BBVA Group

Consolidated financial statements, management report and auditors' report for the year 2015

Deloitte.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1.2 and 56). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank") and companies composing, together with the Bank, the Banco Bilbao Vizcaya Argentaria Group ("the Group" – see Note 3), which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, consolidated statement of recognised income and expense, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

The Bank's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of the Group in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain (identified in Note 1.2 to the accompanying consolidated financial statements) and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Parent's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Banco Bilbao Vizcaya Argentaria Group as at 31 December 2015, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2015 contains the explanations which the Bank's directors consider appropriate about the situation of the Group, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2015. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Banco Bilbao Vizcaya Argentaria, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in R.O.A.C. under Nº S0692

José Manuel Domínguez

3 February 2016

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

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Consolidated balance sheets as of December 31, 2015, 2014 and 2013

		Millions of Euros		
ASSETS	Notes	2015	2014 (*)	2013 (*)
CASH AND BALANCES WITH CENTRAL BANKS	9	**43,467**	**31,430**	**34,903**
FINANCIAL ASSETS HELD FOR TRADING	10	**78,326**	**83,258**	**72,112**
Loans and advances to credit institutions		-	-	-
Loans and advances to customers		65	128	107
Debt securities		32,825	33,883	29,602
Equity instruments		4,534	5,017	4,766
Trading derivatives		40,902	44,229	37,638
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	11	**2,311**	**2,761**	**2,413**
Loans and advances to credit institutions		62	-	-
Loans and advances to customers		-	-	-
Debt securities		173	737	663
Equity instruments		2,075	2,024	1,750
AVAILABLE-FOR-SALE FINANCIAL ASSETS	12	**113,426**	**94,875**	**77,774**
Debt securities		108,310	87,608	71,806
Equity instruments		5,116	7,267	5,968
LOANS AND RECEIVABLES	13	**457,644**	**372,375**	**350,945**
Loans and advances to credit institutions		32,962	27,059	22,862
Loans and advances to customers		414,165	338,657	323,607
Debt securities		10,516	6,659	4,476
HELD-TO-MATURITY INVESTMENTS		**-**	**-**	**-**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	14	**45**	**121**	**98**
HEDGING DERIVATIVES	14	**3,538**	**2,551**	**2,530**
NON-CURRENT ASSETS HELD FOR SALE	15	**3,369**	**3,793**	**2,880**
EQUITY METHOD	16	**879**	**4,509**	**4,742**
Associates		636	417	1,272
Joint ventures		243	4,092	3,470
INSURANCE CONTRACTS LINKED TO PENSIONS		**-**	**-**	**-**
REINSURANCE ASSETS	22	**511**	**559**	**619**
TANGIBLE ASSETS	17	**9,944**	**7,820**	**7,534**
Property, plants and equipment		8,477	6,428	5,841
For own use		8,021	5,985	5,373
Other assets leased out under an operating lease		456	443	468
Investment properties		1,467	1,392	1,693
INTANGIBLE ASSETS	18	**10,275**	**7,371**	**6,759**
Goodwill		6,811	5,697	5,069
Other intangible assets		3,464	1,673	1,690
TAX ASSETS	19	**17,779**	**12,426**	**11,704**
Current		1,901	2,035	2,502
Deferred		15,878	10,391	9,202
OTHER ASSETS	20	**8,566**	**8,094**	**7,684**
Inventories		4,303	4,443	4,636
Rest		4,263	3,651	3,048
TOTAL ASSETS		**750,078**	**631,942**	**582,697**

(*) Presented for comparison purposes only (Note 1.3).

The accompanying Notes 1 to 56 and Appendices I to XIV are an integral part of the consolidated balance sheet as of December 31, 2015.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

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Consolidated balance sheets as of December 31, 2015, 2014 and 2013.

		Millions of Euros		
LIABILITIES AND EQUITY	**Notes**	**2015**	**2014 (*)**	**2013 (*)**
FINANCIAL LIABILITIES HELD FOR TRADING	10	**55,203**	**56,798**	**45,648**
Deposits from central banks		-	-	-
Deposits from credit institutions		-	-	-
Customer deposits		-	-	-
Debt certificates		-	-	-
Trading derivatives		42,149	45,052	38,119
Short positions		13,053	11,747	7,529
Other financial liabilities		-	-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	11	**2,649**	**2,724**	**2,467**
Deposits from central banks		-	-	-
Deposits from credit institutions		-	-	-
Customer deposits		-	-	-
Debt certificates		-	-	-
Subordinated liabilities		-	-	-
Other financial liabilities		2,649	2,724	2,467
FINANCIAL LIABILITIES AT AMORTIZED COST	21	**606,113**	**491,899**	**464,549**
Deposits from central banks		40,087	28,193	30,893
Deposits from credit institutions		68,543	65,168	52,423
Customer deposits		403,069	319,060	300,490
Debt certificates		66,165	58,096	64,120
Subordinated liabilities		16,109	14,095	10,556
Other financial liabilities		12,141	7,288	6,067
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	14	**358**	**-**	**-**
HEDGING DERIVATIVES	14	**2,726**	**2,331**	**1,792**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**-**	**-**	**-**
LIABILITIES UNDER INSURANCE CONTRACTS	22	**9,407**	**10,460**	**9,834**
PROVISIONS	23	**8,852**	**7,444**	**6,853**
Provisions for pensions and similar obligations	24	6,299	5,970	5,512
Provisions for taxes and other legal contingencies		370	262	208
Provisions for contingent risks and commitments		714	381	346
Other provisions		1,469	831	787
TAX LIABILITIES	19	**4,721**	**4,157**	**2,530**
Current		1,238	980	993
Deferred		3,483	3,177	1,537
OTHER LIABILITIES	20	**4,610**	**4,519**	**4,460**
TOTAL LIABILITIES		**694,638**	**580,333**	**538,133**

(*) Presented for comparison purposes only (Note 1.3).

The accompanying Notes 1 to 56 and Appendices I to XIV are an integral part of the consolidated balance sheet as of December 31, 2015.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

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Consolidated balance sheets as of December 31, 2015, 2014 and 2013.

LIABILITIES AND EQUITY (*Continued*)	Notes	2015	2014 (*)	2013 (*)
		Millions of Euros		
STOCKHOLDERS' FUNDS		**50,639**	**49,446**	**46,025**
Common Stock	25	**3,120**	**3,024**	**2,835**
Issued		3,120	3,024	2,835
Unpaid and uncalled (-)		-	-	-
Share premium	26	**23,992**	**23,992**	**22,111**
Reserves	27	**22,512**	**20,936**	**19,767**
Accumulated reserves (losses)		22,610	20,304	19,317
Reserves (losses) of entities accounted for using the equity method		(98)	633	450
Other equity instruments	43.1.1	**35**	**67**	**59**
Equity component of compound financial instruments		-	-	-
Other equity instruments		35	67	59
Less: Treasury stock	28	**(309)**	**(350)**	**(66)**
Income attributed to the parent company		**2,642**	**2,618**	**2,084**
Less: Dividends and remuneration		**(1,352)**	**(841)**	**(765)**
VALUATION ADJUSTMENTS	29	**(3,349)**	**(348)**	**(3,831)**
Available-for-sale financial assets		1,674	3,816	851
Cash flow hedging		(49)	(46)	8
Hedging of net investment in foreign transactions		(274)	(373)	(100)
Exchange differences		(3,905)	(2,173)	(3,023)
Non-current assets held-for-sale		-	-	3
Entities accounted for using the equity method		64	(796)	(1,130)
Other valuation adjustments		(859)	(777)	(440)
NON-CONTROLLING INTEREST	30	**8,149**	**2,511**	**2,371**
Valuation adjustments		(1,346)	(53)	70
Rest		9,495	2,563	2,301
TOTAL EQUITY		**55,439**	**51,609**	**44,565**
TOTAL LIABILITIES AND EQUITY		**750,078**	**631,942**	**582,697**

MEMORANDUM ITEM	Notes	2015	2014 (*)	2013 (*)
		Millions of Euros		
CONTINGENT RISKS	32	**49,876**	**33,741**	**33,543**
CONTINGENT COMMITMENTS	32	**135,733**	**106,252**	**94,170**

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Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

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Consolidated income statements for the years ended December 31, 2015, 2014 and 2013.

		Millions of Euros		
	Notes	2015	2014 (*)	2013 (*)
INTEREST AND SIMILAR INCOME	36	24,783	22,838	23,512
INTEREST AND SIMILAR EXPENSES	36	(8,761)	(8,456)	(9,612)
NET INTEREST INCOME		**16,022**	**14,382**	**13,900**
DIVIDEND INCOME	37	415	531	235
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	38	174	343	694
FEE AND COMMISSION INCOME	39	6,340	5,530	5,478
FEE AND COMMISSION EXPENSES	40	(1,729)	(1,356)	(1,228)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	41	865	1,435	1,608
Financial instruments held for trading		(409)	11	540
Other financial instruments at fair value through profit or loss		117	27	49
Other financial instruments not at fair value through profit or loss		1,157	1,397	1,019
Rest		-	-	-
EXCHANGE DIFFERENCES (NET)		1,165	699	903
OTHER OPERATING INCOME	42	4,993	4,581	4,995
Income on insurance and reinsurance contracts		3,678	3,622	3,761
Financial income from non-financial services		912	650	851
Rest of other operating income		403	308	383
OTHER OPERATING EXPENSES	42	(4,883)	(5,420)	(5,833)
Expenses on insurance and reinsurance contracts		(2,599)	(2,714)	(2,831)
Changes in inventories		(678)	(506)	(495)
Rest of other operating expenses		(1,607)	(2,200)	(2,507)
GROSS INCOME		**23,362**	**20,725**	**20,752**
ADMINISTRATION COSTS	43	(10,836)	(9,414)	(9,701)
Personnel expenses		(6,273)	(5,410)	(5,588)
General and administrative expenses		(4,563)	(4,004)	(4,113)
DEPRECIATION AND AMORTIZATION	44	(1,272)	(1,145)	(1,095)
PROVISIONS (NET)	45	(731)	(1,142)	(609)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	46	(4,272)	(4,340)	(5,612)
Loans and receivables		(4,248)	(4,304)	(5,577)
Other financial instruments not at fair value through profit or loss		(23)	(36)	(35)
NET OPERATING INCOME		**6,251**	**4,684**	**3,735**

(*) Presented for comparison purposes only (Note 1.3).

The accompanying Notes 1 to 56 and Appendices I to XIV are an integral part of the consolidated income statement corresponding to the year ended December 31, 2015.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

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Consolidated income statements for the years ended December 31, 2015, 2014 and 2013.

		Millions of Euros		
(Continued)	Notes	**2015**	**2014 (*)**	**2013 (*)**
NET OPERATING INCOME		**6,251**	**4,684**	**3,735**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	47	(273)	(297)	(467)
Goodwill and other intangible assets		(4)	(8)	(14)
Other assets		(269)	(289)	(453)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	48	(2,135)	46	(1,915)
NEGATIVE GOODWILL	18	26	-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	49	734	(453)	(399)
OPERATING PROFIT BEFORE TAX		**4,603**	**3,980**	**954**
INCOME TAX	19	(1,274)	(898)	16
PROFIT FROM CONTINUING OPERATIONS		**3,328**	**3,082**	**970**
PROFIT FROM DISCONTINUED OPERATIONS (NET)	49	-	-	1,866
PROFIT		**3,328**	**3,082**	**2,836**
Profit attributable to parent company		2,642	2,618	2,084
Profit attributable to non-controlling interests	30	686	464	753

		Euros		
	Notes	**2015**	**2014 (*)**	**2013 (*)**
EARNINGS PER SHARE FROM CONTINUED OPERATIONS	5			
Basic earnings per share		0.39	0.41	0.04
Diluted earnings per share		0.39	0.41	0.04

(*) Presented for comparison purposes only (Note 1.3).

The accompanying Notes 1 to 56 and Appendices I to XIV are an integral part of the consolidated income statement corresponding to the years ended December 31, 2015, 2014 and 2013.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

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Consolidated statements of recognized income and expenses for the years ended December 31, 2015, 2014 and 2013.

	Millions of Euros		
	2015	2014 (*)	2013 (*)
PROFIT RECOGNIZED IN INCOME STATEMENT	**3,328**	**3,082**	**2,836**
OTHER RECOGNIZED INCOME (EXPENSES)	**(4,293)**	**3,359**	**(1,765)**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**(74)**	**(346)**	**8**
Actuarial gains and losses from defined benefit pension plans	(135)	(498)	11
Non-current assets available for sale	-	-	-
Entities under the equity method of accounting	8	(5)	1
Income tax related to items not subject to reclassification to income statement	53	157	(4)
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**(4,219)**	**3,705**	**(1,773)**
Available-for-sale financial assets	**(3,196)**	**4,306**	**1,659**
Valuation gains/(losses)	(1,341)	4,770	1,737
Amounts reclassified to income statement	(1,855)	(464)	(140)
Reclassifications (other)	-	-	62
Cash flow hedging	**4**	**(71)**	**(32)**
Valuation gains/(losses)	47	(83)	20
Amounts reclassified to income statement	(43)	12	(52)
Amounts reclassified to the initial carrying amount of the hedged items	-	-	-
Reclassifications (other)	-	-	(1)
Hedging of net investment in foreign transactions	**88**	**(273)**	**143**
Valuation gains/(losses)	88	(273)	143
Amounts reclassified to income statement	-	-	-
Reclassifications (other)	-	-	-
Exchange differences	**(2,924)**	**760**	**(2,045)**
Valuation gains/(losses)	(3,167)	761	(2,026)
Amounts reclassified to income statement	243	(1)	(19)
Reclassifications (other)	-	-	-
Non-current assets held for sale	**-**	**(4)**	**135**
Valuation gains/(losses)	-	(4)	-
Amounts reclassified to income statement	-	-	135
Reclassifications (other)	-	-	-
Entities accounted for using the equity method	**861**	**338**	**(1,054)**
Valuation gains/(losses)	(242)	337	(736)
Amounts reclassified to income statement	1,103	1	(260)
Reclassifications (other)	-	-	(58)
Rest of recognized income and expenses	**-**	**-**	**-**
Income tax	**948**	**(1,351)**	**(579)**
TOTAL RECOGNIZED INCOME/EXPENSES	**(965)**	**6,441**	**1,071**
Attributable to the parent company	(358)	6,100	436
Attributable to non-controlling interest	(607)	341	635

(*) Presented for comparison purposes only (Note 1.3).

The accompanying Notes 1 to 56 and Appendices I to XIV are an integral part of the consolidated statement of recognized income and expenses for the years ended December 31, 2015, 2014 and 2013.

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Consolidated statements of changes in equity for the years ended December 31, 2015, 2014 and 2013.

Millions of Euros

2015	Total Equity Attributed to the Parent Company											Non-controlling Interests (Note 30)	Total Equity
	Stockholders' Funds									Valuation Adjustments (Note 29)	Total		
	Common Stock (Note 25)	Share Premium (Note 26)	Reserves (Note 27)		Other Equity Instruments	Less: Treasury Stock (Note 28)	Profit Attributable to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds				
			Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method									
Balances as of January 1, 2015	3,024	23,992	20,304	633	67	(350)	2,618	(841)	49,446	(348)	49,098	2,511	51,609
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	3,024	23,992	20,304	633	67	(350)	2,618	(841)	49,446	(348)	49,098	2,511	51,609
Total income/expense recognized	-	-	-	-	-	-	2,642	-	2,642	(3,000)	(358)	(607)	(965)
Other changes in equity	96	-	2,305	(731)	(31)	41	(2,618)	(512)	(1,450)	-	(1,450)	6,245	4,795
Common stock increase	96	-	(96)	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	16	-	-	-	16	-	16	-	16
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	86	(86)	-	-	-	(1,222)	(1,222)	-	(1,222)	(146)	(1368)
Transactions including treasury stock and other equity instruments (net)	-	-	6	-	-	41	-	-	47	-	47	-	47
Transfers between total equity entries	-	-	2,422	(645)	-	-	(2,618)	841	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	14	-	(47)	-	-	-	(33)	-	(33)	-	(33)
Rest of increases/reductions in total equity	-	-	(127)	-	-	-	-	(131)	(258)	-	(258)	6,391	6,133
Of which:	-	-	-	-	-	-	-	-		-		-	
Acquisition of the free allotment rights	-	-	-	-	-	-	-	(131)	(131)	-	(131)	-	(131)
Balances as of December 31, 2015	3,120	23,992	22,610	(98)	35	(309)	2,642	(1,352)	50,639	(3,349)	47,290	8,149	55,439

The accompanying Notes 1 to 56 and Appendices I to XIV are an integral part of the total consolidated statement of changes in equity for the year ended December 31, 2015.

Consolidated statements of changes in equity for the years ended December 31, 2015, 2014 and 2013 (continued).

	Millions of Euros												
	Total Equity Attributed to the Parent Company												
	Stockholders' Funds												
			Reserves (Note 27)										
2014 (*)	Common Stock (Note 25)	Share Premium (Note 26)	Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock (Note 28)	Profit Attributable to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds	Valuation Adjustments (Note 29)	Total	Non-controlling Interests (Note 30)	Total Equity (*)
Balances as of January 1, 2014	2,835	22,111	19,317	450	59	(66)	2,084	(765)	46,025	(3,831)	42,194	2,371	44,565
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	2,835	22,111	19,317	450	59	(66)	2,084	(765)	46,025	(3,831)	42,194	2,371	44,565
Total income/expense recognized	-	-	-	-	-	-	2,618	-	2,618	3,483	6,101	341	6,442
Other changes in equity	189	1,881	987	183	8	(284)	(2,084)	(76)	803	-	803	(201)	602
Common stock increase	189	1,881	(70)	-	-	-	-	-	2,000		2,000	-	2,000
Common stock reduction	-	-	-	-	-	-	-	-	-		-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-		-	-	-
Increase of other equity instruments	-	-	-	-	44	-	-	-	44		44	-	44
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-		-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-		-	-	-
Dividend distribution	-	-	91	(91)	-	-	-	(597)	(597)		(597)	(243)	(840)
Transactions including treasury stock and other equity instruments (net)	-	-	5	-	-	(284)	-	-	(279)		(279)	-	(279)
Transfers between total equity entries	-	-	1,042	277	-	-	(2,084)	765	-		-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-		-	-	-
Payments with equity instruments	-	-	7	-	(36)	-	-	-	(29)		(29)	-	(29)
Rest of increases/reductions in total equity	-	-	(88)	(3)	-	-	-	(244)	(336)		(336)	42	(294)
Of which:													
Acquisition of the free allotment rights	-	-	-	-	-	-	-	244	244		244		244
Balances as of December 31, 2014	3,024	23,992	20,304	633	67	(350)	2,618	(841)	49,446	(348)	49,098	2,511	51,609

(*) Presented for comparison purposes only (Note 1.3).

The accompanying Notes 1 to 56 and Appendices I to XIV are an integral part of the total consolidated statement of changes in equity for the year ended December 31, 2015.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statements of changes in equity for the years ended December 31, 2015, 2014 and 2013 (continued).

	Millions of Euros												
	Total Equity Attributed to the Parent Company												
	Stockholders' Funds												
			Reserves (Note 27)										
2013 (*)	Common Stock (Note 25)	Share Premium (Note 26)	Accumulated Reserves (Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock (Note 28)	Profit Attributable to the Parent Company	Less: Dividends and Remunerations (Note 4)	Total Stockholders' Funds	Valuation Adjustments (Note 29)	Total	Non-controlling Interests (Note 30)	Total Equity
Balances as of January 1, 2013	2,670	20,968	18,580	951	62	(111)	1,676	(1,323)	43,473	(2,184)	41,289	2,372	43,661
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	2,670	20,968	18,580	951	62	(111)	1,676	(1,323)	43,473	(2,184)	41,289	2,372	43,661
Total income/expense recognized	-	-	-	-	-	-	2,084	-	2,084	(1,647)	437	635	1,072
Other changes in equity	165	1,143	737	(501)	(3)	45	(1,676)	558	468	-	468	(636)	(168)
Common stock increase	71	-	(71)	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	94	1,143	-	-	-	-	-	-	1,237	-	1,237	-	1,237
Increase of other equity instruments	-	-	-	-	33	-	-	-	33	-	33	-	33
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	215	(215)	-	-	-	(605)	(605)	-	(605)	(482)	(1,087)
Transactions including treasury stock and other equity instruments (net)	-	-	30	-	-	45	-	-	75	-	75	-	75
Transfers between total equity entries	-	-	638	(286)	-	-	(1,676)	1,324	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	22	-	(36)	-	-	-	(14)	-	(14)	-	(14)
Rest of increases/reductions in total equity	-	-	(97)	-	-	-	-	(161)	(258)	-	(258)	(154)	(412)
Of which:													
Acquisition of the free allotment rights	-	-	-	-	-	-	-	(161)	(161)		(161)		(161)
Balances as of December 31, 2013	2,835	22,111	19,317	450	59	(66)	2,084	(765)	46,025	(3,831)	42,194	2,371	44,565

(*) Presented for comparison purposes only (Note 1.3).

The accompanying Notes 1 to 56 and Appendices I to XIV are an integral part of the total consolidated statement of changes in equity for the year ended December 31, 2015.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

BBVA Group

Consolidated statements of cash flows for the years ended December 31, 2015, 2014 and 2013.

	Notes	Millions of Euros		
		2015	**2014 (*)**	**2013 (*)**
CASH FLOW FROM OPERATING ACTIVITIES (1)	50	**23,101**	**(6,188)**	**(500)**
Profit for the year		**3,328**	**3,082**	**2,836**
Adjustments to obtain the cash flow from operating activities:		**18,327**	**8,315**	**8,332**
Depreciation and amortization		1,272	1,145	1,099
Other adjustments		17,055	7,170	7,233
Net increase/decrease in operating assets		**(12,954)**	**(53,244)**	**25,613**
Financial assets held for trading		4,691	(11,145)	7,717
Other financial assets designated at fair value through profit or loss		337	(349)	117
Available-for-sale financial assets		3,360	(13,485)	1,938
Loans and receivables		(20,498)	(27,299)	12,704
Other operating assets		(844)	(966)	3,137
Net increase/decrease in operating liabilities		**15,674**	**36,557**	**(37,265)**
Financial liabilities held for trading		(2,475)	11,151	(10,186)
Other financial liabilities designated at fair value through profit or loss		120	256	251
Financial liabilities at amortized cost		21,422	24,219	(24,660)
Other operating liabilities		(3,393)	931	(2,670)
Collection/Payments for income tax		**(1,274)**	**(898)**	**(16)**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	50	**(4,411)**	**(1,151)**	**3,021**
Investment		**(6,416)**	**(1,984)**	**(2,325)**
Tangible assets		(2,171)	(1,419)	(1,252)
Intangible assets		(571)	(467)	(526)
Investments		(41)	-	(547)
Subsidiaries and other business units		(3,633)	(98)	-
Non-current assets held for sale and associated liabilities		-	-	-
Held-to-maturity investments		-	-	-
Other settlements related to investing activities		-	-	-
Divestments		**2,005**	**833**	**5,346**
Tangible assets		224	167	101
Intangible assets		2	-	-
Investments		1	118	944
Subsidiaries and other business units		9	-	3,299
Non-current assets held for sale and associated liabilities		1,683	548	571
Held-to-maturity investments		-	-	431
Other collections related to investing activities		86	-	-
Of which: received dividends		86	-	-

(*) Presented for comparison purposes only (Note 1.3).

The accompanying Notes 1 to 56 and Appendices I to XIV are an integral part of the consolidated statement of cash flows for the year ended December 31, 2015.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

BBVA Group

Consolidated statements of cash flows for the years ended December 31, 2015, 2014 and 2013.

		Millions of Euros		
(Continued)	Notes	**2015**	**2014 (*)**	**2013 (*)**
CASH FLOWS FROM FINANCING ACTIVITIES (3)	50	**127**	**3,157**	**(1,326)**
Investment		**(5,717)**	**(5,955)**	**(6,104)**
Dividends		(879)	(826)	(1,275)
Subordinated liabilities		(1,419)	(1,046)	(697)
Common stock amortization		-	-	-
Treasury stock acquisition		(3,273)	(3,770)	(3,614)
Other items relating to financing activities		(146)	(313)	(518)
Of which: paid dividends		(146)	(243)	(482)
Divestments		**5,844**	**9,112**	**4,778**
Subordinated liabilities		2,523	3,628	1,088
Common stock increase		-	2,000	2
Treasury stock disposal		3,321	3,484	3,688
Other items relating to financing activities		-	-	-
EFFECT OF EXCHANGE RATE CHANGES (4)		**(6,781)**	**725**	**(1,784)**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)		**12,036**	**(3,457)**	**(589)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**31,430**	**34,887**	**35,476**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**43,466**	**31,430**	**34,887**

		Millions of Euros		
COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR	Notes	**2015**	**2014 (*)**	**2013 (*)**
Cash		7,192	6,247	5,533
Balance of cash equivalent in central banks		36,275	25,183	29,354
Other financial assets		-	-	-
Less: Bank overdraft refundable on demand		-	-	-
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9	**43,467**	**31,430**	**34,887**
Of which:				
Held by consolidated subsidiaries but not available for the Group		-	-	-

(*) Presented for comparison purposes only (Note 1.3).

The accompanying Notes 1 to 56 and Appendices I to XIV are an integral part of the consolidated statement of cash flows for the year ended December 31, 2015.

BBVA Group

Notes to the consolidated financial statements

1. Introduction, basis for the presentation of the consolidated financial statements, internal control of financial information and other information.

1.1 Introduction

Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter "the Bank" or "BBVA") is a private-law entity subject to the laws and regulations governing banking entities operating in Spain. It carries out its activity through branches and agencies across the country and abroad.

The Bylaws and other public information are available for inspection at the Bank's registered address (Plaza San Nicolás, 4 Bilbao) as on its web site (www.bbva.com).

In addition to the transactions it carries out directly, the Bank heads a group of subsidiaries, joint venture and associates which perform a wide range of activities and which together with the Bank constitute the Banco Bilbao Vizcaya Argentaria Group (hereinafter, "the Group" or "the BBVA Group"). In addition to its own separate financial statements, the Bank is therefore required to prepare the Group's consolidated financial statements.

As of December 31, 2015, the BBVA Group was made up of 373 consolidated entities and 116 entities accounted for using the equity method (see Notes 3 and 16 Appendices I to V).

The consolidated financial statements of the BBVA Group for the year ended December 31, 2014 were approved by the shareholders at the Annual General Meetings ("AGM") on March 13, 2015.

BBVA Group's consolidated financial statements and the financial statements for the Bank and most of the remaining entities within the Group have been prepared as of December 31, 2015, and are pending approval by their respective AGMs. Notwithstanding, the Board of Directors of the Bank understands that said financial statements will be approved without changes.

1.2 Basis for the presentation of the consolidated financial statements

The BBVA Group's consolidated financial statements are presented in accordance with the International Financial Reporting Standards endorsed by the European Union (hereinafter, "EU-IFRS") applicable as of December 31, 2015, considering the Bank of Spain Circular 4/2004, of 22 December (and as amended thereafter), and with any other legislation governing financial reporting applicable to the Group.

The BBVA Group's accompanying consolidated financial statements for the year ended December 31, 2015 were prepared by the Group's Directors (through the Board of Directors held February 2, 2016) by applying the principles of consolidation, accounting policies and valuation criteria described in Note 2, so that they present fairly the Group's consolidated equity and financial position as of December 31, 2015, together with the consolidated results of its operations and cash flows generated during the year 2015.

These interim consolidated financial statements were prepared on the basis of the accounting records kept by the Bank and each of the other entities in the Group. Moreover, they include the adjustments and reclassifications required to harmonize the accounting policies and valuation criteria used by the Group (see Note 2.2).

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

The amounts reflected in the accompanying consolidated financial statements are presented in millions of euros, unless it is more appropriate to use smaller units. Some items that appear without a total in these consolidated financial statements do so because how the units are expressed. Also, in presenting amounts in millions of euros, the accounting balances have been rounded up or down. It is therefore possible that the totals appearing in some tables are not the exact arithmetical sum of their component figures.

The percentage changes in amounts have been calculated using figures expressed in thousands of euros.

1.3 Comparative information

The information included in the accompanying consolidated financial statements and the explanatory notes referring to December 31, 2013 and 2014 are presented exclusively for the purpose of comparison with the information for December 31, 2015.

In the year ended December 31, 2015, the BBVA Group business segments have been changed with regard to the existing structure in 2014 (See Note 6). The information related to business segments as of December 31, 2014 and 2013 has been restated for comparability purposes, as required by IFRS 8 "Business segments".

1.4 Seasonal nature of income and expenses

The nature of the most significant operations carried out by the BBVA Group's entities is mainly related to traditional activities carried out by financial institutions, which are not significantly affected by seasonal factors.

1.5 Responsibility for the information and for the estimates made

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

Estimates have to be made at times when preparing these consolidated financial statements in order to calculate the recorded amount of some assets, liabilities, income, expenses and commitments. These estimates relate mainly to the following:

- Impairment on certain financial assets (see Notes 7, 12, 13 and 16).
- The assumptions used to quantify certain provisions (see Notes 22 and 23) and for the actuarial calculation of post-employment benefit liabilities and commitments (see Note 24).
- The useful life and impairment losses of tangible and intangible assets (see Notes 15, 17, 18 and 20).
- The valuation of goodwill and price allocation of business combinations (see Note 18).
- The fair value of certain unlisted financial assets and liabilities (see Notes 7, 8, 10, 11, 12, and 14).
- The recoverability of deferred tax assets (See Note 19).
- The Exchange rate and the inflation rate of Venezuela (see Notes 2.2.16 and 2.2.20).

Although these estimates were made on the basis of the best information available as of December 31, 2015 on the events analyzed, future events may make it necessary to modify them (either up or down) over the coming years. This would be done prospectively in accordance with applicable standards, recognizing the effects of changes in the estimates in the corresponding consolidated income statement.

1.6 Internal Control of the BBVA Group's financial reporting

The financial information prepared by the BBVA Group is subject to an Internal Financial Control System (hereinafter ""IFCS"), which provides reasonable assurance with respect to its reliability and integrity of the consolidated financial information and to ensure that the transactions are processed in accordance with applicable laws and regulations.

The IFCS was developed by the BBVA Group's management in accordance with framework established by the "Committee of Sponsoring Organizations of the Treadway Commission" (hereinafter, "COSO"). The COSO framework stipulates five components that must form the basis of the effectiveness and efficiency of systems of internal control:

- Establishment of an appropriate control framework to monitor these activities.
- Assessment of the risks that could arise during the preparation of financial information.
- Design the necessary controls to mitigate the most critical risks.
- Establishment of an appropriate system of information flows to detect and report system weaknesses or flaws.

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- Monitoring of the controls to ensure they perform correctly and are effective over time.

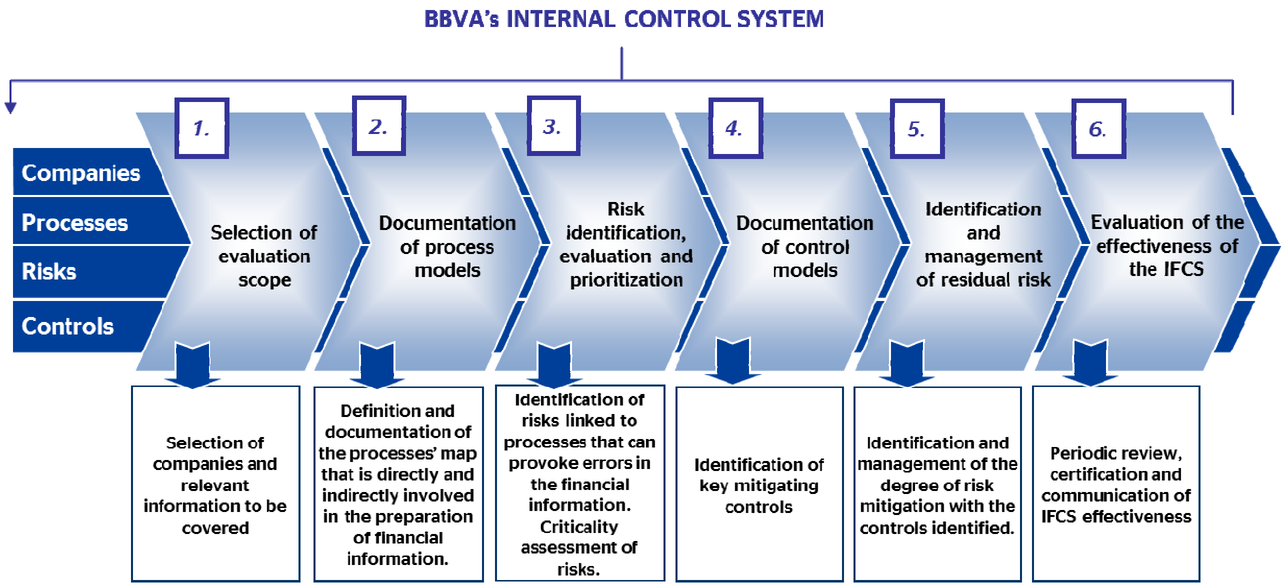
The current framework was released by COSO in May 2013, this updated version provided a broad framework (17 principles and 84 points of focus) and clarifies the requirements for determining what constitutes effective internal control. After analyzing the current version of the mentioned framework and its compliance level at BBVA, the internal control of financial information complies with the 2013 COSO model.

The IFCS is a dynamic framework that evolves continuously over time to reflect the reality of the BBVA Group's business and processes at any time, together with the risks affecting it and the controls designed to mitigate these risks. It is subject to continuous evaluation by the internal control units located in the BBVA Group's different entities.

These IFCS' units are integrated into the framework of the BBVA Group's internal control model which is based in two pillars:

- A control system with three lines of defense:
  - The first line is made up of the Group's business units, which are responsible for identifying risks associated with their processes and for executing any measures established by higher management levels.
  - The second line consists of the specialized control units (Legal Compliance, Global Accounting & Information Management/Internal Financial Control, Internal Risk Control, IT Risk, Fraud & Security, and Operations Control). This line defines the models and control policies for their areas of responsibility and monitor the correct implementation, the design and effectiveness of controls
  - The third line is the Internal Audit unit, which conducts an independent review of the model, verifying the compliance and effectiveness of the model.
- A committee structure called Corporate Assurance that streamlines the communication to the management and the management of internal control issues at a Group level and also in each of the geographies where the Group operates.

The Internal Control Units comply with a common and standard methodology established at Group level, as set out in the following diagram:



The Internal Control Units, IFCS Model is subject to annual evaluations by the Group's Internal Audit Department and external auditors. It is also supervised by the Audit and Compliance Committee of the Bank's Board of Directors.

The BBVA Group also complies with the requirements of the section 404 of the Sarbanes-Oxley Act (hereafter "SOX") for consolidated financial statements as a listed company in the Securities Exchange Commission ("SEC"). The main senior executives of the Group take a part in the design, compliance and implementation of the internal control model to make it efficient and to ensure quality and accuracy of the financial information.

The description of the Internal Financial Control System for financial information is detailed in the Corporate Governance Annual Report, which is included within the Management Report attached to the consolidated financial statements for the year ended December 31, 2015.

1.7 Mortgage market policies and procedures

The information on "Mortgage market policies and procedures" (for the granting of mortgage loans and for debt issues secured by such mortgage loans) required by Bank of Spain Circular 5/2011, applying Royal Decree 716/2009, dated April 24 (which developed certain aspects of Act 2/1981, dated March 25, on the regulation of the mortgage market and other mortgage and financial market regulations), can be found in Appendix X.

2. Principles of consolidation, accounting policies and measurement bases applied and recent IFRS pronouncements

The Glossary includes the definition of some of the financial and economic terms used in Note 2 and subsequent Notes of the interim consolidated financial statements.

2.1 Principles of consolidation

In terms of its consolidation, accordance with the criteria established by the IFRS, the BBVA Group is made up of four types of entities: subsidiaries, joint ventures, associates and structured entities, define as follows:

- Subsidiaries

  Subsidiaries are entities controlled by the Group (for definition of the criterion for control, see Glossary).The financial statements of the subsidiaries are fully consolidated with those of the Bank.

  The share of non-controlling interests from subsidiaries in the Group's consolidated total equity is presented under the heading "Non-controlling interests" in the consolidated balance sheet. Their share in the profit or loss for the period or year is presented under the heading "Profit attributable to non-controlling interests" in the accompanying consolidated income statement (see Note 30).

  Note 3 include information related to the main subsidiaries in the Group as of December 31, 2015. Appendix I includes other significant information on these entities.

- Joint ventures

  Joint ventures are those entities over which there is a joint arrangement to joint control with third parties other than the Group (for definitions of joint arrangement, joint control and joint venture, refer to Glossary).

  The investments in joint ventures are accounted for using the equity method (see Note 16). Appendix II shows the main figures for joint ventures accounted for using the equity method.

- Associates

  Associates are entities in which the Group is able to exercise significant influence (for definition of significant influence, see Glossary). Significant influence is deemed to exist when the Group owns 20% or more of the voting rights of an investee directly or indirectly, unless it can be clearly demonstrated that this is not the case.

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

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

  Appendix II shows the most significant information related to the associates (see Note 16), which are accounted for using the equity method.

- Structured Entities

  A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when the voting rights relate to administrative matters only and the relevant activities are directed by means of contractual arrangements (see Glossary).

  In those cases where the Group sets up entities, or has a holding in such entities, in order to allow its customers access to certain investments, or to transfer risks or for other purposes, in accordance with internal criteria and procedures and with applicable regulations, the Group determines whether control over the entity in question actually exists and therefore whether it should be subject to consolidation.

  Such methods and procedures determine whether there is control by the Group, considering how the decisions are made about the relevant activities, assesses whether the Group has all power over the relevant elements, exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns.

  – Structured entities subject to consolidation

    To determine if a structured entity controls the investee, and therefore should be consolidated into the Group, the existing contractual rights (different from the voting rights) are analyzed. For this reason, an analysis of the structure and purpose of each investee is performed and, among others, the following factors will be considered:

    - Evidence of the current ability to manage the relevant activities of the entity according to the specific business needs (including any decisions that may arise only in particular circumstances).
    - Potential existence of a special relationship with the entity.
    - Implicit or explicit Group commitments to support the entity.
    - The ability to use the Group´s power over the investee to affect the amount of the investor's returns.

    There are cases where the Group has a high exposure to variable returns and maintains existing decision-making power over the entity, either directly or through an agent.

    The main structured entities of the Group are the so-called asset securitization funds, to which the BBVA Group transferred loan portfolios, and other vehicles, which allow the Group's customers to gain access to certain investments or to allow for the transfer of risks and other purposes (See Appendix I and V). The BBVA Group maintains the decision-making power over the relevant activities of these vehicles through securitized market standard contractual financial support. The most common ones are: investment positions in equity note tranches, funding through subordinated debt, credit enhancements through derivative instruments or liquidity lines, management rights of defaulted securitized assets, "clean-up" call derivatives, and asset repurchase clauses by the grantor.

    For these reasons, the loans related to the vast majority of the securitizations carried out by the Bank or Group subsidiaries are not deregistered in the books of said entity and the issuances of these securitizations are registered as liabilities within the Group's consolidated balance sheet.

  – Non-consolidated structured entities

    The Group owns other vehicles also for the purpose of allowing access to customers to certain investment, transfer risks, and other purposes, but without the control of these and which are considered non-consolidated in accordance with IFRS 10. The balance of assets and liabilities of these vehicles is not material in relation to the Group's consolidated financial statements.

    As of December 31, 2015, there was no material financial support from the Bank or subsidiaries to unconsolidated structured entities.

The Group does not consolidate any of the mutual funds it managed since the necessary control conditions are not met (see definition of control in the Glossary). Particularly, the BBVA Group does not act as arranger but as agent since it operates on behalf and for the benefit of invertors or parties (arranger of arrangers) and, for this reason it does not control the mutual funds when exercising its authority for decision making.

On the other hand, the mutual funds managed by the Group are not considered structured entities (generally, retail funds without corporate identity over which investors have participations which gives them ownership of said managed equity). These funds are not dependent on a capital structure that could prevent them to carry out activities without additional financial support, being in any case insufficient as far as the activities themselves are concerned. Additionally, the risk of the investment is absorbed by the fund participants, and the Group is only exposed when it becomes a participant, and as such, there is no other risk for the Group.

In all cases, results of equity method investees acquired by the BBVA Group in a particular period are included taking into account only the period from the date of acquisition to the financial statements date. Similarly, the results of entities disposed of during any year are included taking into account only the period from the start of the year to the date of disposal.

The financial statements of subsidiaries, associates and joint ventures used in the preparation of the consolidated financial statements of the Group relate to the same date of presentation than the consolidated financial statements. If financial statements at those same dates are not available, the most recent will be used, as long as these are not older than three months, and adjusting to take into account the most significant transactions. As of December 31, 2015, all of the financial statements of all Group entities were available, save for the case of the financial statements of 6 non-material associates and joint-ventures for which the financial statements were as of November 30, 2015.

Our banking subsidiaries, associates and joint venture around the world, are subject to supervision and regulation from a variety of regulatory bodies in relation to, among other aspects, the satisfaction of minimum capital requirements. The obligation to satisfy such capital requirements may affect the ability of such entities to transfer funds in the form of cash dividends, loans or advances. In addition, under the laws of the various jurisdictions where such entities are incorporated, dividends may only be paid out through funds legally available for such purpose. Even when the minimum capital requirements are met and funds are legally available, the relevant regulator or other public administrations could discourage or delay the transfer of funds to the Group in the form of cash, dividends, loans or advances for prudential reasons.

Separate financial statements

The separate financial statements of the parent company of the Group (Banco Bilbao Vizcaya Argentaria, S.A.) are prepared under Spanish regulations (Circular 4/2004 of the Bank of Spain, and subsequent amendments) and following other regulatory requirements of financial information applicable to the Bank. The Bank uses the cost method to account in its separate financial statements its investments in subsidiaries, associates and joint venture entities, which are consistent with the requirements of Bank of Spain Circular 4/2004 and IAS 27.

Appendix VIII shows BBVA's financial statements as of December 31, 2015, 2014 and 2013.

2.2 Accounting policies and valuation criteria applied

The accounting standards and policies and the valuation criteria applied in preparing these consolidated financial statements may differ from those used by some of the entities within the BBVA Group. For this reason, necessary adjustments and reclassifications have been made in the consolidation process to standardize these principles and criteria and comply with the EU-IFRS.

The accounting standards and policies and valuation criteria used in preparing the accompanying consolidated financial statements are as follows:

2.2.1 Financial instruments

Measurement of financial instruments and recognition of changes in subsequent fair value

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

All the changes in the fair value of the financial instruments, except in trading derivatives, arising from the accrual of interests and similar items are recognized under the headings "Interest and similar income" or "Interest and similar expenses", as appropriate, in the accompanying consolidated income statement for the year in which the change occurred (see Note 36). The dividends received from other entities, other than associate entities and joint venture entities, are recognized under the heading "Dividend income" in the accompanying consolidated income statement for the year in which the right to receive them arises (see Note 37).

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

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

The assets and liabilities recognized under these headings of the consolidated balance sheets are measured once acquired at fair value and changes in the fair value (gains or losses) are recognized as their net value under the heading "Net gains (losses) on financial assets and liabilities" in the accompanying consolidated income statements (see Note 41). However, changes in fair value resulting from variations in foreign exchange rates are recognized under the heading "Exchange differences (net)" in the accompanying consolidated income statements.

"Available-for-sale financial assets"

Assets recognized under this heading in the consolidated balance sheets are measured at their fair value. Subsequent changes in fair value (gains or losses) are recognized temporarily for their amount net of tax effect, under the heading "Valuation adjustments - Available-for-sale financial assets" in the consolidated balance sheets.

Changes in the value of non-monetary items resulting from changes in foreign exchange rates are recognized temporarily under the heading "Valuation adjustments - Exchange differences" in the accompanying consolidated balance sheets. Changes in foreign exchange rates resulting from monetary items are recognized under the heading "Exchange differences (net)" in the accompanying consolidated income statements.

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

The gains from sales of other equity instruments considered by the Group as strategic investments included under "Available-for-sale financial assets" are recognized under the heading "Gains (losses) in non-current assets held-for-sale not classified as discontinued operations" in the consolidated income statement, even if they had not been classified in a previous balance sheet as non-current assets held for sale.

The net impairment losses in "Available-for-sale financial assets" over the year are recognized under the heading "Impairment losses on financial assets (net) – Other financial instruments not at fair value through profit or loss" (see Note 46) in the consolidated income statements for that period.

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

Assets and liabilities recognized under these headings in the accompanying consolidated balance sheets are measured once acquired at "amortized cost" using the "effective interest rate" method. This is because the consolidated entities generally intend to hold such financial instruments to maturity.

Net impairment losses of assets recognized under these headings arising in a particular period are recognized under the heading "Impairment losses on financial assets (net) – Loans and receivables" or "Impairment losses on financial assets (net) – Other financial instruments not valued at fair value through profit or loss" (see Note 46) in the consolidated income statement for that period.

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

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

Changes occurring subsequent to the designation of the hedging relationship in the measurement of financial instruments designated as hedged items as well as financial instruments designated as hedge accounting instruments are recognized as follows:

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

- In fair value hedges of interest rate risk of a portfolio of financial instruments (portfolio-hedges), the gains or losses that arise in the measurement of the hedging instrument are recognized in the consolidated income statement, and the gains or losses that arise from the change in the fair value of the hedged item (attributable to the hedged risk) are also recognized in the consolidated income statement (in both cases under the heading "Net gains (losses) on financial assets and liabilities", using, as a balancing item, the headings "Fair value changes of the hedged items in portfolio hedges of interest rate risk" in the consolidated balance sheets, as applicable.
- In cash flow hedges, the gain or loss on the hedging instruments relating to the effective portion are recognized temporarily under the heading "Valuation adjustments – Cash flow hedging" in the consolidated balance sheets, with a balancing entry under the heading "Hedging derivatives" of the Assets or Liabilities of the Consolidated Financial Statements as applicable. These differences are recognized in the accompanying consolidated income statement at the time when the gain or loss in the hedged instrument affects profit or loss, when the forecast transaction is executed or at the maturity date of the hedged item. Almost all of the hedges used by the Group are for interest-rate risks. Therefore, the valuation changes are recognized under the headings "Interest and similar income" or "Interest and similar expenses", as appropriate, in the accompanying consolidated income statement (see Note 36).
- Differences in the measurement of the hedging items corresponding to the ineffective portions of cash flow hedges are recognized directly in the heading "Net gains (losses) on financial assets and liabilities" in the consolidated income statement (See Note 41).
- In the hedges of net investments in foreign operations, the differences attributable to the effective portions of hedging items are recognized temporarily under the heading "Valuation adjustments – Hedging of net investments in foreign transactions" in the consolidated balance sheets with a balancing entry under the heading "Hedging derivatives" of the Assets or Liabilities of the Consolidated Financial Statements as applicable. These differences in valuation are recognized under the heading "Exchange differences (net)" in the consolidated income statement when the investment in a foreign operation is disposed of or derecognized.

Other financial instruments

The following exceptions are applicable with respect to the above general criteria:

- Equity instruments whose fair value cannot be determined in a sufficiently objective manner and financial derivatives that have those instruments as their underlying asset and are settled by delivery of those instruments remain in the consolidated balance sheet at acquisition cost; this may be adjusted, where appropriate, for any impairment loss. (see Note 8)
- Valuation adjustments arising from financial instruments classified at the consolidated balance sheet date as non-current assets held for sale are recognized with the corresponding entry under the heading "Valuation adjustments - Non-current assets held for sale" in the accompanying consolidated balance sheets.

Impairment losses on financial assets

Definition of impaired financial assets carried at amortized cost

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

- In the case of debt instruments (loans and advances and debt securities), reduce the future cash flows that were estimated at the time the transaction was entered into. So they are considered impaired when there are reasonable doubts that the carrying amounts will be recovered in full and/or the related interest will be collected for the amounts and on the dates initially agreed.
- In the case of equity instruments, it means that their carrying amount may not be fully recovered.

As a general rule, the carrying amount of impaired financial assets is adjusted with a charge to the consolidated income statement for the period in which the impairment becomes known. The recoveries of previously recognized impairment losses are reflected, if appropriate, in the consolidated income statement for the year in which the impairment is reversed or reduced, with an exception: any recovery of previously recognized impairment losses for an investment in an equity instrument classified as financial assets available for sale is not recognized in the consolidated income statement, but under the heading "Valuation Adjustments - Available-for-sale financial assets" in the consolidated balance sheet (see Note 29).

In general, amounts collected in relation to impaired loans and receivables are used to recognize the related accrued interest and any excess amount is used to reduce the unpaid principal.

When the recovery of any recognized amount is considered remote, such amount is written-off on the consolidated balance sheet, without prejudice to any actions that may be taken in order to collect the amount until the rights extinguish in full either because it is time-barred debt, the debt is forgiven, or other reasons.

According to the Group's established policy, the recovery of a recognized amount is considered remote and, therefore, derecognized from the consolidated balance sheet in the following cases:

- Any loan (except for those carrying an sufficient guarantee) to a debtor in bankruptcy and/or in the last phases of a "concurso de acreedores" (the Spanish equivalent of a Chapter 11 bankruptcy proceeding), and
- Financial assets (bonds, debentures, etc.) whose issuer's solvency had been undergone a notable and irreversible deterioration.

Additionally, loans and advances classified as impaired secured loans are written off in the balance sheet within a maximum period of four years of their classification as impaired (non-guaranteed amount), while impaired unsecured loans (such as commercial and consumer loans, credit cards, etc.) in the non-guaranteed amount are written off within two years of their classification as impaired.

Impairment on financial assets

The impairment on financial assets is determined by type of instrument and other circumstances that could affect it, taking into account the guarantees received by the owners of the financial instruments to assure (in part or in full) the performance of the financial assets. The BBVA Group recognizes impairment charges directly against the impaired financial asset when the likelihood of recovery is deemed remote, and uses an offsetting or allowance account when it recognizes non-performing loan provisions for the estimated losses.

Impairment of debt securities measured at amortized cost

With regard to impairment losses arising from insolvency risk of the obligors (credit risk), a debt instrument is impaired due to insolvency when a deterioration in the ability to pay by the obligor is evidenced, either due to past due status or for other reasons.

The BBVA Group has developed policies, methods and procedures to estimate losses which may be incurred as a result of outstanding credit risk. These policies, methods and procedures are applied in the study, approval and execution of debt instruments and contingent liabilities and commitments; as well as in identifying the impairment and, where appropriate, in calculating the amounts necessary to cover estimated losses.

The amount of impairment losses on debt instruments measured at amortized cost is calculated based on whether the impairment losses are determined individually or collectively. First it is determined whether there is objective evidence of impairment individually for individually significant financial assets, and collectively for financial assets that are not individually significant. In the case where the Group determines that no objective evidence of impairment in the case of assets analyzed individually will be included in a group of assets with similar risk characteristics and collectively impaired is analyzed.

In determining whether there is objective evidence of impairment the Group uses observable data on the following aspects:

- Significant financial difficulties of the debtor.
- Ongoing delays in the payment of interest or principal.
- Refinancing of credit conditions by the counterparty.
- Bankruptcy or reorganization / liquidation are considered likely.
- Disappearance of the active market for a financial asset because of financial difficulties.
- Observable data indicating a reduction in future cash flows from the initial recognition such as adverse changes in the payment status of the counterparty (delays in payments, reaching credit cards limits, etc.)
- National or local economic conditions that are linked to "defaults" (unemployment, falling property prices, etc).

Impairment losses on financial assets individually evaluated for impairment

The amount of the impairment losses incurred on financial assets represents the excess of their respective carrying amounts over the present values of their expected future cash flows. These cash flows are discounted using the original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective rate determined under the contract.

As an exception to the rule described above, the market value of listed debt instruments is deemed to be a fair estimate of the present value of their expected future cash flows.

The following is to be taken into consideration when estimating the future cash flows of debt instruments:

- All the amounts that are expected to be recovered over the remaining life of the debt instrument; including, where appropriate, those which may result from the collateral and other credit enhancements provided for the debt instrument (after deducting the costs required for foreclosure and subsequent sale). Impairment losses include an estimate for the possibility of collecting accrued, past-due and uncollected interest.
- The various types of risk to which each debt instrument is subject.
- The circumstances in which collections will foreseeably be made.

Impairment losses on financial assets collectively evaluated for impairment

Impairment losses on financial assets collectively evaluated for impairment are calculated by using statistical procedures, and they are deemed equivalent to the portion of losses incurred on the date that the accompanying consolidated financial statements are prepared that has yet to be allocated to specific asset. The BBVA Group estimates impairment losses through statistical processes that apply historical data and other specific parameters that, although having been generated as of closing date for these consolidated financial statements, have arisen on an individual basis following the reporting date.

With respect to financial assets that have no objective evidence of impairment, the Group applies statistical methods using historical experience and other specific information to estimate the losses that the Group has incurred as a result of events that have occurred as of the date of preparation of the consolidated financial statements but have not been known and will be apparent, individually after the date of submission of the information. This calculation is an intermediate step until these losses are identified on an individual level, at which these financial instruments will be segregated from the portfolio of financial assets without objective evidence of impairment.

The incurred loss is calculated taking into account three key factors: exposure at default, probability of default and loss given default.

- Exposure at default (EAD) is the amount of risk exposure at the date of default by the counterparty.
- Probability of default (PD) is the probability of the counterparty failing to meet its principal and/or interest payment obligations. The PD is associated with the rating/scoring of each counterparty/transaction. In addition, the PD calculation includes the following parameters:
- The definition of default used includes amounts past due by 90 days or more and cases in which there is no default but there are doubts as to the solvency of the counterparty (subjective doubtful assets).
- Loss given default (LGD) is the estimate of the loss arising in the event of default. It depends mainly on the characteristics of the counterparty, and the valuation of the guarantees or collateral associated with the asset.

In order to calculate the LGD at each balance sheet date, the Group evaluates the whole amount expected to be obtained over the remaining life of the financial asset, including the estimated cash flows from the sale of the collateral by estimating its sale price (in the case of real estate collateral, the Group takes into account declines in property values which could affect the value of such collateral) and its estimated cost of sale. In the event of a default, the Group becomes contractually entitled to the property at the end of the foreclosure process or properties purchased from borrowers in distress, and is recognized in the financial statements. After the initial recognition of these assets classified as "Non-current assets held for sale" (see Note 2.2.4) or "Inventories" (see Note 2.2.6), they are valued at the lower of their carrying amount and their fair value less their estimated selling price.

In addition, to identify the possible incurred but not reported losses (IBNR) in the unimpaired portfolio, an additional parameter called "LIP" (loss identification period) has to be introduced. The LIP parameter is the period between the time at which the event that generates a given loss occurs and the time when the loss is identified at an individual level. The analysis of the LIPs is carried out on the basis of uniform risk portfolios.

As of December 31, 2015, the Group's internal incurred losses model for credit risk shows no material differences when compared to the provisions calculation using Bank of Spain requirements.

Impairment of other debt instruments classified as financial assets available for sale

The impairment losses on other debt instruments included in the "Available-for-sale financial asset" portfolio are equal to the excess of their acquisition cost (net of any principal repayment), after deducting any impairment loss previously recognized in the consolidated income statement over their fair value.

When there is objective evidence that the negative differences arising on measurement of these debt instruments are due to impairment, they are no longer considered as "Valuation adjustments - Available-for-sale financial assets" and are recognized in the consolidated income statement.

If all, or part of the impairment losses are subsequently recovered, the amount is recognized in the consolidated income statement for the year in which the recovery occurred, up to the amount previously recognized in the income statement.

Impairment of equity instruments

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

- *Equity instruments classified as available for sale:* When there is objective evidence that the negative differences arising on measurement of these equity instruments are due to impairment, they are no longer registered as "Valuation adjustments - Available-for-sale financial assets" and are recognized in the consolidated income statement. In general, the Group considers that there is objective evidence of impairment on equity instruments classified as available-for-sale when significant unrealized losses have existed over a sustained period of time due to a price reduction of at least 40% or over a period of more than 18 months.

  When applying this evidence of impairment, the Group takes into account the volatility in the price of each individual equity instrument to determine whether it is a percentage that can be recovered through its sale on the market; other different thresholds may exist for certain equity instruments or specific sectors.

  In addition, for individually significant investments, the Group compares the valuation of the most significant equity instruments against valuations performed by independent experts.

  Any recovery of previously recognized impairment losses for an investment in an equity instrument classified as available for sale is not recognized in the consolidated income statement, but under the heading "Valuation Adjustments - Available-for-sale financial assets" in the consolidated balance sheet (see Note 29).

- *Equity instruments measured at cost:* The impairment losses on equity instruments measured at acquisition cost are equal to the excess of their carrying amount over the present value of expected future cash flows discounted at the market rate of return for similar equity instruments. In order to determine these impairment losses, save for better evidence, an assessment of the equity of the investee is carried out (excluding valuation adjustments due to cash flow hedges) based on the last approved (consolidated) balance sheet, adjusted by the unrealized gains at measurement date.

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

2.2.2 Transfers and derecognition of financial assets and liabilities

The accounting treatment of transfers of financial assets is determined by the form in which risks and benefits associated with the financial assets involved are transferred to third parties. Thus the financial assets are only derecognized from the consolidated balance sheet when the cash flows that they generate are extinguished, when their implicit risks and benefits have been substantially transferred to third parties or when the control of financial asset is transferred even with no physical transfer or substantial retention of such assets. In the latter case, the financial asset transferred is derecognized from the consolidated balance sheet, and any right or obligation retained or created as a result of the transfer is simultaneously recognized.

Similarly, financial liabilities are derecognized from the consolidated balance sheet only if their obligations are extinguished or acquired (with a view to subsequent cancellation or renewed placement).

The Group is considered to have transferred substantially all the risks and benefits if such risks and benefits account for the majority of the risks and benefits involved in ownership of the transferred financial assets. If substantially all the risks and benefits associated with the transferred financial asset are retained:

- The transferred financial asset is not derecognized from the consolidated balance sheet and continues to be measured using the same criteria as those used before the transfer.
- A financial liability is recognized at the amount equal to the amount received, which is subsequently measured at amortized cost or fair value with changes in the income statement, whichever the case.
- Both the income generated on the transferred (but not derecognized) financial asset and the expenses of the new financial liability continue to be recognized.

2.2.3 Financial guarantees

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

In their initial recognition, financial guarantees are recognized as liabilities in the consolidated balance sheet at fair value, which is generally the present value of the fees, commissions and interest receivable from these contracts over the term thereof, and the Group simultaneously recognize a corresponding asset in the consolidated balance sheet for the amount of the fees and commissions received at the inception of the transactions and the amounts receivable at the present value of the fees, commissions and interest outstanding.

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

The provisions recognized for financial guarantees considered impaired are recognized under the heading "Provisions - Provisions for contingent risks and commitments" on the liability side in the consolidated balance sheets (see Note 23). These provisions are recognized and reversed with a charge or credit, respectively; to "Provisions (net)" in the consolidated income statements (see Note 45).

Income from financial guarantees is recorded under the heading "Fee and commission income" in the consolidated income statement and is calculated by applying the rate established in the related contract to the nominal amount of the guarantee (see Note 39).

2.2.4 Non-current assets held for sale and liabilities associated with non-current assets held for sale

The heading "Non-current assets held-for-sale" in the consolidated balance sheets includes the carrying amount of assets that are not part of the BBVA Group's operating activities. The recovery of this carrying amount is expected to take place through the price obtained on its disposal (see Note 15).

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

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

Non-current assets held for sale are generally measured, at the acquisition date and at any later date deemed necessary, at either their carrying amount or the fair value of the property (less costs to sell), whichever is lower. The book value at acquisition date of the non-current assets held for sale from foreclosures or recoveries is defined as the balance pending collection on those assets that originated said purchases (net of provisions). Non-current assets held for sale are not depreciated while included under this heading.

Gains and losses generated on the disposal of assets and liabilities classified as non-current held for sale, and related impairment losses and subsequent recoveries, where pertinent, are recognized in "Gains/(losses) on non-current assets held for sale not classified as discontinued operations" in the consolidated income statements (see Note 49). The remaining income and expense items associated with these assets and liabilities are classified within the relevant consolidated income statement headings.

Income and expenses for discontinued operations, whatever their nature, generated during the year, even if they have occurred before their classification as discontinued operations, are presented net of the tax effect as a single amount under the heading "Profit from discontinued operations" in the consolidated income statement, whether the business remains on the balance sheet or is derecognized from the balance sheet. As long as an asset remains in this category, it will not be amortized. This heading includes the earnings from their sale or other disposal (see Note 49).

2.2.5 Tangible assets

Property, plant and equipment for own use

This heading includes the assets under ownership or acquired under lease finance, intended for future or current use by the BBVA Group and that it expects to hold for more than one year. It also includes tangible assets received by the consolidated entities in full or partial settlement of financial assets representing receivables from third parties and those assets expected to be held for continuing use.

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

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

The tangible asset depreciation charges are recognized in the accompanying consolidated income statements under the heading "Depreciation and amortization" (see Note 44) and are based on the application of the following depreciation rates (determined on the basis of the average years of estimated useful life of the various assets):

Type of Assets	Annual Percentage
Buildings for own use	1% - 4%
Furniture	8% - 10%
Fixtures	6% - 12%
Office supplies and hardware	8% - 25%

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

At each reporting date, the Group entities analyze whether there are internal or external indicators that a tangible asset may be impaired. When there is evidence of impairment, the Group analyzes whether this impairment actually exists by comparing the asset's net carrying amount with its recoverable amount (as the higher between its recoverable amount less disposal costs and its value in use). When the carrying amount exceeds the recoverable amount, the carrying amount is written down to the recoverable amount and depreciation charges going forward are adjusted to reflect the asset's remaining useful life.

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

Running and maintenance expenses relating to tangible assets held for own use are recognized as an expense in the year they are incurred and recognized in the consolidated income statements under the heading "Administration costs - General and administrative expenses - Property, fixtures and equipment" (see Note 43.2).

Other assets leased out under an operating lease

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

Investment properties

The heading "Tangible assets - Investment properties" in the consolidated balance sheets reflects the net values (purchase cost minus the corresponding accumulated depreciation and, if appropriate, estimated impairment losses) of the land, buildings and other structures that are held either to earn rentals or for capital appreciation through sale and that are neither expected to be sold off in the ordinary course of business nor are destined for own use (see Note 17).

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

The BBVA Group's criteria for determining the recoverable amount of these assets is based on independent appraisals that are no more than one year old at most, unless there are indications of impairment.

2.2.6 Inventories

The balance under the heading "Other assets - Inventories" in the consolidated balance sheets mainly includes the land and other properties that the BBVA Group's real estate entities hold for development and sale as part of their real estate development activities (see Note 20).

The cost of inventories includes those costs incurred in during their acquisition and development, as well as other direct and indirect costs incurred in getting them to their current condition and location.

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

Properties purchased from customers in distress, which the Group manages for sale, are measured at the acquisition date and any subsequent time, at either their related carrying amount or the fair value of the property (less costs to sell), whichever is lower. The carrying amount at acquisition date of these properties is defined as the balance pending collection on those assets that originated said purchases (net of provisions).

Impairment

The amount of any subsequent adjustment due to inventory valuation for reasons such as damage, obsolescence, reduction in sale price to its net realizable value, as well as losses for other reasons and, if appropriate, subsequent recoveries of value up to the limit of the initial cost value, are registered under the heading "Impairment losses on other assets (net) – Other assets" in the accompanying consolidated income statements (see Note 47) for the year in which they are incurred.

In the case of real-Estate assets above mentioned, if the fair value less costs to sell is lower than the carrying amount of the loan recognized in the consolidated balance sheet, a loss is recognized under the heading "Impairment losses on other assets (net) – Other assets" in the consolidated income statement for the period (see Note 47). In the case of real-estate assets accounted for as inventories, the BBVA Group's criterion for determining their net realizable value is mainly based on independent appraisals no more than one year old, or less if there are indications of impairment.

Inventory sales

In sale transactions, the carrying amount of inventories is derecognized from the consolidated balance sheet and recognized as an expense under the income statement heading "Other operating expenses – Changes in inventories" in the year in which the income from its sale is recognized. This income is recognized under the heading "Other operating income – Financial income from non-financial services" in the consolidated income statements (see Note 42).

2.2.7 Business combinations

A business combination is a transaction, or any other deal, by which the Group obtains control of one or more businesses. It is accounted for by applying the acquisition method.

According to this method, the acquirer has to recognize the assets acquired and the liabilities and contingent liabilities assumed, including those that the acquired entity had not recognized in the accounts. The method involves the measurement of the consideration received for the business combination and its allocation to the assets, liabilities and contingent liabilities measured according to their fair value, at the purchase date, as well as the recognition of any non-controlling participation (minority interests) that may arise from the transaction.

In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss under the heading "Gains (losses) in derecognized assets not classified as non-current assets held for sale" of the Consolidated Income Statements. In prior reporting periods, the acquirer may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

In addition, the acquirer shall recognize an asset in the consolidated balance sheet under the heading "Intangible asset - Goodwill" if on the acquisition date there is a positive difference between:

- the sum of the consideration transferred, the amount of all the non-controlling interests and the fair value of stock previously held in the acquired business; and
- the fair value of the assets acquired and liabilities assumed.

If this difference is negative, it shall be recognized directly in the income statement under the heading "Gain on Bargain Purchase in business combinations".

Non-controlling interests in the acquired entity may be measured in two ways: either at their fair value; or at the proportional percentage of net assets identified in the acquired entity. The method of valuing non-controlling interest may be elected in each business combination. So far, the BBVA Group has always elected for the second method.

2.2.8 Intangible assets

Goodwill

Goodwill represents payment in advance by the acquiring entity for the future economic benefits from assets that cannot be individually identified and separately recognized. Goodwill is never amortized. It is subject periodically to an impairment analysis, and is written off if it is clear that there has been impairment.

Goodwill is assigned to one or more cash-generating units that expect to be the beneficiaries of the synergies derived from the business combinations. The cash-generating units represent the Group's smallest identifiable asset groups that generate cash flows for the Group and that are largely independent of the flows generated from the Group's other assets or groups of assets. Each unit or units to which goodwill is allocated:

- is the lowest level at which the entity manages goodwill internally;
- is not larger than a business segment.

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

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

The recoverable amount of a cash-generating unit is equal to the fair value less sale costs and its value in use, whichever is greater. Value in use is calculated as the discounted value of the cash flow projections that the unit's management estimates and is based on the latest budgets approved for the coming years. The main assumptions used in its calculation are: a sustainable growth rate to extrapolate the cash flows indefinitely, and the discount rate used to discount the cash flows, which is equal to the cost of the capital assigned to each cash-generating unit, and equivalent to the sum of the risk-free rate plus a risk premium inherent to the cash-generating unit being evaluated for impairment.

If the carrying amount of the cash-generating unit exceeds the related recoverable amount, the Group recognizes an impairment loss; the resulting loss is apportioned by reducing, first, the carrying amount of the goodwill allocated to that unit and, second, if there are still impairment losses remaining to be recognized, the carrying amount of the remainder of the assets. This is done by allocating the remaining loss in proportion to the carrying amount of each of the assets in the unit. In the event the non-controlling interests are measured at fair value, the deterioration of goodwill attributable to non-controlling interests will be recognized. In any case, an impairment loss recognized for goodwill shall not be reversed in a subsequent period.

They are recognized under the heading "Impairment losses on other assets (net) – Goodwill and other intangible assets" in the consolidated income statements (see Note 47).

Other intangible assets

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

Intangible assets with a finite useful life are amortized according to the duration of this useful life, using methods similar to those used to depreciate tangible assets. The defined useful time intangible asset is made up mainly of IT applications acquisition costs which have a useful life of 3 to 5 years. The depreciation charge of these assets is recognized in the accompanying consolidated income statements under the heading "Depreciation and amortization" (see Note 44).

The consolidated entities recognize any impairment loss on the carrying amount of these assets with charge to the heading "Impairment losses on other assets (net) - Goodwill and other intangible assets" in the accompanying consolidated income statements (see Note 47). The criteria used to recognize the impairment losses on these assets and, where applicable, the recovery of impairment losses recognized in prior years, are similar to those used for tangible assets.

2.2.9 Insurance and reinsurance contracts

The assets of the BBVA Group's insurance subsidiaries are recognized according to their nature under the corresponding headings of the consolidated balance sheets and the initial recognition and valuation is carried out according to the criteria set out in IFRS 4.

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

The heading "Liabilities under insurance contracts" in the accompanying consolidated balance sheets includes the technical provisions for direct insurance and inward reinsurance recognized by the consolidated insurance subsidiaries to cover claims arising from insurance contracts in force at period-end (see Note 22).

The income or expenses reported by the BBVA Group's consolidated insurance subsidiaries on their insurance activities is recognized, attending to its nature, in the corresponding items of the consolidated income statements.

The consolidated insurance entities of the BBVA Group recognize the amounts of the premiums written to the income statement and a charge for the estimated cost of the claims that will be incurred at their final settlement to their consolidated income statements. At the close of each year the amounts collected and unpaid, as well as the costs incurred and unpaid, are accrued.

The most significant provisions registered by consolidated insurance entities with respect to insurance policies issued by them are set out by their nature in Note 22.

According to the type of product, the provisions may be as follows:

- Life insurance provisions:

  Represents the value of the net obligations undertaken with the life insurance policyholder. These provisions include:

  - Provisions for unearned premiums. These are intended for the accrual, at the date of calculation, of the premiums written. Their balance reflects the portion of the premiums received until the closing date that has to be allocated to the period from the closing date to the end of the insurance policy period.
  - Mathematical reserves: Represents the value of the life insurance obligations of the insurance entities at year-end, net of the policyholder's obligations, arising from life insurance contracted.

- Non-life insurance provisions:

  - Provisions for unearned premiums. These provisions are intended for the accrual, at the date of calculation, of the premiums written. Their balance reflects the portion of the premiums received until year-end that has to be allocated to the period between the year-end and the end of the policy period.
  - Provisions for unexpired risks: The provision for unexpired risks supplements the provision for unearned premiums by the amount by which that provision is not sufficient to reflect the assessed risks and expenses to be covered by the consolidated insurance subsidiaries in the policy period not elapsed at year-end.

- Provision for claims:

  This reflects the total amount of the outstanding obligations arising from claims incurred prior to year-end. Insurance subsidiaries calculate this provision as the difference between the total estimated or certain cost of the claims not yet reported, settled or paid, and the total amounts already paid in relation to these claims.

- Provision for bonuses and rebates:

  This provision includes the amount of the bonuses accruing to policyholders, insurees or beneficiaries and the premiums to be returned to policyholders or insurees, as the case may be, based on the behavior of the risk insured, to the extent that such amounts have not been individually assigned to each of them.

- Technical provisions for reinsurance ceded:

  Calculated by applying the criteria indicated above for direct insurance, taking account of the assignment conditions established in the reinsurance contracts in force.

- Other technical provisions:

  Insurance entities have recognized provisions to cover the probable mismatches in the market reinvestment interest rates with respect to those used in the valuation of the technical provisions.

The BBVA Group controls and monitors the exposure of the insurance subsidiaries to financial risk and, to this end, uses internal methods and tools that enable it to measure credit risk and market risk and to establish the limits for these risks.

2.2.10 Tax assets and liabilities

Expenses on corporate income tax applicable to the BBVA Group's Spanish entities and on similar income taxes applicable to consolidated foreign entities are recognized in the consolidated income statement, except when they result from transactions on which the profits or losses are recognized directly in equity, in which case the related tax effect is also recognized in equity. The total corporate income tax expense is calculated by aggregating the current tax arising from the application of the corresponding tax rate to the tax for the year (after deducting the tax credits or discounts allowable for tax purposes) and the change in deferred tax assets and liabilities recognized in the consolidated income statement.

Deferred tax assets and liabilities include temporary differences, defined as the amounts to be payable or recoverable in future years arising from the differences between the carrying amount of assets and liabilities and their tax bases (the "tax value"), and tax loss and tax credit or discount carry forwards. (see Note 19).

The "Tax Assets" line item in the accompanying consolidated balance sheets includes the amount of all the assets of a tax nature, and distinguishes between: "Current" (amounts recoverable by tax in the next twelve months) and "Deferred" (which includes the amount of tax to be recovered in future years, including those arising from tax losses or credits for deductions or rebates that can be compensated). The "Tax Liabilities" line item in the accompanying consolidated balance sheets includes the amount of all the liabilities of a tax nature, except for provisions for taxes, broken down into: "Current" (income tax payable on taxable profit for the year and other taxes payable in the next twelve months) and "Deferred" (the amount of corporate tax payable in subsequent years).

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

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

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

In those circumstances in which it is unclear how a specific requirement of the tax law applies to a particular transaction or circumstance, and the acceptability of the definitive tax treatment depends on the decisions taken by the relevant taxation authority in future, the entity recognizes current and deferred tax liabilities and assets considering whether it is probable or not that a taxation authority will accept an uncertain tax treatment. Thus, if the entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the entity uses the most likely amount or expected value in determining tax assets.

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

2.2.11 Provisions, contingent assets and contingent liabilities

The heading "Provisions" in the consolidated balance sheets includes amounts recognized to cover the BBVA Group's current obligations arising as a result of past events. These are certain in terms of nature but uncertain in terms of amount and/or settlement date. The settlement of these obligations is deemed likely to entail an outflow of resources embodying economic benefits (see Note 23). The obligations may arise in connection with legal or contractual provisions, valid expectations formed by Group entities relative to third parties in relation to the assumption of certain responsibilities or through virtually certain developments of particular aspects of the regulations applicable to the operation of the entities; and, specifically, future legislation to which the Group will certainly be subject.

The provisions are recognized in the consolidated balance sheets when each and every one of the following requirements is met:

- They represent a current obligation that has arisen from a past event;
- At the date referred to by the consolidated financial statements, there is more probability that the obligation will have to be met than that it will not;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- The amount of the obligation can be reasonably estimated.

Among other items, these provisions include the commitments made to employees by some of the Group entities (mentioned in section 2.2.12), as well as provisions for tax and legal litigation.

Contingent assets are possible assets that arise from past events and whose existence is conditional on, and will be confirmed only by, the occurrence or non-occurrence of events beyond the control of the Group. Contingent assets are not recognized in the consolidated balance sheet or in the consolidated income statement; however, they will be disclosed, should they exist, in the Notes to the consolidated financial statements, provided that it is probable that these assets will give rise to an increase in resources embodying economic benefits.

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

Contingent liabilities are not recognized in the consolidated balance sheet or the income statement (save for contingent liabilities from business combination) but are reported in the consolidated financial statements.

2.2.12 Pensions and other post-employment commitments

Below is a description of the most significant accounting criteria relating to the commitments to employees, in terms of post-employment benefits and other long-term commitments, of certain BBVA Group entities in Spain and abroad (see Note 24).

Commitments valuation: assumptions and actuarial gains/losses recognition

The present values of these commitments are quantified based on an individual member data. Current employee costs are calculated using the projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit/commitment and measures each unit separately to build up the final obligation.

The actuarial assumptions should take into account that:

- They are unbiased, in that they are not unduly aggressive or excessively conservative.
- They are compatible with each other and adequately reflect the existing economic relations between factors such as inflation, foreseeable wage increases, discount rates and the expected return on plan assets, etc. The future levels of wages and benefits are based on market expectations at the consolidated balance sheet date for the period over which the obligations are to be settled.

- The rate used to discount the commitments is determined by reference to market yields at the date referred to by the consolidated financial statements on high quality bonds.

The BBVA Group recognizes actuarial gains or losses originating in the commitments assumed with staff taking early retirement, benefits awarded for seniority and other similar items under the heading “Provisions (net)” of the consolidated income statement for the period in which these differences occur (see Note 45). The BBVA Group recognizes the actuarial gains or losses arising on all other defined-benefit post-employment commitments directly under the heading "Valuation adjustments – Other valuation adjustments" of equity in the accompanying consolidated balance sheets (see Note 29).

Post-employment benefit commitments

Pensions

The BBVA Group’s post-employment benefit commitments are either defined-contribution or defined-benefit.

- *Defined-contribution commitments*: The amounts of these commitments are established as a percentage of certain remuneration items and/or as a fixed pre-established amount. The contributions made in each period by the BBVA Group’s entities for these commitments are recognized with a charge to the heading “Administration costs - Personnel expenses - Defined-contribution plan expense” in the consolidated income statements (see Note 43.1).
- *Defined-benefit commitments*: Some of the BBVA Group’s entities have defined-benefit commitments for the permanent disability and death of certain current employees and early retirees, as well as defined-benefit retirement commitments applicable only to certain groups of current employees, or employees taking early retirement and retired employees. These commitments are either funded by insurance contracts or recognized as provisions.

The amounts recognized under the heading “Provisions – Provisions for pensions and similar obligations” are the differences, at the date of the consolidated financial statements, between the present values of the commitments for defined-benefit commitments and the fair value of plan assets (see Note 23).

Payments made by the Group’s entities for defined-benefit commitments covering current employees are charged to the heading “Administration cost - Personnel expenses” in the accompanying consolidated income statements (see Note 43.1).

Early retirement

The BBVA Group has offered certain employees in Spain the option of taking early retirement (that is earlier than the age stipulated in the collective labor agreement in force) and has recognized the corresponding provisions to cover the cost of the commitments related to this item. The present values of early retirement obligations are quantified based on an individual member data and are recognized under the heading “Provisions – Provisions for pensions and similar obligations” in the accompanying consolidated balance sheets (see Note 23).

The early retirement commitments in Spain include the compensation and indemnities and contributions to external pension funds payable during the period of early retirement. The commitments relating to this group of employees after they have reached normal retirement age are dealt with in the same way as pension commitments as mentioned in the previous section.

Other post-employment welfare benefits

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

The present values of post-employment welfare benefits are quantified based on an individual member data and are recognized under the heading “Provisions – Provisions for pensions and similar obligations” in the consolidated balance sheets (see Note 23).

Other long-term commitments to employees

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

These commitments are measured using actuarial studies, so that the present values of the vested obligations for commitments with personnel are quantified based on an individual member data. They are recognized under the heading "Provisions – Other provisions" in the accompanying consolidated balance sheets (see Note 23).

The cost of these benefits provided by Spanish entities in the BBVA Group to active employees are recognized under the heading "Personnel expenses - Other personnel expenses" in the consolidated income statements (see Note 43.1).

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

2.2.13 Equity-settled share-based payment transactions

Provided they constitute the delivery of such equity instruments following the completion of a specific period of services, equity-settled share-based payment transactions are recognized as an expense for services being provided by employees, by way of a balancing entry under the heading "Stockholders' equity – Other equity instruments" in the consolidated balance sheet. These services are measured at fair value for the employees services received, unless such fair value cannot be calculated reliably. In such case, they are measured by reference to the fair value of the equity instruments granted, taking into account the date on which the commitments were granted and the terms and other conditions included in the commitments.

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

2.2.14 Termination benefits

Termination benefits are recognized in the accounts when the BBVA Group agrees to terminate employment contracts with its employees and has established a detailed plan.

2.2.15 Treasury stock

The value of common stock issued by the BBVA Group's entities and held by them - basically, shares and derivatives on the Bank's shares held by some consolidated entities that comply with the requirements to be recognized as equity instruments - are recognized as a decrease to net equity, under the heading "Stockholders' funds - Treasury stock" in the consolidated balance sheets (see Note 28).

These financial assets are recognized at acquisition cost, and the gains or losses arising on their disposal are credited or debited, as appropriate, to the heading "Stockholders' funds - Reserves" in the consolidated balance sheets (see Note 27).

2.2.16 Foreign-currency transactions and exchange differences

The BBVA Group's functional currency, and thus the currency in which the consolidated financial statements are presented, is the euro. Thus, All balances and transactions denominated in currencies other than the euro are deemed to be denominated in "foreign currency".

Conversion to euros of the balances held in foreign currency is performed in two consecutive stages:

- Conversion of the foreign currency to the functional currency (currency of the main economic environment in which the entity operates); and
- Conversion to euros of the balances held in the functional currencies of the entities whose functional currency is not the euro.

Conversion of the foreign currency to the functional currency

Transactions denominated in foreign currencies carried out by the consolidated entities (or accounted for using the equity method) are initially accounted for in their respective currencies. Subsequently, the monetary balances in foreign currencies are converted to their respective functional currencies using the exchange rate at the close of the financial year. In addition,

- Non-monetary items valued at their historical cost are converted to the functional currency at the exchange rate in force on the purchase date.
- Non-monetary items valued at their fair value are converted at the exchange rate in force on the date on which such fair value was determined.
- Income and expenses are converted at the period's average exchange rates for all the operations carried out during the period. When applying this criterion the BBVA Group considers whether significant variations have taken place in exchange rates during the financial year which, owing to their impact on the statements as a whole, require the application of exchange rates as of the date of the transaction instead of such average exchange rates.

The exchange differences produced when converting the balances in foreign currency to the functional currency of the consolidated entities are generally recognized under the heading "Exchange differences (net)" in the consolidated income statements. However, the exchange differences in non-monetary items, measured at fair value, are recognized temporarily in equity under the heading "Valuation adjustments - Exchange differences" in the consolidated balance sheets.

Conversion of functional currencies to euros

The balances in the financial statements of consolidated entities whose functional currency is not the euro are converted to euros as follows:

- Assets and liabilities: at the average spot exchange rates as of the date of each of the consolidated financial statements.
- Income and expenses and cash flows are converted by applying the exchange rate in force on the date of the transaction, and the average exchange rate for the financial year may be used, unless it has undergone significant variations.
- Equity items: at the historical exchange rates.

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

The breakdown of the main consolidated balances in foreign currencies as of December 31, 2015, 2014 and 2013, with reference to the most significant foreign currencies, is set forth in Appendix VII.

Venezuela

Local financial statements of the Group subsidiaries in Venezuela are expressed in Venezuelan Bolivar, and converted into euros for the consolidated financial statements, as indicated below, since Venezuela is a country with strong exchange restrictions and has different rates officially published:

- Up to December 31, 2013, the exchange rate used was called CADIVI exchange rate (acronym of Foreign Exchange Administration Commission, now National Center for Foreign Trade or CENCOEX). As of December 31, 2013 the exchange rate was 8.68 Venezuelan bolivars per euro.

- However, the Venezuelan government instituted a new exchange rate system, in which the dollar was fixed in open auction to both individuals and companies, resulting in an exchange rate that fluctuated from auction to auction and it was published on the website of the so-called Complementary Currency Administration System (SICAD I). Subsequently, in July 2014, Venezuelan government established a new type of auction called SICAD II, however credit institutions do not have the possibility of attending to acquire foreign currencies and only applies to certain types of transactions. The exchange rate as of December 31, 2014 was the SICAD I: 14.71 Venezuelan bolivars per euro.
- On February 10, 2015, the Venezuelan government announced the closure of SICAD II as a mechanism regulating the purchase and sale of foreign currency, its merger with anterior SICAD I in a new SICAD and the creation of a new foreign-currency system called SIMADI.
- The Group used the SIMADI exchange rate from March 2015 for the conversion of the financial statements of the Group companies located in Venezuela for their interim consolidated financial statements. The SIMADI exchange rate started to reflect the exchange rate of actual transactions increasing rapidly to approximately 200 Venezuelan bolivars per U,S. dollar (approximately 218 Venezuelan bolivars per euro), however, from May, and during the second half of 2015 the trend has been confirmed, the SIMADI exchange rate has hardly fluctuated, reaching as of December 31, 2015 216.3 Venezuelan bolivars per euro, which could be considered unrepresentative of the convertibility of the Venezuelan currency.
- As of December 31, 2015, the Board of Directors considers that the use of the exchange rate for converting SIMADI bolivars into euros in preparing the consolidated financial statements does not reflect the true picture of the financial statements of the Group and the financial position of the Group subsidiaries in Venezuela.

  Consequently, as of December 31, 2015 the Group has used in the conversion of the financial statements of these foreign exchange rates amounting to 469 Venezuelan bolivars per euro. This exchange rate has been calculated taking into account the estimated evolution of inflation in Venezuela as of December 31, 2015 (170%) by the Research Service of the Group (see Note 2.2.20).

The application of the SIMADI exchange rate instead of the estimated exchange rate would have had a positive impact on the Group's equity of €122 million attributable to the Group and €86 million to the non-controlling interest, representing less than 1% of total equity.

The application of the SIMADI exchange rate instead of the estimated exchange rate would have meant an increase of total assets of less than 0.25% of the Consolidated Total Assets and a non-significant positive impact on the consolidated profit of the Group.

The summarized balance sheet and income statements of the Group subsidiaries in Venezuela, whose local financial statements are expressed in Venezuelan bolivars comparing their conversion to euros with the estimated exchange rate with the balances that would have result by applying the SIMADI exchange rate, are as follows:

	Millions of euros		
Summarized balance sheet as of December 2015	**Estimated exchange rate**	**SIMADI**	**Variation**
Cash and balances with central banks	340	738	398
Securities portfolio	194	420	227
Loans and receivables	760	1,649	889
Tangible assets	53	116	62
Other assets	77	167	90
TOTAL ASSETS	**1,424**	**3,090**	**1,666**
Deposits from central banks and credit institutions	6	12	6
Customer deposits	1,050	2,278	1,229
Provisions	72	157	85
Other liabilities	118	257	139
TOTAL LIABILITIES	**1,246**	**2,704**	**1,458**

	Millions of euros		
2015 summarized income statements	**Estimated exchange rate**	**SIMADI**	**Variation**
NET INTEREST INCOME	**156**	**338**	**182**
GROSS INCOME	**174**	**378**	**204**
Administration costs	55	120	65
NET OPERATING INCOME	**69**	**150**	**81**
OPERATING PROFIT BEFORE TAX	**70**	**151**	**82**
Tax income	(68)	(148)	(80)
PROFIT	**2**	**4**	**2**
Protif attributable to non-controlling interests	-	-	-
PROFIT ATTRIBUTABLE TO PARENT COMPANY	**2**	**4**	**2**

2.2.17 Recognition of income and expenses

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

- Interest income and expenses and similar items:

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

  However, when a loan is deemed to be impaired individually or is included in the category of instruments that are impaired because their recovery is considered to be remote, the recognition of accrued interest in the consolidated income statement is discontinued. This interest is recognized for accounting purposes as income, as soon as it is received.

- Commissions, fees and similar items:

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

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

- Non-financial income and expenses:

  These are recognized for accounting purposes on an accrual basis.

- Deferred collections and payments:

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

2.2.18 Sales and income from the provision of non-financial services

The heading "Other operating income - Financial income from non-financial services" in the consolidated income statements includes the proceeds of the sales of assets and income from the services provided by the Group entities that are not financial institutions. In the case of the Group, these entities are mainly real estate and service entities (see Note 42).

2.2.19 Leases

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

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

When the consolidated entities act as lessors of an asset in operating leases, the acquisition cost of the leased assets is recognized under "Tangible assets – Property, plant and equipment – Other assets leased out under an operating lease" in the consolidated balance sheets (see Note 17). These assets are depreciated in line with the criteria adopted for items of tangible assets for own use, while the income arising from the lease arrangements is recognized in the consolidated income statements on a straight-line basis within "Other operating expenses - Other of other operating expenses" (see Note 42).

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

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

2.2.20 Entities and branches located in countries with hyperinflationary economies

In order to assess whether an economy is under hyperinflation, the country's economic environment is evaluated, analyzing whether certain circumstances exist, such as:

- The country's population prefers to keep its wealth or savings in non-monetary assets or in a relatively stable foreign currency;
- Prices may be quoted in a relatively stable foreign currency;
- Interest rates, wages and prices are linked to a price index;
- The cumulative inflation rate over three years is approaching, or exceeds, 100%.

The fact that any of these circumstances is present will not be a decisive factor in considering an economy hyperinflationary, but it does provide some reasons to consider it as such.

Since 2009, the economy of Venezuela can be considered hyperinflationary under the above criteria. As a result, the financial statements of the BBVA Group's entities located in Venezuela have therefore been adjusted to correct for the effects of inflation in accordance with IAS 29 " Financial Reporting in Hyperinflationary Economies".

The breakdown of the General Price Index and the inflation index used as of December 31, 2015, 2014 and 2013 for the inflation restatement of the financial statements of the Group companies located in Venezuela is as follows:

General Price Index as of December 31	2015 (*)	2014	2013
GPI		839.50	498.10
Average GPI		658.70	406.17
Inflation of the period	170.0%	68.5%	56.2%

(*) As of December 31, 2015, the Venezuelan government had not released the official inflation figures since December 2014. However, in January 15, 2016 the official inflation index corresponding to September 30, 2015 was published, reflecting an inflation index of 108.7% from January to September 2015 and an annual inflation rate of 141.5%. At the date of preparation of these consolidated financial statements, the Group has estimated the inflation rate applicable to December 31, 2015, based on the best estimate of BBVA Research of the Group (170%) in line with other estimates made by various international organizations.

During the year ended December 31, 2015, the losses recognized under the heading "Profit attributable to the parent company" in the accompanying consolidated income statement as a result of the adjustment for inflation on net monetary position of the Group entities in Venezuela amounted to €45 million.

2.3 Recent IFRS pronouncements

Changes introduced in 2015

The following modifications to the IFRS standards or their interpretations (hereinafter "IFRIC") came into force after January 1, 2015. They have not had a material impact on the BBVA Group's consolidated financial statements corresponding to the period ended December 31, 2015.

Amended IAS 19 - "Employee Benefits. Defined Benefit Plans: Employee Contributions"

The new IAS 19 amends the accounting requirements for contributions to defined benefit plans to permit to recognize these contributions as a reduction in the service cost in the same period where they are paid if they meet certain requirements, without the need for calculations to attribute the contributions to the periods of service.

Annual Improvements cycle to IFRSs 2010-2012

Annual Improvements cycle to IFRSs 2010-2012 introduces small modifications and clarifications to IFRS 8 - Operating Segments, IFRS 13 - Fair Value Measurement, IAS 16 - Property, Plant and Equipment, IAS 24 – Related Party Disclosures and IAS 38 - Intangible Assets.

Annual Improvements to IFRSs 2011-2013 Cycle

Annual Improvements to IFRSs 2011-2013 Cycle introduces small modifications and clarifications to IFRS 1 - First-time Adoption of IFRSs, IFRS 3 - Business Combinations, IFRS 13 - Fair Value Measurement and IAS 40 - Investment Property.

Standards and interpretations issued but not yet effective as of December 31, 2015

New International Financial Reporting Standards together with their interpretations had been published at the date of preparation of the accompanying consolidated financial statements, but are not obligatory as of December 31, 2015. Although in some cases the IASB permits early adoption before they come into force, the BBVA Group has not done so as of this date, as it is still analyzing the effects that will result from them.

IFRS 9 - "Financial instruments"

As of July, 24, 2014, IASB issued the IFRS 9 which will replace IAS 39. The new standard introduces significant differences with respect to the current regulation with regards to financial assets; among others, the approval of a new classification model based on two single categories of amortized cost and fair value, the elimination of the current "Held-to-maturity-investments" and "Available-for-sale financial assets" categories, impairment analyses only for assets measured at amortized cost and non-separation of embedded derivatives in contracts of financial assets. With regard to financial liabilities, the classification categories proposed by IFRS 9 are similar to those contained in IAS 39, so there should not be very significant differences save for the requirement to recognize changes in fair value related to own credit risk as a component of equity, in the case of financial liabilities designated at fair value through profit or loss. Hedge accounting requirements also differs from the current IAS 39 due to the new focus on the economic risk management.

Impairment requirements will apply to financial assets measured at amortized cost and at fair value through other comprehensive income, and to lease receivables and certain loan commitments and financial guarantee contracts. At initial recognition, an allowance is required for expected credit losses resulting from default events that may occur within the next 12 months ("12 month expected credit losses").In the event of a significant increase in credit risk, an allowance is required for expected credit losses resulting from all possible default events over the expected life of the financial instrument ("lifetime expected credit losses").The assessment of whether the credit risk has increased significantly since initial recognition should be performed for each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The assessment of credit risk, and the estimation of expected credit losses, should be performed so that they are probability-weighted and unbiased and shall include all available information that is relevant to the assessment, including information about past events, current conditions and reasonable and supportable expectations of future events and economic conditions at the reporting date. As a result, the goal is for the recognition and measurement of impairment to be more proactive and forward-looking than under the current incurred loss model of IAS 39. Theoretically, an increase in the total level of impairment allowances is expected, since all financial assets will be assessed for at least 12 month expected credit losses and the population of financial assets to which lifetime expected credit losses will be applied is expected to be larger than the population for which there is objective evidence of impairment under IAS 39

IFRS 9 will also affect hedge accounting, because the focus of the Standard is different from that of the current IAS 39, as it tries to align the accounting requirements with economic risk management. IFRS 9 will also permit to apply hedge accounting to a wider range of risks and hedging instruments. The Standard does not address the accounting for the macro hedging strategies. To avoid any conflict between the current macro hedge accounting and the new general hedge accounting requirements, IFRS 9 includes an accounting policy choice to continue applying hedge accounting according to IAS 39.

The IASB has established January 1, 2018, as the mandatory application date, with the possibility of early adoption.

During 2015, the Group has been analyzing this new Standard and the implications it will have in 2018 on the classification of portfolios and the valuation models for financial instruments, focusing on impairment loss models for financial assets through expected loss models.

In 2016, the Group will continue working on the definition of accounting policies, on the implementation of the Standard, which has implications both on the financial statements and on the Group´s daily operations (initial and subsequent risk assessment, changes in systems, management metrics, etc.), and also on the models used for the presentation of financial statements.

As of the date of preparation of these Consolidated Financial Statements, the Group does not have an estimation of the quantitative impact that this Standard will have on January 1, 2018 when it will come into force. The Group expects to have a parallel calculation during 2017 in order to have comparative information for the previous year when the Standard comes into effect.

Amended IFRS 7 - “Financial instruments: Disclosures”

The IASB modified IFRS 7 in December 2011 to include new disclosures on financial instruments that entities will have to provide as soon as they apply IFRS 9 for the first time.

Amended IFRS 11 - “Joint Arrangements”

The amendments made to IFRS 11 require the acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs. These modifications will be applied to the accounting years starting on or after January 1, 2016, although early adoption is permitted.

Amended IAS 16 - “Property, Plant and Equipment” and Amended IAS 38 – “Intangible Assets”.

The amendments made to IAS 16 and IAS 38 exclude, as general rule, as depreciation method to be used, those methods based on revenue that is generated by an activity that includes the use of an asset, because the revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits of the asset.

These modifications will be applied to the accounting years starting on or after January 1, 2016, although early adoption is permitted.

IFRS 15 - “Revenue from contracts with customers”

IFRS 15 contains the principles that an entity shall apply to account for revenue and cash flows arising from a contract with a customer.

The core principle of IFRS 15 is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services, in accordance with contractually agreed. It is considered that the good or service is transferred when the customer obtains control over it.

The new Standard replaces IAS 18 - Revenue IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 – Revenue-Transactions Involving Advertising Services

This Standard will be applied to the accounting years starting on or after January 1, 2018, although early adoption is permitted.

Amended IAS 27 – "Separate financial statements"

Changes to IAS 27 allow entities to use the equity method to account for investment in subsidiaries, joint ventures and associates, in their separate financial statements.

These changes will be applicable to accounting periods beginning January 1, 2016, although early adoption is permitted.

Amended IFRS 10 – "Consolidated financial statements" and IAS 28 amended

The amendments to IFRS 10 and IAS 28 establish that when an entity sells or transfers assets are considered a business (including its consolidated subsidiaries) to an associate or joint venture of the entity, the latter will have to recognize any gains or losses derived from such transaction in its entirety. Notwithstanding, if the assets sold or transferred are not considered a business, the entity will have to recognize the gains or losses derived only to the extent of the interests in the associate or joint venture with unrelated investors.

These changes will be applicable to accounting periods beginning on the effective date, still to be determined, although early adoption is allowed.

Annual improvements cycle to IFRSs 2012-2014

The annual improvements cycle to IFRSs 2012-2014 includes minor changes and clarifications to IFRS 5 – Non current assets held for sale and discontinued operations, IFRS 7 – Financial instruments: Information to disclose, IAS 19 – Employee benefits and IAS 34 – interim financial information.

These changes will be applicable to accounting periods beginning January 1, 2016, although early adoption is allowed.

Amended IAS 1 – Presentation of Financial Statements

The amendments made to IAS 1 further encourage companies to apply professional judgment in determining what information to disclose in their financial statements, in determining when line items are disaggregated and additional headings and subtotals included in the statement of financial position and the statement of profit or loss and other comprehensive income, and in determining where and in what order information is presented in the financial disclosures.

These modifications will be applied to the accounting years starting on or after January 1, 2016, although early adoption is permitted.

Amended IFRS 10 - "Consolidated Financial Statements", Amended IFRS 12 – "Disclosure of interests in other entities" and Amended IAS 28 – "Investments in Associates and Joint Ventures"

The amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities in three aspects:

- The amendments confirm that a parent entity that is a subsidiary of an investment entity has the possibility to apply the exemption from preparing consolidated financial statements
- The amendments clarify that if an investment entity has a subsidiary whose main purpose is to support the investment entity's investment activities by providing investment-related services or activities, to the entity or other parties, and that is not itself an investment entity, it shall consolidate that subsidiary; but if that subsidiary is itself an investment entity, the investment entity parent shall measure the subsidiary at fair value through profit or loss.
- The amendments require a non-investment entity investor to retain, when applying the equity method, the fair value measurement applied by an investment entity associate or joint venture to its interests in subsidiaries.

These modifications will be applied to the accounting years starting on or after January 1, 2016, although early adoption is permitted.

IAS 12 – "Income Taxes. Recognition of Deferred Tax Assets for Unrealized Losses"

The amendments made to IAS 12 clarify the requirements on recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value. The following aspects are clarified:

- An unrealized loss on a debt instrument measured at fair value gives rise to a deductible temporary difference regardless of whether the holder expects to recover its carrying amount by holding the debt instrument until maturity or by selling the debt instrument.
- An entity assesses the utilization of deductible temporary differences in combination with other deductible temporary differences. In circumstances in which tax laws restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the appropriate type.
- An entity's estimate of future taxable profit can include amounts from recovering assets for more than their carrying amounts if there is sufficient evidence to conclude that it is probable that the entity will achieve this.
- An entity's estimate of future taxable profit excludes tax deductions resulting from the reversal of deductible temporary difference.

These modifications will be applied to the accounting periods beginning on or after January 1, 2017, although early application is permitted.

IFRS 16 – "Leases"

On January 13, 2016 the IASB issued the IFRS 16 which will replace IAS 17. The new standard introduces a single lessee accounting model and will require a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

With regard to lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor will continue to classify its leases as operating leases or finance leases, and account for those two types of leases differently.

The standard will be applied to the accounting years starting on or after January 1, 2019, although early application is permitted if IFRS 15 is also applied.

3. BBVA Group

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

Appendices I and II provide relevant information as of December 31, 2015 on the Group's subsidiaries, consolidated structured entities, and investments in associate entities and joint venture entities. Appendix III shows the main changes in investments for the year ended December 31, 2015, and Appendix IV gives details of the consolidated subsidiaries and which, based on the information available, are more than 10% owned by non-Group shareholders as of December 31, 2015.

The following table sets forth information related to the Group's total assets as of December 31, 2015, 2014 and 2013, broken down by the Group's entities according to their activity:

	Millions of Euros		
Contribution to Consolidated Group Total Assets. Entities by Main Activities	**2015**	**2014**	**2013**
Banks and other financial services	718,204	601,794	556,262
Insurance and pension fund managing companies	25,741	23,370	19,949
Other non-financial services	6,133	6,778	6,486
Total	**750,078**	**631,942**	**582,697**

The total assets and results of operations broken down by the geographical areas, in which the BBVA Group operates, are included in Note 6.

The BBVA Group's activities are mainly located in Spain, Mexico, South America, the United States and Turkey, with active presence in other countries, as shown below:

- Spain

  The Group's activity in Spain is mainly through Banco Bilbao Vizcaya Argentaria, S.A., which is the parent company of the BBVA Group. The Group also has other entities that operate in Spain's banking sector, insurance sector, real estate sector, services and as operational leasing entities and since April 24, 2015 the balance sheet and the results of Catalunya Banc.

- Mexico

  The BBVA Group operates in Mexico, not only in the banking sector, but also in the insurance sector through Grupo Financiero Bancomer.

- South America

  The BBVA Group's activities in South America are mainly focused on the banking and insurance sectors, in the following countries: Argentina, Chile, Colombia, Peru, Paraguay, Uruguay and Venezuela. It has a representative office in Sao Paulo (Brazil).

  The Group owns more than 50% of most of the entities based in these countries. Appendix I shows a list of the entities which, although less than 50% owned by the BBVA Group as of December 31, 2015, are consolidated (see Note 2.1).

- United States

  The Group's activity in the United States is mainly carried out through a group of entities with BBVA Compass Bancshares, Inc. at their head, the New York BBVA branch and a representative office in Silicon Valley (California).

- Turkey

  The Group's activity in Turkey is mainly carried out through the Garanti Group BBVA also has a representative office in Istanbul.

- Rest of Europe

  The Group's activity in Europe is carried out through banks and financial institutions in Ireland, Switzerland, Italy and Portugal, branches in Germany, Belgium, France, Italy and the United Kingdom, and a representative office in Moscow.

- Asia-Pacific

  The Group's activity in this region is carried out through branches (in Taipei, Seoul, Tokyo, Hong Kong Singapore and Shanghai) and representative offices (in Beijing, Mumbai, Abu Dhabi, Sydney and Jakarta).

Changes in the Group in 2015

During 2015, it has been registered the full consolidation of Garanti since the date of effective control (third quarter) and the acquisition of Catalunya Banc (second quarter). These effects impact on the period-on-period comparison of all the accounting lines of the Group balance sheet and the income statement.

Investments

Acquisition of an additional 14.89% of Garanti

On November 19, 2014, the Group signed a new agreement with Dogus Holding AS, Ferit Faik Sahenk, Dianne Sahenk and Defne Sahenk (hereinafter "Dogus") to, among other terms, the acquisition of 62,538,000,000 additional shares of Garanti (equivalent to 14.89% of the capital of this entity) for a maximum total consideration of 8.90 Turkish lira per batch (Garanti traded in batches of 100 shares each).

In the same agreement stated that if the payment of dividends for the year 2014 was executed by Dogus before the closing of the acquisition, that amount would be deducted from the amount payable by BBVA. On April 27, 2015, Dogus received the amount of the dividend paid to shareholders of Garanti, which amounted to Turkish Liras 0,135 per batch.

On July 27, 2015, after obtaining all the required regulatory approvals, the Group has materialized said participation increase after the acquisition of the new shares. Now the Group's interest in Garanti is 39.9%.

The total price effectively paid by BBVA amounts to 8.765 TL per batch (amounting to approximately TL 5,481 million and €1,857 million applying a 2,9571 TL/EUR exchange rate).

In accordance with the EU-IFRS accounting rules, and as a consequence of the agreements reached, the BBVA Group shall, at the date of effective control, measure at fair value its previously acquired stake of 25.01% in Garanti (classified as a joint venture accounted for using the equity method) and shall consolidate Garanti in the consolidated financial statements of the BBVA Group, beginning on the above-mentioned effective control date.

Measuring the above-mentioned stake in Garanti Bank at fair value resulted in a negative impact in "Gains (Losses) on derecognized assets not classified as non-current assets held for sale" in the consolidated income statement of the BBVA Group for the year ended December 31, 2015, which resulted in a net negative impact in the Profit attributable to parent company of the BBVA Group in 2015 amounting to €1,840 million. Such accounting impact does not translate into any additional cash outflow from BBVA. Most of this impact is generated by the exchange rate differences due to the depreciation of the TL against Euro since the initial acquisition by BBVA of the 25.01% stake in Garanti Bank up to the date of effective control. As of December 31, 2015, these exchange rate differences were already registered as Other Comprehensive Income deducting the stock shareholder's equity of the BBVA Group.

The agreements with the Dogus group include an agreement for the management of the bank and the appointment by the BBVA Group of the majority of the members of its Board of Directors (7 of 10). The 39.9% stake in Garanti is consolidated in the BBVA Group, because of these management agreements.

As of December 31, 2015, Garanti Group has total assets of approximately €90,000 million, of which approximately €55,000 million are loans to customers, and a volume of customer deposits of approximately €75,000 million. The contribution of Garanti to the 2015 consolidated income statement, regardless the above mentioned stake in Garanti Bank at fair value, has been €371 million (see Note 6).

The amount that Garanti Group would have contributed to the consolidated Group had that business combination been performed at the start of 2015 would be €539 million, regardless the above mentioned stake in Garanti Bank at fair value.

As of the date of preparation of these consolidated financial statements, the calculation for determining the final amount of this negative consolidation difference in accordance with IFRS 3 has not yet been completed, although the Group does not expect any significant changes in the valuations of the assets and liabilities related to this acquisition (see Note 18.1)

The Group estimate as of December 31, 2015, according to the acquisition method, the comparison between the fair values assigned to the assets acquired and the liabilities assumed from Garanti, along with the identified intangible assets, and cash payment made by the BBVA Group in consideration of the transaction generated a goodwill of €622 million, which is registered under the heading "Intangible assets - Goodwill" in the accompanying consolidated balance sheets as of December 31, 2015, although, as mentioned above, this estimation is provisional. According to the IFRS 3, there is a period, up to a year, to complete the necessary adjustments to the calculation of initial acquisition (see Note 18.1).

Acquisition of Catalunya Banc

On July 21, 2014, the Management Commission of the Banking Restructuring Fund (known as "FROB") accepted BBVA´s bid in the competitive auction for the acquisition of Catalunya Banc, S.A. ("Catalunya Banc").

On April 24, 2015, once the necessary authorizations have been obtained and all the agreed conditions precedent have been fulfilled, BBVA announced that it acquired 1,947,166,809 shares of Catalunya Banc, S.A. (approximately 98.4% of its share capital) for a price of approximately €1,165 million.

As of December 31, 2015, Catalunya Banc contributed with a volume of assets of approximately €40,000 million, of which approximately €19,000 million corresponded to "Loans and advances to customers". "Customer deposits" amounted to approximately €36,000 million.

The amount that Catalunya Banc would have contributed to the consolidated Group had that business combination been performed at the start of 2015 is not material.

As of December 31, 2015, according to the purchase method, the comparison between the fair values assigned to the assets acquired and the liabilities assumed from Catalunya Banc, and the cash payment made to the FROB in consideration of the transaction generated a difference of €26 million, which is registered under the heading "Negative Goodwill in business combinations" in the accompanying consolidated income statement as of December 31, 2015. According to the IFRS 3, there is a period, up to a year, to complete the necessary adjustments to the calculation of initial acquisition (see Note 18.1).

Divestitures

Partial sale of China CITIC Bank Corporation Limited (CNCB)

On January 23, 2015 the Group BBVA signed an agreement to sell 4.9% in China CITIC Bank Corporation Limited (CNCB) to UBS AG, London Branch (UBS), who entered into transactions pursuant to which such CNCB shares will be transferred to a third party and the ultimate economic benefit of ownership of such CNCB shares will be transferred to Xinhu Zhongbao Co., Ltd (Xinhu) (the Relevant Transactions). On March 12, 2015, after having obtained the necessary approvals, BBVA completed the sale.

The selling price to UBS is HK$ 5.73 per share, amounting to a total of HK$ 13,136 million, equivalent to approximately €1,555 million (with an exchange rate of EUR/HK$=8.45 as of the date of the closing).

In addition to the above mentioned 4.9%, during the year ended December 31, 2015 various sales were made in the market to total a 6.34% participation sale. The impact of these sales on the consolidated financial statements of the BBVA Group was a gain net of taxes of approximately €705 million. This gain gross of taxes was recognized under "Gains (losses) in non-current assets available for sale not classified as discontinued operations" (See Note 49).

As of December 31, 2015, BBVA holds a 3.26% (€910 million) interest in CNCB, this participation is recognized under the heading "Available for sale financial assets".

Sale of the participation in Citic International Financial Holding (CIFH)

On December 23, 2014, the BBVA Group signed an agreement to sell its participation of 29.68% in Citic International Financial Holdings Limited (hereinafter "CIFH"), to China CITIC Bank Corporation Limited (hereinafter "CNCB"). CIFH is a non-listed subsidiary of CNCB domiciled in Hong Kong. The selling price is HK$8,162 million. The closing of such agreement is subject to the relevant regulatory approvals. The estimated impact on the attributable profit of the consolidated financial statements of the BBVA Group will not be significant.

On August 27, BBVA completed the sale of this participation. The impact on the consolidated financial statements of the BBVA Group was not significant.

Changes in the Group in 2014

In 2014 there were no significant changes.

Changes in the Group in 2013

Purchase of Unnim Vida

On February 1, 2013, Unnim Banc, S.A. later absorbed by the Bank, reached an agreement with Aegon Spain Holding B.V. to acquire the 50% of Unnim Vida, Inc. Insurance and Reinsurance ("Unnim Vida") for a price of €352 million. Thus, the BBVA Group owned 100% of the stake of "Unnim Vida.

Sale of BBVA Panama

On July 20, 2013, BBVA announced that it had reached an agreement with the entity Leasing Bogotá S.A., Panamá, a subsidiary of Grupo Aval Acciones y Valores, S.A., for the sale of the direct and indirect ownership interest (98.92%) in Banco Bilbao Vizcaya Argentaria (Panamá), S.A. ("BBVA Panamá").

On December 19, 2013, after having obtained the necessary approvals, BBVA completed the sale.

The total consideration that BBVA received pursuant to this sale amounted to approximately $645 million, $505 million as sale price and $140 million as distribution of dividends by BBVA Panamá from June 1, 2013.

After deducing such distribution of dividends the capital gain gross of taxes amounted to approximately €230 million which was recognized under the heading "Gains (losses) on non-current assets held for sale not classified as discontinued operations" in the consolidated income statement in 2013 (see Note 49).

Sale of pension businesses in Latin America

On May 24, 2012 BBVA announced its decision to conduct a study on strategic alternatives for its pension business in Latin America. The alternatives considered in this process include the total or partial sale of the businesses of the Pension Fund Administrators ("AFP") in Chile, Colombia and Peru, and the Retirement Fund Administrator (Afore) in Mexico.

On October 2, 2013, with the sale of "AFP Provida" (Administradora de Fondos de Pensiones AFP Provida de Chile), BBVA finalized the process. Below there is a description of each of the operations that have been carried out during this process:

Sale of AFP Provida (Chile)

On February 1, 2013, BBVA reached an agreement with MetLife, Inc., for the sale of the 64.3% stake that BBVA held direct and indirectly in the Chilean Pension Fund manager Administradora de Fondos de Pensiones Provida SA ("AFP Provida").

On October 2, 2013, BBVA completed the sale. The total amount in cash received by BBVA was approximately 1,540 million U.S. dollars ("USD"), taking into account the purchase price amounting to roughly 1,310 million USD as well as the dividends paid by AFP Provida since February 1, 2013 amounting to roughly 230 million USD. The gain on disposal, attributable to the Parent company net of taxes, amounted to approximately €500 million which was recognized under the heading "Profit from discontinued operations (Net)" in the consolidated income statement in 2013 (See Note 49).

Sale of BBVA AFP Horizonte S.A. (Peru)

On April 23, 2013, BBVA sold a wholly owned Peruvian subsidiary "AFP Horizonte SA" to "AFP Integra SA" and "Profuturo AFP, SA" who have each acquired 50% of said company.

The total consideration paid for the shares is approximately US$ 544 million. This consideration is composed by a price of approximately US$ 516 million and a dividend distributed prior to the closing of approximately US$ 28 million.

The gain on disposal, attributable to parent company net of taxes, amounted to approximately €206 million at the moment of the sale and such gain was recognized under the heading "Profit from discontinued operations (Net)" in the consolidated income statement in 2013 (see Note 49).

Sale of BBVA AFP Horizonte S.A. (Colombia)

On December 24, 2012, BBVA reached an agreement with Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir, S.A., a subsidiary of Grupo Aval Acciones y Valores, S.A., for the sale to the former of the total stake that BBVA held directly or indirectly in the Colombian company BBVA Horizonte Sociedad Administradora de Fondos de Pensiones y Cesantías S.A.

On April 18, 2013, after having obtained the necessary approvals, BBVA completed the sale. The adjusted total price was US$ 541.4 million. The gain on disposal, attributable to parent company net of taxes, amounted to approximately €255 million at the moment of the sale, and was recognized under the heading "Profit from discontinued operations (Net)" in the consolidated income statement in 2013 (see Note 49).

Sale of Afore Bancomer (Mexico)

On November 27, 2012, BBVA reached an agreement to sell to Afore XXI Banorte, S.A. de C.V. its entire stake directly or indirectly held in the Mexican subsidiary Administradora de Fondos para el Retiro Bancomer, S.A. de C.V.

Once the corresponding authorization had been obtained from the competent authorities, the sale was closed on January 9, 2013, at which point the BBVA Group no longer had control over the subsidiary sold.

The total sale price was USD 1,735 million (approximately €1,327 million). The gain on disposal, attributable to parent company net of taxes, was approximately €771 million, and was recognized under the heading "Profit from discontinued operations (Net)" in the consolidated income statement in 2013 (see Note 49).

Agreement with Citic Group

As of October 21, 2013, BBVA reached a new agreement with the Citic Group that included among other aspects the sale of its 5.1% stake in China Citic Bank Corporation Limited (CNCB) to Citic Limited for an amount of approximately €944 million, after this sale, the stake of BBVA in CNCB was reduced to the 9.9%.

In accordance with IFRS 11, the new situation implies a change in the accounting criteria applied to the participation of BBVA in CNCB, being now a no material financial participation recognized under the heading "Available-for-sale financial assets" (see Notes 12 and 16).

As a result of this change in the accounting criteria and the mentioned sale, the loss attributable to the BBVA Group at the time of the sale amounted to approximately €2,600 million which was recognized under the heading "Gains (losses) on derecognized assets not classified as non-current assets held for sale" in the consolidated income statement in 2013 (see Note 48).

4. Shareholder remuneration system and allocation of earnings

Shareholder remuneration system

During 2011, 2012, 2013 and 2014, a shareholder remuneration system called the "Dividend Option" was implemented.

Under this remuneration scheme, BBVA offers its shareholders the opportunity to receive part of their remuneration in the form of new ordinary shares; however, they can still choose to receive it in cash by selling their free allocation rights to BBVA (in execution of the commitment assumed by BBVA to acquire the free allocation rights attributed to the shareholders at a guaranteed fixed price) or by selling their free allocation rights on the market at the prevailing market price at that time.

On March 25, 2015, the Executive Committee approved the execution of the first of the capital increases charged to reserves as agreed by the AGM held on March 13, 2015 to implement the Dividend Option. As a result of this increase, the Bank's common stock increased by €39,353,896.26 (80,314,074 shares at a €0.49 par value each). 90.31% of shareholders opted to receive their remuneration in the form of ordinary shares of BBVA (see Note 25). The other 9.69% of the right owners opted to sell the rights assigned to them to BBVA, and as a result, BBVA acquired 602,938,646 rights for a total amount of €78,382,023.98; said shareholders were paid in cash at a gross fixed price of €0.13 per right, registered in "Total Equity- Dividends and remuneration" of the consolidated balance sheet as of December 31, 2015.

On September 30, 2015, the Executive Committee approved the execution of the second of the capital increases charged to reserves as agreed by the AGM held on March 13, 2015 to implement the Dividend Option. As a result of this increase, the Bank's common stock increased by €30,106,631.94 (61,442,106 shares at a €0.49 par value each). 89.65% of shareholders opted to receive their remuneration in the form of shares. The other 10.35% of the right owners opted to sell the rights assigned to them to BBVA, and as a result, BBVA acquired 652,564,118 rights for a total amount of €52,205,129.44, said shareholders were paid in cash at a gross fixed price of €0.08 per right, registered in "Total Equity- Dividends and remuneration" of the consolidated balance sheet as of December 31, 2015

Dividends

At its meeting of July 1, 2015, the Board of Directors of BBVA approved the payment of an interim cash dividend against 2015 earnings of €0.08 gross (€0.0644 net) per outstanding share. This amount was paid on July 16, 2015.

At its meeting of December 22, 2015, the Board of Directors of BBVA approved the payment of an interim cash dividend against 2015 earnings of €0.08 gross (€0.0648 net) per outstanding share to be paid on January 12, 2016.

The expected financial statements prepared in accordance with legal requirements evidenced the existence of sufficient liquidity for the distribution of the amounts to the interim dividend, as follows:

	Millions of Euros	
Available Amount for Interim Dividend Payments	**May 31, 2015**	**November 30, 2015**
Profit of BBVA, S.A. at each of the dates indicated, after the provision for income tax	1,596	1,981
Less -		
Estimated provision for Legal Reserve	13	19
Acquisition by the bank of the free allotment rights in 2015 capital increase	78	131
Additional Tier I capital instruments remuneration	96	212
Interim dividends for 2015 already paid	-	504
Maximum amount distributable	**1,408**	**1,115**
Amount of proposed interim dividend	**504**	**509**
BBVA cash balance available to the date	**3,360**	**2,870**

The first amount of the 2015 interim dividend which was paid to the shareholders on July 16, 2015, after deducting the treasury shares held by the Group's entities, amounted to €504 million, and was recognized under the heading "Stockholders' funds – Dividends and remuneration" of the consolidated balance sheet as of December 31, 2015.

The dividend which was paid to the shareholders on January 12, 2016, after deducting the treasury shares held by the Group's companies, amounted to €506 million and was recognized under the heading "Stockholders' funds - Dividends and remuneration" of the consolidated balance sheet as of December 31, 2015.

The allocation of earnings for 2015 subject to the approval of the Board of Directors at the Annual Shareholders Meeting is presented below:

	Millions of Euros
Allocation of Earnings	**2015**
Profit for year (*)	**2,864**
Distribution:	
Interim dividends	1,014
Acquisition by the bank of the free allotment rights (**)	131
Additional Tier 1 securities	212
Legal reserve	19
Voluntary reserves	1,488

(*) Net Income of BBVA S.A. (see Appendix IX).

(**) Concerning to the remuneration to shareholders who choose to be paid in cash through the "Dividend Option"

5. Earnings per share

Basic and diluted earnings per share are calculated in accordance with the criteria established by IAS 33. For more information see Glossary of terms

The Bank issued additional share capital in 2015, 2014 and 2013 (see Note 25). In accordance with IAS 33, when there is a capital increase earnings per share, basic and diluted, should be recalculated for previous periods applying a corrective factor to the denominator (the weighted average number of shares outstanding) This corrective factor is the result of dividing the fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value per share. The basic and diluted earnings per share for December 2014 and 2013 was recalculated on this basis.

The calculation of earnings per share is as follows:

Basic and Diluted Earnings per Share	2015	2014 (*)	2013 (*)
Numerator for basic and diluted earnings per share (millions of euros)			
Profit attributable to parent company	2,642	2,618	2,084
Adjustment: Mandatory convertible bonds interest expenses (1)	(212)	(126)	(35)
Profit adjusted (millions of euros) (A)	**2,430**	**2,492**	**2,049**
Profit from discontinued operations (net of non-controlling interest) (B)	**-**	**-**	1,819
Denominator for basic earnings per share (number of shares outstanding)			
Weighted average number of shares outstanding (2)	6,290	5,905	5,597
Weighted average number of shares outstanding x corrective factor (3)	6,290	6,059	5,963
Adjustment: Average number of estimated shares to be converted (3)	-	-	-
Adjusted number of shares - Basic earning per share (C)	**6,290**	**6,059**	**5,963**
Adjusted number of shares - diluted earning per share (D)	**6,290**	**6,059**	**5,963**
Basic earnings per share from continued operations (Euros per share)A-B/C	**0.39**	**0.41**	**0.04**
Diluted earnings per share from continued operations (Euros per share)A-B/D	**0.39**	**0.41**	**0.04**
Basic earnings per share from discontinued operations (Euros per share)B/C	**-**	**-**	**0.31**
Diluted earnings per share from discontinued operations (Euros per share)B/D	**-**	**-**	**0.31**

(1) Remuneration in the period related to contingent convertible securities (See Note 21.4)

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

(3) Corrective factor, due to the capital increase with pre-emptive subscription right, applied for the previous years.

(*) Data recalculated due to the mentioned corrective factor.

As of December 31, 2015, 2014 and 2013, there were no other financial instruments or share options awarded to employees that could potentially affect the calculation of the diluted earnings per share for the years presented. For this reason the basic and diluted earnings are matched.

6. Operating segment reporting

The information about operating segments is provided in accordance with IFRS 8. Operating segment reporting represents a basic tool in the oversight and management of the BBVA Group's various activities. The BBVA Group compiles reporting information on as disaggregated level as possible, and all data relating to the businesses these units manage is recognized in full. These minimum level units are then aggregated in accordance with the organizational structure determined by the BBVA Group management into higher level units and, ultimately, the reportable segments themselves.

During 2015, there have been changes in the reporting structure of the operating segments of the BBVA Group with regard to the current structure during 2014. The increase of participation in Garanti up to 39.9%, (see Note 3), the balance sheet and income statement of Garanti is now presented separately from the Eurasia operating segment. Additionally, some operating expenses related to technology are reclassified from the Corporate Center to the area of banking activities in Spain are reclassified. This reclassification is a result of the transfer of management skills, resources and responsibilities, in terms of technology from the Corporate Center to the area of banking activities in Spain. Thus the business areas are now as follows:

- Banking activity in Spain includes, as in previous years, the Retail Network, Corporate and Business Banking (CBB), Corporate & Investment Banking (CIB), BBVA Seguros and Asset Management. It also includes the portfolios, finance and structural interest-rate positions of the euro balance sheet. Since April 24 it also includes the activity, balance sheet and earnings of the banking business of Catalunya Banc.
- Real estate activity in Spain

  It mainly combines loans to real-estate developers and foreclosed real estate assets.
- Turkey

  Includes the 39.9% stake in Garanti as of December 31, 2015.
- Mexico

  Comprising of the banking and insurance businesses. The banking business includes retail business through its Commercial Banking, Consumer Finance and Corporate and Institutional Banking units; and wholesale banking through CIB.
- The United States

  Encompasses the Group's businesses in the United States.
- South America

  Includes the banking and insurance businesses that BBVA carries out in the region.
- Rest of Eurasia

  Includes the business carried out in the rest of Europe and Asia, i.e. the retail and wholesale businesses of the BBVA Group in the area.

Finally, Corporate Center is an aggregate that contains the remainder of the items that have not been allocated to the other operating segments, as it basically corresponds to the Group's holding function. It groups together the costs of the headquarters that have a corporate function; management of structural exchange-rate positions; specific issues of capital instruments to ensure adequate management of the Group's global solvency; portfolios and their corresponding results, whose management is not linked to customer relations, such as industrial holdings; certain tax assets and liabilities; funds due to commitments with pensioners; goodwill and other intangibles; and the results of certain corporate transactions.

The breakdown of the BBVA Group's total assets by operating segments as of December 31, 2015, 2014 and 2013 is as follows:

	Millions of Euros		
Total Assets by Operating Segments	**2015**	**2014 (*)**	**2013 (*)**
Banking Activity in Spain	339,643	318,446	314,956
Real Estate Activity in Spain	17,310	17,365	19,975
Turkey (**)	89,003	22,342	19,453
Rest of Eurasia	23,626	22,325	21,771
Mexico	99,472	93,731	81,801
South America	70,661	84,364	77,874
United States	86,454	69,261	53,046
Subtotal Assets by Operating Segments	726,170	627,834	588,876
Corporate Center and other adjustments (***)	23,908	4,108	(6,179)
Total Assets BBVA Group	**750,078**	**631,942**	**582,697**

(*) The figures corresponding to December 2014 and 2013 have been restated in order to allow homogeneous comparisons due to changes in the scope of operating segments.

(**) The information is presented under management criteria, pursuant to which Garanti's assets and liabilities in 2014 and 2013 have been proportionally integrated based on our 25.01% interest in Garanti. After the agreement mentioned in Note 3 came into effect and the Garanti Group began consolidating.

(***) Other adjustments include adjustments made to account for the fact that, in our Consolidated Financial Statements, Garanti was accounted for using the equity method until the acquisition of an additional 14.89% rather than using the management criteria referred above.

The attributable profit and main earning figures in the consolidated income statements for the year ended December 31, 2015 by operating segments are as follows:

	Millions of Euros									
		Operating Segments								
Main Margins and Profits by Operating Segments	**BBVA Group**	**Spain**	**Real Estate Activity in Spain**	**Turkey**	**Rest of Eurasia**	**Mexico**	**South America**	**United States**	**Corporate Center**	**Adjusments (*)**
2015										
Net interest income	16,022	4,000	66	2,194	183	5,393	3,202	1,811	(424)	(404)
Gross income	23,362	6,804	(16)	2,434	473	7,069	4,477	2,652	(212)	(318)
Net operating income (**)	11,254	3,302	(150)	1,273	121	4,456	2,498	846	(982)	(109)
Operating profit /(loss) before tax	4,603	1,492	(713)	853	111	2,769	1,814	705	(1,152)	(1,276)
Profit	**2,642**	**1,046**	**(492)**	**371**	**76**	**2,090**	**905**	**537**	**(1,891)**	-
2014 (***)										
Net interest income	14,382	3,830	(38)	735	189	4,910	4,699	1,443	(651)	(734)
Gross income	20,725	6,621	(220)	944	736	6,522	5,191	2,137	(575)	(632)
Net operating income (**)	10,166	3,534	(373)	550	393	4,115	2,875	640	(1,328)	(240)
Operating profit /(loss) before tax	3,980	1,220	(1,287)	392	320	2,519	1,951	561	(1,615)	(83)
Profit	**2,618**	**858**	**(901)**	**310**	**255**	**1,915**	**1,001**	**428**	**(1,249)**	-
2013 (***)										
Net interest income	13,900	3,838	4	713	195	4,478	4,660	1,402	(678)	(713)
Gross income	20,752	6,103	(111)	929	788	6,194	5,583	2,047	(343)	(439)
Net operating income (**)	9,956	2,860	(253)	522	459	3,865	3,208	618	(1,290)	(34)
Operating profit /(loss) before tax	954	1	(1,868)	339	248	2,358	2,354	534	(1,421)	(1,590)
Profit	**2,084**	**428**	**(1,268)**	**264**	**185**	**1,802**	**1,224**	**390**	**(941)**	-

(*) The figures corresponding to 2014 and 2013 have been restated in order to allow homogeneous comparisons due to changes in the scope of operating segments (see Note 1.3).

(**) Gross Income less Administrative Cost and Amortization

(***) Includes adjustments due to the fact. In our Consolidated Financial Statements, Garanti Group was accounted for using the equity method instead of using management criteria as referenced earlier.

The accompanying Management Report shows more detail about the consolidated Income Statement as well as the main Balance sheet heading by operating segment.

