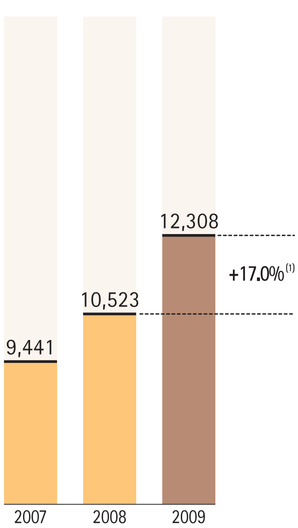
BBVA

Financial Report 2009

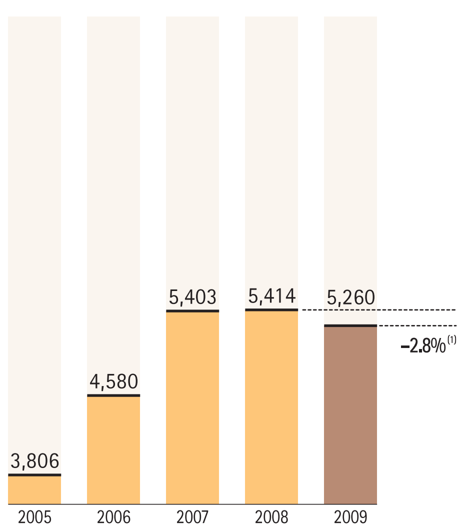
BBVA Group Highlights

Operating income
(Million euros)



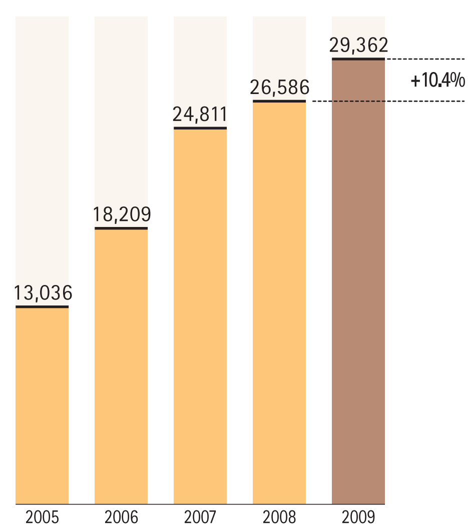
(1) At constant exchange rates: +22.3%.

Group attributable profit excluding one-offs
(Million euros)

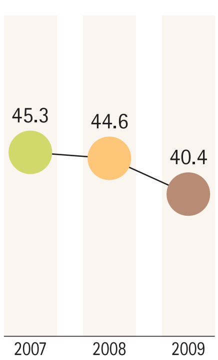


(1) At constant exchange rates: +2.0%.

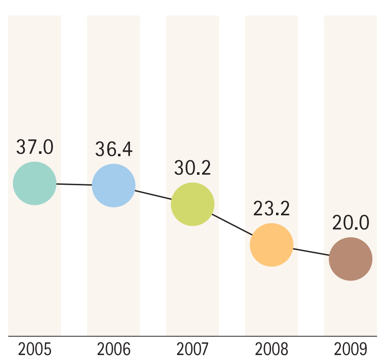
Shareholders' funds
(Million euros)



Efficiency ratio
(Percentage)

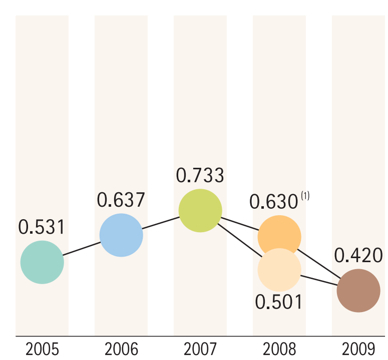


ROE [1]
(Percentage)



(1) Excluding one-offs.

Dividend per share
(Euros)



(1) Includes €0.501 in cash and €0.129 stock dividend (delivery of shares valued at the closing price on April 17, 2009).

BBVA Group Highlights

(Consolidated figures)

	31-12-09	∆%	31-12-08	31-12-07
Balance sheet (million euros)				
Total assets	535,065	(1.4)	542,650	501,726
Total lending (gross)	332,162	(3.1)	342,682	320,311
Customer funds on balance sheet	371,999	(1.2)	376,380	337,518
Other customer funds	136,957	15.1	119,017	150,777
Total customer funds	508,957	2.7	495,397	488,295
Total equity	30,763	15.2	26,705	27,943
Shareholders' funds	29,362	10.4	26,586	24,811
Income statement (million euros)				
Net interest income	13,882	18.8	11,686	9,628
Gross income	20,666	8.9	18,978	17,271
Operating income	12,308	17.0	10,523	9,441
Income before tax	5,736	(17.2)	6,926	8,495
Net attributable profit	4,210	(16.1)	5,020	6,126
Net attributable profit excluding one-offs (1)	5,260	(2.8)	5,414	5,403
Data per share and share performance ratios				
Share price (euros)	12.73	47.0	8.66	16.76
Market capitalization (million euros)	47,712	47.0	32,457	62,816
Net attributable profit per share (euros)	1.12	(17.0)	1.35	1.70
Net attributable profit per share excluding one-offs (1)	1.40	(3.9)	1.46	1.50
Dividend per share (euros) (2)	0.42	(42.7)	0.63	0.73
Book value per share (euros)	7.83	10.4	7.09	6.62
Tangible book value per share (euros) (3)	6.27	25.0	5.02	5.44
P/BV (Price/book value; times)	1.6		1.2	2.5
Price/tangible book value (times) (3)	2.0		1.7	3.1
PER (Price/Earnings; times)	11.3		6.5	10.3
Yield (Dividend/Price; %) (2)	3.3		7.3	4.4
Significant ratios (%)				
ROE (Net attributable profit/Average equity)	16.0		21.5	34.2
ROE excluding one-offs (1)	20.0		23.2	30.2
ROA (Net income/Average total assets)	0.85		1.04	1.39
ROA excluding one-offs (1)	1.04		1.12	1.23
RORWA (Net income/Average risk-weighted assets)	1.56		1.94	2.39
RORWA excluding one-offs (1)	1.92		2.08	2.12
Efficiency ratio	40.4		44.6	45.3
Risk premium excluding one-offs (1)	1.15		0.82	0.60
NPA ratio	4.3		2.3	1.0
NPA coverage ratio	57		92	225
Capital adequacy ratios (%)				
BIS Ratio	13.6		12.2	13.4
Core capital	8.0		6.2	6.2
Tier I	9.4		7.9	7.7
Other information				
Number of shares (millions)	3,748		3,748	3,748
Number of shareholders	884,373		903,897	889,734
Number of employees	103,721		108,972	111,913
Number of branches	7,466		7,787	8,028
Number of ATMs	19,279		18,194	16,808

General note: The consolidated accounts of the BBVA Group have been drawn up according to the International Financial Reporting Standards (IFRS) adopted by the European Union and in conformity with the Bank of Spain Circular 4/2004, together with the changes introduced therein. In 2008, the Bank of Spain Circular 6/2008 came into force. Therefore, some of the figures for previous years have been modified for presentation purposes, to facilitate an inter-annual comparison, without affecting the total equity or the Group's profit.

(1) The third quarter of 2009 includes capital gains from the sale-and-leaseback of properties which have been allotted to generic provisions for NPLs, with no effect on net attributable profit, and in the fourth quarter, there was an extraordinary provision and a charge for goodwill impairment in the United States. In 2008, capital gains from Bradesco in the first quarter, provisions for non-recurrent early-retirements in the second and fourth quarters and provision for the loss originated by the Madoff fraud in the fourth quarter.

(2) The dividend corresponding to 2008 includes €0.501 in cash and €0.129 stock dividend (delivery of shares valued at April 17th, 2009 closing price).

(3) Net of goodwill.

→ " We have had an excellent year.
This has not been the result of chance,
it is the product of our management ability and
the strength of our business model"

FRANCISCO GONZÁLEZ, CHAIRMAN AND CEO

adelante.

Contents

FINANCIAL REPORT 2009

Letter from the Chairman

"At BBVA we are working to anticipate future changes to the environment in which the financial sector operates. These include regulatory, economic and social changes"

Dear Shareholder:

2009 was another extraordinarily complex year, with the financial sector affected by a serious crisis and the world economy in recession.

The financial sector has continued to experience serious difficulties and governments and central banks have had to take decisive action to come to its assistance; governments, by providing capital and central banks, by moving interest rates down to their lowest ever levels and by massive injections of liquidity into the system. The depth of the crisis in the financial sector and the sector's key role in the economy has led to a major debate worldwide among different authorities and governments on the need to modify its regulation and supervision.

Today we have a completely different financial system, with a radically new competitive map, made up of public, semi-public and private banks that will be controlled by more demanding regulations and keener supervision.

In this complex environment, only a few groups have demonstrated their ability to continue to generate recurrent earnings. Among them is BBVA, which has not needed any public aid, nor has it had to make capital increases leading to substantial equity dilution for its shareholders.

In 2009, the BBVA Group recorded a net attributable profit excluding one-offs, in other words considering recurrent earnings, of €5,260 million, only 2.8% down on the previous year. If we exclude the impact of foreign exchange rates, the figure would be 2.0% up on 2008. If we include one-off results, profits amounted to €4,210 million, 16.1% down on 2008.

These profits are based on an excellent operating result, with a spectacular rise in operating income of 17.0% (22.3% not taking into account exchange rate variations) to over €12,300 million. This positive performance is a result of improved income, with gross income increasing nearly 9%, and better operating costs, which fell 1.1%.

→ "We want to concentrate on the future and spend as little time as possible on the management of the crisis"

The combined effect of the positive performance of income and costs means that our cost/income ratio has improved considerably (by over 4 percentage points) and is currently at nearly 40%. This additional improvement is not so easy to achieve bearing in mind the level we were already at. It puts us once more into the leading position for this indicator among the major global banks.

The strength of our operating income has allowed us to anticipate and make extraordinary provisions that mean we can concentrate on the future and dedicate as little time as possible to crisis management. This loss provisioning has focused on very specific aspects: in the United States, the updating of goodwill and additional provisions in the commercial real estate portfolio to increase coverage; in Spain and Portugal, provisions related to the real estate business and consumer finance; and finally, a provision for early retirement linked to the Transformation Plan in our distribution networks.

Looking at 2009 from an overall perspective, we can say that we have closed the year as a better bank in all senses. Today we are an even sounder unit, with a core capital ratio of 8%, far higher than last year; a strengthened balance sheet, thanks to our effort in provisioning; more efficient; more diversified; and with stronger franchises. We have continued to grow significantly in South America; and we are continuing to develop our platform for growth in the United States, with the acquisition of the Guaranty business. We have reinforced our presence in Asia, where we have increased our holding in China Citic Bank and promoted a number of joint ventures with our Chinese partners.

The positive performance of our profits has allowed us to maintain our commitment to our shareholders to pay a cash dividend with a payout of 30% of the net attributable profit (excluding one-offs).

All these facts are ultimately reflected in our continued generation of value for shareholders which is far superior to our competitors. The total shareholder return (measured as the increased price of the shares plus dividend) was 53.7% in 2009, compared with 29.2% for our competitors as a whole.

In short, the BBVA Group has had an excellent year in what was without doubt the worst environment of recent decades. This has not been the result of chance; it is the product of our management ability and the strength of our business model.

The main features of this business model are:

- The right corporate positioning in businesses and geographical areas. In businesses, we focus on those that are core for us and in which we are experts, with the retail business (which is very recurrent) being particularly important. In geographical areas, together with our leading position in Spain, Mexico and South America, we have an increasing presence in high-growth markets, such as the United States and Asia.
- Prudent management of the balance sheet, based on stable financing sources (mainly customer deposits), a low level of leverage and total transparency in consolidating positions on the balance sheet.
- Obsession with efficiency and continuous reduction of costs, which is key in an increasingly competitive environment.
- A significant allocation of resources to technology, with particular emphasis on projects designed to transform the Bank.
- And finally, a long-term vision that implies a relationship with the customers based on trust and mutual benefit. For this we have to have a

→ "BBVA will once more be one step ahead of its competitors, and well on the way to becoming the best universal bank in the world"

culture of firm principles. This is one of the keys of our strategy and its importance has been demonstrated during the crisis.

But in addition to our achievements, at BBVA we are working to anticipate future changes in the environment in which the financial sector operates. These include regulatory, economic and social changes.

- First, the Group is in a perfect position to face the coming changes that will be produced in terms of greater capital and liquidity demands, mitigation of procyclicality and reduction of systemic risk.
- Second, BBVA is focusing on those regions with the greatest economic growth potential.
- And finally, for some time now we have anticipated the social changes that will create the new scenario in which the sector will operate and speed up its conversion: new customer demands (a more personal service and more ethical behavior by the entities) and the great possibilities offered by technology to develop new concepts, ideas and business models.

To deal with this new environment, at BBVA we are moving towards a business model that is highly leveraged on technology and with a great management ability, developed by a team (people) of the highest level. These two levers will allow us to offer our customers (people) different solutions, with simpler, faster, broader and more accessible services through a new "physical-virtual" relationship model.

Together with the development of our normal banking activity, in 2009 we continued to make progress in our policy of Corporate Responsibility in order to provide a meaningful response to all our stakeholders. This response took shape in 2009 as the Global Financial Education Plan, *El dinero en nuestras vidas* (The Money in Our Lives), one of the biggest private financial education plans in the world.

The BBVA Group has had an excellent year in what has been an extraordinarily complex environment. Today we are clearly a better bank. And we have achieved this alone, without any aid. I would like to express my thanks to the more than one hundred thousand men and women who work at BBVA in all the corners of the globe. I want to thank them and encourage them to continue working with the effort and enthusiasm they have shown.

2010 will once more be a very difficult year. There is no doubt about it. But I also have no doubt that thanks to its ability to anticipate, BBVA will once more be one step ahead of its competitors, and well on the way to becoming the best universal bank in the world.

We are doing this for you, dear shareholders, whom I would like to thank for the trust and loyal support you have offered us again this year. This support is a source of pride and serves as a stimulus to continue acting with the same effort and dedication: to continue to work for the good of this great institution, your institution: BBVA.

March 1, 2010

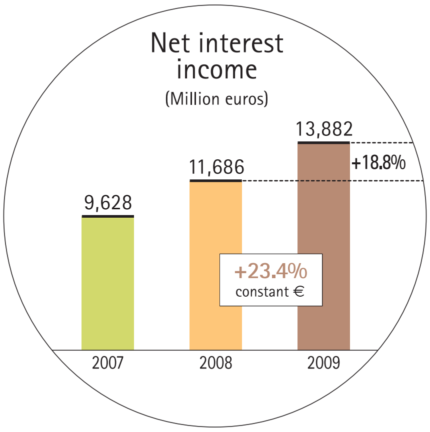
Francisco González Rodríguez

Executive summary

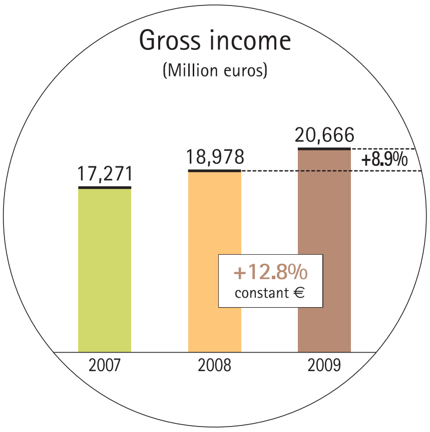
BBVA IN 2009

WE CLOSED 2009 AS A 'BETTER BANK'

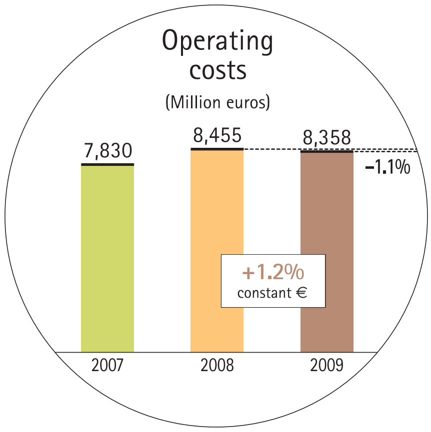
Sound operating results



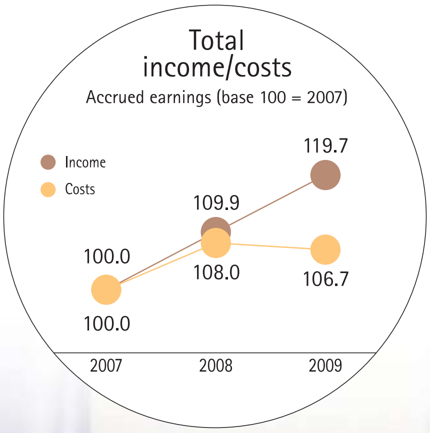
A strong net interest income through a proper price management and improved funding mix

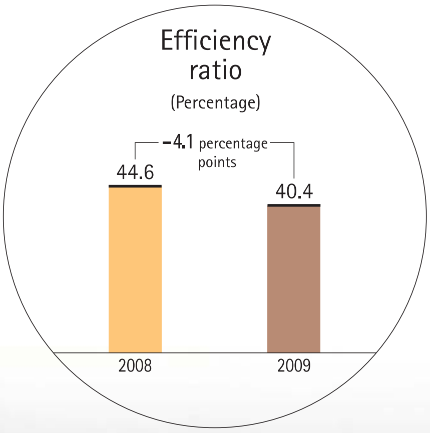


Good performance of gross income

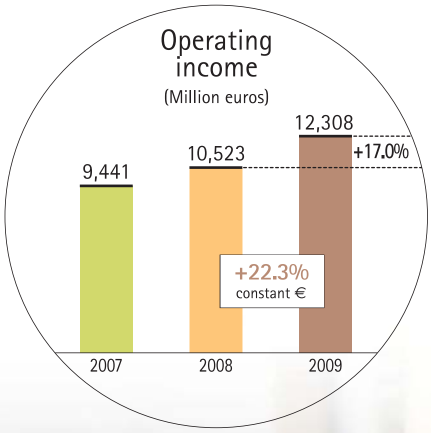


Strict cost control



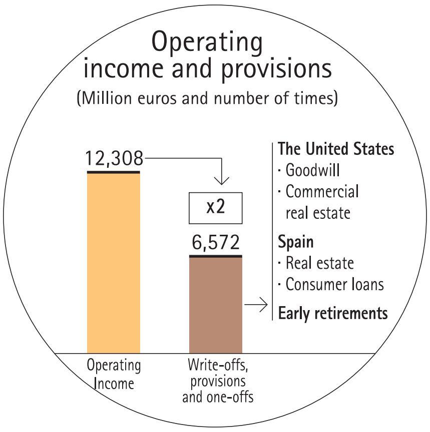


Resulting in overall improved efficiency

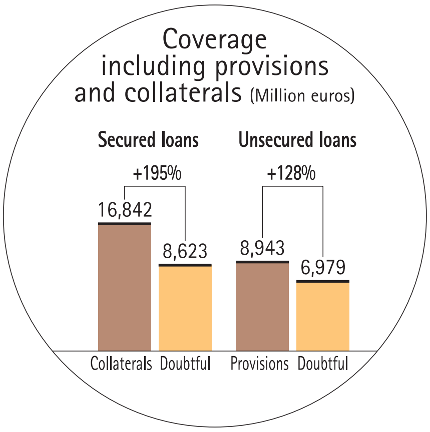


And an extremely dynamic operating income

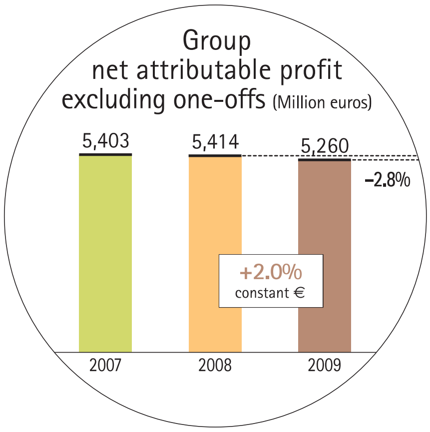
This allows a major effort to be made in provisioning



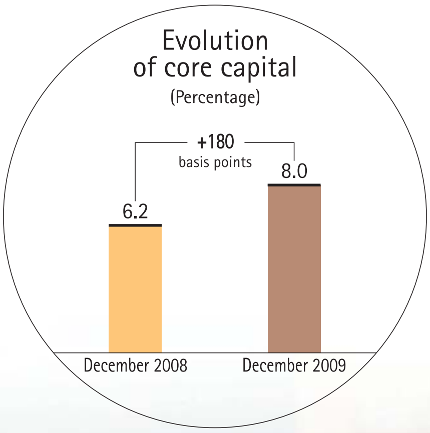
A high level of coverage for doubtful assets with provisions and collaterals



Recurrent earnings in a much more complex environment



That result in closing 2009 better capitalized



And maintain a cash dividend payment of 0.42 euros per share (a 30% payout on net attributable profit excluding one-offs)

And obtain an above-average total return for the shareholder

Total shareholder return
(Percentage)

	2009	2008-2009	2007-2009	2006-2009
BBVA	+53.7%	–8.1%	–7.0%	+0.2%
Median for peers (1)	+29.2%	–22.1%	–21.8%	–11.8%

(1) Peers: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG, Citi, BOA, JPM, Wells Fargo.

BBVA IN 2009

PROGRESS IN THE U.S. AND ASIAN MARKETS

Acquisition of the Guaranty bank operations

BBVA has become stronger in the United States after the acquisition on August 22, 2009 of certain assets and liabilities of the Guaranty Financial Group (Guaranty) from the Federal Deposit Insurance Corporation (FDIC). This investment offers an attractive financial return, an opportunity to strengthen BBVA's United States banking franchise in the retail market (164 branches and 300,000 customers in Texas and California). At the same time, the agreement with the FDIC limits the credit risk to a minimum (the FDIC assumes 80% of the losses up to the threshold of $2,285 million and 95% of the losses above this threshold). In addition, the purchase of Guaranty provides the Group with $7,500 million in loan portfolio and $11,400 million in customer funds.

As well as complementing and pushing forward with the Group's organic growth plans in the Sunbelt, the deal makes the Bank the fourth biggest in Texas, with an increase in its market share of deposits of 150 basis points to 6.4%, according to the latest available data. In the United States overall, BBVA lies in 15th place. It is present in seven states with 785 branches and manages $46,874 in deposits and $49,136 million in its loan book, as of December 31, 2009. The United States is expected to represent approximately 15% of the Group's net attributable profit within 3 years.

BBVA strengthens its expansion in China

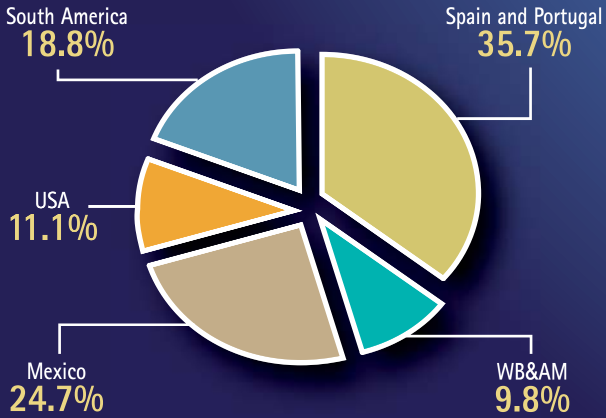
BBVA's financial soundness has enabled it to strengthen its investments in the CITIC Group, one of the main industrial conglomerates in China. Specifically, on December 3, 2009, it exercised a call option (to be executed starting March 1, 2010) on an additional 4.93% of the share capital of China Citic Bank (CNCB), raising its holding to 15%. This is yet another step by BBVA in its consolidation in the economy with the biggest growth potential in the world: a market that represents 55% of the world's population, 26% of global GDP and 60% of global growth in 2012-2020. And what is more, this is Asia, a region with clear competitive advantages with Latin America.

Asia is expected to represent approximately 8% of the Group's net attributable profit within 3 years. BBVA is working towards this goal on various fronts. Among them is the recent signing of two joint ventures, one in auto finance and the other in private banking.

BBVA, A GLOBAL LEADER

- Proper geographical diversification

Gross income distribution by area in 2009



- Focus on business: encouraging the business unit's autonomy, with central units that support them and ensure comprehensive, homogenous management of the various risks

Organization chart

Chairman & CEO

President & COO

Business units

- Spain and Portugal
- Wholesale Banking & Asset Management
- Mexico
- The United States
- South America

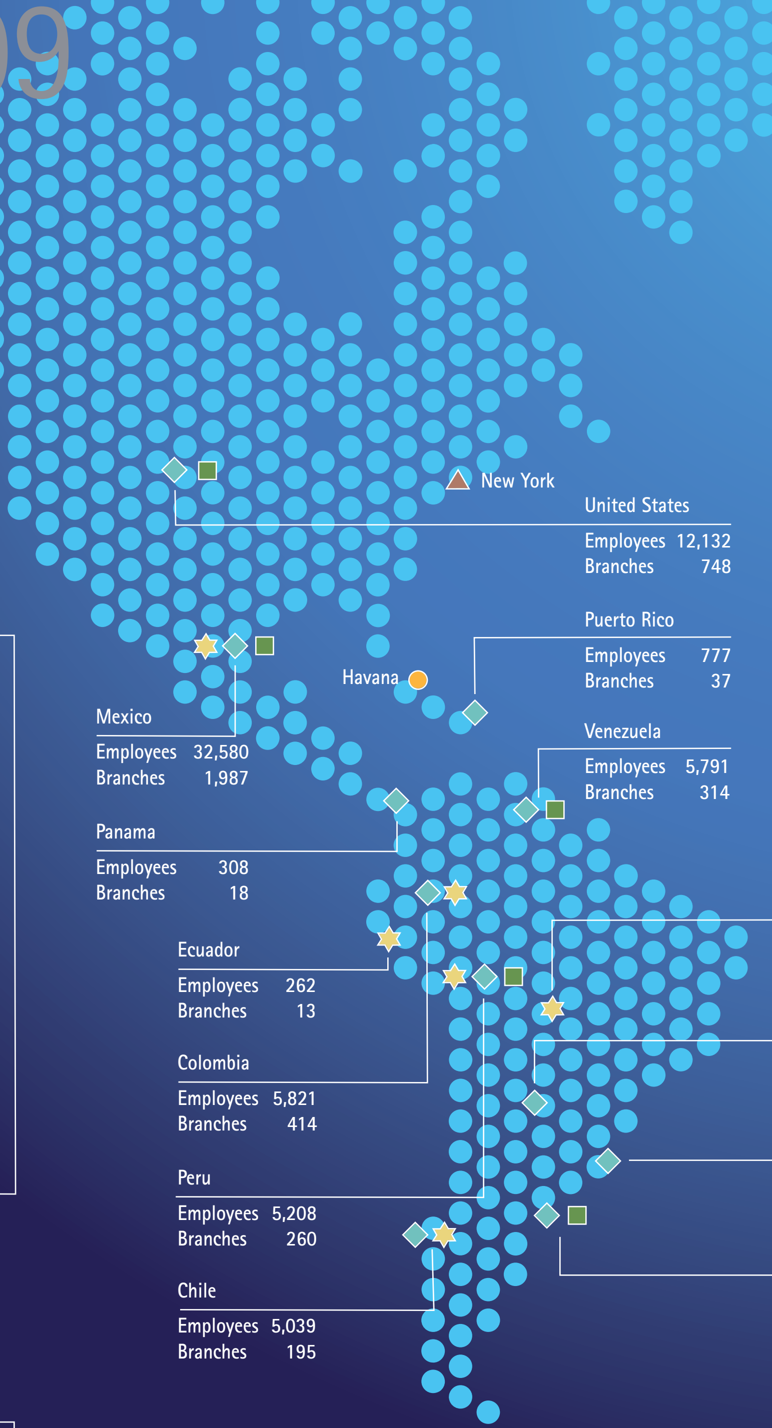
- Finance
- Risk

Chairman's areas

- General Secretary
- Legal, Tax, Audit and Compliance Services
- Brand & Communication
- Chairman's Office
- Accounting & Consolidation
- Institutional Affairs
- Corporate Strategy and Business Development
- BBVA Foundation

HR & Services

Innovation & Technology



- And with stronger franchises, which rank number one on each of the leading markets

Market share ranking in main countries in 2009

	Loans	Deposits	Pensions
Spain	2	3	1
Mexico	1	1	2
Argentina	3	2	-
Bolivia	-	-	1
Chile	4	4	1
Colombia	4	4	3
Ecuador	-	-	1
Panama	3	4	-
Paraguay	1	2	-
Peru	2	2	3
Uruguay	4	4	-
Venezuela	3	4	-

Scope: Spain and Latin America.

Main entities of the Group

Group's banks

Spain
- BBVA
- Finanzia
- Uno-e

Branches
- New York
- London
- Brussels
- Paris
- Dusseldorf
- Frankfurt
- Milan
- Tokyo
- Hong-Kong
- Singapore

Representative offices
- Taipei
- Sydney
- Shanghai
- Beijing
- Seoul
- Mumbai
- Moscow
- Havana
- Brussels

South America
- BBVA Banco Continental (Peru)
- BBVA Banco Francés (Argentina)
- BBVA Banco Provincial (Venezuela)
- BBVA Bancomer (Mexico)
- BBVA Chile
- BBVA Colombia
- BBVA Panamá
- BBVA Paraguay
- BBVA Puerto Rico
- BBVA Uruguay

Rest of the Group
- BBVA Compass (United States)
- BBVA Portugal
- BBVA Suiza (Switzerland)

Foundations
- BBVA Microfinance Foundation
- BBVA Bancomer Foundation
- BBVA Banco Continental Foundation
- BBVA Banco Provincial Foundation
- BBVA Banco Francés Foundation
- BBVA Compass Foundation

Pension funds
- BBVA Pensiones (Spain)
- Afore Bancomer (Mexico)
- AFP Génesis (Ecuador)
- AFP Provida (Chile)
- AFP Horizonte (Peru)
- AFP Horizonte (Colombia)
- Previsión AFP (Bolivia)

BUSINESS AREAS

Spain and Portugal

Proactive risk management

Margins

Gross income
–0.9%

Operating income
+1.0%

Attributable profit
–7.5%

Fundamentals

Efficiency ratio
35.6%

ROE
32.2%

NPA
5.1%

Coverage
48%

Risk premium
(excluding one-offs)
0.52%

Management priorities in 2009

* *Pricing management, with continuous improvements in spreads.*
* *Containment of costs, with new advances in efficiency and productivity.*
* *Fees improvement.*
* *Gains in market share in higher loyalty products, such as mortgages and ICO credit lines.*
* *Management of doubtful loans by reinforcing monitoring and recovery structures.*

Customer base

- BBVA consolidates its position as the major banking franchise in Spain, with a high level of penetration in all customer segments (individuals, SMEs, institutions, corporates and multinationals).
- The aim is to consolidate our leadership across all segments and build up loyalty in each of them.

Widening the gap vs our competitors in terms of profitability, efficiency and share of earnings

At BBVA Spain and Portugal customers are at the core of our business. We have a different business strategy for each segment, using innovative value products and services based on knowledge of the customer and our specialized sales forces. Our clear aim is to provide value added solutions to all our customers throughout their life cycle.

Wholesale Banking & Asset Management

Income of high added-value

Margins

Gross income
+12.8%

Operating income
+14.7%

Attributable profit
+30.9%

Fundamentals

Efficiency ratio
28.1%

ROE
25.5%

NPA
1.0%

Coverage
102%

Management priorities in 2009

* *In Corporate and Investment Banking: consolidation of a industry-based model of customer coverage and improvement in the product mix, with focus on products of greater added-value.*
* *In Global Markets: strengthening and increasing the recurrency of the franchise, with leadership in fixed-income and equity products, greater diversification outside of Spain and consolidation of the business among customers in Asia.*
* *In Asset Management: progress in globalization, maintenance of leadership in mutual funds in Spain and Mexico and in pension funds in Spain, and strengthening the third-party platform (Quality Funds).*
* *In Asia: aside BBVA's mentioned region's strengthening, the wholesale banking platform has tripled its size.*

Customer base

- More than 80% of income in the area in 2009 comes from its customers, with whom it has strengthened its strategic relationships, with an emphasis on a globalized service in products of greater added-value and appropriate risk management.

The mission of Wholesale Banking & Asset Management is to provide a service for customers who demand sophisticated solutions on a global basis

For this reason, our objective is to become a reference global provider and manager offering an integrated range of high added-value products in markets, investment banking and asset management. To achieve this target, we use a business model that has been successfully tested in extreme circumstances in the recent past. It is based on three pillars: customer focus, sound risk management and the talent of our teams.

Mexico

Ceiling in risk premium and NPA

Margins

Gross income
+3.4%

Operating income
+5.4%

Attributable profit
–19.1%

Fundamentals

Efficiency ratio
31.9%

NPA
4.3%

Coverage
130%

Risk premium
5.25%

Management priorities in 2009

In an unfavorable macroeconomic environment, the focus was kept on:

- *Protection of net interest income, despite lower interest rates and the change in the asset mix.*
- *Efficiency management through Transformation Plans.*
- *Strict risk quality control in all phases: origination, monitoring and recovery.*

Customer base

- During the last years of crisis, Bancomer focused on strengthening its broad customer base. A great effort has been made to retain and secure its top value segments through more customized service for preferred customers and the development of a specialized service network for the segment of SME and large corporates.

In 2009, Bancomer managed to strengthen its franchise and improve the efficiency of its distribution network through the use of technological innovation

Network productivity has been increased by incorporating latest-generation ATMs (cash-deposit and cash-recycling ATMs, etc.). At the same time, to speed up transactions at the teller window and improve the service provided for the customer, the model of banking correspondents has been introduced. This will increase points of sale by more than 12,000 units over 2010.

The United States

Strong operating results

Margins

Gross income
+2.5%

Operating income
+20.3%

Fundamentals

Efficiency ratio
59.9%

NPA
5.2%

Coverage
57%

Risk premium
(excluding one-offs)
2.53%

Management priorities in 2009

* *Integration of Compass into the BBVA universal banking model.*
* *Focus on efficiency, productivity and asset quality.*
* *Upgrade of the technological platform.*
* *Take advantage of the opportunities for organic (deposits and repricing) and non-organic (Guaranty) growth.*

Customer base

- BBVA Compass provides a service to nearly two million customers, including both individuals and small businesses. In 2009, the focus for all the segments has been put forward more added-value proposals, increase product penetration and cross-selling, as well as improving the customer experience and commercial relationships at all points of sale.

With the acquisition of Guaranty, BBVA has reinforced its position in the U.S. market

Its integration will make BBVA Compass the fifteenth biggest bank in the United States in terms of deposits and the fourth biggest in Texas, apart from strengthening its position in California. This new expansion is further proof of the Group's commitment to the development of its franchise in the United States. In addition, the fact that BBVA is the first foreign bank which the FDIC has trusted to manage a local bank in difficulties is an important expression of the soundness and strength of our Group.

South America

Strong performance in all business margins

Margins

Gross income
+17.4%

Operating income
+25.1%

Attributable profit
+21.8%

Fundamentals

Efficiency ratio
40.6%

ROE
40.2%

NPA
2.7%

Coverage
130%

Risk premium
1.57%

Management priorities in 2009

* *Successful management of customer spreads.*
* *Favorable effect of the policy of austerity measures to curb expenses in all units.*
* *Excellent results in banks, pensions and insurance.*
* *Maintenance of the NPA at very low levels, with a high coverage ratio.*

Customer base

- In 2009, the South America area has increased its customer base thanks to the banking penetration strategy initiated in 2007. This plan has concentrated on building loyalty with paycheck customers.
- The area has also worked on a model of relationship that is based on offering an accessible and differential service that adapts to the needs and preferences of every segment. This has required increased knowledge of and familiarity with the market, its trends and consumer behavior in each country where the Group operates.

BBVA, best bank in Latin America according to Euromoney magazine

Euromoney magazine annually grants one of the most prestigious awards in the financial industry, and in 2009, it honored BBVA with the title of Best Bank in Latin America. The award was granted in recognition of BBVA's leadership in the region and the outstanding results it achieved despite the complicated backdrop created by the international crisis. In addition, BBVA was also named Best Bank in Mexico, Argentina, Venezuela and Paraguay.

According to the publisher, BBVA has shown great strength in Latin America in terms of income.

Euromoney also highlighted announcements made by Vicente Rodero, General Manager of BBVA South America, regarding acting with prudence and assessing risks in today's international crisis situation, while also maintaining the firm commitment to continue increasing market share in the different countries where BBVA operates.

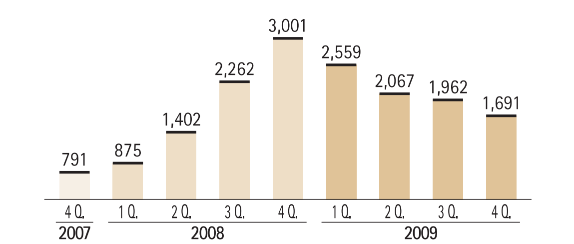
Credit risk management

Prudence, proactive management and strengthening of the balance sheet

Management priorities in 2009

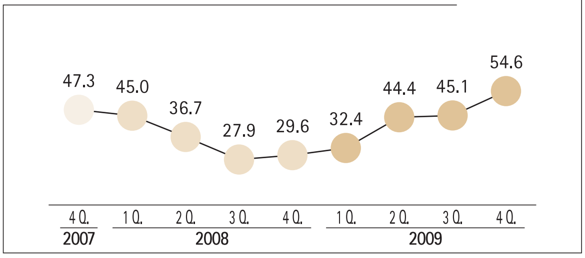
- *Major effort in loan-loss provisions, easily supported by the Group's operating income:*
  - *Proactive management of non-performing assets and provisions in Spain and Portugal, with very selective and low-cost preventive purchases of real estate.*
  - *Developer segment well covered by provisions under an assumption of a high level of loss-given default.*
  - *Preventive provisions in the United States, with a positive impact on the coverage ratio in the area.*
- *Ample coverage including provisions and collaterals.*
- *Reduction of non-performing assets entries and increase in NPA recoveries.*

→ BBVA Group. Net NPA entries [1]
(Million euros)



(1) In the fourth quarter of 2009, excluding €2,461 million one-offs, 1,817 of which correspond to Spain and Portugal and 644 to United States.

→ BBVA Group. Recoveries over entries to NPA [1]
(Percentage)



(1) In the fourth quarter of 2009, excluding €2,461 million one-offs, 1,817 of which correspond to Spain and Portugal and 644 to United States.

→ Credit risk management
(Million euros)

Total risks [1]	31-12-09	Δ%	31-12-08
Non-performing assets	15,602	82.1	8,568
Total risks	364,776	(3.7)	378,635
Provisions	8,943	14.1	7,841
· Specific	5,969	81.8	3,282
· Generic and country-risk	2,975	(34.7)	4,558
NPA ratio (%)	4.3		2.3
Coverage ratio (%)	57		92

(1) Including contingent liabilities.

2010: BBVA POSITIONING

THE ECONOMIC BACKGROUND

2009, a highly complex environment ...

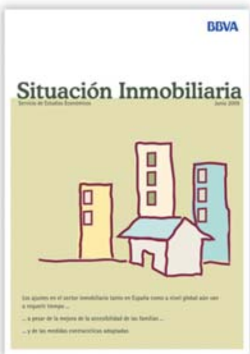
In 2009 there was a strong contraction of economic activity in the initial months of the year. A broad range of countries introduced exceptional public stimulus measures, both monetary and fiscal. As a result, a large number of economies managed to close the year with positive quarterly growth rates. This has come as a breath of fresh air for the expectations of economic agents; it has also meant that 2010 has started with better perspectives, despite the major economic slump in 2009.

A significant feature of this incipient recovery is the variety among both countries and regions. Emerging economies, particularly Asia and Latin America, are proving the main motor for growth in the global economy. In many cases, this has enabled them to recover to pre-crisis output levels. However, the developed economies are at a phase of more incipient recovery. Their main problems are the upturn in unemployment and the need to carry out a tough and difficult deleveraging process, which in the final analysis will weaken the rate of growth in their domestic demand. Among these countries, the United States has a sounder base than Europe, although the level of recovery is still at a very incipient stage in both.

From now on, therefore, the uncertainty is focused on the sustainability of this recovery. The main risk that has to be faced will be the premature withdrawal of the stimulus plans, mainly in the most advanced economies, where the fragility of private consumption is obvious, and where the risk of new financial shocks continues. In addition, the challenge of correcting global imbalances still has to be met. The maintenance of a path of long-term sustainable growth will largely depend on a return to a global balance that modifies the patterns of saving and consumption in the developed and developing economies: in other words, the first ones should increase their savings and the second ones, their consumption. At the moment, households in developed countries are immersed in a process of deleveraging which is moving in the right direction. The process has largely been imposed by the high rate of indebtedness incurred over the years before the crisis.

In general, 2009 can be divided into **three separate periods**. The first corresponds to the economic slump and the extraordinary measures of government support; the second features stabilization and the first signs of recovery; in the last, the markets focused on finding exit strategies from the expansive policies that had been in force.

Thus the **first period** corresponds to the start of 2009. To a large extent, it features a high level of negative inertia carrying on from the end of 2008, in which the financial crisis, loss of confidence and slump in trade intensified the recession. Thus the number of economies in recession at the same time reached the heights of the Great Depression. This supported the idea that if growth was to return, exceptional measures would inevitably have to be implemented in a context in which the losses of financial institutions and their capital requirements continued to focus



AND ENVIRONMENT

most of the uncertainty. These concerns were reflected in the markets via the search for safe-haven assets and a renewed preference for domestic assets. As a result, stock markets reached their minimum levels in March, the yield on Treasury bonds remained at very low levels and the dollar appreciated to close to 1.25 against the euro. Monetary policy offered new alternatives through extremely expansive fiscal measures, more so in the United States than in Europe. The fall in the levels of economic activity and the sudden collapse of commodity prices led to a quick drop in inflation rates, which gave central banks room to apply unconventional measures or expand traditional measures as far as possible. The European Central Bank (ECB) continued to cut interest rates back to 1.0% and increased the maturity of full-allotment auctions to 12 months. The Federal Reserve, whose official rate had already hit the 0% threshold, started a number of programs to purchase assets with the aim of reducing the cost of financing American mortgages.

This was the start of the **second period**, in which the package of measures adopted, along with the attitude of the U.S. towards tackling the financial problem, proved a boost for international financial markets. The performance of stress tests on the balance sheets of the biggest financial institutions revealed the system's specific capital requirements and thus reduced uncertainty. Some financial institutions began to issue unsecured debt and to repay the capital injections received from the Treasury at the time of greatest vulnerability, thus easing financial tension. The improvement in some economic indicators consolidated the first signs of "green shoots", which were confirmed with the third quarter results. This growth was supported by the strength of the Asian region, the restructuring of inventories and improved confidence levels.

Towards the end of the year, in other words in the **third period**, it became clear that global growth was being led by the emerging economies in Asia and Latin America, and that growth in developed countries still depended heavily on stimulus packages. The debate at the time was about the biggest challenge faced by economic policy: the need to calculate the right time to withdraw the government support programs, given that a premature withdrawal could check the improved trend, while if it was late it could generate risks in the medium term.

... with a turning point in the last part of the year

In spite of the recovery witnessed in the second half of the year, 2009 could end with a contraction of 2.5% in the **United States** and 3.9% in the **Euro zone**, with a inflation rate of –0.3% as an annual average in the U.S. and around 0.3% in Europe. The wider scope of the U.S. fiscal program and increased determination to tackle the financial problem will lead to higher growth rates than in the euro zone in 2010. In addition, in Europe the fiscal problems that some economies such as Greece are facing will have a negative effect by significantly increasing the sovereign risk.

2010: BBVA POSITIONING

THE ECONOMIC BACKGROUND

As regards the **Spanish economy**, the fall in the GDP would be similar to that in the euro zone (–3.6%), due to the positive countercyclical contribution from the foreign sector, and the greater size of its fiscal stimulus package compared with Europe. These factors have counteracted some others which have the opposite effect, such as job losses, the resizing of the real estate sector and the deleveraging process in the private sector. Year-end average inflation for the year was negative (–0.3%).

In **Mexico**, after facing the collapse of international trade and the H1N1 flu outbreak, the results for the end of the year confirm the path towards recovery. In addition, the relative strength of employment compared with other crises, the increase in competitiveness and the better performance of the United States, all encourage growth expectations close to 3% for 2010. Other countries in the region, such as Colombia and Peru will also experience strong growth in 2010.

In general, the **emerging economies**, except those of Europe, are on the way towards sound recovery, supported by factors such as their earlier policies of macroeconomic stability (current account and fiscal surplus and inflation under control), which have allowed the implementation of fiscal and monetary measures. Some of these economies have also had a significantly lower exposure to the financial crisis than developed countries, and in the final part of the year they have also been helped by the recovery in commodity prices.

The performance of the **financial markets** largely anticipated the economic improvement throughout 2009. Financial tension has continued to ease, although it should be remembered that this situation was largely the result of public aid. As a result, the stock markets have recovered from their lows in March, led by the emerging economies in both Asia and Latin America.

The trend in long-term **interest rates**, both in the United States and Europe, has been slightly upward over the year, as the exit from recession began to be appreciated, particularly in the United States.

On the **foreign exchange** markets, after being favored by the safe-haven effect during the first quarter of the year, the dollar weakened significantly following the Federal Reserve announcement of its substantial asset purchase program. Other short-term factors linked to the interest rate spread, along with the diversification of reserves prompted by the debate on the reserve currency status of the U.S. dollar, encouraged this trend. Thus, as an average for the year the dollar appreciated by 5.4% against the euro, while the performance of the European currency against those with the biggest weight on the BBVA balance sheet was mixed, with some that appreciated on average against the euro (Peru and Venezuela) and others that depreciated (Mexico, Colombia, Argentina and Chile). As a result, the effect of the foreign exchange rate on the year-on-year comparison of the income statements is negative by about five percentage points.

→Interest rates
(Quartely and annual averages)

		2009				2008				
	Year 2009	4Q	3Q	2Q	1Q	Year 2008	4Q	3Q	2Q	1Q
Official ECB rate	1.25	1.00	1.00	1.10	1.92	3.88	3.28	4.24	4.00	4.00
Euribor 3 months	1.22	0.72	0.87	1.31	2.01	4.64	4.24	4.98	4.86	4.48
Euribor 1 year	1.61	1.24	1.34	1.67	2.22	4.83	4.38	5.37	5.05	4.48
Spain 10-year bond	4.02	3.83	3.92	4.16	4.17	4.38	4.16	4.65	4.54	4.17
USA 10-year bond	3.24	3.45	3.50	3.30	2.70	3.64	3.20	3.84	3.86	3.65
USA Federal rates	0.25	0.25	0.25	0.25	0.25	2.08	1.07	2.00	2.08	3.19
TIIE (Mexico)	5.89	4.93	4.90	5.89	8.00	8.28	8.71	8.49	7.96	7.93

Exchange rates (1)

	Year-end exchange rates				Average exchange rates			
	31-12-09	Δ% on 31-12-08	31-12-08	Δ% on 31-12-07	2009	Δ% on 2008	2008	Δ% on 2007
Mexican peso	18.9222	1,6	19.2334	(15.2)	18.7988	(13.3)	16.2912	(20.4)
U.S. dollar	1.4406	(3,4)	1.3917	2.2	1.3948	5.4	1.4705	(1.7)
Argentine peso	5.5571	(11,5)	4.9197	(16.0)	5.2649	(10.6)	4.7078	(18.1)
Chilean peso	730.46	21,3	885.74	0.1	777.60	(1.9)	762.78	(8.0)
Colombian peso	2,941.18	6,3	3,125.00	0.9	2,976.19	(4.0)	2,857.14	(4.5)
Peruvian new sol	4.1626	4,9	4.3678	5.8	4.1905	2.4	4.2898	2.3
Venezuelan bolivar fuerte	3.0934	(3,4)	2.9884	2.3	2.9950	5.4	3.1582	(1.8)

(1) Expressed in currency/euro.

With regard to year-end foreign exchange rates the U.S. dollar has depreciated in year-on-year terms, as have the Argentinean peso and the Venezuelan bolivar. The rest of the currencies with an impact on the Group's financial statements (Mexican, Chilean, Colombian pesos and the Peruvian sol) have appreciated. The final impact of this is slightly positive on the sums on the balance sheet and in terms of activity.

In terms of the **outlook for 2010**, we can expect a recovery that will, however, be slow, varied and, in most of the advanced economies, subject to risks and uncertainties.

2010: the year of recovery which will nonetheless be slow, non-homogeneus and subject to risks and uncertainty ...

In the **United States**, preliminary data for growth in the fourth quarter of 2009 (+1.4% quarterly) anticipates a swifter recovery than in Europe. However, the country will have to face significant challenges to mitigate certain uncertainties, such as the intensity and duration of the deleveraging process and the change in the trend of the labor market. To sum up, United States economic GDP growth will probably continue historically weak, at a rate of 1.9% for 2010.

In **Europe** the rate of recovery is expected to be even slower. Although the data on confidence and economic activity in recent months reflect some improvement, the adjustments pending are similar to those in the United States, but the economy has less flexibility to tackle them. In addition, the high deficit and debt levels in many European countries limit the room for maneuvering of economic policies. For these reasons, we expect a growth rate in Europe in 2010 of 0.6%. In the case of Spain it will still be negative, at –0.8%,

Emerging economies will continue to show vigorous growth. Led by **China**, this will be the region which will make the biggest progress thanks to expansive policies adopted in 2009 and the start of recovery in world trade. In this context, private consumption in China is expected to gradually gain more weight. Meanwhile, **Latin America** will maintain an equally sound recovery, backed by the macroeconomic stability constructed in the years before the crisis, the financial strength derived from orthodox policies, the favorable commodity-price environment and the strength of domestic demand. Mexico will have one of the soundest increases in the region in 2010, in part due to the United States recovery.

On the financial markets, the continued policies of low official **interest rates** in developed countries will serve to anchor the public debt yield curves. **Foreign exchange rates** will remain relatively stable in all regions, with dollar continuing to appreciate against the euro. Emerging currencies will also appreciate against the dollar.

... and with more moderate growth in Europe than the United States

2010: BBVA POSITIONING

BBVA POSITIONING

BBVA's business strength

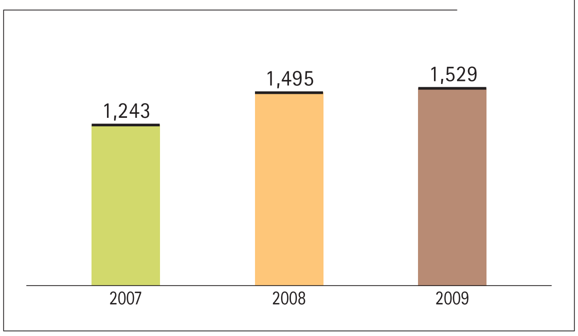
Against the backdrop of the economic crisis over recent years, BBVA has shown excellent behavior by maintaining its sustained trajectory of earnings. This positive growth has its roots in the strength of its business model, characterized by:

- Focusing on core businesses, and within them, maintaining a greater weight of recurrent business.
- Encouraging a long-term vision and building mutually-beneficial, trust-based relationships with clients. This, of course, requires a culture of solid ethical principles.
- Prudently managing the Bank's balance, primarily based on stable retail financing with a low leverage ratio.
- Maintaining a favorable level of geographical, business and client segment diversification.
- Committing to constantly reducing costs and, therefore, improving efficiency.
- Making a significant effort regarding technology which, in these times of crisis, has not only maintained its level but has even accelerated, by prioritizing those projects that will carry the Bank into the future.

All these characteristics make the BBVA business model sustainable and proven to be strong, one that allows for recurring profit in any setting, thanks to its capacity for anticipation. And it is this very capacity for anticipation that prepares the Group to compete in this new environment. Specifically, BBVA is already anticipating and making headway on:

- Regulatory changes in the industry.
- Changes in macroeconomic growth.
- Social changes that will completely transform the sector.

→ Resources allocated to technology and operations, BBVA Group (1) (Million euros)



(1) Investments + incurred costs (paid + provisioned) without amortizations.

AND ENVIRONMENT

Regulatory changes

BBVA is in an ideal position to face the foreseeable regulatory changes:

- In **capital**, the trend is toward greater demands, with leverage limits and more restrictive requirements for trading activities. The BBVA business model places special emphasis on retail activity and has the lowest leverage ratio in the industry.
- In **liquidity**, the trend is toward a demand for retail funding and liquid assets, and BBVA already has this scheme in place, in addition to a clear decentralized management system for its subsidiaries.
- Regarding **procyclicality,** accounting standards are working towards mitigating its effect. BBVA already has a provisioning model based on expected loss in place.
- Finally, as regards **systemic risk,** the effect of contagion and the complexity of transnational relations within each bank are cause for worry, as structures for subsidiaries that limit these effects are taking precedence; this is precisely the model in place at BBVA.

Changes in macroeconomic growth

Moreover, BBVA is placing special emphasis on the regions with the highest growth profile by anticipating the most distinctive trends among regions which, therefore, demand different strategies.

→ Strategy, by region

Mexico	→	First bank in the country
The United States	→	Platform for growth
South America	→	Leading franchise
Asia	→	Differential positioning
Spain	→	Growing market share

BBVA POSITIONING

- In **Mexico**, BBVA is the clear front-runner in a country with great potential for recovery and growth.
- In the **United States**, a large growth platform is being consolidated in a region of increased dynamism, especially in Texas, where BBVA is the fourth bank.
- In **South America**, geographical region with high growth, has significantly increased its contribution to the Group's earnings.
- In **Asia**, another high-growth zone, presence in those hubs where BBVA is already present is on the rise, with greater capacity for assuming risks. Evidence of this is the aforementioned 5% increase in investment in CNCB and the commissioning of new business with the Bank's associates, specifically the creation of two joint ventures, in auto financing and private banking.
- And in **Spain**, against an unstable backdrop, opportunities for growth in its quota are arising through commercial activities focused on specific segments and locations.

Social changes that will completely transform the sector

BBVA continues to anticipate the social changes that will impact 21st century banking. The horizon which we now face is characterized by:

- New client demands: more convenient and personalized services, in addition to greater transparency and ethical behavior.
- New facilities provided through new technology that allow for the development of new concepts, ideas and business models, and to transform information into knowledge.

The above modify the form of "banking consumption" and accelerate the necessary reconversion of the sector: clients are looking for new types of relationships with the entity and demand new and improved products.

BBVA anticipated this scenario quite some time ago, and, therefore, has the ability to succeed. BBVA is evolving towards a business model that is:

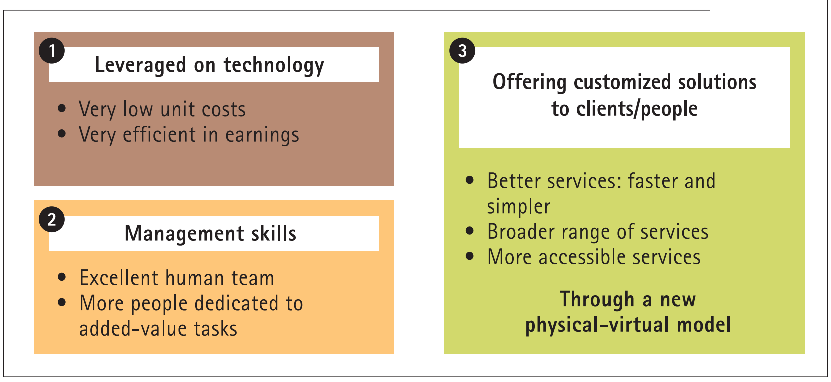
- Well leveraged on technology, with very low unit costs in an increasingly competitive sector, being efficient with expenses and income, while broadening the sphere of relationships with clients.
- And that has a great capacity to manage, meaning having an excellent human team in place with more people focused on added-value tasks thanks to the use of technology.

These two pillars will allow BBVA to offer clients (people) differentiating solutions:

- Improved services: easier, faster and simpler.
- Broader range of services (not only financial).
- And more accessible services, to reach a greater number of clients.

All these solutions will be offered to clients through the new relationship model, a platform that will integrate the "physical" and "virtual" worlds.

→ BBVA business model



AND ENVIRONMENT

Spain and Portugal

Management priorities for 2010

✱ *Provide a new boost to growth, with the aim of continuing our increasing share of operating income. This breaks down into:*

1

Growth Plan for customers

with improved positioning in the different segments and without losing the focus on efficiency:

- Commercial Banking: winning customers and building their loyalty, with a particular focus on providing a quality service and meeting specific requirements in each segment.
- Corporate and Business Banking (CBB): emphasis on winning new customers and identification of opportunities for profitable growth.
- Synergy plan between Commercial Banking and CBB.
- Action plans for groups.

2

Transformation Plans

- Distribution, network layout, servicing and remote management model to boost commercial productivity.
- Operations model that centralizes tasks with lower added-value.

3

Quality Plan

- To improve the quality customers perceive when dealing with BBVA. Our value is the sum total of the value of our satisfied customers.

4

Working Environment Plan

- "BBVA, the best place to work". This involves strengthening our commitment to people, boosting their professional careers and taking measures to improve the work/life balance.

5

Differentiation

Search for continuous differentiation, based on knowledge of customers, segmentation and a new model of relationship.

BBVA POSITIONING

Wholesale Banking & Asset Management

Management priorities for 2010

* *Focus on innovation, globalization, strengthening product capabilities and a closer relationship with customers. This breaks down into:*

1

Corporate and Investment Banking

- Continue to develop strategic dialog and a more global relationship with customers to give us a better positioning in high added-value operations.
- Improve product execution capacity.
- Consolidate our footprint with a special focus on trade flows in the United States and between Latin America and Asia.

2

Global Markets

- Reinforce and continue investing in the development and innovation of fixed-income and equity products.
- Accompany the BBVA Group in leading expansion into Asia and the United States and seeking new sources for growth.
- Expand SME business in Spain and Latin America.

3

Asset Management

- Consolidate internal network distribution capacity and strengthen growth with external customers, especially corporations and institutions.
- Generate profitable growth and diversify income sources.

4

Asia

- Use the region's growth potential alongside BBVA's experience and leadership in Latin America to make the Group a standout player in commercial relations in the Pacific.

Mexico

Management priorities for 2010

✱ This year will be one of transition for relaunching business growth and taking advantage of opportunities in the Mexican market, leveraging on Bancomer's competitive advantages. This breaks down into:

1

Growth in commercial activity

- Maintain leadership and in the main business lines and increase market share in paycheck accounts, demand deposits and investment companies.
- Build up customer loyalty.

2

Transformation Plan 2010-2012

with the aim of improving efficiency in the long term:

- Increase branch network productivity.
- Encourage low-cost banking penetration.
- Increase market share in each state.
- Strengthen the operating income.
- Promote multi-channel use.
- Make more improvements in efficiency.

3

Asset quality

- Maintain rigorous control of asset quality.
- Use new payment platforms.

4

Maintenance of brand leadership

and strengthening corporate reputation.

BBVA POSITIONING

The United States

Management priorities for 2010

✱ *More progress in the United States franchise with the integration of Guaranty into BBVA Compass. The focus of the area will be on the transition to the BBVA business model:*

1

Transformation Plan

based on three pillars:

- Definition of network management processes.
- Model of customer relations.
- Renewal of the technological platform.

2

Clear customer orientation

- Improvements in our understanding of and familiarity with our customers.
- Segmentation.
- Increased customer loyalty.
- Development of high added-value proposals.
- Improved customer experience.

3

Product innovation,

using BBVA's experience.

4

Multi-channel approach

- New channels: mobile banking, virtual banking, latest-generation ATMs (with image-capture technology), etc.

South America

Management priorities for 2010

✱ *The plan is to maintain growth in the region, without neglecting cost management and asset quality, through:*

1

Focus on the customers

- Increase in the customer base.
- Increased loyalty of customers with greater credit quality.
- Improvement in service quality favoring a more solid and satisfactory relationship with customers.
- Development of business intelligence.

2

Growth in activity,

maintaining risk quality:

- Increased loan book volume.
- Promotion of cross-selling.
- Growth in the Pensions and Insurance market share.
- Agile risk admission and reinforced structures for monitoring and collection.

3

Redefinition of the distribution model

- Multi-channel model, with greater weight given to alternative sales channels (Internet banking).

4

Make new progress in efficiency

- Increase operational industrialization.
- Servicing plans.
- Simplification, restructuring and standardization of structures and workforce.
- Renewal of infrastructures.

