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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (Notes 1 and 62). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have audited the consolidated financial statements of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (the Bank) and COMPANIES composing the BANCO BILBAO VIZCAYA ARGENTARIA Group (the Group – Note 3), which consist of the consolidated balance sheet at 31 December 2007, and the related consolidated income statement, consolidated cash flow statement, consolidated statement of recognized income and expense and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Bank's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made.

2. As required by corporate and commercial law, for comparison purposes the Bank's directors present, in addition to the figures for 2007 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of recognized income and expense and notes to the consolidated financial statements, the figures for 2006. In addition, voluntarily and also for comparison purposes, the figures for 2005 are presented. On 13 February 2007 and 2006, we issued our auditors' reports on the consolidated financial statements for 2006 and 2005, in which we expressed unqualified opinions.

3. In our opinion, the accompanying consolidated financial statements for 2007 present fairly, in all material respects, the consolidated equity and consolidated financial position of the Banco Bilbao Vizcaya Argentaria Group at 31 December 2007, and the consolidated results of its operations, the changes in the consolidated recognized income and expense and its consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with the International Financial Reporting Standards adopted by the European Union applied on a basis consistent with that of the preceding two years.

4. The accompanying consolidated directors' report for 2007 contains the explanations which the Bank's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2006. 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 consolidated companies' accounting records.

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

Francisco Celma

February 7, 2007

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

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

Consolidated financial statements
for the year ended
December 31, 2007

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 62). In the event of a discrepancy, the Spanish-language version prevails.

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

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2007, 2006 AND 2005

(Notes 1 to 5)

	Millions of euros		
ASSETS	**2007**	**2006 (*)**	**2005 (*)**
CASH AND BALANCES WITH CENTRAL BANKS (Note 8)	**22,581**	**12,515**	**12,341**
FINANCIAL ASSETS HELD FOR TRADING (Note 9)	**62,336**	**51,835**	**44,013**
Loans and advances to credit institutions	-	-	-
Money market operations through counterparties	-	-	-
Loans and advances to other debtors	-	-	-
Debt securities	38,392	30,470	24,504
Other equity instruments	9,180	9,949	6,246
Trading derivatives	14,764	11,416	13,263
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 10)	**1,167**	**977**	**1,421**
Loans and advances to credit institutions	-	-	-
Money market operations through counterparties	-	-	-
Loans and advances to other debtors	-	-	-
Debt securities	421	56	283
Other equity instruments	746	921	1,138
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Note 11)	**48,432**	**42,267**	**60,034**
Debt securities	37,336	32,230	50,972
Other equity instruments	11,096	10,037	9,062
LOANS AND RECEIVABLES (Note 12)	**338,492**	**279,855**	**249,396**
Loans and advances to credit institutions	20,997	17,050	27,470
Money market operations through counterparties	-	100	-
Loans and advances to other debtors	310,882	256,565	216,850
Debt securities	60	77	2,292
Other equity instruments	6,553	6,063	2,784
HELD-TO-MATURITY INVESTMENTS (Note 13)	**5,584**	**5,906**	**3,959**
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN THE PORTFOLIO HEDGES OF INTESREST RATE RISK	**-**	**-**	**-**
HEDGING DERIVATIVES (Note 14)	**1,050**	**1,963**	**3,913**
NON-CURRENT ASSETS HELD FOR SALE (Note 15)	**240**	**186**	**231**
Loans and advances to credit institutions	-	-	-
Loans and advances to other debtors	-	-	-
Debt securities	-	-	-
Equity instruments	-	-	-
Tangible assets	240	186	231
Other assets	-	-	-
INVESTMENTS (Note 16)	**1,542**	**889**	**1,473**
Associates	846	206	946
Jointly controlled entities	696	683	527
INSURANCE CONTRACTS LINKED TO PENSIONS	**-**	**-**	**-**
REINSURANCE ASSETS (Note 17)	**43**	**32**	**235**
TANGIBLE ASSETS (Note 18)	**5,238**	**4,527**	**4,384**
Property, plants and equipment	4,437	3,816	3,841
Investment properties	82	61	77
Other assets leased out under an operating lease	719	650	466

(*) Presented for comparison purposes only.

ASSETS (*Continuation*)	2007	2006 (*)	2005 (*)
	Millions of euros		
INTANGIBLE ASSETS (Note 19)	**8,244**	**3,269**	**2,070**
Goodwill	7,436	2,973	1,858
Other intangible assets	808	296	212
TAX ASSETS (Note 35)	**4,958**	**5,278**	**6,421**
Current	433	387	254
Deferred	4,525	4,891	6,167
PREPAYMENTS AND ACCRUED INCOME (Note 20)	**604**	**674**	**557**
OTHER ASSETS (Note 21)	**1,693**	**1,743**	**1,941**
Inventories	457	470	339
Other	1,236	1,273	1,602
TOTAL ASSETS	**502,204**	**411,916**	**392,389**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 62 and Appendices I to V are an integral part of the consolidated balance sheet as of December 31, 2007.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 62). In the event of a discrepancy, the Spanish-language version prevails.

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

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2007, 2006 AND 2005

(Notes 1 to 5)

	Millions of euros		
LIABILITIES AND EQUITY	**2007**	**2006 (*)**	**2005 (*)**
FINANCIAL LIABILITIES HELD FOR TRADING (Note 9)	**19,273**	**14,923**	**16,271**
Deposits from credit institutions	-	-	-
Money market operations through counterparties	-	-	-
Deposits from other creditors	-	-	-
Debt certificates	-	-	-
Trading derivatives	17,540	13,218	13,863
Short positions	1,733	1,705	2,408
OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 22)	**449**	**582**	**740**
Deposits from credit institutions	-	-	-
Deposits from other creditors	449	582	740
Debt certificates	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH EQUITY (Note 23)	**-**	**-**	**-**
Deposits from credit institutions	-	-	-
Deposits from other creditors	-	-	-
Debt certificates	-	-	-
FINANCIAL LIABILITIES AT AMORTISED COST (Note 24)	**429,204**	**348,445**	**331,590**
Deposits from central banks	27,326	15,238	21,190
Deposits from credit institutions	60,772	42,567	45,126
Money market operations through counterparties	23	223	23
Deposits from other creditors	236,183	192,374	182,635
Debt certificates	82,999	77,674	62,842
Subordinated liabilities	15,662	13,597	13,723
Other financial liabilities	6,239	6,772	6,051
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**-**	**-**	**-**
HEDGING DERIVATIVES (Note 14)	**1,807**	**2,280**	**2,870**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE (Note 15)	**-**	**-**	**-**
Deposits from central banks	-	-	-
Deposits from credit institutions	-	-	-
Deposits from other creditors	-	-	-
Debt certificates	-	-	-
Other liabilities	-	-	-
LIABILITIES UNDER INSURANCE CONTRACTS (Note 25)	**9,997**	**10,121**	**10,500**
PROVISIONS (Note 26)	**8,342**	**8,649**	**8,701**
Provisions for pensions and similar obligations	5,967	6,358	6,240
Provisions for taxes	225	232	147
Provisions for contingent exposures and commitments	546	502	452
Other provisions	1,604	1,557	1,862
TAX LIABILITIES (Note 35)	**2,817**	**2,369**	**2,100**
Current	582	622	598
Deferred	2,235	1,747	1,502
ACCRUED EXPENSES AND DEFERRED INCOME (Note 20)	**1,820**	**1,510**	**1,710**
OTHER LIABILITIES (Note 21)	**552**	**719**	**605**
TOTAL LIABILITIES	**474,261**	**389,598**	**375,087**

(*) Presented for comparison purposes only.