7. Risk management

7.1 General risk management and control model

The BBVA Group has an overall control and risk management model (hereinafter 'the model') tailored to their business, their organization and the geographies in which it operates, allowing them to develop their activity in accordance with their strategy and policy control and risk management defined by the governing bodies of the Bank and adapt to a changing economic and regulatory environment, tackling risk management globally and adapted to the circumstances of each instance. The model establishes a system of appropriate risk management regarding risk profile and strategy of the Group.

This model is applied comprehensively in the Group and consists of the basic elements listed below:

- Governance and organization.
- Risk appetite.
- Decisions and processes.
- Assessment, monitoring and reporting.
- Infrastructure.

The Group encourages the development of a risk culture to ensure consistent application of the control and risk management Modell in the Group, and to ensure that the risk function is understood and assimilated at all levels of the organization.

7.1.1 Governance and organization

The governance model for risk management at BBVA is characterized by a special involvement of its corporate bodies, both in setting the risk strategy and in the ongoing monitoring and supervision of its implementation.

Thus, as developed below, the corporate bodies are the ones that approve this risk strategy and corporate policies for the different types of risk, being the risk function responsible for the management, its implementation and development, reporting to the governing bodies.

The responsibility for the daily management of the risks lies on the businesses which abide in the development of their activity to the policies, standards, procedures, infrastructure and controls, based on the framework set by the governing bodies, which are defined by the function risk.

To perform this task properly, the risk function in the BBVA Group is configured as a single, comprehensive and independent role of commercial areas.

Corporate governance system

BBVA Group has developed a corporate governance system that is in line with the best international practices and adapted to the requirements of the regulators in the countries in which its different business units operate.

The Board of Directors (hereinafter also referred to as "the Board") approves the risk strategy and supervises the internal control and management systems. Specifically, the strategy approved by the Board includes, at least, the Group's Risk Appetite statement, the fundamental metrics and the basic structure of limits by geographies, types of risk and asset classes, as well as the bases of the control and risk management model. The Board ensures that the budget is in line with the approved risk appetite.

On the basis established by the Board of Directors, the Executive Committee approves specific corporate policies for each type of risk. Furthermore, the committee approves the Group's risk limits and monitors them, being informed of both limits excess occurrences and, where applicable, the appropriate corrective measures taken.

Lastly, the Board of Directors has set up a Board committee specializing in risks, the Risk Committee. This committee is responsible for analyzing and regularly monitoring risks within the remit of the corporate bodies and assists the Board and the SC in determining and monitoring the risk strategy and the corporate policies, respectively. Another task of special relevance it carries out is detailed control and monitoring of the risks that affect the Group as a whole, which enables it to supervise the effective integration of the risk strategy management and the application of corporate policies approved by the corporate bodies.

The head of the risk function in the executive hierarchy is the Group's Chief Risk Officer ("CRO"), who carries out its functions with independence, authority, capacity and resources to do so. He is appointed by the Board of Directors of the Bank as a member of its Senior Management, and has direct access to its corporate bodies (Board of Directors, Executive Standing Committee and Risk Committee), who reports regularly on the status of risks to the Group.

The Chief Risk Officer, for the utmost performance of its functions, is supported by a cross composed set of units in corporate risk and the specific risk units in the geographical and / or business areas of the Group structure. Each of these units is headed by a Risk Officer for the geographical and/or business area who, within his/her field of competence, carries out risk management and control functions and is responsible for applying the corporate policies and rules approved at Group level in a consistent manner, adapting them if necessary to local requirements and reporting to the local corporate bodies.

The Risk Officers of the geographical and/or business areas report both to the Group's Chief Risk Officer and to the head of their geographical and/or business area. This dual reporting system aims to ensure that the local risk management function is independent from the operating functions and that it is aligned with the Group's corporate risk policies and goals.

Organizational structure and committees

The risk management function, as defined above, consists of risk units from the corporate area, which carry out cross-cutting functions, and risk units from the geographical and/or business areas.

- The corporate area's risk units develop and present the Group's risk appetite proposal, corporate policies, rules and global procedures and infrastructures to the CRO, within the action framework approved by the corporate bodies, ensure their application, and report either directly or through the CRO to the Bank's corporate bodies.

  Their functions include:

  - Management of the different types of risks at Group level in accordance with the strategy defined by the corporate bodies.
  - Risk planning aligned with the risk appetite principles defined by the Group.
  - Monitoring and control of the Group's risk profile in relation to the risk appetite approved by the Bank's corporate bodies, providing accurate and reliable information with the required frequency and in the necessary format.
  - Prospective analyses to enable an evaluation of compliance with the risk appetite in stress scenarios and the analysis of risk mitigation mechanisms.
  - Management of the technological and methodological developments required for implementing the Model in the Group.
  - Design of the Group's Internal Risk Control model and definition of the methodology, corporate criteria and procedures for identifying and prioritizing the risk inherent in each unit's activities and processes.
  - Validation of the models used and the results obtained by them in order to verify their adaptation to the different uses to which they are applied.

- The risk units in the business units develop and present to the Risk Officer of the geographical and/or business area the risk appetite proposal applicable in each geographical and/or business area, independently and always within the Group's risk appetite. They also ensure that the corporate policies and rules approved consistently at a Group level are applied, adapting them if necessary to local requirements; they are provided with appropriate infrastructures for managing and controlling their risks; and they report to their corporate bodies and/or to senior management, as appropriate.

The local risk units thus work with the corporate area risk units in order to adapt to the risk strategy at Group level and share all the information necessary for monitoring the development of their risks.

The risk function has a decision-making process to perform its functions, underpinned by a structure of committees, where the Global Risk Management Committee (GRMC) acts as the highest committee within Risk. It proposes, examines and, where applicable, approves, among others, the internal risk regulatory framework and the procedures and infrastructures needed to identify, assess, measure and manage the material risks faced by the Group in its businesses. The members of this Committee are the Group's CRO and the heads of the risk units of the corporate area and of the most representative geographical and/or business areas.

The GRMC carries out its functions assisted by various support committees which include:

- Global Technical Operations Committee: It is responsible for decision-making related to wholesale credit risk admission in certain customer segments.
- Monitoring, Assessment & Reporting Committee: It guarantees and ensures the appropriate development of aspects related to risk identification, assessment, monitoring and reporting, with an integrated and cross-cutting vision.
- Asset Allocation Committee: The executive body responsible for analysis and decision-making on all credit risk matters related to the processes intended for obtaining a balance between risk and return in accordance with the Group's risk appetite.
- Technology and Methodologies Committee: It determines the need for new models and infrastructures and channels the decision-making related to the tools needed for managing all the risks to which the Group is exposed.

- Corporate Technological Risks and Operational Control Committee: It approves the Technological Risks and Operational Control Management Frameworks in accordance with the General Risk Management Model's architecture and monitors metrics, risk profiles and operational loss events.
- Global Market Risk Unit Committee: It is responsible for formalizing, supervising and communicating the monitoring of trading desk risk in all the Global Markets business units.
- Corporate Operational and Outsourcing Risk Admission Committee: It identifies and assesses the operational risks of new businesses, new products and services, and outsourcing initiatives.

Each geographical and/or business area has its own risk management committee (or committees), with objectives and contents similar to those of the corporate area, which perform their duties consistently and in line with corporate risk policies and rules.

Under this organizational scheme, the risk management function ensures the risk strategy, the regulatory framework, and standardized risk infrastructures and controls are integrated and applied across the entire Group. It also benefits from the knowledge and proximity to customers in each geographical and/or business area, and transmits the corporate risk culture to the Group's different levels.

Internal Risk Control and Internal Validation

The Group has a specific Internal Risk Control unit whose main function is to ensure there is an adequate internal regulatory framework in place, together with a process and measures defined for each type of risk identified in the Group, (and for other types of risk that could potentially affect the Group, to oversee their application and operation, and to ensure that the risk strategy is integrated into the Group's management. The Internal Risk Control unit is independent from the units that develop risk models, manage running processes and controls. Its scope is global both geographically and in terms of type of risk.

The Director of Group Internal Control Risk is responsible for the function, and reports its activities and work plans to the CRO and the Risk Committee of the Board, besides attending to it on issues deemed necessary.

For this purpose, the Risk area also has a Technical area independent from the units that develop risk models, manage running processes and controls, which gives the Risk Committee of the Board the necessary technical support to better perform their functions.

The unit has a structure of teams at both corporate level and in the most relevant geographical areas in which the Group operates. As in the case of the corporate area, local units are independent of the business areas that execute the processes, and of the units that execute the controls. They report functionally to the Internal Risk Control unit. This unit's lines of action are established at Group level, and it is responsible for adapting and executing them locally, as well as for reporting the most relevant aspects.

Additionally, the Group has an Internal Validation unit, also independent rom the units that develop risk models and of those who use them to manage. Its functions include, among others, review and independent validation, internally, of the models used for the control and management of the Group's risks.

7.1.2 Risk appetite

The Group's risk appetite, approved by the Board of Directors, determines the risks (and their level) that the Group is willing to assume to achieve its business targets. These are expressed in terms of capital, financial structure, profitability, recurrent earnings, cost of risk or other metrics. The definition of the risk appetite has the following goals:

- To express the Group's strategy and the maximum levels of risk it is willing to assume, at both Group and geographical and/or business area level.
- To establish a set of guidelines for action and a management framework for the medium and long term that prevent actions from being taken (at both Group and geographical and/or business area level) which could compromise the future viability of the Group.
- To establish a framework for relations with the geographical and/or business areas that, while preserving their decision-making autonomy, ensures they act consistently, avoiding uneven behavior.
- To establish a common language throughout the organization and develop a compliance-oriented risk culture.

- Alignment with the new regulatory requirements, facilitating communication with regulators, investors and other stakeholders, thanks to an integrated and stable risk management framework.

Risk appetite is expressed through the following elements:

- Risk appetite statement: sets out the general principles of the Group's risk strategy and the target risk profile.

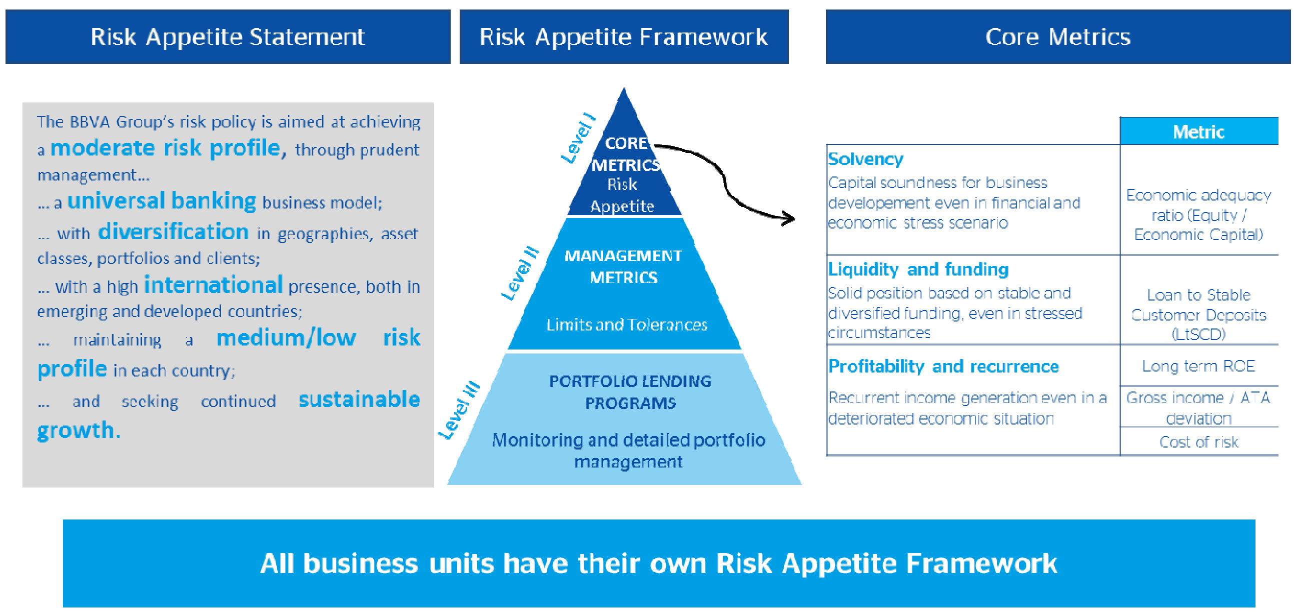
  BBVA's risk policy aims to maintain the risk profile set out in the Group's risk appetite statement, which is reflected in a series of metrics (fundamental metrics and limits).
- Fundamental metrics: they reflect, in quantitative terms, the principles and the target risk profile set out in the risk appetite statement.
- Limits: they establish the risk appetite at geographical and/or business area, legal entity and risk type level, or any other level deemed appropriate, enabling its integration into management.

The corporate risk area works with the various geographical and/or business areas to define their risk appetite, which will be coordinated with and integrated into the Group's risk appetite to ensure that its profile fits as defined.

The BBVA Group assumes a certain degree of risk to be able to provide financial services and products to its customers and obtain attractive returns for its shareholders. The organization must understand, manage and control the risks it assumes.

The aim of the organization is not to eliminate all risks faced, but to assume a prudent level of risks that allows it to generate returns while maintaining acceptable capital and fund levels and generating recurrent earnings.

The risk appetite defined by the Group expresses the levels and types of risk that the Bank is willing to assume to be able to implement its strategic plan with no relevant deviations, even in situations of stress. The risk appetite is integrated in the management and determines the basic lines of activity of the Group, because it sets the framework within the budget is developed.



Fundamental metrics

Those metrics that characterize the Group's objective behavior (as defined in the statement), enabling the expression of the risk culture at all levels in a structured and understandable manner. They summarize the Group's goals, and are therefore useful for communication to the stakeholders.

The fundamental metrics are strategic in nature. They are disseminated throughout the Group, understandable and easy to calculate, and objectifiable at business and/or geographical area level, so they can be subject to future projections.

Limits

Limits are metrics that determine the Group's strategic positioning for the different types of risk: credit, ALM (Asset Liability Management), liquidity, markets, operational. They differ from the fundamental metrics in the following respects:

- They are levers, not the result. They are a management tool related to a strategic positioning that must be geared toward ensuring compliance with the fundamental metrics, even in an adverse scenario.
- Risk metrics: a higher level of specialization, they do not necessarily have to be disseminated across the Group.
- Independent of the cycle: they can include metrics with little correlation with the economic cycle, thus allowing comparability that is isolated from the specific macroeconomic situation.

Thus, they are levers for remaining within the thresholds defined in the fundamental metrics and are used for day-to-day risk management. They include tolerance limits, sub-limits and alerts established at the level of business and/or geographical areas, portfolios and products. During 2015, the Risk Appetite metrics evolved in line with the set profile.

7.1.3 Decisions and processes

The transfer of risk appetite to ordinary management is supported by three basic aspects:

- A standardized set of regulations
- Risk planning
- Integrated management of risks over their life cycle

Standardized regulatory framework

The corporate GRM area is responsible for proposing the definition and development of the corporate policies, specific rules, procedures and schemes of delegation based on which risk decisions should be taken within the Group.

This process aims for the following objectives:

- Hierarchy and structure: well-structured information through a clear and simple hierarchy creating relations between documents that depend on each other.
- Simplicity: an appropriate and sufficient number of documents.
- Standardization: a standardized name and content of document.
- Accessibility: ability to search for, and easy access to, documentation through the corporate risk management library.

The approval of corporate policies for all types of risks corresponds to the corporate bodies of the Bank, while the corporate risk area endorses the remaining regulations.

Risk units of geographical and / or business areas continue to adapt to local requirements the regulatory framework for the purpose of having a decision process that is appropriate at local level and aligned with the Group policies. If such adaptation is necessary, the local risk area must inform the corporate GRM area, which must ensure the consistency of the set of regulations at the level of the entire Group, and thus must give its approval prior to any modifications proposed by the local risk areas.

Risk planning

Risk planning ensures that the risk appetite is integrated into management, through a cascade process for establishing limits, in which the function of the corporate area risk units and the geographical and/or business areas is to guarantee the alignment of this process against the Group's risk appetite.

It has tools in place that allow the risk appetite defined at aggregate level to be assigned and monitored by business areas, legal entities, types of risk, concentrations and any other level considered necessary.

The risk planning process is present within the rest of the Group's planning framework so as to ensure consistency among all of them.

Daily risk management

All risks must be managed integrally during their life cycle, and be treated differently depending on the type.

The risk management cycle is composed of 5 elements:

- Planning: with the aim of ensuring that the Group's activities are consistent with the target risk profile and guaranteeing solvency in the development of the strategy.
- Assessment: a process focused on identifying all the risks inherent to the activities carried out by the Group.
- Formalization: includes the risk origination, approval and formalization stages.
- Monitoring and reporting: continuous and structured monitoring of risks and preparation of reports for internal and/or external (market, investors, etc.) consumption.
- Active portfolio management: focused on identifying business opportunities in existing portfolios and new markets, businesses and products.

7.1.4 Assessment, monitoring and reporting

Assessment, monitoring and reporting is a cross-cutting element that should ensure that the Model has a dynamic and proactive vision to enable compliance with the risk appetite approved by the corporate bodies, even in adverse scenarios. The materialization of this process covers all the categories of material risks and has the following objectives:

- Assess compliance with the risk appetite at the present time, through monitoring of the fundamental management metrics and limits.
- Assess compliance with the risk appetite in the future, through the projection of the risk appetite variables, in both a baseline scenario determined by the budget and a risk scenario determined by the stress tests.
- Identify and assess the risk factors and scenarios that could compromise compliance with the risk appetite, through the development of a risk repository and an analysis of the impact of those risks.
- Act to mitigate the impact in the Group of the identified risk factors and scenarios, ensuring this impact remains within the target risk profile.
- Supervise the key variables that are not a direct part of the risk appetite, but that condition its compliance. These can be either external or internal.

The following phases need to be developed for undertaking this process:

- Identification of risk factors, aimed at generating a map with the most relevant risk factors that can compromise the Group's performance in relation to the thresholds defined in the risk appetite.
- Impact evaluation. This involves evaluating the impact that the materialization of one (or more) of the risk factors identified in the previous phase could have on the risk appetite metrics, through the occurrence of a given scenario.
- Response to undesired situations and realignment measures. Exceeding the parameters will trigger an analysis of the realignment measures to enable dynamic management of the situation, even before it occurs.

- Monitoring. The aim is to avoid losses before they occur by monitoring the Group's current risk profile and the identified risk factors.
- Reporting. This aims to provide information on the assumed risk profile by offering accurate, complete and reliable data to the corporate bodies and to senior management, with the frequency and completeness appropriate to the nature, significance and complexity of the risks.

7.1.5 Infrastructure

The infrastructure is an element that must ensure that the Group has the human and technological resources needed for effective management and supervision of risks in order to carry out the functions set out in the Group's risk Model and the achievement of their objectives.

With respect to human resources, the Group's risk function will have an adequate workforce, in terms of number, skills and experience.

With regards to technology, the Group ensures the integrity of management information systems and the provision of the infrastructure needed for supporting risk management, including tools appropriate to the needs arising from the different types of risks for their admission, management, assessment and monitoring.

The principles that govern the Group risk technology are:

- Standardization: the criteria are consistent across the Group, thus ensuring that risk handling is standardized at geographical and/or business area level.
- Integration in management: the tools incorporate the corporate risk policies and are applied in the Group's day-to-day management.
- Automation of the main processes making up the risk management cycle.
- Appropriateness: provision of adequate information at the right time.

Through the “Risk Analytics” function, the Group has a corporate framework in place for developing the measurement techniques and models. It covers all the types of risks and the different purposes and uses a standard language for all the activities and geographical/business areas and decentralized execution to make the most of the Group's global reach. The aim is to continually evolve the existing risk models and generate others that cover the new areas of the businesses that develop them, so as to reinforce the anticipation and proactiveness that characterize the Group's risk function.

Also the risk units of geographical and / or business areas shall ensure that they have sufficient means from the point of view of resources, structures and tools to develop a risk management in line with the corporate model.

7.1.6 Risk culture

BBVA considers risk culture to be an essential element for consolidating and integrating the other components of the Model. The culture transfers the implications that are involved in the Group's activities and businesses to all the levels of the organization. The risk culture is organized through a number of levers, including the following:

- Communication: promotes the dissemination of the Model, and in particular the principles that must govern risk management in the Group, in a consistent and integrated manner across the organization, through the most appropriate channels.

  GRM has a number of communication channels to facilitate the transmission of information and knowledge among the various teams in the function and the Group, adapting the frequency, formats and recipients based on the proposed goal, in order to strengthen the basic principles of the risk function. The risk culture and the management model thus emanate from the Group's corporate bodies and senior management and are transmitted throughout the organization.
- Training: its main aim is to disseminate and establish the model of risk management across the organization, ensuring standards in the skills and knowledge of the different persons involved in the risk management processes.

Well defined and implemented training ensures continuous improvement of the skills and knowledge of the Group's professionals, and in particular of the GRM area, and is based on four aspects that aim to develop each of the needs of the GRM group by increasing its knowledge and skills in different fields such as: finance and risks, tools and technology, management and skills, and languages.

- Motivation: the aim in this area is for the incentives of the risk function teams to support the strategy for managing those teams and the function's values and culture at all levels. Includes compensation and all those elements related to motivation – working environment, etc. which contribute to the achievement Model objectives.

7.2 Risk events

As mentioned earlier, BBVA has processes in place for identifying risks and analyzing scenarios that enable the Group to manage risks in a dynamic and proactive way.

The risk identification processes are forward looking to ensure the identification of emerging risks and take into account the concerns of both the business areas, which are close to the reality of the different geographical areas, and the corporate areas and senior management.

Risks are captured and measured consistently using the methodologies deemed appropriate in each case. Their measurement includes the design and application of scenario analyses and stress testing and considers the controls to which the risks are subjected.

As part of this process, a forward projection of the risk appetite variables in stress scenarios is conducted in order to identify possible deviations from the established thresholds. If any such deviations are detected, appropriate measures are taken to keep the variables within the target risk profile.

To this extent, there are a number of emerging risks that could affect the Group's business trends. These risks are described in the following main blocks:

- Macroeconomic and geopolitical risks
  - The increased economic slowdown in China's economy and its impact on other emerging economies through energy prices and raw materials, along with possible difficulties in the European economic recovery meant key points for the Group.
  - In addition, financial institutions are exposed to the risks of political and social instability in the countries in which they operate, which can have significant effects on their economies and even regionally.

  In this regard the Group's geographical diversification is a key to achieving a high level of recurring revenues, despite environmental conditions and economic cycles of the economies in which it operates.

- Regulatory, legal, tax and reputational risks
  - Financial institutions are exposed to a complex and ever-changing regulatory and legal environment defined by governments and regulators. This can affect their ability to grow and the capacity of certain businesses to develop, and result in stricter liquidity and capital requirements with lower profitability ratios. The Group constantly monitors changes in the regulatory framework that allow for anticipation and adaptation to them in a timely manner, adopt best practices and more efficient and rigorous criteria in its implementation.
  - The financial sector is under ever closer scrutiny by regulators, governments and society itself. Negative news or inappropriate behavior can significantly damage the Group's reputation and affect its ability to develop a sustainable business. The attitudes and behaviors of the group and its members are governed by the principles of integrity, honesty, long-term vision and best practices through, inter alia, internal control Model, the Code of Conduct, tax strategy and Responsible Business Strategy of the Group.
  - The financial sector is exposed to increasing litigation, so the financial institutions are having to face a large number of proceedings whose economic consequences are difficult to determine. The Group manages and monitors these proceedings to defend its interests, where necessary allocating the corresponding provisions to cover them, following the expert criteria of internal lawyers and external attorneys responsible for the legal handling of the procedures, in accordance with applicable legislation.

- Business and operational risks

- New technologies and forms of customer relationships: Developments in the digital world and in information technologies pose significant challenges for financial institutions, entailing threats (new competitors, disintermediation…) but also opportunities (new framework of relations with customers, greater ability to adapt to their needs, new products and distribution channels…). Digital transformation is a priority for the Group as it aims to lead digital banking of the future as one of its objectives.
- Technological risks and security breaches: The Group is exposed to new threats such as cyber-attacks, theft of internal and customer databases, fraud in payment systems, etc. that require major investments in security from both the technological and human point of view. The Group gives great importance to the active operational and technological risk management and control. One example was the early adoption of advanced models for management of these risks (AMA - Advanced Measurement Approach).

7.3 Credit risk

Credit risk arises from the probability that one party to a financial instrument will fail to meet its contractual obligations for reasons of insolvency or inability to pay and cause a financial loss for the other party.

It is the most important risk for the Group and includes counterparty risk, issuer risk, settlement risk and country risk management.

The principles underpinning credit risk management in BBVA are as follows:

- Availability of basic information for the study and proposal of risk, and supporting documentation for approval, which sets out the conditions required by the internal relevant body.
- Sufficient generation of funds and asset solvency of the customer to assume principal and interest repayments of loans owed.
- Establishment of adequate and sufficient guarantees that allow effective recovery of the operation, this being considered a secondary and exceptional method of recovery when the first has failed.

Credit risk management in the Group has an integrated structure for all its functions, allowing decisions to be taken objectively and independently throughout the life cycle of the risk.

- At Group level: frameworks for action and standard rules of conduct are defined for handling risk, specifically, the circuits, procedures, structure and supervision.
- At the business area level: they are responsible for adapting the Group's criteria to the local realities of each geographical area and for direct management of risk according to the decision-making circuit:
  - Retail risks: in general, the decisions are formalized according to the scoring tools, within the general framework for action of each business area with regard to risks. The changes in weighting and variables of these tools must be validated by the corporate GRM area.
  - Wholesale risks: in general, the decisions are formalized by each business area within its general framework for action with regard to risks, which incorporates the delegation rule and the Group's corporate policies.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

7.3.1 Credit risk exposure

In accordance with IFRS 7, "Financial Instruments: Disclosures" the BBVA Group's maximum credit risk exposure (see definition below) by headings in the balance sheets as of December 31, 2015, 2014 and 2013 is provided below. It does not consider the availability of collateral or other credit enhancements to guarantee compliance with payment obligations. The details are broken down by financial instruments and counterparties.

		Millions of Euros		
Maximum Credit Risk Exposure	**Notes**	**2015**	**2014**	**2013**
Financial assets held for trading		**37,424**	**39,028**	**34,473**
Debt securities	10	32,826	33,883	29,601
Government		29,454	28,212	24,696
Credit institutions		1,766	3,048	2,734
Other sectors		1,606	2,623	2,172
Equity instruments		4,534	5,017	4,766
Customer lending		65	128	107
Other financial assets designated at fair value through profit or loss		**2,311**	**2,761**	**2,413**
Loans and advances to credit institutions		62	-	-
Debt securities	11	173	737	663
Government		132	141	142
Credit institutions		29	16	16
Other sectors		11	580	506
Equity instruments		2,075	2,024	1,750
Available-for-sale financial assets		**113,710**	**95,049**	**77,972**
Debt securities	12	108,448	87,679	71,861
Government		81,579	63,764	48,728
Credit institutions		8,069	7,377	10,431
Other sectors		18,800	16,538	12,702
Equity instruments		5,262	7,370	6,111
Loans and receivables		**476,396**	**386,653**	**365,941**
Loans and advances to credit institutions	13.1	33,014	27,089	22,902
Loans and advances to customers	13.2	432,856	352,900	338,558
Government		38,611	37,113	32,601
Agriculture		4,315	4,348	5,008
Industry		56,913	37,580	28,829
Real estate and construction		38,964	33,152	40,699
Trade and finance		43,576	43,880	47,417
Loans to individuals		194,288	158,586	150,678
Other		56,188	38,242	33,325
Debt securities	13.3	10,526	6,663	4,481
Government		3,275	5,608	3,175
Credit institutions		125	81	297
Other sectors		7,126	975	1,009
Derivatives (trading and hedging)		**49,350**	**47,248**	**41,294**
Total Financial Assets Risk		**679,193**	**570,739**	**522,093**
Financial guarantees (Bank guarantees, letter of credits,..)		49,876	33,741	33,543
Drawable by third parties		123,620	96,714	87,542
Government		2,570	1,359	4,354
Credit institutions		921	1,057	1,583
Other sectors		120,129	94,299	81,605
Other contingent commitments		12,113	9,537	6,628
Total Contingent Risks and Commitments	32	**185,609**	**139,993**	**127,712**
Total Maximum Credit Exposure		**864,802**	**710,732**	**649,805**

The maximum credit exposure presented in the table above is determined by type of financial asset as explained below:

- In the case of financial assets recognized in the consolidated balance sheets, exposure to credit risk is considered equal to its carrying amount (not including impairment losses), with the sole exception of trading and hedging derivatives.
- The maximum credit risk exposure on financial guarantees granted is the maximum that the Group would be liable for if these guarantees were called in, and that is their carrying amount.
- Our calculation of risk exposure for derivatives is based on the sum of two factors: the derivatives fair value and their potential risk (or "add-on").
  - The first factor, market value, reflects the difference between original commitments and market values on the reporting date (mark-to-market). As indicated in Note 2.2.1, derivatives are accounted for as of each reporting date at fair value in accordance with IAS 39.
  - The second factor, potential risk ('add-on'), is an estimate of the maximum increase to be expected on risk exposure over a derivative market value (at a given statistical confidence level) as a result of future changes in the fair value over the remaining term of the derivatives.

The consideration of the potential risk ("add-on") relates the risk exposure to the exposure level at the time of a customer's default. The exposure level will depend on the customer's credit quality and the type of transaction with such customer. Given the fact that default is an uncertain event which might occur any time during the life of a contract, the BBVA Group has to consider not only the credit exposure of the derivatives on the reporting date, but also the potential changes in exposure during the life of the contract. This is especially important for derivatives, whose valuation changes substantially throughout their terms, depending on the fluctuation of market prices.

7.3.2 Mitigation of credit risk, collateralized credit risk and other credit enhancements

In most cases, maximum credit risk exposure is reduced by collateral, credit enhancements and other actions which mitigate the Group's exposure. The BBVA Group applies a credit risk hedging and mitigation policy deriving from a banking approach focused on relationship banking. The existence of guarantees could be a necessary but not sufficient instrument for accepting risks, as the assumption of risks by the Group requires prior evaluation of the debtor's capacity for repayment, or that the debtor can generate sufficient resources to allow the amortization of the risk incurred under the agreed terms.

The policy of accepting risks is therefore organized into three different levels in the BBVA Group:

- Analysis of the financial risk of the operation, based on the debtor's capacity for repayment or generation of funds;
- The constitution of guarantees that are adequate, or at any rate generally accepted, for the risk assumed, in any of the generally accepted forms: monetary, secured, personal or hedge guarantees; and finally,
- Assessment of the repayment risk (asset liquidity) of the guarantees received.

The procedures for the management and valuation of collaterals are set out in the Corporate Policies (retail and wholesale), which establish the basic principles for credit risk management, including the management of collaterals assigned in transactions with customers.

The methods used to value the collateral are in line with the best market practices and imply the use of appraisal of real-estate collateral, the market price in market securities, the trading price of shares in mutual funds, etc. All the collaterals assigned must be properly drawn up and entered in the corresponding register. They must also have the approval of the Group's legal units.

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

- Financial instruments held for trading: The guarantees or credit enhancements obtained directly from the issuer or counterparty are implicit in the clauses of the instrument.

- Trading and hedging derivatives: In derivatives, credit risk is minimized through contractual netting agreements, where positive- and negative-value derivatives with the same counterparty are offset for their net balance. There may likewise be other kinds of guarantees, depending on counterparty solvency and the nature of the transaction.
- Other financial assets designated at fair value through profit or loss and Available-for-sale financial assets: The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent to the structure of the instrument.
- Loans and receivables:
  - Loans and advances to credit institutions: These usually only have the counterparty's personal guarantee.
  - Loans and advances to customers: Most of these loans and advances are backed by personal guarantees extended by the own customer. There may also be collateral to secure loans and advances to customers (such as mortgages, cash collaterals, pledged securities and other collateral), or to obtain other credit enhancements (bonds, hedging, etc.).
  - Debt securities: The guarantees or credit enhancements obtained directly from the issuer or counterparty are inherent to the structure of the instrument.

Collateralized loans granted by the Group as of December 31, 2015, 2014 and 2013 excluding balances deemed impaired, is broken down in the table below:

		Millions of Euros		
Collateralized Credit Risk	Notes	**2015**	**2014**	**2013**
Mortgage loans	13.2	**144,203**	**124,097**	**125,564**
Operating assets mortgage loans		6,813	4,062	3,778
Home mortgages		120,164	109,031	108,745
Rest of mortgages		17,226	11,005	13,041
Secured loans, except mortgage	13.2	**57,041**	**28,419**	**23,660**
Cash guarantees		479	468	300
Secured loan (pledged securities)		734	518	570
Rest of secured loans (*)		55,828	27,433	22,790
Total		**201,244**	**152,517**	**149,224**

(*) Includes loans with cash collateral, other financial assets with partial collateral.

- Financial guarantees, other contingent risks and drawable by third parties: These have the counterparty's personal guarantee.

7.3.3 Financial instrument netting

Financial assets and liabilities may be netted, i.e. they are presented for a net amount on the consolidated balance sheet only when the Group's entities satisfy with the provisions of IAS 32-Paragraph 42, so they have both the legal right to net recognized amounts, and the intention of settling the net amount or of realizing the asset and simultaneously paying the liability.

In addition, the Group has presented as gross amounts assets and liabilities on the consolidated balance sheet for which there are master netting arrangements in place, but for which there is no intention of settling net. The most common types of events that trigger the netting of reciprocal obligations are bankruptcy of the entity, surpassing certain level of indebtedness threshold, failure to pay, restructuring and dissolution of the entity.

In the current market context, derivatives are contracted under different framework contracts being the most widespread developed by the International Swaps and Derivatives Association ("ISDA") and, for the Spanish market, the Framework Agreement on Financial Transactions ("CMOF"). Almost all portfolio derivative transactions have been concluded under these framework contracts, including in them the netting clauses mentioned in the preceding paragraph as "Master Netting Agreement", greatly reducing the credit exposure on these instruments. Additionally, in contracts signed with professional counterparts, the collateral agreement annexes called Credit Support Annex ("CSA") are included, thereby minimizing exposure to a potential default of the counterparty.

Moreover, in transactions involving assets purchased or sold under a purchase agreement there has greatly increased the volume transacted through clearing houses that articulate mechanisms to reduce counterparty risk, as well as through the signature of various master agreements for bilateral transactions, the most widely used being the Global Master Repurchase Agreement (GMRA), published by International Capital Market Association ("ICMA"), to which the clauses related to the collateral exchange are usually added within the text of the master agreement itself.

A summary of the effect of the compensation (via netting and collateral) for derivatives and securities operations is presented below as of December 31, 2015:

					Millions of Euros		
					Gross Amounts Not Offset in the Condensed Consolidated Balance Sheets (D)		
December 2015	Notes	Gross Amounts Recognized (A)	Gross Amounts Offset in the Condensed Consolidated Balance Sheets (B)	Net Amount Presented in the Condensed Consolidated Balance Sheets (C=A-B)	Financial Instruments	Cash Collateral Received/ Pledged	Net Amount (E=C-D)
Derivative financial assets	10, 14	52,244	7,805	44,439	30,350	5,493	8,597
Reverse repurchase, securities borrowing and similar agreements	34	21,531	4,596	16,935	17,313	24	(402)
Total Assets		**73,775**	**12,401**	**61,374**	**47,663**	**5,517**	**8,195**
Derivative financial liabilities	10, 14	53,298	8,423	44,876	30,350	9,830	4,696
Repurchase, securities lending and similar agreements	34	72,998	4,596	68,402	68,783	114	(495)
Total Liabillities		**126,296**	**13,019**	**113,278**	**99,133**	**9,944**	**4,201**

7.3.4 Risk concentration

Policies for preventing excessive risk concentration

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

- The aim is, as much as possible, to reconcile the customer's credit needs (commercial/financial, short-term/long-term, etc.) with the interests of the Group.
- Any legal limits that may exist concerning risk concentration are taken into account (relationship between risks with a customer and the capital of the entity that assumes them), the markets, the macroeconomic situation, etc.

Risk concentrations by geography

Below is a breakdown of the balances of financial instruments registered in the accompanying consolidated balance sheets by their concentration in geographical areas and according to the residence of the customer or counterparty. It does not take into account valuation adjustments, impairment losses or loan-loss provisions:

	Millions of Euros							
Risks by Geographical Areas December 2015	**Spain**	**Europe, Excluding Spain**	**Mexico**	**USA**	**Turkey**	**South America**	**Rest**	**Total**
Financial assets -								
Financial assets held for trading	17,726	30,701	16,866	7,095	220	3,977	1,743	78,327
Loans and advances to customers	-	-	-	65	-	-	-	65
Debt securities	8,037	5,491	13,032	4,072	48	1,975	169	32,825
Equity instruments (*)	2,038	1,546	411	231	32	137	139	4,534
Derivatives	7,651	23,663	3,422	2,727	140	1,865	1,434	40,902
Other financial assets designated at fair value through profit or loss	243	168	1,885	3	9	2	-	2,311
Loans and advances to credit institutions	53	-	-	-	9	-	-	62
Debt securities	106	55	9	3	-	-	-	173
Equity instruments (*)	84	113	1,876	-	-	2	-	2,075
Available-for-sale portfolio	48,506	16,572	12,580	13,517	12,824	5,593	3,323	112,914
Debt securities	45,567	15,956	12,539	13,484	12,738	5,168	2,346	107,797
Equity instruments (*)	2,939	425	41	617	33	86	977	5,116
Loans and receivables	207,135	35,655	57,281	62,664	55,652	50,286	5,620	474,293
Loans and advances to credit institutions	3,732	15,114	5,108	4,065	1,930	1,950	1,047	32,947
Loans and advances to customers	194,536	20,500	52,173	57,553	53,461	48,032	4,553	430,808
Debt securities	8,866	40	-	1,046	261	304	20	10,538
Held-to-maturity investments	-	-	-	-	-	-	-	-
Hedging derivatives and macrohedging adjustments	1,173	1,397	702	61	214	36	1	3,583
Total Risk in Financial Assets	**274,783**	**84,492**	**89,313**	**83,340**	**68,918**	**59,894**	**10,686**	**671,427**
Contingent risks and liabilities								
Contingent risks	15,500	10,544	1,270	3,995	11,193	5,517	1,856	49,876
Contingent liabilities	34,861	23,537	22,569	33,070	14,135	6,486	1,075	135,733
Total Contingent Risk	**50,361**	**34,081**	**23,839**	**37,065**	**25,328**	**12,003**	**2,931**	**185,609**
Total Risks in Financial Instruments	**325,145**	**118,573**	**113,152**	**120,405**	**94,246**	**71,897**	**13,617**	**857,036**

(*) Equity instruments are shown net of valuation adjustments.

	Millions of Euros							
Risks by Geographical Areas December 2014	**Spain**	**Europe, Excluding Spain**	**Mexico**	**USA**	**Turkey**	**South America**	**Rest**	**Total**
Financial assets -								
Financial assets held for trading	17,461	36,039	17,091	6,126		4,337	2,206	83,258
Loans and advances to customers	-	-	-	128		-	-	128
Debt securities	7,816	6,512	13,747	2,654		2,656	499	33,883
Equity instruments (*)	2,541	1,334	342	457		171	172	5,017
Derivatives	7,103	28,193	3,003	2,886		1,510	1,535	44,229
Other financial assets designated at fair value through profit or loss	189	152	1,836	581		3	-	2,761
Loans and advances to credit institutions	-	-	-	-		-	-	-
Debt securities	94	62	-	581		-	-	737
Equity instruments (*)	95	90	1,836	-		3	-	2,024
Available-for-sale portfolio	45,465	13,673	13,169	10,780		6,079	4,958	94,125
Debt securities	42,267	13,348	13,119	10,222		5,973	1,929	86,858
Equity instruments (*)	3,198	326	50	558		106	3,029	7,267
Loans and receivables	185,924	31,597	52,157	52,080		57,911	4,792	384,460
Loans and advances to credit institutions	4,172	13,313	2,497	3,521		2,180	1,291	26,975
Loans and advances to customers	178,735	18,274	49,660	47,635		53,018	3,501	350,822
Debt securities	3,017	9	-	924		2,713	-	6,663
Held-to-maturity investments	-	-	-	-		-	-	-
Hedging derivatives and macrohedging adjustments	708	1,699	182	66		14	2	2,672
Total Risk in Financial Assets	**249,747**	**83,160**	**84,435**	**69,633**		**68,344**	**11,958**	**567,276**
Contingent risks and liabilities								
Contingent risks	13,500	8,454	1,220	3,161		5,756	1,650	33,741
Contingent liabilities	25,577	22,973	19,751	29,519		7,343	1,087	106,251
Total Contingent Risk	**39,077**	**31,427**	**20,971**	**32,680**		**13,099**	**2,738**	**139,993**
Total Risks in Financial Instruments	**288,824**	**114,587**	**105,406**	**102,313**		**81,443**	**14,696**	**707,268**

(*) Equity instruments are shown net of valuation adjustments.

Risks by Geographical Areas December 2013	Millions of Euros							
	Spain	Europe, Excluding Spain	Mexico	USA	Turkey	South America	Rest	Total
Financial assets -								
Financial assets held for trading	14,882	33,091	15,707	2,677		3,412	2,345	72,114
Loans and advances to customers	-	-	-	107		-	-	107
Debt securities	6,320	5,838	13,410	424		2,608	1,002	29,602
Equity instruments (*)	2,752	953	632	118		148	163	4,766
Derivatives	5,810	26,300	1,665	2,028		656	1,180	37,639
Other financial assets designated at fair value through profit or loss	211	106	1,591	503		2	-	2,413
Loans and advances to credit institutions	-	-	-	-		-	-	-
Debt securities	107	54	5	497		-	-	663
Equity instruments (*)	104	52	1,586	6		2	-	1,750
Available-for-sale portfolio	42,074	8,587	10,380	7,729		5,626	3,011	77,407
Debt securities	38,732	8,453	10,329	7,247		5,535	1,143	71,439
Equity instruments (*)	3,342	134	51	482		91	1,868	5,968
Loans and receivables	194,383	26,712	44,414	39,650		53,886	4,984	364,031
Loans and advances to credit institutions	5,224	9,171	2,366	2,707		1,909	1,415	22,792
Loans and advances to customers	187,400	17,519	42,048	36,047		50,173	3,569	336,759
Debt securities	1,759	22	-	896		1,804	-	4,481
Held-to-maturity investments	-	-	-	-		-	-	-
Hedging derivatives	434	2,113	8	60		10	4	2,629
Total Risk in Financial Assets	**251,984**	**70,609**	**72,100**	**50,618**		**62,935**	**10,344**	**518,591**
Contingent risks and liabilities								
Contingent risks	15,172	9,038	767	2,344		5,292	929	33,542
Contingent liabilities	28,096	17,675	16,109	24,485		7,002	803	94,170
Total Contingent Risk	**43,268**	**26,713**	**16,876**	**26,829**		**12,294**	**1,732**	**127,712**
Total Risks in Financial Instruments	**295,252**	**97,322**	**88,976**	**77,447**		**75,229**	**12,076**	**646,303**

(*) Equity instruments are shown net of valuation adjustments.

The breakdown of the main figures in the most significant foreign currencies in the accompanying consolidated balance sheets is set forth in Appendix VII.

Sovereign risk concentration

Sovereign risk management

The risk associated with the transactions involving sovereign risk is identified, measured, controlled and tracked by a centralized unit integrated in the BBVA Group's Risk Area. Its basic functions involve the preparation of reports in the countries where sovereign risk exists (called "financial programs"), tracking such risks, assigning ratings to these countries and, in general, supporting the Group in terms of reporting requirements for any transactions involving sovereign risk. The risk policies established in the financial programs are approved by the relevant risk committees.

The country risk unit tracks the evolution of the risks associated with the various countries to which the Group are exposed (including sovereign risk) on an ongoing basis in order to adapt its risk and mitigation policies to any macroeconomic and political changes that may occur. Moreover, it regularly updates its internal ratings and forecasts for these countries. The internal rating assignment methodology is based on the assessment of quantitative and qualitative parameters which are in line with those used by certain multilateral organizations such as the International Monetary Fund (IMF) and the World Bank (WB), rating agencies and export credit organizations.

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Sovereign risk exposure

The table below provides a breakdown of exposure to financial assets (excluding derivatives and equity instruments), as of December 31, 2015, 2014 and 2013 by type of counterparty and the country of residence of such counterparty. The below figures do not take into account valuation adjustments, impairment losses or loan-loss provisions:

	Millions of Euros				
	December 2015				
Risk Exposure by Countries	Sovereign Risk (*)	Financial Institutions	Other Sectors	Total	%
Spain	74,020	7,323	177,348	258,690	42.8%
Turkey	12,037	3,374	54,161	69,572	11.5%
Italy	10,694	724	1,858	13,276	2.2%
France	1,029	5,796	3,025	9,850	1.6%
Portugal	704	19	4,711	5,433	0.9%
Germany	560	1,473	1,588	3,621	0.6%
United Kingdom	4	7,466	6,547	14,017	2.3%
Ireland	1	96	934	1,031	0.2%
Greece	-	0	57	57	0.0%
Rest of Europe	1,278	2,668	8,769	12,715	2.1%
Subtotal Europe	**100,327**	**28,938**	**258,998**	**388,262**	**64.2%**
Mexico	22,192	5,676	46,438	74,306	12.3%
The United States	11,378	3,834	61,738	76,950	12.7%
Venezuela	152	146	845	1,144	0.2%
Rest of countries	3,711	4,470	55,717	63,897	10.6%
Total Rest of Countries	**37,433**	**14,126**	**164,738**	**216,297**	**35.8%**
Total Exposure to Financial Instruments	**137,760**	**43,064**	**423,735**	**604,559**	**100.0%**

	Millions of Euros				
	December 2014				
Risk Exposure by Countries	Sovereign Risk (*)	Financial Institutions	Other Sectors	Total	%
Spain	68,584	9,040	157,337	234,961	46.5%
Italy	9,823	713	2,131	12,667	2.5%
France	1,078	5,351	2,453	8,883	1.8%
United Kingdom	119	2,923	4,669	7,711	1.5%
Portugal	605	43	4,927	5,574	1.1%
Germany	590	1,129	1,565	3,284	0.6%
Ireland	167	148	565	880	0.2%
Turkey	21	214	246	482	0.1%
Greece	-	-	64	64	0.0%
Rest of Europe	1,182	6,011	4,800	11,993	2.4%
Subtotal Europe	**82,170**	**25,573**	**178,757**	**286,499**	**56.7%**
Mexico	31,164	2,757	42,864	76,785	15.2%
The United States	11,241	3,941	52,849	68,031	13.5%
Rest of countries	7,676	4,669	62,052	74,398	14.7%
Total Rest of Countries	**50,081**	**11,367**	**157,765**	**219,213**	**43.3%**
Total Exposure to Financial Instruments	**132,251**	**36,939**	**336,522**	**505,713**	**100.0%**

	Millions of Euros				
	December 2013				
Risk Exposure by Countries	Sovereign Risk (*)	Financial Institutions	Other Sectors	Total	%
Spain	59,114	11,870	166,677	237,661	51.1%
United Kingdom	3	5,405	4,377	9,785	2.1%
Italy	3,888	422	2,617	6,927	1.5%
France	942	2,640	2,316	5,898	1.3%
Portugal	385	238	5,179	5,802	1.2%
Germany	1,081	1,338	1,206	3,625	0.8%
Ireland	-	221	487	708	0.2%
Turkey	10	65	163	238	0.1%
Greece	-	-	72	72	0.0%
Rest of Europe	2,608	2,552	4,239	9,399	2.0%
Europe	**68,031**	**24,751**	**187,333**	**280,115**	**60.2%**
Mexico	26,629	2,810	38,312	67,751	14.6%
The United States	5,224	3,203	41,872	50,299	10.8%
Rest of countries	7,790	5,480	53,649	66,919	14.4%
Total Rest of Countries	**39,643**	**11,493**	**133,833**	**184,969**	**39.8%**
Total Exposure to Financial Instruments	**107,674**	**36,244**	**321,166**	**465,084**	**100.0%**

(*) In addition, as of December 31, 2015, 2014 and 2013, undrawn lines of credit, granted mainly to the Spanish government or government agencies and amounted to €2,584 million, €1,659 million and €1,942 million, respectively.

The exposure to sovereign risk set out in the above tables includes positions held in government debt securities in countries where the Group operates. They are used for ALCO's management of the interest-rate risk on the balance sheets of the Group's entities in these countries, as well as for hedging of pension and insurance commitments by insurance entities within the BBVA Group.

For additional information on sovereign risk in Europe see Appendix XII

Valuation and impairment methods

The valuation methods used to assess the instruments that are subject to sovereign risks are the same ones used for other instruments included in the relevant portfolios and are detailed in Note 8. Specifically, the fair value of sovereign debt securities of European countries has been considered equivalent to their listed price in active markets (Level 1 as defined in Note 8).

Risk related to the developer and Real-Estate sector in Spain

One of the main Group activities of the Group in Spain is focused on developer and mortgage loans. The policies and strategies established by the Group to deal with risks related to the developer and real-estate sector are explained below:

Policies and strategies established by the Group to deal with risks related to the developer and real-estate sector

BBVA has teams specializing in the management of the Real-Estate Sector risk, given its economic importance and specific technical component. This specialization is not only in the Risk-Acceptance teams, but throughout the handling, commercial, problem risks and legal, etc. It also includes the research department of the BBVA Group (BBVA Research), which helps determine the medium/long-term vision needed to manage this portfolio. Specialization has been increased and the management teams in the areas of recovery and the Real Estate Unit itself have been reinforced.

The policies established to address the risks related to the developer and real-estate sector, aim to accomplish, among others, the following objectives: to avoid concentration in terms of customers, products and regions; to estimate the risk profile for the portfolio; and to anticipate possible worsening of the portfolio.

Specific policies for analysis and admission of new developer risk transactions

In the analysis of new operations, the assessment of the commercial operation in terms of the economic and financial viability of the project has been one of the constant points that have helped ensure the success and transformation of construction land operations for customers' developments.

With regard the participation of the Risk Acceptance teams, they have a direct link and participate in the committees of areas such as Recoveries and the Real Estate Unit. This guarantees coordination and exchange of information in all the processes.

The following strategies have been implemented with customers in the developer sector: avoidance of large corporate transactions, which had already reduced their share in the years of greatest market growth; non active participation in the second-home market; commitment to public housing financing; and participation in land operations with a high level of urban development security, giving priority to land open to urban development.

Risk monitoring policies

The base information for analyzing the real estate portfolios is updated monthly. The tools used include the so-called "watch-list", which is updated monthly with the progress of each client under watch, and the different strategic plans for management of special groups. There are plans that involve an intensification of the review of the portfolio for financing land, while, in the case of ongoing promotions, they are classified based on the rate of progress of the projects.

These actions have enabled BBVA to identify possible impairment situations, by always keeping an eye on BBVA's position with each customer (whether or not as first creditor). In this regard, key aspects include management of the risk policy to be followed with each customer, contract review, deadline extension, improved collateral, rate review (repricing) and asset purchase.

Proper management of the relationship with each customer requires knowledge of various aspects such as the identification of the source of payment difficulties, an analysis of the company's future viability, the updating of the information on the debtor and the guarantors (their current situation and business course, economic-financial information, debt analysis and generation of funds), and the updating of the appraisal of the assets offered as collateral.

BBVA has a classification of debtors in accordance with legislation in force in each country, usually categorizing each one's level of difficulty for each risk.

Based on the information above, a decision is made whether to use the refinancing tool, whose objective is to adjust the structure of the maturity of the debt to the generation of funds and the customer's payment capacity.

As for the policies relating to risk refinancing with the developer and real-estate sector, they are the same as the general policies used for all of the Group's risks (see Note 7.3.9). In the developer and real estate sector, they are based on clear solvency and viability criteria for projects, with demanding terms for additional guarantees and legal compliance, given a refinancing tool that standardizes criteria and variables when considering any refinancing operation.

In the case of refinancing, the tools used for enhancing the Bank's position are: the search for new intervening parties with proven solvency and initial payment to reduce the principal debt or outstanding interest; the improvement of the debt bond in order to facilitate the procedure in the event of default; the provision of new or additional collateral; and making refinancing viable with new conditions (period, rate and repayments), adapted to a credible and sufficiently verified business plan.

Policies applied in the management of real estate assets in Spain

The policy applied for managing these assets depends on the type of real-estate asset, as detailed below.

In the case of completed homes, the final aim is the sale of these homes to private individuals, thus diluting the risk and beginning a new business cycle. Here, the strategy has been to help subrogation (the default rate in this channel of business is notably lower than in any other channel of residential mortgages) and to support customers' sales directly, using BBVA's own channel (BBVA Services and our branches), creating incentives for sale and including sale orders for BBVA. In exceptional case we have even accepted partial haircuts, with the aim of making the sale easier.

In the case of ongoing construction work, the strategy has been to help and promote the completion of the works in order to transfer the investment to completed homes. The whole developer Works in Progress portfolio has been reviewed and classified into different stages with the aim of using different tools to support the strategy. This includes the use of developer accounts-payable financing as a form of payment control, the use of project monitoring supported by the Real Estate Unit itself, and the management of direct suppliers for the works as a complement to the developer's own management.

With respect to land, the fact that the vast majority of the risk is urban land simplifies the management. Urban management and liquidity control to tackle urban planning costs are also subject to special monitoring.

For quantitative information about the risk related to the developer and Real-Estate sector in Spain see Appendix XIII.

7.3.5 Credit quality of financial assets that are neither past due nor impaired

The BBVA Group has tools ("scoring" and "rating") that enable it to rank the credit quality of its operations and customers based on an assessment and its correspondence with the probability of default ("PD") scales. To analyze the performance of PD, the Group has a series of tracking tools and historical databases that collect the pertinent internally generated information, which can basically be grouped together into scoring and rating models.

Scoring

Scoring is a decision-making model that contributes to both the arrangement and management of retail loans: consumer loans, mortgages, credit cards for individuals, etc. Scoring is the tool used to decide to originate a loan, what amount should be originated and what strategies can help establish the price, because it is an algorithm that sorts transactions by their credit quality. This algorithm enables the BBVA Group to assign a score to each transaction requested by a customer, on the basis of a series of objective characteristics that have statistically been shown to discriminate between the quality and risk of this type of transactions. The advantage of scoring lies in its simplicity and homogeneity: all that is needed is a series of objective data for each customer, and this data is analyzed automatically using an algorithm.

There are three types of scoring, based on the information used and on its purpose:

- Reactive scoring: measures the risk of a transaction requested by an individual using variables relating to the requested transaction and to the customer's socio-economic data available at the time of the request. The new transaction is approved or rejected depending on the score.
- Behavioral scoring: scores transactions for a given product in an outstanding risk portfolio of the entity, enabling the credit rating to be tracked and the customer's needs to be anticipated. It uses transaction and customer variables available internally. Specifically, variables that refer to the behavior of both the product and the customer.
- Proactive scoring: gives a score at customer level using variables related to the individual's general behavior with the entity, and to his/her payment behavior in all the contracted products. The purpose is to track the customer's credit quality and it is used to pre-grant new transactions.

Rating

Rating tools, as opposed to scoring tools, do not assess transactions but focus on the rating of customers instead: companies, corporations, SMEs, public authorities, etc. A rating tool is an instrument that, based on a detailed financial study, helps determine a customer's ability to meet his/her financial obligations. The final rating is usually a combination of various factors: on one hand, quantitative factors, and on the other hand, qualitative factors. It is a middle road between an individual analysis and a statistical analysis.

The main difference between ratings and scorings is that the latter are used to assess retail products, while ratings use a wholesale banking customer approach. Moreover, scorings only include objective variables, while ratings add qualitative information. And although both are based on statistical studies, adding a business view, rating tools give more weight to the business criterion compared to scoring tools.

For portfolios where the number of defaults is very low (sovereign risk, corporates, financial entities, etc.) the internal information is supplemented by "benchmarking" of the external rating agencies (Moody's, Standard & Poor's and Fitch). To this end, each year the PDs compiled by the rating agencies at each level of risk rating are compared, and the measurements compiled by the various agencies are mapped against those of the BBVA master rating scale.

Once the probability of default of a transaction or customer has been calculated, a "business cycle adjustment" is carried out. This is a means of establishing a measure of risk that goes beyond the time of its calculation. The aim is to capture representative information of the behavior of portfolios over a complete economic cycle. This probability is linked to the Master Rating Scale prepared by the BBVA Group to enable uniform classification of the Group's various asset risk portfolios.

The table below shows the abridged scale used to classify the BBVA Group's outstanding risk as of December 31, 2015:

External rating	Internal rating	Probability of default (basic points)		
Standard&Poor's List	Reduced List (22 groups)	Average	Minimum from >=	Maximum
AAA	AAA	1	-	2
AA+	AA+	2	2	3
AA	AA	3	3	4
AA-	AA-	4	4	5
A+	A+	5	5	6
A	A	8	6	9
A-	A-	10	9	11
BBB+	BBB+	14	11	17
BBB	BBB	20	17	24
BBB-	BBB-	31	24	39
BB+	BB+	51	39	67
BB	BB	88	67	116
BB-	BB-	150	116	194
B+	B+	255	194	335
B	B	441	335	581
B-	B-	785	581	1,061
CCC+	CCC+	1,191	1,061	1,336
CCC	CCC	1,500	1,336	1,684
CCC-	CCC-	1,890	1,684	2,121
CC+	CC+	2,381	2,121	2,673
CC	CC	3,000	2,673	3,367
CC-	CC-	3,780	3,367	4,243

These different levels and their probability of default were calculated by using as a reference the rating scales and default rates provided by the external agencies Standard & Poor's and Moody's. These calculations establish the levels of probability of default for the BBVA Group's Master Rating Scale. Although this scale is common to the entire Group, the calibrations (mapping scores to PD sections/Master Rating Scale levels) are carried out at tool level for each country in which the Group has tools available.

The table below outlines the distribution of exposure, including derivatives, by internal ratings, to corporates, financial entities and institutions (excluding sovereign risk), of the main BBVA Group entities (excluding Catalunya Banc) as of December 31, 2015 and 2014:

Credit Risk Distribution by Internal Rating	December 2015		December 2014	
	Amount (Millions of Euros)	%	Amount (Millions of Euros)	%
AAA/AA+/AA/AA-	27,387	10.97%	30,306	11.49%
A+/A/A-	59,194	23.71%	70,850	26.86%
BBB+	40,059	16.04%	37,515	14.22%
BBB	22,517	9.02%	24,213	9.18%
BBB-	31,996	12.81%	33,129	12.56%
BB+	19,425	7.78%	22,595	8.57%
BB	12,785	5.12%	11,136	4.22%
BB-	6,326	2.53%	6,364	2.41%
B+	6,050	2.42%	7,475	2.83%
B	4,080	1.63%	4,966	1.88%
B-	3,047	1.22%	3,876	1.47%
CCC/CC	16,827	6.74%	11,362	4.31%
Total	**249,693**	**100.00%**	**263,786**	**100.00%**

7.3.6 Past due but not impaired Risks

The table below provides details by counterpart and by product of past due risks as of December 31, 2015, 2014 and 2013 but not considered to be impaired, listed by their first past-due date:

	Millions of Euros		
Financial Assets Past Due but Not Impaired by counterpart December 2015	**Less than 1 Month Past-Due**	**1 to 2 Months Past-Due**	**2 to 3 Months Past-Due**
Loans and advances	3,445	825	404
Central banks	-	-	-
General Governments	154	278	2
Credit institutions and other financial corporations	7	1	14
Non-financial corporations	838	148	48
Households	2,446	399	340
Debt securities	-	-	-
Total	**3,445**	**825**	**404**

	Millions of Euros		
Financial Assets Past Due but Not Impaired by counterpart December 2014	**Less than 1 Month Past-Due**	**1 to 2 Months Past-Due**	**2 to 3 Months Past-Due**
Loans and advances	3,286	794	657
Central banks	-	-	-
General Governments	33	1	53
Credit institutions and other financial corporations	6	-	17
Non-financial corporations	849	347	136
Households	2,398	446	451
Debt securities	-	-	-
Total	**3,286**	**794**	**657**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Financial Assets Past Due but Not Impaired by counterpart December 2013	Millions of Euros Less than 1 Month Past-Due	 1 to 2 Months Past-Due	 2 to 3 Months Past-Due
Loans and advances	3,005	336	220
Central banks	-	-	-
General Governments	63	3	6
Credit institutions and other financial corporatic	46	1	-
Non-financial corporations	1,248	133	131
Households	1,648	199	83
Debt securities	-	-	-
Total	**3,005**	**336**	**220**

Financial Assets Past Due but Not Impaired by product December 2015	Millions of Euros Less than 1 Month Past-Due	 1 to 2 Months Past-Due	 2 to 3 Months Past-Due
On demand	134	13	7
Credit card	389	74	126
Trade recivables	98	26	22
Finance leases	136	29	21
Other term loans	2,685	682	227
Advances and other	3	-	-
Total	**3,445**	**825**	**404**
Of which: by type of collateral	-	-	-
Mortgage loans	1,342	266	106
Other collateralized loans	589	102	27

Financial Assets Past Due but Not Impaired by product December 2014	Millions of Euros Less than 1 Month Past-Due	 1 to 2 Months Past-Due	 2 to 3 Months Past-Due
On demand	77	2	1
Credit card	128	36	12
Trade recivables	271	11	28
Finance leases	167	33	21
Other term loans	2,603	697	592
Advances and other	40	14	2
Total	**3,286**	**794**	**657**
Of which: by type of collateral			
Mortgage loans	1,005	539	53
Other collateralized loans	209	9	-

Financial Assets Past Due but Not Impaired by product December 2013	Millions of Euros Less than 1 Month Past-Due	 1 to 2 Months Past-Due	 2 to 3 Months Past-Due
On demand	82	1	-
Credit card	108	18	11
Trade recivables	260	26	38
Finance leases	151	17	14
Other term loans	2,163	274	157
Advances and other	241	-	-
Total	**3,005**	**336**	**220**
Of which: by type of collateral			
Mortgage loans	1,179	150	106
Other collateralized loans	439	65	26

7.3.7 Impaired assets and impairment losses

The table below shows the composition of the impaired financial assets and risks as of December 31, 2015, 2014 and 2013, broken down by heading in the accompanying consolidated balance sheets:

Impaired Risks. Breakdown by Type of Asset and by Sector	Notes	Millions of Euros 2015	 2014	 2013
Asset Instruments Impaired				
Available-for-sale financial assets		76	91	90
Debt securities		76	91	90
Loans and receivables		25,363	22,730	25,478
Loans and advances to credit institutions		25	23	29
Loans and advances to customers	13.2	25,333	22,703	25,445
Debt securities		5	4	4
Total Asset Instruments Impaired		**25,439**	**22,821**	**25,568**
Contingent Risks Impaired		**664**	**413**	**410**
Total impaired risks		**26,103**	**23,234**	**25,978**

Below are the details of the impaired financial assets as of December 31, 2015, 2014 and 2013, classified by geographical area and by the time since their oldest past-due amount or the period since they were deemed impaired:

Impaired Financial Assets by geographic area and time since oldest past-due Amount December 2015	Millions of Euros Less than 6 Month Past-Due	 6 to 12 Months Past-Due	 More than 1 year Past-Due	 Total
Spain	11,538	1,148	7,268	19,953
Rest of Europe	372	31	387	790
Mexico	685	313	279	1,277
South America	862	100	200	1,162
The United States	551	78	-	629
Turkey	619	232	777	1,628
Rest of the world	-	-	-	-
Total	**14,627**	**1,902**	**8,911**	**25,439**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Impaired Financial Assets by geographic area and time since oldest past-due Amount December 2014	Millions of Euros			
	Less than 6 Month Past-Due	6 to 12 Months Past-Due	More than 1 year Past-Due	Total
Spain	8,559	1,369	9,237	19,165
Rest of Europe	432	73	49	554
Mexico	727	218	433	1,378
South America	856	186	166	1,208
The United States	440	26	50	516
Turkey	-	-	-	-
Rest of the world	-	-	-	-
Total	**11,014**	**1,872**	**9,935**	**22,821**

Impaired Financial Assets by geographic area and time since oldest past-due Amount December 2013	Millions of Euros			
	Less than 6 Month Past-Due	6 to 12 Months Past-Due	More than 1 year Past-Due	Total
Spain	9,930	3,248	8,599	21,777
Rest of Europe	383	63	239	685
Mexico	795	262	410	1,467
South America	854	126	116	1,096
The United States	481	24	38	543
Turkey	-	-	-	-
Rest of the world	-	-	-	-
Total	**12,443**	**3,723**	**9,402**	**25,568**

Below are the details of the impaired financial assets as of December 31, 2015, 2014 and 2013 classified by type of loan according to its associated guarantee, and by the time since their oldest past-due amount or the period since they were deemed impaired:

Impaired Financial Assets by sector and time since oldest Past Due Amount December 2015	Millions of Euros			
	Less than 6 Month Past-Due	6 to 12 Months Past-Due	More than 1 year Past-Due	Total
Loans and receivables	**14,627**	**1,902**	**8,834**	**25,362**
Credit institutions	25	-	-	25
Loans and advances	14,598	1,902	8,834	25,333
General governments	115	1	79	194
Other financial corporations	22	31	14	67
Non-financial corporations	9,388	883	5,982	16,254
Individuals	5,072	987	2,758	8,817
Debt securities	5	-	-	5
Credit institutions	5	-	-	5
Other financial corporations	-	-	-	-
Available for sale	**-**	**-**	**77**	**77**
Debt instruments	-	-	77	77
Credit institutions	-	-	18	18
Other financial corporations	-	-	59	59
TOTAL	**14,627**	**1,902**	**8,911**	**25,439**

Impaired Financial Assets by sector and time since oldest Past Due Amount December 2014	Millions of Euros Less than 6 Month Past-Due	6 to 12 Months Past-Due	More than 1 year Past-Due	Total
Loans and receivables	**11,014**	**1,872**	**9,844**	**22,730**
Credit institutions	23	-	-	23
Loans and advances	10,987	1,872	9,844	22,703
General governments	73	13	95	180
Other financial corporations	29	2	2	33
Non-financial corporations	6,675	1,224	7,529	15,428
Individuals	4,210	633	2,218	7,061
Debt securities	4	-	-	4
Credit institutions	4	-	-	4
Other financial corporations	-	-	-	-
Available for sale	**-**	**-**	**91**	**91**
Debt instruments	-	-	91	91
Credit institutions	-	-	17	17
Other financial corporations	-	-	75	75
TOTAL	**11,014**	**1,872**	**9,935**	**22,821**

Impaired Financial Assets by sector and time since oldest Past Due Amount December 2013	Millions of Euros Less than 6 Month Past-Due	6 to 12 Months Past-Due	More than 1 year Past-Due	Total
Loans and receivables	**12,353**	**3,723**	**9,402**	**25,478**
Credit institutions	29	-	-	29
Loans and advances	12,320	3,723	9,402	25,445
General governments	66	23	89	178
Other financial corporations	2	-	-	2
Non-financial corporations	7,971	2,608	6,614	17,193
Individuals	4,279	1,092	2,699	8,070
Debt securities	4	-	-	4
Credit institutions	4	-	-	4
Other financial corporations	-	-	-	-
Available for sale	**90**	**-**	**-**	**90**
Debt instruments	90	-	-	90
Credit institutions	15	-	-	15
Other financial corporations	75	-	-	75
TOTAL	**12,443**	**3,723**	**9,402**	**25,568**

The breakdown of impaired loans and advances for default or reasons other than delinquency as of December 31, 2015, 2014 and 2013:

Carrying amount of the impaired assets by product	December 2015	December 2014	December 2013
Loans and advances	**25,358**	**22,726**	**25,474**
On demand and short notice	634	664	717
Credit card debt	689	420	393
Trade recievables	628	852	756
Finance leases	529	310	360
Reverse repurchase loans	1	16	-
Other term loans	22,764	20,358	23,248
Advances that are not loans	113	105	-
Of which: by type of collateral			
Mortgage loans	16,526	14,609	17,929
Other collateralized loans	1,129	494	421

Below are the details of impaired financial assets as of December 31, 2015, 2014 and 2013, classified by whether they have been assigned individually or collectively determined provision:

	Millions of Euros		
Impaired portfolio and specific allowances	**December 2015**	**December 2014**	**December 2013**
Impaired portfolio	**25,439**	**22,821**	**25,568**
Collectively determined impaired financial assets	15,325	14,712	17,153
Individually determined impaired financial assets	10,115	8,109	8,415
Specific allowances	**12,866**	**10,519**	**11,263**
Specific allowances for collectively assessed financial assets	9,015	8,018	8,778
Specific allowances for individually assessed financial assets	3,851	2,501	2,485

The detail of impaired financial assets and their collective allowance as of December 31, 2015, 2014 and 2013, 2014, breaking down by individual or collective analysis (see Note 2.2.1)

	Millions of Euros				
December 2015	**Carrying amount of the impaired Available for sale assets and Loans and receivables**	**Specific allowances for individually assessed financial assets**	**Specific allowances for collectively assessed financial assets**	**Collective allowances for incurrred but not reported losses**	**Total**
Available for sale financial asset	**76**	**(17)**	**(14)**	**(109)**	**(139)**
Central banks	-	-	-	-	-
General governments	-	-	-	(16)	(16)
Credit institutions	76	(17)	(14)	(24)	(55)
Non-financial corporations	-	-	-	(69)	(69)
Loans and receivables	**25,363**	**(3,835)**	**(9,001)**	**(5,916)**	**(18,752)**
Central banks	-	-	-	-	-
General governments	194	(14)	(23)	(30)	(67)
Credit institutions	97	(26)	(33)	(164)	(223)
Non-financial corporations	16,254	(3,153)	(6,071)	(3,096)	(12,321)
Households	8,817	(641)	(2,873)	(2,625)	(6,139)
Total	**25,438**	**(3,851)**	**(9,015)**	**(6,025)**	**(18,891)**

	Millions of Euros				
December 2014	**Carrying amount of the impaired Available for sale assets and Loans and receivables**	**Specific allowances for individually assessed financial assets**	**Specific allowances for collectively assessed financial assets**	**Collective allowances for incurrred but not reported losses**	**Total**
Available for sale financial asset	**91**	**(12)**	**(17)**	**(42)**	**(71)**
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	91	(12)	(17)	(14)	(43)
Non-financial corporations	-	-	-	(28)	(28)
Loans and receivables	**22,730**	**(2,490)**	**(8,002)**	**(3,785)**	**(14,278)**
Central banks	-	-	-	-	-
General governments	180	(9)	(16)	(24)	(49)
Credit institutions	54	(13)	(29)	(94)	(137)
Non-financial corporations	14,771	(2,155)	(5,556)	(1,938)	(9,649)
Households	7,725	(312)	(2,401)	(1,729)	(4,442)
Total	**22,821**	**(2,502)**	**(8,019)**	**(3,827)**	**(14,348)**

December 2013	Carrying amount of the impaired Available for sale assets and Loans and receivables	Specific allowances for individually assessed financial assets	Specific allowances for collectively assessed financial assets	Collective allowances for incurrred but not reported losses	Total
	Millions of Euros				
Available for sale financial asset	**90**	**(14)**	**(17)**	**(25)**	**(55)**
Central banks	-	-	-	-	-
General governments	-	-	-	-	-
Credit institutions	90	(14)	(17)	(22)	(53)
Non-financial corporations	-	-	-	(3)	(3)
Loans and receivables	**25,476**	**(2,472)**	**(8,762)**	**(3,760)**	**(14,995)**
Central banks	-	-	-	-	-
General governments	178	(7)	(59)	(14)	(80)
Credit institutions	35	(7)	(31)	(68)	(106)
Non-financial corporations	17,193	(2,145)	(6,672)	(2,475)	(11,293)
Households	8,070	(312)	(1,999)	(1,203)	(3,514)
Total	**25,565**	**(2,486)**	**(8,779)**	**(3,785)**	**(15,050)**

The breakdown of impaired loans by sector as of December 31, 2015, 2014 and 2013 is shown below:

	Millions of Euros								
	December 2015			December 2014			December 2013		
Impaired Loans by Sector	Impaired Loans	Loan Loss Reserve	Impaired Loans as a % of Loans by Type	Impaired Loans	Loan Loss Reserve	Impaired Loans as a % of Loans by Type	Impaired Loans	Loan Loss Reserve	Impaired Loans as a % of Loans by Type
Domestic:									
Government	191	(34)	0.81%	172	(20)	0.74%	158	(11)	0.71%
Credit institutions	-	-	0.00%	-	-	0.00%	-	-	0.00%
Other sectors:	19,290	(9,475)	11.44%	18,391	(8,799)	11.87%	20,826	(9,233)	12.60%
Agriculture	107	(44)	10.06%	136	(67)	11.13%	142	(66)	11.18%
Industrial	1,657	(1,020)	10.99%	1,500	(789)	11.11%	1,804	(843)	13.10%
Real estate and construction	7,732	(4,534)	41.52%	8,942	(5,052)	44.33%	10,387	(5,522)	41.02%
Commercial and other financial	1,284	(746)	11.11%	1,371	(661)	7.43%	1,103	(504)	7.10%
Loans to individuals	5,977	(1,942)	5.68%	4,982	(1,549)	5.77%	5,745	(1,525)	6.36%
Other	2,533	(1,189)	14.72%	1,459	(680)	9.58%	1,645	(773)	8.67%
Total Domestic	**19,481**	**(9,509)**	**10.13%**	**18,563**	**(8,819)**	**10.41%**	**20,985**	**(9,244)**	**10.89%**
Foreign:									
Government	21	(11)	0.14%	8	(1)	0.06%	11	(2)	0.11%
Credit institutions	30	(23)	0.00%	27	(22)	0.00%	33	(26)	2.16%
Other sectors:	5,831	(3,294)	2.58%	4,131	(1,651)	2.57%	4,449	(1,964)	3.20%
Agriculture	124	(64)	3.82%	114	(26)	3.65%	170	(114)	4.59%
Industrial	776	(412)	1.85%	310	(34)	1.29%	288	(138)	1.93%
Real estate and construction	400	(246)	1.97%	304	(110)	2.34%	1,734	(698)	11.44%
Commercial and other financial	612	(314)	1.91%	224	(79)	0.88%	269	(139)	0.85%
Loans to individuals	2,840	(1,572)	3.19%	2,156	(991)	2.99%	1,202	(535)	2.02%
Other	1,078	(687)	2.76%	1,023	(410)	4.45%	785	(340)	5.54%
Total Foreign	**5,882**	**(3,327)**	**2.44%**	**4,167**	**(1,674)**	**2.39%**	**4,493**	**(1,991)**	**2.69%**
Collective allowances for incurrred but not reported losses		(5,916)			(3,785)		-	(3,760)	
Total impaired loans	**25,363**	**(18,752)**		**22,730**	**(14,278)**		**25,478**	**(14,995)**	

The table below represents the accumulated financial income accrued as of December 31, 2015, 2014 and 2013 with origin in the impaired assets that, as mentioned in Note 2.2.1, are not recognized in the accompanying consolidated income statements as there are doubts as to the possibility of collection:

	Millions of Euros		
	2015	2014	2013
Financial Income from Impaired Assets	**3,429**	**3,091**	**3,360**

The changes in the years ended December 31, 2015, 2014 and 2013 in the impaired financial assets and contingent risks are as follows:

	Millions of Euros		
Changes in Impaired Financial Assets and Contingent Risks	**2015**	**2014**	**2013**
Balance at the beginning	**23,234**	**25,978**	**20,409**
Additions	9,058	8,874	17,708
Acquisition of subsidiaries in the year (*)	5,814	-	-
Decreases (**)	(6,720)	(7,172)	(7,692)
Net additions	8,152	1,702	10,016
Amounts written-off	(4,989)	(4,720)	(3,825)
Exchange differences and other	(295)	274	(622)
Balance at the end	**26,103**	**23,234**	**25,978**

(*) Includes the balance of the Catalunya Banc integration in April 2015 which amounted to €3,969 million and Garanti Group in July 2015 which amounted to €1,845 million.

(**) Reflects the total amount of impaired loans derecognized from the balance sheet throughout the period as a result of mortgage foreclosures and real estate assets received in lieu of payment as well as monetary recoveries. See Notes 15 and 20 to the consolidated financial statement for additional information.

The changes in the years ended December 31, 2015, 2014 and 2013, in financial assets derecognized from the accompanying consolidated balance sheet as their recovery is considered unlikely (hereinafter “write-offs”) is shown below:

	Millions of Euros		
Changes in Impaired Financial Assets Written-Off from the Balance Sheet	**2015**	**2014**	**2013**
Balance at the beginning	**23,583**	**20,752**	**19,265**
Acquisition of subsidiaries in the year	**1,362**	**-**	**-**
Increase:	**6,172**	**4,878**	**4,450**
Decrease:	**(4,830)**	**(2,204)**	**(2,319)**
Re-financing or restructuring	(28)	(3)	(1)
Cash recovery (Note 46)	(490)	(443)	(362)
Foreclosed assets	(159)	(116)	(96)
Sales of written-off	(54)	(66)	(175)
Debt forgiveness	(3,119)	(1,231)	(1,000)
Time-barred debt and other causes	(980)	(345)	(685)
Net exchange differences	**(144)**	**156**	**(645)**
Balance at the end	**26,143**	**23,583**	**20,752**

As indicated in Note 2.2.1, although they have been derecognized from the consolidated balance sheet, the BBVA Group continues to attempt to collect on these written-off financial assets, until the rights to receive them are fully extinguished, either because it is time-barred debt, the debt is condoned, or other reasons.

7.3.8 Impairment losses

Below is a breakdown of the provisions recognized on the accompanying consolidated balance sheets to cover estimated impairment losses as of December 31, 2015, 2014 and 2013 in financial assets and contingent risks, according to the different headings under which they are classified in the accompanying consolidated balance sheet:

		Millions of Euros		
Impairment Losses and Provisions for Contingent Risks	**Notes**	**2015**	**2014**	**2013**
Available-for-sale portfolio	12	**284**	**174**	**198**
Loans and receivables	13	**18,752**	**14,278**	**14,995**
Loans and advances to customers	13.2	18,691	14,244	14,950
Loans and advances to credit institutions	13.1	51	29	40
Debt securities	13.3	10	4	5
Impairment losses		**19,036**	**14,452**	**15,192**
Provisions to Contingent Risks and Commitments	23	**714**	**381**	**346**
Total		**19,750**	**14,833**	**15,538**
Of which:		-		
For impaired portfolio		13,385	10,825	12,969
For currently non-impaired portfolio		6,365	4,008	2,569

Below are the changes in the years ended December 31, 2015, 2014 and 2013, in the estimated impairment losses, broken down by the headings in the accompanying consolidated balance sheet:

		Millions of Euros				
December 2015	**Notes**	**Available-for-sale portfolio**	**Held to maturity investment**	**Loans and receivables**	**Contingent Risks and Commitments**	**Total**
Balance at the beginning		**174**	**-**	**14,278**	**381**	**14,833**
Increase in impairment losses charged to income		88	-	6,737	69	6,895
Decrease in impairment losses credited to income		(12)	-	(1,999)	(59)	(2,070)
Impairment losses (net)(*)	45-46	**76**	**-**	**4,738**	**10**	**4,825**
Entities acquired during the year		45	-	6,572	307	6,924
Transfers to written-off loans		7	-	(5,239)	(26)	(5,258)
Exchange differences and other		(18)	-	(1,597)	42	(1,573)
Balance at the end		**284**	**-**	**18,752**	**714**	**19,750**

(*) Includes impairment losses on financial assets (Note 46) and the provisions for contingent risks (Note 45).

		Millions of Euros				
December 2014	**Notes**	**Available-for-sale portfolio**	**Held to maturity investment**	**Loans and receivables**	**Contingent Risks and Commitments**	**Total**
Balance at the beginning		**198**	-	**14,995**	**346**	**15,539**
Increase in impairment losses charged to income		43	-	11,568	77	11,688
Decrease in impairment losses credited to income		(7)	-	(6,821)	(63)	(6,891)
Impairment losses (net)(*)	45-46	**36**	-	**4,747**	**14**	**4,797**
Entities acquired during the year		-	-	-	-	-
Transfers to written-off loans		(56)	-	(4,464)	(1)	(4,521)
Exchange differences and other		(3)	-	(999)	21	(981)
Balance at the end		**174**	-	**14,278**	**381**	**14,833**

(*) Includes impairment losses on financial assets (Note 46) and the provisions for contingent risks (Note 45).

		Millions of Euros				
December 2013	**Notes**	**Available-for-sale portfolio**	**Held to maturity investment**	**Loans and receivables**	**Contingent Risks and Commitments**	**Total**
Balance at the beginning		**339**	-	**14,159**	**322**	**14,820**
Increase in impairment losses charged to income		55	-	10,816	85	10,955
Decrease in impairment losses credited to income		(19)	-	(4,878)	(46)	(4,944)
Impairment losses (net)(*)	45-46	**36**	-	**5,938**	**38**	**6,011**
Entities acquired during the year		-	-	(30)	(1)	(31)
Transfers to written-off loans		(164)	-	(3,673)	-	(3,838)
Exchange differences and other		(12)	-	(1,398)	(13)	(1,424)
Balance at the end		198	-	**14,995**	**346**	**15,538**

(*) Includes impairment losses on financial assets (Note 46) and the provisions for contingent risks (Note 45).

7.3.9 Refinancing and restructuring operations

Group policies and principles with respect to refinancing and restructuring operations

Refinancing and restructuring operations (see definition in the Glossary) are carried out with customers who have requested such an operation in order to meet their current loan payments if they are expected, or may be expected, to experience financial difficulty in making the payments in the future.

The basic aim of a refinancing and restructuring operation is to provide the customer with a situation of financial viability over time by adapting repayment of the loan incurred with the Group to the customer's new situation of fund generation. The use of refinancing and restructuring for other purposes, such as to delay loss recognition, is contrary to BBVA Group policies.

The BBVA Group's refinancing and restructuring policies are based on the following general principles:

- Refinancing and restructuring is authorized according to the capacity of customers to pay the new installments. This is done by first identifying the origin of the payment difficulties and then carrying out an analysis of the customers' viability, including an updated analysis of their economic and financial situation and capacity to pay and generate funds. If the customer is a company, the analysis also covers the situation of the industry in which it operates.
- With the aim of increasing the solvency of the operation, new guarantees and/or guarantors of demonstrable solvency are obtained where possible. An essential part of this process is an analysis of the effectiveness of both the new and original guarantees.
- This analysis is carried out from the overall customer or group perspective.
- Refinancing and restructuring operations do not in general increase the amount of the customer's loan, except for the expenses inherent to the operation itself.
- The capacity to refinance and restructure loan is not delegated to the branches, but decided on by the risk units.
- The decisions adopted are reviewed from time to time with the aim of evaluating full compliance with refinancing and restructuring policies.

These general principles are adapted in each case according to the conditions and circumstances of each geographical area in which the Group operates, and to the different types of customers involved.

In the case of retail customers (private individuals), the main aim of the BBVA Group's policy on refinancing and restructuring loan is to avoid default arising from a customer's temporary liquidity problems by implementing structural solutions that do not increase the balance of customer's loan. The solution required is adapted to each case and the loan repayment is made easier, in accordance with the following principles:

- Analysis of the viability of operations based on the customer's willingness and ability to pay, which may be reduced, but should nevertheless be present. The customer must therefore repay at least the interest on the operation in all cases. No arrangements may be concluded that involve a grace period for both principal and interest.

- Refinancing and restructuring of operations is only allowed on those loans in which the BBVA Group originally entered into.
- Customers subject to refinancing and restructuring operations are excluded from marketing campaigns of any kind.

In the case of non-retail customers (mainly companies, enterprises and corporates), refinancing/restructuring is authorized according to an economic and financial viability plan based on:

- Forecasted future income, margins and cash flows over a sufficiently long period (around five years) to allow entities to implement cost adjustment measures (industrial restructuring) and a business development plan that can help reduce the level of leverage to sustainable levels (capacity to access the financial markets).
- Where appropriate, the existence of a divestment plan for assets and/or business segments that can generate cash to assist the deleveraging process.
- The capacity of shareholders to contribute capital and/or guarantees that can support the viability of the plan.

In accordance with the Group's policy, the conclusion of a loan refinancing and restructuring operation does not imply the loan is reclassified from "impaired" or "potential problem" to outstanding risk; such a reclassification must be based on the analysis mentioned earlier of the viability and sufficiency of the new guarantees provided.

The Group maintains the policy of including risks related to refinanced and restructured loans as either:

- "Impaired assets", as although the customer is up to date with payments, they are classified as impaired for reasons other than their default when there are significant doubts that the terms of their refinancing may not be met;.
- "Potential problem assets", because there is some material doubt as to possible non-compliance with the refinanced loan; or.
- "Normal-risk assets" (although as mentioned in the table in the following section, they continue to be classified as "normal-risk assets with special monitoring" until the conditions established for their consideration as outstanding risk are met).

The conditions established for "normal-risk assets with special monitoring" to be reclassified out of this special monitoring category are as follows:

- The customer must have paid past-due amounts (principal and interest) since the date of the renegotiation or restructuring of the loan;
- At least two years must have elapsed since the renegotiation or restructuring of the loan;
- The customer must have paid at least 20% of the outstanding principal amount of the loan as well as all the past-due amounts (principal and interest) that were outstanding as of the date of the renegotiation or restructuring of the loan; and
- It is unlikely that the customer will have financial difficulties and, therefore, it is expected that the customer will be able to meet its loan payment obligations (principal and interest) in a timely manner.

The BBVA Group's refinancing and restructuring policy provides for the possibility of two modifications in a 24 month period for loans that are not in compliance with the payment schedule.

The internal models used to determine allowances for loan losses consider the restructuring and renegotiation of a loan, as well as re-defaults on such a loan, by assigning a lower internal rating to restructured/renegotiated loans than the average internal rating assigned to non-restructured/renegotiated loans. This downgrade results in an increase in the probability of default (PD) assigned to restructured/renegotiated loans (with the resulting PD being higher than the average PD of the non- renegotiated loans in the same portfolios)."

For quantitative information on refinancing and restructuring operations see Appendix XI.

7.4 Market risk

7.4.1 Market risk portfolios

Market risk originates as a result of movements in the market variables that impact the valuation of traded financial products and assets. The main risks generated can be classified as follows:

- Interest-rate risk: This arises as a result of exposure to movements in the different interest-rate curves involved in trading. Although the typical products that generate sensitivity to the movements in interest rates are money-market products (deposits, interest-rate futures, call money swaps, etc.) and traditional interest-rate derivatives (swaps and interest-rate options such as caps, floors, swaptions, etc.), practically all the financial products are exposed to interest-rate movements due to the effect that such movements have on the valuation of the financial discount.
- Equity risk: This arises as a result of movements in share prices. This risk is generated in spot positions in shares or any derivative products whose underlying asset is a share or an equity index. Dividend risk is a sub-risk of equity risk, arising as an input for any equity option. Its variation may affect the valuation of positions and it is therefore a factor that generates risk on the books.
- Exchange-rate risk: This is caused by movements in the exchange rates of the different currencies in which a position is held. As in the case of equity risk, this risk is generated in spot currency positions, and in any derivative product whose underlying asset is an exchange rate. In addition, the quanto effect (operations where the underlying asset and the instrument itself are denominated in different currencies) means that in certain transactions in which the underlying asset is not a currency, an exchange-rate risk is generated that has to be measured and monitored.
- Credit-spread risk: Credit spread is an indicator of an issuer's credit quality. Spread risk occurs due to variations in the levels of spread of both corporate and government issues, and affects positions in bonds and credit derivatives.
- Volatility risk: This occurs as a result of changes in the levels of implied price volatility of the different market instruments on which derivatives are traded. This risk, unlike the others, is exclusively a component of trading in derivatives and is defined as a first-order convexity risk that is generated in all possible underlying assets in which there are products with options that require a volatility input for their valuation.

The metrics developed to control and monitor market risk in BBVA Group are aligned with best practices in the market and are implemented consistently across all the local market risk units.

Measurement procedures are established in terms of the possible impact of negative market conditions on the trading portfolio of the Group's Global Markets units, both under ordinary circumstances and in situations of heightened risk factors.

The standard metric used to measure market risk is Value at Risk ("VaR"), which indicates the maximum loss that may occur in the portfolios at a given confidence level (99%) and time horizon (one day). This statistic value is widely used in the market and has the advantage of summing up in a single metric the risks inherent to trading activity, taking into account how they are related and providing a prediction of the loss that the trading book could sustain as a result of fluctuations in equity prices, interest rates, foreign exchange rates and commodity prices. The market risk analysis considers risks, such as credit spread, basis risk, volatility and correlation risk.

Most of the headings on the Group's consolidated balance sheet subject to market risk are positions whose main metric for measuring their market risk is VaR. This table shows the accounting lines of the consolidated balance sheet as of December 31, 2015 in which there is a market risk in trading activity subject to this measurement:

	Millions of Euros	
	Main market risk metrics	
2015 Headings of the balance sheet under market risk RELATION OF RISK METRICS TO BALANCE SHEET OF GROUP'S CONSOLIDATED POSITION	VaR	Others (*)
Assets subject to market risk		
Financial assets held for trading	64,370	4,712
Available for sale financial assets	8,234	50,088
Of which: Equity instruments	-	4,067
Hedging derivatives	528	1,888
Liabilities subject to market risk		
Financial liabilities held for trading	42,550	6,277
Hedging derivatives	1,128	806

(*) Includes mainly assets and liabilities managed by COAP.

Although the prior table shows details the financial positions subject to market risk, it should be noted that the data are for information purposes only and do not reflect how the risk is managed in trading activity, where it is not classified into assets and liabilities.

With respect to the risk measurement models used in BBVA Group, the Bank of Spain has authorized the use of the internal model to determine bank capital requirements deriving from risk positions on the BBVA S.A. and BBVA Bancomer trading book, which jointly account for around 80% of the Group's trading-book market risk. For the rest of the geographical areas (mainly South America and Compass Bank), bank capital for the risk positions in the trading book is calculated using the standard model.

The current management structure includes the monitoring of market-risk limits, consisting of a scheme of limits based on VaR (Value at Risk), economic capital (based on VaR measurements) and VaR sub-limits, as well as stop-loss limits for each of the Group's business units. The global limits are approved annually by the Executive Committee at the proposal of the market risk unit, following presentation to the GRMC and the Board of Directors' Risk Committee. This limits structure is developed by identifying specific risks by type, trading activity and trading desk. In addition, the market risk unit maintains consistency between the limits. The control structure in place is supplemented by limits on losses and a system of warning signals to anticipate the effects of adverse situations in terms of risk and/or result.

The model used estimates VaR in accordance with the "historical simulation" methodology, which involves estimating losses and gains that would have taken place in the current portfolio if the changes in market conditions that took place over a specific period of time in the past were repeated. Based on this information, it infers the maximum expected loss of the current portfolio within a given confidence level. This model has the advantage of reflecting precisely the historical distribution of the market variables and not assuming any specific distribution of probability. The historical period used in this model is two years.

VaR figures are estimated following two methodologies:

- VaR without smoothing, which awards equal weight to the daily information for the previous two years. This is currently the official methodology for measuring market risks for the purpose of monitoring compliance with risk limits.
- VaR with smoothing, which gives a greater weight to more recent market information. This metric supplements the previous one.

In the case of South America, a parametric methodology is used to measure risk in terms of VaR.

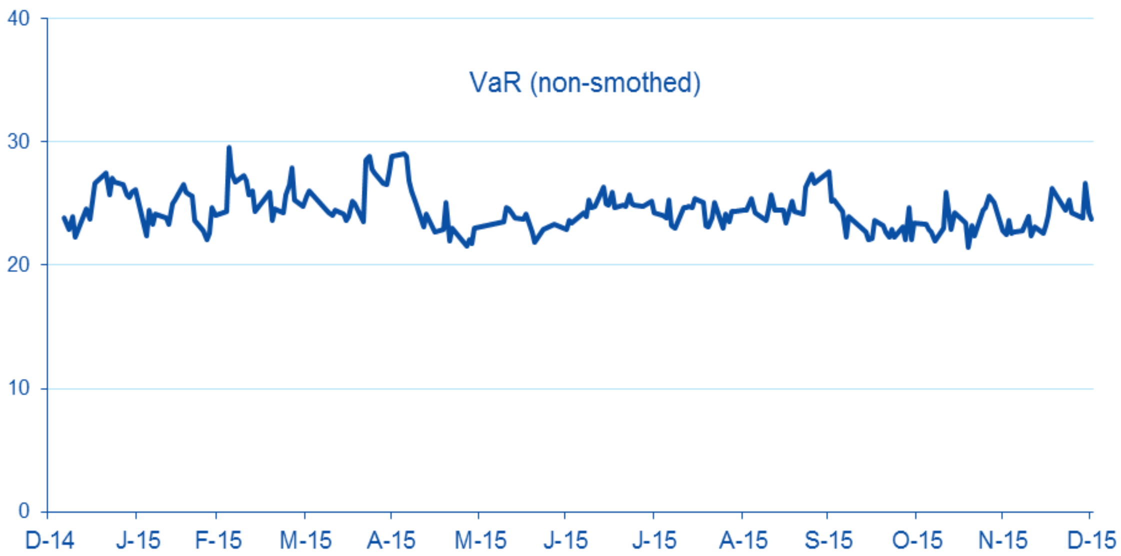
At the same time, and following the guidelines established by the Spanish and European authorities, BBVA incorporates metrics in addition to VaR with the aim of meeting the Bank of Spain's regulatory requirements with respect to the calculation of bank capital for the trading book. Specifically, the new measures incorporated in the Group since December 2011 (stipulated by Basel 2.5) are:

- VaR: In regulatory terms, the VaR charge incorporates the stressed VaR charge, and the sum of the two (VaR and stressed VaR) is calculated. This quantifies the losses associated with the movements of the two risk factors inherent to market operations (interest rates, FX, RV, credit…). Both VaR and stressed VaR are rescaled by a regulatory multiplier set at three and by the square root of ten to calculate the capital charge.
- Specific Risk: Incremental Risk Capital ("IRC") Quantification of the risks of default and downgrading of the credit ratings of the bond and credit derivative positions in the portfolio. The specific capital risk by IRC is a charge exclusively used in the geographical areas with the internal model approved (BBVA S.A. and Bancomer). The capital charge is determined according to the associated losses (at 99.9% in a 1-year horizon under the hypothesis of constant risk) due to the rating migration and/or default state the issuer of an asset. In addition, the price risk is included in sovereign positions for the items specified.
- Specific Risk: Securitization and correlation portfolios. Capital charge for securitizations and the correlation portfolio to include the potential losses associated at the level of rating a specific credit structure (rating). Both are calculated by the standard method. The scope of the correlation portfolios refers to the FTD-type market operation and/or tranches of market CDOs and only for positions with an active market and hedging capacity.

Validity tests are performed regularly on the risk measurement models used by the Group. They estimate the maximum loss that could have been incurred in the positions with a certain level of probability (backtesting), as well as measurements of the impact of extreme market events on risk positions (stress testing). As an additional control measure, backtesting is conducted at trading desk level in order to enable more specific monitoring of the validity of the measurement models.

Market risk in 2015

The Group's market risk remains at low levels compared with the risk aggregates managed by BBVA, particularly in terms of credit risk. This is due to the nature of the business and the Group's policy of minimal proprietary trading. In 2015 the average VaR was €24 million, slightly above 2014 figure, with a high on March 4, of €30 m. The evolution in the BBVA Group's market risk in 2015, measured as VaR without smoothing (see Glossary) with a 99% confidence level and a 1-day horizon (shown in millions of Euros) is as follows:



By type of market risk assumed by the Group's trading portfolio, the main risk factor for the Group continues to be that linked to interest rates, with a weight of 48% of the total at the end of 2015 (this figure includes the spread risk). The relative weight has decreased compared with the close of 2014 (67%). Exchange-rate risk accounts for 21%, increasing its proportion with respect to December 2014 (12%), while equity, volatility and correlation risk have increased, with a weight of 32% at the close of 2015 (vs. 20% at the close of 2014).

As of December 31, 2015, 2014 and 2013 the balance of VaR was €24 million, €25 million and €22 million, respectively. These figures can be broken down as follows:

VaR by Risk Factor	Millions of Euros Interest/Spread Risk	Currency Risk	Stock-market Risk	Vega/Correlation Risk	Diversification Effect(*)	Total
December 2015						
VaR average in the period						24
VaR max in the period	32	5	3	9	(18)	30
VaR min in the period	20	6	3	9	(17)	21
End of period VaR	21	9	3	11	(20)	24
December 2014						
VaR average in the period						23
VaR max in the period	31	6	4	10	(22)	28
VaR min in the period	24	4	3	11	(23)	20
End of period VaR	30	5	2	7	(20)	25
December 2013						
VaR average in the period						23
VaR max in the period	39	4	2	13	(24)	34
VaR min in the period	19	3	2	11	(18)	17
End of period VaR	22	4	3	11	(18)	22

(*) The diversification effect is the difference between the sum of the average individual risk factors and the total VaR figure that includes the implied correlation between all the variables and scenarios used in the measurement.

Validation of the model

The internal market risk model is validated on a regular basis by backtesting in both BBVA S.A. and Bancomer.

The aim of backtesting is to validate the quality and precision of the internal model used by BBVA Group to estimate the maximum daily loss of a portfolio, at a 99% level of confidence and a 250-day time horizon, by comparing the Group's results and the risk measurements generated by the model. These tests showed that the internal market risk model of both BBVA, S.A. and Bancomer is adequate and precise.

Two types of backtesting have been carried out in the year ended December 31, 2015:

- "Hypothetical" backtesting: the daily VaR is compared with the results obtained, not taking into account the intraday results or the changes in the portfolio positions. This validates the appropriateness of the market risk metrics for the end-of-day position.
- "Real" backtesting: the daily VaR is compared with the total results, including intraday transactions, but discounting the possible minimum charges or fees involved. This type of backtesting includes the intraday risk in portfolios.

In addition, each of these two types of backtesting was carried out at the level of risk factor or business type, thus making a deeper comparison of the results with respect to risk measurements.

For the period between the second half of 2014 and the first semester of 2015, it was carried out the backtesting of the internal VaR calculation model, comparing the daily results obtained with the estimated risk level estimated by the VaR calculation model. At the end of the year the comparison showed the model was working correctly, within the "green" zone (0-4 exceptions), thus validating the model, as has occurred each year since the internal market risk model was approved for the Group.

Stress test analysis

A number of stress tests are carried out on BBVA Group's trading portfolios. First, global and local historical scenarios are used that replicate the behavior of an extreme past event, such as for example the collapse of Lehman Brothers or the "Tequilazo" crisis. These stress tests are complemented with simulated scenarios, where the aim is to generate scenarios that have a significant impact on the different portfolios, but without being anchored to any specific historical scenario. Finally, for some portfolios or positions, fixed stress tests are also carried out that have a significant impact on the market variables affecting these positions.

Historical scenarios

The historical benchmark stress scenario for the BBVA Group is Lehman Brothers, whose sudden collapse in September 2008 led to a significant impact on the behavior of financial markets at a global level. The following are the most relevant effects of this historical scenario:

- Credit shock: reflected mainly in the increase of credit spreads and downgrades in credit ratings.
- Increased volatility in most of the financial markets (giving rise to a great deal of variation in the prices of different assets (currency, equity, debt).
- Liquidity shock in the financial systems, reflected by a major movement in interbank curves, particularly in the shortest sections of the euro and dollar curves.

Simulated scenarios

Unlike the historical scenarios, which are fixed and therefore not suited to the composition of the risk portfolio at all times, the scenario used for the exercises of economic stress is based on Resampling methodology. This methodology is based on the use of dynamic scenarios are recalculated periodically depending on the main risks held in the trading portfolios. On a data window wide enough to collect different periods of stress (data are taken from 1-1-2008 until today), a simulation is performed by resampling of historic observations, generating a loss distribution and profits to analyze most extreme of births in the selected historical window. The advantage of this methodology is that the period of stress is not predetermined, but depends on the portfolio maintained at each time, and making a large number of simulations (10,000 simulations) allows a richer information for the analysis of expected shortfall than what is available in the scenarios included in the calculation of VaR.

The main features of this approach are: a) the generated simulations respect the correlation structure of the data, b) flexibility in the inclusion of new risk factors and c) to allow the introduction of a lot of variability in the simulations (desirable to consider extreme events).

The impact of the stress test under multivariate simulation of the risk factors of the portfolio (*Expected shortfall* 95% to 20 days) as of December 31, 2015 is as follows:

	Millions of Euros						
	Europe	Bancomer	Peru	Venezuela	Argentina	Colombia	Chile
Expected Shortfall	(49)	(43)	(5)	(13)	-	(6)	(9)

7.4.2 Structural risk

The Assets and Liabilities Committee (ALCO) is the key body for the management of structural risks relating to liquidity/funding, interest rates and currency rates. Every month, with representatives from the areas of Finance, Risks and Business Areas, this committee monitors the above risks and is presented with proposals for managing them for its approval. These management proposals are made proactively by the Finance area, taking into account the risk appetite framework and with the aim of guaranteeing recurrent earnings and preserving the entity's solvency. All the balance-sheet management units have a local ALCO, assisted constantly by the members of the Corporate Center. There is also a corporate ALCO where the management strategies in the Group's subsidiaries are monitored and presented.

Structural interest-rate risk

The structural interest-rate risk ("SIRR") is related to the potential impact that variations in market interest rates have on an entity's net interest income and equity. In order to properly measure SIRR, BBVA takes into account the main sources that generate this risk: repricing risk, yield curve risk, option risk and basis risk, which are analyzed from two complementary points of view: net interest income (short term) and economic value (long term).

ALCO monitors the interest-rate risk metrics and the Finance area carries out the management proposals for the structural balance sheet. The management objective is to ensure the stability of net interest income and book value in the face of changes in market interest rates, while respecting the internal solvency and limits in the different balance-sheets and for BBVA Group as a whole; and complying with the requirements to maintain interest-rate risk within the approved limits, in accordance with current and future regulatory requirements.

BBVA's structural interest-rate risk management control and monitoring is based on a set of metrics and tools that enable the Entity's risk profile to be monitored correctly. A wide range of scenarios are measured on a regular basis, including sensitivities to parallel movements in the event of different shocks, changes in slope and curve, as well as delayed movements. Other probabilistic metrics based on statistical scenario-simulating methods are also assessed, such as income at risk ("IaR") and economic capital ("EC"), which are defined as the maximum adverse deviations in net interest income and economic value, respectively, for a given confidence level and time horizon. Impact thresholds are established on these management metrics both in terms of deviations in net interest income and in terms of the impact on economic value. The process is carried out separately for each currency to which the Group is exposed, and the diversification effect between currencies and business units is considered after this.

In order to guarantee its effectiveness, the model is subjected to regular internal validation, which includes backtesting. In addition, the banking book's interest-rate risk exposures are subjected to different stress tests in order to reveal balance sheet vulnerabilities under extreme scenarios. This testing includes an analysis of adverse macroeconomic scenarios designed specifically by BBVA Research, together with a wide range of potential scenarios that aim to identify interest-rate environments that are particularly damaging for the Entity. This is done by generating extreme scenarios of a breakthrough in interest rate levels and historical correlations, giving rise to sudden changes in the slopes and even to inverted curves.

The model is necessarily underpinned by an elaborate set of hypotheses that aim to reproduce the behavior of the balance sheet as closely as possible to reality. Especially relevant among these assumptions are those related to the behavior of "accounts with no explicit maturity", for which stability and remuneration assumptions are established, consistent with an adequate segmentation by type of product and customer, and prepayment estimates (implicit optionality). The hypotheses are reviewed and adapted regularly to signs of changes in behavior, kept properly documented and reviewed on a regular basis in the internal validation processes.

The impacts on the metrics are assessed both from a point of view of economic value (gone concern) and from the perspective of net interest income, for which a dynamic model (going concern) consistent with the corporate assumptions of earnings forecasts is used.

The table below shows the profile of sensitivities to net interest income and value of the main entities in BBVA Group to the year ended December 31, 2015:

	Impact on Net Interest Income (*)		Impact on Economic Value (**)	
Sensitivity to Interest-Rate Analysis - December 2015	**100 Basis-Point Increase**	**100 Basis-Point Decrease**	**100 Basis-Point Increase**	**100 Basis-Point Decrease**
Europe	10.52%	(4.18)%	4.57%	(3.99)%
Mexico	1.69%	(1.50)%	(4.30)%	4.60%
USA	7.52%	(5.60)%	(2.03)%	(4.59)%
Turkey	(7.17)%	5.47%	(3.16)%	3.87%
South America	2.16%	(2.19)%	(2.63)%	2.84%
BBVA Group	**3.91%**	**(2.30)%**	**1.98%**	**(2.41)%**

(*) Percentage of "1 year" net interest income forecast for each unit.

(**) Percentage of net assets for each unit.

In 2015, the expansionary monetary policies in Europe were intensified with has led interest rates to stand at negative levels in several sections of the rate curve. whereas in the United States and Mexico there were the first increase in interest rates by the end of the year. The main economies of South America also initiated the upward cycle of interest rates during the second half of the year.

The BBVA Group in all its Balance Sheet Management Units ("BSMUs") maintains a positive sensitivity in its net interest income to an increase in interest rates. The entry of Turkey, has helped to diversify the Group's net exposure due to the opposite direction of its position on Europe. The higher sensitivities in the net interest income, relatively speaking, are observed in mature markets (Europe and USA), where, however, the negative sensitivity in their net interest income to decrease in interest rates is limited by the plausible downward trend in interest rates. The Group maintains a moderate risk profile, according to its target risk, through effective management of its balance sheet structural risk.

Structural exchange-rate risk

In BBVA Group, structural exchange-rate risk arises from the consolidation of holdings in subsidiaries with functional currencies other than the euro. Its management is centralized in order to optimize the joint handling of permanent foreign currency exposures, taking into account the diversification.

The corporate Balance Sheet Management unit, through ALCO, designs and executes hedging strategies with the main purpose of controlling the potential negative effect of exchange-rate fluctuations on capital ratios and on the equivalent value in euros of the foreign-currency earnings of the Group's subsidiaries, considering transactions according to market expectations and their cost.

The risk monitoring metrics included in the system of limits are integrated into management and supplemented with additional assessment indicators. At corporate level they are based on probabilistic metrics that measure the maximum deviation in capital, CET1 ("Common Equity Tier 1") ratio, and net attributable profit. The probabilistic metrics make it possible to estimate the joint impact of exposure to different currencies taking into account the different variability in currency rates and their correlations.

The suitability of these risk assessment metrics is reviewed on a regular basis through backtesting exercises. The final element of structural exchange-rate risk control is the analysis of scenarios and stress with the aim of identifying in advance possible threats to future compliance with the risk appetite levels set, so that any necessary preventive management actions can be taken. The scenarios are based both on historical situations simulated by the risk model and on the risk scenarios provided by BBVA Research.

As for the market, in 2015. the strength of the US dollar continued the trend that began in 2014, along with the weakness of the currencies of emerging economies, which have depreciated sharply against the dollar, affected by falling prices in raw materials, especially oil, and uncertainty about the growth in these economies after the change of monetary policy of the Federal Reserve and the slowdown in China. As a result of these factors, there was also an upturn in volatility in foreign exchange markets in emerging markets. Also it is noteworthy the significant adjustment in the Argentina's currency, affected by imbalances in its economy.

The Group's structural exchange-rate risk exposure level has decreased since the end of 2014 as a result of the sale of participations in the Citic Group and the increased hedging, focus on Mexican peso. The risk mitigation level of the book value of BBVA Group's holdings in foreign currency approached 70% and hedging of foreign-currency earnings in 2015 stood at 46%. CET1 ratio sensitivity to the appreciation of 1% in the euro exchange rate for each currency is: US Dollar: +1.2 bps; Mexican peso -0.4 bps; Turkish Lira -0.3 bps; other currencies: -0.1 bps

Structural equity risk

BBVA Group's exposure to structural equity risk stems basically from investments in industrial and financial companies with medium- and long-term investment horizons. This exposure is mitigated through net short positions held in derivatives of their underlying assets, used to limit portfolio sensitivity to potential falls in prices.

Structural management of equity portfolios is the responsibility of the Group's units specializing in this area. Their activity is subject to the corporate risk management policies for equity positions in the equity portfolio. The aim is to ensure that they are handled consistently with BBVA's business model and appropriately to its risk tolerance level, thus enabling long-term business sustainability.

The Group's risk management systems also make it possible to anticipate possible negative impacts and take appropriate measures to prevent damage being caused to the Entity. The risk control and limitation mechanisms are focused on the exposure, annual operating performance and economic capital estimated for each portfolio. Economic capital is estimated in accordance with a corporate model based on Monte Carlo simulations, taking into account the statistical performance of asset prices and the diversification existing among the different exposures.

Backtesting is carried out on a regular basis on the risk measurement model used.

In the market, the good performance of European stock markets in the first half of 2015 has sharply slowed down in the last month of 2015, affected by the collapse of oil and uncertainty in global growth outlook. This change has led to a deterioration of capital gains accumulated in the Group's equity portfolios.

Structural equity risk, measured in terms of economic capital, has decreased significantly in the period as a result of the sales carried out, among which, the participation in the Citic Group is considered material.

Stress tests and analyses of sensitivity to different simulated scenarios are carried out periodically to analyze the risk profile in more depth. They are based on both past crisis situations and forecasts made by BBVA Research. This checks that the risks are limited and that the tolerance levels set by the Group are not at risk.

7.5 Liquidity risk

Management of liquidity and structural finance within the BBVA Group is based on the principle of the financial autonomy of the entities that make it up. This approach helps prevent and limit liquidity risk by reducing the Group's vulnerability in periods of high risk. This decentralized management avoids possible contagion due to a crisis that could affect only one or various BBVA Group entities, which must cover their liquidity needs independently in the markets where they operate. Liquidity Management Units have been set up for this reason in the geographical areas where the main foreign subsidiaries operate, and also for the parent BBVA S.A., within the Euro currency scope, specifically BBVA Portugal and the recent Catalunya Banc acquisition.

Finance Division, through Balance Sheet Management, manages BBVA Group's liquidity and funding. It plans and executes the funding of the long-term structural gap of each Liquidity Management Unit (LMUs) and proposes to ALCO the actions to adopt in this regard in accordance with the policies and limits established by the Standing Committee.

The Bank's target behavior in terms of liquidity and funding risk is characterized through the Loan-to-Stable-Customer-Deposits (LtSCD) ratio. The aim is to preserve a stable funding structure in the medium term for each of the LMUs making up BBVA Group, taking into account that maintaining an adequate volume of stable customer funds is key to achieving a sound liquidity profile. These stable funds in each LMU are calculated by analyzing the behavior of the balance sheets of the different customer segments identified as likely to provide stability to the funding structure, and by prioritizing an established relationship and applying bigger haircuts to the funding lines of less stable customers.

For the purpose of establishing the (maximum) target levels for LtSCD in each LMU and providing an optimal funding structure reference in terms of risk appetite, GRM-Structural Risks identifies and assesses the economic and financial variables that condition the funding structures in the various geographical areas. The behavior of the indicators reflects that the funding structure remained robust in 2015, in the sense that all the LMUs maintain levels of self-funding with stable customer funds higher than the required levels.

%	LtSCD by LMU	
	December 2015	December 2014
Group (average)	**116%**	**124%**
Eurozone	116%	131%
Bancomer	110%	114%
Compass	112%	110%
Garanti	128%	-
Other LMUs	111%	113%

The second core element in liquidity and funding risk management is to achieve proper diversification of the funding structure, avoiding excessive reliance on short-term funding and establishing a maximum level of short-term borrowing comprising both wholesale funding as well as less stable funds from not-retail customers.

The third element promotes the short-term resilience of the liquidity risk profile, making sure that each LMU has sufficient collateral to address the risk of wholesale markets closing. Basic Capacity is the short-term liquidity risk management and control metric that is defined as the relationship between the available explicit assets and the maturities of wholesale liabilities and volatile funds, at different terms, with special relevance being given to 30-day maturities.

Each entity maintains an individual liquidity fund, both Banco Bilbao Vizcaya Argentaria SA and its subsidiaries, including BBVA Compass, BBVA Bancomer, Garanti Bank and the Latin American subsidiaries. The table below shows the liquidity available by instrument as of December 31, 2015 for the most significant entities:

	Millions of Euros				
December 2015	**BBVA Eurozone (1)**	**BBVA Bancomer**	**BBVA Compass**	**Garanti Bank**	**Other**
Cash and balances with central banks	10,939	6,936	3,214	6,585	7,122
Assets for credit operations with central banks	51,811	5,534	22,782	4,302	4,559
Central governments issues	31,314	2,303	8,086	4,186	3,654
Of Which: Spanish government securities	25,317	-	-	-	-
Other issues	20,497	3,231	479	116	905
Loans	-	-	14,217	-	-
Other non-eligible liquid assets	5,760	757	20	1,680	229
ACCUMULATED AVAILABLE BALANCE	**68,510**	**13,227**	**26,016**	**12,567**	**11,910**
AVERAGE BALANCE	**67,266**	**12,222**	**24,282**	**12,418**	**10,863**

(1) It includes Banco Bilbao Vizcaya Argentaria, S.A., Catalunya Banc, S.A. and Banco Bilbao Vizcaya Argentaria (Portugal), S.A.

The above metrics are completed with a series of indicators with thresholds levels that aim to avoid the concentration of wholesale funding by product, counterparty, market and term, as well as to promote diversification by geographical area. In addition, reference thresholds are established on a series of advance indicators that make it possible to anticipate stress situations in the markets and adopt, if necessary, preventive actions.

Stress analyses are also a basic element of the liquidity and funding risk monitoring system, as they help anticipate deviations from the liquidity targets and limits set out in the risk appetite as well as establish tolerance ranges at different management levels. They also play a key role in the design of the Liquidity Contingency Plan and in defining the specific measures for action for realigning the risk profile.

For each of the scenarios, a check is carried out whether the Bank has a sufficient stock of liquid assets to ensure the ability to meet the liquidity commitments/outflows in the different periods analyzed. The analysis considers four scenarios, one core and three crisis-related: systemic crisis; unexpected internal crisis with a considerable rating downgrade and/or affecting the ability to issue in wholesale markets and the perception of business risk by the banking intermediaries and the bank's customers; and a mixed scenario, as a combination of the two aforementioned scenarios. Each scenario considers the following factors: liquidity existing on the market, customer behavior and sources of funding, impact of rating downgrades, market values of liquid assets and collateral, and the interaction between liquidity requirements and the performance of the bank's asset quality.

The results of these stress analyses carried out regularly reveal that BBVA has a sufficient buffer of liquid assets to deal with the estimated liquidity outflows in a scenario such as a combination of a systemic crisis and an unexpected internal crisis with a major downgrade in the bank's rating (by up to three notches).

In addition to the behavior of the main indicators for all the LMUs in the Group, BBVA has established a level of requirement for compliance with the LCR ratio within the plan to adapt risk management to regulatory capital adequacy ratios, both for the Group as a whole and for each of the LMUs individually. The internal levels required are geared to comply sufficiently and efficiently in advance with the implementation of the regulatory requirement of 2018, at a level above 100%.

Throughout 2015 the level of the LCR for BBVA Group is estimated to have remained above 100%. At the European level the LCR ratio entered into force on October 1, 2015, with an initial required level of 60%, and a phased-in level of up to 100% in 2018. Regulatory developments by the European authorities are pending in terms of the information to be reported to the supervisor and for public disclosure.

Below is a matrix of residual maturities by contractual periods based on supervisory prudential reporting as of December 31, 2015:

	Millions of Euros										
December 2015 Contractual Maturities	Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 9 Months	9 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	Over 5 Years	Total
Assets	34,796	-	-	-	-	-	-	-	-	-	34,796
Deposits in credit entities	1,077	4,594	766	260	70	42	520	6	950	3,988	12,273
Deposits in other financial institutions	7	1,246	401	628	595	526	448	495	977	275	5,600
Reverse repo, securities borrowing and margin lending	-	12,348	853	546	201	2,323	10	84	125	370	16,859
Loans and Advances	1,364	21,639	25,624	23,777	16,750	18,477	40,512	33,835	54,790	140,602	377,371
Securities' portfolio settlement	484	2,001	4,014	7,073	7,835	4,129	11,944	14,722	20,366	59,755	132,324

	Millions of Euros										
December 2015 Contractual Maturities	Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 9 Months	9 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	Over 5 Years	Total
Liabilities											
Wholesale funding	7	5,106	9,093	5,751	2,222	5,160	15,856	7,845	11,072	33,840	95,953
Deposits in financial institutions	4,932	6,271	2,064	2,783	995	1,952	2,314	1,110	1,283	4,270	27,975
Deposits in other financial institutions and international agencies	13,380	8,907	6,494	2,939	2,442	2,217	205	12	7	274	36,877
Customer deposits	193,079	29,003	22,846	15,983	13,517	13,751	14,076	4,615	1,447	1,190	309,508
Securitiy pledge funding	-	50,042	11,166	1,197	495	966	2,253	15,045	1,815	1,103	84,081
Derivatives (net)	1	(2,621)	(208)	(21)	(253)	(74)	120	(220)	14	(95)	(3,357)

The matrix shows the retail nature of the funding structure, with a loan portfolio been mostly funded by customer deposits. On the outflows side of the matrix, the "demand" maturity bucket mainly contains the retail customers sight accounts whose behavior shows a high level of stability. According to internal methodology they are considered to remain for a minimum of three years.

Long and short term wholesale funding markets were stable in 2015. The ECB carried out quarterly targeted longer-term refinancing operations (TLTRO) with the aim of boosting channeled lending and improving financial conditions for the whole European economy. At these auctions the Euro LMU took €8 billion in 2015. In addition, over the whole year the Euro LMU made issues in the public market for €3,850 million and US$ 1,000 million.

The liquidity position of all the subsidiaries outside Europe has continued to be comfortable, maintaining a solid liquidity position in all the jurisdictions in which the Group operates. At the same time, capital market access of these subsidiaries with recurring issues on the local market and U.S. market has continued. Among these issues are subordinate debt by BBVA Compass and BBVA Colombia for US$ 700 million and US$ 400 million respectively at a term of 10 years.

In this context, BBVA has maintained its objective of strengthening the funding structure of the different Group entities based on growing their self-funding from stable customer funds, while guaranteeing a sufficient buffer of fully available liquid assets, diversifying the various sources of funding available, and optimizing the generation of collateral available for dealing with stress situations in the markets.

7.6 Asset encumbrance

As of December 31, 2015 and 2014, the encumbered (those provided as collateral for certain liabilities) and unencumbered assets are broken down as follows:

	Millions of Euros			
	Encumbered assets		Unencumbered assets	
December 2015 Assets	Book value of Encumbered assets	Market value of Encumbered assets	Book value of non-encumbered assets	Market value of non-encumbered assets
Assets	**159,197**		**590,880**	
Equity instruments	2,680	2,680	9,046	9,046
Debt Securities	56,155	56,230	95,669	95,669
Loans and Advances and other assets	100,362		486,165	

The committed value of "Loans and other assets" corresponds mainly to loans linked to the issue of covered bonds, territorial bonds or long-term securitized bonds (see Note 21.3) as well as those used as a guarantee to access certain funding transactions with central banks. Debt securities and other equity securities respond to underlying that are delivered in repos with different types of counterparties, mainly clearing houses or credit institutions, and to a lesser extent central banks. Collateral provided to guarantee derivative operations is also included as committed assets.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

As of December 31, 2015, collateral pledge mainly due to repurchase agreements and securities lending, and those which could be committed in order to obtain funding are provided below:

	Millions of Euros		
December 2015 Collateral received	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance	Nominal amount of collateral received or own debt securities issued not available for encumbrance
Collateral received	**21,532**	**9,415**	**-**
Equity instruments	-	768	-
Debt securities	21,532	6,872	-
Loans and Advances and other assets	-	1,774	-
Own debt securities issued other than own covered bonds or ABSs	**6**	**162**	**-**

The guarantees received in the form of reverse repos or security lending transactions are committed by their use in repos, as is the case with debt securities

As of December 31, 2015, financial liabilities issued related to encumbered assets in financial transactions as well as their book value were as follows:

	Millions of Euros	
December 2015 Sources of encumbrance	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Book value of financial liabilities	**155,999**	**180,735**

7.7 Operational Risk

Operational risk is defined as one that could potentially cause losses due to human errors, inadequate or faulty internal processes, system failures or external events. This definition includes legal risk but excludes strategic and/or business risk and reputational risk.

Operational risk is inherent to all banking activities, products, systems and processes. Its origins are diverse (processes, internal and external fraud, technology, human resources, commercial practices, disasters, suppliers). Operational risk management is a part of the BBVA Group Global risk management structure.

Operational risk management framework

Operational risk management in the Group is based on the value-adding drivers generated by the advanced measurement approach (AMA), as follows:

- Active management of operational risk and its integration into day-to-day decision-making means:
  - Knowledge of the real losses associated with this type of risk.
  - Identification, prioritization and management of real and potential risks.
  - The existence of indicators that enable the Bank to analyze operational risk over time, define warning signals and verify the effectiveness of the controls associated with each risk.

  The above helps create a proactive model for making decisions about control and business, and for prioritizing the efforts to mitigate relevant risks in order to reduce the Group's exposure to extreme events.
- Improved control environment and strengthened corporate culture.
- Generation of a positive reputational impact.

Operational Risk Management Principles

Operational risk management in BBVA Group should:

- Be aligned with the risk appetite statement set out by the Board of Directors of BBVA.
- Anticipate the potential operational risks to which the Group would be exposed as a result of new or modified products, activities, processes, systems or outsourcing decisions, and establish procedures to enable their evaluation and reasonable mitigation prior to their implementation.
- Establish methodologies and procedures to enable a regular reassessment of the relevant operational risks to which the Group is exposed in order to adopt appropriate mitigation measures in each case, once the identified risk and the cost of mitigation (cost/benefit analysis) have been considered, while preserving the Group's solvency at all times.
- Identify the causes of the operational losses sustained by the Group and establish measures to reduce them. Procedures must therefore be in place to enable the capture and analysis of the operational events that cause those losses.
- Analyze the events that have caused operational risk losses in other institutions in the financial sector and promote, where appropriate, the implementation of the measures needed to prevent them from occurring in the Group.
- Identify, analyze and quantify events with a low probability of occurrence and high impact in order to ensure their mitigation. Due to their exceptional nature, it is possible that such events may not be included in the loss database or, if they are, they have impacts that are not representative.
- Have an effective system of governance in place, where the functions and responsibilities of the areas and bodies involved in operational risk management are clearly defined.

These principles reflect BBVA Group's vision of operational risk, on the basis that the resulting events have an ultimate cause that should always be identified, and that the impact of the events is reduced significantly by controlling that cause.

Irrespective of the adoption of all the possible measures and controls for preventing or reducing both the frequency and severity of operational risk events, BBVA ensures at all times that sufficient capital is available to cover any expected or unexpected losses that may occur.

8. Fair value

8.1 Fair value of financial instrument

The fair value of financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is therefore a market-based measurement and not specific to each entity.

All financial instruments, both assets and liabilities are initially recognized at fair value, which at that point is equivalent to the transaction price, unless there is evidence to the contrary in an active market. Subsequently, depending on the type of financial instrument, it may continue to be recognized at amortized cost or fair value through adjustments in the profit and loss or equity.

When possible, the fair value is determined as the market price of a financial instrument. However, for many of the financial assets and liabilities of the Group, especially in the case of derivatives, there is no market price available, so its fair value is estimated on the basis of the price established in recent transactions involving similar instruments or, in the absence thereof, by using mathematical measurement models that are sufficiently tried and trusted by the international financial community. The estimates of the fair value derived from the use of such models take into consideration the specific features of the asset or liability to be measured and, in particular, the various types of risk associated with the asset or liability. However, the limitations inherent in the measurement models and possible inaccuracies in the assumptions and parameters required by these models may mean that the estimated fair value of an asset or liability does not exactly match the price for which the asset or liability could be exchanged or settled on the date of its measurement.

The process for determining the fair value established in the Group to ensure that trading portfolio assets are properly valued, BBVA has established, at a geographic level, a structure of New Product Committees responsible for validating and approving new products or types of financial assets and liabilities before being contracted. The members of these Committees, responsible for valuation, are independent from the business (see Note 7).

These areas are required to ensure, prior to the approval stage, the existence of not only technical and human resources, but also adequate informational sources to measure these financial assets and liabilities, in accordance with the rules established by the Global Valuation Area and using models that have been validated and approved by the Department of Methodologies that reports to Global Risk Management.

Additionally, for financial assets and liabilities that show significant uncertainty in inputs or model parameters used for assessment, criteria is established to measure said uncertainty and activity limits are set based on these. Finally, these measurements are compared, as much as possible, against other sources such as the measurements obtained by the business teams or those obtained by other market participants.

The process for determining the fair value required the classification of the financial assets and liabilities according to the measurement processes used set forth below:

- *Level 1*: Measurement using market observable quoted prices for the financial instrument in question, secured from independent sources and referred to active markets - according to the Group policies. This level includes listed debt securities, listed equity instruments, some derivatives and mutual funds.
- *Level 2:* Measurement that applies techniques using inputs drawn from observable market data.
- *Level 3:* Measurement using techniques where some of the material inputs are not taken from market observable data. As of December 31, 2015, the affected instruments accounted for approximately 0.07% of financial assets and 0.03% of the Group's financial liabilities registered at fair value. Model selection and validation is undertaken by control areas outside the market units.

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Below is a comparison of the carrying amount of the Group's financial instruments in the accompanying consolidated balance sheets and their respective fair values.

Fair Value and Carrying Amount	Notes	2015 Carrying Amount	2015 Fair Value	2014 Carrying Amount	2014 Fair Value	2013 Carrying Amount	2013 Fair Value
		Millions of Euros					
ASSETS-							
Cash and balances with central banks	9	43,467	43,467	31,430	31,430	34,903	34,903
Financial assets held for trading	10	78,326	78,326	83,258	83,258	72,112	72,112
Other financial assets designated at fair value through profit or loss	11	2,311	2,311	2,761	2,761	2,413	2,413
Available-for-sale financial assets	12	113,426	113,426	94,875	94,875	77,774	77,774
Loans and receivables	13	457,644	466,354	372,375	373,397	350,945	364,120
Fair value changes of the hedges	14	45	45	121	121	98	98
Hedging derivatives	14	3,538	3,538	2,551	2,551	2,530	2,530
LIABILITIES-							
Financial assets held for trading	10	55,203	55,203	56,798	56,798	45,648	45,648
Other financial liabilities designated at	11	2,649	2,649	2,724	2,724	2,467	2,467
Financial liabilities at amortized cost	21	606,113	613,247	491,899	486,904	464,141	466,240
Fair value changes of the hedged	14	358	358	-	-	-	-
Hedging derivatives	14	2,726	2,726	2,331	2,331	1,792	1,792

Not all financial assets and liabilities are recorded at fair value, so below we provide the information on financial instruments recorded at fair value and subsequently the information of those recorded at cost (including their fair value), although this value is not used when accounting for these instruments.

