3Q09

QUARTERLY REPORT

January-September 2009

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Contents

BBVA Group Highlights

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(Consolidated figures)

	30-09-09	Δ%	30-09-08	31-12-08
BALANCE SHEET (million euros)				
Total assets	537,305	1.8	527,932	542,650
Total lending (gross)	331,005	(4.0)	344,641	342,671
Customer funds on balance sheet	366,581	3.2	355,283	376,380
Other customer funds	133,115	(3.1)	137,371	119,017
Total customer funds	499,695	1.4	492,654	495,397
Total equity	30,707	12.3	27,336	26,705
Shareholders' funds	29,997	12.9	26,575	26,586
INCOME STATEMENT (million euros)				
Net interest income	10,292	19.7	8,599	11,686
Gross income	15,378	6.6	14,420	18,978
Operating income	9,274	13.5	8,167	10,523
Income before tax	5,950	(5.5)	6,298	6,926
Net attributable profit	4,179	(7.2)	4,501	5,020
Net attributable profit excluding one-off operations (1)	4,179	(3.3)	4,321	5,414
DATA PER SHARE AND SHARE PERFORMANCE RATIOS				
Share price (euros)	12.13	5.8	11.46	8.66
Market capitalisation (million euros)	45,463	5.8	42,952	32,457
Net attributable profit per share (euros)	1.12	(7.2)	1.21	1.35
Net attributable profit per share excluding one-off operations (euros) (1)	1.12	(3.3)	1.16	1.46
Book value per share (euros)	8.00	12.9	7.09	7.09
Tangible book value per share (euros) (2)	6.17	18.2	5.22	5.02
P/BV (Price/book value; times)	1.5		1.6	1.2
Price/tangible book value (times) (2)	2.0		2.2	1.7
SIGNIFICANT RATIOS (%)				
ROE (Net attributable profit/Average equity)	21.2		25.5	21.5
ROE excluding one-off operations (1)	21.2		24.8	23.2
ROA (Net income/Average total assets)	1.11		1.25	1.04
ROA excluding one-off operations (1)	1.11		1.21	1.12
RORWA (Net income/Risks weighted assets)	2.05		2.32	1.95
RORWA excluding one-off operations (1)	2.05		2.25	2.08
Efficiency ratio (3)	39.7		43.4	44.6
Cost of risk excluding one-off operations (1)	1.10		0.77	0.82
NPA ratio	3.4		1.7	2.3
NPA coverage ratio	68		127	92
CAPITAL ADEQUACY RATIOS (BIS II Regulation) (%)				
Ratio BIS	13.4		12.5	12.2
Core capital	8.0		6.7	6.2
Tier I	9.4		8.1	7.9
OTHER INFORMATION				
Number of shares (millions)	3,748		3,748	3,748
Number of shareholders	896,433		886,950	903,897
Number of employees	104,723		112,621	108,972
Number of branches	7,554		7,909	7,787

Memorandum item: the data on this Quarterly Report has not been audited. It has been prepared according to the International Financial Reporting Standards adopted by the European Union and in conformity with Bank of Spain Circular 4/2004, together with the changes introduced therein by Bank of Spain Circular 6/2008. Therefore, they may not coincide with those published in the Quarterly Reports of the previous years.

(1) 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. 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.

(2) Net of goodwill.

(3) Except otherwise stated, efficiency ratio including depreciation.

Group information

Relevant events

In the third quarter of 2009 BBVA continued to demonstrate the strength and high level of recurrent earnings with net attributable profit of €1,380m in the quarter. Once again this was supported by the growth of net interest income and the containment of operating costs. Furthermore the Group made substantial progress in strengthening its capital adequacy, adding gains from the sale of real estate in Spain and from the placement of a convertible bond issue, to the additional capital generated organically. In terms of credit risk, new additions to non-performing assets declined.

The most relevant aspects of the BBVA Group's performance in its main business areas during the third quarter are summarised below:

- Recurrent revenues increased. In the year-to-date **net interest income** rose 19.7% year-on-year thanks to a successful pricing policy and to appropriate management of the balance sheet in the context of a slowdown in business. This positive performance helped to offset the smaller volume of other revenues, helping **gross income** for the first nine months to grow 6.6% compared to the same period last year (up 9.7% at constant exchange rates).

- **Operating costs** are dropping at a faster rate, falling 2.4% year-on-year in the year to 30-Sep-09. This helped to lift **operating income** for the same period to €9,274m, an increase of 13.5% compared to the first nine months of last year (up 18.1% at constant exchange rates).

- The Group completed the sale and lease-back of 948 properties in Spain (mainly branches) for €1,154m, generating €830m in capital gains. These gains were used to increase the Group's generic loan-loss provisions and therefore had no impact on net attributable profit.

- **Impairment losses on financial assets** stabilised further during the quarter, again at around 30% of operating income (excluding the €830m mentioned above).

- All business areas contributed to the Group's **net attributable profit**, which came to €4,179m for the first nine months. As a result BBVA continues to be one of the most profitable big banking groups with an **ROE** of 21.2% and **ROA** of 1.11%.

- BBVA's loan portfolio continues to preserve its high quality and to generate good news in terms of risk management. On one hand, gross additions to non-performing assets continue to decline as well as the the well-conceived policy of recoveries, in a context of highly selective purchases of properties. This helps to slow the growth of the **non-performing asset ratio**. And on the other hand, the decision to use the capital gains from the sale and lease-back of the bank's properties to increase the generic provision has improved the **coverage ratio**. As a result of these developments BBVA ended the quarter with the non-performing asset ratio at 3.4%, 73 basis points lower than the average for its European competitors (based on the latest available figures). The coverage ratio stands at 68%.

- Two aspects of the **capital base** deserve a mention. First, the Group's ability to generate core capital organically was again apparent in the third quarter, contributing 20 basis points. Second, in September the bank placed a €2,000m bond issue, convertible to ordinary shares, which will provide additional flexibility in capital management. Thus core capital rose to 8.0% at 30-Sep-09 (7.1% at 30-Jun-09) and the BIS ratio increased to 13.4% (12.3% at 30-Jun-09).

- At the end of the third quarter BBVA also had €1,711m in **latent capital gains** on its more liquid portfolios of equity holdings. The above is without adding capital gains on other portfolios.

- As customary at this time, BBVA paid a second interim **dividend** of €0.09 per share in cash against 2009 earnings on 12-Oct-09.

- The **Spain & Portugal** Area contributed €1,877m to the Group's net attributable profit. This was similar to the same period last year. Although banking business is slowing, the more conservative lending performed well in the quarter, including residential mortgages and lending to institutions and large companies. Savings and current accounts, and pension funds also performed well. As mentioned, gross additions to non-performing assets continued to slow, and as a result the increment in the non-performing asset ratio was less than previous quarters. Lastly, capital gains from the sale and lease-back of real estate were used to strengthen the bank's balance sheet by allocating them entirely to generic loan-loss provisions.

- The **Wholesale Banking & Asset Management** Area continued to demonstrate the strength and success of its business model based on customer focus, as reflected by the high percentage of recurrent earnings. Corporate & Investment Banking and Global Markets enjoyed an excellent quarter, which largely offset lower revenues from divestments of industrial and real estate holdings. Moreover, containment of administration costs and the lower level of loan-loss provisions helped income before tax in the first nine months to increase 16.0% compared to the same period last year. Nonetheless net attributable profit is only 3.7% higher because the capital gains recognised in 2008 were taxed at a low rate.

- Despite the significant deterioration of its economy and the drop in business, in **Mexico** revenues rose 4.8% year-on-year in local currency. Strict control of costs explains the 7.1% rise in operating income. Impairment on financial assets and provisions were at similar levels of previous quarters in a context of deceleration of the growth of the NPA ratio. The improvement in operating income offset the higher provisions and thus net attributable profit was in line with previous quarters (€1,101m for the year-to-date).

- In the **United States** BBVA continued to generate earnings without the need for government help and despite the very difficult economic context. In August BBVA Compass acquired the operations of Guaranty Bank from the Federal Deposit Insurance Corporation (FDIC). This reinforces the Group's presence in this country, complementing and anticipating BBVA Compass's plans for organic growth in the Sunbelt. This operation is another sign of BBVA's strength and solid capital position, which allows it to tackle such operations and to take advantage of opportunities even in difficult times such as those in the international financial sector.

- Lastly, **South America** turned in another very positive quarter despite the general business slowdown. Revenues increased significantly and expenses were kept under progressive control without impairing asset quality. In the first nine months the area's net attributable profit rose 27.5% year-on-year to €689m (up 27.8% at current exchange rates).

Economic environment

The outlook for the **global economy** is still surrounded by considerable uncertainty. Although the measures adopted around the world could rebuild confidence and result in sustainable recovery, if they fail to achieve an appropriate balance between economic stimulus and long-term sustainability, the financial markets could again become unfavourable.

In **Europe** the economy appears to be recovering. Forecasts point to GDP growth in the second half, although it may be close to zero, and surveys related to the third quarter confirm the feeling of stabilisation. Overall, uncertainty is still high and the volatility of some figures calls for cautious interpretation. The European Central Bank has decided to maintain rates at a low level and believes this is appropriate in a context in which inflation is expected to turn slightly positive in the coming months.

In the **United States** the speed of the economic slowdown has moderated in recent quarters and various indicators, such as demand and the housing market, are showing positive signs. Consumer confidence has improved and the housing market appears to be stabilising in terms of volume and prices. However the job market continues to degenerate. For this reason the authorities decided to keep interest rates low to preserve the stability of the financial system and to stimulate consumption.

Interest rates

(Quarterly average)

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

The **Mexican economy** showed signs of gradual recovery in the third quarter and this indicates the worst part of the crisis is over. Indicators such as manufacturing and industrial production are expected to continue to show signs of monthly growth, confirming the gradual improvement of the economy. Inflation maintains its downward trend although a rebound is expected at the beginning of next year provided the government reforms to increase tax rates and adjust certain regulated prices are approved.

In **South America** most countries have seen GDP growth slowdown due to falling external and internal demand. Nonetheless the situation is more positive than other regions and recovery is expected. The inflation rate is declining and many central banks have cut interest rates further.

Regarding **end-of-period exchange rates** the dollar; the Mexican, Argentinean and Chilean pesos, and the Venezuelan bolivar fuerte have depreciated year-on-year and quarter-on-quarter. On the other hand, the Peruvian nuevo sol and especially the Colombian peso have appreciated in both cases. As a result they reduce the growth of figures on the balance sheet and income statement.

Average exchange rates mostly declined year-on-year. The Mexican peso fell 14.1% against the euro, the Argentine peso fell 6.7%, the Colombian peso 6.5% and the Chilean peso 5.8%. The US dollar and the Venezuelan bolivar fuerte appreciated 11.4% and the Peruvian nuevo sol rose 4.6%. As a result exchange rates have a negative effect on the year-on-year comparisons of the income statement amounting to about four percentage points.

Exchange rates

(Expressed in currency/euro)

	Year-end exchange rates				Average exchange rates	
	30-09-09	∆% on 30-09-08	∆% on 30-06-09	∆% on 31-12-08	Jan.-Sep. 09	∆% on Jan.-Sep. 08
Mexican peso	19.7453	(20.4)	(6.0)	(2.6)	18.6282	(14.1)
U.S. dollar	1.4643	(2.3)	(3.5)	(5.0)	1.3665	11.4
Argentine peso	5.6339	(20.1)	(3.9)	(12.7)	5.1352	(6.7)
Chilean peso	799.36	(1.2)	(6.4)	10.8	781.25	(5.8)
Colombian peso	2,816.90	10.2	8.2	10.9	3,021.15	(6.5)
Peruvian new sol	4.2311	0.8	0.6	3.2	4.1693	4.6
Venezuelan bolivar fuerte	3.1443	(2.3)	(3.5)	(5.0)	2.9342	11.4

Earnings

In the **third quarter** of 2009 the BBVA Group's earnings remained in line with those of previous quarters:

- **Recurrent revenues**, owing to successful management of prices and of structural risks on the balance sheet.
- The **cost containment** measures in recent years continue to provide benefits, as reflected by the year-on-year decline in operating costs.
- The above factors contributed to the **strength of operating income**, with positive participation from all the Group's business areas.
- **Improved solvency:** BBVA generated capital gains by the sale and lease-back of a number of branches in Spain. The entire amount was allocated to generic loan-loss provisions with the goal of strengthening the Group's balance sheet.
- **Impairment losses on financial assets** in the quarter, expressed as a percentage of operating income and excluding the additional provisions mentioned above, **remained unchanged.**
- Net attributable **profit was stable**, supported by contributions from all business areas. The

Consolidated income statement

(Million euros)

	Jan.-Sep. 09	∆%	∆% at constant exchange rates	Jan.-Sep. 08
NET INTEREST INCOME	**10,292**	**19.7**	**23.5**	**8,599**
Net fees and commissions	3,267	(4.5)	(1.9)	3,422
Net trading income	1,124	(20.8)	(18.9)	1,419
Dividend income	290	(27.9)	(28.2)	402
Income by the equity method	6	(97.8)	(97.8)	268
Other operating income and expenses	399	28.9	34.0	309
GROSS INCOME	**15,378**	**6.6**	**9.7**	**14,420**
Operating costs	(6,105)	(2.4)	(1.0)	(6,252)
Personnel expenses	(3,417)	(3.1)	(2.0)	(3,528)
General and administrative expenses	(2,159)	(2.4)	0.2	(2,213)
Depreciation and amortization	(528)	3.2	0.7	(512)
OPERATING INCOME	**9,274**	**13.5**	**18.1**	**8,167**
Impairment on financial assets (net)	(3,686)	77.1	84.1	(2,082)
Provisions (net)	(234)	(60.6)	(59.9)	(594)
Other gains (losses)	597	(25.9)	(25.2)	805
INCOME BEFORE TAX	**5,950**	**(5.5)**	**(1.9)**	**6,298**
Income tax	(1,418)	(7.3)	(4.1)	(1,529)
NET INCOME	**4,532**	**(5.0)**	**(1.2)**	**4,768**
Minority interests	(353)	32.0	26.1	(268)
NET ATTRIBUTABLE PROFIT	**4,179**	**(7.2)**	**(3.0)**	**4,501**
One-off operations (1)	-	n,s	n,s	180
NET ATTRIBUTABLE PROFIT (excluding one-off operations)	**4,179**	**(3.3)**	**1.3**	**4,321**
EARNINGS PER SHARE CALCULATION				
Average ordinary shares in circulation (million)	3,715	0.1		3,713
Basic earnings per share (euros)	1.12	(7.2)		1.21
Basic earnings per share excluding one-offs (euros)	1.12	(3.3)		1.16

(1) In 2008, capital gains from Bradesco in the first quarter and extraordinary charges for early retirements in the second quarter. 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.

Consolidated income statement: quarterly evolution

(Million euros)

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

(1) 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. 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.

incorporation of Guaranty Financial Group in August 2009 had almost no impact on earnings.

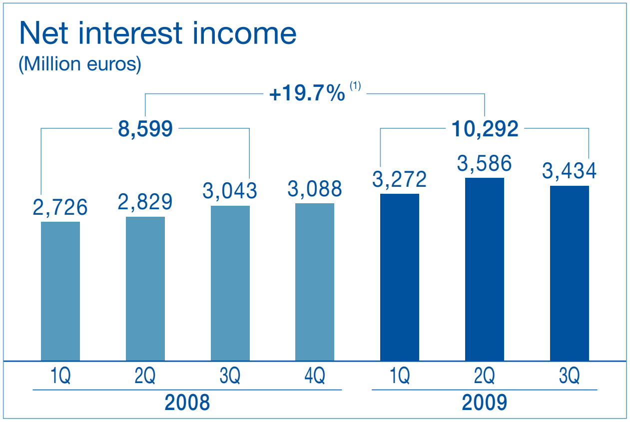
- The above circumstances helped the Group to continue generating **core capital** organically and the amount is higher than anticipated.

Net interest income

Net interest income is the main support of the Group's revenues. In the third quarter it came to €3,434m, an increase of 12.9% over the same quarter of last year. The amount for the first nine months is €10,292m, an increase of 19.7% compared to €8,599m in the same period last year (up 23.5% at constant exchange rates).

The main reasons behind this growth are the active commercial policies of the business areas and the appropriate management of structural risks on the balance sheet.

In recent quarters **commercial policies** have focused on three factors: passing on the higher cost of credit risk



(1) At constant exchange rate: +23.5%.

and liquidity to lending operations and containing the cost of funds; identifying products or segments with better risk-adjusted returns; and optimising the structure of customer funds. These actions led to an improvement in the entry prices both of new operations and repreciations, to a smaller proportion of portfolios with greater risk (such as consumer finance) and to an increase in low-cost liquid funds.

The **management of structural risks**, such as interest and liquidity risk, was characterised by anticipation and strict prudence. This helped to create a solid balance sheet whose main features are low leveraging and a lower risk profile. On one hand, the bank built up portfolios in different countries that helped to stabilise net interest income and the economic value of the balance sheet. And on the other hand, the strong growth of lending in previous years was financed by liabilities that were suitable structured in terms of maturity, type of instrument and diversification. So, by forgoing short-term earnings in favour of long-term stable ones, it created ample liquidity and diversified the sources of finance. This in turn helped to minimise the cost of funds. As a result, it is now

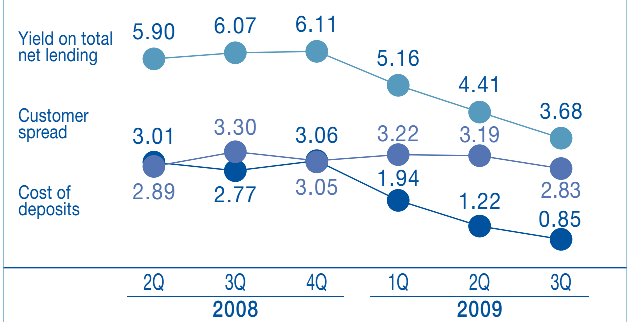
Breakdown of yields and costs

	3rd Quarter 09		2nd Quarter 09		1st Quarter 09		4th Quarter 08	
	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost
Cash and balances with central banks	3.8	1.02	3.5	1.34	3.0	2.15	2.9	2.98
Financial assets and derivatives	25.8	2.88	25.1	3.15	24.2	3.38	23.7	3.43
Loans and advances to credit institutions	4.6	2.14	4.8	3.62	5.3	2.86	6.0	3.42
Loans and advances to customers	60.2	5.09	60.9	5.78	61.5	6.40	60.9	7.29
• Euros	40.9	3.68	41.0	4.41	41.3	5.16	40.0	6.11
- Domestic	36.2	3.82	36.4	4.44	36.4	5.38	36.6	6.08
- Other	4.7	2.64	4.7	4.16	4.9	3.54	3.4	6.46
• Foreign currencies	19.3	8.07	19.8	8.62	20.2	8.94	21.0	9.53
Other assets	5.7	0.37	5.8	0.51	6.0	0.36	6.5	0.71
TOTAL ASSETS	**100.0**	**3.97**	**100.0**	**4.56**	**100.0**	**4.99**	**100.0**	**5.59**
Deposits from central banks and credit institutions	14.1	2.16	13.1	3.35	13.4	4.01	14.9	4.59
Deposits from customers	46.1	1.29	45.5	1.72	44.8	2.46	45.8	3.46
• Euros	21.6	0.85	21.0	1.22	21.0	1.94	21.0	3.06
- Domestic	15.8	1.06	15.5	1.53	16.4	2.15	16.0	2.87
- Other	5.8	0.27	5.5	0.35	4.7	1.23	5.0	3.70
• Foreign currencies	24.5	1.67	24.4	2.14	23.7	2.92	24.8	3.79
Debt certificates and subordinated liabilities	21.7	2.12	22.6	2.59	23.4	3.57	22.1	4.24
Other liabilities	12.5	0.75	13.5	0.80	13.4	0.69	12.3	1.29
Equity	5.7	-	5.4	-	5.1	-	5.0	-
TOTAL LIABILITIES AND EQUITY	**100.0**	**1.45**	**100.0**	**1.91**	**100.0**	**2.57**	**100.0**	**3.36**
NET INTEREST INCOME/ATA		**2.52**		**2.65**		**2.42**		**2.23**

able to capitalise on a balance sheet with a limited risk profile and limited leveraging.

In BBVA's business with customers in the **euro zone** the sharp decline in interest rates in recent quarters initially had a positive effect because assets were repriced more slowly than liabilities. However, now the reduction in the yield on loans (down 73 basis points to 3.68%) is greater than the decline in the cost of funds (down 37 basis points to 0.85%). Consequently the customer spread has dropped to 2.83%, returning to the level prior to the drastic decline in interest rates. Nevertheless the risk profile is now lower because assets, such as the consumer finance portfolio, have shrunk and liabilities, in the form of liquid funds, have expanded. Net interest income for the first nine months in Spain & Portugal and in those Wholesale Banking units that operate in the euro zone increased 4.5% year-on-year. Another significant indicator is the ratio of net interest income to average total assets, which remains stable in all the Spanish units (retail businesses and CBB).

Customer spread (euro area)
(Percentage)



In **Mexico** interbank interest rates fell again in the third quarter (the average TIIE was 4.9%, compared to 5.9% in the second quarter). This decline had an impact on the cost of deposits, which dropped 47 basis points. The lower interest rates were accompanied by a change in the portfolio mix, with consumer products and cards playing an increasingly smaller role. These factors caused the yield on loans to lose 86 basis points during the quarter. Therefore the customer spread declined to 11.4%, compared to 11.8% in the second quarter, even so, this is still high. Business volume remained unchanged in the last 12 months and so the area's net interest income grew 3.9% year-on-year at constant exchange rates.

In the **United States** net interest income for the first nine months rose 2.6% in dollars, supported by business volumes that are higher than a year earlier and the work carried out on repricing.

Finally, net interest income in **South America** continues to grow strongly (up 15.6% at constant exchange rates), supported by the increase in customer funds, by the high level of lending and especially by the improvement in spreads.

Gross income

Net fee income contributed €3,267m in the first nine months, which was 4.5% less than the same period last year (1.9% less at constant exchange rates). It is still affected by fees on mutual funds and pensions, which fell 18.3% year-on-year. However fees on banking services now exceed the level of a year earlier (up 0.9%) despite the slowdown in business.

Net trading income contributed €1,124m in the first nine months, which is €295m less than the same period last year because 2008 included €232m from the VISA IPO.