5

Brand: awareness and image of BBVA in the region

- Brand identity.
- Reinforcement of the idea “regional franchise”.
- Drive towards standardization across countries.

THE TEAM

The key to any company's success lies in its capacity to use human talent

In a knowledge-based economy, what differentiates organizations is their vision of the future and their capacity to create it by using the human factor. Thus the key in determining the success of any company is its capacity to use human talent. For this, it first has to be attracted, then developed and motivated. BBVA has an excellent image as an employer at a global level, as can be seen in the more than 235,000 CVs received in 2009 through the Group's various career websites. As part of the strategy designed to strengthen this image among potential customers and collaborators, and specifically among the young, BBVA has throughout this year boosted its employer branding on the Internet, in line with the uses and customs of the younger generation, with a unique and consistent positioning on the web.

BBVA has reinforced its presence in social networks

BBVA has reinforced its presence in social networks and has started up a virtual employment site on www.feriaempleo.bbva.com, which covers all the Group's companies and complements the information available on the Bank's own employment page and in the different social networks.

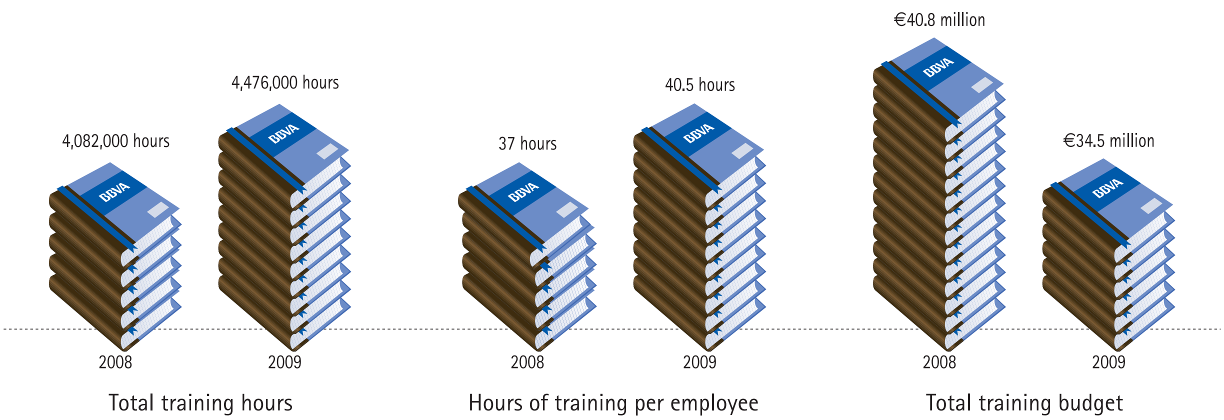
It is worth pointing out that both this and other activities implemented by the Group are being studied in the main business schools around the world, which include practical cases in their education programs that provide proof and confirmation of BBVA's good practice as a successful company. In 2009, six new case studies have been prepared by a number of different schools. They range from team management practice in the Bank to their way it understands innovation as leverage for generating value with the aim of making the life of people simpler.

Development, a special capacity at BBVA

The development of human capital is a basic capacity in the 21st century, perhaps even more so in businesses and sectors such as finance, where employee knowledge, skills and capacities are the main tools for creating business value.

This year all the units in the Group have carried out the **two-year Competencies Assessment Process** (skills and knowledge) to identify the areas in which each person can improve and compare their development with previous years. Employees also define an **Individual Development Plan** together with their superiors as a way of working actively on the knowledge and skills needed to be able to carry out their work as well as possible.

This plan also aims to gradually give employees the skills needed for career moves to greater responsibility positions. This is why the process lasts two years. It is a sufficiently extensive time horizon to allow a response to the individual needs identified during its operation. The commitment of the professionals in the Group in managing and developing its teams is clear in the more than 92,700 people that have taken part in the process of competencies assessment. More than 83,000 individual development plans have been prepared, giving rise to more than 360,000 development actions, such as courses, practical cases, reading books and articles and viewing films.



BBVA, a leader in training

BBVA is notable as one of the leading companies in terms of the number of hours of **training** per employee, with an average of 40 hours per year. In 2009 nearly 4.5 million hours of training were given in the Group, an increase of 10% compared with 2008.

Much of this training (specifically, 35%) has been carried out through the **e-campus**, the Group's online learning platform which has become an excellent tool for catering to the training needs of the areas and persons forming part of the BBVA team. More than 80% of the Group's employees took this kind of training in 2009.

E-campus: more than just a technological e-learning platform, it is a new concept in training that is pioneering in its sector

Currently, the e-campus has a training catalogue with more than 600 courses, including new training techniques such as virtual communities and forums, videos, surveys and a digital library. All of this is done in a user-friendly and intuitive navigation environment. In addition, the e-campus has different training paths, with certificates and recognition provided by international institutions and universities, with expert tutors and a user service center. In short, it is a model with cutting-edge technology that is capable of covering the training needs of both the professionals and the Group itself, and prepared to tackle new challenges in the future.

All the range of training actions made available for the professional growth of employees are complemented with other kinds of practices, such as **coaching** and **mentoring**, which have gradually begun to be applied in the Group.

Guaranteeing employability is essential, but it is only one of the many elements needed for a professional to be able develop to his or her full potential. New challenges must be posed for them, and the means by which they can progress professionally must be put within their reach. Therefore, in 2009, as part of this development-centered scheme, we have implemented several tools designed to inform our professionals of the internal selection processes open in each unit. This kind of initiative aims to encourage equal opportunities among all the Group's employees as much as possible, while allowing them to refocus their career according to their own professional interests and progress in its development.

BBVA favors the effective application of the **principle of equality** of opportunities and non-discrimination between men and women to promote diversity and manage it as a competitive advantage. In this respect, the concept of equal opportunities and non-discrimination for reasons of gender is reflected in all Human Resources policies, particularly in terms of the professional career path, in line with the ethical principles of integrity, transparency, non-discrimination, professionalism and recognition of merit that form part of the Group's Corporate Culture.

In 2009, BBVA joined the European Diversity Charter, a measure forming part of the anti-discrimination Directives of the European Union. Its aim is the promotion of management practices and inclusion of diversity in corporates and institutions. BBVA has also participated in the drafting of the Declaration of Intentions for the creation of the Spanish Charter and contributed in its foundation. In Argentina, it has obtained the Certification of a MEGA Gender Equality Company. Finally, the Group has become a member of the international network of *Catalyst*, which specializes in gender questions.

The professional development policies and practices of BBVA have also been recognized by the magazine *Fortune*, which for the second year in a row has ranked the Group as the **best Spanish company** in the development of leadership skills among its teams. The study, called Top Companies for Leaders uses the criteria of reputation, leadership culture, behavior and performance to evaluate the outstanding companies in the development of human capital.

BBVA's commitment to its employees is enshrined in a number of initiatives included within the **Passion for People** program. This is an important benefit offered by the Group to its active as well as retired employees.

One of the best ways of discovering people's level of commitment is through the **Satisfaction Surveys.** These also have other specific objectives, such as helping to define and apply strategies and policies for attracting, developing and retaining talent. The information obtained in the survey carried out throughout the Group in 2008 has led to the implementation of more than 120 action plans in 2009.

THE BBVA BRAND

Consistency in what we say and what we do, key to the continued strengthening of our brand

We at BBVA understand the brand to be the promise we make to our stakeholders and the experiences they have with us. Therefore, in order for our brand to continue increasing in strength, experiences must reflect our promise. This requires consistency between what we say and what we do. BBVA brand management means, therefore, taking a multi-disciplinary approach (our principles, culture, behavior and processes) as well as an outside approach (communication, visual identity, tone of voice, etc.).

BBVA employees, through their daily interactions with clients and other stakeholders, are the primary experience creators. For that reason, we at BBVA say the employees are the brand. We have guidelines in place to help us provide a consistent experience through our multiple points of contact (branches, tellers, online banking, publicity...). Our vision guides us on our path: "We're working for a better future for people", the mission: "We are committed to offering the best solutions to our clients, profitable growth to shareholders and value for the society at large" and the position of the brand, which revolves on three axes: principles, innovation and from people for people.

At BBVA, we the employees are the brand

adelante., (meaning forward in Spanish) our creative idea, is the synthesis of our vision, mission and position, and brings out the idea of the future. The future is unsure and abstract and **adelante.** is a soothing and encouraging voice that lets people know that we will accompany them in all stages of their lives and provide solutions to make their dreams and projects a reality. **adelante.** implies "creating the future" in terms that are positive and sustainable for all stakeholders.

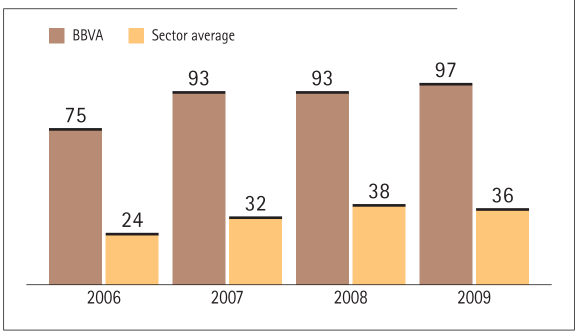
adelante.
much more than a slogan

What have we achieved in 2009?

This year has been very positive in terms of **strengthening** brand management. In September 2009, the Communication and Image Office became the Global Office for Communication and Branding, and places greater strategic and organizational emphasis on the duties related to the brand, identity, reputation and advanced parameters for management and reporting.

In 2009 we have worked to focus our brand positioning primarily on **our clients.** "For

Brand management score
(1-100)



Source: SAM.

people" now means, above all, a focus on our clients. The results of this new focus will be seen in 2010, which will translate into communication and concrete changes in the way we do things; this, in turn, will positively impact our clients' satisfaction and the brand's capacity to attract all stakeholders.

Also, 2009 has been a year for consolidating the **adelante.** and BBVA Leagues, sponsorships that strengthen the exposure of the brand, as a team sport, and reinforce BBVA's position as a company of "people" with a team spirit.

During 2009, brand **management** in BBVA has been very highly valued by experts. According to the last ranking prepared by MillwardBrown Optimor on the Top 100 Most Valuable Brands, BBVA rose to number 55, signifying that the value of the BBVA brand has grown 33% and situates the Group in the list of the 20 brands rising globally (Top Risers List), as the only Spanish brand, together with Movistar, on the list. Furthermore, in the global ranking of financial brands, BBVA now holds number 12 of 20 banks. Also, according to the Sustainable Asset Management (SAM) company, BBVA improved its brand's overall score by four points in 2009, as compared to the slight decrease, of two points, in the mean for the financial sector.

One of the aspects most highly valued by experts is precisely having the homogenous measurement tools available that enable monitoring of how the brand is perceived and valued in the principal countries in which the Group operates.

BBVA brand awareness
(1-100)

	Spain		Mexico		Argentina		Chile		Peru		Colombia		Venezuela		The United States	
	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**
Awareness	67.0	66.0	85.0	88.0	62.0	62.0	22.0	18.0	72.0	69.0	37.0	34.0	78.7	60.2	N/A	N/A
Awareness (rank)	1st	1st	1st	1st	2nd	2nd	5th	5th	2nd	2nd	4th	4th	3rd	3rd	N/A	N/A
Reputation with customers	70.9	73.5	67.6	68.6	75.0	74.6	72.2	72.4	75.8	70.5	67.3	63.7	N/A	70.2	N/A	68.2

Notes

Reputation data from January to September 2009. The data for awareness in 2009 are for the January-December period in all countries except Mexico, Colombia and Venezuela, where they run through to November.

A variation between two years is only statistically significant when it is equal to or over 1 point.

Awareness data source: Advance Tracking Programme, MillwardBrown.

Reputation data source: RepTrak, Reputation Institute.

CORPORATE RESPONSIBILITY

The Corporate Responsibility and Reputation (CRR) Strategic Plan was consolidated in 2009, with the focus on inclusion and financial education

The **mission** of the Group's Corporate Responsibility (CR) is to strengthen the commitment to provide the maximum value possible to direct stakeholder groups (shareholders, customers, employees and suppliers) and to the society where the Group operates. This is based on maximum levels of integrity and transparency.

The main **commitments** the Group seeks to fulfill through its CR policy are as follows:

- Uphold excellence at all times in its core business operations.
- Minimize the negative impacts caused by its business activity.
- Create "social business opportunities" to generate both social and economic value for BBVA.
- Invest in those societies in which the Group is present through support for social projects, especially those involving education.

In 2009 there has been a consolidation of the **Corporate Responsibility and Reputation (CRR) Strategic Plan**, approved at the Board of Directors in May 2008. Throughout 2009 it has been directly monitored through the Board itself and the Executive Committee. This plan has defined a clear widely-ranging strategy with education and financial inclusion (banking penetration) as priority areas. The Global Financial Education Plan *El dinero en nuestras vidas* (The money in our lives) was launched in 2009 by BBVA as a way of using education for the responsible use of money in two areas: the processes of banking penetration in Latin America and education in skills and values associated with the use of money among the very young. This plan has also given BBVA the right structure to adapt corporate projects to local realities and to involve all the areas of the business. The CRR committee has

The main challenge in 2009: the Global Financial Education Plan *El dinero en nuestras vidas*

thus continued to integrate CR criteria, activities and policies throughout the Group's business and support areas. New local CRR committees have also been created in Spain and Portugal, Paraguay and Uruguay. In addition, there has been intense activity in those already in operation (Corporate, Mexico, Argentina, Colombia, Chile, Peru and Venezuela). All have been chaired by each country's Country Manager and reflect the Group's CRR model.

With regard to **international commitments**, BBVA continues to support the United Nations Global Compact, the Financial Initiative of the United Nations Environment Program (UNEP-FI) and the Equator Principles, and continues to publicly recognize its respect to the United Nations Declaration of Human Rights and the fundamental labor rights of the International Labor Organization. It is also worth highlighting the initiative in the area of Regulatory Compliance to participate in a high-level group of the United Nations Global Compact Anti-Corruption. Work has also been done to improve the information provided for all stakeholders. Mexico, Argentina, Colombia and Chile have already published their second report, and Peru and Venezuela have published their third. All these reports have been validated by an external auditor. Finally, within the CR department, a specific unit has been created to listen to stakeholders and discuss with them in order to integrate their expectations to the subjects that are really relevant to them.

The relevant matters are the basis on which the CR policy is developed. They have been identified through multiple channels of dialog and relationship with stakeholders to integrate on the one hand the vision, principles and strategies of the entity, and stakeholder expectations on the other. They were revised in 2008 to check their validity in a situation of crisis. The main advances made in 2009 were as follows:

Customer focus

- Presentation of the Corporate Complaints Report for the second year in a row, as the most useful initiative in improving customer relations through an efficient and structured process of transformation and improved management.

Financial inclusion

- Development and consolidation of the network of microfinance entities in the BBVA Microfinance Foundation in Colombia, Peru, Puerto Rico and Chile. At year-end, the Foundation had 229 branch offices and 2,791 employees, providing a service to more than 499,961 customers, which means a total figure of over two million beneficiaries.
- Extension of banking correspondent points of sale by 12,000 in Mexico. In addition, there has been an increase of 8% in non-branch alternative points of sale in Latin America (agents, express, banking correspondents, etc.).

Responsible finance

- Approval of the manual for the management of social and environmental risks in the Group's credit activity, unifying procedures for compliance with the Equator Principles related to project financing. Local representatives for environmental and social risks have also been appointed.
- A total of 78 financing and advisory projects have been categorized according to the Equator Principles.

Responsible products and services

- Boost for socially responsible investment (SRI) through initiatives, such as the launch of BBVA Bancomer B+EDU (the first mutual fund with a commitment to education) and the certification of the entire employee pension plans in Spain, according to sustainability criteria. In 2009, the percentage of SRI funds out of all managed funds was 2.92%.
- The signature by BBVA and the Inter-American Development Bank (IDB) of a framework agreement to increase cooperation between both institutions in areas such as the provision of financial and non-financial services for micro, small and medium-sized enterprises; advice on energy efficiency; global trade finance; co-finance of infrastructure and financial education projects.

Responsible management of human resources

- Launch of the *Apúntate* (Enrol) tool in Spain, Argentina, Mexico and Colombia to reinforce transparency in the recruitment process.
- Development of numerous initiatives related to diversity and equality: joining the Catalyst network, signature of the Charter for Diversity in Spain and obtaining the certificate for MEGA gender equality companies in Argentina.

Responsible procurement

- Definition of the Group's Global Procurement Model, valid for all the countries in which BBVA is present.
- Preparation of the financial platform in Mexico to improve the process of reception, acceptance and payment of supplier invoices.
- Satisfaction survey for suppliers in Mexico, Argentina, Chile, Colombia, Peru and Venezuela.

Environmental management and climate change

- Achievement of the targets of the Global Eco-Efficiency Plan 2009-2012, with a reduction of 3.2% in CO2 emissions, 2.4% in paper consumption, 1.1% in water consumption and 0.3% in electricity consumption (all figures per employee). In addition, there has been an increase of 14.8% in the percentage of employees working in buildings with ISO-14001 certifications. The new head offices in Paraguay have also received the LEED certification, granted to constructions that use criteria of sustainability; and the Mexican head offices are currently in the process of receiving the same certification.
- Signatory to the Copenhagen Communiqué on Climate Change, together with more than 500 leading companies.

Community involvement

In 2009 the Group has spent more than 79 million euros on its community involvement, a year-on-year increase of 1.9% on the net attributable profit.

The following are of particular interest:

- Launch of the Global Financial Education Plan *El dinero en nuestras vidas* (The Money in Our Lives), linked to the CRR Plan and with a budget of 26 million euros. This is a three-year plan (2009-2011) implemented in all the geographical areas in which the Group is present, with specific programs for different groups. In its first year it will have 440,000 direct beneficiaries.
- Consolidation of the Corporate Volunteer Program.
- Reinforcement of the Community Investment Plan for Latin America, with the allocation, in 2009, of a budget of **1%** of the profits obtained by the Group in 2008 in each country in which it operates. The star program in this plan is that of the *Niños Adelante* (Children Forward) integration scholarships.

Finally, BBVA maintains its privileged position in analyst portfolios and sustainability indices. These indices measure the performance of companies from the point of view of corporate governance, community, ethical and environmental respects, and make it eligible in terms of responsible investment. Its continued presence in these indices demands a demonstration of constant progress in this respect.

→ Resources allocated to community involvement

(Percentage of the BBVA Group's net atributable profit)

→ Main sustainability indices featuring BBVA

	Index	Weighting (%)
Dow Jones Sustainability Indexes	DJSI World	0.80
	DJSI STOXX	1.85
	DJSI EURO STOXX	3.60
vigeo	ASPI Eurozone Index	2.60
	Ethibel Sustainability Index Excellence Europe	2.13
	Ethibel Sustainability Index Excellence Global	1.30
KLD Indexes / FTSE4Good (1)	FTSE KLD Global Sustainability Index	0.71
	FTSE KLD Global Sustainability Index Ex-US	1.23
	FTSE KLD Europe Sustainability Index	2.08
	FTSE KLD Europe Asia Pacific Sustainability Index:	1.41

(1) Since May 2009, FTSE and KLD have consolidated their sustainability stock indices.

For more information about specific schemes, as well as a scorecard of progress in 2009 and goals for 2010, see the Annual Corporate Responsibility Report 2009, which will be published in May this year and be available online at **http://rrc.bbva.com.**

THE BBVA SHARE

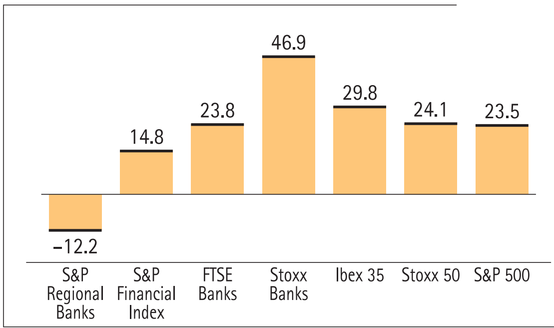
Recovery of the stock market, which started at very low levels

In **2009**, despite the recession, macroeconomic indicators in the major economies have shown signs of improvement in the final months of the year. In some emerging countries (mainly in Latin America) the crisis has only had a moderate effect. However, in Europe at the start of the year interest rates fell to all-time lows in the euro zone. In this context, the **stock market** has recovered significantly from its very low levels at the start of 2009, boosted by support measures adopted by many governments, greater investor confidence in markets and the improved results of some companies. The bigger rise in the Ibex 35 versus the major European and US indices is also worth noting.

The **banking sector** was also helped by the recovery in the markets and the measures adopted by governments to mitigate the impact of the crisis on capital and liquidity. The injections of liquidity by the European Central Bank during the year aimed to steer the economy back to normal. They managed to improve the liquidity situation of the markets, with the result that during the second half of 2009 the banks increased their financing options. In addition, the publication of the stress tests in the United States led to greater visibility of the solvency situation of banks and of their expected results. Although until October the banking sector performed better than the market average, in the latter part of the year its performance slowed down. Investors' perceptions have become less positive. Uncertainty about the new Basel regulations could have negatively influenced perceptions in the short term. All this has had the end result of a more positive change in the sector over the year than in the general indices. The best performance was that of the Stoxx Banks index in Europe, which closed the year up 46.9%, while in the U.K. the FTSE Banks was up 23.8%. In the United States, the S&P Financials Index was up 14.8%. However, in the United States as well, the regional banks were among the few exceptions and the S&P Regional Banks index fell by 12.2%.

Improved performance of the banking sector, despite the slowdown in the last quarter

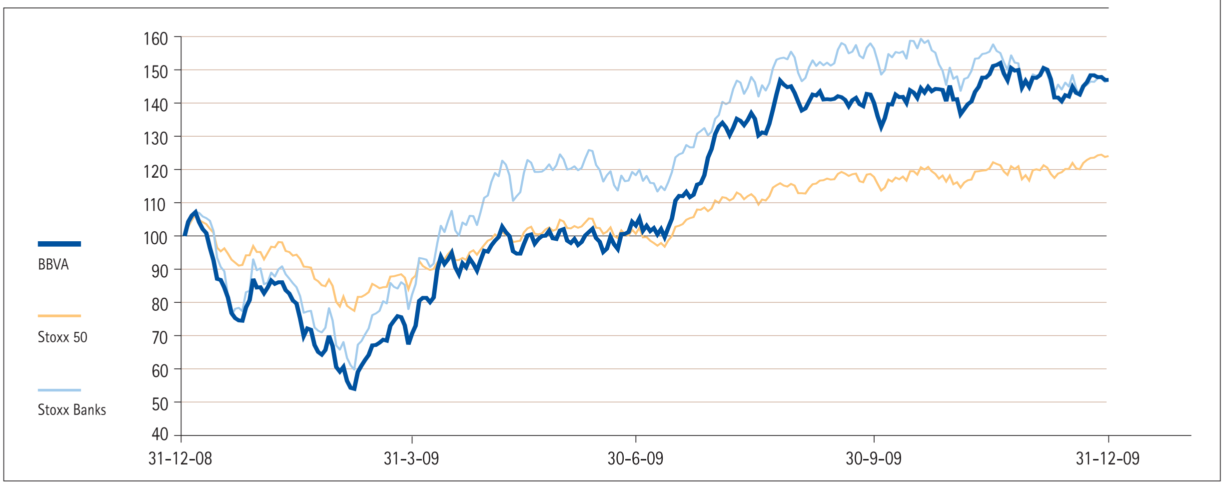
Evolution of the principal stock indices in 2009 (Percentage)



BBVA closes the year with greater progress than the banking indices

Share price index

(31-12-08 = 100)



In this positive stock market environment, the performance of **BBVA share** in 2009 has been far superior to that of the sector as a whole, with a growth over the year of 47.0%.

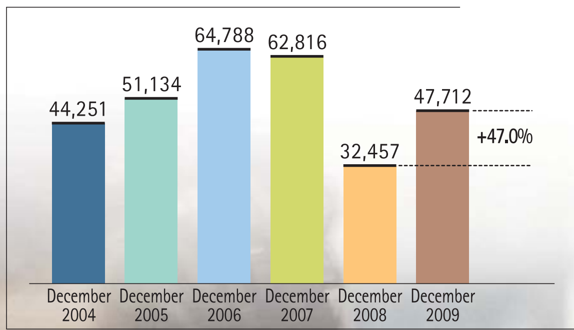
The **BBVA earnings** figures presented over 2009 have, in general, been favorably received by analysts. This is especially true for the net interest income and cost reduction efforts, which evolved in excess of expectations. Overall, analysts very positively valued the Group's operating income, its strength and sustainability, and highlighted its sound capital levels and capacity to generate core capital organically.

BBVA is trading at an attractive discount as compared to the sector

On December 31, 2009, the price of BBVA shares was €12.73, which represented a **market capitalization** of €47,712 million. At this price, the **price/earnings** ratio was 11.3, compared with 6.5 in December 2008 (both figures were calculated using the price and earnings at year-end). BBVA continues to be an attractive investment based on PER ratio compared with the European

Market capitalization

(Million euros)



THE BBVA SHARE

The BBVA share

	31-12-09	31-12-08	31-12-07
Number of shareholders	884,373	903,897	889,734
Number of shares issued	3,747,969,121	3,747,969,121	3,747,969,121
Daily average number of shared traded	52,357.,888	55,548,033	50,958,752
Daily average trading (million euros)	492	676	908
Maximum price (euros)	13.28	16.82	20.28
Minimum price (euros)	4.45	7.04	15.40
Closing price (euros)	12.73	8.66	16.76
Book value per share (euros)	7.83	7.09	6.62
Tangible book value per share (euros) (1)	6.27	5.02	5.44
Market capitalization (million euros)	47,712	32,457	62,816

(1) Net of goodwill

Share performance ratios

	31-12-09	31-12-08	31-12-07
Price/book value (times)	1.6	1.2	2.5
Price/tangible book value (times) (1)	2.0	1.7	3.1
PER (Price/Earnings; times)	11.3	6.5	10.3
Dividend per share (euros)	0.42	0.63	0.73
Yield (Dividend/Price; %)	3.3	7.3	4.4

(1) Net of goodwill.

banking sector. BBVA traded at a 55% discount compared to the Stoxx Banks in Europe as at December 31, 2009, according to the analysis of the PER multiple estimated by the analyst consensus for the next 12 months. The BBVA PER is 9.36, compared with a 20.79 PER for Stoxx Banks. This gap has been maintained throughout the first months on 2010, with only slight changes.

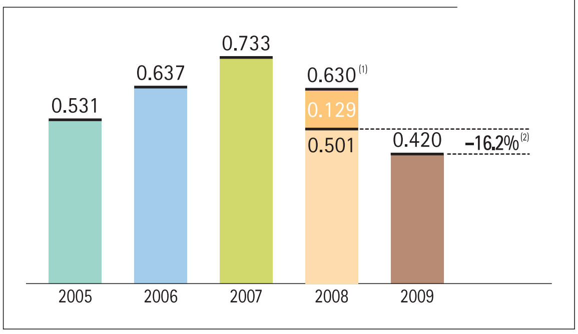
The **tangible book value** per share, calculated by dividing the share capital net of goodwill by the number of shares, was €6.27 on December 31, 2009, 25.0% more than the €5.02 on the same date the previous year. The price/tangible book value is 2.0, compared with 1.7 in December 2008. The **net attributable profit per share** was €1.12 in 2009 (1.40 excluding one-offs), with an annual variation that is practically the same as the net attributable profit. The figure is relatively stable with respect to the level before the start of the crisis, while the majority of banks have seen their EPS suffer a significant drop in this period.

And offers attractive shareholder remuneration

In terms of **shareholder remuneration**, against a background in which many banks have adjusted and even cancelled their cash remunerations, BBVA has distributed three interim dividends against 2009 earnings at a gross amount of €0.09 per share in cash. In addition, it will propose to the Annual General Meeting (AGM) the distribution of a final dividend of €0.15 per share, thus raising the total shareholder remuneration for 2009 to €0.42 per share, resulting in a 30% payout over the profit excluding one-offs and a yield per share of 3.3%.

At the close of 2009, the **number of shareholders** in BBVA was 884,373, compared with 903,897 as of December 31, 2008, a slight fall (down 2.2%) reaching December 2007 levels. Capital ownership continues very diversified, as the only significant individual holding that BBVA is aware of is that of Mr. Manuel

→ Dividend per share
(Euros)



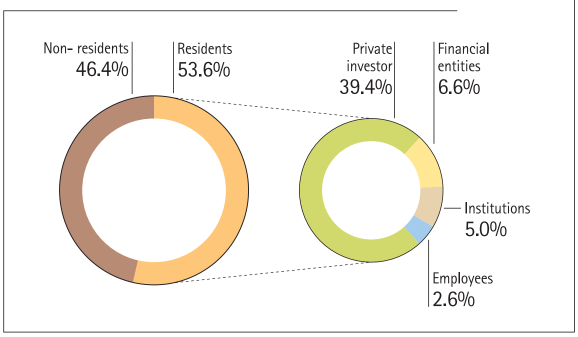
(1) Includes €0.501 in cash and €0.129 pay-in-kind (delivery of shares valued at April 17, 2009 closing price).
(2) Change on the delivery in cash in 2008.

Jove Capellán, who as of December 31, 2009 held 4.34% of the share capital. It is worth highlighting that in 2009 shareholder dispersion was maintained, as of December 93.8% held fewer than 4,500 shares (compared with 93.9% as of December 31, 2008), representing 12.5% of the share capital (compared with 12.7% as of December 31, 2008). Average investment per shareholder was 4,238 shares, an average investment of €53,950 at the trading price as of December 31, 2009. A total of 53.6% of the share capital belongs to investors residing in Spain. In terms of type of shareholder, 39.4% of the share capital belongs to private investors, 2.6% to employees and the remaining 11.6% to institutional investors. Non-resident shareholders own 46.4% of the share capital, a slightly higher figure than in December 2008. This reflects the confidence in and recognition of the BBVA name in the international markets.

Banco Bilbao Vizcaya Argentaria, S.A. shares are traded on the continuous market in Spain, in the New York stock market (under ADS's represented by ADR's) and also on the London and Mexico stock markets.

Finally, BBVA shares continue to have a notably high level of **liquidity**. They have traded on each of the 254 days in the stock market year of 2009. A total of 13,299 million shares were traded on the stock exchange in this period, 354.8% of the share capital. Thus the daily average volume of traded shares was 52 million, 1.4% of the share capital and an effective daily average of €492 million. BBVA shares are included in the key indices Ibex 35 and Euro Stoxx 50, with a weighting of 11.78% in the former and 2.95% in the latter, and in several banking industry indices, most notably the Stoxx Banks, with a weight of 5.90%.

→ Shareholder structure
(31-12-09)



→ Shareholder structure
(31-12-09)

	Shareholders		Shares	
Number of shares	Number	%	Number	%
Up to 150,	309,742	35.0	22,951,698	0.6
151 to 450	241,096	27.3	64,082,877	1.7
451 to 1,800	209,667	23.7	187,527,828	5.0
1,801 to 4,500	68,697	7.8	192,447,689	5.1
4,501 to 9,000	27,861	3.2	173,799,064	4.6
9,001 to 45,000	23,117	2.6	408,332,043	10.9
More than 45,001	4,193	0.5	2,698,827,922	72.0
Total	**884,373**	**100.0**	**3,747,969,121**	**100.0**


1, 2, 3,
adela
BBVA
Withdraw
Deposit
Payments
Transfers

Group financial information

EARNINGS

Throughout **2009**, the BBVA Group's earnings have sustained the following trends:

- **A strong net interest income** through proper price and risk management.
- Strict **cost control,** through the Transformation Plans implemented over the last several years and that continue to see results by way of year-on-year reductions in operating costs.
- And an extremely **dynamic operating income,** which in the accumulated total for the year has grown 17.0% year-on-year, reaching a new high: €12,308 million. All of the business areas have positively contributed to the Group's performance.

Consolidated income statement
(Million euros)

	2009	Δ%	Δ% at constant exchange rates	2008	2007
Net interest income	**13,882**	**18.8**	**23.4**	**11,686**	**9,628**
Net fees and commissions	4,430	(2.1)	1.0	4,527	4,559
Net trading income	1,544	(0.9)	2.5	1,558	1,956
Dividend income	443	(0.9)	(1.1)	447	348
Income by the equity method	120	(59.1)	(59.0)	293	242
Other operating income and expenses	248	(46.9)	(43.9)	466	538
Gross income	**20,666**	**8.9**	**12.8**	**18,978**	**17,271**
Operating costs	(8,358)	(1.1)	1.2	(8,455)	(7,830)
Personnel expenses	(4,651)	(1.4)	0.6	(4,716)	(4,335)
General and administrative expenses	(3,011)	(1.0)	2.6	(3,040)	(2,918)
Depreciation and amortization	(697)	(0.3)	(0.8)	(699)	(577)
Operating income	**12,308**	**17.0**	**22.3**	**10,523**	**9,441**
Impairment on financial assets (net)	(5,473)	86.1	94.7	(2,940)	(1,903)
Provisions (net)	(458)	(68.0)	(67.8)	(1,431)	(235)
Other gains (losses)	(641)	n.m.	n.m.	775	1,191
Income before tax	**5,736**	**(17.2)**	**(13.1)**	**6,926**	**8,495**
Income tax	(1,141)	(26.0)	(22.3)	(1,541)	(2,080)
Net income	**4,595**	**(14.7)**	**(10.5)**	**5,385**	**6,415**
Minority interests	(385)	5.2	3.7	(366)	(289)
Net attributable profit	**4,210**	**(16.1)**	**(11.6)**	**5,020**	**6,126**
Net one-offs[1]	(1,050)	n.m.	n.m.	(395)	724
Net attributable profit (excluding one-offs)	**5,260**	**(2.8)**	**2.0**	**5,414**	**5,403**
Earnings per share calculation					
Basic earnings per share (euros)	1.12	(17.0)		1.35	1.70
Basic earnings per share excluding one-offs (euros)	1.40	(3.9)		1.46	1.50

(1) In the third quarter of 2009, capital gains on the sale-and-lease-back of properties which have been allotted to generic provisions for NPLs with no effect on net attributable profit. In the fourth quarter the extraordinary allocation to provisions and the goodwill impairment, both in the US. In 2008, capital gains from Bradesco in the first quarter, provisions for non-recurrent early retirements in the second and fourth quarters and provision for the loss originated by the Madoff fraud in the fourth quarter.

→Consolidated income statement: quarterly evolution
(Million euros)

	2009				2008			
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Net interest income	**3,589**	**3,434**	**3,586**	**3,272**	**3,088**	**3,043**	**2,829**	**2,726**
Net fees and commissions	1,163	1,086	1,102	1,079	1,105	1,138	1,153	1,131
Net trading income	420	325	435	364	139	260	568	591
Dividend income	153	42	207	41	45	161	186	56
Income by the equity method	114	(21)	22	4	25	95	34	139
Other operating income and expenses	(151)	130	140	129	157	96	83	130
Gross income	**5,288**	**4,998**	**5,491**	**4,889**	**4,558**	**4,794**	**4,854**	**4,772**
Operating costs	(2,254)	(2,017)	(2,017)	(2,070)	(2,203)	(2,099)	(2,069)	(2,084)
Personnel expenses	(1,233)	(1,127)	(1,130)	(1,161)	(1,188)	(1,185)	(1,165)	(1,178)
General and administrative expenses	(852)	(716)	(709)	(734)	(827)	(740)	(743)	(730)
Depreciation and amortization	(169)	(174)	(178)	(175)	(187)	(174)	(161)	(177)
Operating income	**3,034**	**2,981**	**3,474**	**2,819**	**2,355**	**2,695**	**2,784**	**2,688**
Impairment on financial assets (net)	(1,787)	(1,741)	(1,029)	(916)	(859)	(917)	(607)	(557)
Provisions (net)	(224)	(82)	(48)	(104)	(837)	18	(467)	(145)
Other gains (losses)	(1,238)	789	(228)	36	(30)	11	(2)	796
Income before tax	**(214)**	**1,947**	**2,168**	**1,834**	**629**	**1,807**	**1,708**	**2,783**
Income tax	277	(457)	(480)	(480)	(12)	(316)	(476)	(738)
Net income	**63**	**1,490**	**1,688**	**1,354**	**617**	**1,491**	**1,232**	**2,045**
Minority interests	(31)	(110)	(127)	(116)	(98)	(99)	(75)	(94)
Net attributable profit	**31**	**1,380**	**1,561**	**1,238**	**519**	**1,392**	**1,157**	**1,951**
Net one-offs[1]	(1,050)	-	-	-	(575)	-	(329)	509
Net attributable profit (excluding one-offs)	**1,082**	**1,380**	**1,561**	**1,238**	**1,094**	**1,392**	**1,486**	**1,442**
Earnings per share								
Basic earnings per share (euros)	0.01	0.37	0.42	0.34	0.14	0.38	0.31	0.53
Basic earnings per share excluding one-offs (euros)	0.29	0.37	0.42	0.34	0.30	0.38	0.40	0.39

(1) In the third quarter of 2009, capital gains on the sale-and-lease-back of properties which have been allotted to generic provisions for NPLs with no effect on net attributable profit. In the fourth quarter the extraordinary allocation to provisions and the goodwill impairment, both in the US. In 2008, capital gains from Bradesco in the first quarter, provisions for non-recurrent early retirements in the second and fourth quarters and provision for the loss originated by the Madoff fraud in the fourth quarter.

- The above translates into a generalized improvement of the **efficiency** ratio, which improved from 44.6% as of December 31, 2008 to 40.4%, as at December 31, 2009.
- **Strengthening of the balance sheets** of the Group and its franchises, for which a great effort has been made for additional provisioning for both early retirements and updating the value of the assets foreclosed or acquired in Spain.
- **Maintaining** the high levels of organic generation of **core capital**, with 180 basis points more of core than in December of 2008.

Also, year-on-year comparisons of the BBVA Group's earnings are affected by a series of **one-offs**:

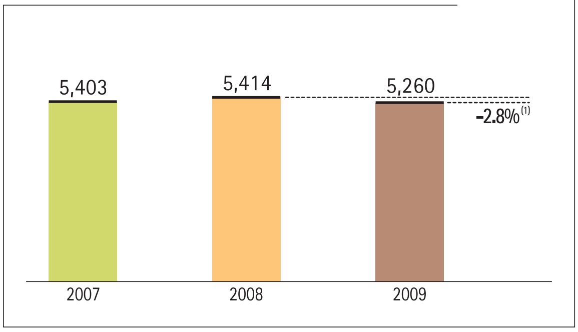
- In the third quarter of **2009**, capital gains amounted to €830 million from the sale-and-leaseback of 948 properties in Spain, were allocated to provisions in Spain and Portugal, with no effect on net attributable profit. In the fourth quarter, the one-off realized in the United States business unit for €1,050 million after tax, due to the impairment on goodwill and larger loan-loss provisioning to improve coverage and situate it at the same levels as at the close of 2008.

- In **2008**, the one-off operations consume €395 million of the net attributable profit: €509 million in capital gains for the sale of its stake in Bradesco, less €602 million for the extraordinary provisioning for early retirements and €302 million for the provision stemming from the Madoff fraud.

When analyzing the figures, the effect of the variation of the **average exchange rates** in 2009 and 2008 must be considered, which is negative by nearly five percentage points. As usual, the accumulated income statement includes a

Net attributable profit excluding one-offs

(Million euros)



(1) At constant exchange rate: +2.0%.

Consolidated income statement: percentage of ATA

	2009	2008	2007
Net interest income	**2.56**	**2.26**	**2.09**
Net fees and commissions	0.82	0.87	0.99
Net trading income	0.28	0.30	0.42
Other operating income and expenses	0.15	0.23	0.24
Gross income	**3.81**	**3.66**	**3.74**
Operating costs	(1.54)	(1.63)	(1.70)
Personnel expenses	(0.86)	(0.91)	(0.94)
General and administrative expenses	(0.55)	(0.59)	(0.63)
Depreciation and amortization	(0.13)	(0.13)	(0.13)
Operating income	**2.27**	**2.03**	**2.05**
Impairment on financial assets (net)	(1.01)	(0.57)	(0.41)
Provisions (net) and other gains (losses)	(0.20)	(0.13)	0.21
Income before tax	**1.06**	**1.34**	**1.84**
Income tax	(0.21)	(0.30)	(0.45)
Net income (ROA)	**0.85**	**1.04**	**1.39**
Net income (excluding one-offs) (ROA excluding one-offs)	**1.04**	**1.12**	**1.23**
Minority interests	(0.07)	(0.07)	(0.06)
Net attributable profit	**0.78**	**0.97**	**1.33**
Net attributable profit (excluding one-offs)	**0.97**	**1.05**	**1.17**
Memorandum item:			
Average total assets (million euros)	542,969	517,856	461,199

column with the variation rates at a constant exchange rate.

For 2009, the net attributed profit excluding one-offs was €5,260 million, for a slight decrease of 2.8% from the €5,414 million recorded in 2008. At constant exchange rates, the year-on-year is positive, at 2.0%.

Earnings' growth for the Group is **organic**, as changes in the perimeter, mainly due to the incorporation of Guaranty in August 2009, have had no significant impact on net attributable profit.

The Group's **average total assets** (ATA) have grown by 4.8% in 2009, due to the organic evolution of the business, despite the global slowdown of the economy during the year, which has had negative impacts on the evolution of banking activity. The headings that reflect the Group's most recurrent income maintain high performance indices on the assets managed. Thus, the interest income on ATA rises to 2.56%, above the 2.26% in 2008 and 2.09% in 2007. Operating costs decrease in 2009, significantly reducing their weight up to 1.54% (1.63% in 2008 and 1.70% in 2007). This positive evolution of income and expenses is accompanied by an increase of the operating income over ATA to 2.27% in 2009, higher than in 2008 (2.03%) and 2007 (2.05%). Finally, the ROA (net income on ATA) is 0.85% and is affected by the aforementioned one-offs, without which it would be at 1.04%, versus the 1.12% in 2008 and 1.23% in 2007.

NET INTEREST INCOME

In 2009, the **net interest income** has continued to be the primary driver for the Group's income, now at a new historic high of €13,882 million, with an 18.8% growth as compared to the same date the previous year (+23.4% without the effect of exchange rates).

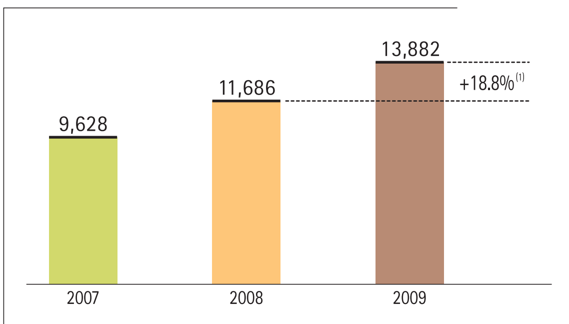
This growth is due, in part, to the active pricing policy in the business units and the proper management of structural risks on the balance sheet.

Price management in all business areas has enabled comfortable compensation for the growth in impaired assets and the slowdown of banking activity. This management has been centered on three factors, which have given rise to an improvement of the spread: asset repricing to reflect increased risks while containing funding costs, selecting the products and segments with the best risk-adjusted return on economic capital and optimizing the structure of funding.

Management of structural risks for interest and liquidity has been characterized by anticipation and several strict criteria for prudence. This has allowed for the generation of a solid balance sheet, with low leverage and a reduced risk profile. On the one hand, portfolios have been constructed to enable the stabilization of the evolution of the net interest income and economic value of the balance sheet, and on the other, significant growth of loan portfolio in previous years has been financed with a proper funding structure for terms, instruments and diversification.

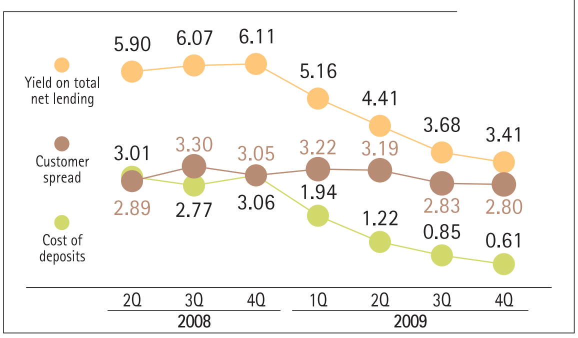
As regards business with clients in the **euro zone,** the drop in interest rates had, at first, a positive effect due to the slower decrease in assets return (the majority being mortgages) than the cost of funding, an effect that has been diluting throughout the year as assets are re-priced. In 2009, this decrease of rates has impacted both the asset

→ Net interest income
(Million euros)



(1) At constant exchange rate: +23.4%.

→ Customer spread (euro zone)
(Percentage)



Breakdown of yields and costs

	2009		2008		2007	
	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost
Cash and balances with central banks	3.4	1.36	2.8	3.32	3.5	2.86
Financial assets and derivatives	25.4	3.05	22.9	3.94	23.3	4.09
Loans and advances to credit institutions	4.8	2.66	6.0	4.38	8.6	4.50
Loans and advances to customers	60.6	5.62	62.1	7.35	59.8	7.00
· Euros	40.9	4.17	42.2	5.98	43.6	5.35
- Domestic	36.2	4.28	39.2	5.87	41.6	5.18
- Other	4.7	3.27	3.0	7.40	2.0	8.72
· Foreign currencies	19.7	8.65	19.9	10.27	16.2	11.45
Other assets	5.7	0.38	6.3	0.81	4.9	1.16
Total assets	**100.0**	**4.38**	**100.0**	**5.87**	**100.0**	**5.68**
Deposits from central banks and credit institutions	13.6	2.89	14.9	4.94	14.3	5.27
Deposits from customers	45.9	1.63	45.8	3.37	44.6	3.41
· Euros	21.4	1.14	22.2	2.94	23.8	2.86
- Domestic	15.6	1.40	16.3	2.69	17.3	2.09
- Other	5.8	0.44	5.9	3.64	6.4	4.95
· Foreign currencies	24.4	2.06	23.6	3.78	20.8	4.04
Debt certificates and subordinated liabilities	22.1	2.58	23.0	5.12	25.2	4.87
Other liabilities	12.9	0.85	11.0	1.41	10.6	0.84
Equity	5.5	-	5.3	-	5.3	-
Total liabilities and equity	**100.0**	**1.82**	**100.0**	**3.61**	**100.0**	**3.59**
Net interest income/Average total assets (ATA)		**2.56**		**2.26**		**2.09**

repricing (down 1.81 percentage points to 4.17%) and the funding costs (down 1.80 percentage points to 1.14%). Thus, the customer spread is stable for the year, at 3.03% in 2009 (3.04% in 2008). Furthermore, it must be emphasized that this implies a lower risk level in the balance sheet due to the decreased weight of consumer portfolios and for the increase of low-cost funding sources. This spread is compatible with an increase of net interest income of 3.2% year-on-year in Spain and Portugal and in the Wholesale Banking & Asset Management (WB&AM) units operating in the euro zone. Another relevant measure of profitability is the interest income over average total assets (ATA), that advanced in 2009 for the Group to 2.56%, as compared to the 2.26% in 2008, and improves over the year in all domestic units (retail businesses and Corporate and Business Banking).

In **Mexico,** interbank interest rates experienced a sharp fall in the first part of the year, with the average TIIE at 5.9% as compared to the 8.3% in 2008. This decrease has carried over to the cost of deposits, which decreased 0.69 percentage points to 2.37%, and the return on assets which is also affected by the change in the business mix, with less weight on consumer finance and credit cards. These two motives have caused it to fall back 1.42 percentage points in 2009 as compared to 2008. As a result, the customer spread decreases to 11.64% versus the 12.38% in 2008.

In the **United States,** the net interest income rose by 7.8% year-on-year in 2009 in the local currency, primarily sustained by an increase in activity due fundamentally to the incorporation of Guaranty and the repricing efforts carried out during the year.

Finally, **South America** once again presented a positive performance in net interest income with an increase of 15.2% as compared to 2008 at constant exchange rates. This evolution is based on increased volumes of resources, sustained credit volume and a good level of spreads.

GROSS INCOME

Net fee income for the year fell 2.1% to €4,430m (up 1.0% at constant exchange rates). The trend is still influenced by fees and commissions income from mutual and pension funds, which fell 18.3% year-on-year, while fees and commissions income from bank services grew 4.3% during the year, despite reduced activity. Among these, the favorable trajectory of contingent liabilities and undrawn facilities (+18.0% year-on-year) which, despite the decrease of the volumes, increased due to proper management of their repricing. There is also evidence of a recovery of the fees and commissions for credit card related services, after the fall experienced in 2008. However, those associated with collection and payment services experienced reduction, due to the increasingly habitual use of online and telematic means and online banking, with lower fees and commissions, but that, in turn mean savings in Group costs. Those associated with securities (securities trading, assurance, issuance, administration and custody) also fell due to the decreased activity in stock markets. Within the framework of other fees and commissions, which have shown excellent behavior this year, are those charged for syndicated loans, restructuring, advisory, insurance, distribution with third parties and waiver fees, among others.

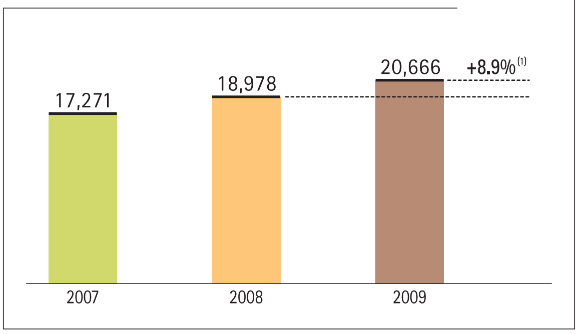
Net trading income contributed €1,544 million in 2009, similarly to the previous year (€1,558 million).

Income from **dividends** stood at €443 million in 2009, as compared to the €447 million from the previous year. This item is largely made up of dividends from Telefónica.

The **income by the equity method** stood at €120 million for the year, after posting the fourth quarter contribution of China Citic Bank (CNCB), which is now considered to be one of the Group's subsidiaries. It rose to €293 million in 2008, with those originating from the IBV Corporation for the sale of a share in Gamesa being especially noteworthy.

Finally, the item **other operating income and expenses** totaled €248 million in 2009, €218 million lower than the previous year. This was mainly due to a currency correction for hyperinflation in Venezuela (€245m) and higher contributions to deposit guarantee funds (up 28.8%) in the various countries where the Group

Gross income
(Million euros)



(1) At constant exchange rate: +12.8%.

Net fees and commissions
(Million euros)

	2009	Δ%	2008	2007
Mutual funds, pensions funds and customer portfolios	**1,058**	**(18.3)**	**1,295**	**1,418**
Banking services	**3,372**	**4.3**	**3,232**	**3,141**
Collection and payment services	1,126	(6.0)	1,197	1,047
Credit and debit cards	976	2.4	953	1,019
Securities	499	(2.4)	511	573
Contingent liabilities and undrawn facilities	352	18.0	299	277
Other fees and commissions	419	53.8	272	225
Net fees and commissions	**4,430**	**(2.1)**	**4,527**	**4,559**

operates. It included an extraordinary contribution to the Federal Deposit Insurance Corporation (FDIC) in the United States. The operating costs have not been compensated for due to the marked evolution of the earnings in insurance activity, which increased by 22.9% year-on-year to €720 million.

Based on the foregoing, the **gross income** for the year was €20,666 million, for an 8.9% increase over 2008 (12.8% at a constant exchange rate).

OPERATING INCOME

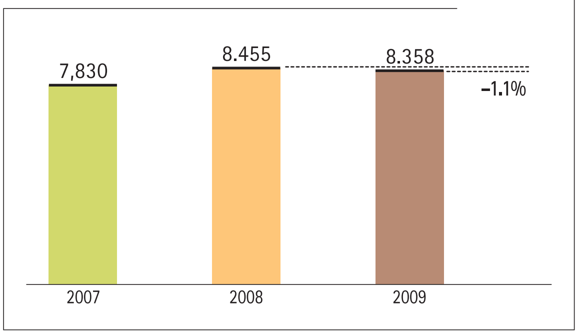
During the entire year **operating costs** continued their containment trend that started at the beginning of 2008. They came to €8,358m, which was €97m less than 2008, thanks to BBVA's ability to anticipate the present crisis by implementing several Transformation Plans as far back as 2006. The Spain and Portugal area made a significant effort to contain its costs, which fell 4.2% during the year. In the Americas operating costs were held at the same levels as a year earlier (at constant exchange rates), taking into consideration the levels of inflation in the area.

The BBVA Group's **workforce** as at December 31, 2009 stood at 103,721 people, after a 4.8% decrease on 2008. The main variations in the year appeared in the United States, with a regularization in the first quarter that was partially compensated for by the incorporation of Guaranty in the third quarter.

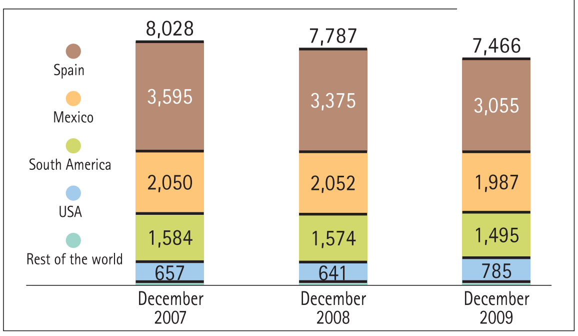
The **branch** network as at December 31, 2009 was at 7,466 branches, 321 fewer than in December 31, 2008 due to the continued streamlining of the distribution networks. In Spain, this decrease has been ongoing since 2006, meaning that BBVA was ahead of the sector trend by two years.

The **efficiency ratio** shows improvement on the previous year, both due to the growth of income and the contention of expenses, and stands at 40.4% in 2009, as compared to the 44.6% in 2008. This level maintains BBVA as one of the most efficient banks within its reference group.

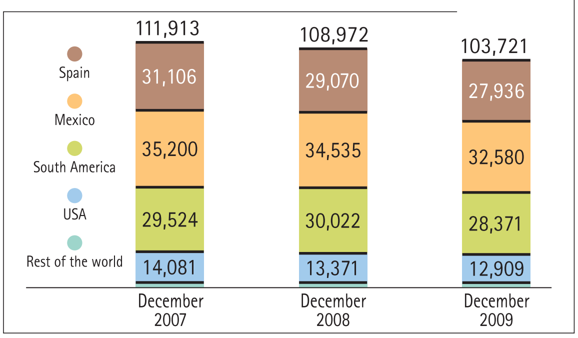
→ Operating costs
(Million of euros)



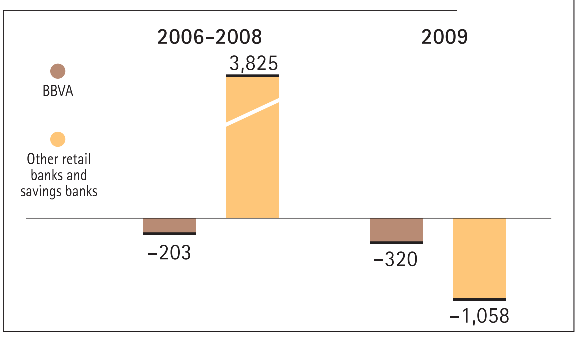
→ Number of branches



→ Number of employees



→ Branch evolution in Spain(1)



(1) BBVA data as of December 09 and for competitors September 09 (latest available).
Source: BBVA and Bank of Spain.

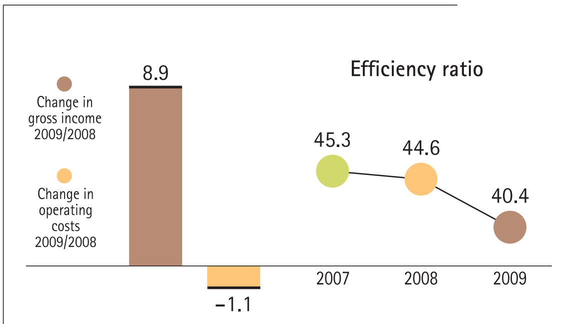
Breakdown of operating costs and efficiency calculation

(Million euros)

	2009	Δ%	2008	2007
Personnel expenses	**4,651**	**(1.4)**	**4,716**	**4,335**
Wages and salaries	3,607	0.4	3,593	3,297
Employee welfare expenses	643	(7.3)	693	660
Training expenses and other	401	(6.7)	430	379
General and administrative expenses	**3,011**	**(1.0)**	**3,040**	**2,918**
Premises	643	4.2	617	520
IT	577	(3.5)	598	539
Communications	254	(2.2)	260	236
Advertising and publicity	262	(4.0)	272	248
Corporate expenses	80	(27.7)	110	105
Other expenses	929	4.7	887	812
Levies and taxes	266	(9.7)	295	257
Administration costs	**7,662**	**(1.2)**	**7,756**	**7,253**
Depreciation and amortization	**697**	**(0.3)**	**699**	**577**
Operating costs	**8,358**	**(1.1)**	**8,455**	**7,830**
Gross income	**20,666**	**8.9**	**18,978**	**17,271**
Efficiency ratio (Operating costs/gross income, in %)	**40.4**		**44.6**	**45.3**

Efficiency ratio

(Percentages)

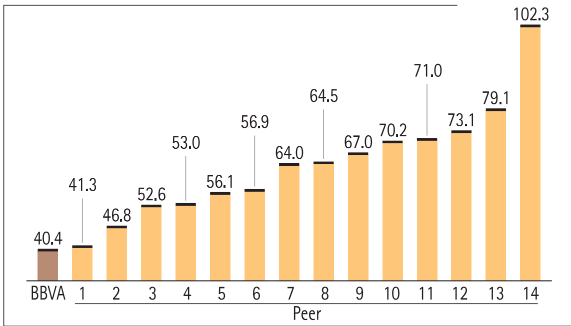


Hence, the **operating income** for the year 2009 was €12,308 million, for a 17.0% increase over the €10,523 million recorded in 2008 (+22.3% without the effect of the exchange rates).

All business areas contribute positively to this marked evolution of the operating income, with contributions reaching: €4,533 million in Spain and Portugal, €1,386 million in WB&AM, €3,319 million in Mexico, €875 million in United States and €2,202 million in South America.

BBVA Efficiency and peer group [1]

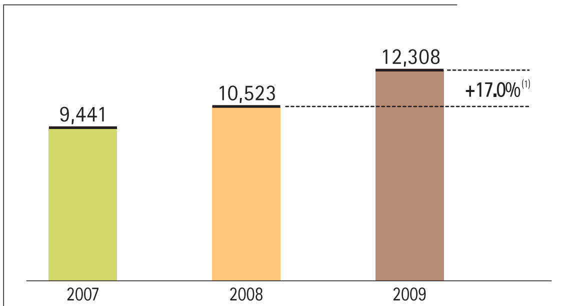
(Percentage)



(1) Peers: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG and UCI. Data as of September 2009, except for British banks (last available data).

Operating income

(Million euros)



(1) At constant exchage rate: +22.3%.

PROVISIONS AND OTHERS

Total **impairment losses on financial assets** rose to €5,473 million, up 86.1% on 2008, reflecting the efforts made in loss provisioning. This has been particularly intense in the last quarter, fruit of a detailed analysis of the Group's most problematic portfolios; this has allowed for the anticipation of the potential effects on them for the current forecasts for 2010.

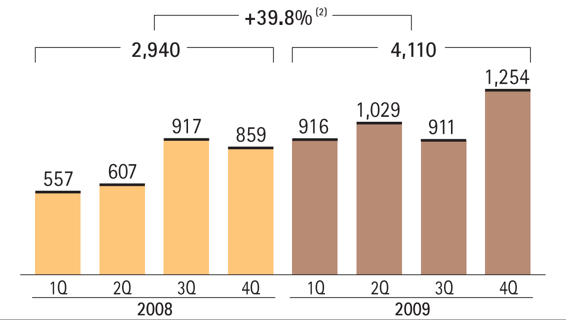
- In the Spain and Portugal area, additional provisions for €830 million were made to strengthen the area's balance sheet, after the realization of gains for the sale-and-leaseback of 948 properties, in addition to the providing for non-performing assets in the consumer finance unit above the requirements of the regulatory provisioning schedule following maximum prudence criteria.
- In Mexico, the provisions increase, primarily in the fourth quarter of the year, due to an intensifying of the expected loss parameters due to the recalibration of the internal scoring models for credit cards.
- In the United States, this heading totaled €1,419 million in 2009; that is, €1,054 million more than a year ago. On the one hand, the appraisal of collateral associated with the commercial real estate portfolio has been updated, reporting a write-off for the difference, and on the other, additional provisioning has been carried out to situate the coverage ratio at the same levels as at December 31, 2008.

