 3rd February 2010, pursuant to article 36 of the Board Regulations, the Board examined the report on the remuneration policy that had been approved by the Appointments & Remuneration committee. This report was made available to shareholders when the call to meeting was published for the AGM held 12th March 2010. The report contains explanations on the general principles behind the BBVA directors' pay policy, the system for remunerating executive directors, which includes both fixed and variable pay, long-term rewards, distribution of total annual remuneration, corporate pension and annuity system and other remunerations; the main characteristics of the executive directors' contracts with BBVA; the remuneration system for non-executive directors of BBVA, including their fixed remuneration and the remuneration scheme for remuneration through deferred delivery of shares; the evolution of the total remuneration of the Board and future policy, thereby offering maximum transparency in this matter.

Role of the Remuneration Committee
The duties of the Remuneration committee regarding remuneration are covered in the Board Regulations. They are as follows: 1. 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. 2. 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. 3. Submit an annual report on the directors' remuneration policy to the board of directors, which is then put before the Company AGM.

4. Propose the senior management remuneration policy and core conditions in their contracts.

5. Ensure the remuneration policy established by the Company is observed, and periodically review the remuneration policy applied to executive directors and senior management.

6. Any others allocated in these Regulations or attributed by a Board resolution.

Has external advice been utilized?	YES
Name of external advisors	TOWERS WATSON

B.1.17 Indicate, where applicable, the identity of board members who also sit on boards or form part of the management of companies that hold significant shareholdings in the listed company and/or in its group companies:

Where applicable, list the relevant relationships other than those covered in the previous point, between members of the Board of Directors and any significant shareholders and/or companies within its group:

B.1.18. Indicate whether during the year there has been any change in the board regulations:

YES

Description of amendments
The Board of Directors, 25th May 2010 resolved to create two new Committees: the Appointments Committee and the Remuneration Committee. These replace the previous Appointments & Remuneration Committee. This entailed amending the Board Regulations with respect to the regulation and composition and operation of these Commissions.

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 of directors

Articles 2 and 3 of the Board Regulations stipulate that members shall be appointed to the Board by the General Meeting without detriment to the Board's right to co-opt members in the event of any vacancy.

In any event, persons proposed for appointment as directors must meet the requirements of applicable legislation in regard to the special code for financial entities, and the provisions of the Company's bylaws.

The Board of Directors shall put its proposals to the Company AGM in such a way that there is an ample majority of external directors to executive directors on the Board and that the number of independent directors accounts for at least one third of the total seats.

Proposals put by the Board to the AGM for appointment or re-election of directors and its resolutions to co-opt directors shall be approved at the proposal of the Appointments & Remuneration committee in the case of independent directors and following a report from said committee for all other directors.

The Board's resolutions and deliberations on these matters shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave.

Directors shall work out the term defined by the Company's bylaws under a resolution passed by the AGM. If they have been co-opted, they shall work out the term of office remaining to the director whose vacancy they have covered through co-option, unless a proposal is put to the AGM to appoint them for the term of office established under the Company's bylaws.

Re-election of directors

SEE PREVIOUS SECTION

Evaluation of directors

Article 17 of the Board Regulations indicates that the Board of Directors shall be responsible for assessment of the quality and efficiency in the operation of the Board and its committees, on the basis of the reports that said committees submit.

Also assessment of the chairman of the Board's performance of his/her duties and, where pertinent, of the Company's chief executive officer, on the basis of the report submitted by the Appointments & Remuneration committee.

Moreover, article 5 of the Board Regulations establishes that the chairman, who is charged with the efficient running of the board, will organise and coordinate with the chairs of the relevant committees to carry out periodic assessment of the board, and of the chief executive officer of the Bank, should it not be one and the same with the chairman of the board.

Severance

Directors shall resign their office when the term for which they were appointed has expired, unless they are re-elected.

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

Directors must place their directorship at the disposal of the board and accept its decision regarding their continuity in office. If its decision is negative, they are obliged to tender their resignation under the circumstances listed in section B.1.20 below.

Directors will resign their positions on reaching 70 years of age. They must present their resignation at the first meeting of the Bank's board of directors after the General Meeting that approves the accounts for the year in which they reach this age.

B.1.20. Indicate the circumstances under which directors are obliged to resign.

Article 12 of the BBBVA Board Regulations establishes that board members must place their directorship at the disposal of the board of directors and accept the board's decision on whether or not they are to continue to sit on it.

Should the board decide against their continuity, they are obliged to present their formal resignation. Such circumstances would arise in the following cases:

- When they are affected by circumstances of incompatibility or prohibition as defined under prevailing legislation, in the Company's bylaws or in the director's charter.

- When significant changes occur in their professional situation or that may affect the condition by virtue of which they were appointed to the Board.

- When they are in serious dereliction of their duties as directors.

- When the director, acting as such, has caused severe damage to the Company's assets or its reputation or credit, and/or no longer displays the commercial and professional honour required to hold a Bank directorship.

B.1.21. Explain whether the role of chief executive officer in the company is played by the chairman of the board If so, indicate the measures taken to limit the risks of accumulating powers in a single person

YES

Measures to mitigate risks
Article 5 of the Board Regulations establishes that the chairman of the board shall also be the Bank's chief executive officer unless the Board resolves to separate the posts of chairman and chief executive officer on the grounds of the Company's best interests. Under the company bylaws, the chairman shall, in all cases, shall be the highest-ranking representative of the Company. However, under article 45 and 46 of the bylaws, the Company has an Executive committee with the following powers: ´To formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix goals, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the entity; to determine the volume of investment in each individual activity; to approve or reject transactions, determining methods and conditions; to arrange inspections and internal or external audits of all areas of operation of the entity; and in general to exercise the faculties delegated to it by the board of directors.´ Likewise, article 49 of the bylaws establishes that the Company has a president and chief operating officer. He/she has broad-ranging powers delegated by the Board, with the powers inherent to this post to administer and represent the Company. The heads of all the Company's business areas and the Company's support areas report to him/her. Finally, the Board has the support of various committees to help it better perform its duties. These include the Audit & Compliance committee, the Appointment and Remuneration committee and the Risks committee. They help the Board on issues corresponding to business within the scope of their powers. Their composition and the rules governing their organisation and working are given in section B.2.3.

Indicate and, as applicable, explain if rules have been established to empower one of the independent directors to request board meetings be called or new items be included on the agenda, to coordinate and voice the concerns of external directors and direct the evaluation by the Board of Directors

NO

Description of rules

B.1.22. Are reinforced majorities required, other than the legal majorities, for any type of resolution?

NO

Indicate how resolutions are adopted in the board of directors, giving at least the minimum quorum for attendance and the type of majorities required to adopt resolutions

Description of resolution :

1) Appointment of an Executive committee and appointment of President & Chief Operating Officer

Quorum	%
Half plus one of its members, present or represented	50.01

Type of Majority	%
Favourable vote of 2/3 of members	66.66

Description of resolution :

Other resolutions

Quorum	%
Half plus one of its members, present or represented	50.01

Type of Majority	%
Absolute majority of votes present of represented	50.01

B.1.23. Explain whether there are specific requirements, other than the requirements relating to Directors, to be appointed Chairman.

NO

B.1.24. Does the Chairman have a tie-breaking vote?

NO

Matters on which a tie-breaking vote may be cast
.

B.1.25. Indicate whether the By-Laws or the Regulations of the Board of Directors set forth any age limit for directors:

YES

Age limit for the Chairman	Age limit for the CEO	Age limit for Directors
0	0	70

B.1.26. Indicate whether the By-Laws or the Regulations of the Board of Directors establish any limit on the term of office for independent directors:

YES

Maximum term of office	12

B.1.27. If the number of women directors is scant or nil, describe the reasons therefore as well as the initiatives adopted to correct such situation.

Description of reasons and initiatives
Article 3 of the board regulations establishes that the proposals that the board submits to the Company's General Meeting for the appointment or re-election of directors and the resolutions to co-opt directors made by the board of directors shall be approved at the proposal of the Appointments 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 committee is tasked with formulating and providing information for the proposals to appoint and re-elect directors. To such end, the committee shall evaluate the skills, knowledge and experience that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in light of the needs that the Company's governing bodies may have at any time. The committee shall ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that if there are few or no women on the Board, women who display the professional profile being sought after are included on the shortlists.

In particular, state whether the Nominating and Compensation Committee has established procedures which ensure that selection processes are free from any implied bias hindering the selection of women directors and which allow for the free search for women candidates that meet the required profile:

YES

Describe the main procedures
The Appointments Committee, pursuant to the Board Regulations, ensures that in the procedures for selecting directors, potential candidates include women who meet the professional profile sought, such that there are no implicit biases in them that may hinder the recruitment of female directors .

B.1.28. Indicate whether there are formal procedures for proxy-voting at meetings of the Board of Directors. If so, briefly describe them.

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 that the Board of Directors has held during the fiscal year. In addition, specify the number of meetings, if any, at which the Chairman was not in attendance:

Number of meetings of the Board	14
Number of meetings of the Board at which the Chairman was not in attendance	0

Indicate the number of meetings held by the different committees of the Board of Directors during the fiscal year:

Number of meetings of the Executive Committee	20
Number of meetings of the Audit Committee	13
Number of meetings of the Appointments and remuneration Committee	3
Number of meetings of the Appointments Committee	2
Number of meetings of the remuneration Committee	2

B.1.30. Indicate the number of meetings held by the Board of Directors during the fiscal year at which not all of its members have been in attendance. Proxies granted without specific instructions must be counted as absences:

Number of absences of directors during the fiscal year	0
% of absences over total votes during the fiscal year	0.000

B.1.31. Indicate whether the annual individual financial statements and the annual consolidated financial statements that are submitted to the Board for approval have been previously certified:

NO

Identify, if applicable, the person/persons that has/have certified the annual individual and consolidated financial statements of the Company for their approval by the Board:

B.1.32. Explain the mechanisms, if any, adopted by the Board of Directors to avoid any qualifications in the audit report on the annual individual and consolidated financial statements approved by the Board of Directors and submitted to the shareholders at the General Shareholders' Meeting.

Article 2 of the BBVA audit and compliance committee's regulations establishes that the committee, consisting exclusively of independent directors, shall have the task of assisting the Board of Directors in supervising the BBVA Group's financial statements and in the exercise of its oversight duties for the BBVA Group. The following are included within the scope of its duties: Supervising the sufficiency, adequacy and effectiveness of the internal oversight systems and to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in the annual and quarterly reports. This also applies to the accounting and financial information required by the Bank of Spain or other regulatory bodies of countries where the Group operates.

The Committee shall verify that the audit schedule is being carried out under the service agreement with suitable periodicity, and that it satisfies the requirements of the competent authorities (in particular the Bank of Spain) and the Bank's governing bodies. The committee will also require the auditors, at least once each year, to assess the quality of the Group's internal oversight procedures.

The committee shall also be apprised of any infractions, situations requiring corrections, or anomalies of relevance that may be detected while the external audit is being carried out. Relevance shall mean any that, on their own or together as a whole, may originate significant material damage or impact on the Group's net worth, earnings or reputation. It is up to the external auditor's discretion to decide what is of relevance and, in the event of any doubt, the auditor shall opt for communication.

B.1.33. Is the Secretary of the Board of Directors a Director?

NO

B.1.34. Explain the procedures for appointment and removal of the Secretary of the Board, stating whether the appointment and removal thereof have been reported upon by the Appointment Committee and approved by the full Board.

Procedure for appointment and removal
The BBVA Board Regulations establish that the Board of Directors shall designate a secretary from amongst its members, on the basis of a report from the Appointments & Remuneration committee, unless it resolves to commend these duties to a non-board-member. The same procedure shall be applicable for the separation of the secretary from his or her duties.

Does the Appointment Committee report on the appointment?	YES
Does the Appointment Committee report on the removal?	YES
Does the full Board approve the appointment?	YES
Does the full Board approve the removal?	YES

Is the Secretary of the Board responsible for specially ensuring compliance with good governance recommendations?

YES

Comments
Article 23 of the Board Regulations establishes that the secretary, as well as performing the duties attributed by law and by the Company bylaws, shall be concerned with the formal and material legality of the Board's actions, ensuring they are in compliance with the Company bylaws, the AGM regulations and the board regulations, and that they take into account any recommendations on good governance that the Company has underwritten at any time.

B.1.35. Indicate the mechanisms, if any, used by the Company 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.
Likewise, in compliance with additional provision eighteen in the Securities Exchange Act, the corresponding reports have been issued on the independence of the auditor.

B.1.36. Indicate whether the Company has changed the external auditor during the fiscal year. If so, identify the incoming and the outgoing auditor:

NO

Outgoing auditor	Incoming auditor

If there has been any disagreement with the outgoing auditor, describe the content thereof:

NO

B.1.37. Indicate whether the audit firm performs other non-audit work for the Company and/or its Group. If so, state the amount of the fees paid for such work and the percentage they represent of the aggregate fees charged to the Company and/or its Group.

YES

	Company	Group	Total
Amount of other non-audit work (thousands of Euros)	773	1,834	2,607

Amount of non-audit work / Aggregate amount billed by the audit firm (%)	9.300	12.660	11.440

B.1.38. State whether the audit report on the Annual Financial Statements for the prior fiscal year has observations or qualifications. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of such observations or qualifications.

NO

B.1.39. Indicate the consecutive number of years for which the current audit firm has been auditing the annual financial statements of the Company and/or its Group. In addition, state the percentage represented by such number of years with respect to the total number of years in which the annual financial statements have been audited:

	Company	**Group**
Number of consecutive years	8	8

	Company	**Group**
Number of years audited by the current audit firm / Number of years in which the company has been audited (%)	88.8	88.8

B.1.40. Indicate the interests of members of the Board of Directors in the share capital of companies that engage in the same, similar or complementary activities, both with respect to the Company and its Group, and which have been reported to the company. In addition, state the position or duties of such Directors in such companies:

B.1.41. Indicate whether there is any procedure for Directors to hire external advisory services, and if so, describe it:

YES

Description of procedure
Article 6 of the BBVA Board Regulations expressly recognises that the directors have the possibility of requesting any additional information and advice they require to perform their duties, and may request the Board of Directors provide help from experts outside the Bank services in those matters submitted to their consideration that are especially complex or important. The Audit & Compliance committee, pursuant to article 31 of the Board Regulations, may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence. Articles 34 and 37 of the Board Regulations establish that the Appointments & Remuneration committee may have such advice as may be needed to inform a sound judgement on issues within the scope of its powers and that this shall be arranged through the company secretary.

B.1.42. Indicate whether there is any procedure for Directors to obtain sufficiently in advance the information required to prepare for meetings of management-level decision-making bodies and, if so, describe it:

YES

Description of procedure
Article 6 of the Board Regulations establishes that directors shall dispose of sufficient information to be able to form their own opinions regarding the questions that the Bank's governing bodies are empowered to deal with. They may request any additional information or advice they require to comply with their duties. Exercise of these rights shall be channelled through the chairman and/or secretary of the Board of Directors. The chairman and/or secretary shall attend to requests by providing the information directly or by establishing suitable arrangements within the organisation for this purpose, unless a specific procedure has been established in the regulations governing the Board committees.

B.1.43. State whether the Company has established any rules requiring Directors to inform the Company — and, if applicable, resign from their position— in cases in which the credit and reputation of the Company may be damaged. If so, describe such rules:

YES

Describe the rules
Article 12 of the Board Regulations states that directors must make the board aware of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts. Directors must place their office at the disposal of the board and accept its decision regarding their continuity in office. Should the board resolve they not continue, they shall accordingly tender their resignation when the director, acting as such, has caused severe damage to the Company's assets or its reputation or credit, and/or no longer displays the commercial and professional honour required to hold a Bank directorship.