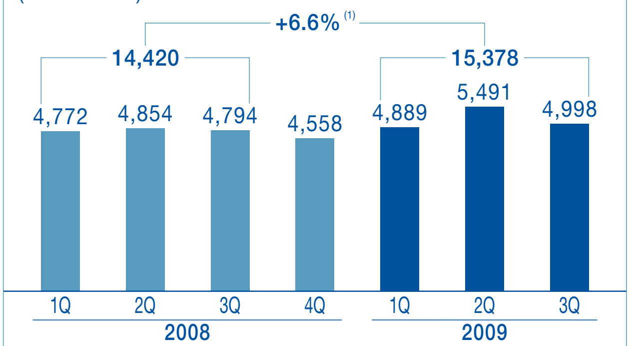
Dividend income in the first nine months came to €290m, compared to €402m in the same period last year. The difference is due to Telefonica's second dividend (€133m), which was booked in the third quarter last year whereas this year it will be booked in the fourth quarter.

Income by the equity method comes to €6m for the year to September. This is significantly lower than 2008 (€268m), which included among other €212m on sales from the industrial holdings portfolio.

Finally, **other operating income and expenses** rose 28.9% to €399m thanks to the excellent performance of income from insurance business, which increased 33.4% to €538m. This income offset charges to deposit guarantee funds, which were up 32.4% year-on-year, increasing faster than business. The ordinary contribution in the United States was higher and it was also accompanied by an extraordinary contribution of $28m for the Federal Deposit Insurance Corporation (FDIC) in the second quarter of 2009.

As a result, **gross income** came to €4,998m in the third quarter and this is the second highest amount ever obtained by BBVA, beaten only by gross income in the previous quarter. Compared to the same period last year, it is €204m higher despite the absence for the time being of the second Telefonica dividend. Therefore gross income for the year to September came to €15,378m, up 6.6% year-on-year (up 9.7% at constant exchange rates).

Gross income
(Million euros)



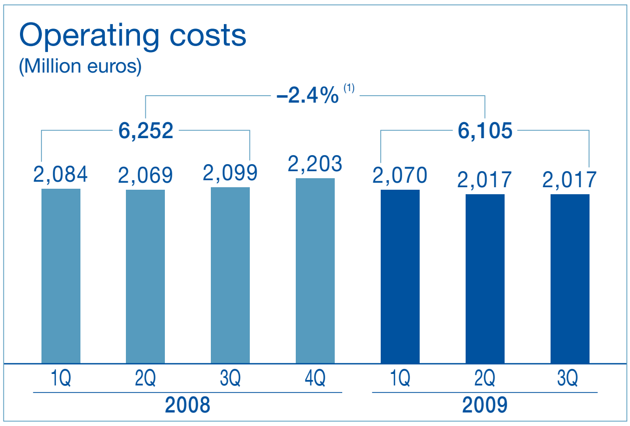
(1) At constant exchange rate: +9.7%,

Operating income

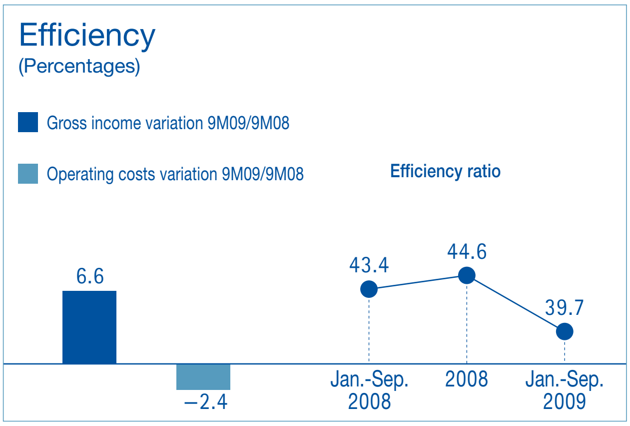
Operating costs remain under strict control, falling 3.9% year-on-year to €2,017m in the third quarter. In the first nine months they rose 2.4% to €6,105m. The reduction was particularly noticeable in the Spain & Portugal Area, where costs fell 5.7% in the year to date. The efforts made in the Americas were also successful and operating costs for the first nine months fell 0.9% at constant exchange rates.

Operating costs, depreciation and efficiency
(Million euros)

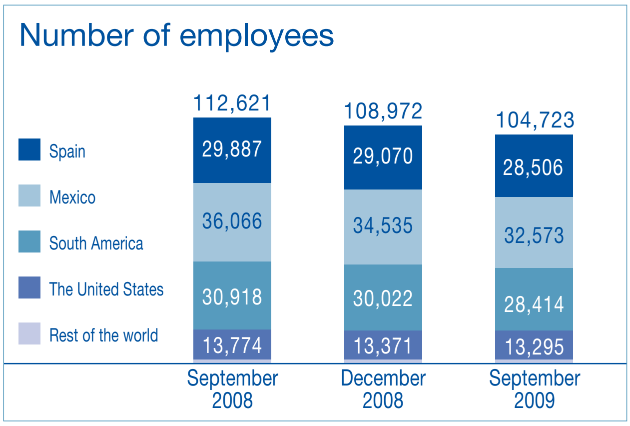
	Jan.-Sep. 09	Δ%	Jan.-Sep. 08	2008
PERSONNEL EXPENSES	**3,417**	**(3.1)**	**3,528**	**4,716**
Wages and salaries	2,620	(2.8)	2,695	3,593
Employee welfare expenses	490	(6.6)	525	693
Training expenses and other	308	(0.3)	308	430
GENERAL AND ADMINISTRATIVE EXPENSES	**2,159**	**(2.4)**	**2,213**	**3,040**
Premises	465	2.9	452	617
IT	416	(4.6)	436	598
Communications	189	0.4	188	260
Advertising and publicity	189	(5.0)	199	272
Corporate expenses	61	(27.0)	83	110
Other expenses	648	3.0	629	887
Levies and taxes	191	(15.0)	225	295
ADMINISTRATION COSTS	**5,577**	**(2.9)**	**5,740**	**7,756**
DEPRECIATION AND AMORTIZATION	**528**	**3.2**	**512**	**699**
OPERATING COSTS	**6,105**	**(2.4)**	**6,252**	**8,455**
GROSS INCOME	**15,378**	**6.6**	**14,420**	**18,978**
EFFICIENCY RATIO (Operating costs/gross income,%)	**39.7**		**43.4**	**44.6**

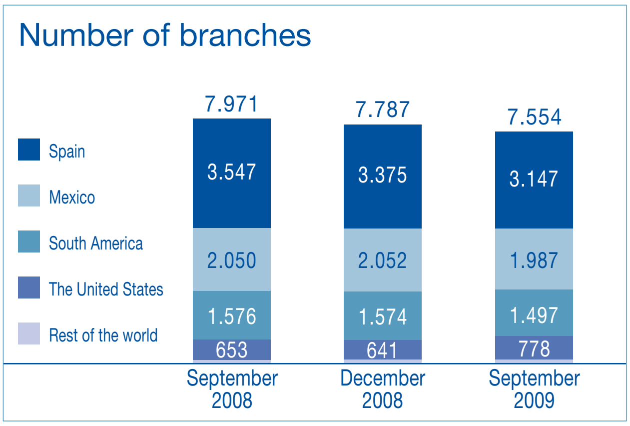


(1) At constant exchange rate: –1.0%.



The number of **employees** and **branches** continue to be affected by cost contention plans with declines in all business areas except the United States, due to the addition of Guaranty Financial Group (Guaranty). Thus, excluding Guaranty, at 30-Sep-09 the workforce stood at 102,962, compared to 103,655 at 30-Jun-09; the branch network stood at 7,390 compared to 7,458 at 30-Jun-09. Guaranty adds to the Group 1,761 employees and 164 branches.

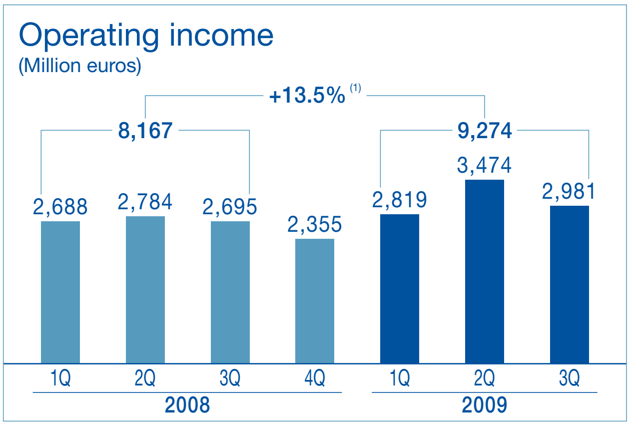




Efficiency (measured by the cost/income ratio) was 39.7% in the third quarter, a considerable improvement over 43.4% in the same period last year and thus BBVA confirms its status as one of the most efficient international banks.

The combined performance of revenues and costs boosted the strength of **operating income** 10.6% to €2,981m in the third quarter. This was also the second highest amount ever obtained by BBVA. And the amount for the first nine months rose 13.5% year-on-year to €9,274m (up 18.1% at constant exchange rates).

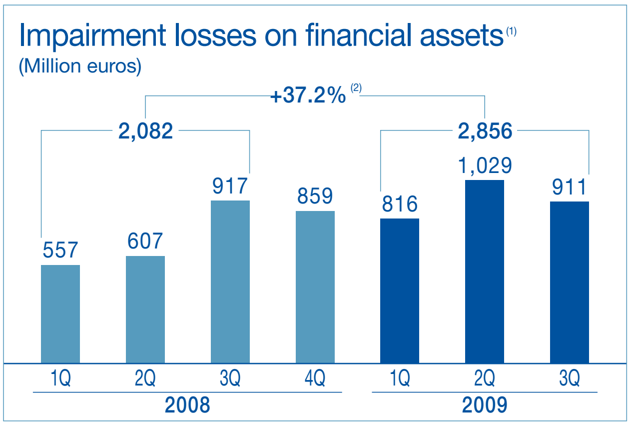
It is worth noting that all business areas contributed to operating income, specifically: €3,463m in Spain & Portugal, €1,015m in Wholesale Banking & Asset Management (WB&AM), €2,564m in Mexico, €657m in the United States and €1,684m in South America.



(1) At constant exchange rate: +18.1%.

Provisions and others

In the third quarter **impairment losses on financial assets** include generic loan-loss provisions of €830m that BBVA decided to set aside to strengthen its balance sheet. This amount was generated by capital gains on the sale and lease-back of real estate mentioned earlier. Excluding this amount, impairment losses in the quarter came to €911m and the cost of risk was 1.04% at 30-Sep-09. Both figures are in line with previous quarters. For the year to September, impairment losses on financial assets come to €3,686m (€2,856m without the extraordinary provision described above). Published results for the first half of 2009 show BBVA's provisions are roughly 30% of operating income whereas those of its European peers are substantially higher, averaging 56%.



(1) In the third quarter of 2009, the capital gains coming from the sale and lease-back of properties which have been allotted to generic provisions for NPLs are not included.
(2) At constant exchange rate: +42.7%.

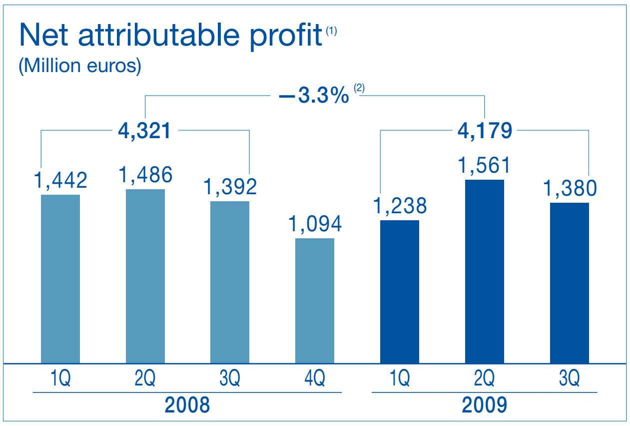
Net provisions in the first nine months came to €234m. This is €360m less than the €594m provided in the same period last year, which included €470m for one-off early retirements.

Finally, **other gains (losses)** come to €597m for the first nine months and include €830m of capital gains on the sale and lease-back of property and provisions for updating the value of real estate assets. In the same period last year this item come to €805m, which included €727m from the sale of BBVA's interest in Bradesco.

Net attributable profit

Net attributable profit in the first nine months came to €5,950m, compared to €6,298m in the same period last year. After deducting €1,418m for income tax, net income comes to €4,532m. And after €353m for minority interests, the Group's **net attributable profit** for the first nine months of 2009 fell 7.2% from the €4,501m obtained in the same period of 2008 to €4,179m (down 3.0% at constant exchange rates).

One-off operations in the first nine months of last year (capital gains of Bradesco and provision for early-retirements) added €180m after tax. Excluding such operations, net attributable profit in the first nine months of this year is down 3.3% (up 1.3% at constant exchange rates).

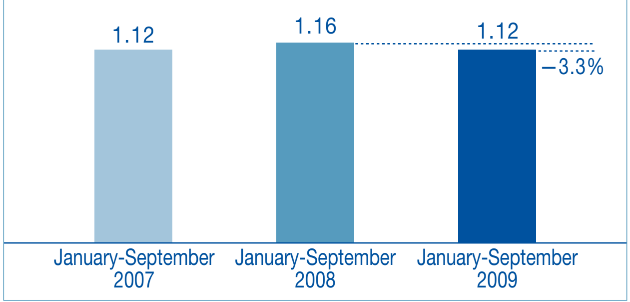


(1) Excluding results of one-off operations.
(2) At constant exchange rate: +1.3%.

All business areas contributed to the Group's net attributable profit in the first nine months: €1,877m in Spain & Portugal, €770m in Wholesale Banking & Asset Management, €1,101m in Mexico, €103m in the United States and €689m in South America.

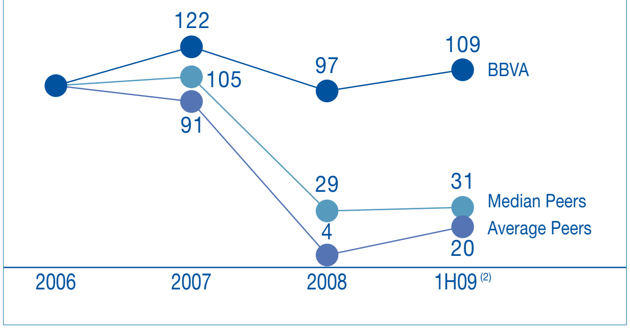
Earnings per share (EPS) in the year to 30-Sep-09 were €1.12, which is similar to 2006 (just prior to the crisis). This figure sets the BBVA Group apart from most other banks, whose EPS have suffered drastically. Based on data from the first half of 2009 BBVA is one of the top banks in terms of its EPS, which is far above its peer average.

Earnings per share (1)
(Euros)



(1) Excluding results of one-off operations.

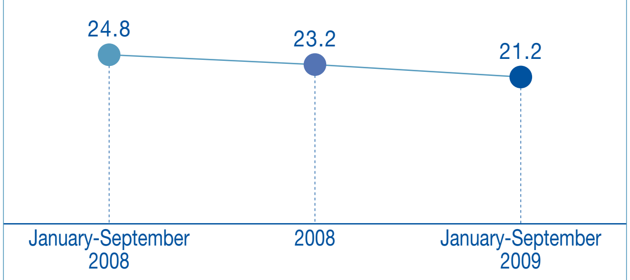
Earnings per share. BBVA and Peer Group (1)
(Year 2006=100)



(1) Peer Group: Group of 15 comparable european banks.
(2) Annualized.

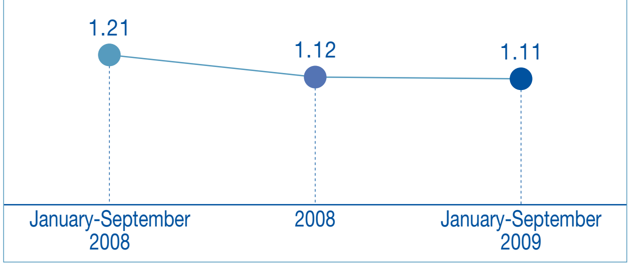
Lastly, the various measures of profitability are stable compared to previous quarters and they put BBVA among the top banks worldwide. Return on equity **(ROE)** is 21.2%, the return on assets (**ROA**) is 1.11% and the return on risk-weighted assets (**RORWA**) is 2.05%.

ROE (1)
(Percentage)



(1) Excluding results of one-off operations.

ROA (1)
(Percentage)



(1) Excluding results of one-off operations.

Business activity

During the third quarter of 2009 the contraction that started last year in the Spanish market continued, especially in lending. The demand for time deposits fell further but liquid forms of customer funds and pension funds improved their behaviour. The decline in business in the Americas, which started more recently, also affected the growth of lending, which remains almost at the same level as a year earlier. Conversely, customer funds grew year-on-year in all regions. Consumer finance and credit cards, with their associated risks, now play a smaller role on the balance sheet whereas items such as residential mortgages and public sector lending have increased. Although lending fell in the quarter, lower risk businesses were maintained and in

Consolidated balance sheet

(Million euros)

	30-09-09	Δ%	30-09-08	30-06-09	31-12-08
Cash and balances with central banks	20,323	(1.8)	20,701	23,053	14,659
Financial assets held for trading	70,585	12.6	62,670	71,064	73,299
Other financial assets designated at fair value through profit or loss	2,207	98.0	1,115	2,089	1,755
Available for sale financial assets	63,400	33.7	47,432	57,384	47,780
Loans and receivables	345,629	(5.2)	364,754	352,905	369,494
• Loans and advances to credit institutions	22,330	(19.3)	27,659	24,533	33,856
• Loans and advances to customers	322,857	(4.1)	336,797	327,926	335,260
• Other	441	48.2	298	447	378
Held-to-maturity investments	4,995	(4.9)	5,254	5,099	5,282
Investments in entities accounted for using the equity method	1,340	(0.5)	1,347	1,407	1,467
Tangible assets	6,386	19.9	5,327	6,502	6,908
Intangible assets	8,129	(2.9)	8,376	8,363	8,440
Other assets	14,312	30.6	10,957	14,767	13,568
TOTAL ASSETS	**537,305**	**1.8**	**527,932**	**542,634**	**542,650**
Financial liabilities held for trading	36,394	43.0	25,443	37,529	43,009
Other financial liabilities at fair value through profit or loss	1,299	284.6	338	1,295	1,033
Financial liabilities at amortised cost	446,993	(1.1)	451,757	452,490	450,605
• Deposits from central banks and credit institutions	73,777	(17.3)	89,259	76,919	66,804
• Deposits from customers	249,365	4.9	237,648	249,096	255,236
• Debt certificates	98,622	(3.4)	102,125	102,486	104,157
• Subordinated liabilities	18,594	19.9	15,510	17,003	16,987
• Other financial liabilities	6,635	(8.0)	7,215	6,985	7,420
Liabilities under insurance contracts	6,907	(8.1)	7,515	6,822	6,571
Other liabilities	15,004	(3.5)	15,544	14,599	14,727
TOTAL LIABILITIES	**506,597**	**1.2**	**500,596**	**512,734**	**515,945**
Minority interests	1,254	24.6	1,006	1,219	1,049
Valuation adjustments	(543)	121.1	(246)	(702)	(930)
Shareholders' funds	29,997	12.9	26,575	29,383	26,586
TOTAL EQUITY	**30,707**	**12.3**	**27,336**	**29,901**	**26,705**
TOTAL EQUITY AND LIABILITIES	**537,305**	**1.8**	**527,932**	**542,634**	**542,650**
MEMORANDUM ITEM:					
Contingent liabilities	32,807	(13.7)	37,994	33,705	35,952
MEMORANDUM ITEM:					
Average total assets	544,132	7.4	506,566	545,350	517,856
Average shareholders' funds	26,349	13.0	23,315	26,234	23,324
Risks weighted assets	296,057	8.8	272,017	296,491	277,478

some cases even increased with established customers and those with a high credit rating.

On 10-Sep-09 BBVA incorporated the business of Guaranty Financial Group on its balance sheet. This bank was acquired on 22-Aug-09 and it contributed (at market value) $7,500m in loans and $11,400m in customer funds. Because it is relatively small, the acquisition hardly affects the year-on-year comparisons of the Group's balance sheet. Nonetheless, off-balance-sheet funds are affected by the State takeover of the pension funds in Argentina in the fourth quarter last year.

The end-of-period **exchange rates** have a negative impact (just over three percentage points) on year-on-year comparisons of the balance sheet and business figures. In the last 12 months most currencies with an impact on BBVA's financial statements, such as the Mexican peso and the US dollar, depreciated against the euro. Comparisons for the main items based on constant exchange rates are provided to facilitate the assessment of business trends.

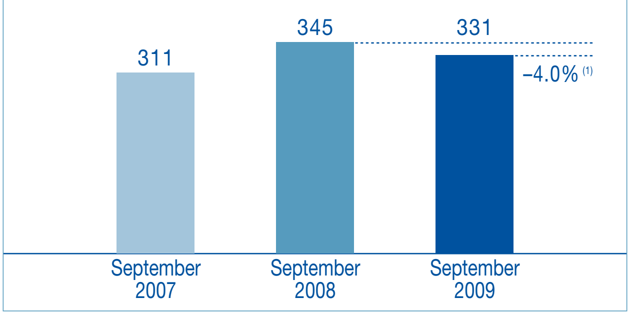
At 30-Sep-09 the Group's **total assets** came to €537 billion, an increase of 1.8% compared to €528 billion at the same date of last year (up 4.9% at constant exchange rates). This item has been mostly stable since the end of last year.

Lending to customers

At 30-Sep-09 the customer loan portfolio was down 4.0% to €331 billion (down 1.7% at constant exchange rates) against 30-Sep-08.

Total lending (gross)

(Billion euros)



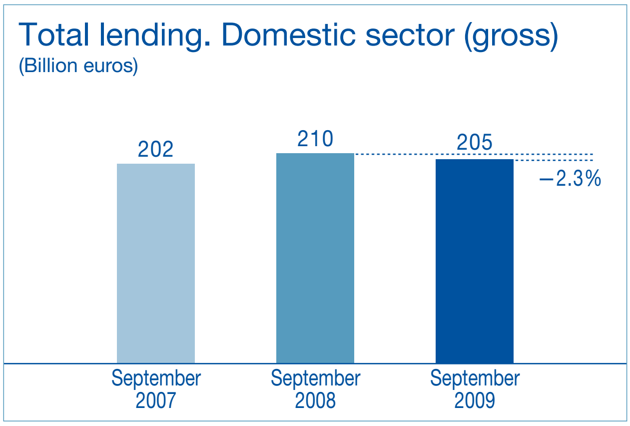
(1) At constant exchange rate: –1.7%.