Excluding one-offs, €1,363 million before tax (€830 in Spain and Portugal and €533 in the United States), the Group's risk premium stands at 1.15% as at December 31, 2009. The operating income generated by BBVA in the year could support a charge for provisions double that which was recorded, including the two one-offs mentioned.

The heading **provisions** consumes €458 million for the year when including the €551 million of provisions for early retirement. In 2008, €1,431 were subtracted, of which €860 corresponded to extraordinary early retirements.

Finally, the heading **other gains (losses)** reported negative €641 million in 2009 and can be explained by three concepts: €830 million credit from the sale-and-lease-back of 948 properties in Spain, €998 million debit for goodwill impairment in the United States and a €475 million debit for the updating of the appraisal of assets foreclosed or acquired in Spain. In 2008, a gross gain of €775 million was registered basically due to the €727 million in capital gains from the sale of its stake in Bradesco.

→ Impairment losses on financial assets [1]
(Million euros)



(1) In the third quarter of 2009 €830m capital gains coming from the sale-and-lease-back of properties which were alloted to NPL generic provisions are not included, nor the extraordinary allocation to USA provisions done in the fourth quarter.
(2) At constant exchange rate: +46.3%.

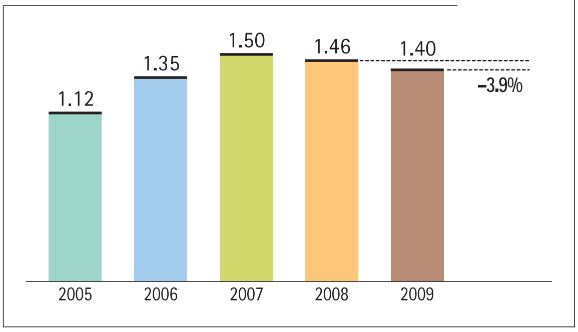
NET ATTRIBUTABLE PROFIT

By incorporating the other items, **income before tax** reached €5,736 million in 2009, 17.2% lower than the €6,926 million recorded in 2008. The corporate tax rose to €1,141 million and the portion corresponding to minority interests is at €385 million, making the **net attributable profit** for the Group in 2009 €4,210 million, or €5,260 million excluding the €1,050 of negative one-offs.

All **business areas**, except the United States due to the one-off, positively contributed to the generation of this profit and maintain, in their respective segment or geographical area, a privileged stance as compared to their competitors in terms of income, efficiency, profitability and credit quality: Spain and Portugal contribute €2,373 million, WB&AM €1,011 million, Mexico €1,359 million, United States €21 million (excluding one-offs) and South America €871 million.

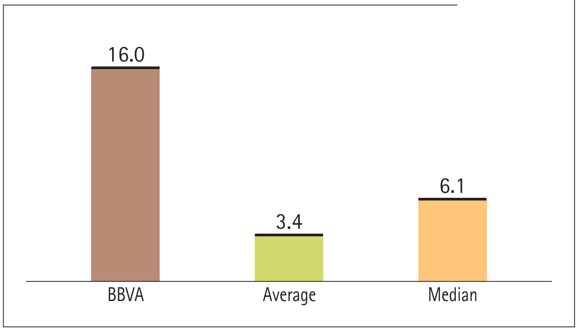
The basic **earnings per share** (EPS) were €1.12 in 2009, as compared to €1.35 in 2008. Excluding one-offs, the figure increases to €1.40 and

→ Earnings per share (1)
(Euros)



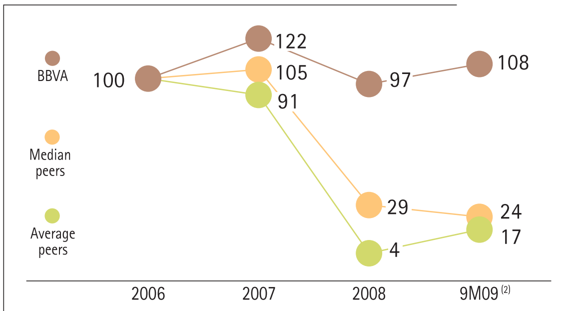
(1) Excluding one-offs.

→ ROE BBVA and peer group (1)
(Percentage)



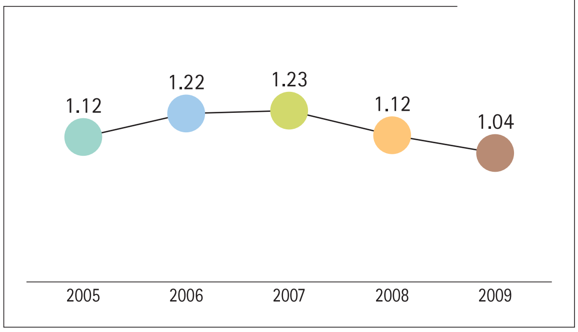
(1) Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS and UCI. Data as of September 2009, except for British banks (last available data).

→ Earnings per share. BBVA and peer group (1)
(Base 100 = 2006)



(1) Peer group: group of fifteen comparable European banks.
(2) Annualized.

→ ROA (1)
(Percentage)



(1) Excluding one-offs.

maintains the similar levels as in 2008 (€1.46 per share) and in relatively stable amounts with respect to the level before the start of the crisis, while the majority of banks have seen their EPS suffer a significant drop in this period.

Likewise, the high profitability ratios achieved by BBVA in 2009 are particularly noteworthy, with a **ROE** excluding one-offs of 20.0% (16.0% with one-offs), a **ROA** of 1.04% (0.85% with one-offs) and a **RORWA** of 1.92% (1.56% with one-offs), with which the Group maintains its position as one of the most profitable in the system.

BBVA has distributed three interim dividends against 2009 earnings at a gross amount of €0.27 per share in cash, which has implied a payout of €1,012 million, against a background in which many entities have adjusted and even cancelled their cash remunerations. In addition, it proposes to the AGM the distribution of a final dividend of €0.15 per share, thus raising the total shareholder remuneration for 2009 to €0.42 per share, resulting in a 30% payout in cash over the net attributable profit excluding one-offs.

ECONOMIC PROFIT AND RISK-ADJUSTED RETURN ON ECONOMIC CAPITAL

The economic profit (EP) and risk-adjusted return on capital (RAROC) figures are two of the fundamental and necessary metrics for correct development of the **value-base management** system BBVA has introduced.

For its calculation, the **economic profit** is used, obtained by making the following adjustments to the net attributable profit: substituting generic provisions with an allocation based on expected loss; adjusting variation in unrealized capital gains in the equity holdings portfolio; adjusting the difference between the market value of the Global Markets positions and their book value; and altering the capital gains of the Group's equity holdings in subsidiary companies resulting from exchange differences. In 2009, these adjustments increased the profit €580 million, primarily due to the adjustment of unrealized capital gains (which was negative at the same time in 2008), making the economic benefit €4,790 million.

These calculations, whose evolution in the medium to long term are very useful for determining the intrinsic value of a business, may be temporarily distorted by market volatility. It is therefore important to calculate recurrent data, which is largely due to business with customers, and hence the truly manageable component in these metrics. Said data is obtained by excluding those business units whose earnings are affected by fluctuations in capital gains in their portfolios and, cycle-adjusted loss is included for the purposes of calculating expected loss. Thus, the **recurrent economic profit** in December stood at €4,626 million.

Economic profit is the result of multiplying average economic risk capital (ERC) over the period (€22,065 million as at December 31, 2009) by the percentage of the **cost of capital**, is then deducted. This cost is based on information drawn from analysts' consensus. It is different for each area and business unit in the Group, being equivalent to the rate of return demanded by the market, in return on equity terms.

This is how **economic profit** (EP) is reached, which is up to €2,314 million in 2009, and the **recurrent** stands at €2,620 million. This, once again, reflects BBVA´s capacity to generate profit over and above the cost of capital employed and, therefore, economic value for the shareholder.

RAROC measures the return earned by each business unit adjusted to the risk it bears. Comparing the adjusted profit against the average economic risk capital (ERC) for the period gives the BBVA Group a RAROC of 21.7%, while its **recurrent RAROC** was 25.1%.

Economic profit and risk-adjusted return on economic capital

(Million euros)

	2009	Δ%	2008	2007
Net attributable profit	**4,210**	**(16.1)**	**5,020**	**6,126**
Adjustments	580	n.m.	(3,241)	578
Adjusted net attributable profit (A)	**4,790**	**169.4**	**1,778**	**6,704**
Average economic risk capital (ERC) (B)	22,065	11.8	19,735	17,828
Risk-adjusted return on economic capital (RAROC) = (A)/(B) * 100	**21.7**		**9.0**	**37.6**
Recurrent raroc (%)	**25.1**		**29.9**	**33.7**
ERC x cost of capital (C)	**2,476**	**20.6**	**2,053**	**1,890**
Economic profit (EP) = (A) - (C)	**2,314**	**n.m.**	**(275)**	**4,814**
Recurrent economic profit	**2,620**	**(23.0)**	**3,402**	**3,560**

BALANCE SHEET AND ACTIVITY

In 2009, the following trends in business activity and the Group's balance sheet were maintained:

- There was a fall in the volume of lending due to the global economic slowdown during the year.

Consolidated balance sheet

(Million euros)

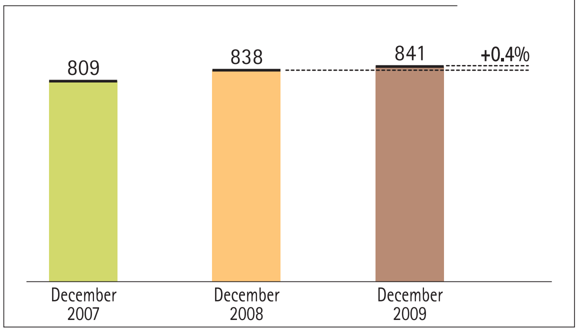
	31-12-09	Δ%	31-12-08	31-12-07
Cash and balances with central banks	16,344	11.5	14,659	22,582
Financial assets held for trading	69,733	(4.9)	73,299	62,336
Other financial assets designated at fair value through profit or lo	2,337	33.2	1,755	1,167
Available-for-sale financial assets	63,520	32.9	47,780	48,432
Loans and receivables	346,117	(6.3)	369,494	337,765
· Loans and advances to credit institutions	22,239	(34.3)	33,856	24,527
· Loans and advances to customers	323,442	(3.5)	335,260	313,178
· Other	436	15.4	378	60
Held-to-maturity investments	5,437	3.0	5,282	5,584
Investments in entities accounted for using the equity method	2,922	99.2	1,467	1,542
Tangible assets	6,507	(5.8)	6,908	5,238
Intangible assets	7,248	(14.1)	8,440	8,244
Other assets	14,900	9.8	13,568	8,837
Total assets	**535,065**	**(1.4)**	**542,650**	**501,726**
Financial liabilities held for trading	32,830	(23.7)	43,009	19,273
Other financial liabilities at fair value through profit or loss	1,367	32.4	1,033	449
Financial liabilities at amortized cost	447,936	(0.6)	450,605	431,855
· Deposits from central banks and credit institutions	70,312	5.3	66,804	88,098
· Deposits from customers	254,183	(0.4)	255,236	219,609
· Debt certificates	99,939	(4.1)	104,157	102,247
· Subordinated liabilities	17,878	5.2	16,987	15,662
· Other financial liabilities	5,624	(24.2)	7,420	6,239
Liabilities under insurance contracts	7,186	9.4	6,571	6,868
Other liabilities	14,983	1.7	14,727	15,338
Total liabilities	**504,302**	**(2.3)**	**515,945**	**473,783**
Minority interests	1,463	39.5	1,049	880
Valuation adjustments	(62)	(93.4)	(930)	2,252
Shareholders' funds	29,362	10.4	26,586	24,811
Total equity	**30,763**	**15.2**	**26,705**	**27,943**
Total equity and liabilities	**535,065**	**(1.4)**	**542,650**	**501,726**
Memorandum item:				
Contingent liabilities	33,185	(7.7)	35,952	36,859
Memorandum item:				
Average total assets	542,969	4.8	517,856	461,199
Average shareholders' funds	26,341	12.9	23,324	17,901
Average risk weighted assets	294,313	6.1	277,478	268,491

- Lending involving greater risk, such as consumer finance and credit cards, fell, while first home mortgages and loans to institutions increased.
- Customer funds increased thanks to a rise in assets under management in pension and mutual funds and to an increase in the lower cost funds (current and savings accounts).
- Customers' preferences switched from time deposits to other products as a result of the sharp decline in interest rates in the Spanish market and BBVA's excellent liquidity position.
- Total assets and the Group's volume of business remained stable. As of December 31, 2009, total assets amounted to €535 billion and business volume €841 billion. This compares with €543 billion (-1.4% year-on-year) and €838 billion (+0.4% year-on-year) respectively on December 31, 2008.

It should be noted that year-end **exchange rates** hardly had any impact on the year-on-year comparison of the balance sheet or on the Group's business volumes. This is because the dollar's depreciation against the euro (-3.4%) was offset by a rise in the Mexican peso (up 1.6%), the Chilean peso (up 21.3%) and the Colombian peso (up 6.3%), as well as other currencies.

As is normal, the main item on the asset side of the **balance sheet** is lending to customers, which represented 60.4% of total assets as of December 31, 2009, compared with 61.8% a year earlier. On the liabilities side are customer deposits, which maintained their part of the whole, at 47.5% of the total balance sheet at year-end 2009, compared with 47.0% in December 31, 2008. Thus the proportion of loan-to-deposit ratio stood at 1.27 (1.31 in December 2008). Including marketable securities and subordinated liabilities, the total weight of customer funds on the balance sheet was 69.5% of liabilities (69.4% in 2008).

Business volume [(1)]
(Billion euros)



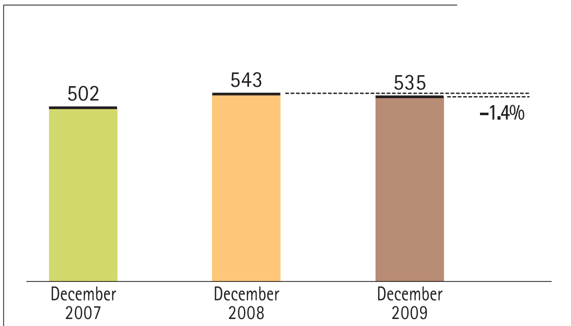
(1) Total gross lending plus total customer funds.

CUSTOMER LENDING

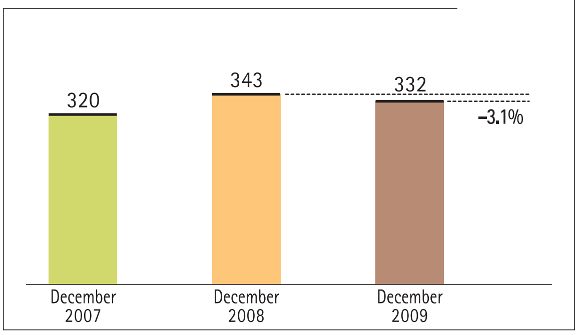
Total lending (gross) at December 31, 2009 stood at €332 billion after declining 3.1% year-on-year.

In terms of its **geographic distribution**, there was a notable increase in the weight of investment grade Latin America (Mexico, Chile and Peru), which as of December 31, 2009 represented 12.3% of the total, compared with 11.6% at the end of the previous year. This is because of the better relative credit appetite in

Total assets
(Billion euros)



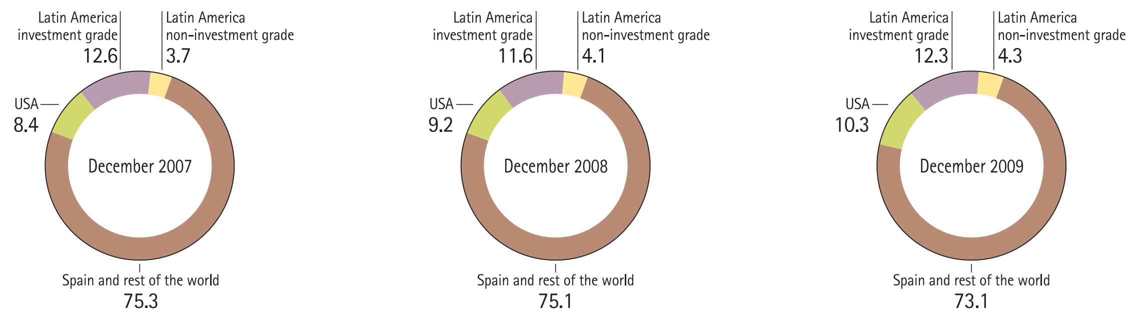
Total lending (gross)
(Billion euros)



Customer lending
(Million euros)

	31-12-09	Δ%	31-12-08	31-12-07
Domestic sector	204,671	(2.6)	210,082	206,348
Public sector	20,786	18.1	17,599	16,076
Other domestic sectors	183,886	(4.5)	192,483	190,272
· Secured loans	106,294	0.4	105,832	104,567
· Commercial loans	7,062	(26.0)	9,543	12,767
· Financial leases	6,547	(15.0)	7,702	7,774
· Other term loans	46,407	(16.3)	55,448	56,680
· Credit card debtors	1,839	(6.7)	1,971	1,975
· Other demand and miscellaneous debtors	2,296	(33.9)	3,474	2,622
· Other financial assets	2,529	(16.6)	3,031	2,452
· Non-performing loans	10,911	99.0	5,483	1,435
Non-domestic sector	**127,491**	**(3.9)**	**132,600**	**113,962**
Secured loans	42,280	7.3	39,390	30,695
Other loans	80,986	(10.3)	90,335	81,461
Non-performing loans	4,225	47.0	2,875	1,807
Total lending (gross)	**332,162**	**(3.1)**	**342,682**	**320,311**
Loan-loss provisions	(8,720)	17.5	(7,423)	(7,133)
Total net lending	**323,441**	**(3.5)**	**335,260**	**313,178**

Geographical breakdown of total lending (gross)
(Percentage)

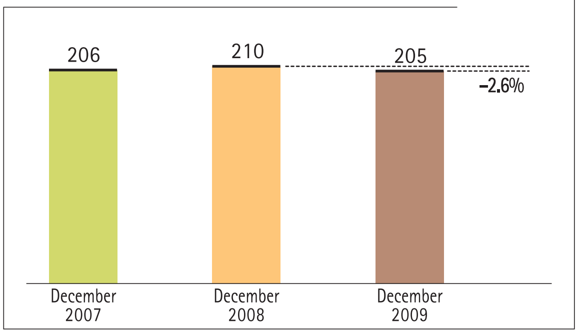


these countries than in the domestic market. The weight of non-investment grade Latin American countries remained practically the same (4.3% in 2009 and 4.1% in 2008). The United States increased its share from 9.25 to 10.3% as a result of the incorporation of the Guaranty balances. The remaining 73.1% corresponds to Spain and the rest of the investment grade countries in the world.

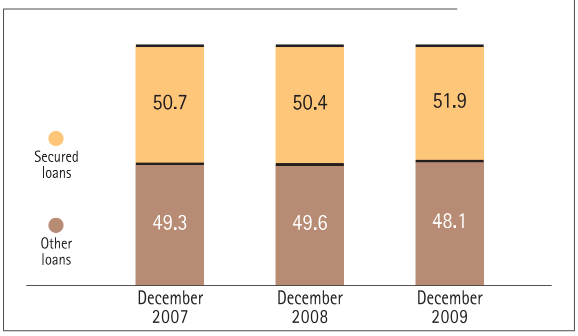
Of a total €205 billion lending to **domestic** customers in Spain, the **public sector** reported the biggest advance, at 18.1% year-on-year to €21 billion.

Loans to the **domestic private sector** fell 4.5% to €184 billion at year-end 2009 with items related to commercial activity and household consumption falling most. The volume of accounts receivable financing

→ Total lending. Domestic sector (gross)
(Billion euros)



→ Detail of total lending to domestic sectors (gross)
(Percentage)



decreased 26.0%, credit card debtors fell 6.7% and other term loans (basically consumer loans and SME and corporates) fell 16.3%. Secured loans are the main component of domestic lending and they were almost unchanged compared to the third quarter, at €106 billion as of December 31, 2009, a similar figure (up 0.4%) to the same date in 2008. Non-performing assets at year-end were €10,911 million, a significant increase over the year, and very much concentrated in the fourth quarter. The increase is due to a number of portfolios, mainly related to the real estate sector, which were declared doubtful following a detailed and rigorous examination by the Group.

Finally, lending to **non-domestic** customers amounted to €127 billion euros at the close of 2009, 3.9% below the figure of €133 billion as of December 31, 2008. Secured loans performed best and increased their weight in the non-domestic portfolio to 33.2% as of December 31, 2009, compared with 29.7% as of December 31, 2008. The increase in non-performing assets in this segment in the fourth quarter is basically due to an additional reclassification of the commercial real estate portfolio in the United States as rigorous as the one mentioned above for other domestic sectors.

CUSTOMER FUNDS

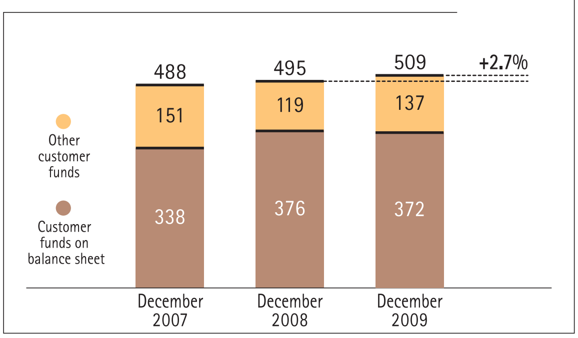
As of December 31, 2009, total **customer funds** on and off the balance sheet came to €509 billion, an increase of 2.7% compared to the €495 billion a year earlier.

Customer funds on the balance sheet were €372 billion as of December 31, 2009, a fall of 1.2% on the figure of €376 billion at the close of 2008. This fall is basically the result of the reduction in term deposits, partly due to customer preference for other products and partly due to BBVA's comfortable liquidity position. As usual in recent years customer funds on the balance sheet are greater than gross lending and this highlights the Group's positive liquidity position.

As of December 31, 2009, **customer funds off the balance sheet** (mutual funds, pension funds and customer portfolios) came to €137 billion, a rise of 15.1% compared with €119 billion a year earlier. The improvement reflects the gathering of funds (especially pension funds) and the rise in equity markets towards the end of the year, which boosted assets under management and customer portfolios.

In **Spain** the sharp decline in interest rates caused customers to switch from time deposits

→ Customer funds
(Billion euros)



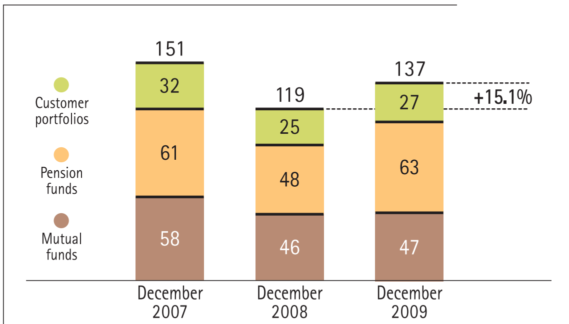
Customer funds

(Million euros)

	31-12-09	Δ%	31-12-08	31-12-07
Customer funds on balance sheet	**371,999**	**(1.2)**	**376,380**	**337,518**
Deposits from customers	**254,183**	**(0.4)**	**255,236**	**219,609**
Domestic sector	97,486	(7.1)	104,959	97,715
Public sector	4,296	(32.1)	6,328	6,853
Other domestic sectors	93,190	(5.5)	98,630	90,862
· Current and savings accounts	47,381	6.3	44,589	44,187
· Time deposits	35,135	(19.8)	43,829	36,911
· Assets sold under repurchase agreement and other	10,675	4.5	10,213	9,764
Non-domestic sector	156,697	4.3	150,277	121,893
· Current and savings accounts	63,718	11.9	56,930	50,836
· Time deposits	88,114	2.9	85,647	61,670
· Assets sold under repurchase agreement and other	4,865	(36.8)	7,700	9,387
Debt certificates	**99,939**	**(4.1)**	**104,157**	**102,247**
Mortgage bonds	35,833	(9.7)	39,673	39,756
Other debt certificates	64,106	(0.6)	64,484	62,491
Subordinated liabilities	**17,878**	**5.2**	**16,987**	**15,662**
Other customer funds	**136,957**	**15.1**	**119,017**	**150,777**
Mutual funds	47,266	2.1	46,295	57,932
Pension funds	63,190	31.3	48,139	60,909
Customer portfolios	26,501	7.8	24,582	31,936
Total customer funds	**508,957**	**2.7**	**495,397**	**488,295**

Other customer funds

(Billion euros)



to current accounts and more conservative types of mutual funds. In addition, the Group's comfortable liquidity situation meant it could focus on defending spreads, as fund gathering has not been a commercial priority. Thus **time deposits** fell by 19.8% year-on-year to €35 billion euros at the close of December 2009. **Current and savings accounts** grew by 6.3% over the year to €47 billion as of December 31, 2009. **Mutual funds** fell by 6.0% year-on-year to €33 billion. This fall is lower than that in the system as a whole, so BBVA maintains its leading position as the biggest mutual fund manager in Spain, with a market share of 19.3% as of December 31, 2009. **Pension funds** performed well and increased to €17 billion, 6.9% above the figure twelve months previously. This has allowed BBVA to consolidate its leading position in Spain in this sector, with a market share of 18.6% at year end. Of the total managed assets in pension funds, €10 billion

Other customer funds

(Million euros)

	31-12-09	∆%	31-12-08	31-12-07
Spain	**63,046**	**2.3**	**61,611**	**74,401**
Mutual funds	**32,797**	**(6.0)**	**34,900**	**43,258**
Mutual funds (ex real estate)	31,217	(6.0)	33,197	40,876
· Guaranteed	12,646	(23.4)	16,507	16,788
· Monetary and short-term fixed-income	13,436	11.8	12,016	15,489
· Long-term fixed-income	1,385	10.6	1,252	1,653
· Balanced	881	16.7	755	1,493
· Equity	2,180	31.6	1,657	3,589
· Global	689	(31.8)	1,009	1,864
Real estate investment trusts	1,473	(6.8)	1,580	2,258
Private equity funds	108	(12.9)	123	124
Pension funds	**17,175**	**6.9**	**16,060**	**17,068**
Individual pension plans	9,983	6.7	9,357	9,806
Corporate pension funds	7,191	7.3	6,703	7,262
Customer portfolios	**13,074**	**22.8**	**10,650**	**14,075**
Rest of the world	**73,912**	**28.8**	**57,406**	**76,376**
Mutual funds and investment companies	14,469	27.0	11,395	14,674
Pension funds	46,015	43.4	32,079	43,841
Customer portfolios	13,427	(3.6)	13,932	17,861
Other customer funds	**136,957**	**15.1**	**119,017**	**150,777**

corresponded to individual plans and €7 billion to employee and associate schemes. The Group continues to be a leader in both categories, with market shares of 16.5% and 22.7% respectively. Customer portfolios also showed significant growth (22.8%).

In terms of **non-resident** customer funds, the aggregate of items on and off the balance sheet increased 11.0% during the year to €231 billion. The rise reflects the excellent performance of off-balance-sheet funds, which increased 28.8% in 2009 thanks to positive contributions from the pension business in the South America and Mexico areas. Customer funds on the balance sheet rose 4.3% year-on-year. This was mainly due to an increase in items with greater margins and lower costs, e.g. current and savings accounts, which increased 11.9% over the year.

OTHER BALANCE SHEET ITEMS

The main reason for the variation in the **trading portfolio**, both in terms of assets and liabilities, is the exceptional fall in certain positions and valuations of derivatives in the Global Markets unit.

Available-for-sale financial assets amounted to €63,520 million as of December 31, 2009, as a result of the construction of portfolios designed to stabilize the value of the balance sheet and make best use of the increase in lower-cost assets.

The increase in the **investments in entities accounted for using the equity method** heading is basically due to the consideration of CNCB as a Group holding.

Finally, the reduction of €1,192 million in **intangible assets** to €7,248 million at the close of 2009 is basically the result of goodwill impairment in the United States.

CAPITAL BASE

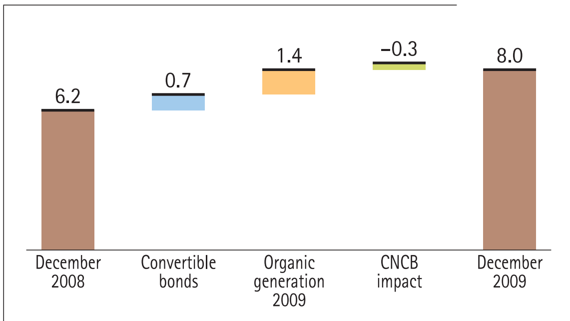
Capital generation in the financial sector was a key factor in **2009**. This can be seen from the concern shown by some regulatory bodies that have carried out tests to check capital adequacy levels of banks in extreme situations, such as the American stress tests or the tests carried out by the Committee of European Banking Supervisors (CEBS) on European banks.

Despite the capital injections by governments, the weight has been lower than in 2008, as private capital increases with large discounts have been the rule. The year has also been one in which financial institutions have maintained prudent capital policies and called on the market to increase or at least maintain their capital adequacy ratios.

Against this background, **BBVA** has been one of the few banks that has not made any capital increase in the last two years and, more importantly, the Group has generated core capital organically throughout the year, with a rise of +140 basis points.

BBVA closed 2009 with a net **attributable profit** of €4,210 million, of which €1,012 million were distributed to shareholders in cash through three interim dividend payments amounting to €0.27 per share. In addition, a final dividend payment of €0.15 per share for 2010 is planned against 2009 earnings. The **shareholder remuneration** policy has strengthened the Group's capital position, which in turn has enabled it to ride the economic slowdown and increased level of defaults in a more comfortable position. Retained earnings in 2009 were €3,198 million, which has translated into improvement in capital ratios over the year, thanks to this organic generation exceeding ordinary expenses and extraordinary net investments during the reference period.

→ Core capital generation BIS II
(Percentage)



In terms of **investments**, the Group has continued its expansion plan in Asia and the United States. In January, it increased its holding in China Citic Bank (CNCB) from 9.93% to 10.07%, which thus entered the capital base as a substantial shareholding and therefore increased the deductions by approximately €1,900 million: 50% in Tier I and a further 50% in Tier II. In addition, in the fourth quarter the consideration of CNCB as one of the Group's subsidiaries generated goodwill that reduced the core capital by 30 basis points. Also, in December, BBVA confirmed the exercise of the purchase option on CNCB, by which it acquired an additional 4.93% of the Chinese bank for a holding of 15%. The payment is expected to be made over the first quarter of 2010. In the United States, the purchase of the banking operations of Guaranty Financial Group (Guaranty) from the Federal Deposit Insurance Corporation (FDIC) was announced on August 22, 2009. This amounted to $2,400 million in risk-weighted assets (RWA). It is important to stress that the impairment of goodwill in the United States in the fourth quarter, with the consequent impact on results, has a neutral effect both on core capital and the rest of the capital base.

As a result of all the above, as of December 31, 2009, the **eligible capital** of BBVA, calculated according to the **Basel II** capital agreement rules was €39,440 million, €4,407 million more than on December 31, 2008. Over the year the RWA increased by 1.3% to €291,026 million euros, representing slightly over 54% of the Group's total assets. With these RWA the capital requirements (8% of **RWA**) stand at €23,282 million. There is thus a capital surplus of €16,158 million, 69%

Capital base (BIS II Regulation)

(Million euros)

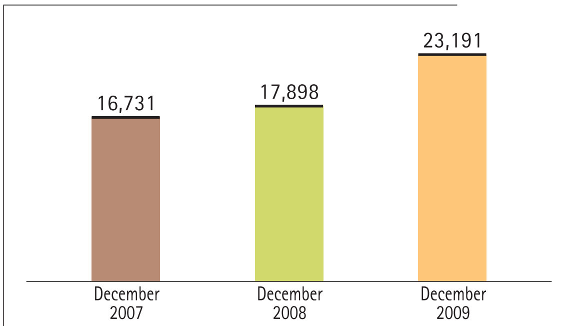
	31-12-09	31-12-08	31-12-07
Shareholders' funds	29,362	26,586	24,811
Adjustments	(8,171)	(8,688)	(8,080)
Mandatory convertible bonds	2,000		
Core capital	**23,191**	**17,898**	**16,731**
Preference shares	5,129	5,395	4,492
Adjustments	(1,066)	(583)	(479)
Capital (Tier I)	**27,254**	**22,710**	**20,744**
Subordinated debt and other	13,251	12,914	15,784
Deductions	(1,065)	(590)	(479)
Other eligible capital (Tier II)	**12,186**	**12,324**	**15,305**
Capital base	**39,440**	**35,033**	**36,049**
Minimum capital requirement (BIS II Regulation)	23,282	22,989	21,479
Capital surplus	**16,158**	**12,044**	**14,570**
Risk-weighted assets	**291,026**	**287,364**	**268,491**
BIS ratio (%)	**13.6**	**12.2**	**13.4**
Core capital (%)	**8.0**	**6.2**	**6.2**
Tier I (%)	**9.4**	**7.9**	**7.7**
Tier II (%)	**4.2**	**4.3**	**5.7**

above the minimum levels required, and a clear improvement compared with the past year, thus reflecting the Group's sound capital position.

Core capital at year end was €23,191 million, 8.0% of RWA, i.e. 180 basis points up. The main reasons for this growth were, first, the Group's capacity for organic generation reflected in the good results obtained over the year (+140 basis points in the year, of which 30 basis points were consumed by the impact of goodwill from CNCB); and second, the issue of €2 billion euros of bonds mandatorily convertible into BBVA shares in September (+70 basis points). With this operation, BBVA also anticipated the effect of possible more restrictive capital regulations in the future and reflects the Group's diversity of sources for increasing its capital base.

Core capital

(Million euros)



If the preference shares are incorporated into the core capital, **Tier I** increases to €27,254 million euros, 9.4% of RWA, vs. 7.9% in the previous year. In October, BBVA successfully concluded the offer to exchange preference shares placed on the institutional market. As a result of this exchange, BBVA issued two preference securities of €645 million and €251 million pounds sterling, both with an early repayment option at 5 years. As a result, preference securities represent 18.8% of the total of Tier I capital, compared with 23.8% the previous year.

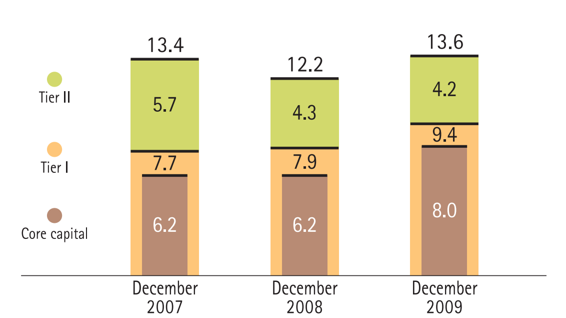
Tier II, which mainly includes subordinated debt, valuation adjustments and the excess generic provisions, amounted to €12,186 million at year-end, 4.2% of RWA, 10 basis points less than in 2008. The ratio fell due to the deduction for CNCB and the lower surplus from generic provision; but there was also a positive impact on complementary capital through the increase in unrealized capital gains over the year and a new issue of 2,614 million mexican pesos of subordinate debt by BBVA Bancomer in June (which can be included as Tier II in the Group's capital base).

Due to all the above, the **BIS II** ratio remains at a high level, at 13.6% of RWA at the close of 2009, a growth of 1.4 percentage points over the year.

Thus the capital position of BBVA has improved in 2009 thanks to moderate growth in balance sheet risks and the policy of capital retention announced for the year. This enabled capital to be generated organically and reflects the Group's sound solvency position, despite the unfavorable economic climate, so that it can continue to remunerate shareholders without diluting their participation.

Capital base: BIS II ratio

(Percentage)



RATINGS

BBVA remains one of the financial entities with superior ratings.

Ratings

	Long term	Short term	Financial strength	Outlook
Moody's	Aa2	P-1	B-	Negative
Fitch	AA-	F-1+	A/B	Positive
Standard & Poor's	AA	A-1+	-	Negative

Risk management

- Integration of risks and overall risk profile
- Credit risk
- Structural risks
- Risk in market areas
- Operational risk
- Risk management in non-banking activities


BBVA
Clientes
BBVA

INTEGRATION OF RISKS AND OVERALL RISK PROFILE

INTEGRATION OF RISKS

The Group's economic capital is calculated by merging together the economic capital calculated for each of the risk types managed. The merging process is fundamental to integrating risks. A simple approach for merging the different types of risks would consist of calculating total capital as the sum of these individual capital figures. However, this method would ignore the fact that the risks are interrelated to a certain degree, with an effect of diversification that would, in the end, give rise to a total capital figure lower than the sum of the individual capital. The difference between these two metrics is the **benefit of diversification.**

The BBVA Group has developed a **model for integrating the different kinds of risk** in order to measure total economic capital more precisely. This model concentrates its efforts on capturing the relationships between the different risks (credit, market, structural and operational), in order to estimate the dependency structure and the impact of their relative size on the Entity's overall profile.

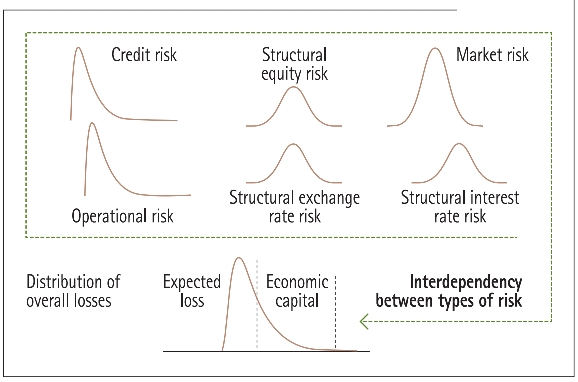
According to this model, the distribution of total losses is constructed based on the individual losses, taking into account their interdependencies (measured as correlations among losses for each risk type). Once this distribution has been obtained, it is possible to calculate the global economic capital and the diversification factors to be applied to individual capital at a particular confidence level.

In this framework, sensitivity analyses are carried out on the diversification achieved under different correlation assumptions between the underlying risks. The diversification level of each of the risks depends greatly on the relative size of the risk against global risk, as well as the correlation among risks and the characteristics of individual loss distributions.

OVERALL RISK PROFILE

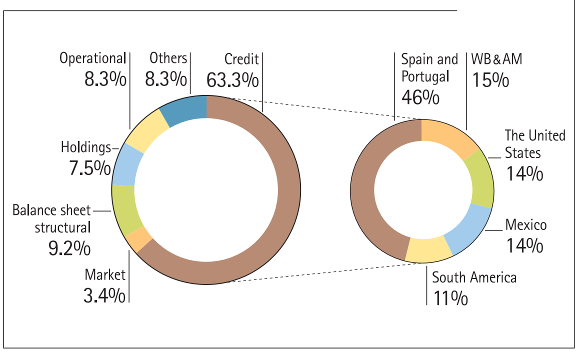
Attributable **economic risk capital** (**ERC**) consumption reached €22,135 million at December 31, 2009, a decrease of 1.1% compared with the same date the previous year[1]. The predominant risk type continued to be credit risk on portfolios originated in the Group branch-network from its own customer base, which accounted for 63.3% of the total. ERC from market operations was affected by more volatile

→ Integration of risks



→ BBVA Group's economic risk capital. Distribution by type of risk

(Data in attributable terms, 31-12-09)



[1] The growth rates presented are calculated against the close at the same time in December 2008 (€22,375 million), which includes the annual effects of **recalibration** and review of the models, as compared to the figure as of December 31, 2008 published in the 2008 Annual Report, of €21,541 million.

market conditions, though its weight remained low, given the nature of BBVA's business and its policy of minimal proprietary trading. The weight of the ERC associated with investments in associates went up due to the increased investment in CNCB. Conversely, ERC for operational risk increased 16% through the updating of economic models based on operational loss records in the Group over 2009.

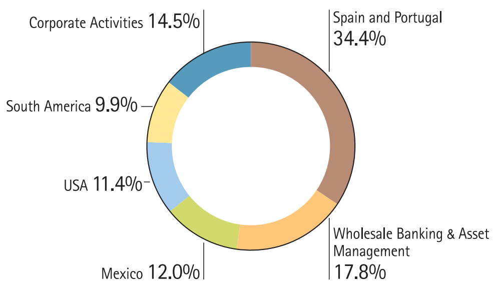
In the area breakdown, Spain and Portugal reported ERC growth of 4.0%, primarily concentrated in the mortgage portfolios and SME, corporates and institutions portfolios. WB&AM went down 5.1%. In Mexico, ERC was down 4.6%, partially compensated by the appreciation of the peso. At a constant exchange rate, economic risk capital fell 6.1% as a result of the change in mix of the portfolios. ERC in the United States stood at €2,526 million, up 3.6% due to the incorporation of Guaranty, to reach a weight within the Group of 11.4% over the total ERC. ERC in South America rose 0.5%, largely due to increased lending throughout all of the countries. Lastly, the ERC for Corporate Activities was down 8.3%, in essence due to rises in market risk from increased hedges.

The Group's **recurrent risk-adjusted return on economic capital** (RAROC), i.e., that generated from customer business and excluding one-offs, stood at 25.1%, and remained at high levels in all business areas.

Finally, the **economic risk capital ratios** stood at 8.7% for adjusted core capital and 14.0% for total capital, both figures above their respective benchmark (6%-7% and 12%, respectively).

→ BBVA Group's economic risk capital. Distribution by business area

(Data in attributable terms, 31-12-09)



CREDIT RISK

METHODOLOGIES FOR CREDIT RISK QUANTIFICATION

The risk measurement and management models used by BBVA have made it a leader in best practices in the market and in compliance with Basel II guidelines.

BBVA quantifies its credit risk using two main metrics: **expected loss** (**EL**) and **economic capital** (**EC**). The expected loss reflects the average value of the losses. It is considered the cost of the business and is associated with the Group's policy on provisions. Economic capital is the amount of capital considered necessary to cover unexpected losses if actual losses are greater than expected losses.

These risk metrics are combined with information on profitability in **value-based management,** thus building the profitability-risk binomial into decision-making, from the definition of business strategy to approval of individual loans, price setting, assessment of non-performing portfolios, incentives to business areas in the Group, etc.

There are three risk **parameters** that are essential in the process of calculating the EL and EC metrics: the probability of default (PD), loss given default (LGD) and exposure at default (EAD). These are generally estimated using historical data available in the systems. They are assigned to operations and customers according to their characteristics. In this context, the credit **rating tools** (ratings and scorings) assess the risk in each transaction/customer according to their credit quality by assigning them a score. This score is then used in assigning risk metrics, together with additional information such as transaction seasoning, loan-to-value ratio, customer segment, etc. The increase in the number of defaults in the current economic situation will help reinforce the soundness of the risk parameters by adjusting their estimates and refining methodologies. The incorporation of data from the years of economic slowdown is particularly important for refining the analysis of the cyclical behavior of credit risk. The effect on the estimate of PD and the credit conversion factor (CCF) is immediate. An analysis of the impact on LGD, however, requires waiting for the maturity of the recovery processes associated with these defaults. Thus the current situation could be leading to an extension in time of the recovery process with regard to the customer and altering his behavior, so that the consequence of the crisis in the estimates of LGD will be observed in the long term.

PROBABILITY OF DEFAULT (PD)

The probability of default (PD) is a measure of credit rating that is assigned internally to a customer or a contract with the aim of estimating the probability of non-performing within a year. The PD is obtained through a process of **scoring** and **rating**.

Scoring

This tool is a statistical instrument focused on estimating the probability of default according to features of the contract-customer binomial. They are focused on management of retail credit: consumer, mortgages, credit cards of individuals, loans for businesses, etc. There are different types of scoring: reactive, behavioral, proactive and bureau.

The main aim of **reactive scoring** is to forecast the credit health of credit applications submitted by customers. It attempts to predict the applicant's probability of default if the application were accepted (they may not be BBVA customers at the time of application).

The level of sophistication of the scoring model and its capacity to adapt to the economic context enables it to give more accurate customer profiles and improve the Bank's capacity to identify different levels of creditworthiness within specific groups (young people, customers, etc.). The result is a significant improvement in the discrimination capacity of tools in groups of particular importance to the business.

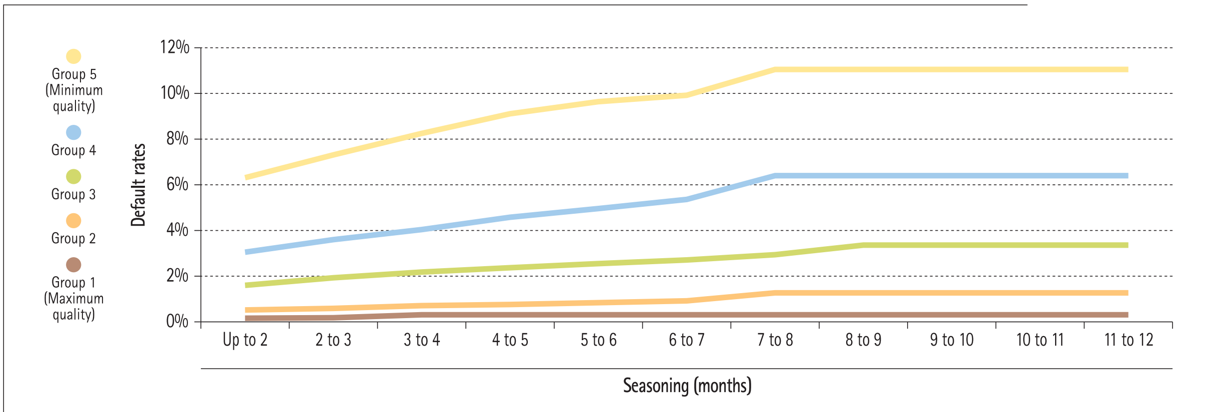
The accompanying charts show default rates of some of the reactive scoring tools used by the Group. They show, for example, that both the loan seasoning and the score can serve to assess the risk of a retail-type operation. The first chart shows the default rates at one year for credit cards of BBVA Bancomer customers who applied for them at the branch and for whom there was bureau information. The second chart shows the different levels of default shown by groups with different levels of bundling to BBVA Spain, from the highest for the non-customer segment, to the lowest for the preferred customers.

A feature of reactive scorings is that the default rates of the various segments tend to converge over time. In BBVA, this loss of screening capacity is mitigated by combining reactive with behavioral and proactive scorings.

Behavioral scorings are used to review contracts that have already been granted by incorporating information on customer behavior

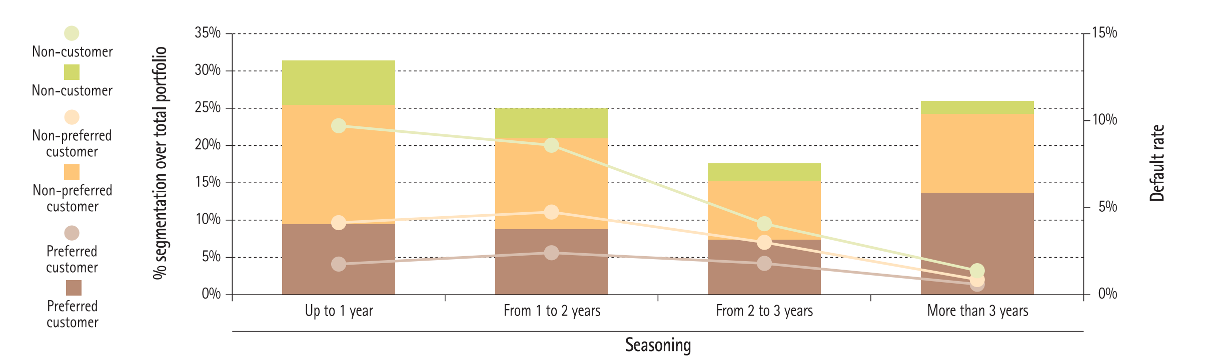
→ Credit card scoring tool calibration, BBVA Bancomer

(Default rates by seasoning for different score groups)



Credit card scoring tool calibration, BBVA Spain

(Default rates by seasoning for different score groups)



and on the contract itself. Unlike reactive scoring, it is an *a posteriori* analysis, i.e. once the contract has been awarded. It is used to review credit card limits, monitor risk, etc. and takes into account variables directly linked to the operation and the customer that are available internally: the behavior of a particular product in the past (delays in payments, default, etc.) and the customer's general behavior with the entity (average balance on accounts, direct debit bills, etc.).

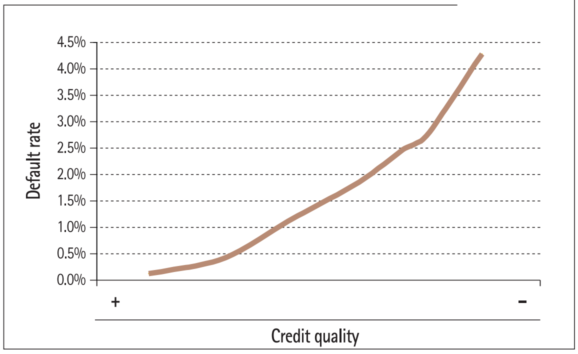
Proactive scoring tools take into account the same variables as behavioral scorings, but they have a different purpose, as they provide an overall ranking of the customer, rather than of a specific operation. This view of the customer is supplemented by calibrations adapted to each product type. The proactive scorings the Group has available enable it to monitor customers' credit risk more precisely, to improve risk screening processes and to manage the portfolio more actively, by offering credit facilities adapted to each customer's risk profile.

By way of an example, the charts depict the default probability curve from proactive scoring for consumer finance of private individuals implemented in Spain.

The so-called **bureau scoring** models, widely used in the Americas, are also of great importance. This kind of tool is similar to the scorings explained above, except that while the latter are based on internal information from the Bank itself, bureau scoring requires credit information from other credit institutions or

Proactive scoring tool calibration for consumer finance, BBVA Spain

(By score group. Customers with a positive experience and preferred status)



banks (on defaults or customer behavior). This information is provided by credit agencies that compile data from other entities. Not all banks collaborate in supplying this information, and usually only participating entities have access to it. In Spain, the Bank of Spain's Risk Information Center (CIRBE) makes such information available. The bureau scorings are used for the same purpose as the other scorings, i.e. authorizing operations, setting limits and monitoring risk.

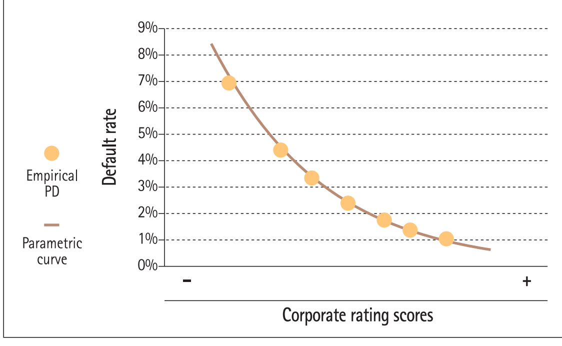
A correct management of the reactive, behavioral, proactive and bureau tools by the Group helps obtain updated risk parameters adapted to economic reality. This results in precise knowledge of the credit health of operations/customers. This task is particularly relevant in the current economic situation, as it can identify the contracts and customers that are in difficulties, and thus the necessary measures can be taken to manage risks that have already been assumed.

Rating

These tools are focused on wholesale customers: companies, corporations, SMEs, the public sector, etc., where the defaults are predicted at the customer rather than contract level.

The risks assumed by BBVA in the wholesale portfolios is classified in a standardized way by using a single **master scale** for the whole Group that is available in two versions: a reduced one with 17 degrees; and an extended one, with 34. The master scale aims to discriminate the different credit quality levels, taking into account geographical diversity and the different risk levels in the different wholesale portfolios in the countries where the Group operates.

→ Rating tool calibration for corporates, BBVA Bancomer
(Default rates by score group)



The information provided by the rating tools is used when deciding on accepting operations and reviewing limits.

Some of the wholesale portfolios managed by BBVA are low default portfolios, in which the number of defaults is low (sovereign risks, corporations, etc.). To obtain the PD estimates in these portfolios the internal information is supplemented by external information, mainly from external rating agencies and the databases of external suppliers.

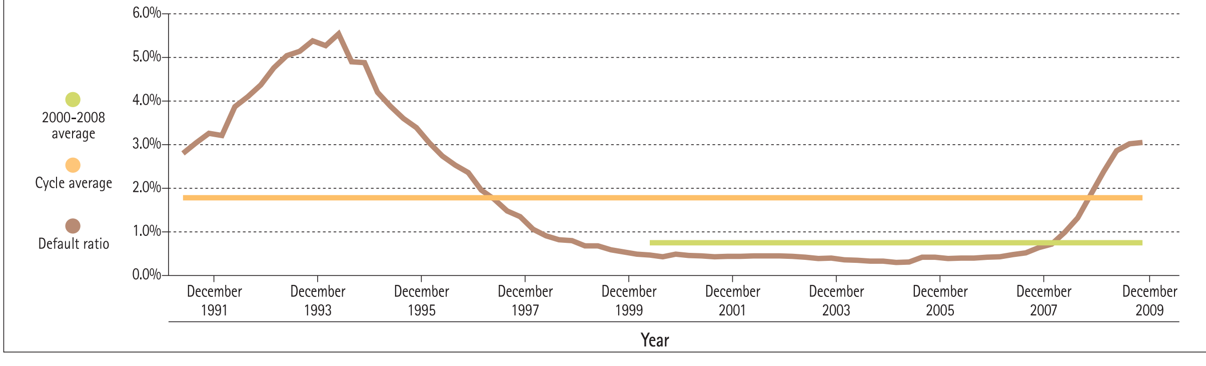
As an example, on the left is the rating tool's parametric curve for defaults of BBVA Bancomer corporates by internal score assigned.

The economic cycle in PD

An important metric for correct risk management is the average default probability throughout an economic cycle, as it is a measure that allows the effects of economic and financial turbulence to be lessened when measuring credit risk, such as for example capital volatility.

The probability of default varies according to the cycle: it is greater during recessions and lower at boom periods. The adjustment process to transfer the default rates observed empirically to average default rates for the cycle is known as **cycle adjustment**. The cycle adjustment uses sufficiently long economic series related to the default of portfolios, and their behavior is compared with that of the defaults in the Entity's portfolios. Any differences between the past and future economic cycles may also be taken into account, thus giving the focus a prospective component.

→ Cycle adjustment mechanism



The chart above illustrates how cycle adjustment works through the behavior of the series of the ratio of doubtful mortgage loans granted, as published by the Bank of Spain. This adjustment to the historical cycle aims to correct the difference between the average of this ratio throughout an economic cycle (for example, in 1991-2009) and the average in the period available in the databases used for the estimate.

LOSS GIVEN DEFAULT (LGD)

Loss given default (LGD) is another of the key risk metrics used in quantitative risk analysis. It is defined as the percentage risk of exposure that is not expected to be recovered in the event of default.

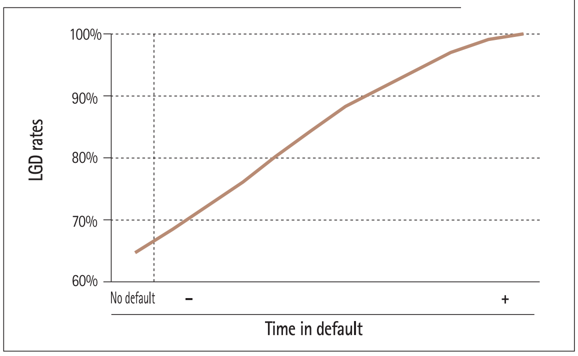
BBVA basically uses two approaches to estimate LGD. The most usual is that known as "workout LGD", in which estimates are based on the historical information observed in the entity, by discounting the flows that are recorded throughout the recovery process of the contracts in default at any time. In portfolios with a low rate of defaults, there is insufficient historical experience to make a reliable estimate using the workout LGD method, so external sources of information have to be combined with internal data to obtain a representative rate of loss given default.

In general, the portfolios managed by the Bank show **bimodal behavior** in terms of loss given default: in other words, following default, the recovery of debt is in some cases total and in others, null. The chart below shows the distribution of the LGD of mortgage portfolios in BBVA Spain, filtering out the most recent defaults to prevent the short amount of time to recover to skew results.

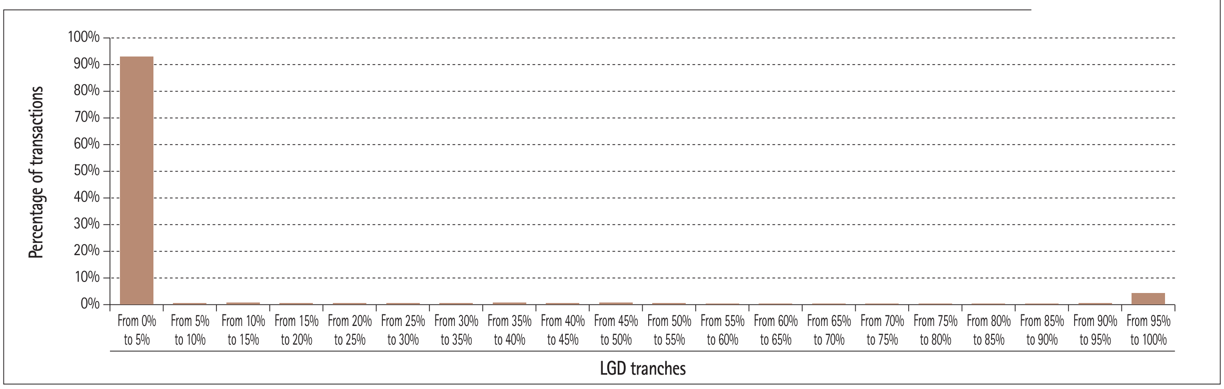
The LGD estimates are carried out by segmenting operations according to different factors that are relevant for its calculation, such as the default period, seasoning, the loan-to-value ratio, type of customer, score, etc. The factors may be different according to the portfolio being analyzed. Some of these are illustrated below with examples.

- For contracts already in default, an important factor is **default seasoning** on the contract. The longer the contract has been in default, the lower the recovery of the debt pending. For the purposes of calculating the expected loss and economic capital, contracts not in

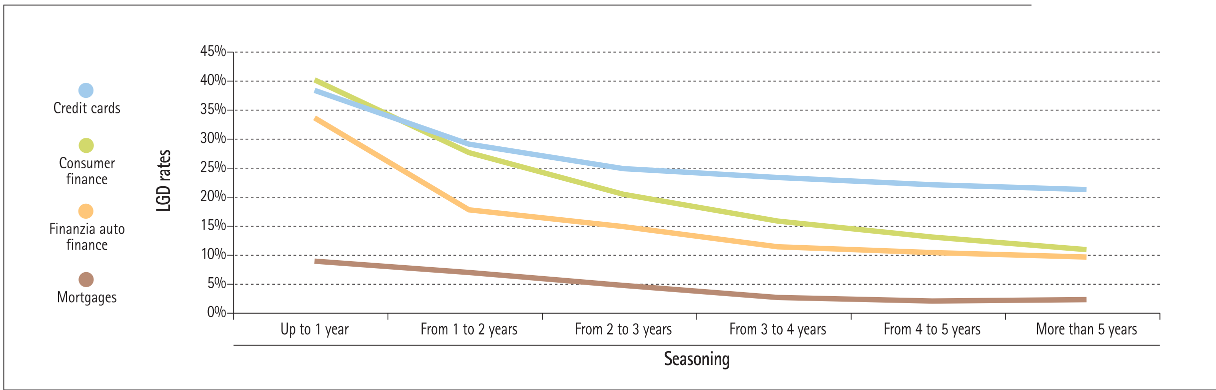
→ LGD curves by time in default for past due operations, for credit cards, BBVA Bancomer



→ LGD distribution for the mortgage portfolio, BBVA Spain



→ LGD curves by seasoning for various products in Spain



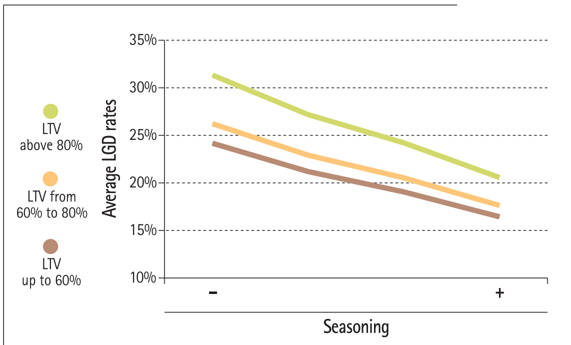
default are also imputed a LGD comparable to contracts that have just defaulted.