LIABILITIES AND EQUITY (*Continuation*)	2007	2006 (*)	2005 (*)
	Millions of euros		
MINORITY INTERESTS (Note 28)	**880**	**768**	**971**
VALUATION ADJUSTMENTS	**2,252**	**3,341**	**3,295**
Available-for-sale financial assets (Note 11)	3,596	3,356	3,003
Financial liabilities at fair vaule through equity	-	-	-
Cash flow hedges	(49)	17	(102)
Hedges of net investments in foreign operations	350	(5)	(444)
Exchange differences	(1,645)	(27)	838
Non-current assets held for sale	-	-	-
STOCKHOLDER´S EQUITY	**24,811**	**18,209**	**13,036**
Capital (Note 30)	**1,837**	**1,740**	**1,662**
Issued	1,837	1,740	1,662
Unpaid and uncalled (-)	-	-	-
Share premium (Note 31)	**12,770**	**9,579**	**6,658**
Reserves (Note 32)	**6,060**	**3,629**	**2,172**
Accumulated reserves (losses)	5,609	3,268	2,343
Retained earnings	-	-	-
Reserves (losses) of entities accounted for using the equity method	451	361	(171)
Associates	35	26	(465)
Jointly controlled entities	416	335	294
Other equity instruments	**68**	**35**	**-**
Equity component of compound financial instruments	-	-	-
Other	68	35	-
Less: Treasury shares (Note 33)	**(389)**	**(147)**	**(96)**
Income attributed to the Group	**6,126**	**4,736**	**3,806**
Less: Dividends and remuneration	**(1,661)**	**(1,363)**	**(1,166)**
TOTAL EQUITY (Note 29)	**27,943**	**22,318**	**17,302**
TOTAL LIABILITIES AND EQUITY	**502,204**	**411,916**	**392,389**

(*) Presented for comparison purposes only.

MEMORANDUM ITEMS	2007	2006 (*)	2005 (*)
	Millions of euros		
CONTINGENT EXPOSURES (Note 38)	**65,845**	**42,281**	**29,862**
Financial guarantees	61,891	41,449	29,177
Assets encumbered by third-party obligations	-	-	-
Other contingent exposures	3,954	832	685
CONTINGENT COMMITMENTS (Note 38)	**106,940**	**103,221**	**89,498**
Drawable by third parties	101,444	98,226	85,001
Other commitments	5,496	4,995	4,497

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 62 and Appendices I to V are an integral part of the consolidated balance sheet as of December 31, 2007.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 62). In the event of a discrepancy, the Spanish-language version prevails.

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

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005 (Notes 1 to 5)

	Millions of euros		
	2007	2006 (*)	2005 (*)
INTEREST AND SIMILAR INCOME (Note 43)	25,352	19,210	15,848
INTEREST EXPENSE AND SIMILAR CHARGES (Note 43)	(15,931)	(11,215)	(8,932)
Income on equity having the nature of a financial liability	-	-	-
Other	(15,931)	(11,215)	(8,932)
INCOME FROM EQUITY INSTRUMENTS (Note 44)	348	379	292
NET INTEREST INCOME	**9,769**	**8,374**	**7,208**
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD (Note 16)	242	308	121
Associates	25	50	87
Jointly controlled entities	217	258	34
FEE AND COMMISSION INCOME (Note 45)	5,592	5,119	4,669
FEE AND COMMISSION EXPENSES (Note 46)	(869)	(784)	(729)
INSURANCE ACTIVITY INCOME (Note 47)	729	650	487
Insurance and reinsurance premium income	2,405	2,484	2,917
Reinsurance premiums paid	(46)	(44)	(63)
Benefits paid and other insurance-related expenses	(1,674)	(1,539)	(1,786)
Reinsurance income	32	76	44
Net provisions for insurance contract liabilities	(697)	(996)	(1,274)
Finance income	993	968	904
Finance expense	(284)	(299)	(255)
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES (NET) (Note 48)	2,261	1,656	980
Held for trading	597	716	897
Other financial instruments at fair value through profit or loss	44	62	33
Available-for-sale financial assets	1,537	1,121	429
Loans and receivables	63	77	129
Other	20	(320)	(508)
EXCHANGE DIFFERENCES (NET)	409	378	287
GROSS INCOME	**18,133**	**15,701**	**13,023**
SALES AND INCOME FROM THE PROVISION OF NON-FINANCIAL SERVICES (Note 49)	788	605	576
COST OF SALES (Note 49)	(601)	(474)	(451)
OTHER OPERATING INCOME (Note 50)	240	117	135
PERSONNEL EXPENSES (Note 51)	(4,335)	(3,989)	(3,602)
OTHER ADMINISTRATIVE EXPENSES (Note 52)	(2,718)	(2,342)	(2,160)
DEPRECIATION AND AMORTISATION	(577)	(472)	(449)
Tangible assets (Note 18)	(426)	(383)	(361)
Intangible assets (Note 19)	(151)	(89)	(88)
OTHER OPERATING EXPENSES (Note 50)	(386)	(263)	(249)
NET OPERATING INCOME	**10,544**	**8,883**	**6,823**

(*) Presented for comparison purposes only.

(*Continuation*)	2007	2006 (*)	2005 (*)
	Millions of euros		
NET OPERATING INCOME	**10,544**	**8,883**	**6,823**
IMPAIRMENT LOSSES (NET)	(1,937)	(1,504)	(855)
Available-for-sale financial assets (Note 11)	(1)	19	(8)
Loans and receivables (Note 12)	(1,902)	(1,477)	(813)
Held-to-maturity investments (Note 13)	-	-	-
Non-current assets held for sale (Note 15)	(21)	(35)	(33)
Investments	-	-	-
Tangible assets (Note 18)	(12)	5	(2)
Goodwill (Notes 16 and 19)	-	(12)	-
Other intangible assets	(1)	-	-
Other assets	-	(4)	1
PROVISION EXPENSE (NET) (Note 26)	(210)	(1,338)	(454)
FINANCE INCOME FROM NON-FINANCIAL ACTIVITIES (Note 53)	2	58	2
FINANCE EXPENSES FROM NON-FINANCIAL ACTIVITIES (Note 53)	(1)	(55)	(2)
OTHER GAINS (Note 54)	496	1,128	285
Gains on disposal of tangible assets	389	93	108
Gains on disposal of investment	18	934	40
Other	89	101	137
OTHER LOSSES (Note 54)	(399)	(142)	(208)
Losses on disposal of tangible assets	(22)	(21)	(22)
Losses on disposal of investment	(7)	-	(12)
Other	(370)	(121)	(174)
INCOME BEFORE TAX	**8,495**	**7,030**	**5,591**
INCOME TAX (Note 35)	(2,080)	(2,059)	(1,521)
INCOME FROM ORDINARY ACTIVITIES	**6,415**	**4,971**	**4,070**
INCOME FROM DISCONTINUED OPERATIONS (NET)	-	-	-
CONSOLIDATED INCOME FOR THE YEAR	**6,415**	**4,971**	**4,070**
INCOME ATRIBUTED TO MINORITY INTEREST (Note 28)	(289)	(235)	(264)
INCOME ATRIBUTED TO THE GROUP	**6,126**	**4,736**	**3,806**
EARNINGS PER SHARE FOR CONTINUING OPERATIONS (Note 5)			
Basic earnings per share	1.70	1.39	1.12
Diluted earnings per share	1.70	1.39	1.12