B.1.44. State whether any member of the Board of Directors has informed the Company that he has become subject to an order for further criminal prosecution upon indictment or that an order for the commencement of an oral trial has been issued against him for the commission of any of the crimes contemplated in Section 124 of the Companies Law:

NO

Indicate whether the Board of Directors has analyzed the case. If so, provide a duly substantiated explanation of the decision adopted regarding whether or not the Director should remain in office.

NO

Decision taken	**Reasoned Explanation**

B.2. Committees of the Board of Directors

B.2.1. List all the committees of the Board of Directors and the members thereof:

EXECUTIVE COMMITTEE

Name	Position	Class
FRANCISCO GONZALEZ RODRIGUEZ	CHAIR	EXECUTIVE
ANGEL CANO FERNANDEZ	MEMBER	EXECUTIVE
ENRIQUE MEDINA FERNANDEZ	MEMBER	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	INDEPENDENT
JUAN CARLOS ALVAREZ MEZQUIRIZ	MEMBER	INDEPENDENT

AUDIT COMMITTEE

Name	Position	Class
RAFAEL BERMEJO BLANCO	CHAIR	INDEPENDENT
CARLOS LORING MARTINEZ DE IRUJO	MEMBER	INDEPENDENT
RAMON BUSTAMANTE Y DE LA MORA	MEMBER	INDEPENDENT
SUSANA RODRIGUEZ VIDARTE	MEMBER	INDEPENDENT
TOMAS ALFARO DRAKE	MEMBER	INDEPENDENT

APPOINTMENTS COMMITTEE

Name	Position	Class
TOMAS ALFARO DRAKE	CHAIR	INDEPENDENT
JOSE ANTONIO FERNADEZ RIVERO	MEMBER	INDEPENDENT
JOSE MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
SUSANA RODRIGUEZ VIDARTE	MEMBER	INDEPENDENT

REMUNERATION COMMITTEE

Name	Position	Class
CARLOS LORING MARTINEZ DE IRUJO	CHAIR	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	INDEPENDENT
JOSE MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JUAN CARLOS ALVAREZ MEZQUIRIZ	MEMBER	INDEPENDENT
SUSANA RODRIGUEZ VIDARTE	MEMBER	INDEPENDENT

RISKS COMMITTEE

Name	Position	Class
JOSE ANTONIO FERNADEZ RIVERO	CHAIR	INDEPENDENT
ENRIQUE MEDINA FERNANDEZ	MEMBER	INDEPENDENT
JOSE MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
RAFAEL BERMEJO BLANCO	MEMBER	INDEPENDENT
RAMON BUSTAMANTE Y DE LA MORA	MEMBER	INDEPENDENT

B.2.2. State whether the Audit Committee has the following duties:

Supervise the process of preparation and the integrity of the financial information relating to the Company and, if applicable, to the Group, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of accounting principles	YES
Periodically review the internal control and risk management systems, in order for the main risks to be properly identified, managed and made known	YES
Ensure the independence and effectiveness of the internal audit area; make proposals regarding the selection, appointment, re-election and withdrawal of the head of the internal audit area; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports	YES
Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the Company	YES
Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which it should be hired	YES
Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account	YES
Ensure the independence of the external auditor	YES
In the case of groups of companies, favor the auditor of the Group as the auditor responsible for audit work at the companies that form part thereof	YES

B.2.3. Describe the rules of organization and operation of, and the duties assigned to, each of the Board committees.

Name of the Committee:

APPOINTMENTS COMMITTEE

Brief Description:

B.2.3.4 Appointments Committee

The Board Regulations establish the following:

Article 32. Composition

The Appointments 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 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 byimplicit biases that may hinder the selection of female directors, trying to ensure that if there are few or no women on the Board, women who display the professional profile being sought after are included on the shortlists.

Likewise, when drawing up proposals for the appointment and re-election of directors, the committee shall take into account, in case they may be considered suitable, any applications that may be made by any Board member for potential candidates to fill the vacancies.

2.- Annually review the condition of each director so that this can be stated in the annual report on corporate governance.

3. Report on the performance of the functions of the chairman of the board and, where applicable, the chief executive officer, for the purpose of periodic evaluation by the Board in the terms established under these Regulations.

4. Should the chairmanship of the board or the post of chief executive officer fall vacant, the committee shall examine or organise, in the manner it deems suitable, the succession of the chairman and/or chief executive officer and put corresponding proposals to the board for an orderly, well-planned succession.

5.- 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.

6.- 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 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 committee shall meet as often as necessary to perform its duties, convened by its chairman or by whomsoever stands in for its chairman in accordance with article 32 above.

The committee may request the attendance at its sessions of persons with positions in the group that are related to the committee's functions. It may also obtain advice as necessary to establish criteria related to its business. This shall be done through the Board secretary.

The system for convening meetings, quorums, the adoption of resolutions, minutes and other details of its operation shall be in accordance with the provisions of these Board of Directors regulations insofar as they are applicable.´

Name of the Committee:

REMUNERATION COMMITTEE

Brief Description:

B.2.3.5 Remuneration Committee

The Board Regulations establish the following:

´Article 35. Composition

The 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 36. Functions

The functions of the Appointments committee shall be as follows:

1.- 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.

2.- 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.

3.- Submit an annual report on the directors remuneration policy to the board of directors. This shall be reported to the Annual General Meeting of the Company's shareholder.

4.- Propose to the Board the remuneration policy for senior management and the basic conditions of their contracts.

5.- Ensure observance of the remuneration policy established by the Company and periodically review the remuneration policy applied to executive directors and senior management.

6.- 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 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 37. Rules of organisation and operation

The 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 35 above.

The committee may request the attendance at its sessions of persons with positions in the group that are related to the committee's functions. It may also obtain advice as necessary to establish criteria related to its business. This shall be done through the Board secretary.

The system for convening meetings, quorums, the adoption of resolutions, minutes and other details of its operation shall be in accordance with the provisions of these Board of Directors regulations insofar as they are applicable.´

Name of the Committee:

EXECUTIVE COMMITTEE

Brief Description:

B.2.3.1 Executive Committee

Article 26 of the Board Regulations establishes the following:

´In accordance with Company bylaws, the Board of Directors may appoint an Executive committee, once two-thirds of its members vote for it and record of the resolution is duly filed at the Companies Registry. It shall try to ensure that it has a majority of external directors to executive directors and that independent directors occupy at least one third of the total seats.

The Executive committee shall be chaired by the chairman of the Board of Directors, or when this is not possible, by whomever the Company bylaws determines.

The secretary shall be the company secretary who, if absent, may be substituted by whomever is appointed by the meeting's members.´

Article 27 of the Board Regulations establishes the duties of the Executive committee within the company, as follows:

´The Executive committee shall deal with the business that the Board of Directors delegates to it in accordance with prevailing legislation or with the Company's bylaws.

Specifically, the Executive committee is entrusted with evaluation of the bank's system of corporate governance. This shall be analysed in the context of the company's development and of the results it has obtained, taking into account any regulations that may be passed and recommendations made regarding best market practices, adapting these to the company's specific circumstances.´

Additionally, article 28 of the Board Regulations establishes the following rules regarding the committee's organisation and running:

´The Executive committee shall meet on the dates indicated in the annual calendar of meetings and when the chairman or acting chairman so decides.

All other aspects of its organisation and operation shall be subject to the provisions these regulations establish for the Board of Directors.

Once the minutes of the meeting of the Executive committee are approved, they shall be signed by the secretary and countersigned by whomever chaired the meeting.

Directors will be given access to the approved minutes of the Executive committee at the beginning of Board meetings, so that they can be aware of the content of its meetings and the resolutions it has passed.´

Name of the Committee:

AUDIT COMMITTEE

Brief Description:

B.2.3.2 Audit & Compliance Committee

The Board Regulations establishes the following:

´Article 29. Composition

The BBVA Audit & Compliance committee shall be formed exclusively by independent directors who are not members of the Bank's Executive committee. They are tasked with assisting the Board of Directors in supervising the financial statements and exercising oversight for the BBVA Group.

It shall have a minimum of four members appointed by the Board in the light of their knowledge and experience in accounting, audit and risk management. One of these shall act as chairman, also by Board appointment.

Members of the committee do not necessarily have to be experts in financial matters but must understand the nature of the Group's businesses and the basic risks associated with it. It is also necessary that they be prepared to apply the judgement skills ensuing from their professional experience, with an independent and critical attitude. In any event, the committee chairman shall have experience in financial management and shall understand the accounting procedures and standards required by the bodies regulating the sector.

When the chairman cannot be present, his/her duties shall be performed by the most senior member of the committee, and, where more than one person of equal seniority are present, by the oldest.

The committee shall appoint a secretary who may or may not be a committee member but may not be an executive director.

Article 30. Functions

The committee will have the powers established under the Company bylaws, with the following scope:

- Supervise the internal control systems' sufficiency, appropriateness and efficacy in order to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in their annual and quarterly reports. Also supervise the accounting and financial information that the Bank of Spain or other regulators from Spain and abroad may require, including those in countries where the Group operates.

- Oversee compliance with applicable national and international regulations on matters related to money laundering, conduct on the securities markets, data protection and the scope of Group activities with respect to anti-trust regulations. Also to ensure that any requests for action or information made by official authorities in these matters are dealt with in due time and in due form.

- Ensure that the internal codes of ethics and conduct and securities market trading, as they apply to Group personnel, comply with legislation and are properly suited to the Bank.

- Especially to enforce compliance with provisions contained in the BBVA directors charter, and ensure that directors satisfy applicable standards regarding their conduct on the securities markets.

As part of this objective scope, the Board shall detail the duties of the committee in specific regulations establishing procedures by which it may perform its mission. These shall supplement the provisions of these regulations.

Article 31. Rules of organisation and operation

The Audit & Compliance committee shall meet as often as necessary to comply with its functions although an annual calendar of meetings shall be drawn up in accordance with its duties.

Executives heading the Accounts & Consolidation, Internal Audit and Regulatory Compliance departments can be invited to attend its meetings and, at the request of these executives, other staff from these departments who have particular knowledge or responsibility in the matters contained in the agenda, can also be invited when their presence at the meeting is deemed appropriate. However, only the committee members and the secretary shall be present when the results and conclusions of the meeting are evaluated

The committee may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence.

The committee may call on the personal co-operation and reports of any employee or member of the management team when it considers that this is necessary to carry out its functions with regard to relevant issues. The usual channel for a request of this nature shall be through the reporting lines of the Company organisation. However, in exceptional cases the request can be notified directly to the person in question.

The system for convening meetings, quorums, the adoption of resolutions, minutes and other details of its operation shall be in accordance with the provisions of these Board of Directors regulations insofar as they are applicable, and with whatever the specific regulations for this Committee may establish.´

Name of the Committee:

RISKS COMMITTEE

Brief Description:

B.2.3.3 Risks Committee

The Board Regulations establish the following:

´Article 38. Composition

The Risks committee shall have a majority of external directors, with a minimum of three members, appointed by the Board of Directors, which shall also appoint its chairman.

If its chairman is absent, its meetings shall be chaired by the longest-serving member of the committee and, in the event of more than one person with equal seniority, by the oldest.

Article 39. Functions

The functions of the Board of Directors' Risks committee shall be as follows:

. Analyse and evaluate proposals related to the Group's risk management and oversight policies and strategy. In particular, these shall identify:

a) The risk map;

b) The setting of the level of risk considered acceptable according to the risk profile (expected loss) and capital map (risk capital) broken down by the Group's businesses and areas of activity;

c) The internal information and oversight systems used to oversee and manage risks;

d) The measures established to mitigate the impact of risks identified should they materialise.

. Monitor the match between risks accepted and the profile established.

. Analyse and approve any risks that might compromise the Group's capital adequacy or recurrence of its earnings in view of their size or might entail operational or reputation risk.
. Check that the Group possesses the means, systems, structures and resources benchmarked against best practices to allow implementation of its risk management strategy.

Article 40. Rules of organisation and operation

The Risks committee shall meet as often as necessary to comply with its duties, convened by its chairman or by whomever stands in for its chairman in accordance with the provisions of the previous item although an annual calendar of meetings shall be drawn up in accordance with its tasks.

The system for convening meetings, quorums, the adoption of resolutions, minutes and other details of its operation shall be in accordance with the provisions of these Board of Directors regulations insofar as they are applicable, and whatever is established in the specific regulations of this Committee.´

B.2.4. Indicate the advisory and consultative powers as well as the delegated powers, if any, of each of the committees:

Name of committee

APPOINTMENTS COMMITTEE

Brief description

SEE B.2.3.4

Name of committee

RENUMERATION COMMITTEE

Brief description

SEE B.2.3.5

Name of committee

EXECUTIVE COMMITTEE

Brief description

Article 45 of the bylaws establishes that BBVA has an Executive committee, to which the Board has delegated all its powers of administration, except those that the law and/or bylaws deem undelegatable due to their essential nature.

Article 46 of the bylaws establishes the following:

´The Executive committee shall meet as often as its chairman or the person acting in his/her stead considers appropriate or at the request of a majority of the members thereof, and it shall consider those matters falling within the responsibility of the Board of Directors which the Board, in accordance with the applicable legislation or these bylaws, resolves to entrust to it, including, by way of illustration only, the following powers:
To formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix goals, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the Entity; determine the volume of investment in each individual activity; approve or reject transactions, determining methods and conditions; arrange inspections and internal or external audits of all areas of operation of the entity; and in general to exercise the faculties delegated to it by the board of directors.´
Any investment or divestment worth over €50m must be submitted to Executive committee approval.

The duties of this committee are detailed in section B.2.3.1.

Name of committee

AUDIT COMMITTEE

Brief description

Article 48 of the bylaws establishes that the Audit committee be entrusted with the supervision of financial statements and the exercise of oversight. This committee shall have the authority and necessary means to carry out this fundamental role within the corporation.
The Audit committee shall have, as a minimum, the following powers:

a) to report, at the AGM on issues that shareholders bring up there regarding matters within the scope of its powers.

b) to propose to the Board of Directors, for submission to the AGM, the appointment of the Auditor of Accounts referred to in article 204 of the Companies Act and, where applicable, the conditions under which they are to be hired, the scope of their professional remit, and the termination or renewal of their appointment.

c) to supervise internal auditing services.

d) to be apprised of the financial information process and the internal control systems.

e) to maintain relations with the Accounts Auditor to receive information on such questions as could jeopardise the Accounts Auditor's independence, and any others related to the process of auditing the accounts, as well as receive information and maintain communications with the Accounts Auditor as established under the legislation of accounts audits and the technical auditing standards.

The duties of this committee are detailed in section B.2.3.2.

Name of committee

RISKS COMMITTEE

Brief description

SEE B.2.3.3

B.2.5. Indicate, if applicable, the existence of regulations of the Board committees, where such regulations may be consulted and the amendments made during the fiscal year. Also indicate if any annual report of the activities performed by each committee has been voluntarily prepared.

Name of committee

APPOINTMENTS COMMITTEE

Brief description

The Board Regulations, amended in May 2010, as detailed in section B.2.3 of this report, include specific sections for each committee, regulating their composition, duties and operation. The Chair of the Appointments committee presented a report to the BBVA Board of Directors on its activities during 2010, describing the tasks carried out with respect the appointments, re-elections and severances of directors and other matters, such as the review of the status of the independent directors.

Name of committee

RENUMERATION COMMITTEE

Brief description

The Chair of the Remuneration committee presented a report to the BBVA Board of Directors on its activities during 2010, describing the tasks carried out with respect to the annual report on the Board remuneration policy.

Name of committee

AUDIT COMMITTEE

Brief description

The BBVA Audit & Compliance committee has a set of specific regulations approved by the Board, which govern its operation and powers, amongst other things. These regulations are available on the Company's website (www.bbva.com).
During 2010, no amendments have been made to said Audit & Compliance committee regulations.