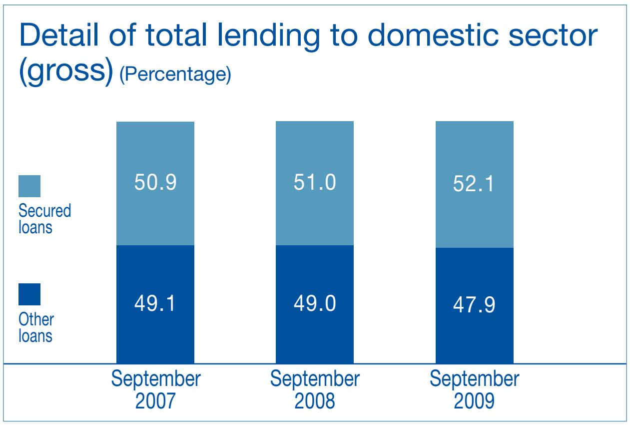
Total lending

(Million euros)

	30-09-09	∆%	30-09-08	30-06-09	31-12-08
Domestic sector	204,997	(2.3)	209,769	207,490	210,080
Public sector	20,247	20.5	16,807	19,219	17,599
Other domestic sectors	184,750	(4.3)	192,961	188,271	192,481
• Secured loans	106,761	(0.1)	106,908	106,615	105,832
• Commercial loans	6,192	(38.0)	9,981	6,724	9,543
• Financial leases	6,862	(13.9)	7,970	7,087	7,702
• Other term loans	49,122	(13.7)	56,904	51,213	55,448
• Credit card debtors	1,776	4.2	1,704	1,831	1,971
• Other demand and miscellaneous debtors	2,996	(6.5)	3,205	4,156	3,474
• Other financial assets	2,648	8.8	2,435	2,849	3,029
• Non performing loans	8,391	117.7	3,855	7,797	5,483
Non-domestic sector	126,008	(6.6)	134,872	128,118	132,591
Secured loans	41,690	3.3	40,362	40,046	39,390
Other loans	80,579	(12.4)	91,961	84,420	90,326
Non performing loans	3,739	46.7	2,550	3,652	2,875
TOTAL LENDING (GROSS)	**331,005**	**(4.0)**	**344,641**	**335,608**	**342,671**
Loan-loss provisions	(8,148)	3.9	(7,844)	(7,682)	(7,412)
TOTAL NET LENDING	**322,857**	**(4.1)**	**336,797**	**327,926**	**335,260**

Lending to **domestic** customers in Spain increased where the risk was lower. The **public sector** accounted for €20 billion, which was a year-on-year increase of 20.5% and a rise of 5.3% during the quarter. The loan portfolio of the **domestic private sector** stands at €185 billion and secured loans account for the main part of this. They came to €107 billion, which is practically the same as a year earlier but slightly better than the last quarter. Conversely, items of higher risk, such as commercial lending are dropping fast (down 38.0% year-on-year and down 7.9% quarter-on-quarter). There was good news on non-performing loans in the domestic private sector. At 30-Sep-09 they stood at €8,391m and continue to slow on a quarter-by-quarter basis. In 2009 they increased 25.7% in the first quarter, 13.2% in the second and 7.6% in the third quarter. The reasons behind the improvement are the lower additions to NPA and the active debt recovery policy.

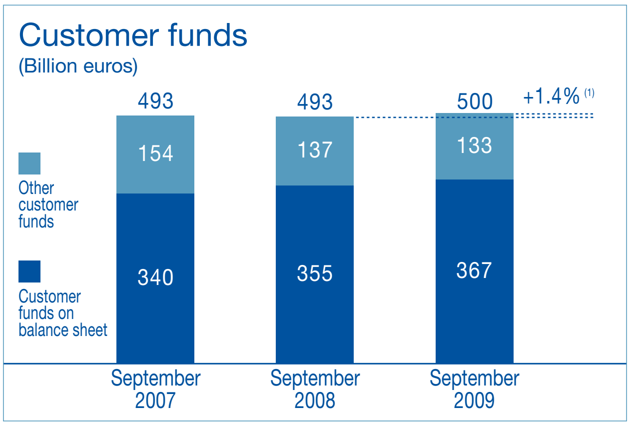




Lending to **non-resident** customers at the end of the third quarter stood at €126 billion, a decrease of 6.6% compared to €135 billion a year earlier (down 0.9% at constant exchange rates). This item is partly affected by the depreciation of Latin-American currencies and especially by the slowdown in lending in Mexico, in the United States and in some South American countries.

Customer funds

At the end of the third quarter total customer funds, on and off the balance sheet, had increased to €500 billion. They are up 1.4%, compared to €493 billion a year earlier (up 4.6% at constant exchange rates). During the third quarter they rose more than €1 billion.



(1) At constant exchange rate: +4.6%.

As usual in recent quarters, **customer funds on the balance sheet** continued to outperform, rising 3.2% to €367 billion, compared to €355 billion a year earlier. Because of its ample liquidity, BBVA had no need to enter price wars to capture customer funds, more specifically time deposits. Moreover, this item is slightly higher than the customer loan portfolio, which highlights the Group's good liquidity positioning. Of the above amount, customer deposits account for €249 billion (up 4.9% year-on-year), marketable debt securities account for €99 billion (down 3.4% year-on-year) and subordinate liabilities account for €19 billion (up 19.9%).

Customer funds **off the balance sheet** came to €133 billion, a 3.1% decrease compared to €137 billion a year earlier but up 2.3% during the quarter. The

Customer funds

(Million euros)

	30-09-09	∆%	30-09-08	30-06-09	31-12-08
CUSTOMER FUNDS ON BALANCE SHEET	**366,581**	**3.2**	**355,283**	**368,586**	**376,380**
DEPOSITS FROM CUSTOMERS	**249,365**	**4.9**	**237,648**	**249,096**	**255,236**
Domestic sector	98,112	(1.1)	99,182	97,133	104,959
Public sector	4,908	(22.4)	6,321	4,080	6,328
Other domestic sectors	93,204	0.4	92,861	93,052	98,630
• Current and savings accounts	45,115	6.8	42,243	47,748	44,589
• Time deposits	36,193	(15.5)	42,841	37,240	43,829
• Assets sold under repurchase agreement and other	11,896	53.0	7,778	8,064	10,213
Non-domestic sector	151,253	9.2	138,466	151,964	150,277
Current and savings accounts	59,094	9.8	53,835	57,486	56,930
Time deposits	86,202	13.3	76,066	88,799	85,647
Assets sold under repurchase agreement and other	5,958	(30.4)	8,565	5,679	7,700
DEBT CERTIFICATES	**98,622**	**(3.4)**	**102,125**	**102,486**	**104,157**
Mortgage bonds	38,750	(2.5)	39,740	38,780	39,673
Other debt certificates	59,872	(4.0)	62,385	63,706	64,484
SUBORDINATED LIABILITIES	**18,594**	**19.9**	**15,510**	**17,003**	**16,987**
OTHER CUSTOMER FUNDS	**133,115**	**(3.1)**	**137,371**	**130,082**	**119,017**
Mutual funds	47,713	(9.1)	52,480	47,552	46,295
Pension funds	59,224	3.2	57,366	56,895	48,140
Customer portfolio	26,177	(4.9)	27,525	25,636	24,582
TOTAL CUSTOMER FUNDS	**499,695**	**1.4**	**492,654**	**498,668**	**495,397**

improvement since the end of the previous quarter is in line with the rise in equity markets and the corresponding increase in mutual funds and customer portfolios. At constant exchange rates customer funds are up 1.7% year-on-year (up 4.1% excluding Consolidar AFJP balances). Spain accounted for €64 billion of customer funds, a rise of 2.7% in the latest quarter. Customer funds in other countries came to €69 billion, an increase of 4.7% at constant exchange rates (up 9.7% after discounting the €3,796m contributed by Consolidar AFJP in Argentina at 30-Sep-08).

In **Spain**, market uncertainty and low interest rates are driving demand away from time deposits towards liquid deposits and mutual funds with a low risk profile. These factors, together with BBVA's policy of abstaining from aggressive campaigns to gather time deposits, caused this item to drop 15.5% year-on-year to €36 billion at the end of the third quarter. However, current and savings accounts are up 6.8% year-on-year to €45 billion. Mutual funds fell 8.8% year-on-year to €34 billion but the entire system fell 12.4% and therefore BBVA again improved its market share (up 77 basis points since 30-Sep-08 to 19.9%), consolidating its leadership. Pension funds remain higher compared to the first half of this year and the third quarter last year. They now come to €17 billion (up 3.8% quarter-on-quarter and up 5.3% year-on-year).

In the **non-resident** customer segment in Spain the aggregate of current and savings accounts, time deposits, mutual funds and pension funds rose 8.0% year-on-year to €201 billion. Current and savings accounts performed well, rising 9.8% year-on-year to €59 billion. This is particularly welcome because such funds are associated with greater profitability.

Other customer funds

(Million euros)

	30-09-09	∆%	30-09-08	30-06-09	31-12-08
SPAIN	**63,889**	**(1.4)**	**64,824**	**62,224**	**61,628**
MUTUAL FUNDS	**33,974**	**(8.8)**	**37,236**	**34,179**	**34,900**
Mutual funds (ex real estate)	32,367	(8.9)	35,511	32,556	33,197
• Guaranteed	14,595	(13.2)	16,809	15,952	16,507
• Monetary and short-term fixed-income	12,964	0.5	12,906	12,140	12,016
• Long-term fixed-income	1,224	(2.6)	1,256	1,061	1,252
• Balanced	762	(22.9)	987	709	755
• Equity	2,039	(8.8)	2,236	1,802	1,657
• Global	784	(40.5)	1,317	891	1,009
Real estate investment trusts	1,499	(6.4)	1,602	1,515	1,580
Private equity funds	108	(12.5)	123	108	123
PENSION FUNDS	**16,951**	**5.3**	**16,093**	**16,323**	**16,078**
Individual pension plans	9,856	7.0	9,208	9,482	9,358
Corporate pension funds	7,095	3.1	6,885	6,842	6,720
CUSTOMER PORTFOLIOS	**12,964**	**12.8**	**11,494**	**11,721**	**10,650**
REST OF THE WORLD	**69,225**	**(4.6)**	**72,548**	**67,858**	**57,406**
Mutual funds and investment companies	13,739	(9.9)	15,244	13,373	11,395
Pension funds	42,273	2.4	41,273	40,571	32,079
Customer portfolios	13,213	(17.6)	16,031	13,914	13,932
OTHER CUSTOMER FUNDS	**133,115**	**(3.1)**	**137,371**	**130,082**	**119,034**

Statement of changes in equity

The total equity of the BBVA Group at 30-Sep-09 stands at €31 billion, rising 2.7% in the quarter. This increase was almost entirely due to the net attributable profit of €1,380m generated during the quarter and after the deduction of the first and second interim dividends approved by the Board of Directors on July 7th and September 29th respectively. Other items had hardly any impact on the statement of changes in BBVA's equity.

Statement of changes in equity

(Million euros)

	Capital	Reserves	Profit for the year	Treasury shares	Valuation adjustments	Minority interests	Paid dividends	TOTAL EQUITY
BALANCE AT 30-06-09	**1,837**	**24,762**	**2,799**	**(14)**	**(702)**	**1,219**	**-**	**29,901**
Valuation adjustments					159	(19)		140
Profit retained								-
Dividends						(42)	(664)	(706)
Shares issued								-
Treasury shares		23		(135)				(112)
Profit for the year			1,380			110		1,490
Other		8		2		(15)		(5)
BALANCE AT 30-09-09	**1,837**	**24,793**	**4,179**	**(148)**	**(543)**	**1,254**	**(664)**	**30,707**
THIRD QUARTER VARIATION	**-**	**31**	**1,380**	**(133)**	**159**	**34**	**(664)**	**807**

Capital base

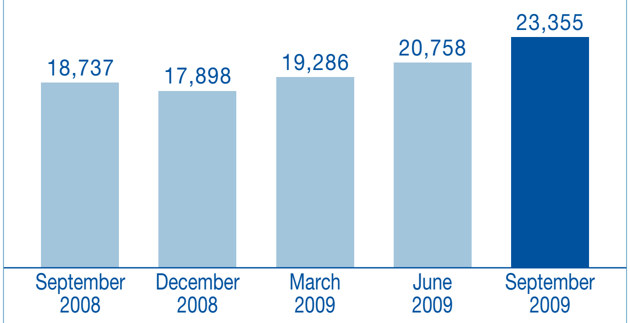
At 30-Sep-09 the Group's **eligible capital base** calculated according to **Basel II** rules came to €39,004m, which was €2,998m more than the previous quarter. The two main factors behind this growth were the profit generated in the period and a €2,000m issue of mandatory convertible bonds.

Risk-weighted assets (RWA) have declined 1.1% since 30-Jun-09, to €290,521m. This is explained by the lower level of lending and the depreciation of the Mexican peso and the US dollar during the period. Together, these factors exceeded the effect of the Guaranty Financial Group acquisition, which contributed $2,400m to RWA.

The **minimum capital requirement** (8% of RWA) is therefore €23,242m and the capital base surplus is €15,762m. In other words, the Group's capital base is 68% higher than the required minimum (51% higher at 30-Jun-09).

Core capital at the end of September stood at €23,555m, rising 12.5% in the quarter. Core capital grew more than RWA and so the core capital ratio, in accordance with Basel II uniform criteria, came to 8.0% (7.1% at 30-Jun-09). There are two reasons for the increase. First, the issue of mandatory

Core capital
(Million euros)

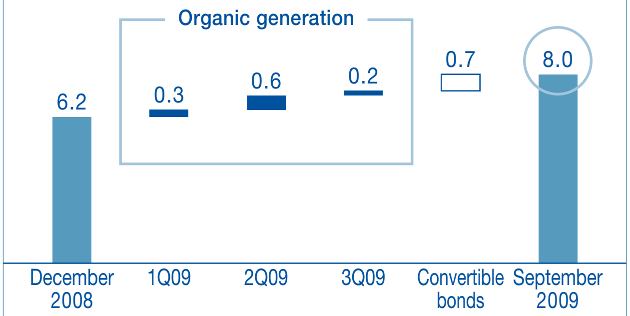


Capital base (BIS II Regulation)
(Million euros)

	30-09-09	30-06-09	31-03-09	31-12-08	30-09-08
Shareholders' funds	29,997	29,383	27,742	26,586	26,575
Adjustments	(8,642)	(8,625)	(8,456)	(8,688)	(7,838)
Mandatory convertible bonds	2,000				
CORE CAPITAL	**23,355**	**20,758**	**19,286**	**17,898**	**18,737**
Preference shares	5,398	5,433	5,421	5,395	4,465
Adjustments	(1,527)	(1,525)	(1,532)	(583)	(514)
CAPITAL (TIER I)	**27,226**	**24,666**	**23,175**	**22,710**	**22,688**
Subordinated debt and other	13,304	12,880	12,802	12,914	12,985
Deductions	(1,527)	(1,539)	(1,543)	(590)	(520)
OTHER ELIGIBLE CAPITAL (TIER II)	**11,778**	**11,340**	**11,259**	**12,324**	**12,465**
CAPITAL BASE	**39,004**	**36,006**	**34,434**	**35,033**	**35,152**
Minimum capital requirement (BIS II Regulation)	23,242	23,493	23,861	22,989	22,515
CAPITAL SURPLUS	**15,762**	**12,513**	**10,573**	**12,044**	**12,638**
RISK-WEIGHTED ASSETS	**290,521**	**293,661**	**298,261**	**287,364**	**281,434**
BIS RATIO (%)	**13.4**	**12.3**	**11.5**	**12.2**	**12.5**
CORE CAPITAL (%)	**8.0**	**7.1**	**6.5**	**6.2**	**6.7**
TIER I (%)	**9.4**	**8.4**	**7.8**	**7.9**	**8.1**
TIER II (%)	**4.1**	**3.9**	**3.8**	**4.3**	**4.4**

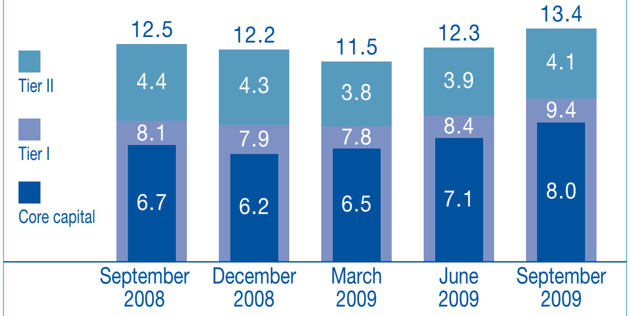
convertible bonds contributed 70 basis points. And second, profit earned during the period provided a further 20 basis points, and therefore, the accumulated organic contribution year to date is 110 basis points and already exceeds the level expected for the whole year.

Core capital generation BIS II (Percentage)



The **TIER I** ratio includes preference shares, a deduction for financial participations greater than 10% and a deduction for insurance-company holdings greater than 20% (these deductions are split equally between Tier I and Tier II). After considering the adjustments, the ratio rose one percentage point in the quarter to 9.4% for the above reasons. Tier I capital stands at €27,226m.

Capital base: BIS II ratio (Percentage)



Other eligible capital (**TIER II**), which mainly consists of subordinated debt, eligible latent capital gains and generic provisions in excess of the limits defined in the rules, amounted to €11,778m and therefore the Tier II ratio is 4.1%. This complementary capital rose 0.2% during the quarter owing mainly to increases in loan-loss provisions and eligible latent capital gains.

As a result, the **BIS** ratio at the end of September 2009 was 13.4%, an increase of 1.1% compared to the end of the previous quarter.

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

The BBVA share

During the **third quarter** of 2009 stock markets continued the upward trend that started in March. Macroeconomic conditions are still bad but signs of stabilisation have emerged, allowing the market to reflect greater positive sentiment. However, while central banks await clearer signs of economic recovery, official interest rates remain unchanged at minimum levels in Europe and the United States. During the quarter the banking sector was favoured by a significant improvement in market sentiment. Earnings in the first half were a positive factor supporting this. The need for banks to maintain higher levels of capital continued to be debated in international forums such as the G20 meeting where participants called for co-ordinated measures by governments and regulators. Such measures, whether they entail capital or liquidity requirements or tighter supervision, could determine the future of some banks. Nonetheless the gradual improvement in market liquidity has provided banks with more options when it comes to obtaining finance.

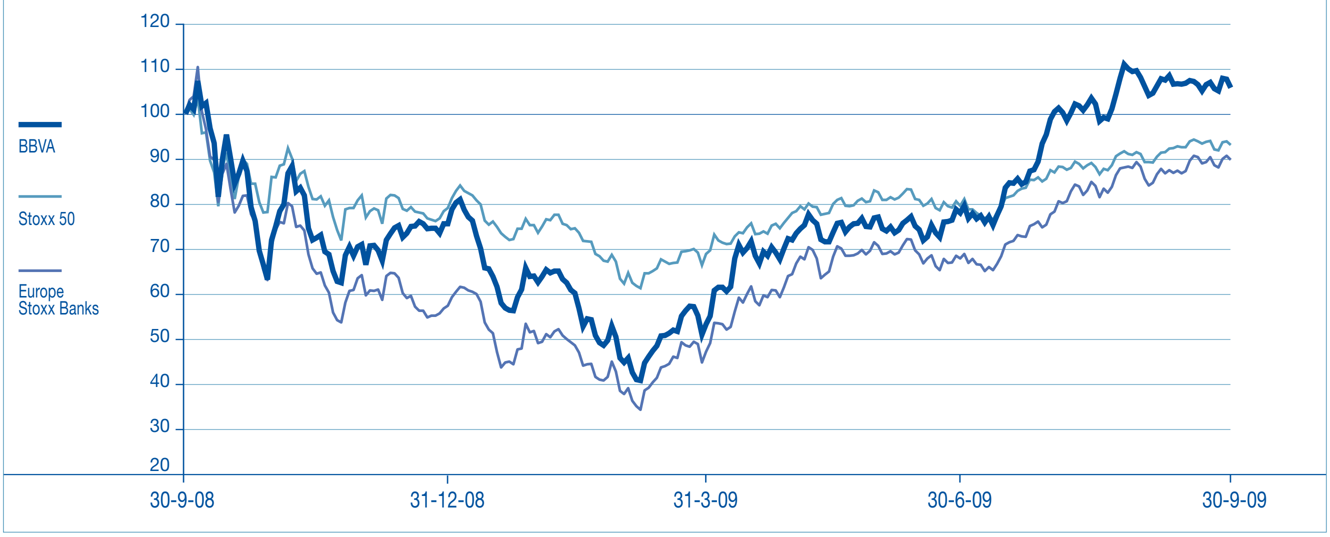
In the above environment the main **stock markets** closed the quarter with substantial gains, extending the rally that started in the second quarter. In general, European indices out performed American ones. The Stoxx50 rose 16.9% and the UK's FTSE climbed 21.3%, both beating the S&P 500, which increased 15.0%. In Spain the Ibex35 gained 20.1% in the quarter, outperforming the Stoxx50 and S&P 500. The relative performance for the first nine months was even better: the Ibex increased 27.8%, compared to 17.8% for the Stoxx50 and 17.0% for the S&P 500.

During the third quarter the main **banking sector** indices also outpaced the broader market. Based on the general indices, European markets –especially Britain– rose faster than those in America. The European Stoxx Banks improved 32.2%, which was slightly less than the FTSE Banks (up 39.2%) but significantly higher than the S&P Financials Index (up 25.1%) and US regional bank index (up 30.3%).

The superior performance of the banking sector in the third quarter can be explained, at least partially, by the earnings in the first half. In previous quarters investors and analysts paid greater attention to capital adequacy and balance sheets. However their interests now appear to turn once again to the potential generation of revenues and profit.

In **BBVA**'s case, **earnings** in the first half were higher than analysts' expectations. In particular they took a positive view of revenues and net interest income as well as the cost reductions. The Group's proven ability to generate capital in an organic manner was especially noted owing to concerns regarding the capital adequacy of the financial system.

Share price index
(30-09-08 = 100)



The BBVA share

	30-09-09	30-06-09	31-03-09	31-12-08	30-09-08
Number of shareholders	896,433	923,005	919,195	903,897	886,950
Number of shares issued	3,747,969,121	3,747,969,121	3,747,969,121	3,747,969,121	3,747,969,121
Quarter daily average number of shares traded	50,638,534	48,989,582	58,814,357	61,864,657	55,663,963
Quarter daily average trading (million euros)	535	399	399	579	644
Maximum price in the quarter (euros)	12.83	9.10	9.33	12.35	12.58
Minimum price in the quarter (euros)	8.51	5.88	4.45	7.04	10.18
Closing price for the quarter (euros)	12.13	8.94	6.11	8.66	11.46
Book value per share (euros)	8.00	7.84	7.40	7.09	7.09
Tangible book value per share (euros) (1)	6.17	5.88	5.36	5.02	5.22
Market capitalisation (million euros)	45,463	33,507	22,900	32,457	42,952

(1) Net of goodwill.