- The **seasoning** is the period elapsed from the origination of the contract to the default. This is also relevant, as there is an inverse relationship between LGD and seasoning.
- **Loan-to-value ratio:** Internal analyses show that LGD depends on the relationship between the amount of the loan and the value of the collateral (loan-to-value, LTV), a characteristic feature of the mortgage portfolio.
- **Customer type**: In the specific case of financial solutions for corporates, the customer type has proven to be a relevant factor. Therefore, a LGD estimate has been obtained for each size of company: corporations, large companies, SMEs, etc.
- **Score**: The credit rating of contracts may be used to estimate LGD, as there is a positive correlation between score and LGD.
- **Exposure at default (EAD):** The exposure of contracts at the time of the default is positively related to LGD.

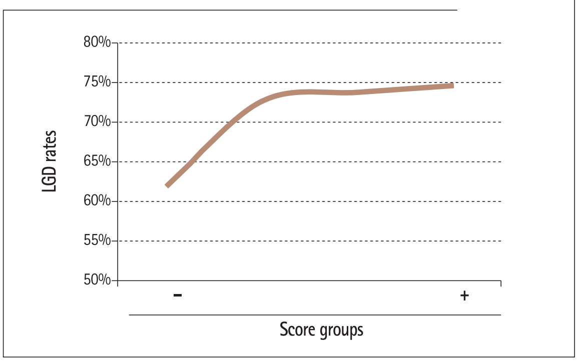
Progress in building LGD scorings and ratings is becoming increasingly important for adapting LGD estimations to economic and social changes. These estimates allow new factors to be included without losing the robustness of the information and obtain models that are more sensitive to improvements or deteriorations in the portfolio. BBVA has already begun to work on incorporating these modifications in the internal models used.

In the BBVA Group, different LGDs are attributed to the loan book (default and not default), according to **combinations of all the significant factors**, depending on the features of each product/customer. This can be seen in the accompanying chart "LGD for mortgage loans

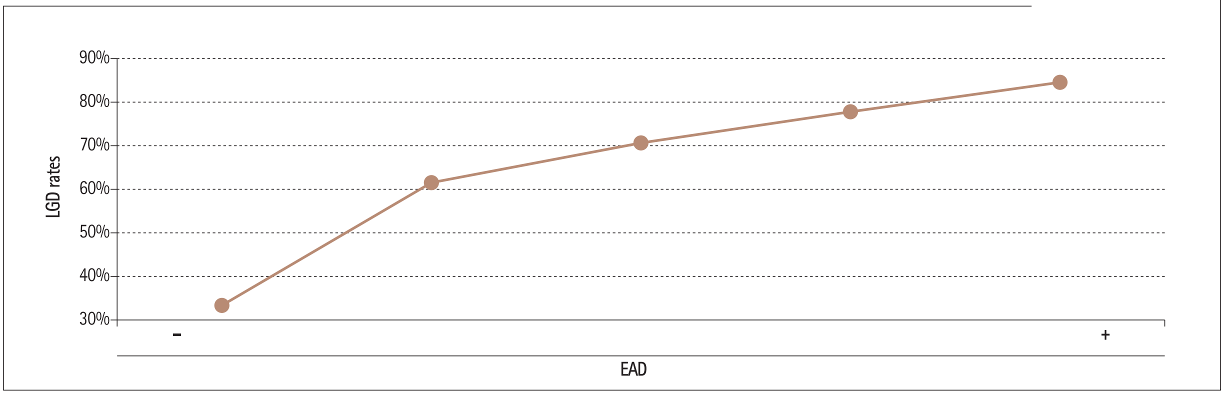
→ LGD for mortgage loans by LTV and seasoning, BBVA Banco Continental



→ Credit card LGD, BBVA Compass (by score group)



→ Credit card LGD, BBVA Bancomer (by exposure at default, EAD)



in BBVA Banco Continental", in which LGD is explained according to the seasoning of the contract and its LTV.

Finally, it is important to mention that LGD varies with the **economic cycle**. Hence, two concepts can be defined: long-run LGD (LRLGD), and LGD at the worst moment in the cycle, or Downturn LGD (DLGD).

LRLGD represents the average long-term LGD corresponding to an acyclical scenario that is independent of the time of estimation. This scenario should be applied when calculating expected losses. DLGD represents the LGD at the worst time of the economic cycle, so it should be used to calculate economic capital, because the aim of EC is to cover possible losses incurred over and above those expected.

All estimates of loss given default (LGD, LRLGD and DLGD) are performed for each portfolio, taking into account all the factors mentioned above. However, no LRLGD or DLGD estimates are made in portfolios in which the loss given default is not significantly sensitive to the cycle, as they are recovery processes that cover extended periods of time. Therefore, the isolated situations of the economic cycle are mitigated.

In addition to being a basic input for quantifying expected losses and capital, LGD estimates have other uses for internal management. For example, LGD is an essential factor for price discrimination, in the same way that it can determine the approximate value of a default portfolio in the event of wanting to outsource its recovery or defining which potential recovery actions have the highest priority.

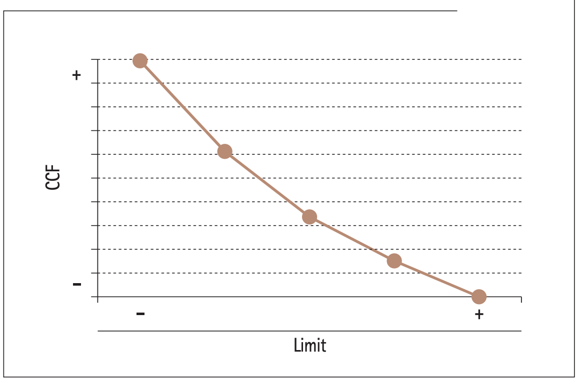
EXPOSURE AT DEFAULT (EAD)

Exposure at default (EAD) is another of the inputs required to calculate expected loss and capital. It is defined as the outstanding debt pending payment at the time of default.

A contract's exposure usually coincides with its outstanding balance, although this is not always the case. For example, for products with explicit limits, such as credit cards or credit lines, exposure should include the potential increase in the balance from a reference date to the time of default.

The EAD is obtained by adding the risk already drawn on the operation to a percentage of undrawn risk. This percentage is calculated using the **CCF** which is defined as the percentage of the undrawn balance that is expected to be used before default

→ CCFs for bank credit lines, BBVA Spain (by limit)



occurs. Thus the EAD is estimated by calculating this conversion factor using statistical analysis.

The estimate of these conversion factors also includes distinguishing factors that depend on the characteristics of the transaction: for example, in the case of credit lines awarded by BBVA Spain, the conversion factor is estimated according to the limit of the line.

In order to obtain CCF estimations for low-default portfolios, external studies and internal data are combined, or behavior similar to other portfolios is assumed and they are assigned the same CCF values.

THE PORTFOLIO MODEL AND CONCENTRATION AND DIVERSIFICATION EFFECTS

The BBVA Group has developed a portfolio model in order to obtain a better economic capital metric for credit risk, taking into account the diversification and concentration effects inherent in its lending structure. This model provides BBVA with a key tool for credit risk management, which has been designed in line with the requirements of Pillar II of the Basel Accord.

The portfolio model considers that risk comes from various sources (it is a multi-factor model). This feature implies that economic capital is sensitive to geographic diversification, a crucial aspect in a global entity like BBVA. The tool is also sensitive to the possible concentration that may exist in certain credit exposures.

To sum up, the portfolio model includes the following effects:

- Geographic/industry concentration. This uses a matrix that penalizes correlations of assets for each segment/portfolio according to the size of the portfolio and the size of the economy in question.
- Individual concentration in the Group's largest counterparties.
- Indirect concentration through the correlation between LGD and default.

The model enables impact analyses to be performed on the portfolios for the various factors causing concentration and diversification effects: the country/industry and individual counterparty concentration effect; the diversification effect between (geographic) factors and the random effect of LGD correlated to defaults.

CREDIT RISK IN 2009

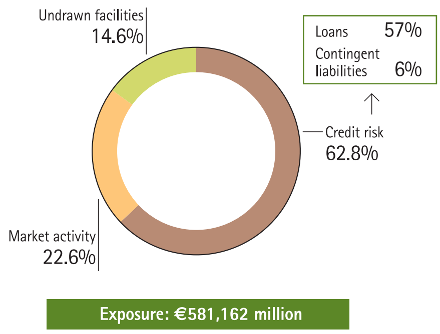
BBVA's maximum exposure to credit risk stood at €581,162 million at December 31, 2009, a

Maximum exposure to credit risk
(Million euros)

	31-12-09							31-12-08	31-12-07
	Spain and Portugal	WB&AM	Mexico	The United States	South America	Corporate Activities	Group Total	Group Total	Group Total
Gross credit risk (drawn)	**216,255**	**55,482**	**29,290**	**35,801**	**28,859**	**(911)**	**364,776**	**378,635**	**357,169**
Loans and receivables	204,357	39,561	28,963	34,108	26,222	(1,049)	332,162	342,682	320,310
Contingent liabilities	11,898	15,921	327	1,693	2,637	138	32,614	35,953	36,859
Market Activity	**22,003**	**50,294**	**21,882**	**7,709**	**10,806**	**18,767**	**131,461**	**115,899**	**110,722**
Credit entities	12,557	14,343	2,597	357	1,929	(14,536)	17,247	25,826	20,997
Fixed income	9,446	24,568	18,259	6,193	6,485	33,303	98,254	72,562	81,794
Derivatives	-	11,383	1,026	1,159	2,392	-	15,960	17,511	7,931
Undrawn facilities	**29,472**	**29,876**	**9,421**	**10,184**	**2,671**	**3,301**	**84,925**	**92,663**	**101,444**
Subtotal	**267,730**	**135,652**	**60,593**	**53,694**	**42,336**	**21,157**	**581,162**	**587,197**	**569,335**
Others							**39,176**	**43,185**	**18,309**
Total							**620,338**	**630,382**	**587,644**

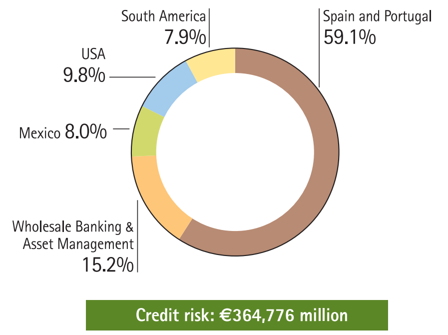
→ Maximum exposure to credit risk. Distribution by type of risk

(31-12-09)



→ Exposure. Gross credit risk. Distribution by business area

(31-12-09)



reduction of 1.0% compared with the end of 2008. Customer credit risks (including contingent liabilities), which account for 62.8%, fell 3.7% over December 2008, and potential exposure to credit risk in market activities (22.6% overall), including potential exposure to derivatives (including netting and collateral agreements) grew by 13.4% due to fixed-income exposure, while undrawn facilities (14.6% overall) fell by 8.4%.

The geographic distribution of credit risk shows that the Americas have gained in weight, at nearly two percentage points over the year. The U.S. increased its participation through the acquisition of Guaranty Bank business in the third quarter of 2009. Overall, the Americas account for 25.7% of the Group's overall credit risk, compared with 23.9% at the close of 2008. It is important to stress that most of the risk in the Americas (83.8%, compared with 83.2% in 2008) is located in investment grade countries.

A breakdown of customer loans by sector at year-end 2009 is given in the table below. The loan book in the local private sector in Spain stood at €183 billion, and the risks were highly diversified by sector and counterparty type.

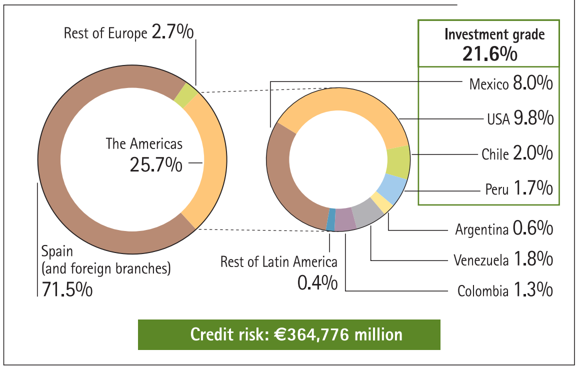
The distribution by portfolio shows that individuals' risk accounts for 35% of total credit risk, residential mortgages being particularly important (27% overall, compared with 25% in December 2008). The LTV of this portfolio is at

→Customer lending by sector

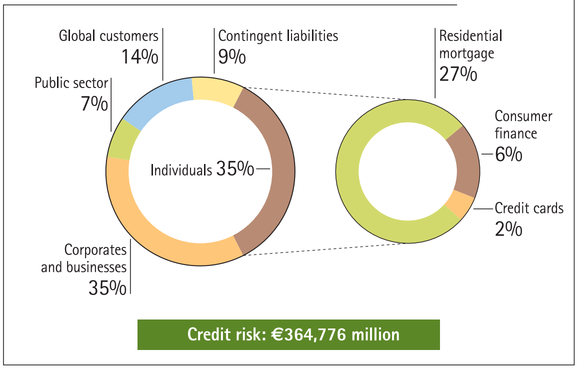
(Million euros)

	31-12-09			31-12-08	31-12-07
	Residents	Non-residents	Group Total	Group Total	Group Total
Public sector	20,559	5,660	26,219	22,503	21,065
Agriculture	1,722	2,202	3,924	4,109	3,737
Industry	16,805	25,993	42,798	46,576	39,922
Real estate and construction	36,584	19,183	55,767	54,522	55,156
Commercial and financial	17,404	23,310	40,714	44,885	36,371
Loans to individual customers	87,948	38,540	126,488	127,890	121,462
Leasing	6,547	1,675	8,222	9,385	9,148
Others	15,960	10,995	26,955	31,452	32,810
Subtotal	**203,529**	**127,558**	**331,087**	**341,322**	**319,671**
Interest, fees and others	268	168	436	942	655
Total	**203,797**	**127,726**	**331,523**	**342,264**	**320,326**

Exposure. Credit risk. Geographical distribution
(31-12-09)



Exposure. Gross credit risk. Distribution by portfolio
(31-12-09)

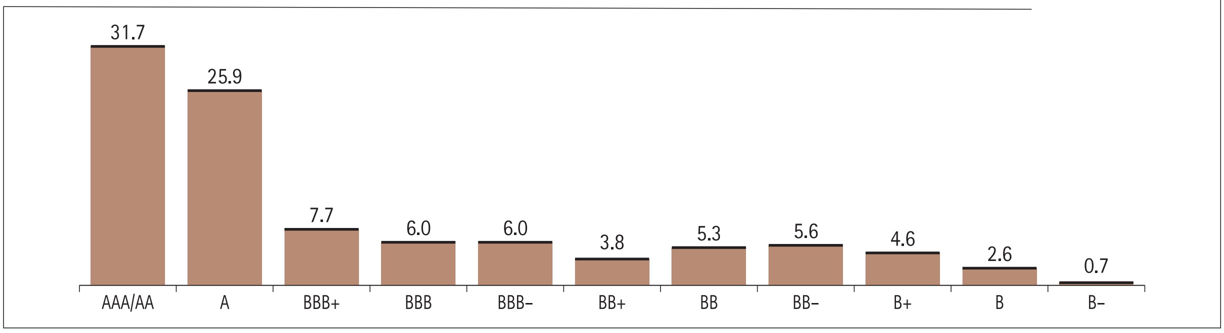


similar levels to December 2008, at around 54%, 51.5% in Spain (52.4% in 2008). The portfolio with LTV greater than 80% accounts for less than 20% of the total. The vast majority of the transactions' destination is for the purchase of a first home (95%).

The developer segment in Spain (included in corporates) represents about 5% of total Group lending and 8% of total lending in Spain. Within this segment, finished developments has a significant weight (47%), with a LTV normally below 80%. It represents a lower risk than developments underway (24%) and land (29%). In the land segment most is urban land (75%).

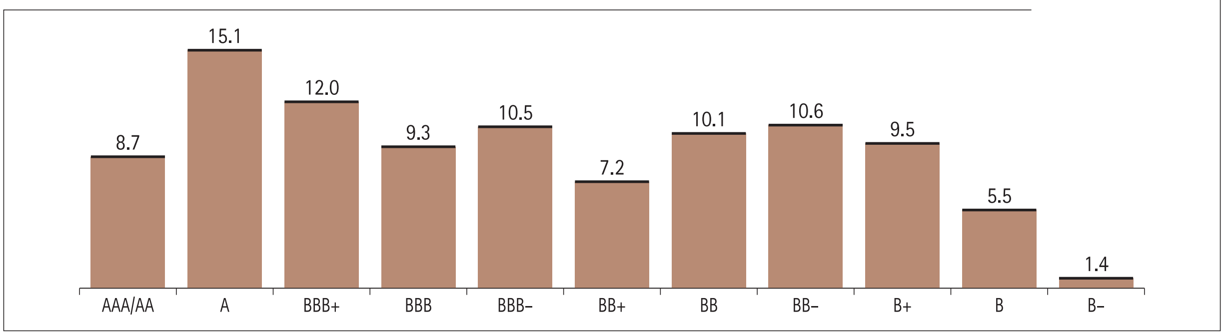
The breakdown by rating of exposure of the parent and subsidiaries in Spain, including

Distribution by rating. Spain (1)
(Exposure 31-12-09. Percentage)



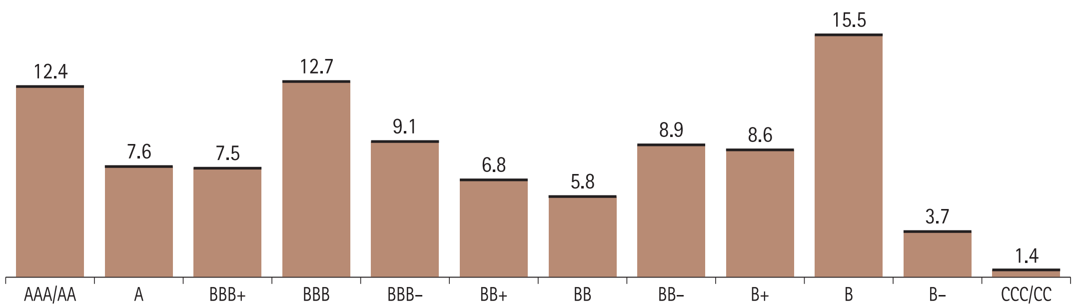
(1) Includes corporates, financial entities, institutions and sovereign risks.

Distribution by rating. Spain: corporates and developers
(Exposure 31-12-09. Percentage)



→ Distribution by rating. Mexico [1]

(Exposure 31-12-09. Percentage)



(1) Includes corporates and financial entities.

corporates, financial entities, institutions and sovereigns shows 57.6% of A or better ratings.

The breakdown by rating of SMEs and developer segment for the parent and subsidiaries in Spain is also shown.

The breakdown of the loan book by rating in Mexico with corporates and financial institutions is shown in the chart.

EXPECTED LOSSES

Expected losses in the non-doubtful loan book expressed in attributed terms and adjusted to the economic cycle average, stood at €2,400 million euros at the close of December 2009, an increase of 8.2% compared with the same date in 2008.

The main portfolios of the BBVA Group experience use of expected loss and economic capital, as shown in the accompanying table.

→ Risk statistics for the BBVA Group's main portfolios not in default

	Exposure [2]	Expected Loss		Economic capital	
Portfolios [1]	Million euros	Million euros	%	Million euros	%
Retail mortgage					
Spain	75,188	124	0.17	1,192	1.59
Mexico	6,885	138	2.01	381	5.53
Others	7,122	35	0.49	198	2.79
Total	**89,195**	**297**	**0.33**	**1,772**	**1.99**
Other retail portfolios					
Spain	17,529	234	1.34	875	4.99
Mexico	9,519	328	3.44	602	6.32
Others	9,696	280	2.88	597	6.16
Total	**36,744**	**842**	**2.29**	**2,074**	**5.64**
Corporates and institutions					
Spain	154,833	423	0.27	4,643	3.00
Mexico	15,166	160	1.06	544	3.58
Others	84,471	323	0.38	1,932	2.29
Total	**254,470**	**906**	**0.36**	**7,119**	**2.80**

(1) Excludes securitized loans.
(2) Includes off-balance-sheet positions to which the corresponding conversion factors are applied.

The use of attributable expected losses by areas of business as of December 31, 2009, was as follows:

- Spain and Portugal, with an exposure which accounts for 48.0% of the total, had an expected loss to exposure ratio of 0.40%.
- WB&AM accounted for 23.7% of exposure, with a ratio of expected loss to exposure of 0.10%.
- Mexico had a weight of 12.6% and a ratio of 1.03%.
- The United States had a weight of 9.2% and a ratio of 0.65%.
- South America had a weight of 6.5% and an expected loss ratio of 1.05%.

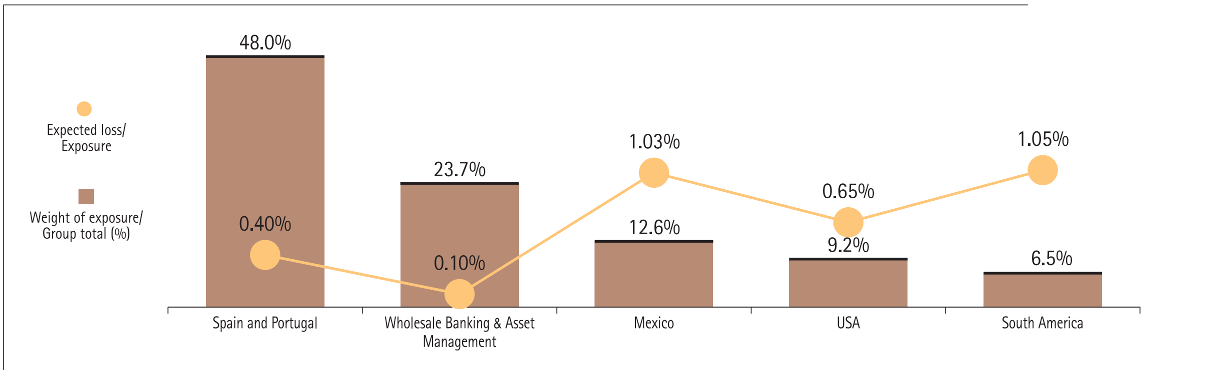
CONCENTRATION

Not including sovereign risks and financial institutions, there are 126 holding groups (139 in 2008) with committed risk with the BBVA Group, (loans, contingent liabilities, credit derivatives and fixed-income) exceeding €200 million, of which 78% hold investment grade rating. Credit risk (loans plus contingent liabilities) accounted for 19% of the BBVA Group's total risk (18% in 2008). This risk can be broken down by business area as follows: 38% in Spain and Portugal, 54% in WB&AM and 8% in the Americas (5% in Mexico). The risk was spread among the main sectors of activity, with the most important being manufacturing (23%), institutional (22%), utilities (18%), construction (10%) and telecommunications (7%).

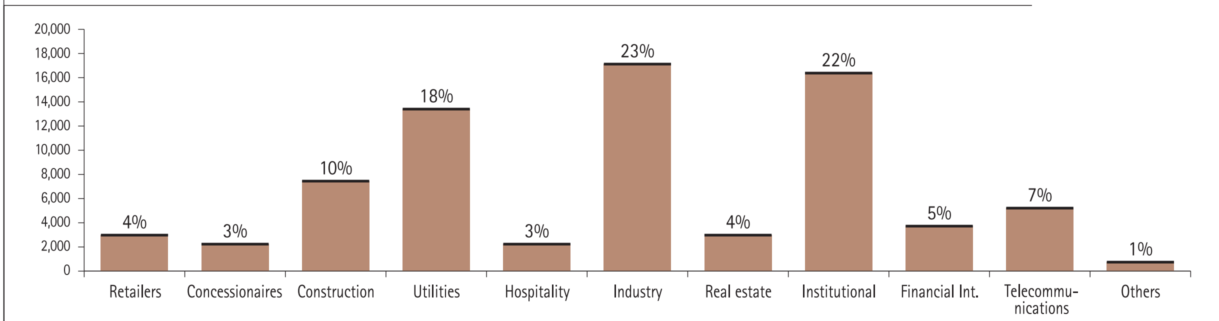
NON-PERFORMING ASSETS AND RISK PREMIUM

The deterioration of the economic situation continued in 2009, with no end to the uncertainty regarding the duration and depth of the crisis that began in 2007. Thus, at the close

→ Attributable expected losses (balances not in default) by business area
(Percentage over exposure. 31-12-09)



→ Concentration. Distribution by sector 31-12-09
(Risks above €200 million. Million euros)



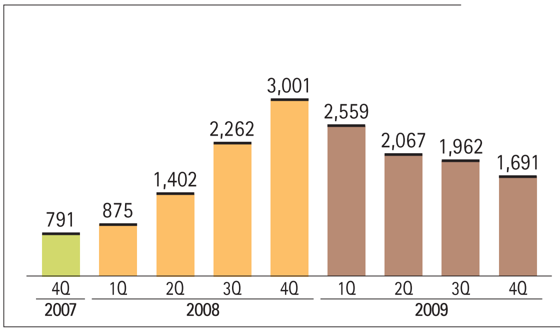
of 2009, the BBVA Group made an effort to strengthen its balance sheet performing a detailed analysis of its portfolios using criteria of maximum prudence to reflect any possibilities of impairments in the forthcoming months. This will allow the Group to face the complicated environment expected for 2010 in better shape, while taking advantages of any business opportunities that may arise. The total amount of non-performing loans was €15,602 million in December 2009, compared with €8,568 million in 2008, of which €2,461 million represent subjective reclassifications in the fourth quarter of 2009 in the areas of Spain and Portugal (€1,817 million affecting the real estate development portfolio) and in the United States (€644 affecting the commercial real estate portfolio).

The adjoining tables show the changes in the period January 1 to December 31, 2009 for non-performing customer loans and doubtful contingent liabilities, both for the BBVA Group as a whole and for each business area.

The net increase of €3,200 million can be partly explained by the proactive policy mentioned above in the areas of Spain and Portugal and the United States. If these one-off impacts are not taken into account, the trend of a quarterly reduction in the net entry and the improvement in the recovery ratio, both in the Group as a whole and in Spain and Portugal, would consolidate.

BBVA Group. Net NPA entries [1]

(Million euros)



(1) In the fourth quarter of 2009, excluding €2,461 million one-offs, 1,817 of which correspond to Spain and Portugal and 644 to Unites States.

Non-performing assets trend. Group total

(Million euros)

	2009	2008	2007
Beginning balance	**8,568**	**3,408**	**2,531**
Entries	17,264	11,208	4,606
Recoveries	(6,524)	(3,668)	(2,418)
Net entry	**10,740**	**7,540**	**2,188**
Write-offs	(3,737)	(2,198)	(1,497)
Exchange differences and others	31	(182)	186
Final balance	**15,602**	**8,568**	**3,408**

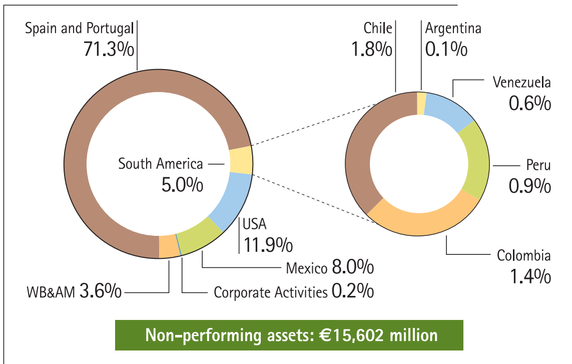
Non-performing assets trend by business area

(Million euros)

	Spain and Portugal		WB&AM		Mexico		The United States		South America	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Beginning balance	**5,733**	**1,597**	**111**	**19**	**933**	**657**	**1,117**	**491**	**595**	**535**
Net entry	**6,290**	**4,773**	**495**	**97**	**1,753**	**1,454**	**1,754**	**852**	**480**	**382**
Write-offs	(947)	(632)	(37)	(4)	(1,448)	(1,000)	(953)	(279)	(358)	(256)
Exchange differences and others	40	(5)	(1)	(1)	15	(178)	(60)	53	55	(66)
Final balance	**11,116**	**5,733**	**568**	**111**	**1,253**	**933**	**1,858**	**1,117**	**772**	**595**

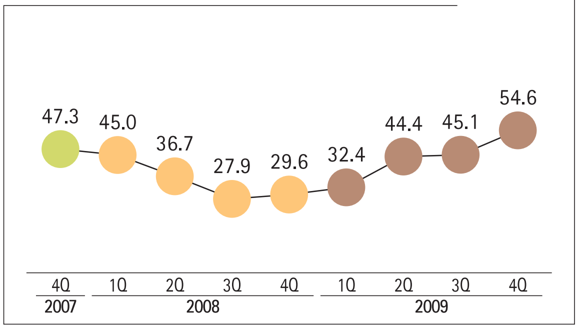
Non-performing assets. Distribution by business area

(31-12-09)



BBVA Group. Recoveries over entries to NPA (1)

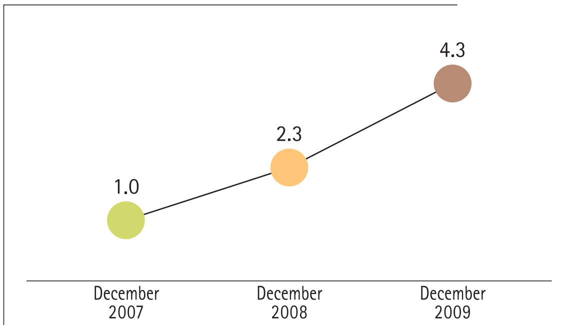
(Percentage)



(1) In the fourth quarter of 2009, excluding €2,461 million one-offs, 1,817 of which correspond to Spain and Portugal and 644 to Unites States.

NPA ratios

(Percentage)



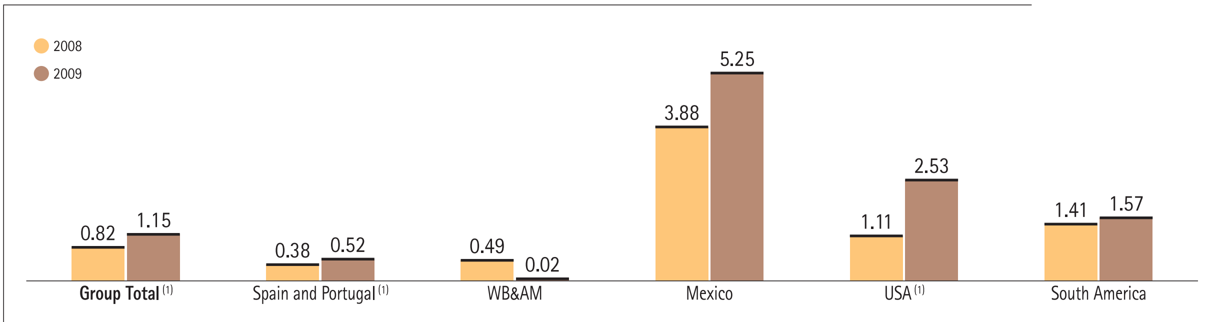
The Group's non-performing assets ratio stood at 4.3%, compared with 2.3% in December 2008. This can be explained in part by the non-performing increases mentioned above. In Spain and Portugal, this rate was 5.1%, which would be 4.3% not counting the reclassifications. The figure for asset purchases from companies in difficulties was extremely limited, particularly in the second quarter, at €776 million for the whole year (€629 million in 2008). In the United States, the non-performing was 5.2%, in Mexico 4.3%, South America 2.7% and in WB&AM, 1.0%.

The Group's risk premium, which measures the charge against earnings made for net loss provisioning per lending unit, rose 33 basis points in 2009 to 1.15% (excluding one-offs) compared with 0.82% in 2008. By business area, Mexico increased by 137 basis points to 5.25% and the United States by 142 to 2.53% (excluding one-offs), while in Spain and Portugal and South America the rise was limited to 14 and 16 basis points to 0.52% (excluding one-offs) and 1.57%, respectively.

Provisioning for insolvency risk in the customer lending portfolio increased by 14.1% to €8,943 million. Of this amount, generic and

Risk premiums

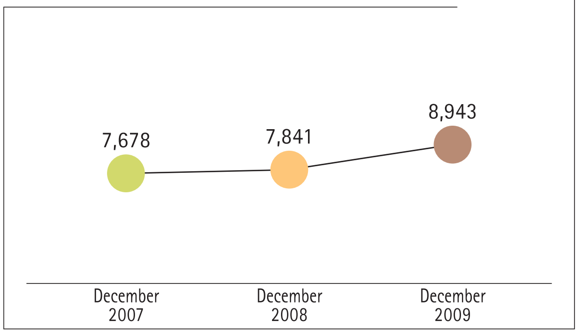
(Percentage)



(1) Excluding one-offs.

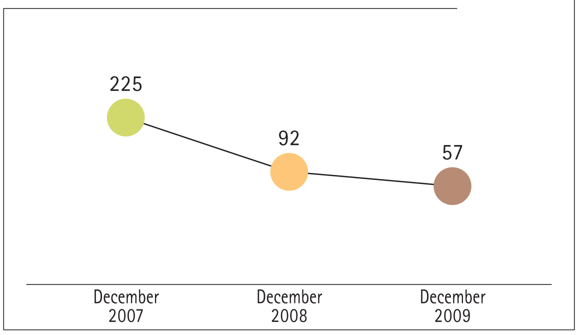
→ BBVA Group. Loan-loss provisions

(Million euros)



→ BBVA Group. Coverage ratio

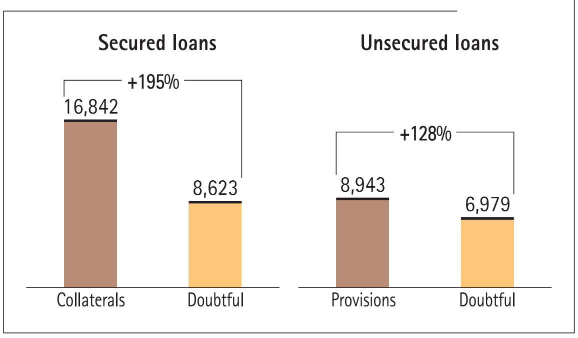
(Percentage)



country risk reserves accounted for €2,975 million, 33.3% of the reserves overall. The Group's coverage ratio stood at 57%, or 165% taking into account the collateral associated with the non-performing loan portfolio. The value of this collateral is 195% of the balance of secured doubtful loans. Provisions covered 128% of the unsecured non-performing loans.

→ Coverage including provisions and collaterals

(Million euros)



STRUCTURAL RISKS

STRUCTURAL INTEREST-RATE RISK

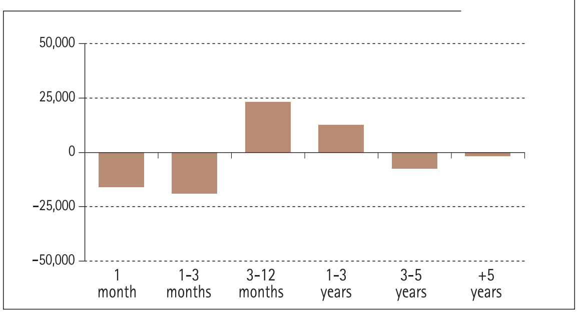
Central banks maintained expansive monetary policies in the first half of 2009, with significant interest-rate cuts and downward pressure on the curves of the main markets in which BBVA carries out its banking activity. Particularly notable were the falls in Mexico, South America and Europe, where, in addition, there was a gradual upward steepening shift in the yield curve between the 3-month and 1-year rate.

The variations in market interest rates have an effect on the Group's net interest income, from a medium and short-term perspective, and on its economic value, if a long-term view is adopted. The main source of risk resides in the time mismatch that exists between repricing and maturity dates of the different products comprising the banking book. This is illustrated by the attached chart, which shows the gap analysis of BBVA's structural balance sheet in euros.

The major falls in interest rates in the first quarters of the year had a positive effect on the net interest income of the Group. The subsequent consolidation of rates at low levels against a background of slowdown in volumes of activity makes up the scenario of the banking book throughout 2009. Its interest-rate risk has been managed proactively by the **Assets and Liabilities Management** unit which, through the Asset and Liabilities Committee (ALCO) develops management strategies designed to maximize the economic value of the banking book and preserving

→ Gap of maturities and repricing of BBVA's structural balance sheet in euros

(Million euros)



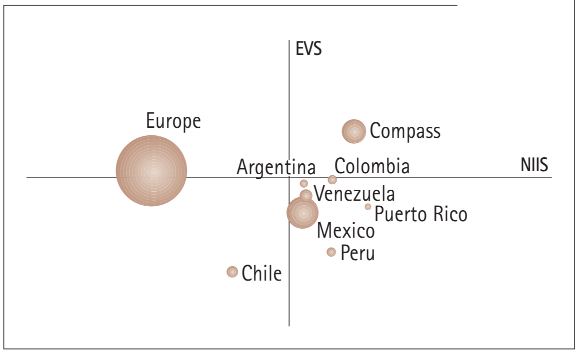
the recurring results through net interest income. To do so, it not only takes market outlook into consideration, but it also ensures that exposure levels match the risk profile defined by the Group's management bodies and that a balance is maintained between expected earnings and the risk level borne. The implementation of a transfer pricing policy that centralizes the Bank's interest rate risk on ALCO's books is helping to assure that balance-sheet risk is being properly managed.

Structural interest-rate risk **control and monitoring** is performed in the **Risk area**, which, acting as an independent unit, guarantees that the risk management and control functions are conveniently segregated. This policy is in line with the Basel Committee on Banking Supervision recommendations. The area's functions include designing models and measurement systems, together with the development of monitoring, reporting and control policies. The Risk area performs monthly measurements of structural interest rate risk, thus supporting the management of the Group. It also performs risk control and analysis, which is then reported to the main governing bodies, such as the Executive Committee and the Board of Director's Risk Committee.

The Group's structural interest-rate risk measurement model uses a set of **metrics and tools** that enable its risk profile to be identified and assessed. From the perspective of characterizing the balance sheet, analytical models have been developed to establish assumptions dealing fundamentally with prepayment of loans and the run-off of deposits with no explicit maturity. A model for simulating interest rate curves is also applied to enable risk to be quantified in terms of probabilities. It allows sources of risk to be addressed in addition to the mismatching of cash flows coming not only from parallel movements but also from changes in the slope and curvature. This simulation model, which also considers the diversification between currencies and business units, calculates the earnings at risk (EaR) and economic capital (EC) as the maximum adverse deviations in net interest income and economic profit, respectively, for a particular confidence level and time horizon. These negative impacts are controlled in each of the Group's entities through a limits policy.

The risk measurement model is supplemented by scenario analyses and stress tests, as well as **sensitivity** measurements to a standard deviation of 100 basis points for all the market yield curves. The attached chart shows the structural interest-rate profile of the Group's main entities according to their sensitivities.

→ Structural interest rate risk profile for the BBVA Group

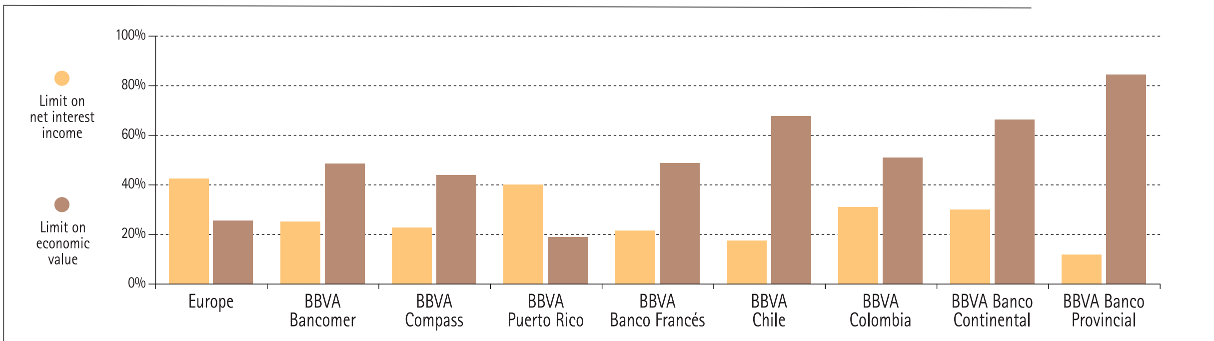


NIIS: Net interest income sensitivity (%) of the franchise to +100 basis points.
EVS: Economic value sensitivity (%) of the franchise to +100 basis points.
Size: Capital allocated to each franchise.

In 2009 emphasis continued to be placed on **stress testing** and scenario analysis to judge the results of a possible upward cycle, with high levels of uncertainty in terms of its size and when it would start, which could break the consolidation of interest rates at minimum historical levels. At the same time, foreseeable scenarios continued to be evaluated by the Research Department, together with other severe risk scenarios drawn up from an analysis of historical data and the breakdown of certain observed correlations. A more disaggregated analysis of the contribution to risk by portfolios, factors and regions, with their subsequent integration into joint measurements, represents another of the points on which special emphasis has been placed over the year.

The **limits** structure is one of the mainstays in control policies, because it represents BBVA's risk appetite as defined by the Executive Committee. Balance-sheet management has enabled risk levels to be maintained in keeping with the Group's risk profile, as is demonstrated in the following chart, which shows average limits use in each entity during 2009.

Structural interest rate risk. Average use of limits in 2009
(Percentage)



STRUCTURAL EXCHANGE RATE RISK

The FX market remained volatile throughout **2009**, with a final quarter in which the general appreciation in Latin American currencies, of particular relevance in the case of Mexico and Chile, and of the dollar against the euro, helped close a positive year in terms of the impact on BBVA's capital ratios and equity by changes in exchange rates.

These market variations have an effect on the Group's solvency ratios and its estimated earnings whenever there is exposure deriving from the contribution of subsidiary entities operating in "non-euro" markets. The **Asset/Liability Management** unit, through ALCO, actively manages structural exchange rate risk using hedging policies that aim to minimize the effect of FX fluctuations on capital ratios, as well as to assure the equivalent value in euros of the foreign currency earnings contributed by the Group's various subsidiaries while controlling the impact on reserves.

The **Risk** area acts as an independent unit responsible for designing measurement models, making risk calculations and controlling compliance with limits, reporting on all these issues to the Board of Director's Risk Committee and to the Executive Committee.

Structural exchange rate risk is evaluated using a **quantitative model** that simulates multiple scenarios of exchange rates and evaluates their impacts on the Group's capital ratios, equity and the income statement. On the basis of this exchange-rate simulation, a distribution is produced of their possible impact on the three core items that determine their maximum adverse deviation for a particular confidence level and time horizon, depending on market liquidity in each currency. The risk measurements are completed with stress testing and backtesting, which give a complete view of exposure and the impacts on the group of structural exchange rate risk.

All these metrics are incorporated into the decision-making process by Asset/Liability Management, so that it can adapt the Entity's risk profile to the guidelines derived from the limits structure authorized by the Executive Committee. Active management of FX exposure kept the risk level within the reasonable limits set for 2009. These incorporated a greater restriction in terms of earnings risk, which is tolerable in an environment of high FX volatility. The average hedging level of the carrying value of the Group's holdings in foreign currency is close to 50%. As in previous years, hedges of foreign currency earnings also remained high in 2009. At the end of the year, there were significant hedges of foreign currency earnings forecast for 2010.

LIQUIDITY RISK

There were two clearly differentiated parts to **2009**: in the first quarter, many financial institutions suffered difficulties in managing liquidity and associated risks as a result of the lack of confidence among many of the counterparties in the market. The credit spreads applied, both in the primary market (issuance) and in the secondary and derivatives markets (credit default swaps, CDS), reached their highest levels since the squeeze began in the summer of 2007. Subsequently,

BBVA senior 5-year CDS in 2009

following the extraordinary measures adopted by governments and central banks to stabilize the financial system, these spreads began to narrow gradually. The chart BBVA Senior 5-year CDS shows the price of credit default swaps (CDS) on BBVA in 2009.

In this environment, the **liquidity management** policy followed in BBVA has been based, among other things, on anticipation and prudent control of the risk assumed, supported by a favorable market perception of BBVA's relative strength. This has allowed the Entity to enter the wholesale market with long-term issues on a selective basis. In all cases, the Bank has financed itself, in accordance with its rating and capacity to generate recurrent results. It has never had to resort to public support or guarantees. Liquidity risk control in 2009 was also backed up by the maintenance of a sufficiently large buffer of liquid assets, fully available for discount, to cover the main short-term commitments. This policy coincides with the regulatory proposal (in a consultation document) made by BIS in December 2009 for future implementation.

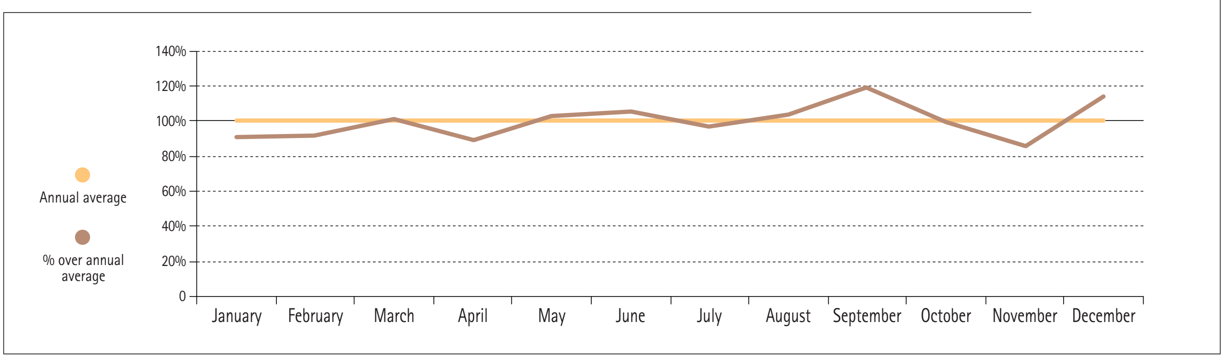
The **issuance** policy in 2009 has been selective and aimed at ensuring finance that was diversified by counterparties, instruments, terms, currencies and geographical areas. This has meant that there were no major tensions in the year for BBVA as far as liquidity is concerned, with moderate use of limits, minimal or no participation in the ordinary Central Bank auctions and stability in the main indicators of liquidity. The chart below shows the relative annual trend of one of the indicators used to monitor the liquidity position and its potential risk.

Among the highlights that demonstrate the confidence of retail and wholesale customers in the Bank has been the sale of €1,000 million euros of senior debt in January, the increase in attraction of liquid funds and the reopening of the market for mortgage-backed securities in October.

In BBVA, it is the **Asset/Liability Management** unit that is responsible for integral liquidity management. To do so, it takes account of a broad framework of limits, sublimits and alerts approved by the Executive Committee. These limits are independently measured and controlled by the **Risk area**, which at the same time offers managers the support tools and metrics they need to make their decisions.

BBVA's model separates the management and liquidity control functions in different banks, in accordance with a corporate scheme of measurement, control and supervision. Using this model, corresponding daily and monthly analyses are carried out, as well as stress tests at least once a month. In addition, each entity has its own

Available liquidity extended to 30 days in 2009



Contingency Plan to address possible situations of tension. The Plan defines the responsibilities of each area in the Group and the hierarchical committees that monitor and resolve possible liquidity tensions.

STRUCTURAL RISK IN THE EQUITY PORTFOLIO

The positive performance of the stock markets in **2009**, with prices recovering, has led to a significant increase in the accumulated capital gains on the Group's holdings. Given this situation, in order to preserve this increase in capital gains, risk management has reduced levels of exposure, so that the risk assumed, measured in terms of use of economic capital, has moderated in the final months of the year.

The **Risk area** undertakes a constant monitoring of structural risk in its equity portfolio, in order to constrain the negative impact that an adverse performance by its holdings may have on the Group's solvency and earnings recurrence. This ensures that the risk is held within levels that are compatible with BBVA's target risk profile. The monitoring perimeter of the profile takes in the Group's holdings in the capital of other industrial and financial companies, booked under the holdings portfolio. It includes, for reasons of management prudence and efficiency, the consolidated holdings, although their variations in value have no immediate effect on equity in this case. In order to determine exposure, account is taken of the positions held in derivatives of underlying assets of the same kind, used to limit portfolio sensitivity to potential falls in prices.

This monitoring function is carried out by the Risk area by providing estimates of the risk levels assumed, which it supplements with periodic stress and back testing and scenario analyses. It also monitors the degree of compliance with the limits authorized by the Executive Committee, and periodically informs the Group's senior management on these matters. The mechanisms of risk control and limitation hinge on the aspects of exposure, earnings and economic capital. Economic capital measurements are also built into the risk-adjusted return metrics, used to ensure efficient capital management in the Group.

RISK IN MARKET AREAS

The basic measurement model used is **Value-at-Risk (VaR)**, which provides a forecast of the maximum loss that can be incurred by trading portfolios in a one-day horizon, with a 99% probability, stemming from fluctuations in equity prices, interest rates, foreign exchange rates and commodity prices. In addition, for certain positions, other risks also need to be considered, such as credit spread risk, basis risk and volatility risk.

Currently, BBVA S.A. and BBVA Bancomer are authorized by the Bank of Spain to use their internal model to determine capital requirements deriving from risk positions in their trading book, which jointly accounts for 80-90% of the Group's trading book market risk. Since December 2007, the method used for estimating market risk in BBVA S.A. and BBVA Bancomer has been based on historic simulation through the Algorithmics risk assessment platform. The sample period used is two years. The rest of the banks in the Group use a parametric methodology.

In 2009 risk measurements were bolstered to strengthen controls and the application of market risk policies in BBVA in line with the new guidelines from Basel II.

The market risk limits model currently in force consists of a global structure comprising economic capital and VaR limits and VaR stop-loss sublimits for each of the Group's business units. The global limits are proposed by the Risk area and approved by the Executive Committee on an annual basis, once they have been submitted to the Board's Risk Committee.

This limits structure is developed by identifying specific risks by type, trading activity and trading desk. The market risk units maintain consistency between the limits. This is supplemented by analyses of impacts on the income statement when risk factors enter a stress situation, taking into account the impact of financial crises that have taken place in the past and economic scenarios that could occur in the future.

In order to assess business unit performance over the year, the accrual of negative earnings is linked to the reduction of VaR limits set. The structure in place is supplemented by limits on loss and alert signals to anticipate the effects of adverse situations in terms of risk and/or result.

Finally, the market risk measurement model includes backtesting or ex-post comparison, which helps to refine the accuracy of the risk measurements by comparing day-on-day results with their corresponding VaR measurements.

MARKET RISK IN 2009

The Group's market risk remains at low levels compared with the aggregates of risks managed by BBVA, particularly in terms of credit risk. This is due to the nature of the business and the Group's policy of minimal proprietary trading. In 2009 the market risk of BBVA's trading portfolio increased slightly on previous years to an average economic capital of €285 million.

There has been moderate use of global limits approved by the Executive Committee (the average was 49%), with a growing trend during the year in the case of Europe and a falling trend in America. The limits were not exceeded in any case.

The main risk factor in the Group continues to be linked to interest rates, with a weight of 58% of the total at the end of 2009 (this figure includes the spread risk). Volatility and FX risk accounted for 24% and 4% respectively, and lost weight compared with the same date the previous year. Finally, equity risk accounted for 14% of the total portfolio risk.

By **geographical area**, 61% of the market risk corresponded to Global Markets Europe trading desks and 39% to the Group's banks in the Americas, of which 21.6% is in Mexico.

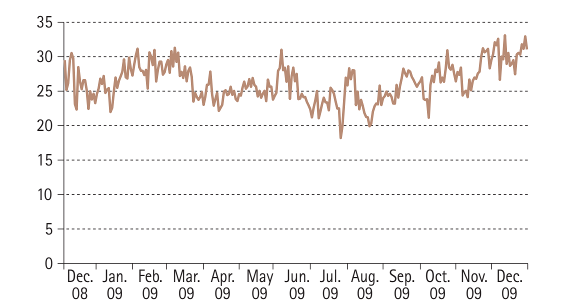
The average use of limits approved by the Executive Committee for the main business units has been higher in Europe and the United States, at around 55% over the year (66% as of December 31, 2009). In Latin America the average annual use was 44%, with a rise to close to 48% at year-end.

The **backtesting** comparison performed with market risk management results for the parent

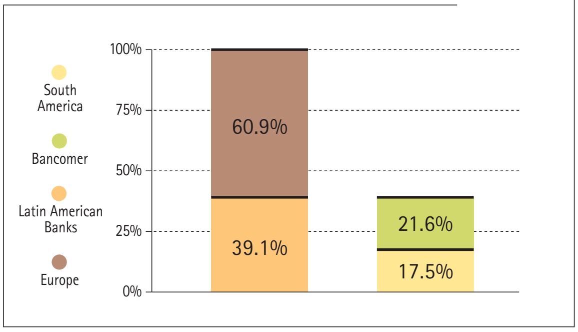
Market risk by risk factor. BBVA Group
(Million euros)

Risk	31-12-09
Interest + spread	37.6
Exchange rate	2.3
Equity	8.9
Volatility	15.4
Diversification effect	(33.2)
Total	**31.1**
Average	**26.2**
Maximum	**33.1**
Minimum	**18.2**

Trends in market risk in 2009, BBVA Group
(VaR without smoothing, million euros)

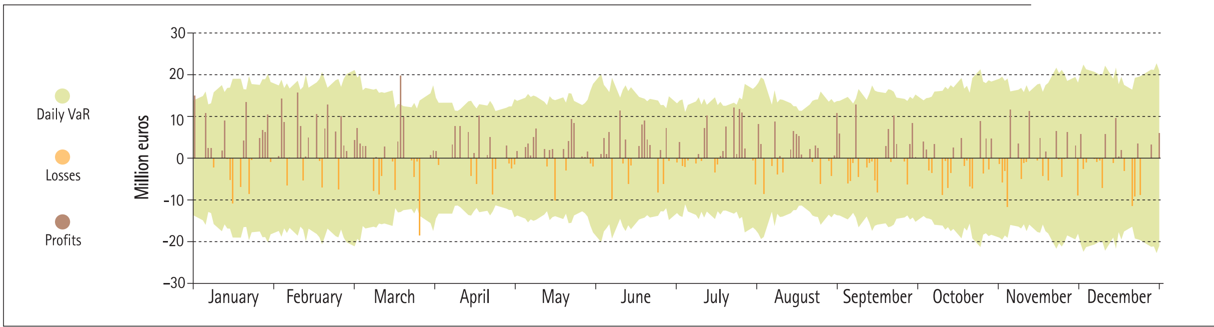


Market risk by geographical area
(Average 2009)



Backtesting BBVA, S.A. internal model in 2009

(Estimated VaR vs profits and losses)



company (which accounts for most of the Group's market risk) follows the principles set out in the Basel Accord. It makes a day-on-day comparison between actual risks and those estimated by the model, and proved once more that the risk measurement model was working correctly throughout 2009.

CREDIT RISK IN MARKET ACTIVITIES

The credit risk assessment in OTC financial instruments is made by means of a Monte Carlo simulation, which enables calculation not only of the current exposure of the counterparties, but also their possible future exposure to fluctuations in market variables.

OTC Derivatives. Equivalent maximum exposure BBVA, S.A.

(Million euros)

OTC financial instruments	Gross replacement	Net replacement	Equivalent maximum exposure
IRS	22,632	1,374	23,659
FRAs	8	(9)	16
Interest rate options	2,608	14	1,946
OTC interest rate diversification			-
Total OTC interest rate	**25,248**	**1,379**	**25,621**
Forward FX	3,201	1,018	5,653
Currency swaps	3,177	122	4,205
Currency options	320	34	324
OTC exchange rate diversification			(299)
Total OTC exchange rate	**6,698**	**1,174**	**9,883**
OTC Equity	3,109	186	4,786
Lending	1,055	229	1,372
Commodities	79	13	166
OTC equity and others diversification			(87)
Total OTC equity and others	**4,243**	**427**	**6,237**
Total diversification			**(3,481)**
Equivalent maximum exposure BBVA, S.A.	**36,189**	**2,981**	**38,259**
Netting savings on collateral agreements			(27,026)
Net equivalent maximum exposure. BBVA, S.A.			**11,233**

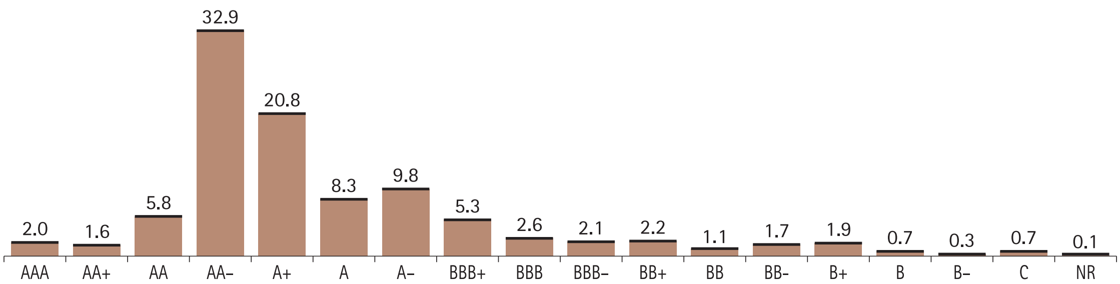
Maximum exposure in OTC financial instruments. BBVA, S.A. Distribution by maturity

(Million euros)

	2009							
Type of product	Maximum exposure	Up to 1 year	Up to 3 years	Up to 5 years	Up to 10 years	Up to 15 years	Up to 25 years	As of 25 years
OTC interest rate	25,621	24,333	21,936	14,054	9,592	3,670	3,146	2,723
OTC exchange rate	9,883	5,807	4,775	2,966	1,676	761	726	706
OTC equity and others	6,237	6,203	5,749	4,670	3,453	3,263	3,180	3,039
Total diversification	(3,481)							
Total	**38,259**	**36,343**	**32,461**	**21,690**	**14,721**	**7,694**	**7,052**	**6,468**

Equivalent maximum exposure. Distribution by rating

(Percentage)



The model combines different credit risk factors to produce distributions of future credit losses and thus allowing a calculation of the portfolio effect; in other words, it incorporates the term effect (the exposure of the various transactions presents potential maximum values at different points in time) and the correlation effect (the relation between exposures, risk factors, etc. are normally different to 1). It also uses credit risk mitigation techniques such as netting and collateral agreements.

The **equivalent maximum** credit risk **exposure** to counterparties in the Group as of December 31, 2009 stood at €42,836 million, a fall of 9% on year-end 2008. The equivalent maximum credit risk exposure in BBVA S.A. is estimated at €38,259 million. The overall reduction in terms of exposure due to netting and collateral agreements was €27,026 million.

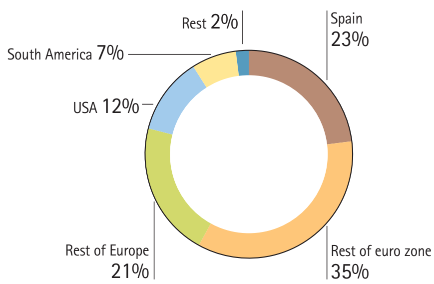
The **net market value** of the instruments mentioned in the BBVA S.A. portfolio on December 31, 2009 was €2,981 million and the **gross positive market value** of the contracts was €36,189 million.

The table below shows the **distribution by maturity** of the equivalent maximum exposure amounts under OTC financial instruments.

The **counterparty risk** assumed in this activity involved entities with a high credit rating (equal to or above A- in 81% of cases). Exposure is concentrated in financial entities (83%), and the remaining 17% in corporations and customers is suitably diversified.

By **geographical area**, the highest exposure of BBVA S.A. was in Europe 79%) and North America (12%), which together accounted for 91% of the total.

Equivalent maximum exposure. Geographical distribution BBVA, S.A.



OPERATIONAL RISK

OPERATIONAL RISK MANAGEMENT

In 2009 the Group has made significant progress in implementing the Advanced Model Approach (AMA) for Spain and Mexico. In December it presented a formal application for its approval to the Bank of Spain. This approval will represent recognition by the regulatory body of a management model that will enable the group to gradually reduce its regulatory capital.