8.1.1 Fair value of financial instrument recognized at fair value

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

Fair Value by Levels	Notes	2015 Level 1	2015 Level 2	2015 Level 3	2014 Level 1	2014 Level 2	2014 Level 3	2013 Level 1	2013 Level 2	2013 Level 3
		Millions of Euros								
ASSETS-										
Financial assets held for trading	10	37,922	40,240	164	39,603	43,459	195	34,394	37,428	290
Loans and advances to customers		-	65	-	-	128	-	-	107	-
Debt securities		32,381	409	34	33,150	691	43	28,573	852	176
Equity instruments		4,336	106	93	4,923	17	77	4,596	111	58
Trading derivatives		1,205	39,661	36	1,530	42,623	76	1,225	36,358	56
Other financial assets designated at fair value through profit or loss	11	2,246	2	62	2,690	71	-	2,352	61	-
Loans and advances to credit institutions		-	-	62	-	-	-	-	-	-
Debt securities		173	-	-	666	71	-	603	61	-
Equity instruments		2,074	2	-	2,024	-	-	1,749	-	-
Available-for-sale financial assets	12	97,113	15,477	236	76,693	17,236	406	57,960	18,710	591
Debt securities		92,963	15,260	86	70,225	16,987	396	52,729	18,515	566
Equity instruments		4,150	217	150	6,468	249	10	5,231	195	25
Hedging derivatives	14	59	3,478	-	59	2,491	-	52	2,478	-
LIABILITIES-										
Financial liabilities held for trading	10	14,074	41,079	50	13,627	43,135	36	8,459	37,172	17
Trading derivatives		1,037	41,079	34	1,880	43,135	36	931	37,172	17
Short positions		13,038	-	16	11,747	-	-	7,528	-	-
Adjustments to financial liabilities for macro-coverages	14	-	358	-	-	-	-	-	-	-
Other financial liabilities designated at fair value through profit or loss	11	-	2,649	-	-	2,724	-	-	2,467	-
Hedging derivatives	14	-	2,594	132	-	2,270	62	-	1,757	35

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The heading "Available-for-sale financial assets" in the accompanying consolidated balance sheets as of December 31, 2015, 2014 and 2013 additionally includes €600 million, €540 million and €516 million for equity instruments, respectively, accounted for at cost, as indicated in the section of this Note entitled "Financial instruments at cost".

In 2015, financial instruments carried at fair value corresponding to the companies that belong to Banco Provincial Group in Venezuela whose balance is denominated in bolivar fuerte are classified under Level 3 in the above tables (see Note 2.2.16.)

The following table sets forth the main valuation techniques, hypothesis and inputs used in the estimation of fair value of the financial instruments classified under Levels 2 and 3, based on the type of financial asset and liability and the corresponding balances as of December 31, 2015:

Financial Instruments Level 2	Fair Value (Millions of euros)	Valuation technique(s)	Unobservable inputs
Loans and advances to customers		**Present-value method** (Discounted future cash flows)	- Prepayment rates - Issuer credit risk - Current market interest rates
Available-for-sale financial assets	65		
Debt securities		**Present-value method** (Discounted future cash flows)	- Prepayment rates - Issuer credit risk - Current market interest rates
Trading portfolio	409		
Other financial assets at fair value through profit and loss	-	**Active price in inactive market**	- Brokers/dealers quotes - External contributing prices - Market benchmarks
Available-for-sale financial assets	15,260	**Comparable pricing** (Observable price in a similar market)	
Equity Instruments		**Comparable pricing** (Observable price in a similar market)	- Brokers quotes - Market operations - NAVs published
Trading portfolio	106		
Available-for-sale financial assets	2		
Other financial liabilities		**Present-value method** (Discounted future cash flows)	- Prepayment rates - Issuer credit risk - Current market interest rates
Other financial liabilities designated at fair value through profit or loss	2,649		
Derivatives		• Commodities: **Discounted cash flows and moment adjustment** • Credit products: **Default model and Gaussian copula** • Exchange rate products: **Discounted cash flows, Black, Local Vol and Moment adjustment** • Fixed income products: **Discounted cash flows** • Equity instruments: **Local-Vol, Black, Moment adjustment and Discounted cash flows** • Interest rate products: - Interest rate swaps, Call money Swaps y FRA: **Discounted cash flows** - Caps/Floors: **Black, Hull-White y SABR** - Bond options: **Black** - Swaptions: **Black, Hull-White y LGM** - Interest rate options: **Black, Hull-White y SABR** - Constant Maturity Swaps: **SABR**	- Exchange rates - Market quoted future prices - Market interest rates - Underlying assests prices: shares, funds, commodities - Market observable volatilities - Issuer credit spread levels - Quoted dividends - Market listed correlations
Trading derivatives			
Trading asset portfolio	39,661		
Trading liability portfolio	41,079		
Hedging derivatives			
Assets	3,478		
Liability	2,594		

Financial Instruments Level 3	Fair Value (Millions of euros)	Valuation technique(s)	Unobservable inputs
Debt securities		**Present-value method** (Discounted future cash flows)	- Credit spread - Recovery rates - Interest rates - Market benchmark - Default correlation
Trading portfolio	34		
Available-for-sale financial assets	86	**Comparable pricing** (Comparison with prices of similar instruments)	- Prices of similar instruments or market benchmark
Equity Instruments		**Net Asset Value**	- NAV provided by the administrator of the fund
Trading portfolio	93		
Available-for-sale financial assets	150	**Comparable pricing** (Comparison with prices of similar instruments)	- Prices of similar instruments or market benchmark
Derivatives		Credit Option: **Gaussian Copula**	- Correlatio default - Credit spread - Recovery rates - Interest rate yields
Trading derivatives			
Trading asset portfolio	36	Equity OTC Options : **Heston**	- Volatility of volatility - Interest rate yields - Dividends - Assets correlation
Trading liability portfolio	34		
Hedging derivatives		Interest rate options: **Libor Market Model**	- Beta - Correlation rate/credit - Credit default volatility
Liability	132		

Quantitative information of non-observable inputs used to calculate Level 3 valuations is presented below:

Financial instrument	Valuation technique(s)	Significant unobservable inputs	Min	Max	Average	Units
Debt Securities	Net Present Value	Credit Spread	264.00	320.00	264.23	b.p.
		Recovery Rate	0.25	40.00	39.99	%
	Comparable pricing	Price	0.25	89.41	51.50	%
Equity instruments	Net Asset Value	Net Asset Value (*)	-	-	-	-
	Comparable pricing	Price (*)	-	-	-	-
Credit Option	Gaussian Copula	Correlation Default	37.39	81.83	45.63	%
Corporate Bond Option	Black 76	Price Volatillity	4.46	6.30	5.91	Vegas
Equity OTC Option	Heston	Forward Volatility Skew	36.41	88.34	38.77	Vegas
Interest Rate Option	Libor Market Model	Beta	0.03	18.00	5.41	%
		Correlation Rate/Credit	(100.00)	100.00	(**)	%
		Credit Default Volatility	0.00	0.00	0.00	Vegas

(*) Range is not provided as it would be too wide to take into account the diverse nature of the different positions.

(**) Depending on the sensitivity of the worst scenario transaction by transaction.

The main techniques used for the assessment of the main instruments classified in Level 3, and its main unobservable inputs, are described below:

- The net present value (net present value method): This model uses the future cash flows of each instrument, which are established in the different contracts, and discounted to their present value. This model often includes many observable market parameters, but may also include unobservable market parameters directly, as described below.
  - Credit Spread: represents the difference in yield of an instrument and the reference rate, reflecting the additional return that a market participant would require to take the credit risk of that instrument. Therefore, the credit spread of an instrument is part of the discount rate used to calculate the present value of future cash flows.
  - Recovery rate: defines how the percentage of principal and interest recovered from a debt instrument that has defaulted.

- Comparable prices (similar asset prices): prices of comparable instruments and benchmarks are used to calculate its yield from the entry price or current rating making further adjustments to account for differences that may exist between valued asset and it is taken reference. It can also be assumed that the price of an instrument is equivalent to the other.
- Net asset value: represents the total value of the financial assets and liabilities of a fund and is published by the fund manager thereof.
- Gaussian copula: dependent on credit instruments of various references, the joint density function to integrate to value is constructed by a Gaussian copula that relates the marginal densities by a normal distribution, usually extracted from the correlation matrix of events approaching default by CDS issuers.
- Heston: the model, typically applied to equity options assumes stochastic behavior of volatility. According to which, the volatility follows a process that reverts to a long-term level and is correlated with the underlying instrument. As opposed to local volatility models, in which the volatility evolves deterministically, the Heston model is more flexible, allowing it to be similar to that observed in the short term today.
- Libor market model: This model assumes that the dynamics of the interest rate curve can be modeled based on the set of forwards that compose the process. The correlation matrix is parameterized on the assumption that the correlation between any two forwards decreases at a constant rate, beta, to the extent of the difference in their respective due dates. The multifactorial frame of this model makes it ideal for the valuation of instruments sensitive to the slope or curve.

Adjustments to the valuation for risk of default

The credit valuation adjustments ("CVA") and debit valuation adjustments ("DVA") are a part of derivative valuations, both financial assets and liabilities, to reflect the impact in the fair value of the credit risk of the counterparty and its own, respectively.

These adjustments are calculated by estimating Exposure At Default, Probability of Default and Loss Given Default, for all derivative products on any instrument at the legal entity level (all counterparties under a same ISDA / CMOF) in which BBVA has exposure.

As a general rule, the calculation of CVA is done through simulations of market and credit variables to calculate the expected positive exposure, given the Exposure at Default and multiplying the result by the Loss Given Default of the counterparty. Consequently, the DVA is calculated as the result of the expected negative exposure given the Exposure at Default and multiplying the result by the Loss Given Default of the counterparty. Both calculations are performed throughout the entire period of potential exposure.

The information needed to calculate the exposure at default and the loss given default come from the credit markets (Credit Default Swaps or iTraxx Indexes), save for cases where an internal rating is available. For those cases where the information is not available, BBVA implements a mapping process based on the sector, rating and geography to assign probabilities of both probability of default and loss given default, calibrated directly to market or with an adjustment market factor for the probability of default and the historical expected loss.

The amounts recognized in the Consolidated balance sheet as of December 31, 2015 related to the valuation adjustments to the credit assessment of the asset derivative position as "Credit Valuation Adjustments" ("CVA") and the liabilities derivative positions were -€297 million and €313 million respectively. The impact recorded under "Net gains (losses) on financial asset and liabilities" in the consolidated income statement corresponding to the mentioned adjustments was a net impact of -€109 million.

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Financial assets and liabilities classified as Level 3

The changes in the balance of Level 3 financial assets and liabilities included in the accompanying consolidated balance sheets are as follows:

	Millions of Euros					
	2015		2014		2013	
Financial Assets Level 3 Changes in the Period	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Balance at the beginning	**601**	**98**	**881**	**52**	**1,165**	**55**
	148	-				
Valuation adjustments recognized in the income statement (*)	124	(100)	39	46	7	15
Valuation adjustments not recognized in the income statement	27	(123)	(43)	1	-	-
Acquisitions, disposals and liquidations (**)	(510)	89	(153)	(6)	(374)	(18)
Net transfers to Level 3	145	-	5	-	180	-
Exchange differences and others	(71)	219	(130)	5	(95)	(1)
Balance at the end	**463**	**182**	**601**	**98**	**881**	**52**

(*) Profit or loss that is attributable to gains or losses relating to those financial assets and liabilities held as of December 31, 2015, 2014 and 2013. Valuation adjustments are recorded under the heading "Net gains (losses) on financial assets and liabilities (net)".

(**) Of which, in 2015, the assets roll forward is comprised of €128 million of acquisitions, €175 millions of disposals and €463 millions of liquidations. The liabilities roll forward is comprised of €303 million of acquisitions and €215 million of disposals.

As of December 31, 2015, the profit/loss on sales of financial instruments classified as Level 3 recognized in the accompanying income statement was not material.

Transfers between levels

The Global Valuation Area, in collaboration with the Technology and Methodology Area, has established the rules for a proper portfolio asset and available-for-sale financial assets classification according to the fair value hierarchy defined by international accounting standards.

On a monthly basis, any new assets added to the portfolio are classified, according to this criterion, by the accounting subsidiary. Then, there is a quarterly review of the portfolio in order to analyze the need for a change in classification of any of these assets.

The financial instruments transferred between the different levels of measurement in the first semester of 2015 are at the following amounts in the accompanying consolidated balance sheets as of December 31, 2015:

		Millions of Euros					
	From:	**Level I**		**Level 2**		**Level 3**	
Transfer Between Levels	**To:**	**Level 2**	**Level 3**	**Level 1**	**Level 3**	**Level 1**	**Level2**
ASSETS							
Financial assets held for trading		36		159	86	-	10
Available-for-sale financial assets		140		481	74	18	5
Total		**176**		**640**	**160**	**18**	**15**
LIABILITIES-							
Financial assets held for trading		2					
Total		**2**					

The amount of financial instruments that were transferred between levels of valuation for the year ended December 31, 2015 is not material relative to the total portfolios, basically corresponding to the above revisions of the classification between levels because these assets had modified some of its features. Specifically:

- The transfers between Tier 1 and 2 were produced mainly in debt securities, which are either no longer listed on an active market (transfer from Tier 1 to 2) or are just starting to be listed (transfer from Tier 2 to 1).
- The transfers from Tier 2 to Tier 3 are due mainly to equity instruments and debt securities for which observable data are not available in their valuation.

- The transfers from Tier 3 to Tier 2 are solely in equity instruments, for which observable market data are available for valuation.

Sensitivity Analysis

Sensitivity analysis is performed on financial instruments with significant unobservable inputs (financial instruments included in level 3), in order to obtain a reasonable range of possible alternative valuations. This analysis is carried out on a monthly basis, based on the criteria defined by the Global Valuation Area taking into account the nature of the methods used for the assessment and the reliability and availability of inputs and proxies used. In order to establish, with a sufficient degree of certainty, the valuating risk that is incurred in such assets without applying diversification criteria between them.

As of December 31, 2015, the effect on the consolidated income and consolidated equity of changing the main hypotheses used for the measurement of Level 3 financial instruments for other reasonably possible models, taking the highest (most favorable hypotheses) or lowest (least favorable hypotheses) value of the range deemed probable, would be as follows:

	Millions of Euros			
	Potential Impact on Consolidated Income Statement		Potential Impact on Total Equity	
Financial Assets Level 3 Sensitivity Analysis	Most Favorable Hypothesis	Least Favorable Hypothesis	Most Favorable Hypothesis	Least Favorable Hypothesis
ASSETS				
Financial assets held for trading	14	(22)	-	-
Available-for-sale financial assets	-	-	1	(2)
LIABILITIES-				
Financial liabilities held for trading	2	(2)	-	-
Total	**16**	**(23)**	**1**	**(2)**

8.1.2 Fair value of financial instruments carried at cost

The valuation methods used to calculate the fair value of financial assets and liabilities carried at cost are presented below:

- The fair value of "Cash and balances with central banks" approximates their book value, as it is mainly short-term balances.
- The fair value of the "Loans and advances to customers" and "financial liabilities at amortized cost" was estimated using the method of discounted expected future cash flows using market interest rates at the end of each year. Additionally, factors such as prepayment rates and correlations of default are taken into account.

The following table presents the fair value of key financial instruments carried at amortized cost in the accompanying consolidated balance sheets, broken down according to the method of valuation used for the estimation:

		Millions of Euros								
		2015			2014			2013		
	Notes	Nivel 1	Nivel 2	Nivel 3	Nivel 1	Nivel 2	Nivel 3	Nivel 1	Nivel 2	Nivel 3
ASSETS-										
Cash and balances with central banks	9	43,467	-	-	31,430	-	-	34,903	-	-
Loans and receivables	13	-	7,681	458,674	-	3,046	370,352		1,351	362,769
LIABILITIES-										
Financial liabilities at amortized cost	21	-	-	613,247	-	-	486,904	-	-	466,240

The main valuation techniques, hypotheses and inputs used to estimate the fair value of financial instruments accounted for at cost and classified in levels 2 and 3 is shown below. These are broken down by type of financial instrument and the balances correspond to those as of December 31, 2015:

Financial Instruments Level 2	Fair Value (Millions of euros)	Valuation technique(s)	Unobservable inputs
Loans and receivables		**Present-value method** (Discounted future cash flows)	- Credit spread - Interest rates
Debt securities	7,681		

Financial Instruments Level 3	Fair Value (Millions of euros)	Valuation technique(s)	Unobservable inputs
Loans and receivables		**Present-value method** (Discounted future cash flows)	- Credit spread - Prepayment rates - Market interest rates
Loans and advances to credit institutions	33,873		
Loans and advances to customers	421,954		
Debt securities	2,847		
Financial liabilities at amortized cost		**Present-value method** (Discounted future cash flows)	- Credit spread - Prepayment rates - Market interest rates
Deposits from central banks	40,062		
Deposits from credit institutions	71,027		
Customer deposits	408,289		
Debt certificates	64,373		
Subordinated liabilities	17,130		
Other financial liabilities	12,367		

Financial instruments at cost

As of December 31, 2015, 2014 and 2013, there were equity instruments and certain discretionary profit-sharing arrangements in some entities which were recognized at cost in the Group's consolidated balance sheets because their fair value could not be reliably determined, as they were not traded in organized markets and, thus, their unobservable inputs are significant. On the above dates, the balances of these financial instruments recognized in the portfolio of available-for-sale financial assets amounted to €600 million, €540 million and €516 million, respectively.

The table below outlines the financial assets and liabilities carried at cost that were sold in the years ended December 31, 2015, 2014 and 2013:

	Millions of Euros		
Sales of Financial Instruments at Cost	**2015**	**2014**	**2013**
Amount of Sale	33	71	76
Carrying Amount at Sale Date	22	21	62
Gains/Losses	11	50	13

8.2 Assets measured at fair value on a nonrecurring basis

As indicated in Note 2.2.4, non-current assets held for sale are measured at the lower of their fair value less costs to sell and its carrying amount. As of December 31, 2015 nearly the entire book value of the non-current assets held for sale from foreclosures or recoveries match their fair value (see Note 15).The global valuation of the portfolio of assets has been carried out using a statistical methodology based on real estate and local macroeconomic variables.

Valuation standards

The overall rating of the portfolio of assets has been carried out using a statistical methodology based on real estate and local macroeconomic variables.

The individualized assessment of properties selected as sample has been carried out according to the "Appraisal and Valuation Standards" published by the Royal Institution of Chartered Surveyors (RICS) and the International Valuation Standards published by the International Standard Valuation Committee (IVSC) complying with the requirements of the International Financial Reporting Standards adopted by the European Union ("EU-IFRS") in connection with estimating the fair value of tangible assets and the value-in-use of financial assets.

The details of each property which has been based each of the assessments are specified in the data sheet valuation of each asset.

Valuation Methodology

Overall valuation of real estate assets portfolio

The overall valuation of the portfolio of real estate assets at December 31, 2014 was performed from the latest appraisal values available. This value was corrected based on the following:

- Analysis of the property sales performed during the year and comparison of the value to sell these properties to the appraisal values obtained most recently. From this analysis derived a conclusion by type of property and location.
- Individual valuation of a material sample of the entire portfolio considering type of properties. The results obtained from these valuations have been compared with the adjusted values of the above analysis, obtaining a second conclusion by type and location.

Individual valuation of real estate assets sample

The basic methods used in the valuation were as follows:

- Comparative Market Method: the property under study is compared with others of similar characteristics which have been recently sold or are for sale on the market, making a comparative analysis, making adjustments due to factors that can cause differences, such as location, size, dimensions, shape, topography, access, urban classification, type of construction, age, storage, distribution, function, or design.
- Dynamic Residual Method: this is considered the most accurate method to conduct an appraisal of the poorly developed or undeveloped land, where there is minimal planning (use and a gross floor area) or a more defined development planning, since in these cases the market is often not very transparent. It starts from the consideration that the development and sale of finished real estate product is conceived from the beginning as a business project, as such it involves a risk, taking place in a time frame in which an initial capital investment occurs generating income and expenses. As such business project, the goal is to maximize profits and therefore the principle of highest and best use.
- Yield Method (DCF): the value of assets is determined by the profits that they could generate in the future (projections) discounted at an appropriate rate of discount. This is an overall assessment, reflecting the economic potential and profitability

To calculate the value, once the market conditions have been analyzed, the following factors are taken into consideration:

- Size, location, and type of property.
- Current condition of the property market, sales price trends and rental competition in the real estate market or industry risk, adjusted based on the statistical information of local real estate and macroeconomic variables.
- The fullest and best use of the asset, which must be legally allowed, physically possible, economically viable, and provide the maximum possible value, supported in economic terms. Analysis of the fullest and best use contemplates its current condition, whether free and available, based on the mentioned appraisals.
- Market Value of the property, considering this as vacant and available for use, analyzing factors such as location, size, physical characteristics, similar transactions and value adjustments proposed by the current economic conditions.

Valuation Criteria

Real estate properties have been appraised individually considering a hypothetical stand-alone sale and not as part of a real estate portfolio type of sale.

The portfolio of assets held for sale by type of asset and inventories as of December 31, 2015 and 2014 is provided below by hierarchy of fair value measurements:

		Millions of Euros					
		Level 2		Level 3		Total	
Assets measured at fair value on a nonrecurring basis	**Note**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Non-current Assets Held-for-Sale	15						
Housing		2,192	2,045	98	9	2,291	2,054
Offices, warehouses and other		353	399	53	8	406	407
Land		12	-	236	237	248	237
TOTAL		**2,557**	**2,444**	**388**	**255**	**2,945**	**2,699**
Inventories	20						
Housing		1,452	1,424	-	-	1,452	1,424
Offices, warehouses and other		647	628	-	-	647	628
Land		-	-	2,056	2,169	2,056	2,169
TOTAL		**2,099**	**2,052**	**2,056**	**2,169**	**4,155**	**4,221**

Since the amount classified in Level 3 (€388 million) is not significant compared to the total consolidated assets and that the inputs used in the valuation are very diverse depending on the type and geographic location, they have not been disclosed.

9. Cash and balances with central banks

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

		Millions of Euros		
Cash and Balances with Central Banks	**Notes**	**2015**	**2014**	**2013**
Cash		7,192	6,247	5,533
Balances at the Central Banks		36,117	24,974	29,234
Reverse repurchase agreements	34	149	209	120
Accrued interests		9	-	16
Total		**43,467**	**31,430**	**34,903**

		Millions of Euros		
Deposits from Central Banks	**Notes**	**2015**	**2014**	**2013**
Deposits from Central Banks		20,956	19,405	25,059
Repurchase agreements	34	19,065	8,774	5,636
Accrued interest until expiration		66	14	198
Total	21	**40,087**	**28,193**	**30,893**

During the year ended December 31, 2015, the variation of the heading "Financial liabilities at amortized cost – Deposits at central Banks" is due mainly to an increase in deposits at the European Central Bank and the integration of Catalunya Banc.

10. Financial assets and liabilities held for trading

10.1 Breakdown of the balance

The breakdown of the balance under these headings in the accompanying consolidated balance sheets is as follows:

	Millions of Euros		
Financial Assets and Liabilities Held-for-Trading	**2015**	**2014**	**2013**
ASSETS-			
Loans and advances to customers	65	128	106
Debt securities	32,825	33,883	29,602
Equity instruments	4,534	5,017	4,766
Trading derivatives	40,902	44,229	37,638
Total Assets	**78,326**	**83,258**	**72,112**
LIABILITIES-			
Trading derivatives	42,149	45,052	38,119
Short positions	13,053	11,747	7,529
Total Liabilities	**55,203**	**56,798**	**45,648**

10.2 Debt securities

The breakdown by type of issuer of the balance under this heading in the accompanying consolidated balance sheets is as follows:

	Millions of Euros		
Debt Securities Held-for-Trading Breakdown by issuer	**2015**	**2014**	**2013**
Issued by Central Banks	214	193	291
Spanish government bonds	7,419	6,332	5,251
Foreign government bonds	21,821	21,688	19,154
Issued by Spanish financial institutions	328	879	596
Issued by foreign financial institutions	1,438	2,169	2,138
Other debt securities	1,606	2,623	2,172
Total	**32,825**	**33,883**	**29,602**

10.3 Equity instruments

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

	Millions of Euros		
Equity Instruments Held-for-Trading Breakdown by Issuer	**2015**	**2014**	**2013**
Shares of Spanish companies			
Credit institutions	804	865	497
Other sectors	1,234	1,677	2,255
Subtotal	2,038	2,541	2,752
Shares of foreign companies			
Credit institutions	255	107	80
Other sectors	2,241	2,368	1,934
Subtotal	2,497	2,476	2,015
Total	**4,534**	**5,017**	**4,766**

10.4 Trading derivatives

The trading derivatives portfolio arises from the Group's need to manage the risks it is exposed to in the normal course of business and also to market certain products amongst the Group's customers. As of December 31, 2015, 2014 and 2013, trading derivatives were mainly contracted in over-the-counter (OTC) markets, with counterparties which are mainly foreign credit institutions, and related to foreign-exchange, interest-rate and equity risk.

Below is a breakdown of the net positions by transaction type of the fair value and notional amounts of trading derivatives recognized in the accompanying consolidated balance sheets, divided into organized and OTC markets:

	Millions of Euros		
Trading derivatives by type of risk / by product or by type of market December 2015	**Assets**	**Liabilities**	**Notional amount - Total**
Interest rate	**22,425**	**23,152**	**1,289,986**
OTC options	3,291	3,367	208,175
OTC other	19,134	19,785	1,069,909
Organized market options	-	-	-
Organized market other	-	-	11,902
Equity	**3,223**	**3,142**	**108,108**
OTC options	1,673	2,119	65,951
OTC other	112	106	4,535
Organized market options	1,437	918	34,475
Organized market other	1	-	3,147
Foreign exchange and gold	**14,706**	**15,367**	**439,546**
OTC options	387	458	41,706
OTC other	14,305	14,894	395,327
Organized market options	1	-	109
Organized market other	13	16	2,404
Credit	**500**	**441**	**33,939**
Credit default swap	436	412	30,283
Credit spread option	-	-	300
Total return swap	-	28	1,831
Other	64	-	1,526
Commodity	**31**	**37**	**118**
Other	**16**	**10**	**675**
DERIVATIVES	**40,902**	**42,149**	**1,872,373**
of which: OTC - credit institutions	23,385	28,343	974,604
of which: OTC - other financial corporations	9,938	8,690	688,880
of which: OTC - other	6,122	4,177	156,828

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	Millions of Euros		
Trading derivatives by type of risk / by product or by type of market December 2014	**Assets**	**Liabilities**	**Notional amount - Total**
Interest rate	**29,504**	**28,770**	**1,160,445**
OTC options	3,919	4,301	214,621
OTC other	25,578	24,283	936,281
Organized market options	1	25	1,470
Organized market other	6	162	8,073
Equity	**2,752**	**3,980**	**108,327**
OTC options	1,229	1,874	64,552
OTC other	169	1,068	3,382
Organized market options	1,353	1,038	38,185
Organized market other	1	-	2,209
Foreign exchange and gold	**11,409**	**11,773**	**360,573**
OTC options	243	372	33,119
OTC other	10,862	11,098	323,275
Organized market options	1	-	10
Organized market other	303	304	4,170
Credit	**548**	**504**	**45,066**
Credit default swap	545	335	43,406
Credit spread option	3	1	1,650
Total return swap	-	-	-
Other	-	167	10
Commodity	**14**	**24**	**378**
Other	**1**	**1**	**247**
DERIVATIVES	**44,229**	**45,052**	**1,675,036**
of which: OTC - credit institutions	*29,041*	*32,807*	*931,198*
of which: OTC - other financial corporations	*6,557*	*7,455*	*556,090*
of which: OTC - other	*6,966*	*3,261*	*133,631*

	Millions of Euros		
Trading derivatives by type of risk / by product or by type of market December 2013	**Assets**	**Liabilities**	**Notional amount - Total**
Interest rate	**27,719**	**27,797**	**1,318,532**
OTC options	2,806	3,021	238,809
OTC other	24,913	24,776	1,052,562
Organized market options	-	-	4,415
Organized market other	-	-	22,747
Equity	**3,073**	**3,279**	**93,996**
OTC options	1,746	2,073	60,328
OTC other	175	126	2,688
Organized market options	1,151	1,080	29,110
Organized market other	1	-	1,870
Foreign exchange and gold	**6,389**	**6,585**	**318,594**
OTC options	329	145	26,160
OTC other	6,059	6,440	288,807
Organized market options	2	-	83
Organized market other	-	-	3,544
Credit	**430**	**436**	**41,044**
Credit default swap	430	436	41,044
Credit spread option	-	-	-
Total return swap	-	-	-
Other	-	-	-
Commodity	**21**	**18**	**903**
Other	**6**	**4**	**275**
DERIVATIVES	**37,638**	**38,119**	**1,773,344**
of which: OTC - credit institutions	*22,660*	*24,968*	*950,342*
of which: OTC - other financial corporations	*9,994*	*10,463*	*638,596*
of which: OTC - other	*3,828*	*1,607*	*122,472*

11. Other financial assets and liabilities designated at fair value through profit or loss

The breakdown of the balance under these headings in the accompanying consolidated balance sheets is as follows:

	Millions of Euros		
Other Financial Assets Designated at Fair Value through Profit or Loss	**2015**	**2014**	**2013**
ASSETS-			
Loans and advances to credit institutions	62	-	-
Debt securities	173	737	663
Unit-linked products	163	157	161
Other securities	9	580	503
Equity instruments	2,075	2,024	1,750
Unit-linked products	1,960	1,930	1,689
Other securities	115	94	60
Total Assets	**2,311**	**2,761**	**2,413**
LIABILITIES-			
Customer deposits	-	-	-
Other financial liabilities	2,649	2,724	2,467
Unit-linked products	2,649	2,724	2,467
Total Liabilities	**2,649**	**2,724**	**2,467**

As of December 31, 2015, 2014 and 2013 the most significant balances within other financial assets and liabilities at fair value through profit and loss related to assets and liabilities linked to insurance products where the policyholder bears the risk ("Unit-Link"). This type of product is sold only in Spain, through BBVA Seguros SA, insurance and reinsurance and BBVA Vida S.A., insurance and reinsurance, and in Mexico through Seguros Bancomer S.A. de CV.

Since the liabilities linked to insurance products in which the policyholder assumes the risk are valued the same way as the assets associated to these insurance products, there is no credit risk component borne by the Group in relation to these liabilities.

12. Available-for-sale financial assets

12.1 Available-for-sale financial assets - Balance details

The breakdown of the balance by the main financial instruments in the accompanying consolidated balance sheets is as follows:

	Millions of Euros		
Available-for-Sale Financial Assets	**2015**	**2014**	**2013**
Debt securities	108,448	87,679	71,861
Impairment losses	(139)	(70)	(55)
Subtotal	108,310	87,608	71,806
Equity instruments	5,262	7,370	6,111
Impairment losses	(146)	(103)	(143)
Subtotal	5,116	7,267	5,968
Total	**113,426**	**94,875**	**77,774**

12.2 Debt securities

The breakdown of the balance under the heading "Debt securities" of the accompanying financial statements, broken down by the nature of the financial instruments, is as follows:

	Millions of Euros			
Debt Securities Available-for-Sale December 2015	**Amortized Cost (*)**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic Debt Securities				
Spanish Government and other government agency debt securities	38,763	2,078	(41)	40,799
Other debt securities	4,737	144	(11)	4,869
Issued by Central Banks	-	-	-	-
Issued by credit institutions	2,702	94	-	2,795
Issued by other issuers	2,035	50	(11)	2,074
Subtotal	43,500	2,221	(53)	45,668
Foreign Debt Securities				
Mexico	12,627	73	(235)	12,465
Mexican Government and other government agency debt securities	10,284	70	(160)	10,193
Other debt securities	2,343	4	(75)	2,272
Issued by Central Banks	-	-	-	-
Issued by credit institutions	260	1	(7)	254
Issued by other issuers	2,084	3	(68)	2,019
The United States	13,890	63	(236)	13,717
Government securities	6,817	13	(41)	6,789
US Treasury and other US Government agencies	2,188	4	(15)	2,177
States and political subdivisions	4,629	9	(26)	4,612
Other debt securities	7,073	50	(195)	6,927
Issued by Central Banks	-	-	-	-
Issued by credit institutions	71	5	(1)	75
Issued by other issuers	7,002	45	(194)	6,852
Turkey	13,414	116	(265)	13,265
Turkey Government and other government agency debt securities	11,801	111	(231)	11,682
Other debt securities	1,613	4	(34)	1,584
Issued by Central Banks	-	-	-	-
Issued by credit institutions	1,452	3	(30)	1,425
Issued by other issuers	162	1	(4)	159
Other countries	22,803	881	(490)	23,194
Other foreign governments and other government agency debt securities	9,778	653	(76)	10,356
Other debt securities	13,025	227	(414)	12,838
Issued by Central Banks	2,277	-	(4)	2,273
Issued by credit institutions	3,468	108	(88)	3,488
Issued by other issuers	7,280	119	(322)	7,077
Subtotal	62,734	1,132	(1,226)	62,641
Total	**106,234**	**3,354**	**(1,278)**	**108,310**

(*) The amortized cost includes portfolio gains/losses linked to insurance contracts in which the policyholder assumes the risk in case of redemption.

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	Millions of Euros			
Debt Securities Available-for-Sale December 2014	**Amortized Cost (*)**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic Debt Securities				
Spanish Government and other government agency debt securities	34,445	2,290	(55)	36,680
Other debt securities	5,892	252	(22)	6,122
Issued by Central Banks	-	-	-	-
Issued by credit institutions	3,567	162	(13)	3,716
Issued by other issuers	2,325	90	(9)	2,406
Subtotal	40,337	2,542	(77)	42,802
Foreign Debt Securities				
Mexico	12,662	493	(96)	13,060
Mexican Government and other government agency debt securities	10,629	459	(76)	11,012
Other debt securities	2,034	34	(20)	2,048
Issued by Central Banks	-	-	-	-
Issued by credit institutions	141	3	(3)	142
Issued by other issuers	1,892	31	(17)	1,906
The United States	10,289	102	(83)	10,307
Government securities	4,211	28	(8)	4,231
US Treasury and other US Government agencies	1,539	6	(3)	1,542
States and political subdivisions	2,672	22	(5)	2,689
Other debt securities	6,078	73	(76)	6,076
Issued by Central Banks	-	-	-	-
Issued by credit institutions	24	-	-	24
Issued by other issuers	6,054	73	(76)	6,052
Other countries	20,705	1,044	(310)	21,439
Other foreign governments and other government agency debt securities	10,355	715	(104)	10,966
Other debt securities	10,350	329	(206)	10,473
Issued by Central Banks	1,540	10	(9)	1,540
Issued by credit institutions	3,352	175	(55)	3,471
Issued by other issuers	5,459	143	(141)	5,461
Subtotal	43,657	1,639	(490)	44,806
Total	**83,994**	**4,181**	**(566)**	**87,608**

(*) The amortized cost includes portfolio gains/losses linked to insurance contracts in which the policyholder assumes the risk in case of redemption.

Debt Securities Available-for-Sale December 2013	Amortized Cost (*)	Unrealized Gains	Unrealized Losses	Fair Value
	Millions of Euros			
Domestic Debt Securities				
Spanish Government and other government agency debt securities	30,688	781	(90)	31,379
Other debt securities	8,536	227	(25)	8,738
Issued by Central Banks	-	-	-	-
Issued by credit institutions	5,907	124	(4)	6,027
Issued by other issuers	2,629	103	(21)	2,711
Subtotal	39,224	1,008	(115)	40,116
Foreign Debt Securities				
Mexico	10,433	328	(178)	10,583
Mexican Government and other government agency debt securities	9,028	281	(160)	9,150
Other debt securities	1,404	47	(19)	1,433
Issued by Central Banks	-	-	-	-
Issued by credit institutions	84	11	(2)	93
Issued by other issuers	1,320	36	(16)	1,340
The United States	5,962	58	(82)	5,937
Government securities	1,055	11	(11)	1,056
US Treasury and other US Government agencies	171	3	(4)	170
States and political subdivisions	884	8	(7)	885
Other debt securities	4,907	46	(72)	4,881
Issued by Central Banks	-	-	-	-
Issued by credit institutions	234	2	(2)	233
Issued by other issuers	4,674	44	(70)	4,648
Other countries	14,928	570	(329)	15,170
Other foreign governments and other government agency debt securities	7,128	333	(261)	7,199
Other debt securities	7,801	237	(67)	7,971
Issued by Central Banks	1,209	9	(10)	1,208
Issued by credit institutions	4,042	175	(51)	4,166
Issued by other issuers	2,550	54	(6)	2,597
Subtotal	31,323	956	(589)	31,690
Total	**70,547**	**1,964**	**(704)**	**71,806**

(*) The amortized cost includes portfolio gains/losses linked to insurance contracts in which the policyholder assumes the risk in case of redemption.

The credit ratings of the issuers of debt securities in the available-for-sale portfolio as of December 31, 2015, 2014 and 2013 are as follows:

Available for Sale financial assets Debt Securities by Rating	December 2015 Fair Value (Millions of Euros)	December 2015 %	December 2014 Fair Value (Millions of Euros)	December 2014 %	December 2013 Fair Value (Millions of Euros)	December 2013 %
AAA	1,842	1.7%	1,459	1.7%	847	1.2%
AA+	10,372	9.6%	7,620	8.7%	4,927	6.9%
AA	990	0.9%	329	0.4%	198	0.3%
AA-	938	0.9%	1,059	1.2%	748	1.0%
A+	1,686	1.6%	597	0.7%	554	0.8%
A	994	0.9%	2,223	2.5%	8,463	11.8%
A-	4,826	4.5%	13,606	15.5%	4,588	6.4%
BBB+	51,885	47.9%	9,980	11.4%	7,203	10.0%
BBB	23,728	21.9%	41,283	47.1%	29,660	41.3%
BBB-	5,621	5.2%	2,568	2.9%	9,152	12.7%
BB+ or below	2,639	2.4%	3,942	4.5%	3,548	4.9%
Without rating	2,789	2.6%	2,942	3.4%	1,918	2.7%
Total	**108,310**	**100.0%**	**87,608**	**100.0%**	**71,806**	**100.0%**

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12.3 Equity instruments

The breakdown of the balance under the heading "Equity instruments" of the accompanying financial statements as of December 31, 2015, 2014 and 2013 is as follows:

	Millions of Euros			
Equity Instruments Available-for-Sale December 2015	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Equity instruments listed				
Listed Spanish company shares	3,402	17	(558)	2,862
Credit institutions	-	-	-	-
Other entities	3,402	17	(558)	2,862
Listed foreign company shares	1,027	392	(44)	1,375
United States	41	21	-	62
Mexico	9	42	(10)	40
Turkey	6	4	(5)	6
Other countries	972	325	(29)	1,267
Subtotal	4,430	409	(602)	4,236
Unlisted equity instruments				
Unlisted Spanish company shares	74	5	(1)	78
Credit institutions	4	1	-	6
Other entities	69	3	(1)	72
Unlisted foreign companies shares	701	108	(7)	802
United States	549	5	-	554
Mexico	1	-	-	1
Turkey	21	13	(6)	27
Other countries	130	91	(1)	220
Subtotal	775	113	(8)	880
Total	**5,204**	**522**	**(610)**	**5,116**

	Millions of Euros			
Equity Instruments Available-for-Sale December 2014	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Equity instruments listed				
Listed Spanish company shares	3,129	92	(71)	3,150
Credit institutions	2	1	-	3
Other entities	3,126	92	(71)	3,147
Listed foreign company shares	2,227	1,235	(34)	3,428
United States	54	2	-	56
Mexico	54	-	(5)	49
Turkey				
Other countries	2,118	1,233	(28)	3,323
Subtotal	5,356	1,327	(105)	6,578
Unlisted equity instruments				
Unlisted Spanish company shares	48	1	-	49
Credit institutions	-	-	-	-
Other entities	48	1	-	49
Unlisted foreign companies shares	616	28	(3)	641
United States	486	16	-	502
Mexico	1	-	-	1
Turkey				
Other countries	129	12	(3)	138
Subtotal	664	29	(3)	690
Total	**6,020**	**1,356**	**(108)**	**7,267**

	Millions of Euros			
Equity Instruments Available-for-Sale December 2013	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Equity instruments listed				
Listed Spanish company shares	3,270	54	(46)	3,277
Credit institutions	3	-	-	3
Other entities	3,267	54	(46)	3,275
Listed foreign company shares	2,030	46	(9)	2,066
United States	16	-	-	16
Mexico	8	37	-	45
Turkey				
Other countries	2,006	9	(9)	2,006
Subtotal	5,300	100	(55)	5,343
Unlisted equity instruments				
Unlisted Spanish company shares	61	-	(1)	60
Credit institutions	3	-	-	3
Other entities	58	-	(1)	57
Unlisted foreign companies shares	554	9	(1)	563
United States	455	-	-	455
Mexico	-	-	-	-
Turkey				
Other countries	99	9	(1)	107
Subtotal	616	9	(2)	623
Total	**5,916**	**109**	**(57)**	**5,968**

12.4 Gains/losses

The changes in the gains/losses, net of taxes, recognized under the equity heading "Valuation adjustments – Available-for-sale financial assets" in the accompanying consolidated balance sheets are as follows:

	Millions of Euros		
Changes in Valuation Adjustments - Available-for-Sale Financial Assets	**2015**	**2014**	**2013**
Balance at the beginning	**3,816**	**851**	**(238)**
Valuation gains and losses	(1,222)	4,841	1,653
Income tax	924	(1,414)	(489)
Amounts transferred to income	(1,844)	(462)	(136)
Other reclassifications	-	-	61
Balance at the end	**1,674**	**3,816**	**851**
Of which:			
Debt securities	1,769	2,965	780
Equity instruments	(95)	851	71

As of December 31, 2015, 65.5% of the unrealized losses recognized under the heading "Valuation adjustments – Available-for-sale financial assets" and originating in debt securities were generated over more than twelve months. However, no impairment has been considered, as following an analysis of these unrealized losses it can be concluded that they were temporary due to the following reasons: the interest payment dates of all the fixed-income securities have been satisfied; and because there is no evidence that the issuer will not continue to meet its payment obligations, nor that future payments of both principal and interest will not be sufficient to recover the cost of the debt securities.

The losses recognized for Debt Securities in the heading "Impairment Losses-Available-for-Sale Financial Assets" in the accompanying consolidated income statement amounted 1, 19 and 5 million of euros in 2015, 2014 and 2013 respectively (see Note 46).

As of December 31, 2015, the Group has analyzed the unrealized losses recognized under the heading “Valuation adjustments – Available-for-sale financial assets” resulting from equity instruments generated over a period of more than 12 months and with a fall of more 20% in their price, as a first approximation to the existence of possible impairment. As of 30 June, 2015, the unrealized losses recognized under the heading “Valuation adjustments – Available-for-sale financial assets” resulting from equity instruments generated over a period of more than 18 months or with a fall of more 40% in their price are not significant.

The losses recognized, for equity instruments Available-for-Sale, under the heading “Impairment losses on financial assets (net) – Available-for-sale financial assets” in the accompanying consolidated income statement amounted to €23, €17 and €31 million for the years ended December 31, 2015, 2014 and 2013, respectively (see Note 46).

13. Loans and receivables

The breakdown of the balance under this heading in the accompanying consolidated balance sheets, according to the nature of the financial instrument, is as follows:

		Millions of Euros		
Loans and Receivables	**Notes**	**2015**	**2014**	**2013**
Loans and advances to credit institutions	13.1	32,962	27,059	22,862
Loans and advances to customers	13.2	414,165	338,657	323,607
Debt securities	13.3	10,516	6,659	4,476
Total		**457,644**	**372,375**	**350,945**

13.1 Loans and advances to credit institutions

The breakdown of the balance under this heading in the accompanying consolidated balance sheets, according to the nature of the financial instrument, is as follows:

		Millions of Euros		
Loans and Advances to Credit Institutions	**Notes**	**2015**	**2014**	**2013**
Reciprocal accounts		241	126	132
Deposits with agreed maturity		6,732	3,679	5,901
Demand deposits		3,405	1,592	1,421
Other accounts		10,820	11,138	8,510
Reverse repurchase agreements	34	11,749	10,440	6,828
Total gross	7.3.1	**32,947**	**26,975**	**22,792**
Valuation adjustments		16	85	70
Impairment losses	7.3.8	(51)	(29)	(40)
Accrued interests and fees		68	114	110
Hedging derivatives and others		(1)	-	-
Total net		**32,962**	**27,059**	**22,862**

13.2 Loans and advances to customers

The breakdown of the balance under this heading in the accompanying consolidated balance sheets, according to the nature of the financial instrument, is as follows:

		Millions of Euros		
Loans and Advances to Customers	**Notes**	**2015**	**2014**	**2013**
Mortgage secured loans	7.3.2	144,203	124,097	125,564
Other loans secured with security interest	7.3.2	57,041	28,419	23,660
Unsecured loans		137,322	119,002	109,600
Credit lines		13,758	12,851	11,166
Commercial credit		13,434	10,015	9,711
Receivable on demand and other		9,226	7,021	8,210
Credit cards		15,360	11,756	11,070
Finance leases		9,032	7,095	6,954
Reverse repurchase agreements	34	5,036	6,990	4,449
Financial paper		1,063	873	930
Impaired assets	7.3.7	25,333	22,703	25,445
Total gross		**430,808**	**350,822**	**336,759**
Valuation adjustments		**(16,643)**	**(12,166)**	**(13,151)**
Impairment losses	7.3.8	(18,691)	(14,244)	(14,950)
Hedging derivatives and others		1,199	1,215	846
Rest of valuation adjustments		849	863	953
Total net		**414,165**	**338,657**	**323,607**

The changes during the year ended December 31, 2015, are mainly as a result of the acquisition of Catalunya Banc.

As of December 31, 2015, 32% of "Loans and advances to customers" with maturity greater than one year have fixed-interest rates and 68% have variable interest rates.

The heading "Loans and advances to customers" includes financial leases that several Group entities sign with customers to assist them in acquisitions of goods, both properties and fixtures. The breakdown of financial lease agreements as of December 31, 2015, 2014 and 2013 was the following:

	Millions of Euros		
Financial Lease Arrangements	**2015**	**2014**	**2013**
Movable property	6,181	4,413	4,095
Real Estate	2,851	2,682	2,859
Fixed rate	74%	73%	69%
Floating rate	26%	27%	31%

The heading "Loans and receivables – Loans and advances to customers" in the accompanying consolidated balance sheets also includes certain secured loans that, as mentioned in Note 7.6 and pursuant to the Mortgage Market Act, are linked to long-term mortgage-covered bonds. This heading also includes some loans that have been securitized. The balances recognized in the accompanying consolidated balance sheets corresponding to these securitized loans are as follows:

	Millions of Euros		
Securitized Loans	**2015**	**2014**	**2013**
Securitized mortgage assets	**28,955**	**25,099**	**22,407**
Other securitized assets	**3,666**	**2,225**	**4,224**
Commercial and industrial loans	751	735	2,330
Finance leases	154	219	301
Loans to individuals	2,067	1,213	1,518
Other	694	58	75
Total	**32,621**	**27,324**	**26,631**
Of which:			
Liabilities associated to assets retained on the balance sheet (*)	7,619	5,215	6,348

(*) These liabilities are recognized under "Financial liabilities at amortized cost - Debt securities" in the accompanying consolidated balance sheets (Note 21.3.2).

13.3 Debt securities

The breakdown of the balance under this heading in the accompanying consolidated balance sheets, according to the issuer of the debt security, is as follows:

		Millions of Euros		
Debt securities	**Notes**	**2015**	**2014**	**2013**
Government		3,275	5,608	3,175
Credit institutions		125	81	297
Other sectors (*)		7,126	975	1,009
Total gross	7.3.1	**10,526**	**6,663**	**4,481**
Valuation adjustments	7.3.8	(10)	(4)	(5)
Total net		**10,516**	**6,659**	**4,476**

(*) The increase recorded in "Other sectors" is mainly due to the bonds issued by the Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria (SAREB) held in portfolio by Catalunya Banc.

During the year ended 31, 2015, the change in this heading is mainly due to the incorporation of Catalunya Banc Group and Garanti Group (see Note 3).

14. Hedging derivatives (receivable and payable) and Fair-value changes of the hedged items in portfolio hedges of interest-rate risk

The balance of these headings in the accompanying consolidated balance sheets is as follows:

	Millions of Euros		
Hedging derivatives and Fair value changes of the hedged items in portfolio hedges of interest rate risk	**2015**	**2014**	**2013**
ASSETS-			
interest rate risk	45	121	98
Hedging derivatives	3,538	2,551	2,530
LIABILITIES-			
interest rate risk	358	-	-
Hedging derivatives	2,726	2,331	1,792

As of December 31, 2015, 2014 and 2013, the main positions hedged by the Group and the derivatives designated to hedge those positions were:

- Fair value hedging:
  - Available-for-sale fixed-interest debt securities: This risk is hedged using interest rate derivatives (fixed-variable swaps).
  - Long-term fixed-interest debt securities issued by the Bank: This risk is hedged using interest rate derivatives (fixed-variable swaps).
  - Available-for-sale equity instruments: This risk is hedged using equity forwards.
  - Fixed-interest loans: This risk is hedged using interest rate derivatives (fixed-variable swaps).
  - Fixed-interest deposit portfolio hedges: in order to provide stability to net interest income and to protect the economic value of the balance sheet from rate fluctuations, cash flow and fair value hedge derivatives are put in place
- Cash-flow hedges

  Most of the hedged items are floating interest-rate loans and asset hedges linked to the inflation of the available for sale portfolio. This risk is hedged using foreign-exchange, interest-rate swaps, inflation and FRA's ("Forward Rate Agreement").
- Net foreign-currency investment hedges:

  The risks hedged are foreign-currency investments in the Group's foreign subsidiaries. This risk is hedged mainly with foreign-exchange options and forward currency purchases.

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

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

	Millions of Euros		
Derivatives - Hedge accounting: Breakdown by type of risk and type of hedge - December 2015	**Assets**	**Liabilities**	**Notional amount - Total hedging**
Interest rate	1,660	875	55,767
OTC options	187	128	1,390
OTC other	1,473	747	54,377
Organized market options	-	-	-
Organized market other	-	-	-
Equity	12	74	2,500
OTC options	-	72	791
OTC other	12	2	1,709
Organized market options	-	-	-
Organized market other	-	-	-
Foreign exchange and gold	675	389	3,335
OTC options	0	0	1
OTC other	675	388	3,334
Organized market options	-	-	-
Organized market other	-	-	-
Credit	-	-	-
OTC options	-	-	-
OTC other	-	-	-
Organized market options	-	-	-
Organized market other	-	-	-
Commodity	-	-	-
Other	-	-	-
FAIR VALUE HEDGES	**2,347**	**1,337**	**61,602**
Interest rate	204	319	13,593
OTC options	-	-	-
OTC other	204	318	13,329
Organized market options	-	-	-
Organized market other	-	1	264
Equity	-	-	-
OTC options	-	-	-
Foreign exchange and gold	242	34	2,382
OTC options	42	12	1,493
OTC other	200	22	889
Organized market options	-	-	-
Organized market other	-	-	-
Credit	-	-	-
Commodity	-	-	-
Other	-	-	-
CASH FLOW HEDGES	**446**	**353**	**15,974**
HEDGE OF NET INVESTMENTS IN A FOREIGN OPERATION	**47**	**304**	**5,362**
PORTFOLIO FAIR VALUE HEDGES OF INTEREST RATE RISK	**697**	**732**	**17,919**
PORTFOLIO CASH FLOW HEDGES OF INTEREST RATE RISK	**-**	**-**	**-**
DERIVATIVES-HEDGE ACCOUNTING	**3,538**	**2,726**	**100,858**
of which: OTC - credit institutions	3,413	2,366	49,776
of which: OTC - other financial corporations	95	256	47,881
of which: OTC - other	29	103	2,936

	Millions of Euros		
Derivatives - Hedge accounting: Breakdown by type of risk and type of hedge- December 2014	**Assets**	**Liabilities**	**Notional amount - Total hedging**
Interest rate	2,174	990	56,125
OTC options	-	-	2
OTC other	2,174	990	56,123
Organized market options	-	-	-
Organized market other	-	-	-
Equity	13	101	578
OTC options	8	89	578
OTC other	6	12	-
Organized market options	-	-	-
Organized market other	-	-	-
Foreign exchange and gold	-	12	2,741
OTC options	-	-	-
OTC other	-	12	2,741
Organized market options	-	-	-
Organized market other	-	-	-
Credit	-	-	20
OTC options	-	-	20
OTC other	-	-	-
Organized market options	-	-	-
Organized market other	-	-	-
Commodity	-	-	-
Other	-	61	115
FAIR VALUE HEDGES	**2,188**	**1,164**	**59,578**
Interest rate	265	272	6,014
OTC options	3	7	-
OTC other	262	265	5,777
Organized market options	-	-	-
Organized market other	-	-	238
Equity	-	-	-
OTC options	-	-	-
Foreign exchange and gold	36	27	2,070
OTC options	22	12	1,064
OTC other	14	16	1,006
Organized market options	-	-	-
Organized market other	-	-	-
Credit	-	-	-
Commodity	-	-	-
Other	-	-	-
CASH FLOW HEDGES	**301**	**299**	**8,085**
HEDGE OF NET INVESTMENTS IN A FOREIGN OPERATION	**-**	**502**	**4,160**
PORTFOLIO FAIR VALUE HEDGES OF INTEREST RATE RISK	**62**	**366**	**10,783**
PORTFOLIO CASH FLOW HEDGES OF INTEREST RATE RISK	**-**	**-**	**-**
DERIVATIVES-HEDGE ACCOUNTING	**2,551**	**2,331**	**82,606**
of which: OTC - credit institutions	2,305	1,954	42,724
of which: OTC - other financial corporations	236	280	39,169
of which: OTC - other	10	97	476

	Millions of Euros		
Derivatives - Hedge accounting: Breakdown by type of risk and type of hedge- December 2013	**Assets**	**Liabilities**	**Notional amount - Total hedging**
Interest rate	2,310	1,212	63,354
OTC options	-	-	-
OTC other	2,310	1,212	63,354
Organized market options	-	-	-
Organized market other	-	-	-
Equity	11	35	87
OTC options	-	-	-
OTC other	11	35	87
Organized market options	-	-	-
Organized market other	-	-	-
Foreign exchange and gold	6	7	303
OTC options	-	-	-
OTC other	6	7	303
Organized market options	-	-	-
Organized market other	-	-	-
Credit	-	1	25
OTC options	-	-	-
OTC other	-	1	25
Organized market options	-	-	-
Organized market other	-	-	-
Commodity	-	-	-
Other	-	9	153
FAIR VALUE HEDGES	**2,328**	**1,265**	**63,922**
Interest rate	148	143	5,224
OTC options	-	-	-
OTC other	148	143	5,224
Organized market options	-	-	-
Organized market other	-	-	-
Equity	-	-	-
OTC options	-	-	-
Foreign exchange and gold	2	2	2,037
OTC options	2	2	2,037
OTC other	-	-	-
Organized market options	-	-	-
Organized market other	-	-	-
Credit	-	-	-
Commodity	-	-	-
Other	-	-	-
CASH FLOW HEDGES	**149**	**145**	**7,260**
HEDGE OF NET INVESTMENTS IN A FOREIGN OPERATION	**-**	**-**	**6**
PORTFOLIO FAIR VALUE HEDGES OF INTEREST RATE RISK	**53**	**383**	**7,838**
PORTFOLIO CASH FLOW HEDGES OF INTEREST RATE RISK	**-**	**-**	**-**
DERIVATIVES-HEDGE ACCOUNTING	**2,530**	**1,792**	**79,026**
of which: OTC - credit institutions	2,074	1,421	50,902
of which: OTC - other financial corporations	447	316	27,070
of which: OTC - other	9	55	1,055

The cash flows forecasts for the coming years for cash flow hedging recognized on the accompanying consolidated balance sheet as of December 31, 2015 are:

	Millions of Euros				
Cash Flows of Hedging Instruments	**3 Months or Less**	**From 3 Months to 1 Year**	**From 1 to 5 Years**	**More than 5 Years**	**Total**
Receivable cash inflows	765	1,442	1,817	945	4,969
Payable cash outflows	851	1,270	1,804	1,068	4,993

The above cash flows will have an impact on the Group's consolidated income statements until 2050.

In the years ended December 31, 2015, 2014 and 2013 there was no reclassification in the accompanying consolidated income statements of any amount corresponding to cash flow hedges that was previously recognized in equity.

The amount for derivatives designated as accounting hedges that did not pass the effectiveness test during the years ended December 31, 2015, 2014 and 2013 was not material.

15. Non-current assets held for sale and liabilities associated with non-current assets held for sale

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

	Millions of Euros		
Non-Current Assets Held-for-Sale and Liabilities Associated	**2015**	**2014**	**2013**
Foreclosures and recoveries	**3,991**	**3,330**	**3,099**
Foreclosures	3,775	3,144	2,914
Recoveries from financial leases	216	186	185
Other assets from:	**706**	**315**	**302**
Property, plants and equipment	431	272	270
Operating leases	275	43	32
Business sale - Assets (*)	**37**	**924**	**92**
Accrued amortization (**)	**(80)**	**(74)**	**(49)**
Impairment losses	**(1,285)**	**(702)**	**(565)**
Total Non-Current Assets Held-for-Sale	**3,369**	**3,793**	**2,880**

(*) As of December 31, 2015, mainly included the investment in CIFH (see Note 3

(**) Net of accumulated amortization until reclassified as non-current assets held for sale.

The changes in the balances of "Non-current assets available for sale" in 2015, 2014 and 2013 are as follows:

Non-Current Assets Held-for-Sale Changes in the year 2015	Notes	Foreclosed Assets: Foreclosed Assets through Auction Proceeding	Foreclosed Assets: Recovered Assets from Finance Leases	From Own Use Assets (*)	Other assets (**)	Total
		Millions of Euros				
Cost (1)						
Balance at the beginning		**3,144**	**186**	**241**	**924**	**4,495**
Additions		801	94	79	-	974
Contributions from merger transactions		446	1	163	-	609
Retirements (*sales and other decreases*)		(586)	(53)	(163)	(887)	(1,688)
Transfers, other movements and exchange differences		(30)	(13)	307	-	264
Balance at the end		**3,775**	**216**	**626**	**37**	**4,654**
Impairment (2)						
Balance at the beginning		**578**	**53**	**70**	**-**	**702**
Additions	49	208	11	66	-	285
Contributions from merger transactions		328	-	75	-	404
Retirements (*sales and other decreases*)		(117)	(14)	(39)	-	(170)
Other movements and exchange differences		(4)	2	66	-	64
Balance at the end		**994**	**52**	**240**	**-**	**1,285**
Balance at the end of Net carrying value (1)-(2)		**2,781**	**164**	**387**	**37**	**3,369**

(*) Net of accumulated amortization until reclassified as non-current assets held for sale

(**) Business sale agreement (Note 3)

Non-Current Assets Held-for-Sale Changes in the year 2014	Notes	Foreclosed Assets: Foreclosed Assets through Auction Proceeding	Foreclosed Assets: Recovered Assets from Finance Leases	From Own Use Assets (*)	Other assets (**)	Total
		Millions of Euros				
Cost (1)						
Balance at the beginning		**2,914**	**186**	**253**	**92**	**3,445**
Additions		783	50	82	-	916
Contributions from merger transactions		-	-	-	-	-
Retirements (*sales and other decreases*)		(565)	(36)	(161)	-	(762)
Transfers, other movements and exchange differences		12	(14)	67	832	897
Balance at the end		**3,144**	**187**	**241**	**924**	**4,495**
Impairment (2)						
Balance at the beginning		**420**	**45**	**99**	**-**	**565**
Additions	49	391	12	4	-	406
Contributions from merger transactions		-	-	-	-	-
Retirements (*sales and other decreases*)		(140)	(7)	(51)	-	(198)
Transfers, other movements and exchange differences		(93)	3	19	-	(71)
Balance at the end		**578**	**53**	**71**	**-**	**702**
Balance at the end of Net carrying value (1)-		**2,565**	**134**	**170**	**924**	**3,793**

(*) Net of accumulated amortization until reclassified as non-current assets held for sale

(**) Business sale agreement (Note 3)

Non-Current Assets Held-for-Sale Changes in the year 2013	Notes	Foreclosed Assets: Foreclosed Assets through Auction Proceeding	Foreclosed Assets: Recovered Assets from Finance Leases	From Own Use Assets (*)	Other assets (**)	Total
		Millions of Euros				
Cost (1)						
Balance at the beginning		**2,877**	**167**	**121**	**1,536**	**4,702**
Additions		940	84	69	-	1,093
Contributions from merger transactions		-	1	-	-	1
Retirements (*sales and other decreases*)		(569)	(58)	(117)	(1,536)	(2,280)
Transfers, other movements and exchange differences		(334)	(9)	180	92	(72)
Balance at the end		**2,914**	**186**	**253**	**92**	**3,445**
Impairment (2)						
Balance at the beginning		**415**	**42**	**15**	-	**472**
Additions	49	569	29	3	-	602
Contributions from merger transactions		-	-	-	-	-
Retirements (*sales and other decreases*)		(118)	(15)	(15)	-	(147)
Transfers, other movements and exchange differences		(447)	(12)	96	-	(363)
Balance at the end		**420**	**45**	**99**	-	**565**
Balance at the end of Net carrying value (1)-		**2,494**	**141**	**154**	**92**	**2,880**

(*) Net of accumulated amortization until reclassified as non-current assets held for sale

(**) Business sale agreement (Note 3)

Assets from foreclosures or recoveries

As of December 31, 2015, 2014 and 2013, assets from foreclosures and recoveries, net of impairment losses, by nature of the asset, amounted to €2,415, €2,330 and €2,279 million in assets for residential use; €486, €342 and €326 million in assets for tertiary use (industrial, commercial or office) and €44, €26 and €29 million in assets for agricultural use, respectively.

In December 31, 2015, 2014 and 2013, the average sale time of assets from foreclosures or recoveries was between 2 and 3 years.

During the years 2015, 2014 and 2013, some of the sale transactions for these assets were financed by Group companies. The amount of loans to buyers of these assets in those years amounted to €179, €165 and €118 million, respectively; with an average financing of 74% of the sales price.

As of December 31, 2015, 2014 and 2013, the amount of the profits arising from the sale of Group companies financed assets - and therefore not recognized in the consolidated income statement - amounted to €18, €22 and €24 million, respectively.

16. Investments in entities accounted for using the equity method

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

Investments in Entities Accounted for Using the Equity Method	2015	2014	2013
	Millions of Euros		
Associates entities	636	417	1,272
Joint ventures	243	4,092	3,470
Total	**879**	**4,509**	**4,742**

16.1 Associates

The following table shows the carrying amount of the most significant of the Group's investments in associates:

	Millions of Euros		
Associates Entities	**2015**	**2014**	**2013**
Metrovacesa, S.A.	351	233	315
Sociedad Española de Medios de Pago, S.A. (Servired)	92	8	8
Brunara SICAV, S.A.	54	52	48
Occidental Hoteles Management, S.L.	-	-	98
Tubos Reunidos, S.A.	-	-	53
Citic International Financial Holdings Ltd (CIFH)	-	-	631
Other associates	139	124	119
Total	**636**	**417**	**1,272**

As of December 31, 2015, the most significant of the Group's investments associates are Metrovacesa y Servired, for which Management agreements are maintained with other banks shareholders, so are or accounted for using the equity method.

Appendix II shows the details of the associates as of December 31, 2015.

The following is a summary of the changes in the years ended December 31, 2015, 2014 and 2013 under this heading in the accompanying consolidated balance sheets:

	Millions of Euros		
Associates Entities. Changes in the Year	**2015**	**2014**	**2013**
Balance at the beginning	**417**	**1,272**	**6,469**
Acquisitions and capital increases	192	1	65
Disposals and capital reductions	(5)	(2)	(4)
Transfers and changes of consolidation method	(3)	(948)	(5,453)
Share of profit and loss (Note 38)	(18)	26	425
Exchange differences	(11)	89	(71)
Dividends, valuation adjustments and others	64	(21)	(159)
Balance at the end	**636**	**417**	**1,272**

The changes in the year ended December 31, 2015, are mainly a result of capital increase of Metrovacesa and the increased value of Servired by gains in its stake in Visa.

During the year ended December 31, 2014, the investment on Occidental Hoteles Management, S.L. was reclassified to "Non-current assets available for sale". Also, BBVA sold 6.89% of its participation in Tubos Reunidos, S.A., decreasing its participation to 14.47%, which meant a loss of significant influence and triggered therefore the reclassification of this investment to "Financial assets available for sale" in an amount of €47 million. The impact in equity and the consolidated income statement was not material.

The changes in 2013 are mainly a result of the sale and reclassification of the remaining stake in CNCB to the heading "Available-for-sale financial assets" as it is mentioned in the Note 3.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

16.2 Investments in joint venture entities

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

	Millions of Euros		
Joint ventures	**2015**	**2014**	**2013**
Grupo Garanti	-	3,853	3,245
PSA Finance Argentina	23	26	19
Altura Markets	20	18	17
Other joint ventures	200	195	189
Total	**243**	**4,092**	**3,470**

As of December 31, 2015, the main joint venture are PSA Finance Argentina y Altura Markets for which joint management agreements with other shareholders are kept , so are or accounted for using the equity method.

The main variation in this heading is as a result of the change in the method used for the consolidation to full consolidation method as a consequence of the control of the investee (see Note 3).

Details of the joint ventures of December 31, 2015 are shown in Appendix II.

The following is a summary of the changes as of December 31, 2015, 2014 and 2013 under this heading in the accompanying consolidated balance sheets:

	Millions of Euros		
Joint ventures. Changes in the Year	**2015**	**2014**	**2013**
Balance at the beginning	**4,092**	**3,470**	**4,313**
Acquisitions and capital increases	272	35	70
Disposals and capital reductions	(27)	(8)	(11)
Transfers and changes of consolidation method	(3,848)	-	(155)
Share of profit and loss (Note 38)	192	317	269
Exchange differences	(239)	146	(818)
Dividends, valuation adjustments and others	(200)	132	(198)
Balance at the end	**242**	**4,092**	**3,470**

16.3 Other information about associates and joint ventures

The following table provides relevant information of the balance sheets and income statements of associates and joint ventures as of December 31, 2015, 2014 and 2013, respectively.

	Millions of Euros					
	2015 (*)		**2014 (*)**		**2013 (*)**	
Associates and Joint ventures						
Interest Margin	26	6	(28)	(1)	73	26
Gross income	112	85	76	82	305	78
Profit from continuing operations	9	4	(10)	-	82	(23)
Profit from discontinued operations (net)	-	-	-	-	-	-
Total	9	4	(10)	-	77	(23)

(*) Dates of the company's financial statements updated at the most recent available information. Information applying the corresponding ownership and without the corresponding standardization and consolidation adjustments.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

As of December 31, 2015 there was no financial support agreement or other contractual commitment to associates and joint ventures entities from the holding or the subsidiaries that are not recognized in the financial statements (see Note 52.2).

As of December 31, 2015 there was no contingent liability in connection with the investments in joint ventures and associates (see Note 52.2).

16.4 Notifications about acquisition of holdings

Appendix III provides notifications on acquisitions and disposals of holdings in associates or joint ventures, in compliance with Article 155 of the Corporations Act and Article 53 of the Securities Market Act 24/1988.

16.5 Impairment

As described in IAS 36, when there is indicator of impairment, the book value of the associates and joint venture entities should be compared with their recoverable amount, being the latter calculated as the higher between the value in use and the fair value minus the cost of sale. As of December 31, 2015, 2014 and 2013, there was no impairment recognized.

17. Tangible assets

The breakdown of the balance and changes of this heading in the accompanying consolidated balance sheets, according to the nature of the related items, is as follows:

	Millions of Euros						
	For Own Use						
Tangible Assets. Breakdown by Type of Assets and Changes in the year 2015	**Land and Buildings**	**Work in Progress**	**Furniture, Fixtures and Vehicles**	**Total tangible asset of Own Use**	**Investment Properties**	**Assets Leased out under an Operating Lease**	**Total**
Cost -							
Balance at the beginning	**4,168**	**1,085**	**5,904**	**11,157**	**2,180**	**674**	**14,012**
Additions	105	715	1,097	1,917	14	240	2,171
Retirements	(18)	(39)	(146)	(203)	(167)	(74)	(444)
Acquisition of subsidiaries in the year	1,378	78	1,426	2,882	738	-	3,620
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	718	(1,211)	40	(453)	(235)	(153)	(841)
Exchange difference and other	(494)	(83)	(693)	(1,271)	(139)	(19)	(1,429)
Balance at the end	**5,858**	**545**	**7,628**	**14,029**	**2,391**	**668**	**17,088**
Accrued depreciation -							
Balance at the beginning	**1,255**	**-**	**3,753**	**5,008**	**102**	**226**	**5,335**
Additions (Note 47)	103	-	512	615	25	-	640
Retirements	(16)	-	(129)	(145)	(10)	-	(155)
Acquisition of subsidiaries in the year	140	-	940	1,080	23	-	1,103
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	(19)	-	(16)	(35)	(9)	(15)	(59)
Exchange difference and other	(360)	-	(509)	(869)	(15)	(9)	(893)
Balance at the end	**1,103**	**-**	**4,551**	**5,654**	**116**	**202**	**5,972**
Impairment -							
Balance at the beginning	**148**	**-**	**16**	**164**	**687**	**6**	**857**
Additions	7	-	19	26	30	4	60
Retirements	-	-	(1)	(1)	(64)	-	(65)
Acquisition of subsidiaries in the year	187	-	-	187	295	-	482
Disposal of entities in the year	-	-	-	-	-	-	-
Exchange difference and other	12	-	(34)	(22)	(140)	-	(162)
Balance at the end	**354**	**-**	**-**	**354**	**808**	**10**	**1,172**
Net tangible assets -							
Balance at the beginning	**2,764**	**1,085**	**2,135**	**5,985**	**1,392**	**443**	**7,820**
Balance at the end	**4,401**	**545**	**3,077**	**8,021**	**1,467**	**456**	**9,944**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Tangible Assets. Breakdown by Type of Assets and Changes in the year 2014	Millions of Euros: For Own Use: Land and Buildings	Work in Progress	Furniture, Fixtures and Vehicles	Total Tangible Asset of Own Use	Investment Properties	Assets Leased out under an Operating Lease	Total
Cost -							
Balance at the beginning	**3,980**	**715**	**6,827**	**11,522**	**2,519**	**705**	**14,747**
Additions	153	517	568	1,238	4	176	1,418
Retirements	(48)	(32)	(697)	(777)	(96)	(38)	(911)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	(30)	(94)	33	(91)	(41)	(173)	(305)
Exchange difference and other	113	(21)	(827)	(735)	(206)	4	(937)
Balance at the end	**4,168**	**1,085**	**5,904**	**11,157**	**2,180**	**674**	**14,012**
Accrued depreciation -							
Balance at the beginning	**1,179**	**-**	**4,801**	**5,980**	**102**	**233**	**6,314**
Additions (Note 47)	94	-	495	589	22	-	611
Retirements	(20)	-	(669)	(689)	(6)	(1)	(696)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	(11)	-	(17)	(28)	(1)	(20)	(49)
Exchange difference and other	13	-	(857)	(844)	(15)	14	(845)
Balance at the end	**1,255**	**-**	**3,753**	**5,008**	**102**	**226**	**5,335**
Impairment -							
Balance at the beginning	**153**	**-**	**15**	**168**	**727**	**6**	**900**
Additions	25	-	10	35	61	-	97
Retirements	(1)	-	-	(1)	(46)	-	(47)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Exchange difference and other	(29)	-	(9)	(38)	(55)	-	(93)
Balance at the end	**148**	**-**	**16**	**164**	**687**	**6**	**857**
Net tangible assets -							
Balance at the beginning	**2,647**	**715**	**2,011**	**5,373**	**1,693**	**468**	**7,534**
Balance at the end	**2,764**	**1,085**	**2,135**	**5,985**	**1,392**	**443**	**7,820**

Tangible Assets. Breakdown by Type of Assets and Changes in the year 2013	Millions of Euros: For Own Use: Land and Buildings	Work in Progress	Furniture, Fixtures and Vehicles	Total Tangible Asset of Own Use	Investment Properties	Assets Leased out under an Operating Lease	Total
Cost -							
Balance at the beginning	**4,071**	**505**	**6,746**	**11,322**	**2,609**	**768**	**14,700**
Additions	108	406	507	1,021	87	144	1,252
Retirements	(12)	(11)	(378)	(402)	(52)	(1)	(455)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	45	(150)	109	4	(122)	(155)	(272)
Exchange difference and other	(232)	(35)	(156)	(423)	(3)	(52)	(478)
Balance at the end	**3,980**	**715**	**6,827**	**11,522**	**2,519**	**705**	**14,747**
Accrued depreciation -							
Balance at the beginning	**1,144**	**-**	**4,811**	**5,956**	**95**	**237**	**6,287**
Additions (Note 47)	101	-	459	560	21	-	581
Retirements	(6)	-	(342)	(347)	(2)	-	(350)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Transfers	(2)	-	(16)	(18)	(2)	(7)	(26)
Exchange difference and other	(58)	-	(112)	(169)	(11)	2	(178)
Balance at the end	**1,179**	**-**	**4,801**	**5,980**	**102**	**233**	**6,314**
Impairment -							
Balance at the beginning	**177**	**-**	**13**	**189**	**646**	**6**	**841**
Additions	17	-	15	32	127	-	160
Retirements	(4)	-	-	(4)	-	-	(4)
Acquisition of subsidiaries in the year	-	-	-	-	-	-	-
Disposal of entities in the year	-	-	-	-	-	-	-
Exchange difference and other	(37)	-	(13)	(50)	(46)	-	(96)
Balance at the end	**153**	**-**	**15**	**168**	**727**	**6**	**900**
Net tangible assets -							
Balance at the beginning	**2,750**	**505**	**1,922**	**5,177**	**1,870**	**525**	**7,572**
Balance at the end	**2,647**	**715**	**2,011**	**5,373**	**1,693**	**468**	**7,534**

As of December 31, 20154 the cost of fully amortized tangible assets that remained in use was €2,663 million while its recoverable residual value was not significant.

The balance of amortizations in this heading during the years ended December 2015, 2014 and 2013 are provided in Note 44.

As of December 31, 2015, 2014 and 2013 the amount of tangible assets under financial lease schemes on which its expected to exercise the purchase option was not material.

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

	Number of Branches		
Branches by Geographical Location	**2015**	**2014**	**2013**
Spain	3,811	3,112	3,230
Mexico	1,818	1,831	1,794
South America	1,684	1,676	1,590
The United States	669	672	685
Turkey	1,109	1	1
Rest of the world	54	79	120
Total	**9,145**	**7,371**	**7,420**

The following table shows the detail of the net carrying amount of the tangible assets corresponding to Spanish and foreign subsidiaries as of December 31, 2015, 2014 and 2013:

	Millions of Euros		
Tangible Assets by Spanish and Foreign Subsidiaries Net Assets Values	**2015**	**2014**	**2013**
BBVA and Spanish subsidiaries	4,584	4,083	4,377
Foreign subsidiaries	5,360	3,737	3,157
Total	**9,944**	**7,820**	**7,534**

18. Intangible assets

18.1 Goodwill

The breakdown of the balance under this heading in the accompanying consolidated balance sheets, according to the cash-generating units (CGUs), to which the Goodwill are allocated for purposes of impairment testing, is as follows:

	Millions of Euros					
Goodwill. Breakdown by CGU and Changes of the year 2015	**Balance at the Beginning**	**Additions**	**Exchange Difference**	**Impairment**	**Rest**	**Balance at the End**
The United States	4,767	12	549	-	-	5,328
Turkey	-	672	(50)	-	-	622
Mexico	638	-	(35)	-	-	602
Colombia	208	-	(31)	-	-	176
Chile	65	-	(3)	-	-	62
Rest	20	-	(1)	-	-	20
Total	**5,697**	**684**	**429**	**-**	**-**	**6,811**

The change in 2015 is mainly as a result of the full consolidation of Garanti since the date of effective control (see Note 3) assigned to the CGU of Turkey and exchange differences due to the appreciation of the US Dollar against the euro and the depreciation of the other currencies.

	Millions of Euros					
Goodwill. Breakdown by CGU and Changes of the year 2014	**Balance at the Beginning**	**Additions (*)**	**Exchange Difference**	**Impairment**	**Rest**	**Balance at the End**
The United States	4,133	65	570	-	(1)	4,767
Mexico	630	-	7	-	-	638
Colombia	227	-	(19)	-	-	208
Chile	66	-	(1)	-	-	65
Rest	12	8	-	-	-	20
Total	**5,069**	**73**	**557**	**-**	**(1)**	**5,697**

(*) The change depicted in the above table corresponded to the acquisition of Simple.

	Millions of Euros					
Goodwill. Breakdown by CGU and Changes of the year 2013	**Balance at the Beginning**	**Additions (*)**	**Exchange Difference**	**Impairment**	**Rest**	**Balance at the End**
The United States	4,320	-	(187)	-	-	4,133
Mexico	663	-	(33)	-	-	630
Colombia	259	-	(32)	-	-	227
Chile	175	-	(9)	-	(100)	65
Rest	13	-	(1)	-	-	12
Total	**5,430**	**-**	**(262)**	**-**	**(100)**	**5,069**

(*) The change depicted in the above table corresponded to the sale of AFP Provida (see Note 3).

Impairment Test

As described in Note 2.2.8, the cash-generating units (CGUs) to which goodwill has been allocated are periodically tested for impairment by including the allocated goodwill in their carrying amount. This analysis is performed at least annually and whenever there is any indication of impairment. As of December 31, 2015, no indicators of impairment have been identified in any of the main cash-generating units.

Both the CGU's fair values in the United States and the fair values assigned to its assets and liabilities had been based on the estimates and assumptions that the Group's Management has deemed most likely given the circumstances. However, some changes to the valuation assumptions used could result in differences in the impairment test result.

Three key hypotheses are used when calculating the impairment test. They those to which the amount of the recoverable value is most sensitive:

- The forecast cash flows estimated by the Group's management, and based on the latest available budgets for the next 5 years.
- The constant sustainable growth rate for extrapolating cash flows, starting in the fifth year (2020), beyond the period covered by the budgets or forecasts.
- The discount rate on future cash flows, which coincides with the cost of capital assigned to each CGU, and which consists of a risk-free rate plus a premium that reflects the inherent risk of each of the businesses evaluated.

The focus used by the Group's management to determine the values of the hypotheses is based both on its projections and past experience. These values are uniform and use external sources of information. At the same time, the valuations of the most significant goodwill have in general been reviewed by independent experts (not the Group's external auditors) who apply different valuation methods according to each type of asset and liability

As of December 31, 2015, 2014 and 2013, no impairment was detected in any of the main cash-generating units.

The Group's most significant goodwill corresponds to the CGU in the United States, the main significant hypotheses used in the impairment test of this mentioned CGU are:

	Millions of Euros		
Impairment test hypotheses CGU Goodwill in the United States	**2015**	**2014**	**2013**
Rate of discount	9.8%	10.0%	10.8%
Rate of increase	4.0%	4.0%	4.0%

Given the potential growth of the sector, in accordance with paragraph 33 of IAS 36, as of December 31, 2015, 2014 and 2013 the Group used a steady growth rate of 4% based on the real GDP growth rate of the United States and expected inflation. This 4% rate is less than the historical average of the past 30 years of the nominal GDP rate of the United States and lower than the real GDP growth forecasted by the IMF. In addition, the Group has a greater relative weight of its business in Texas where it is expected (according to BBVA Research forecasts) that the economic recovery will be better than in the rest of the country.

The assumptions with a greater relative weight and whose volatility could affect more in determining the present value of the cash flows starting on the fifth year are the discount rate and the growth rate. Below is shown the increased (or decreased) amount of the recoverable amount as a result of a reasonable variation (in basic points) of each of the key assumptions:

	Millions of Euros	
Sensitivity analysis for main hypotheses (*)	**Impact of an increase of 50 basis points**	**Impact of a decrease of 50 basis points**
Rate of discount	(1,117)	1,329
Rate of increase	803	(675)

(*) Based on historical changes, the use of 50 basis points to calculate the sensitivity analysis would be a reasonable variation with respect to the observed variations over the last five years (32 basis points).

Another assumption used, and with a high impact on the impairment test, is the budgets of the CGU and specifically the effect that changes in interest rates have on cash flows. In case of a rise in interest rates in the United States, net interest income would be positively affected and, therefore, the recoverable amount of the CGU would increase.

Goodwill in business combinations

Catalunya Banc

As stated in Note 3, in the year ended December 31, 2015 the Group acquired 98.4% of the share capital of the Catalunya Banc.

Shown below are details of the carrying amount of the consolidated assets and liabilities of Unnim prior to its acquisition and the corresponding fair values, gross of tax, which have been estimated in accordance with the IFRS-3 acquisition method.

	Millions of Euros	
Valuation and calculation of badwill for the acquisition of stake in Catalunya Banc	**Carrying Amount**	**Fair Value**
Acquisition cost (A)	**-**	**1,165**
Cash	616	616
Held for Trading	341	341
Other Financial Assets designated at Fair Value Through Profit or Loss	-	-
Available for Sale	1,845	1,853
Loans and receivables	37,509	36,766
Held to Maturity Investments (*)	-	-
Fair Value Changes of the Hedged items in Portfolio hedges of interest	23	23
Hedging Derivatives	845	845
Non-current assets held for sale	274	193
Investments in entities accounted for Using the equity method	209	293
Tangible assets	908	626
Intangible assets	7	129
Other assets	581	498
Financial Liabilities Held for Trading	(332)	(332)
Financial liabilities at Amortized Cost	(41,271)	(41,501)
Fair Value Changes of the Hedged items in Portfolio hedges of interest	(490)	(490)
Hedging Derivatives	(535)	(535)
Provisions	(1,248)	(1,667)
Other liabilities	(84)	(84)
Deferred tax	3,312	3,630
Total fair value of assets and liabilities acquiered (B)	**-**	**1,205**
Non controlling Interest Catanlunya Banc Group (**) (C)	2	2
Non controlling Interest after purchase (D)	-	12
Badwill (A)-(B)+(C)+(D)	-	**(26)**

(*) After the purchase, it has been reclassified under the heading "Available-for-Sale"

(**) It corresponds to non-controlling interests that Catalunya Banc held, prior to integration in the BBVA Group

Because the resulting goodwill was negative, a gain was recognized in the accompanying consolidated income statement for 2015 under the heading "Badwill" (see Note 2.2.7).

The calculation of this amount is subject to change, since the estimate of all the fair values is being reviewed and, according to IFRS-3, they may be modified during a period of one year from the acquisition date (April 2015). However, the Group does not expect any significant changes in this amount.

Garanti Bank

As stated in Note 3, in the year ended December 31, 2015 the Group acquired 14.89% of the share capital of the Garanti Bank.

Shown below are details of the carrying amount of the consolidated assets and liabilities of Unnim prior to its acquisition and the corresponding fair values, gross of tax, which have been estimated in accordance with the IFRS-3 acquisition method

Valuation and calculation of goodwill in Garanti Bank	Millions of Euros	
	Carrying Amount	Fair Value
Acquisition cost (A)	**-**	**5,044**
Cash	8,915	8,915
Held for Trading	419	419
Available for Sale	14,618	14,773
Loans and receivables	58,495	58,056
Non-current assets held for sale	-	3
Investments in entities accounted for Using the equity method	14	21
Tangible assets	785	1,399
Intangible assets	11	1,542
Other assets	3,715	3,651
Financial liabilities at Amortized Cost	(70,920)	(70,920)
Provisions	(394)	(698)
Other liabilities	(6,418)	(6,418)
Deferred tax	263	109
Total fair value of assets and liabilities acquiered (B)	**-**	**10,852**
Non controlling Interest Garanti Group (*) (C)	5,669	5,669
Non controlling Interest after purchase (D)	-	811
Goodwill (A)-(B)+(C)+(D)	-	**672**

The estimate as of December 31, 2015, in accordance with the acquisition method, which compares the fair value assigned to the acquired assets and liabilities of Garanti along with the intangible assets identifies, as well as the cash payment carried out by the Group related to the transaction generates a goodwill.

The calculation of this amount is subject to change, since the estimate of all the fair values is being reviewed and, according to IFRS-3, they may be modified during a period of one year from the acquisition date (July 2015). However, the Group does not expect any significant changes in this amount.

18.2 Other intangible assets

The breakdown of the balance and changes of this heading in the accompanying consolidated balance sheets, according to the nature of the related items, is as follows:

Other intangible assets	Millions of Euros		
	2015	2014	2013
Computer software acquisition expenses (*)	2,034	1,519	1,480
Other deferred charges (*)	632	22	20
Other intangible assets (*)	801	134	199
Impairment	(4)	(2)	(9)
Total	**3,464**	**1,673**	**1,690**

(*) In year 2015, the increase registered in these headings is mainly due to the acquisition of Catalunya Banc Group and Garanti Group (see Note 18.1).

Other Intangible Assets. Changes Over the Period	Notes	Millions of Euros 2015	2014	2013
Balance at the beginning		**1,673**	**1,690**	**1,702**
Acquisition of subsidiaries in the year		1,793	-	-
Additions		571	467	543
Amortization in the year	44	(631)	(535)	(514)
Exchange differences and other		62	59	(33)
Impairment	47	(4)	(8)	(9)
Balance at the end		**3,464**	**1,673**	**1,690**

During the year ended December 31, 2015, the variation of "Other intangible assets" is due to the integration of Catalunya Banc. The amortization amounts included under this heading for the years ended December 31, 2015, 2014 and 2013 are detailed in Note 44.

As of December 31, 2015, the balance of fully amortized intangible assets that remained in use was € 1,238 million, while their recoverable value is not significant.

19. Tax assets and liabilities

19.1 Consolidated tax group

Pursuant to current legislation, the BBVA Consolidated Tax Group includes the Bank (as the parent company) and its Spanish subsidiaries that meet the requirements provided for under Spanish legislation regulating the taxation regime for the consolidated profit of corporate groups.

The Group's non-Spanish other banks and subsidiaries file tax returns in accordance with the tax legislation in force in each country.

19.2 Years open for review by the tax authorities

The years open to review in the BBVA Consolidated Tax Group as of December 31, 2015 are 2010 and subsequent years for the main taxes applicable.

The remainders of the Spanish consolidated entities in general have the last four years open for inspection by the tax authorities for the main taxes applicable, except for those in which there has been an interruption of the limitation period due to the start of an inspection.

In the year 2014 as a consequence of the tax authorities examination reviews, inspections were initiated until the year 2009 inclusive, all of them signed in acceptance during the year 2014.

In view of the varying interpretations that can be made of some applicable tax legislation, the outcome of the tax inspections of the open years that could be conducted by the tax authorities in the future could give rise to contingent tax liabilities which cannot be reasonably estimated at the present time. However, the Group considers that the possibility of these contingent liabilities becoming actual liabilities is remote and, in any case, the tax charge which might arise therefore would not materially affect the Group's accompanying consolidated financial statements.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

19.3 Reconciliation

The reconciliation of the Group's corporate income tax expense resulting from the application of the Spanish corporation income tax rate and the income tax expense recognized in the accompanying consolidated income statements is as follows:

Reconciliation of Taxation at the Spanish Corporation Tax Rate to the Tax Expense Recorded for the Period (Millions of Euros)	2015 Amount	2015 Effective Tax %	2014 Amount	2014 Effective Tax %	2013 Amount	2013 Effective Tax %
Consolidated profit before tax	**4,603**		**3,980**		**2,864**	
From continuing operations	4,603		3,980		954	
From discontinued operations	-		-		1,910	
Taxation at Spanish corporation tax rate 30%	1,381	30.00%	1,194	30.00%	859	30.00%
Lower effective tax rate from our foreign entities (*)	(221)		(318)		(498)	
Mexico	(149)	24.65%	(145)	24.27%	(301)	19.53%
Chile	(28)	17.83%	(71)	(8.36)%	(23)	23.00%
Colombia	2	30.42%	2	30.41%	(20)	25.06%
Peru	(13)	27.63%	(12)	27.59%	(59)	20.74%
Others	(33)	-	(76)		33	
Revenues with lower tax rate (dividends)	(65)		(88)		(50)	
Equity accounted earnings	(74)		(147)		(211)	
Other effects	253		257		(73)	
Current income tax	**1,274**		**898**		**27**	
Of which:						
Continuing operations	1,274		898		(16)	
Discontinued operations	-		-		43	

(*) Calculated by applying the difference between the tax rate in force in Spain and the one applied to the Group's earnings in each jurisdiction.

The effective income tax rate for the Group in the years ended December 31, 2015, 2014 and 2013 is as follows:

Effective Tax Rate (Millions of Euros)	2015	2014	2013
Income from:			
Consolidated Tax Group	(1,426)	(997)	(3,115)
Other Spanish Entities	107	18	(13)
Foreign Entities	5,922	4,959	5,992
Total	**4,603**	**3,980**	**2,864**
Income tax and other taxes	1,274	898	27
Effective Tax Rate	**27.68%**	**22.56%**	**0.94%**

19.4 Income tax recognized in equity

In addition to the income tax expense recognized in the accompanying consolidated income statements, the Group has recognized the following income tax charges for these items in the consolidated total equity:

Tax recognized in total equity	Millions of Euros 2015	2014	2013
Charges to total equity			
Debt securities	(593)	(953)	(223)
Equity instruments	113	(188)	(9)
Subtotal	(480)	(1,141)	(232)
Total	**(480)**	**(1,141)**	**(232)**

19.5 Deferred taxes

The balance under the heading "Tax assets" in the accompanying consolidated balance sheets includes deferred tax assets. The balance under the "Tax liabilities" heading includes to the Group's various deferred tax liabilities. The details of the most important tax assets and liabilities are as follows:

Tax assets and liabilities	Millions of Euros 2015	2014	2013
Tax assets-			
Current	1,901	2,035	2,502
Deferred	15,878	10,391	9,202
Pensions	1,022	902	750
Portfolio	1,474	920	1,138
Other assets (investments in subsidiaries)	554	535	456
Impairment losses	1,346	1,041	790
Other	981	905	512
Secured tax assets (*)	9,536	4,881	4,373
Tax losses	965	1,207	1,183
Total	**17,779**	**12,426**	**11,704**
Tax Liabilities-			
Current	1,238	980	993
Deferred	3,483	3,177	1,537
Portfolio	1,907	2,096	925
Charge for income tax and other taxes	1,576	1,081	612
Total	**4,721**	**4,157**	**2,530**

(*) Laws guaranteeing the deferred tax assets have been approved in Spain and Portugal in 2013 and 2014.

With respect to the changes in assets and liabilities due to deferred tax contained in the above table, the following should be pointed out:

- The increase in guaranteed tax assets is mainly the result of the integration in 2015 of the Catalunya Banc Group for €4,097 million, as well as the generation of a higher amount over the year through the application of the tax code in force.
- The increase in assets due to deferred tax other than guaranteed tax assets is due mainly to the consolidation and registration of fair value adjustments in the Garanti business combinations for €503 million.
- The reduction in tax losses is mainly the result of offsetting in 2015 the negative tax bases and deductions pending application generated in previous years for €206 million.
- The increase in liabilities due to deferred tax other is due mainly to the consolidation and registration of fair value adjustments in the Garanti business combinations €355 million.

Of the assets and liabilities due to deferred tax contained in the above table, those included in section 21.4 above have been recognized against the entity's equity, and the rest against earnings for the year

As of December 31, 2015, 2014 and 2013, the estimated amount of temporary differences associated with investments in foreign subsidiaries, branches and associates and investments in joint venture entities, for which no deferred tax liabilities have been recognized in the accompanying consolidated balance sheets, were €656 million, €497 million and €297 million, respectively

Of the deferred tax assets contained in the above table, the detail of the items and amounts guaranteed by the Spanish and Portuguese governments, broken down by the items that originated those assets is as follows:

Secured tax assets	2015	2014	2013
Pensions	1,904	1,741	1,565
Impairment losses	7,632	3,140	2,808
Total	**9,536**	**4,881**	**4,373**

As of December 31, 2015, non-guaranteed net deferred tax assets of the above table amounted to €2,859 million (€2,333 million as of December 31, 2014 and €3,292 million as of December 31, 2013), which broken down by major geographies is as follows:

- Spain: Net deferred tax assets recognized in Spain totaled €1,437 million as of December 31, 2015 (€1,383 million as of December 31, 2014 and €2,322 million as of December 31, 2013). €959 million of the figure recorded in the year ended December 31, 2015 for net deferred tax assets related to tax credits and tax loss carry forwards and €478 million relate to temporary differences.
- Mexico: Net deferred tax assets recognized in Mexico amounted to €608 million as of December 31, 2015 (€399 million as of December 31, 2014 and €402 million as of December 31, 2013). 99,96 % of deferred tax assets as of December 31, 2015 relate to temporary differences. The remainders are tax credits carry forwards.
- South America: Net deferred tax assets recognized in South America amounted to €330 million as of December 31, 2015 (€364 million as of December 31, 2014 and €379 million as of December 31, 2013). All the deferred tax assets relate to temporary differences.
- United States: Net deferred tax assets recognized in the United States amounted to €300 million as of December 31, 2015 (€160 million as of December 31, 2014 and €130 million as of December 31, 2013). All the deferred tax assets relate to temporary differences.
- Turkey: Net deferred tax assets recognized in Turkey amounted to €152 million as of December 31, 2015. As of December 31, 2015, all the deferred tax assets correspond to €5 million of tax credits related to tax losses carry forwards and deductions and €147 million relate to temporary differences.

Based on the information available as of December 31, 2015, including historical levels of benefits and projected results available to the Bank for the coming years, it is considered that sufficient taxable income will be generated for the recovery of above mentioned unsecured deferred tax assets when they become deductible according to the tax laws.

20. Other assets and liabilities

The breakdown of the balance under these headings in the accompanying consolidated balance sheets is as follows:

	Millions of Euros		
Other assets and liabilities. Breakdown by nature	**2015**	**2014**	**2013**
ASSETS-			
Inventories	4,303	4,443	4,636
Real estate companies	4,172	4,389	4,556
Others	131	54	79
Transactions in progress	148	230	223
Accruals	804	706	643
Unaccrued prepaid expenses	558	491	452
Other prepayments and accrued income	246	215	190
Other items	3,311	2,715	2,183
Total Assets	**8,566**	**8,094**	**7,684**
LIABILITIES-			
Transactions in progress	52	77	58
Accruals	2,609	2,370	2,199
Unpaid accrued expenses	2,009	1,772	1,592
Other accrued expenses and deferred income	600	598	608
Other items	1,949	2,072	2,204
Total Liabilities	**4,610**	**4,519**	**4,460**

The heading "Inventories" includes the net book value of land and building purchases that the Group's Real estate entities have available for sale or as part of their business. Balances under this heading include mainly real estate assets acquired by these entities from distressed customers (mostly in Spain), net of their corresponding losses. The losses included under the heading "Financial losses on other assets (net)" of the accompanying consolidated financial statements were €209 million, €192 and €270 million for the years ended December 31, 2015, 2014 and 2013 respectively (see Note 47).The roll-forward of our inventories from distressed customers is provided below:

	Millions of Euros		
Inventories from Distressed Customers	**2015**	**2014**	**2013**
Gross value			
Balance at the beginning	**9,119**	**9,343**	**8,706**
Business combinations and disposals (*)	580	-	-
Acquisitions	797	479	896
Disposals	(1,188)	(973)	(889)
Others	137	268	630
Balance at the end	**9,445**	**9,117**	**9,343**
Accumulated impairment losses	(5,291)	(4,898)	(4,939)
Carrying amount	**4,154**	**4,219**	**4,404**

(*) Catalunya Banc acquisition

21. Financial liabilities at amortized cost

The breakdown of the balance under these headings in the accompanying consolidated balance sheets is as follows:

		Millions of Euros		
Financial Liabilities at Amortized Cost	**Notes**	**2015**	**2014**	**2013**
Deposits from Central Banks	9	40,087	28,193	30,893
Deposits from Credit Institutions	21.1	68,543	65,168	52,423
Customer deposits	21.2	403,069	319,060	300,490
Debt certificates	21.3	66,165	58,096	64,120
Subordinated liabilities	21.4	16,109	14,095	10,556
Other financial liabilities	21.5	12,141	7,288	6,067
Total		**606,113**	**491,899**	**464,549**

21.1 Deposits from credit institutions

The breakdown of the balance under this heading in the consolidated balance sheets, according to the nature of the financial instruments, is as follows:

		Millions of Euros		
Deposits from credit institutions	**Notes**	**2015**	**2014**	**2013**
Reciprocal accounts		160	218	333
Deposits with agreed maturity		37,859	26,731	27,088
Demand deposits		4,121	5,082	2,485
Other accounts		149	51	342
Repurchase agreements	34	26,069	32,935	22,007
Subtotal		68,359	65,017	52,255
Accrued interest until expiration		185	151	168
Total		**68,543**	**65,168**	**52,423**

The breakdown by geographical area and the nature of the related instruments of this heading in the accompanying consolidated balance sheets, is as follows:

	Millions of Euros			
Deposits from Credit Institutions 2015	**Demand Deposits & Reciprocal Accounts**	**Deposits with Agreed Maturity**	**Repurchase Agreements**	**Total**
Spain	951	6,718	593	8,262
Rest of Europe	801	15,955	23,140	39,896
Mexico	54	673	916	1,643
South America	212	3,779	432	4,423
The United States	1,892	5,497	2	7,391
Turkey	355	1,423	8	1,786
Rest of the world	53	4,108	981	5,142
Total	**4,318**	**38,153**	**26,072**	**68,543**

Deposits from Credit Institutions December 2014	Demand Deposits & Reciprocal Accounts	Deposits with Agreed Maturity	Repurchase Agreements	Total
	Millions of Euros			
Spain	1,327	6,504	2,442	10,273
Rest of Europe	1,191	9,925	27,940	39,056
Mexico	125	1,066	1,875	3,065
South America	961	3,221	456	4,638
The United States	1,669	4,743	-	6,411
Turkey				
Rest of the world	33	1,461	231	1,725
Total	**5,306**	**26,920**	**32,944**	**65,168**

Deposits from Credit Institutions 2013	Demand Deposits & Reciprocal Accounts	Deposits with Agreed Maturity	Repurchase Agreements	Total
	Millions of Euros			
Spain	806	7,781	562	9,149
Rest of Europe	291	9,222	17,313	26,826
Mexico	166	2,071	3,594	5,831
South America	546	2,816	388	3,750
The United States	990	4,726	-	5,716
Turkey				
Rest of the world	19	982	150	1,151
Total	**2,818**	**27,598**	**22,007**	**52,423**

21.2 Customer deposits

The breakdown of this heading in the accompanying consolidated balance sheets, by type of financial instrument, is as follows:

Customer deposits	Notes	2015	2014	2013
		Millions of Euros		
Government and other government agencies		25,343	22,121	25,058
Of which:				
Repurchase agreements	34	7,556	3,022	8,512
Current accounts		112,273	96,414	89,932
Savings accounts		82,975	65,555	54,373
Fixed-term deposits		165,125	111,796	109,757
Repurchase agreements	34	15,711	21,595	19,348
Other accounts		811	677	1,151
Accrued interests		831	901	872
Total		**403,069**	**319,060**	**300,490**
Of which:				
In Euros		202,982	160,078	160,172
In foreign currency		200,087	158,983	140,318
Of which:				
Deposits from other creditors without valuation adjustment		402,400	318,387	299,660
Accrued interests		669	673	830

The breakdown by geographical area of this heading in the accompanying consolidated balance sheets, by type of instrument and geographical area, is as follows:

	Millions of Euros			
Customer Deposits 2015	**Demand Deposits**	**Deposits with Agreed Maturity**	**Repurchase Agreements**	**Total**
Spain	86,564	70,802	11,309	168,675
Rest of Europe	5,514	22,832	7,423	35,769
Mexico	36,907	10,320	4,195	51,423
South America	24,574	19,362	304	44,240
The United States	47,071	15,893	24	62,988
Turkey	9,277	26,694	15	35,986
Rest of the world	357	3,631	-	3,988
Total	**210,264**	**169,535**	**23,269**	**403,069**

	Millions of Euros				
Customer Deposits December 2014	**Demand Deposits**	**Savings Deposits**	**Deposits with Agreed Maturity**	**Repurchase Agreements**	**Total**
Spain	43,732	24,054	66,125	9,783	143,694
Rest of Europe	2,267	532	7,352	8,036	18,187
Mexico	22,550	9,592	8,177	6,359	46,678
South America	23,118	14,159	20,274	441	57,992
The United States	19,020	19,333	12,548	1	50,902
Rest of the world	734	-	873	-	1,607
Total	**111,421**	**67,670**	**115,349**	**24,620**	**319,060**

	Millions of Euros				
Customer Deposits 2013	**Demand Deposits**	**Savings Deposits**	**Deposits with Agreed Maturity**	**Repurchase Agreements**	**Total**
Spain	37,540	21,147	71,710	12,433	142,829
Rest of Europe	2,192	269	7,881	8,902	19,244
Mexico	19,902	8,583	6,670	5,758	40,913
South America	24,257	14,057	17,245	659	56,218
The United States	17,532	12,348	9,141	108	39,128
Rest of the world	305	70	1,783	-	2,158
Total	**101,727**	**56,473**	**114,430**	**27,860**	**300,490**

21.3 Debt certificates (including bonds and debentures)

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

	Millions of Euros		
Debt Certificates	**2015**	**2014**	**2013**
Promissory notes and bills	648	1,070	1,318
Bonds and debentures	65,517	57,026	62,802
Total	**66,165**	**58,096**	**64,120**

The changes in the balances under this heading, together with the "Subordinated Liabilities" for the years ended December 31, 2015, 2014 and 2013 are included in Note 54.2.

21.3.1 Promissory notes and bills

The breakdown of the balance under this heading, by currency, is as follows:

	Millions of Euros		
Promissory notes and bills	**2015**	**2014**	**2013**
In Euros	456	410	1,231
In other currencies	192	660	88
Total	**648**	**1,070**	**1,318**

These promissory notes were issued by BBVA Banco de Financiación, S.A., BBVA Senior Finance, S.A. Unipersonal and BBVA US Senior, S.A. Unipersonal. The promissory notes issued by BBVA Banco de Financiación, S.A., BBVA Senior Finance, S.A. Unipersonal and BBVA US Senior, S.A. Unipersonal, are guaranteed jointly, severally and irrevocably by the Bank.

21.3.2 Bonds and debentures issued

The breakdown of the balance under this heading, by financial instrument and currency, is as follows:

	Millions of Euros		
Bonds and debentures issued	**2015**	**2014**	**2013**
In Euros -	**44,893**	**43,890**	**51,373**
Non-convertible bonds and debentures at floating interest rates	3,375	2,376	177
Non-convertible bonds and debentures at fixed interest rates	6,389	8,555	11,818
Mortgage Covered bonds	28,740	26,119	31,715
Hybrid financial instruments	384	234	318
Securitization bonds made by the Group	4,580	4,741	5,830
Other securities	-	-	-
Accrued interest and others (*)	1,425	1,865	1,515
In Foreign Currency -	**20,625**	**13,136**	**11,429**
Non-convertible bonds and debentures at floating interest rates	1,240	588	1,387
Non-convertible bonds and debentures at fixed interest rates	13,553	9,898	7,763
Mortgage Covered bonds	146	117	185
Hybrid financial instruments	2,392	1,945	1,514
Other securities associated to financial activities	-	-	-
Securitization bonds made by the Group	3,039	474	518
Other securities	-	-	-
Accrued interest and others (*)	254	114	62
Total	**65,517**	**57,026**	**62,802**

(*) Hedging operations and issuance costs.

Most of the foreign-currency issuances are denominated in US dollars.

The senior debt issued by BBVA Senior Finance, S.A.U., BBVA U.S. Senior, S.A.U. and BBVA Global Finance, Ltd. are guaranteed jointly, severally and irrevocably by the Bank.

The following table shows the weighted average interest rates of fixed and floating rate bonds and debentures issued in euros and foreign currencies outstanding as of December 31, 2015, 2014 and 2013:

	2015		2014		2013	
Interests Rates of Promissory Notes and Bills Issued	**Euros**	**Foreign Currency**	**Euros**	**Foreign Currency**	**Euros**	**Foreign Currency**
Fixed rate	3.43%	4.55%	3.72%	4.83%	3.86%	4.46%
Floating rate	0.96%	3.58%	2.64%	4.19%	3.34%	3.49%

21.4 Subordinated liabilities

The breakdown of this heading in the accompanying consolidated balance sheets, by type of financial instrument, is as follows:

		Millions of Euros		
Subordinated Liabilities	**Notes**	**2015**	**2014**	**2013**
Convertible		4,439	2,735	1,088
Convertible perpetual securities		4,439	2,735	1,088
Convertible subordinated debt		-	-	-
Non-convertible		11,144	10,871	9,171
Preferred Stock		974	1,910	1,827
Other subordinated liabilities		10,170	8,961	7,344
Subtotal		**15,583**	**13,606**	**10,259**
Valuation adjustments and other concepts (*)		526	489	297
Total	21	**16,109**	**14,095**	**10,556**

(*) Includes accrued interest payable and valuation adjustment of hedging derivatives

Of the above, the issuances of BBVA International Preferred, S.A.U., BBVA Subordinated Capital, S.A.U., BBVA Global Finance, Ltd., Caixa Terrassa Societat de Participacions Preferents, S.A. Unipersonal and CaixaSabadell Preferents, S.A. Unipersonal, are jointly, severally and irrevocably guaranteed by the Bank.

The breakdown of this heading in the accompanying consolidated balance sheets, excluding valuation adjustments, by currency of issuance and interest rate is shown in Appendix VI.

The balance changes in this caption for the years ended December 31, 2015, 2014 and 2013, along with that of "Marketable debt securities" are shown in Note 54.2.

The balance variances are mainly due to the following transactions:

Contingent convertible securities

On February 10, 2015, BBVA issued perpetual securities eventually convertible into new ordinary shares of BBVA, (Additional level I capital instruments) without pre-emption rights, for a total amount of €1,500 million. This issuance was targeted only towards qualified foreign investors and in any case would not be made or subscribed in Spain or by Spanish-resident investors. These securities are listed in the Global Exchange Market of the Irish Stock Exchange are redeemable at the issuer company's option after five years from the issue date, with prior consent from the Bank of Spain.

During 2014 and 2013 respectively, BBVA issued perpetual securities eventually convertible into new ordinary shares of BBVA, (Additional level I capital instruments) without pre-emption rights, for a total amount of €1,500 million and $1,500 million (€1,378 million as of December 31, 2015). Both issuances were targeted only towards qualified foreign investors and in any case would not be made or subscribed in Spain or by Spanish-resident investors. These securities are listed in the Singapore Exchange Securities Trading Limited and are redeemable at the issuer company's option after five years from the issue date, with prior consent from the Bank of Spain.

These convertible perpetual securities are convertible into new common shares if the trigger event occurs, that is, if BBVA's Common Equity Tier 1 capital ratio falls below 5.125%, among other assumptions.

Preferred securities

The breakdown by issuer of the balance under this heading in the accompanying consolidated balance sheets is as follows:

	Millions of Euros		
Preferred Securities by Issuer	**2015**	**2014**	**2013**
BBVA International Preferred, S.A.U. (*)	842	1,750	1,666
Unnim Group (**)	101	109	109
Grupo Compass	22	20	15
BBVA Capital Finance, S.A.U.	-	25	29
BBVA Colombia, S.A.	1	-	-
BBVA International, Ltd.	-	7	8
Total	**966**	**1,910**	**1,827**

(*) Listed on the London and New York stock markets.

(**) Unnim Group: Issues prior to the acquisition by BBVA.

These issues were fully subscribed at the moment of the issue by investors outside the Group and are redeemable at the issuer company's option after five years from the issue date, depending on the terms of each issue and with prior consent from the Bank of Spain.

Amortization of preferred securities

On December 19, 2014 the amortization in full of preferred securities called "Issue of Series E Preferred Securities" and "Issue of Series F Preferred Securities" was announced. At their nominal amount of €633 million and 251 million pounds (approximately €323 million as of December 31, 2014). These issues were made by BBVA International Preferred, S.A. Unipersonal on October 19, 2009. On January 21, 2015, after obtaining the necessary authorizations, BBVA International Preferred, S.A. Unipersonal proceeded to its effective amortization.

Other subordinated liabilities

Subordinated bonds

In April 2014 there was an issuance of subordinated bonds by BBVA Subordinated Capital, S.A.U. in an amount of €1,500 million and it is guaranteed jointly and irrevocably by BBVA and is listed in the London Stock Exchange.

21.5 Other financial liabilities

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

	Millions of Euros		
Other financial liabilities	**2015**	**2014**	**2013**
Creditors for other financial liabilities	3,303	1,692	1,349
Collection accounts	2,369	2,402	2,750
Creditors for other payment obligations (*)	5,951	3,194	1,968
Dividend payable but pending payment (Note 4)	509	-	-
Total	**12,131**	**7,288**	**6,067**

(*) As of December 31, 2014, includes €69 million corresponding to the remuneration to shareholders who choose to be paid in cash through the "Dividend Option" paid in January 2015.

22. Insurance and reinsurance contracts

The Group has insurance subsidiaries mainly in Spain and Latin America (mostly in Mexico). The main product offered by the insurance subsidiaries is life insurance to cover the risk of death (risk insurance) and life-savings insurance. Within life and accident insurance, a distinction is made between freely sold products and those offered to customers who have taken mortgage or consumer loans, which cover the principal of those loans in the event of the customer's death.

There are two types of life-saving insurance products: individual insurance, which seeks to provide the customer with savings for retirement or other events, and group insurance, which is taken out by employers to cover their commitments to their employees.

The most significant provisions recognized by consolidated insurance subsidiaries with respect to insurance policies issued by them are under the heading "Liabilities under insurance contracts" in the accompanying consolidated balance sheets.

The breakdown of the balance under this heading is as follows:

	Millions of Euros		
Liabilities under Insurance Contracts Technical Reserve and Provisions	**2015**	**2014**	**2013**
Mathematical reserves	8,101	9,352	8,816
Provision for unpaid claims reported	697	578	496
Provisions for unexpired risks and other provisions	609	530	522
Total	**9,407**	**10,460**	**9,834**

The cash flows of those liabilities under insurance contracts are shown below:

	Millions of Euros				
Maturity	**Up to 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**Over 5 Years**	**Total**
Liabilities under insurance contracts	1,652	1,397	1,495	4,863	9,407

The modeling methods and techniques used to calculate the mathematical reserves for the insurance products are actuarial and financial methods and modeling techniques approved by the respective country's insurance regulator or supervisor. The most important insurance entities are located in Spain and Mexico (which together account for approximately 95% of the insurance revenues), where the modeling methods and techniques are reviewed by the insurance regulator in Spain (General Directorate of Insurance) and Mexico (National Insurance and Bonding Commission), respectively. The modeling methods and techniques used to calculate the mathematical reserves for the insurance products are based on IFRS and primarily involve the valuation of the estimated future cash flows, discounted at the technical interest rate for each policy. To ensure this technical interest rate, asset-liability management is carried out, acquiring a portfolio of securities that generate the cash flows needed to cover the payment commitments assumed with the customers.

The table below shows the key assumptions used in the calculation of the mathematical reserves for insurance products in Spain and Mexico, respectively:

MATHEMATICAL RESERVES	Mortality table		Average technical interest type	
	Spain	Mexico	Spain	Mexico
Individual life insurance (1)	GKM80/GKM95/ Own tables	Tables of the Comision Nacional De Seguros y Fianzas 2000-individual	1.35 - 4.8%	2.5%
Group insurance(2)	PERM/F2000NP	Tables of the Comision Nacional De Seguros y Fianzas 2000-group	1.68 - 4.82%	5.5%

(1) Provides coverage in the case of one or more of the following events: death and disability

(2) Insurance policies purchased by companies (other than Group BBVA entities) on behalf of their employees

The table below shows the mathematical reserves by type of product as of December 31, 2015, 2014 and 2013:

Technical Reserves by type of insurance product	Millions of Euros 2015	2014	2013
Mathematical reserves	8,101	9,352	8,816
Individual life insurance (1)	4,294	5,683	5,695
Savings	3,756	5,073	4,907
Risk	526	610	788
Others	12	-	-
Group insurance (2)	3,807	3,669	3,121
Savings	3,345	3,207	3,000
Risk	462	462	121
Others	-		
Provision for unpaid claims reported	697	578	496
Provisions for unexpired risks and other provisions	609	529	522
Total	**9,407**	**10,460**	**9,834**

(1) Provides coverage in the event of death or disability

(2) The insurance policies purchased by employers (other than BBVA Group) on behalf of its employees

The table below shows the contribution of each insurance product to the Group's income (see Note 42) in the years ended December 31, 2015, 2014 and 2013:

Revenues by type of insurance product	Millions of Euros 2015	2014	2013
Life insurance	670	599	549
Individual	329	272	303
Savings	80	67	52
Risk	249	205	251
Group insurance	342	327	247
Savings	22	90	62
Risk	320	237	185
Non-Life insurance	409	309	381
Home insurance	127	117	120
Other non-life insurance products	283	192	261
Total	**1,080**	**908**	**930**

The heading "Reinsurance assets" in the accompanying consolidated balance sheets includes the amounts that the consolidated insurance entities are entitled to receive under the reinsurance contracts entered into by them with third parties and, more specifically, the share of the reinsurer in the technical provisions recognized by the consolidated insurance subsidiaries. As of December 31, 2015, 2014 and 2013 the balance is €511 million, €559 million, and €619 million, respectively.

23. Provisions

The breakdown of the balance under this heading in the accompanying consolidated balance sheets, based on type of provisions, is as follows:

		Millions of Euros		
Provisions. Breakdown by concepts	**Notes**	**2015**	**2014**	**2013**
Provisions for pensions and similar obligations	24	6,299	5,970	5,512
Provisions for taxes and other legal contingencies		370	262	208
Provisions for contingent risks and commitments	7.3.8	714	381	346
Other provisions (*)		1,469	831	787
Of which Catalunya Banc Group:		*397*	-	-
Of which Garanti Group:		*351*	-	-
Total		**8,852**	**7,444**	**6,853**

(*) Provisions corresponding to different concepts and different geographies that are not individually significant individually, except originated of the Purchase Price Agreement of Catalunya Banc and Garanti Group (See Note 18.1).

During the year ended December 31, 2015, the variation of "Other provisions" and "Provisions for contingent risks and commitments" is mainly due to the acquisition of Garanti Group (third quarter) and Catalunya Banc Group (second quarter).

The changes in the heading "Provisions for contingent risks and commitments" in the accompanying consolidated balance sheets are presented in Note 7.3.8. Together with the changes in impairment losses of other financial instruments.

The change in provisions for pensions and similar obligations for the years ended December 31, 2015, 2014 and 2013 is as follows:

		Millions of Euros		
Provisions for Pensions and Similar Obligations. Changes Over the Period	**Notes**	**2015**	**2014**	**2013**
Balance at the beginning		**5,970**	**5,512**	**5,777**
Add -				
Charges to income for the year		687	1,004	605
Interest expenses and similar charges	36.2	108	172	199
Personnel expenses	43.1	57	58	70
Provision expenses		522	774	336
Charges to equity (*)	24	135	497	12
Transfers and other changes (**)		440	75	(65)
Less -				
Benefit payments		(925)	(854)	(817)
Employer contributions		(8)	(264)	-
Balance at the end		**6,299**	**5,970**	**5,512**

(*) Correspond to actuarial losses (gains) arising from certain defined-benefit post-employment pension commitments and other similar benefits recognized in "Equity" (See Note 2.2.12)

(**) Correspond mainly to Garanti y Catalunya Banc (see Note 3).

	Millions of Euros		
Provisions for Taxes, Legal Contingents and Other Provisions. Changes Over the Period	**2015**	**2014**	**2013**
Balance at beginning	**1,093**	**995**	**1,735**
Add -			
Charge to income for the year	334	387	344
Acquisition of subsidiaries (*)	1,256	-	-
Transfers and other changes	-	-	-
Less -			
Available funds	(205)	(75)	(148)
Amount used and other variations	(639)	(214)	(880)
Disposal of subsidiaries	-	-	(56)
Balance at the end	**1,839**	**1,093**	**995**

(*) Correspond mainly to Garanti y Catalunya Banc (see Note 3).

Ongoing legal proceedings and litigation

Several entities of the Group are party to legal actions in a number of jurisdictions (including, among others, Spain, Mexico and the United States) arising in the ordinary course of business. According to the procedural status of these proceedings and the criteria of the respective lawyers, BBVA considers that none of such actions is material, individually or in the aggregate, and none is expected to result in a material adverse effect on the Group's financial position, results of operations or liquidity, either individually or in the aggregate. The Group´s Management believes that adequate provisions have been made in respect of such legal proceedings and considers that the possible contingencies that may arise from such on-going lawsuits are not material enough to require disclosure to the markets.

24. Post-employment commitments and others

As stated in Note 2.2.12, the Group has assumed commitments with employees including defined contribution and defined benefit plans (see Glossary), healthcare and other post-employment benefits.

Employees are covered by defined contribution plans in practically all of the countries, in which the Group operates, with the plans in Spain and Mexico being the most significant. Most defined benefit plans are closed to new employees and with liabilities relating largely to retired employees, the most significant being those in Spain, Mexico, the United States and Turkey. In Mexico, the Group provides medical benefits to a closed group of employees and their family members, both in active service and in retirement.

The breakdown of the balance sheet net defined benefit liability as of December 31, 2015, 2014 and 2013 is provided below:

	Millions of Euros		
Net Defined Benefit Liability (asset) on the Balance Sheet	**2015**	**2014**	**2013**
Pension commitments	5,306	4,737	4,266
Early retirement commitments	2,855	2,803	2,634
Medical benefits commitments	1,023	1,083	811
Total commitments	**9,184**	**8,622**	**7,711**
Pension plan assets	1,974	1,697	1,436
Early retirement plan assets	-	-	-
Medical benefit plan assets	1,149	1,240	938
Total plan assets (*)	**3,124**	**2,937**	**2,374**
Total net liability / asset on the balance sheet	**6,060**	**5,685**	**5,337**
Of which:			
Net asset on the balance sheet (**)	**(238)**	**(285)**	**(175)**
Net liability on the balance sheet (***)	**6,299**	**5,970**	**5,512**

(*) In Turkey, the foundation responsible for managing the benefit commitments holds an additional asset of €421 million which, in accordance with IFRS regarding the asset ceiling, has not been recognized in the accounts,- because although it could be used to reduce future pension contributions it could not be immediately refunded to the employer.

(**) Recorded under the heading "Other Assets - Other" of the consolidated balance sheet (See Note 20)

(***) Recorded under the heading "Provisions - Provisions for pensions and similar obligations" of the consolidated balance sheet (See Note 23)

The amounts relating to post-employment benefits charged to the consolidated profit and loss account for the years ended December 31, 2015, 2014 and 2013 are as follows:

		Millions of Euros		
Consolidated Income Statement Impact	**Notes**	**2015**	**2014**	**2013**
Interest and similar expenses (*)	36.2	**108**	**172**	**199**
Interest expense		309	336	342
Interest income		(201)	(165)	(143)
Personnel expenses		**141**	**121**	**150**
Defined contribution plan expense	43.1	84	63	80
Defined benefit plan expense	43.1	57	58	70
Provisions (net)	45	**592**	**816**	**373**
Early retirement expense		502	681	336
Past service cost expense		26	(29)	6
Remeasurements (**)		20	93	-
Other provision expenses		44	71	31
Total impact on Consolidated Income Statement: Debit (Credit)		**841**	**1,109**	**722**

(*) Interest and similar charges includes interest charges/credits.

(**) Actuarial losses (gains) on remeasurement of the net defined benefit liability relating to early retirements in Spain and other similar benefits (see Note 2.2.12).

The amounts relating to post-employment benefits charged to the balance sheet as of December 31, 2015, 2014 and 2013 are as follows:

		Millions of Euros		
Equity Impact	**Notes**	**2015**	**2014**	**2013**
Defined benefit plans		128	353	70
Post-employment medical benefits		7	144	(58)
Total impact on equity: Debit (Credit) (*)	**23**	**135**	**497**	**12**

(*) Actuarial gains (losses) on remeasurement of the net defined benefit liability relating to pension commitments before income taxes.

24.1 Defined benefit plans

Defined benefit pension commitments relate mainly to employees who have already retired or taken early retirement from the Group, certain closed groups of active employees still accruing defined benefit pensions, and in-service death and disability benefits provided to most active employees. For the latter the Group pays the required premiums to fully insure the related liability. The change in these pension commitments during the years ended December 31, 2015, 2014 and 2013 is presented below.

	Millions of Euros								
	2015			2014			2013		
Pension Commitments	Defined Benefit Obligation	Plan Assets	Net Liability (asset)	Defined Benefit Obligation	Plan Assets	Net Liability (asset)	Defined Benefit Obligation	Plan Assets	Net Liability (asset)
Balance at the beginning	**8,622**	**2,937**	**5,685**	**7,714**	**2,375**	**5,337**	**8,206**	**2,431**	**5,775**
Current service cost	57	0	57	58	-	58	70	-	70
Interest income or expense	309	201	108	336	165	172	342	143	199
Contributions by plan participants	2	2	-	1	1	-	1	1	-
Employer contributions	-	8	(8)	-	264	(264)	-	256	(256)
Past service costs (1)	530	0	530	652	-	652	342	-	342
Remeasurements:									
Return on plan assets (2)	-	(106)	106	-	178	(178)	-	(286)	286
From changes in demographic assumptions	8	-	8	31	-	31	3	-	3
From changes in financial assumptions	(53)	-	(53)	724	-	724	(289)	-	(289)
Other actuarial gain and losses	88	(7)	94	13	-	13	4	-	4
Benefit payments	(1,086)	(146)	(940)	(984)	(130)	(854)	(932)	(114)	(817)
Settlement payments	(2)	(17)	15	-	-	-	(1)	(1)	-
Business combinations and disposals	795	321	474	-	-	-	-	-	-
Effect on changes in foreign exchange rates	(136)	(98)	(38)	43	53	(10)	(121)	(93)	(29)
Other effects	50	28	22	33	31	3	88	40	48
Balance at the end	**9,184**	**3,124**	**6,060**	**8,622**	**2,937**	**5,685**	**7,712**	**2,375**	**5,337**
Of which									
Spain	6,491	380	6,111	6,212	382	5,830	5,778	385	5,393
Mexico	1,527	1,745	(219)	1,643	1,908	(266)	1,313	1,490	(177)
The United States	362	329	33	362	324	38	276	244	32
Turkey	435	337	98						

(1) Including gains and losses arising from settlements.

(2) Excluding interest, which is recorded under "Interest income or expense".

The balance under the heading "Provisions - Provisions for pensions and similar obligations" of the accompanying consolidated balance sheet as of December 31, 2015 includes €365 million relating to post-employment benefit commitments of former members of the Board of Directors and the Bank's Management Committee.

The most significant commitments are those in Spain and Mexico and, to a lesser extent, in the United States and Turkey. The remaining commitments are located mostly in Portugal and South America. Unless otherwise required by local regulation, all defined plans have been closed to new entrants, who instead are able to participate in the Group´s defined contribution plans. Both the costs and the present value of the commitments are determined by independent qualified actuaries using the "projected unit credit" method.

In order to guarantee the good governance of these systems the Group has established specific Benefits Committees. These committees include members from the different areas of the business to ensure that all decisions are made taking into consideration all of the associated impacts. Both the costs and the present value of the commitments are determined by independent qualified actuaries using the "projected unit credit" method.

The following table sets out the key actuarial assumptions used in the valuation of these commitments:

	2015				2014				2013			
Actuarial Assumptions	**Spain**	**Mexico**	**USA**	**Turkey**	**Spain**	**Mexico**	**USA**	**Turkey**	**Spain**	**Mexico**	**USA**	**Turkey**
Discount rate	2.00%	9.30%	4.30%	10.30%	2.25%	8.75%	3.97%	-	3.50%	9.49%	4.86%	-
Rate of salary increase	2.00%	4.75%	3.00%	8.60%	2.00%	4.75%	3.25%	-	3.00%	4.75%	3.25%	-
Rate of pension increase		2.13%		7.10%		2.13%	2.25%	-		2.13%		-
Medical cost trend rate		6.75%		9.94%		6.75%	8.00%	-		6.75%		-
Mortality tables	PERM/F 2000P	EMSSA 97	RP 2014	CSO2001	PERM/F 2000P	EMSSA 97	RP 2014	-	PERM/F 2000P	EMSSA 97	RP 2000 Projected & adjusted	-

Discount rates used to value future benefit cash flows have been determined by reference to high quality corporate bonds (Note 2.2.12) of the appropriate currency (Euro in the case of Spain, Mexican peso for Mexico and USD for the United States and new Turkish Lira for Turkey).

The expected return on plan assets has been set in line with the adopted discount rate.

Assumed retirement ages have been set by reference to the earliest age at which employees are entitled to retire, the contractually agreed age in the case of early retirements in Spain or by using retirement rates.

Changes in the main actuarial assumptions may affect the valuation of the commitments. The table below shows the sensitivity of the benefit obligations to changes in the key assumptions:

		Millions of Euros		Millions of Euros	
		2015		2014	
Sensitivity Analysis	**Basis points change**	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate	50	(357)	391	(328)	360
Rate of salary increase	50	9	(9)	10	(10)
Rate of pension increase	50	23	(22)	17	(16)
Medical cost trend rate	100	213	(169)	201	(159)
Change in obligation from each additional year of longevity		130	-	126	

The sensitivities provided above have been determined at the date of these consolidated financial statements, and reflect solely the impact of changing one individual assumption at a time, keeping the rest of the assumptions unchanged, thereby excluding the effects which may result from combined assumption changes.

In addition to the commitments to employees shown above, the Group has other less material commitments. These include long-service awards, which consist of either an established monetary award or some vacation days granted to certain groups of employees when they complete a given number of years of service. As of December 31, 2015, 2014 and 2013 the actuarial liabilities for the outstanding awards amounted to €39 million, €45 million and €47 million, respectively. These commitments are recorded under the heading "Provisions - Other provisions" of the accompanying consolidated balance sheet (see Note 23).

As described above, the Group maintains both pension and medical benefit commitments with their employees.

Post-employment commitments and other long-term benefits

These pension commitments relate mostly to pensions already in payment, and which have been determined based on salary and years of service in accordance with the specific plan rules. For most plans pension payments are due on retirement, death and long term disability.

In addition, during the year ended December 31, 2015, Group entities in Spain offered certain employees the option to take early retirement (that is, earlier than the age stipulated in the collective labor agreement in force). This offer was accepted by 1,817 employees (1,706 and 1,055 during 2014 and 2013, respectively). These commitments include both the liability for the benefit payments due as well as the contributions payable to external pension funds during the early retirement period. As of December 31, 2015, 2014 and 2013 the value of these commitments amounted to €2,855, €2,803 and €2,634 million respectively.