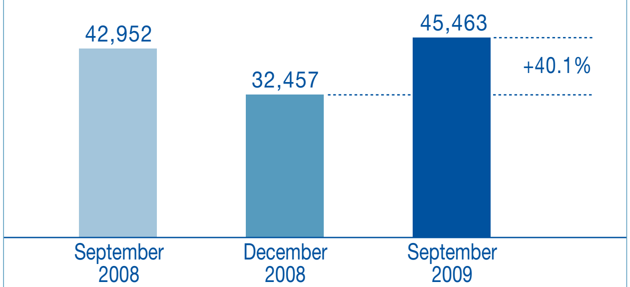
Share performance ratios

	30-09-09	30-06-09	31-03-09	31-12-08	30-09-08
Price/Book value (times)	1.5	1.1	0.8	1.2	1.6
Price/Tangible book value (times) (1)	2.0	1.5	1.1	1.7	2.2
PER (Price/Earnings; times) (2)	9.1	7.3	4.8	6.5	8.6
Yield (Dividend/Price; %) (3)	3.3	4.0	6.1	7.1	5.4

(1) Net of goodwill.
(2) The 30-9-09 P/E is calculated taking into consideration the median of the analysts' estimates (October 2009).
(3) Dividend yield at 30-9-09 is calculated taking into consideration the median of analysts' estimates (October 2009).

BBVA's good results boosted its **share price** 18.4% between the date they were published and 30-Sep-09. For the entire third quarter BBVA's shares rose 35.7%, outpacing the positive performance of the main reference indices in Spain and the rest of Europe. For the first nine months BBVA's shares are up 40.1%, which compares favourably with the Stoxx50 (up 17.8%) and the Ibex35 (up 27.8%). During the third quarter the share price varied between €8.51 and €12.83, closing at €12.13 on 30-Sep-09 and bringing market capitalisation to €45,463m. At that point the price-to-earnings ratio (P/E), calculated on 2009 profits as estimated by analysts, is 9.1 compared to 6.5 in 2008 (calculated on the actual figures at the end of that year). BBVA trades at a significant discount (35%) compared to the European banking sector in terms of P/E and therefore its current price is relatively attractive. At the end of September 2009 the P/E of the Stoxx Banks Index was 14.1. The price-to-book value multiple is 1.5 compared to 1.2 at the end of 2008 and the price-to-net-tangible-book multiple has risen to 2.0. Lastly, the dividend yield (calculated on average dividends estimated by analysts for 2009) is 3.3%.

Market capitalisation
(Million euros)



In the third quarter of 2009 BBVA's shares continued to enjoy high liquidity and the average number of shares traded each day was 51 million, an increase compared to the previous quarter. The daily average value traded was also higher (€535m).

The Group maintains its customary calendar in respect of **shareholder remuneration**. A second interim dividend of €0.09 per share in cash was paid against 2009 earnings on 12-Oct-09. This equates to a disbursement of €337m at a time when most banks have cancelled such payments.

Risk and economic capital management

Risk management

Credit risk

The Group has continued to conserve high asset quality, based on its policies of prudent management for its most relevant risks and an in-depth knowledge of its lending portfolios (practically all of which have been generated through the Group's own networks). Thus, once more, this quarter brought good news on risk management. The main highlights were the following:

- For the third quarter running, net entries into NPAs decreased, indicating a trend due both to fewer gross entries and to the high volume of recoveries. This improvement has dampened growth in the NPA ratio. The trend is even more significant given that it has occurred in a context of very selective real-estate purchases.
- It was decided to employ 100% of the capital gains from the sale and lease-back of properties in Spain, ie, €830m, to endow generic provisions, thus boosting the coverage ratio.
- Moreover, there is still ample coverage from provisions and collaterals.

The Group has managed to consistently outperform the system as a whole, with better cost of risk and better NPA and coverage ratios. Additionally, with the latest endowment to provisions in Spain, the Group has helped to maintain the recurrent nature of its earnings for the next few quarters, despite current uncertainty regarding economic recovery.

The third-quarter data show that to 30th September 2009, BBVA has:

- A volume of **total risk** with customers (including contingent risks), at €363,812m, which is just 1.5% lower than the €369,313m reported on 30-Jun-09, and in line with the overall slowdown in lending activity. It is impacted by the depreciation of the main currencies in which the Group operates, that are consolidated to its balance sheet in euros. Moreover, this quarter, the percentage of the lending segments bearing lower risk continued to increase,

Credit risk management
(Million euros)

	30-09-09	30-06-09	31-03-09	31-12-08	30-09-08
TOTAL RISK EXPOSURE (1)					
Non-performing assets	12,500	11,774	10,543	8,568	6,544
Total risks	363,812	369,313	374,962	378,635	382,635
Provisions	8,459	8,023	8,000	7,841	8,328
• Specific	4,422	4,132	3,679	3,282	2,524
• Generic and country-risk	4,037	3,891	4,321	4,558	5,804
NPA ratio (%)	3.4	3.2	2.8	2.3	1.7
NPA coverage ratio (%)	68	68	76	92	127
MEMORANDUM ITEM:					
Foreclosed assets	698	546	461	391	383
Foreclosed asset provisions	151	123	108	98	100
Coverage (%)	22	22	23	25	26

(1) Including contingent liabilities.

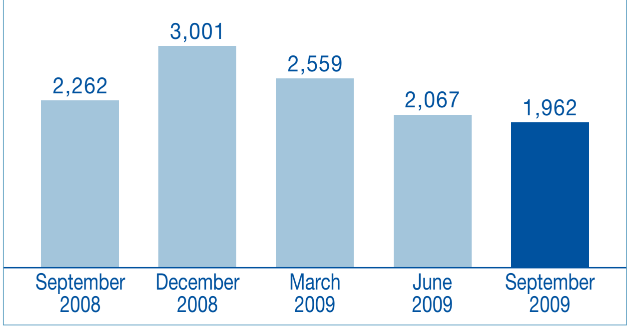
mainly residential mortgages and credit lines for corporations and institutions.

- **Non-performing assets** of €12,500m. These have also grown more slowly this quarter: 6.2%, as compared with 11.7% last quarter and 23.0% in the first quarter of 2009. This is due to an improvement in the gross entries into NPAs, which went down 3.9% over the quarter, and also to the active recoveries policy. The ratio of recoveries to entries in NPAs was 45.1%, as compared with 44.4% and 32.4% in the two preceding quarters.

Variations in non-performing assets
(Million euros)

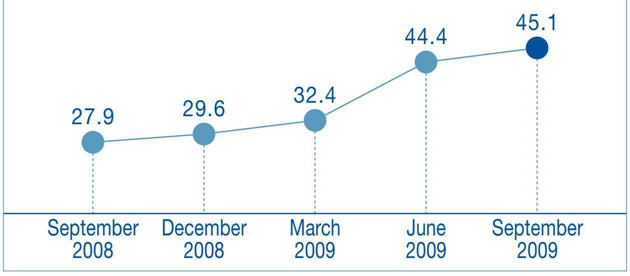
	3Q09	2Q09	1Q09	4Q08	3Q08
BEGINNING BALANCE	**11,774**	**10,543**	**8,568**	**6,544**	**4,720**
Entries	3,573	3,717	3,787	4,265	3,137
Outflows	(1,611)	(1,650)	(1,228)	(1,264)	(875)
Net variation	**1,962**	**2,067**	**2,559**	**3,001**	**2,262**
Write-offs	(1,088)	(819)	(686)	(787)	(529)
Exchange rate differences and other	(148)	(17)	102	(190)	91
PERIOD-END BALANCE	**12,500**	**11,774**	**10,543**	**8,568**	**6,544**
MEMORANDUM ITEM:					
• Non-performing loans	12,189	11,509	10,262	8,437	6,483
• Non-performing contingent liabilities	311	265	281	131	61

Net additions to NPA
(Million euros)

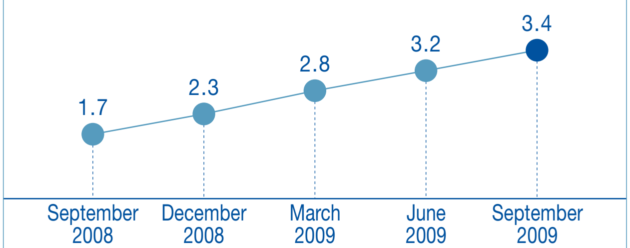


- An **NPA ratio** of 3.4%, one of the lowest amongst all its European peers. In **Spain and Portugal**, this ratio was 4.0%, below the average for the system according to the latest data published to August 2009. Bancomer, in **Mexico**, reported an NPA ratio of 4.0%, its quarterly growth slowing down significantly (up 11 basis points as compared with a rise of 35 in 2Q09 against 1Q09). In the **United States** the NPA ratio was 3.9%, compared with the

Recoveries over entries to NPA
(Percentage)



NPA ratio
(Percentage)



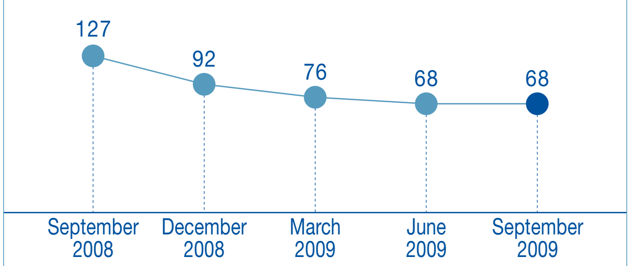
4.5% figure of the previous quarter, having dropped 56 basis points, owed mainly to the addition of Guaranty. Finally, in **South America**, the NPA ratio flattened out at 2.8%, very close to the 2.6% reported three months earlier.

- Highly selective purchases of distressed **assets**, accounting for €104m over the third quarter, in comparison with €178m in the second quarter and €490m in the first quarter of 2009.

- **Coverage provisions** for customer risks of €8,459m, which were 5.4% higher than the June 2009 figure. Of this amount, generic provisions and country-risk provisions plus substandard provisions (€4,037m) represented 47.7% of the total.

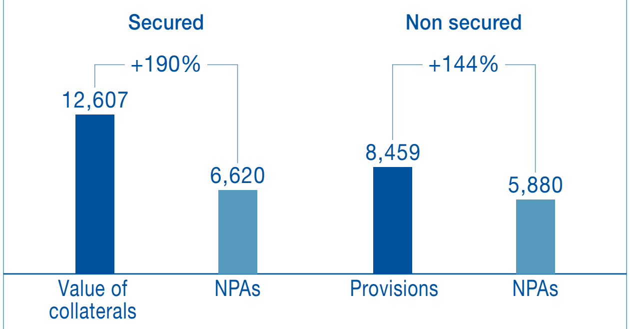
- And a **coverage ratio** that the Group has maintained at 68%. By business area, Spain & Portugal brought its coverage up to 59%, Wholesale Banking & Asset Management had a ratio of 118%, Mexico 135% and United States 43%, while in South America, coverage was 127%.

NPA coverage ratio
(Percentage)



Non-performing assets are covered by an adequate amount of collateral. Including the value of the collateral securing non-performing assets, ie, €12,607m, the overall coverage ratio rises to 169%. This is 5 percentage points higher than in June 2009. The value of the collateral is 190% of the balance of secured non-performing loans, and the coverage provisions represent 144% of the unsecured non-performing loans. Both figures are higher than those published to 30th June 2009.

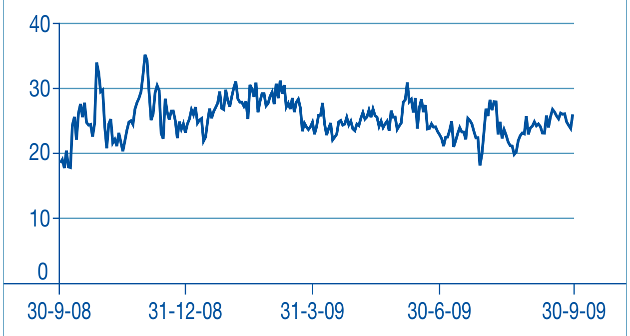
Coverage including provisions and collaterals (Million euros)



Market risk

The Group's average exposure to market risk was €24m in the third quarter (referenced to VaR without exponential flattening). This was 5.4% down on the figure reported for the previous quarter. The first symptoms that the economic slowdown was bottoming out have prevented further cuts to base rates, both in Europe and America, and alternative measures have been intensified to stimulate activity. South America Global Markets is the unit that has made the biggest contribution to this lower market-risk profile, mainly due to the significant exposure drop in Peru and Chile. Average market risk in Europe Global Markets remained flat, and increased in Mexico. At the quarter-end, the risk was €26m, having peaked at a quarterly figure of €28m on 4th August.

Trends in market risk [1]
(VaR, million euros)



(1) On 29-2-08 the Bank of Spain approved the Algorithmic internal model for the European and Mexican trading portfolios. The methodology applied for the VaR metric in these businesses is the historical simulation.

Market risk is concentrated in the different **geographical areas** where the bank operates. The percentage in Europe and United States rose slightly, to 60% of total average exposure in the third quarter. The banks in South America reduced their relative share of exposure by seven percentage points to 16%.

The Group's trading portfolio bears different **types of market risk**. At 30-Sept-09 the biggest exposure was to interest-rate risk and lending-spread risk. However, these accounted for a smaller percentage than in the previous quarter. The relative weight of exchange-rate risk was halved. Equity and volatility risks, meanwhile, increased their relative weight.

Market risk by risk factors

(Third Quarter 2009. Million euros)

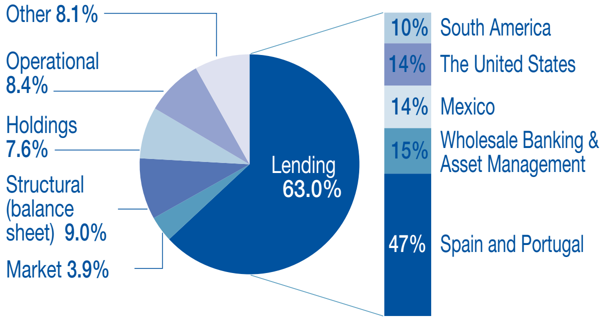
Risk	30-09-09
Interest + credit spread	27.2
Exchange rate	2.7
Equity	3.0
Vega and correlation	16.8
Diversification effect	(23.7)
TOTAL	**26.1**
AVERAGE	**23.9**
MAXIMUM	**28.3**
MINIMUM	**18.2**

Economic capital

Attributable ERC consumption (economic risk capital) reached €21,906m at the end of September, up 1.1% against June 2009.

BBVA Group economic risk capital. Distribution by risk type

(Data in attributable terms, 30-09-09)



Most of this figure (63.0%) reflects credit risk from lending originated through the Group's own networks from its customer base. This credit risk has increased slightly over the quarter, due to new estimations of parameters, restated to include the impact of increased numbers of loans entering into arrears from the loan-books, reflecting the deterioration of the economy as a whole.

Operational risk (8.4%) also showed a slight increase due to the effect of updating the data bases of operational events in the back-book.

Market risk (3.9%) is the smallest part of total exposure, because of the nature of BBVA's business and its policies, which scarcely involve any proprietary trading. Meanwhile, holding risk (7.6%) mainly reflects the portfolio of Holdings in Industrial & Financial Companies and the Group's stake in CITIC. The structural balance-sheet risk (9.0%) originates from the management of structural risk in interest and exchange rates, both stemming from the Group's activity in the various countries where it operates. The ERC for risks related to market variables (market risks, holding risks and structural balance-sheet risks) went down by 6.2% over the third quarter.

Economic profit and risk-adjusted return on economic capital

The figures for economic profit and risk-adjusted return on capital (RAROC) form part of the fundamental metrics that BBVA needs for a correct implementation of its **value-based management** system.

Calculations are based on the **adjusted profit**, which is obtained by making adjustments to the net attributable profit: substituting generic provisions with an allocation based on expected losses; accounting the changes in unrealised capital gains on the holding portfolios; applying the difference between all the accounting positions of Global Markets and their market value; and reflecting changes in the total net-asset value due to exchange-rate variations on holdings in Group companies. In the first nine months of 2009, these adjustments increased €845m the earnings, mainly due to the adjustment for unrealised capital gains (the adjustment was negative in the same period of 2008). Adjusted profit thus stood at €5,024m.

The medium- and long-term performance of these calculations is very useful for determining the intrinsic value of a business. However, in the short term they can be hit by market volatility. That is why recurrent data becomes so relevant. As these mainly come from customer business, the metrics genuinely reflect the Group's management performance. They are obtained by excluding the earnings of units impacted by changes in capital gains on portfolio investments; and with respect to expected losses, including the loss adjusted to cycle. Such **recurrent adjusted profit** stood at €3,924m in the first nine months of 2009.

From the adjusted profit a subtraction is made which comes from multiplying the average economic risk capital or ERC for the period (€22,051m at 30-9-09) by the percentage **cost of capital**. The cost of capital is different for each of the Group's business areas and units. Based on information extracted from the analysts' consensus, it is equivalent to the rate of return the market is demanding on investment capital.

The **economic profit** is thus calculated. It amounted to €3,176m for the first nine months, and the **recurrent** economic profit stood at €2,431m, once more reflecting the degree to which BBVA's profits exceed the cost of capital employed.

The **RARoC** figure measures the return earned by the business, adjusted to risks borne. Comparing the adjusted profit against the average economic risk capital (ERC) for the period gives the BBVA Group a RARoC of 30.5%, while its **recurrent RARoC** was 28.6%.

Economic profit and risk adjusted return on economic capital

(Million euros)

	Jan.-Sep. 09	Δ%	Jan.-Sep. 08
NET ATTRIBUTABLE PROFIT	**4,179**	**(7.2)**	**4,501**
Adjustments	845	n.m.	(2,176)
ADJUSTED NET ATTRIBUTABLE PROFIT (A)	**5,024**	**116.2**	**2,324**
Average economic risk capital (ERC) (B)	22,051	14.8	19,201
RISK-ADJUSTED RETURN ON ECONOMIC CAPITAL (RAROC) = (A)/(B) * 100 (1)	**30.5**		**16.2**
RECURRENT RAROC (%) (1)	**28.6**		**33.2**
ERC x cost of capital (C)	1,848	23.7	1,494
ECONOMIC PROFIT (EP) = (A) - (C)	**3,176**	**282.5**	**830**
RECURRENT ECONOMIC PROFIT	**2,431**	**(16.0)**	**2,894**

(1) Percentage annualized.

Business areas

Aggregating information by areas is a fundamental **management** tool for the various business that together form the BBVA Group. In this section we discuss the more significant aspects of the activities and earnings of the Group's five business areas, along with those of the main units within each, plus Corporate Activities. We focus on their income statements, balance sheets and a set of relevant management indicators, namely, lending, deposits, off-balance-sheet funds, ROE, cost-income ratio, non-performing assets and coverage. The areas are structured as follows:

- **Spain and Portugal**
- **Wholesale Banking & Asset Management:**
  - Corporate and Investment Banking.
  - Global Markets.
- **Mexico:**
  - Banking business.
  - Pensions and Insurance.
- **The United States**
- **South America:**
  - Banking businesses.
  - Pensions and Insurance.

Which in turn comprise:

- **Spain and Portugal**: This includes the Spanish retail branch network (individual customers, high net-worth individuals and small companies and businesses in the domestic market); the business & corporate banking unit (SMEs, large companies, institutions and developers in the domestic market); and the remaining units, in particular, consumer finance, insurance business and BBVA Portugal.

- **Wholesale Banking & Asset Management**: This consists of corporate and investment banking (including the activities of the European, Asian and New York offices with large corporate and business customers); global markets (trading floor business and distribution in Europe, Asia and New York); asset management (mutual and pension funds in Spain, and hedge funds); the Group's own long maturing equity portfolios and private equity activities (Valanza S.C.R); and Asia (through the Group's holding in the Citic group). Wholesale Banking & Asset Management also operates in these businesses in Mexico and South America. However, this report covers its activities and earnings in those regions under the umbrella of the business areas there.

- **Mexico**: This area operates the banking, insurance and pension businesses in Mexico.

- **The United States**: This area operates the banking and insurance business in the United States and in the Associate State Puerto Rico.

- **South America**: This area operates the banking, insurance and pension businesses in South America.

Apart from the above units, all business areas have a residual compartment in which to place its other businesses as well as eliminations and unallocated items.

Finally, the **Corporate Activities** area handles the Group's general management functions. These mainly consist of structural positions for interest rates associated with the euro balance sheet and exchange rates, together with liquidity and shareholders' funds. The management of structural risks related to interest rates in currencies other than the euro is handled by the corresponding areas. This area also includes the Group's industrial portfolio management unit and financial shareholdings, along with its non-international real-estate business.

BBVA has maintained the criteria it applied in 2008 to the composition of the business areas very much the same for 2009, with only a few insignificant changes. These do not affect the Group-level information and their impact on the figures for the different business units and areas is practically irrelevant. Nonetheless, the 2008 data have been reformatted to include these marginal changes to ensure like-for-like comparison. As usual, in the case of units in the Americas, we provide the year-on-year percentage changes calculated at constant exchange rates as well as at current rates.

The breakdown by business area starts at the lowest-level units, where all the initial accounting data for the business in question are collected. Management groups the data from these units in a predefined manner to arrive at the picture for the main units and, finally, for the business areas themselves. The Group's subsidiaries are also assigned to particular business areas according to their activity.

Once the composition of each business area has been defined, certain **management criteria** are applied. The most relevant are the following:

- **Capital:** the Group allocates economic risk capital (ERC) commensurate with the risks incurred by each business. This is based on the concept of unexpected loss at a certain level of statistical confidence, depending on the Group's solvency targets. These targets have two levels: the first is core equity, which determines the allocated capital. The Bank uses this amount as a basis for calculating the return generated on the equity in each business (ROE). The second level is total capital, which determines the additional allocation in terms of subordinate debt and preference shares. The ERC calculation combines lending risk, market risk, and structural risk associated with the balance sheet and equity positions, operational risk and fixed-asset risks, and technical risks in the case of insurance companies. These are calculated using internal models defined according to the guidelines and requirements of the Basel 2 Accord, such that economic criteria prevail over normative criteria.

  As ERC is risk-sensitive, it is linked to the management policies of individual businesses, providing an equitable basis for assigning capital to each business in keeping with the risks incurred and making it easier to compare profitability across units. Thus, the economic risk capital is calculated on a standard basis that is applicable to all kinds of risk and any risk transaction, position or balance. This makes it possible to assess risk-adjusted returns and work out an aggregate profitability per customer, product, segment, business area or unit.