It is now nearly ten years since BBVA adopted a robust model for operational risk management based on four pillars:

- Risk **identification:** Consists in determining the factors that contribute to risk.
- Risk **measurement:** by establishing quantitative and qualitative metrics.
- Risk **assessment**: to establish a level of priority for each factor given its relative importance.
- Risk **mitigation**: this is the most important part of the management cycle. It consists of putting into practice a set of measures, such as improvements in controls or changes in processes, that reduce risk.

Operational risk management in BBVA is carried out by country. Each country has an Internal Control and Operational Risk (CIRO) unit in the Risk area. In turn, there is an internal control and operational risk unit in each business or support area that reports to the above mentioned CIRO. This gives the Group a view of risks at the macro level, as well as at the process level where mitigation decisions are taken.

MANAGEMENT BODIES

Each business or support unit has one or more Internal Control and Operational Risk Committee (CIROC) that meet on a quarterly basis. These committees analyze the information provided by the tools and take the appropriate mitigation decisions. The measures adopted are then monitored to check their effectiveness.

Above these CIROC is the Country-level Committee for Internal Control and Operational Risk, which deals with more significant risks and their corresponding mitigation plans, as well as risks that cut across different areas.

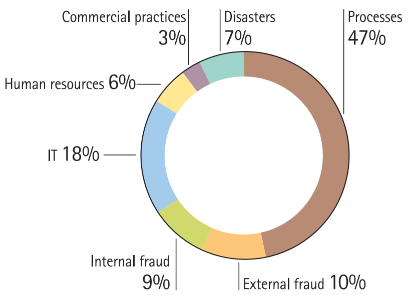
Finally, there is a Global Committee for Internal Control and Operational Risk which carries out an overall monitoring of the Group's main operational risks and also takes the most important decisions that at times may affect the whole Group or particular geographical area.

The corporate tools outlined below help provide a standardized view or risk, which within a short space of time has created a common language for the whole Organization.

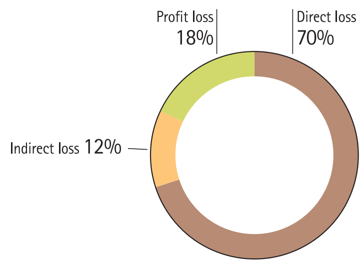
Ev-Ro. Ev-Ro is a tool used to identify and prioritize operational risk factors, which are all

→ Risk assessed with Ev-Ro. BBVA Group

Distribution by risk type



Distribution by type of loss



those operational weaknesses that can generate losses. An analysis of the impact and frequency of each risk factor enables risk maps to be generated by business or support areas and class of risk.

The chart previous illustrates the distribution of risk by class and type of loss.

TransVaR. All the Group's operations are based on process management. TransVaR is a key risk indicator (KRI) tool associated with processes. It identifies impairment or improvement in the Institution's risk profile. Thus TransVaR is predictive in nature, because the indicators used are always associated with the causes that generate risk.

SIRO: Operational risk events nearly always have a negative impact on the Group's income statement. To keep these events under control, they are recorded in a database called SIRO. To ensure reliability, 95% of its inputs are fed directly from accounting through automatic interfaces. The internal SIRO data are supplemented with information from an external database at the Operational Risk Exchange (ORX) consortium (orx@org.com). ORX is a non-profit association founded by 12 international banks in 2002, which currently has 55 members. BBVA is one of its founding partners.

The operational risk events are classified according to the risk classes established by Basel II: processes, fraud (internal and external), IT, human resources, commercial practices and disasters.

The following table shows the most significant losses suffered by the Group in 2009.

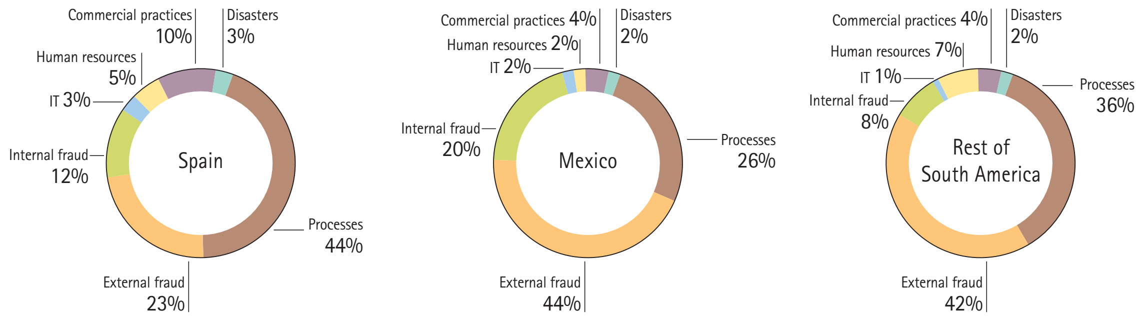
Periodic monitoring is also carried out on the historical distribution of losses by geographical area and class of risk, as well as how they compare over time with the Group's gross income. The accompanying charts show the results of this monitoring for the year.

Operational risk events above €20,000

(From 1-10-2008 to 30-9-2009. Amount in million euros)

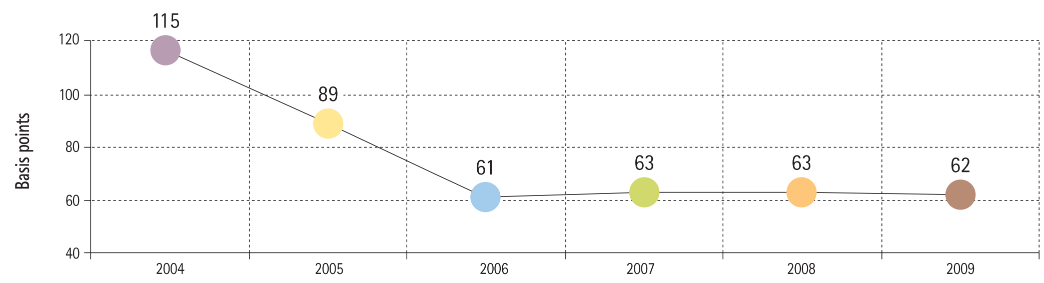
	Spain and Portugal		WB&AM		Mexico		Rest of South America	
Type of risk	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Processes	48	3.8	41	7.7	24	3.0	77	8.6
External fraud	87	4.0	7	0.7	39	1.8	96	6.3
Internal fraud	4	2.3	-	-	18	2.2	14	0.9
Others	20	4.4	3	0.5	11	0.8	35	2.9

Historical distribution of losses by type of risk



→ Operational events ratio (OER). BBVA Group

(Cost of events over gross income. Data grouped by events)



Note: Losses that form part of a single event are accumulated in the year in which the event occurred, even though they are recognized in the year they occur. Therefore, upward changes in the ratios for recent years may be observed.

REPUTATIONAL RISK

This is another type of risk that is defined as the risk associated with changes in the perception that stakeholders (customers, shareholders, employees, etc.) have of the Group or its component brands. Credit and market risk may generate reputational risk. However, operational risk is considered to be by far the most likely to lead to reputational risk.

Reputational risk is analyzed and managed at country level using methodologies developed by the Operational Risk Central Unit and the Corporate Responsibility and Reputation Unit. Each country has a Corporate Responsibility and Reputation Committee to assess and oversee the management of this class of risk. The action plans themselves belong to the business and support units. The parent company also has a Global Corporate Responsibility and Reputation Committee for management at Group level.

OPERATIONAL RISK CAPITAL.

Two operational risk economic capital estimates were made in 2009. One used data from the end of 2008 and the other from June 30, 2009. There is little significant difference between the two, and they reveal that the capital figures have stabilized. This is to be expected, as the databases used are increasingly complete, so that the figures for last year have a relatively lower weight.

To make its capital estimates, BBVA uses the OpVision calculation engine, which was developed jointly by Risklab, Indra and BBVA. The methodology used is called Loss Distribution Approach (LDA). It is the most robust allowed by Basel from the statistical point of view.

The capital estimates made in Spain and Mexico use three information sources: the Group's internal database (SIRO), external data from ORX and simulated events (also called scenarios).

The economic capital results according to the different methodologies used are as follows:

→ Operational risk capital

	Basic method	Standard method (1)	AMA method (2)	AMA method (3)
Spain	1,238	1,124	1,753	829
Mexico	763	662	545	280
Other	839	714	n/a	n/a

(1) BBVA currently uses the capital calculated by the standard model as regulatory capital.
(2) The AMA method does not include the effect of diversification.
(3) This AMA method includes the effect of diversification.

RISK MANAGEMENT IN NON-BANKING ACTIVITIES

MANAGEMENT MODEL

BBVA continues to use a model in which the business units undertake monitoring and control, while the Central Risk Unit standardizes policies, processes, tools and calculations to provide an overall view alongside the Group's other risks.

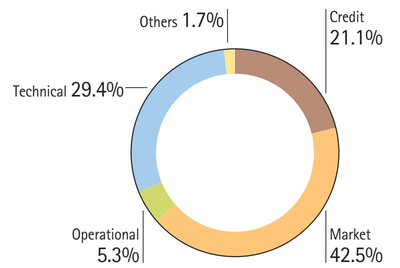
The **most significant risks** appearing throughout 2009 are:

- Lack of liquidity in certain assets in some markets.
- Management of the relative risk of return in portfolios under management.
- Presence of more complex assets in portfolios.
- Regulatory changes in some markets (biometric hypotheses, management of invalidity insurance, etc.).
- Loss of value through impairment losses in real estate activities.

The **New Products Committee**, which operates in each country at the company level, has been of key importance in complying with the objective of only accepting risks that can be identified, measured, valued and, of course, managed, both for the Group's own portfolios and those belonging to third parties.

→ Insurance. Economic capital distribution by type of risk

(31-12-09. Total capital: €881 m)



INSURANCE

Risk management in insurance serves a fourfold purpose:

- Identification, evaluation and assessment of the risks of the product offering and new products in Group companies which operate in this activity. The methodology used must be validated at the corporate level.
- Inclusion of risk premium into product prices.
- Setting limits and controls in keeping with the risk profile BBVA is aiming for, appropriate for the specific features of insurance products (maturities, underlying assets and the necessary actuarial calculations).
- Risk focus, taking account of the business units' information requirements and those of the different regulators.

The year **2009** featured a closer cooperation and deeper understanding of the knowledge of risks between the Central Risk Unit and the Pensions and Insurance business in the Americas, as a result of teamwork made possible during visits to the various subsidiaries. Work has continued in assessing both pension insurance products such as life annuities, and risk insurance. There has also been work on adapting the tools to the specific situation of each subsidiary and on the analysis of the impact of possible biometric changes in each of the portfolios.

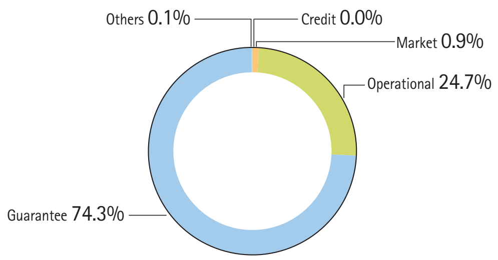
Economic capital in insurance activity in 2009 came to €881 million, an increase of 8.9% compared with the previous year, mainly due to the increase in the volume of business. Economic capital by market risk represented 42.5% of the total. Technical risk accounted for 29.4%, credit risk 21.1% and operational risk 5.3%.

ASSET MANAGEMENT

Worldwide, this activity in **2009** continued on the events of 2008 and featured uncertainty on

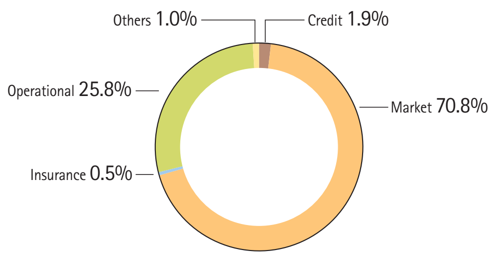
→ Asset Management. Economic capital distribution by type of risk

(31-12-09. Total capital: €78 million)



→ Pensions in the Americas. Economic capital distribution by type of risk

(31-12-09. Total capital: €397 million)



a number of fronts: how the exit from the financial crisis would be managed, banks bailouts, and the impact of possible regulatory changes. In an atmosphere of concern for liquidity and credit risk, portfolio management has been characterized by the aim of achieving an adequate rotation and continuous adaptation to the environment, with reductions in credit risk levels and an attempt to find positions in liquid and secure instruments. In a year of reimbursements, the aim at all times was to provide liquidity for customers, even at times when the liquidity of the underlying instruments did not run parallel. For this reason, portfolios were structured with this objective in mind. BBVA maintains a strong commitment to its duty as trustee for its customers, only assuming risks in third-party portfolios that can be correctly identified, measured and valued.

Economic capital in the Asset Management unit increased by 25.8% in 2009 to €78 million. As a result of market conditions, there has been a significant increase in economic capital attributable to guarantee risk. This now represents 74.3% of the total, while the operational risk has reduced, due to the application of the new internal model, to 24.7% of the unit's total economic capital.

PENSIONS IN THE AMERICAS

Two major phenomena characterized **2009** in the business of pensions in the Americas. First, there was the natural growth of the contributions from affiliates, which consolidated and increased the growth in managed funds; and second, there was the rising trend of the equity markets, in which the pension funds invest a substantial proportion of their assets.

The risk associated with **regulatory framework,** which is proportional to the volume of managed funds, increases in line with the managed funds and this can be seen in the economic capital assigned to the activity, which increased by 15.7% on the figure for 2008 to €397 million euros.

Market risk is by far the most important and represents 70.8% of total economic capital, slightly more than in the previous year. It is followed by operational risk, which accounts for 25.8%, similar to the 2008 figure.

REAL ESTATE BUSINESS RISK

Throughout the year progress has been made in the study, measurement and monitoring of risk in BBVA's real estate activities.

With the aim of estimating the **economic capital** in order to measure of their risk, work has continued in developing models that contain fundamental parameters and drivers capable of characterizing the operation of this business (price changes, asset diversification development stage of the project, time horizon, geographical diversification, etc.) and that allow their performance to be forecasted with a reasonable level of confidence. The result of these models will be a range of scenarios of price variations classified by their probability of occurrence, which allow an evaluation of the potential gains or losses with respect to the valuations on the balance sheet.

Business areas

- Spain and Portugal
- Wholesale Banking & Asset Management
- Mexico
- The United States
- South America
- Corporate Activities

BUSINESS AREAS

Information by area represents a basic tool in the **management** of the BBVA Group's various businesses. This chapter discusses the most important data on activity and earnings of the Group's five business areas together with those of their main units, and of Corporate Activities. Specifically, it includes the income statement, the balance sheet and a set of relevant management indicators: the loan book, deposits, off-balance sheet funds, ROE, efficiency, non-performing loans and coverage. The areas, and their composition, are as follows:

- **Spain and Portugal**: the Retail Banking network in Spain, including the segments of private individual customers, private banking/wealth management and small business in the domestic market; Corporate and Business Banking, which handles the needs of the SMEs, corporations, government and developers in the domestic market; and all other units, among which are Consumer Finance, BBVA Seguros and BBVA Portugal.

- **Wholesale Banking & Asset Management**, composed of: Corporate and Investment Banking, which includes the dealings of offices in Europe, Asia and New York with large corporations and companies; Global Markets, responsible for the business of markets and distribution in the same geographical areas; Asset Management, which includes the management of mutual funds and pension funds in Spain; Industrial and Real Estate Holdings, which deals with the development of long-term business projects and the private equity business developed through Valanza S.C.R.; and Asia, with the holding in the CITIC Group. Wholesale Banking & Asset Management is also present in the above businesses in both Mexico and South America, but its activity and results are included in those business areas for the purposes of this report.

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

- **The United States**: includes the banking and insurance businesses in the United States, as well as those in the associate state of Puerto Rico.

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

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

Finally, the area of **Corporate Activities** performs management functions for the Group as a whole, essentially management of structural interest and FX risks of euro denominated balance sheet, as well as liquidity and capital management functions. The management of balance sheet structural risks in currencies other than the Euro is recorded in the corresponding business areas. It also includes the Industrial and Financial Holdings unit and the Group's non-international real estate businesses.

In 2009, BBVA maintained the criteria applied in 2008 in terms of the composition of the different business areas, with some insignificant changes. They thus do not affect the Group's reporting and have practically no impact on the figures of the different business areas and units. Even so, both the 2008 and 2007 data have been reworked to include these small variations, to ensure accurate comparisons over the years. As usual in the case of the Latin American units, both constant exchange rates and year-on-year current exchange variation rates have been applied.

The Group compiles reporting information on as disaggregated a level as possible, and all data relating to the businesses these units manage is recorded in full. These basic units are then aggregated in accordance with the organizational structure established by the Group at higher level units and, finally, the business segments themselves. Similarly, all the legal entities making up the Group are also assigned to the different units according to their activity.

Once the composition of each business area has been defined, certain **management criteria** are applied, of which the following are particularly important:

- **Capital**: capital is allocated to each business according to economic risk capital (ERC) criteria. This is based on the concept of unexpected loss at a specific confidence level, depending on the Group's capital adequacy targets. These targets have two levels: the first is core equity, which determines the capital allocated. This amount is used 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 ERC combines credit risk, market risk, structural balance-sheet risk, equity holdings, operational risk, fixed assets 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.

ERC is risk-sensitive and thus linked to the 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 across units. In other words, it is calculated in a way that is standard and integrated for all kinds of risks and for each transaction, balance or risk position, allowing its risk-adjusted return to be assessed and an aggregate to be calculated for the profitability 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 of the various assets and liabilities making up each unit's balance sheet. Earnings are distributed across revenue-generating and distribution units (e.g., in asset management products) at market prices.
- **Assignment of operating costs:** both direct and indirect costs are assigned to the business areas, except where there is no clearly defined relationship with the businesses, i.e. when they are of a clearly corporate or institutional nature for the Group as a whole.
- **Cross-selling:** in some cases, consolidation adjustments are required to eliminate shadow accounting entries in the results of one or more units as result of cross-selling incentives.

Recurrent economic profit by business area
(January-December 2009. Million euros)

	Adjusted net economic profit	Economic profit (EP)
Spain and Portugal	2,291	1,567
Wholesale Banking & Asset Management	841	445
Mexico	1,796	1,462
The United States	331	70
South America	821	535
Corporate Activities	(1,454)	(1,460)
BBVA Group	**4,626**	**2,620**

Operating income and net attributable profit by business area
(Million euros)

	Operating income					Net attributable profit				
	2009	Δ%	Δ% at constant exchange rates	2008	2007	**2009**	Δ%	Δ% at constant exchange rates	2008	2007
Spain and Portugal	4,533	1.0	1.0	4,488	4,105	2,373	(7.5)	(7.5)	2,565	2,376
Wholesale Banking & Asset Management	1,386	14.7	14.7	1,209	1,144	1,011	30.9	30.9	773	798
Mexico	3,319	(8.7)	5.4	3,634	3,397	1,359	(29.9)	(19.1)	1,938	1,880
The United States	875	26.8	20.3	690	381	(1,071)	n.m.	n.m.	211	203
South America	2,202	24.4	25.1	1,770	1,427	871	19.8	21.8	727	623
Corporate Activities	(8)	(99.4)	(99.4)	(1,269)	(1,012)	(333)	(72.1)	(72.1)	(1,193)	245
BBVA Group	**12,308**	**17.0**	**22.3**	**10,523**	**9,441**	**4,210**	**(16.1)**	**(11.6)**	**5,020**	**6,126**
BBVA Group excluding one-offs	**12,308**	**17.0**	**22.3**	**10,523**	**9,641**	**5,260**	**(2.8)**	**2.0**	**5,414**	**5,403**

SPAIN AND PORTUGAL

The Spain and Portugal area provides a distinctly different and innovative approach to banking through specialized branch networks and handles the financial and non-financial needs of individual customers (Spanish Retail Network), including the upper-middle market segment (BBVA Patrimonios). The area also includes Corporate and Business Banking (CBB) for managing SMEs, corporations and public and private institutions and other specialized units which handle consumer finance and internet banking (the Consumer Finance Unit), the bancassurance business and BBVA Portugal.

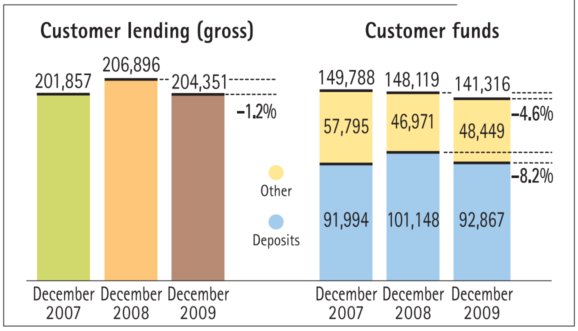
In 2009, the domestic **market** reported asymmetric behavior. On the one hand, the contraction of internal demand has led to a fall in lending activity volumes, especially in consumer finance loans and corporate financing. Furthermore, the progressive increase in Spain's savings rate has resulted in dynamism in fund gathering, especially for the more conservative, low cost types (bonds and guaranteed mutual funds, etc.) to the detriment of time deposits.

In this environment, the area has continued applying its differential **commercial management** model: focus on the client, commitment to society, containing costs and controlling risk. In 2009, this model has allowed the area to lead in the support of families and small enterprises with the launch of several loan and savings campaigns adapted to these customers' needs, among others. These initiatives were made possible by the Group's financial strength, ample liquidity and superior risk management.

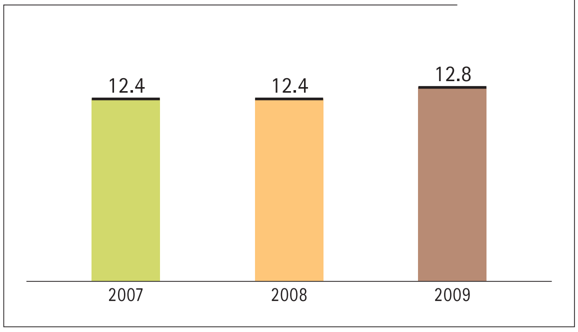
At December 31, 2009 **gross lending to customers** stood at €204,351m, a slight decline compared to €206,896m a year earlier, reflecting the global economic slowdown and the smaller percentage of loans in those sectors and products with greater risk. **Customer funds** under management (deposits, mutual and pension funds plus the distribution of BBVA bonds) fell 4.6% to €141,316m year-on-year. The main reason behind the decrease was the lower demand for time deposits, which is associated with the progressive fall of the official interest rates. As at December 31, 2009, their balance stood at €32,005 million, 22.7% lower than at December 31, 2008. However, the capture of paychecks and pension funds, and BBVA's leadership in the corporate segment, have implied a year-on-year increase of 5.5%, to €42,172 million, in transactional liabilities, an increase of 8.2% in the subscriptions to money market and short-term fixed-income funds, and the placement of €2,000m of BBVA bonds during the year.

In a year in which GDP falls, **net interest income,** €4,934 million increased 2.7%. In terms of average total assets, the area's profitability at December 31, 2009 rose by 2.25% (2.16% in 2008) as a result of appropriate pricing and gains in market share in 2009: BBVA gained 41 basis points of market share in household mortgages (bringing the total to 12.8%), and 40 basis points in public sector finance (33.1%). At the end of 2009, BBVA was also the leader (according to an FRS report) in the SME and large-company segment and in assets under management in mutual and pension funds (19.3%

→ Spain and Portugal
(Million euros)



→ Share of residential mortgages
(Percentage)



Source: Bank of Spain.

Income Statement
(Million euros)

	2009	Δ%	2008	2007
Net interest income	**4,934**	**2.7**	**4,804**	**4,395**
Net fees and commissions	1,482	(9.4)	1,635	1,705
Net trading income	188	(18.8)	232	251
Other income/expenses	434	0.8	430	401
Gross income	**7,038**	**(0.9)**	**7,101**	**6,753**
Operating costs	(2,505)	(4.2)	(2,613)	(2,648)
Personnel expenses	(1,564)	(3.2)	(1,616)	(1,677)
General and administrative expenses	(835)	(6.5)	(894)	(859)
Depreciation and amortization	(105)	1.0	(104)	(113)
Operating income	**4,533**	**1.0**	**4,488**	**4,105**
Impairment on financial assets (net)	(1,931)	138.7	(809)	(591)
Provisions (net) and other gains (losses)	777	n.m.	5	6
Income before tax	**3,380**	**(8.3)**	**3,684**	**3,519**
Income tax	(1,007)	(10.1)	(1,119)	(1,144)
Net income	**2,373**	**(7.5)**	**2,565**	**2,375**
Minority interests	-	-	-	1
Net attributable profit	**2,373**	**(7.5)**	**2,565**	**2,376**

(1) The third quarter of 2009 includes 830 million in capital gains from the sale of real estate and insolvency provisions for the same amount.

Balance sheet
(Million euros)

	31-12-09	Δ%	31-12-08	31-12-07
Cash and balances with central banks	2,379	(4.9)	2,503	2,240
Financial assets	11,020	8.0	10,203	13,613
Loans and receivables	200,205	(2.1)	204,591	202,195
· Loans and advances to customers	199,165	(1.9)	203,117	198,223
· Loans and advances to credit institutions and other	1,040	(29.5)	1,474	3,971
Inter-area positions	-	-	-	-
Tangible assets	1,301	(5.8)	1,381	1,451
Other assets	892	(50.2)	1,791	1,881
Total assets/liabilities and equity	**215,797**	**(2.1)**	**220,470**	**221,379**
Deposits from central banks and credit institutions	1,048	(58.2)	2,507	5,937
Deposits from customers	91,826	(8.0)	99,849	90,344
Debt certificates	369	(93.9)	6,092	7,500
Subordinated liabilities	4,296	1.0	4,252	4,149
Inter-area positions	97,104	15.9	83,781	89,164
Financial liabilities held for trading	291	73.9	167	112
Other liabilities	13,244	(18.7)	16,281	17,131
Economic capital allocated	7,619	1.0	7,542	7,043

Relevant business indicators
(Million euros and percentages)

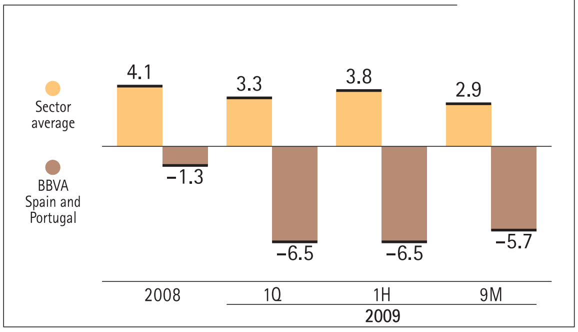
	31-12-09	Δ%	31-12-08	31-12-07
Total lending to customers (gross)	204,351	(1.2)	206,896	201,857
Customer deposits [1]	92,936	(8.3)	101,299	92,077
Off-balance sheet funds	40,171	(1.7)	40,873	52,541
· Mutual funds	29,842	(4.6)	31,270	42,469
· Pension funds	10,329	7.6	9,603	10,072
Other placements	8,278	35.8	6,097	5,254
Customer portfolios	13,074	22.8	10,650	14,075
ROE (%)	32.2		35.4	35.5
Efficiency ratio (%)	35.6		36.8	39.2
NPA ratio (%)	5.1		2.6	0.7
Coverage ratio (%)	48		67	229

(1) Include collection accounts and annuities.

and 18.6%, respectively). Net fees and commissions income for the year was €1,482m, down 9.4% on lower fee revenues from mutual funds and despite a 1.4% rise in fees and commissions for banking services. The insurance business also made a notable contribution with net income rising 9.3% in the year.

The area achieved a significant reduction in **operating costs**, which fell 4.2% during the year thanks to the Transformation Plan launched in 2006. Since 2007 the plan has reduced costs by 5.4%, lowered the number of branches by 540 and employees by 3,170. In the same period, the rest of the Spanish banking sector (excluding BBVA) added 1,253 branches and 21,531 employees according to the latest available figures (September 2009 and year-end 2008, respectively).

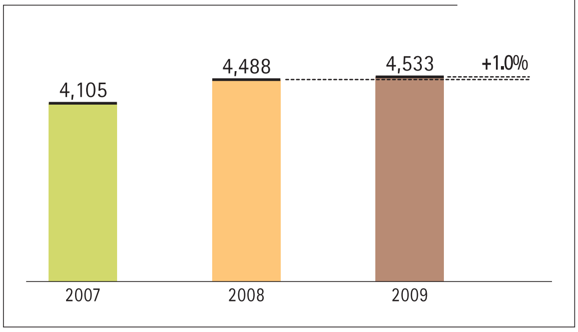
Year-on year change of operating costs (Percentage)



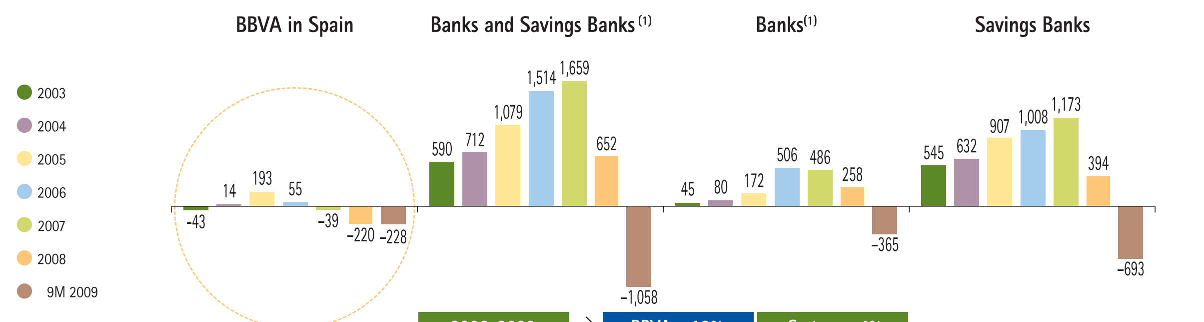
Sector= Santander + Red Banesto, Popular, Sabadell, Bankinter, La Caixa and Caja Madrid.

The improvements in income and costs lifted **operating income** 1.0% to €4,533m for the year. Such improvements were achieved despite the complex macroeconomic environment and a drop in revenues associated with financial markets (net trading income was down 18.8%). The area closed the year with a new improvement in **efficiency** (cost/income ratio), which stands at 35.6% (36.8% in 2008).

Spain and Portugal. Operating income
(Million euros)



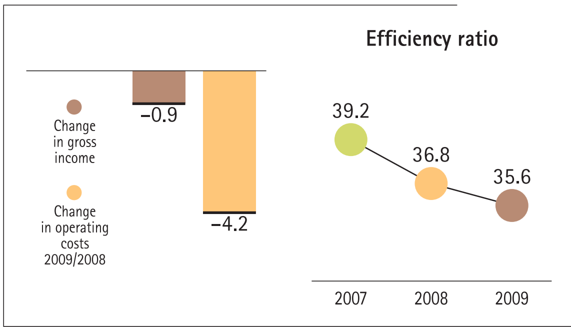
Branches in Spain
(Number of branches)



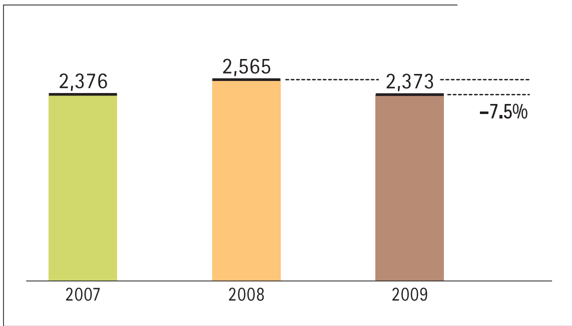
Source: Bank of Spain

(1) Not including BBVA.

Spain and Portugal. Efficiency ratio
(Percentage)



Spain and Portugal. Net attributable profit
(Million euros)



One priority of the area in 2009 was to strengthen its balance sheet to increase its ability to tackle the complex conditions expected in 2010. It therefore made an important effort in terms of provisioning that resulted in accumulated impairment losses on financial assets of €1,931m (€809m in 2008). Consequently, **net attributable profit** fell 7.5% in the year to €2,373 million.

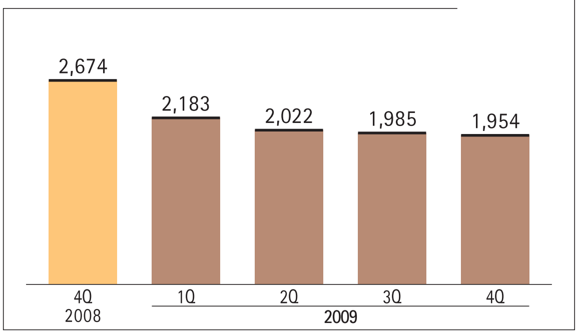
The strict risk controls raised the **non-performing asset ratio** to 5.1% after an extraordinary downgrade in the fourth quarter affecting €1,817m of such assets. The aim is to anticipate those situations that might deteriorate in the coming months by applying extremely prudent criteria. Excluding this effect, the NPA stands at 4.3%, gross additions to NPA status fall 26.9% in the year and debt recovery was up 62.4%. The **coverage ratio** stands at 48%.

AREA STRATEGY

In 2009, Spain and Portugal have focused their efforts on 4 **levers:**

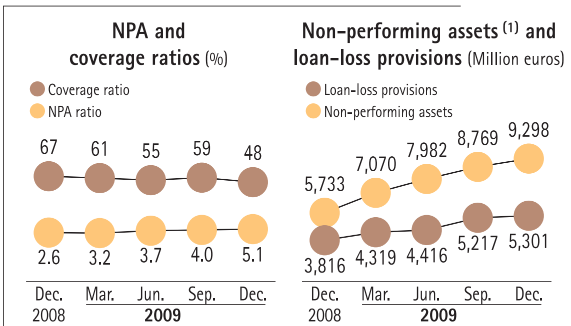
- Management of non-performing assets and recoveries. Thus, NPA entries have been reduced and recoveries increased.
- Price management, thanks to repricing efforts.
- Containing expenses, with new progress in efficiency and productivity.
- Profitable growth and increase in customer loyalty, the basis for recurring income.

Spain and Portugal. Gross NPA entries [1]
(Million euros)



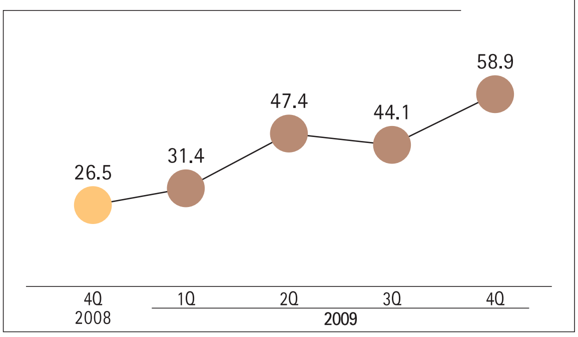
(1) In 4Q09, excluding €1,817 million for one-offs.

Spain and Portugal



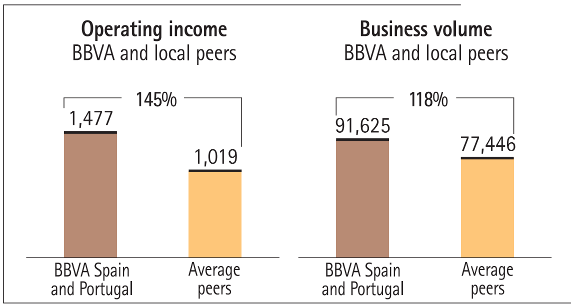
(1) In 4Q09, excluding €1,817 million for one-offs.

Spain and Portugal. Recoveries over entries on NPA [1] (Percentage)



(1) In 4Q09, excluding €1,817 million for one-offs.

→ Spain and Portugal. Operating income and business volume per branch vs peer group [1]
(Thousands euros)



(1) Peer group: BAN, BKT, CAIXA, CMAD, POP, SAB and SAN. Latest available data.

Due to the above, the area closed 2009 more efficient, more profitable and more competitive, broadening the gap with other primary competitors in terms of ROE, efficiency ratio and share of the operating income.

This management is shaped by a medium and long-term strategy which will allow the area to consolidate its leadership position and emerge stronger after the crisis. This strategy also has a clear objective of growing the customer base (capture of new clients and increased loyalty of current customers). And this is all done while maintaining its focus on efficiency. To do so, growth and transformation plans are being developed to recurrently increase the customer base and consolidate the leadership position of the area in the different segments in which it operates, through capture and loyalty plans.

As regards customer **capture**, the focus in 2010 will be on:

- Systematic management of collectives and groups, taking advantage of the great growth potential offered by the high level of BBVA´s penetration in large companies.
- Synergy Plan among commercial networks (CBB-Private Banking and CBB-Commercial Banking) to optimize their capillarity.

In terms of **loyalty**, the area is supported on strong commercial tools that enable additional advances in commercial efficiency, on new forms of marketing and, definitively, on a better client experience.

This growth strategy is complemented by a set of transformation plans related to the distribution plan, quality of service and improvement of the work climate. To do so, we are working on the distribution model, in order to be a distributor that is increasingly close, accessible and convenient for the client. We are making advances in the improvement of commercial capacities, in the remote management of clients, efficient management of servicing and the redefining of processes, externalizing those that contribute little added-value to the branch. Likewise, as we are aware of the value of the area being the sum total of the value of its satisfied clients, the Global Plan for Quality has been launched to measure and improve its corresponding processes though the reengineering of processes and excellence in the management of claims and complaints.

Finally, given the importance of the employee satisfaction, the Entity's top asset, several initiatives have been implemented to foster the development of professional careers, conciliation and non-discrimination with the launch of the Plan for Equality. And all of this on the foundation of the principles that differentiate BBVA and the foundation of its business, its customers: ethics, transparency and prudence.

SPANISH RETAIL NETWORK

This unit services the financial and non-financial needs of individuals, professional practices, retailers and small businesses with products adapted to each **segment**.

In 2009, among other commercial products adapted to the customers´ financing and savings needs, €28,000 million in pre-approved loans were issued for individuals and 6,000 million for SMEs, businesses and the self-employed.

The stability of net interest income and the further reduction in costs are the main features of the unit's results and thus compesating to a large extent for the increase in provisions, while profits showed a slight decline of 2.2% as compared to 2008.

The **loan portfolio** at 31-Dec-09 was €101,909m, a fall of 2.0% year-on-year, while **customer funds** fell 1.2% to €111,212m. In this regard, despite a number of aggressive campaigns by other banks to capture savings and current accounts, the unit has achieved an increase of 10.9% year-on-year (€3,053 million), due to: two new *Quincenas del Ahorro* (Two Weeks of Savings), with more than €1,400 million captured and 450,000 gifts given; the various paychecks and pension funds campaigns, including those for salaries above €2,500; and the "*Jornada de tu Vida*" (Day of your Life) campaign associated with the sponsorship of the Professional Soccer League, which allows BBVA clients to make deposits in their accounts or purchase BBVA cards to participate in raffles for salaries, gift certificates and to double the prize if their salary is directly deposited. Against a backdrop of heightened competition and decreased demand due to the fall in interest rates, **time deposits** closed in 2009 with €29,760 million, for a 16.0% decrease year-on-year. Commercial activity carried out during the last part of the year, with the launch of the *Depósito Fortaleza* (Strength Deposit), *Depósito Nómina* (Paycheck Deposit) and *Depósito Líder* (Leader Deposit) have contributed to the capture of €7,720 million, up 24.1% from the previous quarter.

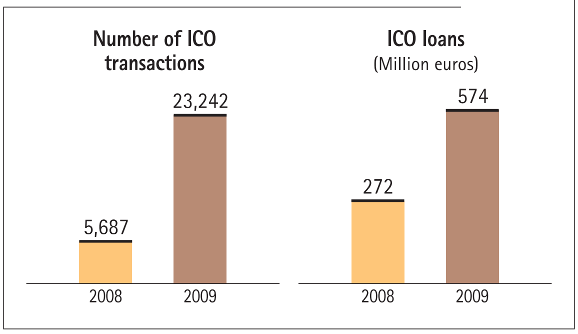
In **mutual funds**, with a total of €28,403 million managed as at 31-12-09, the unit made a significant effort in managing the high volume of maturities of the guaranteed funds, which has allowed it to consolidate its leadership position in the most conservative modalities and in the total assets under management. BBVA also maintains top position in the ranking for pension fund volume managed, €9,904 million (+7.4% year-on-year). In May 2009, the 59+ program was launched. It consists of a set of financial and non-financial benefits targeted at customers over the age of 59, and now includes 70,000 clients and has captured 28,000 new pensions. Activities for consolidating this new segment include the constant renovation of the range of non-financial benefits and the communication of a broad range of products and services.

In the **private individual segment** residential mortgages and savings and current accounts performed well. In **residential mortgages** the market share gain was recurrent throughout the year, until it accumulated 41 more basis points at close, for 13.9% of market sales. Some outstanding results include those from the *Ven a Casa 200* campaign, which contributed 20% of branch network volume; the completion of more than 10,000 transactions in the *Hipoteca Blue Protegida* (Protected Blue Mortgage) targeted at young people (and gives back 1% of the mortgage volume and two years of unemployment insurance); and the commissioning of a new online 24-hour Feasibility Study that has generated business opportunities from several real estate portals. As a result the portfolio of residential mortgages rose 2.1% during the year to €69,850m. In **consumer finance**, the range of financial solutions for the unit was completed with the renovation of the limits assigned in immediate PIDE loans to 1.35 million customers, with the launch of a new website (www.financiatucochebbva.com) that provides clients access to information on car loans; and with the launch of a promotional campaign that offers a free television set to individual customers who take out a loan over €12,000. This has contributed to making volume reach €1,717 million in 2009, and the managed balance at €7,165 million (€8,950 million as at 31-12-08), for a decrease in line with lower household expenses.

BBVA Banca Privada (private banking) is the unit that manages the former personal banking (now Banca Privada) and wealth management units (BBVA Patrimonios). In 2009, assets under management stood at €43,056 million, up 7.8% on December 31, 2008. This has occurred thanks to its new model for added-value management and its closeness to the customer, based on: **innovation**, with a new platform of systems that optimize operational processes; **differentiation**, with a range of products adapted to each customer profile (managed and guided portfolio, Visa Infinite, assured annuities, Family Office products, etcetera); **guidance** with the BBVA Broker service (for insurance) and the Planific@ tool, a pioneering asset planning service; and **customer appeal** with the PROA Plan and optimization of synergies with other Group areas. Finally, in order to offer high quality service in Spain, wealth management centers have been opened in Malaga, Valladolid and Oviedo.

The **SME and retailer segments** (which also include the self-employed, the rural economies and small companies) attained lending of €13,869 million as at 31-12-09 (€16,166 million at 31-12-08). The implementation in late 2008 of two new customer relations models, *Compromiso Autónomos* (Commitment to the Self-employed) and *Compromiso Comercios* (Business

→ Spain and Portugal. Commercial Banking



Source: ICO.

Commitment) has led to a total 32,000 members for the first group, more than half of which are new clients, and the excellent acceptance of the PoS Voucher by merchants, with more than 21,000 members since its launch and more than 20% of retailers using it for their sales with PoS. The latter has increased by 3% in the fourth quarter, as compared to the decrease experienced in the market. Also worth mentioning are the boost of the lines of finance for the pre-approved loans campaign; the formalization of €574 million in ICO credit lines; the launch of two new plans: *Plan Choque Comercios* (Retail Special Plan) and *Factoría de Clientes* (Customer Factory), which have completed asset transactions for €3 million and a capture of savings and current accounts of €2.5 million; and the signing of several collaboration agreements with the ATA Association for the Self-employed (more than 430,000 members); with the UNALT taxi professionals (more than 58,000 members); and with FEHR restaurant owners (270,000 proprietors). Also, financing agreements were signed in the rural industry with agricultural cooperatives and equipment manufacturers. Agricultural subventions from the European Union were managed and deposited for 43,000 farmers for a total of €185 million.

Regarding **payment channels**, BBVA has earned the top score from the *Euromoney* magazine as best provider of transactional cash management services in Spain for corporates and institutions. BBVA is also the leader in the Spanish market for credit cards, both financial and private, at 10 million units. This has been made possible thanks to the launch of the innovative family of cards with a tri-fold objective: they are adapted to the customer's payment preference, easier to use and have increased security measures. The new range has been divided into four groups, based on how the client wishes to make payments: *Antes, Ahora, Después* and *A tu Ritmo*. This makes BBVA the first major financial entity to migrate towards the new European EMV card standard, which incorporates the most advanced security pack on the market. Likewise, the innovative flat rate option for PoS was consolidated in 2009 for the business segment.

In **multi-channel** management, the BBVA Telephone Channel Optimization and Modernization Process are designed to the improve customer service and offer a greater commercial response, with initiatives like: Customer Factory, Loyalty and Retention. In 2009, the telebanking channel received the "CRC de oro" prize for best telebanking service. Online, access by individual clients grew 13%, and 5% by the business segment, while the www.bbva.es website had more than 69 million hits over the year. The mobile banking service, *BBVA mobi*, was launched in July, allowing users to carry out a large part of normal transactions (transfers, consults, equity trade), and, using the "Efectivo Móvil" service, access cash at ATMs with no need for a card. The self-service line acquired 800 new ATMs with deposit modules, for more than 700,000 deposit transactions per month. Finally, navigation on ATMs was renovated to make their use faster and simpler.

The **Innovation and New Business Models** unit, which manages non-financial services, has maintained

a high level of activity and sales in all of its product families, with a total participation in 2009 of 154,000 operations and €165 million in sales.

CORPORATE AND BUSINESS BANKING

The Corporate and Business Banking unit (CBB) handles SMEs, large companies, institutions and developers with specialized branch networks for each **segment**. It also contains the product management unit that designs and markets specific products for aforementioned market segments.

In 2009 it consolidated its **profitable growth model** by putting various plans into action in the fourth quarter designed to increase loyalty, cross-selling and the customer base. We have made marketing new ICO finance, such as the new *FutureE, Liquidez* (Liquidity) and *Renove Turismo* (Car Trade-In) lines, as well as risk management and recoveries, a priority in 2009. Moreover, the unit has expanded its range of products with the development of new value proposals in investment banking; new types of leasing plans (trucks, technology for integral IT solutions and second-hand cars); new non-financial services for businesses; and the implementation of new forms of customer relationships (*Destructores de Paro*-Unemployment Destroyers), *Empresas Sobresalientes*-Outstanding Companies, and the *Newsletter Empresas*-Enterprise Newsletter)

The Groups support of SME **financing** has been strategic in 2009. In this regard, we should note the €11,428 million in *Factoring* assignments and €11,668 in *confirming* advances and extensions, which consolidate BBVA´s leadership position, with market shares at 31-12-09 of 21.6% and 24.0%, respectively. On an international level, BBVA was also the leader in forfaiting, international factoring, euroconfirming and confirming in currency (accounts payable financing) with a 50.0% share at 31-12-09 (according to the Spanish Factoring Association) and a total volume of assignments and advances of 5,291 million. BBVA is the leader in the real estate modality with a market share of 19.3% and maintains a solid position in real estate leasing, with a market share of 13.5% (according to information from the Spanish Renting Association as at 30-9-09). As regards medium and long-term financing, BBVA has, once again, played a key role as one of the most active entities in the distribution of various ICO lines, with the signing of 51,592 transactions (including the Local Entities advances line) for a total of €2,450 million.

Therefore, in an unfavorable economic setting for the business segment, **loan book** for the unit as at 31-12-09 progressed to €89,989 million (+2.7% year-on-year). In turn, customer **funds** came to €25,970m (€31,292m in 2008).

The income statement shows **operating income** is growing at 2.3% per year, reflecting an increase in net interest income (up 4.7%), in fee and commissions income (up 0.3%) and a reduction in costs (down 9.4%). Consequently, net attributable profit, €889 million, rose 1.2% as compared to the same time in 2008.

The unit has more than 60,000 customers in the **SME** segment with a loan portfolio of €30,131m and €7,301m in customer funds. Operating income in 2009 is at €851 million, due to less growth of fees and commissions and the net trading income. Together with a new reduction in expenses and an increase in provisions, the attributable profit came to €487 million (€555 million in 2008).

BBVA maintains a leadership position in this segment, with a penetration share of 35.2% (according to the most recent FRS report). On the one hand, the use of new communications channels like newsletters and exclusive websites (www.fyibbva.es) has allowed us to extend our line of products and services to clients in an innovative manner. On the other, adaptation to the economic environment has required a differential approach to risk analysis and credit quality, while preserving the relationship with customers and the global vision in the long term.

In the **large company segment** the loan portfolio at year-end was up 4.7% year-on-year to €16,568m and customer funds maintained the same balance than at 31-Dec-08 (€5,237m). Operating income also performed well, and rose 14.6% year-on-year to €293m. After higher provisions, the attributable profit was €117m.

In this segment, BBVA leads the market with a 96.7% market share (according to the most recent report from the Inmark group), with a business model based on a comprehensive client vision. This boosts daily management of the treasury accounts and incorporates a high degree of advisory while contributing tailor-made solutions and innovative products. Efficiency in customer management is also the result of a vision centered on risk-adjusted profitability.

BBVA continuous as a reference in the **institutions** segment. Lending and customer funds under management stand at €25,380 million and €13,402 million, respectively. Operating income in 2009 is up 14.2% at €325 million, due to profitable management of the business volume and control of expenses. Together with an increase in provisions, the attributable profit came to €220 million.

BBVA's leadership position in this segment is due to specialization, relationship banking and global management of the clients´ needs. Therefore, BBVA is the number one financing institution for the autonomous communities, provincial councils and local corporations, as well as their subsidiaries. Significant loans were granted to AENA (€300 million), the Government of the Canary Islands (€193 million) and the city council of Madrid (€236 million). It has also led high speed projects driven by the Ministerio de Fomento (Ministry of Public Works), with financing for transactions, such as: Zaragoza A.V. (€70 million) and Barcelona Sagrera A.V. (€70 million). It also leads in placement and trading in the primary market with the Autonomous Communities of Madrid, Catalonia, Valencia, the Balearic Islands, Andalusia and the Basque Country. Finally, the unit has been awarded the tender for the comprehensive management of the treasury accounts for the Ministerio de Defensa (Ministry of Defense), Presidencia (Prime Minister cabinet) and Administracion Territorial (Territorial Politics).

In the real estate **developer segment** the fall in the housing activity led to a 3.5% decline in lending in 2009. In addition, new projects are mainly in the government-regulated category and these now account for more than 50% of the total, versus the 15% and 32% in 2007 and 2008.

→CBB: Segment leadership
(Percentage)

Segment	Share
SME Positioning [1]	35.2
Large enterprises positioning [1]	69.0
Corporate positioning [1]	96.7
International factoring	50.0
Domestic factoring	21.6
Confirming	24.0
Real estate leasing	19.3

(1) Market share: percentage of customers who declare they work with BBVA as their first, second, third, fourth or fifth provider.

OTHER UNITS

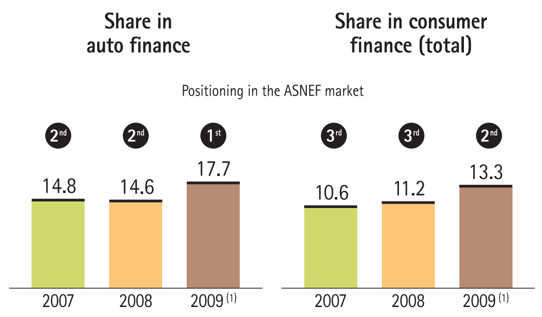
CONSUMER FINANCE

The Consumer Finance unit manages consumer finance and on-line banking, via Uno-e, Finanzia and other subsidiaries in Spain, Portugal and Italy.

Against the complex backdrop of 2009, the income statement for 2009 shows operating income at €162 million, reflecting a 41.9% year-on-year increase, due to very positive growth in the net interest income (up 17.4% year-on-year) and a reduction in costs (down 13.1%). The application of strict criteria for non-performing assets places the **attributable income** at –€181 million, despite the 55.2% reduction of non-performing assets in the third and fourth quarters of 2009.

In Spain, the loan portfolio was €6,387 million, with a year-on-year growth of 2.9%. In the vehicle prescription business, in a year of a downturn in the number of new registrations (–17.8%), sales reached €972 million, with marked quarter-by-quarter growth. This has allowed BBVA to lead the market in new lending, with a 17.0% share (according to ASNEF data at 30-9-09). The product range for this business has been completed with a new

→ Consumer Finance. Market share in volume (Percentage)



(1) Data as of September 2009.
Source: ASNEF.

unemployment and disability insurance. Equipment financing is at €225 million and was impacted by the fall in business investment. As for equipment renting, new operations increased by 16.6% to €361 million, based in part on the marketing of a new technology renting (Rent&Tech) in collaboration with Solium. In car rental, a fleet of 33,656 units is managed in Spain. BBVA Autorenting has strengthened agreements with the branch network for the sale of vehicles from renting operations.

Uno-e's loan portfolio stands at €1,073m, with sales for the year at €1,733 million, of which mortgages account for 5.5% (up 127.0% year-on-year). Customer funds under management or brokered rose to €1,246m (up 1.2%). Also noteworthy are the 15.3% increase in mutual funds and 24.6% increase in transactional deposits, as a result of the campaign which gives a bonus of 20% of the paycheck for customers who pay it directly into their account together with 3 regular bills.

In **Portugal**, BBVA Finanziamento's loans are up 12.5% in the year to €493m. The co-branded credit card business has been consolidated, with the signing of agreements with Repsol Portugal and Liberty Seguros. In **Italy**, BBVA Finanzia SpA's loans are up 40.6% to €404m with total sales of €228 million (+128%). Renting companies reach a fleet of 14,477 vehicles as at 31-12-09 (up 16.3%).

INSURANCE

This unit has the strategic objective of being the leader in the insurance business among the BBVA's different customer groups, and comprises several companies that manage direct insurance, brokerage and reassurance, and use the different networks with an extensive range of insurances.

The amount of **earnings** this area contributed to the Group in 2009 totals €523 million: €497m from in-house policies and €26m in brokerage on third-party policies. Thus, **net attributable profit** rose 2.7% to €263m for the year.

Premiums issued during the year have grown 25% to €1,367 million, of which €1,111 million (up 27.2% in the year) correspond to individual policies (life and non-life) and €256m to collectives (up 16%). BBVA Seguros is the market leader in individual life insurance policies, with a share of 13.0% as at September 2009 (most recent data available). The volume of **funds under management** in private savings policies reached €8,410 million, of which €3,259 million (up 4.7%) correspond to individual clients and the rest to group savings policies. Moreover, BBVA has brokered premiums for €196 million.

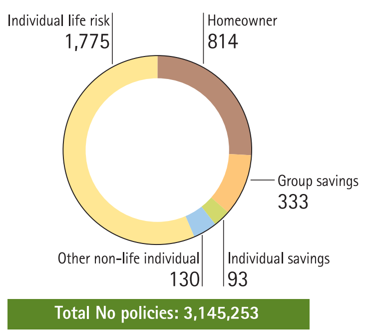
In order to become a comprehensive provider of insurance solutions (life and non-life), the **product** catalog has been complemented with new modalities that adapt to the customers´ needs in terms of price and coverage. A specialized telephone platform has also been implemented to provide customers the best solution, together with the consulting provided at the branches. In this regard, the new launches for individuals have included *Seguro Coche BBVA Gama Terceros* (BBVA Third-Party Range Car Insurance), *Seguro Vivienda Plus* (Housing Plus Insurance) and *Seguros Personales Plus Fidelización* (Loyalty Plus Personal Insurance); and for the self-employed segment, the essential range in the *Más Cobertura Profesional* (Additional Professional Insurance). New unemployment and temporary disability insurance policies have also been developed, like the one distributed through Consumer Finance; or that which is being incorporated free-of-charge for young people under the *Hipoteca Blue Protegida BBVA*. BBVA Broker, in the business segment, is the Group's insurance broker in Spain which provides companies personalized services (coverage for assets and properties, installment payments collections, work related risks, etc.) through an extensive catalogue of products. Moreover, a product for helping companies meet the requirements of the Spanish Environmental Responsibility Act is being developed.

In **insured savings,** BBVA Seguros is consolidating its position as leading entity for expected management, as in the Individual Systematic Savings Plans (PIAS), in which premiums for €181 million (up 27% year-on-year); and insured individual incomes with €346 million in premiums (up 233% year-on-year).

The unit achieved more than 3.1 million **policyholders,** with an increased quality of service, as reflected by the complaint-free resolution of more than 94% of life insurance claims reported and the complaint-free resolution of 99% of home insurance policies. Periodic independent measurements grant the home insurance policies a score of 7.8 out of 10 for service received during the claims processing.

→ BBVA Seguros. Policy distribution

(Thousands of policies. 31-12-09)



BBVA PORTUGAL

BBVA Portugal has experienced positive growth in 2009. Appropriate price management in times of low interest rates helped net interest income in the unit to rise 0.2% year-on-year to €85m. Together with an increase in net fee and commissions income and cost controls, operating income increased 4.0% to €55m and attributable **profit** came to €23m (€25m in 2008).

Lending to customers increased to €6,063 million (up 2.7%), with a 9.5% increase in residential mortgages thanks to the launch of several new campaigns. These include the *Nos Adaptamos* (We Adapt) and *Adapte su Crédito* (Adjust your Loans) campaigns that allow clients with mortgages to lower their monthly quotas or request additional loans. In order to make consumer loans more dynamic, several actions to strengthen the use of credit cards have been carried out, in addition to the credit campaigns including *Oferta, Revolving* and *Crédito Liquidez* BBVA. It expanded the product range for SMEs with a new accounts payable financing service and a range of insurance policies in conjunction with AXA-Vitalplan Corporate and CESCE. Important operations in investment banking include those signed with Portucel, GALP, the Jerónimo Martins Group and Emparque for the purchase of Cintra Aparcamientos.

For **customer funds,** which maintains a similar amount to that at close of 2008 (€2,542 million at 31-12-09 and €2,571 million at 31-12-08), the unit has developed an entire line of products for clients with a conservative risk profile with deposits including *Nos Adaptamos,* 12 month Euribor *and Depósito Fortaleza.* Customers who seek greater profitability, and assume greater risks, can access deposits like *Acciones Europa BBVA, Dual Selección Europa* and *Cabaz Europa.* As for mutual funds, BBVA Gestión has been chosen by Morningstar Inc. as the top asset management entity in the country.

WHOLESALE BANKING & ASSET MANAGEMENT

The Wholesale Banking & Asset Management (WB&AM) area handles the Group's wholesale businesses and asset management. It is organized around three major units: Corporate and Investment Banking, Global Markets and Asset Management. Furthermore it includes the Industrial and Real Estate Holdings Unit, which contributes to its diversification, and the Group's holdings in the CITIC financial group associated with expansion in Asia.

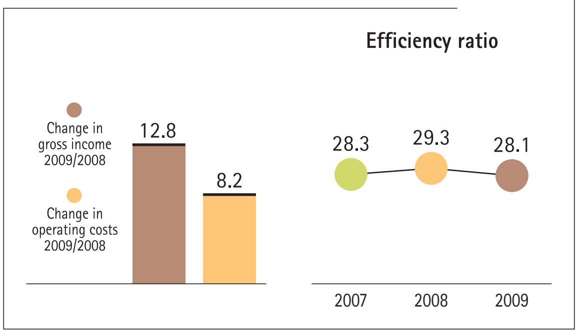
By the end of 2009 the area's **gross income** rose 12.8% year-on-year. The increase was achieved despite lower revenues from portfolio divestments (down €193m compared to 2008). This was partially offset by income of €160m from China Citic Bank (CNCB). Gross income was supported by net interest income and net fees and commissions income, which increased 53.9% and 24.7%, respectively.

Operating costs were contained throughout 2009, rising more slowly year-on-year (up 8.2% compared to 10.8% in 2008). **Efficiency** stands at 28.1%, as compared to the 29.3% in 2008, and operating income totaled €1,386m for a 14.7% improvement on 2008.

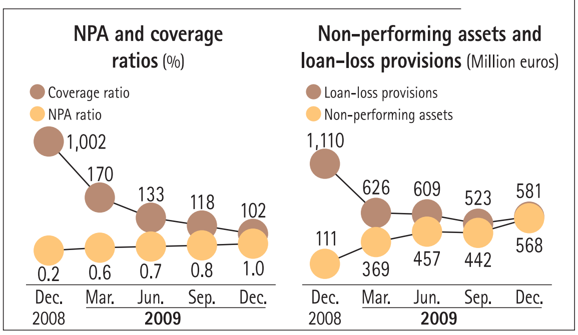
In terms of **loan-loss provisions** WB&AM continues to enjoy a high level of asset quality with a low non-performing asset ratio (1.0%) and a coverage ratio of 102%. In spite of the complex 2009, net transfers to provisions were just €7m (€258m in 2008). This was a consequence of the decline in lending and a focus on customers of high credit quality.