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 62 and Appendices I to V are an integral part of the consolidated balance sheet as of December 31, 2007.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 62). In the event of a discrepancy, the Spanish-language version prevails.

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

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005 (Notes 1 to 5)

	Millions of euros		
	2007	**2006 (*)**	**2005 (*)**
NET INCOME RECOGNISED DIRECTLY IN EQUITY	**(1,092)**	**46**	**1,188**
Available-for-sale financial assets	237	353	683
Revaluation gains/losses	1,875	1,295	1,479
Amounts removed to income statement	(1,537)	(1,121)	(428)
Income tax	(101)	179	(368)
Reclasifications	-	-	-
Other financial liabilities at fair value	-	-	-
Revaluation gains/losses	-	-	-
Amounts removed to income statement	-	-	-
Income tax	-	-	-
Cash flow hedges	-	-	-
Revaluation gains/losses	(66)	119	(78)
Amounts removed to income statement	(94)	181	(120)
Amounts removed to the initial carrying amount of the hedged items	-	-	-
Income tax	-	-	-
Hedges of net investment in foreign operations	28	(62)	42
Revaluation gains/losses	355	439	(727)
Amounts removed to income statement	507	676	(1,118)
Income tax	-	-	-
Exchange differences	(152)	(237)	391
Translation gains/losses	(1,618)	(865)	1,310
Amounts removed to income statement	(2,311)	(1,328)	2,015
Income tax	-	-	-
Non-current assets held for sale	693	463	(705)
Revaluation gains	-	-	-
Amounts removed to income statement	-	-	-
Income tax	-	-	-
Impuesto sobre beneficios	-	-	-
Reclasifications	-	-	-
CONSOLIDATED INCOME FOR THE YEAR	**6,415**	**4,971**	**4,070**
Published consolidated income for the year	6,415	4,971	4,070
Adjustments due to changes in accounting policy	-	-	-
Adjustments made to correct errors	-	-	-
TOTAL INCOME AND EXPENSES FOR THE YEAR	**5,323**	**5,017**	**5,258**
Parent entity	5,038	4,782	4,994
Minority interest	285	235	264
MEMORANDUM ITEM: EQUITY ADJUSTMENTS ALLOCABLE TO PRIOR YEARS	**-**	**-**	**-**
Due to changes in accounting policies	-	-	-
Stockholder´s Equity	-	-	-
Valuation adjustments	-	-	-
Minority interests	-	-	-
Due to errors	-	-	-
Stockholder´s Equity	-	-	-
Valuation adjustments	-	-	-
Minority interests	-	-	-

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 62 and Appendices I to V are an integral part of the consolidated statement of recognized income and expense for the year ended December 31, 2007.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with EU-IFRSs, as adopted by the European Union (See Note 1 and 62). In the event of a discrepancy, the Spanish-language version prevails.

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

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005 (Notes 1 to 5)

	Millions of euros		
	2007	**2006 (*)**	**2005 (*)**
CASH FLOW FROM OPERATING ACTIVITIES	**17,142**	**2,818**	**6,011**
Consolidated profit for the year	**6,415**	**4,971**	**4,070**
Adjustment to profit:	4,785	4,597	4,356
Depreciation of tangible assets (+)	426	383	361
Amortisation of intangible assets (+)	151	89	88
Impairment losses (net) (+/-)	1,937	1,504	855
Net provisions for insurance contract liabilities (+/-)	697	996	1,274
Provision expense (net) (+/-)	210	1,338	454
Gains/Losses on disposal of tangible assets (+/-)	(368)	(72)	(85)
Gains/Losses on disposal of investment (+/-)	(11)	(934)	(28)
Share of profit or loss of entities accounted for using the equity method (net of dividends) (+/-)	(15)	(307)	(121)
Taxes (+/-)	2,080	2,059	1,521
Other non-monetary items (+/-)	(322)	(459)	37
Adjusted profit	**11,200**	**9,568**	**8,426**
Net increase/decrease in operating assets	**(73,691)**	**(20,293)**	**(55,960)**
Financial assets held for trading	(10,489)	(7,823)	3,331
Loans and advances to credit institutions	-	-	-
Money market operations through counterparties	-	-	-
Loans and advances to other debtors	-	-	-
Debt securities	(7,910)	(5,967)	5,893
Other equity instruments	768	(3,703)	(554)
Trading derivatives	(3,347)	1,847	(2,008)
Other financial assets at fair value through profit or loss	148	444	(362)
Loans and advances to credit institutions	-	-	-
Money market operations through counterparties	-	-	-
Loans and advances to other debtors	-	-	-
Debt securities	(28)	227	(224)
Other equity instruments	176	217	(138)
Available-for-sale financial assets	(5,635)	18,346	(4,024)
Debt securities	(4,929)	19,006	(5,998)
Other equity instruments	(706)	(660)	1,974
Loans and receivables	(58,756)	(34,041)	(54,291)
Loans and advances to credit institutions	(3,872)	6,984	(10,773)
Money market operations through counterparties	100	(100)	242
Loans and advances to other debtors	(54,496)	(40,348)	(46,159)
Debt securities	17	2,215	3,205
Other financial assets	(505)	(2,792)	(806)
Other operating assets	1,041	2,781	(614)