The Board Regulations, as detailed in section B.2.3 of this report,include specific sections for each committee, regulating their composition, duties and operation.

The chair of the Audit committee presented the Board of Directors a report on its activities, describing the tasks the committee carried out with respect to its duties and, especially, with respect to the financial statements of the Bank and its Group, its work with the Group’s external auditors and the core features of the external audit plan for 2010, the monitoring of the internal control on financial information and the communications sent to the Group by the different regulators and the approval of the Regulatory Compliance Plan for the year.

Name of committee

RISKS COMMITTEE

Brief description

The BBVA Risks committee has a set of specific regulations approved by the Board, which govern its operation and powers, etc. These regulations are available on the Company's website (www.bbva.com).

During 2010, 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 2010, 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 of the different directors in the Board of Directors based on their category:

YES

C. RELATED-PARTY TRANSACTIONS

C.1. State whether the Board as a full body has reserved for itself the power to approve, after a favorable report of the Audit Committee or any other committee entrusted with such duty, transactions carried out by the Company with Directors, with significant shareholders or shareholders represented on the Board, or with persons related thereto:

YES

C.2. Describe the relevant transactions that involve a transfer of funds or obligations between the Company or entities within its Group and the Company's significant shareholders:

C.3. Describe the relevant transactions that involve a transfer of funds or obligations between the Company or entities within its Group and the directors or managers of the Company:

C.4. Describe the relevant transactions made by the Company with other companies belonging to the same group, provided they are not eliminated in the preparation of the consolidated financial statements and they are not part of the ordinary course of business of the Company as to their purpose and conditions:

C.5. State whether the members of the Board of Directors have been subject to any conflict of interest situation during the fiscal year pursuant to the provisions of Article 127 *ter* of the Companies Law.

NO

C.6. Describe the mechanisms used to detect, determine and resolve potential conflicts of interest between the company and/or its Group, and its directors, managers 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 committee of their other professional obligations, in case these might interfere with the dedication required to comply with their duties as directors.

Article 9.

Directors must refrain from taking part or intervening in those cases where a conflict of interest with the Company might arise. Directors shall not be present when the corporate bodies to which they belongs are discussing matters in which they might have a direct or indirect vested interest, or matters that might affect persons with whom they are related or affiliated under legally established terms and conditions.

Directors must also refrain from taking a direct or indirect interest in businesses or enterprises in which

Bank or companies of its Group hold an interest, unless such interest was held prior to joining the Board or the moment when the Group took out its interest in such business or enterprise, or unless such companies are listed on domestic or international stock exchanges, or unless authorised to do so by the Board of Directors.

Directors may not use their position in the Company to obtain material gain. Nor may they take advantage directly for themselves or indirectly for persons related to them, from any business opportunity that they have become aware of as a result of their Bank directorship, unless this opportunity has been previously offered to the Bank and the Bank had decided not to take it up and the director has been authorised to do so by its Board.

Directors must comply at all times with the applicable provisions of the BBVA Group code of conduct for stock-exchange trading, with legislation and with any other internal codes regarding requests for loans, bank bonds and guarantees made to the financial subsidiaries of the BBVA Group. They must refrain from conducting or from suggesting to a third party any transaction involving shares of the Company and/or its subsidiary, affiliated or associate companies when their directorship has led to possession of privileged or confidential information before such information is known to the public.´

Since BBVA is a financial institution, it is subject to Act 31/1968 on incompatibilities and limitations of chairmen, directors and senior managers in the non-State banking sector. This act states that chairmen, deputy chairmen, directors and general managers or similar operating in the private-sector banking industry in Spain may not obtain credits, bonds or guarantees from the bank on whose board or management team they work, unless expressly authorised by the Bank of Spain.

All the members of the Board and the senior management are subject to the company’s code of conduct on securities markets

The BBVA Group’s code of conduct on the securities markets is intended to control possible conflicts of interest. It establishes that everyone subject to the code must notify the head of their area and the Regulatory Compliance department of situations that could potentially and under specific circumstances may entail conflicts of interest that could compromise their impartiality, before they engage in any transaction or conclude any business in which they could arise.

The above notwithstanding, the parties subject to the code have a permanent form filed with the Regulatory Compliance department, which they must keep up to date, with a standard declaration that they are given, declaring certain economic and family affiliations specified in the code.

Where there is any doubt about the existence of conflicts of interest, any party subject to the code must show maximum prudence and notify the head of his/her area and the Regulatory Compliance department of the specific circumstances surrounding their case, so that they may judge the situation for themselves.

C.7. Is more than one company of the Group listed in Spain?

NO

Identify the subsidiaries listed in Spain:

D. RISK CONTROL SYSTEMS

D.1. General description of the risk control policy adopted by the Company and/or its Group, describing and assessing the risks covered by the system and providing a justification for the adjustment of such system to the profile of each kind of risk.

BBVA believes that excellence in the management of risk is an essential part of its competitive strategy. The Board of Directors approves the risk management and control policy, and the periodic monitoring of the internal reporting and control systems. To better carry out its duties, the Board has the support of the Executive committee and the Risks committee, whose main mission is to help it pursue its duties related to risk management and control. The functions allocated to it pursuant to article 36 of the Board Regulations are described in section D3. The general principles guiding the Group in its definition and monitoring of risk profiles are as follow:

1. The role of Risks is unique, independent and global.

2. The risks accepted must be compatible with the Group's target capital adequacy levels. They must be identified, measured and valued, with procedures in place for monitoring and management, as well as sound control mechanisms.

3. All risks must be integrally managed throughout their life cycle, treating different types of risk differently and actively managing portfolios based on a common measurement (economic capital).

4. The business areas are responsible for proposing and maintaining the risk profile within their level of accountability and within the framework of the corporate activity (defined as the set of Risks procedures and policies).

5. The risk infrastructure must be suitable in terms of people, tools, data bases, reporting systems and procedures. It must facilitate a clear definition of roles and responsibilities, ensuring efficient allocation of resources between the corporate area and the risks units in the business areas.

On the basis of these principles, the Group has developed a global risk management system structured in three main blocks:

A corporate risk governance scheme, separating out functions and responsibilities and aligned with international tendencies and recommendations, adapted to the regulatory requirements of each country and reflecting the most advanced practices in the markets where the Group operates.

A set of tools, circuits and procedures that incorporate the risk management model into strategic, tactical and operational decision processes within the Group’s daily operations;

A system of internal controls. The Group's risks system is managed by the Risks Area of the Corporate Centre, which combines a view of each risk type with a global vision.

The risks function is distributed between the risks units in the business areas and the Corporate Risks Area. The Corporate Risks Area defines global strategies and policies, while the risks units in the business areas propose and maintain the risk profile for each customer on an autonomous basis, but within the corporate framework.

The Corporate Risks Area combines the vision by risk type with a global vision. It comprises the Corporate Risks Management unit, which covers the different types of risk, the Technical Secretariat responsible for technical comparisons, along with the transversal units of Structural Management, Asset Allocation, Technology and Risk Evaluation Methods and Validation Control, which includes internal control and operational risk. This approach in the risks function ensures firstly the integration, control and management of all the Group's risks; secondly, application of standardised risk metrics, policies and principles throughout the entire Group; and thirdly, the necessary knowledge of each geographical area and each business.

This organisational set-up is supplemented with various committees, including the following:

The Global Asset Allocation Committee comprising the Chief Operating Officer of the Group, the CFO, the director of corporate development and structure and the director of Global Risk Management. This committee plans the process for risk acceptance, proposing an objective risk profile and proposes the objective risk profile to the Board's Risks Committee.

The Global Internal Control & Operational Risk Committee is intended to periodically review, at Group level and at the level of each unit, the control environment and the way that the Internal Control & Operational Risk models are working, monitoring and locating the main operational risks open in the Group, including those that are transversal in nature. This committee becomes the highest instance of operational risk management in the Group.

The Risks Management Committee comprises the heads of the risks units in the business areas and the heads of the Corporate Area Risks units. This body meets each month and is responsible for defining the Group risks strategy (especially regarding the function's policies and structure within the Group), for proposing the risks strategy to the Group Governing Bodies for approval, for monitoring the management and control of risks in the Group and, where applicable, adopting the corresponding measures. The Global Risk Management Committee comprises the corporate heads of the risks function in the Group and the heads of risk in the different countries. This committee meets every six months. Its remit includes reviewing the Group risks strategy and the review and pooling of the main risks initiatives and projects in the business areas.

The Risk Management Committee comprises the following permanent members: the head of Global Risk Management, the head of Corporate Risk Management and the head of the Technical Secretariat. The rest of the members will depend on the transactions it must analyse, in each of its sessions. The committee analyses and decides which financial programmes and operations fall within its remit and debate those that fall outside it, passing them on, where applicable with a favourable opinion, to the Risks Committee.

The ALCO has powers to actively manage the structural positions for the Group in interest rates and exchange rates, global liquidity and equity. The Technology & Methods Committee is the forum in which the hedging is decided to cover the requirements of models and infrastructure in the business areas within the GRMoperational model.The New Products Committee is charged with studying and, where applicable, approving the implementation of new products before initiating new activities; the later monitoring and control for the new products that are authorised, and the orderly development of the business and how to enable it to develop in a controlled environment.

CREDIT RISK.

Credit risk is defined as the loss that may occur stemming from the failure by a customer to fulfil the agreed contractual obligations in financial transactions with BBVA or from impairment of their asset quality.

Credit risk management includes managing counter-party risk, issuer risk, liquidation risk and country risk. The Group's credit risk management starts with the process of analysis prior to taking decisions, the decision-making, instrumentation and monitoring of the transactions formalised and may end with their recovery. It also covers the entire process of control and reporting at customer, segment, sector, business-unit or subsidiary level.

Any credit risk decision must be suitably valued and all customers must be classified in order to put the decision to the body with their respective profile. The main underpinnings for decisions on credit risk are: sufficient generation of customer funds to bear the repayments of the capital and interest owing on the loans, sufficient assets and the constitution of suitable and sufficient security to enable effective recovery of the transaction. All the credit transactions booked and paid up must be accompanied by the basic information for studying their risk, the risk proposal. They must be supported by the approval documents, reflecting the terms and conditions granted by the pertinent body. The Group's credit risk management is based on an integrated structure covering all the functions, permitting objective, independent decision-making throughout the life cycle of the risk.

The Group has standardised criteria for action and conduct in how to deal with credit risk in an independent manner without detriment to the specialisation of each business unit or the specificities of the legislation prevailing in each country. In order to guarantee this standardisation, the definitions and proposal of the management criteria for credit risk, circuits, procedures, structure and oversight of the management are the responsibility of the Corporate Risks Area. Managing credit risk according to the defined criteria is the responsibility of the business units as a function of the decision routing. In the case of retail segments, the decision routing works as follows: Authorisation comes from the empowerment level granted to the branches and retail business units and decisions are formalised as a function of what is dictated by the scoring tools. Changes in weighting and variables within these tools must be validated by the Corporate Risk Area. For the wholesale segments, the decision routing works as follows: Authorisation comes from the empowerment level granted according to the delegation rules and the decisions are formalised in the respective Risks committees.

The decisions adopted in Risks Committees are not collegiate but joint and several, the person with the highest-level delegation deciding the criterion. The rule of delegation specifies those cases where the decision on policies for customers or transactions cannot be delegated due to possibilities of reputational risk or others that the governing bodies deem opportune. In other cases, the delegation will be based on an iso-risk curve plotted by BBVA rating validated by the Corporate Risk Area. This means that the main risks with customers or transactions in each business unit will be decided at the level of the Corporate Risk Area committees or higher. The criteria for the development and use of the scoring and rating tools are established by the Corporate Centre Risks Area, including the construction, implementation and monitoring of models from Corporate Risk Management and their importance in calculating the EC, EP, customer monitoring, pricing. On the basis of the empowerment granted by the governing bodies to the president & COO and in compliance with the rule of delegation, the Corporate Risk Area is responsible for proposing the terms of delegation in each of the business units. This proposal will at all times be coherent with the characteristics of each unit's business; the relative sixe of its economic capital; the extent to whichthe Group's decision routing, procedures and standardised tools have been implemented; and the suitable organisational structure for correct credit risk management.

Policies on risk concentration.

In order to mitigate credit risk concentration in any geographical area, individual or industry, the Group constantly updates its individual and industry concentration indexes with respect to the different variables that may impact credit risk. Thus the Financial Quota or presence of the Group in one customer is based on that customer's asset quality, the type of transaction, and the Group's presence in a market, according to the following guidelines: The balance between the customer's financial requirements, distinguishing between commercial/financial, short/long term needs, and the degree to which it is an attractive investment for BBVA. These elements give the most favourable mix of transactions compatible with the customer's requirements. Other conditioning factors are the legal requirements of each country, the ratio between the Bank's lending to the customer and its equity, avoiding excessive concentration of risks in too few customers. Likewise, it takes into account the conditioning factors stemming from the market, the customer, internal regulations, legislation and the macroeconomic climate. Suitable portfolio management makes it possible to identify concentrations and trigger action. Any transactions with customers or groups with an expected loss plus capital of more than €18m is decided at the level of the Risks Committee. This benchmark is equivalent to an exposure of 10% of the eligible equity for a AAA rating and 1% for a BB rating. This entails the oversight of the main concentrations of individual risk by the highest-level governing bodies for risk, as a function of asset quality. There is a maximum concentration of 10% of eligible equity. Up to that level the operational approach is linked to detailed customer insight and knowledge of the markets and the industry in which the customer operates.

MARKET RISK:

This risk arises as a consequence of activity on the markets, using financial instruments whose value may be subject to changes in market conditions, reflected in changes in the different assets and financial risk factors. The risk may be mitigated or even eliminated by hedging with other products (assets/liabilities or derivatives) or undoing the open position/transaction. There are three key risk factors affecting market prices:

Interest-rate risk: This arises from changes in the time structure of market interest rates for the different currencies.

Exchange-rate risk: this arises from changes in the exchange rates between difference currencies.

Price risk: this arises from changes in market prices, either in factors specific to the instrument itself or in factors impacting all the instruments traded on the market.

There are also other risks that must be considered for certain positions: credit spread risk, base risk, volatility or correlation risk.

The basic variable used to measure and control the Group's market risk is Value-at-Risk (VaR). This estimates the maximum loss, at a certain confidence level, that could occur on the market positions of a trading book for a specific time horizon. The Group calculates VaR with a 99% level of confidence and a time horizon of 1 day. The current model for market risk limits consists of a global structure encompassing economic risk of capital (ERC) and the VaR and the VaR sub-limits and the stop-loss limits for each of the Group's business units. The global limits are approved each year by the Executive committee, at the proposal of the Central Unit for Risks in Market Areas, after hearing the Risks Committee presentation. The limits structures is drawn up by identifying specific risks by type, activities and desks. The coherence between global and specific limits and VaR sub-limits and delta sensitivity is safeguarded by the market risk units. This is supplemented with an analysis of the impact on the income statement by stress testing risk factors, considering the impact of past financial crises and economic scenarios that could come being in the future. In order to consider the performance of the business units over the year, the accumulation of negative results is linked to a reduction in the VaR limits established. To anticipate the application of this dynamic methodology and mitigate effects of adverse conditions, the structure is complemented with stop loss limits and warning signals that automatically activate procedures to deal with situations that could have a potential negative impact on market activities. The model for measuring market risks incorporates back-testing and measurements of the impact of extreme market movements on risk positions maintained (stress testing). At present stress testing is done on historic crisis scenarios and on impacts based on crisis scenarios drawn up by the Group's Research Department.

STRUCTURAL RISKS:

Structural Interest Risk.