Thanks to the increase in recurrent revenues, cost control and lower loan-loss provisioning, WB&AM's **net attributable profit** in 2009 (counting only Europe, New York and Asia) came to €1,011m as at December 31, 2009 (up 30.9% on 2008).

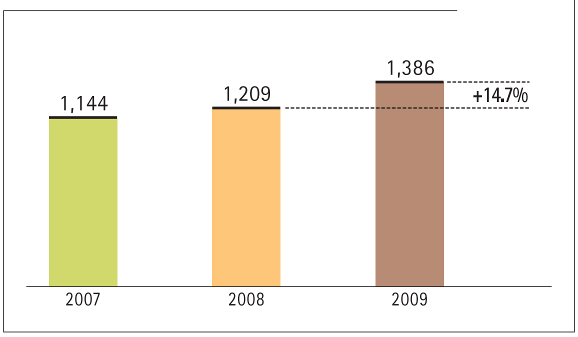
→ Wholesale Banking & Asset Management
Efficiency ratio (Percentage)



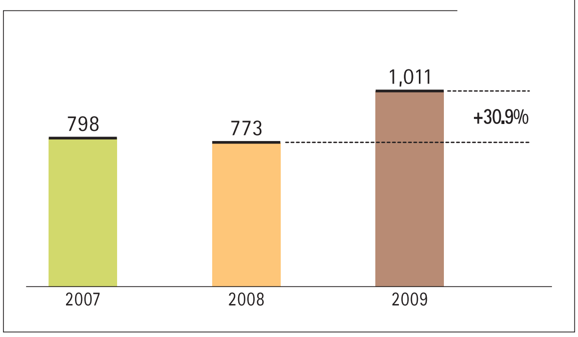
→ Wholesale Banking & Asset Management



→ Wholesale Banking & Asset Management
Operating income (Million euros)



→ Wholesale Banking & Asset Management
Net attributable profit (Million euros)



Income Statement

(Million euros)

	Wholesale Banking & Asset Management				Units: Corporate and Investment Banking			Units: Global Markets		
	2009	Δ%	2008	2007	**2009**	Δ%	2008	**2009**	Δ%	2008
Net interest income	**1,148**	**53.9**	**746**	**(13)**	**579**	**13.6**	**509**	**625**	**92.0**	**326**
Net fees and commissions	516	24.7	414	442	360	54.4	233	45	46.1	31
Net trading income	(53)	n.m.	140	789	37	(30.6)	53	(150)	n.m.	64
Other income/expenses	317	(22.6)	409	377	1	(30.7)	1	133	19.7	111
Gross income	**1,928**	**12.8**	**1,709**	**1,596**	**976**	**22.6**	**796**	**654**	**22.9**	**532**
Operating costs	(541)	8.2	(500)	(451)	(174)	1.8	(171)	(227)	3.9	(219)
Personnel expenses	(353)	12.5	(314)	(282)	(105)	(0.8)	(106)	(128)	4.2	(123)
General and administrative expenses	(178)	0.2	(178)	(162)	(67)	5.7	(63)	(97)	3.1	(94)
Depreciation and amortization	(10)	18.0	(9)	(7)	(2)	20.2	(1)	(2)	18.2	(2)
Operating income	**1,386**	**14.7**	**1,209**	**1,144**	**802**	**28.3**	**625**	**427**	**36.3**	**313**
Impairment on financial assets (net)	(7)	(97.3)	(258)	(131)	(16)	(86.7)	(124)	3	n.m.	(140)
Provisions (net) and other gains (losses)	(5)	n.m.	5	4	(3)	175.4	(1)	-	n.m.	(1)
Income before tax	**1,375**	**43.8**	**956**	**1,017**	**783**	**56.6**	**500**	**430**	**148.7**	**173**
Income tax	(360)	103.0	(177)	(208)	(230)	56.7	(147)	(110)	183.9	(39)
Net income	**1,015**	**30.3**	**779**	**809**	**553**	**56.5**	**353**	**320**	**138.5**	**134**
Minority interests	(3)	(44.9)	(6)	(10)	-	-	-	(2)	(60.4)	(5)
Net attributable profit	**1,011**	**30.9**	**773**	**798**	**553**	**56.5**	**353**	**318**	**146.6**	**129**

Balance sheet

(Million euros)

	Wholesale Banking & Asset Management				Units: Corporate and Investment Banking			Units: Global Markets		
	31-12-09	Δ%	31-12-08	31-12-07	**31-12-09**	Δ%	31-12-08	**31-12-09**	Δ%	31-12-08
Cash and balances with central banks	624	(59.4)	1,539	1,142	68	4.5	65	549	(62.6)	1,469
Financial assets	61,216	(4.8)	64,318	45,370	420	0.3	419	58,631	(3.0)	60,424
Loans and receivables	51,028	(24.6)	67,701	45,447	37,883	(23.2)	49,297	11,857	(26.1)	16,048
· Loans and advances to customers	37,493	(21.8)	47,950	36,495	36,130	(21.2)	45,861	1,224	(40.2)	2,048
· Loans and advances to credit institutions and other	13,536	(31.5)	19,751	8,952	1,753	(49.0)	3,436	10,633	(24.1)	14,001
Inter-area positions	24,454	n.m.	1,593	7,819	6,038	-	-	20,337	28.3	15,851
Tangible assets	37	(13.8)	43	40	1	14.4	1	4	(7.2)	5
Other assets	2,272	42.7	1,592	1,153	29	12.6	26	1,169	(0.9)	1,179
Total assets/liabilities and equity	**139,632**	**2.1**	**136,785**	**100,971**	**44,439**	**(10.8)**	**49,808**	**92,547**	**(2.6)**	**94,976**
Deposits from central banks and credit institutions	34,935	34.5	25,972	35,353	1,136	46.9	773	33,589	33.6	25,140
Deposits from customers	63,330	4.1	60,847	40,760	38,668	14.9	33,664	24,661	(9.0)	27,093
Debt certificates	(130)	(31.1)	(189)	(8)	-	-	1	(130)	(31.5)	(190)
Subordinated liabilities	2,222	(9.8)	2,463	1,747	1,083	(1.8)	1,103	482	(8.1)	525
Inter-area positions	-	-	-	-	-	n.m.	11,136	-	-	-
Financial liabilities held for trading	30,938	(20.1)	38,701	16,963	-	(96.5)	5	30,937	(20.0)	38,695
Other liabilities	4,398	(4.9)	4,626	3,405	1,627	39.4	1,166	2,156	(22.7)	2,791
Economic capital allocated	3,939	(9.8)	4,365	2,750	1,925	(1.8)	1,959	851	(7.6)	921

Relevant business indicators

(Million euros and percentages)

Wholesale Banking & Asset Management	31-12-09	Δ%	31-12-08	31-12-07
Total lending to customers (gross)	38,073	(22.4)	49,059	37,435
Customer deposits (1)	61,213	(1.4)	62,094	40,562
· Deposits	53,645	2.7	52,257	31,355
· Assets sold under repurchase agreements	7,568	(23.1)	9,837	9,207
Off-balance sheet funds	11,139	2.9	10,824	9,788
· Mutual funds	3,914	(2.5)	4,014	2,425
· Pension funds	7,224	6.1	6,810	7,363
ROE (%)	25.5		23.2	31.7
Efficiency ratio (%)	28.1		29.3	28.3
NPA ratio (%)	1.0		0.2	0.0
Coverage ratio (%)	102		n.m.	n.m.

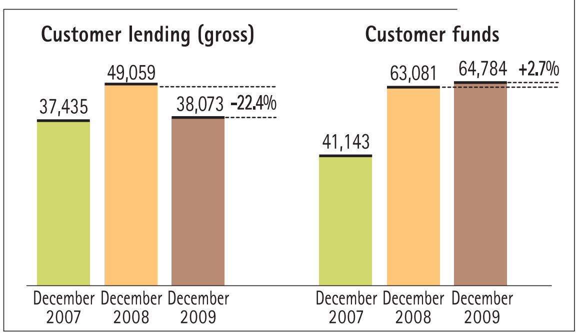
(1) Includes collection accounts.

In terms of business activity, the area's **gross lending** fell 22.4% year-on-year to €38,073m at December 31, 2009, which is mainly held by Corporate and Investment Banking. Nonetheless **customer funds** (deposits, mutual funds and pension funds) performed favorably, rising 2.7% to €64,784m thanks to a considerable increase in deposits. The combined effect of the decline in lending and the rise in fund gathering helped to improve the area's liquidity profile.

The business and income of WB&AM units in **Latin America** are recorded in their respective areas (Mexico and South America). In addition to the figures mentioned above, WB&AM has contributed the amounts reflected in the table in all of the areas where the Group operates.

Wholesale Banking & Asset Management

(Million euros)



Wholesale Banking & Asset Management including the Americas

(Million euros)

	31-12-09	Δ%	31-12-08	31-12-07
Gross income	3,062	18.2	2,590	2,294
Operating income	2,327	22.4	1,902	1,646
Income before tax	2,214	39.1	1,592	1,510
Net attributable profit	1,486	33.6	1,112	1,097
Customer lending (gross)	47,700	(20.4)	59,950	49,299
Deposits	64,559	4.4	61,848	40,517

AREA STRATEGY

WB&AM has continued its strategy of transformation and growth with increased efforts in the global integration process and improvements in productivity and operational effectiveness. Focusing on the most relevant clients and excellent risk management have allowed capital to be reallocated to priority clients and to improve penetration in value-added products, with the subsequent increase in income.

The area plans to continue with its growth strategy to keep contributing value to the Group. Therefore, innovation, strengthening product capacities and deepening relationships with customers have been established as key factors.

Corporate and Investment Banking closed a very good year thanks to its principal characteristics:

- Selective concentration on clients with the greatest potential.
- A clear focus on cross-selling.
- Transactions with increased added-value.
- Cross-border activity.
- Strong increase of business activity in capital markets.

This approach has allowed the unit to lead the league tables for investment banking products in the local markets where BBVA operates.

Efforts in coming years will be directed towards consolidating this leadership position and earning a share in strategic markets.

Global Markets was able to double its attributable profit in 2009, due to excellent risk management, seizing of opportunities that arose in the markets and a significant improvement in operative efficiency. This area will be focusing its growth on investing in the development and innovation of fixed-income and equity products, in leading expansion into Asia and the U.S. and in expanding business with SMEs.

BBVA continues as the market leader in **Asset Management** in Spain for both mutual and pension funds. The unit will focus its efforts in coming years on consolidating its leadership position and diversifying its customer base, paying special attention to the institutional client. BBVA will be competing to gain market share in this segment and increase its value contribution to the Group.

BBVA also maintains its commitment to **Asia,** a strategic market for the Group which represents 55% of the world population and 26% of global GDP.

CORPORATE AND INVESTMENT BANKING

This unit coordinates the combination of a comprehensive range of products (structured finance, trade finance, syndicated loans, fixed-income origination, corporate finance, equity capital markets and transactional services). Coverage of customers is specialized by sector (industry bankers) and location. This business model will allow BBVA to consolidate its strong positioning in Spain and Latin America, while commencing selective penetration in Europe and Asia.

Net interest income rose 13.6% year-on-year and as a percentage of average total assets it was 1.32% at the end of 2009 (0.97% a year earlier). As a result **gross income** grew 22.6% to €976m, reflecting the performance of recurrent revenues (net interest income and net fee and commission income). Operating costs rose 1.8% and therefore **operating income** increased 28.3% year-on-year to €802m. **Net attributable profit** came to €553m, an increase of 56.5% compared to €353m in 2008.

The activity developed by the **Structured Finance** unit has consolidated BBVA as one of the top entities in the business. As a recognition of that fact, BBVA was selected Bank of the Year in Europe (2009) by *Project Finance International* (a specialized magazine) and obtained a number of the *Deals of the Year* awards for operations such as the Boreas wind energy project in Britain (the bank's first offshore project), and for financing the Fowler Ridge wind farm in the United States. In the infrastructure area, BBVA led a significant number of the most outstanding transactions worldwide, including the M25 highway in London; the RI highway in Slovakia; the Perth airport in Australia; and in the Americas, the Port of Miami Tunnel and Mexico City highway. Spain has also renewed its strong commitment to projects like the Puerto Rico-Mogán highway and land developments in relation to the tunneling of high speed rail tracks.

In **Structured Trade Finance**, the first operation under the General Finance Agreement with CNCB was carried out in March 2009. BBVA also signed its first commodity trade finance deal. BBVA was named, for the first time, Best Bank for Trade Finance in Latin America unanimously by the three most important magazines in the sector.

Corporate Finance, the group responsible for advisory activity, mergers and acquisitions, has worldwide reach, both geographically and with clients. This year, it participated in the most relevant advisory deals, such as the reverse Ferrovial-Cintra merger and, in Latin America, the merger between Mapfre and the insurance business of Banco de Brasil. For the first time in its history, BBVA is the leader in this market in Spain for volume of reported deals.

In **Equity Capital Markets**, BBVA has worked with its clients in coordinating, advising and underwriting the share capital increases to reinforce the companies' balance sheets. BBVA participated in the four most important equity deals in Europe (HSBC, Río Tinto, Enel and Lloyds) and has led the share capital increases for key clients, such as NH Hoteles. It is also in a leadership position in capital offerings in Mexico, where it has worked as lead underwriter for the ICA IPO.

Trade finance, structured finance, corporate finance and equity capital markets. The most significant transactions in 2009

July 2009 — China
EUR 27,000,000
中信银行 CHINA CITIC BANK
Export credit ECA
Global Trade Finance
CESCE BBVA
Mandated Arranger

June 2009 — Brazil
USD 160,000,000
BR PETROBRAS
Export credit
Global Trade Finance
BBVA
Sole Lender

June 2009 — Switzerland
USD 245,000,000
USD 350,000,000
TOTSA
TOTSA TOTAL OIL TRADING SA
Export credit
Global Trade Finance
BBVA
Club Deal

June 2009 — South Korea
현대제철 HYUNDAI STEEL
JPY 3,000,000,000
Export credit ECA
Korea Eximbank
24.000.000.000 JPY
Global trade finance
BBVA
Mandated Lead Arranger

June 2009 — Mexico
USD 933,000,000
Conmex Grupo OHL
Conmex 2009
Structured finance
BBVA
Bookrunner, MLA, Financial advisor & Agent

September 2009 — United States
EUR 350,000,000
bp Dominion
Fowler Ridge
Structured finance
BBVA
Joint Bookrunner, Coordinating Lead Arranger & Agent

May 2009 — UK
GBP 1,100,000,000
SKANSKA
Balfour Beatty
M25 London
Structured finance
BBVA
Bookrunner and Mandated Lead Arranger & Hedging Provider

August 2009 — Slovakia
EUR 983,820,000
VINCI
meridiam infrastructure
R-1 Motorway
Structured finance
BBVA
Mandated Lead Arranger & Hedging Provider

July 2009 — Spain
EUR 540,000,000
SENER
MASDAR مصدر
ARCOSOL-TERMESOL
Structured finance
BBVA
Mandated Lead Arranger

September 2009 — Mexico
EUR 680,700,000
SAMSUNG
Manzanillo LNG
Structured finance
BBVA
Bookrunner & MLA

December 2009 — Spain
EUR 5,765,000,000
ferrovial
Financial advisor and fairness opinion in the merger
Cintra
Corporate Finance
BBVA
Financial advisor

2009 — Brazil
MAPFRE
Financial advisor in the merger with the insurance business of
BANCO DO BRASIL
Corporate Finance
BBVA
Financial advisor

June 2009 — Spain
EUR 9,627,000,000
Enel
Financial advisor in the 25.01% acquisition of
endesa acciona
Corporate Finance
BBVA
Financial advisor

July 2009 — Spain
EUR 451,000,000
Cintra
Financial advisor in the sale
Cintra Emparque
Corporate Finance
BBVA
Financial advisor

March 2009 — Colombia
USD 308,000,000
FONADE
Co-advisor to the Government in the sale of its stake in three electricity distribution companies
Corporate Finance
BBVA
Financial advisor

June 2009 — Italy
EUR 8,000,000,000
Enel
Rights issue
Equity Capital Markets
BBVA
Co-Lead Manager

April 2009 — UK
GBP 12,800,000,000
HSBC
Rights issue
Equity Capital Markets
BBVA
Co-Lead Manager

July 2009 — Mexico
USD 221,000,000
ICA
Rights issue
Equity Capital Markets
BBVA
Co-Lead Manager

September 2009 — Mexico
USD 1,869,000,000
CEMEX
Follow-on
Equity Capital Markets
BBVA
Global Coodinator

July 2009 — Spain
EUR 225,000,000
NH HOTELES
Rights issue
Equity Capital Markets
BBVA
Global Coodinator

Debt Capital Markets (fixed-income origination and syndicated loans) has been very active in 2009, and BBVA closed the year in top positions in both Spain and in the Americas.

In the **bond market**, the Group set a record in Spain and Europe for volume of operations and volume placed. Important deals in the financial and institutional segment included the issues of Banco Popular, ICO (the Official Credit Institute) and the Kingdom of Spain; and in large corporations: Enel, Volkswagen and Telefónica. In the Americas, important deals in bonds for issuers included Petróleos Mexicanos, the Federal Commission of Electricity and Bimbo, which was recognized as *Deal of the Year* by *Latin Finance* and *Finance Review*.

BBVA also led major operations closed in Europe and the Americas in **syndicated loans** (Enel, Ferrovial, Iberdrola, Endesa, Grupo Industrial Lala, Grupo Bimbo, Kraft Foods and Enersis, among others).

Within the framework of its strategic geographic and client transversality, the **Global Transaction Services** unit has continued to develop products and solutions that best adapt to covering the needs of non-individual clients: cash management, receivables and payments, working capital and custody, compensation and clearing services of securities. In Spain and Portugal, the Factura Integral BBVA (comprehensive invoice); new services in Mexico through the host to host channel, Bancomer TIB integral treasury

Syndicated loans and debt capital markets. The most significant transactions in 2009

August 2009 — Spain and Mexico USD 14,700,000,000 CEMEX Syndicated loan facility BBVA MLA / Coordinator	April 2009 — Italy EUR 8,000,000,000 Enel Syndicated loan facility BBVA MLA / Bookrunner	June 2009 — Spain EUR 3,300,000,000 ferrovial Syndicated loan facility BBVA MLA / Coordinator / Agent	February 2009 — Spain EUR 5,262,238,000 IBERDROLA Syndicated loan facility BBVA MLA / Coordinator
April 2009 — Mexico USD 2,300,000,000 GRUPO BIMBO Syndicated loan facility BBVA Joint Bookrunner	September 2009 — United States GBP 5,500,000,000 kraft foods Syndicated loan facility BBVA Joint Lead Arranger	2009 — Spain EUR 1,500,000,000 EUR 2,000,000,000 EUR 1,250,000,000 BANCO POPULAR (3 issuances) Bonds BBVA Joint Bookrunner	2009 — Spain EUR 2,000,000,000 EUR 2,000,000,000 ICO Instituto de Crédito Oficial (2 issuances) Bonds BBVA Joint Bookrunner
2009 — Spain EUR 4,500,000,000 EUR 7,000,000,000 EUR 7,000,000,000 (3 issuances) Bonds BBVA Joint Bookrunner	2009 — Italy EUR 1,500,000,000 EUR 2,500,000,000 GBP 850,000,000 GBP 1,400,000,000 Enel (4 Tranches) Bonds BBVA Joint Bookrunner	2009 — Germany EUR 1,750,000,000 EUR 1,250,000,000 (2 Tranches) Bonds BBVA Joint Bookrunner	2009 — Colombia COP 239,480,000,000 CAF Bonds BBVA Sole Bookrunner

and Integral Treasury Service were launched. This unit also earned numerous awards and recognition, including: in institutional custody services "Best Sub-Custodian Bank in Spain" according to the survey carried out by *Global Investor*; and in cash management, it earned the highest score as best provider of cash management transaction services in Spain and Colombia for corporates and institutions, from *Euromoney*.

→Ranking Corporate and Investment Banking 2009

Product	Location	Ranking	Role	Source	Criteria
Syndicated loans	Spain	1st	*Bookrunner*	*Dealogic*	Volume and number of transactions
	Latin America	2nd	*Bookrunner*	*Thomson Reuters*	Number of transactions
	Mexico	1st	*Bookrunner*	*Loan Pricing Corporation*	Volume and number of transactions
Fixed-income origination	Spain	1st	*Bookrunner*	*Dealogic*	Volume and number of transactions
	Latin America	1st	*Bookrunner*	*Dealogic*	Volume and number of transactions
	Mexico	2nd	*Bookrunner*	*Bloomberg*	Volume and number of transactions
Project finance	Global	4th	*Mandated lead manager*	*Dealogic*	Number of transactions
	Global PFI/PPP	2nd	*Mandated lead manager*	*Dealogic*	Number of transactions
	Spain	2nd	*Mandated lead manager*	*Dealogic*	Volume
	Europe	2nd	*Mandated lead manager*	*Dealogic*	Volume and number of transactions
	Mexico	1st	*Mandated lead manager*	*Dealogic*	Volume and number of transactions
Equity capital markets	Spain	1st	*Bookrunner/*Global coordinator	*Dealogic*	Volume (apportioned)
	Mexico	1st	*Bookrunner*	*Thomson Reuters*	Volume and number of transactions
Corporate finance	Spain	1st	Asesor	*Thomson Reuters*	Por volumen de operaciones anunciadas
Trade finance	Global	1st	*Mandated lead manager*	*Dealogic*	Number of transactions
	Asia	2nd	*Mandated lead manager*	*Dealogic*	Volume

PFI = Private Finance Initiative.
PPP = Public-Private Partnership.

→Awards Corporate and Investment Banking 2009

Product	Award	Category/Media	Location
Fixed income origination	Best Corporate Issuer. Bimbo deal	*Latin Finance Awards/Mexican Financial Summit*	Mexico
Syndicated Loans	Best Corporate Issuer. Bimbo deal	*Latin Finance Awards/Mexican Financial Summit*	Mexico
Structured Trade Finance	Best Trade Finance Bank in Latin America 2009	*3 sources: Global Trade Review/Trade & Forfaiting Review/Trade Finance Review*	South America
	Deal of the Year TF. Transaction: Balfour Beatty/Cobra deal	*Global Trade Review*	Spain/China
Project finance	Bank of the Year en Europa	*PFI Awards/Thomson Reuters*	Europe
	8 Deals of the Year (5 Europe, 2 America)	*PFI Awards/Thomson Reuters*	Europe/America/Asia
	9 Deals of the Year (4 Europe, 3 North America, 2 Latam)	*Project Finance Magazine Awards/Euromoney*	Europe/America
Restructuring	Best reestructuring transaction. Cemex deal	Latin Finance Awards/Mexican Financial Summit	Spain/Mexico
Cash Management	Best provider of Cash Management services in Spain	*Cash Management Survey/Euromoney*	Spain
	Best provider of Cash Management services in Colombia	*Cash Management Survey/Euromoney*	Colombia
Custody	Best rated bank by customers for Custody services	*Global Investor Review*	Spain

GLOBAL MARKETS

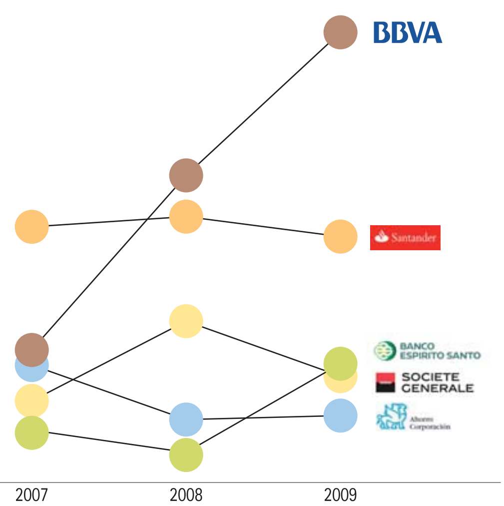
This unit handles the origination, structuring, distribution and risk management of market products, which are placed through the trading floors in Europe, Asia and the Americas.

Global Markets has successfully:

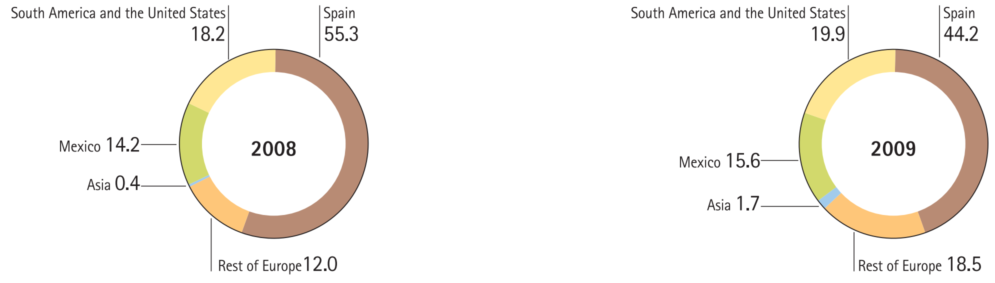
- Taken advantage of **market opportunities** in a complicated 2009. In terms of customers, business with institutional investors is again growing and the corporate segment is buoyant. The unit successfully concluded a series of proprietary trading opportunities in the first half, especially with interest-rates. In the day-to-day business, there was an extraordinary recovery of the credit business on all trading floors and fixed-income related to customers' risk hedging.
- Earned the **leadership position** in equity brokerage in the stock market in Spain with a market share of 15.0% in December 2009. The second-ranked competitor has a market share of less than 10.4%.
- Become a leader in product **innovation** in Latin America, with the launch of a new exchange-traded fund (ETF) called MEXTRAC on the Mexican stock exchange. Its portfolio is made up of the 20 stocks on the Dow Jones Mexico Titans index.
- Transformed into an increasingly **international and geographically-diversified** business. This is reflected by the double-digit growth at all the trading floors in Europe, Asia, Mexico and South America. In addition cross-border business continues to improve thanks to the global nature of the products and customer service, and to the close cooperation between teams.
- Achieved **record earnings and efficiency**. Gross income for the year in Europe, Asia and New York was up 22.9% to €654m, operating income rose 36.3% to €427m and net attributable profit jumped 146.6% to €318m. These figures are the result of a superb year at Global Markets, recurrent earnings despite the difficult environment and proper cost controls. These achievements led to an improvement in the cost/income ratio, which now stands at 34.8%, notably lower than 2008 (41.1%), making the unit one of the most efficient in the whole industry.
- Consolidated its **position in Asia**, a market that has recorded high growth in commercial

Market shares evolution in Spanish equities brokerage
(Percentage)

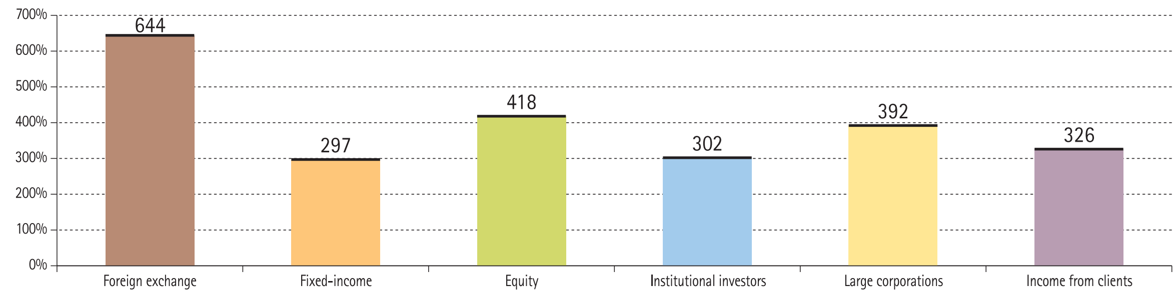
	2009	2008	2007	Δ market share 09-07
BBVA	**15.0**	**11.8**	**7.8**	**7.2**
Santander	10.4	10.8	10.6	-0.2
Banco Espiritu Santo	7.5	5.5	6.0	1.5
Société Générale	7.2	8.5	6.7	0.6
Ahorro Corporación Financiera	6.4	6.3	7.5	-1.1
Morgan Stanley	4.2	5.2	6.1	-1.9
Merrill Lynch Capital Markets	3.7	4.7	4.9	-1.2
Credit Suisse Securities	3.6	3.6	3.0	0.7
UBS Securities	3.5	3.6	4.3	-0.8
Deutsche Bank	3.4	3.7	2.4	0.9
Banesto Bolsa	3.2	2.9	3.3	-0.2
Caja Madrid Bolsa	3.0	3.1	4.0	-0.7
Sebroker Bolsa	2.5	3.7	3.3	-0.7
Crédit Agricole Cheuvreux	2.4	3.3	2.2	0.2



Global Markets. Income. Distribution by geographical areas
(Percentage)



Global Markets. Growth of sales activity. Asia
(Percentage)



activity, with triple digit growth in underlying assets and in customer segments, as indicated in the chart enclosed:

ASSET MANAGEMENT AND OTHER BUSINESS

ASSET MANAGEMENT

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

Despite recovery in capital markets, 2009 has been a very difficult year for the **mutual fund** industry. This has been the result of lack of confidence among investors and the huge competition for capturing savings and mitigating liquidity problems. At the end of the year, total assets under management in Spain stood at €49,972m, a decline of 1.9% against the close of 2008. Of this amount, mutual funds account for €32,797m. BBVA ended the year as the leader in the Spanish market with a 19.3% market share.

Asset Management. Market share of the top ten groups in Spain
(Percentage)

Groups	31-12-09
BBVA Group	**19.3**
Santander	17.3
La Caixa	8.5
Banco Popular	4.7
Caja Madrid	4.6
Ahorro Corporación	4.3
Banco Sabadell	3.4
Bankinter	3.2
Ibercaja	3.0
Barclays	2.4

Source: INVERCO.

The average **return** on its mutual funds in 2009 was higher (5.5%) than the net weighted return of the seven biggest managers (4.9%), which account for 62% of the market. More than 82% of BBVA Asset Management's mutual funds (excluding guaranteed funds) are in the first two quartiles of ranked funds by net returns. Moreover, a very significant part of BBVA's funds have lower volatility levels.

The unit's activity regarding new **products** has been concentrated on the needs presented by clients at all times. Some of the funds launched included: *BBVA Bono Cash* (money market), *BBVA Bonos Largo Plazo Gobiernos II (long term government bonds II)*, *BBVA Bonos Corporativos 2011* (corporate bonds 2011), and *BBVA Bonos 2014* (Bonds 2014). Several of the structured bonds launched are *BBVA Oportunidad Europa BP* (Europe opportunity) and *BBVA Selección Empresas BP* (selected companies).

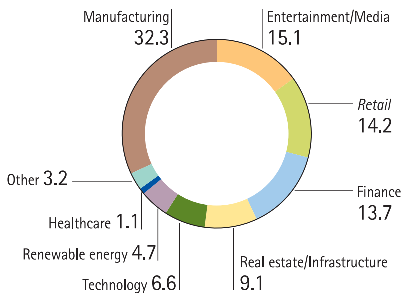
Quality funds, BBVA's **third-party fund** platform, was reinforced in order to offer customers quality products from other providers in addition to the Group's catalog. Therefore, and to boost the acceptance of other managers' funds, a specialized operational risk analysis team was incorporated. Likewise, the analysis and selection department, fund management and funds of funds departments are being expanded, as they form the basis of the platform's value offer.

In regards to **pension funds,** the assets managed in pension funds in Spain were up 6.8% year-on-year to €17,175m. Of this amount individual plans account for €9,983m and employee and associate schemes €7,191m. BBVA continues being leader for the whole of pension plans, with a market share of 18.6% as at December 31, 2009, and it its two principal types: employee schemes (22.7%) and individual plans (16.5%).

INDUSTRIAL AND REAL ESTATE HOLDINGS

This unit devotes itself to diversifying the area's businesses, as well as to creating value in the medium and long terms through the active management of its portfolio of industrial holdings and holdings in private equity funds and international real estate. Its management fundamentals are profitability, asset turnover, liquidity and optimal use of economic capital.

→ Breakdown of the Industrial and Real Estate Holdings portfolio (Percentage)



It currently manages a portfolio of holdings in the industrial sector of more than 50 companies in various sectors, including Corporación IBV, Bolsa y Mercados Españoles (BME), Técnicas Reunidas, Tubos Reunidos and Desarrollo Urbanístico Chamartin (DUCH). As at December 31, 2009 the capital gains of the Industrial and Real Estate Holdings increased 71%, easily beating the revaluation of the Spanish stock index (IBEX-35) during the same period (29.8%). In 2009, it invested approximately €25 million.

In **international funds** it has invested $120 million in diverse sectors in companies such as: American Gilsonite Company (mining sector), Celeritas (communication), Project Health (healthcare), Taco Bueno and Castro Cheese (food products). The unit also managed the Group's holdings in the CITIC Fund real estate funds, with a current investment of approximately $16 million in real estate projects in China.

ASIA

Lastly, in the fourth quarter of 2009, BBVA's holding in the share capital of CNCB was consolidated by the equity method, as it became classified as substantial holding. BBVA raised its investment in China Citic Bank (CNCB) from 10% to 15% (entailing roughly €1,000m) by executing its purchase option of HK$6.45 per share which will be effective from March 1, 2010.

Asia is expected to represent approximately 8% of the Group's net attributable profit within 3 years. BBVA is working towards this goal on various fronts. Among them is the recent signing of two joint ventures, one in auto finance and the other in private banking.

MEXICO

This area comprises the banking, pensions and insurance business conducted in Mexico by the BBVA Bancomer financial group.

The Mexican **economy** has shown slow recovery in the second half of 2009, being boosted by private consumption and public investment. Positive fiscal and monetary management and the sound Mexican financial system have enabled a fast change in the domestic demand trend with the relative maintenance of employment. The year-on-year decline in GDP to the end of 2009 (6.8%) is expected to be less than the drop estimated to mid-year.

In regard to consumer prices evolution, annual **inflation** has continued to go down during the last months of 2009, and the year ended with a rate of 3.6%. This was due to the continued low domestic demand, stabilization of the FX market and the favorable performance of non-underlying components (agricultural and energy prices). In this context, the Bank of Mexico has opted to reduce its reference **interest rates** (base borrowing rate) on several occasions to situate it at 4.5%, for a decrease of 375 basis points since the close of December 2008.

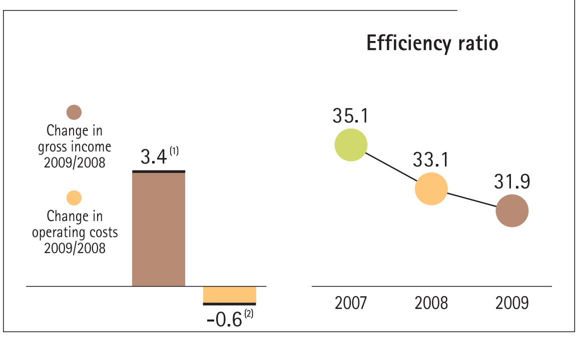
The peso **exchange rate** appreciated against the euro, rising 1.6% against year-end 2008. However, comparing average exchange rates, the Mexican currency depreciated 13.3% year-on-year. The aforementioned had a slightly positive impact on the area's balance sheet and activity and a negative effect on the income statement. To provide a better picture of how the business has evolved, the comments below will refer to year-on-year change at a constant exchange rate unless otherwise indicated.

BBVA has further consolidated its leadership in Mexico throughout the financial crisis, growing the most significant items on its income statement. At year-end 2009, **net interest income** stood at €3,307m, having risen 2.7% year on year. This was the result of well focused price management and increased customer funds (6.8% more funds were gathered through current, savings and time deposits since the end of December 2008; current accounts grew 7.9%). Net fees and commissions income reached €1,077m. This 4.6% growth came from positive performance of charges on banking services and pension fund management. There was a 13.7% increase to €370 million in net trading income, as compared to the same period in 2008, due to an increase in income from transactions with customers and a favorable market environment. This, together with the solid results of the insurance business activity, helped **gross income** to rise 3.4% on 2008, for a total of €4,870 million in 2009.

Transformation and efficiency plans were rolled out during 2009, bringing down operating costs by 0.6% year-on-year. And since revenues were strong, the year-end **cost-income ratio** stood at 31.9%, more than one percentage point below the figure of last year. The combined performance

→ Mexico. Efficiency

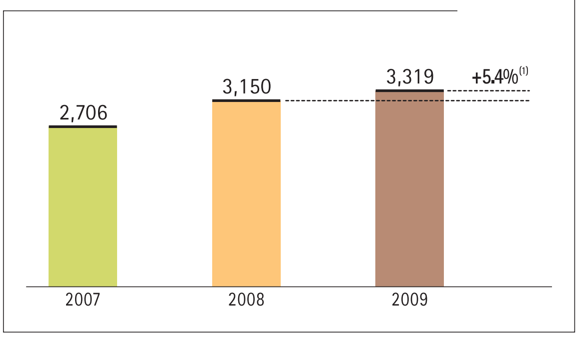
(Percentage)



(1) At current exchange rate: –10.4%.
(2) At current exchange rate: –13.8%.

→ Mexico. Operating income

(Million euros at constant exchange rate)



(1) At current exchange rate: –8.7%.

Income Statement

(Million euros)

	Mexico					Units: Banking business				Units: Pensions and Insurance			
	2009	Δ%	Δ% (1)	2008	2007	**2009**	Δ%	Δ% (1)	2008	**2009**	Δ%	Δ% (1)	2008
Net interest income	**3,307**	**(11.0)**	**2.7**	**3,716**	**3,505**	**3,251**	**(11.8)**	**1.8**	**3,686**	**53**	**75.0**	**101.9**	**30**
Net fees and commissions	1,077	(9.4)	4.6	1,189	1,305	1,024	(8.0)	6.2	1,113	51	(14.9)	(1.8)	60
Net trading income	370	(1.4)	13.7	376	311	266	(7.2)	7.1	287	104	17.0	35.0	89
Other income/expenses	116	(24.6)	(13.0)	154	115	(131)	64.6	89.9	(80)	256	(8.4)	5.7	280
Gross income	**4,870**	**(10.4)**	**3.4**	**5,435**	**5,236**	**4,411**	**(11.9)**	**1.7**	**5,007**	**464**	**1.1**	**16.7**	**459**
Operating costs	(1,551)	(13.8)	(0.6)	(1,800)	(1,839)	(1,423)	(13.9)	(0.7)	(1,653)	(127)	(25.8)	(14.4)	(172)
Personnel expenses	(725)	(14.0)	(0.7)	(843)	(879)	(661)	(15.4)	(2.4)	(781)	(63)	0.3	15.8	(63)
General and administrative expenses	(761)	(14.0)	(0.7)	(885)	(858)	(699)	(12.7)	0.7	(801)	(62)	(41.9)	(33.0)	(106)
Depreciation and amortization	(65)	(10.5)	3.2	(73)	(102)	(63)	(11.0)	2.7	(71)	(2)	1.4	17.0	(2)
Operating income	**3,319**	**(8.7)**	**5.4**	**3,634**	**3,397**	**2,988**	**(10.9)**	**2.8**	**3,354**	**336**	**17.3**	**35.3**	**287**
Impairment on financial assets (net)	(1,525)	37.4	58.5	(1,110)	(834)	(1,525)	37.4	58.5	(1,110)	-	-	-	-
Provisions (net) and other gains (losses)	(21)	(15.7)	(2.7)	(25)	19	(21)	(18.6)	(6.1)	(25)	(1)	n.m.	n.m.	-
Income before tax	**1,773**	**(29.1)**	**(18.1)**	**2,499**	**2,583**	**1,442**	**(35.0)**	**(25.0)**	**2,218**	**336**	**17.0**	**35.0**	**287**
Income tax	(411)	(26.5)	(15.2)	(560)	(701)	(325)	(33.1)	(22.8)	(485)	(88)	14.7	32.4	(76)
Net income	**1,361**	**(29.8)**	**(19.0)**	**1,939**	**1,882**	**1,118**	**(35.5)**	**(25.6)**	**1,733**	**248**	**17.9**	**36.0**	**210**
Minority interests	(2)	45.1	67.4	(1)	(2)	-	-	-	(1)	(2)	98.3	128.8	(1)
Net attributable profit	**1,359**	**(29.9)**	**(19.1)**	**1,938**	**1,880**	**1,117**	**(35.5)**	**(25.6)**	**1,733**	**246**	**17.5**	**35.6**	**210**

(1) At constant exchange rate.

Balance sheet

(Million euros)

	Mexico					Units: Banking business				Units: Pensions and Insurance			
	31-12-09	Δ%	Δ% (1)	31-12-08	31-12-07	**31-12-09**	Δ%	Δ% (1)	31-12-08	**31-12-09**	Δ%	Δ% (1)	31-12-08
Cash and balances with central banks	6,236	15.8	13.9	5,387	5,540	6,236	15.8	13.9	5,387	-	-	-	-
Financial assets	23,564	13.2	11.3	20,825	26,501	20,053	10.6	8,8	18,133	3,725	24.7	22.7	2,987
Loans and receivables	30,764	(4.3)	(5.8)	32,145	30,902	30,619	(4.5)	(6.0)	32,050	196	21.3	193	162
· Loans and advances to customers	27,373	0.8	(0.8)	27,151	28,211	27,293	0.8	(0.8)	27,066	95	12.5	10,7	84
· Loans and advances to credit institutions and other	3,391	(32.1)	(33.2)	4,994	2,691	3,326	(33.3)	(34.3)	4,984	101	30.9	28.7	77
Tangible assets	753	6.3	4.5	709	794	747	6.2	4.4	703	7	17.7	15.8	6
Other assets	1,539	(6.1)	(7.6)	1,638	1,941	1,819	(2.2)	(3.8)	1,861	113	14.7	12.8	98
Total assets/liabilities and equity	**62,857**	**3.5**	**1.9**	**60,704**	**65,678**	**59,474**	**2.3**	**0.7**	**58,134**	**4,041**	**24.2**	**22.2**	**3,253**
Deposits from central banks and credit institutions	10,641	16.2	14.3	9,160	15,855	10,641	16.2	14.3	9,160	-	-	-	-
Deposits from customers	31,998	(1.4)	(3.0)	32,466	35,237	32,037	(1.5)	(3.1)	32,533	-	-	-	-
Debt certificates	3,187	1.9	0.3	3,127	1,845	3,187	1.9	0.3	3,127	-	-	-	-
Subordinated liabilities	1,499	(5.4)	(7.0)	1,585	1,959	1,862	(1.0)	(2.6)	1,881	-	-	-	-
Financial liabilities held for trading	4,085	(0.6)	(2.2)	4,110	939	4,085	(0.6)	(2.2)	4,110	-	-	-	-
Other liabilities	8,782	18.1	16.2	7,437	6,361	5,259	10.8	9.0	4,746	3,818	26.9	24.9	3,008
Economic capital allocated	2,664	(5.5)	(7.0)	2,818	3,483	2,403	(6.7)	(8.2)	2,576	223	(9.1)	(10.6)	245

(1) At constant exchange rate.

→ Relevant business indicators

(Million euros and percentages)

	Mexico				
	31-12-09	Δ%	Δ% (1)	31-12-08	31-12-07
Total lending to customers (gross)	28,996	1.2	(0.4)	28,644	29,878
Customer deposits(2)	31,2525.3	3.6	29,677	31,218	20,065
Off-balance-sheet funds	22.5	20.5	16,376	19,862	
· Mutual funds	10,546	14.9	13.0	9,180	11,214
· Pension funds	9,519	32.3	30.1	7,196	8,648
Other placements	2,781	(1.7)	(3.3)	2,830	3,484
Customer portfolios	5,042	(3.0)	(4.6)	5,200	6,237
Efficiency ratio (%)	31.9			33.1	35.1
NPA ratio (%)	4.3			3.2	2.1
Coverage ratio (%)	130			161	255

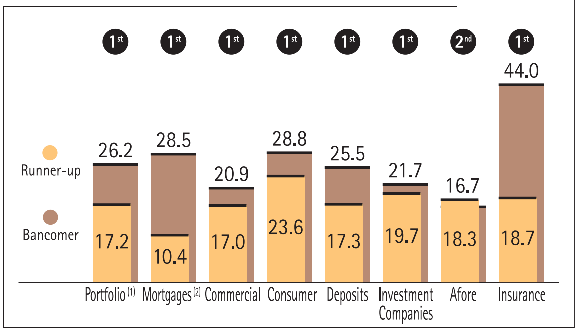
(1) At constant exchange rate.
(2) Excluding deposits and repos issued by Bancomer's Markets unit.

of revenues and costs meant that the year-to-end **operating income** rose 5.4% to €3,319m.

Total **impairment on financial assets** rose to €1,525 million, up 58.5% on 2008, which is mostly concentrated in consumer and credit card portfolios. Its increase is due to the deterioration of the economic cycle in 2009 to the application of tougher metrics to calculate the internal expected loss models for the credit card business. BBVA Bancomer was the only bank in Mexico to be certified by the national banking and securities authority (Comisión Nacional Bancaria y de Valores - CNBV) and the Bank of Spain to use internal expected loss models for credit cards. This has meant that it was less affected than other

→ Mexico. Market share

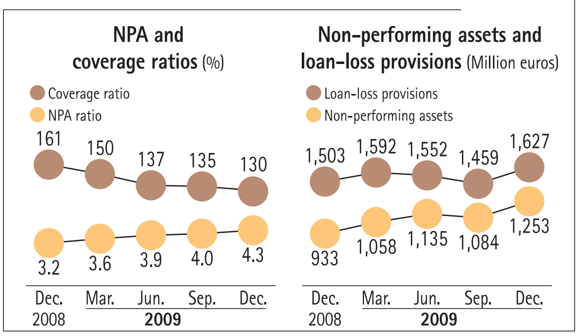
(Data as of September 2009. Percentage)



(1) Total gross portfolio.
(2) Includes Sofoles.

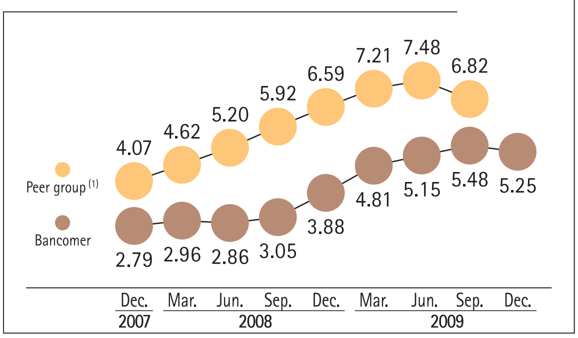
banks by the stricter provisioning standards established by the CNBV. If a standard calculation was used throughout the financial industry, i.e., if everything was booked to the income statement that prevailing legislation has allowed to charge against reserves, Bancomer would have one of the lowest costs of risk among its principal competitors. This is not just the outcome of more

→ Mexico



→ Mexico. Risk premium

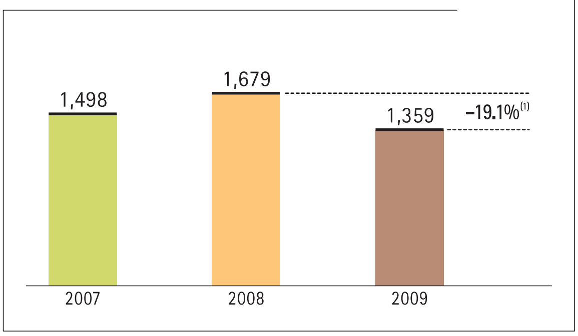
(Percentage)



(1) Includes Banamex, Santander, Banorte, HSBC, Scotiabank, based on reported data.

→ Mexico. Net attributable profit

(Million euros at constant exchange rate)



(1) At current exchange rate: −29.9%.

prudent risk management, with more restrictive acceptance policies, but also of applying expected loss criteria to calculate the level of provisions required.

For the reasons described above and despite the adverse economic backdrop, the area recorded a **net attributable profit** of €1,359 million. The **NPA ratio** is at 4.3% at December 31, 2009 and the **coverage ratio** stands at 130%.

AREA STRATEGY

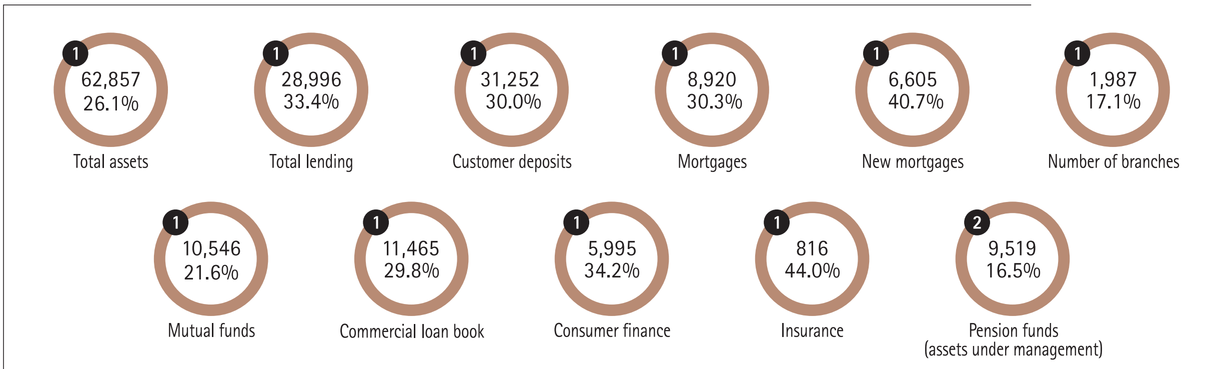
BBVA Bancomer's business model is based on segmented distribution by customer type, with a philosophy of risk control and a long-term objective of growth and profitability. Like the Group, BBVA Bancomer works for a better future for people and offers its customers a mutually beneficial relationship, proactive service, advisory and comprehensive solutions.

Against an unfavorable macroeconomic backdrop, the entity's focus has been on strengthening its most valuable asset: its customer base. BBVA Bancomer has made great efforts to retain and secure the loyalty of its top valued customers through personalized service for preferred clients and the development of a specialized SME network to better service the SME segment. At year-end 2009, BBVA Bancomer had the largest customer base in the sector, totaling nearly 16 million customers.

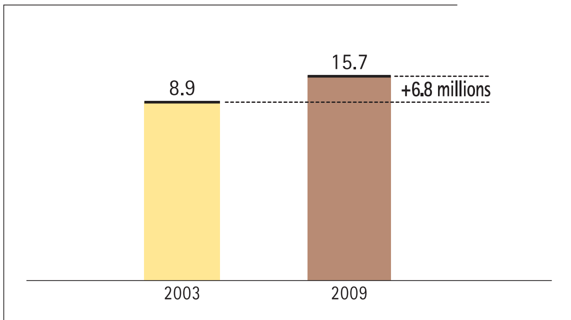
Moreover, Bancomer has concentrated on:

- Protecting the net **interest income.**
- The change in the portfolio **mix,** with less consumer finance and credit card lending.
- Efficiency management through **transformation plans.**
- Strict control of **risk quality** in all of its phases: origination, monitoring and recovery.

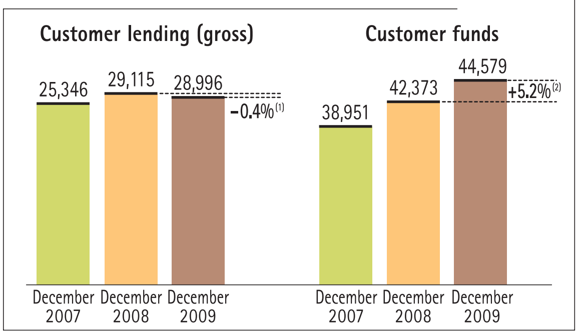
Mexico. Market share by business lines. Information preliminary to December 2009
(Million euros)



Mexico. Customer base evolution
(Millions)



Mexico. BBVA Bancomer
(Million euros at constant exchange rate)



(1) At current exchange rate: +1.2%.
(2) At current exchange rate: +6.9%.

The year **2010** will be one of transition for business growth; therefore, the Bank's objective will be to take advantage of opportunities on the Mexican market, leveraging on its competitive advantages. Priorities will include:

- Fostering the **growth** of commercial activity.
- Maintaining its **leadership** position on the market in the principal business lines.
- Increasing **loyalty in** the extensive customer base.
- **Containing cost** growth without restricting investment in infrastructure and technology for expanding the business and continuing forward with the Transformation Plan to achieve greater productivity.
- Maintaining strict **control of asset quality**.
- Consolidating the leadership position in **branding** and strengthening the **corporate reputation.**

BANKING BUSINESS

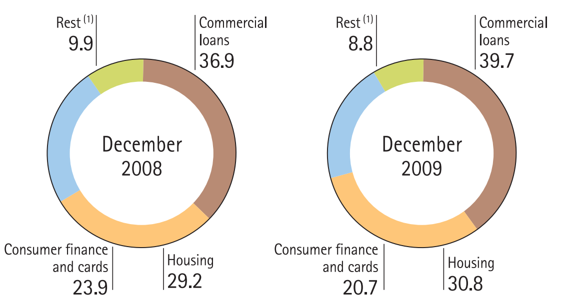
The economic downturn has led to a slower growth in banking **business volumes** throughout the Mexican banking system. Despite this, BBVA Bancomer has managed to grow its franchise and enhance its reputation by the positive results it achieved in both lending and customer funds. Its outstanding performance amid this complicated global economic and financial backdrop was recognized by *Euromoney*, who named BBVA Bancomer *Best Bank in Mexico*.

Gross customer lending reached €28,996m at the end of 2009. Although this was 0.4% lower than the previous year, it left Bancomer's leadership intact. The loan book gradually changed its composition over the year. The percentage of consumer credit and card business shrank as lower risk products grew their share of the total. The year-end figures show a diversified structure: 39.7% of the lending was in the commercial book (which includes loans to large corporations, small and medium-sized enterprises, financial institutions and the Government); 30.8% in the housing book (including developers and excluding the old mortgage portfolio) and 20.7% in the consumer finance book.

The **commercial loan book** grew 7.1% year-on-year. The fastest growth came from lending to SMEs, which went up 21.7% year-on-year to €968m. BBVA Bancomer has developed a specialized network to service this segment, which had more than 300,000 customers at year-end 2009. A program (*Programa de Liquidez PYME*) was launched to boost liquidity in SMEs, and more than 8,000 SMEs have been beneficiaries of it during the financial crisis. Also noteworthy is the 51.2% increase over 2008 in lending to government bodies. The boost of lending to large corporations through bilateral loans and the placement of bonds and syndicated loans in the local market has been maintained. This has had the effect of reinforcing BBVA Bancomer's leadership position in placement of bonds, with a 20.6% market share, and syndicated loans, with a 17.7% share, according to data from *Bloomberg* and *Thomson Financial*, respectively, in December 2009.

In October, BBVA Bancomer received a national prize, *Premio Nacional de Vivienda 2008*, for the second consecutive time, for launching six new mortgage products in the market for **lending to home buyers**. These products included: loans for home improvements, remodeling or additions to homes and financial discount, which provides liquidity to construction companies. At year end, the mortgage loan book (excluding the old mortgage portfolio) had grown 7.0% year-on-year. According to the latest figures, BBVA Bancomer still has the largest volume of new mortgages, with more than 36,000 loans for individual customers and more than 73,000 for developers. BBVA Bancomer was also named by Nacional Financiera (the government development bank) as *The most outstanding financial*

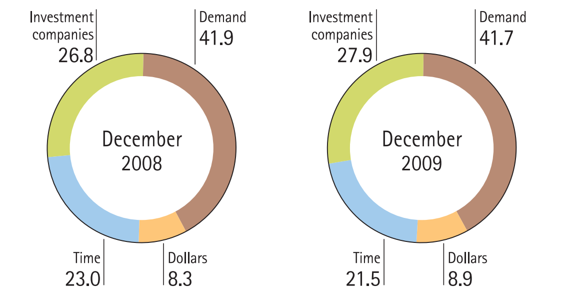
Mexico. Structure of the loan portfolio
(Percentage)



(1) Includes non-performing and doubtful loans.

→ Mexico. Structure of customer funds (1)

(Percentage)



(1) Funds on the balance sheet + investment companies.

intermediary in 2009, for its SME-support program and its mortgage product for households facing economic difficulties.

Consumer credit continued to shrink against the previous year, down 13.6%, reflecting both the economic downturn and the Bank's strict risk acceptance policy. Much of the drop was due to lower credit card lending. However, over the last two months of the year, credit cards performed better, helped by the brighter environment and various campaigns to encourage proper use of credit. A more suitable use of credit cards was reflected in the stabilization of the NPA ratio on this loan book.

The balance of **customer funds** (bank deposits, repos, funds and investment companies) reached €44,579m in December 2009. This was a year-on-year increase of 5.2%. This positive performance was largely due to the launch of innovative products and a stronger distribution network. In this regard, at year-end 2009, BBVA Bancomer had more than 6,200 ATMs, 423 more than in 2008. Additionally BBVA Bancomer has been authorized to operate banking correspondents which will enable it to increase by more than 12,000 the points of sale over 2010. These commercial establishments could perform (current estimate) around 40 million banking transactions, thus reinforcing the current network. Apart from this, a new kind of ATM has been activated (*practicajas*) to allow customers to place deposits, make transfers, pay for credit cards and services and request loans. By expediting teller processes, these have improved customer service.

At December 31, 2009, the composition of customer funds had barely changed from the same time the previous year. Lower cost products (current and savings) bear the greatest weight, reaching 41.7% of the total; investment companies have 27.9% and time deposits closed at 21.5%. The rest corresponds to foreign currency, primarily dollars (8.9%). Off-balance-sheet customer funds reflected the dynamic performance of investment companies. These grew at 13.0% year-on-year.

Finally, BBVA Bancomer has continued to actively manage its **liquidity** and its **capital adequacy** by making issues on the local market. During 2009, it was the top private mortgage covered bonds issuer and launched the biggest issue in the Mexican market for a total of €312m. In order to maintain adequate capital ratios, it issued €157m in subordinated debt, thereby improving the bank's capital ratio by 123 basis points.

The development of BBVA Bancomer's own management style and its effort to create leaders have been recognized in the fourth quarter by Hewitt Associated who ranked BBVA Bancomer among its *Top companies for Leaders 2009*.

BUSINESS UNITS

The highlights of 2009 for the various business units are outlined below:

Commercial Banking has maintained positive growth in lending to SMEs and retailers, up 21.7% year-on-year. This has been the result of a loan guarantees scheme granted by Nacional Financiera, the federal government development bank. Towards the end of the year, the innovative *Tarjeta Micronegocios* (micro-business card) was launched to seek a better source of financing for micro-businesses. Because it is backed by Nacional Financiera, this credit card is low risk and allows for improved management of cash flows. At the same time, it separates personal finances from business finances and optimizes the use of methods of payment.

In an attempt to boost low-cost deposit gathering, the traditional *Quincenas del Ahorro* (fortnight savings campaigns) were carried out, and more than 1.2 million prizes were handed out. The *Engrandece tu Negocio* (expand your business) campaign was carried out for SMEs, with 24,000 winners and balance increases of nearly €317 million in one month.

The unit has continued to reinforce itself to maintain a high level of customer service quality. This is reflected in the growth of productivity by 10.2% year-on-year, as well as in the improvement in the indicator for line waiting time, which increased 0.37 points to a score of 8.28 in December 2009. Finally, *Euromoney* magazine granted BBVA Bancomer wealth management the title of *Best Private Bank in Mexico*.

The **Consumer Finance** unit rolled out the permanent program *Paga bien, Paga menos* (Pay well, pay less), which rewards customers who make payments on time. Likewise, support programs for clients with trouble paying with credit cards. More than 500,000 customers have already taken advantage of these initiatives. In December, the *Pásala Festejando* (Celebrate) campaign was launched with the issuing of the Special Edition 40th Anniversary credit card, which helped increase fourth quarter income by 14.3%. BBVA Bancomer also forged an alliance with Ford, making it the largest auto finance provider in Mexico.