(*Continuation*)	2007	2006 (*)	2005 (*)
	Millions of euros		
Net increase/decrease in operating liablities	**79,633**	**13,543**	**53,545**
Financial liabilities held for trading	4,350	(1,347)	2,137
Deposits from credit institutions	-	-	-
Money market operations through counterparties	-	-	-
Deposits from other creditors	-	-	-
Debt certificates	-	-	-
Trading derivatives	4,321	(644)	1,060
Short positions	29	(703)	1,077
Other financial liabilities at fair value through profit or loss	(134)	(158)	(94)
Deposits from credit institutions	-	-	-
Deposits from other creditors	(134)	(158)	(94)
Debt certificates	-	-	-
Financial liabilities at fair value through equity	-	-	-
Deposits from credit institutions	-	-	-
Deposits from other creditors	-	-	-
Debt certificates	-	-	-
Financial liabilities measured at amortised cost	76,608	17,799	51,218
Deposits from central banks	12,065	(5,976)	1,031
Deposits from credit institutions	18,109	(2,683)	1,309
Money market operations through counterparties	(200)	200	(635)
Deposits from other creditors	41,352	9,694	31,824
Debt certificates	5,815	15,973	16,555
Other financial liabilities	(533)	591	1,134
Other operating liabilities	(1,191)	(2,751)	284
Total net cash flows from operating activities (1)	**17,142**	**2,818**	**6,011**
CASH FLOWS FROM INVESTING ACTIVITIES	**(8,451)**	**(2,741)**	**(4,191)**
Investment (-)	(10,228)	(5,121)	(4,832)
Group entities, jointly controlled entities and associates	(7,772)	(1,708)	(84)
Tangible assets	(2,322)	(1,214)	(1,488)
Intangible assets	(134)	(253)	(1,375)
Held-to-maturity investments	-	(1,946)	(1,885)
Other financial assets	-	-	-
Other assets	-	-	-
Divestments (+)	1,777	2,380	641
Group entities, jointly controlled entities and associates	238	1,759	11
Tangible assets	1,072	501	509
Intangible assets	146	120	121
Held-to-maturity investments	321	-	-
Other financial assets	-	-	-
Other assets	-	-	-
Total net cash flows investing activities (2)	**(8,451)**	**(2,741)**	**(4,191)**
CASH FLOWS FROM FINANCING ACTIVITIES	**2,607**	**887**	**(556)**
Issuance/ Redemption of capital (+/-)	3,263	2,939	-
Acquisition of own equity instruments (-)	(16,182)	(5,677)	(3,840)
Disposal of own equity instruments (+)	16,041	5,639	3,779
Issuance/Redemption of other equity instruments (+/-)	(33)	(35)	-
Issuance/Redemption of subordinated liabilities(+/-)	1,984	104	1,387
Issuance/Redemption of other long-term liabilities (+/-)	-	-	-
Increase/Decrease in minority interest (+/-)	(108)	(168)	234
Dividends paid (-)	(2,424)	(1,915)	(1,595)
Other items relating to financig activities (+/-)	66	-	(521)
Total net cash flows from financing activities (3)	**2,607**	**887**	**(556)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH OR CASH EQUIVALENTS (4)	**(1,233)**	**(785)**	**930**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)	**10,065**	**179**	**2,194**
Cash or cash equivalents at beginning of year	**12,496**	**12,317**	**10,123**
Cash or cash equivalents at end of year	**22,561**	**12,496**	**12,317**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 62 and Appendices I to V are an integral part of the consolidated cash flow statement for the year ended December 31, 2007.

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

BANCO BILBAO VIZCAYA ARGENTARIA GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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

1.1. INTRODUCTION

Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank" or "BBVA") is a private-law entity governed by the rules and regulations applicable to banks operating in Spain. The Bank leads its business through branches and offices located throughout Spain and abroad.

The bylaws of association and other public information on the Bank can be consulted both at its registered office (Plaza San Nicolás, 4, Bilbao) and on its official website, www.bbva.com.

In addition to the operations carried on directly by it, the Bank is the head of a group of subsidiaries, jointly controlled entities and associates that engage in various business activities and which compose, together with the Bank, the Banco Bilbao Vizcaya Argentaria Group ("the Group" or "BBVA Group"). Therefore, the Bank is obliged to prepare, in addition to its own financial statements the Group's.

As of December 31, 2007 the Group was composed by 362 entities that were fully consolidated, 6 were consolidated by the proportionate method and 68 entities accounted for using the equity method (Notes 3 and 16 and appendix I to III of the present consolidated financial statements).

The Group's consolidated financial statements as of December 31, 2006 were approved by the shareholders at the Bank's Annual General Meeting on March 16, 2007.

The 2007 consolidated financial statements of the Group and the 2007 financial statements of the Bank and of substantially all the Group companies have not yet been approved by their shareholders at the respective Annual General Meetings. However, the Bank's Board of Directors considers that the aforementioned financial statements will be approved without any changes.

1.2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Under Regulation (EC) no 1606/2002 of the European Parliament and of the Council of July 19, 2002, all companies governed by the law of an EU Member State and whose securities are admitted to trading on a regulated market of any Member State must prepare their consolidated financial statements in conformity with the International Financial Reporting Standards previously adopted by the European Union ("EU-IFRSs").

In order to adapt the accounting system of Spanish credit institutions to the new standards, the Bank of Spain issued Circular 4/2004 of December 22, 2004 on Public and Confidential Financial Reporting Rules and Formats.

The BBVA Group's consolidated financial statements for 2007 were prepared by the Bank's directors (at the Board Meeting on February 5, 2008) in accordance with the EU-IFRS required to be applied under the Bank of Spain's Circular 4/2004, and by applying the basis of consolidation, accounting policies and measurement bases described in Note 2, so that they present fairly the Group's equity and financial position in 2007, and the results of its operations, the changes in the consolidated statements of recognised income and expense consolidated cash flows. These consolidated financial statements were prepared on the basis of the accounting records kept by the Bank and by each of the other Group companies and include the adjustments and reclassifications required to unify the accounting policies and measurement bases used by the Group (Note 2.2).

All accounting policies and measurement bases with a significant effect on the consolidated financial statements were applied in their preparation.

Due to the fact that the numerical information contained in the condensed consolidated financial statements is expressed in million of euros, except in certain cases where it is necessary to lower unit,certain captions that do not present any balance in the condensed consolidated statements may present balance in euros. In addition, information regarding period-to-period changes is based on numbers not rounded.

1.3. COMPARATIVE INFORMATION

The information relating to 2006 and 2005 contained in these notes to the consolidated financial statements is presented, solely for comparison purposes, with information relating to 2007.

1.4. RESPONSIBILITY FOR THE INFORMATION AND FOR THE ESTIMATES MADE

The information in these BBVA Group interim consolidated financial statements is the responsibility of the Group's directors. In preparing these consolidated financial statements estimates were occasionally made by the Bank and the consolidated companies in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. These estimates relate mainly to the following:

1. The impairment losses on certain financial assets (Notes 11, 12, 13 and 16).
2. The assumptions used in the actuarial calculation of the post-employment benefit liabilities and commitments (Note 27).
3. The useful life of tangible and intangible assets (Notes 18 and 19).
4. The measurement of goodwill arising on consolidation (Notes 16 and 19).
5. The fair value of certain unlisted assets (Note 11).

Although these estimates were made on the basis of the best information available as of December 31, 2007 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years.

1.5. ENVIRONMENTAL IMPACT

As of December 31, 2007 the Group's consolidated financial statements did not disclose any item that should be included in the environmental information document envisaged in the related Ministry of the Economy Order dated October 8, 2001.

1.6. DETAIL OF AGENTS OF CREDIT INSTITUTIONS

The detail of BBVA agents required pursuant to Article 22 of Royal Decree 1245/1995 of 14 July of the Ministry of Economy and Finance is disclosed in the BBVA financial statements for the year ended December 31, 2007.