The change in the defined benefit plan obligations and plan assets during the year ended December 31, 2015 was as follows:

	Millions of Euros				
	Defined Benefit Obligation				
2015	**Spain**	**Mexico**	**USA**	**Turkey**	**Rest of the world**
Balance at the beginning	**6,212**	**574**	**362**	**-**	**392**
Current service cost	9	8	3	2	5
Interest income or expense	123	48	15	16	12
Contributions by plan participants	-	-	-	2	-
Employer contributions	-	-	-	-	-
Past service costs (1)	550	(15)	-	2	(7)
Remeasurements:					
Return on plan assets (2)	-	-	-	-	-
From changes in demographic assumptions	-	-	(7)	15	-
From changes in financial assumptions	101	(23)	(18)	(25)	3
Other actuarial gain and losses	11	2	(3)	74	-
Benefit payments	(964)	(40)	(32)	(9)	(11)
Settlement payments	-	-	-	-	-
Business combinations and disposals	400	-	-	395	-
Effect on changes in foreign exchange rates	1	(36)	42	(36)	(39)
Other effects	50	1	-	(0)	(1)
Balance at the end	**6,491**	**518**	**362**	**435**	**355**

	Millions of Euros				
	Plan Assets				
2015	**Spain**	**Mexico**	**USA**	**Turkey**	**Rest of the world**
Balance at the beginning	**382**	**668**	**324**	**-**	**323**
Current service cost	-	-	-	-	0
Interest income or expense	-	57	14	12	9
Contributions by plan participants	-	-	-	2	-
Employer contributions	-	1	-	-	7
Past service costs (1)	-	-	-	-	0
Remeasurements:					
Return on plan assets (2)	-	(50)	(19)	54	3
From changes in demographic assumptions	-	-	-	-	-
From changes in financial assumptions	-	-	-	-	-
Other actuarial gain and losses	-	-	-	-	(7)
Benefit payments	(51)	(39)	(12)	(5)	(8)
Settlement payments	-	-	(17)	-	-
Business combinations and disposals	22	-	-	299	-
Effect on changes in foreign exchange rates	-	(41)	38	(25)	6
Other effects	27	-	1	-	(0)
Balance at the end	**380**	**596**	**329**	**337**	**332**

	Millions of Euros				
	Net Liability (asset)				
2015	**Spain**	**Mexico**	**USA**	**Turkey**	**Rest of the world**
Balance at the beginning	**5,830**	**(94)**	**38**	**-**	**69**
Current service cost	9	8	3	2	4
Interest income or expense	123	(10)	1	4	3
Contributions by plan participants	-	-	-	-	-
Employer contributions	-	(1)	-	-	(7)
Past service costs (1)	550	(15)	-	2	(7)
Remeasurements:					
Return on plan assets (2)	-	50	19	(54)	(3)
From changes in demographic assumptions	-	-	(7)	15	-
From changes in financial assumptions	101	(23)	(18)	(25)	3
Other actuarial gain and losses	11	2	(3)	74	7
Benefit payments	(913)	-	(20)	(4)	(3)
Settlement payments	-	-	17	-	-
Business combinations and disposals	378	-	-	96	-
Effect on changes in foreign exchange rates	1	5	4	(11)	(45)
Other effects	23	1	(1)	(0)	(1)
Balance at the end	**6,111**	**(78)**	**33**	**98**	**23**
Of which					
Vested benefit obligation relating to current employees	172				
Vested benefit obligation relating to retired employees	5,939				

(1) Including gains and losses arising from settlements.

(2) Excluding interest, which is recorded under "Interest income or expense".

The change in net defined benefit plan liabilities (assets) during the years ended December 31, 2014 and 2013 was as follows:

	Millions of Euros							
	2014: Net liability (asset)				2013: Net liability (asset)			
	Spain	Mexico	USA	Rest of the world	Spain	Mexico	USA	Rest of the world
Balance at the beginning	**5,395**	**(38)**	**32**	**76**	**5,620**	**(33)**	**20**	**79**
Current service cost	18	7	5	6	20	9	5	6
Interest income or expense	169	(3)	2	17	178	(3)	1	18
Contributions by plan participants	-	-	-	-	-	-	-	-
Employer contributions	-	(72)	(2)	(7)	-	(64)	-	(6)
Past service costs (1)	683	-	(20)	(12)	337	-	-	4
Remeasurements:								
Return on plan assets (2)	-	(27)	(47)	(59)	-	98	43	5
From changes in demographic assumptions	-	1	31	-	-	-	3	-
From changes in financial assumptions	398	38	39	69	-	(59)	(34)	-
Other actuarial gain and losses	(4)	-	(3)	10	(4)	14	(2)	(2)
Benefit payments	(847)	-	(3)	(4)	(807)	(1)	(2)	(7)
Settlement payments	-	-	-	-	-	-	-	-
Business combinations and disposals	-	-	-	-	-	-	-	-
Effect on changes in foreign exchange rates	1	-	6	(16)	-	1	(1)	(20)
Other effects	17	-	(1)	(13)	50	-	(2)	(2)
Balance at the end	**5,830**	**(94)**	**38**	**69**	**5,395**	**(38)**	**32**	**76**
Of which								
Vested benefit obligation relating to current employees	221				213			
Vested benefit obligation relating to retired employees	5,609				5,182			

(1) Includes gains and losses from settlements.

(2) Excludes interest which is reflected in the line item "Interest income and expenses".

In Spain, local regulation requires that pension and death benefit commitments must be funded, either through the assets held for a qualified pension plan or an insurance contract.

These insurance contracts meet the requirements of the accounting standard regarding the non-recoverability of contributions. However, a significant number of the insurance contracts are held with BBVA Seguros, S.A. and CatalunyaCaixa Vida –consolidated subsidiaries – and consequently these policies cannot be considered plan assets under IAS 19. For this reason, the liabilities insured under these policies are fully recognized under the heading "Provisions – Provisions for pensions and similar obligations" of the accompanying consolidated balance sheet (see Note 23), while the related assets held by the insurance company are included within the Group´s consolidated assets (registered according to the classification of the corresponding financial instruments). As of December 31, 2015 the value of these separate assets was €2,921 million, representing direct rights of the insured employees held in the consolidated balance sheet, hence these benefits are effectively fully funded,

On the other hand, some pension commitments have been funded through insurance contracts held with insurance companies not related to the Group, and can therefore be considered qualifying insurance policies and plan assets under IAS 19. In this case the accompanying consolidated balance sheet reflects the value of the obligations net of the fair value of the qualifying insurance policies. As of December 31, 2015, 2014 and 2013, the fair value of the aforementioned insurance contracts (€380, €382 and €385 million, respectively) exactly match the value of the corresponding obligations and therefore no amount for this item has been recorded in the accompanying consolidated balance sheet.

Pensions are paid by the insurance companies with whom BBVA has affected the insurance contracts and to whom all insurance premiums have been paid. The premiums are determined by the insurance companies using "cash flow matching" techniques to ensure that benefits can be met when due, guaranteeing both the actuarial and interest rate risk.

In Mexico, there is a defined benefit plan for employees hired prior to 2001. Other employees participate in a defined contribution plan. External funds/trusts have been constituted locally to meet benefit payments as required by local regulation.

In The United States there are mainly two defined benefit plans, both closed to new employees, who instead are able to join a defined contribution plan. External funds/trusts have been constituted locally to fund the plans, as required by local regulation.

In Turkey there is a defined benefit plan which compliments the level of benefits provided under the social security system. In addition, the foundation which manages the plan, in accordance with local regulation, holds a liability of €36m pending its transfer to the social security system, as established under Law 5754 of April 17, 2008. The amount of the transferring liability has been determined in accordance with the said Law and is fully funded.

The Bank also has the duty to pay indemnities to certain employees and members of the Group's Senior Management in the event that they cease to hold their positions for reasons other than their own will, retirement, disability or dereliction of duty. The amount will be calculated according to the salary and professional conditions of each, taking into consideration fixed elements of the employee's remuneration and length of office at the Bank. Under no circumstances will it be paid in cases of disciplinary dismissal for misconduct by decision of the employer on grounds of the employee's dereliction of duties.

In 2015 as a consequence of certain Senior Management members leaving the Group, indemnities for a total of €26,277 thousand were paid, which have been recorded as Other Personnel Expenses (see Note 43). Moreover, beneficiaries were paid an equivalent part of the sums that the Group had previously provisioned to satisfy contractual pension commitments to the value of € 11,458 thousand.

Medical benefit commitments

The change in medical plan obligations and plan assets during the years ended December 31, 2015, 2014 and 2013 was as follows:

	Millions of Euros								
	2015			2014			2013		
Medical Benefits Commitments	Defined Benefit Obligation	Plan assets	Net liability (asset)	Defined Benefit Obligation	Plan assets	Net liability (asset)	Defined Benefit Obligation	Plan assets	Net liability (asset)
Balance at the beginning	**1,083**	**1,240**	**(157)**	**811**	**938**	**(128)**	**985**	**895**	**90**
Current service cost	31	-	31	23	-	23	30	-	30
Interest income or expense	95	109	(14)	78	90	(13)	80	75	5
Contributions by plan participants	-	-	-	-	-	-	-	-	-
Employer contributions	-	-	-	-	183	(183)	-	186	(186)
Past service costs (1)	1	-	1	1	-	1	1	-	1
Remeasurements:									
Return on plan assets (2)	-	(94)	94	-	46	(46)	-	(140)	140
From changes in demographic assumptions	-	-	-	-	-	-	-	-	-
From changes in financial assumptions	(91)	-	(91)	181	-	181	(196)	-	(196)
Other actuarial gain and losses	4	-	4	10	-	10	(2)	-	(2)
Benefit payments	(30)	(30)	-	(29)	(28)	(1)	(29)	(28)	(1)
Settlement payments	(2)	-	(2)	-	-	-	-	-	-
Business combinations and disposals	-	-	-	-	-	-	-	-	-
Effect on changes in foreign exchange rates	(69)	(76)	8	9	10	(1)	(57)	(49)	(9)
Other effects	-	-	-	-	1	(1)	(1)	(1)	-
Balance at the end	**1,023**	**1,149**	**(126)**	**1,083**	**1,240**	**(157)**	**811**	**938**	**(128)**

(1) Including gains and losses arising from settlements.

(2) Excluding interest, which is recorded under "Interest income or expense".

The valuation of these benefits and their accounting treatment in the accompanying consolidated financial statements follow the same methodology as that employed in the valuation of pension commitments.

In Mexico there is a medical benefit plan for employees hired prior to 2007. New employees from 2007 are covered by medical insurance policy. An external trust has been constituted locally to fund the plan, in accordance with local legislation and Group policy.

In Turkey employees are currently provided with medical benefits through a foundation in collaboration with the social security, although local legislation prescribes the future unification of this and similar systems into the general social security system itself.

Estimated benefit payments

The estimated benefit payments over the next ten years for all the entities in Spain, Mexico, the United States and Turkey are as follows:

	Millions of Euros					
Estimated Benefit Payments	**2016**	**2017**	**2018**	**2019**	**2020**	**2021-2025**
Commitments in Spain	832	747	661	576	495	1,411
Commitments in Mexico	79	81	87	92	97	579
Commitments in The United States	15	16	17	17	18	104
Commitments in Turkey	26	16	18	19	22	165
Total	**952**	**860**	**783**	**704**	**632**	**2,259**

Plan assets

The majority of the Group´s defined benefit plans are funded by plan assets held in external funds/trusts legally separate from the Group sponsoring entity. However, in accordance with local regulation, some commitments are funded through internally held provisions, principally those relating to early retirements in Spain.

Plan assets are those assets which will be used to directly settle the assumed commitments and which meet the following conditions: they are not part of the Group sponsoring entity´s assets, they are available only to pay post-employment benefits and they cannot be returned to the Group sponsoring entity.

To manage the assets associated with defined benefit plans, BBVA Group has established investment policies designed according to criteria of prudence and minimizing the financial risks associated with plan assets.

The investment policy consists of investing in a low risk and diversified portfolio of assets with maturities consistent with the term of the benefit obligation and which, together with contributions made to the plan, will be sufficient to meet benefit payments when due, thus mitigating the plans' risks.

In those countries where plan assets are held in pension funds or trusts, the investment policy is developed consistently with local regulation. When selecting specific assets, current market conditions, the risk profile of the assets and their future market outlook are all taken into consideration. In all the cases, the selection of assets takes into consideration the term of the benefit obligations as well as short-term liquidity requirements.

The risks associated with these commitments are those which give rise to a deficit in the defined benefit plan. A deficit could arise from factors such as a fall in the market value of plan assets, an increase in long-term interest rates leading to a decrease in the fair value of fixed income securities, or a deterioration of the economy resulting in more write-downs and credit rating downgrades.

The table below shows the allocation plan assets as of December 31, 2015:

	Millions of Euros
Plan Assets Breakdown	**2015**
Cash or cash equivalents	83
Other debt securities (Goverment bonds)	2,247
Property, fixtures and materials	1
Mutual funds	1
Asset-backed securities	61
Insurance contracts	5
Other	9
Total	**2,407**
Of which:	
Bank account in BBVA	21
Debt securities issued by BBVA	5

In addition to the above there are plan assets relating to the previously mentioned insurance contracts in Spain and the foundation in Turkey.

The following table provides details of investments in quoted markets (Level 1) as of December 31, 2015:

	Millions of Euros
Plan Assets Breakdown	**2014**
Investments in quoted markets	**2015**
Cash or cash equivalents	83
Other debt securities (Goverment bonds)	2,247
Mutual funds	1
Asset-backed securities	61
Total	**2,392**
Of which:	
Bank account in BBVA	21
Debt securities issued by BBVA	5

The remainders of the assets are mainly invested in Level 2 assets in in accordance with the classification established under IFRS 13 (mainly insurance contracts).

During 2016 the Group expects to make contributions to the plans similar to the actual contributions made during 2015.

24.2 Defined contribution commitments

Certain Group entities sponsor defined contribution plans. Some of these plans allow employees to make contributions which are then matched by the employer.

Contributions are recognized as and when they are accrued, with a charge to the consolidated income statement in the corresponding financial year. No liability is therefore recognized in the accompanying consolidated balance sheet (See Note 43.1).

25. Common stock

As of December 31, 2015, BBVA's common stock amounted to €3,119,673,257.82 divided into 6,366,680,118 fully subscribed and paid-up registered shares, all of the same class and series, at €0.49 par value each, represented through book-entry accounts. All of the Bank shares carry the same voting and dividend rights, and no single stockholder enjoys special voting rights. Each and every share is part of the Bank's common stock.

The Bank's shares are traded on the Spanish stock market, as well as on the London and Mexico stock markets. BBVA American Depositary Shares (ADSs) traded on the New York Stock Exchange is also traded on the Lima Stock Exchange (Peru), under an exchange agreement between these two markets.

Also, as of December 31, 2015, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., and BBVA Banco Frances, S.A. were listed on their respective local stock markets. BBVA Banco Frances, S.A. is also listed on the Latin American market (Latibex) of the Madrid Stock Exchange and on the New York Stock Exchange.

As of December 31, 2015, State Street Bank and Trust Co., Chase Nominees Ltd and The Bank of New York Mellon SA NV in their capacity as international custodian/depositary banks, held 13.48%, 7.11%, and 4.19% of BBVA common stock, respectively. Of said positions held by the custodian banks, BBVA is not aware of any individual shareholders with direct or indirect holdings greater than or equal to 3% of BBVA common stock outstanding.

On January 18, 2015, the Blackrock, Inc. reported to the Spanish Securities and Exchange Commission (CNMV) that, it now has an indirect holding of BBVA common stock totaling 5.032%.

BBVA is not aware of any direct or indirect interests through which control of the Bank may be exercised. BBVA has not received any information on stockholder agreements including the regulation of the exercise of voting rights at its annual general meetings or restricting or placing conditions on the free transferability of BBVA shares. No agreement is known that could give rise to changes in the control of the Bank.

The changes in the heading "Common Stock" of the accompanying consolidated balance sheets are due to the following common stock increases:

Capital Increase	Number of Shares	Common Stock (Millions of Euros)
As of December 31, 2010	**4,490,908,285**	**2,201**
As of December 31, 2013	**5,785,954,443**	**2,835**
Dividend option - April 2014	101,214,267	50
Dividend option - October 2014	41,746,041	20
Capital increase - November 2014	242,424,244	119
As of December 31, 2014	**6,171,338,995**	**3,024**
Dividend option - January 2015	53,584,943	26
Dividend option - April 2015	80,314,074	39
Dividend option - October 2015	61,442,106	30
As of December 31, 2015	**6,366,680,118**	**3,120**

"Dividend Option" Program in 2015:

The AGM held on March 13, 2015 under Point Four of the Agenda, adopted four resolutions on capital increase to be charged to reserves, to once again implement the program called the "Dividend Option" (see Note 4), pursuant to article 297.1 a) of the Spanish Corporate Enterprises Act, conferring on the Board of Directors the authority to indicate the date on which said capital increases should be carried out, within one year of the date of the AGM, including the power not to implement any of the resolutions, when deemed advisable.

On March 25, 2015, the Board of Directors of BBVA approved the execution of the first of the capital increases charged to reserves agreed by the aforementioned AGM. As a result of this increase, the Bank's capital increased by €39,353,896.26 through the issue and circulation of 80,314,074 shares with a €0.49 par value each.

Likewise, on September 30, 2015, the Board of Directors of BBVA approved the execution of the second of the capital increases charged to reserves agreed by the aforementioned AGM. As a result of this increase, the Bank's capital increased by €30,106,631.94 through the issue and circulation of 61,442,106 shares with a €0.49 par value each.

"Dividend Option" Program in 2014:

The AGM held on March 14, 2014 under Point Four of the Agenda, resolved to perform four capital increases, charged to voluntary reserves, to once again implement the program called the "Dividend Option" (see Note 4), pursuant to article 297.1 a) of the Corporations Act, delegating in the Board of Directors the ability to indicate the date on which said capital increases should be carried out, within one year of the date on which the agreements are made, including the power not to implement any of the resolutions, when deemed advisable.

On March 26, 2014, the Board of Directors of BBVA approved the execution of the first of the capital increases charged to reserves agreed by the aforementioned AGM. As a result of this increase, the Bank's capital increased by €49,594,990.83 through the issue and circulation of 101,214,267 shares with a €0.49 par value each.

Likewise, on September 24, 2014, Board of Directors of BBVA approved the execution of the second of the capital increases charged to reserves agreed by the aforementioned AGM of March 14, 2014. As a result of this increase, the Bank's capital increased by €20,455,560.09 through the issue and circulation of 41,746,041 ordinary shares with a €0.49 par value each.

Similarly, on December 17, 2014, Board of Directors of BBVA approved the execution of the third of the capital increases charged to reserves agreed by the aforementioned AGM. On January 14, 2015, the Bank's capital increased by €26,256,622.07 through the issue and circulation of 53,584,943 ordinary shares with a €0.49 par value each, of the same class and series as the shares currently in circulation, without issuance premium and represented by book entries.

"Dividend Option" Program in 2013:

The AGM held on March 15, 2013 under Point Four of the Agenda, resolved to perform two capital increases, charged to voluntary reserves, to implement the "Dividend Option" program. This confers authority on the Board of Directors, pursuant to article 297.1 a) of the Corporations Act, to indicate the date on which said capital increases should be carried out, within one year of the date on which the agreements are made (see Note 4).

On April 3, 2013, the Executive Committee approved the execution of the first of the capital increases charged to reserves agreed by the aforementioned AGM. As a result of this increase, the Bank's capital increased by €40,862,919.86 through the issue and circulation of 83,393,714 shares with a €0.49 par value each. Likewise, on September 25, 2013, the Executive Committee approved the execution of the second of the capital increases charged to reserves agreed by the aforementioned AGM. As a result of this increase, the Bank's capital increased by €30,197,696.48 through the issue and circulation of 61,627,952 shares with a €0.49 par value each.

Capital increase

The Bank's AGM held on March 16, 2012 agreed, in Point Three of the Agenda, to confer authority on the Board of Directors to increase common stock in accordance with Article 297.1.b) of the Corporations Act, on one or several occasions, within the legal deadline of five years from the date the resolution takes effect, up to the maximum nominal amount of 50% of the subscribed and paid-up common stock on the date on which the resolution is adopted. Likewise, an agreement was made to enable the Board of Directors to exclude the preemptive subscription right on those capital increases in line with the terms of Article 506 of the Corporations Act. This authority is limited to 20% of the common stock of the Bank on the date the agreement is adopted.

On November 19, 2014, the Board of Directors of BBVA, exercising the authority delegated by the AGM held on March 16, 2012 under point Three of its Agenda, decided to carry out a capital increase, excluding preferential subscription rights, through an accelerated bookbuilt offering.

On November 20, 2014, the capital increase finished with a total par value of €118,787,879.56 through the issue of 242,424,244 shares of BBVA, each with a par value of €0.49, of the same class and series as the shares currently in circulation and represented by book entries. The subscription price of these new shares was determined to be €8.25 per share (corresponding €0.49 to par value and €7.76 to share premium). Therefore, the total effective amount of the Capital Increase was of €2,000,000,013 corresponding €118,787,879.56 to par value and €1,881,212,133.44 to share premium (see Note 26).

Convertible and/or exchangeable securities:

At the AGM held on March 16, 2012 the shareholders resolved, in Point Five of the Agenda, to delegate to the Board of Directors the right to issue bonds, convertible and/or exchangeable into BBVA shares, for a maximum total of €12 billion. The powers include the right to establish the different aspects and conditions of each issue; to exclude the pre-emptive subscription right of shareholders in accordance with the Corporations Act; to determine the basis and methods of conversion and/or exchange; and to increase the Banks common stock as required to address the conversion commitments.

During 2014 and 2013 respectively, BBVA, exercising the authority delegated by the AGM held on March 16, 2012 under point Five of its Agenda, issued perpetual securities eventually convertible into new ordinary shares of BBVA, (Additional level I capital instruments) without pre-emption rights, for a total amount of €1,500 million and $1,500 million (€1,378 million as of December 31, 2015). Similarly on February 10, 2015, BBVA issued perpetual securities eventually convertible into new ordinary shares of BBVA, (Additional level I capital instruments) without pre-emption rights, for a total amount of €1,500 million (see Note 21.4).

Other securities:

The Bank's AGM held on March 13, 2015, in Point Three of the agenda, agreed to delegate to the Board of Directors, the authority to issue, within the three-year maximum period stipulated by law, on one or several occasions, directly or through subsidiaries, with the full guarantee of the Bank, any type of fixed-income securities, documented in obligations, bonds of any kind, promissory notes, all type of covered bonds, warrants, mortgage participation, mortgage transfers certificates and preferred securities (that are totally or partially exchangeable for shares already issued by the Bank or by another company, in the market or which can be settled in cash), or any other fixed-income securities, in euros or any other currency, that can be subscribed in cash or in kind, registered or bearer, unsecured or secured by any kind of collateral, including a mortgage guarantee, with or without incorporation of rights to the securities (warrants), subordinate or otherwise, for a limited or indefinite period of time, up to a maximum nominal amount of €250 billion.

26. Share premium

The changes in the balances under this heading in the accompanying consolidated balance sheets are due to the common stock increases carried out in 2014 and 2013 (see Note 25), as set out below:

	Millions of Euros
Capital Increase	**Share premium**
As of December 31, 2012	**20,968**
Convertible bonds conversion - July 2013	1,143
As of December 31, 2013	**22,111**
Capital increase - November 2014	1,881
As of December 31, 2014	**23,992**
As of December 31, 2015	**23,992**

The amended Spanish Corporation Act expressly permits the use of the share premium balance to increase capital and establishes no specific restrictions as to its use.

27. Reserves

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

		Millions of Euros		
Reserves. Breakdown by concepts	**Notes**	**2015**	**2014**	**2013**
Legal reserve	27.1	605	567	534
Restricted reserve for retired capital	27.2	213	268	296
Reserves for balance revaluations		22	23	26
Voluntary reserves		6,971	6,784	6,387
Total reserves holding company (*)		7,811	7,642	7,243
Consolidation reserves attributed to the Bank and dependents consolidated companies.		14,701	13,294	12,524
Total Reserves		**22,512**	**20,936**	**19,767**

(*) Total reserves of BBVA, S.A. (see Appendix IX).

27.1 Legal reserve

Under the amended Corporations Act, 10% of any profit made each year must be transferred to the legal reserve. The transfer must be made until the legal reserve reaches 20% of the share capital.

The legal reserve can be used to increase the common stock provided that the remaining reserve balance does not fall below 10% of the increased capital. While it does not exceed 20% of the common stock, it can only be allocated to offset losses exclusively in the case that there are not sufficient reserves available.

27.2 Restricted reserves

As of December 31, 2015, 2014 and 2013, the Bank's restricted reserves are as follows:

	Millions of Euros		
Restricted Reserves	**2015**	**2014**	**2013**
Restricted reserve for retired capital	88	88	88
Restricted reserve for Parent Company shares and loans for those shares	123	178	206
Restricted reserve for redenomination of capital in euros	2	2	2
Total	**213**	**268**	**296**

The restricted reserve for retired capital originated in the reduction of the nominal par value of the BBVA shares made in April 2000.

The most significant heading corresponds to restricted reserves related to the amount of shares issued by the Bank in its possession at each date, as well as the amount of customer loans outstanding at those dates that were granted for the purchase of, or are secured by, the Bank's shares.

Finally, pursuant to Law 46/1998 on the Introduction of the Euro, a restricted reserve is recognized as a result of the rounding effect of the redenomination of the Bank's common stock in euros.

27.3 Reserves (losses) by entity

The breakdown, by company or corporate group, under the heading "Reserves" in the accompanying consolidated balance sheets is as follows:

	Millions of Euros		
Reserves Assigned to the Consolidation Process	**2015**	**2014**	**2013**
Accumulated reserves (losses)			
Holding Company (*)	14,600	11,604	11,972
BBVA Bancomer Group	8,261	7,564	6,275
BBVA Seguros, S.A.	1,634	1,727	1,561
Corporacion General Financiera, S.A.	931	746	605
BBVA Banco Provincial Group	1,751	1,592	1,231
BBVA Chile Group	1,113	1,045	959
Compañía de Cartera e Inversiones, S.A.	(22)	(15)	(28)
Anida Grupo Inmobiliario, S.L.	277	339	381
BBVA Suiza, S.A.	(4)	(17)	313
BBVA Continental Group	506	437	335
BBVA Luxinvest, S.A.	346	467	263
BBVA Colombia Group	656	492	315
BBVA Banco Francés Group	621	439	242
Banco Industrial De Bilbao, S.A.	33	43	(4)
Uno-E Bank, S.A.	(61)	(64)	15
Gran Jorge Juan, S.A.	(40)	(45)	(4)
BBVA Portugal Group	(511)	(519)	(357)
Participaciones Arenal, S.L.	(180)	(180)	(180)
BBVA Propiedad S.A.	(412)	(342)	(267)
Anida Operaciones Singulares, S.L.	(3,710)	(1,536)	(1,224)
Grupo BBVA USA Bancshares	(1,523)	(1,811)	(1,305)
Unnim Real Estate	(1,707)	(1,651)	(1,675)
Bilbao Vizcaya Holding S.A	74	70	63
Finanzia Autorenting, S.A.	(49)	(30)	(36)
Other	26	(51)	(134)
Subtotal	22,610	20,304	19,317
Reserves (losses) of entities accounted for using the equity method:			
Citic International.Financial Holdings Limited (**)	-	197	124
Garanti Turkiye Bankasi Group	-	609	379
Metrovacesa	(143)	(68)	(30)
Tubos Reunidos, S.A.	-	-	53
Occidental Hoteles Management, S.L.(**)	-	(94)	(93)
Other	45	(11)	18
Subtotal	(98)	633	450
Total Reserves	**22,512**	**20,936**	**19,767**

(*) Corresponds to the reserve of the Bank after adjustments made through the consolidation process. Include €866 million from Turkiye Garanti Bankasi Group generated by reserves when consolidated by the equity method.

(**) Reclassified during 2014 to "Non-current assets available for sale" (Note 15).

For the purpose of allocating the reserves and accumulated losses to the consolidated entities and to the parent company, the transfers of reserves arising from the dividends paid and transactions between these entities are taken into account in the period in which they took place.

28. Treasury stock

In the years ended December 31, 2015, 2014 and 2013 the Group entities performed the following transactions with shares issued by the Bank:

Treasury Stock	2015		2014		2013	
	Number of Shares	Millions of Euros	Number of Shares	Millions of Euros	Number of Shares	Millions of Euros
Balance at beginning	**41,510,698**	**350**	**6,876,770**	**66**	**15,462,936**	**111**
+ Purchases	431,321,283	3,273	425,390,265	3,770	488,985,513	3,614
- Sales and other changes	(433,914,316)	(3,314)	(390,756,337)	(3,484)	(497,571,679)	(3,658)
+/- Derivatives on BBVA shares	-	-	-	(3)	-	-
+/- Other changes	-	-	-	-	-	(1)
Balance at the end	**38,917,665**	**309**	**41,510,698**	**350**	**6,876,770**	**66**
Of which:						
Held by BBVA, S.A.	1,840,378	19	5,001,897	46	1,357,669	20
Held by Corporación General Financiera, S.A.	37,077,287	290	36,480,861	304	5,491,697	46
Held by other subsidiaries	-	-	27,940	-	27,404	-
Average purchase price in Euros	7.60		8.86		7.39	
Average selling price in Euros	7.67		8.94		7.44	
Net gain or losses on transactions (Stockholders' funds-Reserves)		6		5		30

The percentages of treasury stock held by the Group in the years ended December 31, 2015, 2014 and 2013 are as follows:

Treasury Stock	2015		2014		2013	
	Min	Max	Min	Max	Min	Max
% treasury stock	**0.000%**	**0.806%**	**0.000%**	**0.699%**	**0.000%**	**0.718%**

The number of BBVA shares accepted by the Group in pledge of loans as of December 31, 2015, 2014 and 2013 is as follows:

Shares of BBVA Accepted in Pledge	2015	2014	2013
Number of shares in pledge	92,703,291	97,795,984	111,627,466
Nominal value	0.49	0.49	0.49
% of share capital	1.46%	1.58%	1.93%

The number of BBVA shares owned by third parties but under management of a company within the Group as of December 31, 2015, 2014 and 2013 is as follows:

Shares of BBVA Owned by Third Parties but Managed by the Group	2015	2014	2013
Number of shares owned by third parties	92,783,913	101,425,692	101,184,985
Nominal value	0.49	0.49	0.49
% of share capital	1.46%	1.64%	1.75%

29. Valuation adjustments

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

		Millions of Euros		
Valuation Adjustments	**Notes**	**2015**	**2014**	**2013**
Available-for-sale financial assets	12.4	1,674	3,816	851
Cash flow hedging		(49)	(46)	8
Hedging of net investments in foreign transactions		(274)	(373)	(100)
Exchange differences		(3,905)	(2,173)	(3,023)
Non-current assets held for sale		-	-	3
Entities accounted for using the equity method		64	(796)	(1,130)
Other valuation adjustments (Remeasurements)		(859)	(776)	(440)
Total		**(3,349)**	**(348)**	**(3,831)**

The balances recognized under these headings are presented net of tax.

Changes in 2015 in the table above are in "Available for sale financial assets" mainly due to negative market evolution and in "Exchange differences" by the currencies depreciation and exchange rates change in Venezuela (see note 2.2.16).

30. Non-controlling interests

The breakdown by groups of consolidated entities of the balance under the heading "Non-controlling interests" of total equity in the accompanying consolidated balance sheets is as follows:

	Millions of Euros		
Non-Controlling Interest	**2015**	**2014**	**2013**
BBVA Colombia Group	58	59	54
BBVA Chile Group	314	347	307
BBVA Banco Continental Group	913	839	691
BBVA Banco Provincial Group (*)	100	958	1,041
BBVA Banco Francés Group	220	230	188
Garanti Group (Note 3)	6,460	-	-
Other companies	85	78	90
Total	**8,149**	**2,511**	**2,371**

(*) Decrease due to exchange rate evolution (see note 2.2.16)

These amounts are broken down by groups of consolidated entities under the heading "Profit attributable to non-controlling interests" in the accompanying consolidated income statements:

	Millions of Euros		
Profit attributable to Non-Controlling Interests	**2015**	**2014**	**2013**
BBVA Colombia Group	11	11	13
BBVA Chile Group	42	53	83
BBVA Banco Continental Group	211	195	268
BBVA Banco Provincial Group (*)	-	131	295
BBVA Banco Francés Group	76	65	64
Garanti Group (Note 3)	316	-	-
Other companies	30	9	30
Total	**686**	**464**	**753**

(*) Decrease due to exchange rate evolution (see note 2.2.16)

Dividends distributed to non-controlling interests of the Group during the year ended December 31, 2015 are: BBVA Banco Continental €113 million, BBVA Chile €9 million, BBVA Banco Francés €7 million, BBVA Colombia €4 million, BBVA Provincial €4 million and other Spanish entities accounted for €8million.

31. Capital base, capital management and liquidity management

As of December 31, 2015, 2014 and 2013, equity is calculated in accordance with current regulation on minimum capital base requirements for Spanish credit institutions –both as individual entities and as consolidated groups– and how to calculate them, as well as the various internal capital adequacy assessment processes they should have in place and the information they should disclose to the market.

The minimum capital base requirements established by the current regulation are calculated according to the Group's exposure to credit and dilution risk, counterparty and liquidity risk relating to the trading portfolio, exchange-rate risk and operational risk. In addition, the Group must fulfill the risk concentration limits established in said regulation and the internal Corporate Governance obligations.

The European Central Bank (ECB) has notified its decision with respect to the prudential capital requirements applicable to BBVA following the supervisory review and evaluation process (SREP). This decision requires BBVA to maintain a phased-in common Tier 1 (CET1) capital ratio of 9.5%, at both individual and consolidated level. The decision establishes that the required CET1 ratio of 9.5% includes:

- the minimum CET1 ratio required by Pillar 1; for these purposes Pillar 1 corresponds to the minimum CET1 ratio required by Article 92(1)(a) of Regulation (EU) No. 575/2013.
- the ratio required by Pillar 2 corresponds to the CET1 ratio required in excess of the minimum CET1 ratio, in accordance with Article 16(2)(a) of Regulation (EU) No. 1024/2013; and
- the capital conservation buffer which will be required starting on January 1, 2016 by Article 44 of Act 10/2014 and its implementing regulations.

In addition, in 2016 an additional capital requirement of 0.25% will be applied to BBVA Group, as a globally systemically important bank (G-SIB). The total minimum requirements of phased-in CET1 in 2016 at the consolidated level is 9.75%.

As BBVA will be excluded from the list of global systemically important banks as of January 1, 2017, this excess capital will not be applicable from that date. However, the Bank of Spain has decided that BBVA is included on the list of Other Systemically Important Institutions (OSII), so BBVA will instead need a capital buffer applicable to this concept, which requires the maintenance of common CET1 elements equal to 0.5% at the consolidated level. There will be a phased period of implementation lasting four years, with the level of 0.5% to be in place by 2019.

The Group's bank capital in accordance with the aforementioned applicable regulation, considering entities scope required by the above regulation, as of December 31, 2015, 2014 and 2013 is shown below: (please note that the information for the latter period has been adapted to the new presentation format for comparison purposes):

	Millions of Euros		
Capital Base	**2015 (*)**	**2014**	**2013**
Common Equity Tier 1 Capital	**48,539**	**41,831**	**35,825**
Common Stock	3,120	3,024	2,835
Parent company reserves	44,824	42,406	41,371
Reserves in consolidated companies	(2,617)	(1,204)	(3,380)
Non-controlling interests	7,143	1,885	2,069
Deductions and others	(5,387)	(6,151)	(8,534)
Attributed net income (less dividends)	1,456	1,871	1,464
Aditional Tier 1 Capital	**-**	**-**	**2,119**
Capital instruments eligible and perpetual securities eventually convertible	5,302	4,205	2,905
Deductions and others	(5,302)	(4,205)	(786)
Total Tier 1 Capital	**48,539**	**41,831**	**37,944**
Tier 2 Capital	**11,646**	**11,046**	**4,515**
Other deductions	**-**	**-**	**(786)**
Total Own Funds	**60,185**	**52,877**	**41,673**
Total Minimum equity required (**)	**38,125**	**28,065**	**25,871**

(*) Provisional data

(**) Calculated according to the minimum CET1 requirement in 2015, and the total requirement in 2014 and 2013

The changes in 2015 are affected by the corporate operations executed over the year (see Note 3). In addition, the changes in the Tier 1 capital level in the above table are basically due to the cumulative earnings through December, net of dividends, the contribution of non-controlling interests in Garanti Bank and the issue of additional Tier 1 capital executed in the year. This increase is partially offset by the scaled increase planned by the regulation (up to 40% in 2015).

The Tier 2 capital is increased by the changes in the instruments issued by eligible subsidiaries and the loss of eligibility due to the effect of the greater temporary adjustments.

The increase in the minimum capital requirements is due mainly to the determination of new prudential capital requirements applicable to BBVA, as mentioned above.

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A reconciliation of total equity and regulatory capital is provides below:

Eligible capital resources	Millions of Euros Reconciliation of total equity with regulatory capital December 2015
Total Equity	**50,640**
Capital	3,120
Share premium	23,992
Reserves	22,512
Other equity instruments	35
Own shares in portfolio	(309)
Attributable net income	2,642
Attributable dividend	(1,352)
Shareholders´ equity (Public Balance sheet)	**55,440**
Valuation adjustments	(3,349)
Non-controlling interests	8,149
Shares and other eligible preferred securities	**5,302**
Deductions	**(4,411)**
Goodwill and other and other intangible assets	(3,901)
Funding Treasury stock	(95)
Funding own shares	(415)
Equity not eligible at solvency level	**(806)**
Valuation adjustments not elegible as basic capital	(766)
Capital gains from the Available-for-sale debt instruments portfolio	(774)
Capital gains from the Available-for-sale equity portfolio	8
Differences from solvency and accounting level	(40)
Other adjustments and deductions	**(1,684)**
Tier 1 (before deductions)	**53,841**
(-) Deductions Tier 1	**(5,302)**
Tier 1	**48,539**

A reconciliation of the balance sheet to the accounting regulatory perimeter (provisional data) as of December 31, 2015 is provided below:

	Millions of Euros			
Public balance sheet headings	**Public balance sheet**	**Insurance companies and real estate companies**	**Jointly-controlled entities and other adjustments**	**Regulatory balance sheet**
Cash and balances with central banks	43,467	(1)	20	43,486
Financial assets held for trading	78,326	(913)	2,358	79,771
Other financial assets designated at fair value through profit or loss	2,311	(2,249)	-	62
Available for sale financial assets	113,426	(20,024)	25	93,427
Loans and receivables	457,644	(1,462)	1,968	458,150
Held to maturity investments	-	-	-	-
Fair value changes of the hedged items in portfolio hedges of interest rate risk	45	-	-	45
Hedging derivatives	3,538	(118)	-	3,420
Non-current assets held for sale	3,369	(26)	(37)	3,306
equity method	879	4,324	(114)	5,089
Other	47,073	(2,182)	1,510	46,401
Total assets	**750,078**	**(22,651)**	**5,730**	**733,157**

Capital management in the BBVA Group has a twofold aim:

- Maintain a level of capitalization according to the business objectives in all countries in which it operates and, simultaneously,
- Maximize the return on shareholders' funds through the efficient allocation of capital to the different units, a good management of the balance sheet and appropriate use of the various instruments forming the basis of the Group's equity: shares, preferred securities and subordinate debt.

This capital management is carried out determining the capital base and the solvency ratios established by the prudential and minimum capital requirements also have to be met for the entities subject to prudential supervision in each country.

The current regulation allows each entity to apply its own internal ratings-based (IRB) approach to risk assessment and capital management, subject to Bank of Spain approval. The BBVA Group carries out an integrated management of these risks in accordance with its internal policies and its internal capital estimation model has received the Bank of Spain's approval for certain portfolios (see Note 7).

32. Contingent risks and commitments

The breakdown of the balance under these headings in the accompanying consolidated balance sheets is as follows:

	Millions of euros		
Contingent Risks and Commitments	**2015**	**2014**	**2013**
Contingent Risks			
Collateral, bank guarantees and indemnities	39,971	28,297	28,082
Rediscounts, endorsements and acceptances	538	47	39
Letter of credit and others	9,367	5,397	5,422
Total Contingent Risks	**49,876**	**33,741**	**33,543**
Contingent Commitments			
Balances drawable by third parties:	123,620	96,714	87,542
Credit institutions	921	1,057	1,583
Government and other government agencies	2,570	1,359	4,354
Other resident sectors	27,334	21,784	20,713
Non-resident sector	92,795	72,514	60,892
Other contingent liabilities	12,113	9,538	6,628
Total Contingent Commitments	**135,733**	**106,252**	**94,170**
Total contingent risks and contingent commitments	**185,609**	**139,993**	**127,713**

Since a significant portion of the amounts above will expire without any payment obligation materializing for the consolidated entities, the aggregate balance of these commitments cannot be considered as an actual future requirement for financing or liquidity to be provided by the BBVA Group to third parties.

In the years ended December 31, 2015, 2014 and 2013 no issuance of debt securities carried out by associates of the BBVA Group, joint venture entities or non-Group entities have been guaranteed.

33. Other contingent assets and liabilities

As of December 31, 2015, 2014 and 2013 there were no material contingent assets or liabilities other than those disclosed in the accompanying notes to the financial statements.

34. Purchase and sale commitments and future payment obligations

The breakdown of purchase and sale commitments of the BBVA Group as of December 31, 2015, 2014 and 2013 is as follows:

Purchase and Sale Commitments	Notes	Millions of Euros 2015	2014	2013
Financial instruments sold with repurchase commitments		**68,401**	**66,326**	**55,503**
Central Banks	9	19,065	8,774	5,636
Credit Institutions	21.1	26,069	32,935	22,007
Government and other government agencies	21.2	7,556	3,022	8,512
Other resident sectors	21.2	11,092	13,306	11,608
Non-resident sectors	21.2	4,619	8,289	7,740
Financial instruments purchased with resale commitments		**16,935**	**17,639**	**11,397**
Central Banks	9	149	209	120
Credit Institutions	13.1	11,749	10,440	6,828
Government and other government agencies	13.2	326	378	-
Other resident sectors	13.2	3,952	5,932	4,039
Non-resident sectors	13.2	758	680	410

A breakdown of the maturity of other payment obligations, not included in previous notes, due after December 31, 2015 is provided below:

Maturity of Future Payment Obligations	Millions of Euros Up to 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
Finance leases	-	-	-	-	-
Operating leases	278	272	272	2,276	3,098
Purchase commitments	22	-	-	-	22
Technology and systems projects	3	-	-	-	3
Other projects	20	-	-	-	20
Total	**300**	**272**	**272**	**2,276**	**3,120**

35. Transactions on behalf of third parties

As of December 31, 2015, 2014 and 2013 the details of the most significant items under this heading are as follows:

Transactions on Behalf of Third Parties	Millions de euros 2015	2014	2013
Financial instruments entrusted by third parties	664,911	602,791	560,640
Conditional bills and other securities received for collection	15,064	4,438	3,505
Securities lending	4,125	3,945	3,844

As of December 31, 2015, 2014 and 2013 the off-balance sheet customer assets managed by the BBVA Group are as follows:

	Millions of Euros		
Off-Balance Sheet Customer Funds by Type	**2015**	**2014**	**2013**
Commercialized and managed by the Group (*)			
Investment companies and mutual funds	56,606	52,782	43,478
Pension funds	31,542	27,364	24,662
Customer portfolios managed on a discretionary basis	38,170	35,129	31,072
Of which:			
Portfolios managed on a discretionary	19,919	17,187	7,038
Commercialized by the Group managed by third parties outside the Group			
Investment companies and mutual funds	4,181	3,197	127
Pension funds	31	30	30
Saving insurance contracts	41	-	-
Total	**130,570**	**118,502**	**99,369**

(*) Excludes balances from securitization funds.

36. Interest income and expense and similar items

36.1 Interest and similar income

The breakdown of the interest and similar income recognized in the accompanying consolidated income statement is as follows:

	Millions of Euros		
Interest and Similar Income. Breakdown by Origin.	**2015**	**2014**	**2013**
Central Banks	140	132	262
Loans and advances to credit institutions	260	235	356
Loans and advances to customers	19,200	17,565	18,092
Government and other government agency	550	693	842
Resident sector	3,360	3,754	4,491
Non resident sector	15,290	13,118	12,758
Debt securities	3,792	3,486	3,465
Held for trading	981	1,134	980
Available-for-sale financial assets	2,810	2,352	2,484
Adjustments of income as a result of hedging transactions	(382)	(321)	(292)
Insurance activity	1,152	1,199	1,137
Other income	621	542	492
Total	**24,783**	**22,838**	**23,512**

The amounts recognized in consolidated equity in connection with hedging derivatives and the amounts derecognized from consolidated equity and taken to the consolidated income statement during both periods are given in the accompanying “Consolidated statements of recognized income and expenses”.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

The following table shows the adjustments in income resulting from hedge accounting, broken down by type of hedge:

Adjustments in Income Resulting from Hedge Accounting (Millions of Euros)	2015	2014	2013
Cash flow hedging	47	6	51
Fair value hedging	(429)	(327)	(343)
Total	**(382)**	**(321)**	**(292)**

36.2 Interest and similar expenses

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

Interest and Similar Expenses. Breakdown by Origin (Millions of Euros)	2015	2014	2013
Bank of Spain and other central banks	138	62	161
Deposits from credit institutions	1,186	1,012	1,165
Customers deposits	4,340	4,246	4,516
Debt certificates	2,040	2,062	3,067
Subordinated liabilities	508	484	516
Adjustments of expenses as a result of hedging transactions	(859)	(930)	(1,182)
Cost attributable to pension funds (Note 24)	108	172	199
Insurance activity	816	912	855
Other charges	484	436	315
Total	**8,761**	**8,456**	**9,612**

The following table shows the adjustments in expenses resulting from hedge accounting, broken down by type of hedge:

Adjustments in Expenses Resulting from Hedge Accounting (Millions of Euros)	2015	2014	2013
Cash flow hedging	(16)	(18)	1
Fair value hedging	(844)	(912)	(1,183)
Total	**(859)**	**(930)**	**(1,182)**

36.3 Average return on investments and average borrowing cost

The detail of the average return on investments in the years ended December 31, 2015, 2014 and 2013 is as follows:

	Millions of Euros								
	2015			2014			2013		
Asset	Average Balances	Interest and Similar Income	Average Interest Rates (%)	Average Balances	Interest and Similar Income	Average Interest Rates (%)	Average Balances	Interest and Similar Income	Average Interest Rates (%)
Cash and balances with central banks	32,206	140	0.43	25,049	132	0.53	26,463	262	0.99
Securities portfolio and derivatives	202,335	4,673	2.31	176,497	4,505	2.55	166,013	4,385	2.64
Loans and advances to credit institutions	30,511	273	0.89	24,727	238	0.96	25,998	411	1.58
Loans and advances to customers	382,125	19,471	5.10	328,183	17,803	5.42	335,248	18,325	5.47
Euros	196,987	4,301	2.18	186,965	4,843	2.59	204,124	5,835	2.86
Foreign currency	185,139	15,170	8.19	141,218	12,960	9.18	131,125	12,489	9.52
Other finance income	-	-	-	-	-	-	-	-	-
Other assets	58,381	226	0.39	45,951	159	0.35	45,982	128	0.28
Totals	**705,559**	**24,783**	**3.51**	**600,407**	**22,838**	**3.80**	**599,705**	**23,512**	**3.92**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

The average borrowing cost in the years ended December 31, 2015, 2014 and 2013 is as follows:

	Millions of Euros								
	2015			2014			2013		
Liabilities	Average Balances	Interest and Similar Expenses	Average Interest Rates (%)	Average Balances	Interest and Similar Expenses	Average Interest Rates (%)	Average Balances	Interest and Similar Expenses	Average Interest Rates (%)
Deposits from central banks and credit institutions	99,289	1,559	1.57	81,860	1,292	1.58	86,600	1,551	1.79
Customer deposits	365,965	4,390	1.20	307,482	4,555	1.48	290,105	4,366	1.51
Euros	187,677	1,024	0.55	160,930	1,945	1.21	153,634	1,734	1.13
Foreign currency	178,289	3,366	1.89	146,552	2,610	1.78	136,470	2,632	1.93
Debt certificates and subordinated liabilities	89,956	1,875	2.08	80,355	1,611	2.00	94,130	2,812	2.99
Other finance expenses	-	-	-	-	-	-	-	-	-
Other liabilities	96,049	936	0.97	83,620	998	1.19	82,257	883	1.07
Equity	54,300	-	-	47,091	-	-	46,614	-	-
Totals	**705,559**	**8,761**	**1.24**	**600,407**	**8,456**	**1.41**	**599,705**	**9,612**	**1.60**

The change in the balance under the headings "Interest and similar income" and "Interest and similar expenses" in the accompanying consolidated income statements is the result of exchange rate effect, changing prices (price effect) and changing volume of activity (volume effect), as can be seen below:

	Millions of Euros					
	2015 / 2014			2014 / 2013		
Interest Income and Expense and Similar Items. Change in the Balance	Volume Effect (1)	Price Effect (2)	Total Effect	Volume Effect (1)	Price Effect (2)	Total Effect
Cash and balances with central banks	38	(30)	8	(14)	(116)	(130)
Securities portfolio and derivatives	660	(492)	168	277	(157)	120
Loans and advances to credit institutions	56	(21)	35	(20)	(153)	(173)
Loans and advances to customers	2,926	(1,258)	1,668	(386)	(135)	(521)
In Euros	260	(801)	(542)	(491)	(502)	(992)
In other currencies	4,031	(1,821)	2,210	961	(490)	471
Other assets	43	24	67	-	31	31
Interest and similar incomes			**1,945**			**(674)**
Deposits from central banks and credit institutions	275	(8)	267	(85)	(174)	(259)
Customer deposits	866	(1,031)	(165)	262	(73)	189
In Euros	323	(1,245)	(922)	82	129	211
In other currencies	565	192	757	205	(315)	(111)
Debt certificates and subordinated liabilities	192	71	264	(411)	(789)	(1,201)
Other liabilities	148	(210)	(62)	15	100	115
Interest and similar expenses			**305**			**1,156**
Net Interest Income			**1,641**			**482**

(1) The volume effect is calculated as the result of the interest rate of the initial period multiplied by the difference between the average balances of both periods.

(2) The price effect is calculated as the result of the average balance of the last period multiplied by the difference between the interest rates of both periods.

37. Income from equity instruments

The balances for this heading in the accompanying consolidated income statements correspond to dividends on shares and equity instruments other than those from shares in entities accounted for using the equity method (see Note 38), as can be seen in the breakdown below:

	Millions of Euros		
Dividend Income	**2015**	**2014**	**2013**
Dividends from:			
Financial assets held for trading	144	137	72
Available-for-sale financial assets	271	394	163
Total	**415**	**531**	**235**

38. Share of profit or loss of entities accounted for using the equity method

The breakdown of the share of profit or loss of entities accounted for using the equity method in the accompanying consolidated income statements is as follows:

	Millions of Euros		
Investments in Entities Accounted for Using the Equity Method	**2015**	**2014**	**2013**
CIFH	-	71	430
Garanti Group	167	312	265
Metrovacesa, S.A.	(46)	(75)	(32)
Other	53	35	31
Total	**174**	**343**	**694**

During 2015 results included only Garanti until July 2015 (see Note 3).
During 2014 results included only CIFH until November 2014 (see Note 3).
During 2013 results included CIFH throughout all the year and CNCB until the date of sale and reclassification (see Note 3).

39. Fee and commission income

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

	Millions of Euros		
Fee and Commission Income	**2015**	**2014**	**2013**
Commitment fees	172	184	190
Contingent risks	360	297	316
Letters of credit	50	41	50
Bank and other guarantees	310	256	266
banknotes	6	18	23
Collection and payment services income	3,629	3,119	3,095
Bills receivables	94	77	68
Current accounts	405	321	349
Credit and debit cards	2,336	2,061	1,989
Checks	239	219	237
Transfers and others payment orders	474	329	329
Rest	82	112	123
Securities services income	1,283	1,178	1,142
Securities underwriting	60	83	74
Securities dealing	223	190	205
Custody securities	314	310	323
Investment and pension funds	563	465	413
Rest assets management	123	130	127
Counseling on and management of one-off transactions	25	17	14
Financial and similar counseling services	88	75	45
Factoring transactions	27	34	37
Non-banking financial products sales	217	118	109
Other fees and commissions	534	490	507
Total	**6,340**	**5,530**	**5,478**

40. Fee and commission expenses

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

Fee and Commission Expenses	Millions of Euros 2015	2014	2013
Brokerage fees on lending and deposit transactions	2	1	1
Fees and commissions assigned to third parties	1,323	1,020	894
Credit and debit cards	1,113	881	762
Transfers and others payment orders	92	63	49
Securities dealing	2	4	5
Rest	116	72	78
Other fees and commissions	404	335	333
Total	**1,729**	**1,356**	**1,228**

41. Net gains (losses) on financial assets and liabilities (net)

The breakdown of the balance under this heading, by source of the related items, in the accompanying consolidated income statements is as follows:

Gains (Losses) on Financial Assets and Liabilities Breakdown by Heading of the Balance Sheet	Millions of Euros 2015	2014	2013
Financial assets held for trading	(409)	11	540
Other financial assets designated at fair value through profit or loss	117	27	49
Other financial instruments not designated at fair value through profit or loss	1,157	1,397	1,019
Available-for-sale financial assets	980	1,400	1,046
Loans and receivables	76	31	126
Other	101	(34)	(153)
Total	**865**	**1,435**	**1,608**

The breakdown of the balance under this heading in the accompanying income statements by the nature of financial instruments is as follows:

Gains (Losses) on Financial Assets and Liabilities Breakdown by Nature of the Financial Instrument	Millions of Euros 2015	2014	2013
Debt instruments	522	1,683	1,167
Equity instruments	(414)	345	883
Loans and advances to customers	88	35	46
Derivatives	561	(648)	(444)
Customer deposits	83	(4)	13
Rest	25	24	(56)
Total	**865**	**1,435**	**1,608**

The breakdown of the balance of the impact of the derivatives (trading and hedging) under this heading in the accompanying consolidated income statements is as follows:

	Millions of Euros		
Derivatives Trading and Hedging	**2015**	**2014**	**2013**
Trading derivatives			
Interest rate agreements	666	(429)	139
Security agreements	751	34	(596)
Commodity agreements	(1)	(1)	(1)
Credit derivative agreements	39	76	(59)
Foreign-exchange agreements	(1,001)	(285)	122
Other agreements	15	4	31
Subtotal	468	(601)	(364)
Hedging Derivatives Ineffectiveness		-	
Fair value hedging	80	(47)	(98)
Hedging derivative	(28)	(488)	(877)
Hedged item	108	441	779
Cash flow hedging	13	-	18
Subtotal	93	(47)	(80)
Total	**561**	**(648)**	**(444)**

In addition, in the years ended December 31, 2015, 2014 and 2013, under the heading "Exchange differences (net)" of the income statement, net amounts of positive €135 million, positive €39 million and positive €137 million, respectively, were recognized for transactions with foreign exchange trading derivatives.

42. Other operating income and expenses

The breakdown of the balance under the heading "Other operating income" in the accompanying consolidated income statements is as follows:

	Millions of Euros		
Other Operating Income	**2015**	**2014**	**2013**
Income on insurance and reinsurance contracts	3,678	3,622	3,761
Financial income from non-financial services	912	650	851
Of Which: Real estate companies	668	464	445
Rest of other operating income	403	309	383
Of Which: from rented buildings	90	65	73
Total	**4,993**	**4,581**	**4,995**

The breakdown of the balance under the heading "Other operating expenses" in the accompanying consolidated income statements is as follows:

	Millions of Euros		
Other Operating Expenses	**2015**	**2014**	**2013**
Expenses on insurance and reinsurance contracts	2,599	2,714	2,831
Change in inventories	678	506	495
Of Which: Real estate companies	594	448	428
Rest of other operating expenses	1,607	2,200	2,507
Of Which: Contributions to guaranteed banks deposits funds	732	753	1,021
Total	**4,883**	**5,420**	**5,833**

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43. Administration costs

43.1 Personnel expenses

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

		Millions of euros		
Personnel Expenses	**Notes**	**2015**	**2014**	**2013**
Wages and salaries		4,868	4,108	4,232
Social security costs		733	683	693
Defined contribution plan expense	24	84	63	80
Defined benefit plan expense	24	57	58	70
Other personnel expenses		531	498	513
Total		**6,273**	**5,410**	**5,588**

The breakdown of the average number of employees in the BBVA Group in the years ended December 31, 2015, 2014 and 2013 by professional categories and geographical areas, is as follows:

	Average Number of Employees		
Average Number of Employees by Geographical Areas	**2015**	**2014**	**2013**
Spanish banks			
Management Team	1,026	1,079	1,127
Other line personnel	22,702	21,452	22,375
Clerical staff	4,033	3,793	4,474
Branches abroad	747	758	794
Subtotal	28,508	27,081	28,770
Companies abroad			
Mexico	29,711	28,798	28,309
United States	9,969	10,193	10,689
Turkey	11,814	-	-
Venezuela	5,183	5,221	5,292
Argentina	5,681	5,368	5,229
Colombia	5,628	5,464	5,033
Peru	5,357	5,312	5,171
Other	4,676	4,829	5,056
Subtotal	78,019	65,184	64,779
Pension fund managers	332	278	2,181
Other non-banking companies	17,337	16,695	16,859
Total	**124,196**	**109,239**	**112,589**

The breakdown of the number of employees in the BBVA Group as of December 31, 2015, 2014 and 2013 by category and gender, is as follows:

Number of Employees at the period end	**2015**		**2014**		**2013**	
Professional Category and Gender	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Management Team	1,493	365	1,579	358	1,675	363
Other line personnel	38,204	38,868	24,103	21,845	24,375	21,828
Clerical staff	23,854	35,184	25,601	35,284	25,812	35,252
Total	**63,551**	**74,417**	**51,283**	**57,487**	**51,862**	**57,443**

The breakdown of the average number of employees in the BBVA Group in the years ended December 31, 2015, 2014 and 2013 is as follows:

Average Number of Employees Breakdown by Gender	2015		2014		2013	
	Male	Female	Male	Female	Male	Female
Average Number of Employees BBVA Group	57,841	66,355	51,724	57,515	53,325	59,263
Of which:						
BBVA, S.A.	13,526	11,949	14,742	12,320	15,522	12,339

43.1.1 Share-based employee remuneration

The amounts recognized under the heading “Personnel expenses - Other personnel expenses” in the consolidated income statements for the years ended December 31, 2015, 2014 and 2013 corresponding to the plans for remuneration based on equity instruments in each year, amounted to €38, €68 and €60 million, respectively. These amounts have been recognized with a corresponding entry under the heading “Stockholders’ funds – Other equity instruments” in the accompanying consolidated balance sheets, net of tax effect.

The characteristics of the Group's remuneration plans based on capital instruments are described below.

System of Variable Remuneration in Shares

The remuneration policy of the BBVA Group prevailing until 2014 provided for a System of Variable Remuneration in Shares for the BBVA Management Team, including the executive directors and members of the Senior Management (the "System of Variable Remuneration in Shares" or the "System"). This system was approved by the Annual General Meeting of BBVA shareholders, March 11, 2011, and the conditions for the 2014 financial year approved by the Annual General Meeting, March 14, 2014.

The System was based on a specific incentive for the (approximately 2,200) people comprising Management Team (hereinafter, the “Incentive”), which consisted in the annual allocation to each beneficiary of a number of units which had been the basis for determining how many shares that individual would receive when the Incentive was settled, depending on the level of compliance with indicators set every year by the General Meeting. For 2014 these indicators were: the performance of the Total Shareholder Return (TSR), the Group’s Recurring Economic Profit without one-offs and the Group’s Attributable Profit without one-offs.

This Incentive, together with the variable cash remuneration due to each director (“ordinary variable remuneration”), would constitute their annual variable remuneration (hereinafter, the “Annual Variable Remuneration”).

Once each financial year is closed, the number of units allocated to each beneficiary was divided into three parts indexed to each one of the indicators of the Incentive as a function of the weightings established at any time and each one of these parts was multiplied by a coefficient of between 0 and 2 as a function of the scale defined for each indicator every year.

The shares resulting from this calculation were subject to the following withholding criteria:

- 40% of the shares received were freely transferrable by the beneficiaries from the time of their vesting;
- 30% of the shares received were transferrable once a year has elapsed after the Incentive settlement date; and
- The remaining 30% were transferrable as of two years after the Incentive settlement date.

Apart from this, the Bank also had a specific system for settlement and payment of the variable remuneration applicable to employees and managers, including the executive directors and members of the Senior Management, performing professional activities that may have a significant impact on the risk profile of the entity or performing control duties (hereinafter, the "Identified Staff").

The specific rules for settlement and payment of the Annual Variable Remuneration of executive directors and members of the Senior Management are described in Note 53, while the rules listed below are applicable to the rest of the Identified Staff:

- At least 50% of the total Annual Variable Remuneration of the members of the Identified Staff will be paid in BBVA shares.
- People in the Identified Staff who are not members of the management team will receive 50% of their ordinary variable remuneration in BBVA shares.
- The payment of 40% of their variable remuneration, both in cash and in shares, will be deferred. The deferred amount will be paid in thirds over the following three years.
- All the shares delivered to these beneficiaries pursuant to the rules explained in the previous paragraph would be unavailable for one year after they have vested. This withholding would be applied against the net amount of the shares, after deducting any tax accruing on the shares received. A prohibition was also established against hedging with unavailable vested shares and shares pending reception.
- Moreover, circumstances have been established in which the payment of the deferred Annual Variable Remuneration payable may be limited or impeded ("malus" clauses), as well as the adjustment to update these deferred parts.
- Finally, the variable component of the remuneration corresponding to any one financial year of those in the Identified Staff was limited to an upper threshold of 100% of the fixed component of the total remunerations, unless the General Meeting should resolve to raise this limit which, in any event, may not exceed 200% of the fixed component of the total remuneration.

In this regard, the General Meeting, March 14, 2014, resolved, in line with applicable legislation, that the variable component of the remuneration corresponding to any one financial year of certain employees whose professional activities have a significant impact on the Bank's risk profile or who perform control functions may be as much as 200% of the fixed component of their total remuneration. This is entirely consistent with the Recommendations Report issued by the BBVA's Board of Directors, January 30, 2014.

When the Incentive for 2014 ended on December 31, 2014, a multiplication factor of 0.4775 was applied to the units initially allocated to each beneficiary on that date, resulting in a total of 3,137,941 shares for the Management Team as a whole, which resulted in a percentage of shares delivered to its beneficiaries, subject to the settlement and payment system described above.

Likewise, during 2015 the shares corresponding to the deferred parts of the Annual Variable Remuneration from previous years, and their corresponding adjustments in cash, were delivered to the beneficiary members of the Identified Staff, giving rise in 2015, of a total of 455,620 shares corresponding to the first deferred third of the 2013 Annual Variable Remuneration were granted, and €187,039 as adjustments for updates of to the shares granted; a total of 525,939 shares corresponding to the second deferred third of the 2012 Annual Variable Remuneration, and €384,615 in adjustments for updates; and a total of 802,343 shares corresponding to the final third of the 2011 Annual Variable Remuneration 2011, with €923,811 in adjustments for updates.

Likewise, in 2015 beneficiaries in the Identified Staff received the shares corresponding to the deferred parts of the 2010/2011 Multi-Year Variable Share Remuneration Programme (hereinafter, the "Programme" or "LTI 2010/2011"), as well as the shares corresponding to long-term incentive programmes in the United States, as outlined below:

2010/2011 Multi-Year Variable Share Remuneration Programme

Once the LTI 2010/2011 approved by the General Meeting, March 12, 2010 ended on December 31, 2011, it was settled by applying the conditions established at its outset.

The above notwithstanding, the settlement and payment system indicated was applied to beneficiaries of the programme who are members of the Identified Staff, as agreed by the General Shareholders Meeting, March 16, 2012, with the result that:

- The payment of 40% of the shares resulting from settlement of the Programme (50% in the case of executive directors and other members of the Senior Management) was deferred to vest in thirds in 2013, 2014 and 2015.
- The shares paid may not be availed for one year as of their vesting date. This withholding is applicable to the net amount of the shares, after deducting the taxes payable on the shares received.

- The vesting of the deferred shares will be subject to the application of the circumstances limiting or impeding payment of the variable remuneration ("malus" clauses) established by the Board of Directors; and
- The deferred shares will be subject to adjustments to update their value.

Thus, for the Identified Staff, pursuant to the conditions established in the Programme, in the first quarter of 2015 a total of 341,684 shares were vested, corresponding to the final third of the deferred part of shares resulting from the programme's settlement, and €390,880 as an adjustment for the updated value of the shares vested.

The settlement and payment of the shares originating in this Programme for the executive directors and members of Senior Management was conducted according to the scheme defined for this purpose, as described in Note 53.

BBVA Long-Term Incentive in BBVA Compass

When the term of the Long-Term Incentive 2010-2012 Plan for the BBVA Compass Management Team ended, on December 31, 2012, it was settled pursuant to the conditions established when it began.

For those beneficiaries of this programme who are members of the Identified Staff, it was agreed that the same settlement and payment rules would be applied detailed above.

Thus, in 2015 those beneficiaries who are members of the Identified Staff in BBVA Compass have been awarded 6,323 shares, corresponding to the second third of the deferred part of the shares resulting from the settlement of the 2010-2012 Long-Term Incentive Share Plan, and €4,822 in the adjustment to the updated share value, with the final third yet to vest in 2016.

Additionally, BBVA Compass' remuneration structure includes long-term incentive programmes for remuneration in shares for employees in certain key positions. These plans run over a three-year term. On December 31, 2015 there are two coexisting programmes (2013-2015 and 2014-2016). During 2015, 221,143 shares corresponding to the 2012-2014 programme were delivered.

Remunerations policy applicable from 2015 onwards

The Bank has modified its remunerations policy for 2015, 2016 and 2017, in order to align itself more closely with market best practices, regulatory requirements and its internal organisation and strategy. At the end of 2014 the Management Team Incentive (MTI) plan ended, unifying the variable remuneration components into a single annual incentive (the "Annual Variable Remuneration"). This policy for BBVA directors was approved at the General Meeting, March 13, 2015.

The new remuneration policy also contains a specific settlement and payment scheme for Annual Variable Remuneration as it applies to the Identified Staff. The rules are as follows:

- The Annual Variable Remuneration of members of the Identified Staff will be paid in equal parts in cash and BBVA shares.
- The payment of 40% of the Annual Variable Remuneration – 50% in the case of executive directors and Senior Management – both in cash and shares will be deferred in its entirety for three years. Its accrual and payment will be subject to compliance with a series of multi-year indicators related to share performance and the Group's basic control and risk management metrics measuring solvency, liquidity and profitability, which will be calculated throughout the deferral period (hereinafter "Multi-Annual Assessment Indicators"). These Multi-year Performance Indicators may lead to a reduction in the amount deferred, and might even bring it down to zero, but they will not be used under any circumstances to increase the aforementioned deferred remuneration.
- All the shares vesting to these beneficiaries pursuant to the rules explained previously will be unavailable during a certain period since their delivery. This withholding will be applied against the net amount of the shares, after deducting the tax accruing on the shares received. A prohibition has also been established against hedging with unavailable vested shares and outstanding shares.
- Moreover, circumstances have been established in which the payment of the deferred Annual Variable Remuneration payable may be limited or impeded ("malus" clauses), and the adjustment to update these deferred parts has also been determined.
- Lastly, the variable component in the remuneration corresponding to any one financial year for people in the Identified Collective will have a maximum threshold of 100% of the fixed component of total remuneration,

unless those cases in which the General Meeting agrees to raise this threshold. However, under no circumstances may it exceed 200% of the fixed component of total remuneration.

On this issue, the General Meeting, March 13, 2015, resolved to enlarge the set of staff members whose professional activities have a significant impact on the Group's risk profile or who perform control functions, and whose variable remuneration will be subject to the maximum threshold of 200% of the fixed component of their total remuneration. This is entirely consistent with the Recommendations Report produced by the BBVA's Board of Directors on February 3, 2015.

The first disbursement in shares under this new policy will be the initial payment of the Annual Variable Remuneration for 2015 to be paid in shares, which will take place in the first quarter of 2016.

43.2 General and administrative expenses

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

	Millions of Euros		
General and Administrative Expenses	**2015**	**2014**	**2013**
Technology and systems	625	585	714
Communications	281	271	294
Advertising	249	213	336
Property, fixtures and materials	1,021	911	920
Of which: Rent expenses (*)	591	461	470
Taxes other than income tax	466	418	421
Other expenses	1,922	1,606	1,428
Total	**4,563**	**4,004**	**4,113**

(*) The consolidated companies do not expect to terminate the lease contracts early.

44. Depreciation and amortization

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

		Millions of Euros		
Depreciation and Amortization	**Notes**	**2015**	**2014**	**2013**
Tangible assets	17	640	611	581
For own use		615	589	560
Investment properties		25	22	21
Assets leased out under financial lease		-	-	-
Other Intangible assets	18.2	632	535	514
Total		**1,272**	**1,145**	**1,095**

45. Provisions (net)

In the years ended December 31, 2015, 2014 and 2013 the net allowances charged to the income statement were as follows:

		Millions of Euros		
Provisions (Net)	**Notes**	**2015**	**2014**	**2013**
Provisions for pensions and similar obligations	24	592	816	373
Provisions for contingent risks and commitments	7.3.8	10	14	38
Provisions for taxes and other legal contingencies		(25)	94	14
Other Provisions		154	218	184
Total		**731**	**1,142**	**609**

46. Impairment losses on financial assets (net)

The breakdown of impairment losses on financial assets by the nature of those assets in the accompanying consolidated income statements is as follows:

		Millions of Euros		
Impairment Losses on Financial Assets (Net)	**Notes**	**2015**	**6-jul-1905**	**201**
Available-for-sale financial assets	12	24	36	36
Debt securities		1	19	5
Other equity instruments		23	17	31
Loans and receivables	7.3.8	4,248	4,304	5,577
Of w hich: Recovery of w ritten-off assets	7.3.7	490	443	362
Total		**4,272**	**4,340**	**5,612**

47. Impairment losses on other assets (net)

The impairment losses on non-financial assets broken down by the nature of those assets in the accompanying consolidated income statements are as follows:

		Millions of Euros		
Impairment Losses on Other Assets (Net)	**Notes**	**2015**	**2014**	**2013**
Goodwill and investment in entities	16-18.1	-	-	5
Other intangible assets	18.2	4	8	9
Tangible assets	17	60	97	160
For ow n use		26	35	32
Investment properties		34	61	127
Inventories	20	209	192	270
Rest		-	-	24
Total		**273**	**297**	**467**

48. Gains (losses) on derecognized assets not classified as non-current assets held for sale

The breakdown of the balance under this heading in the accompanying consolidated income statements is as follows:

	Millions of Euros		
Gains and Losses on Derecognized Assets Not Classified as Non-current Assets Held for Sale	**2015**	**2014**	**2013**
Gains			
Disposal of investments in subsidiaries	23	28	67
Disposal of tangible assets and other	71	38	637
Losses:			
Disposal of investments in subsidiaries	(2,222)	-	(2,601)
Disposal of tangible assets and other	(7)	(20)	(18)
Total	**(2,135)**	**46**	**(1,915)**

During 2015, the heading "Losses – Disposal of investments in subsidiaries" included, mainly, the fair value measurement of its previously acquired stake in Garanti because of the change in the consolidation method (see Note 3).

During 2013, the heading "Losses - Disposal of investments in subsidiaries" included, mainly, the realized losses for the sale of the stake in CNCB. The heading "Gains - Disposal of tangible assets and other" included the realized gains of the reinsurance agreement that has been registered with the reinsurance entity Scor Global Life.

49. Gains (losses) on non-current assets held for sale

The main items included in the balance under this heading in the accompanying consolidated income statements are as follows:

Gains (losses) on non-current assets held for sale not classified as discontinued operations

		Millions of Euros		
Gains (Losses) in Non-current Assets Held for Sale not classified as discontinued operations	**Notes**	**2015**	**2014**	**2013**
Gains (losses) on sale of real estate		97	(5)	(25)
Impairment of non-current assets held for sale	15	(285)	(406)	(602)
Impairment and gains (losses) on sale of investments classified as assets held for sale		45	(42)	228
Gains (losses) on sale of equity instruments classified as assets held for sale (*)		877	-	-
Total		**734**	**(453)**	**(399)**

(*) Includes various sales in CNCB (see Note 3)

Gains (losses) on non-current assets held for sale classified as discontinued operations

During 2013, the heading "Gains (losses) on non-current assets held for sale classified as discontinued operations" included €1,866 million from discontinued operations (see Note 3).

50. Consolidated statements of cash flows

Cash flows from operating activities increased in the year ended December 31, 2015 by €23,101 million (compared with a decrease of €6,188 million and €500 million in 2014 and 2013, respectively). The most significant reason for the change occurred under the heading "Financial liabilities at amortized cost".

The variances in cash flows from investing activities decreased in the year ended December 31, 2015 by €4,411 million (€1,115 million decrease in 2014). The most significant impact corresponds to "Investments".

The variances in cash flows from financing activities are not material.

The table below shows the breakdown of the main cash flows related to investing activities as of December 31, 2015, 2014 and 2013:

	Millions of Euros	
Main Cash Flows in Investing Activities	**Cash Flows in Investment Activities**	
2015	**Investments (-)**	**Divestments (+)**
Tangible assets	(2,171)	224
Intangible assets	(571)	2
Investments	(41)	1
Subsidiaries and other business units	(3,633)	9
Non-current assets held for sale and associated liabilities	-	1,683
Held-to-maturity investments	-	-
Other settlements related to investment activities	-	86

	Millions of Euros	
Main Cash Flows in Investing Activities	**Cash Flows in Investment Activities**	
2014	**Investments (-)**	**Divestments (+)**
Tangible assets	(1,419)	167
Intangible assets	(467)	-
Investments	-	118
Subsidiaries and other business units	(98)	-
Non-current assets held for sale and associated liabilities	-	548
Held-to-maturity investments	-	-
Other settlements related to investment activities	-	-

	Millions of Euros	
Main Cash Flows in Investing Activities	**Cash Flows in Investment Activities**	
2013	**Investments (-)**	**Divestments (+)**
Tangible assets	(1,252)	101
Intangible assets	(526)	-
Investments	(547)	944
Subsidiaries and other business units (Note 3)	-	3,299
Non-current assets held for sale and associated liabilities	-	571
Held-to-maturity investments	-	431
Other settlements related to investment activities	-	-

51. Accountant fees and services

The details of the fees for the services contracted by entities of the BBVA Group in the year ended December 31, 2015 with their respective auditors and other audit entities are as follows:

	Millions of Euros
Fees for Audits Conducted	**2015**
Audits of the companies audited by firms belonging to the Deloitte worldwide organization and other reports related with the audit (*)	25.8
Other reports required pursuant to applicable legislation and tax regulations issued by the national supervisory bodies of the countries in which the Group operates, reviewed by firms belonging to the Deloitte worldwide organization	4.4
Fees for audits conducted by other firms	0.7

(*) Including fees pertaining to annual statutory audits (€20.7 million).

In the year ended December 31, 2015, other entities in the BBVA Group contracted other services (other than audits) as follows:

	Millions of Euros
Other Services Contracted	**2015**
Firms belonging to the Deloitte worldwide organization(*)	2.4
Other firms	37.4

(*) Including €0.7 million related to fees for tax services.

The services provided by the auditors meet the independence requirements established under Audit of Accounts Law RD 1/2011 and under the Sarbanes-Oxley Act of 2002 adopted by the Securities and Exchange Commission (SEC); accordingly they do not include the performance of any work that is incompatible with the auditing function.

52. Related-party transactions

As financial institutions, BBVA and other entities in the Group engage in transactions with related parties in the normal course of their business. All of these transactions are not material and are carried out under normal market conditions.

52.1 Transactions with significant shareholders

As of December 31, 2015 there were no shareholders considered significant (see Note 25).

52.2 Transactions with BBVA Group entities

The balances of the main aggregates in the accompanying consolidated balance sheets arising from the transactions carried out by the BBVA Group with associates and joint venture entities accounted for using the equity method are as follows:

	Millions of euros		
Balances arising from transactions with Entities of the Group	**2015**	**2014**	**2013**
Assets:			
Loans and advances to credit institutions	122	544	318
Loans and advances to customers	710	1,145	792
Liabilities:			
Deposits from credit institutions	2	142	5
Customer deposits	449	84	504
Debt certificates	-	16	-
Memorandum accounts:			
Contingent risks	1,671	960	691
Contingent commitments	28	161	46

The balances of the main aggregates in the accompanying consolidated income statements resulting from transactions with associates and joint venture entities that are accounted for under the equity method are as follows:

	Millions of euros		
Balances of Income Statement arising from transactions with Entities of the Group	**2015**	**2014**	**2013**
Income statement:			
Financial incomes	53	71	53
Financial costs	1	20	4

There were no other material effects in the consolidated financial statements arising from dealings with these entities, other than the effects from using the equity method (see Note 2.1) and from the insurance policies to cover pension or similar commitments, as described in Note 24; and the futures transactions arranged by BBVA Group with these entities, associates and joint ventures.

In addition, as part of its normal activity, the BBVA Group has entered into agreements and commitments of various types with shareholders of subsidiaries and associates, which have no material effects on the accompanying consolidated financial statements.

52.3 Transactions with members of the Board of Directors and Senior Management

The information on the remuneration of the members of the BBVA Board of Directors and Senior Management is included in Note 53.

As of December 31, 2015, 2014 and 2013, the amount availed against the loans by the Group's entities to the members of the Board of Directors was €200, €235 and €141 thousand, respectively. As of December 31, 2015, 2014 and 2013 the amount availed against the loans by the Group's entities to the members of Senior Management (excluding the executive directors) amounted to €6,641, €4,614 and €6,076 thousand, respectively.

As of December 31, 2015 the amount availed against the loans to parties related to the members of the Bank's Board of Directors was €10,000, and as of December 31, 2014, there were no loans to parties related to the members of the Bank's Board of Directors. As of December 31, 2013 the amount availed against the loans to parties related to the members of the Bank's Board of Directors was €6,939 thousand. As of December 31, 2015 and 2014 the amount availed against the loans to parties related to members of the Senior Management amounted to €113 and €291 thousand, respectively. As of December 31, 2013 there were no loans to parties related to members of the Senior Management

As of December 31, 2015, 2014 and 2013 no guarantees had been granted to any member of the Board of Directors.

As of December 31, 2015, 2014 and 2013 no guarantees had been granted to any member of the Senior Management

As of December 31, 2015, 2014 and 2013 the amount availed against commercial loans and guarantees arranged with parties related to the members of the Bank's Board of Directors and the Senior Management totaled €1,679, €419 and €5,192 thousand, respectively.

52.4 Transactions with other related parties

In the years ended December 31, 2015, 2014 and 2013 the Group did not conduct any transactions with other related parties that are not in the ordinary course of its business, which were carried out at arm's-length market conditions and of marginal relevance; whose information is not necessary to give a true picture of the BBVA Group's consolidated net equity, net earnings and financial situation.

53. Remuneration and other benefits received by the Board of Directors and members of the Bank's Senior Management

- ### Remuneration of non-executive directors received in 2015

The remuneration paid to the non-executive members of the Board of Directors during 2015 is indicated below. The figures are given individually for each non-executive director and itemised:

	Thousands of Euros						
Non-Executive Directors remuneration	**Board of Directors**	**Executive Committee**	**Audit & Compliance**	**Risks Committee**	**Remuneration Committee**	**Appointments Committee**	**Total**
Tomás Alfaro Drake	129	-	71	-	43	102	345
José Miguel Andrés Torrecillas (1)	107	-	119	71	-	-	298
Ramón Bustamante y de la Mora	129	-	-	107	29	-	264
José Antonio Fernández Rivero	129	-	-	214	-	41	383
Ignacio Ferrero Jordi	129	167	-	-	43	-	338
Belén Garijo López	129	-	71	-	-	-	200
Carlos Loring Martínez de Irujo	129	-	71	-	107	-	307
Lourdes Máiz Carro	129	-	48	-	-	-	176
José Maldonado Ramos	129	167	-	-	18	41	354
José Luis Palao García-Suelto	129	-	60	107	-	41	336
Juan Pi Llorens	129	-	-	107	43	-	278
Susana Rodríguez Vidarte	129	167	-	107	-	41	443
Total (2)	**1,523**	**500**	**440**	**713**	**282**	**265**	**3,723**

(1) Mr. José Miguel Andrés Torrecillas was named director on March 13, 2015.
(2) These amounts include the changes in the composition of the committees during 2015.

Moreover, in the year ended December 31, 2015, €110 thousand were paid in health and casualty insurance premiums for non-executive members of the Board of Directors.

- ### Remuneration of executive directors received in 2015

The remuneration scheme for the executive directors matches the general model applied to BBVA senior managers. This comprises a fixed remuneration and a variable remuneration, which for 2014 and previous years was further broken down into an ordinary variable remuneration in cash and a variable remuneration in shares, based on the Management Team Incentive (hereinafter the "Annual Variable Remuneration").

Thus, during 2015, the executive directors were paid the fixed remuneration corresponding to that year, 50% of 2014 Annual Variable Remuneration and the deferred parts of the variable remuneration from previous years, payment of which vested during the first quarter of this year under the settlement and payment system approved by the General Meeting (hereinafter the "Settlement and Payment System"). This determined that:

- At least 50% of the total Annual Variable Remuneration would be paid in BBVA shares.
- The payment of 50% of the Annual Variable Remuneration, in cash and in shares, would be deferred in time, the deferred amount vesting in thirds over the three-year period following its settlement.

- All the shares vested to these beneficiaries pursuant to the rules explained in the previous paragraphs would be unavailable for one year after they have vested. This withholding will be applied against the net amount of the shares, after discounting the necessary part to pay the tax accruing on the shares received.

- Moreover, circumstances have been established in which disbursement of the deferred Annual Variable Remuneration payable may be limited or impeded ("malus" clauses), and

- The deferred parts of the Annual Variable Remuneration would be adjusted to update them under the terms established by the Board of Directors.

Pursuant to the above, the remuneration paid to the executive directors during 2015 is shown below. The figures are given individually for each executive director and itemised:

	Thousands of Euros						
Executive Directors remuneration	**Fixed Remuneration**	**2014 Annual Variable Remuneration in cash (2)**	**Deferred Variable Remuneration in cash (3)**	**Total Cash**	**2014 Annual Variable Remuneration in BBVA Shares (2)**	**Deferred Variable Remuneration in BBVA Shares (3)**	**Total Shares**
Chairman and CEO	1,966	866	1,005	3,837	112,174	152,546	264,720
President and COO (1)	1,578	272	240	2,090	35,298	36,199	71,497
José Manuel González-Páramo Martínez-Murillo	800	85	17	902	11,041	1,768	12,809
Total	**4,344**	**1,223**	**1,262**	**6,829**	**158,513**	**190,513**	**349,026**

(1) The remuneration paid to the current President & COO, who was appointed on May 4, 2015, includes the remuneration vesting as Digital Banking Officer during the period in which he held this position (as fixed and variable remuneration from previous years).

(2) Amounts corresponding to 50% of 2014 Annual Variable Remuneration.

(3) Amounts corresponding to the sum of the deferred parts of the Annual Variable Remuneration from previous years (2013, 2012 and 2011) and the LTI 2010-2011 in shares, and their respective updated cash adjustments, payment or delivery of which was made in 2015, in application of the Settlement and Payment System, as broken down below:

- 1st third of deferred Annual Variable Remuneration from 2013:

Under this item, the executive directors received: €277,772 and 29,557 BBVA shares in the case of the Chairman & CEO; €74,591 and 7,937 BBVA shares in the case of the President & COO; and € 16,615 and 1,768 BBVA shares in the case of Mr. José Manuel González-Páramo.

- 2nd third of deferred Annual Variable Remuneration from 2012

Under this item, the Chairman & CEO received €288,003 and 36,163 BBVA shares, while the President & COO received €64,680 and 8,122 BBVA shares.

- 3rd third of deferred Annual Variable Remuneration from 2011

Under this item, the Chairman & CEO received €399,417 and 51,826 BBVA shares, while the President & COO received €90,986 and 11,806 BBVA shares.

- 3rd third of the deferred shares from the Multi-Year Variable Share Remuneration Programme for 2010/2011 ("LTI 2010-2011").

Under this item, the Chairman & CEO received 35,000 BBVA shares and €40,075 as updated adjustments of the value of deferred shares, while the President & COO received 8,334 BBVA shares and €9,542 as update.

In application of the Settlement & Payment System described, during the first quarter of each of the next three years, the executive directors will receive the deferred parts of the Annual Variable Remuneration from 2014, 2013 and 2012, as applicable subject to the aforementioned conditions.

Likewise, during 2015, the executive directors received payment in kind, including insurance premiums, and others amounting to an overall total of €190 thousand, of which €16 thousand were paid to the Group Executive Chairman; €112 thousand to the Chief Executive Officer; and €62 thousand to the executive director José Manuel González-Páramo Martínez-Murillo.

During 2015, the former President & COO, who took early retirement on 4th May 2015, received: €596,763 as fixed remuneration; €530,169 and 68,702 BBVA shares corresponding to 50% of the 2014 Annual Variable

Remuneration; and €636,361 and 103,351 BBVA shares as settlement of the deferred parts of the Annual Variable Remuneration from 2013, 2012 and 2011 and of the LTI 2010-2011, payment of which vested in the first quarter of 2015, including the corresponding adjustment for updating their value; and €19,532 as remuneration in kind, including insurance premiums, and others.

- **Annual Variable Remuneration for executive directors for the year 2015**

Following year-end 2015, the Annual Variable Remuneration for the executive directors corresponding to that year has been determined applying the conditions established for that purpose at its beginning, as set forth in the Directors' Remuneration Policy approved by the General Meeting, March 13, 2015. Consequently, during the first quarter of 2016 the executive directors will receive 50% of the 2015 Annual Variable Remuneration, in equal parts in cash and in shares, i.e., €897,168 and 135,300 BBVA shares for the Group Executive Chairman; €530,187 and 79,956 BBVA shares for the Chief Executive Officer (which includes the remuneration as Digital Banking Officer during the first 4 months of the year); and €98,238 and 14,815 BBVA shares for the executive director José Manuel González-Páramo Martínez-Murillo.

The remaining 50%, in cash and in shares, will be deferred for a three-year period, and its accrual and vesting will be subject to compliance with multi-year indicators established by the Board of Directors at the beginning of the year. Based on the result of each multi-year indicator, applying the performance scales assigned and their weightings during the deferred period, the final deferred amount of the Annual Variable Remuneration will be determined. The deferred Annual Variable Remuneration may be reduced and may even reach zero, but in no event may be increased. To these effect, the maximum amounts that could be received during the first quarter of 2019 are: €897,168 and 135,229 BBVA shares for the Group Executive Chairman; €530,187 and 79,956 BBVA shares for the Chief Executive Officer; and €98,238 and 14,815 BBVA shares for the executive director José Manuel González-Páramo; all subject to the settlement and payment conditions established in the Directors' Remuneration Policy.

The former President & COO will receive during the first quarter of 2016, 50% of the 2015 Annual Variable Remuneration, in cash and in shares, proportionally according to the 4 months in which he has held this position, i.e.: €169,130 and 25,506 BBVA shares. The remaining 50% of the 2015 Annual Variable Remuneration, in cash and in shares, will be deferred for a three-year period, and its accrual and vesting will be subject to compliance with multi-year indicators on the same terms and conditions as executive directors. This will result, where appropriate, in the following maximum amounts: €169,130 and 25,506 BBVA shares, subject to the settlement and payment conditions established in the Directors' Remuneration Policy.

These amounts are recorded under the item "Other Liabilities – Accrued interest" of the consolidated balance sheet at December 31, 2015.

- **Remuneration of the members of the Senior Management received in 2015**

During 2015, the remuneration paid to the members of the BBVA Senior Management as a whole, excluding the executive directors, is shown below. The figures are given individually for each director and itemized:

	Thousands of Euros						
Members of the Senior Management remuneration	Fixed Remuneration	2014 Annual Variable Remuneration in cash (1)	Deferred Variable Remuneration in cash (2)	Total Cash	2014 Annual Variable Remuneration in BBVA Shares (1)	Deferred Variable Remuneration in BBVA Shares (2)	Total Shares
Total Members of the Senior Management (*)	10,256	2,562	1,692	14,510	285,926	249,639	535,565

(*) This section includes aggregate information regarding the members of the BBVA Group Senior Management, excluding executive directors, who were members of the Senior Management at 31th December 2015 (17 members).

(1) Amounts corresponding to 50% of 2014 Annual Variable Remuneration.

(2) Amounts corresponding to the sum of the deferred parts of the Annual Variable Remuneration of previous years (2013, 2012 and 2011) and the LTI 2010-2011 in shares, and their corresponding adjustments for updating in cash, payment or delivery of which was made in 2015, to the members of the Senior Management who had generated this right, as broken down below:

- 1st third of deferred Annual Variable Remuneration from 2013

Overall amount of €567 thousand and 60,244 BBVA shares.

- 2nd third of deferred Annual Variable Remuneration from 2012

Overall amount of €493 thousand and 61,814 BBVA shares.

- 3rd third of deferred Annual Variable Remuneration from 2011

Overall amount of €570 thousand and 74,115 BBVA shares.

- 3rd third of deferred shares from the LTI 2010-2011

Overall amount of 53,466 shares and €61 thousand to update the value of the deferred shares vesting.

During the first quarter of each of the next three years, all Senior Management will receive the amounts that correspond to them under the Settlement and Payment System of the variable remuneration applicable to each, stemming from the settlement of the deferred Annual Variable Remuneration from previous years (2014, 2013 and 2012) and subject to the conditions the system establishes.

Moreover, during 2015, all the members of the Senior Management, with the exception of the executive directors, received remuneration in kind, including insurance premiums and others for a total overall amount of €809 thousand.

On the other hand, during 2015 (7) members of the BBVA Group Senior Management who ceased to hold their positions as such during this period received a total amount of: €2,082 thousand as fixed remuneration; €1,596 thousand and 181,256 BBVA shares corresponding to 50% of the 2014 Annual Variable Remuneration; and €1,432 thousand and 196,539 BBVA shares as settlement of the deferred parts of the Annual Variable Remuneration from 2013, 2012 and 2011 and of the LTI 2010-2011, payment of which vested in the first quarter of 2015, including the corresponding adjustment for updating their value; and remuneration in kind and others for the sum of €682 thousand.

- **System of Remuneration in Shares with Deferred Delivery for non-executive directors**

BBVA has a remuneration system in shares with deferred delivery for its non-executive directors, which was approved by the General Meeting, March 18, 2006 and extended for a further 5-year period under General Meeting resolution, March 11, 2011.

This System is based on the annual allocation to non-executive directors of a number of "theoretical shares", equivalent to 20% of the total remuneration in cash received by each of them in the previous year, according to the closing prices of the BBVA share during the sixty trading sessions prior to the Annual General Meeting approving the corresponding financial statements for each year.

These shares, where applicable, will be delivered to each beneficiary on the date they leave the position as director for any reason other than dereliction of duty.

The number of “theoretical shares” allocated to the non-executive directors in 2015 as beneficiaries of the system of remuneration in shares with deferred delivery, corresponding to 20% of the total remuneration received in cash by said directors during 2014, is as follows:

	Theoretical shares allocated in 2015	Theoretical shares accumulated in 2015
Tomás Alfaro Drake	7,930	51,089
Ramón Bustamante y de la Mora	7,531	77,043
José Antonio Fernández Rivero	9,400	78,413
Ignacio Ferrero Jordi	8,298	83,000
Belén Garijo López	4,909	12,866
Carlos Loring Martínez de Irujo	7,536	64,843
Lourdes Maiz Carro	2,631	2,631
José Maldonado Ramos	9,296	45,564
José Luis Palao García-Suelto	10,657	40,315
Juan Pi Llorens	6,830	23,195
Susana Rodríguez Vidarte	10,082	64,001
Total	**85,100**	**542,960**

- **Pensions commitments**

The commitments undertaken regarding pension benefits for the Chief Executive Officer and the executive director José Manuel González-Páramo Martínez-Murillo, pursuant to the Company Bylaws and their respective contracts with the Bank, include a pension system covering retirement, disability and death.

The Chief Executive Officer's contractual conditions determine that he will retain the pension system to which he was entitled previously as senior manager in the Group, with the benefits and the provisions being adjusted to the new remuneration conditions of the position that he currently holds.

The executive director José Manuel González-Páramo Martínez-Murillo retains the same pension system he has had since with his appointment in 2013, comprising a defined-contributions system of 20% a year on the fixed remuneration received to cover retirement commitments and provisions covering death and disability.

To such end, the provisions recorded as of 31th December 2015 to cover pension commitments undertaken for the executive directors stood at €13,123 thousand for the Chief Executive Officer, including both those accumulated as a Group senior executive and those accumulating from his current position as Chief Executive Officer under the terms described above; and €436 thousand for the executive director José Manuel González-Páramo Martínez-Murillo; having provisioned €9,856 thousand and €261 thousand for the Chief Executive Officer and for the executive director José Manuel González-Páramo Martínez-Murillo, respectively, during 2015, to cover the contingencies recognised in their contracts. In both cases, these amounts include the provisions covering retirement, as well as disability and death.

There are no other pension obligations in the name of other executive directors.

During 2015, the Board of Directors determined the pension rights of the former President & CEO pursuant to the contractual conditions agreed at the time, which established that in the event of his ceasing to hold his position on grounds other than his own will, retirement, disability or dereliction of duty, he would take early retirement with a pension of 75% of his pensionable base pay, which he could receive as a lifelong annuity or as a lump sum, at his own choice. It was established that his pension rights would be a lifelong annuity for a gross annual amount of €1,795 thousand, which will be paid in twelve monthly payments, deducting the tax payable at source.

For these purposes, the provision recorded on the date on which he left the Bank to cover the commitments undertaken with regard to the former President & CEO pension scheme stood at €45,209 thousand, of which €26,026 thousand were already charged to the income statements of previous years, while during 2015 a further €19,252 thousand were set aside.

The amounts corresponding to the provisions made at 31th December 2015 to cover post-employment benefit commitments of former members of the Board of Directors are recorded in Note 24.

The provisions recorded at 31th December 2015 for pension commitments for members of the Senior Management, excluding executive directors, stood at €55,666 thousand of which €6,782 thousand were set aside during 2015. These amounts include the provisions covering retirement commitments and provisions covering death and disability.

- Extinction of contractual relationship

The Bank has no commitments to pay severance indemnity to executive directors other than to the executive director José Manuel González-Páramo Martínez-Murillo, whose contract recognises his right to receive an indemnity equivalent to two times his fixed remuneration should he cease to hold his position on grounds other than his own will, death, retirement, disability or dereliction of duty.

The contractual conditions of the Chief Executive Officer with regard to his pension arrangements determine that in the event of his ceasing to hold his position on grounds other than his own will, retirement, disability or dereliction of duty, he will take early retirement with a pension that he may receive as a lifelong annuity or as a capital lump sum, at his own choice. The annual amount will be calculated as a function of the provisions which, according to the actuarial criteria applicable at any time, the Bank may have made to that date to cover the retirement pension commitments provided for in his contract, without this commitment in any way obliging the Bank to set aside additional provisions. Moreover, this pension may not be greater than 75% of the pensionable base should the event occur before he reaches the age of 55, or 85% of the pensionable base should the event occur after having reached the age of 55.

54. Other information

54.1 Environmental impact

Given the activities BBVA Group entities engage in, the Group has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its consolidated equity, financial situation and profits. Consequently, as of December 31, 2015, there is no item in the Group's accompanying consolidated financial statements that requires disclosure in an environmental information report pursuant to Ministry of Economy Order JUS/206/2009 dated January 28, and consequently no specific disclosure of information on environmental matters is included in these financial statements.

54.2 Reporting requirements of the Spanish National Securities Market Commission (CNMV)

Dividends paid in the year

The table below presents the dividends per share paid in cash in 2015, 2014 and 2013 (cash basis dividend, regardless of the year in which they were accrued, but without including other shareholder remuneration, such as the "Dividend Option"). See Note 4 for a complete analysis of all remuneration awarded to shareholders during 2015, 2014 and 2013

Dividends Paid ("Dividend Option" not included)	2015			2014			2013		
	% Over Nominal	Euros per Share	Amount (Millions of Euros)	% Over Nominal	Euros per Share	Amount (Millions of Euros)	% Over Nominal	Euros per Share	Amount (Millions of Euros)
Ordinary shares	16%	0.08	504	16%	0.08	471	41%	0.20	1,117
Rest of shares	-	-	-	-	-	-	-	-	-
Total dividends paid in cash	**16%**	**0.08**	**504**	**16%**	**0.08**	**471**	**41%**	**0.20**	**1,117**
Dividends with charge to income	16%	0.08	504	16%	0.08	471	41%	0.20	1,117
Dividends with charge to reserve or share premium	-	-	-	-	-	-	-	-	-
Dividends in kind	-	-	-	-	-	-	-	-	-

Earnings and ordinary income by business segment

The detail of the consolidated profit for the years ended December 31, 2015, 2014 and 2013 for each operating segment is as follows:

	Millions of Euros		
Profit Attributable by Operating Segments	**2015**	**2014 (*)**	**2013 (*)**
Banking Activity in Spain	1,046	858	428
Real Estate Activity in Spain	(492)	(901)	(1,268)
Turkey	371	310	264
Rest of Eurasia	76	255	185
Mexico	2,090	1,915	1,802
South America	905	1,001	1,224
United States	537	428	390
Subtotal operating segments	4,533	3,867	3,025
Corporate Center	(1,891)	(1,249)	(941)
Profit attributable to parent company	**2,642**	**2,618**	**2,084**
Non-assigned income	-	-	-
Elimination of interim income (between segments)	-	-	-
Other gains (losses) (**)	686	464	753
Income tax and/or profit from discontinued operations	1,274	(898)	(1,882)
Operating profit before tax	**4,603**	**3,980**	**954**

(*) The balances for 2014 and 2013 have been restated to facilitate comparison with 2015 (see Note 1.3).

(**) Profit attributable to non-controlling interests.

For the years ended December 31, 2015, 2014 and 2013 the detail of the BBVA Group's ordinary income for each operating segment, which is made up of the "Interest and similar income", "Dividend income", "Fee and commission income", "Net gains (losses) on financial assets and liabilities" and "Other operating income", is as follows:

	Millions of Euros		
Ordinary Profit by Operating Segments	**2014**	**2014 (*)**	**2013 (*)**
Banking Activity in Spain	6,804	6,621	6,103
Real Estate Activity in Spain	(16)	(220)	(111)
Turkey (**)	2,434	944	929
Rest of Eurasia	473	736	788
Mexico	7,069	6,522	6,194
South America	4,477	5,191	5,583
United States	2,652	2,137	2,047
Corporate Center	(212)	(575)	(137)
Adjustments and eliminations of ordinary profit between segments (***)	(318)	(632)	(645)
Total Ordinary Profit BBVA Group	**23,362**	**20,725**	**20,752**

(*) The balances for 2014 and 2013 have been restated to facilitate comparison with 2015 (see Note 1.3).

(**) The information is presented under management criteria according to which the assets and liabilities of Garanti Group are integrated proportionally based on our 25.01% interest in Garanti until July 2015, since then, as a consequence of the acquisition of an additional 14.89% of Garanti; it is fully consolidated in the financial statements of the BBVA Group.

(***) Includes adjustments made to take account of the fact that in the consolidated financial statements, Garanti is accounted for using the equity method instead of using management criteria referred to above.

Issuances by market type

Changes in debt certificates (including bonds) and subordinated liabilities (see Note 21.3 and 21.4) in the years ended December 31, 2015, 2014 and 2013 by the type of market in which they were issued are as follows:

	Millions of Euros					
Debt Certificates and Subordinated Liabilities 2015	**Balance at the Beginning**	**Acquisition of subsidiaries (*)**	**Issuances**	**Repurchase or Redemption**	**Exchange Differences and Other**	**Balance at the End**
Debt certificates issued in the European Union	55,508	7,858	10,734	(17,255)	(626)	56,218
With information brochure	55,339	7,807	10,734	(17,255)	(623)	56,001
Without information brochure	169	51	-	-	(2)	218
Other debt certificates issued outside the European Union	16,683	7,199	5,975	(3,858)	56	26,055
Total	**72,191**	**15,057**	**16,709**	**(21,113)**	**(569)**	**82,274**

(*) €7,547 million and €7,510 million correspond to Catalunya Banc and Garanti Group issuances, both integrated into the Group's balance during 2015.

	Millions of Euros					
Debt Certificates and Subordinated Liabilities 2014	**Balance at the Beginning**	**Acquisition of subsidiaries**	**Issuances**	**Repurchase or Redemption**	**Exchange Differences and Other(*)**	**Balance at the End**
Debt certificates issued in the European Union	61,480	-	7,486	(13,187)	(271)	55,508
With information brochure	61,311	-	7,486	(13,187)	(271)	55,339
Without information brochure	169	-	-	-	-	169
Other debt certificates issued outside the European Union	13,199	-	4,264	(1,364)	584	16,683
Total	**74,679**	**-**	**11,750**	**(14,551)**	**313**	**72,191**

	Millions of Euros					
Debt Certificates and Subordinated Liabilities 2013	**Balance at the Beginning**	**Acquisition of subsidiaries**	**Issuances**	**Repurchase or Redemption**	**Exchange Differences and Other**	**Balance at the End**
Debt certificates issued in the European Union	85,022	-	13,609	(37,011)	(140)	61,479
With information brochure	84,853	-	13,609	(37,011)	(140)	61,311
Without information brochure	169	-	-	-	-	169
Other debt certificates issued outside the European Union	13,049	-	2,324	(1,675)	(499)	13,199
Total	**98,070**	**-**	**15,933**	**(38,686)**	**(639)**	**74,679**

Interest and income by geographical area

The breakdown of the balance of "Interest and Similar Income" in the accompanying consolidated income statements by geographical area is as follows:

	Millions of Euros		
Interest and Similar Income. Breakdown by Geographical Area	**2015**	**2014**	**2013**
Domestic market	6,275	7,073	7,965
Foreign	18,506	15,765	15,547
European Union	387	369	523
Other OECD countries	13,666	9,492	7,999
Other countries	4,454	5,904	7,025
Total	**24,782**	**22,838**	**23,512**

55. Subsequent events

After the year ended December 31, 2015, it is expected that on February 2, 2016, under the powers delegated by the Company's AGM held on March 16, 2012, under point five of its agenda, the Board of Directors meeting submits for approval an agreement for the issue of debentures convertible into ordinary BBVA shares, excluding the pre-emptive subscription right.

In case such agreement is approved, and for the purposes set out in articles 414, 417 and 511 of the Spanish Corporations Act, the mandatory Directors report explaining the conversion conditions and types will be issued, justifying the proposal for the abolition of the pre-emptive subscription right, to be accompanied, as appropriate, by another report drafted by an auditor other than the company's auditor, appointed for this purpose by the Companies Register.

The interim dividend approved on December 22, 2015 was paid out on January 12, 2016, as detailed in Note 4.

From January 1, 2016 to the date of preparation of these consolidated financial statements, no other subsequent events not mentioned above in these financial statements have taken place that significantly affect the Group's earnings or its equity position.

56. Explanation added for translation into English

These accompanying consolidated financial statements are presented on the basis of IFRS, as adopted by the European Union. Certain accounting practices applied by the Group that conform to EU-IFRS may not conform to other generally accepted accounting principles.

BBVA Group

Appendices

APPENDIX I Additional information on consolidated subsidiaries and consolidated structured entities composing the BBVA Group

Additional Information on Consolidated Subsidiaries and consolidated structured entities composing the BBVA Group

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.15**	**Liabilities 12.31.15**	**Equity 12.31.15**	**Profit (Loss) 12.31.15**
4D INTERNET SOLUTIONS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	20	21	1	21	(1)
ACTIVOS MACORP, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	87	86	8	(7)
ALCALA 120 PROMOC. Y GEST.IMMOB. S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	13	24	10	16	(2)
ALGARVETUR, S.L.(**)(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	19	40	(16)	(5)
AMERICAN FINANCE GROUP, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	19	19	-	19	-
ANIDA DESARROLLOS INMOBILIARIOS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	56	482	417	72	(7)
ANIDA GERMANIA IMMOBILIEN ONE, GMBH	GERMANY	IN LIQUIDATION	-	100.00	100.00	4	7	-	7	-
ANIDA GRUPO INMOBILIARIO, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	210	1,759	1,547	556	(343)
ANIDA INMOBILIARIA, S.A. DE C.V.	MEXICO	INVESTMENT COMPANY	-	100.00	100.00	157	134	-	123	10
ANIDA OPERACIONES SINGULARES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	210	4,493	4,261	548	(315)
ANIDA PROYECTOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	96	130	33	85	11
ANIDA SERVICIOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2	2	-	2	-
ANIDAPORT INVESTIMENTOS IMOBILIARIOS, UNIPESSOAL, LTDA	PORTUGAL	REAL ESTATE	-	100.00	100.00	27	107	94	15	(2)
APLICA SOLUCIONES TECNOLOGICAS CHILE LIMITADA	CHILE	SERVICES	-	100.00	100.00	-	-	-	-	-
APLICA TECNOLOGIA AVANZADA OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	5	13	8	4	1
APLICA TECNOLOGIA AVANZADA SERVICIOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	-	3	3	-	-
APLICA TECNOLOGIA AVANZADA, S.A. DE C.V.- ATA	MEXICO	SERVICES	100.00	-	100.00	203	329	102	223	4
AREA TRES PROCAM, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	-	-	-	-
ARIZONA FINANCIAL PRODUCTS, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	898	898	-	896	2
ARRAHONA AMBIT, S.L.(***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	110	141	(37)	5
ARRAHONA GARRAF, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	-	-	(52)	52
ARRAHONA IMMO, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	53	258	155	87	16
ARRAHONA NEXUS, S.L.(***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	304	414	(93)	(18)
ARRAHONA RENT, S.L.U.	SPAIN	REAL ESTATE	-	100.00	100.00	9	10	-	10	-
ARRELS CT FINSOL, S.A.(***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	344	420	(56)	(20)
ARRELS CT LLOGUER, S.A.(***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	44	50	(4)	(2)
ARRELS CT PATRIMONI I PROJECTES, S.A.(***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	136	169	(30)	(2)
ARRELS CT PROMOU, S.A.(***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	24	34	(10)	-
AUMERAVILLA, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	2	2	-	2	-
BAHIA SUR RESORT, S.C.	SPAIN	INACTIVE	99.95	-	99.95	1	1	-	1	-
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	PORTUGAL	BANKING	100.00	-	100.00	175	4,823	4,609	213	2
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	CHILE	BANKING	-	68.18	68.18	702	17,071	16,041	907	123
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	URUGUAY	BANKING	100.00	-	100.00	110	2,997	2,822	162	13
BANCO CONTINENTAL, S.A.(1)	PERU	BANKING	-	46.12	46.12	1,556	21,793	20,107	1,298	388
BANCO DE PROMOCION DE NEGOCIOS, S.A.	SPAIN	BANKING	-	99.86	99.86	15	19	-	19	-
BANCO DEPOSITARIO BBVA, S.A.	SPAIN	BANKING	90.37	9.63	100.00	130	4,254	4,206	21	27
BANCO INDUSTRIAL DE BILBAO, S.A.	SPAIN	BANKING	-	99.93	99.93	97	111	2	106	3
BANCO OCCIDENTAL, S.A.	SPAIN	BANKING	49.43	50.57	100.00	17	18	-	18	-
BANCO PROVINCIAL OVERSEAS N.V.	CURAÇAO	BANKING	-	100.00	100.00	48	415	366	50	(1)
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	VENEZUELA	BANKING	1.46	53.75	55.21	71	1,259	1,119	184	(45)

(*) Information on foreign companies at exchange rate on December 31, 2015
(**) This company has an equity loan from CATALUNYACAIXA IMMOBILIARIA, S.A.
(***) This company has an equity loan from UNNIM SOCIEDAD PARA LA GESTION DE ACTIVOS INMOBILIARIOS, S.A.
(1) Full consolidation method is used according to accounting rules (see Glossary)
(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and December 2015

Additional Information on Consolidated Subsidiaries and strucuted entities composing the BBVA Group (Continued)

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.15**	**Liabilities 12.31.15**	**Equity 12.31.15**	**Profit (Loss) 12.31.15**
BANCOMER FINANCIAL SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	2	3	-	2	-
BANCOMER FOREIGN EXCHANGE INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	6	6	-	2	4
BANCOMER PAYMENT SERVICES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
BANCOMER TRANSFER SERVICES, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	35	87	51	25	10
BBV AMERICA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	479	960	-	1,745	(785)
BBVA ASESORIAS FINANCIERAS, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	1	1	-	1	-
BBVA ASSET MANAGEMENT ADMINISTRADORA GENERAL DE FONDOS S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	14	17	3	7	6
BBVA ASSET MANAGEMENT CONTINENTAL S.A. SAF(1)	PERU	FINANCIAL SERVICES	-	46.12	46.12	17	21	5	13	3
BBVA ASSET MANAGEMENT, S.A. SOCIEDAD FIDUCIARIA (BBVA FIDUCIARIA)	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	27	29	2	22	5
BBVA ASSET MANAGEMENT, S.A., SGIIC	SPAIN	OTHER INVESTMENT COMPANIES	17.00	83.00	100.00	38	152	97	17	39
BBVA AUTOMERCANTIL, COMERCIO E ALUGER DE VEICULOS AUTOMOVEIS,LDA.	PORTUGAL	FINANCIAL SERVICES	100.00	-	100.00	5	19	14	5	-
BBVA AUTORENTING, S.A.	SPAIN	SERVICES	100.00	-	100.00	69	421	388	22	11
BBVA BANCO DE FINANCIACION S.A.	SPAIN	BANKING	-	100.00	100.00	64	78	1	74	3
BBVA BANCO FRANCES, S.A.	ARGENTINA	BANKING	45.61	30.34	75.95	157	7,614	6,643	602	369
BBVA BANCOMER GESTION, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	24	40	16	10	15
BBVA BANCOMER OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	172	378	206	149	23
BBVA BANCOMER SEGUROS SALUD, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	20	28	8	20	-
BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	23	112	89	15	8
BBVA BANCOMER USA, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	64	65	-	51	14
BBVA BANCOMER, S.A.,INSTITUCION DE BANCA MÚLTIPLE, GRUPO FINANCIERO BBVA BANCOMER	MEXICO	BANKING	-	100.00	100.00	7,673	91,872	84,206	7,667	1,625
BBVA BRASIL BANCO DE INVESTIMENTO, S.A.	BRASIL	BANKING	100.00	-	100.00	16	29	4	25	(1)
BBVA BROKER, CORREDURIA DE SEGUROS Y REASEGUROS, S.A.	SPAIN	FINANCIAL SERVICES	99.94	0.06	100.00	-	30	12	13	5
BBVA COLOMBIA, S.A.	COLOMBIA	BANKING	77.41	18.06	95.47	355	14,681	13,518	964	198
BBVA COMERCIALIZADORA LTDA.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	4	5	1	3	-
BBVA COMPASS BANCSHARES, INC	UNITED STATES	INVESTMENT COMPANY	100.00	-	100.00	11,521	11,644	118	11,085	441
BBVA COMPASS FINANCIAL CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	239	559	320	238	1
BBVA COMPASS INSURANCE AGENCY, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	153	156	3	146	8
BBVA CONSOLIDAR SEGUROS, S.A.	ARGENTINA	INSURANCES SERVICES	87.78	12.22	100.00	9	129	94	5	29
BBVA CONSULTING (BEIJING) LIMITED	CHINA	FINANCIAL SERVICES	-	100.00	100.00	-	2	-	1	-
BBVA CONSULTORIA, S.A.	SPAIN	SERVICES	-	100.00	100.00	4	5	-	5	-
BBVA CONSUMER FINANCE ENTIDAD DE DESARROLLO A LA PEQUEÑA Y MICRO EMPRESA, EDPYME, S.A. (BBVA CONSUMER FINANCE - EDPYME)(1)	PERU	FINANCIAL SERVICES	-	66.32	66.32	15	58	41	17	(1)
BBVA CORREDORA TECNICA DE SEGUROS LIMITADA	CHILE	FINANCIAL SERVICES	-	100.00	100.00	7	11	4	-	7
BBVA CORREDORES DE BOLSA LIMITADA	CHILE	SECURITIES DEALER	-	100.00	100.00	52	487	436	48	4
BBVA DATA & ANALYTICS, S.L.	SPAIN	SERVICES	-	100.00	100.00	6	3	2	1	1
BBVA DINERO EXPRESS, S.A.U	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	2	5	1	4	-
BBVA DISTRIBUIDORA DE SEGUROS S.R.L.	URUGUAY	FINANCIAL SERVICES	-	100.00	100.00	3	3	-	1	1
BBVA ELCANO EMPRESARIAL II, S.A. EN LIQUIDACION	SPAIN	IN LIQUIDATION	45.00	-	45.00	-	2	-	(19)	20
BBVA ELCANO EMPRESARIAL, S.A. EN LIQUIDACION	SPAIN	IN LIQUIDATION	45.00	-	45.00	-	2	-	(19)	20
BBVA FACTORING LIMITADA (CHILE)	CHILE	FINANCIAL SERVICES	-	100.00	100.00	9	93	83	8	2
BBVA FINANZIA, S.p.A	ITALY	FINANCIAL SERVICES	100.00	-	100.00	17	132	117	13	3

(*) Information on foreign companies at exchange rate on December 31, 2015
(1) Full consolidation method is used according to accounting rules (see Glossary)
(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and December 2015

Additional Information on Consolidated Subsidiaries and strucuted entities composing the BBVA Group (Continued)

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.15**	**Liabilities 12.31.15**	**Equity 12.31.15**	**Profit (Loss) 12.31.15**
BBVA FRANCES ASSET MANAGMENT S.A. SOCIEDAD GERENTE DE FONDOS COMUNES DE INVERSIÓN.	ARGENTINA	FINANCIAL SERVICES	-	100.00	100.00	12	21	6	7	8
BBVA FRANCES VALORES, S.A.	ARGENTINA	SECURITIES DEALER	-	100.00	100.00	3	3	-	1	2
BBVA FUNDOS, S.GESTORA FUNDOS PENSOES,S.A.	PORTUGAL	PENSION FUNDS MANAGEMENT	-	100.00	100.00	1	16	1	14	1
BBVA GEST, S.G.DE FUNDOS DE INVESTIMENTO MOBILIARIO, S.A.	PORTUGAL	SECURITIES DEALER	-	100.00	100.00	1	8	-	8	-
BBVA GLOBAL FINANCE LTD.	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	353	349	4	-
BBVA GLOBAL MARKETS B.V.	NETHERLANDS	FINANCIAL SERVICES	100.00	-	100.00	-	1,040	1,040	-	-
BBVA INMOBILIARIA E INVERSIONES, S.A.	CHILE	REAL ESTATE	-	68.11	68.11	4	44	38	7	-
BBVA INSTITUIÇAO FINANCEIRA DE CREDITO, S.A.	PORTUGAL	FINANCIAL SERVICES	49.90	50.10	100.00	40	264	217	44	3
BBVA INTERNATIONAL PREFERRED, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	853	853	1	-
BBVA INVERSIONES CHILE, S.A.	CHILE	INVESTMENT COMPANY	61.22	38.78	100.00	483	1,364	2	1,208	154
BBVA IRELAND PLC	IRELAND	FINANCIAL SERVICES	100.00	-	100.00	180	451	240	206	5
BBVA LEASIMO - SOCIEDADE DE LOCAÇAO FINANCEIRA, S.A.	PORTUGAL	FINANCIAL SERVICES	-	100.00	100.00	8	9	-	9	-
BBVA LUXINVEST, S.A.	LUXEMBOURG	INVESTMENT COMPANY	36.00	64.00	100.00	256	299	2	288	9
BBVA MEDIACION OPERADOR DE BANCA-SEGUROS VINCULADO, S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	3	174	158	9	7
BBVA NOMINEES LIMITED	UNITED KINGDOM	SERVICES	95.00	-	95.00	-	-	-	-	-
BBVA PARAGUAY, S.A.	PARAGUAY	BANKING	100.00	-	100.00	23	1,824	1,689	115	20
BBVA PARTICIPACIONES MEJICANAS, S.L.	SPAIN	INVESTMENT COMPANY	99.00	1.00	100.00	-	-	-	-	-
BBVA PENSIONES, SA, ENTIDAD GESTORA DE FONDOS DE PENSIONES	SPAIN	PENSION FUNDS MANAGEMENT	100.00	-	100.00	13	62	34	16	11
BBVA PLANIFICACION PATRIMONIAL, S.L.	SPAIN	FINANCIAL SERVICES	80.00	20.00	100.00	-	1	-	1	-
BBVA PREVISION AFP S.A. ADM.DE FONDOS DE PENSIONES	BOLIVIA	PENSION FUNDS MANAGEMENT	75.00	5.00	80.00	2	19	9	5	4
BBVA PROCUREMENT SERVICES AMERICA DEL SUR SpA	CHILE	SERVICES	-	100.00	100.00	5	7	2	5	1
BBVA PROPIEDAD, S.A.	SPAIN	REAL ESTATE INVESTMENT COMPANY	-	100.00	100.00	972	1,001	11	1,008	(18)
BBVA RE LIMITED	IRELAND	INSURANCES SERVICES	-	100.00	100.00	1	91	40	41	10
BBVA REAL ESTATE MEXICO, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	1	1	(1)	-
BBVA RENTAS E INVERSIONES LIMITADA	CHILE	INVESTMENT COMPANY	-	100.00	100.00	240	240	-	187	53
BBVA RENTING, S.A.	SPAIN	FINANCIAL SERVICES	5.94	94.06	100.00	21	679	584	84	11
BBVA SECURITIES INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	181	4,061	3,880	166	14
BBVA SEGUROS COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.00	6.00	100.00	10	91	75	12	4
BBVA SEGUROS DE VIDA COLOMBIA, S.A.	COLOMBIA	INSURANCES SERVICES	94.00	6.00	100.00	14	372	279	61	32
BBVA SEGUROS DE VIDA, S.A.	CHILE	INSURANCES SERVICES	-	100.00	100.00	58	233	174	47	12
BBVA SEGUROS GENERALES S.A.	CHILE	INSURANCES SERVICES	-	100.00	100.00	4	4	-	4	-
BBVA SEGUROS, S.A., DE SEGUROS Y REASEGUROS	SPAIN	INSURANCES SERVICES	99.95	-	99.95	682	17,279	15,259	1,772	248
BBVA SENIOR FINANCE, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	9,770	9,769	1	-
BBVA SERVICIOS CORPORATIVOS LIMITADA	CHILE	SERVICES	-	100.00	100.00	1	8	7	-	1
BBVA SERVICIOS, S.A.	SPAIN	COMMERCIAL	-	100.00	100.00	-	9	1	7	1
BBVA SOCIEDAD DE LEASING INMOBILIARIO, S.A.	CHILE	FINANCIAL SERVICES	-	97.49	97.49	22	68	46	19	3
BBVA SUBORDINATED CAPITAL S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	1,769	1,768	1	-
BBVA SUIZA, S.A. (BBVA SWITZERLAND)	SWITZERLAND	BANKING	39.72	60.28	100.00	67	1,046	881	157	8
BBVA TRADE, S.A.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	9	36	23	21	(8)
BBVA U.S. SENIOR S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	14	14	-	-

(*) Information on foreign companies at exchange rate on December 31, 2015
(1) Full consolidation method is used according to accounting rules (see Glossary)
(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and December 2015

Additional Information on Consolidated Subsidiaries and strucuted entities composing the BBVA Group (Continued)

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.15**	**Liabilities 12.31.15**	**Equity 12.31.15**	**Profit (Loss) 12.31.15**
BBVA VALORES COLOMBIA, S.A. COMISIONISTA DE BOLSA	COLOMBIA	SECURITIES DEALER	-	100.00	100.00	4	5	1	3	1
BBVA WEALTH SOLUTIONS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	5	5	-	6	-
BILBAO VIZCAYA HOLDING, S.A.	SPAIN	INVESTMENT COMPANY	89.00	11.00	100.00	35	192	67	113	12
BLUE INDICO INVESTMENTS, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	7	25	18	-	7
CAIXA MANRESA IMMOBILIARIA ON CASA, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	5	(2)	-
CAIXA MANRESA IMMOBILIARIA SOCIAL, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	4	4	1	-
CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, S.A.U.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	1	76	74	2	-
CAIXASABADELL PREFERENTS, S.A.	SPAIN	FINANCIAL SERVICES	100.00	-	100.00	-	92	90	1	-
CAIXASABADELL TINELIA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	41	41	-	41	-
CAPITAL INVESTMENT COUNSEL, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	14	14	-	14	-
CARTERA E INVERSIONES S.A., CIA DE	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	92	98	77	32	(12)
CASA DE BOLSA BBVA BANCOMER, S.A. DE C.V.	MEXICO	SECURITIES DEALER	-	100.00	100.00	52	80	28	17	35
CATALONIA GEBIRA, S.L.(**)	SPAIN	REAL ESTATE	-	81.67	81.67	-	7	10	(3)	(1)
CATALONIA PROMODIS 4, S.A.(***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	16	18	(2)	-
CATALUNYA BANC, S.A.(2)	SPAIN	BANKING	98.40	0.55	98.95	1,172	45,283	42,517	2,714	51
CATALUNYACAIXA ASSEGURANCES GENERALS, S.A.(2)	SPAIN	INSURANCES SERVICES	-	100.00	100.00	53	49	32	15	2
CATALUNYACAIXA CAPITAL, S.A.(2)	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	92	105	10	94	1
CATALUNYACAIXA IMMOBILIARIA, S.A.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	42	218	142	94	(18)
CATALUNYACAIXA INVERSIO, SGIIC, S.A.(2)	SPAIN	OTHER INVESTMENT COMPANIES	-	100.00	100.00	32	40	3	34	2
CATALUNYACAIXA MEDIACIO , S.L.(2)	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	3	19	11	5	3
CATALUNYACAIXA SERVEIS, S.A.(2)	SPAIN	SERVICES	-	100.00	100.00	2	26	23	2	1
CATALUNYACAIXA VIDA, S.A.	SPAIN	INSURANCES SERVICES	-	100.00	100.00	379	2,349	2,015	331	3
CB TRANSPORT ,INC.	UNITED STATES	INACTIVE	-	100.00	100.00	17	17	-	17	-
CDD GESTIONI, S.R.L.	ITALY	REAL ESTATE	100.00	-	100.00	5	6	-	6	-
CERBAT, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	9	25	-	24	-
CETACTIUS, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	22	(20)	-
CIDESSA DOS, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	15	15	1	15	-
CIDESSA UNO, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	5	191	148	42	1
CIERVANA, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	53	61	2	60	-
CLUB GOLF HACIENDA EL ALAMO, S.L.(2)	SPAIN	REAL ESTATE	-	97.87	97.87	-	-	-	-	-
COMERCIALIZADORA CORPORATIVA SAC(1)	PERU	FINANCIAL SERVICES	-	50.00	50.00	-	1	1	-	-
COMERCIALIZADORA DE SERVICIOS FINANCIEROS, S.A.	COLOMBIA	SERVICES	-	100.00	100.00	2	7	5	1	1
COMPASS ASSET ACCEPTANCE COMPANY, LLC	UNITED STATES	INACTIVE	-	100.00	100.00	448	448	-	449	-
COMPASS AUTO RECEIVABLES CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	4	4	-	4	-
COMPASS BANK	UNITED STATES	BANKING	-	100.00	100.00	11,089	84,759	73,670	10,658	431
COMPASS CAPITAL MARKETS, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	7,340	7,340	-	7,259	81
COMPASS CUSTODIAL SERVICES, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	-	-	-	-	-
COMPASS GP, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	45	56	11	44	-

(*) Information on foreign companies at exchange rate on December 31, 2015

(**) This company has an equity loan from ARRELS CT PATRIMONI I PROYECTES, S.A.

(***) This company has an equity loan from UNNIM SOCIEDAD PARA LA GESTION DE ACTIVOS INMOBILIARIOS, S.A.

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(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and December 2015

Additional Information on Consolidated Subsidiaries and strucuted entities composing the BBVA Group (Continued)

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.15	Liabilities 12.31.15	Equity 12.31.15	Profit (Loss) 12.31.15
COMPASS INVESTMENTS, INC.	UNITED STATES	INACTIVE	-	100.00	100.00	-	-	-	-	-
COMPASS LIMITED PARTNER, INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	6,397	6,398	1	6,319	78
COMPASS LOAN HOLDINGS TRS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	74	74	-	74	-
COMPASS MORTGAGE CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	2,826	2,850	24	2,780	45
COMPASS MORTGAGE FINANCING, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
COMPASS MULTISTATE SERVICES CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	3	3	-	3	-
COMPASS SOUTHWEST, LP	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	5,275	5,276	1	5,206	70
COMPASS TEXAS ACQUISITION CORPORATION	UNITED STATES	INACTIVE	-	100.00	100.00	2	2	-	2	-
COMPASS TEXAS MORTGAGE FINANCING, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
COMPASS TRUST II	UNITED STATES	INACTIVE	-	100.00	100.00	-	-	-	-	-
COMPAÑIA CHILENA DE INVERSIONES, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	580	781	-	781	-
COMPLEMENTOS INNOVACIÓN Y MODA, S.L.(**)	SPAIN	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
CONJUNT RESIDENCIAL FREIXA, S.L.(***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	3	(1)	-
CONSOLIDAR A.F.J.P., S.A.	ARGENTINA	IN LIQUIDATION	46.11	53.89	100.00	1	5	3	-	1
CONSORCIO DE CASAS MEXICANAS, S.A.P.I. DE C.V.	MEXICO	REAL ESTATE	-	99.99	99.99	6	18	14	10	(6)
CONTENTS AREA, S.L.	SPAIN	SERVICES	-	100.00	100.00	6	7	1	6	-
CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA, S.A.(1)	PERU	SECURITIES DEALER	-	46.12	46.12	8	10	2	5	3
CONTINENTAL DPR FINANCE COMPANY(1)	CAYMAN ISLANDS	FINANCIAL SERVICES	-	46.12	46.12	-	222	222	-	-
CONTINENTAL SOCIEDAD TITULIZADORA, S.A.(1)	PERU	FINANCIAL SERVICES	-	46.12	46.12	1	1	-	1	-
CONTRATACION DE PERSONAL, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	5	9	4	4	-
COPROMED S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	-	-	-	-	-
CORPORACION BETICA INMOBILIARIA, S.A.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	5	20	15	8	(3)
CORPORACION GENERAL FINANCIERA, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	510	1,557	1	1,187	369
CX PROPIETAT, FII(2)	SPAIN	REAL ESTATE INVESTMENT COMPANY	-	67.74	67.74	42	62	-	61	1
DESITEL TECNOLOGIA Y SISTEMAS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2	2	-	2	-
DEUTSCHE BANK MEXICO SA FIDEICOMISO F/1859	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	22	22	-	-
DEUTSCHE BANK MEXICO SA FIDEICOMISO F/1860	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	21	21	-	-
DISTRITO CASTELLANA NORTE, S.A.	SPAIN	REAL ESTATE	-	75.54	75.54	68	112	22	92	(2)
ECASA, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	13	14	2	8	5
ECOARENYS, S.L. (****)	SPAIN	REAL ESTATE	-	50.00	50.00	-	12	56	(41)	(3)
EL ENCINAR METROPOLITANO, S.A.	SPAIN	REAL ESTATE	-	99.05	99.05	5	7	-	4	3
EL MILANILLO, S.A. (****)	SPAIN	REAL ESTATE	-	100.00	100.00	9	8	1	7	-
EMPRENDIMIENTOS DE VALOR S.A.	URUGUAY	FINANCIAL SERVICES	-	100.00	100.00	3	6	3	2	-
ENTRE2 SERVICIOS FINANCIEROS, E.F.C., S.A.	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	9	9	-	9	-
ESPAIS SABADELL PROMOCIONS INMOBILIARIES, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	7	9	1	7	1
ESPANHOLA COMERCIAL E SERVIÇOS, LTDA.	BRASIL	IN LIQUIDATION	100.00	-	100.00	-	-	-	-	-
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SPAIN	SERVICES	-	51.00	51.00	-	-	-	-	-
EUROPEA DE TITULIZACION, S.A., S.G.F.T.	SPAIN	FINANCIAL SERVICES	88.99	-	88.99	2	41	3	34	3
EXPANSION INTERCOMARCAL, S.L.(2)	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	26	27	-	27	-
F/253863 EL DESEO RESIDENCIAL	MEXICO	REAL ESTATE	-	65.00	65.00	-	1	-	1	-

(*) Information on foreign companies at exchange rate on December 31, 2015

(**) This company has an equity loan from BBVA ELCANO EMPRESARIAL, S.A. EN LIQUIDACION y BBVA ELCANO EMPRESARIAL II, S.A. EN LIQUIDACION

(***) This company has an equity loan from EXPANSION INTERCOMARCAL, S.L.