Government & Corporate Banking has a specialized network of 81 branches for companies and 37 for government clients. This unit serves more than 37,000 clients, 66.2% of which have five or more product families. The customer base was expanded by nearly 6,500 clients in 2009. This has meant a 46% increase in productivity of the network regarding the distribution of products with greater added value. This range of products includes the launch of *Cobranza DEM* (Business Deposits) which improves collection solutions for clients through online receipt of cash. This program has increased operative efficiency, deposits control and reduces the level of fraud.

Mortgage Banking has developed a new product for individual clients called *Bancomer Cofinanciamiento AG* (co-financing) that allows the borrower to increase his or her borrowing capacity. In 2009, the unit maintained a great level of dynamics in business activity, as reflected in the strengthening of its leadership position. Also, three out of every ten new individual mortgages have been granted.

Corporate and Investment Banking has marketed new products for meeting the needs of corporate clients, such as Bancomer Integral Treasury and Integral Treasury Service that enable greater management of transactions in cash and checks. This unit has participated in important transactions in wholesale markets. Some have included: the global coordination of a syndicated loan for $1,500 million for Americas Mining Corporation (subsidiary of Grupo México), two fixed-income issuances of Grupo Telmex, for €423 million and €264 million each, in which Bancomer participated as lead bookrunner, and the loan to Grupo Bimbo, for $2,300 million for the acquisition of a company in North America.

In **Asset Management**, the first socially responsible fund in Mexico was launched, *B+EDUCA*, which allows interested investors to donate profits generated to the BBVA Bancomer Foundation's education program *Los que se quedan*. This fund has captured funds totaling €65 million, more than 4,900 investors and returns of 3.2% at the close of December 2009.

Global Markets has placed two warrants on the Standard & Poor's 500 index, with a 1-year maturity, when the terms of these instruments have traditionally been under three months. It has also placed a structured note for €106 million for 5 years, allowing BBVA Bancomer to close the year as the leader in the segment, with 36.8% of the market share.

PENSIONS AND INSURANCE

In Mexico the BBVA Group operates in the pensions business through Afore Bancomer, in insurance through Seguros Bancomer, in annuities through Pensiones Bancomer and in health through Preventis. The net attributable profit from these four companies in 2009 totaled €246m, 35.6% up year-on-year.

The pension business had a tough year due to significant drops in activity and employment rates throughout the country, but was slightly offset by the recovery of financial markets. Nonetheless, **Afore Bancomer** managed assets totaling €9,519 million, up 30.1% year-on-year. It also generated a €50m attributable profit (up 47.6% on 2008). This growth has been the result of commercial efforts, as reflected in positive income performance (up 10.6%). Another key for the year was the austerity policy implemented, which has resulted in a drop in costs for the year of 14.4%. As a result, the operating income grew 55.6% to €70 million.

The **insurance business** had a less dynamic year than in the past, basically due to the marked slowdown in banking volumes, which meant lower sales of bancassurance products. However, the three Group companies contributed a combined net attributable profit of €196m (up 32.9% year-on-year). The growth in savings products not directly linked to banking activity and products sold through alternative channels accounted for a substantial part of this figure. Therefore, €816m premiums were underwritten during 2009 (including sales of savings products). This was 10.4% higher than in 2008.

THE UNITED STATES

This area encompasses the banking and insurance business in the United States and in the Associate State of Puerto Rico.

The **economic situation** in the United States continued suffering generalized deterioration in 2009. In the first half of 2009, the United States. continued to show signs of being bogged down in a recession, with significantly lower levels of economic activity. However, third-quarter data already showed slight expansion: financial conditions were stabilizing, residential investment increased (for the first time since 2005), consumer spending picked up and business inventories were more in line with sales. In the last three months of the year, although the worst of the recession may have passed, the economy is still weak. The unemployment rate broke 10% for the first time since 1983, and many challenges lie ahead. As a result, we are anticipating low growth throughout 2010. The most significant hurdles to strong recovery will target personal consumption expenditure. While job destruction is slowing, it is still prevalent, and job creation will be minimal. Furthermore, despite indications that household demand is improving (steady increases in retail sales excluding autos and manufacturing activity), many households are still whittling down their debt. Credit standards remain high for those that seek it, such that credit outstanding in the market had dropped by more than US$100,000m in 2009. These factors will continue to constrain consumption in 2010, so overall recovery is likely to be slow.

Moderate growth in **residential credit** is expected. Low prices, attractive mortgage rates and the extension of the home buyers' tax credit will support demand, which will prompt more construction. On the other hand, the deterioration of commercial real-estate fundamentals is eroding business investment in structures as credit is extremely limited. However, the negative impact to non-residential investment will be softened by further growth in the equipment and software component as businesses are motivated by cost-savings to replace technology.

Recent trends in **international trade** have shown that both domestic and foreign demand are recovering. While the latest data report growth in imports surpassing that of exports, the trend is expected to shift in the near future as recovery in emerging markets stimulates demand for exports.

Inflation is expected to remain low but positive. Although economic activity is increasing, it is emerging from a level so low that abundant resource slack will counteract upward pressures from fiscal and monetary stimuli. And as producers' costs will remain low, they are able to maintain a profit without raising prices.

Given the slack in the economy, the Federal Reserve is expected to gradually wind down the monetary stimulus. The strategy is anticipated to focus first on the withdrawal of quantitative easing and then, albeit in the medium term, on raising **interest rates**. These are currently at between 0% and 0.25%.

The final dollar **exchange rate** against the euro has gone down 3.4% in the last twelve months, ending 2009 at US$1.44 to the euro. However, the average exchange rate recorded an appreciation of 5.4% year over year, to US$1.39 per euro. This indicates a negative exchange-rate effect on the balance sheet transactions and activity and a positive effect on the income statement. To get a clearer picture of real business performance in this context, all comments below will refer to year-on-year changes at a constant exchange rate unless otherwise indicated.

Another important event took place on August 22, 2009, when BBVA Compass bought some assets and liabilities of the financial institution **Guaranty Financial Group** (Guaranty) from the Federal Deposit Insurance Corporation (FDIC). This investment offers an attractive financial return, an opportunity to strengthen BBVA the United States's banking franchise in the retail market (164 branches and 300,000 customers in Texas and California), while the agreement with the FDIC limits the credit risk to a minimum (the FDIC assumes 80% of the losses until the threshold of $2,285 million and 95% of the losses from this threshold). In addition, the purchase of Guaranty provides the Group with $7,500 million in loan portfolio and $11,400 million in customer funds.

Income statement
(Million euros)

	2009	Δ%	Δ% (1)	2008	2007
Net interest income	**1,514**	**13.7**	**7.8**	**1,332**	**763**
Net fees and commissions	555	1.7	(3.5)	546	314
Net trading income	151	23.0	16.6	123	37
Other income/expenses	(35)	n.m.	n.m.	21	12
Gross income	**2,184**	**8.0**	**2.5**	**2,022**	**1,125**
Operating costs	(1,309)	(1.7)	(6.7)	(1,332)	(744)
Personnel expenses	(664)	0.4	(4.8)	(662)	(362)
General and administrative expenses	(440)	3.3	(2.0)	(426)	(259)
Depreciation and amortization	(204)	(16.1)	(20.4)	(244)	(123)
Operating income	**875**	**26.8**	**20.3**	**690**	**381**
Impairment on financial assets (net)	(1,419)	288.5	268.5	(365)	(85)
Provisions (net) and other gains (losses)	(1,056)	n.m.	n.m.	(15)	1
Income before tax	**(1,599)**	**n.m.**	**n.m.**	**309**	**297**
Income tax	528	n.m.	n.m.	(99)	(93)
Net profit	**(1,071)**	**n.m.**	**n.m.**	**211**	**203**
Minority interests	-	-	-	-	-
Net attributable profit	**(1,071)**	**n.m.**	**n.m.**	**211**	**203**
Net one-off earnings (2)	(1,050)	-	-	-	-
Net attributable profit (excluding one-offs)	**(21)**	**n.m.**	**n.m.**	**211**	**203**

(1) At constant exchange rate.
(2) In 4Q09, there was an extraordinary provision of 533 million and a 998 million charge for goodwill impairment, both before tax.

Balance sheet
(Million euros)

	31-12-09	Δ%	Δ% (1)	31-12-08	31-12-07
Cash and balances with central banks	857	33.7	38.4	641	518
Financial assets	6,761	(23.8)	(21.2)	8,877	8,693
Loans and receivables	33,932	7.4	11.1	31,603	27,390
. Loans and advances to customers	33,075	7.0	10.8	30,906	26,352
. Loans and advances to credit institutions and other	857	22.9	27.2	697	1,038
Tangible assets	706	(7.9)	(4.6)	767	707
Other assets	2,272	55.3	60.7	1,463	1,073
Total assets/liabilities and equity	**44,528**	**2.7**	**6.3**	**43,351**	**38,381**
Deposits from central banks and credit institutions	3,743	(43.7)	(41.7)	6,652	6,741
Deposits from customers	33,734	9.8	13.7	30,717	26,125
Debt certificates	510	(23.0)	(20.3)	661	911
Subordinated liabilities	864	(26.1)	(23.5)	1,168	988
Financial liabilities held for trading	178	(40.8)	(38.7)	301	54
Other liabilities	2,973	51.0	56.3	1,970	1,743
Allocation of economic capital	2,526	34.2	38.9	1,882	1,818

(1) At constant exchange rate.

Relevant business indicators

(Million euros and percentages)

	31-12-09	Δ%	Δ% (1)	31-12-08	31-12-07
Customer lending (gross)	34,108	8.2	12.0	31,518	26,818
Customer deposits (2)	32,538	26.2	30.7	25,779	23,588
ROE (%)	n.m.			11.7	20.3
Efficiency ratio (%)	59.9			65.9	66.2
NPA ratio (%)	5.2			3.4	1.8
Coverage ratio (%)	57			57	101

(1) At constant exchange rate.
(2) Excluding deposits and repos issued by Markets unit.

BBVA the United States closed 2009, with **loans and receivables** at €34,108 million, i.e. a 12.0% year-on-year increase thanks to the incorporation of Guaranty. Excluding Guaranty balances, loan balances were down 2.2% with a decrease in all categories except residential mortgages, which were up 7.6%.

Also, **customer deposits** have increased 30.7% on December 2008 to €32,538 million. Not counting the amount contributed by Guaranty, 4.1% growth was registered, particularly due to the increase in current accounts.

The area's **earnings** for the year include two **one-off charges** booked to the fourth quarter for €1,050m. One was an extraordinary provision (€346 million) that allowed an increase in the coverage ratio, and the other is the impairment of goodwill (€704 million) generated in successive acquisitions to build the United States franchise.

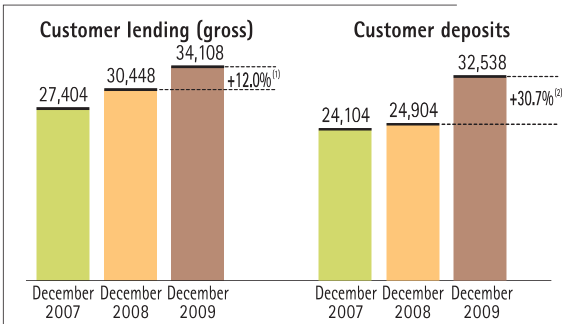
These should shore up the United States franchise's balance sheet and capital adequacy to prepare it for the complicated situation in 2010 and enable it to be ready to take advantage of any business and market opportunities.

Operating income in 2009 speeded up its year-on-year growth to 20.3%, reaching €875m. The main causes were good revenue performance and the excellent behavior of operating costs. Net interest income showed a significant rise, triggered primarily by increasing business volumes following the incorporation of Guaranty's balances. Net trading income also grew strongly, helped by more customer transactions and the higher value of some portfolios given the lower interest rates. This counteracted the drop in Other net income as Federal Deposit Insurance Corporation (FDIC) fees went up. Operating expenses decreased 6.7% in 2009 due to lower amortization of intangibles and lower merger and structural integration costs. As a result, **efficiency** (measured by the cost/income ratio) improved to 59.9%, as compared to the 65.9% in 2008.

Impairment losses on financial assets (net) stood at €1,419m, reflecting the high loan-loss provision allocations made during 2009. The collaterals associated to the commercial real-estate loan book were re-assessed, registering a write-off for the difference, and additional provisions were set aside to maintain coverage ratio compared to year end 2008. This, along with the goodwill impairment charge, generated a **net attributable loss** in the area of €1,071m. This figure is €21m excluding the €1,050m in one-offs.

The United States

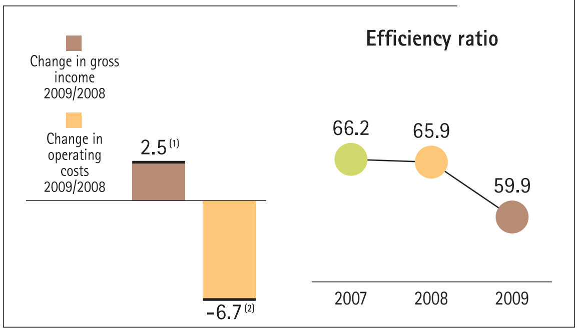
(Million euros at constant exchange rate)



(1) At current exchange rate: +8.2%
(2) At current exchange rate: +26.2%.

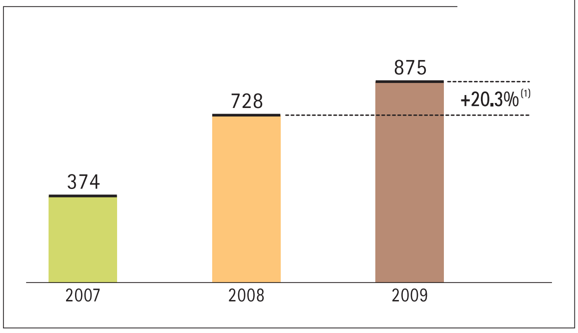
The United States. Efficiency ratio

(Percentage)



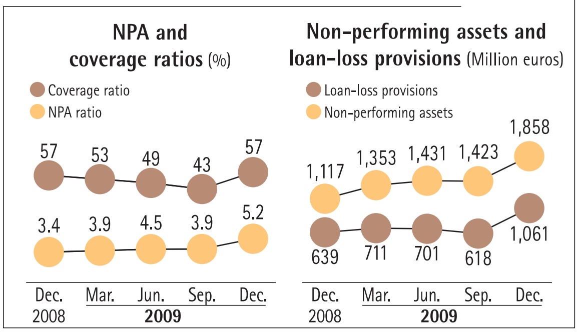
(1) At current exchange rate: +8.0%.
(2) At current exchange rate: −1.7%.

→ The United States. Operating income
(Million euros at constant exchange rate)



(1) At current exchange rate: +26.8%.

→ The United States



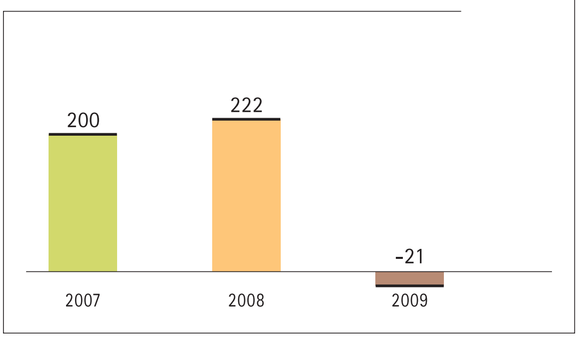
Finally, the Group decided to carry out a subjective reclassification in the United States, declaring some loans that are currently performing as doubtful, for €644 million. This was the result of a detailed examination of the commercial real estate portfolios, as explained in the credit risk section of this report. This resulted in the NPA ratio increasing to 5.2%. Without the additional reclassification, the NPA ratios would stand at 4.0%. Coverage in the area remains at the same levels (57%) as at year-end 2008 thanks, in part, to the aforementioned higher provisions.

AREA STRATEGY

In 2009, the area focused on:

- Finishing the implementation of the **new BBVA Compass brand**, serving to combine local recognition and international prestige.
- **Organizational transformation**, a process that has been complemented with the integration of Compass in BBVA's universal banking model and with the legal incorporation of BBVA Bancomer USA in Compass.
- Increasing **efficiency and productivity**, with a significant reduction of costs (down 6.7% year-on-year) and streamlining of structures.
- Improving **asset quality** through:
  - A detailed analysis of the commercial real estate loan book, which has led the Group to make substantial efforts in loan-loss provisioning.
  - The increased weight of low-risk portfolios, such as residential mortgages.

→ The United States. Net attributable profit excluding one-offs (Million euros at constant exchange rate)

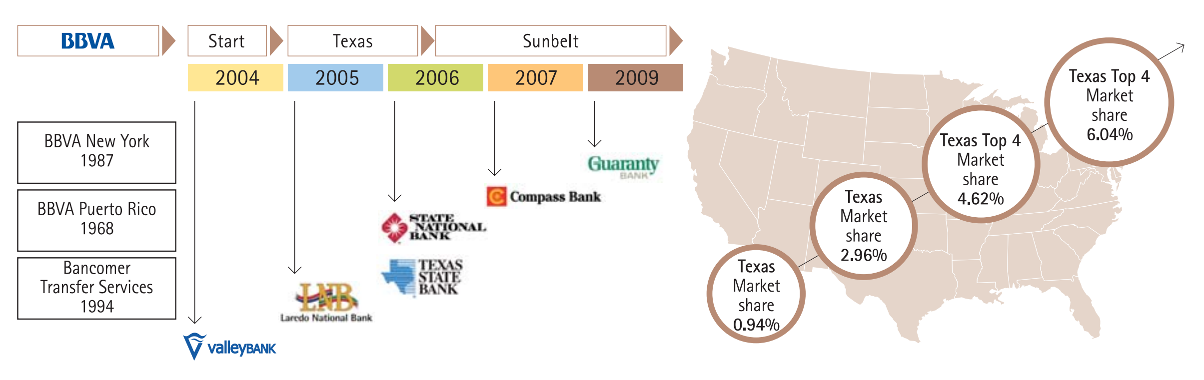


Guaranty's incorporation has contributed to the **expansion** strategy in the Sunbelt in 2009.

Plans for **2010** include finalizing the operative integration of Guaranty. The focus will also be on:

- The **Transformation Plan**, consisting of the transition to BBVA's retail banking model. BBVA Compass will have the opportunity to play a priority role in the transformation of the financial industry in the United States. Changes in customer preferences and new technologies will offer new opportunities and pose new challenges for the country's banking industry. In order for BBVA Compass to position itself as a leader, it must anticipate changes in the industry and take advantage of its, and the Group's, competitive advantages in the development of the new customer relations model.

→ Development of the BBVA's franchise in the United States



- Deepened **customer knowledge**: the basis of the brand's philosophy in the country, *Solutions Built Around You*. This model begins with a customer study to verify how banking products are consumed before developing new products and services. It encompasses a comprehensive view of the customers and their experiences with BBVA Compass, which will require simultaneous action in products, marketing, channels and sales procedures. Boosting innovation and a differentiated product offer are expected to increase brand recognition, improve the customer experience and consolidate its footprint.
- Product **innovation**, taking advantage of the Group's experience. As in 2009, BBVA Compass will continue with the launch of value added products that adapt to the needs of its customers.
- The development of **multi-channel** banking, as one of the pillars of building customer relationships, will provide customers with different alternatives for interacting with BBVA Compass, with three main objectives: quickness of response, ease of use and customization to client needs. In 2010, it will also continue improving other channels, such as: branches, call centers, state-of-the-art ATMs, mobile banking (the US banking system is the first to have a specific application for iPhone and iTouch), online banking, platforms for integrating the "physical" and "virtual" worlds, etc.

BBVA COMPASS BANKING GROUP

BBVA Compass represents approximately 91% of total BBVA USA assets. The comments on the area are therefore totally applicable to this entity.

On 31 December 2009, **loan book reached** €31,194m (up 14.5% year-on-year) and **customer funds** rose 32.2% to €31,064m. These increases were due to the aforementioned incorporation of Guaranty.

Net interest income for 2009 was €1,389m. This was 9.0% higher than in 2008. After a 7.6% reduction in other revenues year-on-year due to the higher FDIC insurance charge (higher rates and special assessment), **gross income** stood at €2,006m, up 3.3% year-on-year. Guaranty contributed approximately 6% of Compass' revenues.

Operating costs went down 6.9% year-on-year to €1,218m, for the same reasons as explained above for BBVA USA. As a result, **operating income** rose to €789 million, for a 24.2% increase on the previous year. The **efficiency ratio** improved by 6.6 percentage points to 60.7%, reflecting the effect of the synergies in both revenues and expenses, originating from the integration processes carried out.

Finally, the aforementioned higher provisions and the amortization of goodwill produced a year-to-end **attributable loss** of €1,010m. However, without the impact from the €1,050m in one-off charges, the BBVA Compass Banking Group would be reporting an attributable profit of €40m.

At 31 December 2009, **Corporate and Commercial Group** (CCG) managed a loan portfolio of €14,940m, a 6.9% decrease from a year ago. Customer funds reached €8,513m, up 16.6% since December 2008. The customer funds growth has been driven by non-interest bearing deposits that have experienced exceptional growth, primarily the result of strong correspondent banking efforts and increases in several large clients assigned to the unit.

Retail Banking ended the year with a loan portfolio of €8,433m, down 8.8%, primarily due to planned run-off in the Indirect Auto Dealer and Student Lending portfolios. However, the residential real estate category increased quarter by quarter last year, generating US$1,152m in new mortgages in 2009, a significant increase over 2008 levels. Customer funds totaled €12,469m (down 7.8%), primarily due to lower demand for savings products.

The **Wealth Management** is the unit that offers value-added services and products to the bank high-net worth customers. The collaboration between this unit and the BBVA Equity Derivatives & Structured Products department in Madrid has meant continued benefits for BBVA Compass. At December 31, 2009, Wealth Management was managing a €1,977m loan portfolio. This was up 2.3% on year end 2008. Deposits were €3,200m, rising 40.0% from the previous year. The Power CD product linked to the Standard & Poor's index has generated in excess of US$120m in new deposits since its launch in March. At December 31, 2009, assets under management were €11,973m, up 6.1% year-on-year.

OTHER UNITS

At December 31, 2009, **BBVA Puerto Rico** managed a loan portfolio of €2,913m, down 9.0% from December 2008. Customer deposits were €1,473m, growing 5.4% from last year. Overall contraction in business volumes, especially lending, produced a 7.5% year-on-year shrinkage in revenues. However, successful cost management, in part, offset this dip at the operating profit line. Operating income reached €74m (down 2.6%), although high loan-loss provisioning resulted in a final loss of €67m.

BTS has processed 26.6 million transfers in 2009, up 6.3% on 2008. Of these, 21.5 million were for Mexico and 5.1 million for other countries. Due to the solid growth of revenues and cost controls, the attributable profit has increased 12.3% to €12 million.

SOUTH AMERICA

The South America area manages the BBVA Group's banking, pension and insurance businesses in the region.

The international financial crisis had a less negative effect on Latin America than expected, and clear signs of **economic recovery** were observed in the second quarter. Unlike previous crises, on this occasion the vast majority of countries in the region have adopted a significant expansive bias in their economic policies without provoking imbalances that would put this recovery in danger. Increasingly sound public finances, controlled inflation, the credibility that central banks have gained and the greater flexibility of the forex markets have been fundamental factors in the region's improved performance. Stronger commodity prices and lower risk aversion have also contributed to the recovery. The rise in commodity prices took some pressure off the countries with most limited access to international credit, such as Argentina and Venezuela. The financial systems in the region showed enormous strength. They were able to weather the tight access to international funding at the end of 2008. They appeared unscathed by the decrease in the dynamism of activity and the increase in NPA ratios at the beginning of the year, which were anyway not as intense as elsewhere in the world or as in other crises.

There were no significant differences in **exchange rates** in the last part of the year, as compared to the US dollar. In comparison with the annual evolution of the euro, there was a slightly negative exchange-rate effect on the income statement and a positive effect on the balance sheet transactions and activity. As usual, the attached tables include columns with the year-on-year changes at constant exchange rates, which is what the following comments refer to. The sale of the Group's stake in the insurance company Consolidar Salud and the nationalization of the pension fund business in Argentina in the fourth quarter of 2008 must be taken into account when analyzing year-on-year variations.

During a difficult year, the area performed well. There was a significant growth in revenues; costs were gradually moderated and a comfortable level of asset quality was maintained. All this fed into an €871m net **attributable profit** in 2009. This was up 21.8% year-on-year, sustaining a high level of return on equity (ROE): 40.2%.

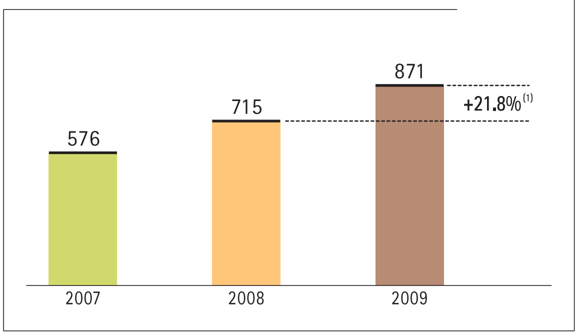
BBVA footprint in South America (1)

	Banks	Pension fund managers	Insurance companies
Argentina	•		•
Bolivia		•	
Chile	•	•	•
Colombia	•	•	•
Ecuador		•	
Panama	•		
Paraguay	•		
Peru	•	•	
Uruguay	•		
Venezuela	•		•

(1) Data as at December 31, 2009.

South America. Net attributable profit

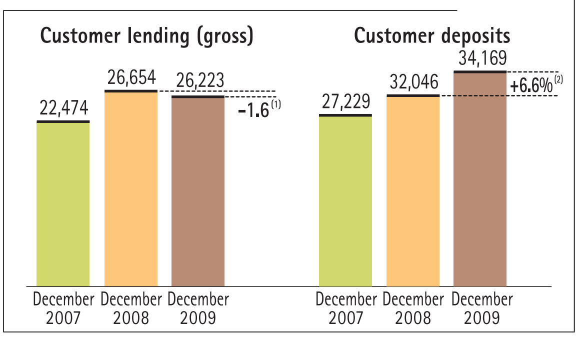
(Million euros at constant exchange rate)



(1) At current exchange rate: +19.8%.

South America

(Million euros at constant exchange rate)



(1) At current exchanges rate: +3.8%.
(2) At current exchanges rate: +11.4%.

Income statement

(Million euros)

	South America					Units: Banking business				Units: Pensions and Insurance			
	2009	Δ%	Δ% (1)	2008	2007	**2009**	Δ%	Δ% (1)	2008	**2009**	Δ%	Δ% (1)	2008
Net interest income	**2,463**	**14.6**	**15.2**	**2,149**	**1,746**	**2,421**	**17.8**	**18.0**	**2,056**	**45**	**(52.9)**	**(50.1)**	**96**
Net fees and commissions	836	7.8	9.6	775	751	625	11.1	12.9	562	215	0.6	2.3	214
Net trading income	405	60.4	65.5	253	222	282	7.5	9.6	263	124	n.m.	n.m.	(9)
Other income/expenses	2	(83.3)	(73.7)	15	(19)	(97)	72.4	70.5	(56)	109	38.4	48.1	79
Gross income	**3,706**	**16.1**	**17.4**	**3,192**	**2,701**	**3,230**	**14.4**	**15.2**	**2,824**	**493**	**29.8**	**35.7**	**380**
Operating costs	(1,504)	5.8	7.8	(1,421)	(1,274)	(1,260)	10.2	11.7	(1,143)	(223)	(10.5)	(6.3)	(250)
Personnel expenses	(768)	5.9	8.1	(725)	(650)	(634)	10.6	12.3	(574)	(111)	(13.9)	(9.8)	(129)
General and administrative expenses	(621)	5.4	7.5	(589)	(531)	(522)	10.6	12.2	(472)	(101)	(9.5)	(5.2)	(112)
Depreciation and amortization	(115)	7.8	8.0	(107)	(93)	(104)	6.1	6.1	(98)	(11)	25.7	29.7	(9)
Operating income	**2,202**	**24.4**	**25.1**	**1,770**	**1,427**	**1,970**	**17.2**	**17.5**	**1,681**	**269**	**107.1**	**116.4**	**130**
Impairment on financial assets (net)	(419)	17.3	17.6	(358)	(262)	(415)	16.1	16.4	(358)	(4)	n.m.	n.m.	-
Provisions (net) and other gains (losses)	(52)	206.0	175.4	(17)	(63)	(24)	79.2	59.8	(13)	(16)	n.m.	n.m.	(4)
Income before tax	**1,731**	**24.0**	**24.9**	**1,396**	**1,102**	**1,531**	**16.8**	**17.3**	**1,310**	**249**	**97.1**	**106.7**	**126**
Income tax	(397)	24.9	26.6	(318)	(197)	(356)	24.5	25.2	(286)	(56)	27.3	35.4	(44)
Income tax	**1,334**	**23.7**	**24.5**	**1,078**	**905**	**1,175**	**14.7**	**15.1**	**1,024**	**193**	**134.9**	**144.3**	**82**
Minority interests	(463)	31.9	29.7	(351)	(282)	(406)	21.0	18.9	(335)	(58)	281.4	281.5	(15)
Net attributable profit	**871**	**19.8**	**21.8**	**727**	**623**	**769**	**11.7**	**13.1**	**689**	**135**	**101.5**	**111.5**	**67**

(1) At constant exchange rate

Balance sheet

(Million euros)

	South America					Units: Banking business				Units: Pensions and Insurance			
	31-12-09	Δ%	Δ% (1)	31-12-08	31-12-07	**31-12-09**	Δ%	Δ% (1)	31-12-08	**31-12-09**	Δ%	Δ% (1)	31-12-08
Cash and balances with central banks	5,837	5.9	6.7	5,512	4,016	5,837	5.9	6.7	5,511	-	-	-	-
Financial assets	7,688	31.3	21.6	5,854	4,546	6,335	25.5	15.7	5,046	1,962	91.0	79.6	1,027
Loans and receivables	28,269	1.6	(3.3)	27,836	24,016	27,793	2.0	(2.9)	27,235	615	(18.1)	(19.9)	751
· Loans and advances to customers	25,256	3.5	(1.9)	24,405	21,676	25,041	3.6	(1.9)	24,159	238	(17.6)	(14.0)	289
· Loans and advances to credit institutions and other	3,013	(12.2)	(13.7)	3,430	2,340	2,752	(10.5)	(11.3)	3,076	377	(18.4)	(23.3)	462
Tangible assets	648	35.7	31.1	478	457	600	40.4	36.9	427	49	(2.8)	(13.4)	50
Other assets	1,936	0.7	(2.7)	1,922	1,652	1,325	6.2	0.7	1,248	150	14,6	12,1	131
Total assets/liabilities and equity	**44,378**	**6.7**	**2.0**	**41,600**	**34,687**	**41,889**	**6.1**	**1.3**	**39,467**	**2,776**	**41.7**	**35.3**	**1,960**
Deposits from central banks and credit institutions	3,092	(15.8)	(21.7)	3,674	2,763	3,086	(15.8)	(21.7)	3,667	12	38.8	36.2	8
Deposits from customers	29,312	5.0	1.1	27,921	24,018	29,427	5.0	1.2	28,028	-	-	-	-
Debt certificates	1,554	25.1	9.9	1,243	870	1,554	25.1	9.9	1,243	-	-	-	-
Subordinated liabilities	1,229	(0.9)	(6.7)	1,240	1,137	733	7.7	(3.3)	680	-	-	-	-
Financial liabilities held for trading	680	(32.3)	(43.1)	1,005	371	680	(32.3)	(43.1)	1,005	-	-	-	-
Other liabilities	6,160	42.7	40.1	4,316	3,507	4,613	39.1	37.9	3,317	2,211	73.6	62.2	1,273
Economic capital allocated	2,350	6.8	3.7	2,201	2,021	1,796	17.6	13..0	1,527	554	(18.3)	(18.6)	678

(1) At constant exchange rate.

Relevant business indicators

(Million euros and percentages)

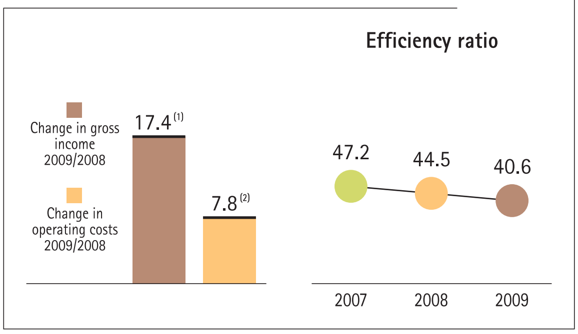
South America	31-12-09	∆%	∆% (1)	31-12-08	31-12-07
Customer lending (gross)	26,223	3.8	(1.6)	25,255	22,434
Customer deposits (2)	31,529	7.3	3.0	29,373	25,530
Off-balance-sheet funds	38,744	50.0	30.4	25,831	36,551
· Mutual funds	2,640	103.0	85.4	1,300	1,725
· Pension funds	36,104	47.2	27.6	24,531	34,826
ROE (%)	40.2			36.9	33.4
Efficiency ratio (%)	40.6			44.5	47.2
NPA ratio (%)	2.7			2.1	2.1
Coverage ratio (%)	130			149	148

(1) At constant exchange rate.
(2) Including debt certificates.

This excellent performance of income has been due to the correct pricing policy and the improved spreads applied, which are fundamental factors to offset the slight decrease in **credit activity** which ended December down 1.6% year-on-year at €26,223 million. Decreased financing needs stemming from the slowdown of loans have allowed for the implementation of a selective marketing policy for **customer funds**, giving priority to low-cost modalities. At the end of December, customer funds showed a balance of €34,169m (including mutual funds), 6.6% higher than in December 2008. Growth was largely concentrated in current and savings accounts (up 19.7%). The assets managed by pension fund managers were up 27.6% year-on-year to €36,104m.

South America. Efficiency ratio

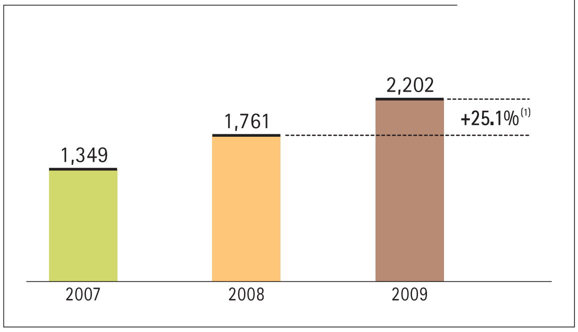
(Percentage)



(1) At current exchange rate: +16,1%.
(2) At current exchange rate: +5,8%.

South America. Operating income

(Million euros at constant exchange rate)



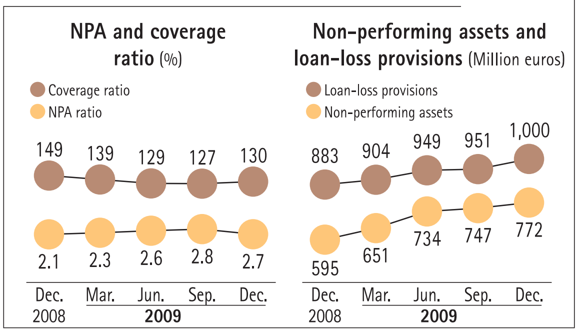
(1) At current exchange rate: +24.4%.

Therefore, the **net interest income** for 2009 was €2,463 million, for a 15.2% growth year-on-year. It was also a good year for fees and commissions, which were up 9.6% at €836 million. The more traditional lines of business did well and those related to mutual funds and securities improved in the later quarters of 2009. Net trading income stood at €405m, reflecting a positive year on the financial markets. The sale of financial instruments in the banking business generated capital gains and the pension managers and insurance companies reported high returns from proprietary trading. Year-to-end **gross income** in 2009 reached €3,706m, up 17.4% on the previous year.

Austerity measures and correct cost management have been key factors during the year. Operating costs were €1,504m. This was 7.8% higher than the previous year and substantially below the average regional inflation rate. This moderation in expenses and positive revenue growth meant that, as in previous years, the **cost-income ratio** improved, reaching 40.6% as against the 44.5% reported in 2008. **Operating income** rose 25.1% over the year, to €2,202m.

The third characteristic marking the year was the strict policy applied to risk acceptance and the success of the recoveries policy implemented by the area's units. This considerably curtailed the impact of the crisis on asset quality. Thus, the 2.7% year-end **NPA ratio** remained quite close to the 2.1% reported in 2008. Coverage remained high, at 130%. In 2009, **losses from impairments on financial assets** grew 17.6% year-on-year to €419m.

→ South America



AREA STRATEGY

The principal keys in South America for **2009** have included: proper management of customer spread, austerity in costs and strict policies on risk acceptance. The banking penetration strategy implemented in 2007 has allowed the area to increase the customer base in 2009. This plan concentrates on payroll customers with whom the area is intensifying its loyalty initiatives. Moreover, the area has backed a relationship banking model based on offering an accessible and differential service that adapts to the needs and preferences of every segment. Deeper knowledge of and familiarity with the market, its trends and consumer behavior in each country where the Group operates have been necessary to implement this model.

Growth in **2010** is expected to be sustained in the region through:

- The **re-launch of business** through greater dynamics in lending, an increase in customer base and increased customer loyalty in those with greater credit quality.
- Continued improvement in service **quality** favoring a more solid and satisfactory relationship with customers.
- Promotion of **cross-selling**.
- Agile **risk admission** and reinforced structures for monitoring and collection.
- More weight of **alternative sales channels**.

And this is all done without neglecting cost management, asset quality, or the reputation and image of the BBVA brand in the region.

BANKING BUSINESS

The area's banking business generated a **net attributable profit** of €769m in 2009, for a year-on-year increase of 13.1%.

ARGENTINA

In the first two quarters of 2009, the **Argentine economy** suffered a significant slowdown due to the impact of the international financial crisis on income from the foreign sector and conflicts within the agriculture sector. Implementing countercyclical measures and a less restrictive monetary policy made room for the first signs of recovery in the second half of the year, which was also helped by heightened commodity prices.

In 2009, **BBVA Banco Francés** continued concentrating on expanding its lending activity in all business segments. It placed a special emphasis on retail, which has recorded greatest growth, especially in credit cards. Asset quality was also strong, and the NPA rate for the entity at the end of December, 1.1%, compares very favorably with the rest of the Argentine financial system. The strategy of prioritizing the capture of transactional deposits was maintained in **customer funds**, which were up 11.9% year-on-year, and a low-cost funds structure and 10.4% progress in current and savings accounts were achieved.

In 2009, the entity produced €116m in **net attributable profit**, with excellent net interest income and net fees and commissions income growth (up 24.8% and 27.8%, respectively) which has translated into significant improvement in its profitability indices. Moderation of costs, which grew at a lower rate than inflation in the country, pushed operating income up 27.2% over the year, although the normalized tax rate marred its contribution to the bottom line. It was ranked best bank in Argentina by *Euromoney* in 2009.

CHILE

The **Chilean economy** shrunk 1.8% in 2009, primarily because the international crisis produced a drop in inventories and fixed capital expenditures, together with a severe contraction of internal demand. This has also resulted in a negative inflation rate for the year. Countercyclical monetary measures applied by the Central Bank of Chile and an expansive fiscal policy have allowed the economy to revert after the third quarter.

In this regard, **BBVA Chile** maintained its strategy of repositioning in the retail business. The Top One and Top Sales plans were finalized in 2009, and implied a redefinition of commercial networks, with segmentation in the value offer, greater marketing dynamics and externalization of operative servicing. Fruits of these efforts have included: an increase in commercial productivity (up 60%), transactions into alternative channels (up 30%) and consumer credit (up 13.8%) with an increase in market share of 53 basis points according to data from November. The focus in customer funds has been on current accounts and mutual funds. These also experienced market share increases of 39 and 86 basis points, respectively, according to data from November. **Forum** has also consolidated its leadership position in the auto finance segment with an increase of its share in new car loans to 150 basis points in 2009.

BBVA Chile and Forum have generated a joint **net attributable profit** of €73 million in 2009 (up 18.7%). The key to doing so was spread management, which has offset the impact of the fall in interest rates and inflation and allowed for 20.9% growth in the gross income and 32.1% of the operating income. In 2009, BBVA Chile was granted the National Prize for Quality by the Ministry of Economy; the Bicentennial Seal by the Office of the Prime Minister for the social responsibility program *Niños Adelante*; and the Latin American Award for Quality from the Fundación Iberoamericana para la Gestión de la Calidad (Latin American Foundation for Quality Management) given to the top company in Latin America.

→Business share ranking in the countries of South America in 2009

	Loans	Deposits	Pensions
Argentina	3rd	2nd	-
Bolivia	-	-	1°
Chile	4th	4th	1st
Colombia	4th	4th	3rd
Ecuador	-	-	1st
Panama	3rd	4th	-
Paraguay	1st	2nd	-
Peru	2nd	2nd	3rd
Uruguay	4th	4th	-
Venezuela	3rd	4th	-

COLOMBIA

The year 2009 was quite difficult for the **Colombian economy** as a result of the complicated international environment. However, the launch of an expansive monetary policy and the increase of public spending on civil works have helped the nation to overcome the situation. Direct foreign investment flows and access to the capital markets were maintained, despite the liquidity tensions globally.

Against this backdrop, **BBVA Colombia** developed several initiatives to improve their service and position in the market in 2009, with the expansion of their commercial and ATMs networks. Several consumer finance initiatives were implemented in the individual segment, and the credit card section launched the *Mujer BBVA* (BBVA Woman) and Mastercard Black BBVA cards for VIP clients. Positive development was also observed in the mortgage segment, with a year-on-year increase in market share of 54 basis points, according to data in November. The SME segment strengthened business and was an active presence in several business forums and seminars. Regarding customer funds, it was also a good year for capture of transactional deposits, with an increase in the market share for current and savings accounts. Ordinary Bonds indexed to term deposits rate (DTF) and inflation rate (CPI) were successfully placed in August, for a total of 198,000 million pesos.

In this complicated year, the entity produced a **net attributable profit** of €139 million (up 8.7%), with an operating income reaching €365 million (13.2% more than in 2008) and an efficiency ratio that improved from 40.4% in 2008 to 37.2%. In 2009, BBVA Colombia was recognized as the top Colombian bank in sustainability by *Latin Finance* magazine and the Management & Excellence consulting firm. BBVA Colombia was also *Euromoney*'s top choice in Cash Management services.

PANAMA

Once the liquidity tensions were overcome in the first half of the year and the electoral process was

Income statement
(Million euros)

	ARGENTINA BBVA Banco Francés				CHILE BBVA Chile			
	2009	Δ%	Δ% (1)	2008	2009	Δ%	Δ% (1)	2008
Net interest income	**307**	**11.6**	**24.8**	**275**	**231**	**(0.8)**	**1.2**	**233**
Net fees and commissions	158	14.3	27.8	138	69	37.1	39.8	51
Net trading income	50	(14.2)	(4.1)	58	77	114.2	118.4	36
Other income/expenses	(12)	13.6	27.1	(11)	3	120.2	124.5	2
Gross income	**502**	**9.1**	**22.0**	**460**	**380**	**18.6**	**20.9**	**321**
Administration costs	(232)	4.2	16.5	(223)	(156)	5.8	7.8	(147)
Depreciation and amortization	(12)	15.5	29.2	(10)	(11)	30.0	32.5	(9)
Operating income	**258**	**13.7**	**27.2**	**227**	**213**	**29.5**	**32.1**	**165**
Impairment on financial assets (net)	(25)	215.3	252.7	(8)	(87)	40.1	42.8	(62)
Provisions (net) and other gains/losses	(10)	n.m.	n.m.	15	(4)	(40.7)	(39.6)	(7)
Income before tax	**223**	**(4.7)**	**6.6**	**234**	**123**	**27.7**	**30.2**	**96**
Income tax	(70)	41.6	58.4	(49)	(21)	151.1	155.9	(8)
Net income	**153**	**(17.1)**	**(7.3)**	**185**	**102**	**16.0**	**18.3**	**88**
Minority interests	(37)	(17.0)	(7.2)	(44)	(29)	15.0	17.2	(25)
Net attributable profit	**116**	**(17.1)**	**(7.3)**	**140**	**73**	**16.5**	**18.7**	**63**

(1) At constant exchange rate.

Balance sheet
(Million euros)

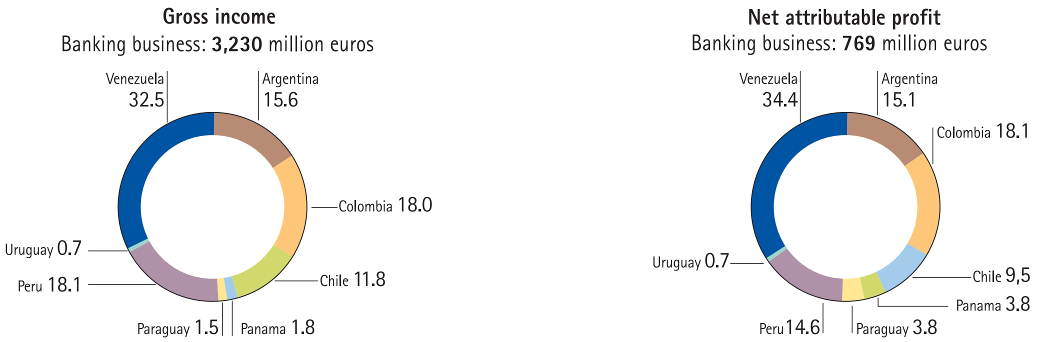
	ARGENTINA BBVA Banco Francés				CHILE BBVA Chile			
	31-12-09	Δ%	Δ% (1)	31-12-08	31-12-09	Δ%	Δ% (1)	31-12-08
Cash and balances with central banks	949	(16.1)	(5.3)	1,132	505	144.2	101.4	207
Financial assets	978	80.2	103.5	543	1,405	(18.9)	(33.1)	1,732
Loans and receivables	2,084	(17.0)	(6.3)	2,512	7,082	10.4	(8.9)	6,413
· Loans and advances to customers	1,878	(13.6)	(2.4)	2,174	6,610	11.3	(8.2)	5,941
· Loans and advances to credit institutions and other	206	(39.0)	(31.1)	338	472	(0.1)	(17.6)	473
Tangible assets	94	2.8	16.2	92	75	12.2	(7.4)	67
Other assets	182	(7.4)	4.6	197	493	22.7	1.2	402
Total assets/liabilities and equity	**4,288**	**(4.2)**	**8.2**	**4,475**	**9,561**	**8.4**	**(10.6)**	**8,821**
Deposits from central banks and credit institutions	17	(88.8)	(87.4)	151	1,123	17.7	(2.9)	954
Deposits from customers	3,310	(6.0)	6.2	3,520	5,541	3.6	(14.5)	5,346
Debt certificates	-	-	-	-	835	27.6	5.2	654
Subordinated liabilities	-	-	-	-	349	16.9	(3.6)	299
Financial liabilities held for trading	-	-	-	1	580	(33.0)	(44.8)	866
Other liabilities	770	30.4	47.3	590	872	85.6	53.1	470
Economic capital allocated	191	(9.8)	1.9	212	262	12.4	(7.3)	233

(1) At constant exchange rate.

COLOMBIA BBVA Colombia				PERU BBVA Banco Continental				VENEZUELA BBVA Banco Provincial			
2009	Δ%	Δ% (1)	2008	**2009**	Δ%	Δ% (1)	2008	**2009**	Δ%	Δ% (1)	2008
431	**2.6**	**6.9**	**420**	**397**	**25.9**	**23.0**	**315**	**947**	**31.6**	**24.8**	**720**
101	0.5	4.7	101	105	12.2	9.6	94	170	5.6	0.2	161
63	33.1	38.7	47	93	9.9	7.4	84	(5)	n.m.	n.m.	32
(13)	268.1	283.5	(4)	(10)	n.m.	n.m.	(2)	(60)	59.4	51.2	(38)
581	**3.1**	**7.4**	**564**	**585**	**19.1**	**16.3**	**491**	**1,051**	**20.2**	**14.0**	**874**
(197)	(2.2)	1.8	(202)	(154)	10.0	7.5	(140)	(378)	26.9	20.4	(298)
(19)	(27.8)	(24.8)	(26)	(18)	25.4	22.5	(15)	(41)	13.6	7.7	(36)
365	**8.6**	**13.2**	**336**	**412**	**22.6**	**19.8**	**336**	**632**	**17.0**	**10.9**	**541**
(160)	26.7	32.0	(126)	(62)	(16.9)	(18.8)	(75)	(76)	(10.0)	(14.7)	(84)
(6)	(46.3)	(44.1)	(11)	(9)	n.m.	n.m.	2	7	n.m.	n.m.	(12)
199	**0.2**	**4.4**	**199**	**340**	**29.5**	**26.5**	**263**	**564**	**26.7**	**20.2**	**445**
(53)	(9.7)	(5.9)	(59)	(107)	31.2	28.1	(81)	(87)	15.0	9.0	(75)
146	**4.4**	**8.7**	**140**	**233**	**28.7**	**25.8**	**181**	**477**	**29.1**	**22.5**	**369**
(7)	4.3	8.6	(6)	(121)	27.6	24.7	(95)	(212)	28.9	22.2	(165)
139	**4.4**	**8.7**	**133**	**112**	**30.0**	**27.0**	**86**	**265**	**29.3**	**22.6**	**205**

COLOMBIA BBVA Colombia				PERU BBVA Banco Continental				VENEZUELA BBVA Banco Provincial			
31-12-09	Δ%	Δ% (1)	31-12-08	**31-12-09**	Δ%	Δ% (1)	31-12-08	**31-12-09**	Δ%	Δ% (1)	31-12-08
469	21.8	14.7	385	1,075	(25.0)	(28.6)	1,434	2,576	21.2	25.5	2,125
1,355	12.2	5.6	1,207	1,058	(5.7)	(10.1)	1,122	1,382	n.m.	n.m.	335
4,315	(5.0)	(10.6)	4,543	4,875	0.3	(4.4)	4,859	7,166	2.4	6.0	7,001
4,149	(7.9)	(13.4)	4,507	4,756	1.5	(3.3)	4,686	5,911	14.1	18.1	5,182
166	n.m.	n.m.	36	119	(31.2)	(34.4)	173	1,256	(31.0)	(28.5)	1,819
91	11.0	4.4	82	93	15.4	10.0	81	223	151.0	159.8	89
99	(6.2)	(11.7)	106	212	15.7	10.3	183	295	(8.5)	(5.3)	322
6,329	**0.1**	**(5.8)**	**6,323**	**7,313**	**(4.8)**	**(9.2)**	**7,679**	**11,642**	**17.9**	**22.1**	**9,872**
612	75.4	65.1	349	770	(54.3)	(56.4)	1,684	375	40.4	45.4	267
4,458	(8.5)	(13.9)	4,871	4,925	6.3	1.3	4,633	9,107	14.6	18.6	7,947
298	11.5	5.0	267	316	0.6	(4.1)	314	-	-	-	-
140	4.7	(1.4)	134	166	(0.1)	(4.8)	166	69	(5.5)	(2.2)	73
47	65.2	55.5	29	51	(52.0)	(54.3)	107	-	-	-	1
281	16.5	9.6	241	845	58.0	50.5	535	1,773	37.8	42.7	1,286
492	14.0	7.3	432	240	(0.3)	(5.0)	241	318	6.9	10.7	297

South America. Distribution of gross income and net attributable profit, by bank
(2009. Percentage)



finalized, the **Panamanian economy** faced successfully the internationally crisis in 2009, specially in the second half of the year.

BBVA Panama closed the year positively with advances in lending and deposits. Moreover, it issued its first corporate bonds in May, with an initial series of 25 million dollars. The NPA ratio has remained at a much lower level than the rest of the system.

The **net attributable profit** produced by BBVA Panama stands at €29 million, with solid performance in sources of revenue and a very moderate advance in expenses.

PARAGUAY

The **Paraguayan economy** was affected by both the economic crisis in 2009 and the effect of the drought on the agriculture sector. The recently announced Economic Reactivation Plan is expected to put the country back on the path to growth as in previous years.

In the midst of strong competition, **BBVA Paraguay** has reported year-on-year growth of lending of 13.3%, thanks to the retail business with consumer loans. In turn, customer funds have increased 20.8%. Excellent risk management has allowed NPA ratios to be kept at a minimum (1.2%), which is significantly lower than the mean for the sector. The Bank opened two new branches this year and equipped its first customer service center in 2009, in addition to increasing its number of ATMs and completing construction on the new headquarters.

In 2009, the bank's **net attributable profit** was at €29 million, up 27.4% from the year before, with significant advances in all sources of income. The entity was recognized for the third consecutive year as the best bank in Paraguay by *The Banker* and *Euromoney*.

PERU

The effects of the economic crisis on the **Peruvian economy** are reflected in the lower levels of private investment and a decrease in exports. However, Peru has been one of the few countries in the region to report GDP growth in 2009, due to fiscal and monetary stimuli policies.

BBVA Banco Continental has maintained its business expansion strategy in 2009. In the individual segment, new personal loan products (*Préstamo 60)* were marketed and credit cards have encouraged customer loyalty. The bank also launched the *Cuenta Ganadora* (Winners account) in the customer funds area. In order to improve customer service quality, the number of ATMs was increased by 36%. In transactional services, the launch of the E-mpresario.com site was granted the business creativity award for customer service. Within the Corporate and Investment Banking unit, derivatives sales to corporate clients were boosted.

The bank generated an **attributable profit** of €112 million in 2009. This was up 27.0% year-on-year, due to the significant growth the operating income €412 million, up 19.8% more than in 2008. This growth is based on the solid performance of the net interest income (up 23.0%) and in other sources of income, as well as in the moderation of costs. Efficiency has improved to 29.5% (31.6% in 2008). The entity was recognized as the best bank in Peru by *Global Finance* (for the sixth consecutive year), *Latin Finance* and *América Economía*. It was also named *Best Internet Consumer Bank* and received an honorable mention in the *Great Place to Work* ranking. Furthermore, it was selected as one of the four best banks in the region by *Poder* magazine, and was given an A+ by *Global Reporting Initiative* (GRI).

URUGUAY

The **Uruguayan economy** was greatly affected by the international financial crisis in 2009, and especially by the contraction of world trade. However, the solid foundation of the local economy prevented significant GDP deterioration.

In 2009, **BBVA Uruguay** carried out several actions to improve the quality of customer service it offers. These efforts included the servicing plan in branches, the installation of self-service terminals, improvement of the BBVANet platform and the implementation of the *Plan Crecer Comercio Exterior* (foreign trade program). Consumer finance, credit cards and mortgages were strengthened in the individual segment under the Banking Penetration Plan. Business with SMEs also grew through the *Plan Crecer Empresas* (SME program).

In a very complicated year, the bank generated an **attributable profit** of €5 million.

VENEZUELA

In the first part of 2009, the **Venezuelan economy** showed clear signs of recession and inflationary pressures, due to the fall in oil prices, decreased volume of currencies liquidated on the official FX market and the contraction of the central government's spending. In order to stimulate demand, the monetary policy was adjusted by reducing the cost of financing and enabling the absorption of the debt program in the public sector. Economic conditions appeared to recover somewhat in the fourth quarter, in line with the rise in oil prices.

In 2009, **BBVA Banco Provincial** maintained its strategic objective of transformation and growth, and concentrated on the modernization of the branch network, increased weight of alternative channels and improved service quality. Thus, self-service spaces were created in the branches, the capacity of multi-function ATMs was increased and online and telephone banking were equipped with programming to be able to submit complaints. The loan portfolio has increased 17.7%, despite the slowdown of economic activity, and the entity has maintained its leadership position in the consumer finance segment. **Customer funds** recorded a 19.7% year-on-year increase due to the strategy of prioritizing the capture of transactional deposits (up 24.4%).

As a result, the **net attributable profit** came to €265 million (up 22.6%). The keys included: successful management of rates which, together with the positive rise in business volumes increased net interest income by 24.8% over the year. Contention of costs, which grow at a rate of 20.4% (below inflation rates for the country) favored the strong efficiency ratio (39.8%) and the increase of the operating income (up 10.9%) to €632 million. The bank was awarded several prizes in 2009, including Best Bank in Venezuela by *Global Finance*, *Euromoney* and *Latin Finance*. *The Banker* named it the Most Innovative Bank in Information Security.

PENSIONS AND INSURANCE

In 2009, the Pensions & Insurance unit contributed a net attributable profit of €135m, more than doubling its 2008 figure. Of this, €88m were generated by the **pension fund business** and €46m by the **insurance business**.

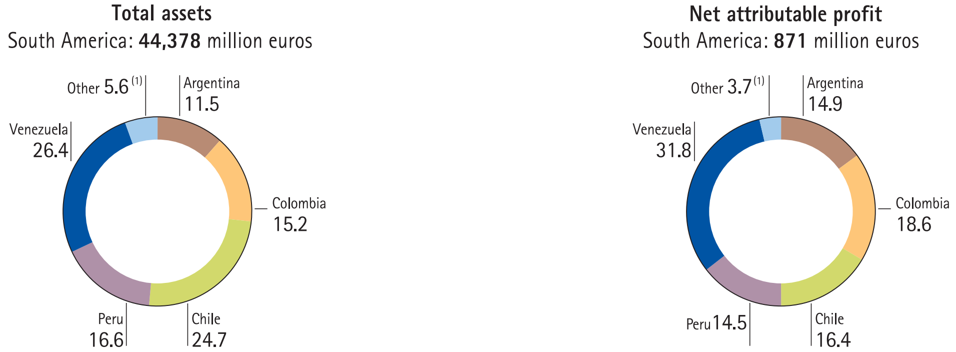
PENSIONS

The pension fund business also had a very positive year due to the recovery of financial markets and the solid performance of income from fees and commissions and cost austerity. The assets under management ended the year 27.6% up on 2008. Fund gathering growth in 2009 was 5.9% higher than in 2008, excluding the effect of the Consolidar AFJP divestment, despite the scarce progress of employment in the region. BBVA has consolidated its position as a world leader in private pension systems, thanks to its collaboration agreements with the IDB and the OECD.

In 2009, **AFP Provida** in Chile generated a net attributable profit of €61 million, as compared to the €7 million in 2008. Assets under management reached €24,552 million as at December 31, 2009 (up 26.1%). Likewise, **AFP Horizonte** in **Colombia** increased its AuM by 31.8% in 2009, and its

→ South America. Distribution of total assets and net attributable profit, by country

(2009. Percentage)



(1) Panama, Paraguay, Uruguay, Bolivia and Ecuador. Also includes eliminations and other charges.

→ South America. Information by country (banking business, pensions and insurance)

(Million euros)

	Operating income					Net attributable profit				
Country	**2009**	Δ%	Δ% at constant exchange rate	2008	2007	**2009**	Δ%	Δ% at constant exchange rate	2008	2007
Argentina	287	3.1	15.3	278	256	130	(23.5)	(14.5)	169	177
Chile	350	84.4	87.9	190	212	143	79.2	82.7	80	103
Colombia	407	12.3	16.9	362	256	162	13.8	18.6	143	122
Peru	441	28.8	25.9	342	257	126	43.1	39.8	88	70
Venezuela	664	18.7	12.6	559	416	277	30.6	23.9	212	128
Other countries (1)	54	38.7	41.1	39	29	32	(6.5)	(4.6)	34	23
Total	**2,202**	**24.4**	**25.1**	**1,770**	**1,427**	**871**	**19.8**	**21.8**	**727**	**623**

(1) Panama, Paraguay, Uruguay, Bolivia, Ecuador and the Dominican Republic (this last in 2007). Also includes eliminations and other charges.

number of pension-savers by 6.6%, for a net attributable profit of €18 million (€4 million in 2008). **AFP Horizonte** in Peru achieved a net attributable profit of €14 million (€2 million in 2008), in a context marked by dynamic business activity, with increases in revenues (up 3.8%), number of affiliates (up 5.1%) and assets under management (up 40.3%).

INSURANCE

BBVA's insurance franchise business model has continued to consolidate in 2009, and has extended its range of products and opened new channels for distribution and sales. However, banking networks continue to be the driving force for business, as new business lines have been opened to meet special needs (*Plan Empresas, Pymes y Comercios* - SME and retail programs). This has resulted in a 7.2% increase in income and a volume of premiums underwritten totaling €462 million, together with the moderate increase in claims and expenses. Therefore, the net attributable profit of the group of companies stands at €46 million, €20 million of which correspond to **Grupo Consolidar** in Argentina, €12 million to **Seguros Venezuela**, €9 million to Chilean companies and €5 million to Colombian companies.