Managing the interest risk on the balance sheet aims to keep the Group's exposure to changes of market interest rates at levels in keeping with its risk profile and strategy. For this, the ALCO develops management strategies to maximise BBVA's economic value, safeguarding the recurrent generation of earnings through the net interest income. It not only considers market expectations, but also ensures that the exposure levels match the risk profiles defined by the Group management bodies and that an equilibrium is maintained between the expected earnings and the level of risk borne. The implementation of a system of transfer rates that centralises the Group's interest-rate exposure on the ALCO books helps to foster a suitable risk management of the balance sheet. The control and monitoring of the structural interest rate risk is done in the Risks Area. Acting as an independent unit, this area guarantees proper separation between risk control and risk management functions, in compliance with the Basel Committee on Banking Supervision recommendations. These functions include the design of measurement models and systems and the development of monitoring, reporting and control policies. Risks carries out monthly measurements of the structural interest rate risk, which support Group management. It is tasked with controlling and analysing the risk, and its work feeds into the main governing bodies, above all the Executive committee and the Risks committee. Changes in the market interest rates impact the Bank's net interest income in the short and in the medium term. For its economic value, a long-term focus is applied. The main source of risk is the time lag between re-pricing and maturities for the products on the banking book. The Group's structural interest rate risk measurement model uses a set of metrics and tools to quantify and evaluate its risk profile. Models have been developed to reflect risks on the balance sheet, establishing hypotheses regarding early repayment of loans and the performance of deposits with no explicit maturity date. A simulation is carried out of interest rate curves to quantify the probabilities of risks and pick up any additional sources of risk apart from flow mismatching, coming not just from parallel movements but also from changes in steepness and curvature, based on the past behaviour of each currency. This simulation model generates the income at risk (YaR) and the economic capital (EC), with maximum deviations with a negative impact on the net interest income and the economic value, respectively, at a certain level of confidence over a defined period of time. These negative impacts are limited in each of the Group's entities by its limits policy. The risk measurement model is supplemented with scenario analyses and stress tests. Sensitivity to a standard variation of 100 basis points is measured on all market curves.

Structural Exchange Risk. Structural exchange risk mainly originates in exposure to changes in exchange rates arising in the Group's non-euro subsidiaries and the provisions to the branches outside Spain that are financed in a currency other than that of the loan-book. The changes in exchange rates impact the total net assets, the capital adequacy ratios and the budget compliance in BBVA's earnings, as there is an exposure due to the contribution made by the non-euro-area subsidiaries. The Finance Department, through ALCO (Assets & Liabilities Committee) actively manages the exchange rate risk by drawing up hedging policies to minimise the impact on the Group's capital ratios from fluctuations in parities, and guaranteeing the countervalue in euros of the earnings that its subsidiaries generate in other currencies. The Risks area acts as an independent unit, tasked with designing measurement models, perform the risk calculations and ensure compliance with the limits. It reports on all this to the Risks Committee and the Executive committee. Measuring structural exchange rate risk is done on the basis of a simulation modelling of exchange rate scenarios. This makes it possible to quantify changes in value that could occur for a confidence level of 99% and a predetermined time horizon. This simulation generates a distribution of possible impacts on the Group's net assets and its income statement. Thus the maximum unfavourable deviation can be determined along both axes for a predetermined level of confidence and time horizon, which depends on the market liquidity in each of the currencies. Additionally, this simulation model is used to generate a distribution of impacts on capital ratios, disaggregating the net assets and the risk weighted assets down to the level of each different currency. The Finance Department incorporates these measures into decision making, in order to match the Group's risk profile to the guidelines stemming from the limits structure authorised by the Executive committee on the basis of these same metrics.

Structural equities risk. The Group's exposure to structural risk on equities mainly stems from its holdings in industrial and financial companies with mid-term and long-term investment horizons. It is reduced by the short net positions maintained in derivative instruments on the same underlyings in order to limit the portfolio's sensitivity to potential drops in prices. The Risks area carries out the effective measurement and monitoring of structural equities risk in order to limit its negative impact on the capital adequacy and the recurrence of the Group's earning that could arise from poor performance of the value of the holdings that it has in the capital of other industrial and financial companies. The monitoring perimeter comprises the positions of this nature in the investment portfolio. For reasons of prudence and efficiency in management, this includes holdings that consolidate, even if the changes in their value would not have an immediate impact on the net worth of the Group. Moreover, to determine exposure, the positions in derivatives over underlyings of the same nature are considered, used to limit the portfolio's sensitivity to potential falls in prices. In order to ensure that this risk is kept within levels compatible with the Group's target risk profile, a control and stop-loss mechanism has been structured, working on the coordinates of exposure, earnings and economic capital. The Risks area estimates the levels of risk borne and also does periodic stress testing and back testing and scenario analysis. It monitors the degree of compliance with the limits authorised by the Executive committee and periodically reports on all aspects of its mission to the senior management. The measurements of economic capital are also integrated into the measurements of risk adjusted returns used to foster efficient management of the Group's capital.

Liquidity risk.

Liquidity risk is the possibility that an entity may not be able to meet its payment commitment or that in order to do so, it may have to raise funds under burdensome conditions, impairing its reputation and public image. The Group centralises its liquidity risk monitoring in each bank, with two focal objectives: The short-term focus covers up to 90 days. It mainly centres on managing the payments and collections of Treasury and Markets, including proprietary trading in the area and the possible liquidity requirements of the bank as a whole. The medium-term structural focus centres around the financial management of the balance sheet, with a minimum one-yearly time horizon in its monitoring. The evaluation of liquidity risk on assets is based on whether or not the assets are eligible for re-discounting from the corresponding central bank. Under normal situations, maximum liquidity assets, whether for the short or the mid-term focus, are considered to be assets that are on the list of eligible assets published by the ECB or the corresponding monetary authority. Non-eligible assets, listed or not for public trading, will only be considered a second line of liquidity for the Group when analysing crisis scenarios. The integrated management of liquidity is carried out by the ALCO through the Finance Department. It takes into account a wide range of limits, sub-limits and alerts approved by the Executive committee. With these, the Risks area independently takes measurements and exercises oversight. It also provides the tools manager with support and metrics for decision making. Each of the local risks areas, all independent of the local manager, comply with the corporate principles of liquidity risk control established by the Central Structural Market Risks Unit (UCRAM) for the Group as a whole. At the level of each entity, the managing areas request and propose a set of quantitative and qualitative limits and alerts that affect both short and mid-term liquidity risk. Such requests must be authorised by the Executive committee. The Risks area also performs daily and monthly measurements of risk incurred, develops valuation tools and models, does periodic stress testing, measures the degree of concentration with inter-bank counterparties. It draws up manuals on policies and procedures and monitors the authorised limits and alerts, reviewing them at least once a year. The information on liquidity risks are periodically submitted to the Group's ALCO and to the managing areas concerned. Under the Contingency Plan, the Technical Liquidity Group (GTL) carries out the initial analysis of the Group's short and long-term liquidity situation when there is any alert signal or sign of a possible crisis. The Technical Liquidity Group comprises specialists from the short-term trading desk in Treasury, the Finance Department and UCRAM. Structural risks. When such alerts might reflect a certain degree of gravity, the GTL reports to the Liquidity committee, made up of the heads of the corresponding areas. The Liquidity committee is tasked with calling the Crisis Committee in the event of extreme necessity.

OPERATIONAL RISK:

Operational risk is the risk of loss due to failures or mismatches of processes, staff and internal systems or due to external events. Since 2000, the Group has had an operational risk model based on identifying and quantifying all the risks individually. The model is based on the concept of anticipation. This means it must be able to identify operational risks and their possible consequences before they materialise in the form of events. BBVA has various tools implemented to cover the qualitative and quantitative aspects of operational risk:

Ev-Ro: this is a tool for identifying and quantifying operational risk factors, ie, any circumstances that cause or could cause losses. Their frequency and impact on the business and support areas is estimate in terms of the direct cost, the indirect cost (inefficiency) and their opportunity cost *(manque à gagner)*. This tool is implemented throughout the Group and is updated each year. Ev-Ro identifies priority operational risk factors, which represent 80% of the quantified risk. The Operational Risk committees focus nearly all their attention on these factors.

TransVaR: to supplement Ev-Ro, the Group has an operational risk management tool using indicators. An indicator is a variable associated to a process that measures its attributes, such as quality. Consequently, it also serves to measure operational risk. This tool fundamentally serves to monitor the risk performance and to establish alert signals. TransVar indicators are associated to the causes of operational risk. They are predictive by nature. The most important indicators are volumes processed, systems availability, the regularity of account reconciliation and the number of incidents in processes. SIRO: operational risk events tend to have a negative impact on the income statement. To keep exhaustive control over them, they are recorded to a data base called SIRO. For this to be trustworthy, it is fed directly from the accounts department. The internal SIRO data are supplemented with information from an external data base that come from the ORX consortium (Operational Risk Exchange, orx@org.com. BBVA was a founding member of this non-profit association, which now has 50 first-line banks from 18 countries as members.

The operational risk events are classified into the risk categories established under Basel 2: processes, fraud (internal and external); technology, human resources, trading practices, disasters and suppliers. The Group also has its internal control model that informs the best practices contained in the documents Enterprise Risk Management – Integrated COSO Framework and the BIS Framework for Internal Control Systems in Banking Organisations. The Internal Control Model fits into the Integral Risk Management Framework, which is a process within the organisation that involves its board of directors, its senior management and all its staff. It is designed to identify potential risks facing the institution, to ensure these are managed within the limits established, such that the business objectives can be guaranteed, insofar as this is reasonable. This Integrated Risks Management Fraework includes specialist units, the Internal Control and Operational Risk function and Internal Audit.

The Internal Control Model is based on the following principles:

1. The axis for articulating the Internal Control Model is the process.
2. 2. The activity of identifying, evaluating and mitigating risks must be unique for each process.
3. The responsibility for internal control falls to the units within the Group.
4. The systems, tools and information flows supporting the activities of internal control and operational risk must be unique or, in all cases, administered in an integrated fashion by one sole unit.
5. The specialist units promote policies and draw up internal standards whose second-level development and application is done by the Corporate Internal Control and Operational Risk Unit. One of the essential elements in the model is the Entity-Level Controls, a high level layer of controls aimed to reduce the severity of the risks inherent to the business. The Internal Control and Operational Risk deparment in each unit is responsible for implementing the control model within its scope of powers and to manage existing risk by proposing improvements to processes. Given that the scope of responsibility of some units is global, there are transversal control functions to supplement the aforementioned control mechanisms. Finally, the Internal Control & Operational Risk Committee in each unit is responsible for approving the suitable plans for mitigating each of the risks and issues detected. This structure of committees culminates in the Group Global Internal Control & Operational Risk Committee.

The use of all the tools, and the implementation of the risk control systems and correct performance of the risk function has meant that there is a low level of risk materialisation, the levels of NPA levels are controlled and the BBVA Group has high levels of capital adequacy.

D.2. Indicate whether any of the various types of risks (operational, technological, financial, legal, reputational, tax-related, etc.) affecting the Company and/or its Group materialized during the fiscal year.

YES

If so, indicate the circumstances giving rise to them and whether the established control systems have worked:

Risk materialised in the financial year

See following sections

Circumstances that led to this

Risk is inherent to financial activities and therefore the materialisation of risk, to a greater or lesser degree, is absolutely unavoidable.

Operation of the control systems

The Group has sophisticated systems and tools for measuring and controlling risk of whatever kind. Its aim is to limit the maximum impact that risks could trigger were they to materialise. The control systems have worked satisfactorily during 2010. Below, we detail the most relevant parameters of risk management in 2010 for the BBVA Group.

CREDIT RISK

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

Maximum exposure to credit risk, in most cases, is reduced by collateral, credit enhancement and other actions that mitigate the Group's exposure.

The Group's policy for covering and mitigating credit risk derives from its business model in banking. It is, above all, a relationship-oriented bank. On the basis of this relational banking model, the constitution of security is a necessary instrument, but not sufficient when granting risks. Thus, for the Group to bear a risk, it must first verify the payment capacity or the capacity to generate funding to meet the repayment schedule on the risk taken.
The procedures used to value collateral security reflect best practices in the market. This means using appraisals for real-estate collateral, market pricing for exchange-traded securities, listed prices for holdings in mutual funds, etc.

All collateral must be correctly instrumented an duly registered. It must also be approved by the Group's Legal Affairs units.

The following is a description of the main collateral received for each category of financial instruments:

Trading portfolio: The collateral or credit enhancement obtained directly from the issuer or counterparty are implicit in the clauses of the instrument. In trading derivatives the credit risk is minimised by contractual clearing agreements, in which derivative assets and liabilities with the same counterparty are netted out for settlement. There may also be other kinds of security, depending on the solvency of the counterparty and the nature of the transaction.

Other financial assets at fair value with changes in profits and losses: The collateral or credit enhancement obtained directly from the issuer or counterparty are inherent in the structure of the instrument.

Financial assets available for sale: The collateral or credit enhancement obtained directly from the issuer or counterparty are inherent in the structure of the instrument.

Credit investments:

- Deposits in financial institutions: These have the personal guarantee of the counterparty and, in some cases, additional guarantees from another financial institution which a credit derivative has been established.

- Customer credit: Most transactions include a personal guarantee from the counterparty. However, additional collateral is required to assure lending transactions with customers. This can be mortgage guarantees, money guarantees, pledges of securities or other property-based collateral. Other kinds of credit enhancement can be carried out, such as: credit derivatives, guarantees.

- Securities representing debt: The collateral or credit enhancement obtained directly from the issuer or counterparty are inherent in the structure of the instrument.

Portfolio of investments held to maturity: The collateral or credit enhancement obtained directly from the issuer or counterparty are inherent in the structure of the instrument.

Hedging derivatives: Credit risk is minimised by contractual clearing agreements, in which derivative assets and liabilities with the same counterparty are netted out for settlement. There may also be other kinds of security, depending on the solvency of the counterparty and the nature of the transaction. Financial guarantees, other contingent liabilities and available for third parties: These have the personal guarantee of the counterparty and, in some cases, additional guarantees from another financial institution which a credit derivative has been established.

At 31st December 2010, the average amount pending collection on mortgage loans was 53.1% of the value of the collateral on the loans.

Unimpaired matured financial assets

The balance of financial assets that have mature but are not considered impaired, at 31st December 2010, including any amount due at that date, was €1,670m. Of these, 64.8% had over-run the first maturity date by less than one month, while 18.6% had over-run the first maturity date by between one and two months and 16.6% had over-run first maturity date by between two and three months.

Doubtful or impaired assets and impairment losses.

The balance of impaired financial assets at 31st December 2010 was €15,472m. Of this sum, €15,936m come from the loan book and €140m from debt securities. At 31st December 2010, the amount of impaired contingent liabilities was €324m.

The estimated value of the assets securing doubtful risks with collateral at 31st December 2010 was greater than the amount outstanding on such risks.

Changes have been booked during 2010 for the financial assets and contingent liabilities that have impaired. A total of €13,207m have been added; €9,138m have been recovered; €4,307m have been charged down and €247m have been booked as exchange rate and other differences.

The Group's non-performing asset ratio on ´Customer credit´ and ´Contingent Liabilities' at 31st December 2010 was 4.1%, ie, two percentage point increase against the previous year.

Renegotiated financial assets

At 31st December 2010, the amount of renegotiated financial assets, which could have been impaired had their terms and conditions not been negotiated, did not vary significantly against the previous year.

MARKET RISK

Market risk in 2010

The BBVA Group's market risk has risen slightly in 2010 compared against earlier years. The average exposure in 2010 (calculated as VaR without curve flattening) was €32.9m.