- **Internal transfer prices:** the Bank uses rates adjusted for maturity to calculate the net interest income for each business. It also examines the interest rates for the different assets and liabilities that make up each unit's balance sheet. In cases where there are revenue-generating units as well as distribution units (eg, asset management products), it divides the earnings at market prices.

- **Assignment of operating expenses:** the Bank assigns direct and indirect costs to business areas except where there is no closely defined relationship, ie, when they are of a clearly corporate or institutional nature for the entire Group.

- **Cross-selling:** in some cases consolidation adjustments are required to eliminate duplicate accounting entries caused when earnings are booked to two or more units with the aim of encouraging cross-selling to straddle business boundaries.

Recurrent economic profit by business area

(January-September 2009. Million euros)

	Adjusted net attributable profit	Economic profit (EP)
Spain and Portugal	1,749	1,217
Wholesale Banking & Asset Management	673	381
Mexico	1,391	1,139
The United States	266	72
South America	652	437
Corporate Activities	(808)	(815)
BBVA GROUP	**3,924**	**2,431**

Operating income and net attributable profit by business area

(Million euros)

	Operating income				Net attributable profit			
	Jan.-Sep. 09	∆%	∆% at constant exchange rates	Jan.-Sep. 08	Jan.-Sep. 09	∆%	∆% at constant exchange rates	Jan.-Sep. 08
Spain and Portugal	3,463	3.4	3.4	3,348	1,877	(2.1)	(2.1)	1,916
Wholesale Banking & Asset Management	1,015	(9.1)	(9.1)	1,116	770	3.7	3.7	742
Mexico	2,564	(8.0)	7.1	2,788	1,101	(28.1)	(16.2)	1,531
The United States	657	26.7	13.8	519	103	(44.1)	(49.8)	184
South America	1,684	33.9	31.7	1,258	689	27.8	27.5	539
Corporate Activities	(109)	(87.4)	(87.4)	(861)	(361)	(12.6)	(12.6)	(413)
BBVA GROUP	**9,274**	**13.5**	**18.1**	**8,167**	**4,179**	**(7.2)**	**(3.0)**	**4,501**
BBVA GROUP EXCLUDING ONE-OFFS	**9,274**	**13.5**	**18.1**	**8,167**	**4,179**	**(3.3)**	**1.3**	**4,321**

Spain and Portugal

Income statement

(Million euros)

	Jan.-Sep. 09	∆%	Jan.-Sep. 08
NET INTEREST INCOME	**3,693**	**4.1**	**3,547**
Net fees and commissions	1,123	(8.0)	1,222
Net trading income	153	(25.5)	206
Other income/expenses	324	2.6	316
GROSS INCOME	**5,293**	**0.1**	**5,290**
Operating costs	(1,831)	(5.7)	(1,942)
Personnel expenses	(1,132)	(7.1)	(1,219)
General and administrative expenses	(620)	(3.5)	(642)
Depreciation and amortization	(79)	(2.6)	(81)
OPERATING INCOME	**3,463**	**3.4**	**3,348**
Impairment on financial assets (net) [1]	(1,595)	163.0	(607)
Provisions (net) and other gains/losses [1]	804	n.m.	8
INCOME BEFORE TAX	**2,672**	**(2.9)**	**2,750**
Income tax	(795)	(4.7)	(834)
NET INCOME	**1,877**	**(2.1)**	**1,916**
Minority interests	-	(18.4)	-
NET ATTRIBUTABLE PROFIT	**1,877**	**(2.1)**	**1,916**

(1) The third quarter of 2009 includes €830 million of capital gains on the sale and lease-back of properties and generic loan-loss provisions for identical amount.

Balance sheet

(Million euros)

	30-09-09	∆%	30-09-08
Cash and balances with central banks	2,388	(1.0)	2,412
Financial assets	10,727	(2.4)	10,985
Loans and receivables	201,721	(1.3)	204,422
• Loans and advances to customers	200,378	(1.2)	202,838
• Loans and advances to credit institutions and other	1,343	(15.2)	1,584
Inter-area positions	-	-	-
Tangible assets	1,304	(4.9)	1,371
Other assets	1,218	(27.0)	1,667
TOTAL ASSETS/LIABILITIES AND EQUITY	**217,358**	**(1.6)**	**220,858**
Deposits from central banks and credit institutions	854	(66.0)	2,513
Deposits from customers	93,303	(1.0)	94,259
Debt certificates	312	(94.9)	6,097
Subordinated liabilities	4,384	6.8	4,105
Inter-area positions	96,106	6.1	90,595
Financial liabilities held for trading	260	68.6	154
Other liabilities	14,362	(9.4)	15,852
Economic capital allocated	7,776	6.8	7,281

Spain and Portugal highlights in the third quarter

- Stable revenues and cost containment.
- Stabilisation of gross entries to NPA.
- Higher market share in liquid customer funds (from individuals) and mutual funds.
- Leadership in the SME and large company segments (FRS Report).

Relevant business indicators

(Million euros and percentages)

	30-09-09	∆%	30-09-08
Customer lending (gross)	205,495	(0.6)	206,750
Customer deposits [1]	94,064	(1.8)	95,751
Off-balance-sheet funds	41,026	(7.7)	44,472
• Mutual funds	30,868	(11.9)	35,028
• Pension funds	10,158	7.6	9,444
Other placements	8,268	59.0	5,200
Customer portfolios	12,964	12.8	11,494
ROE (%)	34.6		35.5
Efficiency ratio (%)	34.6		36.7
NPA ratio (%)	4.0		1.9
Coverage ratio (%)	59		97

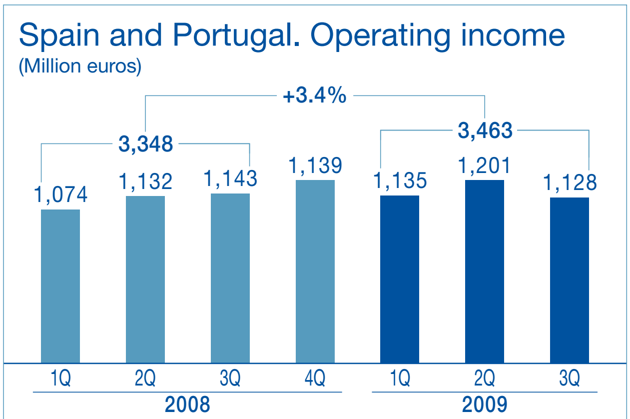
(1) Including collection accounts and individual annuities.

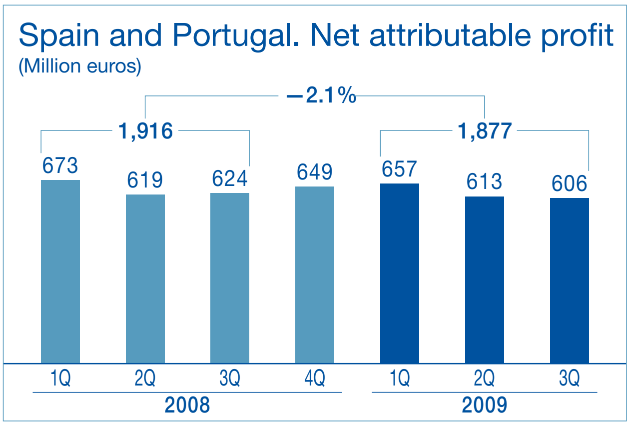
The Spain & Portugal Area provides a distinctly different and innovative approach to banking through specialised branch networks where the customer is the prime focus of business. It handles the financial and non-financial needs of individual customers (Spanish Retail Network) including the upper-middle market segment (BBVA Patrimonios). SMEs, large companies, and public and private institutions are managed by the Corporate & Business Banking Unit (CBB). Other specialised units handle consumer finance and internet banking (the Consumer Finance Unit), the bancassurance business (BBVA Seguros) and BBVA Portugal.

In the third quarter of 2009 activity in the domestic market continued to be lopsided. Lending is slowing whereas fund gathering is buoyant, reflecting the record savings rate of the Spanish public. Furthermore lower interest rates have led to greater demand for liquid deposits, bonds and the more conservative types of collective investment.

In this context, the area continued to apply its particular model of **retail management**. This entails customer focus, an extensive commitment to society, a high level of efficiency and risk control. And it had an effect on the stability of the third quarter, particularly on the area's earnings and on efficiency. The cost/income ratio stands at 34.6%, practically the same as the excellent level recorded in the first half (compared to 36.7% in the same period last year). The gross entries to non-performing assets have stabilised and the NPA ratio has slowed down its growth and is now 4.0%. The coverage ratio (59%) has been strengthened by adding €830m to generic loan-loss provisions.

At 30-Sep-09 the area's **loan portfolio** stands at €205,495m (€206,750m a year earlier). Market share in the household segment increased to 12.0% (11.9% at





31-Dec-08) and the area reduced its positions in high-risk sectors. In the household segment demand is high for products such as two novel mortgages (*Ven a Casa* and *Hipoteca Solución*) that offer competitive advantages compared to similar offers in the market. In the companies segment, BBVA maintains its leadership in the SME and large companies segments, according to the FRS survey. Furthermore, BBVA confirmed its leadership in the public sector, increasing finance to the authorities by 20.0% and taking a prominent position in big operations.

Customer funds under management stand at €143,292m, down 1.4% against 30-Sep-08. The area consolidated and increased its market share in private individual deposits (10.1%) and in mutual funds (19.9%); they rose 18 and 77 basis points from August and from September 2008 respectively. BBVA has successfully managed the surge in demand for liquid deposits, which rose 7.4% to €41,716m year-on-year. Nonetheless, time deposits were less buoyant, owing to the sharp decline in interest rates. BBVA also continues to lead the market in mutual funds. At 30-Sep-09 the area managed assets of €30,868m. Pension funds were up 7.6% year-on-year to €10,158m, partly due to pension funds captured from the competition. Lastly, the balance of stable customer funds increased €2,000m in the quarter when BBVA's issue of convertible bonds was subscribed in only five days.

Thanks to pricing policies and a change in the deposit mix (with current and savings accounts playing a bigger role), **net interest income** for the first nine months rose 4.1%. This was achieved despite falling GDP and the related contraction in credit. In terms of average total assets the area's yield is highly positive, standing at 2.23% in the first nine months (2.13% for the same period last year). **Net fee income** fell by the same percentage as the first half (down 8.0% year-on-year). This was the result of lower mutual and pension fund business although these declines were partially offset by higher contributions from insurance business (up 6.0%) and by the increase in banking services (up 4.0%). **Gross income** reached almost the same level as last year.

In the first nine months, **operating costs** fell 5.7% year-on-year thanks to transformation plans applied in recent years. This helped **operating income** to rise 3.4% to €3,463m. As in previous quarters, only 22.1% of operating income was absorbed by impairment losses on financial assets, ignoring the additional provisions contributed by capital gains from real estate sales. As a result, **net attributable profit** in the year to date came to €1,877m (down 2.1%) and return on equity (ROE) remains higher than the sector average, at 34.6%.

Spanish Retail Network

This unit services the financial and non-financial needs of households, professional practices, retailers and small businesses with products adapted to each **segment**. BBVA has promised to help its customers by providing financial solutions adapted to their emerging needs in the current complex environment.

At 30-Sep-09 the unit's loan portfolio stood at €102,093m and customer funds are €111,820m. The profitable growth of business and a new decline in operating costs (down 4.3% year-on-year) helped profits to rise 0.9% to €1,241m.

In the **private individual segment**, mortgage sales totalled €2,192m in the quarter despite the sluggish real estate market, lifting market share to 12.7% (a gain of 32 basis points against the 12.4% of 31-Dec-08). This was supported by a range of financial solutions adapted to customers, such as a campaign to attract mortgages away from the competition (*Ven a Casa*), which accounted for 20% of sales. And it also helped the portfolio of **residential mortgages** to increase to €69,320m (up 1.3% year-on-year). At 30-Sep-09 total **consumer finance** stood at €7,411m. Major support came from the instant loan service (PIDE) and from the launch of a new channel (www.financiatucocheconbbva.es). The new web site provides customers with information on car loans and enables them to sign agreements on the portals of various distributors that offer finance through BBVA.

Despite stiff competition for **customer funds**, the unit was successful in gathering savings and current accounts, salary payments and pensions. Liquid forms of customer funds rose 13.3% to €30,905m and BBVA's market share at 31-Aug-09 (latest available data) increased 18 basis points compared to a year earlier. During the quarter the unit launched a new deposit linked to salary payments

(*Depósito Fortaleza Nómina*). In just 45 days the campaign brought in €891m in time deposits, 5,130 new customers and boosted cross selling with 761 new accounts for direct salary credits, 248 direct debits and 1,210 cards. In addition, BBVA reinforced its positioning and leadership in the Spanish mutual fund market. It is the benchmark for conservative funds, which are the most popular in 2009. Pension plans grew 7.5% year-on-year and the balance managed by the unit stands at €9,752m, maintaining market leadership. Lastly, this overview of customer funds is complemented by the placement of the convertible bond issue mentioned above.

The **BBVA Patrimonios** unit closed the quarter with funds managed in Spain rising 8.9% year-on-year to €10,962m and a 7.4% increase in its customer base (the result of various action plans). In the private banking sector the unit commenced marketing of the VISA Infinite card, which offers a series of exclusive services with the goal of generating customer loyalty. In addition it ran a media campaign to advertise its new identity, which now includes high-value customers as well as the special unit for wealthy customers (BBVA Patrimonios).

The **Insurance** unit rounded out its product range with two new policies in the car (*Coche Gama Terceros*) and house (*Vivienda Plus*) insurance areas, whose prices and cover meet the needs of specific customer segments. The volume of premiums issued on individual risk policies (life and non-life) came to €423m in the year to September. BBVA Seguros continues to lead in individual life insurance policies in Spain with a 13.2% market share at June 2009 (latest available figure). More than 38,000 people have taken out savings policies, generating €148m in premiums (up 59.7%).

The **small business segment** covers professional practices, the self-employed, retailers, the farming community and small companies. The corresponding loan portfolio stands at €14,285m (€16,861m at 30-Sep-08). It has been a difficult year for this segment but BBVA managed to place 18,300 ICO operations worth €465m. It also designed a plan for retailers with competitive deposits and loans. Co-operation agreements were signed with a freelance-workers association, with taxi operators and with restaurateurs, providing their 400,000 members with access to BBVA's financial services.

Corporate & Business Banking

The corporate & business banking unit (CBB) handles SMEs, large companies, institutions and developers, with specialised branch networks for each segment. It also contains the product management unit that designs and markets specific products for different market segments. The latest FRS report confirms BBVA's leading position with a 35.2% nominal market share in the SME segment and 69.0% in the major company segment.

In 2009 the unit developed special action plans for each segment and these helped to consolidate the profitable growth and customer commitment. The Anticipa Plan identifies growth opportunities via anticipation and the Fortaleza Plan helps to increase sales of BBVA's products. Other plans aim at enhancing the relationship with customers whose consumption of banking products is low.

Despite the adverse environment, the unit's **loan portfolio** at 30-Sep-09 stands at €90,803m (up 0.3% year-on-year) and customer funds on the balance sheet are €25,893m, up 3.9% in the quarter in those gathered in the domestic commercial network.

The policy of profitable growth, the successful management of business opportunities and the cost controls helped **operating income** to rise 7.6% year-on-year to €1,252m in the first nine months. Net attributable profit increased 1.4% to €677m.

In the third quarter the unit signed various agreements related to ICO operations (government-sponsored credit) in the transport, tourism, cultural and development sectors. BBVA plays a prominent role in the placement of the **ICO credit lines**. In the first nine months it closed €1,798m of operations, of which the liquidity line accounts for €1,008m and the SME line €447m.

The unit has more than 60,000 customers in the **SME** segment with a loan portfolio of €30,640m and customer funds of €7,672m. For the first nine months operating income came to €648m and net attributable profit was €385m (€412m at 30-Sep-08). The unit drew up plans to boost the capture of new customers in order to maintain its current leadership.

In the **large companies** segment, the loan portfolio stands at €17,108m (up 9.6% year-on-year) and customer funds are €4,706m (equal to the same date of last year). Operating income rose 19.7% year-on-year to €222m and net attributable profit came to €74m. During the quarter BBVA acted as global co-ordinator and adviser in a €222m capital increase for NH Hotels.

Lending to **institutions** grew 19.7% to €24,883m and customer funds rose 4.3% to €14,887m. Operating income was €254m (up 31.1% year-on-year) and net attributable profit reached €173m (up 9.9%). Important operations during the period include loans of €236m to Madrid Council and €100m for the regional government of Galicia.

Manageable lending in the real estate **developer** segment continues to fall (down 7.7% in the first nine months), commensurate with the decline in the housing market. Therefore the unit switched new finance to the demand in the public housing program (VPO), which now accounts for 50% of homes financed (this percentage has doubled in the last 12 months).

Other units

The **Consumer Finance** unit manages consumer finance and on-line banking, via Uno-e, Finanzia and other companies in Spain, Portugal and Italy. In the first nine months of 2009 it obtained operating income of €111m (up 28.4% year-on-year) thanks to good price management and lower costs (down 12.7%). The net attributable loss of €88m was due to an increase in loan-loss provisions following a rise in non-performing assets, especially those linked to consumer finance.

In **Spain** the loan portfolio stands at €6,407m, rising 3.7% year-on-year. The market share for consumer credit increased 22 basis points to reach 4.2%. In the vehicle prescription business the unit invoiced €725m. Uno-e's loan portfolio stands at €1,084m and invoicing came to €1,283m (€1,487m at 30-Sep-08). Customer funds managed or brokered by the unit came to €1,329m, up 4.0%. This includes savings and current accounts, which increased 9.9%.

In **Portugal**, BBVA Finanziamento invoiced €173m in the first nine months and total lending is up 14.1% year-on-year to €483m. And at 30-Sep-09 the leasing plan companies in Italy had a fleet of 13,787 vehicles.

BBVA Portugal's market has suffered less than Spain's although consumption and investment are stagnant. The unit's retail business remains buoyant with a lower risk profile and further cost controls. It has a new campaign for loans that allow customers with mortgages to reduce their monthly repayments or request an additional loan. It also launched revolving credit and easy credit cards for private individuals as well as Business Classic BBVA and Business Gold BBVA for companies. Other initiatives to capture and maintain the loyalty of customers include a programme that offers special conditions for customers over 59 years of age. It also offers loan insurance for companies in conjunction with CESCE (an insurance company). Products available for customer funds include two special deposits for conservative customers (*Multidepósitos BBVA* and *Depósito Fortaleza BBVA*) and another for those with a greater risk appetite (*Depósito Dual Acciones BBVA*). BBVA Gest, the mutual fund manager, was picked as best manager in Portugal by Morningstar Inc. Lastly, in the investment banking area, the unit signed a €25m leverage finance operation for Emparque to acquire Cintra Aparcamiento.

The loan portfolio is up 4.9% year-on-year to €6,175m and customer funds (affected by strong competition) stand at €1,885m (€2,049m at 30-Sep-08). The increase in business and suitable price management helped net interest income to rise 8.9% year-on-year to €65m. Together with the increase in net fee income and the cost controls, operating income increased 33.6% to €49m and net attributable profit jumped 61.4% to €20m.

In the first nine months the **insurance unit** contributed revenues of €388m from its own policies and €20m in brokerage on the policies of other companies. Net attributable profit came to €207m (up 10.4% year-on-year).

Wholesale Banking & Asset Management

Income statement

(Million euros)

	Wholesale Banking & Asset Management			Units: Corporate and Investment Banking			Global Markets		
	Jan.-Sep. 09	∆%	Jan.-Sep. 08	Jan.-Sep. 09	∆%	Jan.-Sep. 08	Jan.-Sep. 09	∆%	Jan.-Sep. 08
NET INTEREST INCOME	**871**	**75.9**	**495**	**425**	**13.9**	**373**	**494**	**166.3**	**185**
Net fees and commissions	389	24.9	311	265	53.0	173	38	56.9	24
Net trading income	(13)	n.m.	310	25	(18.4)	31	(55)	n.m.	236
Other income/expenses	157	(57.6)	370	-	n.m.	-	93	11.4	83
GROSS INCOME	**1,403**	**(5.6)**	**1,487**	**716**	**24.0**	**577**	**570**	**7.8**	**529**
Operating costs	(389)	4.8	(371)	(123)	3.6	(119)	(168)	(4.5)	(176)
Personnel expenses	(253)	7.2	(236)	(75)	(0.5)	(75)	(94)	(10.3)	(105)
General and administrative expenses	(127)	(0.9)	(128)	(47)	10.4	(43)	(72)	3.6	(70)
Depreciation and amortization	(8)	35.1	(6)	(1)	21.9	(1)	(2)	26.9	(1)
OPERATING INCOME	**1,015**	**(9.1)**	**1,116**	**593**	**29.3**	**458**	**403**	**13.9**	**353**
Impairment on financial assets (net)	53	n.m.	(205)	53	n.m.	(142)	(2)	(96.7)	(66)
Provisions (net) and other gains/losses	(1)	n.m.	8	(1)	130.7	-	-	n.m.	-
INCOME BEFORE TAX	**1,066**	**16.0**	**919**	**645**	**103.9**	**316**	**401**	**39.4**	**287**
Income tax	(294)	70.6	(172)	(190)	103.3	(93)	(104)	36.8	(76)
NET INCOME	**773**	**3.5**	**747**	**455**	**104.1**	**223**	**297**	**40.3**	**211**
Minority interests	(3)	(30.8)	(4)	-	-	-	(2)	(46.5)	(4)
NET ATTRIBUTABLE PROFIT	**770**	**3.7**	**742**	**455**	**104.1**	**223**	**295**	**42.0**	**207**

Balance sheet

(Million euros)

	Wholesale Banking & Asset Management			Units: Corporate and Investment Banking			Global Markets		
	30-09-09	∆%	30-09-08	30-09-09	∆%	30-09-08	30-09-09	∆%	30-09-08
Cash and balances with central banks	2,122	60.6	1,321	51	33.7	38	2,063	61.3	1,279
Financial assets	61,252	23.0	49,792	415	(4.8)	435	57,852	24.0	46,643
Loans and receivables	54,636	(11.3)	61,594	39,740	(20.3)	49,835	13,515	39.0	9,721
• Loans and advances to customers	39,551	(16.6)	47,427	37,883	(16.9)	45,575	1,591	(12.5)	1,818
• Loans and advances to credit institutions and other	15,085	6.5	14,167	1,856	(56.4)	4,261	11,924	50.9	7,902
Inter-area positions	20,055	167.4	7,500	2,365	n.m.	-	20,022	(44.0)	35,741
Tangible assets	38	(6.4)	41	1	30.1	1	4	25.5	3
Other assets	1,684	(11.5)	1,903	26	(88.2)	221	1,256	(9.5)	1,388
TOTAL ASSETS/LIABILITIES AND EQUITY	**139,787**	**14.4**	**122,151**	**42,597**	**(15.7)**	**50,531**	**94,713**	**(0.1)**	**94,775**
Deposits from central banks and credit institutions	32,382	(19.5)	40,209	880	4.1	845	31,397	(20.1)	39,301
Deposits from customers	62,689	20.4	52,068	36,962	78.8	20,676	25,642	(18.1)	31,314
Debt certificates	(170)	n.m.	3	-	(100.0)	3	(170)	n.m.	-
Subordinated liabilities	2,135	17.7	1,815	1,134	2.3	1,108	342	16.8	293
Inter-area positions	-	-	-	-	(100.0)	25,064	-	-	-
Financial liabilities held for trading	34,418	61.6	21,294	-	(96.1)	4	34,418	61.7	21,287
Other liabilities	4,549	28.1	3,551	1,606	86.3	863	2,480	19.9	2,069
Economic capital allocated	3,785	17.8	3,212	2,014	2.3	1,969	603	18.2	510

WB&AM highlights in the third quarter

- The good performance of banking revenues partly offset lower sales from the industrial holdings portfolio.
- The increase in customers' deposits together with lower lending improved the area's liquidity profile.
- For the first time BBVA became the leader in the M&A market in Spain by volume of operations announced.
- Leadership in investment banking in Mexico.