(****) This company has an equity loan from PROMOTORA DEL VALLES, S.L.

(*****) This company has an equity loan from ANIDA OPERACIONES SINGULARES, S.A.

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Additional Information on Consolidated Subsidiaries and strucuted entities composing the BBVA Group (Continued)

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.15**	**Liabilities 12.31.15**	**Equity 12.31.15**	**Profit (Loss) 12.31.15**
F/403035-9 BBVA HORIZONTES RESIDENCIAL	MEXICO	REAL ESTATE	-	65.00	65.00	-	-	-	-	-
FACILEASING EQUIPMENT, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	51	508	413	73	22
FACILEASING S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	79	807	738	55	15
FIDEICOMISO 28991-8 TRADING EN LOS MCADOS FINANCIEROS	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	3	3	-	2	-
FIDEICOMISO F/29764-8 SOCIO LIQUIDADOR DE OPERACIONES FINANCIERAS DERIVADAS	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	31	31	-	29	2
FIDEICOMISO HARES BBVA BANCOMER F/ 47997-2	MEXICO	REAL ESTATE	-	100.00	100.00	15	17	2	8	6
FIDEICOMISO N.989, EN THE BANK OF NEW YORK MELLON, S.A. INSTITUCION DE BANCA MULTIPLE, FIDUCIARIO (FIDEIC.00989 6 EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	1	159	158	(7)	8
FIDEICOMISO Nº 711, EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 1ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	37	36	-	-
FIDEICOMISO Nº 752, EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 2ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	19	19	-	-
FIDEICOMISO Nº 781, EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 3ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	124	59	54	11
FIDEICOMISO Nº 847, EN BANCO INVEX, S.A.,INSTITUCION DE BANCA MULTIPLE, INVEX GRUPO FINANCIERO, FIDUCIARIO (FIDEIC. INVEX 4ª EMISION)	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	97	98	(1)	-
FINANCEIRA DO COMERCIO EXTERIOR S.A.R.	PORTUGAL	INACTIVE	100.00	-	100.00	-	-	-	-	-
FINANCIERA AYUDAMOS S.A. DE C.V., SOFOMER	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	140	154	14	141	(1)
FODECOR, S.L.(2)	SPAIN	REAL ESTATE	-	60.00	60.00	-	-	1	(1)	-
FORUM COMERCIALIZADORA DEL PERU, S.A.	PERU	SERVICES	-	66.32	66.32	3	5	1	4	1
FORUM DISTRIBUIDORA DEL PERU, S.A.	PERU	FINANCIAL SERVICES	-	66.32	66.32	5	8	1	6	1
FORUM DISTRIBUIDORA, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	25	218	194	19	5
FORUM SERVICIOS FINANCIEROS, S.A.	CHILE	FINANCIAL SERVICES	-	100.00	100.00	174	1,197	1,035	113	49
FUTURO FAMILIAR, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	1	3	2	1	-
G NETHERLANDS BV	NETHERLANDS	INVESTMENT COMPANY	-	100.00	100.00	323	334	46	288	(1)
GARANTI BANK MOSCOW	RUSSIA	BANKING	-	100.00	100.00	37	143	105	39	(2)
GARANTI BANK SA	ROMANIA	BANKING	-	100.00	100.00	255	2,122	1,887	216	19
GARANTI BILISIM TEKNOLOJISI VE TIC. TAS	TURKEY	SERVICES	-	100.00	100.00	32	21	2	16	3
GARANTI DIVERSIFIED PAYMENT RIGHTS FINANCE COMPANY	CAYMAN ISLANDS	FINANCIAL SERVICES	-	100.00	100.00	-	3,337	3,337	-	-
GARANTI EMEKLILIK VE HAYAT AS	TURKEY	INSURANCES SERVICES	-	84.91	84.91	289	465	129	273	63
GARANTI FACTORING HIZMETLERI AS	TURKEY	FINANCIAL SERVICES	-	81.84	81.84	43	935	883	44	8
GARANTI FILO SIGORTA ARACILIK HIZMETLERI A.S.	TURKEY	INSURANCES SERVICES	-	100.00	100.00	-	-	-	-	-
GARANTI FILO YONETIM HIZMETLERI A.S.	TURKEY	SERVICES	-	100.00	100.00	3	266	243	15	8
GARANTI FINANSAL KIRALAMA A.S.	TURKEY	FINANCIAL SERVICES	-	100.00	100.00	274	1,553	1,279	238	36
GARANTI HIZMET YONETIMI A.S	TURKEY	FINANCIAL SERVICES	-	99.40	99.40	-	3	-	2	1
GARANTI HOLDING BV	NETHERLANDS	INVESTMENT COMPANY	-	100.00	100.00	234	324	-	324	-
GARANTI KONUT FINANSMANI DANISMANLIK HIZMETLERI AS (GARANTI MORTGAGE)	TURKEY	SERVICES	-	100.00	100.00	-	1	-	1	-
GARANTI KULTUR AS	TURKEY	SERVICES	-	100.00	100.00	-	1	-	-	-
GARANTI ODEME SISTEMLERI A.S.(GOSAS)	TURKEY	FINANCIAL SERVICES	-	100.00	100.00	-	9	3	5	-
GARANTI PORTFOY YONETIMI AS	TURKEY	FINANCIAL SERVICES	-	100.00	100.00	12	15	2	10	3
GARANTI YATIRIM MENKUL KIYMETLER AS	TURKEY	FINANCIAL SERVICES	-	100.00	100.00	15	98	83	13	2
GARANTIBANK INTERNATIONAL NV	NETHERLANDS	BANKING	-	100.00	100.00	518	4,995	4,476	508	11
GARRAF MEDITERRANIA, S.A.(2)	SPAIN	REAL ESTATE	-	90.58	90.58	-	4	5	(32)	31
GESCAT LLEVANT, S.L.(*)(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	16	19	(3)	-
GESCAT LLOGUERS, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	6	16	(9)	-

(*) Information on foreign companies at exchange rate on December 31, 2015
(**) This company has an equity loan from CATALUNYACAIXA IMMOBILIARIA, S.A.
(1) Full consolidation method is used according to accounting rules (see Glossary)
(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and December 2015

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GESCAT POLSKA, SP. ZOO(2)	POLAND	REAL ESTATE	-	100.00	100.00	11	12	1	12	-
GESCAT SINEVA, S.L.(*)(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	3	(1)	-
GESCAT, GESTIO DE SOL, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	22	43	(15)	(6)
GESCAT, VIVENDES EN COMERCIALITZACIO, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	250	605	(337)	(18)
GESTIO D'ACTIUS TITULITZATS, S.A.(2)	SPAIN	FINANCIAL SERVICES	-	100.00	100.00	1	4	-	3	1
GESTION DE PREVISION Y PENSIONES, S.A.	SPAIN	PENSION FUNDS MANAGEMENT	60.00	-	60.00	9	33	4	21	8
GESTION Y ADMINISTRACION DE RECIBOS, S.A. - GARSA	SPAIN	SERVICES	-	100.00	100.00	1	2	-	1	-
GOBERNALIA GLOBAL NET, S.A.	SPAIN	SERVICES	-	100.00	100.00	2	12	4	6	2
GRAN JORGE JUAN, S.A.	SPAIN	REAL ESTATE	100.00	-	100.00	424	1,051	653	386	12
GRANFIDUCIARIA	COLOMBIA	IN LIQUIDATION	-	90.00	90.00	-	-	-	-	-
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	99.97	-	99.97	6,677	9,424	1	7,465	1,958
GUARANTY BUSINESS CREDIT CORPORATION	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	34	34	-	34	-
GUARANTY PLUS HOLDING COMPANY	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	(39)	60	98	(37)	(2)
GUARANTY PLUS PROPERTIES LLC-2	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	43	43	-	43	-
GUARANTY PLUS PROPERTIES, INC-1	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	11	11	-	11	-
HABITAT ZENTRUM, S.L.(***) (2)	SPAIN	REAL ESTATE	-	50.00	50.00	-	-	6	(6)	-
HABITATGES INVERCAP, S.L.(****)	SPAIN	REAL ESTATE	-	100.00	100.00	-	-	1	(1)	-
HABITATGES INVERVIC, S.L.(****)	SPAIN	REAL ESTATE	-	35.00	35.00	-	1	13	(11)	(2)
HABITATGES JUVIPRO, S.L.(*****)	SPAIN	REAL ESTATE	-	100.00	100.00	-	3	3	(1)	-
HIPOTECARIA NACIONAL MEXICANA INCORPORATED	UNITED STATES	REAL ESTATE	-	100.00	100.00	-	-	-	-	-
HIPOTECARIA NACIONAL, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	10	16	6	8	2
HOLDING CONTINENTAL, S.A.	PERU	INVESTMENT COMPANY	50.00	-	50.00	124	1,575	-	1,216	359
HOMEOWNERS LOAN CORPORATION	UNITED STATES	IN LIQUIDATION	-	100.00	100.00	8	9	-	9	-
HUMAN RESOURCES PROVIDER, INC	UNITED STATES	SERVICES	-	100.00	100.00	487	487	-	480	7
HUMAN RESOURCES SUPPORT, INC	UNITED STATES	SERVICES	-	100.00	100.00	483	483	-	476	7
IMOBILIARIA DUQUE DE AVILA, S.A.	PORTUGAL	REAL ESTATE	-	100.00	100.00	10	23	13	9	1
INFORMACIO I TECNOLOGIA DE CATALUNYA, S.L.(2)	SPAIN	SERVICES	-	50.00	50.00	1	3	2	1	-
INMESP DESARROLLADORA, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	35	41	6	36	(1)
INMUEBLES Y RECUPERACIONES CONTINENTAL S.A(1)	PERU	REAL ESTATE	-	46.12	46.12	10	11	-	8	2
INNOVATION 4 SECURITY, S.L.	SPAIN	SERVICES	-	100.00	100.00	-	2	1	1	-
INPAU, S.A.(2)(**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	40	47	-	(8)
INVERAHORRO, S.L.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	16	75	59	19	(3)
INVERCARTERA INTERNACIONAL, S.L.(2)	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	8	8	-	8	-
INVERPRO DESENVOLUPAMENT, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	3	14	10	2	2
INVERSIONES ALDAMA, C.A.	VENEZUELA	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	CURAÇAO	INVESTMENT COMPANY	48.00	-	48.00	11	52	3	50	(1)
INVERSIONES BAPROBA, C.A.	VENEZUELA	FINANCIAL SERVICES	100.00	-	100.00	1	-	-	-	-
INVERSIONES DE INNOVACION EN SERVICIOS FINANCIEROS, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	40	72	31	40	1
INVERSIONES P.H.R.4, C.A.	VENEZUELA	INACTIVE	-	60.46	60.46	-	-	-	-	-
INVESCO MANAGEMENT Nº 1, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.00	100.00	8	8	-	8	-

(*) Information on foreign companies at exchange rate on December 31, 2015
(**) This company has an equity loan from CATALUNYACAIXA IMMOBILIARIA, S.A.
(***) This company has an equity loan from EXPANSION INTERCOMARCAL, S.L.
(****) This company has an equity loan from INVERPRO DESENVOLUPAMENT, S.L.
(*****) This company has an equity loan from UNNIM SOCIEDAD PARA LA GESTION DE ACTIVOS INMOBILIARIOS, S.A
(1) Full consolidation method is used according to accounting rules (see Glossary)
(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and December 2015

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued) and consolidated structured entities

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.15**	**Liabilities 12.31.15**	**Equity 12.31.15**	**Profit (Loss) 12.31.15**
INVESCO MANAGEMENT Nº 2, S.A.	LUXEMBOURG	FINANCIAL SERVICES	-	100.00	100.00	-	4	17	(13)	(1)
IRIDION SOLUCIONS IMMOBILIARIES, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	3	124	(120)	(1)
JALE PROCAM, S.L.(2)(**)	SPAIN	REAL ESTATE	-	50.00	50.00	-	2	41	(37)	(1)
L'EIX IMMOBLES, S.L.(***)	SPAIN	REAL ESTATE	-	100.00	100.00	-	21	26	(4)	-
LIQUIDITY ADVISORS, L.P	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1,154	1,154	-	1,148	6
MADIVA SOLUCIONES, S.L.	SPAIN	SERVICES	-	100.00	100.00	9	2	-	1	1
MILLENNIUM PROCAM, S.L.(2)(**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	-	1	-	-
MISAPRE, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	3	2	-	2	-
MOMENTUM SOCIAL INVESTMENT HOLDING, S.L.	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	7	7	-	7	-
MOTORACTIVE IFN SA	ROMANIA	FINANCIAL SERVICES	-	100.00	100.00	38	133	114	16	3
MOTORACTIVE MULTISERVICES SRL	ROMANIA	SERVICES	-	100.00	100.00	-	5	5	-	-
MULTIASISTENCIA OPERADORA S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	-	1	1	-	-
MULTIASISTENCIA SERVICIOS S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	1	3	2	1	-
MULTIASISTENCIA, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	34	44	10	28	6
NOIDIRI, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	1	11	(11)	-
NOVA EGARA-PROCAM, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	1	1	-	1	-
NOVA TERRASSA 3, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	2	12	7	4	-
OPCION VOLCAN, S.A.	MEXICO	REAL ESTATE	-	100.00	100.00	20	28	9	3	17
OPPLUS OPERACIONES Y SERVICIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	1	26	9	12	5
OPPLUS S.A.C	PERU	IN LIQUIDATION	-	100.00	100.00	1	1	-	1	-
PARCSUD PLANNER, S.L. (****)	SPAIN	REAL ESTATE	-	100.00	100.00	-	8	11	(2)	-
PARTICIPACIONES ARENAL, S.L.	SPAIN	INACTIVE	-	100.00	100.00	8	8	-	8	-
PECRI INVERSION S.A	SPAIN	OTHER INVESTMENT COMPANIES	100.00	-	100.00	99	99	-	83	16
PENSIONES BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	236	4,291	4,054	196	40
PHOENIX LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	359	380	22	351	8
PI HOLDINGS NO. 1, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	87	87	-	87	-
PI HOLDINGS NO. 3, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	26	26	-	26	-
PORTICO PROCAM, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	25	25	-	25	-
PRO-SALUD, C.A.	VENEZUELA	INACTIVE	-	58.86	58.86	-	-	-	-	-
PROCAMVASA, S.A.(2)	SPAIN	REAL ESTATE	-	51.00	51.00	-	8	7	1	-
PROMOCION EMPRESARIAL XX, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	8	8	-	8	-
PROMOTORA DEL VALLES, S.L.(****)	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	-	237	335	(90)	(8)
PROMOU CT 3AG DELTA, S.L.(****)	SPAIN	REAL ESTATE	-	100.00	100.00	-	10	12	(1)	(2)
PROMOU CT EIX MACIA, S.L.(****)	SPAIN	REAL ESTATE	-	100.00	100.00	-	8	7	(2)	3
PROMOU CT GEBIRA, S.L.(****)	SPAIN	REAL ESTATE	-	100.00	100.00	-	11	14	(3)	(1)
PROMOU CT OPENSEGRE, S.L.(*****)	SPAIN	REAL ESTATE	-	100.00	100.00	-	30	46	(15)	(1)
PROMOU CT VALLES, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	2	10	8	2	-
PROMOU GLOBAL, S.L. (*****)	SPAIN	REAL ESTATE	-	100.00	100.00	-	102	146	(39)	(6)
PRONORTE UNO PROCAM, S.A.(**)(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	5	15	(10)	-

(*) Information on foreign companies at exchange rate on December 31, 2015

(**) This company has an equity loan from CATALUNYACAIXA IMMOBILIARIA, S.A.

(***) This company has an equity loan from PROMOTORA DEL VALLES, S.L. y UNNIM SOCIEDAD PARA LA GESTION DE ACTIVOS INMOBILIARIOS, S.A.

(****) This company has an equity loan from UNNIM SOCIEDAD PARA LA GESTION DE ACTIVOS INMOBILIARIOS, S.A.

(*****) This company has an equity loan from ARRELS CT PROMOU, S.A. y UNNIM SOCIEDAD PARA LA GESTION DE ACTIVOS INMOBILIARIOS, S.A.

(1) Full consolidation method is used according to accounting rules (see Glossary)

(2) Companies from the acquisition of Catalunya Banc, S.A. only include profit (loss) corresponding to May and December 2015

Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued) and consolidated structured entities

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.15**	**Liabilities 12.31.15**	**Equity 12.31.15**	**Profit (Loss) 12.31.15**
PROV-INFI-ARRAHONA, S.L.(**)	SPAIN	REAL ESTATE	-	100.00	100.00	-	15	21	(6)	(1)
PROVINCIAL DE VALORES CASA DE BOLSA, C.A.	VENEZUELA	SECURITIES DEALER	-	90.00	90.00	-	-	-	-	-
PROVINCIAL SDAD.ADMIN.DE ENTIDADES DE INV.COLECTIVA, C.A.	VENEZUELA	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
PROVIURE BARCELONA, S.L.(***) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	2	-	-
PROVIURE CIUTAT DE LLEIDA, S.L. (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	2	1	-	-
PROVIURE PARC D'HABITATGES, S.L.(***) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	1	4	3	-	1
PROVIURE, S.L.(***) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	4	5	(1)	-
PROVIVIENDA ENTIDAD RECAUDADORA Y ADMIN.DE APORTES, S.A.	BOLIVIA	PENSION FUNDS MANAGEMENT	-	100.00	100.00	2	4	3	1	-
PROXIMA ALFA INVESTMENTS (USA) LLC	UNITED STATES	IN LIQUIDATION	-	100.00	100.00	9	1	-	1	-
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) II INC.	UNITED STATES	IN LIQUIDATION	-	100.00	100.00	-	-	-	-	-
PROXIMA ALFA INVESTMENTS HOLDINGS (USA) INC.	UNITED STATES	IN LIQUIDATION	100.00	-	100.00	-	9	4	5	-
PUERTO CIUDAD LAS PALMAS, S.A.(****) (2)	SPAIN	REAL ESTATE	-	96.64	96.64	-	60	68	(5)	(2)
QIPRO SOLUCIONES S.L.	SPAIN	SERVICES	-	100.00	100.00	3	3	-	3	-
RALFI IFN SA	ROMANIA	FINANCIAL SERVICES	-	100.00	100.00	40	82	65	10	7
RENTRUCKS, ALQUILER Y SERVICIOS DE TRANSPORTE, S.A.	SPAIN	INACTIVE	99.32	-	99.32	2	2	1	2	-
RESIDENCIAL CUMBRES DE SANTA FE, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	12	12	-	8	4
RPV COMPANY	CAYMAN ISLANDS	FINANCIAL SERVICES	-	100.00	100.00	-	1,493	1,493	-	-
RWHC, INC	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	730	730	-	714	16
S.B.D. NORD, S.L. (***) (2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	-	-	-	-
SATICEM GESTIO, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	9	88	(77)	(2)
SATICEM HOLDING, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	5	5	-	5	-
SATICEM IMMOBILIARIA, S.L.(2)	SPAIN	INVESTMENT COMPANY	-	100.00	100.00	10	17	1	16	-
SATICEM IMMOBLES EN ARRENDAMENT, S.L.(2)	SPAIN	REAL ESTATE	-	100.00	100.00	-	26	83	(56)	(1)
SCALDIS FINANCE, S.A.	BELGIUM	INVESTMENT COMPANY	-	100.00	100.00	4	18	-	18	-
SEGUROS BANCOMER, S.A. DE C.V.	MEXICO	INSURANCES SERVICES	-	100.00	100.00	569	3,630	3,061	339	230
SEGUROS PROVINCIAL, C.A.	VENEZUELA	INSURANCES SERVICES	-	100.00	100.00	1	2	1	3	(1)
SERVICIOS CORPORATIVOS BANCOMER, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	5	11	6	4	1
SERVICIOS CORPORATIVOS DE SEGUROS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2	11	9	2	-
SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A DE C.V.	MEXICO	SERVICES	-	100.00	100.00	6	18	13	5	1
SERVICIOS TECNOLOGICOS SINGULARES, S.A.	SPAIN	SERVICES	-	100.00	100.00	2	1	-	2	(1)
SIMPLE FINANCE TECHNOLOGY CORP.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	96	105	10	133	(37)
SOCIEDAD DE ESTUDIOS Y ANALISIS FINANCIERO.,S.A.	SPAIN	SERVICES	100.00	-	100.00	108	108	-	110	(3)
SOCIEDAD GESTORA DEL FONDO PUBLICO DE REGULACION DEL MERCADO HIPOTECARIO, S.A.	SPAIN	INACTIVE	77.20	-	77.20	-	-	-	-	-
SOLIUM MEXICO, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2	3	1	2	-
SOLIUM OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	-	-	-	-	-
SPORT CLUB 18, S.A.	SPAIN	INVESTMENT COMPANY	100.00	-	100.00	15	15	-	16	-
STATE NATIONAL CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	14	14	-	-
STATE NATIONAL STATUTORY TRUST II	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	9	9	-	-
TEXAS LOAN SERVICES, LP.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1,161	1,161	-	1,152	9
TEXAS REGIONAL STATUTORY TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	1	47	46	1	-

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(***) This company has an equity loan from CATALUNYACAIXA IMMOBILIARIA, S.A.

(*****) This company has an equity loan from INPAU, S.A. y de CATALUNYACAIXA IMMOBILIARIA, S.A.

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Additional Information on Consolidated Subsidiaries composing the BBVA Group (Continued) and consolidated structured entities

			% of Voting Rights Controlled by the Bank			Millions of Euros(*) Affiliate Entity Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets 12.31.15**	**Liabilities 12.31.15**	**Equity 12.31.15**	**Profit (Loss) 12.31.15**
TEXASBANC CAPITAL TRUST I	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
TEXTIL TEXTURA, S.L.	SPAIN	COMMERCIAL	-	68.67	68.67	-	-	-	-	-
TMF HOLDING INC.	UNITED STATES	INVESTMENT COMPANY	-	100.00	100.00	-	-	-	-	-
TRIFOI REAL ESTATE SRL	ROMANIA	REAL ESTATE	-	100.00	100.00	-	-	-	-	-
TUCSON LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
TURKIYE GARANTI BANKASI A.S	TURKEY	BANKING	39.90	-	39.90	6	79	69	9	1
UNIDAD DE AVALUOS MEXICO, S.A. DE CV	MEXICO	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
UNITARIA GESTION DE PATRIMONIOS INMOBILIARIOS	SPAIN	REAL ESTATE	-	100.00	100.00	-	-	-	-	-
UNIVERSALIDAD TIPS PESOS E-9	COLOMBIA	FINANCIAL SERVICES	-	100.00	100.00	-	-	-	-	-
UNNIM SOCIEDAD PARA LA GESTION DE ACTIVOS INMOBILIARIOS, S.A.(**)	SPAIN	REAL ESTATE	100.00	-	100.00	-	1	1	-	-
UNO-E BANK, S.A.	SPAIN	BANKING	100.00	-	100.00	-	1	1	-	-
URBANIZADORA SANT LLORENC, S.A.	SPAIN	INACTIVE	60.60	-	60.60	-	-	-	-	-
VALANZA CAPITAL S.A. UNIPERSONAL	SPAIN	SERVICES	100.00	-	100.00	-	-	-	-	-
VOLJA LUX, SARL(2)	LUXEMBOURG	INVESTMENT COMPANY	-	71.78	71.78	-	-	-	-	-
VOLJA PLUS SL(2)	SPAIN	INVESTMENT COMPANY	18.61	56.75	75.36	-	-	-	-	-

(*) Information on foreign companies at exchange rate on December 31, 2015
(**) This company has an equity loan from BBVA, S.A.
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APPENDIX II Additional information on investments in associates accounted for under the equity method in the BBVA Group

Including the most significant entities, jointly representing 99.71% of all investment in this group

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Millions of Euros(**) Affiliate Entity Data				
			Direct	Indirect	Total	Net Carrying Amount	Assets 12.31.15	Liabilities 12.31.15	Equity 12.31.15	Profit (Loss) 12.31.15
ADQUIRA ESPAÑA, S.A.	SPAIN	COMMERCIAL	-	40.00	40.00	3	17	11	6	-
ALTITUDE SOFTWARE SGPS, S.A.(*)	PORTUGAL	SERVICES	-	31.55	31.55	8	23	22	1	- (1)(3)(4)
ALTURA MARKETS, SOCIEDAD DE VALORES, S.A.(*)	SPAIN	SECURITIES DEALER	50.00	-	50.00	20	1,865	1,825	30	10
AUREA, S.A. (CUBA)	CUBA	REAL ESTATE	-	49.00	49.00	5	10	-	9	-
BANK OF HANGZHOU CONSUMER FINANCE CO LTD	CHINA	BANKING	30.00	-	30.00	21	73	2	71	- (5)
BRUNARA, SICAV, S.A.	SPAIN	IN LIQUIDATION	1.64	76.63	78.27	54	160	1	154	6
CANCUN SUN & GOLF COUNTRY CLUB, S.A.P.I. DE C.V.	MEXICO	REAL ESTATE	-	33.33	33.33	28	82	31	53	(3)
COMPAÑIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A.	SPAIN	FINANCIAL SERVICES	16.67	-	16.67	17	110	7	99	4
COMPAÑIA MEXICANA DE PROCESAMIENTO, S.A. DE C.V.(*)	MEXICO	SERVICES	-	50.00	50.00	7	13	-	12	1
CORPORACION IBV PARTICIPACIONES EMPRESARIALES, S.A.(*)	SPAIN	INVESTMENT COMPANY	-	50.00	50.00	37	443	172	270	- (2)
DESARROLLOS METROPOLITANOS DEL SUR, S.L.(*)	º	REAL ESTATE	-	50.00	50.00	11	42	19	23	-
FERROMOVIL 3000, S.L.(*)	SPAIN	SERVICES	-	20.00	20.00	4	517	488	30	-
FERROMOVIL 9000, S.L.(*)	SPAIN	SERVICES	-	20.00	20.00	3	335	313	22	-
FIDEICOMISO 1729 INVEX ENAJENACION DE CARTERA(*)	MEXICO	REAL ESTATE	-	32.25	32.25	66	204	-	204	-
FIDEICOMISO F 403853- 5 BBVA BANCOMER SERVICIOS ZIBATA(*)	MEXICO	REAL ESTATE	-	30.00	30.00	44	186	36	138	12
FIDEICOMISO F 404015-0 BBVA BANCOMER LOMAS III	MEXICO	REAL ESTATE	-	25.00	25.00	4	135	113	(5)	26
FIDEICOMISO F/00185 FIMPE - FIDEICOMISO F/00185 PARA EXTENDER A LA SOCIEDAD LOS BENEFICIOS DEL ACCESO A LA INFRAESTRUCTURA DE LOS MEDIOS DE PAGO ELECTRONICOS	MEXICO	FINANCIAL SERVICES	-	28.50	28.50	6	22	-	23	-
FIDEICOMISO F/402770-2 ALAMAR(*)	MEXICO	REAL ESTATE	-	42.40	42.40	9	22	-	22	-
FIDEICOMISO F/403112-6 DE ADMINISTRACION DOS LAGOS(*)	MEXICO	REAL ESTATE	-	50.000	50.00	6	13	-	13	-
FIDEICOMISO SCOTIABANK INVERLAT S A F100322908(*)	MEXICO	REAL ESTATE	-	50.00	50.00	2	18	13	2	2
FIDEICOMISO SCOTIABANK INVERLAT SA F100322742(*)	MEXICO	REAL ESTATE	-	33.78	33.78	11	69	36	33	-
I+D MEXICO, S.A. DE C.V.(*)	MEXICO	SERVICES	-	50.00	50.00	13	30	-	24	5 (1)
INVERSIONES PLATCO, C.A.(*)	VENEZUELA	FINANCIAL SERVICES	-	50.00	50.00	3	7	1	7	(1)
METROVACESA, S.A.	SPAIN	REAL ESTATE	19.42	-	19.42	351	5,058	3,892	1,351	(185) (1)(3)(4)
PARQUE REFORMA SANTA FE, S.A. de C.V.	MEXICO	REAL ESTATE	-	30.00	30.00	5	37	20	9	8
PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A.(*)	ARGENTINA	BANKING	-	50.00	50.00	23	167	121	21	25
REAL ESTATE DEAL II, S.A.(*)	SPAIN	OTHER INVESTMENT COMPANIES	20.06	-	20.06	5	36	11	27	(2)
REDSYS SERVICIOS DE PROCESAMIENTO, S.L.	SPAIN	FINANCIAL SERVICES	15.18	4.82	20.00	7	126	91	24	11
ROMBO COMPAÑIA FINANCIERA, S.A.	ARGENTINA	BANKING	-	40.00	40.00	18	211	168	21	23
SERVICIOS ELECTRONICOS GLOBALES, S.A. DE C.V.	MEXICO	SERVICES	-	46.14	46.14	6	14	-	11	3
SERVIRED SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A.	SPAIN	FINANCIAL SERVICES	22.35	6.36	28.71	92	50	13	34	3
SOCIEDAD ADMINISTRADORA DE FONDOS DE CESANTIA DE CHILE II, S.A.	CHILE	PENSION FUND MANAGEMENT	-	48.60	48.60	9	22	4	16	2
TELEFONICA FACTORING ESPAÑA, S.A.	SPAIN	FINANCIAL SERVICES	30.00	-	30.00	4	69	50	7	12 (3)(4)

(*) Joint venture entities accounted for using the equity method.

(**) Information on foreign companies at exchange rate on December, 2015

(1) Consolidated data

(2) Non-currents sets held for sale

(3) Figures according to the budget.

(4) Figures as of December 31, 2014

(5) This company include profit (loss) corresponding to December 2015

APPENDIX III Changes and notification of investments and divestments in the BBVA Group in the year ended December 31, 2015

Acquisitions or Increases of Interest Ownership in Consolidated Subsidiaries

			Millions of Euros		% of Voting Rights		
Company	Type of Transaction	Activity	Price Paid in the Transactions + Expenses directly attributable to the Transactions	Fair Value of Equity Instruments issued for the Transactions	% Participation (net) Acquired in the Period	Total Voting Rights Controlled after the Transactions	Effective Date for the Transaction (or Notification Date)
BBVA PROCUREMENT SERVICES AMERICA DEL SUR SpA	FOUNDING	SERVICES	5	-	100.00%	100.00%	2/1/2015
FORUM SERVICIOS FINANCIEROS, S.A.	ACQUISITION	FINANCIAL SERVICES	103	-	24.50%	100.00%	3/26/2015
FORUM DISTRIBUIDORA, S.A.	ACQUISITION	FINANCIAL SERVICES	17	-	24.48%	100.00%	3/26/2015
4D INTERNET SOLUTIONS, INC	ACQUISITION	FINANCIAL SERVICES	13	-	100.00%	100.00%	4/14/2015
ACA, S.A.	ACQUISITION	SECURITIES DEALER	-	-	25.00%	62.50%	4/24/2015
ARRAHONA GARRAF, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	100.00%	4/24/2015
GARRAF MEDITERRANIA, S.A.	ACQUISITION	REAL ESTATE	-	-	45.29%	90.58%	4/24/2015
CATALUNYA BANC, S.A.	ACQUISITION	BANKING	1,165	-	98.40%	98.95%	4/24/2015
CATALUNYACAIXA INVERSIO, SGIIC, S.A.	ACQUISITION	OTHER INVESTMENT COMPANIES	-	-	100.00%	100.00%	4/24/2015
CATALUNYACAIXA CAPITAL, S.A.	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	4/24/2015
CATALUNYACAIXA SERVEIS, S.A.	ACQUISITION	SERVICES	-	-	100.00%	100.00%	4/24/2015
CATALUNYACAIXA IMMOBILIARIA, S.A.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CATALUNYACAIXA MEDIACIO , S.L.	ACQUISITION	FINANCIAL SERVICES	-	-	100.00%	100.00%	4/24/2015
INPAU, S.A.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
FODECOR, S.L.	ACQUISITION	REAL ESTATE	-	-	60.00%	60.00%	4/24/2015
CERBAT, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
ALCALA 120 PROMOC. Y GEST.IMMOB. S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PORTICO PROCAM, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
NOVA TERRASSA 3, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
GESTIO D'ACTIUS TITULITZATS, S.A.	ACQUISITION	OTHER INVESTMENT COMPANIES	-	-	100.00%	100.00%	4/24/2015
INFORMACIO I TECNOLOGIA DE CATALUNYA, S.L.	ACQUISITION	SERVICES	-	-	50.00%	50.00%	4/24/2015
INVERCARTERA INTERNACIONAL, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	4/24/2015
PROCAMVASA, S.A.	ACQUISITION	REAL ESTATE	-	-	51.00%	51.00%	4/24/2015
S.B.D. NORD, S.L.	ACQUISITION	REAL ESTATE	-	-	75.00%	75.00%	4/24/2015
PRONORTE UNO PROCAM, S.A.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
GESCAT LLEVANT, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PUERTO CIUDAD LAS PALMAS, S.A.	ACQUISITION	REAL ESTATE	-	-	96.64%	96.64%	4/24/2015
PROVIURE, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CLUB GOLF HACIENDA EL ALAMO, S.L.	ACQUISITION	REAL ESTATE	-	-	97.87%	97.87%	4/24/2015
AREA TRES PROCAM, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
JALE PROCAM, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
GESCAT SINEVA, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PROVIURE CIUTAT DE LLEIDA, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PROVIURE BARCELONA, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
NOVA EGARA-PROCAM, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
ALGARVETUR, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CORPORACION BETICA INMOBILIARIA, S.A.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
MILLENNIUM PROCAM, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015

APPENDIX III. CHANGES AND NOTIFICATION OF INVESTMENTS AND DIVESTMENTS IN THE BBVA GROUP FOR YEAR ENDED DECEMBER 31, 2012

Company	Type of Transaction	Activity	Millions of Euros: Price Paid in the Transactions + Expenses directly attributable to the Transactions	Millions of Euros: Fair Value of Equity Instruments issued for the Transactions	% of Voting Rights: % Participation (net) Acquired in the Period	% of Voting Rights: Total Voting Rights Controlled after the Transactions	Effective Date for the Transaction (or Notification Date)
GESCAT POLSKA, SP. ZOO	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PROVIURE PARC D'HABITATGES, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
VOLJA LUX, SARL	ACQUISITION	INVESTMENT COMPANY	-	-	71.78%	71.78%	4/24/2015
ACTIVOS MACORP, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
GESCAT, GESTIO DE SOL, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
GESCAT, VIVENDES EN COMERCIALITZACIO, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
GESCAT LLOGUERS, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
EXPANSION INTERCOMARCAL, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	4/24/2015
CONJUNT RESIDENCIAL FREIXA, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
IRIDION SOLUCIONS IMMOBILIARIES, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
NOIDIRI, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CETACTIUS, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
HABITAT ZENTRUM, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
CAIXA MANRESA IMMOBILIARIA SOCIAL, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
SATICEM IMMOBILIARIA, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	100.00%	100.00%	4/24/2015
SATICEM HOLDING, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CAIXA MANRESA IMMOBILIARIA ON CASA, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
SATICEM IMMOBLES EN ARRENDAMENT, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
SATICEM GESTIO, S.L.	ACQUISITION	INSTRUMENTAL REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
SERVIMANRESA ACTIUS EN LLOGUER, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	85.00%	85.00%	4/24/2015
CX PROPIETAT, FII	ACQUISITION	FINANCIAL SERVICES	-	-	67.74%	67.74%	4/24/2015
VOLJA PLUS SL	ACQUISITION	INVESTMENT COMPANY	-	-	75.35%	75.35%	4/24/2015
BBVA BANCO FRANCES, S.A.	ACQUISITION	BANKING	1	-	0.02%	75.95%	5/4/2015
TURKIYE GARANTI BANKASI A.S	ACQUISITION	BANKING	1,857	-	14.89%	39.90%	7/27/2015
BBVA SEGUROS GENERALES S.A.	FOUNDING	BANKING	3	-	100.00%	100.00%	7/31/2015
CATALUNYACAIXA VIDA, S.A.	ACQUISITION	BANKING	530	-	50.00%	100.00%	7/31/2015
CATALUNYACAIXA ASSEGURANCES GENERALS, S.A.	ACQUISITION	BANKING	77	-	50.01%	100.00%	7/31/2015
QIPRO SOLUCIONES S.L.	FOUNDING	BANKING	3	-	100.00%	100.00%	11/30/2015
S.B.D. NORD, S.L.	ACQUISITION	BANKING	-	-	25.00%	100.00%	12/16/2015
AREA TRES PROCAM, S.L.	ACQUISITION	BANKING	-	-	50.00%	100.00%	12/16/2015

Disposals or Reduction of Interest Ownership in Consolidated Subsidiaries

Company	Type of Transaction	Activity	Millions of Euros: Profit (Loss) in the Transaction (*)	Millions of Euros: Changes in the Equity due to the transaction	% of Voting Rights: % Participation Sold in the Period	% of Voting Rights: Total Voting Rights Controlled after the Disposal	Effective Date for the Transaction (or Notification Date)
UNIVERSALIDAD "E5"	LIQUIDATION	FINANCIAL SERVICES	(2)	-	100.00%	-	1/31/2015
PROMOTORA DE RECURSOS AGRARIOS, S.A.	LIQUIDATION	COMMERCIAL	-	-	100.00%	-	2/26/2015
BBVA FINANCE (UK), LTD.	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	-	4/1/2015
BBVA CAPITAL FINANCE, S.A.	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	-	7/22/2015
CAIXA DE MANLLEU PREFERENTS, S.A.	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	-	7/22/2015
CIA. GLOBAL DE MANDATOS Y REPRESENTACIONES, S.A.	LIQUIDATION	FINANCIAL SERVICES	-	-	100.00%	-	7/31/2015
MOMENTUM SOCIAL INVESTMENT 2011, S.L.	MERGER	INVESTMENT COMPANY	-	-	100.00%	-	10/5/2015
MOMENTUM SOCIAL INVESTMENT 2012, S.L.	MERGER	INVESTMENT COMPANY	-	-	100.00%	-	10/5/2015
MOMENTUM SOCIAL INVESTMENT 2013, S.L.	MERGER	INVESTMENT COMPANY	-	-	100.00%	-	10/5/2015
BBVA INTERNATIONAL LIMITED	LIQUIDATION	FINANCIAL SERVICES	8	-	100.00%	-	11/10/2015
BBVA VIDA, S.A.DE SEGUROS Y REASEGUROS	MERGER	INSURANCES SERVICES	-	-	100.00%	-	11/30/2015
SERVIMANRESA ACTIUS EN LLOGUER, S.L.	LIQUIDATION	INVESTMENT COMPANY	-	-	85.00%	-	12/14/2015
BBVA SOLUCIONES AVANZADAS DE ASESORAMIENTO Y GESTION, S.L.	LIQUIDATION	SERVICES	1	-	100.00%	-	12/22/2015
ACA, S.A.	LIQUIDATION	FINANCIAL SERVICES	-	-	62.50%	-	12/23/2015

Business Combinations and Other Acquisitions or Increases of Interest Ownership in Associates and Joint-Ventures Accounted for Under the Equity Method

Company	Type of Transaction	Activity	Millions of Euros		% of Voting Rights		Effective Date for the Transaction (or Notification Date)
			Price Paid in the Transactions + Expenses Directly Attributable to the Transactions	Fair Value of Equity Instruments Issued for the Transactions	% Participation (Net) Acquired in the Period	Total Voting Rights Controlled After the Transactions	
FIDEICOMISO DE ADMINISTRACION 2038-6	ACQUISITION	REAL ESTATE	-	-	33.70%	33.70%	1/31/2015
REDSYS SERVICIOS DE PROCESAMIENTO, S.L.	ACQUISITION	FINANCIAL SERVICES	-	-	4.64%	21.61%	4/24/2015
SERVIRED SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A.	ACQUISITION	FINANCIAL SERVICES	-	-	6.13%	28.72%	4/24/2015
CATALUNYACAIXA VIDA, S.A.	ACQUISITION	INSURANCES SERVICES	-	-	50.00%	50.00%	4/24/2015
LANDOMUS, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
NOU MAPRO, S.A.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
PROVICAT SANT ANDREU, S.A.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
INMOBILIARIA MONTE BOADILLA, S.L.	ACQUISITION	REAL ESTATE	-	-	51.00%	51.00%	4/24/2015
EUGESA PROCAM, S.L.	ACQUISITION	REAL ESTATE	-	-	55.00%	55.00%	4/24/2015
ESPAIS CATALUNYA INV. IMMOB., S.L.	ACQUISITION	REAL ESTATE	-	-	50.84%	50.84%	4/24/2015
INNOVA 31, S.C.R., S.A.	ACQUISITION	FINANCIAL SERVICES	-	-	25.00%	25.00%	4/24/2015
NOVA TERRASSA 30, S.L.	ACQUISITION	REAL ESTATE	-	-	51.00%	51.00%	4/24/2015
PROMOCIONS TERRES CAVADES, S.A.	ACQUISITION	REAL ESTATE	-	-	39.39%	39.39%	4/24/2015
PROMOCIONES MIES DEL VALLE, S.L.	ACQUISITION	REAL ESTATE	-	-	51.00%	51.00%	4/24/2015
ESPAIS CERDANYOLA, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
SANYRES SUR, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CENTROS RESIDENCIALES SANYRES SUR, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
ALZAMBRA SANYRES, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PROMAR 21, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PARQUE EOLICO LOS PEDREROS, S.L.	ACQUISITION	INDUSTRIAL	-	-	40.00%	40.00%	4/24/2015
DESARROLLOS CATALANES DEL VIENTO, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	40.00%	40.00%	4/24/2015
S.C.I. MAGNAN SAINT PHILIPPE	ACQUISITION	REAL ESTATE	-	-	25.00%	25.00%	4/24/2015
TEIN CENTRO TECNOLOGICO DEL PLASTICO, S.L.	ACQUISITION	SERVICES	-	-	40.00%	40.00%	4/24/2015
CATALUNYACAIXA ASSEGURANCES GENERALS, S.A.	ACQUISITION	INSURANCES SERVICES	-	-	49.99%	49.99%	4/24/2015
PROVIURE CZF, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
EURO LENDERT, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
OCYCANDEY 2006, S.L.	ACQUISITION	INVESTMENT COMPANY	-	-	50.00%	50.00%	4/24/2015
INICIATIVAS EOLICAS CASTELLANAS, S.A.	ACQUISITION	INDUSTRIAL	-	-	97.50%	97.50%	4/24/2015
UNION SANYRES, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
SANIDAD Y RESIDENCIAS 21, S.A.	ACQUISITION	SERVICES	-	-	40.73%	40.73%	4/24/2015
PARC EOLIC COLL DEL MORO, S.L.	ACQUISITION	INDUSTRIAL	-	-	100.00%	100.00%	4/24/2015
PARC EOLIC DE TORRE MADRINA, S.L.	ACQUISITION	INDUSTRIAL	-	-	100.00%	100.00%	4/24/2015
PARC EOLIC DE VILALBA DELS ARCS, S.L.	ACQUISITION	INDUSTRIAL	-	-	100.00%	100.00%	4/24/2015

Business Combinations and Other Acquisitions or Increases of Interest Ownership in Associates and Joint-Ventures Accounted for Under the Equity Method

Company	Type of Transaction	Activity	Millions of Euros: Price Paid in the Transactions + Expenses Directly Attributable to the Transactions	Millions of Euros: Fair Value of Equity Instruments Issued for the Transactions	% of Voting Rights: % Participation (Net) Acquired in the Period	% of Voting Rights: Total Voting Rights Controlled After the Transactions	Effective Date for the Transaction (or Notification Date)
VERTIX PROCAM PATRIMONIAL, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
CAPASATUS, S.L	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
SARDENYA CENTRE, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
TAGE CENTRE PROMOCIONS IMMOBILIARIES, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
FACTOR HABAST, S.L.	ACQUISITION	REAL ESTATE	-	-	50.00%	50.00%	4/24/2015
CRUILLA CENTRE, S.L.	ACQUISITION	REAL ESTATE	-	-	49.04%	49.04%	4/24/2015
HARMONIA BADALONA, S.L.	ACQUISITION	REAL ESTATE	-	-	45.00%	45.00%	4/24/2015
IMMOCENTRE 3000, S.L.	ACQUISITION	REAL ESTATE	-	-	40.00%	40.00%	4/24/2015
VISOREN CENTRE, S.L.	ACQUISITION	REAL ESTATE	-	-	40.00%	40.00%	4/24/2015
KUARS CENTRE, S.L.	ACQUISITION	REAL ESTATE	-	-	40.00%	40.00%	4/24/2015
SENDERAN GESTION DE ACTIVOS, S.L.	ACQUISITION	REAL ESTATE	-	-	40.00%	40.00%	4/24/2015
EUROESPAI 2000, S.L.	ACQUISITION	REAL ESTATE	-	-	35.00%	35.00%	4/24/2015
L'ERA DE VIC, S.L.	ACQUISITION	REAL ESTATE	-	-	40.00%	40.00%	4/24/2015
OLESA BLAVA, S.L.	ACQUISITION	REAL ESTATE	-	-	29.07%	29.07%	4/24/2015
AMBIT D'EQUIPAMENTS, S.A.	ACQUISITION	REAL ESTATE	-	-	35.00%	35.00%	4/24/2015
HARMONIA PLA DE PONENT, S.L.	ACQUISITION	REAL ESTATE	-	-	22.33%	22.33%	4/24/2015
IMPULS LLOGUER, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
PROVIURE CZF PARC D'HABITATGES, S.L.	ACQUISITION	REAL ESTATE	-	-	100.00%	100.00%	4/24/2015
NAVIERA ELECTRA, AIE	ACQUISITION	SERVICES	-	-	19.50%	40.50%	4/24/2015
FIDEICOMISO F/403112-6 DE ADMINISTRACION DOS LAGOS	DILUTION EFFECT	REAL ESTATE	-	-	3.09%	50.00%	4/30/2015
METROVACESA, S.A.	CAPITAL INCREASE	REAL ESTATE	159	-	1.11%	19.42%	5/1/2015
DESARROLLOS METROPOLITANOS DEL SUR, S.L.	FOUNDING	REAL ESTATE	12	-	50.00%	50.00%	6/19/2015
FIDEICOMISO SCOTIABANK INVERLAT SA F100322742	DILUTION EFFECT	REAL ESTATE	-	-	0.06%	33.78%	7/31/2015
FIDEICOMISO F/00185 FIMPE - FIDEICOMISO F/00185 PARA EXTENDER A LA SOCIEDAD LOS BENEFICIOS DEL ACCESO A LA INFRAESTRUCTURA DE LOS MEDIOS DE PAGO ELECTRONICOS	ACQUISITION	FINANCIAL SERVICES	6	-	28.50%	28.50%	9/30/2015
INNOVA 31, S.C.R., S.A.	DILUTION EFFECT	FINANCIAL SERVICES	-	-	2.04%	27.04%	10/30/2015
REDBANC, S.A.(URUGUAY)	ACQUISITION	FINANCIAL SERVICES	-	-	5.00%	25.00%	12/23/2015
BANK OF HANGZHOU CONSUMER FINANCE CO LTD	FOUNDING	BANKING	23	-	30.00%	30.00%	12/31/2015
AGRUPACION DE LA MEDIACION ASEGURADORA DE ENTIDADES FINANCIERAS A.I.E.	ACQUISITION	SERVICES	-	-	12.50%	25.00%	12/31/2015

Disposal or Reduction of Interest Ownership in Associates and Joint-Ventures Companies Accounted for Under the Equity Method

Company	Type of Transaction	Activity	Millions of Euros	% of Voting Rights		Effective Date for the Transaction (or Notification Date)
			Profit (Loss) in the Transaction	% Participation Sold in the Period	Total Voting Rights Controlled after the Disposal	
ALMAGRARIO, S.A.	DISPOSAL	SERVICES	7	35.38%	-	4/30/2015
FIDEICOMISO SCOTIABANK INVERLAT SA F100322742	DILUTION EFFECT	REAL ESTATE	-	0.42%	0.33	4/30/2015
DESARROLLOS CATALANES DEL VIENTO, S.L.	DISPOSAL	INVESTMENT COMPANY	1	40.00%	-	5/18/2015
PARC EOLIC COLL DEL MORO, S.L.	DISPOSAL	INDUSTRY	-	100.00%	-	5/18/2015
PARC EOLIC DE TORRE MADRINA, S.L.	DISPOSAL	INDUSTRY	-	100.00%	-	5/18/2015
PARC EOLIC DE VILALBA DELS ARCS, S.L.	DISPOSAL	INDUSTRY	-	100.00%	-	5/18/2015
SBD CEAR, S.L.	DISPOSAL	REAL ESTATE	-	50.00%	-	5/28/2015
OSONA CIPSA, S.L.	LIQUIDATION	REAL ESTATE	-	50.00%	-	6/10/2015
PARQUE EOLICO LOS PEDREROS, S.L.	DISPOSAL	INDUSTRY	-	40.00%	-	6/25/2015
AIE)	LIQUIDATION	SERVICES	-	31.00%	-	6/30/2015
(SOLIUM)	DISPOSAL	SERVICES	(1)	66.67%	-	7/15/2015
REDSYS SERVICIOS DE PROCESAMIENTO, S.L.	DISPOSAL	FINANCIAL SERVICES	1	1.61%	20.00%	7/31/2015
OCCIDENTAL HOTELES MANAGEMENT, S.L.	DISPOSAL	SERVICES	-	57.54%	-	7/31/2015
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFH	DISPOSAL	INVESTMENT COMPANY	44	29.68%	-	8/27/2015
OLESA BLAVA, S.L.	LIQUIDATION	REAL ESTATE	-	29.07%	-	10/30/2015
FRIGEL, S.L	DISPOSAL	SERVICES	-	17.99%	-	11/19/2015
CENTROS RESIDENCIALES SANYRES SUR, S.L.	MERGER	REAL ESTATE	-	100.00%	-	11/30/2015
ALZAMBRA SANYRES, S.L.	MERGER	REAL ESTATE	-	100.00%	-	11/30/2015
PROMAR 21, S.L.	MERGER	REAL ESTATE	-	100.00%	-	11/30/2015
SANIDAD Y RESIDENCIAS 21, S.A.	MERGER	SERVICES	-	100.00%	-	11/30/2015
NAVIERA ELECTRA, AIE	LIQUIDATION	SERVICES	-	40.50%	-	12/2/2015
OCYCANDEY 2006, S.L.	DISPOSAL	INVESTMENT COMPANY	1	50.00%	-	12/22/2015
INICIATIVAS EOLICAS CASTELLANAS, S.A.	DISPOSAL	INDUSTRY	1	97.50%	-	12/22/2015
LAS PEDRAZAS GOLF, S.L.	LIQUIDATION	REAL ESTATE	(1)	50.00%	-	12/29/2015
PROMOCIONS TERRES CAVADES, S.A.	DILUTION EFFECT	REAL ESTATE	-	0.28%	0.39	12/31/2015

Changes in other Companies quoted recognize as Available-For-Sale

Company	Type of Transaction	Activity	% of voting rights		Effective Date for the Transaction (or Notification Date)
			% Participation Acquired (Sold) in the Period	Totally Controlled after Transaction	
GENERAL DE ALQUILER DE MAQUINARIA, S.A.	SHAREHODERS AGREEMENT	SERVICES	5.69%	5.69%	8/7/2015

APPENDIX IV Fully consolidated subsidiaries with more than 10% owned by non-Group shareholders as of December 31, 2015

		% of Voting Rights Controlled by the Bank		
Company	**Activity**	**Direct**	**Indirect**	**Total**
HOLDING CONTINENTAL, S.A.	INVESTMENT COMPANY	50	-	50
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	BANKING	1	54	55
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	INVESTMENT COMPANY	48	-	48
PRO-SALUD, C.A.	NO ACTIVITY	-	59	59
INVERSIONES P.H.R.4, C.A.	NO ACTIVITY	-	60	60
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	BANKING	-	68	68
BBVA INMOBILIARIA E INVERSIONES, S.A.	REAL ESTATE	-	68	68
TEXTIL TEXTURA, S.L.	COMMERCIAL	-	69	69
BBVA ELCANO EMPRESARIAL, S.A. EN LIQUIDACION	IN LIQUIDATION	45	-	45
DISTRITO CASTELLANA NORTE, S.A.	REAL ESTATE	-	76	76
GESTION DE PREVISION Y PENSIONES, S.A.	PENSION FUND MANAGEMENT	60	-	60
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SERVICES	-	51	51
FORUM COMERCIALIZADORA DEL PERU, S.A.	SERVICES	-	84	84
FORUM DISTRIBUIDORA DEL PERU, S.A.	FINANCIAL SERVICES	-	84	84
Y MICRO EMPRESA, EDPYME, S.A. (BBVA CONSUMER FINANCE -	FINANCIAL SERVICES	-	84	84
F/403035-9 BBVA HORIZONTES RESIDENCIAL	REAL ESTATE	-	65	65
F/253863 EL DESEO RESIDENCIAL	REAL ESTATE	-	65	65
CATALONIA GEBIRA, S.L.	REAL ESTATE	-	82	82
ECOARENYS, S.L.	REAL ESTATE	-	50	50
HABITATGES INVERVIC, S.L.	REAL ESTATE	-	35	35
TURKIYE GARANTI BANKASI A.S	BANKING	40	-	40
GARANTI EMEKLILIK VE HAYAT AS	INSURANCES	-	85	85
FODECOR, S.L.	REAL ESTATE	-	60	60
INFORMACIO I TECNOLOGIA DE CATALUNYA, S.L.	SERVICES	-	50	50
PROCAMVASA, S.A.	REAL ESTATE	-	51	51
JALE PROCAM, S.L.	REAL ESTATE	-	50	50
VOLJA LUX, SARL	INVESTMENT COMPANY	-	72	72
HABITAT ZENTRUM, S.L.	REAL ESTATE	-	50	50
CX PROPIETAT, FII	REAL ESTATE INVESTMENT COMPANY	-	68	68
VOLJA PLUS SL	INVESTMENT COMPANY	19	57	75

APPENDIX V BBVA Group's structured entities. Securitization funds

Securitization Fund (consolidated)	Company	Origination Date	Millions of Euros: Total Securitized Exposures at the Origination Date	Millions of Euros: Total Securitized Exposures as of June 30, 2015
TDA 13 MIXTO FTA	CATALUNYA BANC SA	12/1/2000	90	8
HIPOCAT 5 FTA	CATALUNYA BANC SA	10/1/2002	696	100
HIPOCAT 6 FTA	CATALUNYA BANC SA	7/1/2003	850	161
TDA 19 FTA	CATALUNYA BANC SA	3/1/2004	200	41
HIPOCAT 7 FTA	CATALUNYA BANC SA	6/1/2004	1,400	336
TDA 23 FTA	CATALUNYA BANC SA	3/1/2005	300	92
HIPOCAT 8 FTA	CATALUNYA BANC SA	5/1/2005	1,500	413
HIPOCAT 9 FTA	CATALUNYA BANC SA	11/1/2005	1,000	316
HIPOCAT 10 FTA	CATALUNYA BANC SA	7/1/2006	1,500	475
GAT FTGENCAT 2006 FTA	CATALUNYA BANC SA	9/1/2006	441	36
HIPOCAT 11 FTA	CATALUNYA BANC SA	3/1/2007	1,600	484
GAT FTGENCAT 2007 FTA	CATALUNYA BANC SA	11/1/2007	397	57
TDA TARRAGONA 1 FTA	CATALUNYA BANC SA	12/1/2007	397	162
GC FTGENCAT TARRAGONA 1 FTA	CATALUNYA BANC SA	6/1/2008	283	78
GAT FTGENCAT 2008 FTA	CATALUNYA BANC SA	8/1/2008	400	61
GAT ICO-FTVPO I, FTH	CATALUNYA BANC SA	6/1/2009	271	144
FTA 2015 FONDO DE TITULIZACIÓN DE ACTIVOS	CATALUNYA BANC SA	4/1/2015	5,673	5,153
AYT HIPOTECARIO MIXTO, FTA	BBVA, S.A.	3/1/2004	100	20
TDA 20-MIXTO, FTA	BBVA, S.A.	6/1/2004	100	23
FTA TDA-22 MIXTO	BBVA, S.A.	12/1/2004	112	35
AYT HIPOTECARIO MIXTO IV, FTA	BBVA, S.A.	6/1/2005	100	28
FTA IM TERRASSA MBS-1	BBVA, S.A.	7/1/2006	525	103
BBVA HIPOTECARIO 3 FTA	BBVA, S.A.	10/1/2006	1,450	51
BBVA-5 FTPYME FTA	BBVA, S.A.	11/1/2006	1,900	46
FTA TDA-27	BBVA, S.A.	12/1/2006	275	121
BBVA RMBS 1 FTA	BBVA, S.A.	2/1/2007	2,500	1,298
BBVA RMBS 2 FTA	BBVA, S.A.	3/1/2007	5,000	2,466
BBVA-FINANZIA AUTOS 1 FTA	BBVA, S.A.	4/1/2007	800	12
BBVA LEASING 1 FTA	BBVA, S.A.	6/1/2007	2,500	141
BBVA-6 FTPYME FTA	BBVA, S.A.	6/1/2007	1,500	66
BBVA RMBS 3 FTA	BBVA, S.A.	7/1/2007	3,000	1,727
FTA TDA-28	BBVA, S.A.	7/1/2007	250	123
FTA GAT FTGENCAT 2007	BBVA, S.A.	11/1/2007	225	32
BBVA RMBS 5 FTA	BBVA, S.A.	5/1/2008	5,000	2,864
AYT CAIXA SABADELL HIPOTECARIO I, FTA	BBVA, S.A.	7/1/2008	300	119
BBVA-8 FTPYME FTA	BBVA, S.A.	7/1/2008	1,100	84
FTA GAT FTGENCAT 2008	BBVA, S.A.	8/1/2008	350	44
BBVA RMBS 9 FTA	BBVA, S.A.	4/1/2010	1,295	998
BBVA EMPRESAS 4 FTA	BBVA, S.A.	7/1/2010	1,700	197
BBVA RMBS 10 FTA	BBVA, S.A.	6/1/2011	1,600	1,354
BBVA RMBS 11 FTA	BBVA, S.A.	6/1/2012	1,400	1,197
BBVA SECURITISED FUNDING 1.FTA	BBVA, S.A.	3/1/2013	848	375
BBVA RMBS 12 FTA	BBVA, S.A.	12/1/2013	4,350	3,913
BBVA RMBS 13 FTA	BBVA, S.A.	7/1/2014	4,100	3,801
BBVA CONSUMO 6 FTA	BBVA, S.A.	10/1/2014	299	267
BBVA RMBS 14 FTA	BBVA, S.A.	11/1/2014	700	617
BBVA RMBS 15 FTA	BBVA, S.A.	5/1/2015	4,000	3,865
BBVA CONSUMO 7 FTA	BBVA, S.A.	7/1/2015	1,450	1,412
BBVA PYME 10 FT	BBVA, S.A.	12/1/2015	780,003	-
BBVA UNIVERSALIDAD E9	BBVA COLOMBIA, S.A.	12/1/2008	41	-
BBVA UNIVERSALIDAD E10	BBVA COLOMBIA, S.A.	3/1/2009	22	-
BBVA UNIVERSALIDAD E11	BBVA COLOMBIA, S.A.	5/1/2009	14	-
BBVA UNIVERSALIDAD E12	BBVA COLOMBIA, S.A.	8/1/2009	23	-
BBVA UNIVERSALIDAD N6	BBVA COLOMBIA, S.A.	8/1/2012	62	19
BACOMCB 07	BBVA BANCOMER, S.A.,INSTIT. BANCA	12/1/2007	140	3
BACOMCB 08	BBVA BANCOMER, S.A.,INSTIT. BANCA	3/1/2008	61	6
BACOMCB 08-2U	BBVA BANCOMER, S.A.,INSTIT. BANCA	8/1/2008	301	48
BACOMCB 08-2	BBVA BANCOMER, S.A.,INSTIT. BANCA	12/1/2008	308	67
BMERCB 13	BBVA BANCOMER, S.A.,INSTIT. BANCA	6/1/2013	573	446
Instrumentos de Titulización Hip- Junior	BANCO CONTINENTAL, S.A.	12/1/2007	23	2
2 PS Interamericana	BBVA CHILE S.A.	10/1/2004	9	3
2 PS Interamericana	BBVA SOCIEDAD DE LEASING INMOBILIARIO, S	10/1/2004	19	6

Securitization Fund (not consolidated)	Company	Origination Date	Millions of Euros	
			Total Securitized Exposures at the Origination Date	Total Securitized Exposures as of June 30, 2015
FTA TDA13	BBVA, S.A.	01-dic-00	84	7
FTA TDA-18 MIXTO	BBVA, S.A.	01-nov-03	91	17
2 PS RBS (ex ABN)	BBVA SOCIEDAD DE LEASING INMOBILIARIO, S	01-sep-01	7	4

APPENDIX VI Details of the outstanding subordinated debt and preferred securities issued by the Bank or entities in the Group consolidated as of December 31, 2015, 2014 and 2013.

Outstanding as of December 31, 2014 of subordinated issues

Issuer Entity and Issued Date	Currency	December 2015	December 2014	December 2013	Prevailing Interest Rate at 2014	Maturity Date
		Millions of Euros				
Issues in Euros						
BBVA						
July-96	EUR	27	27	27	9.37%	12/22/2016
October-04	EUR	-	-	628	-	10/20/2019
February-07	EUR	255	253	255	4.50%	2/16/2022
March-08	EUR	125	125	125	6.03%	3/3/2033
July-08	EUR	100	100	100	6.20%	7/4/2023
February-14	EUR	1,500	1,500	-	7.00%	Perpetual
February-15	EUR	1,500	-	-	6.75%	Perpetual
Various	EUR	283	315	292		
Subtotal	**EUR**	**3,789**	**2,320**	**1,427**		
BBVA GLOBAL FINANCE, LTD. (*)						
July-99	EUR	-	58	59	-	10/16/2015
October-01	EUR	10	10	10	6.08%	10/10/2016
October-01	EUR	46	46	45	0.55%	10/15/2016
November-01	EUR	53	53	53	0.63%	11/2/2016
December-01	EUR	56	56	56	0.57%	12/20/2016
Subtotal	**EUR**	**165**	**223**	**223**		
BBVA SUBORDINATED CAPITAL, S.A.U. (*)						
October-05	EUR	99	96	99	0.75%	10/13/2020
October-05	EUR	-	--	26	-	10/20/2017
April-07	EUR	68	66	68	0.59%	4/4/2022
May-08	EUR	50	50	50	3.00%	5/19/2023
July-08	EUR	20	20	20	6.11%	7/22/2018
April-14	EUR	1,500	1,485	--	3.50%	4/11/2024
Subtotal	**EUR**	**1,737**	**1,717**	**263**		
GARANTI BANK SA	**-**					
19/10/82012	EUR		-	-	5.50%	10/21/2019
Subtotal	**EUR**		**-**	**-**		
TURKIYE GARANTI BANKASI A.S	**-**					
February-09	EUR	50	-	-	3.53%	3/31/2021
Subtotal	**EUR**	**50**	**-**	**-**		
Others		**1**	**-**	**-**		
Subtotal			**--**	**-**		
Total issued in Euros		**5,742**	**4,260**	**1,913**		

(*) The issues of BBVA Subordinated Capital, S.A.U. and BBVA Global Finance, LTD., are jointly, severally and unconditionally guaranteed by the Bank.

Outstanding as of December 31, 2014 of subordinated issues

Issuer Entity and Issued Date	Currency	December 2015	December 2014	December 2013	Prevailing Interest Rate at 2015	Maturity Date
		Millions of Euros				
Issues in foreign currency						
BBVA						
May-13	USD	1,378	1,235	1,088	9.00%	Perpetual
Subtotal	**USD**	**1,378**	**1,235**	**1,088**		
BBVA GLOBAL FINANCE, LTD. (*)	-					
December-95	USD	183	165	146	7.00%	12/1/2025
Subtotal	**USD**	**183**	**165**	**146**		
BANCO BILBAO VIZCAYA ARGENTARIA, CHILE						
Various	CLP	558	578	574		Various
Subtotal	**CLP**	**558**	**578**	**574**		
BBVA BANCOMER, S.A. de C.V.						
May-07	USD	456	413	362	6.01%	5/17/2022
April-10	USD	912	825	724	7.25%	4/22/2020
March-11	USD	1,140	1,031	905	6.50%	3/10/2021
July-12	USD	912	825	724	6.75%	9/30/2022
September-12	USD	456	413	362	6.75%	9/30/2022
November-14	USD	182	165	--	5.35%	11/12/2029
Subtotal	**USD**	**4,058**	**3,672**	**3,077**		
September-06	MXN	--	--	138	-	-
October-08	MXN	--	--	--	-	-
December-08	MXN	--	160	158	-	-
June-09	MXN	--	--	151	-	-
Subtotal	**MXN**	**-**	**160**	**447**		
BBVA SUBORDINATED CAPITAL, S.A.U.						
March-07	GBP	--	--	**20**		
Subtotal	**GBP**	**-**	**--**	20	-	-
BBVA URUGUAY						
December-14	USD	14	12	--	4.66%	12/16/2024
Subtotal	**USD**	**14**	**12**	--	-	
BBVA PARAGUAY						
November-14	USD	18	16	--	6.75%	11/5/2021
November-15	USD	23	--	--	6.70%	11/22/2022
Subtotal	USD	**42**	**16**	--	0.00%	
TEXAS REGIONAL STATUTORY TRUST I						
February-04	USD	46	41	36	3.13%	3/17/2034
Subtotal	USD	**46**	**41**	36	0.00%	

(*) The issues of BBVA Subordinated Capital, S.A.U. and BBVA Global Finance, LTD. are guaranteed (secondary liability) by the Bank.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Outstanding as of December 31, 2014 of subordinated issues

Issuer Entity and Issued Date	Currency	December 2015	December 2014	December 2013	Prevailing Interest Rate at 2015	Maturity Date
		Millions of Euros				
STATE NATIONAL CAPITAL TRUST I						
July-03	USD	14	12	11	3.32%	9/30/2033
Subtotal	**USD**	**14**	**12**	**11**		
STATE NATIONAL STATUTORY TRUST II	-	-	-	-		
March-04	USD	9	8	7	3.07%	3/17/2034
Subtotal	**USD**	**9**	**8**	**7**		
TEXASBANC CAPITAL TRUST I						
June-04	USD	23	21	18	2.88%	7/23/2034
Subtotal	**USD**	**23**	**21**	**18**		
COMPASS BANK						
March-05	USD	204	182	159	5.50%	4/1/2020
March-06	USD	63	56	49	5.90%	4/1/2026
September-07	USD	321	288	253	6.40%	10/1/2017
April-15	USD	633	--	--	3.88%	4/10/2025
Subtotal	**USD**	**1,221**	**526**	**461**		
BBVA COLOMBIA, S.A.						
September-11	COP	58	36	40	10.69%	9/19/2021
September-11	COP	48	54	59	10.93%	9/19/2026
September-11	COP	45	35	38	10.52%	9/19/2018
February-13	COP	30	69	75	9.85%	2/19/2023
February-13	COP	31	57	62	10.14%	2/19/2028
November-14	COP	26	55	--	10.74%	11/26/2034
November-14	COP	47	31	--	10.62%	11/26/2029
Subtotal	**COP**	**285**	**337**	**274**		
April-15	USD	366	--	--	4.88%	4/21/2025
Subtotal	**USD**	**366**	**337**	**274**		
BANCO CONTINENTAL, S.A.						
December-06	USD	28	25	22	2.88%	2/15/2017
May-07	USD	18	17	14	6.00%	5/14/2027
September-07	USD	18	16	14	1.69%	9/24/2017
February-08	USD	18	17	14	6.47%	2/28/2028
June-08	USD	--	25	22	2.97%	6/15/2018
November-08	USD	--	17	14	3.83%	2/15/2019
October-10	USD	184	165	145	7.38%	10/7/2040
October-13	USD	41	37	33	6.53%	10/8/2028
September-14	USD	274	246	--	5.25%	9/22/2029
Subtotal	**USD**	**582**	**565**	**278**		
May-07	PEN	11	11	10	5.85%	5/7/2022
June-07	PEN	20	19	18	3.47%	6/18/2032
November-07	PEN	18	17	16	3.56%	11/19/2032
July-08	PEN	15	15	14	3.05%	7/8/2023
September-08	PEN	17	16	15	3.09%	9/9/2023
December-08	PEN	10	10	9	4.19%	12/15/2033
Subtotal	**PEN**	**90**	**88**	**82**		
Others						
Subtotal	-	-	--	**20**		
Total issues in foreign currencies (Millions of Euros)		**8,868**	**7,436**	**6,519**		

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Outstanding as of December 31, 2014 of preferred issues

Issuer Entity and Issued Date	December 2015		December 2014		December 2013	
	Currency	Amount Issued (Millions)	Currency	Amount Issued (Millions)	Currency	Amount Issued (Millions)
BBVA (*)						
December 2007	EUR	14	EUR	14	EUR	14
BBVA International, Ltd.						
December 2002	-	-	EUR	9	EUR	9
BBVA Capital Finance, S.A.U.						
December 2003	-	-	EUR	350	EUR	350
July 2004	-	-	EUR	500	EUR	500
December 2004	-	-	EUR	1,125	EUR	1,125
December 2008	-	-	EUR	1,000	EUR	1,000
BBVA International Preferred, S.A.U.						
September 2005	EUR	86	EUR	85	EUR	85
September 2006	EUR	164	EUR	164	EUR	164
Abril 2007	USD	551	USD	600	USD	600
July 2007	GBP	43	GBP	31	GBP	31
Octuber 2009	-	-	EUR	645	EUR	645
Octuber 2009	-	-	GBP	251	GBP	251
Phoenix Loan Holdings Inc.						
November 2000	USD	22	USD	21	USD	25
Caixa Terrasa Societat de Participacion						
August 2005	EUR	75	EUR	75	EUR	75
Caixasabadell Preferents, S.A.						
December 2004	-	-	EUR	1	EUR	1
July 2006	EUR	90	EUR	90	EUR	90
Others	-	1	-	-	--	--

(*) Issued by Unnim Banc, S.A. Following the merge with BBVA, S.A. in 2014 and 2013 it is included in BBVA, S.A..

APPENDIX VII Consolidated balance sheets held in foreign currency as of December 31, 2015, 2014 and 2013

	Millions of Euros				
December 2015	**USD**	**Mexican Pesos**	**Turkish Lira**	**Other Foreign Currencies**	**Total Foreign Currencies**
Assets -					
Cash and balances with central banks	18,636	6,254	724	5,987	31,601
Financial assets held for trading	6,449	16,581	374	3,006	26,410
Available-for-sale financial assets	22,573	10,465	9,691	6,724	49,454
Loans and receivables	105,520	45,689	32,411	42,227	225,848
Investments in entities accounted for using the equity method	216	241	-	40	498
Tangible assets	781	2,406	1,348	762	5,296
Other assets	2,018	5,054	2,542	3,817	13,431
Total	**156,193**	**86,690**	**47,091**	**62,564**	**352,538**
Liabilities-					
Financial liabilities held for trading	5,010	5,303	513	1,925	12,750
Financial liabilities at amortised cost	152,383	60,800	30,267	50,004	293,455
Other liabilities	2,001	9,038	1,458	2,132	14,629
Total	**159,394**	**75,141**	**32,238**	**54,061**	**320,834**

	Millions of Euros			
December 2014	**USD**	**Mexican Pesos**	**Other Foreign Currencies**	**Total Foreign Currencies**
Assets -				
Cash and balances with central banks	8,331	5,892	9,138	23,361
Financial assets held for trading	5,727	16,745	4,073	26,545
Available-for-sale financial assets	13,590	11,623	9,565	34,779
Loans and receivables	76,510	40,744	50,182	167,435
Investments in entities accounted for using the equity method	5	227	3,700	3,931
Tangible assets	726	1,894	1,076	3,696
Other assets	3,874	3,861	3,934	11,669
Total	**108,762**	**80,985**	**81,668**	**271,415**
Liabilities-				
Financial liabilities held for trading	3,828	5,776	1,907	11,511
Financial liabilities at amortised cost	106,582	57,856	61,404	225,841
Other liabilities	1,612	8,620	2,657	12,889
Total	**112,021**	**72,252**	**65,968**	**250,241**

	Millions of Euros			
December 2013	**USD**	**Mexican Pesos**	**Other Foreign Currencies**	**Total Foreign Currencies**
Assets -				
Cash and balances with central banks	6,786	6,097	10,446	23,330
Financial assets held for trading	2,592	15,465	3,979	22,036
Available-for-sale financial assets	8,588	9,344	7,529	25,461
Loans and receivables	61,846	36,110	46,201	144,157
Investments in entities accounted for using the equity method	5	189	4,197	4,391
Tangible assets	673	1,457	958	3,087
Other assets	2,433	4,544	3,501	10,478
Total	**82,924**	**73,206**	**76,810**	**232,940**
Liabilities-				
Financial liabilities held for trading	1,450	4,400	1,100	6,950
Financial liabilities at amortised cost	85,756	51,036	58,267	195,059
Other liabilities	(64)	8,131	2,586	10,653
Total	**87,142**	**63,567**	**61,953**	**212,662**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

APPENDIX VIII Consolidated income statements for the first and second half of 2015 and 2014

	Millions of Euros			
	Six months ended June 30, 2015	Six months ended December 31, 2015	Six months ended June 30, 2014	Six months ended December 31, 2014
INTEREST AND SIMILAR INCOME	10,665	14,118	11,000	11,838
INTEREST AND SIMILAR EXPENSES	(3,570)	(5,191)	(4,276)	(4,180)
NET INTEREST INCOME	**7,096**	**8,926**	**6,724**	**7,658**
DIVIDEND INCOME	236	179	370	161
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	195	(21)	155	188
FEE AND COMMISSION INCOME	2,801	3,539	2,617	2,913
FEE AND COMMISSION EXPENSES	(682)	(1,047)	(625)	(731)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	826	39	978	457
NET EXCHANGE DIFFERENCES	620	545	173	526
OTHER OPERATING INCOME	2,271	2,722	2,242	2,339
OTHER OPERATING EXPENSES	(2,144)	(2,739)	(2,552)	(2,868)
GROSS INCOME	**11,219**	**12,143**	**10,082**	**10,643**
ADMINISTRATION COSTS	(4,927)	(5,909)	(4,542)	(4,872)
Personnel expenses	(2,888)	(3,385)	(2,638)	(2,772)
General and administrative expenses	(2,039)	(2,524)	(1,905)	(2,099)
DEPRECIATION AND AMORTIZATION	(572)	(700)	(548)	(597)
PROVISIONS (NET)	(392)	(339)	(433)	(709)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(2,137)	(2,135)	(2,126)	(2,214)
NET OPERATING INCOME	**3,192**	**3,059**	**2,433**	**2,251**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(128)	(145)	(98)	(199)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	23	(2,158)	14	32
NEGATIVE GOODWILL	22	4	-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	791	(57)	(281)	(172)
INCOME BEFORE TAX	**3,899**	**704**	**2,067**	**1,913**
INCOME TAX	(941)	(333)	(524)	(374)
INCOME FROM CONTINUING TRANSACTIONS	**2,958**	**370**	**1,544**	**1,538**
INCOME FROM DISCONTINUED TRANSACTIONS (NET)	-	-	-	-
NET INCOME	**2,958**	**370**	**1,544**	**1,538**
Net Income attributed to parent company	2,759	(117)	1,328	1,290
Net income attributed to non-controlling interests	200	486	215	249

	Euros			
EARNINGS PER SHARE	Six months ended June 30, 2015	Six months ended December 31, 2015	Six months ended June 30, 2014	Six months ended December 31, 2014
Basic earnings per share	0.42	(0.03)	0.21	0.20
Diluted earnings per share	0.42	(0.03)	0.21	0.20

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

APPENDIX IX Financial Statements of Banco Bilbao Vizcaya Argentaria, S.A.

Balance sheets as of December 31, 2015 and 2014 of BBVA, S.A.

	Millions of Euros	
ASSETS	**December 2015**	**December 2014**
CASH AND BALANCES WITH CENTRAL BANKS	**11,108**	**9,262**
FINANCIAL ASSETS HELD FOR TRADING	**58,606**	**64,495**
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	14,133	15,590
Other equity instruments	3,974	4,264
Trading derivatives	40,499	44,641
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**-**
Loans and advances to credit institutions	-	-
Loans and advances to customers	-	-
Debt securities	-	-
Other equity instruments	-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**50,601**	**53,709**
Debt securities	46,583	47,393
Other equity instruments	4,018	6,316
LOANS AND RECEIVABLES	**226,863**	**230,724**
Loans and advances to credit institutions	25,228	23,813
Loans and advances to customers	197,422	203,865
Debt securities	4,213	3,046
HELD-TO-MATURITY INVESTMENTS	**-**	**-**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**54**	**121**
HEDGING DERIVATIVES	**1,714**	**2,112**
NON-CURRENT ASSETS HELD FOR SALE	**2,340**	**2,771**
INVESTMENTS	**31,599**	**26,153**
Associates	396	261
Jointly controlled entities	18	3,948
Group entities	31,185	21,944
INSURANCE CONTRACTS LINKED TO PENSIONS	**2,151**	**2,189**
TANGIBLE ASSETS	**1,521**	**1,539**
Property, plants and equipment	**1,516**	**1,534**
For own use	1,516	1,534
Other assets leased out under an operating lease	-	-
Investment properties	**5**	**5**
INTANGIBLE ASSETS	**853**	**874**
Goodwill	-	-
Other intangible assets	853	874
TAX ASSETS	**8,194**	**8,385**
Current	652	986
Deferred	7,542	7,399
OTHER ASSETS	**1,699**	**1,507**
TOTAL ASSETS	**397,303**	**403,841**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Balance sheets as of December 31, 2015 and 2014 of BBVA, S.A.

	Millions of Euros	
LIABILITIES AND EQUITY	**December 2015**	**December 2014**
FINANCIAL LIABILITIES HELD FOR TRADING	**46,973**	**50,976**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Customer deposits	-	-
Debt certificates	-	-
Trading derivatives	39,720	43,826
Short positions	7,253	7,150
Other financial liabilities	-	-
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**-**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Customer deposits	-	-
Debt certificates	-	-
Subordinated liabilities	-	-
Other financial liabilities	-	-
FINANCIAL LIABILITIES AT AMORTIZED COST	**303,095**	**305,036**
Deposits from central banks	19,642	18,400
Deposits from credit institutions	55,462	58,091
Customer deposits	187,118	187,731
Debt certificates	25,775	26,754
Subordinated liabilities	8,295	7,701
Other financial liabilities	6,803	6,359
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**-**	**-**
HEDGING DERIVATIVES	**1,542**	**1,959**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**
PROVISIONS	**6,209**	**6,157**
Provisions for pensions and similar obligations	5,177	5,267
Provisions for taxes and other legal contingencies	-	-
Provisions for contingent exposures and commitments	263	238
Other provisions	769	652
TAX LIABILITIES	**1,225**	**1,655**
Current	24	29
Deferred	1,201	1,626
OTHER LIABILITIES	**1,439**	**1,444**
TOTAL LIABILITIES	**360,483**	**367,227**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Balance sheets as of December 31, 2015 and 2014 of BBVA, S.A.

	Millions of Euros	
LIABILITIES AND EQUITY (Continued)	**December 2015**	**December 2014**
STOCKHOLDERS' EQUITY	**36,439**	**34,923**
Common Stock	**3,120**	**3,024**
Issued	3,120	3,024
Less: Unpaid and uncalled (-)	-	-
Share premium	**23,992**	**23,992**
Reserves	**7,810**	**7,642**
Other equity instruments	**28**	**47**
Equity component of compound financial instruments	-	-
Other equity instruments	28	47
Less: Treasury stock (-)	**(19)**	**(46)**
Net Income	**2,864**	**1,105**
Less: Dividends and remuneration (-)	**(1,356)**	**(841)**
VALUATION ADJUSTMENTS	**381**	**1,691**
Available-for-sale financial assets	458	1,781
Cash flow hedging	(75)	(82)
Hedges of net investments in foreign operations	-	-
Exchange differences	21	12
Non-current assets held-for-sale	-	-
Other valuation adjustments	(23)	(20)
TOTAL EQUITY	**36,820**	**36,614**
TOTAL LIABILITIES AND EQUITY	**397,303**	**403,841**

	Millions of Euros	
MEMORANDUM ITEM	**December 2015**	**December 2014**
CONTINGENT EXPOSURES	**39,850**	**45,137**
CONTINGENT COMMITMENTS	**58,255**	**53,968**

Statements of Recognized Income and Expenses for the year ended December 31, 2015 and 2014 of BBVA, S.A.

	Millions of Euros	
	December 2015	December 2014
NET INCOME FOR THE PERIOD	**2,864**	**1,105**
OTHER RECOGNIZED INCOME (EXPENSES)	**(1,310)**	**1,807**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO P&L	**(2)**	**-**
Actuarial gains and losses from defined benefit pension plans	(3)	-
Non-current assets available for sale	-	-
Income tax related to items not subject to reclassification to p&l	1	-
ITEMS SUBJECT TO RECLASSIFICATION TO P&L	**(1,308)**	**1,807**
Available-for-sale financial assets	**(1,890)**	**2,770**
Valuation gains/(losses)	(723)	3,124
Amounts removed to income statement	(1,167)	(354)
Reclassifications	-	-
Cash flow hedging	**10**	**(53)**
Valuation gains/(losses)	19	(53)
Amounts removed to income statement	(9)	-
Amounts removed to the initial carrying amount of the hedged	-	-
Reclassifications	-	-
Hedges of net investment in foreign operations	**-**	**-**
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
Exchange differences	**12**	**16**
Valuation gains/(losses)	29	17
Amounts removed to income statement	(17)	(1)
Reclassifications	-	-
Non-current assets held for sale	**-**	**-**
Valuation gains/(losses)	-	-
Amounts removed to income statement	-	-
Reclassifications	-	-
Rest of recognized income and expenses	**-**	**-**
Income tax	**560**	**(926)**
TOTAL RECOGNIZED INCOME/EXPENSES	**1,554**	**2,912**

Statement of Changes in Equity for the year ended December 31, 2015 of BBVA, S.A.

	Millions of Euros									
	Stockholder's Equity									
December 2015	Common Stock	Share premium	Reserves	Other Equity Instruments	Less: Treasury Stock	Profit for the Period	Less: Dividends and Remunerations	Total Stockholders' Equity	Valuation Adjustments	Total Equity
Balances as of January 1, 2015	**3,024**	**23,992**	**7,642**	**47**	**(46)**	**1,105**	**(841)**	**34,923**	**1,691**	**36,614**
Effect of changes in accounting policies (*)	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors (*)	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**3,024**	**23,992**	**7,642**	**47**	**(46)**	**1,105**	**(841)**	**34,923**	**1,691**	**36,614**
Total income/expense recognized	**-**	**-**	**-**	**-**	**-**	**2,864**	**-**	**2,864**	**(1,310)**	**1,554**
Other changes in equity	**96**	**-**	**168**	**(19)**	**27**	**(1,105)**	**(515)**	**(1,348)**	**-**	**(1,348)**
Common stock increase	96	-	(96)	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	16	-	-	-	16	-	16
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(1,225)	(1,225)	-	(1,225)
Transactions including treasury stock and other equity instruments (net)	-	-	(1)	-	27	-	-	26	-	26
Transfers between total equity entries	-	-	272	(8)	-	(1,105)	841	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increase/reductions in total equity	-	-	(7)	(27)	-	-	(131)	(165)	-	(165)
Of which:	-	-	-	-	-	-	-	-	-	-
Acquisition of the free allotment rights	-	-	-	-	-	-	(131)	(131)	-	(131)
Balances as of Diciembre 31, 2015	**3,120**	**23,992**	**7,810**	**28**	**(19)**	**2,864**	**(1,356)**	**36,439**	**381**	**36,820**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

Statement of Changes in Equity for the year ended December 31, 2014 of BBVA, S.A.

	Millions of Euros									
	Stockholder's Equity									
December 2014	Common Stock	Share premium	Reserves	Other Equity Instruments	Less: Treasury Stock	Profit for the Period	Less: Dividends and Remunerations	Total Stockholders' Equity	Valuation Adjustments	Total Equity
Balances as of January 1, 2014	**2,835**	**22,111**	**7,384**	**43**	**(20)**	**1,406**	**(768)**	**32,991**	**(116)**	**32,875**
Effect of changes in accounting policies (*)	-	-	(140)	-	-	(143)	-	(283)	-	(283)
Effect of correction of errors (*)	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**2,835**	**22,111**	**7,244**	**43**	**(20)**	**1,263**	**(768)**	**32,708**	**(116)**	**32,592**
Total income/expense recognized	**-**	**-**	**-**	**-**	**-**	**1,105**	**-**	**1,105**	**1,807**	**2,912**
Other changes in equity	**189**	**1,881**	**398**	**4**	**(26)**	**(1,263)**	**(73)**	**1,110**	**-**	**1,110**
Common stock increase	189	1,881	(70)	-	-	-	-	2,000	-	2,000
Common stock reduction	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	34	-	-	-	34	-	34
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(597)	(597)	-	(597)
Transactions including treasury stock and other equity instruments (net)	-	-	(7)	-	(26)	-	-	(33)	-	(33)
Transfers between total equity entries	-	-	499	(4)	-	(1,263)	768	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increase/reductions in total equity	-	-	(24)	(26)	-	-	(244)	(294)	-	(294)
Of which:										
Acquisition of the free allotment rights	-	-	-	-	-	-	(244)	(244)	-	(244)
Balances as of December 31, 2014	**3,024**	**23,992**	**7,642**	**47**	**(46)**	**1,105**	**(841)**	**34,923**	**1,691**	**36,614**

Cash Flows Statements for the year ended December 31, 2015 and 2014 of BBVA, S.A.	Millions of Euros	
	December 2015	December 2014
CASH FLOW FROM OPERATING ACTIVITIES [(1)]	**4,706**	**(4,709)**
Profit for the period	**2,864**	**1,105**
Adjustments to obtain the cash flow from operating activities:	**(1,770)**	**4,749**
Amortization	519	517
Other adjustments	(2,289)	4,232
Net increase/decrease in operating assets	**11,514**	**(18,714)**
Financial assets held for trading	5,889	(7,864)
Other financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	1,564	(10,408)
Loans and receivables	3,861	(201)
Other operating assets	200	(241)
Net increase/decrease in operating liabilities	**(8,090)**	**7,976**
Financial liabilities held for trading	(4,003)	7,377
Other financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at amortized cost	(2,975)	1,250
Other operating liabilities	(1,112)	(651)
Collection/Payments for income tax	**188**	**175**
CASH FLOWS FROM INVESTING ACTIVITIES [(2)]	**(2,257)**	**(1,711)**
Investment	**5,623**	**2,194**
Tangible assets	211	156
Intangible assets	298	265
Investments	4,113	714
Subsidiaries and other business units	-	-
Non-current assets held for sale and associated liabilities	1,001	1,059
Held-to-maturity investments	-	-
Other settlements related to investing activities	-	-
Divestments	**3,366**	**483**
Tangible assets	12	14
Intangible assets	-	-
Investments	62	147
Subsidiaries and other business units	-	-
Non-current assets held for sale and associated liabilities	1,249	322
Held-to-maturity investments	-	-
Other collections related to investing activities	2,043	-
CASH FLOWS FROM FINANCING ACTIVITIES [(3)]	**(302)**	**3,749**

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CASH FLOWS STATEMENTS (Continued)	Millions of Euros December 2015	December 2014
CASH FLOWS FROM FINANCING ACTIVITIES (3)	**(302)**	**3,749**
Investment	**4,124**	**4,108**
Dividends	916	772
Subordinated liabilities	767	678
Treasury stock amortization	-	-
Treasury stock acquisition	2,297	2,658
Other items relating to financing activities	144	-
Divestments	**3,822**	**7,857**
Subordinated liabilities	1,500	3,015
Common stock increase	-	2,000
Treasury stock disposal	2,322	2,623
Other items relating to financing activities	-	219
EFFECT OF EXCHANGE RATE CHANGES ON CASH OR CASH EQUIVALENTS (4)	**(301)**	**(152)**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)	**1,846**	**(2,823)**
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**9,262**	**12,085**
CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	**11,108**	**9,262**

COMPONENTS OF CASH AND EQUIVALENTS AT END OF THE PERIOD	Millions of Euros December 2015	December 2014
Cash	825	726
Balance of cash equivalent in central banks	10,283	8,536
Other financial assets	-	-
Less: Bank overdraft refundable on demand	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	**11,108**	**9,262**

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

APPENDIX X Information on data derived from the special accounting registry

Information required pursuant to Circular 5/2011 of the Bank of Spain is indicated as follows.

a) Mortgage market policies and procedures

The Bank has express policies and procedures in place regarding its activities in the mortgage market, which provide for full compliance with applicable regulations.

The mortgage origination policy is based in principles focused on assessing the adequate ratio between the amount of the loan, and the payments, and the income of the applicant. Applicants must in all cases prove sufficient repayment ability (present and future) to meet their repayment obligations, for both the mortgage debt and for other debts detected in the financial system, and even those from an estimate of their current expenses deduced from socio-demographic information. Therefore, the applicant's repayment ability is a key aspect within the credit decision-making tools and retail risk acceptance manuals, and has a high weighting in the final decision.

During the mortgage risk transaction analysis process, documentation supporting the applicant's income (payroll, etc.) is required, and the applicant's position in the financial system is checked through automated database queries (internal and external). This information is used for calculation purposes in order to determine the level of indebtedness/compliance with the remainder of the system. This documentation is kept in the transaction's file.

In addition, the mortgage origination policy assesses the adequate ratio between the amount of the loan and the appraisal value of the mortgaged asset. If an appropriate level is not exceeded, additional collateral is required to reinforce the transaction's hedging. The policy also establishes that the property to be mortgaged be appraised by an independent appraisal company as established by Circular 3/2010. BBVA selects those companies whose reputation, standing in the market and independence ensure that their appraisals adapt to the market reality in each region. Each appraisal is reviewed and checked before the loan is granted by BBVA staff and, in those cases where the loan is finally granted, it is kept in the transaction's file.

As for issues related to the mortgage market, the Group's Finance Division annually defines the wholesale finance issue strategy, and more specifically mortgage bond issues, such as mortgage covered bonds or mortgage securitization. The Assets and Liabilities Committee ("ALCO") tracks the budget monthly. The volume and type of assets in these transactions is determined in accordance with the wholesale finance plan, the trend of the Bank's "Loans and receivables" outstanding balances and market conditions.

The Board of Directors of the Bank authorizes each of the issues of Mortgage Transfer Certificate and/or Mortgage Participation issued by BBVA to securitize loans and mortgage loans, as well as the establishment of a Base Prospectus for the issue of fixed-income securities through which the mortgage-covered bonds are implemented, based on the agreements for the issue of fixed-income securities approved by the Annual General Meeting.

As established in article 24 of Royal Decree 716/2009, the volume of outstanding mortgage-covered bonds issued by a bank may not exceed 80% of a calculation base determined by adding the outstanding principal of all the loans and mortgage loans in the bank's portfolio that are eligible and are not covered by the issue of Mortgage Bonds, Mortgage Participations or Mortgage Transfer Certificates. For these purposes, in accordance with the aforementioned Royal Decree 716/2009, in order to be eligible, loans and mortgage loans must: (i) be secured by a first mortgage on the freehold; (ii) the loan's amount may not exceed 80% of the appraisal value for home mortgages, and 60% for other mortgage lending; (iii) be established on assets exclusively and wholly owned by the mortgagor; (iv) have been appraised by an independent appraisal company unrelated to the Group and authorized by the Bank of Spain; and (v) the mortgaged property must be covered at least by a current damage insurance policy.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

The Bank has set up a series of controls for mortgage covered bonds, which regularly control the total volume of issued mortgage covered bonds issued and the remaining eligible collateral, to avoid exceeding the maximum limit set by Royal Decree 716/2009, and outlined in the preceding paragraph. In the case of securitizations, the preliminary portfolio of loans and mortgage loans to be securitized is checked by the Bank's external auditor as required by the Spanish Securities and Exchange Commission. There is also a series of filters through which some mortgage loans and credits are excluded in accordance with legal, commercial and risk concentration criteria.

b) Quantitative information on activities in the mortgage market

The quantitative information on activities in the mortgage market required by Bank of Spain Circular 5/2011 is shown below.

b.1) Assets operation

		Millions of Euros	
Mortgage loans. Eligibility for the purpose of the mortgage market.		**2015**	**2014**
Nominal value of outstanding loans and mortgage loans	(A)	98,555	104,217
Minus: Nominal value of all outstanding loans and mortgage loans that form part of the portfolio, but have been mobilized through mortgage bond holdings or mortgage transfer certificates.	(B)	(25,650)	(24,390)
Nominal value of outstanding loans and mortgage loans, excluding securitized loans	**(A)-(B)**	**72,905**	**79,827**
Of which:			
Loans and mortgage loans which would be eligible if the calculation limits set forth in Article 12 of Spanish Royal Decree 716/2009 were not applied.	(C)	40,373	42,920
Minus: Loans and mortgage loans which would be eligible but, according to the criteria set forth in Article 12 of Spanish Royal Decree 716/2009, cannot be used to collateralize any issuance of mortgage bonds.	(D)	(2,213)	(2,738)
Eligible loans and mortgage loans that, according to the criteria set forth in Article 12 of Spanish Royal Decree 716/2009, can be used as collateral for the issuance of mortgage bonds	**(C)-(D)**	**38,160**	**40,182**
Issuance limit: 80% of eligible loans and mortgage loans that can be used as collateral	(E)	30,528	32,145
Issued mortgage-covered bonds	**(F)**	**28,362**	**29,958**
		25,220	**27,210**
Capacity to issue mortgage-covered bonds (*)	(E)-(F)	2,166	2,187
Memorandum items:			
Percentage of overcollateralization across the portfolio		257%	266%
Percentage of overcollateralization across the eligible used portfolio		135%	134%
Nominal value of available sums (committed and unused) from all loans and mortgage loans.		1,999	1,900
Of which:			
Potentially eligible		1,361	1,322
Ineligible		638	578
Nominal value of all loans and mortgage loans that are not eligible, as they do not meet the thresholds set in Article 5.1 of Spanish Royal Decree 716/2009, but do meet the rest of the eligibility requirements indicated in Article 4 of the Royal Decree.		25,350	30,810
Nominal value of the replacement assets subject to the issue of mortgage-covered bonds.		-	-

Mortgage loans. Eligibility for the purpose of the mortgage market.		Millions of Euros 2015	2014
Total loans	(1)	**98,555**	**104,217**
Issued mortgage participations	(2)	**-**	**3**
Of which: recognized on the balance sheet			
Issued mortgage transfer certificates	(3)	**25,650**	**24,387**
Of which: recognized on the balance sheet		25,612	24,345
Mortgage loans as collateral of mortgages bonds	(4)		
Loans supporting the issuance of mortgage-covered bonds	1-2-3-4	**72,905**	**79,827**
Non elegible loans		32,532	36,907
Comply requirements to be elegible except the limit provided for under the article 5.1 of the Spanish Royal Decree 716/2009		25,350	30,810
Rest		**7,182**	**6,097**
Elegible loans		40,373	42,920
That can not be used as collateral for issuances		2,213	2,738
That can be used as collateral for issuances		38,160	40,182
Loans used to collateralize mortgage bonds		-	-
Loans used to collateralize mortgage-covered bonds		38,160	40,182

Mortgage loans. Classification of the nominal values according to different characteristics	Millions of Euros 2015 Total mortgage loans	2015 Elegibles (*)	2015 Elegibles that can be used as collateral for issuances (**)	2014 Total mortgage loans	2014 Elegibles (*)	2014 Elegibles that can be used as collateral for issuances (**)
TOTAL	**72,905**	**40,373**	**38,160**	**79,827**	**42,920**	**40,182**
By source of the operations						
Originated by the bank	64,852	34,629	32,477	69,794	35,600	32,945
Subrogated by other institutions	554	459	457	928	703	698
Rest	7,499	5,285	5,226	9,105	6,617	6,539
By Currency						
In euros	72,331	40,013	37,811	79,462	42,920	40,182
In foreign currency	574	360	349	365	-	-
By payment situation						
Normal payment	56,192	34,987	34,330	59,012	35,268	34,509
Other situations	16,713	5,386	3,830	20,815	7,652	5,673
By residual maturity						
Up to 10 years	18,457	11,536	10,402	18,434	10,733	9,377
10 to 20 years	24,926	17,896	17,317	24,768	17,939	17,276
20 to 30 years	18,399	8,379	7,963	23,027	10,619	10,030
Over 30 years	11,123	2,562	2,478	13,598	3,629	3,499
By Interest Rate						
Fixed rate	3,169	944	759	3,211	863	687
Floating rate	69,736	39,429	37,401	76,616	42,057	39,495
Mixed rate	-	-	-	-	-	-
By Target of Operations						
For business activity	20,741	7,690	5,912	22,483	7,232	5,065
From w ich: public housing	8,623	2,072	768	10,421	2,519	875
For households	52,164	32,683	32,248	57,344	35,688	35,117
By type of guarantee						
Secured by completed assets/buildings	**66,807**	**39,203**	**37,461**	**72,770**	**41,565**	**39,471**
Residential use	56,563	34,269	33,066	63,083	37,547	36,038
From w ich: public housing	5,607	3,354	3,104	6,253	3,845	3,536
Commercial	9,645	4,574	4,046	9,687	4,018	3,433
Other	599	360	349	-	-	-
Secured by assets/buildings under construction	**2,125**	**367**	**277**	**2,350**	**380**	**262**
Residential use	1,642	235	158	1,888	261	163
From w ich: public housing	84	5	4	100	7	3
Commercial	483	132	119	462	119	99
Other	-	-	-	-	-	-
Secured by land	**3,973**	**803**	**422**	**4,707**	**975**	**449**
Urban	1,590	334	105	2,021	442	135
Non-urban	2,383	469	317	2,686	533	314

(*) Not taking into account the thresholds established by Article 12 of Spanish Royal Decree 716/2009

(**) Taking into account the thresholds established by Article 12 of Spanish Royal Decree 716/2009

2015 Nominal value of the total mortgage loans	Millions of Euros Loan to Value (Last available appraisal risk)					
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60%	Over 60% but less than or equal to 80%	Over 80%	Total
Home mortgages	9,364	12,730		12,690	-	**34,784**
Other mortgages	2,657	2,932				**5,589**
Total	**12,021**	**15,662**		**12,690**	**-**	**40,373**

December 2014 Nominal value of the total mortgage loans	Millions of Euros Loan to Value (Last available appraisal risk)				
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80%	Total
Home mortgages	9,518	13,848	14,617	-	**37,983**
Other mortgages	2,454	2,483			**4,937**
Total	**11,972**	**16,331**	**14,617**	**-**	**42,920**

Elegible and non elegible mortgage loans. Changes of the nominal values in the period	Millions of Euros 2015		2014	
	Elegibles (*)	Non elegible	Elegibles (*)	Non elegible
Balance at the begining	**42,920**	**36,907**	**58,742**	**28,669**
Retirements	**5,772**	**9,218**	**17,832**	**5,901**
Held-to-maturity cancellations	4,175	2,487	5,055	3,231
Anticipated cancellations	1,236	2,268	335	603
Subrogations to other institutions	23	20	7	3
Rest	338	4,443	12,435	2,064
Additions	**3,225**	**4,843**	**2,010**	**14,139**
Originated by the bank	2,529	3,794	1,819	3,382
Subrogations to other institutions	14	12	5	3
Rest	682	1,037	186	10,754
Balance at the end	**40,373**	**32,532**	**42,920**	**36,907**

(*) Not taking into account the thresholds established by Article 12 of Spanish Royal Decree 716/2009

Mortgage loans supporting the issuance of mortgage-covered bonds Nominal value.	Millions of Euros 2015	2014
Potentially eligible	1,361	1,322
Ineligible	638	578
Total	**1,999**	**1,900**

b.2) Liabilities operations

	Millions of euros			
	2015		2014	
Issued Mortgage Bonds	Nominal value	Average residual maturity	Nominal value	Average residual maturity
Mortgage bonds	-		-	
Mortgage-covered bonds	28,362		29,958	
Of which:Non recognized as liabilities on balance	3,142		2,748	
	25,220		27,210	
Debt securities issued through public offer	21,523		22,620	
Residual maturity up to 1 year	4,500		3,598	
Residual maturity over 1 year and less than 2 years	6,772		4,500	
Residual maturity over 2 years and less than 3 years	-		6,772	
Residual maturity over 3 years and less than 5 years	2,051		-	
Residual maturity over 5 years and less than 10 years	8,000		5,550	
Residual maturity over 10 years	200		2,200	
Debt securities issued without public offer	2,765		2,272	
Residual maturity up to 1 year	-		-	
Residual maturity over 1 year and less than 2 years	150		-	
Residual maturity over 2 years and less than 3 years	-		150	
Residual maturity over 3 years and less than 5 years	-		-	
Residual maturity over 5 years and less than 10 years	2,500		2,000	
Residual maturity over 10 years	115		122	
Deposits	4,074		5,066	
Residual maturity up to 1 year	1,064		993	
Residual maturity over 1 year and less than 2 years	460		1,064	
Residual maturity over 2 years and less than 3 years	639		460	
Residual maturity over 3 years and less than 5 years	422		815	
Residual maturity over 5 years and less than 10 years	849		843	
Residual maturity over 10 years	640		891	
Mortgage participations	-	-	-	-
Issued through public offer	-	-	-	-
Issued without public offer	-	-	-	-
Mortgage transfer certificates	25,612	293	24,345	289
Issued through public offer	25,612	293	24,345	289
Issued without public offer	-	-	-	-

Given the characteristics of the type of covered bonds issued by the Bank, there is no substituting collateral related to these issues.

The Bank does not hold any derivative financial instruments relating to mortgage bond issues, as defined in the aforementioned Royal Decree.

APPENDIX XI Quantitative information on refinancing and restructuring operations and other requirement under Bank of Spain Circular 6/2012

a) Quantitative information on refinancing and restructuring operations

The breakdown of refinancing and restructuring operations as of December 31, 2015, 2014 and 2013 is as follows:

DECEMBER 2015
BALANCE OF FORBEARANCE
(Millions of Euros)

	NORMAL						
	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	47	65	18	709	35	18	
2 Other legal entities and individual entrepreneurs	5,258	2,123	1,426	547	14,917	2,557	
Of which: Financing the construction and property development	1,790	787	82	51	472	156	
3 Other individuals	46,362	2,645	9,783	1,000	87,763	1,358	
4 Total	**51,667**	**4,833**	**11,227**	**2,256**	**102,715**	**3,933**	

	POTENTIAL PROBLEM LOANS						
	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	2	2	1	14	5	2	3
2 Other legal entities and individual entrepreneurs	4,492	1,510	1,179	402	11,539	1,751	584
Of which: Financing the construction and property development	498	*446*	*129*	*108*	*108*	*119*	*159*
3 Other individuals	14,250	1,434	9,883	1,632	14,509	161	201
4 Total	**18,744**	**2,946**	**11,063**	**2,048**	**26,053**	**1,914**	**788**

	IMPAIRED						
	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	5	4	2	1	31	13	6
2 Other legal entities and individual entrepreneurs	10,172	4,138	6,467	4,047	17,612	2,925	5,672
Of which: Financing the construction and property development	3,466	*2,105*	*2,077*	*2,346*	*2,318*	*834*	*2,910*
3 Other individuals	31,502	2,129	12,693	2,042	80,652	772	1,454
4 Total	**41,679**	**6,271**	**19,162**	**6,090**	**98,295**	**3,710**	**7,132**

	TOTAL						
	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	54	71	21	723	71	33	9
2 Other legal entities and individual entrepreneurs	19,922	7,771	9,072	4,996	44,068	7,233	6,256
Of which: Financing the construction and property development	*5,754*	*3,337*	*2,288*	*2,505*	*2,898*	*1,109*	*3,069*
3 Other individuals	92,114	6,208	32,359	4,674	182,924	2,291	1,655
4 Total	**112,090**	**14,049**	**41,452**	**10,394**	**227,063**	**9,557**	**7,920**

(a) Includes mortgage-backed real estate operations with loan to value ratio of greater than 1, and secured operations, other than transactions secured by real estate mortgage regardless of their loan to value ratio.

(b) El número de operaciones no contiene el detalle de Garanti Bank

BBVA GROUP DECEMBER 2014
BALANCE OF FORBEARANCE
(Millions of Euros)

	NORMAL						
	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	-	-	28	893	22	25	
2 Other legal entities and individual entrepreneurs	5,576	2,137	1,029	419	17,397	2,458	
Of which: Financing the construction and property development	*905*	*722*	*61*	*13*	*153*	*23*	
3 Other individuals	78,354	3,381	9,913	1,134	81,706	450	
4 Total	**83,930**	**5,518**	**10,970**	**2,445**	**99,125**	**2,934**	

	POTENTIAL PROBLEM LOANS						
	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	1	1	-	-	1	1	-
2 Other legal entities and individual entrepreneurs	4,649	1,324	1,171	680	11,831	1,424	660
Of which: Financing the construction and property development	*457*	*459*	*159*	*211*	*105*	*42*	*262*
3 Other individuals	13,001	1,213	6,662	1,096	22,050	204	145
4 Total	**17,651**	**2,538**	**7,833**	**1,776**	**33,882**	**1,629**	**805**

	IMPAIRED						
	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	-	-	1	3	15	3	2
2 Other legal entities and individual entrepreneurs	9,733	4,254	5,387	3,457	16,324	2,519	5,108
Of which: Financing the construction and property development	*2,880*	*2,235*	*2,537*	*2,648*	*1,362*	*579*	*3,188*
3 Other individuals	28,142	1,823	12,081	2,038	71,016	397	1,201
4 Total	**37,875**	**6,076**	**17,469**	**5,497**	**87,355**	**2,919**	**6,310**

	TOTAL						
	Real estate mortgage secured		Rest of secured loans (a)		Unsecured loans		Specific coverage
	Number of operations	Gross amount	Number of operations	Gross amount	Number of operations	Gross amount	
1 Government agencies	1	1	29	896	38	29	2
2 Other legal entities and individual entrepreneurs	19,958	7,715	7,587	4,555	45,552	6,402	5,768
Of which: Financing the construction and property development	*4,242*	*3,417*	*2,757*	*2,872*	*1,620*	*644*	*3,450*
3 Other individuals	119,497	6,416	28,656	4,268	174,772	1,051	1,345
4 Total	**139,456**	**14,132**	**36,272**	**9,719**	**220,362**	**7,482**	**7,115**

a) Includes mortgage-backed real estate operations with loan to value ratio of greater than 1, and secured operations, other than transactions secured by real estate mortgage regardless of their loan to value ratio.

In addition to the restructuring and refinancing transactions mentioned in this section, loans that were not considered impaired or renegotiated have been modified based on the criteria set out in paragraph 59 (c) of IAS 39. These loans have not been classified as renegotiated or impaired, since they were modified for commercial or competitive reasons (for instance, to improve our relationship with the client) rather than for economic or legal reasons relating to the borrower's financial situation.

The table below provides a roll forward of refinanced assets as of December 31, 2015 and 2014 is as follows:

Millions of Euros							
Refinanced assets Roll forward 2015	Normal	Potential Problem		Impaired		TOTAL	
	Risk	Risk	Provisiones	Risk	Provisiones	Risk	Coverage
Beginning balance	**10,898**	**5,943**		**14,492**		**31,333**	**7,115**
Update of estimations	(830)	(368)		1,198		-	68
Acquisitions	2,010	752		2,252		5,014	1,551
Period changes	(1,056)	580		(1,871)		(2,347)	(814)
Ending balance	**11,022**	**6,907**		**16,071**		**34,000**	**7,920**

Millions of Euros					
Refinanced assets Roll forward 2014	Normal	Potential Probnlem	Impaired	TOTAL	
	Risk	Risk	Risk	Risk	Coverage
Beginning balance	**9,658**	**6,427**	**14,834**	**30,919**	**6,925**
Update of estimations	393	(1,844)	1,451	-	76
Period changes	847	1,359	(1,793)	414	114
Ending balance	**10,898**	**5,943**	**14,492**	**31,333**	**7,115**

NPL ratio by type of renegotiated loan

The non performing ratio of the renegotiated portfolio is defined as the impaired balance of renegotiated loans that shows signs of difficulties as of the closing of the reporting period, divided by the total payment outstanding in that portfolio.

As of December 31, 2015, the non performing ratio for each of the portfolios of renegotiated loans is as follows:

(Below is a breakdown of the NPL ratio for each of the portfolios of renegotiated loans. Non-performing loans due to default are distinguished from NPL for reasons other than default as of December 31, 2015)

December 2015 NPL ratio renegotiated loan portfolio	Ratio of Impaired loans - Past due
Government agencies	2%
Commercial	56%
Of which: Construction and developer	76%
Other consumer	38%

42% of the renegotiated loans classified as impaired was for reasons other than default (delinquency).

b) Quantitative information on the concentration of risk by activity

Loans and advances to customers by activity (carrying amount)

	Millions of Euros							
				Collateralized Credit Risk. Loan to value				
December 2015	TOTAL (*)	Of which: Mortgage loans	Of which: Secured loans	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%
1 Government agencies	38,555	4,483	3,868	643	690	1,088	2,506	3,424
2 Other financial institutions	14,319	663	6,098	710	474	302	4,610	666
3 Non-financial institutions and individual entrepreneurs	184,203	47,773	24,034	20,400	14,931	11,480	12,491	12,506
3.1 Construction and property development	19,914	13,295	1,682	3,148	5,465	3,663	1,911	789
3.2 Construction of civil works	9,687	2,322	1,023	827	615	576	373	954
3.3 Other purposes	154,602	32,157	21,329	16,425	8,850	7,242	10,207	10,763
3.3.1 Large companies	96,239	11,959	15,663	6,207	4,569	4,248	5,627	6,971
3.3.2 SMEs and individual entrepreneurs	58,363	20,198	5,665	10,218	4,281	2,993	4,579	3,792
4 Rest of households and NPISHs	181,385	132,358	5,397	24,737	34,007	46,885	23,891	8,235
4.1 Housing	127,260	124,133	513	20,214	31,816	44,506	21,300	6,810
4.2 Consumption	42,211	3,627	3,738	2,311	1,156	1,398	2,118	381
4.3 Other purposes	11,914	4,599	1,146	2,212	1,035	982	472	1,043
SUBTOTAL	418,462	185,278	39,396	46,490	50,102	59,756	43,498	24,830
5 Less: Valuation adjustments due to impairment of assets not attributable to specific operations	4,233	-	-	-	-	-	-	-
6 TOTAL	414,230	185,278	39,396	46,490	50,102	59,756	43,498	24,830
MEMORANDUM:								
Forbereance operations	26,080	10,931	7,457	2,728	1,797	2,575	4,665	6,623

(*) The amounts included in this table are net of impairment losses.

(**) Small and medium enterprises

(***) Nonprofit institutions serving households.

Millions of Euros

December 2014	TOTAL (*)	Of which: Mortgage loans	Of which: Secured loans	Collateralized Credit Risk. Loan to value				
				Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%
1 Government agencies	38,765	2,279	4,082	389	348	448	2,005	3,171
2 Other financial institutions	16,516	649	9,951	623	371	155	8,801	650
3 Non-financial institutions and individual entrepreneurs	133,577	33,185	16,878	13,780	9,955	11,390	6,826	8,112
3.1 Construction and property development	11,896	10,697	784	2,143	2,229	2,873	1,959	2,277
3.2 Construction of civil works	6,252	1,182	609	368	327	416	368	312
3.3 Other purposes	115,429	21,306	15,485	11,269	7,399	8,101	4,499	5,523
3.3.1 Large companies	75,808	8,060	11,470	4,874	3,861	5,509	2,899	2,387
3.3.2 SMEs (**) and individual entrepreneurs	39,621	13,246	4,015	6,395	3,538	2,592	1,600	3,136
4 Rest of households and NPISHs (***)	152,533	111,298	7,950	22,050	28,301	40,428	16,448	12,021
4.1 Housing	107,549	105,542	437	18,586	25,956	37,079	14,127	10,231
4.2 Consumption	28,642	2,707	5,832	2,106	1,517	2,322	1,698	896
4.3 Other purposes	16,342	3,049	1,681	1,358	828	1,027	623	894
SUBTOTAL	341,391	147,411	38,861	36,842	38,975	52,421	34,080	23,954
5 Less: Valuation adjustments due to impairment of assets not attributable to specific operations	2,606							
6 TOTAL	338,785	147,411	38,861	36,842	38,975	52,421	34,080	23,954
MEMORANDUM:								
Forbereance operations	24,218	17,088	1,444	2,807	2,298	3,102	3,250	7,075

(*) The amounts included in this table are net of impairment losses.

(**) Small and medium enterprises

(***) Nonprofit institutions serving households.

c) information on the concentration of risk by activity and geographical areas.

Millions of Euros

December 2015	TOTAL(*)	Spain	European Union Other	America	Other
Credit institutions	81,106	13,014	37,738	20,675	9,679
Government agencies	151,919	74,931	14,393	50,242	12,354
Central Administration	107,118	48,617	13,786	32,401	12,314
Other	44,801	26,314	607	17,840	40
Other financial institutions	46,744	16,768	13,623	13,324	3,029
Non-financial institutions and individual entrepreneurs	248,207	72,710	26,561	94,632	54,305
Construction and property development	23,484	5,862	278	11,946	5,397
Construction of civil works	15,540	8,687	2,149	3,497	1,207
Other purposes	209,183	58,161	24,134	79,188	47,701
Large companies	144,990	34,358	22,399	52,704	35,529
SMEs and individual entrepreneurs	64,193	23,803	1,734	26,484	12,172
Other households and NPISHs	182,335	100,510	3,832	61,084	16,910
Housing	127,261	88,185	3,103	29,794	6,179
Consumer	42,221	6,728	649	24,799	10,044
Other purposes	12,853	5,597	80	6,490	686
SUBTOTAL	710,311	277,932	96,146	239,956	96,276
Less: Valuation adjustments due to impairment of assets not attributable to specific operations	4,313				
TOTAL	**705,998**				

(*) The definition of risk for the purpose of this statement includes the following items on the public balance sheet: Loans and advances to credit institutions, Loans and advances to customers, Debt securities, Other equity securities, Trading derivatives, Hedging derivatives, Investments and Contingent risks. The amounts included in this table are net of impairment losses.

(**) In the columns "Spain" and "Rest of the World" in the above table, the increases in 2015 on the previous years are mainly due to the incorporation of Catalunya Banc and Garanti Bank, respectively (Note 3).

	Millions of Euros				
December 2014	**TOTAL(*)**	**Spain**	**European Union Other**	**America**	**Other**
Credit institutions	79,081	13,764	41,614	16,454	7,249
Government agencies	139,222	71,274	13,540	53,718	690
Central Administration	94,079	43,114	13,036	37,391	538
Other	45,143	28,160	504	16,327	152
Other financial institutions	41,477	14,639	11,811	14,772	255
Non-financial institutions and individual entrepreneurs	182,632	70,830	23,399	82,737	5,666
Construction and property development	16,468	6,946	69	9,447	6
Construction of civil works	9,436	4,025	1,615	3,723	73
Other purposes	156,728	59,859	21,715	69,567	5,587
Large companies	106,448	41,167	19,189	41,337	4,755
SMEs and individual entrepreneurs	50,280	18,692	2,526	28,230	832
Other households and NPISHs	154,287	83,501	3,438	67,109	239
Housing	109,046	74,799	2,766	31,278	203
Consumer	28,642	5,699	562	22,378	3
Other purposes	16,599	3,003	110	13,453	33
SUBTOTAL	596,699	254,008	93,802	234,790	14,099
Less: Valuation adjustments due to impairment of assets not attributable to specific operations	2,629	-	-	-	-
TOTAL	**594,070**	**254,008**	**93,802**	**234,790**	**14,099**

(*) The definition of risk for the purpose of this statement includes the following items on the public balance sheet: Loans and advances to credit institutions, Loans and advances to customers, Debt securities, Other equity securities, Trading derivatives, Hedging derivatives, Investments and Contingent risks. The amounts included in this table are net of impairment losses.

APPENDIX XII Additional information on Sovereign Risk

Sovereign risk exposure in Europe

The table below provides a breakdown of the exposure of the Group's credit institutions to European sovereign risk as of December 31, 2015, 2014 and 2013, by type of financial instrument and the country of residence of the counterparty, under EBA (European Banking Authority) requirements:

Millions of Euros												
	December 2015											
	Debt securities			Loans and receivables	Derivatives						Total	%
					Direct exposure			Indirect exposure				
Exposure to Sovereign Risk by European Union Countries	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments		Notional value	Fair value +	Fair value -	Notional value	Fair value +	Fair value -		
Spain	5,293	-	31,621	26,111	1,871	125	(37)	(1,785)	82	(84)	63,112	85.7%
Italy	1,205	-	7,385	80	-	-	-	258	12	(26)	8,656	11.8%
France	531	-	10	34	-	-	-	141	2	(31)	546	0.7%
Germany	162	-	-	-	-	-	-	166	-	(21)	141	0.2%
Portugal	179	-	1	428	1,161	2	(225)	90	1	(1)	384	0.5%
United Kingdom	-	-	-	-	-	-	-	13	2	(1)	2	-
Greece	-	-	-	-	-	-	-	-	-	-	-	-
Hungary	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	1	-	-	-	-	-	-	-	-	-	1	-
Rest of European Union	319	-	429	38	-	-	-	33	15	(8)	794	1.1%
Total Exposure to Sovereign Counterparties (European Union)	**7,689**	**-**	**39,446**	**26,691**	**3,033**	**127**	**(263)**	**(1,084)**	**115**	**(172)**	**73,634**	**100.0%**

(1) This table shows sovereign risk balances with EBA criteria. Therefore, sovereign risk of the Group's insurance companies (€6,300 million as of December 31, 2015) is not included.

(2) Includes credit derivatives CDS (Credit Default Swaps) shown at fair value.

Millions of Euros									
	2014								
	Debt securities			Loans and Receivables	Derivatives (2)		Total	Contingent risks and commitments	%
Exposure to Sovereign Risk by European Union Countries (1)	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments		Direct Exposure	Indirect Exposure			
Spain	6,332	28,856	-	25,997	431	-	61,616	1,647	83.0%
Italy	2,462	6,601	-	142	-	2	9,208	-	12.4%
France	872	40	-	28	-	-	940	-	1.3%
Germany	482	92	-	-	(97)	(1)	476	-	0.6%
Portugal	302	23	-	280	-	-	605	11	0.8%
United Kingdom	-	115	-	-	-	2	117	1	-
Greece	-	-	-	-	-	-	-	-	-
Hungary	-	-	-	-	-	-	-	-	-
Ireland	1	167	-	-	-	-	168	-	0.2%
Rest of European Union	910	131	-	33	-	1	1,075	-	1.4%
Total Exposure to Sovereign Counterparties (European Union)	**11,361**	**36,026**	**-**	**26,480**	**334**	**4**	**74,205**	**1,659**	**100.0%**

(1) This table shows sovereign risk balances with EBA criteria. Therefore, sovereign risk of the Group's insurance companies (€13,406 million as of December 31, 2014) is not included.

(2) Includes credit derivatives CDS (Credit Default Swaps) shown at fair value.

Translation of the Consolidated Financial Statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 55). In the event of a discrepancy, the Spanish-language version prevails.

As it can be seen in the above tables, exposure to sovereign risk in Europe is concentrated in Spain. As of December 31, 2015, 2014 and 2013 the breakdown of total exposure faced by the Group's credit institutions to Spain and other countries, by maturity of the financial instruments, is as follows:

Millions of Euros

	December 2015											
	Debt securities			Loans and receivables	Derivatives						Total	%
					Direct exposure			Indirect exposure				
Maturities of Sovereign Risks European Union	Financial Assets Held-for-Trading	Available-for-Sale Financial	Held-to-Maturity Investments		Notional value	Fair value +	Fair value -	Notional value	Fair value +	Fair value -		
Spain	5,293	-	31,621	26,111	1,871	125	(37)	(1,785)	82	(84)	63,112	86%
Up to 1 Year	4,552	-	5,665	10,267	242	2	(19)	(1,721)	79	(77)	20,469	27.8%
1 to 5 Years	662	-	11,890	10,693	932	25	(1)	(48)	-	(1)	23,269	31.6%
Over 5 Years	79	-	14,067	5,151	698	98	(17)	(17)	3	(7)	19,373	26.3%
Rest of European Union	2,396	-	7,825	580	1,161	2	(225)	702	32	(88)	10,522	14.3%
Up to 1 Year	1,943	-	40	24	319	2	(4)	292	5	(6)	2,005	2.7%
1 to 5 Years	237	-	4,150	245	-	-	-	161	23	(29)	4,626	6.3%
Over 5 Years	216	-	3,635	311	842	-	(221)	248	4	(53)	3,891	5.3%
Total Exposure to European Union Sovereign Counterparties	**7,689**	**-**	**39,446**	**26,691**	**3,033**	**127**	**(263)**	**(1,084)**	**115**	**(172)**	**73,634**	**100.0%**

Millions of Euros

	December 2014											
	Debt securities			Loans and receivables	Derivatives						Total	%
					Direct exposure			Indirect exposure				
Maturities of Sovereign Risks European Union	Financial Assets Held-for-Trading	Available-for-Sale Financial Assets	Held-to-Maturity Investments		Notional value	Fair value +	Fair value -	Notional value	Fair value +	Fair value -		
Spain	4,419	-	28,857	25,997	4,007	165	(8)	(6,003)	141	(548)	59,024	86.9%
Up to 1 Year	1,484	-	1,233	9,675	1,971	7	(1)	123	-	(3)	12,396	18.2%
1 to 5 Years	764	-	11,424	6,312	1,106	35	(6)	(892)	1	(23)	18,507	27.2%
Over 5 Years	2,170	-	16,200	10,010	930	123	(1)	(5,234)	140	(522)	28,121	41.4%
Rest of European Union	1,506	-	7,169	483	842	-	(101)	(1,919)	255	(382)	8,930	13.1%
Up to 1 Year	774	-	328	329	-	-	-	(586)	4	(8)	1,427	2.1%
1 to 5 Years	(190)	-	4,348	24	-	-	-	(21)	14	(11)	4,184	6.2%
Over 5 Years	923	-	2,493	130	842	-	(101)	(1,312)	238	(363)	3,319	4.9%
Total Exposure to European Union Sovereign Counterparties	**5,925**	**-**	**36,026**	**26,480**	**4,849**	**165**	**(108)**	**(7,922)**	**397**	**(930)**	**67,954**	**100%**

APPENDIX XIII Quantitative information on activities in the real-estate market in Spain

The following quantitative information on real-estate activities in Spain has been prepared using the reporting models required by Bank of Spain Circular 5/2011, of November 30.

As of December 31, 2015, 2014 and 2013, exposure to the construction sector and real-estate activities in Spain stood at €18,744, €19,077 and €22,760 million, respectively. Of that amount, risk from loans to construction and real-estate development activities accounted for €9,681, €10,986 and €13,505 million, respectively, representing 6.0%, 7.6% and 8.8% of loans and advances to customers of the balance of business in Spain (excluding the government and other government agencies) and 1.3%, 1.7% and 2.3% of the total assets of the Consolidated Group. The changes are influenced by the integration of Catalunya Banc.

Lending for real estate development of the loans as of December 31, 2015, 2014 and 2013 is shown below:

	Millions of Euros		
December 2015 **Financing allocated to construction and real estate development and its coverage**	**Gross amount**	**Drawn over the guarantee value**	**Provision coverage**
Loans recorded by the Group's credit institutions (Business in Spain)	**9,681**	**4,132**	**3,801**
Of which: Impaired assets	6,231	3,087	3,600
Of which: Potential problem assets	783	301	201
Memorandum item:			
Write-offs	1,741		

	Millions of Euros		
December 2014 **Financing Allocated to Construction and Real Estate Development and its Coverage**	**Gross Amount**	**Drawn Over the Guarantee Value**	**Specific coverage**
Loans recorded by the Group's credit institutions (Business in Spain)	**10,986**	**4,832**	**4,572**
Of which: Impaired assets	7,418	3,686	4,225
Of which: Potential problem assets	981	374	347
Memorandum item:			
Write-offs	1,075		

	Millions of Euros		
December 2013 **Financing allocated to construction and real estate development and its coverage**	**Gross Amount**	**Drawn Over the Guarantee Value**	**Specific coverage**
Loans recorded by the Group's credit institutions (Business in Spain)	**13,505**	**5,723**	**5,237**
Of which: Impaired assets	8,838	4,152	4,735
Of which: Potential problem assets	1,445	501	502
Memorandum item:			
Write-offs	692		

Memorandum item: Consolidated Group Data (carrying amount)	Millions of Euros 2015	2014	2013
Total loans and advances to customers, excluding the Public Sector (Business in Spain)	161,416	144,528	152,836
Total consolidated assets (total business)	750,078	631,942	582,697
Impairment losses determined collectively (total business)	4,222	2,767	2,698

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

Credit: Gross amount (Business in Spain)	Millions of Euros 2015	2014	2013
Without secured loan	**1,157**	**1,007**	**1,303**
With secured loan	**8,524**	**9,979**	**12,202**
Terminated buildings	4,941	5,776	7,270
Homes	4,112	4,976	6,468
Other	829	800	802
Buildings under construction	688	883	1,238
Homes	660	861	1,202
Other	28	22	36
Land	2,895	3,320	3,694
Urbanized land	1,541	1,881	2,120
Rest of land	1,354	1,439	1,574
Total	**9,681**	**10,986**	**13,505**

As of December 31, 2015, 2014 and 2013, 51%, 61% and 63% of loans to developers were guaranteed with buildings (83.2%, 87.6%, and 90.1% are homes), and only 29.9%, 30.2% and 27.4% by land, of which 53.2%, 56.7% and 57.4% is urbanized, respectively.