During the first half of the year, there was higher exposure to interest rates by some of the Group companies in South America and Bancomer, as interest rates were expected to fall. When they did, this meant significant cutbacks in the short part of the local curves. This has a positive impact on the earnings from business volumes. This greater exposure was limited gradually, as the central banks began to stabilise their interest rates, contributing to a reduction in the market risks in the region. This was taken up positively by the markets, which showed a reduction in volatility. During the second half of 2010, the Group's market risk performance was marked by increased exposure in Global Markets Europe, especially in long-term interest rates and equities volatility.

D.3. Indicate whether there is any committee or other decision-making body in charge of establishing and supervising these control mechanisms.

YES

If so, describe its duties:

Name of the Committee or Body

RISKS COMMITTEE

Description of duties

According to the recommendations of the Basel Committee, monitoring and supervision of risk management at financial entities is the duty of the board of directors which is the ultimate body responsible for approval and periodic review of the bank's strategies and policies on risk, reflecting its risk tolerance and the expected level of return. However, the growing complexity of risk management at financial institutions requires them to define a risk profile that matches their strategic goals. They must advance gradually, as circumstances permit, towards a model that establishes a system of delegation based on amounts and ratings. This also applies to active tracking of exposure to quantifiable risks by means of a map of risk capital, expected losses and control on non-quantifiable risks.

Thus analysis and periodic tracking of risk management with regard to the attributes of the administrative bodies of the bank, made it advisable to set up a specific board committee for this purpose. Within the scope of its defined functions, this committee should apply the necessary dedication to analyse the way risk is handled in the entire Group. Consequently, the Risks committee of the Board has been assigned the following duties, in accordance with the board regulations:

. Analyse and evaluate proposals related to the Group's risk management and oversight policies and strategy. In particular, these shall identify:

a) The setting of the level of risk considered acceptable according to the risk profile (expected loss) and capital map (risk capital) broken down by the Group’s businesses and areas of activity;

b) The internal reporting and internal control systems used to oversee and manage risks;

c) The measures established to mitigate the impact of the risks identified, should they materialise.

. Monitor the match between risks accepted and the profile established.

. Analyse and approve any risks that might compromise the Group's capital adequacy or recurrence of its earnings or might entail significant operational or reputation risk.

. Check that the Group possesses the means, systems, structures and resources benchmarked against best practices to allow implementation of its risk management strategy.

D.4. Identification and description of the procedures for compliance with the various regulations that affect the Company and/or its Group.

The Group's Risks Area is the highest instance tasked with ensuring compliance with all the different regulations affecting the Bank and its Group. To that end, it operates independently from the business units to ensure that it guarantee not only regulatory compliance, but also the application of the best standards and most advanced practices.

There are also two basic mechanisms that guarantee compliance with the different regulations that affect the Group's companies. These are based on the controls that are applied by the following areas. The Internal Audit area monitors compliance with internal procedures and their adaptation to regulatory requirements.

And the Compliance area ensures global compliance with legal requirements that affect the Group. More particularly, in 2010, within Risk Management, parallel to closer integration of risk management and business decision-making, the Bank of Spain approved the advanced internal models that the Group presented for calculating minimum eligible equity for credit-card risk in Mexico, and is now in the final stage for approving the advanced model for operating risk in Spain and in Mexico, which is expected to come through at the beginning of 2010. It also has internal models that have already been approved by the supervisor for calculating market risk capital consumption and credit risk capital consumption in Spain.

The Group is actively co-operating with the supervisors to move forward in a consistent and co-ordinated fashion with validation of the advanced models.

E GENERAL SHAREHOLDERS' MEETING

E.1. Indicate and, if applicable, explain whether there are differences with the minimum requirements set out in the Companies Law in connection with the quorum needed to hold a valid General Shareholders' Meeting.

YES

	% of quorum different from that established as a general rule in Section 102 of the Companies Law	% of quorum different from that established in Section 103 of the Companies Law for the special cases set forth in such Section 103
Required quorum upon first call	0	66.670
Required quorum upon second call	0	60.000

Description of differences
Article 194 of the Capital Companies Act (103 of the Companies Act) establishes that in order for a General Meeting (whether annual or extraordinary) to validly resolve to increase or reduce capital or any other amendment to the bylaws, bond issuance, the suppression or limitation of the pre-emptive subscription rights over new shares, or the transformation, merger or break-up of the company and global assignment of assets and liabilities and the off-shoring of domicile, the shareholders present and represented on first summons must possess at least fifty percent of the subscribed capital with voting rights.

On second summons, twenty-five percent of said capital will be sufficient.

The above notwithstanding, article 25 of the BBVA bylaws established that a reinforced quorum of two thirds of subscribed capital is required on first summons and of 60% of said capital on second summons, in order for the following resolutions to be validly adopted: substitution of the corporate object, transformation, total break-up, winding-up of the company and amendment of the article in the bylaws establishing this reinforced quorum.

E.2. Indicate and where applicable give details, whether there are any differences from the minimum standards established under the Companies act with respect to the adoption of corporate resolutions.

NO

Describe the difference from the rules provided by the Companies Law.

E.3. Explain the rights of the shareholders regarding general shareholders' meetings which are different from the rights provided for in the Companies Law.

There are no shareholders' rights in the Company other than those established under the Companies Act with respect to General Meetings.

Shareholders' rights in this respect are also shown in detail in the General Meeting regulations, which are publicly available on the Company website

E.4. Indicate, if applicable, the measures adopted to encourage the participation of shareholders at General Shareholders' Meetings.

BBVA, in order to encourage the participation of its wide base of shareholders in its General Meetings, apart from establishing all the information channels required by law, also sends an attendance card to the domicile of all shareholders with the right to attend, sufficiently in advance of the Meeting. This includes the agenda and information on the date, time and place where the General Meeting is to be held.

It also posts information regarding the General Meeting on its website, with the agenda, details on its arrangements, the proposed resolutions that the board of directors will put to it and the channels of communication between the company and its shareholders, via which shareholders may apply for further details on the General Meeting.

To facilitate our shareholders' participation in the AGMs, a procedure has been established, in compliance with sections 2 and 3 of article 189 of Capital Company Act (sections 4 and 5 of article 105 of the Companies Act,) to enable shareholders that are not planning to attend the AGM to vote by proxy or remotely. This procedure has been used in all General Meetings held over the last four years.

In this manner, and in accordance with the Companies Act and the bylaws, voting rights on proposals regarding agenda items may be delegated or exercised by the shareholder by post, e-mail or any other remote means of communication, provided the voter's identity is duly guaranteed.

Pursuant to article 528.2 of the consolidated text of the Capital Companies Act, has previewed to set up an Online Shareholder Forum on the Bank-s website (www.bbva.com) for the run-up to the General Meeting.

Votes and proxies can also be sent via electronic mail, through the bank's website (www.bbva.com), following the instructions given there. This information is available in English and Spanish.

E.5. Indicate whether the chairman of the General Shareholders' Meeting is also the chairman of the Board of Directors. Describe, if applicable, the measures adopted to ensure the independence and proper operation of the General Shareholders' Meeting:

YES

Description of measures
Article 26 of the corporate bylaws establishes that "the Chairman of the General Meeting shall be Chairman of the Board of Directors. When there is no such or he/she is absent, the General Meeting shall be chaired by the Deputy Chairman. If there should be several Vice-Chairmen, in accordance with the order laid down by the Board when appointing them, failing which, by the oldest vice-Chairman. If no persons hold the said offices or if they are absent, the Meeting shall be chaired by the Director appointed for that purpose by the Board of Directors. Likewise, the Secretary of the Board shall act as the Secretary of the Meeting, and if no person holds that office or if he is absent, there person appointed by the Board to replace him shall act as Secretary of the Meeting. The correct operation of the General Meeting is guaranteed under the General Meeting Regulations approved by the company shareholders at the AGM, February 2004. General Meetings shall be convened at the initiative and according to the agenda determined by the board of directors. The board must necessarily convene a General Meeting when so requested by shareholders representing a minimum of five percent of the share capital. Should the board of directors call the General Meeting for within the following thirty days as of the date on which required to do so by notarised document, it shall mention its compliance with this requirement in the notice convening it. The notice shall cover the matters that said notarised document puts forward as grounds for holding the meeting. Annual and extraordinary General Meetings must be called by notices that the board of directors or its agents shall publish in the Official Gazette of the Companies Registry and in one of the highest-readership daily newspapers in the province of its registered offices, at least one month before the date established for the meeting, pursuant to the Companies Act. The notice shall state on which date the General Meeting is to meet at first summons and all the business it will deal with. It must contain all references stipulated under the Companies Act. It must also state the date on which the General Meeting will be held at second summons. Shareholders representing at least five percent of the share capital may request a supplement to the notice calling a general meeting be published adding one or more agenda items. The notice of meeting for the General Meeting shall state the shareholders' right, as of the date of its publication, to immediately obtain at the registered offices any proposed resolutions, reports and other documents required by law and by the bylaws, free of charge. It shall also include necessary details regarding shareholder information services, indicating telephone numbers, email address, offices and opening hours. Once the notice of meeting has been published, documents relating to the General Meeting shall be posted to the Company website, with information on the agenda, the proposals from the Board of Directors, and any relevant information shareholders may need to issue their vote. Where applicable, information shall be provided on how to follow the General Meeting from a remote location employing duly established broadcast systems. Information on anything else considered useful or convenient for the shareholders for such purposes shall be included. Until the seventh day before the General Meeting date, shareholders may ask the board for information or clarification, or send in written questions regarding agenda items and information available to the public that the company may have furnished to the CNMV (the Spanish exchange authorities) since the last general meeting was held. After this deadline shareholders have the right to request information and clarification or ask questions during

the General Meeting as established under article 18 of the General Meeting regulations.

The right to information may be exercised through the company website, which shall publish the lines of communication open between the company and its shareholders and explain how shareholders may exercise their right. It shall indicate the postal and email addresses to which shareholders may send their requests and queries.

The General Meetings the Company holds may be attended by anyone owning the minimum number of shares established in the Bylaws, providing that, five days before the date on which the General Meeting is to be held, their ownership is recorded on the corresponding company ledgers and they retain at least this same number of shares until the General Meeting is actually held. Holders of fewer shares may group together until achieving the required number, appointing a representative.

The bylaws establish that shareholders may vote on proposals on matters in the agenda items at any kind of General Meeting by proxy or by post, e-mail or any other remote means of communication, provided the voter's identity is duly guaranteed in the manner described in sections E.4, E.9 and E.10 of this report and articles 8 to 10 of the General Meeting Regulations. The General Meetings shall be held in such fashion as to guarantee the shareholders' participation and exercise of political rights. The Company shall take such measures as it deems necessary to preserve the proper order in running the General Meeting.

Proper means of surveillance, protection and law enforcement shall be established for each General Meeting. These will include such entrance control and identification systems as may be deemed suitable at any time in view of the circumstances under which the sessions are held.
The General Meeting regulations contain clauses on how the attendance list is to be drawn up, how the Meetings are to be organised and how the proposed resolutions are to be voted in such a way as to guarantee the smooth running of the General Meetings.

E.6. Indicate the amendments, if any, made to the Regulations for the General Shareholders' Meeting during the fiscal year.

There have been no changes to the General Meeting Regulations during 2010.

E.7. Indicate the data on attendance at the general shareholders' meetings held during the fiscal year referred to in this report:

Attendance data					
Date of General Shareholders' Meeting	% of shareholders present in person	% of shareholders represented by proxy	% voto a distancia		Total
			Vote by electronic means	Others	
12/03/2010	2.350	36.880	0.030	20.050	59.310

E.8. Briefly describe the resolutions adopted by the shareholders acting at the general shareholders' meetings held during the fiscal year to which this report refers and the percentage of votes by which each resolution was passed.

A summary is given below of the resolutions adopted at the AGM, 12th March 2010, 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 2009.

Resolution One adopted by 95.12%.

- Number of votes issued: 2,222,959,823
- Number of votes in favour: 2,114,428,733
- Number of votes against: 16,454,945
- Number of abstentions: 92,076,145

ITEM TWO.- Adoption of the following resolutions on ratification and re-election of Board members:

2.1.- Re-election of Francisco González Rodriguez
2.2.- Ratification and re-election of Ángel Cano Fernández
2.3.- .- Re-election of Ramón Bustamante y de la Mora
2.4.- Re-election of Ignacio Ferrero Jordi

Pursuant to paragraph 2 of article 34 of the Company Bylaws, determination of the number of directors at whatever it may be at the moment according to the resolutions adopted under this agenda item, of which the General Meeting will be apprised for all due effects.

Resolution 2.1 adopted by 93.42%:

- Number of votes issued: 2,222,959,823
- Number of votes in favour: 2,076,628,600
- Number of votes against: 64,634319
- Number of abstentions: 81,696,904

Resolution 2.2 adopted by 95.20%:

- Number of votes issued: 2,222,959,823
- Number of votes in favour: 2,116,161,650
- Number of votes against: 27,675,443
- Number of abstentions: 79,122,730

Resolution 2.3 adopted by 95.03%:

- Number of votes issued: 2,222,959,823
- Number of votes in favour: 2,112.494,575
- Number of votes against: 31,064,886
- Number of abstentions: 79,400,362

Resolution 2.4 adopted with a 95.09% majority:

- Number of votes issued: 2,222,959,823
- Number of votes in favour: 2,113,820,898
- Number of votes against: 29,999,054
- Number of abstentions: 79,139,871

ITEM THREE.- Authorisation for the Company to buy back treasury stock directly or through Group companies pursuant to article 75 of the consolidated text of the Companies Act, establishing the limits or requirements for such acquisitions, and with express powers to reduce share capital to redeem treasury stock, delegating to the board of directors all necessary powers to implement the resolutions adopted by the General Meeting in this respect, repealing, insofar as unavailed, the authorisation granted by the AGM, 13th March 2009.

Resolution Three adopted by 95.29%.

- Number of votes issued: 2,222,959,823
- Number of votes in favour: 2,118,218,526
- Number of votes against: 23,433,567
- Number of abstentions: 81,307,730

ITEM FOUR.- Approval, for application by the Bank and its subsidiaries of a variable remuneration schem in BBVA shares for 2010-2011 for members of the senior management, including executive directors and members of the Management Committee, entailing the delivery of BBVA shares to its beneficiaries.

Resolution Four adopted by 94.47%

- Number of votes issued: 2,222,959,823
- Number of votes in favour: 2,100,088,143
- Number of votes against: 34,214,561
- Number of abstentions: 88,657,119

ITEM FIVE.- Re-election of the audit firm for the accounts of Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated Group in 2010.

Resolution Five adopted by 95.66%.

- Number of votes issued: 2,222,959,823
- Number of votes in favour: 2,126,568,087
- Number of votes against: 6,117,882
- Number of abstentions: 90,273,854

ITEM SIX.- Conferral of authority to the Board of Directors, with powers to in turn delegate such authority, to formalise, correct, interpret and implement the resolutions adopted by the General Meeting..

Resolution Six adopted by 95.88%.

- Number of votes issued: 2,222,959,823
- Number of votes in favour: 2,131,423,257
- Number of votes against: 11,592,453
- Number of abstentions: 79,944,113

E.9. Indicate whether there are any by-law restrictions requiring a minimum number of shares to attend the General Shareholders' Meeting.

YES

Number of shares required to attend the General Shareholders' Meeting	500

E.10. Indicate and justify the policies followed by the company with respect to proxy-voting at the General Shareholders' Meeting.

As indicated above, any shareholders entitled to attend may be represented at the AGM by another shareholder, using the form of proxy established by the Company for any General Meeting, that will be displayed on the attendance card. No shareholder may be represented at the General Meeting by more than one proxy.

Representation conferred to someone not eligible at Law to act as proxy shall neither be valid nor effective. Proxies conferred by holders in trust or in agency may be rejected

Proxies must be conferred in writing or by means of remote communication that comply with the requirements of article 189 of Capital Company Law (article 105 of the Companies Act) and other applicable legislation regarding distance voting. This must be specific for each General Meeting.