Relevant business indicators

(Million euros and percentages)

	Wholesale Banking & Asset Management		
	30-09-09	Δ%	30-09-08
Customer lending (gross)	40,073	(17.4)	48,502
Customer deposits [(1)]	59,627	13.6	52,504
• Deposits	51,676	14.7	45,043
• Assets sold under repurchase agreement	7,951	6.6	7,461
Off-balance-sheet funds	11,039	12.0	9,855
• Mutual funds	3,874	35.2	2,866
• Pension funds	7,165	2.5	6,989
ROE (%)	25.9		32.1
Efficiency ratio (%)	27.7		24.9
NPA ratio (%)	0.8		0.1
Coverage ratio (%)	118		n.m.

(1) Including collection accounts.

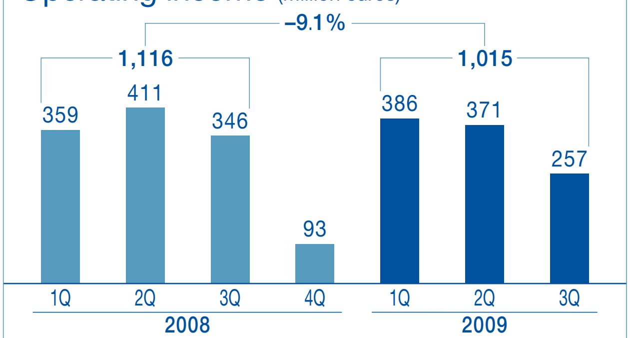
The Wholesale Banking & Asset Management (WB&AM) Area handles the Group's wholesale businesses and asset management. It is organised around three major units: Corporate & Investment Banking, Global Markets and Asset Management. Furthermore it includes the Industrial and Real Estate Holdings Unit, which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

In the first nine months of 2009, the area confirmed the highly recurrent nature of **gross income** at its main operating units, Corporate & Investment Banking and Global Markets, with increases of 24.0% and 7.8%, respectively. These increases offset the reduction in income from divestments in the industrial holdings portfolio, which in the year to 30-Sep-09 were €212m lower than the same period last year. Despite this, the area only experienced a decline of €83m (down 5.6%) thanks to the good performance of recurrent revenues mentioned above.

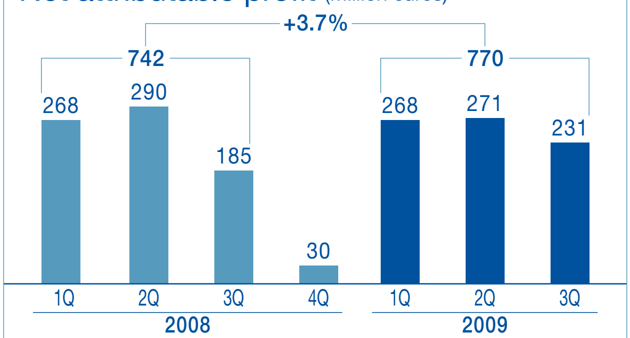
The growth of recurrent revenue was accompanied by an improvement in the risk profile because the area took strategic decisions such as abandoning certain hedge funds and other alternative investment instruments. Despite this, Asset Management was able to offset the cost of discontinuing this line of business thanks to the performance of traditional investment products, which rose 29.1% year-on-year in the first nine months, and the significant consolidation of its leadership in the Spanish market.

Apart from the good revenue performance, **operating costs** were also kept under control in the year to September, rising 4.8%. This resulted in a **cost/income ratio** of 27.7% (24.9% in the same period last year). The difference is partly due to 2008 earnings on sales from the industrial holdings portfolio. Excluding these earnings, the cost/income ratio for the first nine months of 2008 would be 29.1%, 140 basis points higher than the current level. **Operating income** for the area was therefore down 9.1%

Wholesale Banking & Asset Management Operating income (Million euros)



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



to €1,015m (up 12.2% if the above-mentioned earnings in 2008 are excluded).

Impairment losses on financial assets were lower. During the quarter the area released a net amount of provisions owing to the decline in the loan portfolio (requiring less generic provisions) and to the focus on customers of greater credit-worthiness (which is also boosting transactional business). At the end of September provisions came to a positive figure of €53m, compared to provisioning of €205m in the same period last year. WB&AM continues to enjoy a high level of asset quality with a low non-performing asset ratio (0.8%) and a coverage ratio of 118%.

As a result, **income before tax** for WB&AM (counting only Europe, New York and Asia) came to €1,066m for the first nine months, an increase of 16.0% year-on-year. It also increased its contribution to the Group with a net attributable profit of €770m (up 3.7%). The lower growth of net profit is because the capital gains in 2008 were taxed at a lower rate.

At the end of September the area's **gross loan portfolio** was down 17.4% year-on-year to €40,073m, which is mainly in Corporate & Investment Banking. **Customer funds** (deposits, mutual funds and pension funds) performed well, rising 14.2% to €62,715m. This was the result of a big increase in customers' deposits (up 14.7%) following campaigns at foreign branches (principally London and New York). The combined effect of the decline in lending and the rise in fund gathering helped to improve the area's liquidity position.

As customary, WB&AM's contributions (in business and earnings) in the **Americas** are reported under the Mexico and South America areas. If they are added to the above results (except asset management in South America), the area's combined contributions to the Group are those shown in the table below:

Wholesale Banking & Asset Management including the Americas

(Million euros)

	30-09-09	∆%	30-09-08
Gross income	2,333	12.7	2,070
Operating income	1,798	15.8	1,553
Income before tax	1,804	32.9	1,357
Net attributable profit	1,192	21.9	978
Customer lending (gross)	51,164	(15.2)	60,350
Deposits	62,223	(13.2)	54,979

Corporate and Investment Banking

This unit co-ordinates origination, distribution and management of a complete catalogue of corporate & investment banking products (corporate finance, structured finance, equity and debt capital markets), global trade finance and global transaction services. Coverage of large corporate customers is specialised by sector (industry bankers).

At the end of September the unit's activities were characterised by a focus on customers with high business potential. The loan portfolio stood at €38,337m (down 17.8% compared to the same date last year). Nonetheless, the unit increased net interest income 13.9% year-on-year thanks to price management and an increase in transactional business. The yield also increased because the ratio of net interest income to average total assets in the first nine months came to 1.18% (1.11% at 30-Sep-08).

The good performance of recurrent income (net interest income and net fee income) is reflected in **gross income**, which climbed 24.0% year-on-year to €716m. Together with smaller increases in operating costs, this helped **operating income** to rise 29.3% year-on-year to €593m. And thanks to the release of generic provisions and lower specific provisioning, the unit's **net attributable profit** grew substantially to €455m, compared to €223m for the first nine months of last year.

In **fixed income**, the unit consolidated its top ranking in the Spanish bond market during the first nine months, concluding more than 60 operations. In the third quarter BBVA led the third Kingdom of Spain issue of €4,500m. In Europe it has led 18 operations this year, including the Enel bond issue (€4,000m). It also participated in important **syndicated loans** in the European market such as Schneider Electric (€1,800m) and SAP (€2,500m). Operations in Spain included a €1,500m syndicated loan for ACS.

Business in **structured finance** was intense during the quarter. It included €400m to help Emparque acquire Cintra Aparcamientos and €1,255m for the R1 Expressway in Slovakia.

In the third quarter the sector's leading magazine, *Trade and Forfaiting Review*, awarded BBVA a prize for best trade bank in Latin America, for the fifth consecutive year.

In **Equity Capital Markets** BBVA participated as global co-ordinator and adviser in a €222m share capital increase with preferential subscription rights for NH Hotels.

For the first time the **Corporate Finance** unit became the leader in the M&A market in Spain by volume of operations according to figures from Thomson Reuters. During the first nine months it provided guidance in closing nine operations in different sectors and of various types, totalling more than €18,000m. One of the most important was the Ferrovial-Cintra merger in which BBVA acted as exclusive adviser to the Ferrovial Group.

In **Global Transaction Services,** Tecnocom appointed BBVA as agent bank in the increase of capital. And following a 2009 survey of agent banks in major markets, *Global Custodian* classified BBVA as "Commended" for both non-resident and domestic customers.

In **Latin America,** BBVA led the ranking in syndicated loans for the second consecutive quarter, according to information provided by LPC Reuters. Moreover BBVA is the leader in investment banking in Mexico. It is the top bank in debt capital markets, equity capital markets and project finance (sources: Bloomberg and Thomson Financial).

Global Markets

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

In the third quarter the unit's revenues from customers and proprietary trading continued to perform well. Its business model is increasingly more diversified and international with strong revenue growth from customers of the trading floors in Europe (London, Milan, Paris, Lisbon and Dusseldorf) and the Asian branches. Interest-rate hedging is one of the main activities apart from recovering volumes of new issues in the debt market. It also maintained its position as top broker in Spanish equities with a market share of 12.8% as of September 2009.

These factors helped the unit's gross income in **Europe** and **New York** to rise 7.8% year-on-year to €570m. Operating income was €403m (up 13.9%) and net attributable profit came to €295m (up 42.0%). The cost/income ratio improved considerably to 29.4% (33.2% a year earlier).

Mexico and **Latin America** also achieved double-digit growth in revenues. Operations included the launch of a new ETF (MEXTRAC) on the Mexican stock exchange, which will track the 20 counters in the Dow Jones Mexico Titans 20 (a stock index). This launch was arranged in close co-operation with Asset Management.

Asset Management and other business

Asset Management is BBVA's provider of asset management solutions. It designs and manages mutual funds, pension funds and a third-party fund platform.

In the year to September the unit obtained gross income of €129m, a decline of 2.5% compared to the same period last year. Nonetheless, the latest quarter reflects a positive trend compared to the previous two, thanks to the recovery of funds under management.

At 30-Sep-09 total assets under management in Spain stood at €50,925m, up 0.8% during the third quarter helped by the improvement in the capital markets. Of this amount, mutual funds accounted for €33,974m. This amount is down 8.8% but the decline is smaller compared to that of the system, which fell 12.4%. So far this year BBVA has added 77 basis points to its market share, which now stands at 19.9%, confirming its leadership. The average return of its mutual funds is higher than the net weighted return of the seven biggest managers (which account for 62.1% of the market). By net return, nearly 70% of BBVA's mutual funds are in the first two quartiles.

The assets managed in Spanish pension funds grew 5.3% to €16,951m. Of this amount, individual plans account for €9,856m and employee and associate schemes €7,095m.

In the first nine months the value of **Industrial and Real Estate Holdings** increased around 44%, easily exceeding the rise in the Ibex35 during the same period.

Lastly, BBVA and **CITIC** closed their first joint operation in the third quarter as part of their general finance agreement. It entails a €75.5m credit for the Chinese railways over 10 years.

Mexico

Income statement

(Million euros)

	Mexico				Units: Banking business				Units: Pensions and Insurance			
	Jan.-Sep. 09	∆%	∆% (1)	Jan.-Sep. 08	Jan.-Sep. 09	∆%	∆% (1)	Jan.-Sep. 08	Jan.-Sep. 09	∆%	∆% (1)	Jan.-Sep. 08
NET INTEREST INCOME	**2,505**	**(10.8)**	**3.9**	**2,809**	**2,472**	**(11.3)**	**3.3**	**2,788**	**36**	**69.0**	**96.8**	**22**
Net fees and commissions	805	(14.8)	(0.7)	944	766	(13.2)	1.1	883	37	(18.9)	(5.6)	46
Net trading income	310	(2.0)	14.1	316	227	(4.4)	11.3	238	82	4.9	22.2	78
Other income/expenses	103	49.9	74.6	68	(96)	39.0	61.9	(69)	206	14.8	33.7	179
GROSS INCOME	**3,722**	**(10.0)**	**4.8**	**4,138**	**3,370**	**(12.3)**	**2.2**	**3,840**	**361**	**11.2**	**29.6**	**325**
Operating costs	(1,158)	(14.2)	(0.0)	(1,350)	(1,058)	(14.6)	(0.5)	(1,239)	(97)	(27.0)	(15.0)	(133)
Personnel expenses	(550)	(15.2)	(1.3)	(649)	(501)	(17.3)	(3.6)	(605)	(48)	8.3	26.2	(45)
General and administrative expenses	(560)	(13.1)	1.2	(645)	(511)	(11.8)	2.8	(579)	(47)	(45.8)	(36.9)	(87)
Depreciation and amortization	(49)	(14.2)	(0.0)	(57)	(47)	(14.8)	(0.7)	(55)	(2)	3.6	20.7	(2)
OPERATING INCOME	**2,564**	**(8.0)**	**7.1**	**2,788**	**2,312**	**(11.1)**	**3.5**	**2,602**	**264**	**37.8**	**60.5**	**192**
Impairment on financial assets (net)	(1,097)	44.9	68.7	(758)	(1,097)	44.9	68.7	(758)	-	-	-	-
Provisions (net) and other gains/losses	(24)	4.9	22.1	(23)	(23)	2.8	19.7	(23)	(1)	n.m.	n.m.	-
INCOME BEFORE TAX	**1,443**	**(28.1)**	**(16.3)**	**2,007**	**1,191**	**(34.6)**	**(23.8)**	**1,821**	**264**	**37.6**	**60.2**	**192**
Income tax	(340)	(28.5)	(16.7)	(475)	(272)	(35.4)	(24.8)	(422)	(71)	28.5	49.6	(55)
NET INCOME	**1,103**	**(28.0)**	**(16.2)**	**1,532**	**919**	**(34.4)**	**(23.6)**	**1,400**	**193**	**41.2**	**64.5**	**137**
Minority interests	(2)	66.6	94.1	(1)	-	(35.9)	(25.3)	-	(1)	167.6	211.7	-
NET ATTRIBUTABLE PROFIT	**1,101**	**(28.1)**	**(16.2)**	**1,531**	**918**	**(34.4)**	**(23.5)**	**1,399**	**192**	**40.8**	**64.0**	**136**

(1) At constant exchange rate.

Balance sheet

(Million euros)

	Mexico				Units: Banking business				Units: Pensions and Insurance			
	30-09-09	∆%	∆% (1)	30-09-08	30-09-09	∆%	∆% (1)	30-09-08	30-09-09	∆%	∆% (1)	30-09-08
Cash and balances with central banks	8,306	47.3	85.2	5,637	8,306	47.3	85.2	5,637	-	-	-	-
Financial assets	22,732	(7.6)	16.1	24,597	19,578	(8.9)	14.5	21,495	3,361	(2.9)	22.0	3,462
Loans and receivables	27,074	(25.0)	(5.8)	36,116	26,969	(25.1)	(5.8)	35,995	185	(6.8)	17.1	199
• Loans and advances to customers	25,190	(19.8)	0.8	31,402	25,096	(19.8)	0.8	31,294	103	(5.2)	19.1	109
• Loans and advances to credit institutions and other	1,884	(60.0)	(49.8)	4,714	1,873	(60.2)	(49.9)	4,702	82	(8.6)	14.8	90
Tangible assets	746	(9.4)	13.9	823	739	(9.5)	13.7	817	6	7.6	35.2	6
Other assets	1,384	(24.8)	(5.4)	1,840	1,747	7.1	34.6	1,631	106	(22.9)	(3.2)	138
TOTAL ASSETS/LIABILITIES AND EQUITY	**60,241**	**(12.7)**	**9.7**	**69,012**	**57,339**	**(12.6)**	**9.9**	**65,575**	**3,659**	**(3.8)**	**20.8**	**3,805**
Deposits from central banks and credit institutions	12,879	(13.2)	9.0	14,843	12,879	(13.2)	9.0	14,843	-	-	-	-
Deposits from customers	28,979	(15.9)	5.7	34,463	29,052	(15.9)	5.7	34,541	-	-	-	-
Debt certificates	3,651	4.6	31.4	3,490	3,651	4.6	31.4	3,490	-	-	-	-
Subordinated liabilities	1,462	(10.9)	12.0	1,641	1,856	20.1	50.9	1,546	-	-	-	-
Financial liabilities held for trading	2,935	(12.4)	10.1	3,351	2,935	(12.4)	10.1	3,351	-	-	-	-
Other liabilities	7,737	(6.9)	17.0	8,308	4,651	(9.4)	13.8	5,135	3,413	(4.0)	20.7	3,554
Economic capital allocated	2,599	(10.9)	12.0	2,917	2,316	(13.2)	9.0	2,669	246	(1.9)	23.3	251

(1) At constant exchange rate.

Mexico highlights in the third quarter

- Good commercial activity performance and price management continue to drive revenues.
- Cost-income ratio hit a new high, with practically flat year-on-year cost growth.
- Stabilisation of impairment losses and reduction of the credit card NPA ratio.
- Moody's confirmed the rating of Bancomer's financial strength.

Relevant business indicators

(Million euros and percentages)

	Mexico			
	30-09-09	Δ%	Δ% [1]	30-09-08
Customer lending (gross)	26,643	(19.7)	0.9	33,184
Customer deposits [2]	27,810	(16.2)	5.3	33,191
Off-balance-sheet funds	18,881	(12.7)	9.7	21,632
• Mutual funds	10,160	(19.0)	1.8	12,543
• Pension funds	8,721	(4.0)	20.6	9,089
Other placements	2,850	(16.9)	4.5	3,429
Customer portfolios	4,869	(21.8)	(1.7)	6,225
Efficiency ratio (%)	31.1			32.6
NPA ratio (%)	4.0			2.7
Coverage ratio (%)	135			192

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

This area runs the banking, pensions and insurance businesses that the BBVA Bancomer Financial Group operates in Mexico.

During the third quarter of this year, the Mexican **economy** has shown signs of gradual recovery, suggesting that the worst of the crisis may be over. Despite reporting the greatest contraction in the last 30 years, this downturn has been different from previous ones. This time the country's internal structural strengths enabled markets to get through without any breakdowns in the financial system or crises in the balance of payments and with only a slight correction in the labour market.

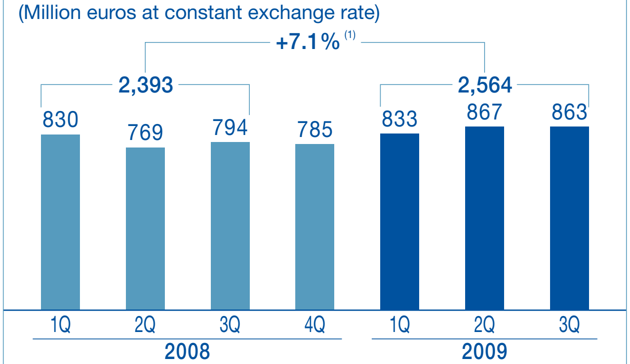
Inflation continues to slow down. At annual rates, it ended the quarter at 4.89%, down from the 5.74% reported in the previous quarter. This was fundamentally due to shrinking demand and a policy of freezing public-sector prices (above all energy prices). The **exchange rate** ended September at 19.7 pesos to the euro, with an additional depreciation of 6.0% over the quarter. In this economic environment, the Bank of Mexico has maintained the funding rate for banks at 4.50% since 17th July.

The attached tables show the area's performance with both current and constant exchange rates. The comments below are referenced to the constant rate figures.

Despite adverse conditions, during the first nine months of 2009 the area's **net interest income** grew 3.9% year-on-year. The main driving factors were the positive sales results in all businesses and well focussed price management. Thus, the public has continued to place its funds in the bank, with current accounts rising 11.0% year-on-year. Meanwhile, term deposits have gone up 6.8% from one year ago. Price management in the loan-book has continued to offset the drop in consumer

Mexico. Operating income

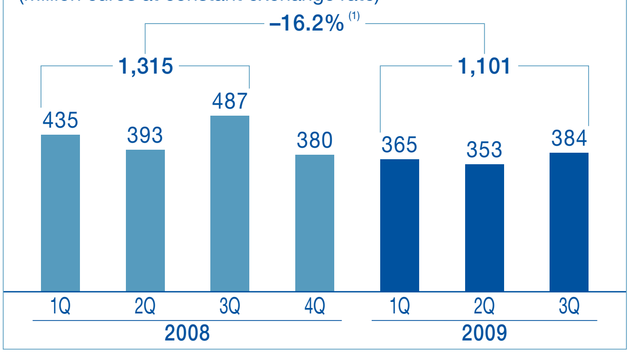
(Million euros at constant exchange rate)



(1) At current exchange rate: –8.0%.

Mexico. Net attributable profit

(Million euros at constant exchange rate)



(1) At current exchange rate: –28.1%.

products and credit cards, whose higher spreads feed the net interest income.

Fee income stood at €805m, practically flat to September 2008, despite lower volumes, above all in credit cards. Net trading income rose significantly over the year, going up 14.1% to reach €310m year to date by the end of September 2009. As indicated in earlier quarters, this rise is especially positive as it is referenced against the same period of 2008, which included the proceeds of the VISA IPO. The insurance and pension-fund businesses also contributed sound earnings. **Gross income** rose 4.8% to reach €3,722m during the first nine months of the year.