1.7. REPORT ON THE ACTIVITY OF THE CUSTOMER CARE DEPARTMENT AND THE CUSTOMER OMBUDSMAN

The report on the activity of the Customer Care Department and the Customer Ombudsman required pursuant to Article 17 of Ministry of Economy and Finance Order ECO/734/2004 of 11 March is included in the management report accompanying these consolidated financial statements.

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

2.1 BASIS OF CONSOLIDATION

The accounting policies and measurement bases used in preparing the Group's consolidated financial statements as of December 31, 2007 may differ from those used by certain Group companies. For this reason, the required adjustments and reclassifications were made on consolidation to unify the policies and bases used and to make them compliant with EU-IFRSs.

The results of subsidiaries acquired during the period are included in the consolidated income statement from the date of acquisition to period-end, similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

a) METHODS OF CONSOLIDATION

FULL CONSOLIDATION METHOD

In the "full consolidation method", the assets and liabilities of the Group entities are, after prior reconciliation, included line by line in the consolidated balance sheet and, subsequently, intragroup debit and credit balances are eliminated.

The income and expenses in the income statement of the Group entities are included in the consolidated income statement. Previously, the income and expenses relating to intragroup transactions and the gain or loss generated by such transactions have been eliminated.

PROPORTIONATE CONSOLIDATION METHOD

Under the proportionate consolidation method, the aggregation of balances and subsequent eliminations are only made in proportion to the Group's ownership interest in the capital of these entities.

The assets and liabilities assigned by the Group to jointly controlled operations and the Group's share of the jointly controlled assets are recognized in the consolidated balance sheet classified according to their specific nature. Similarly, the Group's share of the income and expenses of joint ventures is recognized in the consolidated income statement on the basis of their nature.

EQUITY METHOD

Under the equity method, the interest ownerships are recorded at the date of acquisition value and then by the fraction of its equity representing the Group's holding, once considered the dividends earned and other eliminations.

b) CONSOLIDABLE ENTITIES

SUBSIDIARIES

"Subsidiaries" are defined as entities over which the Group has the capacity to exercise control.

Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the parent owns half or less of the voting power of an entity when there is:

a) power over more than half of the voting rights by virtue of an agreement with other investors;

b) power to govern the financial and operating policies of the entity under a statute or an agreement;

c) 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; or

d) 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

The financial statements of the subsidiaries are fully consolidated with those of the Bank.

The share of minority shareholders of the subsidiaries in the Group's net consolidated equity is presented under the heading "Minority Interests" in the consolidated balance sheet and their share in the profit or loss for the year is presented under the heading "Income Attributed to Minority Interests" in the consolidated income statement (Note 28).

Note 3 contains information on the most significant investments and divestments in subsidiaries that took place as of December 31, 2007.

Appendix I includes the most significant information on these companies.

JOINTLY CONTROLLED ENTITIES

A "Jointly controlled entity" is defined as an entity that, although not been subsidiary, is controlled jointly by two or more unrelated entities ("ventures") that, following the definition of "joint ventures", are bound by a contractual agreement to take on an economic activity by sharing the strategic management tasks (both financial and operational) of the "jointly controlled entity" in order to benefit from its operations. All the strategic financial and operating decisions require the unanimous consent of the ventures.

EU-IFRSs envisage two methods for the recognition of jointly controlled entities: the equity method and the proportionate consolidation method.

The Group opted to value its ownership interests in certain jointly controlled entities using the equity method (see Note 16.2) since it considered that this better reflected the financial situation of these holdings. Appendix III includes the most significant information on these companies.

Appendix II includes a breakdown of jointly controlled entities consolidated in the Group by the proportionate consolidation method and the most significant information on these companies.

ASSOCIATES

"Associates" are defined as entities over which the Group is in a position to exercise significant influence, but not control. Significant influence is presumed to exist when the Group owns directly or indirectly 20% or more of the voting power of the investee.

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

Investments in associates are accounted for using the equity method. Appendix III includes the most significant information on these companies.

2.2. ACCOUNTING POLICIES AND MEASUREMENT BASES APPLIED

The accounting policies and measurement bases used in preparing these consolidated financial statements were as follows:

2.2.1. MEASUREMENT BASES

The criteria for the valuation of assets and liabilities in the accompanying consolidated balance sheets were as follows:

- FAIR VALUE

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

If there is no market price for a given asset or liability, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, by using mathematical measurement models sufficiently tried and trusted by the international financial community. Such estimates would 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 to the measurement models developed and the possible inaccuracies of the assumptions required by these models may signify that the fair value of an asset or liability that is estimated does not coincide exactly with the price for which the asset or liability could be exchanged or settled on the date of its measurement.

- AMORTIZED COST

Amortized cost is understood to be the acquisition cost of a financial asset or liability minus principal repayments, plus or minus the systematic amortization (as reflected in the income statements) of any difference between the initial cost and the maturity amount.

In the case of financial assets, amortized cost also includes any value adjustments for impairment.

In the case of financial instruments, the systematic amortization reflected in the income statement is recognized by the effective interest rate method. The effective interest rate is the discount rate that exactly equates the carrying amount of a financial instrument to all its estimated cash flows of all kinds during its residual life. For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established on the acquisition date plus, where applicable, the fees and commissions which, because of their nature, can be equated with a rate of interest. In the case of floating rate financial instruments, the effective interest rate coincides with the rate of return prevailing in all connections until the date on which the reference interest rate is to be revised for the first time.

- ACQUISITION COST ADJUSTED

Acquisition cost adjusted means the transaction cost for the acquisition of assets adjusted, where appropriate, by any related impairment loss.

2.2.2. FINANCIAL INSTRUMENTS

a) Classification

Financial instruments are classified in the accompanying consolidated financial statements in the following categories:

- Financial assets/liabilities held for trading: These headings in the accompanying consolidated balance sheets include the financial assets and liabilities acquired with the intention of generating a profit from short-term fluctuations in their prices or from differences between their purchase and sale prices.

These headings also include financial derivatives not considered to qualify for hedge accounting and, in the case of financial liabilities held for trading, the financial liabilities arising from the outright sale of financial assets purchased under reverse repurchase agreements or borrowed ("short positions").

- Other financial assets and financial liabilities at fair value through profit or loss: These headings in the accompanying consolidated balance sheets include, among others, those are not held for trading but are:

- Assets and liabilities which have the nature of hybrid financial assets and liabilities and contain an embedded derivative whose fair value cannot reliably be determined.
- Financial assets that are managed jointly with "liabilities under insurance contracts" measured at fair value, with financial derivatives whose purpose and effect is to significantly reduce exposure to changes in fair value, or with financial liabilities and derivatives whose purpose is to significantly reduce overall interest rate risk exposure.

These headings include both the investment and customer deposits through life insurance policies in which the policyholder assumes the investment risk (named “Unit-links”).

- Available-for-sale financial assets: these include debt securities not classified as “held-to-maturity investments” or as “financial assets at fair value through profit or loss”, and equity instruments issued by entities other than subsidiaries, associates and those jointly controlled, provided that such instruments have not been classified as “held for trading” or as “other financial assets at fair value through profit or loss”.