Representation shall always be revocable. Should the shareholder represented attend the General Meeting in person, his/her representation shall be deemed null and void.

E.11. Indicate whether the Company is aware of any policy of institutional investors as to participating or not in the decisions of the Company:

NO

E.12. Indicate the address and manner for accessing corporate governance content on your website.

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 TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

Indicate the company's degree of compliance with the recommendations of the Unified Good Governance Code.

If the company does not comply with any of such recommendations, please explain the recommendations, standards, practices or criteria applied by the company.

1. The by-laws of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of the acquisition of its shares on the market.
See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Complies

2. When both the parent company and a company controlled by it are listed companies, they both provide detailed public disclosure on:

a) Their respective areas of activity, and any business dealings between them, as well as between the controlled listed company and other companies belonging to the group;
b) the mechanisms in place to resolve any conflicts of interest that may arise.
See sections: C.4 and C.7

Not applicable

3. Even if not expressly required under applicable commercial Laws, transactions involving a structural change of the company and, in particular, the following, are submitted to the shareholders at the General Shareholders' Meeting for approval:

a) The transformation of listed companies into holding companies through “subsidiarization,” i.e., reallocating core activities to controlled entities that were previously carried out by the company itself, even if the latter retains full ownership of the former;
b) The acquisition or disposal of key operating assets, when it involves an actual change in the corporate purpose;
c) Transactions whose effect is tantamount to the liquidation of the company.

Complies

4. Detailed proposals of the resolutions to be adopted at the General Shareholders’ Meeting, including the information to which recommendation 28 refers, are made public at the time of publication of the notice of call to the General Shareholders’ Meeting.

Complies

5. Matters that are substantially independent are voted on separately at the General Shareholders’ Meeting, in order to allow the shareholders to express their voting preferences separately. This rule applies, in particular:

a) To the appointment or ratification of directors, which shall be voted on individually;
b) In the event of amendments of the By-Laws, to each article or group of articles that are substantially independent of one another.
See section: E.8

Complies

6. Companies allow split votes so financial intermediaries who are recorded as having shareholder status but act for the account of different clients can divide their votes in accordance with the instructions given by such clients.
See section: E.4

Complies

7. The Board performs its duties with a unity of purpose and independent judgment, affording equal treatment to all shareholders in furtherance of the corporate interests, which shall be understood to mean the optimization, in a sustained fashion, of the financial value of the Company.
It likewise ensures that in its dealings with stakeholders, the Company abides by the laws and regulations, fulfills its obligations and contracts in good faith, respects the customs and good practices of the industries and territories in which it carries on its business, and upholds any other social responsibility standards to which it has voluntarily adhered.

Complies

8. The Board assumes responsibility, as its core mission, for approving the company’s strategy and the organization required to put it into practice, and to ensure that Management meets the objectives set while pursuing the company’s interest and corporate purpose. As such, the full Board reserves for itself the right to approve:

a) The company’s policies and general lines of strategy, and in particular:

i. The strategic or business Plan as well as the management objectives and annual budgets;
ii. The investment and financing policy;
iii. The design of the structure of the corporate group;
iv. The corporate governance policy;
v. The corporate social responsibility policy;
vi. The policy for compensation and assessment of the performance of senior managers;

vii. The risk control and management policy, as well as the periodic monitoring of internal information and control systems;

viii. The dividend policy and the policy regarding treasury stock and, especially, the limits thereto.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i. At the proposal of the chief executive of the Company, the appointment and, if applicable, removal of senior managers, as well as their severance packages.

See section: B.1.14

ii. The compensation of directors and, in the case of executive directors, the additional compensation to be paid for their executive duties and other terms of their contracts.

See section: B.1.14

iii. The financial information that the Company must periodically make public due to its status as listed company.

iv. Investments or transactions of all kinds which are strategic in nature due to the large amount or special characteristics thereof, unless approval thereof falls upon the shareholders at the General Shareholders' Meeting.

v. The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.

c) Transactions made by the company with directors, with significant shareholders or shareholders with Board representation, or with other persons related thereto ("related-party transactions").
However, Board authorization need not be required in connection with related-party transactions that simultaneously meet the following three conditions:
1. They are governed by standard-form agreements applied on an across-the-board basis to a large number of clients;
2. They are conducted at prices or rates generally set by the party acting as supplier of the goods or services in question;
3. The amount thereof is not more than 1% of the Company's annual revenues.
It is recommended that related-party transactions only be approved by the Board upon the prior favorable report of the Audit Committee or such other committee handling the same function; and that the directors affected thereby should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes on the transaction.
It is recommended that the powers granted herein to the Board are conferred without the power of delegation, except for those mentioned under b) and c) above, which may, for urgent reasons, be adopted by the Executive Committee subject to subsequent ratification by the full Board.
See sections: C.1 and C.6

Complies

9. In order to operate effectively and in a participatory manner, the Board ideally is comprised of no fewer than five and no more than fifteen members.
See section: B.1.1

Complies

10. External directors, proprietary and independent, occupy an ample majority of the Board and the number of executive directors is the minimum necessary number, bearing in mind the complexity of the corporate group and the percentage interest held by the executive directors in the Company's share capital.
See sections: A.2, A.3, B.1.3 and B.1.14

Complies

11. If there is an external director who cannot be deemed either proprietary or independent, the company explains such circumstance and the links such director maintains with the company or its managers or with its shareholders.

See section: B.1.3

Complies

12. Among external directors, the relation between the number of proprietary directors and independent directors reflects the proportion existing between the share capital of the company represented by proprietary directors and the rest of its capital.
This strict proportionality standard can be relaxed so that the weight of proprietary directors is greater than would correspond to the total percentage of the share capital that they represent:
1. In large cap companies where few or no equity stakes attain the legal threshold as significant, but there are shareholders holding interests with a high absolute value.
2. In companies with a plurality of shareholders represented on the Board but not otherwise related.
See sections: A.2, A.3 and B.1.3

Complies

13. The number of independent directors represents at least one-third of the total number of directors.
See section: B.1.3

Complies

14. The status of each director is explained by the Board at the General Shareholders' Meeting at which the shareholders are to make or ratify their appointment and that such status is confirmed or reviewed, as the case may be, annually in the Annual Corporate Governance Report, after verification by the Nominating Committee. Said report also discloses the reasons for the appointment of proprietary directors at the proposal of shareholders controlling less than 5% of the share capital, as well as the reasons for not having accommodated formal petitions, if any, for presence on the Board from shareholders whose equity stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed.
See sections: B.1.3 and B.1.4

Complies

15. When women directors are few or non-existent, the Board explains the reasons for this situation and the measures taken to correct it; and in particular, the Nominating Committee takes steps to ensure that, when new vacancies are filled:

a) Selection procedures do not have an implied bias that hinders the selection of women directors;

b) The company deliberately looks for women with the target professional profile and includes them among the potential candidates.
See sections: B.1.2, B.1.27 and B.2.3

Complies

16. The Chairman, as the person responsible for the effective operation of the Board, ensures that directors receive adequate information in advance of Board meetings; promotes debate and the active involvement of directors during Board meetings; safeguards their rights to freely take a position and express their opinion; and, working with the chairmen of the appropriate committees, organizes and coordinates regular evaluations of the Board and, where appropriate, the Chief Executive Officer.
See section: B.1.42

Complies

17. When a company's chairman is also its chief executive, an independent director should be empowered to request a board meeting be called or new business included on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the chairman.

See section: B.1.21

Explain

Article 5 of the Board Regulations establishes that the chairman of the board shall also be the Bank's chief executive officer unless the Board resolves to separate the posts of chairman and chief executive officer on the grounds of the Company's best interests.

Under the company bylaws, the chairman shall, in all cases, shall be the highest-ranking representative of the Company.

However, under article 45 of the bylaws, the Company has an Executive committee with the following powers:

´To formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix goals, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the entity; determine the volume of investment in each individual activity; approval or rejection of operations, determining methods and conditions; arrange inspections and internal or external audits of all areas of operation of the entity; and in general to exercise the faculties delegated to it by the board of directors.´

Article 49 of the bylaws establishes that the Company has a chief operating officer who has broad-ranging powers delegated by the Board, with the powers inherent to this post to administer and represent the Company. The heads of all the Company's business areas and the Company's support areas report to him/her.

Finally, the Board has the support of various committees to help it best perform its duties. These include the Audit & Compliance committee, the Appointment & Remuneration committee and the Risks committee, which help the Board on issues corresponding to business within the scope of their powers. Their composition and the rules governing their organisation and working are given in the corresponding sections.

The Board Regulations also establish the possibility if at least one quarter of the board members appointed at any time so wish, they may request a board meeting be held. The agenda shall include the matters determined by the chairman of the Board, either at his/her own initiative or at the suggestion of any director, deemed to be advisable for the Company's best interests.

18. The Secretary of the Board takes particular care to ensure that the Board's actions:
a) Adhere to the letter and the spirit of laws and their implementing regulations, including those approved by the regulatory authorities;
b) Comply with the company's By-Laws and the Regulations for the General Shareholders' Meeting, the Regulations of the Board and other regulations of the company;
c) Are informed by those good governance recommendations included in this Unified Code as the company has subscribed to.
And, in order to safeguard the independence, impartiality and professionalism of the Secretary, his appointment and removal are reported by the Nominating Committee and approved by the full Board; and that such appointment and removal procedures are set forth in the Regulations of the Board.
See section: B.1.34

Complies

19. The Board meets with the frequency required to perform its duties efficiently, in accordance with the calendar and agendas set at the beginning of the fiscal year, and that each Director is entitled to propose items of the agenda that were not originally included therein.
See section: B.1.29

Complies

20. Directors' absences are limited to unavoidable cases and quantified in the Annual Corporate Governance Report. And when there is no choice but to grant a proxy, it is granted with instructions.

See sections: B.1.28 and B.1.30

Complies

21. When directors or the Secretary express concerns about a proposal or, in the case of the directors, regarding the running of the company, and such concerns have not been resolved at a Board meeting, such concerns are recorded in the minutes at the request of the person expressing them.

Complies

22. The full Board evaluates the following on a yearly basis:
a) The quality and efficiency of the Board's operation;
b) On the basis of a report submitted to it by the Nominating Committee, how well the Chairman and chief executive of the company have carried out their duties;
c) The performance of its Committees, on the basis of the reports furnished by them.
See section: B.1.19

Complies

23. All directors are able to exercise the right to request any additional information they require on matters within the Board's competence. Unless the By-laws or the Regulations of the Board provide otherwise, such requests are addressed to the Chairman or the Secretary of the Board.
See sections: B.1.4 and B.1.42

Complies

24. All directors are entitled to call on the company for the advice they need to carry out their duties. The company provides suitable channels for the exercise of this right, which, in special circumstances, may include external advice at the company's expense.
See section: B.1.41

Complies

25. Companies organize induction programs for new Directors to rapidly and adequately acquaint them with the Company and its corporate governance rules. Directors are also offered refresher training programs when circumstances so advise.

Complies

26. Companies require that directors devote sufficient time and effort to perform their duties efficiently, and, as such:
a) Directors apprise the Nominating Committee of their other professional duties, in case they might detract from the necessary dedication;
b) Companies lay down rules about the number of boards on which their directors may sit.
See sections: B.1.8, B.1.9 and B.1.17

Complies

27. The proposal for the appointment or re-election of directors that the Board submits to the shareholders at the General Shareholders' Meeting, as well as the interim appointment of directors to fill vacancies, are approved by the Board:
a) On the proposal of the Nominating Committee, in the case of independent directors;
b) Subject to a prior report from the Nominating Committee, in the case of other directors.
See section: B.1.2

Complies

28. Companies post the following director information on their websites, and keep such information updated:
a) Professional and biographical profile;
b) Other Boards of Directors of listed or unlisted companies on which they sit;

c) Indication of the director's classification, specifying, for proprietary directors, the shareholder they represent or to whom they are related;
d) Date of their first and subsequent appointments as a company director; and
e) Shares held in the company and options thereon held by them.

Complies

29. Independent directors do not hold office as such for a continuous period of more than 12 years.
See section: B.1.2

Complies

30. Proprietary directors tender their resignation when the shareholder they represent sells its entire shareholding interest. The appropriate number of them do likewise when such shareholder reduces its interest to a level that requires the reduction of the number of its proprietary directors.
See sections: A.2, A.3 and B.1.2

Complies

31. The Board of Directors does not propose the removal of any independent director prior to the expiration of the term, set by the by-laws, for which he was appointed, except for good cause found by the Board upon a prior report of the Nominating Committee. In particular, good cause shall be deemed to exist whenever the director has failed to perform the duties inherent in his position or comes under any of the circumstances described in section III.5 (Definitions) of this Code.

The removal of independent directors may also be proposed as a result of Tender Offers, mergers or other similar corporate transactions that entail a change in the equity structure of the Company, when such changes in the structure of the Board follow from the proportionality standard mentioned in Recommendation 12.
See sections: B.1.2, B.1.5 and B.1.26

Complies

32. Companies establish rules obliging directors to report and, if appropriate, to resign in those instances as a result of which the credit and reputation of the company might be damaged and, in particular, they require that such directors report to the Board 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 described in Section 124 of the Companies Law, the Board examines the matter as soon as practicable and, in view of the particular circumstances thereof, decides whether or not it is appropriate for the director to continue to hold office. And the Board provides a substantiated account thereof in the Annual Corporate Governance Report.
See sections: B.1.43, B.1.44

Complies

33. All directors clearly express their opposition when they feel that any proposed resolution submitted to the Board might be contrary to the best interests of the company. And in particular, independent directors and the other directors not affected by the potential conflict of interest do likewise in the case of decisions that could be detrimental to the shareholders lacking Board representation.

When the Board adopts material or reiterated resolutions about which a director has expressed serious reservations, such director draws the pertinent conclusions and, if he chooses to resign, sets out the reasons in the letter referred to in the next recommendation.

This recommendation also applies to the Secretary of the Board, even if he is not a director.

Complies

34. Directors who give up their place before their tenure expires, through resignation or otherwise, explain the reasons in a letter sent to all members of the Board. Without prejudice to such withdrawal being communicated as a significant event, the reason for the withdrawal is explained in the Annual Corporate Governance Report.
See section: B.1.5

Complies

35. The compensation policy approved by the Board specifies at least the following points:
a) The amount of the fixed components, with a breakdown showing the fees, if any, for attending the meetings of the Board and its Committees and an estimate of the fixed annual fixed compensation they give rise to;
b) Variable compensation items, including, in particular:

i) The classes of directors to which they apply, as well as an explanation of the relative weight of variable to fixed compensation items;
ii) Performance evaluation criteria used to calculate entitlement to compensation in shares, share options or any other variable component;
iii) Main parameters and grounds for any system of annual bonuses or other non-cash benefits; and
iv) An estimate of the absolute amount of variable compensation arising from the proposed compensation plan, as a function of the degree of compliance with benchmark assumptions or targets.

c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar systems), with an estimate of the amount thereof or the equivalent annual cost;
d) Terms and conditions that must be included in the contracts of executive directors performing senior management duties, which will include:

i) Duration;
ii) Notice periods; and
iii) Any other provisions relating to hiring bonuses, as well as indemnity or "golden parachute" provisions in the event of early or other termination of the contractual relationship between the company and the executive director.

See section: B.1.15

Complies

36. Compensation paid by means of delivery of shares in the company or companies that are members of the group, share options or instruments indexed to the price of the shares, and variable compensation linked to the company's performance or pension schemes is confined to executive directors.
This recommendation shall not apply to the delivery of shares when such delivery is subjected to the condition that the directors hold the shares until they cease to hold office as directors.
See section: A.3 and B.1.3

Complies

37. The compensation of external directors is such as is necessary to compensate them for the dedication, qualifications and responsibility required by their position, but is not so high as to compromise their independence.