Various efficiency plans implemented to improve management and contain costs helped to maintain operating expenses at the same level as the previous year. With the rise in gross income mentioned above, this meant that the **cost-income ratio** hit a new record, ending September at 31.1%. This was 27 basis points lower than in the second quarter of 2009. With positive revenue and cost performance, the year-to-date **operating income** for the nine months was €2,564m, with a year-on-year increase of 7.1%.

Impairment losses on financial assets stood at €1,097m year to date. This 68.7% year-on-year rise is lower than in previous quarters. The percentage of the operating income used to absorb these losses is also continuing to drop. In the third quarter, it was 42.2%, as against 43.1% in 2Q09. This is one of the lowest percentages within the Mexican banking industry.

The area's performance and administration was thus proven to be up to the circumstances, enabling it to record a positive **net attributable profit** from January to September 2009 of €1,101m despite the difficult environment for the country as a whole.

Banking business

Bancomer's positive performance compares favourably against its peers in the main indicators for asset quality, thanks to its well focussed risk management.

During the third quarter of 2009, Moody's confirmed its C+ **rating** of Bancomer's financial strength. This ratifies the bank's reputation for robustness and leadership in the Mexican market, even during troubled times.

Bancomer's **lending activity** maintained a very similar loan-book at 30-Sept-09 to what it had the previous year: €26,550m. However, the loan-book mix has changed substantially, as the consumer portfolio continues to lose share. It now accounts for 22% of total gross customer lending, as compared with the 26% share it had in September 2008. It reflects a 13.1% drop over the period. This is the outcome of low business volumes which reflect both the general economic downturn and the strict lending standards and the selective acceptance policy applied to customers.

Its portfolio of loans to small and medium-sized enterprises (SMEs) was the most dynamic, growing 24.6% year on year, driven by Bancomer's strategies to boost lending this year. During the third quarter, the area implemented a successful programme to provide small businesses with liquidity. Bancomer placed €93m through this programme and restructured a further €61m, benefitting more than 6,000 SMEs. Bancomer has continued to provide a line of liquidity to larger companies too (in keeping with their current repayment capacities). Its programme to support business with credit has had 220 beneficiaries, companies borrowing more than €263m to ensure their operations can run without financial pressure and avoid deterioration of their sales activities. Bancomer also reinforced its leadership position in government lending during the third quarter of this year. It granted a total of €557m in credit to monetarise the resources of the FEIEF (a federated fund for revenue stabilisation). This sum will be drawn down gradually over time.

Through its Investment & Corporate Banking unit, Bancomer helped corporations to increase liquidity, participating in 20 debt issues and 5 syndicated loan facilities during the third quarter. For the fourth quarter running, the bank has headed the ranking tables, with 28.3% and 31.6% of the total volume placed in the market during 3Q09, according to *Bloomberg* and *Thomson Financial*, respectively.

Its mortgage book maintained a year-on-year growth of 9.5%. At the end of September, it stood at €8,521m. Bancomer maintains its leadership in new mortgages, reaching a 35.2% share of new loans on the market at the end of August 2009, 229 basis points up on the figure for August 2008. To 30th September 2009, Bancomer has granted 26,909 loans for individual homes and 55,509 for housing developers. The bank also tries to raise the quality of life for Mexican families. It launched a special product for an emerging economy, a personal credit for people with problems proving their revenues. Apart from offering specific financial conditions for this segment, it also incorporates the family home into a trust for the first years of the loan, to facilitate its final recovery.

In the portfolio of doubtful loans, the ratio of **non-performing assets** to the total was 4.0% on 30th September 2009, just 11 basis points higher than the NPA ratio for the second quarter this year. Meanwhile, **coverage** stood at 135% on the same date.

Customer funds (bank deposits, mutual funds and investment companies and other customer products) ended September 2009 at €40,819m, which was 4.3% up on 30-Sep-08. This positive performance reflects Bancomer's well-focussed strategy and customer service. The bank's market share in customer funds gathered grew 140 basis points in September 2009 compared to the same month of the previous year. Current accounts and term deposits showed brisk growth, reaching a balance of €13,593m and €7,316m, respectively. This was the result of 11.0% growth year on year in current accounts, and 6.8% in term deposits. The composition of the customer funds at the end of September 2009 was very similar to that of the same month in 2008. Current accounts accounted for the largest share, 33%; followed by mutual funds and investment companies, with 25%; and term deposits with 18%. The remaining 24% comprises other customer products and funds denominated in foreign currency.

During the third quarter, Bancomer securitised a portfolio of mortgage loans to individuals for €299m and placed two one-year warrant issues against the Standard & Poors 500 index. These were the first optional securities issued by a bank in Mexico with a tenor of over three months.

Finally, Bancomer was market leader in capital issues, arranging 20.6% of the issues made on the local market. *Thomson Financial* ranked Bancomer as the market leader in structured finance, with a market share of 14.3% at the end of the third quarter.

Pensions and Insurance

During January-September 2009, the Group's insurance and pension businesses in Mexico have generated an attributable profit of €192m, 64.0% up on the profit attained in the same period of 2008.

Afore Bancomer consolidated its leadership in the pension-fund business this quarter, gathering the greatest amount of voluntary contributions and corporate contributions within the retirement savings scheme in Mexico. It ended September with an attributable profit of €33m (up 44.5%). As in previous quarters, this positive result was based on good sales performance, the favourable evolution of interest revenues and cost control, with expenses shrinking 16.3% year on year. This was achieved against a backdrop of falling unemployment throughout the country. The company's €47m operating income reflects a rise of 43.5% to year-on-year.

The **insurance business** obtained an attributable profit of €158m to September, with a year-on-year increase of 68.8%. Dynamic sales have been the defining feature of the period, especially of savings products and products not linked directly to banking activity. These have offset the more moderate growth in the other business lines. The area wrote €566m in business over the nine-months (including sales of savings products), reflecting a year-on-year growth of 14.6%.

The United States

Income statement

(Million euros)

	The United States			
	Jan.-Sep. 09	Δ%	Δ% [1]	Jan.-Sep. 08
NET INTEREST INCOME	**1,100**	**14.2**	**2.6**	**963**
Net fees and commissions	411	2.5	(7.9)	401
Net trading income	135	36.1	22.3	99
Other income/expenses	(26)	n.m.	n.m.	18
GROSS INCOME	**1,620**	**9.3**	**(1.8)**	**1,481**
Operating costs	(962)	(0.0)	(10.2)	(962)
Personnel expenses	(498)	2.8	(7.7)	(484)
General and administrative expenses	(308)	2.4	(8.1)	(301)
Depreciation and amortization	(157)	(11.7)	(20.7)	(177)
OPERATING INCOME	**657**	**26.7**	**13.8**	**519**
Impairment on financial assets (net)	(479)	89.8	70.5	(252)
Provisions (net) and other gains/losses	(29)	n.m.	n.m.	5
INCOME BEFORE TAX	**150**	**(44.7)**	**(50.3)**	**272**
Income tax	(47)	(45.9)	(51.4)	(87)
NET INCOME	**103**	**(44.1)**	**(49.8)**	**184**
Minority interests	-	n.m.	n.m.	-
NET ATTRIBUTABLE PROFIT	**103**	**(44.1)**	**(49.8)**	**184**
MEMORANDUM ITEM: NET ATTRIBUTABLE PROFIT EXCLUDING AMORTIZATION OF THE INTANGIBLE ASSETS	**162**	**(37.8)**	**(38.4)**	**260**

(1) At constant exchange rate.

Balance sheet

(Million euros)

	The United States			
	30-09-09	Δ%	Δ% [1]	30-09-08
Cash and balances with central banks	919	80.9	85.2	508
Financial assets	6,801	(19.6)	(17.6)	8,454
Loans and receivables	34,713	14.7	17.4	30,272
• Loans and advances to customers	34,001	14.7	17.4	29,639
• Loans and advances to credit institutions and other	712	12.5	15.2	633
Tangible assets	706	(4.5)	(2.3)	740
Other assets	1,399	(2.0)	0.3	1,429
TOTAL ASSETS/LIABILITIES AND EQUITY	**44,538**	**7.6**	**10.1**	**41,402**
Deposits from central banks and credit institutions	3,473	(47.8)	(46.6)	6,656
Deposits from customers	34,293	17.3	20.1	29,242
Debt certificates	729	29.9	33.0	561
Subordinated liabilities	884	(15.6)	(13.6)	1,047
Financial liabilities held for trading	217	217.0	224.6	68
Other liabilities	2,474	14.8	17.6	2,155
Economic capital allocated	2,467	47.6	51.1	1,672

(1) At constant exchange rate.

The United States highlights in the third quarter

- Making the most of opportunities: the Guaranty acquisition has given BBVA Compass a higher profile in the Sunbelt area.
- Excellent operating-cost performance based on the integration process.
- Improvement of the area's operating income, with a year-on-year increase of 13.8%.
- Business volumes remained flat over the previous year, despite the significant economic slowdown during the period.

Relevant business indicators

(Million euros and percentages)

The United States	30-09-09	Δ%	Δ% [(1)]	30-09-08
Customer lending (gross)	34,598	14.4	17.2	30,231
Customer deposits [(2)]	32,607	29.5	32.5	25,188
ROE (%)	5.5			14.2
Efficiency ratio (%)	59.4			65.0
NPA ratio (%)	3.9			2.7
Coverage ratio (%)	43			73

(1) At constant exchange rate.
(2) Excluding deposits and Market unit repos.

Economic activity contraction has eased since the first half of 2009. With improvements in the latest data, third-quarter GDP is expected to rise for the first time since the fourth quarter of 2007, although future economic growth is expected to be slow and wrought with uncertainty.

The government launched the popular Cash for Clunkers program in July as part of the American Recovery and Reinvestment Act, which resulted in 700,000 new car deals. This program has had a visible impact on personal outlays, which could activate consumption. However, the labour market is expected to remain weak and consumers' debt overhang will continue to dampen household spending.

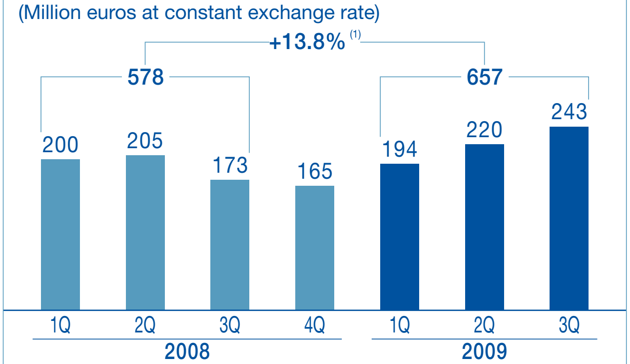
The residential real estate market has also received a boost from deep price discounts, tax credit for first-time buyers and favourable mortgage rates. This is causing new and existing home sales to rise, although residential investment will remain subdued due to excess inventories of existing homes. Non-residential investment (NRI) is expected to contract at a slower rate. Corporate profits are improving on a quarterly basis. Furthermore, economic indicators are pointing to growth in the manufacturing sector. Nevertheless, the deterioration of commercial real estate due to falling rents could put downward pressure on the structures component of NRI.

Exports are one component that may be outperforming expectations, which could help strengthen the US recovery process. In particular, exports to China have increased significantly since they hit a low in January 2009.

Lastly, the Federal Reserve's expansionary monetary policy and asset purchase program have aided in slowing economic contraction and stabilizing the financial markets. Although the Fed forecasts economic growth to take hold in the second half of 2009, its expectation of a slow recovery due to abundant

The United States. Operating income

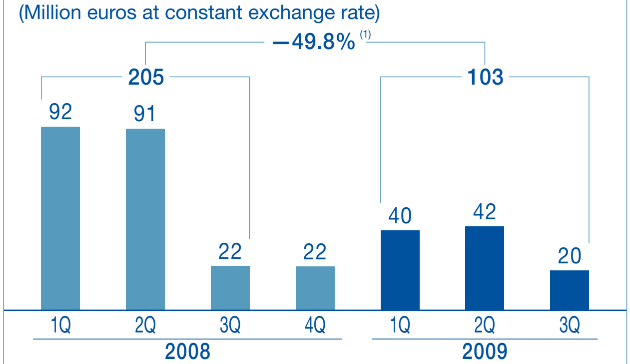
(Million euros at constant exchange rate)



(1) At current exchange rate: +26.7%.

The United States. Net attributable profit

(Million euros at constant exchange rate)



(1) At current exchange rate: −44.1%.

economic slack warrants holding the target rate at 0% to 0.25% for a prolonged period of time.

The dollar **exchange rate** weakened against the euro over the last twelve months by 2.3%, ending September at 1.46 dollars per euro. However, the average exchange rate recorded an appreciation of 11.4% year over year. Its impact is negative on business volumes and the balance sheet, but positive on the income statement. Unless otherwise indicated, all comments below refer to changes at a constant exchange rate.

Effective 22nd August 2009, BBVA Compass acquired certain assets and liabilities of the Guaranty Financial Group (Guaranty) in an FDIC-assisted transaction. This investment offers compelling financial returns, an opportunity to meaningfully expand BBVA U.S.A.'s retail banking franchise (164 branches and 300,000 customers in Texas and California) and, based on the loss share agreement with the FDIC, minimal credit risk (FDIC shares 80% of the losses on the first $2,285m, and 95% of the losses thereafter). Moreover, Guaranty added $7,500m in loans and $11,400m in customer deposits.

The area's **business volumes** grew, its loan-book reaching €34,598m at 30th September, and customer deposits €32,607m. These figures were up 17.2% and 32.5% year-on-year respectively, above all due to the impact of Guaranty. Without Guaranty, the loan-book remains practically flat while customer deposits have grown 1.1%.

Operating income rose to €657m (up 13.8% against the same period of the previous year), driven by a 10.2% drop in operating costs triggered mainly by lower amortisation of intangibles and lower merger & integration costs. This excellent cost performance offset the 1.8% drop in revenues, making it possible to absorb the impairment losses on financial assets and obtain a positive **attributable profit** of €103m. (This figure is €162m without amortisation of intangible assets.) All this was achieved without taking up any kind of public aid.

Finally, the improvement in the area's **non-performing asset ratio** (NPA ratio) brought it to 3.9% on 30th September 2009, down 56 basis points against the 4.5% reported the previous quarter, mainly due to the addition of Guaranty.

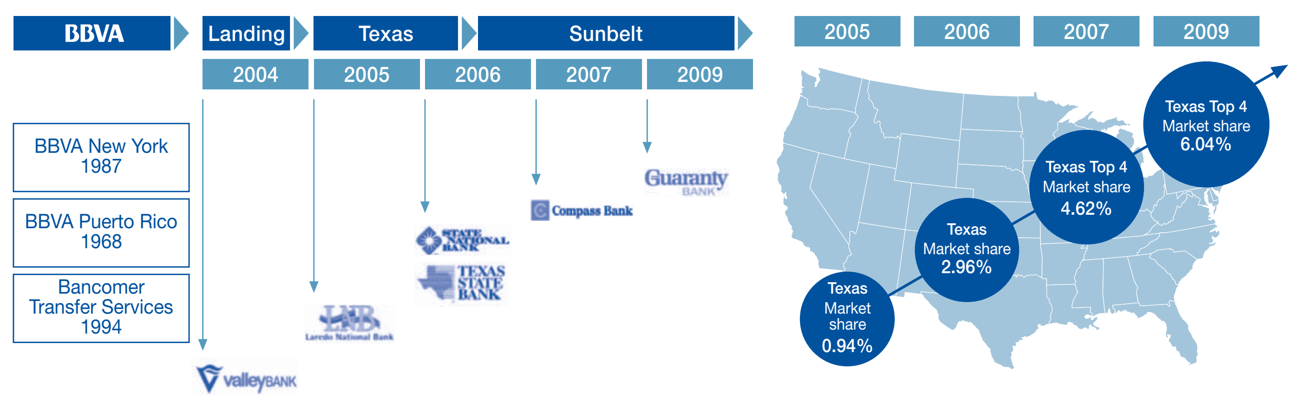
BBVA Compass banking group

On 10th September 2009, BBVA Compass incorporated Guaranty and BBVA Bancomer USA into its operations and earnings. Previous periods have been restated to produce like-for-like comparisons following the incorporation of BBVA Bancomer USA. BBVA Compass represents approximately 91% of the area's total assets.

On 30th September 2009, **loans** were €31,549m, up 19.9% year-on-year. Customer deposits increased 34.1% to reach €31,191m. Without the impact of Guaranty, lending rose 1.3%, while customer deposits rose 0.8%.

Year-to-date **net interest income** stood at €1,005m on 30th September 2009, with a year-on-year growth of

Development of BBVA s franchise in the United States



3.2%. The 1.5% year-on-year dip in gross income was due to decreased fees in most categories, because of slower volume growth and higher FDIC insurance (increase in rate and special assessment).

Year-to-date operating expenses declined 11.1% year-on-year, due to lower amortisation of intangibles, merger & integration costs and salaries & benefits. Consequently, the **operating income** increased to €595m, up 17.2% year-on-year.

Thus, the **cost-income ratio** for the first nine months of the year was 59.9%, an improvement over the 66.3% of the same period of the previous year.

After impairment losses on financial assets, the year-to-date **net attributable profit** reached €104m at the end of September (€163m excluding amortisation of intangibles).

At 30th September 2009, the **Corporate & Commercial Group** unit (CCG) (excluding Guaranty) managed a loan portfolio of €14,806m (up 2.9% year-on-year). Customer deposits were €8,103m, having grown 24.9% since September 2008. This growth was mainly driven by non-interest bearing deposits that have experienced exceptional growth, primarily the results of strong correspondent banking efforts and increases in several large relationships within the line of business.

The **Retail Banking** unit ended the third quarter with a loan portfolio of €8,345m, flat to September 2008 as increases in residential real estate were offset by the run-off in the Indirect Auto Dealer and Student Lending portfolios. The unit generated €379m of new residential mortgages over the third quarter, significantly higher than both 2Q09 and 3Q08. Customer deposits were €12,443m, down €210m against the same date of last year.

The **Wealth Management** unit manages a €1,973m loan portfolio, having grown 15.1% since September 2008. Additionally, deposits have increased to €3,100m –nearly doubling from a year ago. The equity-linked Power CD, launched in March, has generated $29m in new deposits for the quarter and has already reached its annual goal of $100m since inception. At 30th September 2009, the unit had €12,347m assets under management. Their 5.8% decline from a year ago reflects the economic downturn.

Other units

At 30th September 2009, BBVA Puerto Rico managed a loan portfolio of €3,049m, down 5.2% from September 2008. Customer deposits were €1,416m, growing 4.8% from last year. Operating profit for the year to date was €56m, decreasing 5.3% from a year ago. Attributable profit, after €66m impairment losses on financial assets, stood at a negative €6 million.

Finally, BTS consolidated its position as the biggest remittance operator between USA and Mexico, reporting an attributable profit of €11m for the first nine months of 2009, representing year-on-year growth of 41.9%.

Income statement

(Million euros)

	South America				Units: Banking businesses				Units: Pensions and Insurance			
	Jan.-Sep. 09	∆%	∆% (1)	Jan.-Sep. 08	Jan.-Sep. 09	∆%	∆% (1)	Jan.-Sep. 08	Jan.-Sep. 09	∆%	∆% (1)	Jan.-Sep. 08
NET INTEREST INCOME	**1,822**	**17.3**	**15.6**	**1,554**	**1,790**	**20.7**	**18.6**	**1,483**	**34**	**(52.7)**	**(49.9)**	**73**
Net fees and commissions	619	10.5	11.1	561	462	15.5	14.9	400	155	(4.4)	(1.0)	162
Net trading income	360	121.6	122.3	163	257	49.0	49.4	173	103	n.m.	n.m.	(10)
Other income/expenses	(2)	n.m.	n.m.	7	(76)	81.0	72.4	(42)	83	53.6	57.2	54
GROSS INCOME	**2,800**	**22.6**	**21.8**	**2,284**	**2,433**	**20.8**	**19.3**	**2,014**	**375**	**34.5**	**39.9**	**279**
Operating costs	(1,116)	8.8	9.3	(1,026)	(932)	13.9	13.5	(819)	(162)	(13.2)	(9.1)	(187)
Personnel expenses	(574)	9.7	10.6	(523)	(478)	17.1	17.0	(408)	(80)	(16.9)	(13.0)	(97)
General and administrative expenses	(457)	6.9	7.3	(427)	(377)	9.8	9.3	(343)	(74)	(9.4)	(5.2)	(82)
Depreciation and amortization	(85)	13.0	12.3	(75)	(77)	15.3	13.8	(67)	(8)	(6.3)	(1.0)	(8)
OPERATING INCOME	**1,684**	**33.9**	**31.7**	**1,258**	**1,501**	**25.6**	**23.2**	**1,195**	**213**	**130.6**	**137.0**	**92**
Impairment on financial assets (net)	(310)	46.1	46.9	(212)	(306)	44.2	44.9	(212)	(4)	n.m.	n.m.	-
Provisions (net) and other gains/losses	(8)	79.7	38.1	(5)	(5)	86.5	14.3	(2)	(5)	113.9	127.7	(2)
INCOME BEFORE TAX	**1,365**	**31.2**	**28.6**	**1,041**	**1,191**	**21.4**	**18.7**	**980**	**204**	**126.5**	**132.5**	**90**
Income tax	(316)	28.2	24.9	(247)	(279)	23.7	19.8	(225)	(47)	54.6	59.1	(30)
NET INCOME	**1,049**	**32.1**	**29.8**	**794**	**912**	**20.7**	**18.3**	**755**	**158**	**162.7**	**169.4**	**60**
Minority interests	(360)	41.0	34.4	(255)	(312)	29.2	22.8	(242)	(48)	250.2	248.7	(14)
NET ATTRIBUTABLE PROFIT	**689**	**27.8**	**27.5**	**539**	**600**	**16.8**	**16.1**	**514**	**110**	**137.0**	**145.3**	**46**

(1) At constant exchange rate.