The information on the retail mortgage portfolio risk (housing mortgage) as of December 31, 2015, 2014 and 2013 is as follows:

Housing-acquisition Loans to Households (Business in Spain)	Millions of Euros 2015	2014	2013
With secured loan (gross amount)	89,670	78,913	82,680
of which: Impaired loans	4,845	4,401	5,088
Total	**89,670**	**78,913**	**82,680**

The loan to value (LTV) ratio of the above portfolio is as follows:

December 2015 LTV Breakdown of secured loans to households for the purchase of a home (Business in Spain)	Millions of Euros Total risk over the amount of the last valuation available (*Loan To Value*-LTV)					
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%	Total
Gross amount	18,294	27,032	30,952	7,489	5,903	89,670
of which: Impaired loans	202	392	771	991	2,489	4,845

December 2014 LTV Breakdown of Secured Loans to Households for the Purchase of a Home (Business in Spain)	Millions of Euros Total risk over the amount of the last valuation available (*Loan To Value*-LTV)					
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%	Total
Gross amount	14,593	22,424	29,060	7,548	5,288	78,913
of which: Impaired loans	199	276	533	843	2,550	4,401

December 2013 LTV Breakdown of Secured Loans to Households for the Purchase of a Home (Business in Spain)	Millions of Euros Total risk over the amount of the last valuation available (*Loan To Value*-LTV)					
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%	Total
Gross amount	14,481	22,558	31,767	8,975	4,899	82,680
of which: Impaired loans	262	339	618	1,011	2,858	5,088

Outstanding home mortgage loans as of December 31, 2015, 2014 and 2013 had an average LTV of 46%, 47% and 50%, respectively.

As of December 31, 2015, and the Group also had a balance of €1,480 million in non-mortgage loans for the purchase of housing (of which €24 million, respectively, were NPA).

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

Information about Assets Received in Payment of Debts (Business in Spain)	Millions of Euros December 2015 Gross Value	Provisions	Of wich: Valuation adjustments on impaired assets, at the time of foreclosure	Carrying Amount
Real estate assets from loans to the construction and real estate development sectors in Spain.	**8,938**	**5,364**	***2,838***	**3,574**
Terminated buildings	2,981	1,498	*737*	1,483
Homes	1,606	767	*388*	839
Other	1,375	731	*349*	644
Buildings under construction	745	422	*204*	323
Homes	714	400	*191*	314
Other	31	22	*13*	9
Land	5,212	3,444	*1,897*	1,768
Urbanized land	3,632	2,404	*1,366*	1,228
Rest of land	1,580	1,040	*531*	540
Real estate assets from mortgage financing for households for the purchase of a home	**4,937**	**2,687**	***1,143***	**2,250**
Rest of foreclosed real estate assets	**1,368**	**678**	***148***	**690**
Equity instruments, investments and financing to non-consolidated companies holding said assets	**895**	**532**	***433***	**363**
Total	**16,138**	**9,261**	***4,562***	**6,877**

Information about Assets Received in Payment of Debts (Business in Spain)	Millions of Euros December 2014 Gross Value	Provisions	Of wich: Valuation adjustments on impaired assets, at the time of foreclosure	Carrying Amount
Real estate assets from loans to the construction and real estate development sectors in Spain.	**8,629**	**4,901**	**2,575**	**3,728**
Finished buildings	2,751	1,248	611	1,503
Homes	1,705	780	382	925
Other	1,046	468	229	578
Buildings under construction	830	448	194	382
Homes	806	433	191	373
Other	24	15	3	9
Land	5,048	3,205	1,770	1,843
Urbanized land	3,357	2,142	1,236	1,215
Rest of land	1,691	1,063	533	628
Real estate assets from mortgage financing for households for the purchase of a home	**3,250**	**1,452**	**489**	**1,798**
Rest of foreclosed real estate assets	**1,137**	**532**	**105**	**605**
Equity instruments, investments and financing to non-consolidated companies holding said assets	**737**	**492**	**393**	**245**
Total	**13,753**	**7,377**	**3,562**	**6,376**

Information about assets received in payment of debts (Business in Spain)	Millions of Euros		
	December 2013		
	Gross Value	Provisions	Carrying Amount
Real estate assets from loans to the construction and real estate development sectors in Spain.	**9,173**	**5,088**	**4,085**
Finished buildings	3,038	1,379	1,659
Homes	2,059	925	1,134
Other	979	454	525
Buildings under construction	845	439	406
Homes	819	423	396
Other	26	16	10
Land	5,290	3,270	2,020
Urbanized land	3,517	2,198	1,319
Rest of land	1,773	1,072	701
Real estate assets from mortgage financing for households for the purchase of a home	**2,874**	**1,164**	**1,710**
Rest of foreclosed real estate assets	**918**	**411**	**507**
Equity instruments, investments and financing to non-consolidated companies holding said assets	**730**	**408**	**322**
Total	**13,695**	**7,071**	**6,624**

As of December 31, 2015, 2014 and 2013, the gross book value of the Group's real-estate assets from corporate financing of real-estate construction and development was €8,938, €8,629 and €8,894 million, respectively, with an average coverage ratio of 60.0%, 56.8% and 55.4% respectively.

The gross book value of real-estate assets from mortgage lending to households for home purchase as of December 31, 2015, 2014 and 2013, amounted to €4,937, €3,250 and €2,874 million, respectively, with an average coverage ratio of 54.4%, 44.7% and 40.5% respectively.

As of December 31, 2015, 2014 and 2013, the gross book value of the BBVA Group's total real-estate assets (business in Spain), including other real-estate assets received as debt payment, was €15,243, €13,016 and €12,965 million, respectively. The coverage ratio was 57.3%, 52.9%, and 51.4% respectively.

APPENDIX XIV Information in accordance with Article 89 of Directive 2013/36/EU of the European Parliament and its application to Spanish Law through Law 10/2014

In accordance with Article 89 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD), and its application to Spanish Law through Law 10/2014 of Structuring, Supervision and Solvency of Financial Institutions of June 26, the information required under article 87.1 of said law for the year ended December 31, 2015 is provided below.

December 31, 2015 — Millions of Euros

Country	CIT payments cash basis	CIT expense consol	PBT consol	Turnover	Nº Employees (*)	Activity	Main Entity
Spain	(335)	(342)	(1,576)	6,785	32,903	Financial, banking and insurance services and real estate	BBVA SA
France	24	14	50	81	84	Financial services	BBVA - Paris Branch
Germany	9	11	41	52	46	Financial services	BBVA - Frankfurt Branch
Hong Kong	-	-	14	46	128	Financial services	BBVA - Hong-Kong Branch
Ireland	2	5	27	12	4	Financial, banking and insurance services	BBVA Ireland PCL
Italy	15	35	104	93	78	Financial services	BBVA - Roma Branch
Luxembourg	3	4	-	12	3	Financial services	BBVA Luxinvest SA
Portugal	4	16	47	115	522	Financial services	BBVA Portugal SA
Switzerland	5	3	10	49	125	Financial services	BBVA Switzerland SA
United Kingdom	-	(6)	7	92	161	Financial services	BBVA - London Branch
Argentina	113	172	515	1,277	5,974	Financial and banking services	BBVA Banco Frances SA
Chile	22	41	240	722	4,672	Financial, banking and insurance services	BBVA Chile SA
Colombia	98	119	391	905	7,257	Financial, banking and insurance services	BBVA Colombia
Paraguay	4	2	14	78	482	Financial and banking services	BBVA Paraguay SA
Peru	179	150	543	1,124	5,857	Financial and banking services	BBVA Continental SA
Uruguay	14	11	40	156	632	Financial and banking services	BBVA Uruguay SA
Venezuela	1	68	69	174	5,233	Financial, banking and insurance services	Banco Provincial SA
Mexico	611	685	2,750	6,983	38,499	Financial, banking and insurance services	BBVA BAncomer SA
United States	266	165	699	2,617	11,153	Financial, banking and insurance services	Compass Bank, Inc.
Bolivia	1	1	4	23	331	Financial services	BBVA Prevsión AFP SA
Belgium	-	-	(6)	3	32	Financial services	BBVA - Sucursal de Bruselas
Turkey	80	124	647	1,949	22,186	Financial, banking and insurance services	Türkiye Garanti Bankası
Others (**)	6	(4)	(27)	14	1,606	Financial, banking and insurance services	
Total	1,122	1,274	4,603	23,362	137,968		

(*) Number of full-time employees.

(**) Includes: Netherlands, Curaçao, representative offices and branches in Asia except Hong Kong, and the share of profit or loss of Garanti Group and CIFH accounted for using the equity method.

As of December 31, 2015, the return of the Group's assets calculated by dividing the "Profit" between "Total Assets" is 0.44%.

In 2015 (*), BBVA group has not received public aid for the financial sector which has the aim of promoting the carrying out of banking activities and which is significant. This statement is made for the purposes of article 89 of Directive 2013/36/UE of the European Parliament and of the Council of June 26 (on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms) and its transposition to Spanish legislation by means of Law 10/2014 on Monitoring, Supervision and Solvency of Credit Institutions of June 26.

(*) BBVA disclosed by means of public relevant events: (i) on 07/27/2012 the closing of the acquisition of UNNIM Banc, S.A. and (ii) on 04/24/2015 the closing of the acquisition of Catalunya Banc, S.A.

Glossary

Additional Tier 1 capital	Includes Preferred securities and contingent convertible securities and deductions
Adjusted acquisition cost	The acquisition cost of the securities less accumulated amortizations, plus interest accrued, but not net of any other valuation adjustments.
Amortized cost	The amortized cost of a financial asset is the amount at which it was measured at initial recognition minus principal repayments, plus or minus, as warranted, the cumulative amount taken to profit or loss using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or change in measured value.
Associates	Companies in which the Group has a significant influence, without having control. Significant influence is deemed to exist when the Group owns 20% or more of the voting rights of an investee directly or indirectly.
Available-for-sale financial assets	Available-for-sale (AFS) financial assets are debt securities that are not classified as held-to-maturity investments or as financial assets designated at fair value through profit or loss (FVTPL) and equity instruments that are not subsidiaries, associates or jointly controlled entities and have not been designated as at FVTPL.
Basic earnings per share	Calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period
Business combination	A business combination is a transaction, or any other event, through which a single entity obtains the control of one or more businesses
Cash flow hedges	Those that hedge the exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss.
Commissions and fees	Income and expenses relating to commissions and similar fees are recognized in the consolidated income statement using criteria that vary according to their nature. The most significant income and expense items in this connection are: – Fees and commissions relating linked to financial assets and liabilities measured at fair value through profit or loss, which are recognized when collected – Fees and commissions arising from transactions or services that are provided over a period of time, which are recognized over the life of these transactions or services. – Fees and commissions generated by a single act are accrued upon execution of that act.
Common Equity Tier 1 capital	Includes parent company reserves, reserves in consolidated companies, non-controlling interests, convertible securities, deductions and attributed net income.

Consolidated statements of cash flows	The indirect method has been used for the preparation of the consolidated statement of cash flows. This method starts from the entity's consolidated profit and adjusts its amount for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with cash flows classified as investment or finance. As well as cash, short-term, highly liquid investments subject to a low risk of changes in value, such as cash and deposits in central banks, are classified as cash and equivalents. When preparing these financial statements the following definitions have been used: – Cash flows: Inflows and outflows of cash and equivalents. – Operating activities: The typical activities of credit institutions and other activities that cannot be classified as investment or financing activities. – Investing activities: The acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents or in operating activities. – Financing activities: Activities that result in changes in the size and composition of the Group's equity and of liabilities that do not form part of operating activities.
Consolidated statements of changes in equity	The consolidated statements of changes in equity reflect all the movements generated in each year in each of the headings of the consolidated equity, including those from transactions undertaken with shareholders when they act as such, and those due to changes in accounting criteria or corrections of errors, if any. The applicable regulations establish that certain categories of assets and liabilities are recognized at their fair value with a charge to equity. These charges, known as "Valuation adjustments" (see Note 29), are included in the Group's total consolidated equity net of tax effect, which has been recognized as deferred tax assets or liabilities, as appropriate.
Consolidated statements of recognized income and expenses	The consolidated statements of recognized income and expenses reflect the income and expenses generated each year. Such statement distinguishes between income and expenses recognized in the consolidated income statements and "Other recognized income (expenses)" recognized directly in consolidated equity. "Other recognized income (expenses)" include the changes that have taken place in the year in the "Valuation adjustments" broken down by item. The sum of the changes to the heading "Valuation adjustments" of the consolidated total equity and the consolidated profit for the year comprise the "Total recognized income/expenses of the year".
Contingencies	Current obligations of the entity arising as a result of past events whose existence depends on the occurrence or non-occurrence of one or more future events independent of the will of the entity.
Contingent liabilities	Possible obligations of the entity that arise from past events and whose existence depends on the occurrence or non-occurrence of one or more future events independent of the entity's will and that could lead to the recognition of financial assets.
Contingent risks	Transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts.

Control	An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. An investor controls an investee if and only if the investor has all the following: a) Power; An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns. b) Returns; An investor is exposed, or has rights, to variable returns from its involvement with the investee when the investor's returns from its involvement have the potential to vary as a result of the investee's performance. The investor's returns can be only positive, only negative or both positive and negative. c) Link between power and returns; An investor controls an investee if the investor not only has power over the investee and exposure or rights to variable returns from its involvement with the investee, but also has the ability to use its power to affect the investor's returns from its involvement with the investee.
Correlation risk	Correlation risk is related to derivatives whose final value depends on the performance of more than one underlying asset (primarily, stock baskets) and indicates the existing variability in the correlations between each pair of assets.
Credit Valuation Adjustment (CVA)	An adjustment to the valuation of OTC derivative contracts to reflect the creditworthiness of OTC derivative counterparties.
Current service cost	Current service cost is the increase in the present value of a defined benefit obligation resulting from employee service in the current period.
Current tax assets	Taxes recoverable over the next twelve months.
Current tax liabilities	Corporate income tax payable on taxable profit for the year and other taxes payable in the next twelve months.
Debt certificates	Obligations and other interest-bearing securities that create or evidence a debt on the part of their issuer, including debt securities issued for trading among an open group of investors, that accrue interest, implied or explicit, whose rate, fixed or benchmarked to other rates, is established contractually, and take the form of securities or book-entries, irrespective of the issuer.
Debit Valuation Adjustment (DVA)	An adjustment made by an entity to the valuation of OTC derivative liabilities to reflect within fair value the entity's own credit risk.
Deferred tax assets	Taxes recoverable in future years, including loss carry forwards or tax credits for deductions and tax rebates pending application.
Deferred tax liabilities	Income taxes payable in subsequent years.

Defined benefit plans	Post-employment obligation under which the entity, directly or indirectly via the plan, retains the contractual or implicit obligation to pay remuneration directly to employees when required or to pay additional amounts if the insurer, or other entity required to pay, does not cover all the benefits relating to the services rendered by the employees when insurance policies do not cover all of the corresponding post-employees benefits.
Defined contribution plans	Defined contribution plans are retirement benefit plans under which amounts to be paid as retirement benefits are determined by contributions to a fund together with investment earnings thereon. The employer's obligations in respect of its employees current and prior years' employment service are discharged by contributions to the fund.
Deposits from central banks	Deposits of all classes, including loans and money market operations, received from the Bank of Spain and other central banks.
Deposits from credit institutions	Deposits of all classes, including loans and money market operations received, from credit entities.
Deposits from customers	Redeemable cash balances received by the entity, with the exception of debt certificates, money market operations through counterparties and subordinated liabilities, are not received from either central banks or credit entities. This category also includes cash deposits and consignments received that can be readily withdrawn.
Diluted earnings per share	This calculation is similar to that used to measure basic earnings per share, except that the weighted average number of shares outstanding is adjusted to reflect the potential dilutive effect of any stock options, warrants and convertible debt instruments outstanding the year. For the purpose of calculating diluted earnings per share, an entity shall assume the exercise of dilutive warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price of ordinary shares during the period shall be treated as an issue of ordinary shares for no consideration. Such shares are dilutive and are added to the number of ordinary shares outstanding in the calculation of diluted earnings per share.
Early retirements	Employees that no longer render their services to the entity but which, without being legally retired, remain entitled to make economic claims on the entity until they formally retire.
Economic capital	Eligible capital for regulatory capital adequacy calculations.
Economic profit	This metric measures the part of attributable adjusted profit in excess of the cost of equity employed, and measures the profits generated in excess of market expectations of returns on equity capital. The economic profit is calculated based on the Profit attributable to the parent company adjusted by the expected losses and changes in value (unrealized gains/losses, equity method, treasury stock. etc.).

Effective interest rate	Discount rate that exactly equals the value of a financial instrument with the cash flows estimated over the expected life of the instrument based on its contractual period as well as its anticipated amortization, but without taking the future losses of credit risk into consideration.
Employee expenses	All compensation accrued during the year in respect of personnel on the payroll, under permanent or temporary contracts, irrespective of their jobs or functions, irrespective of the concept, including the current costs of servicing pension plans, own share based compensation schemes and capitalized personnel expenses. Amounts reimbursed by the state Social Security or other welfare entities in respect of employee illness are deducted from personnel expenses.
Equity	The residual interest in an entity's assets after deducting its liabilities. It includes owner or venturer contributions to the entity, at incorporation and subsequently, unless they meet the definition of liabilities, and accumulated net profits or losses, fair value adjustments affecting equity and, if warranted, non-controlling interests.
Equity instruments	An equity instrument that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
Equity Method	Is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.
Exchange/translation differences	Exchange differences (P&L): Includes the earnings obtained in currency trading and the differences arising on translating monetary items denominated in foreign currency to the functional currency. Exchange differences (valuation adjustments): those recorded due to the translation of the financial statements in foreign currency to the functional currency of the Group and others recorded against equity.
Exposure at default	EAD is the amount of risk exposure at the date of default by the counterparty.
Fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Fair value hedges	Derivatives that hedge the exposure to changes in the fair value of assets and liabilities or firm commitments that have not be recognized, or of an identified portion of said assets, liabilities or firm commitments, attributable to a specific risk, provided it could affect the income statement.
Fees	See Commissions, fees and similar items

Financial guarantees	Contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument, irrespective of its instrumentation. These guarantees may take the form of deposits, technical or financial guarantees, insurance contracts or credit derivatives.
Financial instrument	A financial instrument is any contract that gives rise to a financial asset of one entity and to a financial liability or equity instrument of another entity.
Financial liabilities at amortized cost	Financial liabilities that do not meet the definition of financial liabilities designated at fair value through profit or loss and arise from the financial entities' ordinary activities to capture funds, regardless of their instrumentation or maturity.
Full consolidation method	Method used for the consolidation of the accounts of the Group's subsidiaries. The assets and liabilities of the Group entities are incorporated line-by-line on the consolidate balance sheets, after conciliation and the elimination in full of intragroup balances, including amounts payable and receivable. Group entity income statement income and expense headings are similarly combined line by line into the consolidated income statement, having made the following consolidation eliminations: a) income and expenses in respect of intragroup transactions are eliminated in full. b) profits and losses resulting from intragroup transactions are similarly eliminated. The carrying amount of the parent's investment and the parent's share of equity in each subsidiary are eliminated.
Gains or losses on financial assets and liabilities, net	This heading reflects fair value changes in financial instruments - except for changes attributable to accrued interest upon application of the interest rate method and asset impairment losses (net) recognized in the income statement - as well as gains or losses generated by their sale - except for gains or losses generated by the disposal of investments in subsidiaries, jointly controlled entities and associates an of securities classified as held to maturity.
Goodwill	Goodwill acquired in a business combination represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not able to be individually identified and separately recognized.
Hedges of net investments in foreign operations	Foreign currency hedge of a net investment in a foreign operation.
Hedging derivatives	Derivatives designated as hedging instruments in an accounting hedge. The fair value or future cash flows of those derivatives is expected to offset the differences in the fair value or cash flows of the items hedged.
Held-to-maturity investments	Held-to-maturity investments are financial assets traded on an active market, with fixed maturity and fixed or determinable payments and cash flows that an entity has the positive intention and financial ability to hold to maturity.

Held for trading (assets and liabilities)	Financial assets and liabilities acquired or incurred primarily for the purpose of profiting from variations in their prices in the short term. This category also includes financial derivatives not qualifying for hedge accounting, and in the case of borrowed securities, financial liabilities originated by the firm sale of financial assets acquired under repurchase agreements or received on loan ("short positions").
Impaired/doubtful/non-performing portfolio	Financial assets whose carrying amount is higher than their recoverable value, prompting the entity to recognize the corresponding impairment loss.
Impaired financial assets	A financial asset is deemed impaired, and accordingly restated to fair value, when there is objective evidence of impairment as a result of one or more events that give rise to: - A measurable decrease in the estimated future cash flows since the initial recognition of those assets in the case of debt instruments (loans and receivables and debt securities). - A significant or prolonged drop in fair value below cost in the case of equity instruments.
Income from equity instruments	Dividends and income on equity instruments collected or announced during the year corresponding to profits generated by investees after the ownership interest is acquired. Income is recognized gross, i.e., without deducting any withholdings made, if any.
Insurance contracts linked to pensions	The fair value of insurance contracts written to cover pension commitments.
Inventories	Assets, other than financial instruments, under production, construction or development, held for sale during the normal course of business, or to be consumed in the production process or during the rendering of services. Inventories include land and other properties held for sale at the real estate development business.
Investment properties	Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for own use or sale in the ordinary course of business.
Joint arrangement	An arrangement of which two or more parties have joint control.
Joint control	The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint venture	A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.
Leases	A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time, a stream of cash flows that is essentially equivalent to the combination of principal and interest payments under a loan agreement. a) A lease is classified as a finance lease when it substantially transfers all the risks and rewards incidental to ownership of the asset forming the subject-matter of the contract. b) A lease will be classified as operating lease when it is not a financial lease.
Liabilities associated with non-current assets held for sale	The balance of liabilities directly associated with assets classified as non-current assets held for sale, including those recognized under liabilities in the entity's balance sheet at the balance sheet date corresponding to discontinued operations.
Liabilities under insurance contracts	The technical reserves of direct insurance and inward reinsurance recorded by the consolidated entities to cover claims arising from insurance contracts in force at period-end.
Loans and advances to customers	Loans and receivables, irrespective of their type, granted to third parties that are not credit entities.
Loans and receivables	Financial instruments with determined or determinable cash flows and in which the entire payment made by the entity will be recovered, except for reasons attributable to the solvency of the debtor. This category includes both the investments from the typical lending activity (amounts of cash available and pending maturity by customers as a loan or deposits lent to other entities, and unlisted debt certificates), as well as debts contracted by the purchasers of goods, or users of services, that form part of the entity's business. It also includes all finance lease arrangements in which the consolidated subsidiaries act as lessors.
Loss given default (LGD)	It is the estimate of the loss arising in the event of default. It depends mainly on the characteristics of the counterparty, and the valuation of the guarantees or collateral associated with the asset.
Mortgage-covered bonds	Financial asset or security created from mortgage loans and backed by the guarantee of the mortgage loan portfolio of the entity.
Non-controlling interests	The equity in a subsidiary not attributable, directly or indirectly, to a parent.

Non-current assets held for sale	A non-current asset or disposal group, whose carrying amount is expected to be realized through a sale transaction, rather than through continuing use, and which meets the following requirements: a) it is immediately available for sale in its present condition at the balance sheet date, i.e. only normal procedures are required for the sale of the asset b) the sale is considered highly probable.
Non-monetary assets	Assets and liabilities that do not provide any right to receive or deliver a determined or determinable amount of monetary units, such as tangible and intangible assets, goodwill and ordinary shares subordinate to all other classes of capital instruments.
Non performing contingent risk	The balance of non performing risks, whether for reasons of default by customers or for other reasons as detailed in section II of Annex IX of Bank of Spain Circular 04/2004, for contingent risks. This figure is shown gross: in other words, it is not adjusted for value corrections (loan loss reserves) made.
Non-Performing Loans (NPL)	The balance of non performing risks, whether for reasons of default by customers or for other reasons as detailed in section II of Annex IX of Bank of Spain Circular 04/2004, for exposures on balance loans to customers. This figure is shown gross: in other words, it is not adjusted for value corrections (loan loss reserves) made.
NPA Coverage ratio	Impairment allowances (generic, specific and country risk allowance) as a percentage of the non-performing assets (the sum of impaired loans and advances to customers and impaired contingent liabilities to customers).
NPA ratio	Represents the sum of impaired loans and advances to customers and impaired contingent liabilities to customers divided by the sum of Loans and advances to customers and Contingent liabilities to customers.
Other equity instruments	This heading reflects the increase in equity resulting from various forms of owner contributions, retained earnings, restatements of the financial statements and valuation adjustments.

Other financial assets/liabilities at fair value through profit or loss	Instruments designated by the entity from the inception at fair value with changes in profit or loss. An entity may only designate a financial instrument at fair value through profit or loss, if doing so more relevant information is obtained, because: a) It eliminates or significantly reduces a measurement or recognition inconsistency (sometimes called "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. It might be acceptable to designate only some of a number of similar financial assets or financial liabilities if doing so a significant reduction (and possibly a greater reduction than other allowable designations) in the inconsistency is achieved. b) The performance of a group of financial assets or financial liabilities is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity´s key management personnel. These are financial assets managed jointly with “Liabilities under insurance contracts” measured at fair value, in combination with derivatives written with a view to significantly mitigating exposure to changes in these contracts' fair value, or in combination with financial liabilities and derivatives designed to significantly reduce global exposure to interest rate risk. These headings include customer loans and deposits effected via so-called unit-linked life insurance contracts, in which the policyholder assumes the investment risk.
Own/treasury shares	The amount of own equity instruments held by the entity.
Past service cost	It is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.
Post-employment benefits	Retirement benefit plans are arrangements whereby an enterprise provides benefits for its employees on or after termination of service.
Potential problem Risk	All debt instruments and contingent risks which do not meet the criteria to be classified individually as non-performing or written-off, but show weaknesses that may entail for the entity the need to assume losses greater than the hedges for impairment of risks subject to special monitoring.
Probability of default (PD)	It is the probability of the counterparty failing to meet its principal and/or interest payment obligations.
Property, plant and equipment/tangible assets	Buildings, land, fixtures, vehicles, computer equipment and other facilities owned by the entity or acquired under finance leases.

Provisions	Provisions include amounts recognized to cover the Group's current obligations arising as a result of past events, certain in terms of nature but uncertain in terms of amount and/or cancellation date.
Provisions for contingent liabilities and commitments	Provisions recorded to cover exposures arising as a result of transactions through which the entity guarantees commitments assumed by third parties in respect of financial guarantees granted or other types of contracts, and provisions for contingent commitments, i.e., irrevocable commitments which may arise upon recognition of financial assets.
Provision for credit losses	Provisions recognized during the year, net of recoveries on amounts provisioned in prior years, with the exception of provisions for pensions and contributions to pension funds which constitute current or interest expense.
Provisions for pensions and similar obligation	Constitutes all provisions recognized to cover retirement benefits, including commitments assumed vis-à-vis beneficiaries of early retirement and analogous schemes.
Public-covered bonds	Financial asset or security backed by the guarantee of the public debt portfolio of the entity.
Recurrent economic profit (EP) from ongoing operations	This indicator measures the contribution of the year's profit, after deducting the cost of the capital used. The calculation of EP requires a series of adjustments to be made to the accounting net attributable profit to enable an economic profit to be obtained, including the replacement of the accounting provisions for expected loss, as well as the change in value of the Group's equity elements (change in unrealized gains, change in the BV of investees, change in value of the treasury stock, etc).
Recurring revenues	Include net interest margin and income and expenses relating to commissions and similar fees.
Refinanced Operation	An operation which is totally or partially brought up to date with its payments as a result of a refinancing operation made by the entity itself or by another company in its group.
Refinancing Operation	An operation which, irrespective of the holder or guarantees involved, is granted or used for financial or legal reasons related to current or foreseeable financial difficulties that the holder(s) may have in settling one or more operations granted by the entity itself or by other companies in its group to the holder(s) or to another company or companies of its group, or through which such operations are totally or partially brought up to date with their payments, in order to enable the holders of the settled or refinanced operations to pay off their loans (principal and interest) because they are unable, or are expected to be unable, to meet the conditions in a timely and appropriate manner.
Renewal Operation	An operation arranged to replace another one granted previously by the entity itself, when the borrower is not experiencing financial difficulties, and is not expected to experience them in the future, i.e. the operation is arranged for reasons other than refinancing.

Restructured Operation	An operation whose financial conditions are modified for economic or legal reasons related to the holder's (or holders') current or foreseeable financial difficulties, in order to enable payment of the loan (principal and interest), because the holder is unable, or is expected to be unable, to meet those conditions in a timely and appropriate manner, even if such modification is provided for in the contract. In any event, the following are considered restructured operations: operations in which a haircut is made or assets are received in order to reduce the loan, or in which their conditions are modified in order to extend their maturity, change the amortization table in order to reduce the amount of the installments in the short term or reduce their frequency, or to establish or extend the grace period for the principal, the interest or both; except when it can be proved that the conditions are modified for reasons other than the financial difficulties of the holders and, are similar to those applied on the market on the modification date for operations granted to customers with a similar risk profile.
Renegotiated Operation	An operation whose financial conditions are modified when the borrower is not experiencing financial difficulties, and is not expected to experience them in the future, i.e. the conditions are modified for reasons other than restructuring.
Reserves	Accumulated net profits or losses recognized in the income statement in prior years and retained in equity upon distribution. Reserves also include the cumulative effect of adjustments recognized directly in equity as a result of costs in the issue or reduction of own equity instruments, sale of own equity instruments, actuarial gains on pension plans and the retroactive restatement of the financial statements due to changes in accounting policy and the correction of errors.
Securitization fund	A fund that is configured as a separate equity and administered by a management company. An entity that would like funding sells certain assets to the securitization fund, which, in turn, issues securities backed by said assets.
Separate vehicle	A separately identifiable financial structure, including separate legal entities or entities recognized by statute, regardless of whether those entities have a legal personality.
Share premium	The amount paid in by owners for issued equity in excess of to the shares' nominal value.
Short positions	Financial liabilities arising as a result of the final sale of financial assets acquired under repurchase agreements or received on loan.

Significant influence	Is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If an entity holds, directly or indirectly (e.g. through subsidiaries), 20 per cent or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the entity holds, directly or indirectly (e.g. through subsidiaries), less than 20 per cent of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence. The existence of significant influence by an entity is usually evidenced in one or more of the following ways: a) representation on the board of directors or equivalent governing body of the investee; b) participation in policy-making processes, including participation in decisions about dividends or other distributions; c) material transactions between the entity and its investee; d) interchange of managerial personnel; or e) provision of essential technical information.
Structured Entities	A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: a) restricted activities. b) a narrow and well-defined objective, such as to effect a tax-efficient lease, carry out research and development activities, provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors. c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support. d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).
Subordinated liabilities	Financing received, regardless of its instrumentation, which ranks after the common creditors in the event of a liquidation.

Subsidiaries	Companies over which the Group exercises control. An entity is presumed to have control over another when it possesses the right to oversee its financial and operational policies, through a legal, statutory or contractual procedure, in order to obtain benefits from its economic activities. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of an entity's voting power, unless, exceptionally, it can be clearly demonstrated that ownership of more than one half of an entity's voting rights does not constitute control of it. Control also exists when the parent owns half or less of the voting power of an entity when there is: a) an agreement that gives the parent the right to control the votes of other shareholders; b) power to govern the financial and operating policies of the entity under a statute or an agreement; power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; c) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.
Stockholders' funds	Contributions by stockholders, accumulated earnings recognized in the income statement and the equity components of compound financial instruments.
Structured credit products	Special financial instrument backed by other instruments building a subordination structure.
Tax liabilities	All tax related liabilities except for provisions for taxes.
Tier 2 capital	Includes: subordinated issues, preferred securities, general credit risk adjustments and non-controlling interests.
Trading derivatives	The fair value in favor (assets) or again (liabilities) of the entity of derivatives not designated as accounting hedges.
TSR	Total Shareholder Return. The total return of a stock to an investor (capital gain plus dividends)
Unit-link	This is life insurance in which the policyholder assumes the risk. In these policies, the funds for the technical insurance provisions are invested in the name of and on behalf of the policyholder in shares of Collective Investment Institutions and other financial assets chosen by the policyholder, who bears the investment risk.

Value at Risk (VaR)	Value at Risk (VaR) is the basic variable for measuring and controlling the Group's market risk. This risk metric estimates the maximum loss that may occur in a portfolio's market positions for a particular time horizon and given confidence level VaR figures are estimated following two methodologies: - VaR without smoothing, which awards equal weight to the daily information for the immediately preceding last two years. This is currently the official methodology for measuring market risks vis-à-vis limits compliance of the risk. - VaR with smoothing, which weighs more recent market information more heavily. This is a metric which supplements the previous one. - VaR with smoothing adapts itself more swiftly to the changes in financial market conditions, whereas VaR without smoothing is, in general, a more stable metric that will tend to exceed VaR with smoothing when the markets show less volatile trends, while it will tend to be lower when they present upturns in uncertainty.

Translation of the management report originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 56). The English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

Grupo BBVA

Management report 2015

Contents

Translation of the management report originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 56). The English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

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Introduction

Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter "the Bank" or "BBVA") is a private-law entity subject to the laws and regulations governing banking entities operating in Spain. It carries out its activity through branches and agencies across the country and abroad.

The Bylaws and other public information are available for inspection at the Bank's registered address (Plaza San Nicolás, 4 Bilbao) as on its web site (www.bbva.com).

In addition to the transactions it carries out directly, the Bank heads a group of subsidiaries, joint venture and associates which perform a wide range of activities and which together with the Bank constitute the Banco Bilbao Vizcaya Argentaria Group (hereinafter, "the Group" or "the BBVA Group"). In addition to its own separate financial statements, the Bank is therefore required to prepare the Group's consolidated financial statements.

As of December 31, 2015, the BBVA Group was made up of 373 consolidated entities and 116 entities accounted for using the equity method.

We are facing a new environment that poses a major challenge for the financial industry. The development of technology and consumer preferences are changing society and the way of doing business, having an impact on the banking industry, as has already happened in other sectors.

In addition, the sector's profitability is under pressure due to slower growth of activity and the pressure on all revenue lines, increasing regulatory pressure and capital requirements, general mistrust of traditional banking and the emergence of new competitors.

In this new setting, BBVA starts from an advantageous position because it has a large customer base, a huge amount of information, presence on attractive markets, a significant know-how in risk management, and a sound corporate governance model.

These strengths are the starting point of our transformation strategy, putting customers at the center to offer them the best solutions that help them manage their money and take the best financial decisions, with the aim of having more customers who are more satisfied, more loyal and more profitable.

To this end, a change was made in May 2015 to the Group's organizational structure to adapt it to this new strategy, speed up the transformation and contribute to the growth of the earnings of our franchises.

The Group has also defined 6 strategic priorities to guide this transformation:

- To offer the best customer experience: to develop a better end-to-end experience. For BBVA, this means devoting more time to talking to its customers and learning from them. In short, to transform the value proposition and thus help customers make better decisions. Our customers are not interested in knowing about the processes, policies, etc. They want us to help them solve their problems.

- To make progress in this area it is essential for customers to go digital, so we want to boost digital sales. To do so, we have to make the most of the new channels we have available, since a significant part of our customer base is demanding new ways of interacting with the Bank, particularly through mobile devices (for the retail segment) and specialized platforms (in the case of corporates).

- The third priority is to create, associate with or acquire new digital business models, businesses with new ways of providing financial services with different approaches and innovative value propositions.

- The fourth refers to optimizing capital allocation. This priority is focused on maximizing the return on available capital in a sustainable manner over time. There is increasing emphasis on obtaining a return on capital, which is a resource that since the outbreak of the crisis has become the most expensive and scarce resource in the banking industry, as regulatory demands have increased substantially.

- The fifth priority is based on adapting the model, the processes and the structures to achieve the best level of efficiency. It is necessary to leverage technology to enable us to simplify processes and develop the distribution model toward one more efficient from the structural point of view, giving us a competitive advantage over our peers.

- The last priority is associated with talent and the Group's culture: we want to develop, retain and motivate the best team. In the same way that we want to offer the best experience for our customers, we also strive to develop the best "employee experience". This means offering an attractive value proposition to enable the best talent to be identified, attracted and retained, contributing to the development of the professional careers of each employee. In this way we want each interaction by employees with the Bank to be excellent, leading to greater satisfaction for both parties.

BBVA Group highlights

BBVA Group highlights

(Consolidated figures)

	31-12-15	Δ%	31-12-14	31-12-13
Balance sheet (million euros)				
Total assets	750,078	15.1	651,511	599,517
Loans and advances to customers (gross)	432,855	18.1	366,536	350,110
Deposits from customers	403,069	21.9	330,686	310,176
Other customer funds	130,104	9.5	118,851	102,195
Total customer funds	533,173	18.6	449,537	412,371
Total equity	55,439	7.4	51,609	44,565
Income statement (million euros)				
Net interest income	16,426	8.7	15,116	14,613
Gross income	23,680	10.9	21,357	21,190
Operating income	11,363	9.2	10,406	9,989
Income before tax	5,879	44.7	4,063	2,544
Net attributable profit	2,642	0.9	2,618	2,084
Data per share and share performance ratios				
Share price (euros)	6.74	(14.2)	7.85	8.95
Market capitalization (million euros)	42,905	(11.5)	48,470	51,773
Earning per share (euros) (1)	0.39	(6.1)	0.41	0.34
Book value per share (euros) (2)	7.47	(6.7)	8.01	7.35
P/BV (Price/book value; times)	0.9	(8.0)	1.0	1.2
PER (Price/Earnings; times)	13.2	(23.3)	17.3	23.2
Yield (Dividend/Price; %)	5.5	31.5	4.2	4.7
Significant ratios (%)				
ROE (Net attributable profit/average equity)	5.3		5.6	5.0
ROTE (Net attributable profit/average equity excluding intangible assets)	6.6		6.8	5.0
ROA (Net income/average total asets)	0.46		0.50	0.48
RORWA (Net income/average risk-weighted assets)	0.87		0.90	0.91
Efficiency ratio	52.0		51.3	52.9
Cost of risk	1.06		1.25	1.59
NPL ratio	5.4		5.8	6.8
NPL coverage ratio	74		64	60
Capital adequacy ratios (%) (3)				
CET1	12.1		11.9	11.6
Tier I	12.1		11.9	12.2
Total ratio	15.0		15.1	14.9
Other Information				
Number of shares (millions)	6,367	3.2	6,171	5,786
Number of shareholders	934,244	(2.7)	960,397	974,395
Number of employees (4)	137,968	26.8	108,770	109,305
Number of branches (4)	9,145	24.1	7,371	7,420
Number of ATMs (4)	30,616	36.6	22,414	20,556

General note: Since the third quarter of 2015, the total stake in Garanti (39.90%) is consolidated by the full integration method. For previous years, the financial information provided in this document is presented integrated in the proportion corresponding to the percentage of the Group's stake at that time (25.01%).

(1) Adjusted by additional Tier I instrument remuneration.

(2) Numerator= equity plus valuation adjustments; denominator= number of shares outstanding minus treasury stock. All data refers to a specific date.

(3) The capital ratios in 2014 and 2015 are calculated under CRD IV from Basel III regulation, applying a 40% phase in for 2015. For periods prior to 2014, the calculation was done in accordance with the Basel II regulations.

(4) Includes Garanti since the third quarter 2015.

Information about the net attributable profit from ongoing operations (1)	31-12-15	Δ%	31-12-14	31-12-13
Net attributable profit (million euros)	3,752	43.3	2,618	1,260
Earninig per share (euros)	0.60	45.0	0.41	0.21
ROE (%)	7.6		5.6	3.1
ROTE (%)	9.4		6.8	3.1
ROA (%)	0.62		0.50	0.35
RORWA (%)	1.17		0.90	0.66

(1) Corresponds to the net attributable profit excluding results from corporate operations, which in 2015 include the capital gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB, the effect of the valuation at fair value of the 25.01% initial stake held by BBVA in Garanti, the impact of the sale of BBVA's 29.68% stake in CIFH and the badwill from the CX operation. 2013 figures include the results from the pension business in Latin America, including the capital gains from their sale; the capital gains from the sale of BBVA Panama; the capital gains generated by the reinsurance operation on the individual life and accident insurance portfolio in Spain; the equity-accounted earnings from CNCB (excluding dividends), together with the effect of the mark-to-market valuation of BBVA's stake in CNCB following the agreement concluded with the CITIC group, which included the sale of 5.1% of CNCB.

Group information

Relevant events

Results (pages 4-9)

For **2015**

- Earnings influenced by the incorporation of Catalunya Banc (CX) on April 24, and since the third quarter of 2015, the purchase of an additional 14.89% stake in Garanti.
- Negative effect of the exchange rates of the main currencies against the euro.
- Overall, without considering the impact of the Garanti deal (henceforward, Turkey on an ongoing basis), 2015 closed with good performance of the more recurring revenue, an increase in operating expenses in line with that accumulated in the first nine months of 2015 and impairment losses on financial assets below those for the previous year, with a very positive impact on the Group's cost of risk.

For the **quarter**

- Good performance of income from fees and commissions and net trading income.
- Dividend received from Telefónica.
- Booking of the whole contribution to the Deposit Guarantee Fund (FGD) in Spain and the National Resolution Fund, which has had a negative effect on the earnings from Banking Activity in Spain of some €291m before tax.

Balance sheet and business activity (pages 10-11)

- Figures affected by changes in the scope of consolidation, as mentioned above.
- Taking Turkey on an on-going basis, there has been continued growth in gross customer lending, with a positive performance in loan production and customer funds in all geographical areas.
- The Group's non-performing loans have maintained the downward trend of the last few quarters.

Solvency (page 12)

- Comfortable capital position (phased-in CET1 ratio of 12.1% and fully-loaded ratio of 10.3% as of the close of December 2015), above regulatory requirements, and with good quality (the fully-loaded leverage ratio is 6.0% as of the same date).

Risk management (pages 13-14)

- Favorable performance of the main asset-quality indicators: lower NPL ratio, increased coverage ratio and reduced cost of risk.

The BBVA share (pages 15-16)

- Distribution in cash on 12-Jan-2016 of an interim amount against the dividend for 2015, at a gross €0.08 for each outstanding share.

Business areas (starting on page 18)

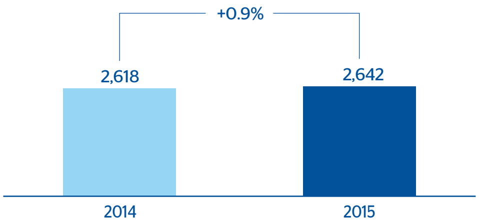
- Reclassification from the Corporate Center to Banking Activity in Spain of some operating expenses related to Technology, as a result of the transfer of management, resources and responsibilities. As a result, BBVA has modified the 2014 and 2015 income statements for these two business areas in order to provide a basis for comparison. This reassignment of expenses also affects CIB, but it has a neutral effect on the Group's consolidated income statement.

Other matters of interest

- BBVA continues to make progress in its **digital transformation**. As of 30-Nov-2015 it had 14.6 million digital customers. Of these, over 8.3 million are mobile banking customers.
- BBVA has formalized its bid for the British market with the 29.5% stake it acquired in the share capital of **Atom Bank**, the first exclusively mobile bank in the United Kingdom, for GBP 45m.

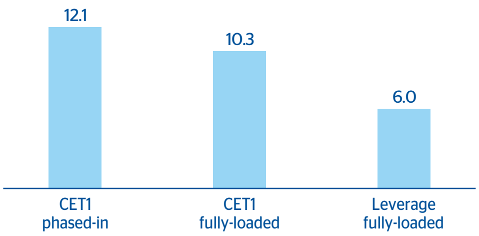
Net attributable profit

(Million euros)



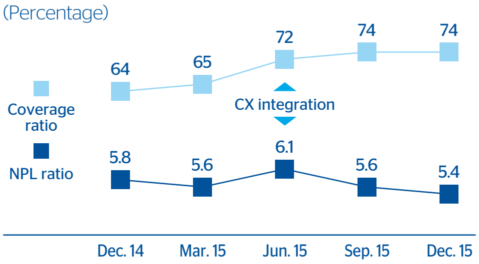
Capital and leverage ratios

(Percentage as of 31-12-2015)



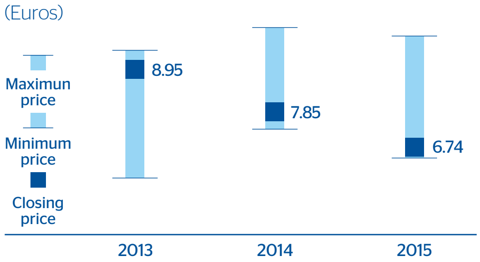
NPL and coverage ratios

(Percentage)



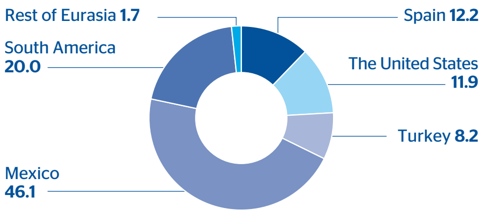
BBVA share

(Euros)



Net attributable profit breakdown (1)

(Percentage)



(1) Excludes the Corporate Center.

Results

BBVA Group generated a **net attributable profit** of €2,642m in 2015. These earnings incorporate those generated by CX since April 24, and the effects of the purchase of an additional 14.89% stake in Garanti since the third quarter, with its resulting incorporation by the full consolidation method and the valuation at fair value of the 25.01% that it already owned.

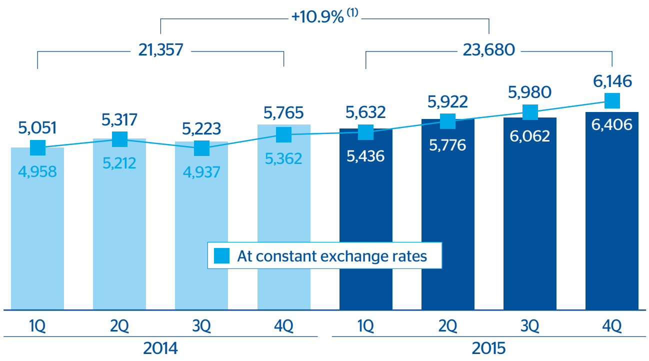
Gross income

The Group's **gross income** was €23,680m, 10.9% higher than in 2014 (up 15.7% at constant exchange rates). This amount was achieved thanks to:

- Good performance of **net interest income** (up 8.7% year-on-year, 21.5% at constant exchange rates). Including

Gross income

(Million euros)



(1) At constant exchange rates: +15.7%.

Consolidated income statement: quarterly evolution (1)

(Million euros)

	2015				2014			
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Net interest income	**4,415**	**4,490**	**3,858**	**3,663**	**4,248**	**3,830**	**3,647**	**3,391**
Net fees and commissions	1,263	1,225	1,140	1,077	1,168	1,111	1,101	985
Net trading income	451	133	650	775	514	444	426	751
Dividend income	127	52	194	42	119	42	342	29
Income by the equity method	(16)	3	18	3	3	31	16	(14)
Other operating income and expenses	(94)	76	62	73	(287)	(234)	(215)	(90)
Gross income	**6,146**	**5,980**	**5,922**	**5,632**	**5,765**	**5,223**	**5,317**	**5,051**
Operating expenses	(3,292)	(3,307)	(2,942)	(2,776)	(2,905)	(2,770)	(2,662)	(2,613)
Personnel expenses	(1,685)	(1,695)	(1,538)	(1,460)	(1,438)	(1,438)	(1,359)	(1,375)
General and administrative expenses	(1,268)	(1,252)	(1,106)	(1,024)	(1,147)	(1,037)	(1,017)	(959)
Depreciation and amortization	(340)	(360)	(299)	(291)	(320)	(296)	(286)	(279)
Operating income	**2,853**	**2,673**	**2,980**	**2,857**	**2,860**	**2,453**	**2,655**	**2,438**
Impairment on financial assets (net)	(1,057)	(1,074)	(1,089)	(1,119)	(1,168)	(1,142)	(1,073)	(1,103)
Provisions (net)	(157)	(182)	(164)	(230)	(513)	(199)	(298)	(144)
Other gains (losses)	(97)	(127)	(123)	(66)	(201)	(136)	(191)	(173)
Income before tax	**1,544**	**1,289**	**1,604**	**1,442**	**978**	**976**	**1,092**	**1,017**
Income tax	(332)	(294)	(429)	(386)	(173)	(243)	(292)	(273)
Net income from ongoing operations	**1,212**	**995**	**1,175**	**1,056**	**805**	**733**	**800**	**744**
Results from corporate operations (2)	4	(1,840)	144	583	-	-	-	-
Net income	**1,215**	**(845)**	**1,319**	**1,639**	**805**	**733**	**800**	**744**
Non-controlling interests	(275)	(212)	(97)	(103)	(116)	(132)	(95)	(120)
Net attributable profit	**940**	**(1,057)**	**1,223**	**1,536**	**689**	**601**	**704**	**624**
Net attributable profit from ongoing operations (3)	**936**	**784**	**1,078**	**953**	**689**	**601**	**704**	**624**
Basic earnings per share (euros) (4)	**0.14**	**(0.18)**	**0.18**	**0.24**	**0.10**	**0.09**	**0.11**	**0.10**

(1) From the third quarter of 2015, BBVA's total stake in Garanti is consolidated by the full integration method. For previous periods, Garanti's revenues and costs are integrated in the proportion corresponding to the percentage of the Group's stake then (25.01%).
(2) 2015 includes the capital gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB, the effect of the valuation at fair value of the 25.01% initial stake held by BBVA in Garanti, the impact of the sale of BBVA's 29.68% stake in CIFH and the badwill from the CX operation.
(3) Corresponds to the attributable profit excluding results from corporate operations.
(4) Adjusted by additional Tier I instrument remuneration.

Consolidated income statement [1]

(Million euros)

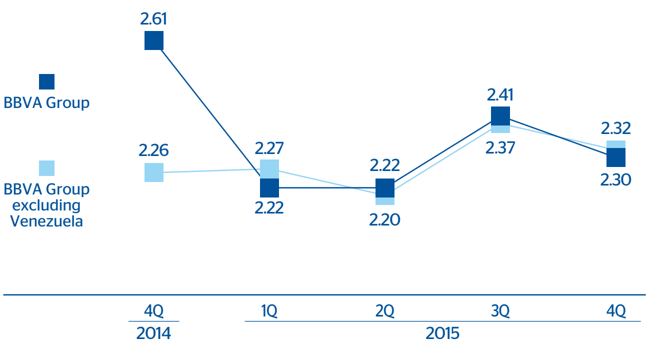
	2015	Δ%	Δ% at constant exchange rates	2014
Net interest income	**16,426**	**8.7**	**21.5**	**15,116**
Net fees and commissions	4,705	7.8	12.1	4,365
Net trading income	2,009	(5.9)	(2.6)	2,135
Dividend income	415	(21.8)	(22.4)	531
Income by the equity method	8	(77.2)	(78.9)	35
Other operating income and expenses	117	n.m.	2.7	(826)
Gross income	**23,680**	**10.9**	**15.7**	**21,357**
Operating expenses	(12,317)	12.5	15.8	(10,951)
Personnel expenses	(6,377)	13.7	14.7	(5,609)
General and administrative expenses	(4,650)	11.7	17.6	(4,161)
Depreciation and amortization	(1,290)	9.3	14.7	(1,180)
Operating income	**11,363**	**9.2**	**15.6**	**10,406**
Impairment on financial assets (net)	(4,339)	(3.3)	1.6	(4,486)
Provisions (net)	(733)	(36.6)	(30.9)	(1,155)
Other gains (losses)	(412)	(41.2)	(41.3)	(701)
Income before tax	**5,879**	**44.7**	**54.9**	**4,063**
Income tax	(1,441)	46.9	58.5	(981)
Net income from ongoing operations	**4,438**	**44.0**	**53.8**	**3,082**
Results from corporate operations [2]	(1,109)	n.m.	n.m.	-
Net income	**3,328**	**8.0**	**15.3**	**3,082**
Non-controlling interests	(686)	48.0	93.9	(464)
Net attributable profit	**2,642**	**0.9**	**4.4**	**2,618**
Net attributable profit from ongoing operations [3]	**3,752**	**43.3**	**48.2**	**2,618**
Basic earnings per share (euros) [4]	**0.39**			**0.41**

(1) From the third quarter of 2015, BBVA's total stake in Garanti is consolidated by the full integration method. In 2014, Garanti's revenues and costs are integrated in the proportion corresponding to the percentage of the Group's stake then (25.01%).
(2) 2015 includes the capital gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB, the effect of the valuation at fair value of the 25.01% initial stake held by BBVA in Garanti, the impact of the sale of BBVA's 29.68% stake in CIFH and the badwill from the CX operation.
(3) Corresponds to the attributable profit excluding results from corporate operations.
(4) Adjusted by additional Tier I instrument remuneration.

the stake in Turkey on an on-going basis (at 25.01% and integrated proportionally to this stake), this heading closed the year at a similar level to 2014. However, at constant exchange rates it increased by 11.5%. This trend is explained by: the increased activity in emerging countries and the United States, the good performance of loan production in Spain, the incorporation of balances from CX, as well as the cheaper cost of deposits in Spain and the defense of customer spreads in the rest of the geographical areas.

Net interest income/ATA

(Percentage)

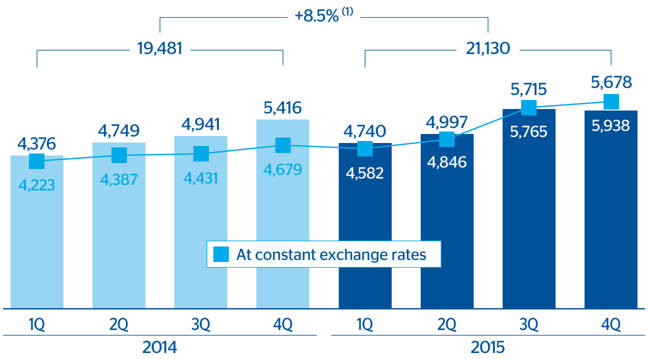


- Excellent performance of **income from fees and commissions**, which has gained momentum over the year. The negative effect of regulatory limits continues to be offset by an increasingly diversified revenue base. This is thanks to the improvement plans being carried out in a number of geographical areas (mainly in Spain and Turkey), the aforementioned increase in activity and an increase in higher added-value operations being delivered by the Group's wholesale businesses.

- As a result, **more recurring revenue** (net interest income plus fees and commissions) is still an extremely relevant element of the income statement, with an increase of 8.5% (up 19.2% at constant exchange rates). With Turkey presented on an on-going basis and taking into account the effect of exchange rates, the figure shows a high resilience (up 0.1%). Moreover, at constant exchange rates there was an increase of 10.1%.

Net interest income plus fees and commissions

(Million euros)



(1) At constant exchange rates: +19.2%.

- **NTI** performed very well in the fourth quarter compared to the third, thanks to the sale of ALCO portfolios in the United States and the positive trend in South America. Market turbulence, particularly starting in the third quarter of 2015 (basically due to uncertainty with respect to growth in China and the fall in oil prices), has led to the cumulative figure for the year declining by 5.9% (down 2.6% at constant exchange rates). With Turkey considered on an on-going basis, this heading increased by 3.0% (up 6.6% excluding the currency effect), even though the comparison basis of 2014 was high.

- The **dividends** heading includes mainly those from the Group's stake in Telefónica (second and fourth quarters) and China Citic Bank (CNCB). In 2015 the figure fell by 21.8% due to the lack of a dividend payment from CNCB.

- **Income by the equity method** barely amounted to €8m. In 2014, this heading basically included income from the Group's stake in the Chinese entity CIFH until the month of November.

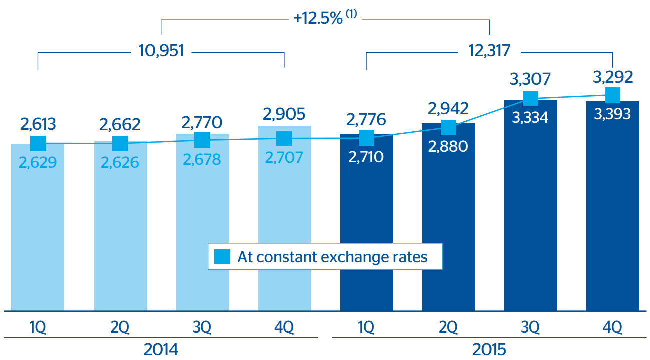
- Lastly, **other operating income and expenses** for the fourth quarter includes the one-off contribution to the Spanish DGF, which in 2014 was paid over four quarters, and for the first time, a payment to the national Resolution Fund. In the cumulative total for the year, the good performance of income from insurance activities has offset the contributions to different guarantee funds in the countries where BBVA operates.

Operating income

Operating expenses increased by 12.5% on 2014 (up 15.8% at constant exchange rates). With figures from Turkey presented on an on-going basis, the year-on-year increase is reduced to

Operating expenses

(Million euros)



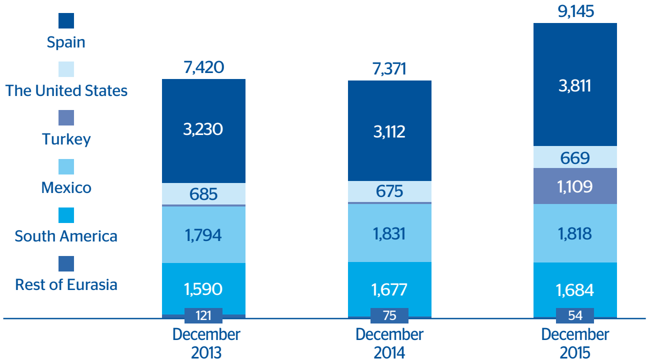
(1) At constant exchange rates: +15.8%.

Breakdown of operating expenses and efficiency calculation

(Million euros)

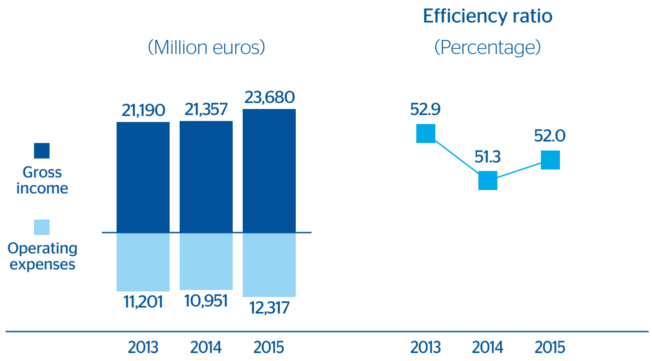
	2015	Δ%	2014
Personnel expenses	**6,377**	**13.7**	**5,609**
Wages and salaries	5,047	18.2	4,268
Employee welfare expenses	827	0.1	826
Training expenses and other	504	(2.1)	515
General and administrative expenses	**4,650**	**11.7**	**4,161**
Premises	1,054	9.5	963
IT	880	6.0	831
Communications	289	0.4	288
Advertising and publicity	393	13.4	346
Corporate expenses	114	10.5	103
Other expenses	1,444	21.0	1,194
Levies and taxes	476	8.8	437
Administration expenses	**11,027**	**12.9**	**9,771**
Depreciation and amortization	**1,290**	**9.3**	**1,180**
Operating expenses	**12,317**	**12.5**	**10,951**
Gross income	**23,680**	**10.9**	**21,357**
Efficiency ratio (Operating expenses/gross income, in %)	**52.0**		**51.3**

Number of branches (1)

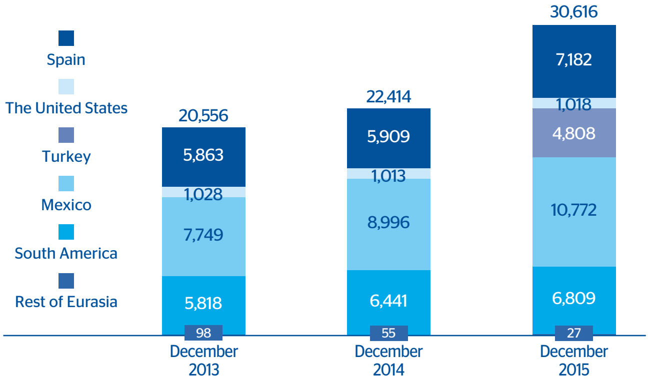


(1) Includes Garanti since the third quarter 2015.

Efficiency



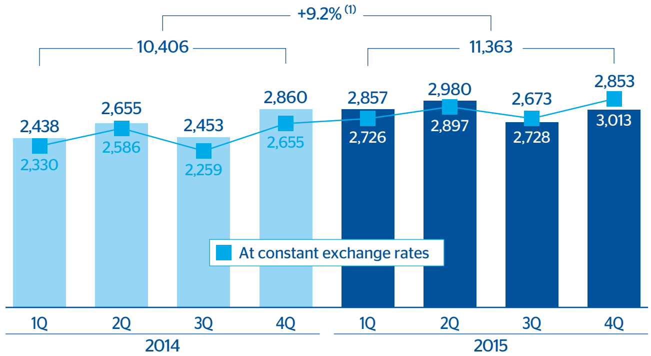
Number of branches (1)



(1) Includes Garanti since the third quarter of 2015.

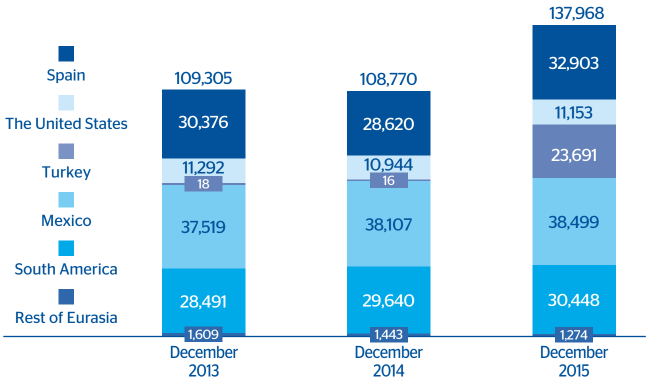
Operating income

(Million euros)



(1) At constant exchange rates: +15.6%.

Number of employees (1)



(1) Includes Garanti since the third quarter of 2015.

6.0% (9.1% at constant exchange rates), affected by the high inflation in some emerging countries. Banking Activity in Spain includes CX since April 24 and the related integration costs. Excluding the incorporation of CX, the rate of increase of expenses is still lower than that of gross income.

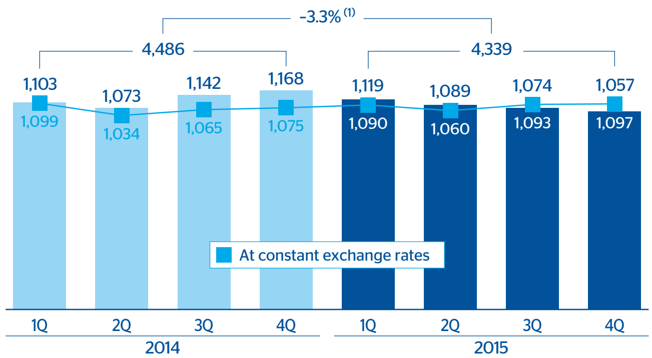
As a result, **operating income** has improved to €11,363m, up 9.2% on 2014 (up 15.6% at constant exchange rates, 2.0% with data from Turkey presented on an on-going basis, and 8.0% with data from Turkey presented on an on-going basis and at constant exchange rates).

Provisions and others

Impairment losses on financial assets continue the downward trend of previous quarters. In 2015, they fell by 3.3% on 2014 (up 1.6% at constant exchange rates). By areas, there was a decline in the Eurozone and a limited increase in the rest of the geographical areas, very much in line with the growth in activity. The above explains why the cumulative cost of risk as of December 2015 (1.06%) is below the figure for the close of the first nine months of the year (1.10%) and for 2014 (1.25%).

Impairment losses on financial assets

(Million euros)



(1) At constant exchange rates: +1.6%.

Allocation to **provisions**, which include the cost of the transformation plans, provisions for contingent liabilities and other commitments, as well as contributions to pension funds, were below the 2014 figure (down 36.6% or 30.9% at constant exchange rates).

Good performance also of the **other gains (losses)** heading, strongly affected by lower impairment losses on real-estate activity in Spain from provisions on property and foreclosed or acquired assets.

Profit

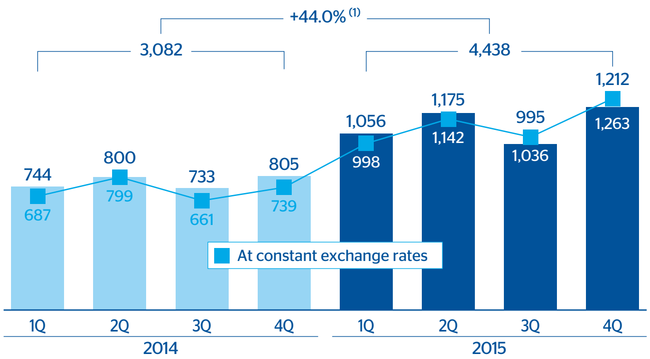
Net income from ongoing operations in 2015 grew year-on-year by 44.0% (up 53.8% excluding the effect of currencies).

The line **results from corporate operations** heading includes capital gains of €705m net of tax originated by the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB; the credit of €26m, also net of tax, for the badwill generated in the CX deal; the effect (practically neutral) of the close of the sale of BBVA's entire stake in CIFH; and the impact of the valuation at fair value of the 25.01% stake held by BBVA in Garanti at the time when the acquisition of an additional 14.89% was completed (amounting to a negative €1,840m in the third quarter).

Lastly, **attributable profit from ongoing operations** in 2015, which consists of the Group's net attributable profit excluding results from corporate operations totaled €3,752m, up 43.3% on 2014. Attributable economic profit from ongoing operations reached €619m.

Net income from ongoing operations

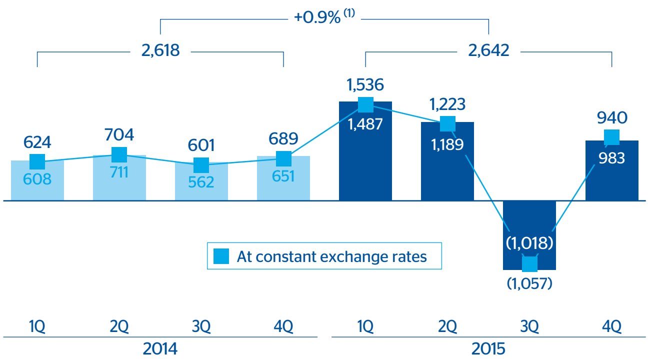
(Million euros)



(1) At constant exchange rates: +53.8%.

Net attributable profit

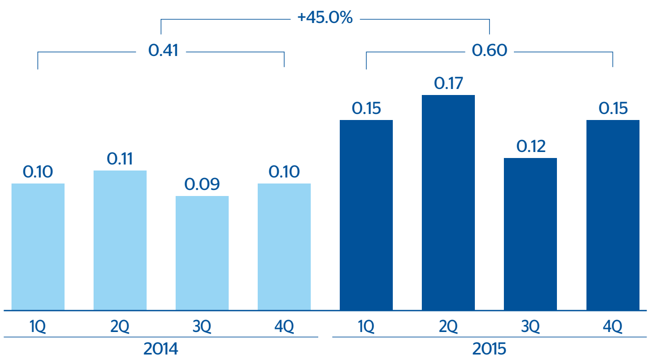
(Million euros)



(1) At constant exchange rates: +4.4%.

Earnings per share (1)

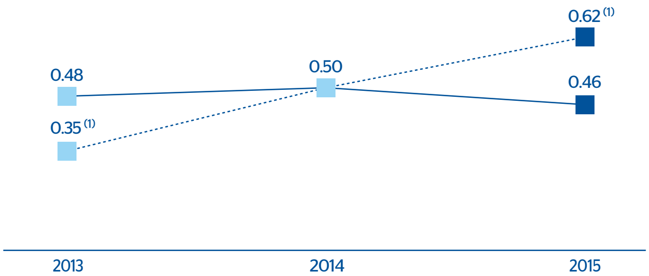
(From ongoing operations. Euros)



(1) Adjusted by additional Tier I instrument remuneration.

ROA

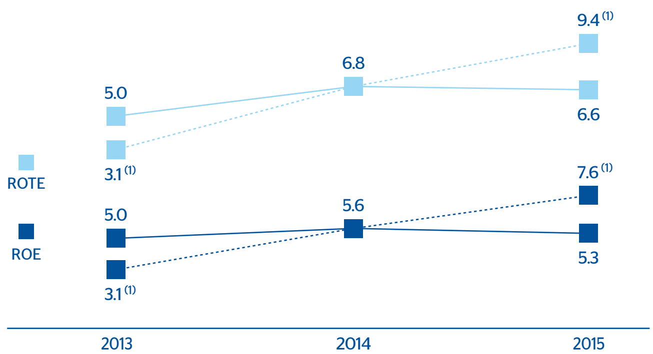
(Percentage)



(1) From ongoing operations.

ROE and ROTE

(Percentage)



(1) From ongoing operations.

BBVA Group not including Venezuela and with Turkey on an on-going basis

To ensure comparable figures, the Group's income statement not including Venezuela is shown below (due to the exchange-rate impact), with Turkey presented on an on-going basis (to isolate the effects of the purchase of an additional 14.89% stake in Garanti, as already mentioned).

Consolidated income statement of BBVA Group excluding Venezuela and with Turkey presented on a like-for-like comparison (1)

(Million euros)

	2015	∆%	∆% at constant exchange rates	2014
Net interest income	**14,923**	**13.1**	**10.9**	**13,191**
Net fees and commissions	4,398	8.3	5.0	4,062
Net trading income	2,057	1.6	(0.2)	2,024
Other income/expenses	661	(7.5)	(7.9)	715
Gross income	**22,039**	**10.2**	**7.9**	**19,992**
Operating expenses	(11,545)	11.9	8.7	(10,318)
Operating income	**10,494**	**8.5**	**7.0**	**9,675**
Impairment on financial assets (net)	(4,057)	(4.7)	(4.9)	(4,257)
Provisions (net) and other gains (losses)	(1,112)	(36.5)	(36.8)	(1,752)
Income before tax	**5,325**	**45.2**	**40.8**	**3,666**
Income tax	(1,280)	45.7	41.2	(878)
Net income from ongoing operations	**4,045**	**45.1**	**40.6**	**2,788**
Results from corporate operations (2)	(1,109)	n.m.	n.m.	-
Net income	**2,936**	**5.3**	**2.1**	**2,788**
Non-controlling interests	(370)	11.4	5.9	(332)
Net attributable profit	**2,566**	**4.5**	**1.5**	**2,456**
Net attributable profit from ongoing operations (3)	**3,675**	**49.7**	**45.4**	**2,456**

(1) Financial statements with Garanti's revenues and costs integrated in the proportion corresponding to the percentage (25.01%) of the Group's stake until the second quarter of 2015.
(2) 2015 includes the capital gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB, the effect of the valuation at fair value of the 25.01% initial stake held by BBVA in Garanti, the impact of the sale of BBVA's 29.68% stake in CIFH and the badwill from the CX operation.
(3) Corresponds to the attributable profit excluding results from corporate operations.

Balance sheet and business activity

BBVA Group's year-on-year figures for its business activity and balance sheet as of **31-Dec-2015** are influenced by the incorporation of the balances from CX and by the integration of Garanti, after closing the purchase of an additional 14.89% of this Turkish bank. Considering Turkey on an ongoing basis, i.e. with the 25.01% initial stake and with its balances integrated in the proportion corresponding to this percentage stake, trends are summarized below:

- Recovery in the last quarter of 2015 of part of the general depreciation accumulated by the **exchange rates** of the currencies of emerging countries against the euro. However, a comparison of the year-end exchange rates against the euro on 31-Dec-2015 against those on the same date in 2014 shows that the effect on the year-on-year rates of change is negative.

- Growth in **gross lending to customers** (not including repurchase agreements –repos–) picks up speed: up 7.5% since December 2014, up 11.4% at constant exchange rates. This better performance is due to the increase in loans across all geographical areas. In Spain, this rise is explained by the incorporation of the balances from CX (up 13.1%), but also by the excellent performance of the production of new loans in all the segments, which has resulted in the stock of these products registering positive year-on-year

Consolidated balance sheet (1)

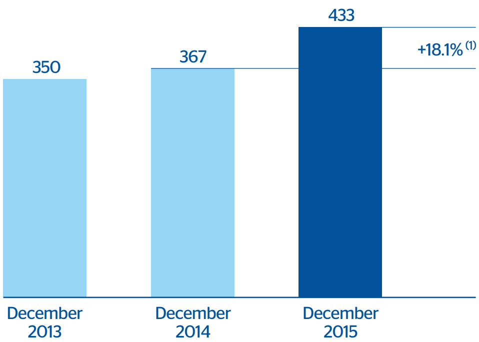
(Million euros)

	31-12-15	Δ%	31-12-14	30-09-15
Cash and balances with central banks	43,467	28.2	33,908	36,128
Financial assets held for trading	78,326	(6.1)	83,427	83,662
Other financial assets designated at fair value	2,311	(28.6)	3,236	4,968
Available-for-sale financial assets	113,426	14.9	98,734	117,567
Loans and receivables	457,644	18.3	386,839	451,658
Loans and advances to credit institutions	32,962	16.7	28,254	33,042
Loans and advances to customers	414,165	17.7	351,755	407,454
Debt securities	10,516	54.0	6,831	11,162
Held-to-maturity investments	-	-	-	-
Investments in entities accounted for using the equity method	879	32.9	661	779
Tangible assets	9,944	24.1	8,014	9,349
Intangible assets	10,275	16.2	8,840	9,797
Other assets	33,807	21.4	27,851	32,569
Total assets	**750,078**	**15.1**	**651,511**	**746,477**
Financial liabilities held for trading	55,203	(3.1)	56,990	58,352
Other financial liabilities designated at fair value	2,649	(26.2)	3,590	4,767
Financial liabilities at amortized cost	606,113	18.9	509,974	598,206
Deposits from central banks and credit institutions	108,630	11.1	97,735	115,154
Deposits from customers	403,069	21.9	330,686	388,856
Debt certificates	66,165	11.4	59,393	65,860
Subordinated liabilities	16,109	14.1	14,118	16,140
Other financial liabilities	12,141	51.0	8,042	12,196
Liabilities under insurance contracts	9,407	(10.2)	10,471	10,192
Other liabilities	21,267	12.7	18,877	21,360
Total liabilities	**694,638**	**15.8**	**599,902**	**692,876**
Non-controlling interests	8,149	224.6	2,511	7,329
Valuation adjustments	(3,349)	n.m.	(348)	(3,560)
Shareholders' funds	50,639	2.4	49,446	49,832
Total equity	**55,439**	**7.4**	**51,609**	**53,601**
Total equity and liabilities	**750,078**	**15.1**	**651,511**	**746,477**
Memorandum item:				
Contingent liabilities	49,876	34.5	37,070	48,545

(1) Since the third quarter of 2015, BBVA's total stake in Garanti is consolidated by the full integration method. As of 31 December 2014, Garanti's assets and liabilities are integrated in the proportion corresponding to the percentage of the Group's stake at that date (25.01%).

Loans and advances to customers (gross)

(Billion euros)



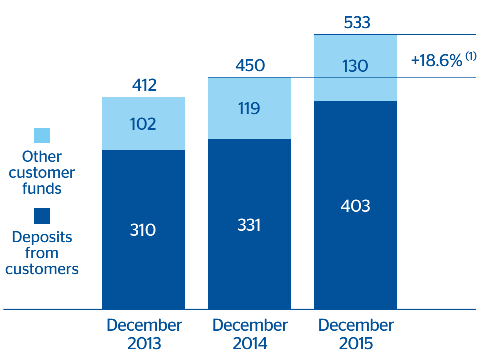
(1) At constant exchange rates: +22.4%.

rates of change (except for mortgages, which is a portfolio with a high degree of redemptions, and public sector lending).

- Favorable performance of **deposits from customers** (excluding repurchase agreements –repos–: up 10.9% year-on-year at current exchange rates and 18.5% at constant rates).
- Reduction in **non-performing loans**, thanks to lower additions to NPL and the good performance of recoveries. The increase in this figure compared to that registered twelve months earlier is explained by the aforementioned incorporation of the balances from CX.
- **Off-balance-sheet funds** (mutual and pension funds and other off-balance-sheet funds) have also accelerated their year-on-year rate of growth compared to that in the first nine months of the year: up 6.6% taking into consideration the impact of currencies and up 8.1% at constant exchange rates.

Customer funds

(Billion euros)



(1) At constant exchange rates: +24.4%.

Loans and advances to customers

(Million euros)

	31-12-15	Δ%	31-12-14	30-09-15
Domestic sector	**176,093**	**8.3**	**162,652**	**177,935**
Public sector	21,471	(8.1)	23,362	22,596
Other domestic sectors	154,623	11.0	139,290	155,340
Secured loans	97,852	12.0	87,371	99,240
Other loans	56,771	9.3	51,920	56,100
Non-domestic sector	**231,429**	**28.1**	**180,719**	**222,613**
Secured loans	103,007	41.4	72,836	102,408
Other loans	128,422	19.0	107,883	120,204
Non-performing loans	**25,333**	**9.4**	**23,164**	**25,747**
Domestic sector	19,499	5.0	18,563	20,181
Non-domestic sector	5,834	26.8	4,601	5,566
Loans and advances to customers (gross)	**432,855**	**18.1**	**366,536**	**426,295**
Loan-loss provisions	(18,691)	26.5	(14,781)	(18,841)
Loans and advances to customers	**414,165**	**17.7**	**351,755**	**407,454**

Customer funds

(Million euros)

	31-12-15	Δ%	31-12-14	30-09-15
Deposits from customers	**403,069**	**21.9**	**330,686**	**388,856**
Domestic sector	**175,142**	**20.6**	**145,251**	**172,110**
Public sector	15,368	44.3	10,651	12,843
Other domestic sectors	159,774	18.7	134,600	159,267
Current and savings accounts	78,502	31.9	59,509	74,044
Time deposits	69,326	14.1	60,783	71,807
Assets sold under repurchase agreement and other	11,947	(16.5)	14,308	13,416
Non-domestic sector	**227,927**	**22.9**	**185,435**	**216,746**
Current and savings accounts	123,854	8.8	113,795	117,056
Time deposits	98,596	57.2	62,705	94,531
Assets sold under repurchase agreement and other	5,477	(38.7)	8,935	5,159
Other customer funds	**130,104**	**9.5**	**118,851**	**128,141**
Spain	**79,181**	**11.4**	**71,077**	**76,667**
Mutual funds	33,676	13.6	29,656	32,434
Pension funds	22,897	4.7	21,879	22,397
Other off-balance sheet funds	123	(29.1)	174	119
Customer portfolios	22,485	16.1	19,368	21,717
Rest of the world	**50,923**	**6.6**	**47,773**	**51,474**
Mutual funds and investment companies	22,930	(0.9)	23,126	24,271
Pension funds	8,645	57.6	5,484	7,959
Other off-balance sheet funds	3,663	7.7	3,403	3,683
Customer portfolios	15,685	(0.5)	15,761	15,561
Total customer funds	**533,173**	**18.6**	**449,537**	**516,996**

Solvency

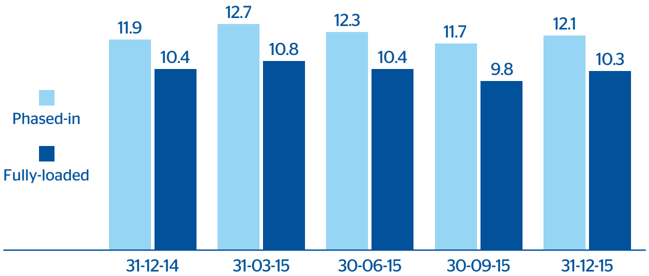
Capital base

BBVA ended **2015** with a CET1 fully-loaded capital ratio of 10.3% and a leverage ratio of 6.0%, also fully-loaded. This continues to compare very favorably with the rest of its peer group. It is worth noting that the Group has waived the use of the so-called "national filter", anticipating the proposal contained in the European Central Bank's (ECB) draft regulation on the exercise of the options and powers available in EU law (November 2015), which is due to come into effect in March 2016. Additionally, the highlights in the period are:

- **Distribution** to shareholders on July 16, 2015 and January 12, 2016 of €0.08 gross per share in cash, which involved disbursements of €504.4m and €509.3m, respectively.
- The "**dividend-option**" programs, implemented in April and October, have had an excellent uptake (90.31% and 89.65%, respectively).
- Increase in **risk-weighted assets** –RWA– (up 14.5% in the year, 0.9% over the last three months).
- As a result of the above, the **phased-in core capital ratio** stands at 12.1%.
- BBVA Group continues to maintain a high **leverage ratio**: 6.3% under phased-in criteria.

CET1 ratio evolution

(Percentage)



The following is worth mentioning with respect to **regulation**:

- BBVA has published its prudential capital requirements applicable to the Entity, following the supervisory review and evaluation process (SREP), which established that BBVA maintain a phased-in core capital ratio of 9.5%, at both individual and consolidated level. In addition to this, an additional requirement has been added in 2016 at consolidated level for BBVA, as a global systemically important bank, consisting of an additional capital buffer of 0.25%. As a result, the minimum phased-in core capital required in 2016 will be 9.75%.
- This requirement as a global systemically important bank (G-SIB) will not be applicable from January 1, 2017, as the Financial Stability Board (FSB) has communicated its decision to exclude BBVA from the list of G-SIBs as of that date. However, instead of this, a 0.5% requirement covering "other systemically important banks" established by the Bank of Spain will be applicable by 2019, and implemented gradually over four years (0.25% in 2017).

Ratings

In 2015, BBVA's rating has been positive, in line with that in 2014, as commented. The latest update has been that DBRS has upgraded BBVA's rating (A) outlook from stable to positive.

Ratings

Rating agency	Long term	Short term	Outlook
DBRS	A	R-1 (low)	Positive
Fitch	A–	F-2	Stable
Moody's [1]	Baa1	P-2	Stable
Scope Ratings	A	S-1	Stable
Standard & Poor's	BBB+	A-2	Stable

(1) Additionally, Moody's assigns an A3 rating to BBVA's long term deposits.

Capital base

(Million euros)

	CRD IV phased-in				
	31-12-15	30-09-15	30-06-15	31-03-15	31-12-14
Common equity Tier I	48,539	46,460	43,422	43,995	41,832
Capital (Tier I)	48,539	46,460	43,422	43,995	41,832
Other eligible capital (Tier II)	11,646	11,820	11,276	10,686	10,986
Capital base	60,185	58,280	54,698	54,681	52,818
Risk-weighted assets	401,346	397,936	352,782	347,096	350,803
Total ratio (%)	15.0	14.6	15.5	15.8	15.1
CET1 (%)	12.1	11.7	12.3	12.7	11.9
Tier I (%)	12.1	11.7	12.3	12.7	11.9
Tier II (%)	2.9	3.0	3.2	3.1	3.1

Risk management

Credit risk

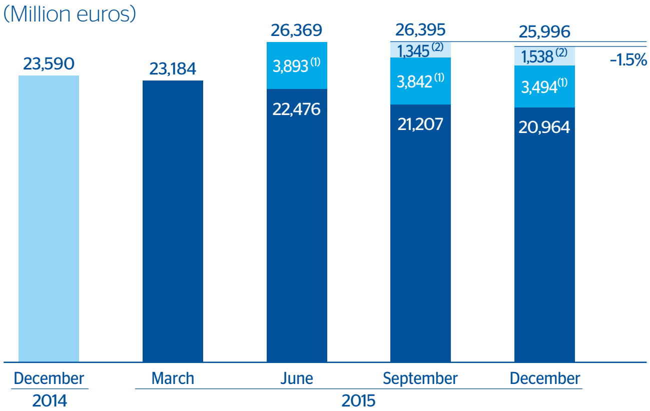
In **2015**, the main variables related to the Group's credit risk management have continued to be positive in general terms and compared to the previous year. The year-on-year changes are affected both by the incorporation of CX and by the effects resulting from the purchase of an additional 14.89% stake in Garanti.

- The positive trend in activity in the quarter explains the 1.6% increase in the Group's **credit risk** from 30-Sep-2015. It has increased by 19.5% over the last twelve months. Excluding the impact of exchange rates, there has been a quarterly increase of 0.7% and a year-on-year increase of 23.6%.

- **Non-performing loans**, which account for 5.4% of total credit risk, maintain their downward trend. They are down 1.5% over the quarter, strongly affected by their performance in Banking Activity in Spain (down 1.5%) and Real-estate Activity in Spain (down 7.3%). In year-on-year terms, this heading has increased by 10.2%, basically as a result of the incorporation of the balances from CX (excluding this effect, there has been a 4.6% decrease).

Non-performing loans

(Million euros)



(1) Catalunya Banc.
(2) Effect of the integration of Garanti by the full consolidation method.

Credit risks [1]

(Million euros)

	31-12-15	30-09-15	30-06-15	31-03-15	31-12-14
Non-performing loans and contingent liabilities	25,996	26,395	26,369	23,184	23,590
Credit risks	482,518	474,693	430,870	413,687	403,633
Provisions	19,405	19,473	18,909	15,002	15,157
NPL ratio (%)	5.4	5.6	6.1	5.6	5.8
NPL coverage ratio (%)	74	74	72	65	64
NPL ratio (%) (excluding Catalunya Banc)	4.9	5.0	5.5	-	-
NPL coverage ratio (%) (excluding Catalunya Banc)	69	68	65	-	-

(1) Include gross customer lending plus contingent exposures.

Non-performing loans evolution

(Million euros)

	4Q15	3Q15	2Q15	1Q15	4Q14
Beginning balance	**26,395**	**26,369**	**23,184**	**23,590**	**24,405**
Entries	2,944	1,947	2,223	2,359	2,363
Recoveries	(2,016)	(1,549)	(1,643)	(1,751)	(1,935)
Net variation	**928**	**398**	**580**	**608**	**427**
Write-offs	(1,263)	(1,483)	(1,105)	(1,152)	(1,248)
Exchange rate differences and other [1]	(63)	1,111	3,709	138	5
Period-end balance	**25,996**	**26,395**	**26,369**	**23,184**	**23,590**
Memorandum item:					
Non-performing loans	25,333	25,747	25,766	22,787	23,164
Non-performing contingent liabilities	664	647	602	398	426

(1) The third quarter of 2015 includes the effects of the purchase of an additional 14.89% in Garanti.

- **Loan-loss provisions** remain at levels similar to those registered at the close of the third quarter (down 0.3%). Compared to the amount registered at the end of 2014, there has been a 28.0% increase, due partly to the aforementioned CX operation.

- Consequently, further improvement in the Group's **NPL ratio** which closed at 5.4% and continues to decline with respect to the close of the previous quarter. Stability in the **coverage ratio**, at 74%. In the year-on-year comparison, the incorporation of CX has increased the NPL ratio, but also the coverage ratio.

- Lastly, there is a positive trend in the **cost of risk** compared to the cumulative figures to September 2015 and December 2014.

Structural risks

Liquidity and funding

Management of **liquidity and funding** aims to finance the recurring growth of the banking business at suitable maturities and costs, using a wide range of instruments that provide access to a large number of alternative sources of finance.

A core principle in BBVA's management of the Group's liquidity and funding is the financial independence of its banking subsidiaries abroad. This principle prevents the propagation of a liquidity crisis among the Group's different areas and ensures that the cost of liquidity is correctly reflected in price formation.

During 2015 the liquidity and funding conditions have remained comfortable across BBVA's global footprint. Specifically, in the latter part of the year:

- BBVA S.A. has had recourse to the long-term wholesale funding markets, with two successful operations that have attracted the attention of the most important investors: senior debt in the United States market for US$ 1,000m at 5 years; and a mortgage-covered bond in the euro market for €1,250m with a maturity of 5.5 years.

- The long-term wholesale funding markets have remained stable in the other geographical areas where the Group operates.

- Short-term funding has also continued to perform extremely well, in a context marked by a high level of liquidity.

- In general, the financial soundness of the Group's banks is based on the funding of lending activity, basically through the use of customer funds.

- With respect to the new regulatory LCR ratios, BBVA has levels that are clearly higher than demanded by regulations, both at Group level and in all its banking subsidiaries.

Foreign exchange

Foreign-exchange risk management of BBVA's long-term investments, basically stemming from its franchises abroad, aims to preserve the Group's capital adequacy ratios and ensure the stability of its income statement.

2015 was characterized by some volatility of the currencies of emerging economies, affected by weak global growth and the fall in oil prices, which was reversed to some extent in the fourth quarter. In this context, BBVA has maintained a policy of actively hedging its investments in Mexico, Chile, Colombia, Turkey and the dollar area. In addition to these hedges done at corporate level, dollar positions are held at local level by some of the subsidiary banks. The currency risk of the earnings expected from abroad for the last 12 months has also been managed.

Interest rates

The aim of managing **interest-rate risk** is to maintain sustained growth of net interest income in the short and medium term, irrespective of interest-rate fluctuations.

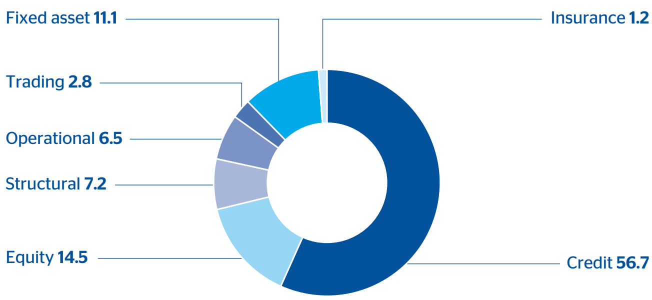
During 2015, the results of this management have been satisfactory, with limited risk strategies in all the Group's banks. The amount of NTI generated in Europe, the United States and Mexico is the result of prudent portfolio management strategies, particularly in terms of sovereign debt, in a context marked by low interest rates.

Economic capital

Attributable **economic risk capital** (ERC) consumption at the end of December stood at €32,278m. Over the last twelve months, the decline in equity ERC is the result of the reduction in the stake in CNCB. The integration of CX (which mainly affects credit and fixed-asset risk) and the effect of the Garanti deal have resulted in an increase in ERC, which nevertheless has been partly offset by the depreciation against the euro of the main currencies of emerging markets in 2015. The year-on-year rate of change in ERC is therefore +5.7%.

Attributable economic risk capital breakdown

(Percentage as of December 2015)



The BBVA share

In 2015, global **economic growth** lost momentum, mainly as a result of the slowdown in the main emerging economies. The recovery in the developed markets has been insufficient to offset this impact. The new downward correction of activity in China, the tightening of monetary policy in the United States and the fall in the price of commodities have resulted in a difficult scenario that has kept global growth in 2015 at around 3.2%.

In this global situation, the main **stock-market indices**, except for the European Stoxx 50, have closed 2015 at levels lower than those registered the previous year. In the United States, the general S&P 500 index closed with a year-on-year decline of 0.7%, while in Spain the Ibex 35 lost 7.2%, after the consecutive rises registered in the two previous years. In contrast, in Europe, the Stoxx 50 index gained 3.2%.

The performance of the **banking sector** in 2015 has to a certain extent proved a burden on these general indices. The S&P Regional Banks banking sector index in the United States closed 2015 with a year-on-year decline of 0.3%, while in Europe, the Stoxx Banks fell 3.3% and the Euro Stoxx Banks, which includes the banks in the Eurozone, lost 4.9%. The sector's performance over the year has been affected by a number of factors, including market uncertainty about the potential impact of the regulatory changes currently being discussed and the downward revision of the expectations of growth over the year.

The price of the **BBVA share** increased by 19.8% in the first quarter of 2015 before starting a downward path that continued for the rest of the year. At the close of the year, the price posted a year-on-year decline of 14.2%, with a price of €6.74 per share as of 31-Dec-2015. This amount represents a market capitalization of €42,905m, a price/book value ratio of 0.9 and a P/E of 13.2 (calculated on BBVA Group's net attributable profit for 2015). At these levels, the value of the BBVA share compares favorably with the average for European banks.

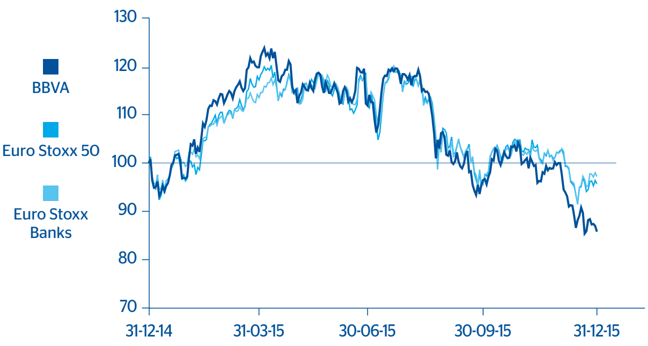
The BBVA share and share performance ratios

	2015	2014
Number of shareholders	934,244	960,397
Number of shares issued	6,366,680,118	6,171,338,995
Daily average number of shares traded	46,641,017	48,760,861
Daily average trading (million euros)	393	437
Maximum price (euros)	9.77	9.99
Minimum price (euros)	6.70	7.45
Closing price (euros)	6.74	7.85
Book value per share (euros) (1)	7.47	8.01
Market capitalization (million euros)	42,905	48,470
Price/book value (times)	0.9	1.0
PER (Price/earnings; times)	13.2	17.3
Yield (Dividend/price; %) (2)	5.5	4.2

(1) Numerator= equity plus valuation adjustments; denominator= number of shares outstanding minus treasury stock. All data refers to a specific date.
(2) Calculated by dividing shareholder remuneration over the last twelve months over the closing price at the end of the period.

BBVA share evolution compared with European indices

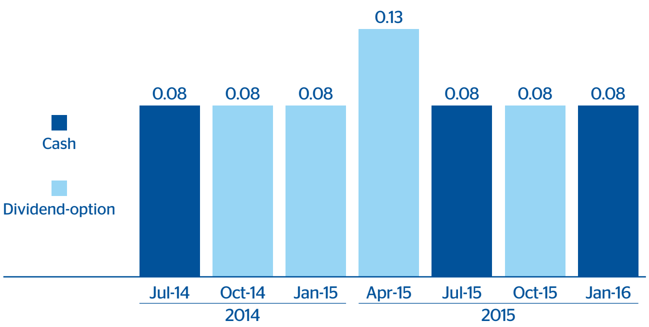
(Base indice 100=31-12-2014)



As regards **shareholder remuneration**, two dividends were paid out in cash at €0.08 gross per share each, amounting to disbursements of €504.4m on July 16, 2015 and €509.3m on January 12, 2016, against 2015 earnings. Additionally, at its meetings held on March 25 and September 30, 2015, the Board of Directors of BBVA agreed to complete two capital increases against reserves, under the terms agreed by the Annual General Meeting of Shareholders held on March 13, 2015. These increases have served as instruments for developing the share remuneration scheme called "dividend-option", details of which have been widely reported in previous reports. In the case of the implementation of the first "dividend-option", the holders of 90.31% of these rights chose to receive new shares. In the case of the second, the holders of 89.65% decided to receive new shares. The acceptance percentages are the highest obtained in the last two years, confirming the excellent level of support for this remuneration system among shareholders.

Shareholder remuneration

(Euros -gross-/share)



The **number of BBVA shares**, as of 31-Dec-2015 stood at 6,367 million. Their increase on the figure at the end of 2014 is explained by the capital increases against reserves completed over the year to execute the aforementioned “dividend-option”.

The **number of BBVA shareholders** as of 31-Dec-2015 stood at 934,244, a year-on-year decline of 2.7%. The granularity of the shareholders remained at similar levels in 2015, with no significant holdings. Investors resident in Spain hold 44.7% of the share capital, while the percentage owned by non-resident shareholders has continued to increase to 55.3% (compared with 53.9% in 2014).

Shareholder structure

(31-12-2015)

	Shareholders		Shares	
Number of shares	Number	%	Number	%
Up to 150	217,876	23.3	15,490,716	0.2
151 to 450	196,590	21.0	53,455,140	0.8
451 to 1800	282,378	30.2	265,401,936	4.2
1,801 to 4,500	124,071	13.3	353,693,692	5.6
4,501 to 9,000	57,993	6.2	364,537,906	5.7
9,001 to 45,000	48,866	5.2	851,284,685	13.4
More than 45,001	6,470	0.7	4,462,816,043	70.1
Total	**934,244**	**100.0**	**6,366,680,118**	**100.0**

BBVA **shares** are traded on the Continuous Market of the Spanish Stock Exchanges and also on the stock markets in London and Mexico. BBVA American depositary shares (ADS) are traded in New York and also on the Lima Stock Exchange (Peru) under an exchange agreement between these two markets.

Lastly, BBVA shares are included in the key Ibex 35 and Euro Stoxx 50 indices, with an 8.82% weighting in the former and 2.02% in the latter, as well as in several banking industry indices, most notably Stoxx Banks, with a weighting of 4.31%, and the Euro Stoxx Banks, with a weighting of 8.96%. In addition, BBVA maintains a significant presence on the main **sustainability indices** or ESG (Environmental, Social and Governance) indices, which evaluate the performance of companies in this area. In 2015, BBVA maintained its place in the main sustainability indices at international level.

Main sustainability indices with BBVA presence

(31-12-2015)

		Weighting (%)
Member of Dow Jones Sustainability Indices In Collaboration with RobecoSAM	DJSI World	0.57
	DJSI Europe	1.24
	DJSI Eurozone	2.60
MSCI 2016 Constituent MSCI Global Sustainability Indexes (1)	MSCI World ESG	0.29
	MSCI EX USA ESG	0.69
	MSCI AC Europe ESG	1.13
FTSE4Good	FTSE4Good Global	0.27
	FTSE4Good Global 100	0.47
	FTSE4Good Europe	0.74
	FTSE4Good Europe 50	1.34
Euronext vigeo	Euronext-Vigeo Europe 120	0.79
	Euronext-Vigeo Eurozone 120	0.76
STOXX Member 2015/2016 ESG Leaders Indices	STOXX Global ESG Environmental Leaders	0.42
	STOXX Global ESG Social Leaders	0.42
	EURO STOXX ESG Leaders 50	2.00
	STOXX Europe ESG Leaders 50	2.00
	STOXX Global ESG Leaders	0.28

(1) The inclusion of Banco Bilbao Vizcaya Argentaria S.A. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herin, do not constitute a sponsorship, endorsement or promotion of Banco Bilbao Vizcaya Argentaria S.A. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Responsible banking

One of the most relevant news in 2015 was the achievement of the goal set for **Yo Soy Empleo** (I am Employment), which created 10,000 jobs in two years. Those who benefited most were: SMEs; self-employed workers, with 1,250 aid packages; and younger workers, with 40% of the aid. All hirings are for more than one year and 55% are permanent contracts. Additionally, 150 aid packages were granted for hiring people with disabilities. Training is a fundamental element, with 2,750 courses given to 3,000 entrepreneurs, and hiring has been boosted through the intermediation with 1,000 recruitment processes in 500 companies.

Financial Literacy

The **Financial Literacy Day** was held for the first time on October 5 with the support of BBVA. It aims to raise awareness in society of the need to have proper financial planning, to save and to be well informed to be able to make the right economic decisions at any stage of life.

BBVA has announced the local and regional winners in South America of the **Camino al Éxito Awards** (Path to Success) 2015, which can access non-interest funding of up to 250,000 dollars.

Products with a high social impact

The United Nations **Sustainable Development Goals Fund** (SDG-F) has recognized the BBVA Microfinance Foundation as one of the 13 private institutions worldwide that are members of its Private Sector Advisory Panel. United Nations has highlighted this institution for its activity in favor of poverty eradication, dignified work and gender equality.

Momentum Project has held the Social Investment Day, the major social entrepreneurship event where the thirteen participating companies presented their growth plans to experts and potential investors.

The holding of the **Impact Challenge Blue BBVA** has been a resounding success. This innovation event is designed for young participants to find solutions to two challenges, one technological and one social.

Society

Education for society

Social entrepreneurship and education in values will take center stage in the 2016 edition of **Ruta BBVA**, which will travel around Spain and Mexico.

BBVA and the Latin American Foundation for Education, Science and Culture have signed a partnership agreement to continue working together in favor of **children** with various initiatives.

The team

BBVA has been the most highly rated company, in the financial sector, in the annual ranking of the best companies to work for prepared by **Great Place To Work®**. It is also in eighth place on the global list of the 25 best companies to work for in the world.

Territorios Solidarios (Solidarity Territories) is also back. This 4th edition will support 178 projects in Spain with 1.65 million euros donated and 600,000 beneficiaries.

Once more, BBVA has held the BBVA **Charity Run**, which allocated the money raised to the Cáritas Multiplica charity store. This project helps low-income people (currently 713) so they can have access to the food and hygiene products they need at affordable prices.

The environment

BBVA has demonstrated its commitment to the fight against climate change with its support for several declarations on the eve of the **Paris Climate Summit** (COP21). These include those made by the Spanish Green Growth Group on the major role of companies in achieving a more sustainable development; the European Financial Services Round Table (EFR), which stresses the commitment of its associate international financial companies to reducing their carbon emissions and advising their customers in the transition to a more sustainable future; and the Alliance of Energy Efficiency Financing Institutions, which states the unique position of the financial sector for channeling the funding of activities that promote energy efficiency.

The 10th edition of the **BBVA Foundation Awards for Biodiversity Conservation** has been held, which are endowed with 580,000 euros and pay tribute to people and institutions that are making progress in research in favor of nature.

Science and Culture

The Spanish Royal Mathematical Society (RSME) and the BBVA Foundation have joined forces to support research in mathematics as an essential factor of progress in all aspects of life. Both institutions have created the **Vicent Caselles** awards to honor the work of young mathematicians.

The BBVA Foundation and CERN (Organisation Européenne pour la Recherche Nucléaire) have also held a new series of conferences on the challenges and advances in particle physics.

Lastly, the BBVA Foundation, the Spanish Association of Symphony Orchestras (AEOS) and Plena Inclusión have implemented Mosaico de Sonidos (Mosaic of Sound), a program that turns people with intellectual or development disabilities into composers and performers using music to promote creativity, personal development and integration.

Business areas

This section presents and analyzes the most relevant aspects of the Group's different areas. Specifically, it shows a summary of the income statement and balance sheet, the business activity figures and the most significant ratios in each of them.

In 2015 changes were made to the **reporting structure** of BBVA Group's business areas with respect to the structure in force in 2014. Because the stake in Turkiye Garanti Bankasi, A.S. (Garanti Bank) increased to 39.9%, its balance sheet and earnings are presented separately from those of the rest of Eurasia. Thus the business areas are now as follows:

- **Banking activity in Spain** includes, as in previous years, the Retail Network, Corporate and Business Banking (CBB), Corporate & Investment Banking (CIB), BBVA Seguros and Asset Management. It also includes the portfolios, finance and structural interest-rate positions of the euro balance sheet. Since April 24 it also includes the activity, balance sheet and earnings of the banking business of Catalunya Banc (hereinafter, CX).
- **Real-estate activity in Spain** basically covers lending to real-estate developers and foreclosed real-estate assets in the country (including those from CX).
- **The United States** includes the Bank's business activity in the country through BBVA Compass, the New York branch and the US companies Simple and Spring Studio, which were bought in February 2014 and April 2015, respectively, as part of BBVA's strategy to head up the technological transformation of the financial industry.
- **Turkey** includes BBVA's stake in Garanti Bank (39.9% since the third quarter of 2015), which has been incorporated into the Group's financial statements by the full integration method.
- **Mexico** includes the banking and insurance businesses in the country.
- **South America** includes BBVA's banking and insurance businesses in the region.
- **The rest of Eurasia** includes business activity in the rest of Europe and Asia, i.e. the Group's retail and wholesale businesses in the area.

In addition to the above, all the areas include a remainder made up of other businesses and a supplement that includes deletions and allocations not assigned to the units making up the above areas.

Lastly, the **Corporate Center** is an aggregate that contains the rest of the items that have not been allocated to the business areas, as it basically corresponds to the Group's holding function. It includes: the costs of the head offices that have a corporate function; management of structural exchange-rate positions; specific issues of capital instruments to ensure adequate management of the Group's global solvency; portfolios and their corresponding results, whose management is not linked to customer relations, such as industrial holdings; certain tax assets and liabilities; funds due to commitments with employees; goodwill and other intangibles. It also comprises the result from certain corporate operations carried out by the Group that are commented at various points in this report.

In addition to this geographical breakdown, **supplementary information** is provided for all the wholesale businesses carried out by BBVA, i.e. Corporate & Investment Banking (CIB). This aggregate business is considered relevant to better understand the Group because of the characteristics of the customers served, the type of products offered and the risks assumed.

Lastly, as usual, in the case of the Americas and Turkey the results of applying constant **exchange rates** are given in addition to the year-on-year variations at current exchange rates.

The Group compiles **information by areas** based on units at the lowest level, and all the data related to the business they manage is recorded in full. These basic units are then aggregated in accordance with the organizational structure established by the Group for higher-level units and, finally, the business areas themselves. Similarly, all the companies making up the Group are also assigned to the different units according to the geographical area in which they carry out their activity.

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

- **Capital**. Capital is allocated to each business according to economic risk capital (ERC) criteria. This is based on the concept of unexpected loss at a specific confidence level, depending on the Group's capital adequacy targets. The calculation of the ERC combines credit risk, market risk, structural balance-sheet risk, equity positions, operational risk, fixed-asset risk and technical risks in the case of insurance companies. These calculations are carried out using internal models that have been defined following the guidelines and requirements established under the Basel III capital accord, with economic criteria taking precedence over regulatory ones.

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

- **Internal transfer prices**. BBVA Group has a transfer prices system whose general principles apply in the Bank's different entities, business areas and units. Within each geographical area, internal transfer rates are established to calculate the net interest income of its businesses, under both the asset and liability headings. These rates consist of a reference rate (an index whose use is generally accepted on the market) that is applied based on the transaction's revision period or maturity, and a liquidity premium, i.e. a spread that is established based on the conditions and outlook of the financial markets in this respect. There are also agreements for the allocation of earnings between the product-generating units and the distribution units.
- **Allocation of operating expenses**. Both direct and indirect costs are allocated to the business areas, except where there is no clearly defined relationship with the businesses, i.e. when they are of a clearly corporate or institutional nature for the Group as a whole.
- **Cross-selling**. In some cases, consolidation adjustments are required to eliminate shadow accounting entries that are registered in the earnings of two or more units as a result of cross-selling incentives.

To ensure an adequate understanding of the figures appearing in the graphics on activity and the tables on the relevant business data in each of the business areas, the criteria used are given below:

- **Loans and advances to customers (gross)** do not include repurchase agreements (repos).
- **Customer deposits under management** exclude repos.
- **Off-balance sheet funds** cover mutual funds, pension funds and other off-balance sheet funds.
- **Total funds under management** are made up of the sum of customer deposits under management plus off-balance sheet funds.

Mayor income statement items by business area

(Million euros)

		Business areas								
	BBVA Group [1]	Banking activity in Spain	Real-estate activity in Spain	The United States	Turkey [1]	Mexico	South America	Rest of Eurasia	∑ Business areas	Corporate Center
2015										
Net interest income	16,426	4,000	66	1,811	2,194	5,393	3,202	183	16,850	(424)
Gross income	23,680	6,804	(16)	2,652	2,434	7,069	4,477	473	23,892	(212)
Operating income	11,363	3,302	(150)	846	1,273	4,456	2,498	121	12,345	(982)
Income before tax	5,879	1,492	(713)	705	853	2,769	1,814	111	7,031	(1,152)
Net attributable profit	**2,642**	**1,046**	**(492)**	**537**	**371**	**2,090**	**905**	**76**	**4,533**	**(1,891)**
2014										
Net interest income	15,116	3,830	(38)	1,443	735	4,910	4,699	189	15,767	(651)
Gross income	21,357	6,621	(220)	2,137	944	6,522	5,191	736	21,931	(575)
Operating income	10,406	3,534	(373)	640	550	4,115	2,875	393	11,734	(1,328)
Income before tax	4,063	1,220	(1,287)	561	392	2,519	1,951	320	5,678	(1,615)
Net attributable profit	**2,618**	**858**	**(901)**	**428**	**310**	**1,915**	**1,001**	**255**	**3,867**	**(1,249)**

(1) From the third quarter of 2015, BBVA's total stake in Garanti is consolidated by the full integration method. For previous periods, Garanti's revenues and costs are integrated in the proportion corresponding to the percentage of the Group's stake then (25.01%).

Breakdown of gross income, operating income and net attributable profit by geography [1]

(2015. Percentage)

	Banking activity in Spain	Spain [2]	The United States	Turkey	Mexico	South America	Rest of Eurasia
Gross income	28.5	28.4	11.1	10.2	29.6	18.7	2.0
Operating income	26.7	25.5	6.9	10.3	36.1	20.2	1.0
Net attributable profit	**23.1**	**12.2**	**11.9**	**8.2**	**46.1**	**20.0**	**1.7**

(1) Excludes the Corporate Center.
(2) Including real-estate activity in Spain.

Interest rates

(Quarterly averages)

	2015				2014			
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Official ECB rate	0.05	0.05	0.05	0.05	0.05	0.12	0.22	0.25
Euribor 3 months	(0.09)	(0.03)	(0.01)	0.05	0.08	0.16	0.30	0.30
Euribor 1 year	0.09	0.16	0.17	0.25	0.33	0.44	0.57	0.56
USA Federal rates	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
TIIE (Mexico)	3.35	3.32	3.30	3.30	3.29	3.29	3.67	3.79
CBRT (Turkey)	8.78	8.66	8.26	7.99	8.40	8.40	9.79	9.22

Exchange rates

(Expressed in currency/euro)

	Year-end exchange rates			Average exchange rates	
	31-12-15	∆% on 31-12-14	∆% on 30-09-15	2015	∆% on 2014
Mexican peso	18.9147	(5.5)	0.3	17.6109	0.3
U.S. dollar	1.0887	11.5	2.9	1.1094	19.7
Argentinean peso	14.1267	(26.5)	(25.3)	10.2526	5.0
Chilean peso	769.82	(4.3)	2.5	725.69	4.2
Colombian peso	3,424.66	(15.1)	2.1	3,048.78	(13.0)
Peruvian new sol	3.7092	(2.6)	(2.8)	3.5314	6.7
Venezuelan bolivar fuerte	469.4836	(96.9)	(52.4)	469.4836	(96.9)
Turkish lira	3.1765	(10.8)	6.7	3.0246	(3.9)

Risk-weighted assets. Breakdown by business areas and main countries

(Million euros)

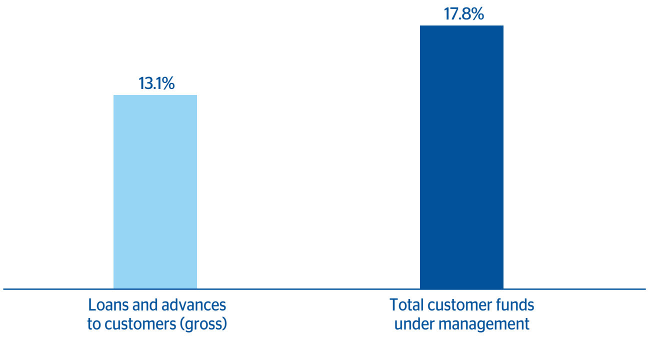
	CRD IV phased-in	
	31-12-15	31-12-14
BBVA Group	401,346	350,803
Banking activity in Spain	122,226	108,375
Real-estate activity in Spain	14,912	15,724
The United States	59,433	49,371
Turkey	72,778	16,449
Mexico	50,594	47,246
South America	56,164	74,988
Argentina	9,115	8,555
Chile	13,431	12,312
Colombia	10,967	10,389
Peru	17,453	13,628
Venezuela	1,788	26,819
Rest of South America	3,410	3,284
Rest of Eurasia	15,375	20,379
Corporate Center	9,865	18,270

Banking activity in Spain

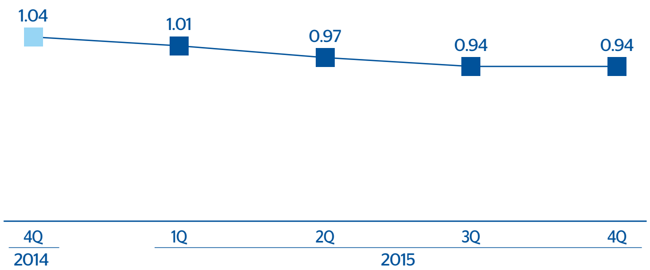
Highlights

- Economic recovery is consolidating.
- Excellent performance of the production of new loans and customer deposits.
- Earnings for the fourth quarter affected by the contributions to the DGF and to the national Resolution Fund.
- Reduction in the cost of risk.
- Sound risk indicators.

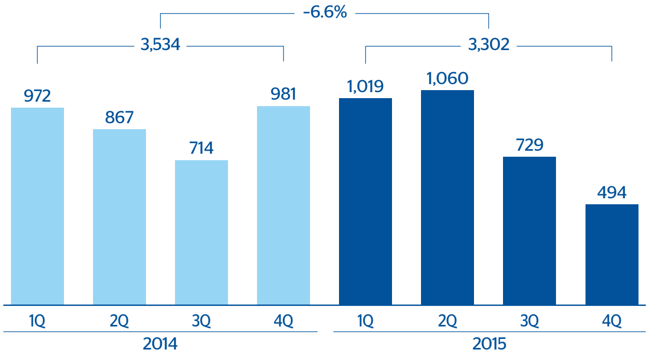
Business activity
(Year-on-year change. Data as of 31-12-2015)



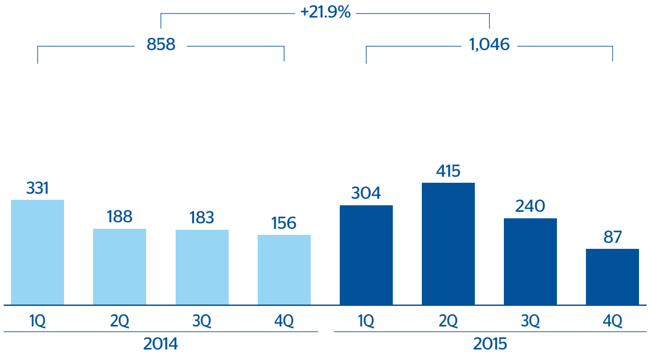
Net interest income/ATA
(Percentage)



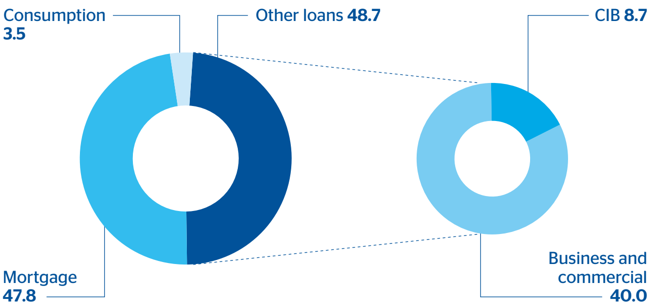
Operating income
(Million euros)



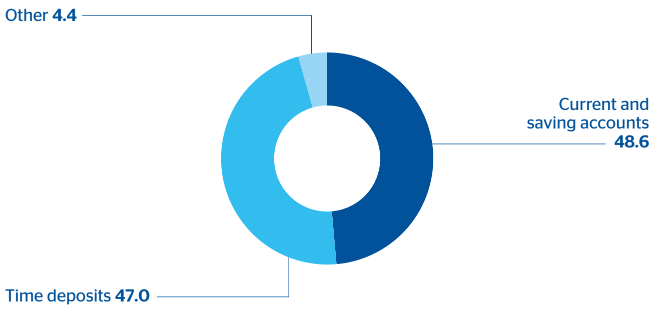
Net attributable profit
(Million euros)



Breakdown of loans and advances to customers (gross)
(Percentage as of 31-12-2015)



Breakdown of customer deposits under management
(Percentage as of 31-12-2015)



Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	2015	∆%	2014
Net interest income	**4,000**	**4.4**	**3,830**
Net fees and commissions	1,605	10.5	1,453
Net trading income	1,013	(11.9)	1,149
Other income/expenses	185	(1.9)	189
Gross income	**6,804**	**2.8**	**6,621**
Operating expenses	(3,502)	13.4	(3,087)
Personnel expenses	(1,936)	8.7	(1,780)
General and administrative expenses	(1,186)	19.2	(995)
Depreciation and amortization	(381)	22.1	(312)
Operating income	**3,302**	**(6.6)**	**3,534**
Impairment on financial assets (net)	(1,332)	(21.2)	(1,690)
Provisions (net) and other gains (losses)	(478)	(23.3)	(623)
Income before tax	**1,492**	**22.3**	**1,220**
Income tax	(440)	22.6	(359)
Net income	**1,052**	**22.1**	**862**
Non-controlling interests	(6)	72.4	(4)
Net attributable profit	**1,046**	**21.9**	**858**

Balance sheet	31-12-15	∆%	31-12-14
Cash and balances with central banks	8,670	10.1	7,876
Financial assets	117,631	1.4	116,016
Loans and receivables	209,745	9.7	191,278
Loans and advances to customers	184,115	8.8	169,216
Loans and advances to credit institutions and other	25,630	16.2	22,062
Inter-area positions	557	-	-
Tangible assets	702	0.3	700
Other assets	2,338	(9.2)	2,576
Total assets/liabilities and equity	**339,643**	**6.7**	**318,446**
Deposits from central banks and credit institutions	59,456	(8.2)	64,765
Deposits from customers	185,314	20.1	154,261
Debt certificates	41,422	(0.6)	41,689
Subordinated liabilities	2,360	10.9	2,128
Inter-area positions	-	-	45
Financial liabilities held for trading	39,955	(9.1)	43,977
Other liabilities	1,879	(45.1)	3,422
Economic capital allocated	9,259	13.5	8,158

Relevant business indicators	31-12-15	∆%	31-12-14
Loans and advances to customers (gross) (1)	187,719	13.1	165,975
Customer deposits under management (1)	166,869	20.8	138,140
Off-balance sheet funds (2)	56,690	9.6	51,702
Efficiency ratio (%)	51.5		46.6
NPL ratio (%)	6.6		6.0
NPL coverage ratio (%)	59		45
Cost of risk (%)	0.71		0.95

(1) Excluding repos.
(2) Includes mutual funds, pension funds and other off-balance sheet funds.

Macro and industry trends

The **Spanish economy** continues to grow at the rates seen in the first half of 2015 (quarterly growth of GDP is around 0.8%). This positive trend is supported mainly by strong domestic demand.

In the **financial sector**, the volume of non-performing loans continues to fall (the NPL ratio stood at 10.35% in November, its lowest level since July 2012), Spanish banks still find it easy to obtain liquidity on the financial markets and the sector remains solvent. At the same time, the deleveraging process is moderating (the year-on-year fall in the stock of loans as of November 2015 was 3.2%), as the flow of new lending is speeding up (up 8.9% year-on-year at November).

Activity

Growth in gross **lending** to customers of 13.1% in year-on-year terms was influenced by the inclusion of CX since April 24, 2015. Without the inclusion, the balance of lending was practically flat over the year (–0.2%). Loan production performed particularly well in 2015 (not considering the balances of CX), with year-on-year growth of 34.2% in mortgages, 30.7% in consumer finance and 24.3% in small businesses. As a result, the back-book of these products, except for mortgages (as this is a portfolio with long maturities), has posted positive year-on-year growth.

With respect to **asset quality**, the incorporation of CX has led to an increase in non-performing loans, and as a result a rise in the NPL ratio, but also an increased coverage ratio. On a comparable basis, it's worth of note the containment of NPL net entries. As a result, the NPL ratio improved by 23 basis points over the year. Over the quarter, the NPL ratio declined by 11 basis points. The coverage ratio increased by 14.8 percentage points over the year (–60 basis points without CX) and declined slightly over the quarter (98 basis points).

Customer **deposits** under management grew significantly in 2015 (up 20.8% year-on-year). The inclusion of CX has a major influence on this trend, although there was also a moderate growth (up 2.2%) if the balances from CX are not included, due to the good performance of current and savings accounts (up 18.9% not including CX; up 31.9% including CX) and a containment of the decline in time deposits, reversing the trend of previous quarters (down

12.5% year-on-year not including CX, –0.2% over the quarter; including CX there was a year-on-year growth of 11.2%). Off-balance-sheet funds grew by 9.6%, despite the unfavorable performance of the markets in the final months of 2015 (growth of 3.2% over the quarter).

Earnings

As mentioned above, the area's income statement is affected by the reclassification of some of the operating expenses related to Technology from the Corporate Area to the Banking Activity area in Spain. To ensure comparable figures, the income statements of 2015 and 2014 have been modified. The most important points in the year-on-year comparison are summed up below:

- In an environment of all-time low interest rates, **net interest income** has grown by 4.4% on the figure for 2014. The lower yield on loans is being offset by cheaper funding, both retail (reduction in the cost of deposits) and wholesale.
- Good performance of **income from fees and commissions** (up 10.5% in year-on-year terms), despite the regulatory limitations currently in place with respect to cards and pension fund management. This positive performance springs from a number of factors: the good trend in funds, both in terms of volume managed and their mix; plans to improve the revenue heading that are being carried out; and the increase in advisory operations being executed in the wholesale businesses.
- The contribution from **NTI** is smaller than in 2014, due mainly to lower ALCO portfolio sales, despite the favorable performance in the Global Markets business in Spain.
- Booking in the fourth quarter of the contribution to the Deposit Guarantee Fund (FGD), and for the first time, to the national Resolution Fund, which explains the decline of 1.9% in the **other income/ expenses** heading despite the good performance of the insurance business.
- Growth of 13.4% in **operating expenses** as a result of the inclusion of CX and of related integration costs.
- The continued improvement in asset quality has led to lower **impairment losses on financial assets**. The 2015 figure is down 21.2%, so the cumulative cost of risk as of December stands at 0.71%, an improvement on the first nine months of 2015 and on 2014.
- **Provisions (net) and other gains/losses** include the costs derived from the transformation process, as mentioned in previous quarterly reports. The cumulative figure for 2015 under this heading shows a reduction of 23.3% on the figure for 2014.

As a result, the **net attributable profit** generated by banking activity in Spain in 2015 was €1,046m, a year-on-year increase of 21.9%.

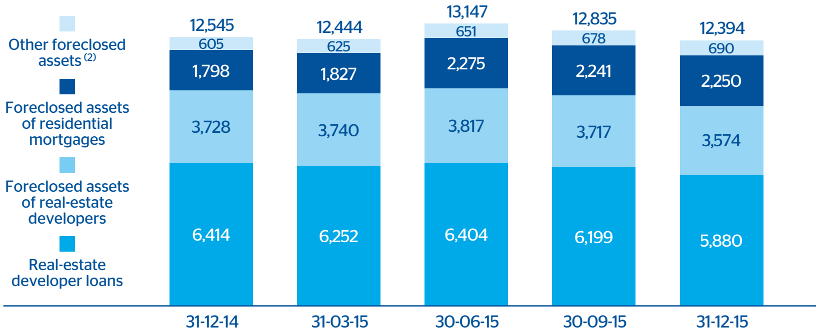
Real-estate activity in Spain

Highlights

- The growing trend in prices and in the demand for housing continues.
- Stronger activity in mortgage lending.
- Negative contribution of the area to earnings continues to decline.
- Improved risk indicators.

Net exposure to real estate [1]

(Million euros)



(1) Transparency scope according to Bank of Spain Circular 5/2011 dated November 30.
(2) Other foreclosed assets include foreclosed assets that do not stem from financing family home buying.

Coverage of real-estate exposure in Spain

(Million of euros as of 31-12-15)

	Risk amount	Provision	% Coverage over risk
NPL + Substandard	7,014	3,801	54
NPL	6,231	3,600	58
Substandard	783	201	26
Foreclosed real-estate and other assets	15,243	8,729	57
From real-estate developers	8,938	5,364	60
From dwellings	4,937	2,687	54
Other	1,368	678	50
Subtotal	**22,257**	**12,530**	**56**
Performing	2,667		
With collateral	2,286		
Finished properties	1,785		
Construction in progress	263		
Land	238		
Without collateral and other	381		
Real-estate exposure	**24,924**	**12,530**	**50**

Industry trends

In the second half of **2015**, demand for residential real-estate continued to be supported by the positive fundamentals, particularly the increase in mortgage lending and the positive trend in employment. The reduction in the housing stock has boosted housing starts, in an environment of slightly rising prices. According to data from the third quarter of 2015, prices have increased, especially on the coast and in the large metropolitan areas.

The decline in the cost of finance has helped increase activity in the **mortgage market**. According to the cumulative figures from the Bank of Spain through November 2015, the volume of new loans granted to families to buy homes increased by 35.3% in year-on-year terms, with 15 consecutive months of growth.

The latest data published in the third quarter of 2015 by the National Institute for Statistics (INE) confirm that housing **prices** continue their positive trend. So far this year, with data through September, new homes have gained 4.4% in value and existing homes 4.3%.

Figures on **construction activity** show that housing starts are recovering strongly, although the starting point was low. Specifically, between January and October 2015, the number of construction permits granted was 29.2% up on the same period in 2014.

Exposure

BBVA continues with its strategy of reducing its net **exposure** to the real-estate sector in Spain. This includes both the developer segment (lending to real-estate developers plus foreclosed assets derived from these loans) and foreclosed real-estate assets from retail mortgage loans. As of 31-Dec-2015, exposure stood at €12,394m, a reduction of 1.2% since December 2014, despite the fact that 2014 figures did not include CX balances. Exposure was down 3.4% on the September figure.

In terms of total real-estate exposure, including outstanding loans to developers, foreclosed assets and other assets, the **coverage ratio** was 50% at the close of 2015.

Non-performing loans have fallen again over the quarter, with new additions to NPL declining over the period and recoveries progressing positively. The coverage ratio for non-performing and substandard loans remains at 54%.