- Loans and receivables: this heading relates to the financing granted to third parties, classified on the basis of the nature thereof, irrespective of the nature of the borrower and the form of financing granted, and includes finance leases in which consolidated companies act as lessors.

The consolidated companies generally intend to hold the loans and credits granted by them until their final maturity; therefore, they are presented in the consolidated balance sheet at their amortized cost (which includes any corrections required to reflect the estimated losses on their recovery).

- Held-to-maturity investments: this heading includes debt securities for which the Group, from inception and at any subsequent date, has the intention to hold until final maturity, since it has the financial capacity to do so.

- Financial liabilities at fair value through equity: These include all financial liabilities associated with available-for-sale financial assets arising as a result of a transfer of financial assets in which the Group retains the control and are valued at fair value through equity.

- Financial liabilities at amortized cost: this heading includes, irrespective of their instrumentation and maturity, the financial liabilities not included in any other heading in the consolidated balance sheet which relate to the typical deposit-taking activities carried on by financial institutions.

- Hedging derivatives: this heading includes financial derivatives designated as hedging items. The hedge accounting can be of three types:

- Fair value hedge: This type of hedging relationships hedge changes in the value of assets and liabilities due to fluctuations in the interest rate and/or exchange rate to which the position or balance to be covered.
- Cash flow hedge: In a cash flow hedge is hedged the changes in the estimated cash flows arising from financial assets and liabilities and highly probable transactions which an entity plans to carry out.
- Net investment in a foreign operation hedge: hedges changes in exchange rates for foreign investments made in foreign currency.

b) Measurement of financial instruments and recognition of changes arising from the measurement

All financial instruments are initially recognized at fair value which, in the absence of evidence to the contrary, shall be the transaction price. These instruments will subsequently be measured on the basis of their classification. The recognition of changes arising subsequent to the initial recognition is described below:

The change produced during the year arising from the accrual of interests and similar items are recorded under the headings “Interest and Similar Income” or “Interest Expense and Similar Charges”, as appropriate, in the consolidated income statement of this period. The dividend accrued in the period are recorded under the heading “Income from equity instruments” in the consolidated income statement.

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

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

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

Changes arising from the valuation to fair value (gains or losses) are recognized under the heading “Gains or losses on financial assets and liabilities (net)” in the accompanying consolidated income statements. On the other hand, Valuation adjustments by changes in foreign exchange rates are recognized under the heading “Exchange Differences (net)” in the consolidated income statements.

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

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

Financial derivatives that have as their underlying equity instruments, whose fair value cannot be determined in a sufficiently objective manner and are settled by delivery of those instruments, are measured at cost.

- "Available-for-Sale Financial Assets" and "Financial liabilities at fair value through equity"

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

Changes arising from the valuation to fair value (gains or losses) are recognized temporarily, net amount, under the heading "Valuation Adjustments - Available-for-Sale Financial Assets" or "Valuation Adjustments – Financial liabilities at fair value through equity" in the accompanying consolidated balance sheets.

Valuation adjustments arising from "Available-for-Sale Financial Assets – Other equity instruments" by changes in foreign exchange rates are recognized temporarily under the heading "Valuation Adjustments - Exchange Differences" in the consolidated balance statements. Valuation adjustments arising from "Available-for-Sale Financial Assets – Debt securities" by changes in foreign exchange rates are recognized under the heading "Exchange Differences" in the consolidated income statements.

The amounts recognized in the headings "Valuation Adjustments - Available-for-Sale Financial Assets", "Valuation Adjustments – Financial liabilities at fair value through equity" and "Valuation Adjustments - Exchange Differences" remain in the Group's consolidated equity until the asset is derecognized from the consolidated balance sheet, at which time those amounts are recognized under the headings "Gains or losses on financial assets and liabilities" or "Exchange Differences" in the consolidated income statement (See Note 7.2).

On the other hand, the impairment losses (net) in the available-for-sale financial assets during the period are recognized under the heading "Impairment losses (net) – Available-for-sale financial assets" in the consolidated income statements.

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

Assets and liabilities recognized in these headings in the accompanying consolidated balance sheets are measured at "amortized cost" using the "effective interest rate" method.

Impairment losses (net) arising in the period are recognized under the heading "Impairment losses (net) – Loans and receivables" or "Impairment losses (net) – Held-to-maturity investments" in the consolidated income statements.

-"Hedging derivatives"

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

Changes produced subsequent to the designation in the valuation of financial instruments designated as hedged items as well as financial instruments designated as hedging items (see Note 2.2.2) are recognized based on the following criteria:

- In the fair value hedges, the changes in the fair value of the derivative and the hedged item attributable to the hedged risk are recognized in the heading "Gains or losses on financial assets and liabilities (Net)" in the consolidated income statement.

- In the cash flow hedges and net investments in a foreign operation hedges, the differences produced in the effective portions of hedging items are recognized temporarily under the heading "Valuation adjustments – Cash flow hedges" and "Valuation adjustments – Hedges of net investments in foreign operations" respectively. These valuation changes are recognized in the heading "Gains or losses on financial assets and liabilities (Net)" in the consolidated income statement in the same period or periods during which the hedged instrument affects profit or loss, when forecast transaction occurs or at the maturity date of the item hedged.

  Differences in valuation of the hedging item for ineffective portions of cash flow hedges and net investments in a foreign operation hedges are recognized directly in the heading "Gains or losses on financial assets and liabilities (Net)" in the consolidated income statement.

Other financial instruments

In relation to the aforementioned general criteria, we must highlight the following exceptions:

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

Valuation adjustments arising on non-current assets held for sale and the liabilities associated with them are recognized with a balancing entry under the heading "Valuation Adjustments - Non-Current Assets Held for Sale" of the consolidated balance sheet.

c) Impairment financial assets

Definition

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

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

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to the consolidated income statement for the year in which the impairment becomes known, and the recoveries of previously recognized impairment losses are recognized in the consolidated income statement for the year in which the impairment is reversed or reduced, with the exception that any recovery of previously recognized impairment losses for an investment in an equity instrument classified as available for sale which are not recognized through consolidated profit or loss but recognized under the heading "Valuation Adjustments – Available for sale Financial Assets" in the consolidated balance sheet.

Balances are considered to be impaired, and accrual of the interest thereon is suspended, when there are reasonable doubts that the balances will be recovered in full and/or the related interest will be collected for the amounts and on the dates initially agreed upon, taking into account the guarantees received by the consolidated entities to assure (in part or in full) the performance of transactions. Amounts collected in relation to impaired loans and receivables are used to recognize the related accrued interest and any excess amount is used to reduce the principal not yet paid.

When the recovery of any recognized amount is considered to be remote, this amount is removed from the consolidated balance sheet, without prejudice to any actions taken by the consolidated entities in order to collect the amount until their rights extinguish in full through expiry, forgiveness or for other reasons.

Calculation of impairment financial assets

The impairment on financial assets is determined by type of instrument and the category where is recognized, as follows:

Impairment of debt instruments carried at amortized cost:

Impairment losses determined individually

The quantification of impairment losses of the assets classified as impaired is done on an individual basis in which customers in the amount of their operations is equal to or exceeds €1 million.