CORPORATE ACTIVITIES

This area has always combined the results of two units: Financial Planning and Holdings in Industrial & Financial Companies. It also books the costs from central units that have a strictly corporate function and makes allocations to corporate and miscellaneous provisions, such as early retirement and others of a corporate nature. In 2009 it also incorporated the newly created Real-Estate Management unit, which brings together the entire Group's non-international real-estate business. Also, in order to prevent misrepresentations in the comparatives for South America, the effect of re-statement of the income statement due to Venezuelan hyperinflation has been included.

The net interest income of Corporate Activities in 2009 had a major positive contribution to the Group, at a total of €516 million, compared with –€1,061 million in 2008. This performance was fundamentally based on the correct management of the euro balance sheet and the positive contribution of interest rate hedges. There was also a high net trading income, which increased 10.8% in the year. Both items more than compensated for the negative effect of the accounting for hyperinflation in Venezuela. As a result, the gross income was €940 million in 2009 (–€481 million in 2008), thus absorbing nearly all the operating costs for the year. Thus operating income was €8 million, comparing very favorably with the €1,269 million the previous year.

In contrast, impairment losses on certain financial assets consumed €172 million. Regarding provisions and other gains (losses), a further €743 million is deducted due to the use of criteria of maximum prudence in the valuation of foreclosed or acquired assets and those from the real estate fund, on which updated appraisals were applied. As a result, the net attributable profit of this area in 2009 was –€333 million. The sum is much less negative than the €1,193 million the previous year, even excluding the one-off transactions for 2008 (€799 million).

FINANCIAL PLANNING 2009

The Financial Planning unit administers the Group's structural interest and exchange-rate positions as well as its overall liquidity and shareholders' funds through the Assets and Liabilities Committee (ALCO).

Managing **structural liquidity** helps to fund recurrent growth in the banking business at suitable costs and maturities, using a wide range of instruments that provide access to several alternative sources of finance. A core principle in the BBVA Group's liquidity management has long been to encourage the financial independence of its subsidiaries in the Americas. This aims to ensure that the cost of liquidity is correctly reflected in price formation. During 2009, thanks to the decisive role of the central banks, liquidity conditions on interbank markets improved significantly, with a large reduction in the Euribor Overnight Index Swap (OIS) spread. The medium-term markets also saw marked improvements after the announcement that central banks would buy covered bonds and that there would be public guarantee programmes for banks' issues. In the case of BBVA, the positive movement of the business liquidity gap throughout 2009 enabled it to keep a low profile on the long-term funding markets. The Group's liquidity position remained sound, due to the weight of retail customer deposits within the balance sheet structure and the ample collateral available as a second source of liquidity. For 2010, BBVA's current and potential sources of liquidity easily surpass expected drainage, enabling it to remain in this comfortable position.

The Group's **capital management** pursues two key goals: Firstly, maintaining capital levels appropriate to the Group's business targets in all the countries where it operates. And secondly, at the same time maximizing returns on shareholder funds through efficient capital allocation to the different units, active management of the balance sheet and proportionate use of the different instruments that comprise the Group's equity (shares, preferred securities and subordinate debt). In September 2009, the bank made a €2,000m five-year mandatory convertible bond issue. This provides additional flexibility and headroom in capital management. The transaction also allows BBVA to anticipate the possibility of future capital regulations becoming stricter.

Corporate activities
(Million euros)

	2009	Δ%	2008	2007
Net interest income	**516**	**n.m.**	**(1,061)**	**(769)**
Net fees and commissions	(36)	14.3	(32)	42
Net trading income	483	10.8	436	346
Other income/expenses	(23)	n.m.	176	242
Gross income	**940**	**n.m.**	**(481)**	**(139)**
Operating costs	(948)	20.2	(788)	(873)
Personnel expenses	(576)	3.5	(557)	(485)
General and administrative expenses	(175)	154.2	(69)	(248)
Depreciation and amortization	(197)	20.7	(163)	(140)
Operating income	**(8)**	**(99.4)**	**(1,269)**	**(1,012)**
Impairment on financial assets (net)	(172)	n.m.	(41)	-
Provisions (net) and other gains (losses)	(743)	22.1	(609)	990
Income before tax	**(923)**	**(51.9)**	**(1,919)**	**(23)**
Income tax	506	(30.9)	732	263
Net income	**(417)**	**(64.9)**	**(1,187)**	**240**
Minority interests	84	n.m.	(7)	5
Net attributable profit	**(333)**	**(72.1)**	**(1,193)**	**245**
One-off operations [(1)]	-	n.s	(395)	724
Net attributable profit (except one-off operations)	**(333)**	**(58.3)**	**(799)**	**(479)**

(1) In 2008, capital gains from Bradesco and provisions for non-recurrent early-retirements and for the loss originated by the Madoff fraud.
In 2007, capital gains from Iberdrola, capital gains on the sale of buildings, the endowment for the BBVA Microfinance Foundation and non-recurrent early retirement charges.

Balance sheet
(Million euros)

	31-12-09	Δ%	31-12-08	31-12-07
Cash and balances with central banks	411	n.m.	(922)	9,127
Financial assets	33,701	72.8	19,505	20,338
Loans and receivables	1,918	(65.9)	5,618	7,815
· Loans and advances to customers	1,079	(37.7)	1,731	2,220
· Loans and advances to credit institutions and other	839	(78.4)	3,887	5,595
Inter-area positions	(24,471)	n.m.	(1,629)	(7,819)
Tangible assets	3,061	(13.3)	3,531	1,789
Other assets	13,253	(2.8)	13,637	9,380
Total assets/liabilities and equity	**27,873**	**(29.9)**	**39,739**	**40,630**
Deposits from central banks and credit institutions	16,852	(10.6)	18,839	21,449
Deposits from customers	3,983	15.9	3,437	3,124
Debt certificates	94,449	1.3	93,223	91,130
Subordinated liabilities	7,768	23.7	6,278	5,683
Inter-area positions	(97,124)	15.9	(83,812)	(89,211)
Financial liabilities held for trading	(3,342)	162.1	(1,275)	835
Other liabilities	(1,705)	184.8	(599)	2,139
Valuation adjustments	(62)	(93.4)	(930)	2,252
Shareholders' funds	26,152	11.8	23,387	20,345
Economic capital allocated	(19,098)	1.5	(18,809)	(17,115)

BBVA manages the **exchange-rate exposure** on its long-term investments (basically stemming from its franchises in the Americas) to preserve its capital ratios and bring stability to the Group's income statement while controlling impacts on reserves and the cost of this risk management. In 2009, BBVA maintained a policy of actively hedging its investments in Mexico, Chile, Peru and the dollar area. Its aggregate hedging was close to 50%. Apart from corporate-level hedging, some subsidiary banks hold dollar positions at local level. Additionally, the Group hedges its exchange-rate exposure on expected 2009 and 2010 earnings from the Americas. During 2009, this hedging has mitigated the impact of American currencies' depreciation against the euro. In 2010, the same policy of prudence and anticipation will be pursued in managing the Group's exchange-rate exposure.

The unit also actively manages the structural **interest-rate exposure** on the Group's balance sheet. This keeps the performance of short and medium-term net interest income more uniform by cutting out interest-rate fluctuations. During 2009, the outcome of this management has been highly satisfactory. Hedging has been maintained against a less positive economic scenario in Europe for 2009-2010, while the risk on the Group's USA and Mexico balance sheets remains within comfort parameters. These strategies are managed both with hedging derivatives (caps, floors, swaps, FRA's, etc) and with balance sheet instruments (mainly government bonds with highest credit and liquidity ratings). As 2009 ended, the Group had asset portfolios denominated in euros, US dollars and Mexican pesos.

HOLDINGS IN INDUSTRIAL AND FINANCIAL COMPANIES

This unit manages its portfolio of shares in companies operating in the telecommunications, media, electricity, oil & gas and finance sectors. Like Financial Planning, this unit reports to the Group's Finance Department.

BBVA manages this portfolio with strict requirements regarding its risk control procedures, economic capital consumption and return on investment, diversifying investments over different sectors. It also applies dynamic management techniques to holdings through monetization and coverage strategies. In 2009, it invested €353m and divested €594m.

On December 31, 2009, the market value of the Holdings in Industrial & Financial Companies portfolio was €4,698m, with unrealised capital gains of €1,542m.

During the year, management of the industrial and financial holdings generated €247m in dividends and €107m in net trading income. The net attributable profit was €287m.

REAL ESTATE MANAGEMENT

Given the current economic scenario and forecasts as to how it may develop, BBVA has set up a Real Estate Management unit to apply specialized management to real-estate assets from foreclosures, asset-for-debt swaps, purchases of distressed assets and the assets in the BBVA Propiedad real estate fund.

BB

Corporate Governance System

THE CORPORATE GOVERNANCE SYSTEM BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

The principles and elements comprising the Bank's corporate governance are set forth in its board regulations, which govern the internal procedures and the operation of the board and its committees and directors' rights and duties as described in their charter.

BBVA's corporate governance system is based on the distribution of functions between the board, the Executive committee and the other board committees, namely: the Audit & Compliance committee; the Appointments & Remuneration committee; and the Risks committee.

The Executive committee is authorised to execute the board's powers of administration over the Company, except where prevailing legislation or the Bank's own bylaws or board regulations reserve such powers to the board.

The chairman of the board of directors is also the chief executive officer of the Bank, unless the board resolves otherwise, in compliance with its regulations, and reasons of corporate interest make it advisable to separate the posts of chairman and CEO.

The board of directors has approved the corporate governance report for 2009, pursuant to the regulations regarding disclosure standards for listed companies. It has also approved the report on the remuneration policy for the Board of Directors presented by the board's Appointments & Remuneration committee.

Shareholders can find all these documents (the board regulations, the corporate governance report and the report on the remuneration policy for the Board of Directors) on the Bank's website at www.bbva.com, created to facilitate information and communication with shareholders. There is a special direct link to provide easy access to any information considered relevant regarding BBVA's corporate governance system.

INDEPENDENT DIRECTORS

The board regulations establish that the board shall be composed in such a way as to ensure that external directors represent an ample majority over the executive directors, and that independent directors occupy at least one third of the total number of seats.

At present, independent directors hold an ample majority of the board seats, since ten of the current thirteen board members are independent.

To such end, the board regulations determine what makes a director independent. These requirements reflect those recommended in the Codigo Unificado de Buen Gobierno (the unified code of good governance) and are in line with international standards, in particular those issued by the New York stock exchange (NYSE), pursuant to the indications of the Securities & Exchange Commission (SEC) in the United States.

Pursuant to article one of the board regulations, independent directors are those external directors who have been appointed in view of their personal and professional qualifications and can carry out their duties without being compromised by their relationships with the Company, its significant shareholders or its senior managers. Independent directors may not:

a) Have been executive director or employees in the Group within the last three or five years, respectively.
b) Receive from the Bank or companies in its Group, any amount or benefit for an item other than remuneration for their directorship, except where the sum is insignificant.

For the effects of this section, this does not include either dividends or pension supplements that directors receive due to their earlier professional or employment relationship, provided these are unconditional and, consequently, the company paying them may not at its own discretion, suspend, amend or revoke their accrual without alleging breach of duties.

c) Be or have been in the last 3 years, partners of the external auditor or in charge of the audit report, when the audit in question was carried out during said 3-year period in the Bank or any of its Group companies.
d) Be executive directors or senior managers of another company on which a Bank executive director or senior manager is an external director.
e) Maintain or have maintained over the last year any important business relationship with the Company or with any Group company, either in their own name or as a significant shareholder, director or senior manager of a company that maintains or has maintained such a relationship.
   Business relationships means relationships as supplier of goods or services, including financial goods and services, as advisor or consultant.
f) Be significant shareholders, executive directors or senior managers of any entity that receives, or has received over the last three years, significant donations from the Bank or its Group.
   Those who are merely trustees in a foundation receiving donations shall not be deemed to be included under this letter.
g) Be spouses, persons linked by a similar relationship, or related up to second degree to an executive director or senior manager of the Bank.

h) Have not been proposed either for appointment or renewal by the Appointments & Remuneration committee.
i) Be related to any significant shareholder or shareholder represented on the board under any of the circumstances described under letters a), e), f) or g) of this section. In the event of family relationships mentioned in letter g), the limitation shall not just be applicable with respect to the shareholder, but also with respect to their shareholder-nominated directors in the Bank.

Directors who hold an interest in the Company's share capital may be considered independent if they meet the above conditions and their shareholding is not considered legally significant.

According to the latest recommendations on corporate governance, the board has established a limit on how long a director may remain independent. Directors may not remain on the board as independent directors after having sat on it as such for more than twelve years running.

APPOINTMENT OF DIRECTORS

The proposals that the board submits to the Company's AGM for the appointment or re-election of directors and the resolutions to co-opt directors made by the board of directors shall be approved at the proposal of the Appointments & Remuneration committee in the case of independent directors and on the basis of a report from said committee in the case of all other directors.

To such end, the committee assesses the skills, knowledge and experience required on the board and the capacities the candidates must offer to cover any vacant seats. It evaluates how much time and work members may need to carry out their duties properly as a function of the needs that the Company's governing bodies may have at any time.

TERM OF OFFICE

As established in article 36 of the company bylaws the term of office of members of the Board of Directors shall be three years. They may be reelected one or more times for terms of the same maximum duration.

AGE LIMIT FOR DIRECTORS

BBVA's corporate governance system establishes an age limit for sitting on the Bank's board. Directors must present their resignation at the first board meeting after the AGM approving the accounts of the year in which they reach the age of seventy.

DUTIES OF DIRECTORS

Board members must comply with their duties as defined by legislation and by the bylaws in a manner that is faithful to the interests of the Company.

They shall participate in the deliberations, discussions and debates arising on matters put to their consideration and shall have sufficient information to be able to form a sound opinion on the questions corresponding to the Bank's governing bodies. They may request additional information and advice if they so require in order to perform their duties. Their participation in the board's meetings and deliberations shall be encouraged.

The directors may also request help from experts outside the Bank services in business submitted to their consideration whose complexity or special importance makes it advisable.

REMUNERATION OF BOARD MEMBERS

The members of the Appointments & Remuneration committee determine the extent and amount of the remuneration, rights and other economic rewards of the executive directors of the Bank. Its conclusions are put to the board as proposals that can then be incorporated in the corresponding contracts. The committee also proposes the remuneration system for the board of directors as a whole, within the framework established under the Bank's bylaws.

BBVA pursues a policy of absolute transparency. Its annual report publishes an itemised breakdown of the remuneration received by each member of the board every year. This is made available to the shareholders for the General Meeting. It also gives detailed information on the remuneration policy for board members, to which all shareholders also have access.

CONFLICTS OF INTEREST

The rules comprising the BBVA directors' charter detail different situations in which conflicts of interest could arise between directors, their family members and/or organisations with which they are linked, and the BBVA Group. They establish procedures for such cases, in order to avoid conduct contrary to the Company's best interests.

These rules help ensure Directors' conduct reflect stringent ethical codes, in keeping with applicable standards and according to core values of the BBVA Group.

INCOMPATIBILITIES

Directors are also subject to a regime of incompatibilities, which places strict constraints on holding posts on governing bodies of Group companies or companies in which the Group has a holding. Non-executive directors may not sit on the boards of subsidiary or related companies because of the Group's holding in them, whilst executive directors may only do so if they have express authority.

Directors who cease to be members of the Bank's board may not offer their services to any other financial institution competing with the Bank or of its subsidiaries for two years after leaving, unless expressly authorised by the board. Such authorisation may be denied on the grounds of corporate interest.

DIRECTORS' RESIGNATION

Furthermore, in the following circumstances, reflected in the board regulations, directors must tender their resignation to the Board and accept its decision regarding their continuity in office (formalising said resignation when the board so resolves):

- When barred (on grounds of incompatibility or other) under prevailing legal regulations, under the bylaws or under the directors' 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.

RELATIONS WITH SHAREHOLDERS AND MARKETS

The principle of transparency informs everything the Bank does on the financial markets. The board regulations establish that the board shall disclose any information that may be relevant to investors, and that the information is correct and true. The board shall ensure that all shareholders have access to information that is substantially the same, within the same amount of time.

GENERAL MEETING OF SHAREHOLDERS (AGM)

Issues relating to how the General Meeting is run and to shareholders' rights are covered in the BBVA General Meeting regulations, which shareholders and investors can consult on the Bank's website, www.bbva.com.

The regulations establish that notice of meeting for the AGM shall state the shareholders' right, as of the date of its publication, to immediately obtain any proposed resolutions, reports and other documents required by law and under the bylaws at the Bank's registered offices, free of charge.

They will also find documents relating to the AGM on the website, with information on the agenda, the proposals from the board of directors and any relevant information shareholders may need to vote. It shall also include necessary details regarding shareholder information services, indicating telephone numbers, email address, branch offices and opening hours.

The regulations establish the procedures to be followed in the public call for proxies, in compliance with the law and the Company bylaws.

They stipulate that the form of proxy must contain or be attached to the agenda, and include a request for voting instructions so that shareholders may stipulate the general way in which their proxy shall vote should no precise instructions be given.

They also determine how directors should formulate the public call for proxy and the way they should exercise the shareholders' representation and vote, with rules covering possible conflict of interests.

They also establish the most significant aspects related to the operation of the AGM, voting procedures for motions presented to it, how resolutions are to be adopted and other issues related to running an AGM.

Under the Company bylaws, the Company's AGMs may be attended by anyone owning 500 shares or more, providing that, five days before the date on which the AGM is to be held, their ownership is recorded on the pertinent registers and they retain at least this same number of shares until the AGM is actually held. Holders of fewer shares may group together until achieving the required number, appointing a representative.

The above notwithstanding, if holders of fewer shares than the bylaws establish for entitlement wish to attend, they may apply for an invitation to the AGM through the shareholders helpdesk, the website or any BBVA branch. It will be facilitated to them where the inevitable space constraints in the facilities where AGMs can be held allow this, given the very high number of shareholders in the company.

In accordance with the bylaws, the regulations state that shareholders may delegate their voting rights on motions regarding agenda items of any kind of General Meeting or exercise them by post, e-mail or any other remote means of communication, provided the voter's identity is duly guaranteed.

Any shareholders entitled to attend may be represented at the AGM by another shareholder, using the form of proxy the Company establishes for each AGM, which will be displayed on the attendance card.

To facilitate communication with the Company's shareholders regarding the organisation of the AGMs, the Bank's board of directors operates a permanent helpdesk to deal with shareholders' requests for information, clarification and questions.

THE BOARD OF DIRECTORS

The board comprises the number of directors established in the company's bylaws and in any resolution adopted by the AGM.

Bank directorships may be executive or external. Executive directors have been conferred general powers to represent the Company on a permanent basis; they perform senior-management duties or are employees of the Company or its Group companies. All other board members shall be considered external.

Shareholder-nominated directors are external directors who directly or indirectly hold shares representing at least 5% of the Company's capital and voting rights and who represent such shareholders. For such purposes, a director is deemed to represent a shareholder when: they have been appointed to exercise proxy rights; they are a director, senior manager, employee or non-occasional service provider to said shareholder and/or to companies belonging to its group; corporate documents show that the shareholder deems the director to represent or have been nominated by said shareholder; they are married to or bound by equivalent emotional relationship, or related by up to second-degree family ties to a significant shareholder. BBVA does not have shareholder-nominated directors.

The above criteria – used to determine whether a person is a shareholder-nominated director – shall also apply in the event of agreements or pacts between shareholders that oblige those concerned to take concerted action in using their voting rights, to adopt a common policy in regard to management of the company or whose goal is to influence it in a relevant manner.

The BBVA board of directors, at 31st December 2009, comprised thirteen directors actively performing their duties, of which eleven are external being ten of them independent and two of them were executive directors. The attached chart shows the names of the board members, the date they were appointed, and the kind of directorship they have, pursuant to the Bank's board of directors' regulations:

Board of Directors

Full name	Post on board of directors	Type of directorship	Date of appointment	Date of re-election
González Rodríguez, Francisco	Chairman & CEO	Executive	28-Jan-2000	26-Feb-2005
Cano Fernández, Ángel	President & COO	Executive	29-Sep-2009	
Alfaro Drake, Tomás	Director	Independent	18-Mar-2006	
Álvarez Mezquíriz, Juan Carlos	Director	Independent	28-Jan-2000	18-Mar-2006
Bermejo Blanco, Rafael	Director	Independent	16-Mar-2007	
Bustamante y de la Mora, Ramón	Director	Independent	28-Jan-2000	26-Feb-2005
Fernández Rivero, José Antonio	Director	Independent	28-Feb-2004	13-Mar-2009
Ferrero Jordi, Ignacio	Director	Independent	28-Jan-2000	26-Feb-2005
Knörr Borrás, Román	Director	Independent	28-May-2002	14-Mar-2008
Loring Martínez de Irujo, Carlos	Director	Independent	28-Feb-2004	18-Mar-2006
Maldonado Ramos, José	Director	External	28-Jan-2000	13-Mar-2009
Medina Fernández, Enrique	Director	Independent	28-Jan-2000	13-Mar-2009
Rodríguez Vidarte, Susana	Director	Independent	28-May-2002	18-Mar-2006

Mr. FRANCISCO GONZÁLEZ RODRÍGUEZ

Chairman & CEO

Born in Chantada (Lugo) in 1944.
Francisco González has been Chairman & CEO of BBVA since January 2000.

Francisco González is member of the European Financial Services Roundtable (EFR), Vice-president of the Institute for International Finance (IIF), member of the Institut Européen d'Études Bancaires (IIEB), board member of the IMF Capital Markets Consultative Group,board member of the International Monetary Conference, Global Counsellor of the Conference Board and member of the international advisory committee for the New York Federal Reserve, as well as other international fora.
He is also chairman of the Fundación BBVA and governor of the Red Cross, Foundation for Help Against Drug Addiction, Foundation for Terrorism Victims, the Guggenheim Museum in Bilbao, Museo de Bellas Artes in Bilbao, Fundación Príncipe de Asturias, Real Instituto Elcano, Fundación Carolina, ESADE, FEDEA, Fundación de Estudios Financieros, Instituto de Estudios Económicos and Institut Europeu de la Mediterránia.
Prior to the merger between Banco Bilbao Vizcaya and Argentaria, Francisco González was chairman of Argentaria from 1996 to 1999, when he led the integration, transformation and privatisation of a very diverse group of State-owned banks. Before joining Argentaria, Francisco González founded the securities firm, FG Inversiones Bursátiles, which became the first independent firm of brokers in Spain.
Francisco González is also a registered Spanish Stock Broker (the highest-scoring candidate examined in 1980) and Trader for the Bolsa de Madrid. He has sat on the Executive committee of the Bolsa de Madrid and the Executive committee of Bancoval.
He began his professional career in 1964 as programmer in an IT company. He dates his mission to transform 21st-century banking through the application of new technologies back to this period.

Graduated in Economic and Business Sciences from Universidad Complutense de Madrid.

Mr. ÁNGEL CANO FERNÁNDEZ

President & COO

Born in Santander in 1961.
He was appointed as BBVA's President & Chief Operating Officer on 29th September 2009.

In 1984 he joined Arthur Andersen, Financial area.
In 1991 he joined Argentaria and was appointed Director of General Accounting, mainly undertaking and coordinating control functions.
In 1998 was appointed to the Management Committee of Argentaria.
In 2000 joined the Management Committee of BBVA.
In April 2001 was appointed Financial Director of the BBVA Group.
In January 2003 was appointed Director of Human Resources and Services of the BBVA Group.
In December 2005 assumes responsibility for the Group's Technology, becoming Director of Resources and Means.
In January 2006 he is further assigned with the responsibility to develop and undertake the Group's Global Transformation Plan.

Graduated in Economic and Business Sciences.

Mr. TOMÁS ALFARO DRAKE
Director

Born in Madrid in 1951.
He was appointed to a BBVA directorship on 18th March 2006.

1973 – 1975 DIMETAL, S.A. as systems engineer.
1975 – 1977 DIMETAL, S.A. Sales and marketing manager at industrial automation division.
1979 – 1981 JOHNSON WAX ESPAÑOLA, S.A. Product manager.
1981 – 1998 Instituto de Empresa.
Marketing manager.
Director of Master's programme on marketing and commercial management.
Director of studies.
Also lectured on finance and marketing, a teaching activity in which he is still actively involved.
1981–1998 Consultant in finance and marketing for domestic and multinational companies in various industries, including: financial services, industry, service distribution.
1998 Universidad Francisco de Vitoria.
Director of the degree course on business management and administration.
Director of diploma course on business sciences.

Studied engineering at ICAI.

Mr. JUAN CARLOS ÁLVAREZ MEZQUÍRIZ
Director

Born in Crémenes (Leon) in 1959.
Appointed to BBVA directorship on 28th January 2000.

1988 – Joined FISEG, Empresa Financiera de Servicios Generales.
1990 – General manager of EL ENEBRO, S.A. (holding company of the Eulen Group).
1993 – Chief financial officer, EULEN, S.A.
2002 – Managing director of GRUPO EULEN, S.A.

Graduated in economic science from the Universidad Complutense de Madrid.

Mr. RAFAEL BERMEJO BLANCO
Director

Born in Madrid in 1940.
He was appointed to a BBVA directorship on 16th March 2007. Has been Chairman of its Audit & Compliance committee since 28th March 2007.

1966 – 1971 Sema – Metra. Analyst for investment projects.
1971 – 1977 Banco Popular. Investment Division head of sector. Special Risks Officer.
1978 – Ministry of Economics and Finance. Director General for Planning.
Instituto Nacional de Industria. Member of the board of directors.
1978 – 1982 Instituto de Crédito Oficial. Chairman.
1982 – 1988 Fondo de Garantía de Depósitos. Director. World Bank consultant (Argentine banking system).
1989 – 2004 Banco Popular.
Member of General Management committee (1991-2004).
Branch network manager (1991-1995).
Comptroller General (1995-1999).
Technical general secretary in charge of consolidated financial information, reporting to the Banking of Spain and management of the Group's equity (1991-2004).
Member of the Steering Committee of the Spanish banking association (AEB) and trustee of the Universidad Complutense's Colegio Universitario de Estudios Financieros (CUNEF).

Studied industrial engineering at the school of industrial engineering in Madrid (ETS).

Mr. RAMÓN BUSTAMANTE Y DE LA MORA
Director

Born in Madrid in 1948.
Appointed to BBVA directorship on 28th January 2000.

1972 – IBERIA, L.A.E. Research Department.
1975 – BANCO COMERCIAL DE CATALUÑA. Accounts Director.
1976 – BANCA GARRIGA NOGUÉS. Madrid Director.
1986 – BANCA GARRIGA NOGUÉS. Deputy General Manager.
1986 – BANESTO. Various senior posts and responsibilities: Director of Territorial Norte; (1987) Director O.P. Madrid and Regional Director for Madrid; (1990) Deputy General Manager for Sales and Marketing Strategy; (1992) General Manager and deputy to the Managing Director; (1993) Managing Director of Bandesco.
1996 – ARGENTARIA. Senior Managing Director and Chairman of the Control Committee; Senior Managing Director of Retail Banking; Non-executive Deputy Chairman; (1997) Chairman of Unitaria.

Graduated in Law and Economic Sciences from Universidad Complutense de Madrid.

Mr. JOSÉ ANTONIO FERNÁNDEZ RIVERO
Director

Born in Gijón (Asturias) in 1949.
He was appointed to his BBVA directorship on 28th February 2004. Has been Chairman of its Risks committee since 30th March 2004.

1976 – Joined Arthur Andersen (Systems).
1977 – Joined Banco de Vizcaya, where he was Director of Administration and Control for the International Division.

1986 – Chairman of Management Committee, Banque de Gestion Financière, S.A. (Belgium).
1988 – 1989 Deputy Director General for Planning and Control in Commercial Banking, and later Regional Director of Retail Banking.
In 1990 he joined Banco Exterior de España as Comptroller General, occupying the same post in Corporación Bancaria de España (Argentaria) from 1991 to 1995, where he was appointed Director General for Internal Comptrol and Oversight.
In 1997 he took over the duties of General Manager for Organisation, Systems, Operations, Human Resources, Procurement and Real Estate.
In 1999, after the merger with BBV, he was appointed General Manager of BBVA Systems & Operations.
Was appointed Group General Manager in 2001, with duties in several areas.
Director representing BBVA on the boards of: Telefónica, Iberdrola, Banco de Crédito Local, and chairman of Adquira.

Graduated in Economic Sciences from the Universidad de Santiago.

Mr. IGNACIO FERRERO JORDI
Director

Born in Barcelona in 1945.
He was appointed to his BBVA directorship on 28th January 2000.

Managing director of NUTREXPA
Managing director of LA PIARA.
Chairmain of Aneto Natural
Member of the managing committee of MAZ (Mutua Accidentes de Zaragoza) since 31st March 2000.
Member of the managing committee of Instituto de Empresa Familiar.
Member of Management Board of Spanish commercial coding association, AECOC (Asociación Española de Codificación Comercial) since 25th February 2003.

Graduated in Law from Universidad de Barcelona.

Mr. ROMÁN KNÖRR BORRÁS
Director

Born in Sueca (Valencia) in 1939.
He was appointed to a BBVA directorship on 28th May 2002.

1955 – 1961 AREITIO, S.A. Business Group
1961 – 1992 KAS Business Group (Head of Advertising and PR; Sales and Marketing Manager; Deputy Chairman of KAS, S.A. and KNÖRR ELORZA, S.A.
Director and Chairman of ZUMOS DE NAVARRA, S.A.; Director and Chairman of MIKO, AVIDESA and CASTILLO DE MARCILLA; Director of S.A. DE ALIMENTACIÓN, Director of ALIMENTOS NATURALES, S.A. and Director of AGUAS DE SAN MARTÍN DE VERI, S.A.
Also deputy chairman of the Spanish fruit-juice manufacturers' association (ASOCIACIÓN NACIONAL DE FABRICANTES DE ZUMOS) and member of management committee of Spanish advertisers' association (ASOCIACIÓN ESPAÑOLA DE ANUNCIANTES) and of management committee and steering committee of the national soft-drinks manufacturers' association (ASOCIACIÓN NACIONAL DE FABRICANTES DE BEBIDAS REFRESCANTES).

Also Chairman of CONSULNOR ALAVA, S.A. and Director of PATRIMIX SICAV, S.A.
From June 1994 to June 1999 was Chairman of SINDICATO EMPRESARIAL ALAVÉS.
Was chairman of the Basque Industrial Confederation (Confederación Empresarial Vasca or CONFEBASK) from July 1999 to July 2005, and member of Executive Committee and Management Board of Spanish Industrial Confederation (CEOE) over the same period.
Is currently on the board of MEDIASAL 2000, S.A., and chairman of EUROKAS SICAV, S.A. and CARBONICAS ALAVESAS, S.A. and joint director of FUTURE DRINKS & FOODS, S.L.
Chairman of the Official Alava Chamber of Commerce and Industry since March 2006.
Full member and chairman of the training committee for the High Council of Chambers of Commerce.
Chairman of the Basque chambers of commerce, CAMARAS DE COMERCIO VASCAS- EUSKO GANBERAK.
Member of the management board of the Basque innovation agency, INNOBASQUE, Agencia Vasca de la Innovación.

Studied Commercial Management, Marketing and Advertising at various teaching institutions in Barcelona and San Sebastian.

Mr. CARLOS LORING MARTÍNEZ DE IRUJO
Director

Born in Mieres (Asturias) in 1947.
He was appointed to his BBVA directorship on 28th February 2004. Has been Chairman of the board's Appointments & Remuneration committee since April 2006.

In 1971 joined J&A Garrigues, becoming a partner in 1977. Held posts as Director of the M&A Department, Director of Banking and Capital Markets, and in charge of advisory services for big public companies. Since 1985, has been member of its Management Committee.
His activity has been focussed on mergers and acquisitions, advising large multinational corporations; he has been intensely involved in the legal coordination of some key global IPOs and placements, for Spanish and non-Spanish companies, representing arrangers and issuers
More recently, he has focussed on consultancy services for listed companies in their big corporate operations, providing legal assistance at their Annual General Meetings.
He is a renowned specialist in corporate governance, having helped several public companies to restructure their organisation as new recommendations and regulations on good governance have been published in Spain. Was recently shortlisted by the International Who's Who of Business Lawyers as one of the most pre-eminent lawyers in corporate governance.
From 1984 to 1992 was member of the board of governors of the Colegio de Abogados de Madrid (Madrid Law Association).
Has worked with the teaching arm of the Garrigues lawfirm, as a member of the Advisory Board for its Masters in Private Banking.

Read law at the Universidad Complutense de Madrid.

Mr. JOSÉ MALDONADO RAMOS
Director

Born in Madrid in 1952.
Was appointed Director of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. on 28th January 2000.

In 1978 passed competitive exam to become a civil-service lawyer (Cuerpo de Abogados del Estado).
Was appointed Technical General Secretary to the Ministry of Territorial Administration, then Under-Secretary of the same department in 1982.
Has acted as Board Secretary and Director of Legal Services for Empresa Nacional para el Desarrollo de la Industria Alimentaria, S.A. (ENDIASA); for Astilleros Españoles, S.A.; and for Iberia Líneas Aéreas de España, S.A. He also has acted as Legal Secretary for various governing bodies on public companies, including: Astilleros y Talleres del Noroeste, S.A. (ASTANO); Aplicaciones Técnicas Industriales, S.A. (ATEINSA); Oleaginosas Españolas, S.A. (OESA); Camping Gas, S.A. and Aviación y Comercio, S.A. (AVIACO).
Has been Legal Counsel for Banco Exterior, S.A.; Legal Counsel for Banco Internacional de Comercio, S.A. and Banco Central Hispanoamericano S.A., as well as Company Secretary of Sindibank, S.B.
Was appointed Director & Company Secretary of ARGENTARIA in April 1997. Was appointed Director & Company Secretary of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. on 28th January 2000. Took early retirement as Bank executive in December 2009.

Read Law at Universidad Complutense de Madrid, winning the extraordinary first prize on graduation.

Mr. ENRIQUE MEDINA FERNÁNDEZ
Director

Born in La Puebla de Montalbán (Toledo) in 1942.
He was appointed to his BBVA directorship on 28th January 2000.

In 1967 passed competitive exam to become a civil-service lawyer (Cuerpo de Abogados del Estado).
Took up a post in the Cáceres regional tax and court department (Delegación de Hacienda y Tribunales de Cáceres); Directorate General for Administrative-Contentious Law; and the Supreme Court.
Was head of the technical staff of the undersecretary for the Spanish treasury and the Director General for territorial planning.
In 1971 was appointed to director of Banco de Crédito a la Construcción.
From 1975 to 1981, was director and company secretary for Banco de Progreso.
From 1985 to 1989, he held similar posts in Corporación Financiera Alba and from 1989 to 1991, in Banco Urquijo.
Deputy chairman of Ginés Navarro Construcciones until its merger within the new ACS Group.

Read law at the Universidad Complutense de Madrid.

Ms. SUSANA RODRÍGUEZ VIDARTE
Director

Born in Bilbao (Vizcaya) in 1955.
She was appointed to her BBVA directorship on 28th May 2002.

Has mainly worked in the academic world.
Lecturer and researcher at the Management Department in the Economics Sciences and Economics Faculty La Comercial de la Universidad de Deusto.
Held the chair in Business Economics and Management Control, with teaching activities for undergraduate and postgraduate programmes at La Comercialin in Spain, Argentina and Chile.
From 1996 to 2009 she was dean of the Business and Economics department La Comercial de la Universidad de Deusto

and since 2003, Director of the international business management institute, Instituto Internacional de Dirección de Empresas. Is currently member of the Executive Committee of the Management Board of the Universidad de Deusto and its Academic Committee.
Trustee of the Luis Bernaola Foundation and the Management Board of the business management cluster, Cluster del Conocimiento en Gestión Empresarial.
Joint Editor of Boletín de Estudios Económicos.
Member of Instituto de Contabilidad y Auditoría de Cuentas (Accountants and Auditors Institute).

Doctor in Economic and Business Sciences from Universidad de Deusto.

The ordinary meetings of the board of directors take place monthly and an annual schedule of the ordinary sessions is drawn up sufficiently in advance. During 2009 the board of directors met fourteen times, the chairman of the board attending all its sessions.

The board of directors shall meet whenever its chairman or the Executive committee deem it advisable, or at the behest of at least one quarter of the board members in office at any time.

The board may also meet when all its members are present and unanimously resolve to constitute a meeting.

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.

Directors shall be provided with any information or clarification they deem necessary or appropriate in connection with the business to be considered at the meeting. This can be done before or during the meetings.

The chairman shall encourage the participation of directors in the meetings and deliberations of the Board and shall put matters to a vote when he/she considers they have been sufficiently debated.

Group executives and other persons may join the meetings should the chairman deem their attendance advisable in light of the business laid before the board.

Article 48 of the company bylaws establishes that the board of directors, in order to best perform its duties, may create any committees it deems necessary to help it on issues that fall within the scope of its powers. A description of the composition of the board's committees is given below.

→Board committees

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

THE EXECUTIVE COMMITTEE

In accordance with Company bylaws, the board of directors may appoint an Executive committee, once two-thirds of its members vote for it. 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 board of directors has constituted an Executive committee, to which it has delegated all its powers of administration, except those that the law and/or bylaws deem undelegatable due to their essential nature.

On 31st December 2009, this committee was made up of six members, of whom two were executive directors and four independent directors. Its composition was as follows:

CHAIRMAN:	Mr. Francisco González Rodríguez
PRESIDENT & COO:	Mr. Ángel Cano Fernández
MEMBERS:	Mr. Juan Carlos Álvarez Mezquíriz
	Mr. Ignacio Ferrero Jordi
	Mr. Román Knörr Borrás
	Mr. Enrique Medina Fernández

The Executive committee deals with those matters that the board of directors has delegated to it in accordance with prevailing legislation or company bylaws.

According to the company bylaws, its faculties include the following: to formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix targets, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the Entity; to determine the volume of investment in each individual activity; to approve or reject operations, determining methods and conditions; to arrange inspections and internal or external audits of all operational areas of the Entity; and in general to exercise the faculties delegated to it by the board of directors.

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/or recommendations made regarding best market practices, adapting these to the company’s specific circumstances.

The Executive committee shall meet on the dates indicated in the annual calendar of meetings and when the chairman or acting chairman so decides.

During 2009, the Executive committee met 18 times.

AUDIT AND COMPLIANCE COMMITTEE

This committee shall perform the duties attributed it under laws, regulations and bylaws. Essentially, it has authority from the board to supervise the financial statements and the oversight of the BBVA Group.

The board regulations establish that the Audit & Compliance committee shall have a minimum of four members appointed by the board in the light of their know-how and expertise in accounting, auditing and/or risk management. They shall all be independent directors, one of whom shall act as chairman, also appointed by the board.

On 31st December 2009, the BBVA Audit & Compliance Committee comprised the following members:

CHAIRMAN:	Mr. Rafael Bermejo Blanco
MEMBERS:	Mr. Tomás Alfaro Drake
	Mr. Ramón Bustamante y de la Mora
	Mr. Carlos Loring Martínez de Irujo
	Ms. Susana Rodríguez Vidarte

The scope of its functions is as follows:

- Supervise the internal control systems' sufficiency, appropriateness and efficacy in order to ensure the accuracy, reliability, scope and clarity of the financial statements of the company and its consolidated group in their annual and quarterly reports. Also to oversee the accounting and financial information that the Bank of Spain or other regulators from Spain and abroad may require.
- Oversee compliance with applicable national and international regulations on matters related to money laundering, conduct on the securities markets, data protection and the scope of Group activities with respect to anti-trust regulations. Also ensure that any requests for information or for a response from the competent bodies in these matters are dealt with in due time and in due form.
- Ensure that the internal codes of ethics and conduct and securities market operations, as they apply to Group personnel, comply with regulations 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.

Ensure the accuracy, reliability, scope and clarity of the financial statements. The committee shall constantly monitor the process by which they are drawn up, holding frequent meetings with the Bank executives and the external auditor responsible for them.

The committee shall also monitor the independence of external auditors. This entails the following two duties:

- Ensuring that the auditors' warnings, opinions and recommendations cannot be compromised.

- Establishing the incompatibility between the provision of audit and the provision of consultancy services, 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.

The committee selects the external auditor for the Bank and its Group, and for all the Group companies. It must verify that the audit schedule is being carried out under the service agreement and that it satisfies the requirements of the competent authorities 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 Audit & Compliance committee meets as often as necessary to comply with its tasks, although an annual meeting schedule is drawn up in accordance with its duties. During 2009 the Audit & Compliance committee met 13 times.

Executives responsible for Comptrol, Internal Audit and Regulatory Compliance 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.

Likewise, the committee can call on the personal co-operation and reports of any member of the management team when it considers that this is necessary to carry out its functions with regard to relevant issues.

The committee has its own specific regulations, approved by the board of directors. These are available on the bank's website and, amongst other things, regulate its operation.

APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments & Remuneration Committee is tasked with assisting the board on issues related to the appointment and re-election of board members, and determining the directors' remuneration.

This committee shall comprise a minumum of three members who shall be external directors appointed by the board, which shall also appoint its chairman. However, the chairman and the majority of its members must be independent directors, in compliance with the board regulations.

On 31st December 2009, the BBVA Appointments & Remuneration Committee comprised the following members:

CHAIRMAN:	Mr. Carlos Loring Martínez de Irujo
MEMBERS:	Mr. Juan Carlos Álvarez Mezquíriz
	Mr. Ignacio Ferrero Jordi
	Ms. Susana Rodríguez Vidarte

Its duties, apart from the afore-mentioned duty in the appointment of directors, include proposing the remuneration system for the board as a whole, within the framework established in the company bylaws. This entails determination of its items, the amount payable for each item and the settlement of said amount, and, as mentioned above, the scope and amount of the remuneration, rights and economic compensation for the CEO, the COO and the bank's executive directors in order to include these aspects in a written contract.

This committee shall also:

- Should the chairmanship of the Board or the post of chief executive officer fall vacant, 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.
- Submit an annual report on the directors remuneration policy to the board of directors.
- Report the appointments and severances of senior managers and propose senior-management remuneration policy to the board, along with the basic terms and conditions for their contracts.

The chairman of the Appointments & Remuneration Committee shall convene it as often as necessary to comply with its mission, although an annual meeting schedule shall be drawn up in accordance with its duties. During 2009 the Appointments & Remuneration Committee met 12 times.

In accordance with the BBVA board regulations, the committee may ask members of the Group organisation to attend its meetings, when their responsibilities relate to its duties. It may also receive any advisory services it requires to inform its criteria on issues falling within the scope of its powers.

RISKS COMMITTEE

The board's Risks committee is tasked with analysis of issues related to the Group's risk management and control policy and strategy. It assesses and approves any risk transactions that may be significant.

The Risk committee is composed only by external directors, with a minimum of three members, appointed by the Board of Directors, which shall also appoint its chairman.

On 31st December 2009, the composition of the Risks committee was as follows:

CHAIRMAN:	Mr. José Antonio Fernández Rivero
MEMBERS:	Mr. Ramón Bustamante y de la Mora
	Mr. Rafael Bermejo Blanco
	Mr. José Maldonado Ramos
	Mr. Enrique Medina Fernández

Under the board regulations, it has the following duties:

- 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.
- 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.
- Check that the Group possesses the means, systems, structures and resources benchmarked against best practices to allow implementation of its risk management strategy.

The committee meets as often as necessary to best perform its duties, usually once a week. In 2009, it held 53 meetings.

Steering Committee [1]

Chairman and CEO	
Mr. Francisco González Rodríguez	
President and COO	
Mr. Ángel Cano Fernández	
Other members of the Steering Committee	
Mr. Juan Ignacio Apoita Gordo	Human Resources and Services
Mr. Eduardo Arbizu Lostao	Legal, Taxation, Audit & Compliance Services
Mr. Juan Asúa Madariaga	Spain and Portugal
Mr. José Barreiro Hernández	Wholesale Banking & Asset Management
Mr. Manuel Castro Aladro	Risk
Mr. Ignacio Deschamps González	Mexico
Mr. José María García Meyer-Dohner	USA
Mr. Manuel González Cid	Finance
Mr. Ramón Monell Valls	Innovation and Technology
Mr. Gregorio Panadero Illera	Brand and Communication
Mr. Vicente Rodero Rodero	South America
Mr. Carlos Torres Vila	Corporate Strategy and Development

(1) As of December 31, 2009.


Viernes 27 de Noviembre de
BBVA net
Tú Cuentas
Nuevo
Posición Global
Cuentas Personales
Tarjetas
BBVA Bolsa
Fondos de Inversión
Gestión de carteras
Planes de pensiones
Préstamos
Depósitos a plazo
Seguros
Envío de Dinero
Préstamo Inmediato
Otros Servicios
BBVA móvil
Transferencias
Particip@
Recibos / Nóminas
Correspondencia Virtual
Coordenadas

→ Consolidated time series
→ Office network

Supplementary information

CONSOLIDATED TIME SERIES

Income statements

(Million euros)

	IFRS (Bank of Spain's Circular 6/2008)			
	2009	2008	2007	2006
Net interest income	13,882	11,686	9,628	8,138
Gross income/ordinary revenues	20,666	18,978	17,271	15,143
Operating income/operating profit	12,308	10,523	9,441	8,340
Income before tax	5,736	6,926	8,495	7,030
Net income	4,595	5,385	6,415	4,971
Net attributable profit	4,210	5,020	6,126	4,736

Balance sheets and business activity

(Million euros)

	IFRS (Bank of Spain's Circular 6/2008)			
	31-12-09	31-12-08	31-12-07	31-12-06
Loans to customers (net)	323,441	335,260	313,178	258,317
Total assets	535,065	542,650	501,726	411,663
Customer funds on balance sheet	371,999	376,380	337,518	286,828
· Deposits from customers	254,183	255,236	219,609	186,749
· Debt certificates	99,939	104,157	102,247	86,482
· Subordinated liabilities	17,878	16,987	15,662	13,597
Other customer funds	136,957	119,017	150,777	142,064
Total customer funds	508,957	495,397	488,295	428,892

Additional information

	IFRS (Bank of Spain's Circular 6/2008)			
	31-12-09	31-12-08	31-12-07	31-12-06
Dividends (million euros) (1)	1,574	2,361	2,717	2,220
Number of shareholders (thousands)	884	904	890	864
Number of shares (millions) (2)	3,748	3,748	3,748	3,552
Number of employees	103,721	108,972	111,913	98,553
· Spain	27,936	29,070	31,106	30,582
· Abroad	75,785	79,902	80,807	67,971
Number of branches	7,466	7,787	8,028	7,499
· Spain	3,055	3,375	3,595	3,635
· Abroad	4,411	4,412	4,433	3,864

(1) 2008 includes stock dividend (delivery of shares valued at the closing price on 17-04-09).

(2) The data for the period from 1998 to 1999 were recalculated based on the share exchange ratio (5 BBV shares for 3 Argentaria shares).

IFRS (Bank of Spain's Circular 4/2004)					Bank of Spain's Circular 4/1991						
2008	2007	2006	2005	2004	2004	2003	2002	2001	2000	1999	1998
11,891	9,769	8,374	7,208	6,160	7,069	6,741	7,808	8,824	6,995	5,760	5,516
19,853	18,133	15,701	13,024	11,120	11,053	10,656	12,241	13,352	11,143	9,108	8,374
11,279	10,544	8,883	6,823	5,591	5,440	4,895	5,577	5,599	4,376	3,457	3,120
6,926	8,495	7,030	5,592	4,137	4,149	3,812	3,119	3,634	3,876	2,902	2,374
5,385	6,415	4,971	4,071	3,108	3,192	2,897	2,466	3,009	2,914	2,168	1,785
5,020	6,126	4,736	3,806	2,923	2,802	2,227	1,719	2,363	2,232	1,746	1,424

IFRS (Bank of Spain's Circular 4/2004)					Bank of Spain's Circular 4/1991						
31-12-08	31-12-07	31-12-06	31-12-05	31-12-04	31-12-04	31-12-03	31-12-02	31-12-01	31-12-00	31-12-99	31-12-98
333,029	310,882	256,565	216,850	172,083	170,248	148,827	141,315	150,220	137,467	113,607	99,907
543,513	502,204	411,916	392,389	329,441	311,072	287,150	279,542	309,246	296,145	238,166	202,911
374,308	334,844	283,645	259,200	207,701	199,485	182,832	180,570	199,486	185,718	139,934	119,941
267,140	236,183	192,374	182,635	149,892	147,051	141,049	146,560	166,499	154,146	105,077	99,351
90,180	82,999	77,674	62,842	45,482	44,326	34,383	27,523	25,376	26,460	31,552	17,562
16,987	15,662	13,597	13,723	12,327	8,108	7,400	6,487	7,611	5,112	3,305	3,028
119,017	150,777	142,064	142,707	121,553	121,553	113,074	108,815	124,496	118,831	102,677	74,221
493,324	485,621	425,709	401,907	329,254	321,038	295,906	289,385	323,982	304,549	242,611	194,162

IFRS (Bank of Spain's Circular 4/2004)					Bank of Spain's Circular 4/1991						
31-12-08	31-12-07	31-12-06	31-12-05	31-12-04	31-12-04	31-12-03	31-12-02	31-12-01	31-12-00	31-12-99	31-12-98
2,301	2,717	2,220	1,801	1,499	1,499	1,247	1,109	1,222	1,123	854	699
904	890	864	985	1,081	1,081	1,159	1,179	1,204	1,300	1,268	1,338
3,748	3,748	3,552	3,391	3,391	3,391	3,196	3,196	3,196	3,196	2,931	2,861
108,972	111,913	98,553	94,681	87,112	84,117	86,197	93,093	98,588	108,082	88,556	86,349
29,070	31,106	30,582	31,154	31,056	30,765	31,095	31,737	31,686	33,733	37,052	37,847
79,902	80,807	67,971	63,527	56,056	53,352	55,102	61,356	66,902	74,349	51,504	48,502
7,787	8,028	7,499	7,328	6,751	6,848	6,924	7,504	7,988	8,946	7,491	7,226
3,375	3,595	3,635	3,578	3,385	3,375	3,371	3,414	3,620	3,864	4,336	4,495
4,412	4,433	3,864	3,750	3,366	3,473	3,553	4,090	4,368	5,082	3,155	2,731

OFFICE NETWORK

THE BBVA GROUP'S NETWORK OF OFFICES → IN SPAIN

THE BBVA GROUP'S HEAD OFFICES

Bilbao
Gran Vía, 1
48001 Bilbao
Tel.: 94 487 60 00
Fax: 94 487 61 61

Madrid
Paseo de la
Castellana, 81
28046 Madrid
Tel.: 91 374 60 00
Fax: 91 374 62 02

Paseo de Recoletos, 10
28001 Madrid
Tel.: 91 374 60 00
Fax: 91 374 62 02

REGIONAL HEAD OFFICES

Head Office - Catalonia
Plaza Cataluña, 5
3rd floor
08002 Barcelona
Tel.: 93 404 38 18
Fax: 93 404 38 83

Canary Islands - Regional
Albareda, 6 - 5th floor
35008 Las Palmas
Tel.: 928 45 15 00
Fax: 928 27 14 11

Catalonia - Regional
Plaza Cataluña, 5
5th floor
08002 Barcelona
Tel.: 93 401 45 00
Fax: 93 401 45 55

Central Spain - Regional
Recoletos 10 -Ala sur-
2nd floor
28001 Madrid
Tel.: 91 374 84 24
Fax: 91 537 59 68

Eastern Spain - Regional
Plaza Ayuntamiento, 9
3st floor
46002 Valencia
Tel.: 96 388 00 00
Fax: 96 388 00 42

Northwestern Spain - Regional
Cantón Pequeño, 18-21 -
1st floor
15003 A Coruña
Tel.: 981 18 85 00
Fax: 981 18 86 30

Northern Spain - Regional
Gran Vía, 1 - 5th floor
48001 Bilbao
Tel.: 94 487 60 00
Fax: 94 487 52 41

Southern Spain - Regional
Avda. de la Palmera, 61-63
2nd floor
41013 Sevilla
Tel.: 95 455 90 00
Fax: 95 455 92 99

DOMESTIC BANKS

BBVA Finanzia
Julián Camarillo, 4
Building C
28037 Madrid
Tel.: 91 374 39 16
Fax: 91 374 78 68

Uno-e Bank
Julián Camarillo, 4
Building C
28037 Madrid
Tel.: 91 453 61 00
Fax: 91 453 61 01

THE BBVA GROUP'S NETWORK OF OFFICES → ABROAD

MAIN BRANCHES ABROAD

GERMANY
Frankfurt
Neue Mainzer Strasse, 28
60311 Frankfurt
Tel.: +49 69/222282200

Dusseldorf
Benrather Strasse 18-20
D-40213 Dusseldorf
Tel.: +49 211/97550600

BELGIUM
Brussels
Avenue des Arts, 43
B-1040 Bruxelles
Tel.: +32 2/5123262
Fax: +32 2/5129318

CHINA
Hong Kong
43/F Two International
Finance Centre
8 Finance Street
Central, Hong Kong
Tel.: +852/25823111
Fax: +852/25823177

UNITED STATES
Nueva York
1345 Av. of the Americas,
45th floor
New York NY 10105
Tel.: +1 212/7281500
Fax: +1 212/3332906

PUERTO RICO
San Juan
BBVA Tower
254 Ave. Muñoz Rivera
San Juan, PR 00918
Tel.: +1 787/7772000
Fax: +1 787/274-5488

FRANCE
Paris
29 Avenue de l'Opéra
75017 Paris CEDEX 01
Tel.: +33 1/44868300
Fax: +33 1/44868489

ITALY
Milan
Via Cino del Duca, 8
20122 Milano
Tel.: +39 02/762961
Fax: +39 02/762962

JAPAN
Tokyo
Fukoku Seimei Bldg.
12th floor
2-2-2 Uchisaiwai-cho
Chiyoda-ku (100 - 0011
Tokyo)
Tel.: +81 3/35011076
Fax: +81 3/35970249

UNITED KINGDOM
London
108 Cannon Street
London EC4N 6EU
Tel.: +44 207/6233060
Fax: +44 207/6238456

SINGAPORE
Singapore
UOB Plaza, 1
55-02 floor, 80 Raffles Place
Singapore 048624
Tel.: +65 63036980
Fax: +65 63036968

REPRESENTATIVE OFFICES

AUSTRALIA
Sydney
Grosvenor Place
225 George Street
NSW 2000, Sydney
Tel.: +61 2/82724706
Fax: +61 2/92416023

BRAZIL
Sao Paulo
Rua Campos Bicudo, 98
15º - cj 152
Jardim Europa
04536-010 Sao Paulo
Tel.: +55 11/37093500
Fax: +55 11/37093506

CHINA
Beijing
Room 618, Tower 2
Bright China Chang and
Building No. 7
Jianguomen Nei Avenue
Dongcheng District, Beijing
100005
Tel.: +86 10/65170939
Fax: +86 10/65170936

Shanghai
2906 Jin Mao Tower, 88
Century Boulevard
Puddong New Area,
Shanghai 200121
Tel.: +86 21/61048931
Fax: +86 21/51048999

SOUTH KOREA
Seoul
4th floor, Seoul Finance
Center 84
Taepyungro 1-Ga, Jung-Gu
Seoul 100-768, Korea
Tel.: +82 2/7559700
Fax: +82 2/7559768

CUBA
Havana
5ª Avenida 4205 e/42 y 44
Miramar - La Habana
Tel.: +53 7/2049278
Fax: +53 7/2049279

INDIA
Mumbai
Market Chambers VI,
room 113
Nariman Point
Mumbai 400021
Tel.: +91 22/66308731
Fax: +91 22/66308732

RUSSIA
Moscow
Krimskiy Val Street 3,
Building 2
Moscow 119049
Tel.: +7 495/6277312
Fax: +7 495/6277311

TAIWAN
Taipei
Unit A, Level 46, Taipei 101
Tower, nº 7, Sec. 5
Sinyi Road, Sinyi District,
Taipei City
11049 Taiwan R.O.C.
Tel.: +886 281010162/3
Fax: +886 281010128

FOREIGN BANKS

ARGENTINA
BBVA Banco Francés
Reconquista, 199
D.P. C1003 ABC Buenos
Aires
Tel.: +54 11/43464000
Fax: +54 11/43345618

CHILE
BBVA Chile
Av. Pedro Valdivia, 100
Providencia (Comuna)
Santiago de Chile
Tel.: +56 2/6791000
Fax: +56 2/6792749

COLOMBIA
BBVA Colombia
72-21 9th Street
Bogotá, D.C.
Tel.: +57 1/3124666
+57 1/3471600
Fax: +57 1/3215800

UNITED STATES
BBVA Compass
15 South 20th Street
Birmingham, Alabama 35233
Tel.: +1 205/2973000
Fax: +1 205/2977661

MEXICO
BBVA Bancomer
Avda. Universidad, 1200
Colonia Xoco
CP 03339 México D.F.
Tel.: +52 5/55-6213434
Fax: +52 5/55-6216161

PANAMA
BBVA Panamá
Av. Balboa / 42 & 43 streets
Apdo. 0816-03396
República de Panamá
Tel.: +507 2072100
Fax: +507 2072200

PARAGUAY
BBVA Paraguay
Avenida Mariscal López /
Torreani Viera
Asunción
Tel.: +595 21/4176000
Fax: 595 21/4176961

PERU
BBVA Banco Continental
Avda. República de Panamá,
3055
San Isidro - Lima 27
Tel.: +51 1/2111000

PORTUGAL
BBVA Portugal
Avda. da Liberdade, 222
1250-148 Lisboa
Tel.: +351 213117200
Fax: +351 213117500

PUERTO RICO
BBVA Puerto Rico
Torre BBVA, 15th floor
254 Ave. Muñoz Rivera /
Chardón
San Juan, PR 00918
Tel.: +1 787/7772000

SWITZERLAND
BBVA Suiza
Zeltweg, 63
Postfach 3930
8021 Zürich
Tel.: +41 (0)44 265 9511
Fax: +41 (0)44 265 9891

URUGUAY
BBVA Uruguay
25 de Mayo, 401 / Zabala
11000 Montevideo
Tel.: +598 2/9161444 ext 403
Fax: +598 2/9161444 ext 487

VENEZUELA
BBVA Banco Provincial
Centro Financiero Provincial
Avda. Vollmer / Avda. Este 0
Urb. San Bernardino
1011 Caracas
Tel.: +58 212/5045111
Fax: +58 212/5041765

This Report has been printed on certified ecological chlorine-free paper

FSC

The emissions of greenhouse gases (GHGs) generated
by the publication of this report were offset by projects
for the reduction of GHGs through CeroCO_2. www.ceroco2.org

ceroCO_2

Design: Eugenio G. Cabanillas

Photography:

Spain	Bernardo Pérez *(Cover, Pages 6-7, 14, 15, 32-33, 42-43, 46-47, 150-151, 170-171).*
	Chema Conesa Photographs of the Chairman and President *(Pages 3 and 153)*.
Argentina	*(Pages 8-9)*.
Chile	*(Pages 68-69)*.
Colombia	*(Pages 36-37)*.
USA	*(Page 17)*.
Mexico	*(Page 16)*.
Panama	*(Pages 98-99)*.

Typesetting and Publishing: ELBA Grupo de Comunicación, S.L.

Printing: Gráficas Enar, S.A.

Legal Deposit: M-10755-2010

Banco Bilbao Vizcaya Argentaria, S.A. has its registered address in Bilbao (Vizcaya - Spain), at Plaza de San Nicolás, number 4, and is registered at the Vizcaya Mercantile Registry, in volume 2,083, sheet 1, page BI-17-A, entry no. 1. Its tax identification number is A-48265169.

Banco Bilbao Vizcaya Argentaria is registered in the Bank of Spain's Special Banks and Bankers Register under number 0182, and is a member of the Deposit Guarantee Fund.

INVESTOR RELATIONS

- Paseo de la Castellana, 81 – 19th floor
  E-28046 MADRID - SPAIN
  Tel.: +34 91 374 62 01
  Fax: +34 91 537 85 12
  e-mail: inversoresbbva@grupobbva.com

- 1345 Av. of the Americas, 45th floor
  NEW YORK NY 10105 - USA
  Tel.: (+1 212) 728 16 60
  Fax: (+1 212) 333 29 05
  e-mail: ricardo.marine@bbvany.com

The 2009 Financial Report is available in full at the following website:
http://inversores.bbva.com

BBVA

adelante.