Complies

38. The compensation linked to company earnings takes into account any qualifications included in the external auditor's report that reduce such earnings.

Complies

39. In the case of variable compensation, compensation policies include technical safeguards to ensure that such compensation reflects the professional performance of the beneficiaries thereof and not simply

the general performance of the markets or of the industry in which the company does business or circumstances of this kind.

Complies

40. The Board submits a report on director compensation policy to the vote of the shareholders at a General Shareholders' Meeting, as a separate item on the agenda and for advisory purposes. This report is made available to the shareholders separately or in any other manner that the Company deems appropriate.

Such report shall focus especially on the compensation policy the Board has approved for the current year, as well as on the policy, if any, established for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will emphasize the most significant changes in such policies with respect to the policy applied during the fiscal year prior to that to which the General Shareholders' Meeting refers. It shall also include an outline of the manner in which the compensation policy was applied in such prior fiscal year.

The Board also reports on the role played by the Compensation Committee in the preparation of the compensation policy and, if external advice was provided, it states the name of the external advisors that have given such advice.
See section: B.1.16

Complies in part

The Company is planning to put to a consultative vote the approval of the report on the Board Remuneration Policy in the next AGM, to be held 11th March 2011. At its meeting, 3rd February 2010, pursuant to article 36 of the Board Regulations, the Board of Directors considered the report on the remuneration policy approved by the Appointments & Remuneration Committee, whose text was made available to shareholders when the call to meeting was published for the AGM held 12th March 2010.
The report contains an explanation of the general principles informing the remuneration policy for the BBVA directors, the remuneration system for the executive directors and its component, which include both fixed and variable remuneration, long term rewards, distribution of total annual remuneration, pension system, and other remuneration items; the main characteristics of the executive directors' contracts with BBVA; the remuneration system for non-executive BBVA directors, which includes fixed remuneration and the remuneration system with deferred delivery of shares; the evolution of the total remuneration of the Board and future policy, thereby offering maximum transparency in this matter.

The functions of the Remuneration Committee, which are covered in the Board of Directors Regulations in article 36, are as follows:

1.- Propose, within the framework established in the Company bylaws, the remuneration and compensation system for the Board of Directors as a whole, in with respect to the system's items, amounts and method of payment.

2.- Determine the extent and amount of the remuneration, entitlements and other economic rewards for the chairman, the chief operating officer and, where applicable, 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. Determine the extent and amount of the remuneration, entitlements and other economic rewards for the chairman, the chief operating officer and, where applicable, 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.

3.- Issue a report on the directors' remuneration policy annually. This shall be submitted to the Board of Directors, which shall apprise the Company's Annual General Meeting of this each year.

4.- Propose the remuneration policy for senior management to the Board, and the core terms and conditions to be contained in their contracts.
5. It shall oversee observance of the remuneration policy that the Company establishes and periodically review the remuneration policy applied to the executive directors and senior management.

6.- Any others that may have been allocated under these regulations or attributed to the committee by a Board of Directors resolution.

41. The Notes to the Financial Statements list the individual directors' compensation during the fiscal year, including:

a) A breakdown of the compensation of each director, to include where appropriate:
- i) Attendance fees or other fixed compensation received as a director;
- ii) The additional compensation received as chairman or member of a Board committee;
- iii) Any compensation received under profit-sharing or bonus schemes, and the reason for the accrual thereof;
- iv) Contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights, in the case of contributions to defined-benefit plans;
- v) Any severance package agreed or paid;
- vi) Any compensation received as a director of other companies in the group;
- vii) Compensation for the performance of senior management duties by executive directors;
- viii) Any item of compensation other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the omission thereof detracts from a true and fair view of the total compensation received by the director.

b) A breakdown of any delivery to directors of shares, share options or any other instrument indexed to the price of the shares, specifying:
- i) Number of shares or options awarded during the year, and the terms and conditions for the exercise thereof;
- ii) Number of options exercised during the year, specifying the number of shares involved and the exercise price;
- iii) Number of options outstanding at the end of the year, specifying their price, date and other requirements for exercise;
- iv) Any change during the year in the terms for the exercise of previously-awarded options.

Information on the relationship, in such past fiscal year, between the compensation received by executive directors and the profits or other measures of performance of the company.

Complies

42. When there is an Executive Committee (hereinafter, "Executive Committee"), the breakdown of its members by director category is similar to that of the Board, and its secretary is the Secretary of the Board.
See sections: B.2.1 and B.2.6

Complies

43. The Board is always kept informed of the matters dealt with and the resolutions adopted by the Executive Committee, and all members of the Board receive a copy of the minutes of the meetings of the Executive Committee.

Complies

44. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors forms a single Nominating and Compensation Committee as a separate committee of the Board, or a Nominating Committee and a Compensation Committee.

The rules governing the make-up and operation of the Audit Committee and the Nominating and Compensation Committee or committees are set forth in the Regulations of the Board, and include the following:

a) The Board appoints the members of such Committees, taking into account the background knowledge, qualifications and experience of the Directors and the responsibilities of each Committee, discusses its proposals and reports, and receives a report, at the first meeting of the full Board following the meetings of such committees, on their activities and the work performed;
b) These Committees are formed exclusively of external directors and have a minimum of three members. The foregoing is without prejudice to the attendance of executive directors or senior managers, when expressly resolved by the members of the Committee;
c) Committee Chairmen are independent directors;
d) They may receive external advice, whenever they feel this is necessary for the discharge of their duties;
e) Minutes are prepared of their meetings, and a copy is sent to all Board members.
See sections: B.2.1 and B.2.3

Complies

45. Supervising compliance with internal codes of conduct and corporate governance rules is entrusted to the Audit Committee, the Nominating Committee or, if they exist separately, to the Compliance or Corporate Governance Committee.

Complies

46. The members of the Audit Committee and, particularly, the Chairman thereof, are appointed taking into account their background knowledge and experience in accounting, auditing and risk management matters.

Complies

47. Listed companies have an internal audit function which, under the supervision of the Audit Committee, ensures the smooth operation of the information and internal control systems.

Complies

48. The head of internal audit presents an annual work plan to the Audit Committee; reports to it directly on any issues arising in the execution of such plan; and submits an activities report to it at the end of each fiscal year.

Complies

49. The risk control and management policy specifies at least:
a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, including contingent liabilities and other off-balance sheet risks among financial or economic risks;
b) The determination of the risk level the company sees as acceptable;
c) Measures in place designed to mitigate the impact of the risks identified, should they materialize;
d) The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks.
See section: D

Complies

50. The Audit Committee’s role is:
1. With respect to the internal control and reporting systems:

a) To monitor the preparation and the integrity of the financial information relating to the company and, if appropriate, to the group, checking compliance with legal requirements, the appropriate demarcation of the scope of consolidation, and the correct application of accounting standards.
b) To periodically review internal control and risk management systems so main risks are properly identified, managed and disclosed.
c) To ensure the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the department's budget; receive regular reports on its activities; and verify that senior management takes into account the findings and recommendations of its reports.
d) To establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, potentially significant irregularities within the company that they detect, in particular financial or accounting irregularities.

2. With respect to the external auditor:
a) To make recommendations to the Board for the selection, appointment, reappointment and replacement of the external auditor, and the terms of its engagement.
b) To receive regular information from the external auditor on the audit plan and the results of the implementation thereof, and check that senior management takes its recommendations into account.
c) To monitor the independence of the external auditor, to which end:
   i) The company reports a change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for the same;
   ii) The Committee ensures that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, all other regulations established to safeguard the independence of the auditors;
   iii) In the event of resignation of the external auditor, the Committee investigates the circumstances that may have given rise thereto.
d) In the case of groups, the Committee favors the auditor of the group assuming responsibility for the audits of the companies that form part thereof.
See sections: B.1.35, B.2.2, B.2.3 and D.3

Complies in part

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 may cause any company employee or manager to appear before it, and even order their appearance without the presence of any other manager.

Complies

52. The Audit Committee reports to the Board, prior to the adoption thereby of the corresponding decisions, on the following matters specified in Recommendation 8:
a) The financial information that the Company must periodically make public due to its status as a listed company. The Committee should ensure that interim financial statements are prepared under the same accounting standards as the annual financial statements and, to this end, consider whether a limited review by the external auditor is appropriate.

b) The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Related-party transactions, unless such prior reporting duty has been assigned to another supervision and control committee.

See sections: B.2.2 and B.2.3

Complies

53. The Board of Directors seeks to present the financial statements to the shareholders at the General Shareholders' Meeting without reservations or qualifications in the auditor's report and, in the exceptional instances where they do exist, both the Chairman of the Audit Committee and the auditors give a clear account to the shareholders of the content and scope of such reservations or qualifications.
See section: B.1.38

Complies

54. The majority of the members of the Appointments Committee –or of the Appointments and Remuneration Committee, if one and the same– are independent directors.
See section: B.2.1

Complies

55. The Nominating Committee has the following duties, in addition to those stated in the earlier Recommendations:
a) To assess the qualifications, background knowledge and experience necessary to sit on the Board, defining, accordingly, the duties and qualifications required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
b) To examine or organize, in the manner it deems appropriate, the succession of the Chairman and the chief executive and, if appropriate, make proposals to the Board for such succession to take place in an orderly and well-planned manner.
c) To report on senior manager appointments and removals that the chief executive proposes to the Board.
d) To report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.
See section: B.2.3

Complies

56. The Nominating Committee consults with the Company's Chairman and chief executive, especially on matters relating to executive directors.
And that any board member may request that the Nominating Committee consider possible candidates to fill vacancies for the position of director, if it finds them suitably qualified.
Complies

57. The Compensation Committee is responsible for the following duties, in addition to those set forth in the earlier recommendations:
a) To propose to the Board of Directors:
i) The compensation policy for directors and senior managers;
ii) The individual compensation of executive directors and other terms of their contracts;
iii) The basic terms and conditions of the contracts with senior managers.
See sections: B.1.14 and B.2.3

Complies

58. The Compensation Committee consults with the Chairman and chief executive of the Company, especially on matters relating to executive directors and senior managers.

Complies

G OTHER INFORMATION OF INTEREST

If you believe that there is any relevant principle or aspect regarding the corporate governance practices applied by your company that has not been discussed in this report, please mention it and explain it below.

Further to section A1: The BBVA Board of Directors, 1st November 2010, resolved under the authority conferred by the General Meeting, 11th March 2009, to issue BBVA share capital. This issue was finally made for a nominal amount of € 364,040,190.36, by the issue and placement of 742,939,164 new ordinary shares, each with a nominal value of €0.49, of the same class and series as those already outstanding, represented by book entries. The subscription price for the new shares was €6.75, of which €0.49 represented the nominal price and €6.26 the issue premium, such that the total cash amount by which the capital was increased was €5,014,839,357.

Further to section A.2: State Street Bank and Trust Co, Chase Nominees Ltd. And the Bank of New York Mellon, SA. NV as international custodian/depositary banks, on 31st December 2010 held 7.22%, 5.95% and 3.65% of BBVA's share capital, respectively. Regarding the positions maintained by the custodians, it is not known that there are any individual shareholders with direct or indirect holdings equal to or higher than 3% of BBVA share capital, except in the case of the company, Blackrock Inc. which, on 4th February 2010, notified the CNMV that, as a consequence of the acquisition on 1st December 2009 of the business of Barclays Global Investors (BGI), it took over an indirect stake in the BBVA share capital of 4.45%, through the company, Blackrock Investment Management.

Further to section A.3: Pursuant to the instructions in CNMV Circular 412007, no direct holder of indirect holdings are identified from the members of the Board of Directors, as none reach the 3% threshold, or the 1% threshold applicable to residents in tax havens.

Further to the section on rights to shares held by Board members: the AGM, 12th March 2010 approved a new Multi-Year Programme for Variable Remuneration in shares for the years 2010 and 2011 for members of the BBVA management, including executive directors and members of the Management Committee. The programme allocates each beneficiary a number of units reflecting their level of responsibility, which at the end of the programme will trigger the delivery of ordinary BBVA shares as a function of the performance of BBVA's TSR comparative to its benchmark group. The number of units allocated to executive directors under the AGM resolution, is 105,000 for the Chairman & CEO and 90,000 for the President & COO.

In the Multi-Year Programme for Variable Remuneration in Shares for the years 2009 and 2010 adopted by the AGM, 13th March 2009, 215,000 units were allocated to the Chairman & CEO and 131,707 to the President & COO. The total number of units allocated at 31st December 2010 for the sum of both programmes was 320,000 units for the Chairman & CEO and 221,707 units for the President & COO. The former director and Company Secretary, José Maldonado Ramos, has 29,024 units allocated under the 2009/2010 Programme. Once the 2009/2010 Programme concluded, on 31st December 2010, pursuant to the conditions established at the outset, BBVA's TSR performance was measured against that of a peer group of 18 banks. This led to the application of a multiplier of zero to the units allocated, such that the 2009/2010 Programme has been settled without delivering any shares to the beneficiaries.For more detail about the Programmes, please refer to the note to section B.1.11.

Francisco González holds 1,248,000 call options (included in the corresponding section, A.3) and 624,000 put options over shares, as recorded in the corresponding CDO forms filed with the CNMV, where the conditions of the options are described. Both the call and the put options, as a consequence of the capital increase mentioned in section AI, were subject to a technical adjustment in the number of options communicated in the corresponding declarations, with the sole object of maintaining the economic value of the option contracts. This was notified through the corresponding form for disclosure of transactions on financial instruments (Annex IV) dated 29th November 2010, filed with the CNMV.
Further to section A.5: see Note to section C (related-party transactions).

Further to section A.8: With reference to the earnings obtained on the proprietary trading portfolio, standard 21 in Circular 4/2004 and IAS 32 paragraph 33, expressly forbid recognition on the income statement of profits or losses from transactions carried out with the company's own capital instruments, including their issue and redemption. Such profits or losses are directly charged to the company's net equity. In the table of significant changes, in the section with the date of notification, the date on which the CNMV recorded the entry of Annexes VI of transactions with treasury stock is included. The capital loss on the treasury stock given in section A8 is expressed in thousand euros.

Further to section B.1.3: Francisco González was appointed BBVA director by the General Meetings for the Merger of BBV and Argentaria, 18th December 1999 and was re-elected in 2005, pursuant to the transition provision in the company bylaws approved by the General Meetings for the Merger. Angel Cano, under the board resolution pursuant to article 2 of the Board Regulations, from the session held 29th September 2009, with a favourable report from the Appointments & Remuneration Committee, was co-opted as a member of the Board and as President & COO. Both Francisco González and Ángel Cano were later re-elected at the General Meeting, 12th March 2010, having been given a favourable report from the Appointments & Remuneration Committee. José Maldonado was appointed as a BBVA director by the General Meetings for the Merger of BBV and Argentaria, 18th December 1999, and was re-elected by the General Meeting, 13th March 2009, with a favourable report from the Appointments & Remuneration Committee, as established in section B.1.19.

Further to section B.1.7: Ángel Cano is deputy director standing in for Francisco González in the Mexican companies, Grupo Financiero BBVA Bancomer, SA. de CV and BBVA Bancomer, SA.

Further to section B.1.11: the sum of €531 thousand included in the section on credits granted corresponds to the amount drawn down against the credit facilities granted 31st December 2010 by the Bank as a financial institution within the ordinary course of its business and at arms' length condition to the members of the Board of Directors.

Further to B.1.11 and B.1.14: below is an itemised list of the remuneration of BBVA directors during 2010, including the Bank's pension obligations:

REMUNERATION OF THE BOARD OF DIRECTORS AND THE MEMBERS OF THE BANK MANAGEMENT COMMITTEE

Remuneration and other benefits of the members of the Board of Directors and members of the Management Committee.