The amount of the impairment losses incurred on these instruments relates to the positive difference between their respective carrying amounts and the present values of their expected future cash flows.

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

- All the amounts that are expected to be obtained over the residual life of the instrument; including, where appropriate, those which may result from the guarantees provided for the instrument (after deducting the costs required for foreclosure and subsequent sale).
- The various types of risk to which each instrument is subject.
- The circumstances in which collections will foreseeable be made.

These cash flows are discounted using the original effective interest rate. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective rate determined under the contract.

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

Impairment losses determined collectively

The quantification of impairment losses is determined on a collective basis in the following two cases:

Assets classified as impaired of customers in which the amount of their operations is less than €1 million.

Asset portfolio not impaired but which presents an inherent loss.

To estimate the collective loss of credit risk corresponding to operations with resident in Spain (approximately 66% on Loans and receivables of the Group as of December 31, 2007), the BBVA Group uses the parameters set by Annex IX of the Circular 4/2004 from Bank of Spain on the base of its experience and the Spanish banking sector information in the quantification of impairment losses and provisions for insolvencies for credit risk. These parameters will be used as far as the Bank of Spain validates internal models based on historical experience of the Group.

To estimate the collective loss of credit risk corresponding to operations with nonresident in Spain registered in foreign subsidiaries, are applied methods and similar criteria, taking like reference the Bank of Spain parameters but adapting the default's calendars to the particular circumstances of the country. However, in Mexico for consumer loans, credit cards and mortgages portfolios, as well as for credit investment maintained by the Group in the United States are using internal models for calculating the impairment losses based on historical experience of the Group (approximately 16% of the Loans and Receivables of the Group as of December 31, 2007).

Calculation in Spain

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

1. Specific allowance or provision for insolvency risk of the portfolio doubtful

The debt instruments, whoever the obligor and whatever the guarantee or collateral, that have past-due amounts with more than three months, shall be analyzed individually, taking into account the age of the past-due amounts, the guarantees or collateral provided and the economic situation of the customer and the guarantors.

In the case of unsecured transactions and taking into account the age of the past-due amounts, the allowance percentages are as follow:

Age of the past-due amount	Allowance percentage
Up to 6 months	between 4.5% and 5.3%
Over 6 months and up to 12 months	between 27.4% and 27.8%
Over 12 months and up to 18 months	between 60.5% and 65.1%
Over 18 months and up to 24 months	between 93.3% and 95.8%
Over 24 months	100%

In the case of transactions secured by completed houses when the total exposure is equal or exceeds 80% of the value of the guarantee or collateral and taking into account the age of the past-due amounts, the allowance percentages are as follow:

Age of the past-due amount	Allowance percentage
Less than 3 years	2%
Over 3 years and up to 4 years	25%
Over 4 years and up to 5 years	50%
Over 5 years and up to 6 years	75%
Over 6 years	100%

In the rest of transactions secured by real property taking into account the age of the past-due amounts, the allowance percentages are as follow:

Age of the past-due amount	Allowance percentage
Up to 6 months	between 3.8% and 4.5%
Over 6 months and up to 12 months	between 23.3% and 23.6%
Over 12 months and up to 18 months	between 47.2% and 55.3%
Over 18 months and up to 24 months	between 79.3% and 81.4%
Over 24 months	100%

Debt instruments classified as doubtful for reasons other than customer arrears shall be analyzed individually.

2. General allowance or provision of the portfolio into force

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

The allowance percentages of hedge are as follows:

Negligible risk: 0%
Low risk: 0.20% - 0.75%
Medium-low risk: 0.50% - 1.88%
Medium risk: 0.59% - 2.25%
Medium-high risk: 0.66% - 2.50%
High risk: 0.83% - 3.13%

3. Country Risk Allowance or Provision

Country risk is understood as the risk associated with customers resident in a specific country due to circumstances other than normal commercial risk. Country risk comprises sovereign risk, transfer risk and other risks arising from international financial activity.

On the basis of the economic performance, political situation, regulatory and institutional framework, and payment capacity and record, the Group classifies the transactions in different groups, assigning to each group the provisions for insolvencies percentages, which are derived from those analyses.

However, due to the dimension Group, and to risk-country management, the provision levels are not significant in relation to the balance of the provisions by constituted insolvencies (As of December 31, 2007, this provision represents a 1.75% in the provision for insolvencies of the Group).

Impairment of other debt instruments

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

When there is objective evidence that the negative differences arising on measurement of these assets are due to impairment, they are no longer considered as "Valuation Adjustments - Available-for-Sale Financial Assets" and are recognized in the consolidated income statement. If all or part of the impairment losses are subsequently recovered, the amount is recognized in the consolidated income statement for the year in which the recovery occurred.

Similarly, in the case of debt instruments classified as "non-current assets held for sale", losses previously recorded in equity are considered to be realised – and are recognized in the consolidated income statement – on the date the instruments are so classified.

Impairment of equity instruments

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

e) ***Equity instruments measured at fair value:*** The criteria for quantifying and recognising impairment losses on equity instruments are similar to those for other debt instruments, with the exception that any recovery of previously recognized impairment losses for an investment in an equity instrument classified as available for sale which are not recognized through profit or loss but recognized under the heading "Valuation Adjustments – Available for sale Financial Assets" in the consolidated balance sheet.

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

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

2.2.3. RECOGNITION OF INCOME AND EXPENSES

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

Interest income and expenses and similar items:

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

However, when a debt instrument is deemed to be impaired individually or is included in the category of instruments that are impaired because of amounts more than three months past-due, the recognition of accrued interest in the consolidated income statement is interrupted. This interest is recognized for accounting purposes when 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 their nature. The most significant income and expense items in this connection are:

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

Non-financial income and expenses:

These are recorded for accounting purposes on an accrual basis.

Deferred collections and payments:

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

2.2.4. POST-EMPLOYMENT BENEFITS AND OTHER LONG TERMCOMMITMENTS TO EMPLOYEES

Following is a description of the most significant accounting criteria relating to the commitments to employees, related to post-employment benefits and other long term commitments, of certain Group companies in Spain and abroad (Note 27).

Commitments valuation: assumptions and gains/losses recognition

The present values of the commitments are quantified on a case-by-case basis. The valuation method used for current employees is the projected unit credit method, which views each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.

In adopting the actuarial assumptions, it is taken into account that:

- They are unbiased, in that they are neither imprudent nor excessively conservative.
- They are mutually compatible, reflecting the economic relationships between factors such as inflation, rates of salary increase, discount rates and expected return of assets. The expected return of plan assets in the post-employment benefits is estimated taking into account the market expectations and the distribution of such assets in the different portfolios.
- The future levels of salaries and benefits are based on market expectations at the balance sheet date for the period over which the obligations are to be settled.
- The discount rate used is determined by reference to market yields at the balance sheet date on high quality corporate bonds.

Actuarial gains or losses arising from differences between the actuarial assumptions and what had actually occurred, were recognized in the consolidated income statements. The Group did not use the “corridor approach”.