Sales of real-estate assets in the fourth quarter have been affected by seasonal factors, especially in December, and numbered 3,734 units, or 7,437 including sales of developer assets on the balance sheet. In cumulative terms, this figure amounts to 21,082 units. Although it is a slight fall (9%) on 2014, profitability has risen.

Earnings

BBVA's real-estate business in Spain registered a **loss** of €85m in the fourth quarter of 2015, a figure that improves on the loss of €265m in the same quarter in 2014, mainly due to the reduced need for loan-loss and real-estate provisions, as well as improved capital gains from sales. In cumulative terms, the area registered a loss of €492m (–€901m in the same period in 2014).

Financial statements

(Million euros)

Income statement	2015	∆%	2014
Net interest income	**66**	**n.m.**	**(38)**
Net fees and commissions	2	(51.3)	5
Net trading income	5	n.m.	(2)
Other income/expenses	(89)	(51.7)	(184)
Gross income	**(16)**	**(92.9)**	**(220)**
Operating expenses	(135)	(11.9)	(153)
Personnel expenses	(66)	(18.8)	(81)
General and administrative expenses	(44)	(9.3)	(49)
Depreciation and amortization	(25)	6.9	(23)
Operating income	**(150)**	**(59.7)**	**(373)**
Impairment on financial assets (net)	(179)	(39.7)	(297)
Provisions (net) and other gains (losses)	(383)	(37.8)	(616)
Income before tax	**(713)**	**(44.6)**	**(1,287)**
Income tax	221	(42.1)	382
Net income	**(491)**	**(45.7)**	**(904)**
Non-controlling interests	(1)	n.m.	3
Net attributable profit	**(492)**	**(45.4)**	**(901)**

Balance sheet	31-12-15	∆%	31-12-14
Cash and balances with central banks	5	(14.1)	6
Financial assets	536	54.9	346
Loans and receivables	8,248	(6.4)	8,814
Loans and advances to customers	8,248	(6.4)	8,814
Loans and advances to credit institutions and other	-	-	-
Inter-area positions	-	-	-
Tangible assets	1,305	(4.9)	1,373
Other assets	7,215	5.7	6,826
Total assets/liabilities and equity	**17,310**	**(0.3)**	**17,365**
Deposits from central banks and credit institutions	-	-	-
Deposits from customers	145	174.6	53
Debt certificates	-	-	-
Subordinated liabilities	868	(0.3)	871
Inter-area positions	12,826	(1.0)	12,959
Financial liabilities held for trading	-	-	-
Other liabilities	(0)	(70.0)	(0)
Economic capital allocated	3,471	(0.3)	3,483

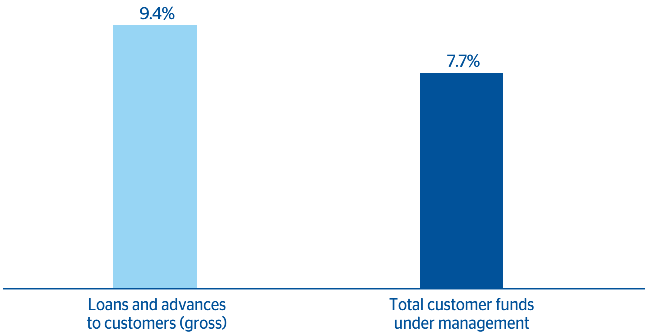
The United States

Highlights

- Moderation in lending growth, focused on profitability.
- Superior performance of net interest income.
- Cost control.
- Risk indicators continue at very low levels.

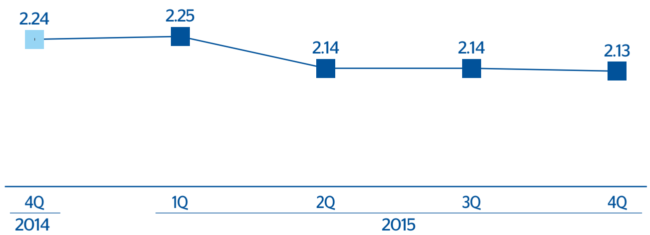
Business activity

(Year-on-year change at constant exchange rate. Data as of 31-12-2015)



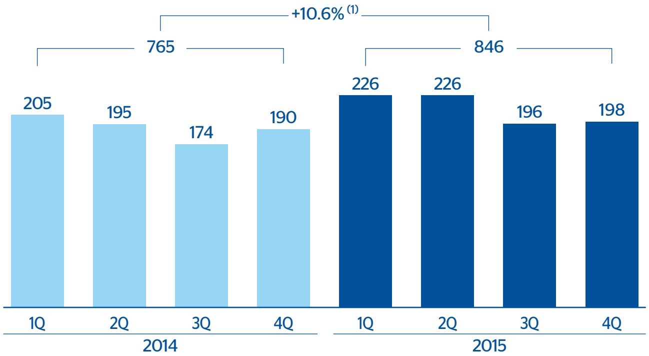
Net interest income/ATA

(Percentage. Constant exchange rate)



Operating income

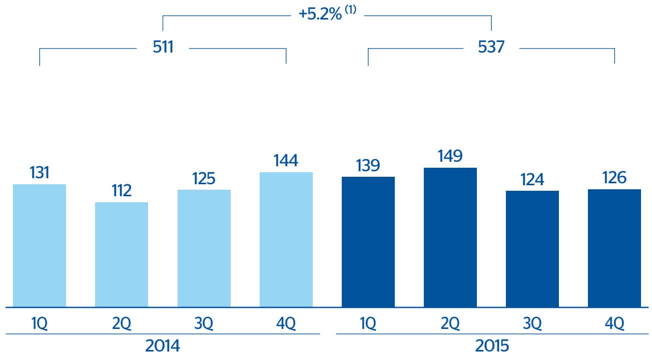
(Million euros at constant exchange rate)



(1) At current exchange rate: +32.2%.

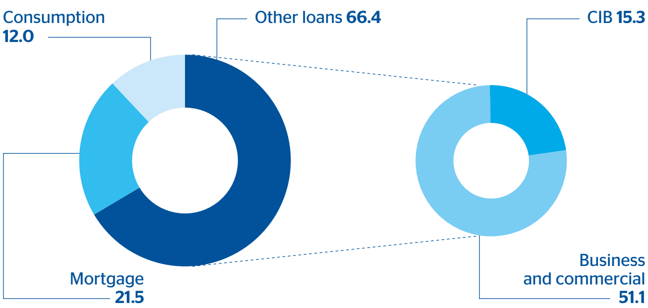
Net attributable profit

(Million euros at constant exchange rate)



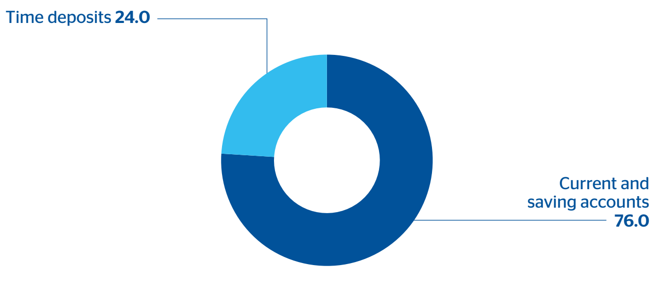
(1) At current exchange rate: +25.4%.

Breakdown of loans and advances to customers (gross) excluding repos (Percentage as of 31-12-2015)



Breakdown of customer deposits under management

(Percentage as of 31-12-2015)



Macro and industry trends

Economic growth in the United States, which is estimated at 2.5% for 2015, continues to be supported by the recovery of private consumption, in a context of sustained gains in employment (the unemployment rate at the end of 2015 stands at 5%) and low inflation (the year-on-year rate of change of inflation in December 2015 is 0.7%). With this improvement in the disposable income of households, the appreciation of the dollar, in a difficult external setting, is holding back manufacturing activity and exports, while the fall in oil prices is reducing investment in the energy sector. In view of the absence of inflationary pressures, the Federal Reserve has opted to implement a cycle of interest rate hikes which, however, will be much more gradual than the one seen in other phases of monetary tightening, given the recent deterioration of the international economic situation. On December 16 it approved an increase of 25 basis points in the interest rate, the first since June 2006.

With respect to the **exchange rate**, the divergence between the monetary-policy approach of the United States and the Eurozone (approval of new ECB stimulus package), together with the difference in growth, currently favorable for the United States, have led to the euro losing 11.5% against the dollar in year-end exchange rates and 19.7% in average rates.

The **financial sector** continues in good shape, despite the environment of low interest rates and a slight increase in loan-loss provisions. Lending in 2015 grew in year-on-year terms at 7.6%, led by better performance of loans to the commercial real-estate sector: +10%. On the liabilities side, there has been a reduction in the weighting of time deposits due to low interest rates.

Activity

All the comments relating to rates of change in activity or earnings for the area refer to constant exchange rates, unless expressly stated otherwise.

On the **lending** side, the rate of growth moderated over 2015, particularly in the second half of the year, to a year-on-year rate of 9.4% at the close of December. This is due to the strategic decision taken in the area to focus on more profitable operations. As a result, customer spreads have remained stable.

Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	2015	Δ%	Δ% (1)	2014
Net interest income	**1,811**	**25.5**	**4.9**	**1,443**
Net fees and commissions	616	11.2	(6.9)	553
Net trading income	207	43.0	21.0	145
Other income/expenses	18	n.m.	n.m.	(4)
Gross income	**2,652**	**24.1**	**3.8**	**2,137**
Operating expenses	(1,806)	20.6	1.0	(1,497)
Personnel expenses	(1,039)	20.6	1.0	(861)
General and administrative expenses	(564)	23.2	3.2	(457)
Depreciation and amortization	(204)	13.9	(4.8)	(179)
Operating income	**846**	**32.2**	**10.6**	**640**
Impairment on financial assets (net)	(142)	107.5	72.6	(68)
Provisions (net) and other gains (losses)	1	n.m.	n.m.	(10)
Income before tax	**705**	**25.7**	**5.2**	**561**
Income tax	(168)	26.4	5.4	(133)
Net incomes	**537**	**25.4**	**5.2**	**428**
Non-controlling interests	(0)	25.0	4.4	-
Net attributable profit	**537**	**25.4**	**5.2**	**428**

Balance sheet	31-12-15	Δ%	Δ% (1)	31-12-14
Cash and balances with central banks	6,859	80.1	61.5	3,808
Financial assets	14,468	21.7	9.1	11,892
Loans and receivables	61,890	21.4	8.9	50,970
Loans and advances to customers	59,796	22.1	9.5	48,976
Loans and advances to credit institutions and other	2,094	5.0	(5.8)	1,994
Inter-area positions	-	-	-	-
Tangible assets	780	7.6	(3.5)	725
Other assets	2,457	31.7	18.1	1,866
Total assets/liabilities and equity	**86,454**	**24.8**	**11.9**	**69,261**
Deposits from central banks and credit institutions	6,100	5.8	(5.1)	5,765
Deposits from customers	63,715	24.0	11.2	51,394
Debt certificates	921	12.1	0.5	822
Subordinated liabilities	1,459	96.7	76.4	742
Inter-area positions	1,508	n.m.	292.3	345
Financial liabilities held for trading	3,844	64.2	47.2	2,341
Other liabilities	5,739	8.3	(2.9)	5,300
Economic capital allocated	3,167	24.1	11.3	2,552

Relevant business indicators	31-12-15	Δ%	Δ% (1)	31-12-14
Loans and advances to customers (gross) (2)	60,599	22.0	9.4	49,667
Customer deposits under management (2)	60,173	20.1	7.7	50,093
Off-balance sheet funds (3)	-	-	-	-
Efficiency ratio (%)	68.1			70.1
NPL ratio (%)	0.9			0.9
NPL coverage ratio (%)	151			167
Cost of risk (%)	0.25			0.16

(1) Figures at constant exchange rate.
(2) Excluding repos.
(3) Includes mutual funds, pension funds and other off-balance sheet funds.

Asset quality indicators are still at minimum levels for the cycle, with an NPL ratio of 0.9% and a coverage ratio of 151%.

Customer **deposits** under management at the end of 2015 remain practically at the same year-on-year growth level as in the first nine months of the year (up 7.7%). BBVA Compass continues to strengthen its position in the Sun Belt, growing faster than its peers and gaining market share in deposits in all the states where it operates, according to the latest data published by the Federal Deposit Insurance Corporation. By products, current and savings accounts have increased by 5.5% since the close of 2014 and time deposits by 15.4%.

Earnings

The area ended 2015 with a **net attributable profit** of €537m, an increase of 5.2% on 2014. Of this total, €126m corresponds to the last quarter of the year.

The main features of the income statement over 2015 have been:

- Outstanding **net interest income**, which increased its contribution to the income statement every quarter in 2015, offsetting the more sluggish performance of income from fees and commissions. This has been possible thanks to the positive performance of business activity and the maintenance of spreads in the area.
- Very good performance of **NTI** resulting from the capital gains from the sale of ALCO portfolios and the good performance of the Global Markets unit over the period.
- **Operating costs** kept in check, with a rise of only 1.0% in the last 12 months.
- Lastly, an increase in **impairment losses on financial assets**. Despite this, the cumulative cost of risk through December 2015 continues to be very low, at 0.25%.

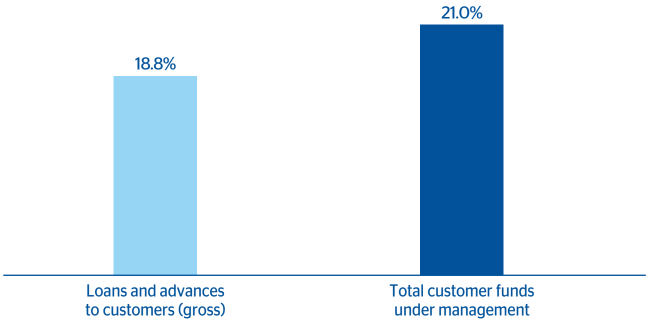
Turkey

Highlights

- Sound economic growth in a complex and volatile environment.
- Strong activity continues, focused on loans in Turkish lira to the retail segment and foreign-currency deposits.
- Good performance of recurring revenue.
- Outstanding asset quality indicators.

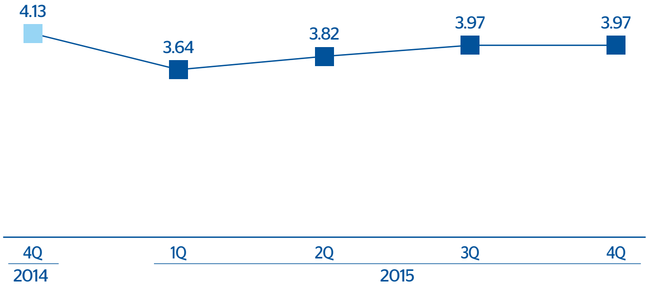
Business activity. Turkey presented on an ongoing basis

(Year-on-year change at constant exchange rate. Data as of 31-12-2015)



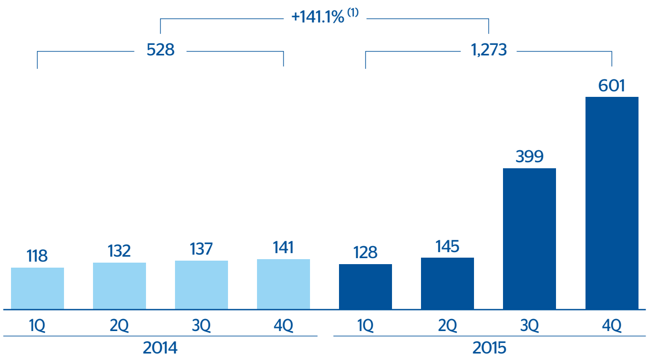
Net interest income/ATA

(Percentage. Constant exchange rate)



Operating income

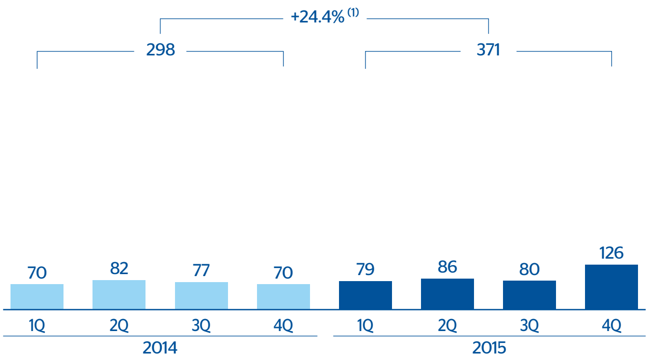
(Million euros at constant exchange rate)



(1) At current exchange rate: +131.6%.

Net attributable profit

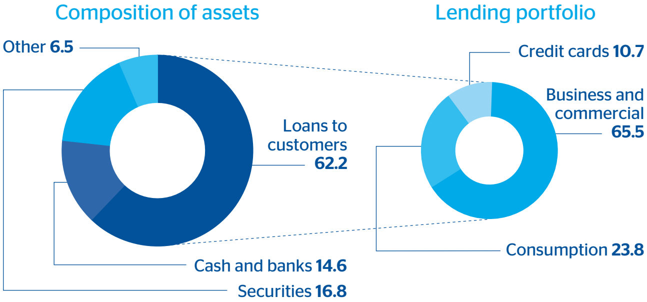
(Million euros at constant exchange rate)



(1) At current exchange rate: +19.5%.

Garanti. Composition of assets and lending portfolio [1]

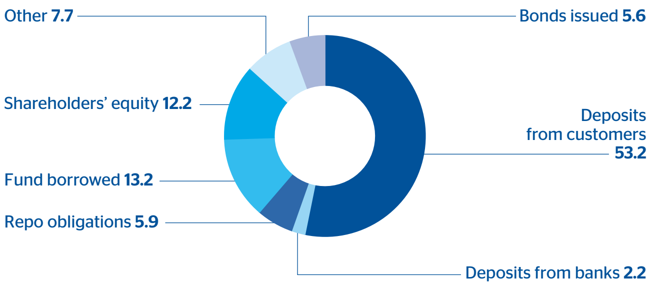
(Percentage as of 31-12-2015)



(1) Garanti Bank only.

Garanti. Composition of liabilities [1]

(Percentage as of 31-12-2015)



(1) Garanti Bank only.

Financial statements and relevant business indicators

(Million euros and percentage)

	Turkey [1]	Turkey presented on an ongoing basis [2]			
Income statement	2015	2015	Δ%	Δ% [3]	2014
Net interest income	**2,194**	**850**	**15.7**	**20.4**	**735**
Net fees and commissions	471	187	(1.8)	2.2	191
Net trading income	(273)	(84)	n.m.	n.m.	1
Other income/expenses	42	17	(4.7)	(0.8)	18
Gross income	**2,434**	**971**	**2.8**	**7.0**	**944**
Operating expenses	(1,160)	(448)	13.5	18.0	(395)
Personnel expenses	(565)	(221)	9.4	13.8	(202)
General and administrative expenses	(478)	(184)	16.9	21.7	(158)
Depreciation and amortization	(118)	(43)	21.0	25.9	(35)
Operating income	**1,273**	**523**	**(4.9)**	**(1.0)**	**550**
Impairment on financial assets (net)	(422)	(156)	6.5	10.9	(146)
Provisions (net) and other gains (losses)	2	1	n.m.	n.m.	(11)
Income before tax	**853**	**368**	**(6.3)**	**(2.4)**	**392**
Income tax	(166)	(73)	(11.2)	(7.5)	(82)
Net income	**687**	**295**	**(5.0)**	**(1.1)**	**310**
Non-controlling interests	(316)	-	-	-	-
Net attributable profit	**371**	**295**	**(5.0)**	**(1.1)**	**310**

Balance sheet	31-12-15	31-12-15	Δ%	Δ% [3]	31-12-14
Cash and balances with central banks	9,089	2,272	(8.3)	2.8	2,478
Financial assets	15,006	3,751	(16.8)	(6.7)	4,508
Loans and receivables	60,702	15,175	4.9	17.7	14,464
Loans and advances to customers	55,182	13,795	5.3	18.1	13,098
Loans and advances to credit institutions and other	5,520	1,380	1.0	13.3	1,366
Tangible assets	1,406	352	80.8	102.8	194
Other assets	2,801	697	(0.0)	12.2	697
Total assets/liabilities and equity	**89,003**	**22,248**	**(0.4)**	**11.7**	**22,342**
Deposits from central banks and credit institutions	16,823	4,206	(3.8)	7.9	4,374
Deposits from customers	47,148	11,787	1.4	13.7	11,626
Debt certificates	7,954	1,989	53.3	71.9	1,297
Subordinated liabilities	51	13	(45.2)	(38.6)	23
Financial liabilities held for trading	843	211	9.9	23.3	192
Other liabilities	14,521	3,004	(23.2)	(13.9)	3,913
Economic capital allocated	1,663	1,039	13.2	27.0	918

Relevant business indicators	31-12-15	31-12-15	Δ%	Δ% [3]	31-12-14
Loans and advances to customers (gross) [4]	57,768	14,442	5.9	18.8	13,635
Customer deposits under management [4]	43,393	10,848	8.4	21.5	10,011
Off-balance sheet funds [5]	3,620	905	2.7	15.1	882
Efficiency ratio (%)	47.7	46.1			41.8
NPL ratio (%) [2]	2.8	2.8			2.8
NPL coverage ratio (%) [2]	129	129			115
Cost of risk (%) [2]	1.24	1.09			1.16

(1) Since the third quarter of 2015, BBVA's total stake in Garanti is consolidated by the full integration method.
(2) Garanti's financial statements integrated in the proportion corresponding to the percentage of the Group's stake (25.01%) until the second quarter of 2015.
(3) Figures at constant exchange rate.
(4) Excluding repos.
(5) Includes mutual funds, pension funds and other off-balance sheet funds.

Macro and industry trends

Turkey maintains strong **economic growth**, improving the outlook of market forecasts, which in 2015 could have been 3.6%, in a very complex and volatile geopolitical setting, but with the support that the fall in oil prices provides to disposable income in an energy-dependent economy.

Inflation is very high (8.8% in December 2015), exceeding the price stability target set by the Central Bank of Turkey (CBRT), which should tighten the monetary policy to abort the risk of an unanchoring of expectations, of an additional weakening of the **Turkish lira** and of a deterioration of the capital account. These measures are more necessary insofar as the fiscal policy will further support growth in 2016.

The Turkish **financial sector** is maintaining the moderate rate of credit growth (especially loans to individuals) that started in the summer, although it is still at double-digit year-on-year rates (up 20% as of December, measured in local currency; adjusted for the effect of the depreciation of the Turkish lira, the increase would be closer to 14%). Growth in customer fund gathering has also slowed in 2015, although it remains at double digit rates year-on-year (17.4%), according to the latest figures as of December 2015. The NPL ratio increases slightly but continues at around 3%. The sector has sound levels of capitalization. In terms of profitability, the banks continue to focus on repricing loans to protect their net interest income, since the cost of finance is high as a result of strong competition and tight liquidity conditions. The stability of the NPL ratio at relatively low levels continues to be one of the sector's main strengths.

Activity

All the comments below on rates of change will be expressed at a constant exchange rate, unless expressly stated otherwise.

The acquisition of the additional 14.89% of Garanti's share capital was completed in the third quarter of 2015 after receiving the relevant authorizations. In accordance with applicable accounting rules and as a result of the agreements reached, BBVA Group has valued the initial shareholding (25.01%) at fair value and consolidated its entire current stake (39.9%) by the full integration method. In order to facilitate comparison with the historical figures, the variations presented below are given on an ongoing basis, i.e. at 25.01% and integrated in the proportion corresponding to this percentage stake, unless expressly stated otherwise.

As of December 2015, Turkey registered an increase in gross **lending** to customers of 18.8%, as a result of the area's strategy focused on selective growth in more profitable products. Consequently, the performance of the loan portfolio is strongly supported by loans in Turkish lira to the retail segment, specifically mortgage loans, lending to companies and credit cards (up 23.3%, 20.3% and 15.3%, respectively, since 31-Dec-2014). Foreign-currency loans have contracted, if we compare the figure for December 2015 with that for the same date the previous year. This is the result of uncertainty and volatility leading to delays in the execution of some project finance deals.

In the last quarter of the year, in line with a prudent approach to the changes in the global environment, Garanti has reclassified certain loans as subjective non-performing, which explains why the NPL ratio closed at 2.8%, although it remains below the sector average. The **coverage ratio** increased to reach 129%.

On the liabilities side, customer **deposits** under management continue to perform strongly. They closed 2015 with a year-on-year rate of growth of 21.5%, boosted particularly by the strong performance of those denominated in foreign currency.

Lastly, Garanti has a comfortable **liquidity** position, thanks to two factors: the growing contribution from customer deposits (accounting for around 55% of total liabilities); and access to alternative, longer-term sources of finance.

Earnings

Turkey ended 2015 with a **net attributable profit** of €371m (€295m on an ongoing basis), 24.4% more than in the same period in 2014. The most notable items in this area's income statement are:

- Excellent performance of **net interest income** (up 20.4% year-on-year), thanks to strong new loan production and maintenance of customer spreads, supported by adequate management of the repricing of asset products and the diversification of sources of finance.
- **Fees and commissions** performed better in the last three months of 2015, which is reflected in the year-on-year rise in the cumulative figure through December (up 2.2%). Outstanding are those originated by collection and payment services and those from project finance customers, as well as the growing contribution from the effective use of digital channels. The above, along with greater diversification of this revenue, has offset the negative impact of the regulation approved at the end of 2014 limiting the fees charged for consumer loans and credit cards.
- **NTI** has been adversely affected by volatility in the wholesale financial markets, particularly in the second half of the year.
- **Operating expenses** have been impacted by the effect of the depreciation of the Turkish lira on costs denominated in other currencies and the impact of high inflation rates.
- Lastly, **impairment losses on financial assets** are up, mainly due to the effect of the depreciation of the Turkish lira. However, the cumulative cost of risk through 31-Dec-2015 (1.09%) stands at levels below those registered the previous year (1.16%).

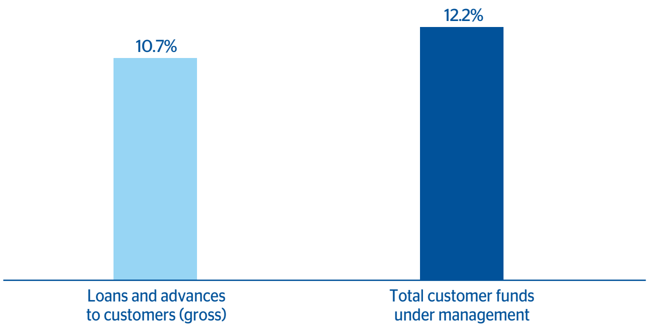
Mexico

Highlights

- Double-digit growth in both lending and deposits continues.
- Improved performance of the retail portfolio.
- Resilience of the area's earnings, in a moderate economic environment.
- Adequate asset quality that compares favorably with the banking system as a whole.

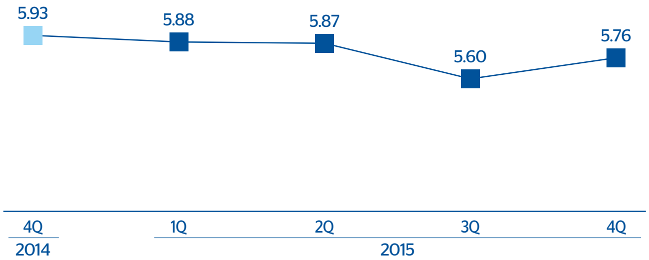
Business activity

(Year-on-year change at constant exchange rate. Data as of 31-12-2015)



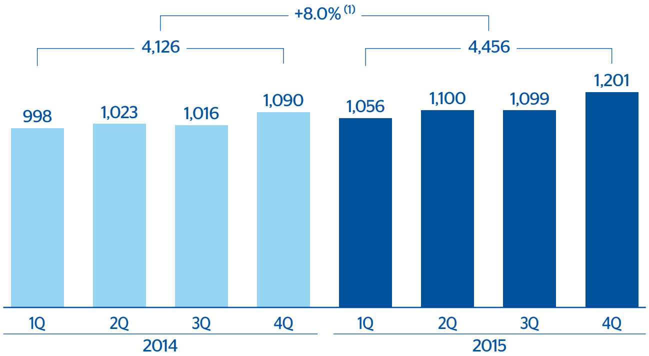
Net interest income/ATA

(Percentage. Constant exchange rate)



Operating income

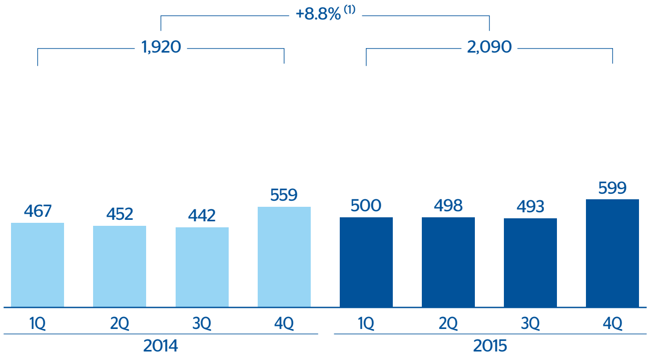
(Million euros at constant exchange rate)



(1) At current exchange rate: +8.3%.

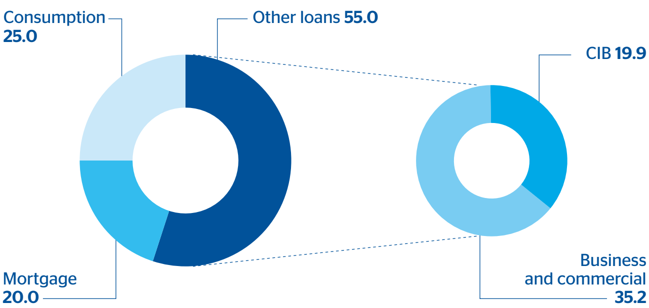
Net attributable profit

(Million euros at constant exchange rate)



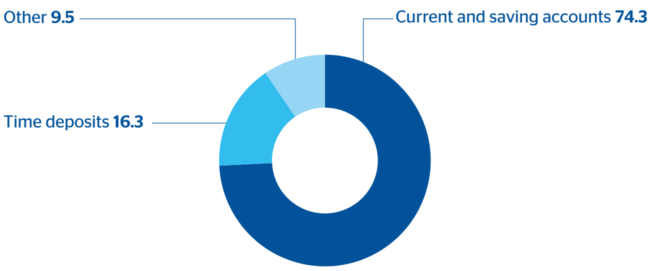
(1) At current exchange rate: +9.1%.

Breakdown of loans and advances to customers (gross) excluding repos (Percentage as of 31-12-2015)



Breakdown of customer deposits under management

(Percentage as of 31-12-2015)



Macro and industry trends

Economic growth in Mexico in 2015 has approached 2.5%, 0.4 percentage points more than in 2014, thanks to the improvement in domestic demand (with the increase in employment and the anchoring of inflation at low levels) and stronger industrial activity in the United States in the first half of the year. Keeping inflation at low levels (2.7% a year on average in 2015) will help make the expected increase in interest rates very gradual and limited. In December, the Bank of Mexico increased the reference rate by 25 basis points to 3.25%, in line with the Federal Reserve's strategy, and this synchronization is expected to be maintained in 2016.

In 2015, the **Mexican peso** depreciated year-on-year against the euro by 5.5% in terms of the year-end exchange rate, which means a practically flat performance in terms of average exchange rates. Unless expressly stated otherwise, all the comments below on rates of change will be expressed at a constant exchange rate.

The country's **financial system** maintains high levels of solvency, with a total capital adequacy ratio of 15.0% as of November 2015, according to the latest information available from the Bank of Mexico. The NPL ratio has declined slightly over the year (2.8% as of November, according to the public information released by the National Securities Banking Commission, Comisión Nacional Bancaria de Valores –CNBV–). In terms of activity, and despite the loan portfolio has posted double-digit percentage increases driven by the wholesale segments, a slight slowdown was registered in November 2015 due to some repayments in the companies segment. However, consumer finance and mortgage lending continue to grow above 10%. Fund gathering has also performed strongly, in both demand and time deposits. The increase in reference rates could have a positive impact on the system's earnings, as a result of the positive sensitivity of net interest income to rate increases.

Activity

Double-digit growth of the **loan book**: up 10.7% year-on-year, with data as of 31-Dec-2015. Thus, more moderate performance than in previous quarters due to significant pre-payments from the public sector portfolio.

Despite the above, the **wholesale portfolio** is notably strong, with a year-on-year increase

Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	2015	Δ%	Δ% (1)	2014
Net interest income	**5,393**	**9.8**	**9.5**	**4,910**
Net fees and commissions	1,223	4.9	4.6	1,166
Net trading income	196	0.5	0.2	195
Other income/expenses	257	2.6	2.3	250
Gross income	**7,069**	**8.4**	**8.1**	**6,522**
Operating expenses	(2,613)	8.6	8.3	(2,406)
Personnel expenses	(1,121)	9.8	9.5	(1,020)
General and administrative expenses	(1,273)	6.2	5.9	(1,199)
Depreciation and amortization	(219)	17.1	16.8	(187)
Operating income	**4,456**	**8.3**	**8.0**	**4,115**
Impairment on financial assets (net)	(1,633)	7.7	7.4	(1,517)
Provisions (net) and other gains (losses)	(53)	(32.3)	(32.5)	(79)
Income before tax	**2,769**	**9.9**	**9.6**	**2,519**
Income tax	(678)	12.4	12.1	(604)
Net income	**2,091**	**9.1**	**8.8**	**1,916**
Non-controlling interests	(1)	10.6	10.3	(1)
Net attributable profit	**2,090**	**9.1**	**8.8**	**1,915**

Balance sheet	31-12-15	Δ%	Δ% (1)	31-12-14
Cash and balances with central banks	6,363	6.0	12.2	6,004
Financial assets	32,986	(3.9)	1.8	34,311
Loans and receivables	53,262	11.4	18.0	47,800
Loans and advances to customers	47,513	5.1	11.2	45,224
Loans and advances to credit institutions and other	5,748	123.1	136.2	2,576
Tangible assets	2,126	27.9	35.4	1,662
Other assets	4,735	19.8	26.8	3,953
Total assets/liabilities and equity	**99,472**	**6.1**	**12.3**	**93,731**
Deposits from central banks and credit institutions	12,817	10.3	16.8	11,617
Deposits from customers	49,539	7.8	14.2	45,937
Debt certificates	5,204	3.4	9.5	5,033
Subordinated liabilities	4,425	7.2	13.5	4,128
Financial liabilities held for trading	7,134	(6.3)	(0.8)	7,616
Other liabilities	14,993	4.0	10.1	14,421
Economic capital allocated	5,360	7.7	14.0	4,979

Relevant business indicators	31-12-15	Δ%	Δ% (1)	31-12-14
Loans and advances to customers (gross) (2)	48,757	4.6	10.7	46,630
Customer deposits under management (2)	43,321	10.8	17.3	39,091
Off-balance sheet funds (3)	21,557	(2.4)	3.3	22,094
Efficiency ratio (%)	37.0			36.9
NPL ratio (%)	2.6			2.9
NPL coverage ratio (%)	120			114
Cost of risk (%)	3.28			3.45

(1) Figures at constant exchange rate.
(2) Excluding repos.
(3) Includes mutual funds, pension funds and other off-balance sheet funds.

of 12.7%. This has allowed BBVA in Mexico to increase its market share by 50 basis points since December 2014, according to the public information released by the CNBV at the end of November 2015. Within this portfolio, one highlight for the second consecutive quarter, is the good performance of real-estate developers, which ended the year with a year-on-year growth of 26.4%. Commercial lending (corporations and SMEs) finished the year with a balance 15.1% higher than on the same date in 2014.

The **retail portfolio** registers a slight improvement toward the end of 2015, closing the year with year-on-year growth of 10.3%, boosted by lending to small businesses (SMEs) and consumer finance. SMEs show the greatest strength, with a year-on-year rate of growth of 24.0%. Consumer loans grow by 21.9%, thanks to the strategy of pre-approved loans for the bank's customer base. This has enabled BBVA in Mexico to register a gain in market share of 80 basis points in this category compared to the figure for December 2014, according to the public information released by the CNBV for November 2015. A high rate of pre-payments is still happening in the credit card and mortgage portfolios. However, new production of bank credit cards has performed well, with year-on-year growth of 10.2%. Thus, the credit card portfolio showed a year-on-year increase through December 2015 of 2.2%. New mortgage loans have risen by 7.9% over the same period, and as a consequence the balance of this portfolio stands at 3.9% above the volume at the end of 2014.

This trend in lending has been parallel to an adequate **asset quality**. The NPL ratio (2.6% as of December 2015) remains at levels similar to those at the end of the third quarter but below those of the closing of 2014 (2.9%), while the coverage ratio has improved by 633 basis points over the year to 120% (121% as of 30-Sep-2015 and 114% as of 31-Dec-2014). It is worth noting that, in local terms, the figures continue to compare positively with the market.

Total customer **funds** ended the year with year-on-year growth of 12.2%. Fund gathering maintains its positive trend (up 17.3%), heavily influenced by the good performance of both current and savings accounts (up 21.6%) and time deposits (up 16.1%). The above also enables BBVA in Mexico to maintain a profitable funding mix, with a greater weight of low-cost funds. Off-balance-sheet funds ended 2015 with year-on-year growth of 3.3%.

Earnings

BBVA in Mexico registered strong earnings in 2015. The **net attributable profit** stands at €2,090m, which means a year-on-year rise of 8.8%, due to:

- Good performance of **net interest income**, which is up 9.5% in year-on-year terms. Its performance has been heavily influenced by a growth in activity more biased toward wholesale segments, as well as by a lower contribution from the Global Markets unit.

- Improved performance of **income from fees and commissions** mainly in the last part of the year, thanks to the revenue from Corporate & Investment Banking, with accumulated growth of 4.6%.

- **NTI** heavily influenced by the negative trend in the markets, although due to the positive effect from the exchange rate market, this heading ends the year with figures very similar to those registered in 2014.

- The **other income/expenses** item is slightly up (2.3% in year-on-year terms), due to an increased contribution to the Deposit Guarantee Fund as a result of a larger volume of liabilities. Earnings from the insurance business, which are included under this heading, continue to improve and closed the year with year-on-year growth of 10.9%.

- **Operating expenses** are up 8.3%, partly due to the impact of the investment plans being executed in Mexico since 2013.

- Lastly, **impairment losses on financial assets** are up year-on-year by 7.4%, below the increase registered by the loan portfolio. Thus, the cumulative cost of risk through December has declined to 3.28% (3.45% in 2014).

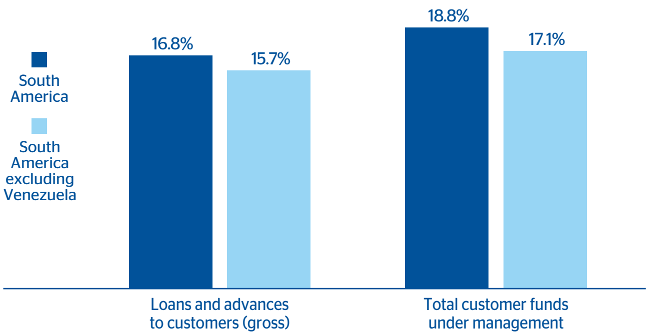
South America

Highlights

- Faster growth of banking activity.
- High capacity to generate recurring revenue.
- Cost affected by investment plans and high inflation in some countries.
- Risk indicators are stable.

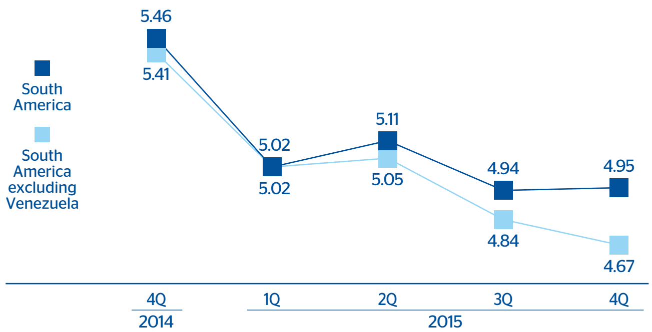
Business activity

(Year-on-year change at constant exchange rates. Data as of 31-12-2015)



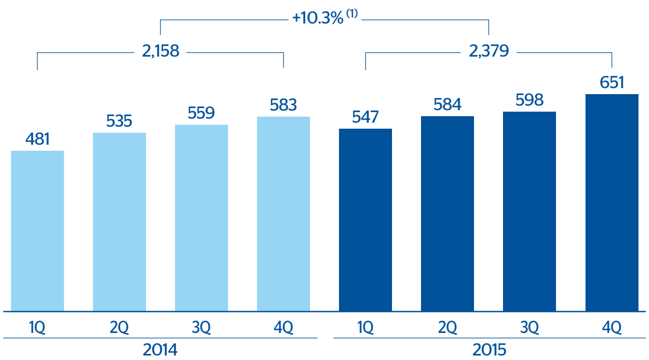
Net interest income/ATA

(Percentage. Constant exchange rates)



South America excluding Venezuela. Operating income

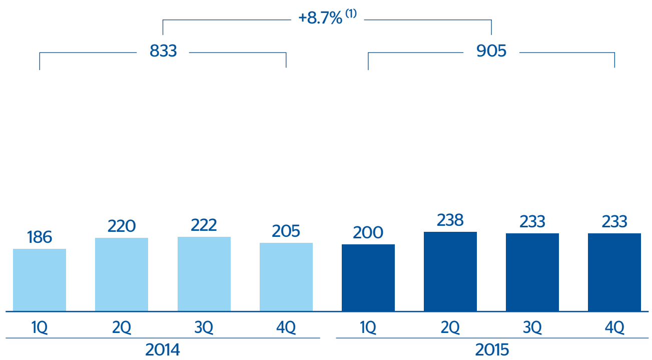
(Million euros at constant exchange rates)



(1) At current exchange rates: +11.0%.

South America excluding Venezuela. Net attributable profit

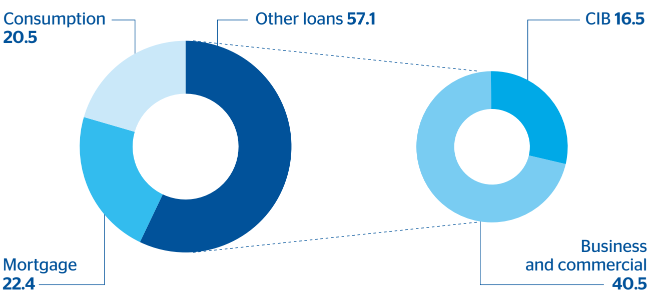
(Million euros at constant exchange rates)



(1) At current exchange rates: +7.9%.

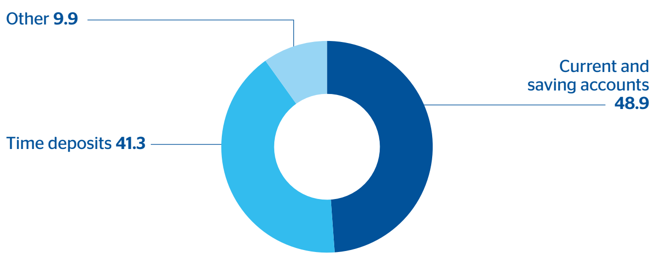
South America excluding Venezuela. Breakdown of loans and advances to customers (gross) excluding repos

(Percentage as of 31-12-2015)



South America excluding Venezuela. Breakdown of customer deposits under management

(Percentage as of 31-12-2015)



Financial statements and relevant business indicators

(Million euros and percentage)

	South America	South America excluding Venezuela			
Income statement	2015	2015	Δ%	Δ% (1)	2014
Net interest income	**3,202**	**3,044**	**9.8**	**9.7**	**2,774**
Net fees and commissions	718	694	16.1	12.8	598
Net trading income	595	453	22.1	19.4	371
Other income/expenses	(38)	107	27.5	26.3	84
Gross income	**4,477**	**4,299**	**12.3**	**11.5**	**3,827**
Operating expenses	(1,979)	(1,920)	14.1	13.2	(1,683)
Personnel expenses	(1,022)	(1,001)	15.4	14.0	(867)
General and administrative expenses	(853)	(823)	12.7	12.3	(730)
Depreciation and amortization	(104)	(96)	11.8	11.6	(86)
Operating income	**2,498**	**2,379**	**11.0**	**10.3**	**2,144**
Impairment on financial assets (net)	(614)	(598)	25.5	26.4	(477)
Provisions (net) and other gains (losses)	(71)	(37)	(67.8)	(69.3)	(114)
Income before tax	**1,814**	**1,745**	**12.3**	**11.4**	**1,554**
Income tax	(565)	(497)	28.3	28.4	(387)
Net income	**1,248**	**1,248**	**6.9**	**5.9**	**1,167**
Non-controlling interests	(343)	(343)	4.5	(0.8)	(328)
Net attributable profit	**905**	**905**	**7.9**	**8.7**	**838**

Balance sheet	31-12-15	31-12-15	Δ%	Δ% (1)	31-12-14
Cash and balances with central banks	11,447	11,107	43.1	57.5	7,761
Financial assets	9,561	9,354	4.9	16.1	8,914
Loans and receivables	47,284	46,120	6.0	16.5	43,529
Loans and advances to customers	43,596	42,787	5.0	15.5	40,742
Loans and advances to credit institutions and other	3,688	3,334	19.6	31.3	2,788
Tangible assets	718	664	(3.5)	10.1	688
Other assets	1,652	1,578	6.2	15.7	1,485
Total assets/liabilities and equity	**70,661**	**68,823**	**10.3**	**21.5**	**62,377**
Deposits from central banks and credit institutions	8,070	8,065	49.4	58.2	5,397
Deposits from customers	41,998	40,599	6.8	19.0	38,029
Debt certificates	4,806	4,806	2.8	8.3	4,677
Subordinated liabilities	1,994	1,994	20.2	28.6	1,658
Financial liabilities held for trading	3,342	3,342	26.2	35.6	2,648
Other liabilities	7,825	7,541	(0.9)	8.9	7,609
Economic capital allocated	2,626	2,478	5.0	20.5	2,359

Relevant business indicators	31-12-15	31-12-15	Δ%	Δ% (1)	31-12-14
Loans and advances to customers (gross) (2)	44,970	44,140	5.2	15.7	41,966
Customer deposits under management (3)	42,032	40,642	6.1	18.3	38,287
Off-balance sheet funds (4)	9,729	9,729	14.9	12.6	8,470
Efficiency ratio (%)	44.2	44.7			44.0
NPL ratio (%)	2.3	2.3			2.2
NPL coverage ratio (%)	123	122			123
Cost of risk (%)	1.26	1.33			1.19

(1) Figures at constant exchange rates.
(2) Excluding repos.
(3) Excluding repos and including specific marketable debt securities.
(4) Includes mutual funds, pension funds and other off-balance sheet funds.

Macro and industry trends

Economic activity in South America continues its adjustment due mainly to a less favorable external environment: slowdown in China, greater financial volatility, interest rate hike in the United States and fall in the price of the main commodities exported by the region. Private domestic demand in the area is also less vigorous (both consumption and investment) in a situation where household and business confidence continues to decline.

Likewise, the depreciation of **exchange rates**, mainly in the first nine months of the year, has exerted upward pressure on inflation in most countries, forcing many central banks (including those in Chile, Colombia and Peru) to hike interest rates, despite the environment of economic slowdown.

The **financial sector** remains sound, with acceptable levels of capitalization, good profitability and NPL ratios in check. As regards banking activity, there has been a robust increase in lending, while deposits have performed strongly.

Activity

The rates of change indicated below refer to constant exchange rages, and do not include earnings and activity in Venezuela, unless expressly stated otherwise.

Gross **lending** to customers has maintained its positive performance throughout 2015, especially in the last quarter, when it increased its rate of growth to close the year with a balance of €44,140m, a year-on-year increase of 15.7%. Despite all portfolios performed very favorably, there has been a remarkable performance in consumer loans and credit cards (up 16.2% and 37.2% in year-on-year terms, respectively) and in corporate lending (up 17.3%).

In **asset quality**, the NPL ratio stands at 2.3%, a level very similar to the one registered at the end of the third quarter of 2015 and in 2014 (2.2%). The coverage ratio stood at 122% (125% as of 30-Sep-2015 and 123% at the close of 2014).

Customer **deposits** under management have continued to grow at a good pace, closing the year with a balance of €40,642m, a year-on-year increase of 18.3%. All the products have contributed positively to this growth, particularly current and savings accounts, which have increased year-on-year by 24.8% and led to the improved profitability of the mix, by increasing the weight of lower-cost deposits. Off-balance-sheet funds have also risen (12.6%), mainly due to the good performance of mutual funds in Argentina, Peru and Chile.

Earnings

South America closed 2015 with a **net attributable profit** of €905m, up 8.7% on the previous year. The main factors that explain the performance of the income statement in 2015 are:

- Year-on-year increase of 11.5% in **gross income**. This positive performance is due to the high capacity to generate recurring revenue, thanks to strong activity, the effort made to maintain spreads in a more complex setting than in previous years and the good performance of income from fees and commissions. Net interest income has grown by 9.7% over the year and income from fees and commissions by 12.8%. The variation in the exchange rate of the main currencies against the U.S. dollar has had a positive effect on the area's NTI, which is up by 19.4%.

- **Operating expenses** show a year-on-year rate of change in line with the first nine months of 2015: 13.2%. The investments made in recent years, the high inflation in some countries and the effect of the depreciation of the region's currencies against the U.S. dollar on dollar-denominated costs explain this trend.

- **Impairment losses on financial assets** rose in the last quarter, in line with stronger activity**.** Thus loan-loss provisions grew more year-on-year (up 26.4%) than lending volume, as a result, also, of moderation in the macroeconomic environment in the region.

By country, **Argentina** contributed €265m to the area's income statement (up 16.5% year-on-year), with double-digit increases across all the lines (including expenses, in this case due to inflation), as a result of strong activity and loan-loss provisions growing at a slower pace than lending. **Colombia** generated €263m (up 12.2%), thanks to the good performance of net interest income and more moderate operating expenses. In **Peru**, although net interest income remains flat and impairment losses on financial assets are increasing significantly, the trend in income from fees and commissions and NTI has resulted in a net attributable profit of €184m (up 1.9%) at the end of 2015. In **Chile**, the trend in income from fees and commissions, NTI and other income/expenses has offset weaker net interest income, so the country has registered a net attributable profit of €151m (up 6.3%).

South America. Relevant business indicators per country

(Million euros)

	Argentina		Chile		Colombia		Peru		Venezuela	
	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14	31-12-15	31-12-14
Loans and advances to customers (gross) [1, 2]	4,062	2,973	12,799	11,794	10,858	9,181	13,332	11,713	830	339
Customer deposits under management [1, 3]	5,339	3,578	8,794	8,298	10,366	9,339	12,149	9,932	1,391	569
Off-balance sheet funds [1, 4]	621	476	1,329	1,227	531	568	1,311	1,208	-	-
Efficiency ratio (%)	51.3	47.5	47.0	47.3	38.9	41.4	34.9	34.9	33.3	46.4
NPL ratio (%)	0.6	0.9	2.3	2.4	2.3	2.2	2.8	2.6	0.6	1.4
NPL coverage ratio (%)	517	366	72	72	137	140	124	128	457	247
Cost of risk (%)	1.52	1.48	1.05	0.87	1.55	1.46	1.40	1.30	0.43	2.71

(1) Figures at constant exchange rates.
(2) Excluding repos.
(3) Excluding repos and including specific marketable debt securities.
(4) Includes mutual funds, pension funds and other off-balance sheet funds.

South America. Data per country

(Million euros)

	Operating income				Net attributable profit			
Country	2015	Δ%	Δ% at constant exchange rates	2014	2015	Δ%	Δ% at constant exchange rates	2014
Argentina	623	19.0	13.3	523	265	22.4	16.5	217
Chile	374	11.0	6.5	337	151	10.8	6.3	136
Colombia	554	(1.0)	13.8	560	263	(2.3)	12.2	269
Peru	734	12.6	5.6	652	184	8.7	1.9	169
Venezuela	119	(83.8)	n.m.	731	1	(99.6)	(87.9)	162
Other countries [1]	94	30.0	26.1	72	42	(11.0)	(13.2)	47
Total	**2,498**	**(13.1)**	**14.6**	**2,875**	**905**	**(9.6)**	**8.1**	**1,001**

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

Rest of Eurasia

Highlights

- Improved lending activity.
- Significant increase in customer deposits.
- 2015 earnings affected by the absence of the dividend from CNCB.

Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	2015	Δ%	2014
Net interest income	**183**	**(2.9)**	**189**
Net fees and commissions	170	(9.2)	187
Net trading income	125	(16.5)	150
Other income/expenses	(6)	n.m.	209
Gross income	**473**	**(35.8)**	**736**
Operating expenses	(352)	2.6	(343)
Personnel expenses	(194)	4.8	(185)
General and administrative expenses	(143)	(2.3)	(146)
Depreciation and amortization	(15)	29.1	(12)
Operating income	**121**	**(69.2)**	**393**
Impairment on financial assets (net)	(4)	(93.3)	(56)
Provisions (net) and other gains (losses)	(6)	(61.8)	(16)
Income before tax	**111**	**(65.4)**	**320**
Income tax	(35)	(45.8)	(65)
Net income	**76**	**(70.4)**	**255**
Non-controlling interests	-	-	-
Net attributable profit	**76**	**(70.4)**	**255**

Balance sheet	31-12-15	Δ%	31-12-14
Cash and balances with central banks	1,031	n.m.	198
Financial assets	1,868	(63.5)	5,119
Loans and receivables	16,377	0.6	16,277
Loans and advances to customers	15,579	3.2	15,101
Loans and advances to credit institutions and other	798	(32.1)	1,176
Inter-area positions	3,947	n.m.	-
Tangible assets	42	(19.3)	52
Other assets	360	(46.8)	678
Total assets/liabilities and equity	**23,626**	**5.8**	**22,325**
Deposits from central banks and credit institutions	5,364	(1.5)	5,443
Deposits from customers	15,210	37.7	11,045
Debt certificates	0	(5.0)	0
Subordinated liabilities	317	(48.0)	609
Inter-area positions	-	n.m.	1,275
Financial liabilities held for trading	85	(60.6)	217
Other liabilities	1,381	6.6	1,296
Economic capital allocated	1,269	(48.0)	2,439

Macro and industry trends

In the **Eurozone**, the fall in oil prices, the ECB's role anchoring interest rates at very low levels and a monetary policy generally less restrictive explain the increase in domestic demand in 2015 and, in particular, in consumption, in a less favorable external environment. The depreciation of the euro and the fact that 60% of the Eurozone's sales abroad are with developed countries will contribute to support exports, given the weaker activity in emerging markets.

China continues with its process of moderating growth toward more sustainable levels, after applying extraordinary monetary and liquidity stimuli, while it rebalances its economy to boost the market's role in allocating resources, services and consumption to the detriment of exports and investment. In the most likely scenario, growth will maintain its soft landing toward rates of around 6%, a process that needs to be managed intelligently by the authorities and understood by the financial markets, given the multiple goals sought. In this scenario, the yuan, after the change in the process for setting its exchange rate in August 2015 and the details provided in December on the basket of currencies to be considered, will continue to depreciate gradually.

Activity and earnings

Gross **lending** to customers is up 2.2% year-on-year, influenced by stronger activity with customers in Asia.

The **asset quality** indicators have been positive over the year: the NLP ratio has fallen to 2.5% and the coverage ratio has increased to 96%.

Customer **deposits** under management in the area have increased significantly: up

Financial statements and relevant business indicators

(Million euros and percentage)

Relevant business indicators	31-12-15	∆%	31-12-14
Loans and advances to customers (gross) (1)	16,143	2.2	15,795
Customer deposits under management (1)	15,116	38.2	10,941
Off-balance sheet funds (2)	331	(28.9)	466
Efficiency ratio (%)	74.4		46.6
NPL ratio (%)	2.5		3.7
NPL coverage ratio (%)	96		80
Cost of risk (%)	0.02		0.31

(1) Excluding repos.
(2) Includes mutual funds, pension funds and other off-balance sheet funds.

38.2% year-on-year, due mainly to their rise in Europe.

In **earnings**, gross income recovered in the last quarter of the year, which explains why this heading shows a decline in its cumulative amount for the year (down 2.9% year-on-year), lower than the figure registered over the first nine months, thanks to the good performance of activity, in an environment of shrinking spreads, reduced fee generation and the difficult situation in the financial markets (which result in lower NTI). This comparison is strongly affected by the payment in 2014 of the dividend from CNCB. Operating expenses have been kept in check and impairment losses on financial assets have fallen significantly. Thus, the net attributable profit generated in 2015 is €76m.

Corporate Center

Financial statements

(Million euros)

Income statement	2015	Δ%	2014
Net interest income	**(424)**	**(34.8)**	**(651)**
Net fees and commissions	(100)	10.1	(91)
Net trading income	141	n.m.	14
Other income/expenses	172	12.3	153
Gross income	**(212)**	**(63.1)**	**(575)**
Operating expenses	(770)	2.2	(753)
Personnel expenses	(436)	14.6	(381)
General and administrative expenses	(109)	(8.8)	(120)
Depreciation and amortization	(224)	(11.2)	(253)
Operating income	**(982)**	**(26.0)**	**(1,328)**
Impairment on financial assets (net)	(13)	200.7	(4)
Provisions (net) and other gains (losses)	(157)	(44.4)	(282)
Income before tax	**(1,152)**	**(28.6)**	**(1,615)**
Income tax	390	5.8	369
Net income from ongoing operations	**(762)**	**(38.8)**	**(1,246)**
Results from corporate operations [1]	(1,109)	n.m.	-
Net income	**(1,872)**	**50.2**	**(1,246)**
Non-controlling interests	(19)	n.m.	(3)
Net attributable profit	**(1,891)**	**51.4**	**(1,249)**
Net attributable profit from ongoing operations [2]	**(782)**	**(37.4)**	**(1,249)**

(1) 2015 includes the capital gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB, the effect of the valuation at fair value of the 25.01% initial stake held by BBVA in Garanti, the impact of the sale of BBVA's 29.68% stake in CIFH and the badwill from the CX operation.
(2) Corresponds to the net attributable profit excluding results from corporate operations.

Balance sheet	31-12-15	Δ%	31-12-14
Cash and balances with central banks	2	(85.6)	14
Financial assets	2,885	(9.7)	3,194
Loans and receivables	136	n.m.	24
Loans and advances to customers	136	n.m.	24
Loans and advances to credit institutions and other	-	n.m.	(0)
Inter-area positions	-	-	-
Tangible assets	2,865	27.6	2,245
Other assets	22,524	23.8	18,199
Total assets/liabilities and equity	**28,412**	**20.0**	**23,676**
Deposits from central banks and credit institutions	-	-	-
Deposits from customers	-	-	-
Debt certificates	5,857	(0.3)	5,875
Subordinated liabilities	4,636	17.1	3,958
Inter-area positions	(9,830)	(32.8)	(14,624)
Financial liabilities held for trading	-	-	-
Other liabilities	5,249	(22.8)	6,801
Shareholders' funds	49,315	3.6	47,603
Economic capital allocated	(26,814)	3.4	(25,936)

As mentioned before, the Corporate Center's income statement is affected by the reclassification of some of the operating expenses related to Technology from the Corporate Area to the Banking Activity area in Spain. To ensure comparable figures, the income statements of 2015 and 2014 have been modified. The highlights of the year-on-year comparison are summed up below:

- Performance of **net interest income** very much in line with previous quarters.
- Positive contribution from **NTI** over the last three months. Year-on-year growth was €126m, mainly as a result of capital gains from the Holdings in Industrial and Financial Companies unit.
- The **other income/expenses** heading basically includes the dividends from Telefónica (paid in the second and fourth quarters of 2015).
- **Operating expenses** in check.
- **Earnings from corporate operations**, a negative €1,109m, basically include €705m in capital gains, net of tax, for the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB; €26m, also net of tax, for the badwill generated in the CX deal; and a negative €1,840m for the valuation at fair value of the 25.01% stake that BBVA owned in Garanti, after the acquisition of an additional 14.89% in the Turkish bank.

As a result, the Corporate Center registered cumulative negative **earnings** of €1,891m in 2015.

Annex

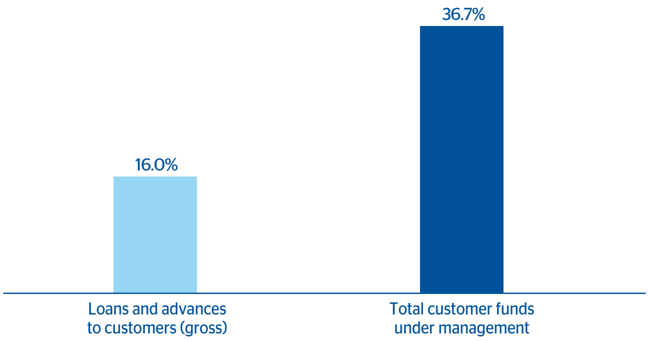
Other information: Corporate & Investment Banking

Highlights

- Environment conditioned by the difficult situation of financial markets.
- Positive performance of lending.
- Excellent growth in deposits.
- Costs influenced by investments in technology.

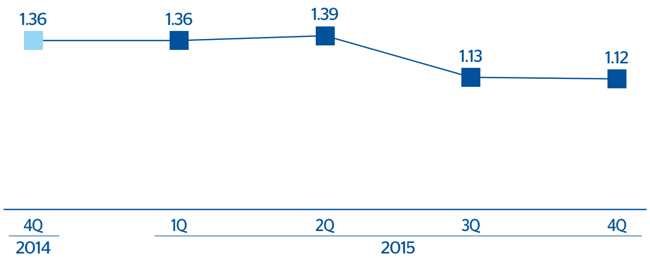
Business activity

(Year-on-year change at constant exchange rates. Data as of 31-12-2015)



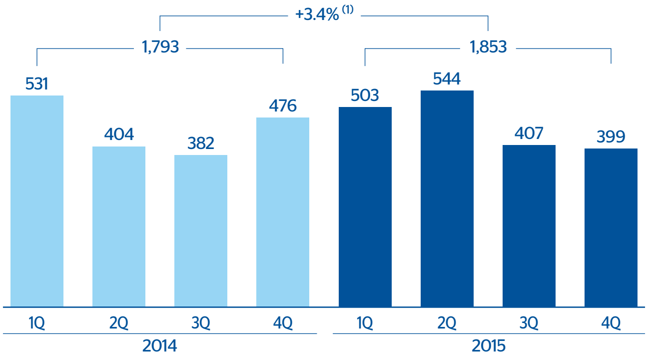
Gross income/ATA

(Percentage. Constant exchange rates)



Operating income

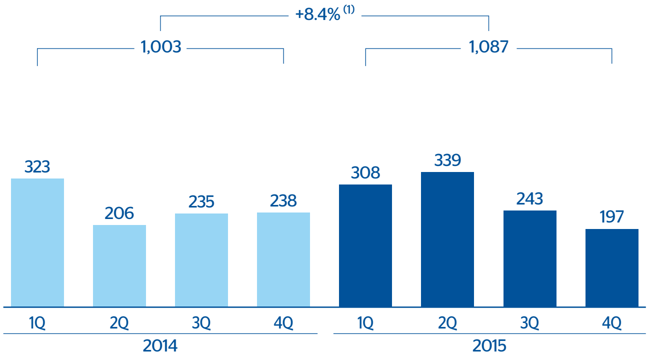
(Million euros at constant exchange rates)



(1) At current exchange rates: –3.1%.

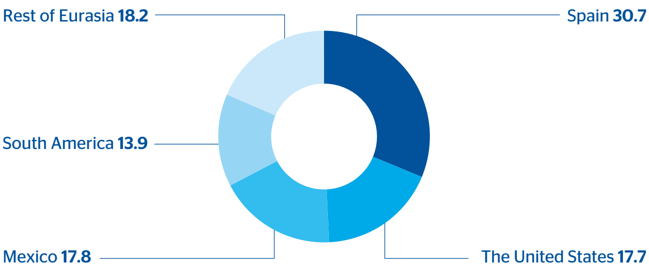
Net attributable profit

(Million euros at constant exchange rates)



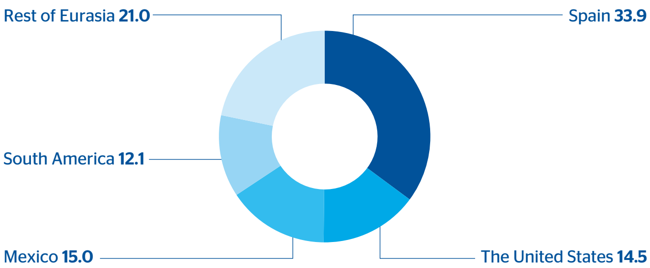
(1) At current exchange rates: +3.3%.

Breakdown of loans and advances to customers (gross) excluding repos (Percentage as of 31-12-2015)



Breakdown of customer deposits under management

(Percentage as of 31-12-2015)



Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	2015	Δ%	Δ% (1)	2014
Net interest income	**1,447**	**(4.5)**	**6.5**	**1,515**
Net fees and commissions	665	(8.6)	(9.5)	727
Net trading income	635	18.9	22.8	535
Other income/expenses	96	78.4	(4.9)	54
Gross income	**2,844**	**0.5**	**4.9**	**2,831**
Operating expenses	(991)	7.8	7.8	(919)
Personnel expenses	(518)	4.7	2.6	(494)
General and administrative expenses	(390)	7.4	10.6	(363)
Depreciation and amortization	(83)	34.9	33.8	(62)
Operating income	**1,853**	**(3.1)**	**3.4**	**1,912**
Impairment on financial assets (net)	(119)	(40.5)	(39.8)	(200)
Provisions (net) and other gains (losses)	(6)	(90.3)	(89.3)	(66)
Income before tax	**1,727**	**5.0**	**12.5**	**1,646**
Income tax	(500)	10.2	13.0	(453)
Net income	**1,228**	**3.0**	**12.3**	**1,192**
Non-controlling interests	(141)	0.5	55.9	(140)
Net attributable profit	**1,087**	**3.3**	**8.4**	**1,052**

Balance sheet	31-12-15	Δ%	Δ% (1)	31-12-14
Cash and balances with central banks	4,063	23.2	69.2	3,297
Financial assets	90,369	(3.5)	(2.4)	93,648
Loans and receivables	83,790	10.1	10.7	76,096
Loans and advances to customers	57,189	10.3	11.2	51,841
Loans and advances to credit institutions and other	26,601	9.7	9.8	24,255
Inter-area positions	-	-	-	3,212
Tangible assets	45	92.0	87.3	23
Other assets	3,834	12.0	14.3	3,424
Total assets/liabilities and equity	**182,101**	**1.3**	**4.6**	**179,701**
Deposits from central banks and credit institutions	54,362	(9.3)	(8.1)	59,923
Deposits from customers	52,813	3.0	13.1	51,295
Debt certificates	(36)	n.m.	114.9	(9)
Subordinated liabilities	2,075	37.0	41.1	1,514
Inter-area positions	8,833	n.m.	n.m.	-
Financial liabilities held for trading	55,274	(3.6)	(3.6)	57,332
Other liabilities	4,222	(24.2)	(22.4)	5,570
Economic capital allocated	4,558	11.8	15.3	4,076

Relevant business indicators	31-12-15	Δ%	Δ% (1)	31-12-14
Loans and advances to customers (gross) (2)	53,499	15.0	16.0	46,523
Customer deposits under management (2)	43,441	21.1	38.7	35,875
Off-balance sheet funds (3)	1,084	(22.6)	(13.5)	1,400
Efficiency ratio (%)	34.8			32.5
NPL ratio (%)	1.4			0.9
NPL coverage ratio (%)	86			136
Cost of risk (%)	0.21			0.39

(1) Figures at constant exchange rates.
(2) Excluding repos.
(3) Includes mutual funds, pension funds and other off-balance sheet funds.

Macro and industry trends

The most relevant macroeconomic and industry aspect affecting the Group's wholesale business in **2015**, particularly in the fourth quarter, has been the difficult situation of the financial markets due to:

- Deterioration in the macroeconomic outlook in emerging markets.
- Volatility in the foreign-currency markets, which are entirely focused on the monetary measures to be announced by the central banks.
- In the United States, the Federal Reserve has increased interest rates, although it plans to keep them at low levels in the medium term.
- Low levels of activity in the markets and risk aversion.
- The prices of commodities remain at very low levels.
- The different entities continue to announce new restructuring plans to deal with this difficult situation.

Activity

All the comments below on rates of change will be expressed at constant **exchange rates**, unless expressly stated otherwise.

The main aspects of the Group's wholesale business activity are:

- Positive performance of gross **lending** to customers, which as of 31-Dec-2015 is up 16.0% in year-on-year terms. Good performance across all the regions: Spain (up 18.2%), the United States (up 18.6%), Mexico (up 12.7%), South America (up 17.0%) and Rest of Eurasia (up 12.7%). In Spain, the Corporate Lending unit has led some of the most significant deals on the market, both in bilateral and syndicated loans and in finance for acquisitions (very much focused on SMEs). In the Rest of Europe it has taken part in significant deals, above all in the German and Italian markets. In Latin America, BBVA continues to maintain a leading position on the league tables of syndicated loans in 2015. It has also been very active in the arrangement and granting of structured finance across practically all the geographical areas where the unit operates.

- Excellent performance of customer **deposits** under management. Its balance as of 31-Dec-2015 registered a year-on-year rate of growth of 38.7%, thanks to the positive trend shown in Spain (up 28.9%), the United States (up 47.0%), Mexico (up 37.2%), South America (up 20.6%) and Rest of Eurasia (up 63.7%). The Global Transaction Banking unit (GTB) has continued to develop solutions to meet the transactional needs of the customers, incorporating new functionalities and improvements in online banking.

Earnings

In 2015, CIB generated a **net attributable profit** of €1,087m, 8.4% higher than the figure registered in 2014. The most relevant aspects of the income statement are summarized below:

- 4.9% growth in **gross income**. The positive aspects are the good performance of lending activity mentioned above (although at lower prices), fund gathering and advisory operations. The Mergers & Acquisitions Corporate Finance unit continues to be the Spanish leader in financial advice for M&A operations, according to *Thomson Reuters*, with a total of 96 deals advised since 2009. Also of note is the strong activity in the primary equity markets in Spain and Europe. One negative aspect is the uncertainty in the financial markets, especially in the last part of the year, which has resulted in lower growth of NTI (up 22.8% year-on-year) compared with that in the first nine months of 2015. Despite this situation, the revenue from customers generated by the Global Markets unit has been particularly resilient.

- **Operating expenses** have increased by 7.8% compared to those of 2014, affected by the investments in technology being undertaken, and also by the depreciation against the euro of Latin American currencies and the high inflation in some countries in the area.

- Lastly, reduction in **impairment losses on financial assets** (down 39.8%) and improvement in the cumulative cost of risk through December 2015 (0.21% compared to 0.39% in 2014).

Conciliation of the BBVA Group's financial statements

These headings present the reconciliation of the Group's income statements with Garanti using the equity method versus consolidation in proportion to the percentage of BBVA Group's stake in the Turkish bank up to the second quarter of 2015 (25.01%). From the third quarter of 2015, BBVA's stake in Garanti (currently 39.9%) is consolidated by the full integration method. Therefore, the differences are due to periods prior to the third quarter of this year. Furthermore, the corporate operations heading in 2015 includes the capital gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB, the effect of the valuation at fair value of the 25.01% initial stake held by BBVA in Garanti at the time of completing the acquisition of an additional 14.89%, the impact of the sale of BBVA's 29.68% stake in CIFH and the badwill generated in the CX operation.

Consolidated income statement BBVA Group

(Million euros)

	Garanti integrated proportionally until the second quarter of 2015 and with the corporate operations heading		Garanti by the equity method until the second quarter of 2015	
	2015	2014	2015	2014
Net interest income	**16,426**	**15,116**	**16,022**	**14,382**
Net fees and commissions	4,705	4,365	4,612	4,174
Net trading income [1]	2,009	2,135	2,030	2,134
Dividend income	415	531	415	531
Income by the equity method	8	35	174	343
Other operating income and expenses	117	(826)	110	(839)
Gross income	**23,680**	**21,357**	**23,362**	**20,725**
Operating expenses	(12,317)	(10,951)	(12,108)	(10,559)
Personnel expenses	(6,377)	(5,609)	(6,273)	(5,410)
General and administrative expenses	(4,650)	(4,161)	(4,563)	(4,004)
Depreciation and amortization	(1,290)	(1,180)	(1,272)	(1,145)
Operating income	**11,363**	**10,406**	**11,254**	**10,166**
Impairment on financial assets (net)	(4,339)	(4,486)	(4,272)	(4,340)
Provisions (net)	(733)	(1,155)	(731)	(1,142)
Other gains (losses) [2]	(412)	(701)	(1,648)	(704)
Income before tax	**5,879**	**4,063**	**4,603**	**3,980**
Income tax	(1,441)	(981)	(1,274)	(898)
Net income from ongoing operations	**4,438**	**3,082**	**3,328**	**3,082**
Net income from discontinued operations	-	-	-	-
Results from corporate operations [3]	(1,109)	-	-	-
Net income	**3,328**	**3,082**	**3,328**	**3,082**
Non-controlling interests	(686)	(464)	(686)	(464)
Net attributable profit	**2,642**	**2,618**	**2,642**	**2,618**

(1) Includes "Net trading income" and "Exchange rate differences (net)".
(2) Includes "Impairment losses on other assets (net)", "Gains (losses) on derecognized assets not classified as non-recurrent assets held for sale" and "Gains (losses) in non-current assets held for sale not classified as discontinued operations".
(3) 2015 includes the capital gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB, the effect of the valuation at fair value of the 25.01% initial stake held by BBVA in Garanti, the impact of the sale of BBVA's 29.68% stake in CIFH and the badwill from the CX operation.

Other legal information

Staff information

In 2015, BBVA changed the name of its Human Resources Department to Talent & Culture. The change was not merely titular. It marked a significant shift in the department´s core function, responsibilities and focus. The Talent & Culture organization is leading the transformation of BBVA to deliver the best customer experience anywhere. In other words, the organization is responsible for creating the kind of culture, environment and ways of working where the customer is at the center of everything we do, as defined by the Group´s six Strategic Priorities.

Talent & Culture is delivering on the power and promise of this in multiple ways. First, we are defining and then delivering a unique employee value proposition. We are defining what it means to be an employee at BBVA, and what sets us apart from any other company. This is important because it motivates and inspires existing employees while helping potential employees realize why BBVA is a destination employer for a first class workforce.

Second, we are building on our core principles to help employees understand what each of us needs to do to work at BBVA, to focus squarely on our customers and to fulfill our six Strategic Priorities.

And, finally, we are shifting the way we work. We are allowing collaboration and communication to flow across countries and across functions. We ensure great ideas come from all areas of the organization, leveraging BBVA´s intellectual capital, which is vast and deep.

We believe that people are at the core of our success. We are developing environments where every employee can participate, ask questions, be closer to the decisions being made -- and as a result be more engaged in the work they do every day.

In 2015, we established our strategy and vision. We created the foundation for understanding who we are as an organization and where we want to go. In 2016, we will focus on how we get there.

Talent & Culture will embark on a series of programs and initiatives that will build on the successes we initiated in 2015:

- Compensation: Review our compensation model to ensure it unites all employees globally in a common vision and keep us aligned in delivering on both our strategic and financial goals.

- Career Development: A new approach to career pathing that puts the employee in the driver's seat and offers experiential ways for employees to develop new skills/capabilities and explore new opportunities for professional growth.

- Communication: A more interactive and engaging employee communications plan that fosters.

2015 has been an important year for the Talent & Culture organization and for BBVA in general. The global banking industry is ever changing and increasingly competitive. We expect 2016 to be no different, and will present the bank with multiple challenges. However, BBVA is well positioned through its strategy, management and people to excel.

Appendix: 2015 Talent and Culture – By The Numbers:

- Global workforce of 137,968 people located in 37 countries
- Employee ratio is 54% women / 46% men
- Average age is 37 years
- Average tenure is 10 years

Major accomplishments in 2015

Awarded by Great Place to Work, BBVA listed as 8th in the top 25 World's Best Multinational Workplaces

Expanded Learning and Development Programs:

- Deployed new on-line training platform delivering 65% of the five million hours of global training
- Broadened English language courses globally
- Expanded Risk program training with over 5,000 participants

Health, Safety and Occupational Medicine:

- Delivered global Health Promotion Programs to improve employees overall physical and mental health
- Awarded "Certificate of adherence to the Luxembourg Declaration" by the National Institute for Safety and Health at Work, acknowledging the adoption of basic principles of health promotion at work
- Improved exponentially the ergonomic and environmental conditions of the workplace through new global facility design

Diversity and Inclusion:

- Continued adherence to our core principles of non-discrimination, diversity and inclusion with significant improvements in many key areas, e.g. growth of female managers from 16.76% in 2010 to almost 19% in 2015

Innovation and Technology

Engineering and Digital Transformation

In 2015, the Group organized its Engineering and Digital Transformation activity around the following lines of action:

- Developing the technological architectures toward more uniform models, boosting the adoption of cloud computing.
- Transforming the Technology production function by incorporating elements of new technologies.
- Optimizing processes in search of improved customer experience, efficiency and operational control.
- Guaranteeing integrated management of security, as well as control of operations and information security.
- Facilitating the integration of Catalunya Banc Group and Garanti Group.

Infrastructure

The increasing use of digital channels by customers has exponentially increased the processing needs of technological infrastructure. In 2015 the Group continued to make progress in its plan to construct a network of four new next-generation data centers, two in Madrid and two in Mexico, which will operate on a crossed Business Recovery Services (BRS) model. In 2012 the first Data Processing Center (DPC) became operational in Madrid and in 2015 the first entered service in Mexico. In 2016 two additional ones will begin operations in Mexico and Madrid.

In 2015 the BBVA DPC 1 in Madrid obtained Tier IV certification in construction from the Uptime Institute and the LEED® Gold Sustainable Building Certification granted by the U.S. Green Building Council (USGBC). In Mexico, rooms 1 and 2 of the DPC obtained Tier IV certification in construction from the Uptime Institute.

A number of projects have been completed over the year, with the aim of boosting the construction of new corporate headquarters in Spain, Mexico and Chile to improve efficiency, corporate culture and digital transformation. With this aim, work has been carried out on the design of "new forms of work" and the implementation of technological teams to respond to these designs with the aim of creating spaces that favor collaboration, simplicity and improved user experience.

Of note is the technological renewal of the equipment in the branch network in Spain, which has involved the renewal and update of 19,402 pieces of equipment, the replacement of 3,600 financial printers and the acquisition of 2,600 personal scanners. The Ulises Project has been a highlight in Mexico, culminating with the successful installation of more than 1,600 devices (ATMs and "practicajas") in over 600 branches that have been completely refurbished.

Architecture

Continuing with the technological transformation project begun by BBVA in 2007, the role of Core Banking systems has been strengthened in each of the geographical areas (Spain and Portugal, Mexico, the United States, South America and CIB at global level), with the aim of having modular technological platforms available with a customer-centric vision.

Our main core banking platforms have continued to gain power in products and functionality (product catalog, configurability, etc.), and the migration and/or shutdown of old applications has continued. The data platforms have also carried on their development under the boost from the Informational Platform project, with particular emphasis in Spain and Mexico, also incorporating new technologies that use Big Data into our capabilities.

Similarly, with respect to Architecture the rate of improvement in the channels has been maintained, above all the web channel (bbva.net) and the mobile app channel, with the incorporation of new products and functionalities such as one-click purchase of products and services. There has also been work on the continuous improvement of user experience, with technological foundations that are both solid and innovative (for example, the use of the HTML5 language in the digital channel). Specifically, in Spain there has been progress in migration toward a robust multi-channel architecture focused on integrating Net, Mobile, Branches, etc., and acting as a launching pad for plans in the rest of the countries.

In most of the Group's geographical areas, there has been significant progress in the expansion of three-layer ASO Architecture Services designed to simplify, modularize and reuse our technological services.

In the area of architecture and infrastructure, a new low-cost and scalable processing architecture (APX) has been extended in Spain and Mexico to absorb the exponential flow of transactions efficiently and migrate some of the loads with the biggest impact on processing costs.

Looking forward, an architectural transformation plan has been implemented in two phases:

- The first phase includes a new boost to the adoption of technologies and models for Cloud operations. Infrastructure with low-cost servers, automation and operational scalability (SW-defined everything), platforms constructed "as services" (Middleware, Data, Core Banking, SaaS), with open-source systems and code reuse (global and more uniform developments).
- The second phase focuses on artificial intelligence to capture all the potential for extreme automation of the processes, based on machine learning and cognitive computing technologies.

The aim of this plan, on which the Group is already working, is to provide an architecture that can improve the productivity and reliability of its platforms: process high volumes of transactions at low cost and with the highest levels of stability; develop quality software globally and efficiently; increase the delivery times of our products; and work on automating our productive life cycle.

Process transformation

In 2015 significant progress has been made on process transformation, providing many processes with multi-channel capacity and aiming to increase the level of customer satisfaction and loyalty. This goal involves a clear commitment to invest in projects designed to increase customer satisfaction, regardless of the channels through which customers operate. These projects include:

- Progress in implementing BBVA Wallet in Spain, Mexico, various parts of South America and Turkey (where it is called BonusFlas).
- The development and implementation of one-click strategies, which allow quick and easy product purchase.
- Complete renewal of banking websites in Chile and Uruguay and the implementation of the NetCash website for companies in Chile.
- The BBVA Provincial Onboarding project, which aims to improve customer experience, starting from the time the customer makes initial contact with the bank.
- The implementation of the Ekip platform for loans to retailers in Mexico and Chile.
- The development and implementation of the Digital Signature, both in Spain, Mexico and countries in South America.

Finally, it should be noted that the magazine Money chose BBVA Compass as the "Best regional bank in the South and West of the United States" and its BBVA Compass Mobile Banking app as the best mobile application in its annual Best U.S. Banks awards in November 2015.

Operational and Technological Risk Management

In 2015, as part of the organizational reconfiguration of the Engineering area, a Control function called Engineering Risk & Corporate Assurance was set up to develop and maintain the control model, and to manage the active risks related to business and technological processes, within the framework of the Corporate Assurance model.

As part of the business process control model, in 2015 the Operational Control function has focused on implementing a new scheme of standardized control in all the Group's companies and businesses, with the focus on the most relevant processes and risks. At the same time, significant progress has been made in managing the main operational weaknesses.

In terms of Technological Risk, the Group has continued to make progress on the three pillars that make up this discipline: information security, technological fraud management and IT risk management. It is worth highlighting the effort made in 2015 in terms of adapting the levels of information protection to the new challenges arising from the Group's Digital Strategy.

At the same time, in 2015 BBVA CERT (Computer Emergency Response Team) has consolidated its position as the nerve center of BBVA Group's cybersecurity and fraud strategy. CERT carries out all the monitoring, immediate response, limitation and investigation of incidents 24/7, supported by sound analytical and intelligence capabilities to handle both cybersecurity and fraud threats.

In addition, a technological risk measurement methodology was developed and implemented in 2015, based on indicators linked to the international Cobit 5.0 standard. BBVA has also initiated a process of adopting the standard issued by NIST (National Institute for Standards and Technologies) relating to cybersecurity, as a framework of reference for management and control.

Lastly, in the area of Business Continuity improvements are being made to the different procedures for recovering content in the Continuity Plans in the case of low-probability but very high-impact events. Work has been done to update and improve the plans through technical and crisis management tests that also allow training of the people involved in these situations. Some of these plans were fully or partially activated during the year, as in the following cases: the eruption of the volcano Calbuco on the border between Chile and Argentina; the threat posed by Hurricane Patricia in Mexico; and minor seismic movements that nevertheless affected operations in the state of Mérida (Venezuela) and the north of Chile.

Catalunya Banc and the Garanti Group

In Catalunya Banc, one of the relevant milestones achieved in 2015 has been the creation of a complete Business Recovery Services (BRS) environment for its DPC 2 systems in Madrid, with the aim of ensuring the uninterrupted continuity of operations in case of a disaster. The Garanti Group also serves as a key point of reference for best practice in the development and operation of technology through Garanti Teknoloji.

Environmental information

Environmental commitment

The BBVA Group prioritizes sustainable development. As a financial institution, the Group's activities have a significant impact on the environment: be it through its consumption of natural resources, management of its properties, use of paper, travel, etc. (direct impacts), or through the consequences for the environment of the products and services it provides, particularly those related to financing, asset management and management of its chain of suppliers (indirect impacts).

Aims of the environmental policy

The objectives of the BBVA Group's environmental policy are as follows:

- To comply with prevailing environmental legislation where the BBVA Group operates.
- To continuously improve the identification and management of environmental risks in the Group's financial and investment operations.
- To integrate the environmental variables into the development of financial products and services.
- To reach Eco-efficiency in the use of natural resources, setting and fulfilling objectives for improvement as set out in the Global Eco-efficiency Plan.
- To manage direct impacts through an environmental management system based on ISO 14001 and other recognized environmental certifications.
- To have a positive influence on the environmental behavior of stakeholders through communication and raising awareness of the importance of the environment as an additional input in business and human management practice.
- To inform, raise awareness of, and train employees in environmental issues.
- To provide support for sponsorship, voluntary work and environmental research.
- To provide support for the main initiatives aimed at fighting and preventing climate change.

The main international environmental commitments undertaken by the BBVA Group are:

- United Nations Global Compact (since 2002): www.globalcompact.org
- UNEP- FI (since 1998): www.unepfi.org
- Equator Principles (since 2004): www.equator-principles.com
- Carbon Disclosure Project (since 2004): www.cdproject.net
- Principles for Responsible Investment (since 2008) www.unpri.org

Environmental policy scope, governance and review

This environmental policy has worldwide scope and affects all the activities undertaken by the Group, i.e. the banks and subsidiaries in which BBVA has effective control. The Eco-efficiency and Responsible Procurement Committee is responsible for coordinating the Environmental Policy and ensuring compliance with it through an environmental management system. The members of the BBVA Group's Management Committee oversee correct compliance with this Policy. To this end, its members strive to develop and oversee the implementation of this Policy in the Group. This Policy will be reviewed and updated at least every two years.

Main environmental actions in 2015

The main environmental actions that the BBVA Group carried out in 2015 are as follows:

- Global Eco-Efficiency Plan for 2013-2015, which establishes the following objectives:
    - 6% reduction in CO_2 emissions (per employee).
    - 3% reduction in paper consumption (per employee).
    - 3% reduction in water consumption (per employee).
    - 3% reduction in energy consumption (per employee).
    - 33% of employees working in buildings awarded environmental certifications.

- Improved environmental risk management systems in project finance through Equator Principles and in determining borrower credit profiles through the tool Ecorating.
- Social and environmental risk training for the Group's risk analysts.
- Leadership in financing of renewable energy projects internationally.
- Activity with multilateral institutions that contribute to regional development through the project finance and trading operations, mainly in the agricultural and energy efficiency sectors.
- Support for major international initiatives to fight against climate change such as CDP, Green Bonds Principles, Global Investor Statement on Climate Change, declaration of the European Financial Services Roundtable in support of a response to climate change and the Joint Declaration on Energy Efficiency in the financial sector, promoted by UNEP FI.
- Accession to the Green Growth Group of Spain, a platform for public-private collaboration in order to advance together in the fight against climate change and to a low-carbon economy.
- Development of ambitious environmental sponsorship programs, particularly through the BBVA Foundation. Worth noting are the BBVA Foundation Frontiers of Knowledge awards in the Ecology, Conservation Biology and Climate Change categories, each provided with €400,000, as well as the BBVA Foundation Award for Biodiversity Conservation which carry a total cash prize of €580,000
- Environmental awareness-raising activities with the Group's employees.

As of December 31, 2015, there are no items in the BBVA Group's consolidated Financial Statements that warranted inclusion in the separate environmental information document set out in the Ministry of Economy Order dated October 8, 2001.

Offshore financial centers

The BBVA Group maintains an express policy on activities in entities permanently registered in offshore financial centers, which includes a plan for reducing the number of offshore financial centers in which the Group is present.

As of December 31, 2015, the BBVA Group's permanent establishments registered in offshore financial centers considered tax havens are as follows:

- Branches of the BBVA Group's banks in the Cayman Islands.
- Issuers of securities in the Cayman Islands: BBVA International, Ltd., BBVA Global Finance, Ltd., Continental DPR Finance Company, Garanti Diversified Payment Rights Finance Company and RPV Company.

Branches of the BBVA Group's banks in the Cayman Islands

As of December 31, 2015, the BBVA Group had two banking branches registered in the Cayman Islands engaging in Corporate Banking activities. The activities and business of these branches (which do not include the provision of private banking services) are pursued under the strictest compliance with applicable law, both in the jurisdictions in which they are domiciled and in those where their operations are effectively managed (USA).

The main figures of the balance sheets of these branches as of December 31, 2015 and 2014 are as follows:

	Millions of Euros			
BBVA Group Branches at Off-Shore Entities (Grand Cayman)	**BBVA Branch (Spain)**		**BBVA Compass Bank (USA) Branch**	
	2015	**2014**	**2015**	**2014**
Loans and advances	807	1,154	-	-
Deposits	432	867	100	150

Issuers of securities

As of December 31, 2015, only three issuers registered in Grand Cayman remain, and the processes for the repurchase and/or redemption of the securities issued will depend on the time of their liquidation, to which are added two other issuers from the Garanti Group.

The accompanying table presents a comparative list of the issues outstanding as of December 31, 2015 and 2014:

Issuing Entity	Country	Millions of Euros Preferred Securities(1)		Subordinated Debts(1)		Other Debt Securities	
		2015	2014	2015	2014	2015	2014
BBVA International LTD	Cayman Islands	0	9	-	-	-	-
BBVA Global Finance LTD	Cayman Islands	-	-	347	390	-	-
Continental DPR Finance Company(2)	Cayman Islands	-	-	-	-	152	292
Company	Cayman Islands	-	-	-	-	1,617	-
RPV Comapny	Cayman Islands	-	-	-	-	1,496	-
TOTAL		-	9	347	390	3,264	292

(1) Securities issued before the enactment of Act 19/2003 dated 4 July 2003

(2) Securitization bond issues on flows generated from export bills

Supervision and control of the permanent establishments of the BBVA Group in offshore financial centers

The BBVA Group applies risk management criteria and policies to all its permanent establishments in offshore financial centers that are identical to those for the rest of the companies making up the Group.

During the reviews carried out annually on each and every one of the BBVA Group's permanent establishments in offshore financial centers, BBVA's Internal Audit department checks the following: that their activities match the definition of their corporate purpose, that they comply with corporate policies and procedures in matters relating to knowledge of the customers and prevention of money laundering, that the information submitted to the parent company is true, and that they comply with tax obligations. In addition, every year a specific review of Spanish legislation applicable to the transfer of funds between the Group's banks in Spain and its companies established in offshore centers is performed.

Furthermore, in 2015 BBVA's Compliance Department supervised the action plans deriving from the Audit Reports on each one of the establishments. On an annual basis, conclusions deriving from these are submitted for consideration to the Audit Committee, which in turn submits the corresponding report to the BBVA Board of Directors.

As far as external audits are concerned, one of the functions of the Audit Committee is to select an external auditor for the Consolidated Group and for all the companies in it. The selection criterion is to designate the same auditing firm for all the BBVA Group's permanent establishments in offshore financial centers, unless the Committee determines this is not possible or advisable. For 2015, all of the BBVA Group's permanent establishments registered in offshore financial centers have the same external auditor (Deloitte), except Continental DPR Finance Company.

Customer Care Service and Customer Ombudsman

In accordance with the stipulations of Article 17 of the Ministry of Economy Order ECO/734/2004, dated March 11, regarding customer care and consumer ombudsman departments at financial institutions, and in line with the new "Regulations for Customer Protection in Spain" of the BBVA Group approved by the BBVA Board of Directors on October 29, 2015, regulating the activities and powers of the Customer Care Service and Customer Ombudsman, a summary of related activities in 2015 is included below.

The Customer Care Service processes all the grievances and complaints addressed to the Customer Ombudsman and to the Customer Care Service itself, except for those which under the new Regulations are the responsibility of the Customer Ombudsman.

Report on the activity of the Customer Care Service department in Spain

Statistical summary of the grievances and complaints handled in 2015

The number of customer complaints received by the BBVA Group's Customer Care Service in Spain in 2015 is 17.647 (11,549 in 2014), of which 2,311 have finally not been processed because they did not meet the requirements of Ministerial Order ECO/734. A total of 92,3% of the complaints, 14,315 cases (9,346 in 2014), have been resolved within the year, and 1.021 complaints (839 as of December 31, 2014) had not yet been analyzed as of December 31, 2014.

Considering the type of complaints during the years 2014 and 2015, the distribution was as follows:

Type of Complaint to the Customer Care Service	Percentage of Complaints 2015	2014
Resources	26.1%	23.6%
Assets products/Loans	19.5%	22.1%
Insurances	8.3%	13.9%
Collection and payment services	17.3%	10.1%
Financial counselling and quality service	8.8%	7.9%
Credit cards	8.5%	6.1%
Securities and equity portfolios	4.1%	4.2%
Other	7.4%	12.1%
Total	**100.0%**	**100.0%**

The grievances and complaints handled are classified:

Final Resolution for Complaints to the Custumer Service Center	Number of Complaints 2015	2014
In favor of the person submitting the complaint	4,750	3,628
Partially in favor of the person submitting the complaint	1,738	1,529
In favor of the BBVA Group	7,827	4,389
Total	**14,315**	**9,546**

The principles and criteria used by the CCS to resolve complaints are based on the application of the regulation on transparency and customer protection and best banking practices. This department takes its decisions independently, notifying the various units involved of any actions which require review or adaptation to regulations.

Recommendations or suggestions

In 2015 the Customer Care Service department consolidated the initiatives which begun in 2014 and strengthened the governance of Quality, in accordance with the corporate strategy and objectives that the Group has for Service Quality, while complying with European guidelines established by the competent authorities, according to the joint report on the management of ESMA and EBA complaints.

Work teams have been organized to correct operational errors and bad commercial practices, backed by senior management and extended to the rest of the organization.

In addition, the criteria and policies for action with respect to complaints are being updated in coordination with a number of departments, as are specific training plans that provide the knowledge needed to work on claim resolution, in line with the recommendations of regulatory bodies.

The area was also transformed in 2015 with the aim of ensuring that the Customer Care Service department focuses all its efforts on the customers, and on providing a reasoned response to them. The management of claims has been centralized to guarantee that criteria are applied uniformly.

In addition, a new complaints management tool has been established with a single repository that includes all the information available relating to the management of complaints and claims. It allows a more precise analysis of the data, including both the reasons and the basic elements of the decision, with the aim of resolving the deficiencies detected and providing internal recommendations to the team and the Bank's different organizational levels.

This more exhaustive analysis of the data allows better identification of any recurring or potential systemic problem, detecting weaknesses and aiming to ensure compliance with the transparency regulations and good banking practice. The above are the priorities of this Service, as is improving the quality of the service we provide to our customers.

Report on the activity of BBVA´s Group Customer Ombudsman in Spain

Statistical summary of the grievances and complaints handled in 2015

965 customer complaints were received by BBVA's Customer Ombudsman in 2015. Of these, 45 have finally not been processed as they did not fulfill the requirements of Ministerial Order ECO/734. A total of 90.15% of the complaints, have been resolved within the year, and 50 complaints had not yet been analyzed as of December 31, 2015.

The grievances and complaints handled are classified in the table below in line with the criteria established by the Complaints Service of the Bank of Spain in its half-yearly requests for information:

Type of Complaint to the Ombudsman	Number of Complaints 2014	Number of Complaints 2013
Insurance and welfare products	459	303
Assets operations	161	257
Investment services	59	73
Liabilities operations	101	106
Other banking products (cash, ATM, etc.)	48	34
Collection and payment services	37	14
Other	100	102
Total	**965**	**889**

The details of the complaints resolved in 2015 and 2014, broken down according to their final resolution, are as follows:

Final Resolution for Complaints to the Ombudsman	Number of Complaints 2014	Number of Complaints 2013
In favor of the person submitting the complaint	2	-
Partially in favor of the person submitting the complaint	544	352
In favor of the BBVA Group	324	451
Total	870	803

Based on the above, it can be concluded that 59.45% of customers bringing a complaint before the Customer Ombudsman are in some way satisfied, either as a consequence of the final resolution of the Ombudsman or because of its role as a mediator between the customer and the entities composing the BBVA Group.

The Customer Ombudsman's decisions are based on current legislation, on the contractual relationships in place between the parties, on current standards on transparency and customer protection, on best banking practices and, especially, on the principle of equity.

Independence is an essential aspect of the Customer Ombudsman. The decisions handed down by the Ombudsman in favor of the customer are binding on the affected Group entity.

Recommendations or suggestions

Among the various initiatives implemented by the Group at the behest of the Customer Ombudsman in 2015, the following are worth noting:

- Recommendations have been made on adapting the product profile to the customer profile, with special emphasis on the need for greater provision of accurate information on the products offered to customers by presenting them with all necessary data and documentation to that end.
- The main purpose is to promote compliance with regulations on transparency and customer protection, providing criteria and possible actions for improvement, and paying special attention to its mediation between the customers and the Entities in order to reach an amicable agreement, within the limits set by regulations.
- In partnership with Quality, Legal Services in Spain and Portugal, and the Customer Care Service, a Quality Committee has been set up, which meets on a monthly basis with the participation of various of the Group's Units and Areas in Spain to discuss and share problems, ideas or suggestions related to the grievances and complaints lodged by the customers, in order to improve the Group's complaints system and thus contribute to providing better and more satisfactory care to the customers.
- Group representatives are in constant contact and meet regularly with the Complaints Service of the Bank of Spain, the CNMV and the Spanish General Directorate of Insurance and Pension Funds, with the common goal of harmonizing criteria and fostering more robust customer protection and security.

Customers who are not satisfied with the resolution of the Customer Ombudsman can appeal before the Bank of Spain, the CNMV or the Spanish General Directorate of Insurance and Pension Funds. The Ombudsman always informs the customers of this option.

In 2015, the number of complaints examined or resolved by the Customer Ombudsman and subsequently presented by the customer before the supervisory bodies is 73.

Economic outlook

The most probable global economic scenario for 2016 will be growth slightly above 3% for the fifth year in a row. These historically moderate levels offer limited and fragile prospects of improvement with downside risks.

Three events in 2015 will continue to characterize the global economic scenario in 2016:

- China's transition toward lower and sustainable rates of growth while it rebalances its economy with a greater weight of the service sector;
- the gradual and slow normalization of U.S. monetary policy, which is a benchmark for the financial markets, with rises in interest rates that make emerging markets less attractive and investment projects highly leveraged;
- the rebalancing of commodity prices at lower levels, due to increases in production and the expectations of lower growth in demand.

These uncertainties have led to a significant increase in the volatility of the financial markets, asset price falls and major currency depreciation in emerging countries.

Information on the macroeconomic and industry environment in each of the geographical areas where the Group operates have been mentioned in the Business Areas section above.

Another relevant information

Main risks and uncertainties

BBVA Group's risk management system and risk exposure is described in Note 7 "Risk management" of the accompanying consolidated Financial Statements.

Contractual obligations and off-balance sheet

Information on contingent risks and commitments can be found in Note 32 of the accompanying consolidated Financial Statements. Information on sale and purchase commitments and future payment obligations can be found in Note 34 of the accompanying consolidated Financial Statements.

Capital and treasury stock

Information on common stock and transactions with treasury stock can be found in Notes 25 and 28 of the accompanying consolidated Financial Statements.

Patents, licenses or similar

At the time of preparing the accompanying consolidated Financial Statements, the BBVA Group is not materially dependent on the issuance of patents, licenses and industrial, mercantile or financial contracts or on new manufacturing processes in carrying out its business purpose.

Subsequent events

After the year ended December 31, 2015, it is expected that on February 2, 2016, under the powers delegated by the Company's AGM held on March 16, 2012, under point five of its agenda, the Board of Directors meeting submits for approval an agreement for the issue of debentures convertible into ordinary BBVA shares, excluding the pre-emptive subscription right.

In case such agreement is approved, and for the purposes set out in articles 414, 417 and 511 of the Spanish Corporations Act, the mandatory Directors report explaining the conversion conditions and types will be issued, justifying the proposal for the abolition of the pre-emptive subscription right, to be accompanied, as appropriate, by another report drafted by an auditor other than the company's auditor, appointed for this purpose by the Companies Register.

The interim dividend approved on December 22, 2015 was paid out on January 12, 2016, as detailed in Note 4.

From January 1, 2016 to the date of preparation of these consolidated financial statements, no other subsequent events not mentioned above in these financial statements have taken place that significantly affect the Group's earnings or its equity position.

Annual corporate governance report

In accordance with the provisions of Article 540 of the Spanish Corporate Act, the BBVA Group prepared the Annual Corporate Governance Report for 2014 (which is an integral part of the Management Report for that year) following the content guidelines set down in Order ECC/461/2013, dated March 20, and in CNMV Circular 7/2015, dated December 22, including a section detailing the degree to which the Bank is compliant with existing corporate governance recommendations in Spain. In addition, all the information required by Article 539 of the Spanish Corporations Act can be accessed on BBVA's website www.bbva.com

Glossary

Book value per share	It is the ratio between the stockholders' funds and valuation adjustments, and, the number of shares after deducing the treasury shares held by the Group.
Cost of Risk	It is the annual cost in terms of impairment losses (loan-loss provisions), for each customer credit unit accounted in different headings of the balance sheet.
Efficiency ratio	It is the ratio between the administration and amortization costs and the gross profit (revenues minus expenses from ordinary activity)
ERC: Economic Risk Capital	Is the sum of capital for credit risk, market risk, operational risk, real-estate risk and insurance risk. It is expressed in attributable terms.
NPA Coveraged ratio	Impairment allowances as a percentage of the non performing assets (the sum of impaired loans and advances to customers and impaired contingent liabilities to customers).
NPA ratio	Represents the sum of impaired loans and advances to customers and impaired contingent liabilities to customers divided by the sum of Loans and advances to customers and Contingent liabilities to customers.
P/BV (Price/Book Value; times)	It is the ratio between the share price and the book value.
PER (Price/Earnings; times)	It is the ratio between the share price and profit
Recurrent economic profit (EP) from ongoing operations	This indicator measures the contribution of the year's profit, after deducting the cost of the capital used. The calculation of EP requires a series of adjustments to be made to the accounting net attributable profit to enable an economic profit to be obtained, including the replacement of the accounting provisions for expected loss, as well as the change in value of the Group's equity elements (change in unrealized gains, change in the BV of investees, change in value of the treasury stock, etc).
ROA	Return on assets.
ROE	Return on equity
RORWA	Return on average risk weighted assets
ROTE	Return on Tangible equity (excluding the goodwill).

ANNUAL CORPORATE GOVERNANCE REPORT ON THE PUBLICLY TRADED COMPANIES

ISSUER IDENTIFICATION

REFERENCE YEAR END DATE 31/12/2015

TAX ID No.: A-48265169

Registered name: BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Registered Address: Plaza de San Nicolás 4, 48005 Bilbao (Vizcaya)

A. OWNERSHIP STRUCTURE

A.1 Fill in the following table on the company's share capital:

Date of last change	Share capital (EUR)	Number of shares	Number of voting rights
26/10/2015	3,119,673,257.82	6,366,680,118	6,366,680,118

Indicate if there are different classes of shares with different rights associated with them.

NO

Class	Number of shares	Nominal unit value	Number of voting rights per unit	Different rights

A.2 Detail the direct and indirect owners of significant holdings in your company at year-end, excluding directors:

Name of shareholder (person or company)	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of stake	Number of voting rights	

Indicate the most significant movements in the shareholding structure during the year.

Name of shareholder (person or company)	Date of the transaction	Description of the transaction

A.3 Fill in the following tables with the members of the company's Board of Directors with voting rights on company shares:

Name of director	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of stake	Number of voting rights	
FRANCISCO GONZÁLEZ RODRÍGUEZ	2,023,183		1,626,151	0.06%
CARLOS TORRES VILA	108,454			0.00%
TOMÁS ALFARO DRAKE	16,421			0.00%
JOSÉ MIGUEL ANDRÉS TORRECILLAS	10,252			0.00%
RAMÓN BUSTAMENTE Y DE LA MORA	14,616		2,835	0.00%
JOSÉ ANTONIO FERNÁNDEZ RIVERO	71,796			0.00%

IGNACIO FERRERO JORDI	4,634		86,269	0.00%
BELÉN GARIJO LÓPEZ	0		0	0.00%
JOSÉ MANUEL GONZÁLEZ-PÁRAMO MARTÍNEZ-MURILLO	19,855			0.00%
CARLOS LORING MARTÍNEZ DE IRUJO	56,219			0.00%
LOURDES MÁIZ CARRO	0		0	0.00%
JOSÉ MALDONADO RAMOS	37,937			0.00%
JOSÉ LUIS PALAO GARCÍA-SUELTO	10,536			0.00%
JUAN PI LLORENS	0		0	0.00%
SUSANA RODRÍGUEZ VIDARTE	25,432		951	0.00%

% total voting rights held by the Board of Directors	**0.06%**

Fill in the following tables with the members of the company's Board of Directors with voting rights on company shares:

Name of director (person or company)	**Number of direct voting rights**	**Indirect rights**		**Number of equivalent shares**	**% of total voting rights**
		Direct owner	**Number of voting rights**		
FRANCISCO GONZÁLEZ RODRÍGUEZ	207,449	0	0	0	0.00%
CARLOS TORRES VILA	59,292	0	0	0	0.00%
JOSÉ MANUEL GONZÁLEZ PÁRAMO MARTÍNEZ MURILLO	14,576	0	0	0	0.00%

A.4 Where applicable, indicate any family, commercial, contractual or corporate relationships between holders of significant shareholdings, insofar as the company is aware of them, unless they are of little relevance or due to ordinary trading or exchange activities:

Related name (person or company)	**Type of relationship**	**Brief description**

A.5 Where applicable, indicate any commercial, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or due to ordinary trading or exchange activities:

Related name (person or company)	**Type of relationship**	**Brief description**

A.6 Indicate whether the company has been informed of any shareholder agreements that may affect it as set out under articles 530 and 531 of the Corporate Enterprises Act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

NO

Participants in shareholders agreements	% of share capital affected	Brief description of agreement

Indicate whether the company is aware of the existence of concerted actions amongst its shareholders. If so, describe them briefly.

NO

Participants in concerted action	% of share capital affected	Brief description of concerted action

If there has been any amendment or breaking-off of said pacts or agreements or concerted actions, indicate this expressly:

A.7 Indicate whether any person or organisation exercises or may exercise control over the company pursuant to article 5 of the Securities Exchange Act. If so, identify names:

NO

Name (person or company)

Comments

A.8 Fill in the following tables regarding the company's treasury stock:

At year- end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
1,840,378	37,077,287	0.61%

(*) Through:

Name of direct owner of shareholding (person or company)	Number of direct shares
CORPORACIÓN GENERAL FINANCIERA, S.A.	37,077,287
Total:	**37,077,287**

Give details of any significant changes during the year, pursuant to Royal Decree 1362/2007.

Explain the significant changes
Seven treasury stock communications were made in 2015, of which three correspond to a change in the number of voting rights in the "Dividend Option", which let shareholders decide whether to receive shares or cash for their dividend payment. These communications are detailed below: • Communication date: 20 January 2015 with a total of 377,341 direct shares and 42,305,105 indirect shares acquired for 0.686% on the total share capital in the "Dividend Option" program.

• Communication date: 23 February 2015 with a total of 19,403,428 direct shares and 18,291,946 indirect shares acquired for 0.606% on the total share capital. This communication was made after acquisitions passed the 1% threshold.

• Communication date: 20/04/2015. The total number was 5,540,505 direct shares and 282,242 indirect shares acquired for 0.094% on the total share capital. This communication was made after acquisitions passed the 1% threshold.

• Communication date: 28 April 2015 with a total of 1,567,663 direct shares and 690,535 indirect shares acquired for 0.036% on the total share capital. This communication was made on execution of the "Dividend Option" program.

• Communication date: 09/07/2015. The total number was 2,861,915 direct shares and 8,153,454 indirect shares acquired for 0.174% on the total share capital. This communication was made after acquisitions passed the 1% threshold.

• Communication date: 31 August 2015 with a total of 10,515,744 direct shares and 23,800,220 indirect shares acquired for 0.544% on the total share capital. This communication was made after acquisitions passed the 1% threshold.

• Communication date: 2 November 2015 with a total of 771,723 direct shares and 27,682,475 indirect shares acquired for 0.447% on the total share capital in the "Dividend Option" program.

A.9 Describe the conditions and term of the prevailing mandate from the general meeting to the Board of Directors to issue, buy back and transfer treasury stock.

- The Annual General Meeting of Shareholders of BBVA held on 16 March 2012, under item three of the agenda, passed a resolution to delegate to the Board of Directors the power to increase the Bank's share capital, within a maximum term of 5 years following the date of the resolution, up to a maximum amount corresponding to 50% of BBVA's share capital on the date of such authorization, on one or several occasions, by issuing new ordinary or privileged shares with or without voting rights, including redeemable shares or shares of any other kind, with or without an issue premium, the countervalue of said shares comprising cash considerations. The authorization includes the setting out of the terms and conditions of the common stock increase, the determination of the nominal value of the shares to be issued, their characteristics and any privileges they may confer, the attribution of the right of redemption and the conditions of redemption, and the exercise of that right by BBVA; and grants the Board of Directors with the capacity to exclude the first refusal rights regarding shares issued by virtue of said resolution, though this capacity is limited to 20% of the share capital of BBVA on the date of said authorization.

  In the meeting held on 19 November 2014, the BBVA's Board of Directors, by virtue of the aforementioned delegation, agreed to a common stock increase with exclusion to the rights to first refusal through an Accelerated Bookbuilding Offering (ABO). On 20 November 2014, the common stock increase was executed for a nominal amount of €118,787,879.56 by issuing 242,424,244 ordinary shares of BBVA, each one at a nominal value of €0.49, in the same class and series as the shares currently in circulation.

- The fifth item on the agenda at BBVA's Ordinary General Meeting of Shareholders held on 16 March 2012 agreed to powers to the Board of Directors to issue securities convertible and/or exchangeable for BBVA shares on one or multiple occasions within a maximum period of 5 years from the date of the adoption the agreement to do so, for a maximum amount of €12,000,000,000 or its equivalent in any other currency, extending the delegation's aspects and capacities to: establish the different aspects and conditions of each issue; increase the share capital by the amount needed to address the requests for conversion or subscription; exclude the right to first refusal to shareholders whenever necessary or required in the interest of the company; and determine the rate of conversion and/or exchange and the date of conversion and/or exchange.

  In exercising this delegation in 2015, 2014 and 2013, BBVA executed three issues of convertible perpetual securities into new issues of ordinary BBVA shares (capital instruments of level 1 additional) with exclusion of the first refusal rights on subscription amounting to €1.5 billion, €1.5 billion and USD $1.5 billion, respectively.

- The General Meeting of Shareholders of BBVA on 14 March 2014, under agenda item three, agreed to authorized BBVA, directly or via any of its subsidiaries, for a maximum term of five years from the date of said resolution, for the derivative acquisition of BBVA shares at any time and on as many occasions as it deems appropriate, by any means permitted by law, including charging the acquisition to the year's profits and/or unrestricted reserves, and to subsequently dispose of the shares acquired, indicating that derivative acquisition of shares will at all times be carried out in compliance with the conditions established under applicable legislation and, in particular, the following conditions: (i) at no time will the nominal value of the treasury stock acquired, directly or indirectly, under this authorization, added to the shares already owned by the Company and its subsidiaries, exceed 10% of the subscribed share capital of BBVA or, as appropriate, the maximum amount permitted by applicable legislation; (ii) the acquisition shall not result in the equity being less than the share capital plus the legal reserves or the reserves that are restricted by the Company bylaws; (iii) a restricted reserve, equivalent to the sum of treasury stock of the company recorded to assets, may be established against the net equity; (iv) shares acquired must be fully paid up, unless the acquisition is without consideration, and must not entail any obligation to provide ancillary benefits; and (v) the acquisition price per share will not be below the nominal value of the share or more than 20% above the listed price or any other price associated with the shares on the acquisition date. Moreover, said General Meeting expressly authorized that the shares acquired by BBVA or its subsidiaries by exercising the aforementioned authorization may be earmarked for delivery to workers or administrators of BBVA or its subsidiaries.

- The General Meeting of Shareholders of BBVA held on 13 March 2015 resolved, under item four, sections 4.3 and 4.4 of the agenda, to perform two common stock increases to be charged to voluntary reserves through the issue of new ordinary shares each with a nominal value of €0.49, without issue premium, which as of 31 December 2015 had not been executed. The maximum term for the execution of said increases is one year from the date of the adoption of said resolutions.

A.9 bis Estimated floating capital:

	%
Estimated floating capital	100

A.10 Indicate whether there is any restriction on the transferability of securities and/or any restriction on voting rights. In particular, report the existence of any restrictions that might hinder the take-over of control of the company by purchasing its shares on the market.

NO

A.11 Indicate whether the General Meeting has agreed to adopt measures to neutralise a public takeover bid, pursuant to Act 6/2007.

NO

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient:

A.12 Indicate whether the company has issued securities that are not traded on a regulated market in the EU.

YES

Where applicable, indicate the different classes of shares, and what rights and obligations each share class confers.

All the shares in BBVA's capital have the same class and series, and confer the same voting and economic rights. There are no different voting rights for any shareholder. There are no shares that do not represent capital.

The Bank's shares are admitted for trading on the Securities Exchanges in Madrid, Barcelona, Bilbao and Valencia, through the Spanish electronic trading platform (Continuous Market), and the stock markets in London and Mexico. BBVA’s American Depositary Shares (ADS) are traded on the New York Stock Exchange and also on the Lima Exchange (Peru) under an exchange agreement between both markets.

Additionally, as of 31 December 2015, shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A. and BBVA Banco Francés, S.A., were traded on their respective local securities markets and, for the latter entity, on the New York Stock Exchange and in the Latin American securities exchange (LATIBEX) on the Stock Market of Madrid.

B GENERAL MEETING

B.1 Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Corporate Enterprises Act (CEA) with respect to the quorum and constitution of the General Meeting.

YES

	% quorum different from quorum in art. 193 of CEA for general circumstances	% quorum different from quorum in art. 194 of CEA for special circumstances in art. 194 of CEA
Quorum required on first summons	0.00%	66.66%
Quorum required on second summons	0.00%	60.00%

Description of differences
Article 194 of the Corporate Enterprises Act establishes that in order for a General Meeting (whether annual or extraordinary) to validly resolve to increase or reduce capital or make any other amendment to the Company Bylaws, bond issuance, the cancellation or restriction of first refusal subscription rights over new shares, or the conversion, merger or spin-off of the company or global assignment of assets and liabilities or the transfer of the registered office abroad, the shareholders present and represented on first summons must own at least fifty percent of the subscribed capital with voting rights. On second summons, twenty-five percent of said capital will be sufficient. The above notwithstanding, article 25 of the BBVA Company Bylaws establishes that a reinforced quorum of two-thirds of the subscribed voting capital must attend the General Meeting at first summons or 60% of that capital at second summons, in order to adopt resolutions on replacing the corporate purpose, the transformation, total spin off, winding up of the Company and amending that article of Bylaws establishing this reinforced quorum.

B.2 Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Corporate Enterprises Act (CEA) for the adoption of corporate resolutions:

NO

Describe any differences from the minimum standards established under the CEA.

B.3 Indicate the rules applicable to amendments to the company bylaws. In particular, report the majorities established to amend the bylaws, and the rules, if any, to safeguard shareholders' rights when amending the bylaws.

Article 30 of the BBVA Company Bylaws establishes that the General Meeting is empowered to amend the Company Bylaws and to confirm and/or rectify Board of Directors' interpretation of them.

To such end, the rules established under articles 285 et seq. of the Corporate Enterprises Act shall apply.

The above paragraph notwithstanding, article 25 of the Company Bylaws establishes that in order to adopt resolutions regarding any change to the corporate purpose, transformation, total spin-off or winding up the Company and amendment of the second paragraph of said article 25, two-thirds of the subscribed voting capital must attend the General Meeting at first summons, or 60% of that capital at second summons.

As regards the procedure for amending the Company Bylaws, article 4.2 c) of Act 10/2014 dated 26th June, on the regulation, supervision and solvency of credit institutions, establishes that the Bank of Spain shall be responsible for authorising the amendments to the bylaws of credit institutions.

Moreover, article 10 of Royal Decree 84/2015 dated 13rd February, implementing Act 10/2014, stipulates that the Bank of Spain shall have two months to decide following receipt of the request for amendment, which must be accompanied by a certification of minutes recording the agreement, a report substantiating the proposal drawn up by the board of directors and a project of new bylaws, identifying the cited amendments.

Notwithstanding the foregoing, article 10 of Royal Decree 84/2015 also establishes that no previous authorization from the Bank of Spain is required, though notification of said amendment must nevertheless be made, for amendments with the following purposes:

- Change of the registered office within the national territory.

- Stock capital increase.

- Incorporating verbatim into the bylaws legal or regulatory precepts of a mandatory or prohibitive nature, or for the purpose of complying with legal or administrative decisions.

- Those amendments for which the Bank of Spain, in response to a prior enquiry made by the affected bank, deems that authorization is not required due to their little relevance.

B.4 Indicate the data on attendance at general meetings held during the year to which this report refers and the previous year:

	Attendance figures				
			% voting remotely		
General Meeting date	**% shareholders present**	**% attending by proxy**	**Electronic vote**	**Other**	**Total**
14/03/2014	4.05%	38.36%	0.05%	20.72%	63.18%
13/03/2015	2.69%	39.68%	0.04%	19.64%	62.05%

B.5 Indicate the number of shares, if any, that are required to be able to attend the General Meeting and whether there are any restrictions on such attendance in the bylaws:

YES

Number of shares necessary to attend the General Meetings	500

B.6 Section repealed.

B.7 Indicate the address and means of access through the company website to the information on corporate governance and other information on the general meetings that must be made available to shareholders on the company's website.

The contents on corporate governance and other information on the latest general meetings are directly accessible through the Banco Bilbao Vizcaya Argentaria corporate website, www.bbva.com, in the Shareholders and Investors, Corporate Governance section, www.bbva.com/Accionistas e Inversores/Gobierno Corporativo.

C CORPORATE GOVERNANCE STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the bylaws:

Maximum number of Directors	15
Minimum number of Directors	5

C.1.2 Fill in the following table on the Board members:

Name of director (person or company)	Representative	Type of directorship	Position on the Board	Date first appointed	Date last appointed	Election procedure
FRANCISCO GONZÁLEZ RODRÍGUEZ	-	EXECUTIVE	CHAIRMAN	28/01/2000	15/03/2013	GENERAL MEETING RESOLUTION
CARLOS TORRES VILA	-	EXECUTIVE	CEO	04/05/2015	04/05/2015	CO-OPTING
TOMÁS ALFARO DRAKE	-	INDEPENDENT	DIRECTOR	18/03/2006	14/03/2014	GENERAL MEETING RESOLUTION
JOSÉ MIGUEL ANDRÉS TORRECILLAS	-	INDEPENDENT	DIRECTOR	13/03/2015	13/03/2015	GENERAL MEETING RESOLUTION
RAMÓN BUSTAMENTE Y DE LA MORA	-	OTHER EXTERNAL	DIRECTOR	28/01/2000	15/03/2013	GENERAL MEETING RESOLUTION
JOSÉ ANTONIO FERNÁNDEZ RIVERO	-	INDEPENDENT	LEAD DIRECTOR	28/02/2004	13/03/2015	GENERAL MEETING RESOLUTION
IGNACIO FERRERO JORDI	-	OTHER EXTERNAL	DIRECTOR	28/01/2000	15/03/2013	GENERAL MEETING RESOLUTION
BELÉN GARIJO LÓPEZ	-	INDEPENDENT	DIRECTOR	16/03/2012	13/03/2015	GENERAL MEETING RESOLUTION
JOSÉ MANUEL GONZÁLEZ-PÁRAMO MARTÍNEZ-MURILLO	-	EXECUTIVE	DIRECTOR	03/06/2013	14/03/2014	GENERAL MEETING RESOLUTION
CARLOS LORING MARTÍNEZ DE IRUJO	-	INDEPENDENT	DIRECTOR	28/02/2004	14/03/2014	GENERAL MEETING RESOLUTION
LOURDES MÁIZ CARRO	-	INDEPENDENT	DIRECTOR	14/03/2014	14/03/2014	GENERAL MEETING RESOLUTION

JOSÉ MALDONADO RAMOS	-	OTHER EXTERNAL	DIRECTOR	28/01/2000	13/03/2015	GENERAL MEETING RESOLUTION
JOSÉ LUIS PALAO GARCÍA-SUELTO	-	INDEPENDENT	DIRECTOR	01/02/2011	14/03/2014	GENERAL MEETING RESOLUTION
JUAN PI LLORENS	-	INDEPENDENT	DIRECTOR	27/07/2011	13/03/2015	GENERAL MEETING RESOLUTION
SUSANA RODRÍGUEZ VIDARTE	-	OTHER EXTERNAL	DIRECTOR	28/05/2002	14/03/2014	GENERAL MEETING RESOLUTION

Total number of Directors	15

Indicate the severances that have occurred on the Board of Directors during the reporting period:

Name of director (person or company)	Condition of director at time of severance	Date of leaving
ÁNGEL CANO FERNÁNDEZ	EXECUTIVE	04/05/2015

C.1.3 Fill in the following tables on the Board members and their different kinds of directorship:

EXECUTIVE DIRECTORS

Name of director (person or company)	Position within company organisation
FRANCISCO GONZÁLEZ RODRÍGUEZ	GROUP EXECUTIVE CHAIRMAN
CARLOS TORRES VILA	CHIEF EXECUTIVE OFFICER
JOSÉ MANUEL GONZÁLEZ-PÁRAMO MARTÍNEZ-MURILLO	DIRECTOR OF GLOBAL ECONOMICS, REGULATION & PUBLIC AFFAIRS

Total number of executive Directors	**3**
% of total directors	**20%**

EXTERNAL PROPRIETARY DIRECTORS

EXTERNAL INDEPENDENT DIRECTORS

Name of director (person or company)	PROFILE
BELÉN GARIJO LÓPEZ	CHAIR AND CEO OF MERCK SERONO, MEMBER OF THE EXECUTIVE BOARD. CEO OF MERCK HEALTH CARE AND CHAIR OF THE PHARMA INTERNATIONAL EXECUTIVE COMMITTEE, ISEC (PHARMACEUTICAL RESEARCH AND MANUFACTURERS OF AMERICA). OTHER RELEVANT POSITIONS: WAS PRESIDENT FOR COMMERCIAL OPERATIONS FOR EUROPE AND CANADA AT SANOFI AVENTIS.

	GRADUATED IN MEDICINE FROM UNIVERSIDAD DE ALCALÁ DE HENARES, MADRID. SPECIALIST IN CLINICAL PHARMACOLOGY HOSPITAL DE LA PAZ - UNIVERSIDAD AUTÓNOMA DE MADRID.
CARLOS LORING MARTÍNEZ DE IRUJO	CHAIR OF THE BOARD'S REMUNERATION COMMITTEE. LAWYER SPECIALIZING IN CORPORATE GOVERNANCE. OTHER RELEVANT POSITIONS: WAS PARTNER AND MEMBER OF THE MANAGEMENT COMMITTEE AT GARRIGUES LAW FIRM. GRADUATED IN LAW FROM THE COMPLUTENSE UNIVERSITY OF MADRID.
JOSÉ ANTONIO FERNÁNDEZ RIVERO	CHAIR OF THE BOARD'S RISK COMMITTEE AND LEAD DIRECTOR. OTHER RELEVANT POSITIONS: GENERAL MANAGER OF THE BBVA GROUP UNTIL JANUARY 2003. HAS REPRESENTED BBVA AS A MEMBER OF THE BOARDS OF: TELEFÓNICA, IBERDROLA, BANCO DE CRÉDITO LOCAL AND CHAIRMAN OF ADQUIRA. GRADUATED IN ECONOMICS FROM UNIVERSIDAD DE SANTIAGO DE COMPOSTELA.
JOSÉ LUIS PALAO GARCÍA-SUELTO	HAS BEEN SENIOR PARTNER OF THE FINANCIAL DIVISION AT ARTHUR ANDERSEN SPAIN. EX-CHAIR OF THE BOARD'S AUDIT & COMPLIANCE COMMITTEE (UNTIL MAY 2015). OTHER RELEVANT POSITIONS: WAS HEAD OF THE AUDIT & INSPECTION SERVICES AT THE INSTITUTO DE CRÉDITO OFICIAL (OFFICIAL CREDIT INSTITUTE) AND HAS ALSO BEEN A FREELANCE CONSULTANT. GRADUATED IN AGRICULTURAL ENGINEERING FROM THE MADRID SCHOOL OF AGRICULTURAL ENGINEERS AND BUSINESS STUDIES FROM THE COMPLUTENSE UNIVERSITY OF MADRID.
JUAN PI LLORENS	HAD A PROFESSIONAL CAREER AT IBM HOLDING VARIOUS SENIOR POSITIONS AT A NATIONAL AND INTERNATIONAL LEVEL INCLUDING VICE PRESIDENT FOR IBM EUROPE SALES, VICE PRESIDENT, TECHNOLOGY & SYSTEMS AT IBM EUROPE AND VICE PRESIDENT, FINANCIAL SERVICES SECTOR, GMU (GROWTH MARKETS UNITS) IN CHINA. HE WAS EXECUTIVE CHAIRMAN OF IBM SPAIN. READ INDUSTRIAL ENGINEERING AT UNIVERSIDAD POLITECNICA DE BARCELONA AND TOOK A GENERAL MANAGEMENT PROGRAM AT IESE.
LOURDES MÁIZ CARRO	SECRETARY OF THE BOARD OF DIRECTORS AND DIRECTOR OF THE LEGAL SERVICES AT IBERIA, LÍNEAS AÉREAS DE ESPAÑA. PHD IN PHILOSOPHY, WORKED IN RESEARCH AND GAVE CLASSES IN METAPHYSICS AT THE COMPLUTENSE UNIVERSITY DURING FIVE YEARS. GRADUATED IN LAW, JOINED THE STATE COUNSEL CORPS AND HELD VARIOUS POSTS OF RESPONSIBILITY IN THE PUBLIC ADMINISTRATIONS SUCH AS GENERAL ORGANIZATIONAL DIRECTOR, WORK AND COMPUTING POSITIONS AT THE MINISTRY OF PUBLIC ADMINISTRATIONS, GENERAL DIRECTOR OF THE SOCIEDAD ESTATAL DE PARTICIPACIONES PATRIMONIALES (SEPPA) IN THE MINISTRY OF ECONOMY AND FINANCES AND GENERAL SECRETARY AT THE MINISTRY OF AGRICULTURE. SHE HAS BEEN A DIRECTOR IN NUMEROUS COMPANIES, INCLUDING RENFE, ADIF (ERSTWHILE GIF), ICO (INSTITUTO DE CRÉDITO OFICIAL), ALDEASA AND BANCO HIPOTECARIO.
TOMÁS ALFARO DRAKE	CHAIR OF THE BOARD'S APPOINTMENTS COMMITTEE. DIRECTOR OF INTERNAL DEVELOPMENT AND TEACHER IN THE FINANCE AREA AT UNIVERSIDAD FRANCISCO DE VITORIA. OTHER RELEVANT POSITIONS: WAS DIRECTOR OF THE FOLLOWING BACHELOR'S DEGREES AT UNIVERSIDAD FRANCISCO DE VITORIA: BUSINESS ADMINISTRATION AND MANAGEMENT; BUSINESS SCIENCES; MARKETING. GRADUATED IN ENGINEERING AT ICAI.
JOSÉ MIGUEL ANDRÉS TORRECILLAS	CHAIR OF THE BOARD'S AUDIT & COMPLIANCE COMMITTEE. HIS PROFESSIONAL CAREER BEGAN WITH ERNST & YOUNG AS GENERAL MANAGING PARTNER FOR AUDIT AND ADVISORY SERVICES AND CHAIRMAN OF ERNST & YOUNG SPAIN UNTIL 2014. MEMBER OF SEVERAL ENTITIES SUCH AS THE OFFICIAL REGISTRY

	OF ACCOUNT AUDITORS (ROAC), REGISTRY OF ECONOMIST AUDITORS (REA), SPANISH INSTITUTE OF CHARTERED ACCOUNTANTS AND THE ADVISORY BOARD OF THE INSTITUTE OF INTERNAL AUDITORS. GRADUATED IN ECONOMIC AND BUSINESS SCIENCES FROM THE COMPLUTENSE UNIVERSITY OF MADRID.