- Remuneration of non-executive directors

The remuneration paid to individual non-executive members of the Board of Directors in 2010 is indicated below, broken down by type of remuneration:

	Thousand of Euros							
Year 2010 Remuneration of Non-Executive Directors	**Board of Directors**	**Standing-Executive Committee**	**Audit Committee**	**Risk Committee**	**Appointments and Compensation Committee (4)**	**Appointments Committee (5)**	**Compensation Committee (5)**	**Total**
Tomás Alfaro Drake	129	-	71	-	-	59	-	259
Juan Carlos Alvarez Mezquiriz	129	167	-	-	18	-	25	339
Rafael Bermejo Blanco	129	-	179	107	-	-	-	415
Ramón Bustamante y de la Mora	129	-	71	107	-	-	-	307
José Antonio Fernández Rivero (1)	129	-	-	214	-	23	-	366
Ignacio Ferrero Jordi	129	167	-	-	18	-	25	339
José Maldonado Ramos (2)	129	-	71	-	45	-	62	307
Carlos Loring Martínez de Irujo	129	-	-	107	-	23	25	284
Enrique Medina Fernández	129	167	-	107	-	-	-	403
Susana Rodríguez Vidarte	129	-	71	-	18	23	25	266
Total (3)	**1.290**	**501**	**463**	**642**	**99**	**128**	**162**	**3.284**

(1) José Antonio Fernández Rivero, apart from the amounts listed in the previous table, also received a total of €652 thousand during 2010 in early retirement payments as a former member of the BBVA management.

(2) José Maldonado Ramos, who stood down as BBVA executive on 22nd December 2009, apart from the amounts shown in the previous table, also received a total of €805 thousand during 2010 as variable remuneration accrued during 2009 for his former position as Company Secretary.

(3) Roman Knörr Borrás, who stood down as director on 23rd March 2010, received a total of €74 thousand in 2010 as remuneration for belonging to the Board of Directors and the Executive Committee until that date.

(4) Under a Board of Directors resolution, 25th May 2010, two new board committees were set up, the Appointments Committee and the Remuneration Committee, to replace the former Appointments & Remuneration Committee.

(5) Remuneration payable as of 1st June 2010.

- Remuneration of executive directors

The remuneration paid to individual executive directors in 2010 is indicated below, broken down by type of remuneration:

	Thousand of Euros		
Year 2010 Remuneration of Executive Directors	**Fixed Remuneration**	**Variable Remuneration (1)**	**Total**
Chairman and CEO	1,928	3,388	5,316
President and COO	1,249	1,482	2,731
Total	**3,177**	**4,870**	**8,046**

(1) The figures relate to variable remuneration for 2009 paid in 2010.
(2) The variable remuneration for 2009 of COO, who was appointed on September 29, 2009, includes the remuneration received as Director of Resources and Media in the period of 2009 in which he occupied that function (9 months) and earned as COO since his appointment.

In addition, the executive directors received payment-in-kind during 2010 totaling €32 thousand, of which €10 thousand relates to Chairman and CEO, €22 thousand relates to President and COO.

The Executive Directors accrued variable remuneration for 2010, to be paid in 2011, amounting to €3,011 thousand in the case of the Chairman and CEO and €1,889 thousand in the case of the President and COO.

These amounts are recognized under the item “Other liabilities – Accruals” on the liability side in the accompanying consolidated balance sheet as of December 31, 2010.

- Remuneration of the members of the Management Committee (*)

The remuneration paid in 2010 to the members of BBVA’s Management Committee amounted to €7,376 thousand in fixed remuneration and €15,174 thousand in variable remuneration accrued in 2009 and paid in 2010.

In addition, the members of the Management Committee received remuneration in kind and other items totaling €807 thousand in 2010.

(*) This section includes information on the members of the Management Committee as of December 31, 2010, excluding the executive directors.

- VARIABLE MULTI-YEAR STOCK REMUNERATION PROGRAM FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

SETTLEMENT OF THE MULTI-YEAR VARIABLE SHARE-BASED REMUNERATION PLAN FOR 2009-2010

The AGM of the Bank held on March 13, 2009 approved a Multi-Year Variable Share-Based Remuneration Plan for shares for 2009/2010 (hereinafter, the 2009/2010 Program) for the members of the BBVA's executive team, and whose result is obtained by multiplying the initial number of assigned "units" by a coefficient on a scale of between 0 and 2, which is linked to the movement of the Total Shareholders Return (TSR) indicator of the Bank during 2009/2010 compared with the change of this same indicator in a group of international banks of reference.

The number of “units” allocated to executive directors under this program, in accordance with the resolution of the AGM, was 215,000 for the Chairman and CEO, and 131,707 for the President and COO, and 817,464 for the members of the Management Committee who held this position as of December 31, 2010, excluding executive directors.

Once the 2009/2010 Program period was completed, on December 31, 2010, the TSR for BBVA and the 18 reference banks was then determined; given the final positioning of BBVA, it resulted in the application of a multiplier ratio of 0 to the assigned units, the Program was settled without the allocation of shares to the beneficiaries.

MULTI-YEAR VARIABLE SHARE-BASED REMUNERATION PLAN FOR 2010-2011

The Annual General Meeting of the Bank on March 12, 2010, approved a new multi-year variable share-based remuneration scheme for 2010-2011 (hereinafter “the 2010-2011 program”) aimed at members of the BBVA executive team. It is to end on December 31, 2011 and will be settled on April 15, 2012, although the Regulation that governs it includes provisions for early settlement.

The precise number of shares to be given to each beneficiary of the Program 2010/2011 will also be determined by multiplying the number of units allocated by a coefficient of between 0 and 2. This coefficient reflects the relative performance of BBVA’s total stockholder return (TSR) during the period 2010-2011 compared with the TSR of a group of the Bank’s international peers.

These shares will be given to the beneficiaries after the settlement of the program. They will be able to use these shares as follows: (i) 40 percent of the shares received will be freely transferable by the beneficiaries at the moment they are received; (ii) 30 percent of the shares received will be transferable one year after the settlement date of the program; and (iii) the remaining 30 percent will be transferable starting two years after the settlement date of the program.

The number of units assigned for the executive directors under the AGM resolution is 105,000 for the Chairman and CEO and 90,000 for the President and COO.

The total number of units assigned under this Program to the Management Committee members who held this position on December 31, 2010, excluding executive directors, was 385.000.

- SCHEME FOR REMUNERATION OF NON-EXECUTIVE DIRECTORS WITH DEFERRED DISTRIBUTION OF SHARES

The Bank’s AGM on March 18, 2006 resolved under agenda item eight to establish a remuneration scheme using deferred distribution of shares to the Bank’s non-executive directors, to replace the earlier post-employment scheme in place for these directors.

The plan is based on the annual assignment to non-executive directors of a number of "theoretical shares" equivalent to 20% of the total remuneration received by each of them in the previous year, The share price used in the calculation is the average closing price of the BBVA shares in the seventy stock market sessions before the dates of the ordinary AGMs that approve the annual accounts for each year. The shares will be given to each beneficiary on the date he or she leaves the position of director for any reason except serious breach of duties.

The number of “theoretical shares” allocated to non-executive director beneficiaries under the deferred share distribution scheme approved by the AGM for 2010, corresponding to 20% of the total remuneration paid to each in 2009, is set out below:

Scheme for Remuneration of Non-Executive Directors with Deferred Distribution of Shares	Theorical Shares assigned in 2010	Accumulated Theorical Shares
Tomás Alfaro Drake	3,521	13,228
Juan Carlos Alvarez Mezquiriz	5,952	39,463
Rafael Bermejo Blanco	7,286	23,275
Ramón Bustamante y de la Mora	5,401	38,049
José Antonio Fernández Rivero	6,026	30,141
Ignacio Ferrero Jordi	5,952	40,035
Carlos Loring Martínez de Irujo	5,405	25,823
Enrique Medina Fernández	7,079	51,787
Susana Rodríguez Vidarte	4,274	24,724
Total (*)	**50,896**	**286,525**

(*) Additionally, were also assigned to Don Roman Knorr Borras, who resigned as director as of March 23, 2010, 5,198 theoretical shares equivalent to 20% of the remuneration received by him in 2009.

- PENSION COMMITMENTS

The provisions registered as of December 31, 2010 for pension commitments to the President and COO are €14,551 thousand, of which €941 thousand were charged against 2010 earnings. As of this date, there are no other pension obligations to executive directors.

In addition, insurance premiums amounting to €95 thousand were paid on behalf of the non-executive members on the Board of Directors.

The provisions registered as of December 31, 2010 for pension commitments for the Management Committee members, excluding executive directors, amounted to €51,986 thousand. Of these, €6,756 thousand were charged against 2010 earnings.

- TERMINATION OF THE CONTRACTUAL RELATIONSHIP.

There were no commitments as of December 31, 2010 for the payment of compensation to executive directors.

In the case of the COO, the provisions of his contract stipulate that in the event that he loses this position for any reason other than of his own will, retirement, invalidity or serious dereliction of duty, he will take early retirement with a pension that may be received as a life annuity or a capital sum equal to 75% of his pensionable salary if this should occur before he reaches 55 years of age, or 85% after this age.

Further to section B.1.13, at the date of this report, there are no commitments to pay compensation to executive directors. With regard to the senior management, the explanatory report on the Management Report required by article 116 b of the Stock Exchange Act provides information about the agreements between the Company and the members of the senior management who are entitled to compensation when they resign or if they are unfairly dismissed.

Further to section B.1.26, article 1 of the regulations establishes that external directors shall cease to be independent directors if they maintain said condition for an uninterrupted period of over 12 years.

Further to the information provided in section B.1.29 and section B.2.3, the Risk Committee held 48 meetings in 2010. Two new Committees were created by agreement of the Board meeting held on 25th of May 2010, to replace the Appointments & Remunerations Committee.

Further to section B.1.31: as BBVA is listed on the New York Stock Exchange, it is subject to the supervision of the Securities and Exchange Commission and therefore, pursuant to the Sarbanes Oxley Act and its regulations, the Chairman & CEO, the President & COO and the executive responsible for drawing up the accounts sign and present the annual certifications referred to in Sections 302 and 906 of this Act, concerning the content of the Annual Financial Statements. Said certificates are attached to the annual 20F protocols that the Company files with this authority.

Further to section B.1.40 and section C.5, and pursuant to article 229.2 of the Capital Companies Act, at 31 December 2010, persons related to members of the BBVA Board of Directors were the holders of 6,594 Banco Santander SA shares and of 414 Banco Español de Credito SA (Banesto) shares.

With regard to the duties of the Audit & Compliance Committee established in section B.2.2: the duties of the Audit Committee allocated by their Regulations include ensuring that Internal Audit has adequate skills and resources to carry out their duties in the Group, regarding personnel, material resources, systems, procedures and manuals and that they should be aware of any obstacles to carrying out their duty that may have arisen. Said committee shall also analyse and approve the Annual Internal Audit Plan and any other occasional or specific plans that may be required due to regulatory changes or due to the need to organise the Group business. They shall also be aware of the degree to which the audited units are complying with the corrective measures recommended by Internal Audit during previous interventions, and they shall inform the Board of any such cases that may represent an important risk for the Group. The Committee shall be informed of any irregularities, anomalies or breaches provided that these are important, that Internal Audit may have detected in the course of their work. “Important” is understood to be those that could cause significant material impact or damage to the equity, income or reputation of the Group, which Internal Audit is responsible for calibrating. In the event of any doubt, Internal Audit must report it. On the other hand, they shall be aware of and issue an opinion on the appointment or substitution of the Director of Internal Audit, although they do not approve his/her appointment nor do they propose the budget for this department.

Further to section B.2.6, pursuant to article 26 of the Regulations, in accordance with the Corporate Bylaws, the Board may appoint an Executive Committee, with the votes in favour of two thirds of its members and its entry in the Companies Registry, making every attempt to ensure that external directors hold a majority over executive directors in its composition and that the independent directors represent at least one third of all its members.

Further to section C (Related-party transactions): see Note 55 of the BBVA consolidated Annual Financial Statements for 2010.

Further to section D.2, detailed information on the BBVA Group's exposure to risk is included in the BBVA Management Report, including the most relevant figures.

Further to section E.9: the holders of a smaller number of shares than the number established in the Company Bylaws to entitle the holder to attend, if they do wish to attend, they should apply to Shareholder Office the web site or any BBVA branch office for an invitation, which will be provided within the considerations of the limited space available in the premises in which the Meetings can be held and the large number of Company shareholders.

Concerning Recommendation number 42 of Section F: The BBVA Board Regulations, article 2, establish that the Board of Directors will present their proposals for appointments or the re-election of directors to the Company General Meeting, making every effort to ensure that the external directors represent an ample majority over the executive directors on the Board and that the number of independent directors represent at least one third of the total number of directors. The Regulations also establish, in article 26, that the Board may appoint an Executive Committee, making every effort to ensure that the external directors have a majority over the executive directors and that the number of independent directors represents at least one third of the total number of its members. The composition of the BBVA Board of Directors and the Executive Committee reflect the stipulations of the Regulations as they are made up of an ample majority of independent directors, with only two executive directors forming part of both corporate bodies.

With regard to Recommendation number 45 of Section F: Pursuant to article 30 of the Board Regulations, it is the responsibility of the Audit Committee to supervise the In-House Code of Conduct on the Stock Exchange. On the other hand, article 27 of the Board Regulations attributes the responsibility for evaluating the Bank's System of Corporate Governance to the Executive Committee. This will be analysed in accordance with the performance of the Company, the results gained in the implementation of any regulations that may be established and any recommendations that are made concerning market best practices adapted to the corporate context.

In general, for the purposes of this report, it should be pointed out that certain modifications are set to be made to the BBVA in-house regulations after the close of 2010, as a consequence of the recent legislative modifications made in company law, which, once approved by the corresponding corporate bodies, will be published on the Company web site.

In this section, you may include any other information, clarification or comment relating to the prior sections of this report.

Specifically, indicate whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this report.

Binding definition of independent director:

Indicate whether any of the independent directors has or has had any relationship with the Company, its significant shareholders or its managers which, had it been sufficiently significant or important, would have resulted in the director not qualifying for consideration as independent pursuant to the definition set forth in sub-section 5 of the Unified Good Governance Code:

NO

Date and signature: 01/02/2011

This annual corporate governance report was approved by the Board of Directors of the Company at its meeting of

Indicate whether any Directors voted against or abstained in connection with the approval of this Report.

NO

DECLARATION OF LIABILITY FOR THE ANNUAL FINANCIAL REPORT

The members of the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. hereby declare that, as far as they are aware, the individual and consolidated financial statements for 2010, filed at their meeting, 1st February 2011, drawn up according to applicable accounting standards, provide a true picture of the net worth, the financial situation and the results of Banco Bilbao Vizcaya Argentaria, S.A. and the companies it consolidates taken as a whole, and that the consolidated and individual management reports include a true analysis of the evolution and position of Banco Bilbao Vizcaya Argentaria, S.A. and the companies that it consolidates taken as a whole, along with a description of the main risks and uncertainties that they face.

Madrid, 1st February 2011.

Mr Francisco González Rodríguez Chairman & CEO	Mr Ángel Cano Fernández President & COO	Mr Tomás Alfaro Drake Director
Mr Juan Carlos Álvarez Mezquíriz Director	Mr Rafael Bermejo Blanco Director	Mr Ramón Bustamante y de la Mora Director
Mr José Antonio Fernández Rivero Director	Mr Ignacio Ferrero Jordi Director	Mr Carlos Loring Martínez de Irujo Director
Mr José Maldonado Ramos Director	Mr Enrique Medina Fernández Director	Ms Susana Rodríguez Vidarte Director