Balance sheet

(Million euros)

	South America				Units: Banking businesses				Units: Pensions and Insurance			
	30-09-09	∆%	∆% (1)	30-09-08	30-09-09	∆%	∆% (1)	30-09-08	30-09-09	∆%	∆% (1)	30-09-08
Cash and balances with central banks	4,872	(1.8)	0.7	4,961	4,871	(1.8)	0.7	4,961	-	-	-	-
Financial assets	7,366	45.2	50.9	5,073	6,162	47.7	52.9	4,172	1,778	59.7	69.3	1,113
Loans and receivables	27,126	(1.4)	0.3	27,521	26,623	(0.9)	0.6	26,853	631	(18.8)	(8.8)	777
• Loans and advances to customers	23,608	(2.2)	(0.8)	24,144	23,409	(2.0)	(0.8)	23,877	230	(25.6)	(12.0)	310
• Loans and advances to credit institutions and other	3,518	4.2	8.8	3,377	3,214	8.0	12.0	2,976	400	(14.3)	(6.8)	467
Tangible assets	500	6.3	10.9	470	453	13.7	17.9	399	46	(35.0)	(29.8)	71
Other assets	2,132	15.0	18.6	1,855	1,323	8.5	12.2	1,220	141	(16.2)	(7.3)	168
TOTAL ASSETS/LIABILITIES AND EQUITY	**41,996**	**5.3**	**7.7**	**39,880**	**39,433**	**4.9**	**6.9**	**37,605**	**2,596**	**21.9**	**32.5**	**2,130**
Deposits from central banks and credit institutions	2,854	(17.5)	(16.2)	3,458	2,849	(17.5)	(16.2)	3,452	9	(35.5)	(27.4)	14
Deposits from customers	27,908	4.2	6.3	26,785	28,003	4.3	6.4	26,853	-	-	-	-
Debt certificates	1,545	40.4	38.1	1,100	1,545	40.4	38.1	1,100	-	-	-	-
Subordinated liabilities	1,402	24.7	23.7	1,124	705	9.0	7.5	647	-	-	-	-
Financial liabilities held for trading	522	(40.0)	(40.1)	870	522	(40.0)	(40.1)	870	-	-	-	-
Other assets	5,364	18.1	25.3	4,544	4,051	26.5	32.1	3,202	1,944	21.8	33.3	1,596
Economic capital allocated	2,400	20.1	23.5	1,998	1,757	18.7	20.7	1,480	643	23.8	31.5	519

(1) At constant exchange rate.

South America highlights in the third quarter

- Excellent results both in banks and pensions & insurance.
- Significant advance in customer funds.
- Maintenance of solid profitability and solvency levels.
- Good asset quality with NPAs stable and under control.

Relevant business indicators

(Million euros and percentages)

	South America			
	30-09-09	∆%	∆% [1]	30-09-08
Customer lending (gross)	24,529	(1.7)	(0.3)	24,946
Customer deposits [2]	29,899	6.1	8.1	28,169
Off-balance-sheet funds	35,619	6.8	8.7	33,360
• Mutual funds	2,439	60.8	61.6	1,516
• Pension funds	33,180	4.2	6.2	31,843
ROE (%)	42.4			37.7
Efficiency ratio (%)	39.9			44.9
NPA ratio (%)	2.8			2.0
Coverage ratio (%)	127			147

(1) At constant exchange rate.
(2) Including debt certificates.

The South America area manages the BBVA Group's banking, pension and insurance businesses in the region. Year-on-year comparison of the business variables and earnings in the area are impacted by the divestment of the Consolidar health business and the State takeover of the Consolidar pension fund, both of which took place in the fourth quarter of last year.

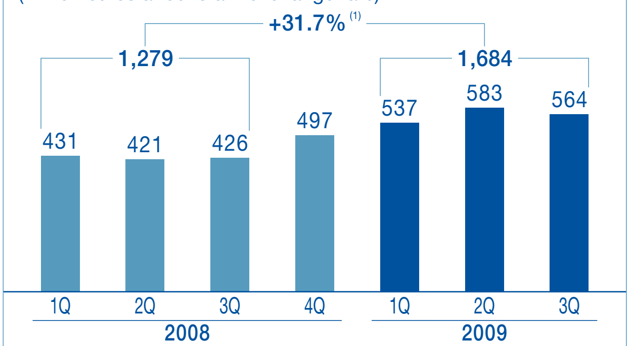
Although the region's **macro-economy** still shows quite moderate activity levels, encouraging signs of recovery have appeared, such as an improvement in consumer confidence, a slight increase in foreign trade, and rising business expectations. There are hopes that the economy will re-establish itself early next year, based on two positive factors. Firstly, the abundant liquidity created by monetary easing, fiscal-policy stimulation and improvement in commodity and financial-asset prices. Secondly, a return to more normal risk-aversion levels, as interest rates and country risk dropped, enabling several countries in the region to place issues abroad under quite standard conditions. The financial systems in the region are still performing well, albeit reflecting lower business volumes. However, their returns and their solvency levels are holding up well and asset quality is not suffering the marked drop seen in other parts of the world.

During the third quarter, most currencies' **exchange rates** strengthened against the US dollar, largely offsetting the depreciation observed in the first half of the year. The impact on the area's financial statements was slightly positive in the income statement, but negative in the balance sheet. As usual, the comments in this section refer to the columns in the attached tables showing year-on-year changes at a constant exchange rate.

Against this backdrop, the area performed very well, as it grew revenues and continued to prune expenses without undermining the quality of its assets. This has meant that in the first nine months of 2009, the net income reached €1,049m, a similar contribution to that of Mexico. The area's **net attributable profit** reached €689m, with a year-on-year increase of 27.5% and a return on equity (ROE) of 42.4% (37.7% in the same period of 2008).

South America. Operating income

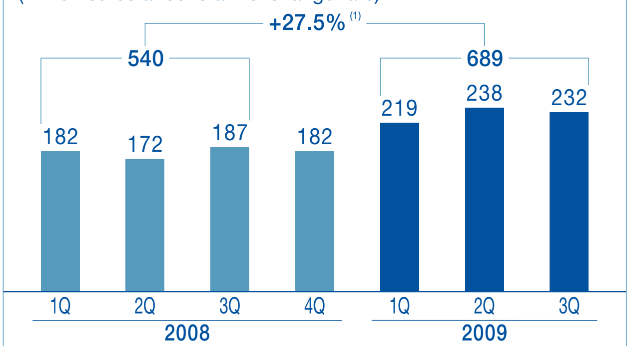
(Million euros at constant exchange rate)



(1) At current exchange rate: +33.9%.

South America. Net attributable profit

(Million euros at constant exchange rate)



(1) At current exchange rate: +27.8%.

As in earlier quarters, focussed management of entry prices and firm handling of spreads have been key factors to compensate for the moderation in the growth of **lending volumes** grew more slowly (ending September at €24,529m), practically flat against the previous year (–0.3%). Meanwhile, **customer funds** in the banks ended September at €32,338m (including mutual-fund balances). This was a year-on-year growth of 10.8%. Current accounts performed especially well, rising 20.1% against September 2008. The assets under management in the pension-fund business reached €33,180m at the end of the quarter, with like-for-like growth of 17.6% year-on-year (ie, excluding the impact of the exit from the Consolidar AFJP). Year-to-date, 9.0% more assets were brought in than during the same nine-month period of 2008. In the insurance companies the year-on-year comparison is impacted by the exit of Consolidar Salud at the end of last year.

Revenues continued to evolve positively, especially **net interest income**, which went up to €1,822m year to date, 15.6% more than the first nine months of the previous year, driven by improved spreads. Fee income also performed favourably, fed by revenues related to customer business. It stood at €619m to September (up 11.1%). Net trading income (at €360m) benefitted from the bullish year on the financial markets, with high returns from the pension fund managers' and the insurance companies' proprietary trading, and the realisation of capital gains on equity-portfolio divestments during the first half of the year. Year to date **gross income** to September reached €2,800m. Year-on-year growth was a sound 21.8%.

Cost control was another fundamental issue this year. Operating costs stood at €1,116m, their growth slowing to 9.3%, significantly below the average inflation rate for the region. This improved the **cost-income ratio** to 39.9% (44.9% in the first nine months of 2008), while **operating income**, at €1,684m was up 31.7% year-on-year.

During the last three months, risk acceptance policy has been strict and the active recovery measures adopted in previous quarters have been maintained, such that there was hardly any worsening of asset quality. The **NPA ratio** was kept under control and stable, standing at 2.8% at the end of September, a similar level against the 2.6% reported at the end of the second quarter and not far from the 2008 year-end ratio of 2.1%. **Impairment losses on financial assets** were €310m to September, with a year-on-year increase of 46.9%. **Coverage** of doubtful risks remained within the area's comfort zone (127%).

Banking business

The entities comprising the area's banking business contributed an attributable profit of €600m over the last nine months. This was a year-on-year increase of 16.1%. The details of their performance are highlighted below.

In Argentina, **BBVA Banco Francés** generated an attributable profit of €91m to September, influenced by excellent net interest and fee income, which rose respectively at 22.9% and 34.0% year-on-year, despite the notable slowdown in lending growth (up 6.9%, excluding loans to the public sector, which were affected by the swap of secured loans carried out at the end of last year). Customer funds behaved very well, growing 17.3% year-on-year. The rising revenues and moderation in costs brought **operating income** up to €197m (a 37.5% rise year-on-year). *Euromoney* declared BBVA Banco Francés to be the best bank in Argentina in 2009.

BBVA Chile and **Forum** brought in an attributable profit of €61m to September (up 36.8%). Gross income grew 30.3%, boosted by the excellent performance of several income lines, especially fee income (up 43.0%) and net trading income (up 252.8%). Trading income was boosted by divestment from the fixed-income portfolio during the first half of the year. Business-volume growth slowed significantly, although consumer credit and transactional customer funds continued performing well, rising 5.8% and 8.3%, respectively. Operating income performed well, reaching €166m over the nine month period, reporting a 51.0% rise.

In **Colombia**, BBVA's banking business generated €112m in attributable profit. Here too, the performance of revenues was the key to this 10.4% growth. Net interest income showed healthy growth (up 11.7%), as active management of spreads offset the decline in the loan book experienced by the entire financial industry in Colombia. Apart from these favourable data on the revenue side, costs grew just 2.5%, such that the cost-income ratio at the end of September was 36.6% (as against 40.5% one year earlier) and operating income stood at €280m (up 20.9%). *Euromoney* ranked BBVA Colombia as having the best transactional services in the country for 2009.

BBVA Banco Continental in Peru obtained an attributable profit of €89m (up 39.2%). Its revenues also showed excellent performance, especially its net interest income (up

29.2%), due to focussed management of spreads. This made it possible to offset the slowdown in lending activity, which nonetheless maintained positive growth of 4.4%, as did customer funds (up 1.5%). With the help of cost control, the year-to-date operating income showed a year-on-year increase of 35.0% to September. BBVA Banco Continental continues to be the most profitable bank in Peru, according to reports in the national press. According to the annual ranking published by the magazine *América Economía*, BBVA Banco Continental is the best bank in Peru and the fourth in Latin America.

In Venezuela, **BBVA Banco Provincial** contributed an attributable profit of €197m to September (up 23.8%). Despite the regulatory constraints on rates for both assets and liabilities, the bank was able to report a year-on-year increase of 21.4% in its net interest income, defending spreads and growing its volumes (which rose 13.9% in lending and 30.7% in customer funds). The rise in costs was moderate (up 18.1%) in an environment of high inflation, leading to a cost-income ratio of 39.5% at the end of September. Operating income for the nine months showed an increase of 7.3% against the January-September period of 2008.

Elsewhere in the region, **BBVA Panama** reported a year-to-date profit of €23m (up 0.1%); **BBVA Paraguay** €21m (up 29.7%) and **BBVA Uruguay,** €5m (down 42.8%).

Pensions and Insurance

The Pensions & Insurance unit in South America obtained an attributable profit of €110m to September, 145.3% more than in 2008. Of this, €73m came from the **pension business** and €37m from the **insurance business.** In the third quarter, sales remained strong in all the companies, despite the employment figures for the region.

AFP Provida, in Chile, contributed €52m in attributable profit to September (as against €7m in the first nine months of 2008). This was driven by the performance of new assets under management (up 13.0%), the evolution of financial results and the progressive pruning of costs (up just 3.6%). This fed into an operating income of €100m (as against €14m during the same period of 2008).

The three companies in the **Consolidar Group** generated an attributable profit of €14m over the nine-month period, with very positive progress in sales and a slowdown in costs.

In the rest of the companies, the most significant figures were the €12m attributable profit brought in from **AFP Horizonte** in Peru, and the €13m attributable profit from **AFP Horizonte** in Colombia. Both benefitted from good sales figures and improved financial results.

South America. Data per country (banking business, pensions and insurance)

(Million euros)

	Operating income				Net attributable profit			
Country	Jan.-Sep. 09	Δ%	Δ% at constant exchange rates	Jan.-Sep. 08	Jan.-Sep. 09	Δ%	Δ% at constant exchange rates	Jan.-Sep. 08
Argentina	224	19.6	28.2	187	105	(16.5)	(10.4)	126
Chile	272	93.7	105.6	140	117	89.0	100.7	62
Colombia	310	18.6	26.8	262	129	14.6	22.5	113
Peru	348	48.1	41.5	235	101	61.0	53.9	63
Venezuela	494	21.5	9.1	407	206	39.5	25.2	148
Other countries (1)	36	32.3	25.1	27	30	8.9	4.9	27
TOTAL	**1,684**	**33.9**	**31.7**	**1,258**	**689**	**27.8**	**27.5**	**539**

(1) Panama, Paraguay, Uruguay, Bolivia and Ecuador. Additionally, it includes eliminations and other charges.

Corporate Activities

Income statement

(Million euros)

	Jan.-Sep. 09	Δ%	Jan.-Sep. 08
NET INTEREST INCOME	**302**	**n.m.**	**(769)**
Net fees and commissions	(80)	n.m.	(16)
Net trading income	179	(45.0)	326
Other income/expenses	139	(30.1)	199
GROSS INCOME	**540**	**n.m.**	**(260)**
Operating costs	(649)	7.9	(601)
Personnel expenses	(410)	(1.5)	(416)
General and administrative expenses	(88)	26.8	(69)
Depreciation and amortization	(151)	30.5	(115)
OPERATING INCOME	**(109)**	**(87.4)**	**(861)**
Impairment on financial assets (net)	(257)	n.m.	(48)
Provisions (net) and other gains/losses	(380)	n.m.	218
INCOME BEFORE TAX	**(746)**	**7.9**	**(691)**
Income tax	374	30.8	286
NET INCOME	**(372)**	**(8.3)**	**(406)**
Minority interests	11	n.m.	(7)
NET ATTRIBUTABLE PROFIT	**(361)**	**(12.6)**	**(413)**
One-off operations [1]	-	(100.0)	180
NET ATTRIBUTABLE PROFIT (except one-off operations)	**(361)**	**(39.1)**	**(592)**

1) In 2008, capital gains from Bradesco and extraordinary charges for early retirements.

Balance sheet

(Million euros)

	30-09-09	Δ%	30-09-08
Cash and balances with central banks	1,716	(70.7)	5,861
Financial assets	33,648	77.9	18,916
Loans and receivables	359	(92.6)	4,829
• Loans and advances to customers	130	(90.4)	1,346
• Loans and advances to credit institutions and other	230	(93.4)	3,483
Inter-area positions	(20,055)	167.4	(7,500)
Tangible assets	3,093	64.3	1,882
Other assets	14,624	37.4	10,640
TOTAL ASSETS/LIABILITIES AND EQUITY	**33,385**	**(3.6)**	**34,629**
Deposits from central banks and credit institutions	21,335	(1.1)	21,580
Deposits from customers	2,193	163.9	831
Debt certificates	92,554	1.9	90,873
Subordinated liabilities	8,327	44.1	5,778
Inter-area positions	(96,139)	6.1	(90,627)
Financial liabilities held for trading	(1,959)	n.m.	(295)
Other liabilities	162	(68.7)	517
Valuation adjustments	(543)	121.1	(246)
Shareholders' funds	26,482	13.7	23,297
Economic capital allocated	(19,028)	11.4	(17,080)

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 with strictly corporate functions and makes allocations to corporate and miscellaneous provisions, eg, for early retirements. In 2009 it also includes the newly created Real-Estate Management unit, which brings together all the Group's non-international real-estate business.

The third quarter **net interest income** in Corporate Activities continues making a positive contribution and amounted to €302m in the first nine months of 2009, compared against the –€769 recorded in the same period of last year. This good performance was mainly due to adequate management of the euro balance-sheet and the favourable impact of sharply falling interest rates. The higher net interest income allows to offset the reduction of other revenues, such as net trading income, which was down due to the lower gains realised. **Gross income** thus was also positive, reaching €540m and compares very favourably with the figure obtained in January-September of 2008 (–€260m). The moderate increase in personnel expenses (+7.9%) brought **operating income** to –€109m, which is considerably less negative than the –€861m from the same period of last year.

Impairment losses on financial assets account for a €257m charge against the area, mainly due to country-risk provisions. The allocations to provisions and other profit/loss items charge another €380m. These items basically reflected the application of maximum prudence criteria when valuing assets whose appraisals are updated to reflect current prices when they are adjudicated, acquired or form part of the real-estate fund. Finally, the area´s **attributable profit** was –€361m, compared to –€413m in the same period of the previous year (–€592m excluding one-offs).

Financial Planning

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 is to encourage the financial independence of its subsidiaries in the Americas. The first nine months of the year was characterised by the opening of the long term finance markets, a consequence of the easing of fears of a systemic collapse of the international financial system. In BBVA's case, the favourable evolution of the liquidity gap continues for all the businesses over the whole of 2009, which means it has not had a relevant presence in the long-term finance markets. The Group's liquidity remains sound because of retail customer deposits weighting in the balance sheet structure and the ample collateral available as a second source of liquidity. For the last quarter of 2009 and the coming 2010, the Group's current and potential sources of liquidity easily surpass expected drainage.

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, maximising returns on shareholder funds through efficient capital allocation to the different units, good 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 the bank placed a €2,000m five year mandatory convertible bond issue which provides additional flexibility and manoeuvring room in capital management.

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 the first nine months of 2009, BBVA continued to pursue an active policy to hedge 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 the third quarter of this year, this strategy made it possible to mitigate the impact of the American currencies' depreciation against the euro, and at the same time the hedging for 2010 has been extended.

The unit also actively manages the Group's **structural interest-rate exposure** on its balance sheet. This keeps the performance of short and medium-term net interest income more uniform by cutting out interest-rate fluctuations. During the first nine months of 2009, it has maintained its hedging against a less positive economic scenario in Europe for 2009-2010, while the risk on its 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 top-rated government bonds). As September 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 forms part of the Group's Finance Department.

BBVA operates 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 monetisation and coverage strategies. During the first nine months of 2009, it has made investments for €313m and divestments for €527m.

At 30-Sep-09, the industrial and financial holdings portfolio was marked to market at €4,448m with latent capital gains of €1,467m.

Real-Estate Management

Given the current economic scenario and the outlook, BBVA set up a Real-Estate Management unit to apply specialist management to real-estate assets from foreclosures, assets assigned in lieu of payment, purchases of distressed assets and the BBVA Propiedad real-estate fund. The earnings generated by this new unit are not significant, as it is conceived as a long-term project.

Corporate responsibility

In the third quarter of 2009 BBVA launched its **Global Financial Education Plan** (*El dinero en nuestras vidas*). The new plan is part of the bank's corporate responsibility strategy and has a budget of €26m. It will run for three years (2009-2011) in all countries where the Group is present and will have specific programmes for each population group. In the first year there will be 440,000 direct beneficiaries. This is one of the biggest worldwide initiatives of its kind in the private sector. BBVA is making an extensive commitment to financial education and access to financial services. In Mexico and South America the programme will target "banked" and "bankable" people. In the United States it will address children and young people. In Spain there will be a special programme on future values (*Plan Valores de futuro*) for children in primary and secondary schools. More than 1,600 schools and 200,000 pupils are expected to participate in the first phase.

Other relevant events connected to corporate responsibility were:

Customer focus

In Colombia BBVA responded to women's needs by launching a credit card for female customers. The bank will donate 2% of interest generated by the card to breast cancer prevention programmes.

Responsible products and services

The International Federation of Pension Funds Administrators has invited BBVA to join this organisation, which represents 21 countries that have private pension systems. In addition the bank launched a new mortgage in Spain for young people (*Hipoteca Protegida BlueBBVA*) with free unemployment insurance.

Responsible HR management

BBVA has started a campaign to prevent the spread of the H1N1 Flue. The Group's medical service has published a series of recommendations and procedures to protect the health and safety of its employees on the corporate intranet. In addition BBVA Banco Francés (Argentina) has joined a pilot programme to issue gender equality certificates with the aim of encouraging this practice at other companies.

Environmental management and climate change

BBVA signed the Copenhagen Communiqué together with more than 500 important companies. The goal is to demonstrate the readiness of international business leaders to tackle climate change and the search for solutions within the framework of the United Nations. Furthermore BBVA Bancomer has announced plans for a new headquarters building, which will achieve important savings in utilities and improve the quality of life of its employees on the personal and professional levels.

Commitment to society

EDUCATION. BBVA Bancomer (Mexico) will run personal finance workshops at its branches, in lecture halls and via cellphones.

SOCIAL ACTION PLAN FOR LATIN AMERICA. BBVA Banco Francés's integration scholarship programme in Argentina invested 2 million pesos in 2008 and granted scholarships to over 800 students. It recently awarded a further 73 scholarships to pupils at a school in Mendoza. So far this year BBVA Colombia has donated 18,000 backpacks containing educational material and 4,700 study grants. In the next academic year the BBVA Bancomer Foundation will increase the number of its scholarships to 15,000 (previously 10,600) in 18 states and 143 municipalities of Mexico, covering 60% of this country.

COMMUNITY SUPPORT. BBVA will provide the Spanish Food Bank Federation with food products for distribution to the poor.

PROMOTION OF CORPORATE RESPONSIBILITY. BBVA Bancomer has issued its second corporate responsibility report and BBVA Banco Continental has published its fourth. Both obtained the maximum classification of the Global Reporting Initiative: A+.

THE BBVA FOUNDATION. The foundation is providing €3.6m in finance for 18 scientific projects in the fifth round of research grants in the area of ecology and conservation biology.

BBVA and the sustainability indices

BBVA has maintained its privileged position in the Dow Jones Sustainability Indexes following an annual review. It is well above the financial sector average in the three areas concerned (financial, environmental and social). Its participation in such indices in shown below:

Main sustainability indices in which BBVA participates

		BBVA's participation (%)
Dow Jones Sustainability Indexes	DJSI World	0.81
	DJSI STOXX	1.86
	DJSI EURO STOXX	3.55
vigeo	ASPI Eurozone Index	2.58
	Ethibel Sustainability Index Excellence Europe	2.10
	Ethibel Sustainability Index Excellence Global	1.30
(1) FTSE4Good / KLD Indexes	FTSE KLD Global Sustainability Index	0.72
	FTSE KLD Global Sustainability Index Ex-US	1.23
	FTSE KLD Europe Sustainability Index	2.09
	FTSE KLD Europe Asia Pacific Sustainability	1.41

(1) In May 2009 FTSE and KLD merged their sustainability indices.

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KLD INDEXES