Total number of independent Directors	**8**
% of total directors	**53,33%**

Indicate whether any director considered an independent director is receiving from the company or from its group any amount or benefit under any item that is not the remuneration for his/her directorship, or maintains or has maintained over the last year a business relationship with the company or any company in its group, whether in his/her own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

Where applicable, include a reasoned statement from the Board with the reasons why it deems that this director can perform his/her duties as an independent director.

Name of director (person or company)	Description of relationship	Reasons

OTHER EXTERNAL DIRECTORS

Identify all other external Directors and explain why these cannot be considered proprietary or independent Directors and detail their relationships with the company, its executives or its shareholders.

Name of director (person or company)	Reasons	Company, executive or shareholder to which related
JOSÉ MALDONADO RAMOS	José Maldonado Ramos has been a director for a continuous period of more than 12 years.	Banco Bilbao Vizcaya Argentaria, S.A.
RAMÓN BUSTAMENTE Y DE LA MORA	Ramón Bustamante y de la Mora has been a director for a continuous period of more than 12 years.	Banco Bilbao Vizcaya Argentaria, S.A.
IGNACIO FERRERO JORDI	Ignacio Ferrero Jordi has been a director for a continuous period of more than 12 years.	Banco Bilbao Vizcaya Argentaria, S.A.
SUSANA RODRÍGUEZ VIDARTE	Susana Rodríguez Vidarte has been a director for a continuous period of more than 12 years.	Banco Bilbao Vizcaya Argentaria, S.A.

Total number of other external Directors	**4**
% of total directors	**26,67%**

Indicate any changes that may have occurred during the period in the type of directorship of each director:

Name of director (person or company)	Date of change	Previous category	Current category

C.1.4 Fill in the following table with information regarding the number of female directors over the last 4 years, and the category of their directorships:

	Number of female directors				**% of total female directors of each category**			
	Year 2015	**Year 2014**	**Year 2013**	**Year 2012**	**Year 2015**	**Year 2014**	**Year 2013**	**Year 2012**
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	2	2	2	2	25%	28.57%	20%	18.18%
Other external	1	1	0	0	25%	25%	0.00%	0.00%
Total:	3	3	2	2	20%	21.43%	14.29%	14.29%

C.1.5 Explain the measures, if any, that have been adopted to try to include a number of female directors on the Board that would mean a balanced presence of men and women.

Explanation of measures
Article 3 of the Board of Directors Regulations establishes that the proposals submitted to the General Meeting for appointment or reelection of directors and the appointments the Board makes directly to cover vacancies, exercising its powers of co-option, will be approved at the proposal of the Appointments Committee in the case of independent directors, and following a report from said Committee for all other directors. In any case, the proposal must be accompanied by a report of the Board of Directors explaining the grounds on which the Board of Directors has assessed the competence, experience and merits of the candidate proposed, which will be attached to the minutes of the General Meeting or of the Board of Directors. When there is a proposal to re-elect directors, the Board of Directors' resolutions and deliberations on these matters will take place in the absence of the directors whose re-election is proposed who, if present, must leave the meeting. The Appointments Committee's mission is to assist the Board of Directors in matters concerning the selection and appointment of directors and, in particular, to submit to the Board of Directors the proposals for the appointment, re-election or removal of independent directors and to report on the proposals for the appointment, re-election or removal of all other directors. To such end, article 33 of the Board of Directors Regulations establish that the Committee will evaluate the balance of skills, knowledge and expertise that the Board of Directors requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in view of the needs that the Company's governing bodies may have at any time. The Committee will ensure that, in line with the principles set out in the BBVA Board of Directors Regulations, when filling new vacancies, the selection procedures are not marred by implicit biases that may entail any discrimination and, in particular, discrimination that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought are included on the shortlists. Moreover, BBVA has established a director selection policy stating that the selection procedures cannot involve discrimination in selecting female directors and that in 2020 the number of female board members will represent at least 30% of the total number of members of the Board of Directors. In the latest selection processes, the Appointments Committee has ensured that there are no implicit biases that may hinder the access of women to the vacancies. It evaluated the skills, knowledge and expertise of all the candidates according to the needs of the governing bodies at any given time, assessing the dedication necessary to be able to suitably perform their duties in the light of the principles contained in the BBVA Board of Directors Regulations. For these selection processes, the Committee has received support from renowned consultancy firms in the selection of directors at the international level.

During these processes, the external expert was expressly requested to include women with the suitable profile among the candidates to be presented and the Committee analyzed the personal and professional profiles of all the candidates presented on the basis of the information provided by the consultancy firm, according to the needs of the Bank's governing bodies at any given time. The skills, knowledge and expertise necessary to be a director of the Bank were assessed and the rules on incompatibilities and conflicts of interest as well as the dedication deemed necessary to be able to comply with the duties were taken into account. BBVA currently has three female directors on its governing body, one of whom is a member of the Group's Executive Committee.

C.1.6 Explain the measures, if any, agreed by the Appointments Committee to ensure that selection procedures do not suffer from implicit biases that may hinder the selection of female directors, and that the company deliberately seeks and includes potential female candidates that meet the professional profile sought:

Explanation of measures
See above section. During the selection processes, the Appointments Committee, pursuant to the Board of Directors Regulations, has ensured that women who meet the sought-after professional profile are included among the potential candidates. In addition it has made sure that the selection procedures do not include implicit biases that might hinder the selection of female directors.

When, despite any measures that might have been adopted, the number of female directors is low or zero, explain the reasons:

Explanation of reasons

C.1.6.bis Explain the conclusions of the Appointments Committee regarding verification of compliance with the board member selection policy. And, in particular, explain how this policy is fostering the goal for 2020 to have the number of female board members represent at least 30% of the total number of members of the board of directors.

The Board of Directors has established a director selection policy stating that the individuals proposed for appointment as members of the Board of Directors must meet the requirements set out in current legislation, in the specific regulations applicable to credit institutions, Company Bylaws and Board Regulations. In particular, the directors must meet the suitability requirements needed to hold the position and display recognized commercial and professional repute, possess adequate knowledge and experience to hold the position, and be committed to good governance.

The selection policy states that the member selection, appointment and rotation procedures for the Board of Directors shall be aimed at attaining a composition of the company's corporate bodies that enable the powers established by law, Company Bylaws and its own regulations to be properly discharged in the company's best interest.

To this effect, the Board of Directors shall ensure that the appointment, selection and rotation procedures enable the most suitable candidates to be identified at all times, based on the requirements of the corporate bodies and that they favor diversity of experience, knowledge, skills and gender and, in general, do not suffer from implicit biases that may involve any kind of discrimination.

In particular, the director selection policy establishes that the selection procedures cannot entail any discrimination for the selection of female directors and that in 2020 the number of female board members will represent at least 30% of the total number of members of the Board of Directors. In this regard, the number of women on the Board of Directors has increased in recent years and women meeting the required professional profile have been expressly requested to be nominated for director selection processes.

Additionally, it sets out that the composition of the Board of Directors shall attempt to have an appropriate balance between the different types of board members and that non-executive members represent an ample majority over executive directors, taking steps so that the number of independent directors accounts for at least 50% of the total seats.

This policy has been followed by the Appointments Committee when submitting candidate proposals to the Board of Directors to be raised for appointment at the General Meeting of Shareholders in 2016. On approval of said proposal by the General Meeting of Shareholders of BBVA, Board of Directors' composition shall continue being 50% independent directors and a percentage of female directors on the board representing 25% of non-executive directors.

C.1.7 Explain the form of representation on the Board of shareholders with significant holdings.

C.1.8 Explain, where applicable, the reasons why proprietary directors have been appointed at the behest of a shareholder whose holding is less than 3% of the capital:

Indicate whether formal petitions have been ignored for presence on the Board from shareholders whose holding is equal to or higher than that of others at whose behest proprietary directors were appointed. Where applicable, explain why these petitions have been ignored.

NO

C.1.9 Indicate if any director has stood down before the end of his/her term of office, if the director has explained his/her reasons to the Board and through which channels, and if reasons were given in writing to the entire Board, explain below, at least the reasons that were given:

Name of director	Reason for leaving
Ángel Cano Fernández	Ángel Cano Fernández ceased as a member of the Board of Directors and President & COO of BBVA as of 4 May 2015, date on which he and the Bank jointly agreed to his early retirement as President & COO and, therefore, his dismissal as director, thus giving way to others to resume the new BBVA project to drive the transformation process of the Bank.

C.1.10 Indicate any powers delegated to the managing directors(s):

Name of director (person or company)	Brief description
FRANCISCO GONZÁLEZ RODRÍGUEZ	Holds broad-ranging powers of representation and administration in line with his duties as Company Chairman.
CARLOS TORRES VILA	Holds broad-ranging powers of representation and administration in line with his duties as Company CEO.
JOSÉ MANUEL GONZÁLEZ-PÁRAMO MARTÍNEZ-MURILLO	Holds powers of representation and administration in line with his duties as Head of Global Economics, Regulation & Public Affairs.

C.1.11 Identify any members of the Board holding positions as directors or managers in other companies belonging to the listed company's group:

Name of director (person or company)	Name of the Group Company	Position	Does the director hold executive functions?

FRANCISCO GONZÁLEZ RODRÍGUEZ	BBVA BANCOMER, S.A. INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO BBVA BANCOMER	DIRECTOR	NO
FRANCISCO GONZÁLEZ RODRÍGUEZ	GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	DIRECTOR	NO

C.1.12 Detail, where applicable, any company directors that sit on Boards of other companies publicly traded on regulated securities markets outside the company's own group, of which the company has been informed:

Name of director (person or company)	Name of the listed company	Position
BELÉN GARIJO LÓPEZ	L'ORÉAL SOCIÉTÉ ANONYME	DIRECTOR
JUAN PI LLORENS	ECOLUMBER, S.A.	CHAIRMAN
JOSÉ MIGUEL ANDRÉS TORRECILLAS	ZARDOYA OTIS, S.A.	DIRECTOR

C.1.13 Indicate and, where applicable, if board regulations have established rules on the maximum number of company boards on which its directors may sit:

YES

Explanation of rules
Article 11 of the Board of Directors Regulations establishes that in the performance of their duties, directors will be subject to the rules on limitations and incompatibilities established under the applicable regulations at any time, and in particular to the provisions of Spanish Act 10/2014 on the organisation, supervision and solvency of credit institutions. Article 26 of Act 10/2014 establishes that the directors of credit institutions may not hold at the same time more positions than those set out in one of the following combinations: (i) an executive position together with two non-executive positions; or (ii) four non-executive positions. Executive positions are defined as those performing management duties irrespective of the legal bond attributed by those duties. The following will count as a single position: 1) executive or non-executive positions held within the same group; 2) executive or non-executive positions held within: (i) entities belonging to the same institutional protection scheme; or (ii) companies in which the entity holds a significant stake. The positions held in non-profit organizations or entities pursuing non-commercial purposes shall not count when determining the maximum number of positions. Nonetheless, the Bank of Spain may authorize members of the Board of Directors and general directors (or assimilated parties) to hold an additional non-executive post if deeming that such a post would not interfere with the correct performance of the activities thereof in the credit institution. Likewise, directors may not provide professional services to enterprises competing with the Bank or of any of its Group companies, or be an employee, manager or director of such companies unless they have received express prior authorization from the Board of Directors or the General Meeting, whichever may be the authorizing party, or unless these activities had been provided or performed before they became a Bank director, do not involve effective competition and had been reported to the Bank at that time. Directors may not take a direct or indirect stake in businesses or enterprises in which the Bank or its Group companies hold an interest, unless such stake was held prior to joining the Board of Directors or to the time when the Group took out its holding in such business or enterprise, or unless such companies are listed on domestic or international securities exchanges, or unless authorized to do so by the Board of Directors. Directors of the Bank may not be a director in companies in which the Group or any of the Group companies hold a stake. As an exception and when proposed by the Bank, executive directors are able to hold directorships in companies directly or indirectly controlled by the Bank with the approval of the Executive Committee, and in other

associate companies with the approval of the Board of Directors. A person ceasing to be an executive director is obliged to resign from any office in a subsidiary or associate company that is held by virtue of such directorship.

Non-executive directors may hold a directorship in the Bank's associate companies or in any other Group company provided the directorship is not related to the Group's holding in such companies. They must have prior approval from the Bank's Board of Directors. For these purposes, holdings of the Bank or its Group in companies resulting from its ordinary business activities, asset management, treasury trading, derivative hedging and/or other transactions will not be taken into account.

Likewise, directors may not hold political office or engage in other activities that might have a public significance or affect the image of the Company in any manner, unless there is prior authorisation from the Board of Directors of the Bank.

C.1.14 Section repealed.

C.1.15 Indicate the overall remuneration for the Board of Directors:

Remuneration of the Board of Directors (thousands of euros)	15,761
Cumulative amount of rights of current Directors in pension scheme (thousands of euros)	13,559
Cumulative amount of rights of former Directors in pension scheme (thousands of euros)	136,123

C.1.16 Identify members of senior management that are not in turn executive directors, and indicate the total remuneration accruing to them during the year:

Name (person or company)	Position(s)
JUAN ASÚA MADARIAGA	CORPORATE & INVESTMENT BANKING (CIB)
VICENTE RODERO RODERO	COUNTRY NETWORKS
CRISTINA DE PARIAS HALCÓN	SPAIN
EDUARDO OSUNA OSUNA	MEXICO
DONNA LEE DE ANGELIS	TALENT & CULTURE
JAVIER ESCOBEDO	GLOBAL MARKETING & DIGITAL SALES
RICARDO ENRIQUE MORENO GARCÍA	ENGINEERING
TEPPO TAPIO PAAVOLA	NEW DIGITAL BUSINESSES
DAVID PUENTE VICENTE	BUSINESS DEVELOPMENT SPAIN
RICARDO FORCANO GARCÍA	BUSINESS DEVELOPMENT GROWTH MARKETS
JAIME SÁENZ DE TEJADA PULIDO	FINANCE
RAFAEL SALINAS MARTÍNEZ DE LECEA	GLOBAL RISK MANAGEMENT
EDUARDO ARBIZU LOSTAO	LEGAL SERVICES AND COMPLIANCE
FRANCISCO JAVIER RODRÍGUEZ SOLER	STRATEGY AND M&A
RICARDO GÓMEZ BARREDO	GLOBAL ACCOUNTING & INFORMATION

	MANAGEMENT
DOMINGO ARMENGOL CALVO	GENERAL SECRETARY
JOSÉ LUIS DE LOS SANTOS TEJERO	INTERNAL AUDIT

Total senior management remuneration (€k)	19,453

C.1.17 Indicate the identity of the Board members, if any, who are in turn members of the Board of Directors in companies of significant shareholders and/or in entities of their group:

Detail the relevant affiliations, other than those considered in the above paragraph, that link Board members to significant shareholders and/or companies in their group:

C.1.18 Indicate whether there has been any change in the Board regulations during the year:

YES

Description of changes
In its session held on 4 May 2015, the Board of Directors approved an amendment to the Board of Directors Regulations for adapting the definition of senior management to the new organisational structure of the Group. Moreover, as a result of the publication of the new Code of Good Governance for listed companies in February 2015 and the Account Auditing Act (Law 22/2015 of 20 July), which amends the Corporate Enterprises Act insofar as the duties of the Audit and Compliance Committee, the Board of Directors agreed during its session on 22 December to modify the wording of the BBVA's Board of Directors Regulations to adapt to the new requirements: • The duties of the Lead Director have been adapted as established in Recommendation 34 of the Code of Good Governance. • The duties of the Board of Directors have been expanded to include new duties attributed thereto in the Code of Good Governance and Law 22/2015 (Account Auditing Act). • The duties of the Audit and Compliance Committee has been adapted as established in article 529 quaterdecies of the Corporate Enterprises Act, amended by the Account Auditing Act (Law 22/2015). • A new duty was added to the Remuneration Committee in accordance with Recommendation 50 of the Code of Good Governance.

C.1.19. Indicate procedures for selection, appointment, re-election, assessment and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

Selection and appointment procedure:

BBVA has established a policy setting out the main general principles applicable in the selection and appointment of directors. Additionally, articles 2 and 3 of the Board of Directors Regulations stipulate that the General Meeting is responsible for the appointment of members of the Board. However, if a seat falls vacant, the Board has the authority to co-opt members. In any event, persons proposed for appointment as directors must meet the requirements of prevailing legislation, the specific regulations applicable to financial institutions and the provisions of the Company Bylaws. In particular, directors should meet the necessary suitability requirements to exercise their directorship. Thus, they must be considered to be of commercial and professional good repute, with adequate knowledge and expertise to perform their duties and in situation in which they can exercise good governance of the entity.

The Board of Directors will endeavor to ensure that the selection procedures for directors favour diversity in experience, knowledge, skills and gender and, in general, do not suffer from implicit biases that may imply any discrimination. The Board will submit its proposals to the General Meeting in such a way that there is an ample majority of non-executive directors over the number of executive directors on the Board. The proposals submitted to the General Meeting for appointment or re-election of directors and the appointments the Board makes directly to cover vacancies, exercising its powers of co-option, will be approved at the proposal of the Appointments Committee in the case of independent directors, and following a report from said Committee for all other directors. In any case, the proposal must be accompanied by a report of the Board explaining the grounds on which the Board of Directors has assessed the competence, experience and merits of the candidate proposed, which will be attached to the minutes of the General Meeting or of the Board of Directors. The Board's resolutions and deliberations on these matters will take place in the absence of the director whose re-election is proposed who, if present, must leave the meeting.

To such end, the Board of Directors Regulations establish that the Appointments Committee will evaluate the balance of skills, knowledge and expertise on the Board of Directors, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in view of the needs that the Company's governing bodies may have at any time. The Committee will ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may involve any discrimination and, in particular, those that hinder the selection of female directors, trying to ensure that women who display the professional profile being sought are included on the shortlists.

Directors will stay in office for the term established by the Company Bylaws or, if they have been co-opted, until the first General Meeting is held.

Re-election: See above section.

Assessment:

As indicated in article 17 w) of the Board's Regulations, the Board of Directors is responsible for assessing the quality and efficiency of the Board's operation and assessment of the performance of the duties of the Chairman of the Board. Such assessment will always begin with the report submitted by the Appointments Committee. Likewise, evaluation of the operation of its Committees, on the basis of the report that these submit to it. Moreover, article 5 of the Board's Regulations establishes that the Chairman, who is responsible for efficiently running of the Board, will organize and coordinate the regular assessment of the Board with the Chairs of the relevant Committees. Moreover, article 5 ter of the Board's Regulations establishes that the Lead Director is especially empowered to conduct the regular assessment of the Chairman of the Board.

Pursuant to the provisions of the Board Regulations, as in previous years, in 2015 the Board of Directors assessed the quality and efficiency of its own running and that of its Committees, as well as the performance of the duties of the Chairman, both as Chairman of the Board and as the first executive of the Bank, based on the report of the Appointments Committee.

Severance:

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

Directors must apprise the Board of any circumstances affecting them that might harm the Company's reputation and credit and circumstances that may impact their suitability for the post. Directors must place their directorship at the disposal of the Board and accept its decision regarding their continuity or non-continuity in office, under the circumstances listed in section C.1.21 below. If its decision is negative, they are obliged to tender their resignation. In any event, directors will resign their positions on reaching 75 years of age. They must present their resignation at the first meeting of the Bank's Board of Directors after the General Meeting of Shareholders that approves the accounts for the year in which they reach this age.

C.1.20 Explain to what degree the self- assessment has led to significant changes in its internal organization and the procedures applicable to its activities:

Description of changes
Article 17 of the Board of Directors Regulations establishes that the Board will assess the quality and efficiency of the Board's operation, based on the report submitted by the Appointments Committee, which it has done in 2015, likewise producing certain changes (indicated below), similar to previous years, to continue the ongoing adaptation

process of corporate governance to the regulatory requirements and best practices, though none of the changes was particularly significant.

Throughout 2015, the Bank analyzed its needs for improvement and changes in the regulatory, supervisory and market areas, both at a national and international level, and introduced various measures to adapt its Corporate Governance system and practices to the new environment in which the Bank carries out its activity, including yet not restricted to the following measures: (i) improvements and progress was made in the procedure for verifying the information submitted for consideration by the corporate bodies, coordinated by a specific unit independent of the areas that prepare the information. This procedure seeks to improve the quality, consistency and uniformity thereof and ensure that corporate bodies have sufficient, adequate and complete information to exercise their duties. The implementation of the duties of this new unit underwent reporting to the Audit and Compliance Committee of the Board of Directors as part of its information oversight and control duties; (ii) progress was made on the training program for directors and persons incorporated as members of the corporate bodies; (iii) the composition of their committees was adapted, during the session of the Board of Directors on 4 May 2015, so that they have the most suitable composition to discharge their duties; (iv) a decision was made to commission a renowned independent expert to assist the Appointments Committee in assessing the operations of the Board of Directors and the Chairman of the Board; (v) the duties of the Lead Directors were expanded; and (vi) the duties of the Audit and Risk (and other) Committees were enlarged.

C.1.20.bis Describe the assessment process and the assessed areas conducted by the board of directors assisted, as the case may be, by an external consultant, regarding the diversity in its composition and capacities, duties and composition of its committees, the performance of the chair of the board of directors and the fist executive of the company, and the performance and contribution of each board member.

According to article 17 of the Board of Directors Regulations, the Board shall evaluate the quality and efficiency of its running and the performance of the functions of the Chairman of the Board, based in each case on the report submitted by the Appointments Committee. Likewise, the Board of Directors shall assess of the running of its Committees, based on the report they submit.

In the most recent assessment process carried out for 2015, the Board of Directors assessed: (i) the quality and efficiency of the Board of Directors' operation, (ii) the performance of the Chairman of the Board of Directors; and (iii) the running of the Committees of the Board of Directors. The procedure to conduct these assessments was:

- Throughout the year, the Committee has been analyzing the structure, size and composition of the Board of Directors during the selection processes to incorporate new members of the Board of Directors and to re-elect directors and also to conduct the yearly assessment on the running of the Board of Directors. Thus the quality and efficiency of the running of the Board of Directors was examined based on the prior report submitted by the Appointments Committee and raised to the Board of Directors. The Appointments Committee, with a view to drawing up this report, mined detailed reports on the composition and operations thereof, and on the main activities implemented by these bodies in the performance of the duties attributed thereto by the Company Bylaws and the Board of Directors Regulations. The committee also had the support of a renowned external expert.

- The performance of the duties of the Chairman of the Board of Directors, as Chair and first executive was examined by the Board of Directors based on the previous report submitted by the Appointments Committee, and the Lead Director conducted the assessment process as established in article 5 ter of the Board Regulations. The Appointments Committee drew up its report with detailed information on the performance of the duties by the Chairman and the support of a renowned external expert.

- The Board of Directors conducted the quality and efficiency assessment on the operations of the Audit and Compliance, Risk, Appointment and Remuneration Committees based on the reports submitted by their respective Chairs. Thus, the activities carried out by the Audit and Compliance Committee underwent the corresponding examination in the Board during the meeting held on 29 October 2015 by the director Chair of the Committee. Moreover, during its meeting on 25 November 2015, the Board of Directors received the report of the director Chair of the Risk Committee regarding the activities undertaken by the Committee during 2015, apprising of the tasks executed by the Committee in the analysis and preparation of the proposals for resolution that, within the scope of risks, were conveyed to the Executive Committee and the Board for consideration; and insofar as risk tracking and control. In its session on 22 December 2015, the Board received the report of the director Chair of the Remuneration Committee regarding the activities undertaken by the Committee during 2015, apprising of the tasks executed by the Committee in the analysis and preparation of the remuneration-related proposals for resolution presented to the Board, particularly regarding the amendment to the remuneration policy; tracking of the application of the remuneration policy approved by the Board, which had been analyzed based on the report issued for such purpose by Internal Audit; and regarding the other tasks executed. Likewise, in its session on 22 December 2015, the Board received the report of the director Chair of the Appointments Committee regarding the activities undertaken by the Committee during 2015 within the different scopes of duties. The operations of the Committees were also analyzed in the Board's general assessment process described above.

C.1.20.ter Break down, where pertinent, the business relationship that the consultant or any company of its group maintains with the company or any company of its group.

The external consultant assisting in the self-assessment process of the Board of Directors also participated as a benchmark company in the field of director selection in the selection process for new board members and directors that the Group carried out.

C.1.21 Indicate the circumstances under which directors are obliged to resign.

In addition to the circumstances set out in applicable legislation, as established in article 12 of the BBVA Board of Directors Regulations, the directors will stand down from office when the term for which they were appointed has expired, unless they are re-elected. Directors must apprise the Board of Directors of any circumstances affecting them that might harm the Company's reputation and credit circumstances that may impact their suitability for the post.

As set out in article 12 of the BBVA Board of Directors Regulations, directors must place their office at the disposal of the Board of Directors and accept the its decision regarding their continuity or non-continuity in office, under the circumstances given below. Should the Board resolve they not continue, they will be obliged to tender their resignation:

- When they are affected by circumstances of incompatibility or prohibition as defined under prevailing legislation, in the Company Bylaws or in the Board of Directors Regulation;.

- When significant changes occur in their personal or professional situation that may affect the condition by virtue of which they were appointed to the Board;

- When they are in serious dereliction of their duties as directors;

- When for reasons attributable to the director in his or her condition as such, serious damage has been done to the Company's net worth, credit or reputation; or

- When they lose their suitability to hold the position of director of the Bank.

C.1.22 Section repealed.

C.1.23 Are reinforced qualified majorities required, other than the legal majorities, for some type of resolution?

NO

Where applicable, describe the differences.

C.1.24 Explain whether there are specific requirements, other than those regarding directors, to be appointed Chairman of the Board of Directors.

NO

C.1.25 Indicate whether the Chairman has a casting vote:

NO

C.1.26 Indicate whether the bylaws or the Board Regulations establish an age limit for directors:

YES

Age limit for Chairman	Age limit for Chief Executive Officer	Age limit for directors
0	0	75

C.1.27 Indicate whether the bylaws or the Board Regulations establish a limited term of office for independent directors, other than that established by law:

NO

C.1.28 Indicate whether the bylaws or the Board Regulations establish specific rules for proxy voting in the Board of Directors, the way this is done and, in particular, the maximum number of proxies a director may have, and whether it has established any limit regarding the categories that may be delegated beyond the limits stipulated by legislation. If so, briefly give details on such standards.

The BBVA Board of Directors Regulations establishes that directors are required to attend the meetings of corporate bodies and the meetings of the Board Committees on which they sit, except for a justifiable reason. Directors shall participate in the deliberations, discussions and debates on matters submitted for their consideration.

However, article 21 of the Board of Directors Regulations establishes that should it not be possible for directors to attend any of the Board of Directors meetings, they may grant proxy to another director to represent and vote for them. This may be done by a letter or e-mail sent to the Company with the information required for the proxy director to be able to follow the absent director's indications, in observance of the applicable legislation, though non-executive directors may only grant their proxy to another director that is also non-executive.

C.1.29 Indicate the number of meetings the Board of Directors has held during the year. Where applicable, indicate how many times the Board has met without the Chairman in attendance. In calculating this number, proxies given with specific instructions will be counted as attendances.

Number of Board meetings	**13**
Number of Board meetings not attended by the Chairman	**0**

If the Chairman is an executive Director, indicate the number of meetings held without an executive director present or represented and chaired by the Lead Director

Number of meetings	**0**

Indicate the number of meetings of the Board's different committees have held during the year.

Number of Executive Committee meetings	**20**
Number of Audit Committee meetings	**11**
Number of Appointments Committee meetings	**7**
Number of Remuneration Committee meetings	**7**
Number of Risks Committee meetings	**45**

C.1.30 Indicate the number of meetings held by the Board of Directors during the year attended by all its members. In calculating this number, proxies given with specific instructions will be counted as attendances.

Number of meetings attended by all directors	**13**
% of attendances to total votes during the year	**100%**

C.1.31 Indicate whether the individual and consolidated financial statements presented for Board approval are certified beforehand:

NO

Where applicable, identify the person(s) who has(have) certified the Company's individual and consolidated financial statements to be filed by the Board:

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements that it files from being presented to the General Meeting with a qualified auditors report.

Article 29 of BBVA's Board of Directors Regulations establishes that the Audit and Compliance Committee will be formed exclusively by independent directors and its main task is to assist the Board of Directors in supervising the financial information and exercising oversight for the Group. In this regard, its functions are as follows: oversee the efficacy of the internal control of the Company, the internal audit and the risk management systems in the process of drawing up and reporting the regulatory financial information, including tax-related risks, as well as to discuss with the financial auditor any significant weaknesses in the internal control system detected when the audit is conducted and oversee the process of drawing up and reporting the financial information. For such purposes, the Audit and Compliance Committee may submit recommendations or proposals to the Board of Directors.

Moreover, article 3 of the Audit and Compliance Committee Regulations establishes that the Committee shall verify that the external audit schedule is conducted under the agreed conditions at appropriate intervals, and that it meets the requirements of the competent authorities and the Bank’s governing bodies. The Committee will also periodically – at least once a year – request from the auditor its evaluation of the quality of the group’s internal control procedures regarding the drafting and presentation the financial information of the Group.

The Committee shall also be apprised of any infringements, situations requiring adjustments, or anomalies that may be detected during the course of the external audit and are of a material nature; materiality in this context signifies those issues that, in isolation or as a whole, may give rise to a significant and substantive impact or harm to assets, earnings or the reputation of the Group; discernment of such matters shall be at the discretion of the auditor who, if in doubt, must opt to report on them

In exercising these duties, the Audit and Compliance Committee holds monthly meetings with the external auditor without the presence of executives, to monitor on an ongoing basis their work, guaranteeing that the activity is carried out under the best conditions and with no interference in management.

C.1.33 Is the company Secretary a director?

NO

Complete if the Secretary is not also a Director:

Name or corporate name of Secretary	Representative
DOMINGO ARMENGOL CALVO	-

C.1.34 Section repealed.

C.1.35 Indicate what mechanisms the company has established, if any, to preserve the independence of the external auditors, the financial analysts, the investment banks and the rating agencies.

The BBVA Audit and Compliance Committee Regulations establish that this Committee’s duties, described in section C.2.1, include ensuring the independence of the external audit in two ways:

- Avoiding any possibility of the warnings, opinions or recommendations of the auditors being adversely influenced. To this end, ensure that compensation for the auditor's work does not compromise either its quality or independence, in compliance with current legislation on auditing at all times.

- Stipulating as incompatible the provision of audit and consulting services unless they are not available in the market alternatives as regards content, quality or efficiency of equal value to those which the auditor could provide; in this case approval by the Committee will be required, but this decision may be delegated in advance to its Chair. The auditor shall be prohibited from providing prohibited services outside the audit, in compliance with what is set out at all times by audit legislation.

This matter is the subject of special attention by the Audit and Compliance Committee, which holds regular meetings with the external auditor, without Bank directors being present, to know the details of the progress and quality of the external audit work, as well as to confirm the independence of the performance of their duties. It also monitors the engagement of consultancy services to ensure compliance with the Committee's Regulations and applicable legislation in order to safeguard the independence of the external auditor.

Moreover, in accordance with the provisions of point f), section 4 of article 529 quaterdecies of the Corporate Enterprises Act and article 30 of the BBVA Board of Directors Regulations, the Audit and Compliance Committee each year before the external financial auditor issues their report on the financial statements, has to issue a report expressing an opinion on the independence of the auditor.

This report must in any event contain the reasoned assessment of the provision of additional services of any kind by the auditors to the Group's entities, considered individually and as a whole, other than the legal audit and in relation to the regime of independence or the rules regulating the account audit activity. The external auditor must issue, also on an annual basis, a report confirming its independence via-à-vis BBVA or entities linked to BBVA, either directly or indirectly, with information on the additional services of any kind provided to these entities by the external auditor, or by the individuals or entities linked to them, as set out in the redrafted text of the Audit Act.

In keeping with the legislation in force, the relevant reports confirming the auditor's independence were issued in 2015.

In addition, as BBVA's shares are listed on the New York Stock Exchange, it is subject to compliance with the Sarbanes Oxley Act and its implementing regulations.

C.1.36 Indicate whether the company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

NO

If there were disagreements with the outgoing auditor, explain their grounds.

Explanation of disagreements

C.1.37 Indicate whether the audit firm does other work for the company and/or its group other than the audit. If so, declare the amount of fees received for such work and the percentage of such fees on the total fees charged to the company and/or its group:

YES

	Company	**Group**	**Total**
Amount of non-audit work (thousands euros)	1,233	1,129	2,362
Amount of non-audit work / total amount billed by the audit firm (%)	9.09%	5.92%	7.24%

C.1.38 Indicate whether the audit report on the annual financial statements for the previous year contained reservations or qualifications. If so, indicate the reasons given by the chair of the audit committee to explain the content and scope of such reservations or qualifications.

NO

C.1.39 Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements for the company and/or its group. Indicate the percentage of the number of years audited by the current audit firm to the total number of years in which the annual financial statements have been audited:

	Company	Group
Number of consecutive years	13	13
Number of years audited by current audit firm / number of years the company has been audited (%)	86.67%	86.67%

C.1.40 Indicate and, where applicable, give details on the existence of a procedure for directors to engage external advisory services:

YES

Details of the procedure
Article 6 of the BBVA Board of Directors Regulations expressly recognizes that directors may request any additional information or advice they require to comply with their duties, and may request the Board of Directors for assistance from external experts on matters subject to their consideration whose special complexity or importance so requires. The Audit & Compliance Committee, pursuant to article 31 of the Board of Directors Regulations, may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialization or independence. Under articles 34, 37 and 40 of the Board of Directors Regulations, the rest of the Committees may obtain such advice as may be necessary to establish an informed opinion on matters related to its business. This will be done through the Secretariat of the Board.

C.1.41 Indicate and, where applicable, give details on the existence of a procedure for directors to obtain the information they need to prepare the meetings of the governing bodies with sufficient time:

YES

Details of the procedure
Article 6 of the Board of Directors Regulations establishes that before meetings the directors will be apprised of the necessary information to be able to form their own opinions regarding questions corresponding to the Bank's corporate bodies. They may request any additional information and advice they require to comply with their duties. Exercise of these rights will be channeled through the Chairman and/or Secretary of the Board of Directors, who will attend to requests by providing the information directly or by establishing suitable arrangements within the organisation for this purpose, unless a specific procedure has been established in the regulations governing the Board of Directors Committees.

C.1.42 Indicate and, where applicable give details, whether the company has established rules requiring directors to inform and, where applicable, resign under circumstances that may undermine the company's credit and reputation:

YES

Explanation of the rules

In accordance with article 12 of the Board of Directors Regulations, directors must apprise the Board of Directors of any circumstances affecting them that might harm the Company's reputation and credit and circumstances that may impact their suitability for the post. Directors must place their office at the disposal of the Board of Directors and accept its decision regarding their continuity or non-continuity in office. Should the Board resolve they not continue, they will be obliged to tender their resignation when for reasons attributable to the director in his or her condition as such, serious damage has been done to the Company's net worth, credit and/or reputation or when they lose their suitability to hold the position of director of the Bank.

C.1.43 Indicate whether any member of the Board of Directors has informed the company of any legal suit or court proceedings against him or her for any of the offences listed in article 213 of the Corporate Enterprises Act:

NO

Indicate whether the Board of Directors has analysed the case. If so, explain the grounds for the decision taken as to whether or not the director should retain his/her directorship or, where applicable, describe the actions taken or planned to be taken by the Board of Directors on the date of this report.

Decision adopted/action taken	**Reasoned explanation**

C.1.44 Detail significant agreements reached by the Company that come into force, are amended or concluded in the event of a change in the control of the company stemming from a public takeover bid, and its effects.

C.1.45 Identify in aggregate terms and indicate in detail any agreements between the company and its directors, managers or employees that have guarantee or ring-fencing severance clauses for when such persons resign or are wrongfully dismissed or if the contractual relationship comes to an end due to a public takeover bid or other kinds of transactions.

Number of beneficiaries	64
Type of beneficiary 1 executive director 17 members of Senior Management (excluding executive directors) 46 technical & specialist professionals	**Description of the agreement** The Bank is committed to pay severance indemnity to the director José Manuel González-Páramo Martínez-Murillo, whose contract recognises his right to receive an indemnity in the event of severance on grounds not due to his own will, death, retirement, invalidity or dereliction of duties, equivalent to twice his fixed remuneration. In addition, 17 members of Senior Management are entitled to receive compensation payment in the event of severance on grounds other than their own will, retirement, disability or dereliction of duties. Its amount will be calculated by factoring in the fixed elements of the Bank employee's remuneration and length of office and which under no circumstances are paid in the event of lawful dismissal for misconduct by decision of the employer on grounds of the worker's dereliction of duties. The Bank has also agreed compensation clauses with some employees (46 technical and specialist professionals) in the event of unfair dismissal. The amount of this compensation is calculated as a function of the wage and professional conditions of each employee.

Indicate whether these contracts must be disclosed to and/or approved by the company or group governance bodies:

	Board of Directors	General Meeting
Body authorising the clauses	YES	NO

	YES	NO
Is the General Meeting informed of the clauses?	x	

C.2 Board of Directors Committees

C.2.1 Detail all the Board Committees, their members and the proportion of executive, proprietary, independent and other external directors sitting on them:

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Category
FRANCISCO GONZÁLEZ RODRÍGUEZ	CHAIRMAN	EXECUTIVE
CARLOS TORRES VILA	MEMBER	EXECUTIVE
SUSANA RODRÍGUEZ VIDARTE	MEMBER	OTHER EXTERNAL
IGNACIO FERRERO JORDI	MEMBER	OTHER EXTERNAL
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL

% of executive Directors	40%
% of proprietary Directors	0%
% of independent Directors	0%
% of other external Directors	60%

Explain the committee's duties, describe the procedure and organisational and operational rules and summarize the main actions taken during the year.

In accordance with article 27 of BBVA's Board of Directors Regulations, the Executive Committee shall be apprised of matters delegated by the Board of Directors, in accordance with the pertinent legislation currently in force or the Company Bylaws.

As regards its organisational and operating rules of this Committee, article 28 of the Board Regulations establishes that the Executive Committee shall meet on the dates set out in the annual calendar of meetings and at the request of the Chair or the Chair's delegate. All other aspects of its organisation and operation will be subject to the provisions established for the Board of Directors by the Board Regulations. Once the minutes of the meeting of the Executive Committee are approved, they shall be signed by the meeting's Secretary and countersigned by whoever has chaired the meeting.

Directors will be given access to the approved minutes of the Executive Committee at the beginning of Board meetings, so that they can be apprised of the content of its meetings and the resolutions it has adopted.

Regarding its most important activities during 2015, the Executive Committee has ascertained and examined the quarterly and annual results of the Bank, and the monthly performance of the activity and results of the Group throughout 2015. It has been informed on the main resolutions of the Committee regarding Bank Assets and Liabilities; undertaken tasks of risk management, control and supervision at the BBVA Group during 2015; analyzed the most relevant aspects regarding the BBVA share performance; been informed on the most prominent aspects of legal and regulatory developments affecting financial institutions; analyzed and, where pertinent, approved the different operations and projects arising in Group activities; and been informed of the amendments

made to the internal rules and regulations of the Bank.

Indicate whether the composition of the Executive Committee reflects the distribution of different classes of directorship on the Board:

YES

Otherwise, explain the composition of the Executive Committee.

AUDIT COMMITTEE

Name	Position	category
JOSÉ MIGUEL ANDRÉS TORRECILLAS	CHAIRMAN	INDEPENDENT
BELÉN GARIJO LÓPEZ	MEMBER	INDEPENDENT
CARLOS LORING MARTÍNEZ DE IRUJO	MEMBER	INDEPENDENT
TOMÁS ALFARO DRAKE	MEMBER	INDEPENDENT
LOURDES MÁIZ CARRO	MEMBER	INDEPENDENT

% of proprietary Directors	0%
% of independent Directors	100%
% of other external Directors	0%

Explain the committee's duties, describe the procedure and organisational and operational rules and summarize the main actions taken during the year.

As established in article 30 of the Board of Directors Regulations, the duties of the Audit and Compliance Committee include the following: - Report to the General Meeting on questions raised with respect to those matters falling within the Committee's competence. - Oversee the efficacy of the internal control of the Company, the internal audit and the risk-management systems in the process of drawing up and reporting the regulatory financial information, including tax risks. Also to discuss with the financial auditor any significant weaknesses in the internal control system detected when the audit is conducted, without undermining its independence. - Oversee the process of drawing up and reporting financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding its completeness. - Submit to the Board of Directors proposals on the selection, appointment, re-election and replacement of the external auditor, taking responsibility for the selection process in accordance with applicable regulations, as well as their contractual conditions, and regularly collect information from the external auditor regarding the audit plan and its implementation, as well as preserving the auditor's independence in the performance of their duties. - Establish correct relations with the external auditor in order to receive information on any matters that may jeopardise their independence, for examination by the Committee, and any others relating to the process of the financial auditing; as well as those other communications provided for by law and by the auditing regulations. - Each year before the external financial auditor issues their report on the financial statements, to issue a report expressing an opinion on whether the independence of the external financial auditor has been compromised. This report must unfailingly contain the reasoned valuation of the provision of each of the additional services referred to in the previous subsection, considered individually and as a whole, other than the legally-required audit and with respect to the regime of independence or to the standards regulating the audit activity.

- Report, prior to the Board of Directors adopting resolutions, on all those matters established by law, by the Company Bylaws and by these Regulations, and in particular on: (i) the financial information that the Company must periodically publish; (ii) the creation or acquisition of a holding in special-purpose entities or entities domiciled in countries or territories considered tax havens; and (iii) related-party transactions. - Oversee compliance with applicable domestic and international regulations on matters related to money laundering, conduct on the securities markets, data protection and the scope of Group activities with respect to anti-trust regulations. Also to ensure that any requests for action or information made by official authorities with competence in these matters are dealt with in due time and in due form. - Ensure that the codes of ethics and of internal conduct and conduct on the securities market, as they apply to Group personnel, comply with regulatory requirements and are adequate. - Especially to oversee compliance with the provisions applicable to directors contained herein, as well as their compliance with the applicable standards of conduct on the securities markets. In keeping with the organisational and operating rules, article 31 of the Board Regulations states that the Audit and Compliance Committee shall meet as often as necessary to discharge its duties, though an annual calendar of meetings will be drawn up in accordance with its tasks. The officers responsible for the areas within their remit, in particular, Accounting, Internal Audit and Compliance, may be invited to attend Committee meetings. They may request that other staff be invited from their areas who have particular knowledge or responsibility in the matters contained on the agenda, when their presence at the meeting is deemed advisable. However, only the Committee members and the Secretary shall be present when the results and conclusions of the meeting are assessed. The Committee may hire external advisory services for matters of importance if, for reasons of specialization or independence, it considers that such services cannot be rendered by Group experts or technical personnel. The Committee may also call on the personal cooperation and reports of any employee when it considers that this is necessary to fulfill its duties with regard to relevant issues. The usual channel for a request of this nature shall be through the reporting lines of the Company. However, in exceptional cases the request may be notified directly to the person in question. The system of convening meetings, quorums, the approval of resolutions, minutes and other details of its system of operation will be governed by the provisions of the Board Regulations insofar as they are applicable to the Committee and by any specific Regulations that may be established. The most important activities carried out by the Audit & Compliance Committee in 2015 are detailed in section C.2.5.

Identify the Director who has been appointed Chairman on the basis of knowledge and experience of accounting or auditing, or both and state the number of years they have been Chairman.

Name of Director	JOSÉ MIGUEL ANDRÉS TORRECILLAS
Number of years as Chairman	0

APPOINTMENTS COMMITTEE

Position	Position	category
TOMÁS ALFARO DRAKE	CHAIRMAN	INDEPENDENT
JOSÉ ANTONIO FERNÁNDEZ RIVERO	MEMBER	INDEPENDENT
JOSÉ MALDONADO RAMOS	MEMBER	OTHER EXTERNAL
JOSÉ LUÍS PALAO GARCÍA-SUELTO	MEMBER	INDEPENDENT
SUSANA RODRÍGUEZ VIDARTE	MEMBER	OTHER EXTERNAL

% of proprietary Directors	0%
% of independent Directors	60%
% of other external Directors	40%

Explain the committee's duties, describe the procedure and organizational and operational rules and summarize the main actions taken during the year.

The Appointments Committee is bound to assist the Board of Directors in matters relating to the selection and appointment of Board members. Thus, as provided for under article 33 of the Board Regulations, the Appointments Committee will discharge the following duties: - Submit proposals to the Board of Directors on the appointment, re-election or separation of independent directors and report in proposals for the appointment, re-election or separation of the other directors. To such end, the Committee will evaluate the balance of skills, knowledge and expertise on the Board of Directors, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in view of the needs that the Company's governing bodies may have at any time. The Committee will ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may entail any discrimination and in particular discrimination that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought are included on the shortlists. Likewise, when drawing up proposals within its scope of competence for the appointment of directors the Committee will take into account in case they may be considered suitable, any applications that may be made by any member of the Board of Directors for potential candidates to fill the vacancies. - Submit proposals to the Board of Directors for policies on the selection and diversity of members of the Board of Directors. - Establish a target for representation of the underrepresented gender in the Board of Directors and draw up guidelines on how to reach that target. - Analyse the structure, size and composition of the Board of Directors, at least once a year when carrying out its operational assessment. - Analyse the suitability of the various members of the Board of Directors. - Perform an annual review of the status of each director, so that this may be reflected in the annual corporate governance report. - Report the proposals for the appointment of the Chairman and the Secretary and, where applicable, of the Deputy Chairman and the Deputy Secretary. - Report on the performance of the duties of the Chairman of the Board, for the purposes of the periodic assessment by the Board of Directors, under the terms established in the Board Regulations. - Examine and organise the succession of the Chairman in conjunction with the Lead Director and, as applicable, file proposals with the Board of Directors so that the succession takes place in an planned and orderly manner. - Review the Board of Directors¡ policy on the selection and appointment of members of senior management, and file recommendations with the Board when applicable. - Report on proposals for appointment and separation of senior managers. Moreover, article 34 of the Board Regulations regulates the organisational and operating rules of the Appointments Committee, establishing that it will meet as often as necessary to fulfill its duties, convened by its Chair or by whoever stands in for its Chair pursuant to the provisions of article 32 of the Regulations. The Committee may request the attendance at its sessions of persons with tasks in the Group that are related to the Committee's duties. It may also obtain advice as necessary to establish criteria related to its business. This will be done through the Secretary of the Board. For all else, the system for convening meetings, quorums, adopting resolutions, minutes and other details of its operation will be in accordance with the provisions of the Board Regulations insofar as they are applicable. The most important activities carried out by the Appointments Committee in 2015 are detailed in section C.2.5.

REMUNERATION COMMITTEE

Position	Position	category
CARLOS LORING MARTÍNEZ DE IRUJO	CHAIRMAN	INDEPENDENT
IGNACIO FERRERO JORDI	MEMBER	OTHER EXTERNAL
RAMÓN BUSTAMENTE Y DE LA MORA	MEMBER	OTHER EXTERNAL
JUAN PI LLORENS	MEMBER	INDEPENDENT
TOMÁS ALFARO DRAKE	MEMBER	INDEPENDENT

% of proprietary Directors	0%
% of independent Directors	60%
% of other external Directors	40%

Explain the committee's duties, describe the procedure and organizational and operational rules and summarize the main actions taken during the year.

The Remuneration Committee's main task is to assist the Board of Directors in matters related to the remuneration policy for directors, senior management and any employees whose professional activities have a significant impact on the Bank's risk profile, ensuring that the established remuneration policy is observed. Thus, as provided for under article 36 of the Board of Directors Regulations, it will discharge the following duties:

- Propose to the Board of Directors, for its submission to the General Meeting, the directors' remuneration policy, with respect to its items, amounts, and parameters for its determination and its vesting. Also to submit the corresponding report, in the terms established by applicable law at any time.

- Determine the extent and amount of the individual remunerations, entitlements and other economic compensations and other contractual conditions for the executive directors, so that these can be reflected in their contracts. The Committee's proposals on such matters will be submitted to the Board of Directors.

- Propose the annual report on the remuneration of the Bank directors to the Board of Directors each year, which will then be submitted to the Annual General Meeting, in compliance with the applicable legislation.

- Propose the remuneration policy to the Board of Directors for senior managers and employees whose professional activities have a significant impact on the Company's risk profile.

- Propose the basic conditions of the senior management contracts to the Board, and directly supervise the remuneration of the senior managers in charge of risk management and compliance functions within the Company.

- Oversee observance of the remuneration policy established by the Company and periodically review the remuneration policy applied to directors, senior managers and employees whose professional activities have a significant impact on the Company's risk profile.

- Verify the information on directors and senior managers remunerations contained in the different corporate documents, including the annual report on directors' remuneration.

Moreover, article 37 of the Board of Directors Regulations states that the Remuneration Committee will meet as often as necessary to fulfill its duties, convened by its Chair or by whoever stands in for its Chair pursuant to the provisions of article 35 of the Regulations. The Committee may request the attendance at its sessions of persons with tasks in the Group that are related to the Committee's duties. It may also obtain advice as necessary to establish criteria related to its business. This will be done through the Secretary of the Board. For all else, the system for convening meetings, quorums, adopting resolutions, minutes and other details of its operation will be in accordance with the provisions of the Board Regulations insofar as they are applicable.

The most important activities carried out by the Remuneration Committee in 2015 are detailed in section C.2.5.

RISKS COMMITTEE

Position	Position	category
JOSÉ ANTONIO FERNÁNDEZ RIVERO	CHAIRMAN	INDEPENDENT
JOSÉ LUIS PALAO GARCÍA-SUELTO	MEMBER	INDEPENDENT
JUAN PI LLORENS	MEMBER	INDEPENDENT
RAMÓN BUSTAMENTE Y DE LA MORA	MEMBER	OTHER EXTERNAL
SUSANA RODRÍGUEZ VIDARTE	MEMBER	OTHER EXTERNAL
JOSÉ MIGUEL ANDRÉS TORRECILLAS	MEMBER	INDEPENDENT

% of proprietary Directors	0%
% of independent Directors	66,67%
% of other external Directors	33,33%

Explain the committee's duties, describe the procedure and organisational and operational rules and summarize the main actions taken during the year.

The Risk Committee will be tasked with assisting the Board of Directors in determining and monitoring the Group's risk control and management policy and its strategy in this area. Thus, as provided for under article 39 of the Board of Directors Regulations, it will discharge the following duties:

- Analyse and assess proposals to the Group's risk management, control and strategy. In particular, these will identify:

i. The Group's risk appetite; and
ii. Establishment of the level of risk considered acceptable according to the risk profile and capital at risk, broken down by the Group's businesses and areas of activity.

- Analyse and assess the control and management policies for the Group's different risks and the information and internal control systems.

- The measures established to mitigate the impact of the risks identified, should they materialise.

- Monitor the performance of the Group's risks and their fit with the strategies and policies and the Group's risk appetite.

- Analyse, prior to submitting them to the Board of Directors or the Executive Committee, those risk transactions that must be put to its consideration.

- Examine whether the prices of the assets and liabilities offered to customers take fully into account the Bank's business model and risk strategy and, if not, present a remedy plan to the Board of Directors.

- Participate in the process for establishing the remuneration policy, checking that is consistent with sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Company.

- Check that the Company and its Group has the means, systems, structures and resources in line with best practices that enable it to implement its risk management strategy, ensuring that the entity's risk management mechanisms are matched to its strategy.

Moreover, article 40 of the Board Regulations regulates the organisational and operating rules of the Risk Committee, establishing that it will meet as often as necessary to fulfill its duties, convened by its Chair or by whoever stands in for its Chair pursuant to the provisions of article 38 of the Board Regulations, though an annual calendar of meetings will be drawn up in accordance with its tasks. The Committee may request the attendance at its meetings of the Group's Chief Risk Officer, as well as the executives to whom the various risk areas report or the persons with tasks in the Group that are related to the Committee's duties. It may also obtain advice as necessary to establish criteria related to its business. This will be done through the Secretary of the Board. The system of convening meetings, quorums, the approval of resolutions, minutes and other details of its system of operation will be governed by the provisions of the Board Regulations insofar as they are applicable to the Committee and by any specific Regulations that may be established.

The most important activities carried out by the Risk Committee in 2015 are detailed in section C.2.5.

C.2.2 Fill in the following table with information on the number of female directors sitting on Board Committees over the last four years:

	Number of female directors							
	Year 2015		Year 2014		Year 2013		Year 2012	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	1	20%	1	20%	1	16.67%	-	-
Audit Committee	2	40%	1	25%	1	20%	2	33.33%
Appointments Committee	1	20%	1	20%	1	20%	1	20%
Remuneration Committee	-	-	-	-	1	20%	1	20%
Risk Committee	1	16.67%	1	20%	-	-	-	-

C.2.3 Section repealed.

C.2.4 Section repealed.

C.2.5 Indicate, where applicable, the existence of regulations for the Board Committees, where they can be consulted and any amendments made to them during the year. Indicate whether an annual report on the activities of each committee has been drawn up voluntarily.

The Board Regulations are available on the Company's website and regulate the composition, duties and operation of the Board Committees. In its meeting on 22 December 2015, the Board agreed to modify the duties of the Audit and Compliance, Appointments and Remuneration Committees to adapt them to the Account Audit Act (Law 22/2015) and the Code of Good Governance.

REMUNERATION COMMITTEE: The Chair of the Remuneration Committee presented a report to the Board on its activities during 2015, describing the following aspects: the proposal to the Board of a new remuneration policy of directors, implementation thereof, determination of a new structure for indicators and weighting for generating the 2015 Annual Variable Remuneration was submitted for the consideration by the General Meeting and included the scales associated therewith; the proposal to the Board for its approval of the remuneration policy of the identified group; the assignment of "theoretical shares" of the remuneration system with deferred distribution to non-executive directors; the basic contractual conditions for Senior Management; and the remuneration for executive directors, such as liquidation of the 2014 Annual Variable Remuneration, the updated of the deferred portions of the variable remuneration from previous years, and the revision of the fixed and variable remuneration of reference for 2015. This also included, inter alias, the tasks executed by the Committee in relation to the Annual Report on Directors' Remuneration, proposed to the Board for a consultative vote by the General Meeting, review of the application of the Remuneration Policy in the previous year and the monitoring of the remuneration for the officers in the Risk and Compliance areas.

AUDIT & COMPLIANCE COMMITTEE: The Audit & Compliance Committee has specific Regulations approved by the Board and available on the company's website, which govern its operation and powers. These Regulations have been amended by the Board in 2015 to adapt them to the new legislative requirements and best practices in corporate governance.

The Chair of the Audit and Compliance Committee submitted to the Board a report on its activity in 2015, giving an account of the tasks performed by the Committee in relation to the functions within its remit, indicating that the Committee had carried out its activity with no incidents and fulfilled its duties in relation to the supervision of financial information; the internal control system for financial-accounting information; the monitoring and supervision of the internal and external audits; the matters related to compliance; and those related to the regulatory area. Informing on the Supervisory Review and Evaluation Process (SREP) regarding prudent capital requirements, carried out by the

European Central Bank; on the annual plan for the Compliance area and its regular monitoring; and the communications with both national and international supervisory and regulatory authorities. With respect to the external audit, it covered the working plans, schedules and communication with the persons responsible for the account auditors, the Committee having ensured the independence of the account auditor in compliance with applicable regulations.

RISK COMMITTEE: The Risk Committee has specific Regulations approved by the Board and available on the company's website, which govern matters including its duties and procedural standards. These Regulations were amended in 2015 to adapt to the new legislative requirements.

The Chair of the Risk Committee submitted to the Board a report related to the most significant aspects of the activity carried out in 2015 by the Committee in the performance of its duties, giving an account of the analysis conducted on the corporate policies, the proposed limits on the Group's different risks and the treatment of the transactions put to its consideration, on which the relevant report had been issued. The Chair also informed on the Group's general control and risk management model and its progress, also giving an account of the regular monitoring of the development of the fundamental metrics established in the Group's risk management system and the solvency indicators of the Group and for its capital ratios. The Chair likewise reported on the work carried out by the Committee concerning the review of the general policies for the purposes of risk management governance, monitoring and oversight tasks insofar as the Risk Data Aggregation (RDA) Project and the liquidity and financing ratio monitoring established by the Group. Likewise, Chair reported on the monitoring of the Committee on the Group risk profile; risk weighted assets; evolution of the Group's structural risks, particularly management on the structural change risk; evolution of market risks; and the management and development of credit risk, with a detailed analysis of its positioning by classes of assets, distribution by geographical area, portfolio and customer, as well as on the development of the main ratios and metrics; and provisions for charge-offs. The Chair also reported on the tracking and progress of the other main risks managed by the Group, underscoring the monitoring made by the Committee regarding the evolution of technology and real estate risks.

C.2.6 Section repealed.

D RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1 Explain the procedure, if any, for approving related-party and intra-group transactions.

Procedures for approving related party transactions
Article 17 v) of the Board of Directors Regulations establishes that the Board is responsible for approving, where applicable, the transactions that the Company or its Group companies may make with directors or with shareholders that individually or in concert hold a significant interest. This includes shareholders represented on the Company's Board of Directors or the boards of other Group companies, or with parties related to them, with the exceptions established by law. Moreover, article 8 of the Board of Directors Regulations establishes that approval of the transactions of the Company or its Group companies with directors needing to be approved by the Board of Directors will be granted after receiving a report from the Audit Committee. The only exceptions to this approval will be transactions that simultaneously meet the three following specifications: (i) they are carried out under contracts with standard terms and are applied en masse to a large number of customers; (ii) they go through at market rates or prices set in general by the party acting as supplier of the goods or services; and (iii) they are worth less than 1% of the Company's annual revenues.

D.2 Detail any significant transactions, entailing a transfer of a significant amount or obligations between the company or its group companies, and the company's significant shareholders:

Name of significant shareholder (person or company)	Name of the company or group entity	Type of transaction	Type of transaction	Amount (€k)

D.3 Detail any significant transactions entailing a transfer of a significant amount or obligations between the company or its group companies, and the directors and/or senior managers:

Name of the directors and/or senior managers (person or company)	Name of the related party (person or company)	Nature of relationship	Nature of transaction	Amount (€k)

D.4 Detail the significant transactions in which the company has engaged with other companies belonging to the same group, except those that are eliminated in the process of drawing up the consolidated financial statements and that do not form part of the company's usual trade with respect to its object and conditions.

In any event, provide information on any intragroup transaction with companies established in countries or territories considered tax havens.

Name of the Group Company	Brief description of the transaction	Amount (€k)
BBVA GLOBAL FINANCE LTD.	Holding of securities representing debt	1,410
BBVA GLOBAL FINANCE LTD.	Current account deposits	1,403
BBVA GLOBAL FINANCE LTD.	Issue-linked subordinated liabilities	351,942

D.5 State the amount of the transactions carried out with other related parties.

D.6 Detail the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or its group, and its directors, managers and/or significant shareholders.

Articles 7 and 8 of the Board Regulations regulate issues relating to possible conflicts of interest as follows:

Article 7

Directors must adopt necessary measures to avoid finding themselves in situations where their interests, whether for their own account or for that of others, may enter into conflict with the corporate interest and with their duties with respect to the Company, unless the Company has granted its consent under the terms established in applicable legislation and in the Board of Directors Regulations.

Likewise, they must refrain from participating in deliberations and votes on resolutions or decisions in which they or a related party may have a direct or indirect conflict of interest, unless these are decisions relating to appointment to or severance from positions on the governing body.

Directors must notify the Board of Directors of any situation of direct or indirect conflict that they or parties related to them may have with respect to the Company's interest.

Article 8

The duty of avoiding situations of conflict of interest referred to in the previous article obliges the directors to refrain from, in particular:

- Carrying out transactions with the Company, unless these are ordinary business, performed under standard conditions for the customers and of insignificant quantity. Such transactions are deemed to be those whose information is not necessary to provide a true picture of the net worth, financial situation and performance of the Company.

- Using the Company's name or invoking their position as director to unduly influence the performance of private transactions.

- Making use of the corporate assets, including the Company's confidential information, for private ends.

- Taking advantage of the Company's business opportunities.

- Obtaining advantages or remuneration from third parties other than the Company and its Group, associated to the performance of their position, unless they are mere tokens of courtesy.

- Engaging in activities for their own account or on behalf of third parties that involve effective actual or potential competition with the Company or that, in any other way, bring them into permanent conflict with the Company's interests.

The above provisions will also apply should the beneficiary of the prohibited acts or activities described in the previous subsections be a related party related to the director. However, the Company may dispense with the aforementioned prohibitions in specific cases, authorising a director or a related party to carry out a certain transaction with the Company, to use certain corporate assets, to take advantage of a specific business opportunity or to obtain an advantage or remuneration from a third party.

When the authorization is intended to dispense with the prohibition against obtaining an advantage or remuneration from third parties, or affects a transaction whose value is over 10% of the corporate assets, it must necessarily be agreed by a General Meeting resolution.

The obligation not to compete with the Company may only be dispensed with them no damage is expected to the Company or when any damage that is expected is compensated by benefits that are foreseen from the dispensation. The dispensation will be conferred under an express and separate resolution of the General Meeting.

In other cases, the authorisation may also be resolved by the Board of Directors, provided the independence of the members conferring it is guaranteed with respect to the director receiving the dispensation. Moreover, it will be necessary to ensure that the authorized transaction will not do harm to the corporate net worth or, where applicable, that it is carried out under market conditions and that the process is transparent.

Approval of the transactions of the Company or its Group companies with directors needing to be approved by the Board will be granted after receiving a report from the Audit Committee. The only exceptions to this approval will be transactions that simultaneously meet the following 3 specifications: 1) they are carried out under contracts with standard terms and are applied en masse to a large number of customers; 2) they go through at market rates or prices set in general by the party acting as supplier of the goods or services; and 3) they are worth less than one per cent of the Company's annual revenues.

Since BBVA is a credit institution, it is subject to the provisions of Act 10/2014, dated 26th June, on the regulation, supervision and solvency of credit institutions, whereby the directors and general managers or similar may not obtain credits, bonds or guarantees from the Bank on whose board or management they work, above the limit and under the terms established in article 35 of Royal Decree 84/2015, which implemented Law 10/2014, unless expressly authorized by the Bank of Spain.

All the members of the Board of Directors and the senior management are subject to the Company's Code of Conduct on the Securities Markets. This Code is intended to control possible conflicts of interest. It establishes that everyone subject to it must notify the head of their area or the Compliance Unit of situations that could potentially and under specific circumstances may entail conflicts of interest that could compromise their impartiality, before they engage in any transaction or conclude any business in which they could arise.

D.7 Are more than one of the Group's companies listed in Spain as publicly traded companies?

NO

Identify the subsidiaries listed in Spain

Subsidiaries listed

Indicate whether the respective areas of business and any potential relations between them and any potential business relations between the holding company and the listed subsidiary and other group companies have been publicly defined;

Define any potential business relations between the holding company and the listed subsidiary company and between the listed subsidiaries and other group companies

Identify the mechanisms established to resolve any potential conflicts of interest between the listed subsidiary and other companies of the group.

Mechanisms to resolve possible conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System, including risks of a tax-related nature.

The BBVA Group has a general model of risk management and control in place which is appropriate to its business model, its organization and countries in which it operates, that enables it to carry out its activity within the framework of the risk control and management strategy and policy defined by the Bank's corporate bodies and adapt to a changing economic and regulatory environment, addressing its management in a global way adapted to the circumstances in any given time.

The risk management function at BBVA (Global Risk Management) is organized and developed by establishing procedures and specific rules for each type of risk, bringing the elements of the model closer to the day-to-day management of risks in the Group.

The elements comprising the model are:
1. A system of governance and organization of the risk management function that has an adequate definition of roles and responsibilities in all areas, a series of committees and delegation structures, and an internal control system which is consistent with the nature and scale of the risks.
2. A Group risk appetite approved by the Board that determines the risks and the risk level that the Group is willing to assume to achieve its business objectives.
3. A management model that, in addition to a risk planning scheme, also includes a homogeneous set of regulations and comprehensive management of the risks throughout their life cycle.
4. A framework of risk identification, evaluation, monitoring and reporting that provides the model with a dynamic and proactive vision to enable compliance with the risk appetite, even in adverse scenarios.
5. An adequate infrastructure that ensures that the Group has the human, technological and methodological resources needed for effective management and supervision of risks in order to carry out the functions included in the model.

Some notes on the management of different risks are given below:

• Credit risk: the most relevant for the Group and includes management of counterparty, issuer, settlement and country-specific risks. Management of this risk is based on the following principles: A) availability of basic information for assessing risks, proposing risks and having supporting documentation for approval purposes; B) sufficient customer fund generation and solvency to assume the repayments of principal and interest on loans owed; C) establishment of adequate and sufficient guarantees to allow effective recovery of the operation, considered a secondary and exceptional method of recovery for when the first has failed. Credit risk management is based on a comprehensive structure covering for objective and independent decision-making throughout its life cycle.

• Structural interest-rate risk: This includes the potential impact that changes in market interest rates have on the net interest income and book value of entities. Its management model in the Group is decentralized, thus the Balance-Sheet Management unit, pertaining to Finance, designs and executes the strategies to implement via ALCO in accordance with the tolerances set out in the risk appetite framework.

• Structural exchange-rate risk: Managed centrally in the Group and is focused on the risk that arises when consolidating holdings in subsidiaries with functional currencies other than the euro. The corporate Balance-Sheet Management unit, through ALCO, designs and executes the hedging strategies with the main purpose of controlling the potential negative effect of exchange-rate fluctuations on capital ratios and on the equivalent value in euros of the foreign-currency earnings of the different subsidiaries, considering the transactions according to market expectations and their cost.

• Structural equity risk: the exposure to this risk mainly stems from holdings in non-strategic industrial and financial companies with medium- and long-term investment horizons. It is managed in accordance with risk management policies for equity positions in the equity portfolio to ensure their adaptation to BBVA's business model and risk tolerance level.

• Market risk (trading portfolio): This arises from the probability of losses in the value of the positions held as a result of changes in the market prices of financial instruments. The Value at Risk (VaR) model is employed to measure market risk.

• Liquidity risk: The short-term aim of the control, monitoring and management of liquidity and funding risk is to meet the payment commitments in due time and form, without having to raise funds under burdensome conditions or conditions that may damage the institution's reputation. In the medium and long term, the aim is to ensure that the Group's funding structure is appropriate and that its evolution is suitable regarding the economic situation, the markets and the regulatory changes, in accordance with the established risk appetite.

• Operational risk: operational risk management is based on the value provided by the Advanced Measurement Approach model (AMA): knowledge, identification, prioritization and management of potential and actual risks, supported by a governance model to drive management across all of the Group's units. The aim is to reduce operating losses by managing an adequate control environment.

Regarding taxation, BBVA has defined a tax-related management policy based on a suitable control environment, a system for identifying risks and a monitoring process including continuous improvement of the effectiveness of the established controls.

E.2 Identify the corporate bodies responsible for drawing up and enforcing the Risk Management System, including tax-related risks.

BBVA's risk governance system is characterized by a special involvement of its corporate bodies, both in setting the risk strategy and in monitoring and supervising its implementation on an ongoing basis.

The Board of Directors approves the risk strategy and supervises the internal control and management systems. Specifically, the strategy approved by the Board includes, at least, the Group's risk appetite statement, the fundamental metrics and the basic structure of limits by geographical areas, types of risk and classes of assets, as well as the bases of the risk management and control model established in this way. The Board ensures that the budget is in line with the approved risk appetite.

On the basis established by the Board of Directors, the Executive Committee approves specific corporate policies for each type of risk. This Committee also approves and monitors the Group's risk limits, and is kept informed of any over-limits and of the corrective measures established.

Lastly, the Board of Directors has set up a committee specializing in risks, the Risks Committee. This committee conducts an ongoing analysis and monitoring of risks within the remit of the corporate bodies, assisting the Board of Directors and the Executive Committee in the determination and monitoring of the risk strategy and the corporate policies, respectively. Another task of special relevance it carries out is detailed control and monitoring of the risks that affect the Group as a whole, which enables it to supervise the effective integration of the risk strategy into management and the application of the corporate policies approved by the corporate bodies.

The head of GRM is the Group's Chief Risk Officer (CRO), whose main responsibility is to ensure that the Group's risks are managed in accordance with the model. For the better performance of his duties, the Chief Risk Officer is supported by a structure consisting of cross-cutting risk units in the corporate area and specific risk units in the Group's geographical areas and/or business areas. Each of these units is headed by a Risk Officer who, within his/her field of competence, carries out risk management and control functions and is responsible for applying the corporate policies and rules approved at the Group level in a consistent manner, adapting them if necessary to the local requirements and reporting to the local corporate bodies.

The Risk Officers of the geographical and/or business areas report both to the Group's Chief Risk Officer and to the head of their geographical and/or business area. This dual reporting system aims to ensure the independence of the local risk management function from the operating functions and enable its alignment with the Group's corporate policies and goals related to risks.

The risks function has a decision-making process supported by a structure of committees. The Global Risk Management Committee (GRMC) is the highest executive body in the risk area and proposes, examines and, where applicable, approves, among others, the internal risk regulatory framework and the procedures and infrastructures needed to identify, assess, measure and manage the risks facing the Group in its businesses, as well as the admission of operations involving more relevant risks.

Regarding the tax-related risk, the Tax Department establishes the control mechanisms and internal rules necessary to ensure compliance with the tax laws in force and the tax strategy approved by the Board of Directors.

This duty undergoes supervision by the Audit Committee of the BBVA Group.

E.3 Indicate the principal risks, including tax-related risks that could prevent business targets from being met.

BBVA has processes for risk identification and scenario analysis that enable the Group to conduct a dynamic and proactive risk management.

The risk identification processes are forward-looking to ensure the identification of emerging risks, and take into account the concerns of both the business areas, which are closer to the reality of the different geographical areas, and the corporate areas and senior management.

Risks are captured and measured in a consistent way using the most appropriate methodologies in each case. Their measurement includes the design and application of scenario analyses and stress testing, and considers the controls the risks are subjected to.

As part of this process, a forward projection is performed of the risk appetite variables in stress scenarios with the aim of identifying possible deviations from the established thresholds; if such deviations are detected, the appropriate measures are adopted to keep those variables within the target risk profile.

In this context, there are a series of emerging risks that could affect the Group's business performance. These risks are organized into the following large blocks:

• Macroeconomic and geopolitical risks

  - A slowdown in growth in emerging economies and possible difficulties in Europe's economic recovery are major focal points for the Group.

  - On the other hand, financial institutions are exposed to the risks derived from political and social instability in the countries in which they operate, which can have a major impact on their economies and even at regional level.

The Group's diversification is the key to achieving a high level of recurring revenue, despite the conditions of the environment and the economic cycles of the economies in which it operates.

• Regulatory, legal, tax-related and reputational risks

  - Financial institutions are exposed to a complex and changing regulatory and legal environment that can impact their growth capacity and the conducting of certain businesses, with higher liquidity and capital requirements and lower profitability ratios. The Group monitors changes in the regulatory framework on an ongoing basis to enable it to anticipate and adapt to those changes sufficiently in advance, adopt the best practices and the most efficient and rigorous criteria for their implementation.

  - The financial sector is coming under intense scrutiny by regulators, governments and society itself. Negative news or inappropriate conduct can seriously damage an institution's reputation and affect its ability to conduct a sustainable business. The attitudes and conduct of the Group and of its members are governed by the principles of integrity, honesty, long-term vision and best practices, thanks to the internal control model, the Code of Conduct, tax strategy and the Group's Responsible Business strategy, among others.

  - The financial sector is exposed to growing litigation rates in that financial entities are facing an elevated number of lawsuits whose economic consequences cannot be easily foreseen. The Group carries out a constant management and tracking of such lawsuits in defense of its own interests, and allocates, when considered necessary, the corresponding provisions for coverage thereof, following the criteria of internal lawyers and external legal experts handling the legal prosecution of the proceedings themselves and based on the applicable laws and regulations.

• Business and operational risks

- New technologies and forms of customer relations: The development of the digital world and the information technologies poses major challenges for financial institutions, that represent threats (new competitors, disintermediation…) and also opportunities (new customer relations framework, greater ability to adapt to their needs, new products and distribution channels...). In this regard, digital transformation is one of the priorities for the Group, which aims to lead the digital banking of the future.

- Technological risks and security breaches: Financial institutions are exposed to new threats such as cyber-attacks, internal and customer database theft, payment system fraud… that require major investments in security from the technological and human point of view. The Group attaches a great deal of importance to active management and control of operational and technological risk. One example is the early adoption of advanced models for managing these risks (AMA - Advanced Measurement Approach).

E.4 Identify whether the entity has a risk tolerance level, including tax-related risks.

The Group's risk appetite approved by the Board of Directors determines the risks and the risk level that the Group is willing to assume to achieve its business objectives. These are expressed in terms of capital, liquidity, profitability, recurring revenue, cost of risk or other metrics.

The definition of the risk appetite has the following goals:

• To express the Group's strategy and the maximum levels of risk it is willing to assume, at both Group and geographical and/or business area level.
• To establish a set of action guidelines and a management framework in the medium and long term that prevent actions (at both Group and geographical and/or business area level) that could compromise the future viability of the Group.
• To establish a framework for relations with the geographical and/or business areas that, while preserving their decision-making autonomy, ensures their consistency, avoiding inconsistent conduct.
• To establish a common language throughout the organization and develop an enforcement-oriented risk culture.
• Alignment with the new regulatory requirements, facilitating communication with regulators, investors and other stakeholders, thanks to an integrated and stable risk management framework.

The risk appetite is expressed through the following elements:

• Risk appetite statement: sets out the general principles of the Group's risk strategy and the target risk profile. BBVA's risk policy is aimed at maintaining the risk profile expressed in the Group's risk appetite statement, which is structured around a series of metrics (fundamental metrics and limits).
• Fundamental metrics: they reflect, in quantitative terms, the principles and the target risk profile set out in the risk appetite statement.
• Limits: they shape the risk appetite at geographical area, risk type and asset class level, enabling its integration into management.

The corporate risk area works with the various geographical and/or business areas to define their risk appetite, so that it is coordinated with, and integrated into the Group's risk appetite, making sure that its profile is in line with the one defined.

The BBVA Group assumes a certain degree of risk to be able to provide financial services and products to its customers and obtain attractive returns for its shareholders. The organization must understand, manage and control the risks it assumes.

The aim of the organization is not to eliminate all risks, but to assume a prudent level of risks that allows it to generate returns while maintaining acceptable capital and funding levels and generating recurrent earnings.

E.5 State what risks, including tax-related risks, have occurred during the year.

Risk is inherent to financial business, so the occurrence of risk to a greater or lesser extent is absolutely implicit in the Group's activities. BBVA thus provides detailed information on its yearly financial statements (note 7 in the Report and note 19 in the consolidated accounts insofar as tax-related risks) regarding the developments of such risks, since their very nature can permanently affect the Group in undertaking its activities.

E.6 Explain the response and supervision plans for the principal risks faced by the company, including tax-related risks

The BBVA Group's internal control system takes its inspiration from the best practices developed both in the COSO (Committee of Sponsoring organizations of the Treadway Commission) "Enterprise Risk Management - Integrated Framework" and in the "Framework for Internal Control Systems in Banking Organizations", drawn up by the Basel Bank of International Settlements (BIS).

The control model has a system comprising three lines of defense:

- The first line is made up of the Group's business units, which are responsible for control within their remit and for implementing any measures that have been established higher up the management chain.

- The second line of defense comprises the specialist control units (Regulatory Compliance, Global Accounting & Information Management/Internal Financial Control, Internal Risk Control, Cybersecurity & digital trust, Operational Control and Control of the Production Departments of the support units, such as Talent&Culture, Legal Department, etc.). This line supervises control over the different units within its cross-cutting area of specialization, defines the mitigation and improvement measures necessary and promotes their proper implementation. The Corporate Operational Risk Management unit is also part of this line of defense, providing a common management methodology and tools.

- The third line consists of the Internal Audit unit, which conducts an independent review of the model, verifying the effectiveness and compliance with corporate policies, and providing independent information about the control model.

In addition, within the risk area, the Group has units for Internal Risk Control and Internal Validation that are independent of the units that develop the models, manage the processes and execute the controls.

Its scope of action is global, both from the geographical point of view and in terms of the types of risks. It encompasses all the areas of the organization and is designed to identify and manage the risks faced by the Group entities, in order to guarantee the established corporate objectives.

The main function of Internal Risk Control is to ensure the existence of a sufficient internal regulatory framework, a process and measures defined for each type of risks identified in the Group, and for those other types of risk that may potentially affect the Group, control their application and operation, and ensure that the risk strategy is integrated into the Group's management. Among other functions, Internal Validation is responsible for the independent review and validation, at internal level, of the models used to measure and assume the risks and for determining the Group's capital requirements.

The Group's Internal Risk Control Director is responsible for the function and reports its activities and informs on its work plans to CRO and to the Board's Risks Committee, assisting it in any matters where requested.

To perform its duties, the unit has a structure of teams at a corporate level and also in the most important geographical areas in which the Group operates. As in the corporate area, the local units remain independent from the business areas that implement the processes, and from the units that carry out the controls, reporting functionally to the Internal Risk Control unit. The unit's lines of action are established at Group level and it is then responsible for their local-level adaptation and implementation, and for reporting on the most relevant aspects.

Turning to tax risks, the Board of Directors approved the Tax Strategy for the BBVA Group on 1 July 2015. This strategy reflects the tax-related postures of the Group. In this regard, the Tax Department establishes the policies and control processes for guaranteeing compliance with the tax laws currently in force and the tax strategy.

F SYSTEMS OF INTERNAL RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms comprising the risk management and control systems for financial reporting (ICFR) in the entity.

F.1 The entity's control environment

Give information, describing the key features of at least:

F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

Pursuant to article 17 of the Board Regulations, the Board of Directors approves the financial information that BBVA is required to publish periodically as a publicly traded company. The Board of Directors has an Audit & Compliance Committee, whose mission is to assist the Board supervise financial information and exercise control over the BBVA Group.

In this respect, the BBVA Audit & Compliance Committee Regulations establishes that the Committee's duties include the supervision of the sufficiency, suitability and effective operation of the internal control systems in the process of drawing up and preparing financial information, so as to rest assured of the correctness, accuracy, sufficiency and clarity of the financial information of the Entity and its consolidated Group.

The BBVA Group complies with the requirements imposed by the Sarbanes Oxley Act ("SOX") for each year's consolidated annual accounts due to its status as a publicly traded company listed with the U.S. Securities Exchange Commission ("SEC"). The main Group executives are involved in the design, compliance and maintenance of an effective internal control model that guarantees the quality and veracity of the financial information. The Global Accounting & Information Management Department ("GA&IM") is responsible for the operation and maintenance of the internal financial control model.

In addition, and with the aim of reinforcing internal control in the Group, the Corporate Assurance model was implemented in 2013 (which includes the ICFR). It establishes a framework for the supervision of the internal control model. The Corporate Assurance model (in which the business areas, support areas and the areas specializing in internal control participate) is organized into a system of committees that analyze the most relevant issues related to internal control in each geographical area, with the participation of the country's top managers. These committees report to the Group's Global Committee, chaired by the CEO with the assistance of the main executives responsible for the business and control areas.

The different internal control units at holding and local level are responsible for implementing and applying the internal control and operational risk methodology defined in the Group. These internal control units are responsible, together with the business areas, for identifying, prioritizing and assessing the risks, helping the units to implement a control model, documenting it and supervising it periodically as well as defining risk mitigating measures and promoting their proper implementation.

The effectiveness of this internal control system is assessed on an annual basis for those risks that may have an impact on the proper drawing up of the Group's financial statements. The Internal Financial Control area, the control specialists of the business and support areas and the Group's Internal Audit department collaborate in this assessment. In addition, the external auditor of the BBVA Group issues an opinion every year on the effectiveness of internal control over financial reporting based on criteria established by COSO (Committee of Sponsoring Organizations of the Treadway Commission) and in accordance with the standards of the U.S. Public Company Accounting Oversight Board (PCAOB). This opinion appears in the Form 20-F that is filed every year with the SEC.

The result of the annual assessment of the System of Internal Control over Financial Reporting is reported to the Group's Audit and Compliance Committee by the heads of Internal Control and Internal Financial Control.

F.1.2. Whether, especially in the process of drawing up the financial information, the following elements exist:

• Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) the clear definition of lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring that sufficient procedures exist for their correct dissemination within the entity.

The drafting of the financial information is carried out by the local Financial Management units of the countries and in a centralized manner by the GA&IM Division, which is overall responsible for the drafting and reporting of accounting and regulatory information.

The BBVA Group has organizational structure design and review mechanisms that clearly define action lines, responsibility and authority so as to guarantee compliance with all legal requirements in force that would the drawing up of financial information of the entity and consolidated group, and also has the channels and circuits necessary for their communication and distribution. The units responsible for drawing up these financial statements have a distribution of tasks and segregation of functions necessary to draw up these statements in an appropriate operational and control framework.

Additionally, there is an accountability model aimed at extending the culture of, and commitment to internal control. Those in charge of the design and operation of the processes that have an impact on financial reporting certify that all the controls associated with its operation under their responsibility are sufficient and have worked correctly.

• Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether specific mention is made of recording the transactions and drawing up of the financial information), body in charge of analysing non-compliance and proposing corrective measures and sanctions.

BBVA has a Code of Conduct, approved by the Board of Directors, that sets out BBVA's specific commitments in developing one of the principles of its Corporate Culture: Integrity as a way of understanding and carrying out its businesses. This Code likewise establishes the corresponding channel for whistleblowers regarding possible infringements of the Code. It is the subject of ongoing training and refresher programs including key personnel in the financial function. The Code of Conduct has been updated in 2015 insofar as content and form to adjust its content to developments in the sector and the experience accumulated during the application thereof in recent years; simplifying and rendering its style more clear, accessible and integrative; adapting it even more to the international structure of the Group; and attempting to cover the ever-growing expectations of stakeholders and society in general regarding the manner to conduct business, especially in the financial sector.

The Code of Conduct applies to all entities comprising the BBVA Group and all its employees and management team. It has thus been distributed to apprise them of its content, and is published on the Bank's corporate website (www.bbva.com) and on the employees' website (intranet). Additionally, Group integrants undertake to observe its principles and rules in an express declaration of awareness and adhesion.

The content of the Code of Conduct is structured around the following blocks: Conduct with clients, conduct with coworkers, conduct with the company, conduct with society, and application of the code; with particular mention to the conduct criteria applicable when recording operations in sections 3.1 and 3.2 therein; and the transparency in financial information and market in sections 1.2, 3.13 and 3.17 therein.

The dissemination of its content is supplemented with training activities. They are underpinned by a mandatory online training course for all the employees and on-site refresher sessions, where deemed necessary.

The duties of the Audit & Compliance Committee include ensuring that the internal codes of ethics and conduct and on securities market, applicable to all personnel of the Group, comply with legal requirements and are adequate for the Bank.

Additionally, BBVA has adopted a structure of Corporate Integrity Management Committees (with individual powers at jurisdiction or Group entity levels, as applicable). Their joint scope of action covers all the Group businesses and activities and their main duty is to ensure effective application of the Code of Conduct. There is also a Corporate Integrity Management Committee whose scope of responsibility extends throughout BBVA. The fundamental mission of this committee entails ensuring uniform application of the Code in BBVA.

The Compliance Unit in turn independently and objectively promotes and supervises to ensure that BBVA acts with integrity, particularly in areas such as money-laundering prevention, conduct with clients, security market conduct, corruption prevention, data protection and other areas that could entail a reputational risk for BBVA. The unit's duties include fostering the knowledge and application of the Code of Conduct, promoting the drafting and distribution of its implementing standards, assisting in the resolution of any concern insofar as interpretation of the Code that may arise, and managing the Whistle-Blowing Channel.

• Whistle-blowing channel, to allow financial and accounting irregularities to be communicated to the Audit Committee, as well as possible non-compliance with the code of conduct and irregular activities in the organization, reporting where applicable if this is confidential in nature.

Preservation of the Corporate Integrity of BBVA transcends the merely personal accountability for individual actions, it calls for all employees to have zero tolerance for activities outside the Code of Conduct or that could harm the reputation or good name of BBVA, an attitude that is reflected in everyone's commitment to whistle-blowing, by timely communication, of situations that, even when unrelated to their activity or area of responsibility, could be illegal or infringe upon the values and guidelines of the Code.

The Code of Conduct itself establishes the communication guidelines to follow and contemplates a Whistle-Blowing Channel, likewise guaranteeing the duty to reserve of the reporting parties, confidentiality of the investigations and the prohibition of retaliation or adverse consequences in light of communications made in good faith.

Telephone lines and email boxes have been set up for these communications in each jurisdiction. A list of these appears on the Group Intranet.

As described in the previous section, BBVA has adopted a structure of Corporate Integrity Management Committees (with individual powers at jurisdiction or Group entity levels, as applicable), whose joint scope of action covers all the Group businesses and activities and whose functions (explained in greater detail in their corresponding regulations) include:

• To promote adoption of the measures necessary to resolve ethically questionable actions that any of the Group members may have become aware of, either in the pursuit of their duties within the areas they represent, or as a consequence of receiving the aforementioned communications.

• To promptly report on those circumstances that could lead to significant risks for BBVA to:

(1) the Board of Directors or the Audit & Compliance Committee, as appropriate.

(2) Senior Management.

(3) The person in charge of drawing up the financial statements in order to ensure that they reflect what may be appropriate.

• Periodic training and refresher courses for employees involved in preparing and revising the financial information, and in ICFR assessment, covering at least accounting standards, audit, internal control and risk management.

Specific training and periodic refresher courses are given on accounting and tax-related standards, internal control and risk management in units involved in preparing and reviewing the financial and tax-related information and in evaluating the internal control system, to help them perform their functions correctly.

Within GA&IM there is an annual training program for all members of the area on aspects related to the drawing up of financial information: accounting, finance and tax matters, and other courses in accordance with the needs of the area. These courses are taught by professionals from the area and renowned external providers.

This specific training program includes bank-wide training, which includes courses on finance and technology.

Additionally, the BBVA Group has a personal development plan for all employees, which forms the basis of a personalized training program to deal with the areas of knowledge necessary to perform their functions.

F.2 Financial reporting risk assessment

Give information on at least:

F.2.1. The key features of the risk identification process, including error and fraud risks, with respect to:

• Whether the process exists and is documented.

The ICFR was developed by the Group Management in accordance with international standards set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), establishing five components on which the effectiveness and efficiency of internal control systems must be based:

- Establishing an adequate control environment for monitoring all these activities.
- Evaluating the risks that may be incurred by an entity in drawing up its financial information.
- Designing the necessary controls to mitigate the most critical risks.
- Establishing the adequate information circuits to detect and communicate the system's weaknesses or inefficiencies.

- Monitoring such controls to ensure they are operational and the validity of their effectiveness over time.

In order to identify the risks with a greater potential impact on the generation of financial information, the processes from which such information is derived are identified and documented, and an analysis of the risks that may arise in each one is conducted.

Based on the corporate internal control and operational risk methodology, the risks are included in a range of categories by type, which include the error and fraud (internal/external) categories, and their probability of occurrence and possible impact is analyzed.

The process of identifying risks of error, falsehood or omission in the drawing up of the financial statements is carried out by the Financial Reporting Internal Control unit. The scope of the annual/quarterly or monthly assessment of their controls is determined based on the materiality of the risks, thus ensuring coverage of the critical risks for the financial statements.

The assessment of the aforementioned risks and of the effectiveness of their controls begins with the management's understanding of and insight into the business and the analyzed operating process, considering criteria of quantitative materiality, likelihood of occurrence and economic impact, in addition to qualitative criteria associated with the type, complexity and nature of the risks or of the business structure itself.

The system for identifying and assessing the risks of internal control over financial reporting is dynamic. It evolves continuously, always reflecting the reality of the Group's business, changes in operating processes, the risks affecting them and the controls that mitigate them.

All this is documented in a corporate management tool developed and managed by Operational Risk (Storm). This tool documents all the processes, risks and controls managed by the different control specialists, including the Financial Reporting Internal Control unit.

• Whether the process covers all the objectives of financial reporting (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), whether the information is updated and with what frequency.

All the processes developed in the BBVA Group for drawing up financial information aim to record all financial transactions, value the assets and liabilities in accordance with applicable accounting regulations and provide a breakdown of the information in accordance with regulatory requirements and market needs.

The model of control over financial information analyses each of the aforementioned processes in order to ensure that error or fraud risks are properly covered with controls that work efficiently, and is updated when there are changes in the relevant processes for drawing up the financial information.

• The existence of a process for identifying the consolidation perimeter, taking into account aspects including the possible existence of complex corporate structures, instrumental or special purpose vehicles.

The GA&IM (Global Accounting and Information Management) organization includes a Consolidation department that carries out a monthly process of identification, analysis and updating of the Group's consolidation perimeter.

In addition, the information from the consolidation department on new companies set up by the Group's different units and the changes made to existing companies is compared with the issues analyzed by two specific committees whose function is to analyze and document the changes in the composition of the corporate group (Holding Structure Committee and Investments in Non-Banking Companies Committee, both corporate).

• Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax-related, reputational, environmental, etc.) insofar as they impact the financial statements.

The model of internal control over financial reporting applies to processes for drawing up such financial information and all operational or technical processes that could have a relevant impact on the financial, accounting, tax-related or management information.

As explained above, all the specialist control areas apply a standard methodology and use a common tool (Storm) to document the identification of the risks, including tax risks, of the controls that mitigate those risks, and of the assessment of their effectiveness.

There are control specialists in all the operational or support areas, and therefore any type of risk that may affect the Group's operations is analyzed under that methodology (market, credit, operational, technological, financial, legal, tax-related, reputational or any other type of risk) and is included in the ICFR insofar as it may have an impact on the financial information.

• Which of the entity's governance bodies supervises the process.

The process for identifying risks and assessing the effectiveness and suitability of the controls is documented at least once a year, supervised by the Internal Audit area and reported to the Global Corporate Assurance Committee of the Group.

Moreover, the Internal Audit Director and head of the Group's Internal Financial Control report each year to the Audit & Compliance Committee on the analysis and certification work carried out pursuant to SOX methodology, to comply with the legal requirements of the Sarbanes Oxley Act on internal control systems for the financial reporting included in Form 20-F, which is filed every year with the SEC (as explained in point one regarding the control environment).

F.3 Control activities

Give information on the main features, if at least the following exist:

F.3.1. Procedures for review and authorisation of the financial information and the description of the ICFR, to be published on the securities markets, indicating who is responsible for it, and the documentation describing the activity flows and controls (including those concerning risk of fraud) for the different types of transactions that may materially impact the financial statements, including the procedure for closing the accounts and the specific review of the relevant judgments, estimates, valuations and projections.

All the processes related to the drawing up of the financial information are documented, together with their control model: risks in each process and controls established for their mitigation. As explained in point F.2.1, the aforementioned risks and controls are recorded in the corporate tool Storm, which also includes the result of the assessment of the operation of the controls and the degree of risk mitigation.

In particular, the main processes related to the generation of financial information are: accounting, consolidation, financial reporting, financial planning and monitoring, financial and tax-related management. The analysis of these processes, their risks and their controls is also supplemented by all other critical risks that may have a financial impact from business areas or other support areas.

Likewise, there are procedures for review by the areas responsible for generating the financial and tax-related information disseminated to the securities markets, including the specific review of the relevant judgments, estimates and projections.

As mentioned in the annual financial statements, it is occasionally necessary to make estimates to determine the amount at which some assets, liabilities, income and expenses and commitments should be recorded. These estimates are mainly related to:

- Impairment losses on certain financial assets.
- The assumptions used to quantify certain provisions and in the actuarial calculation of liabilities and commitments for post-employment and other obligations.
- The useful life and impairment losses of tangible and intangible assets.
- The appraisal of goodwill and price assignments in business combinations.
- The fair value of certain unlisted assets and liabilities.
- The recoverability of deferred tax assets.

These estimates are made based on the best information available on the financial statement closing date and, together with the other relevant issues for the closing of the annual and six-monthly financial statements, are analyzed and authorized by a Technical Committee at GA&IM (GA&IM Executive Steering Committee) and submitted to the Audit and Compliance Committee before their filing by the Board of Directors.

F.3.2. Internal control procedures and policies for information systems (among others, access security, change control, their operation, operational continuity and segregation of functions) that support the relevant processes in the entity with respect to the drawing up and publication of the financial information.

The internal control models include procedures and controls regarding the operation of information systems and access security, functional segregation, development and modification of computer applications used to generate financial information.

The current methodology for internal control and operational risk establishes a list of controls by category whose breakdown includes (among others) two categories: access control and functional segregation. Both categories are identified in the model of internal control of financial information and their risks and controls are analyzed and assessed on a regular basis, so the integrity and reliability of the information drawn up can be guaranteed.

Additionally, there is a corporate level procedure for managing system access profiles. It is developed, implemented and updated by the Group's internal technology control unit. This unit is also in charge of providing support for control processes in change management (development in test environments and putting changes into production), incident management, management of transactions, media and backup copy management, and management of business continuity, inter alia.

With all these mechanisms, the BBVA Group ensures the maintenance of adequate management of access control, the establishment of the correct and necessary steps to put applications into production and their subsequent support, the creation of backup copies, and assurance of continuity in the processing and recording of transactions.

F.3.3. Internal control procedures and policies designed to supervise the management of activities subcontracted to third parties, and those aspects of the evaluation, calculation and assessment outsourced to independent experts, which may materially impact the financial statements.

The internal control policies establish controls and procedures for the management of subcontracted activities or those aspects of evaluation, calculation and assessment outsourced to independent experts.

There is a set of standards and an Outsourcing Committee that establishes and supervises the requirements that must be met at group level for the activities to be subcontracted. Regarding the financial processes, there are procedural manuals contemplating the outsourced activity that identify the processes to be executed and the controls to be applied by the service provider units and units entrusted with the outsourcing thereof. The controls established in the outsourced processes concerning the generation of financial information are also tested by the Internal Financial Control area.

The valuations from independent experts used for matters relevant for generating financial information are included within the standard circuit of review procedures executed by internal control, internal auditing and external auditing.

F.4 Information and communication

Give information on the main features, if at least the following exist:

F.4.1. A specific function in charge of defining and keeping the accounting policies updated (accounting policy department or area) and dealing with queries or conflicts stemming from their interpretation, ensuring fluent communication with those in charge of operations in the organization, and an up-to-date manual of accounting policies, communicated to the units through which the entity operates.

The organization has two areas within GA&IM (Group Financial Accounting and Global Supervisory Relations) in charge of the Accounting (Accounting Working Group) and Solvency Technical Committees. Their purpose is to analyze, study and issue standards that may impact the drawing up of the Group's financial information, determining the accounting and solvency criteria required to ensure correct recording of transactions to the accounts and calculation of capital requirements within the framework of standards issued by the Bank of Spain, the European Union (IASB, directives on equity) and the Basel Committee.

There is an updated accounting policies manual, disseminated over the Company intranet to all the units in the Group. This manual is the tool that guarantees that all the decisions related to accounting policies or specific accounting criteria to be applied in the Group are supported and are standardized. The Accounting Policies Manual is approved in the Accounting Working Group and is documented and updated for its use and analysis by all the Group's entities.

F.4.2. Mechanisms to capture and prepare the financial reporting in standardised formats, for application and use by all the units of the entity or the group, that support the main financial statements and the notes, and the information detailed on ICFR.

The GA&IM area of the Group and the financial areas of each countries are responsible of the elaboration of the financial reporting in accordance with the applicable accounting and consolidation rules. There is also a consolidation computer application that includes the information on the accounting of the various Group companies and performs the consolidation processes, including the standardization of accounting criteria, aggregation of balances and consolidation adjustments.

Control measures have also been implemented in each process to guarantee that all the data underpinning the financial information are collected in a comprehensive, exact and timely manner. There is also a single and standardized format for the financial reporting system. It is applicable to and used by all the Group units and supports the main financial statements and the explanatory notes. There are also control measures and procedures to ensure that the information disclosed to the markets includes a sufficient level of detail to enable investors and other users of the financial information to understand and interpret it.

F.5 Supervision of the system's operation

Give information, describing the key features of at least:

F.5.1. The ICFR supervision activities carried out by the Audit Committee and whether the entity has an internal audit function whose powers include providing support to the Audit Committee in its task of supervising the internal control system, including the ICFR. Likewise, give information on the scope of the ICFR assessment carried out during the year and of the procedure by which the person in charge of performing the assessment communicates its results, whether the entity has an action plan listing the possible corrective measures, and whether its impact on the financial reporting has been considered.

The internal control units of the business areas and of the support areas conduct a preliminary assessment of the internal control model, assess the risks of the processes and the degree of mitigation of the controls, identify weaknesses, design, implement and monitor the mitigation measures and action plans.

BBVA also has an Internal Audit unit that provides support to the Audit & Compliance Committee on the independent supervision of the financial information internal control system. The Internal Audit function is entirely independent of the units that draw up the financial information.

All the control weaknesses, mitigation measures and specific action plans are documented in the corporate tool Storm and submitted to the internal control and operational risk committees of the areas, as well as to the local or global Corporate Assurance Committees, based on the relevance of the detected issues.

To sum up: both the weaknesses identified by the internal control units and those detected by the internal or external auditor have an action plan in place to correct or mitigate the risks.

During 2015, internal control areas conducted a full assessment of the financial information internal control system, and, to date, no material or significant weakness have been revealed therein. The assessment was reported to the Audit & Compliance Committee, and the Global Corporate Assurance Committee.

Additionally, in compliance with SOX, the Group annually assesses the effectiveness of the internal control model for financial reporting on group of risks (within the perimeter of SOX companies and critical risks) that could impact the drawing up of financial statements at local and consolidated levels. This perimeter considers risks and controls of other specialities that are not directly financial (regulatory compliance, technology, risks, operational, human resources, procurement, legal, etc.).

F.5.2. Whether there is a discussion procedure by which the auditor (in line with the technical auditing notes), the internal audit function and other experts can inform senior management and the audit committee or the directors of the entity of significant weaknesses in the internal control encountered during the review processes for the annual accounts or any others within their remit. Likewise, give information on whether there is an action plan to try to correct or mitigate the weaknesses observed.

As mentioned in the preceding section (F.5.1) of this Annual Corporate Governance Report, the Group does have a procedure in place whereby the internal auditor, the external auditor and the heads of Internal Financial Control can report to the Audit Committee any significant internal control weaknesses detected in the course of their work.

Since BBVA is a company listed with the SEC, the BBVA Group's auditor issues on an annual basis its opinion on the effectiveness of the internal control over the financial information contained in the Group's annual consolidated statements as of 31 December each year under PCAOB standards ("Public Company Accounting Oversight Board"), with a view to filing the financial information under Form 20-F with the SEC. The latest report issued on the financial information for 2014 is available on www.sec.gov. As of the date of this report, the auditor of the annual consolidated statements corresponding to 2015 reported no significant or material weakness to the Audit Committee, the Board of Directors or executive management bodies of the Group.

The internal control oversight carried out by the Audit & Compliance Committee, described in the Audit & Compliance Committee Regulations published on the Group website, includes the following activities:

- Analyse the financial statements of the Bank and of its consolidated Group contained in the annual, six-monthly and quarterly reports prior to their submission to the Board and in sufficient depth to verify their correctness, sufficiency and clarity, as well as all other required financial information, with the necessary detail deemed appropriate. For this purpose, the Committee shall be provided with the necessary support by the Group's executive management, especially that of the Accounting Department and the Company and Group auditor.

- Review the necessary scope of consolidation, the correct application of accounting criteria, and all the relevant changes relating to the accounting principles used and the presentation of the financial statements.

- Oversee the effectiveness of the company's internal control, internal audit and risk management systems in the process of drawing up and reporting the mandatory financial information, including tax-related risks, as well as discuss with the auditor any significant weaknesses in the internal control systems detected during the audit, without undermining its independence. For such purposes, and where appropriate, they may submit recommendations or proposals to the Board of Directors, at the corresponding period for monitoring.

- Analyze, and approve as the case may be, the Annual Internal Audit Plan, monitoring it and being apprised of the degree to which the audited units are complying with the corrective measures recommended.

- Examine the draft codes of ethic and conduct, and respective amendments thereto drawn up by the corresponding areas of the Group, and express an opinion before the proposals being put to the Bank's governing bodies.

The external auditor regularly attends the Audit and Compliance Committee and is duly informed of the matters addressed therein.

F.6 Other relevant information

F.7 External auditor report

Report on:

F.7.1. Whether the ICFR information disclosed to the markets has been submitted by the external auditor, in which case the entity must attach the corresponding report as an annexe. Otherwise, explain the reasons why it was not.

The information related to internal control over the financial information of the BBVA Group described in this report is reviewed by the external auditor, which issues its opinion on the control system and on its effectiveness in relation to the statements published at the close of each financial year.

On 15 April 2015, the BBVA Group, as a private foreign issuer in the United States, filed the Annual Report (Form 20-F) which was published on the SEC website on that same date.
In accordance with the requirements set out in Section 404 of the Sarbanes-Oxley Act of 2002 by the Securities and Exchange Commission (SEC), the annual report Form 20-F included the certification of the main Group executives on the establishment, maintenance and assessment of the Group's financial reporting internal control system. Form 20-F report also included the opinion of the external auditor regarding the effectiveness of the entity's financial reporting internal control system at year-end 2014.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations of the Good Governance Code of listed companies.

Should any recommendation not be followed or be only partially followed, a detailed explanation should be given of the reasons so that the shareholders, investors and the market in general have sufficient information to assess the way the company works. General explanations will not be acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

COMPLIANT

2. When a dominant and a subsidiary company are both listed, they should provide detailed disclosure on:

a) The activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.

NOT APPLICABLE

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

a) Changes taking place since the previous annual general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation and any alternative procedures followed in its stead.

COMPLIANT

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

COMPLIANT

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

COMPLIANT

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

a) Report on auditor independence.

b) Reviews of the operation of the audit committee and the nomination and remuneration committee.

c) Audit committee report on third-party transactions.

d) Report on corporate social responsibility policy.

COMPLIANT

7. The company should broadcast its general meetings live on the corporate website.

COMPLIANT

8. The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

COMPLIANT

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

COMPLIANT

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate the supplementary items and new proposals.

b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

NOT APPLICABLE

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

NOT APPLICABLE

12. The board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

COMPLIANT

13. The Board of Directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

COMPLIANT

14. The board of directors should approve a director selection policy that:

a) Is concrete and verifiable.

b) Ensures that the appointment or reelection proposals are based on a prior analysis of the board's needs.

c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020.

The nomination committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

COMPLIANT

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

COMPLIANT

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

COMPLIANT

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

COMPLIANT

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

a) Background and professional experience.

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.

d) Dates of their first appointment as a board member and subsequent re-elections.

e) Shares held in the company, and any options on the same.

COMPLIANT

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of

capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

NOT APPLICABLE

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latters' number should be reduced accordingly.

COMPLIANT

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where they find just cause, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

COMPLIANT

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

COMPLIANT

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

COMPLIANT

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.

COMPLIANT

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve.

COMPLIANT

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

COMPLIANT

27. Director absences should be kept to a strict minimum and quantified in the Annual Corporate Governance Report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

COMPLIANT

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

COMPLIANT

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

COMPLIANT

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

COMPLIANT

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

COMPLIANT

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

COMPLIANT

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

COMPLIANT

34. When a lead independent director has been appointed, the Bylaws or Board of Directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman and vice chairmen give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

COMPLIANT

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

COMPLIANT

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the board's operation.

b) The performance and membership of its committees.

c) The diversity of board membership and competences.

d) The performance of the chairman of the board of directors and the company's chief executive.

e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

COMPLIANT

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.

PARTIALLY COMPLIANT

The Executive Committee of the Board of Directors comprises two executive directors and 3 other external directors.

As of 31 December 2015, the BBVA Executive Committee partially reflected the participation of the Board of Directors, since its Chair and Secretary sit on the Board of Directors, and according to article 26 of the Board of Directors Regulations, has more non-executive directors than executive directors.

38. The board of directors should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

COMPLIANT

39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

COMPLIANT

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

COMPLIANT

41. The head of the unit handling internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

COMPLIANT

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With regard to the external auditor:

a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.

b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

COMPLIANT

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

COMPLIANT

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

COMPLIANT

45. Risk control and management policy should identify at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other offbalance-sheet risks.

b) The determination of the risk level the company sees as acceptable.

c) The measures in place to mitigate the impact of identified risk events should they occur.

d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balancesheet risks.

COMPLIANT

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

COMPLIANT

47. Appointees to the nomination and remuneration committee – or of the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

COMPLIANT

48. Large cap companies should operate separately constituted nomination and remuneration committees.

COMPLIANT

49. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive Directors.

When there are vacancies on the board, any Director may approach the Nomination Committee to propose candidates that it might consider suitable.

COMPLIANT

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior officer contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.

e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

COMPLIANT

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.

COMPLIANT

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) Committees should be formed exclusively by non-executive directors, with a majority of independents.

b) They should be chaired by independent directors.

c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.

d) They may engage external advice, when they feel it necessary for the discharge of their functions.

e) Meeting proceedings should be minuted and a copy made available to all board members.

COMPLIANT

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organisation, with at the least the following functions:

a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.

b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.

c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.

e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.

f) Monitor and evaluate the company's interaction with its stakeholder groups.

g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

COMPLIANT

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

a) The goals of its corporate social responsibility policy and the support instruments to be deployed.

b) The corporate strategy with regard to sustainability, the environment and social issues.

c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.

d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.

e) The mechanisms for supervising non-financial risk, ethics and business conduct.

f) Channels for stakeholder communication, participation and dialogue.

g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

COMPLIANT

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

COMPLIANT

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

COMPLIANT

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

COMPLIANT

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.

b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.

c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

COMPLIANT

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

COMPLIANT

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

COMPLIANT

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

COMPLIANT

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

PARTIALLY COMPLIANT

As a credit entity and thus bound to requirements insofar as remunerations, BBVA establishes its specific rules and regulations by furnishing its remuneration policy with a variable remuneration system that includes deferral conditions, payment in shares, unavailability and clauses for the ex-post adjustment of the remuneration depending on the risk.

In this regard, the BBVA remuneration policy establishes that the executive directors will receive 50% of the Annual Variable Remuneration in equal parts in cash and in shares, in the first quarter of the financial year following the year to which the remuneration corresponds, and the remaining 50% (in cash and shares) deferred as a whole for a period of three years, whereby its accrual and vesting shall be subject to compliance with a series of multi-year indicators, which may reduce the deferred amount even to zero. Moreover, all shares paid for the settlement of Annual Variable Remuneration, both the initial percentage and deferred amounts subject to multi-year indicators shall be unavailable during a certain period, which shall be established on an annual basis by the Board of Directors, applying such a withholding on the resulting number of shares after discounting the part required to honor the tax payments.

Lastly, the payment of the variable shall be conditioned to the non-occurrence of the cases contemplated in the policy insofar as the reduction or suppression thereof (malus clauses).

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the Director's actual performance or based on data subsequently found to be misstated.

COMPLIANT

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

COMPLIANT

H OTHER INFORMATION OF INTEREST

1. If there is any other aspect relevant to the corporate government in the company or in the group entities that has not been reflected in the rest of the sections of this report, but is necessary to include to provide more comprehensive and well grounded information on the corporate governance structure and practices in your entity or its group, detail them briefly.

2. This section may also include any other relevant information, clarification or detail related to previous sections of the report insofar as they are relevant and not reiterative.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the mandatory information to be provided when different from that required by this report.

3. The company may also indicate if it has voluntarily signed up to other international, industry-wide or any other codes of ethical principles or best practices. Where applicable, the code in question will be identified along with the date of signing. In particular, mention will be made as to whether it has adhered to the Code of Best Tax Practices (Código de Buenas Prácticas Tributarias) of 20 July 2010.

The data in this report refer to the year ending 31 December 2015, except in those cases when another date of reference is specifically stated.

Further to Section A.2, State Street Bank and Trust Co., The Bank of New York Mellon S.A.N.V. and Chase Nominees Ltd., as international custodian/depositary banks, held 13.48%, 4.19% and 7.11% of BBVA's share capital, respectively, as of December 31 2015. Of said positions held by the custodian banks, BBVA is not aware of any individual shareholders with direct or indirect holdings greater than or equal to 3% of the BBVA common stock.

Filings of significant holdings to CNMV: On 21 December 2015, Blackrock Inc. filed a report with the CNMV (securities exchange authority) stating that it now had an indirect holding of 4.893% of the BBVA share capital, through the company Blackrock Investment Management. Likewise, on 18 December 2016, Blackrock Inc. filed a report with the CNMV (securities exchange authority) stating that it now had an indirect holding of 5.032% of the BBVA share capital.

The director holdings indicated in section A.3 are those reported as of 31 December 2015 and therefore may have subsequently changed. Moreover, following the instructions in Circular 7/2015 of the CNMV to complete the Corporate Governance Report, the owners of indirect holdings are not identified in this section, as none of them reaches the 3% of share capital and none of them reside in tax havens.

Moreover, as an explanation to section A.3., the number of direct rights on shares in the Company corresponds with the shares from the Annual Variable Remuneration from previous years that was deferred and pending payment on the date of this Report. Thus, the following "rights to shares" of BBVA executive directors are included:

1) 207,449 shares deferred and pending payment for the Group Executive Chairman. Among these shares, in 2016 he shall receive the corresponding total of 36,163 shares equivalent to the last third of the Annual Variable Remuneration for 2012; in 2016 and 2017 he shall receive 29,557 shares and 29,555 shares equivalent to the second and third thirds of the Annual Variable Remuneration for 2013, respectively; and in 2016, 2017 and 2018 he shall receive 37,392 shares, 37,392 shares and 37,390 shares equivalent to the first, second and third thirds of the Annual Variable Remuneration for 2014, respectively.

2) 59,292 shares deferred and pending payment for the CEO. Among these shares, in 2016 he shall receive the corresponding total of 8,120 shares equivalent to the last third of the Annual Variable Remuneration for 2012; in 2016 and 2017 he shall receive 7,937 shares and 7,937 shares equivalent to the second and third thirds of the Annual Variable Remuneration for 2013, respectively; and in 2016, 2017 and 2018 he shall receive 11,766 shares equivalent to the first, second and third thirds of the Annual Variable Remuneration for 2014, respectively.

3) 14,576 shares deferred and pending payment for José Manuel González-Páramo. Among these shares, in 2016 and 2017 he shall receive the corresponding total of 1,768 shares equivalent to the second and third thirds of the Annual Variable Remuneration for 2013; in 2016, 2017 and 2018 he shall receive 3,681 shares, 3,681 shares and 3,678 shares equivalent to the first, second and third thirds of the Annual Variable Remuneration for 2014, respectively.

The distribution of these deferred shares is subject to the non-occurrence of any of the situations established by the Board of Directors that could reduce or impede payment thereof (malus clauses) in addition the remaining conditions of the liquidation and payment system.

Further to the information in section A.8, regarding earnings from treasury-stock trading, rule 21 of Circular 4/2004 and IAS 32, paragraph 33, expressly prohibit the recognition in the income statement of profits or losses made on transactions carried out with treasury stock, including their issue and redemption. Said profits and losses are directly booked against the company's net assets. The table listing significant changes includes the date of the CNMV incoming register of Annex VI of communications with treasury stock and the reason for the communication.

Regarding section A.9 bis, the resulting estimated floating capital of BBVA less the capital held by the members of the Board of Directors and as treasury stock, both as of 31 December 2015, following the instructions to complete the Corporate Governance Report contained in Circular 7/2015, is 98.52%.

Further to the information in section A.10, there are no legal or bylaws restrictions on the exercise of voting rights and there are no legal or bylaws restrictions on the free acquisition or transfer of shares in the company's share capital. As for the legal restrictions on the free acquisition or transfer of shares in the company's share capital, Spanish Act 10/2014, dated 26th June, on the regulation, supervision and solvency of credit institutions establishes that the direct or indirect acquisition of a significant holding (as defined in section 16 of that Act) is subject to assessment by the Bank of Spain as set out in sections 16 et seq. of that Act. Additionally, article 25 of Royal Decree 84/2015, implementing Law 10/2014, establishes that the Bank of Spain shall evaluate proposals for acquisitions of significant shares and submit a proposal to the European Central Bank regarding whether to oppose this acquisition or not. This same article establishes the criteria that should be considered during said evaluation and the applicable timelines.

Further to section C.1.12, Juan Pi Llorens is the Chairman of the Board of Directors of Ecolumber, S.A. as a natural person representing the company Relocation Inversiones, S.L.

Further to the information included in section C.1.15:

The amount indicated as "Remuneration of the Board of Directors" includes remuneration stemming from the remuneration systems established for non-executive and executive directors as provided for in the Remuneration policy for BBVA directors and pursuant to article 33 bis and 50 bis of the Company Bylaws, respectively, and includes:

a) The fixed remuneration (for pertaining to the Board and Committees) and remuneration in kind corresponding to 2015 of non-executive board members.

b) The fixed remuneration and in kind for executive directors currently seated on the date of this Report (3) corresponding to 2015, including the remuneration settled to the Group Executive Chairman; to the current CEO (for the part proportional to the 4 months as Digital Banking Director and to the 8 months holding the post as CEO); and the executive director José Manuel González-Páramo.

c) The Annual Variable Remuneration 2015, equally distributed in cash and shares, for executive directors seated on the date of this Report (3), including the remuneration of the Group Executive Chairman; current CEO (for the part proportional to the 4 months as Digital Banking Director and to the 8 months holding the post as CEO); and the executive director José Manuel González-Páramo. It should nonetheless be noted that this remuneration, has not accrued to the executive directors in its entirety on the date of this Report, since, according to the BBVA director remuneration policy applicable to them, described in the Annual Report on Directors' Remuneration of BBVA, they will only receive 50% of this amount in 2016, while the remaining amount will be deferred for a period of three years, and its accrual and payment is subject to the concurrence of the multi-year assessment indicators. Furthermore, the deferred Annual Variable Remuneration will be subject to the non-occurrence of any of the situations established by the Board of Directors that could reduce or impede payment thereof (malus clauses) in addition the remaining conditions of the liquidation and payment system of the Annual Variable Remuneration.

d) The fixed remuneration in kind and the Annual Variable Remuneration for 2015, in cash and shares, to the Former President & COO, who opted for early retirement as of 4th May 2015, for the part proportional to the 4 months during which he held this post. It should also be mentioned that this remuneration has not fully accrued on the date of this Report in application of the rules mentioned in section c) above for executive directors.

The total amount indicated, pursuant to the instructions in this Report, corresponds to the amount declared as total remuneration accrued according to chart c) "Summary of Remuneration", section D.1 in the Annual Report on Directors' Remuneration of BBVA.

For calculating the cash value of the shares corresponding to the Annual Variable Remuneration for 2015, and in accordance with the Remuneration Policy, the reference used was the average BBVA share closing price corresponding to the trading days between 15 December 2015 and 15 January 2016, namely €6.631 per share.

All these items are included for each individual director in Note 53 of the Annual Report.

The provisions recorded as of 31 December 2015 to cover the pension commitments assumed for executive directors stood at €13,123 thousand for the CEO, which include the amounts accumulated as Group director and currently rendered in his current position as CEO in the terms expressed above; and €436 thousand for José Manuel González-Páramo Martínez-Murillo; after the sums of €9,856 thousand and €261 thousand were set aside in 2015 for the CEO and José Manuel González-Páramo Martínez-Murillo, respectively, to cover contractually recognized contingencies for retirement, death and disability.

Furthermore, in 2015 the Board of Directors determined the pension entitlements of the Former President & COO in accordance with the initial contractual terms and conditions, that establish that when no longer holding said position for any reason other than his/her own will, retirement, disability or serious breaches of duty, he/she would be given early retirement with a pension payable, as he chooses, through a lifelong annuity pension or capital, of 75% on the pensionable base; having established his entitlements to pension at a lifelong annuity at an annual gross amount of €1,795 thousand, which will be settled in twelve monthly payments, with a deduction of the amounts necessary to satisfy the corresponding taxes.

To these effects, the provision on record on the date of his stepping down for attending to the pension commitments assumed for the Former President & COO stood at €45,209 thousand, of which €26,026 thousand are contingent upon the results from previous years, hereby contributing an additional €19,252 thousand.

No other obligations regarding pensions for other executive directors are in place.

The balance of the item "Provisions - Funds for pensions and similar liabilities" on the Group's consolidated balance sheet as of 31 December 2015 includes €136 million under the item for post-employment benefit commitments maintained with former members of the Board of Directors.

Further to the information included in section C.1.16:

The heading “Total senior management remuneration” includes the remuneration of members of Senior Management listed as such as of 31 December 2015 (17 members), comprising:

a) The fixed remuneration and the remuneration in kind during 2015

b) The annual variable remuneration received during the first quarter of 2015 corresponding to 2014, both in cash and in shares

c) The deferred part of the variable remuneration received during the first quarter of 2015, corresponding to previous years (2013, 2012 and 2011), both in cash and in shares, as well as the part of the ILP 2010-2011, which was deferred in shares, plus the amount of the corresponding updates.

For calculating the cash value of the shares corresponding to said remuneration, the reference used was the average BBVA share closing price corresponding to the trading days between 15 December 2014 and 15 January 2015, namely €7.72 per share.

Moreover, members of Senior Management of the BBVA Group who had ceased activities as such in 2015 (7) received an overall total amount during this period of: €2,082 thousand as fixed remuneration; €1,596 thousand and 181,256 shares in BBVA corresponding to 50% of the Annual Variable Remuneration for 2014; and €1,432 thousand and 196,539 shares in BBVA as liquidation of the parts deferred from the Annual Variable Remuneration from 2013, 2012 and 2011, and the ILP 2010-2011, whose corresponding payment was settled during the first quarter of 2015, including the corresponding update; and as remuneration in kin and others amounting to €682 thousand. The sum of these remunerations, using the aforementioned share price of €7.72, represents a total of €8,709 thousand.

Moreover, in 2015 following the severance with some members of senior management from the group, compensations were settled for a total amount of €26,277 thousand, which is recorded in note 43 to the Annual Report under Other Personnel Expenses. Payments have been made to beneficiaries for a part equivalent to amounts that the Group have previously allocated to attend to the commitments assumed contractually for provisions amounting to €11,458 thousand.

Lastly, the provisions on record as of 31 December to fulfill the provision-related obligations assumed with current members of Senior Management, excluding executive directors, amount to €55,666 thousand, of which €6,782 thousand were allocated in 2015. These amounts include the allocations to cover possible retirement contingency and provisions for death and disability contingencies.

The balance of the item "Provisions - Funds for pensions and similar liabilities" on the Group's consolidated balance sheet as of 31 December 2015 includes €229 million under the item for post-employment benefit commitments maintained with former members of the Bank's Senior Management.

In reference to section C.1.29, the Board of Directors always meets with the attendance of its chair and therefore the Lead Director has never chaired a meeting of the Board of Directors. The Lead Director, in the scope of his entrusted duties, maintains fluid contact with the independent directors to simplify the discharge of his duties.

With regard to section C.1.31, as BBVA shares are listed on the New York Stock Exchange, it is subject to the supervision of the Securities & Exchange Commission (SEC) and, thus, to compliance with the Sarbanes Oxley Act and its implementing regulations, and for this reason each year the Group Executive Chairman, the CEO and the executive tasked with preparing the Accounts sign and submit the certifications described in sections 302 and 906 of this Act, related to the content of the Annual Financial Statements. These certificates are contained in the annual registration statement (Form 20-F) which the Company files with this authority for the official record.

As reference to section C.1.45, the contractual terms and conditions insofar as provisions of the CEO, shall determine that when no longer holding said position for any reason other than his/her own will, retirement, disability or serious breaches of duty, he/she would be given early retirement with a pension payable, as he chooses, through a lifelong annuity pension or capital, whose amount will be calculated on the basis of the provisions that, according to current actuarial criteria applicable at that moment, the Bank might have made to said date in fulfillment of the pension commitments for retirement as established in his/her contract, though in no case whatsoever shall this commitment bind the Bank to any additional provisions. This pension may not exceed 75% on the pensionable base if the event occurs before turning 55 or 85% on the pensionable base if the event occurs after turning said age. Likewise, the Board of Directors only approves the contract conditions related to executive directors and senior management members as set out in article 17 of the Board Regulations, which are reported to the General Meeting through this Report and the Annual Report on Directors' Remuneration of BBVA, but does not authorize those of other technical and specialist professionals.

Further to section C.2.1, on 31 December 2015, the BBVA Executive Committee partially reflected participation in the Board of Directors, since its Chair and Secretary sit on the Board of Directors whose composition, according to article 26 of the Regulations of the Board of Directors, has more non-executive directors than executive directors.

Moreover, and further to section C.2.1, we provide brief indications regarding what the regulations establish about the composition and functions of each board committee:

• Audit & Compliance Committee: Article 29 of the Board Regulations establishes that the Audit and Compliance Committee will exclusively comprise independent directors tasked with assisting the Board of Directors in supervising the financial information and exercising oversight for the Group. The members of the Audit and Compliance Committee, and particularly its Chair, shall be appointed with regard to their knowledge and background in accounting, auditing and risk management. It will be made up of four members appointed by the Board, one of whom will be appointed taking into account his/her knowledge of accounting, auditing or both. The Board will also appoint the Chair of this Committee, who must be replaced every four years and may be re-elected one year after the end of his/her term of office. When the Chair cannot be present, his/her duties will be performed by the most senior independent director on the Committee, and, where more than one person of equal seniority are present, by the eldest. The Committee will appoint a Secretary who may or may not be a member of the Committee.

Turning to the duties of the Audit and Compliance Committee mentioned in section C.2.1, in addition to the duties cited in said section, the Audit and Compliance Committee has its own operating regulations available on the BBVA website (www.bbva.com) and includes a full breakdown of the duties of this Committee.

Further, in its meeting on 4 May 2015, the Board of Directors appointed José Miguel Andrés Torrecillas as Chair of the BBVA Audit and Compliance Committee.

• Appointments Committee: Article 32 of the Board Regulations establish that the Appointments Committee will comprise a minimum of three members who will be appointed by the Board of Directors, which will also appoint its Chair. All the members of this Committee must be non-executive directors, and a majority of them independent directors, as its Chair. When the Chair cannot be present, the meetings will be chaired by the most senior independent director on the Committee, and, where more than one person of equal seniority are present, by the eldest.

• Remuneration Committee: Article 35 of the Board Regulations establish that the Remuneration Committee will comprise a minimum of three members who will be appointed by the Board of Directors, which will also appoint its Chair. All the members of this Committee must be non-executive directors, and a majority of them independent directors, as its Chair. When the Chair cannot be present, the meetings will be chaired by the most senior independent director on the Committee, and, where more than one person of equal seniority are present, by the eldest.

• Executive Committee: Article 26 of the Board Regulations establishes the following: In accordance with the Company Bylaws, the Board of Directors may, with the favorable vote of two-thirds of its members, appoint an Executive Committee, ensuring that there is a majority of non-executive directors over executive directors. The Executive committee will be chaired by the Chairman of the Board of Directors, or when this is not possible, by whomever the Company Bylaws determines. The secretary of the Committee will be the Secretary of the Board. If absent, the person the meeting's members appoint for this purpose will stand in for the secretary.

• Risks Committee: Article 38 of the Company Board Regulations establishes that the Risks Committee will comprise a minimum of three members who will be appointed by the Board of Directors, which will also appoint its Chair. All the members of this Committee must be non-executive directors of whom at least one third, and in any event the Chair, must be independent. When the Chair cannot be present, the meetings will be chaired by the most senior independent director on the Committee, and, where more than one person of equal seniority are present, by the eldest.

In addition to section C.2.5, the Chair of the Appointments Committee submitted a report to the Board of Directors regarding the activities of said Committee during 2015, including the tasks carried out with respect to the appointments and re-elections of directors throughout the year, the assessment of the Chairman of the Board, analysis on the structure, size and composition of the Board with a view to evaluating the quality and efficiency of its operations, review of the suitability of the directors and condition of independent directors, and proposals for appointment and severance of the members of Senior Management.

With respect to section D (Related-party and Intragroup Transactions), see Note 52 of the BBVA Annual Consolidated Accounts for 2015. With respect to section D.4, it details the transactions conducted by Banco Bilbao Vizcaya Argentaria, S.A. at the close of the year, with companies issuing securities on international markets, carried out as part of ordinary trading related to the management of outstanding issuances. Moreover, with respect to section D.4, please refer to the section entitled “Offshore financial centers” in the BBVA Consolidated Management Report for 2015.

During 2011, the BBVA Board of Directors approved the Bank's adhesion to the Code of Best Tax Practices (Código de Buenas Prácticas Tributarias) approved by Foro de Grandes Empresas according to the wording proposed by the State Tax Administration Agency (AEAT). During this year, it has been compliant with the contents of this Code. Moreover, BBVA is committed to applying the provisions of the Universal Declaration of Human Rights, Principles of United Nations Global Compact (which BBVA has formally signed), Equator Principles (to which BBVA has been formally adhered since 2004) and other conventions and treaties involving international organizations such as the Organization for Economic Cooperation and Development and the International Labor Organization.

This annual report on corporate governance has been approved by the Company’s Board of Directors on 2 February 2016.

List whether any Directors voted against or abstained from voting on the approval of this Report.

NO