Post-employment benefits

- Pensions

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

<u>Defined contribution commitments</u>: the amounts of these commitments are determined, on a case-by-case basis, as a percentage of certain remuneration items and/or as a pre-established annual amount. The current contributions made by the Group’s companies for defined contribution retirement commitments, which are recognized with a charge to the heading “Personnel Expenses – Contributions to external pension funds” in the accompanying consolidated income statements (Notes 27 and 51).

<u>Defined benefit commitments</u>: Certain Group’s companies have defined benefit commitments for permanent disability and death of current employees and early retirees; for death of certain retired employees; and defined-benefit retirement commitments applicable only to certain groups of serving employees (unvested benefits), or early retired employees (vested benefits) and of retired employees (ongoing benefits). Defined benefit commitments are funded by insurance contracts and internal Group provisions.

The amounts recognized in the heading “Provisions - Funds for Pensions and Similar Obligations” (Note 26) are the differences between the present values of the vested obligations for defined obligation retirement commitments at balance sheet date, adjusted by actuarial gains/losses, the prior service cost and the fair value of plan assets, if it the case, which are to be used directly to settle employee benefit obligations.

The provisions for defined obligation retirement commitments were charged to the heading “Provisions expense (net)” in the accompanying consolidated income statements (Note 51).

The current contributions made by the Group’s companies for defined obligation retirement commitments covering current employees are charged to the heading “Personnel Expenses – Transfers to internal pension provisions” in the accompanying consolidated income statements.

- Early retirements

In 2007, the Group offered certain employees in Spain the possibility of taking early retirement before the age stipulated in the collective labor agreement in force. The corresponding provisions by the Group were recognized with a charge to the heading “Provision Expense (Net) - Transfers to Funds for Pensions and Similar Obligations—Early Retirements” in the accompanying consolidated income statements (Note 27). The present values are quantified on a case-by-case basis and they are recognized in the heading “Provisions - Funds for Pensions and Similar Obligations” in the accompanying consolidated balance sheets (Note 27).

The commitments to early retirees include the compensation and indemnities and contributions to external pension funds payable during the year of early retirement. The commitments relating to this group of employees after they have reached the age of effective retirement are included in the employee welfare system.

- Post-employment welfare benefits

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

The present values of the vested obligations for post-employment welfare benefits are quantified on a case-by-case basis. They are recognized in the heading “Provisions - Funds for Pensions and Similar Obligations” in the accompanying consolidated balance sheets (Note 26) and they are charged to the heading “Personnel expenses – Other personnel expenses” in the accompanying income statements (Note 51).

Other long term commitments to employees

Certain Group companies are obliged to deliver partially or fully subsidised goods and services. The most significant employee welfare benefits granted, in terms of the type of compensation and the event giving rise to the commitment are: loans to employees, life insurance, study aid and long-service bonuses.

The present values of the vested obligations for commitments with personnel are quantified on a case-by-case basis. They are recognized in the heading “Provisions - Funds for Pensions and Similar Obligations” in the accompanying consolidated balance sheets (see Note 26).

The post-employment welfare benefits delivered by the Spanish companies to active employees are recognized in the heading “Personnel expenses – Other personnel expenses” in the accompanying income statements (see Note 51).

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

2.2.5. FOREIGN CURRENCY TRANSACTIONS AND EXCHANGE DIFFERENCES

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

- Assets and liabilities: at the average spot exchange rates as of December 31, 2007, 2006 and 2005.
- Income and expenses and cash flows: at the average exchange rates as of December 31, 2007, 2006 and 2005.
- Equity items: at the historical exchange rates.

The exchange differences arising on the translation of foreign currency balances to the functional currency of the consolidated entities and their branches are generally recorded in the consolidated income statement. Exceptionally, the exchange differences arising on non-monetary items whose fair value is adjusted with a balancing item in equity are recorded under the heading “Valuation Adjustments - Exchange Differences” of the consolidated balance sheet.

The exchange differences arising on the translation to euros of balances in the functional currencies of the consolidated entities whose functional currency is not the euro are recorded under the heading “Valuation

Adjustments - Exchange Differences” in the consolidated balance sheet until the item to which they relate is derecognized, at which time they are recorded in the income statement.

The breakdown of the balances in foreign currency of the consolidated balance sheet as of December 31, 2007, 2006 and 2005, based on the nature of the related items, was as follows:

	Millions of euros		
	2007	**2006**	**2005**
Assets -	**168,983**	**126,190**	**117,409**
Cash and balances with Central Banks	10,097	8,858	9,091
Financial held for trading	28,561	22,398	17,137
Available-for-sale financial assets	21,159	14,801	15,477
Loans and receivables	102,987	71,728	66,632
Investments	523	66	63
Tangible assets	2,026	1,661	1,681
Other	3,630	6,678	7,328
Liabilities-	**189,683**	**135,829**	**127,769**
Financial held for trading	1,893	1,879	1,571
Financial liabilities at amortised cost	181,611	128,154	118,666
Other	6,179	5,796	7,532

The breakdown in foreign currencies of the balances in the most significant foreign currency of the consolidated balance sheet as of December 31, 2007, was as follows:

	Millions of euros			
	USD	**Mexican Pesos**	**Other foreign**	**TOTAL**
Assets -	**73,296**	**58,449**	**37,238**	**168,983**
Cash and balances with Central Banks	1,785	5,459	2,853	10,097
Financial held for trading	5,963	20,203	2,395	28,561
Available-for-sale financial assets	10,477	5,227	5,455	21,159
Loans and receivables	52,311	26,436	24,240	102,987
Investments	5	72	446	523
Tangible assets	737	823	466	2,026
Other	2,018	229	1,383	3,630
Liabilities-	**95,939**	**53,021**	**40,723**	**189,683**
Financial held for trading	1,441	18	434	1,893
Financial liabilities at amortised cost	93,835	49,647	38,129	181,611
Other	663	3,356	2,160	6,179

In 2006 the balances held in foreign currency, approximately 64% of assets and 64% of liabilities were related to transactions in pesos and US dollars.

2.2.6. ENTITIES AND BRANCHES LOCATED IN COUNTRIES WITH HYPERINFLATIONARY ECONOMIES

None of the functional currencies of the consolidated subsidiaries and associates and their branches located abroad relate to hyperinflationary economies as defined by EU-IFRSs. Accordingly, as of December 31, 2007, 2006 and 2005 it was not necessary to adjust the financial statements of any of the consolidated subsidiaries or associates to correct for the effect of inflation.

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

The heading “Non-current Assets Held for Sale” in the accompanying consolidated balance sheets reflects the carrying amount of the assets – composing a “disposal group” or forming part of a business unit that the Group intends to sell (“discontinued operations”) – which will very probably be sold in their current condition within one year from the date on which are classified as such. Therefore, the carrying amount of these assets – which can be financial or non-financial – will foreseeably be recovered through the price obtained on their sale.

Specifically, the assets received by the consolidated entities from their debtors in full or part settlement of the debtors’ payment obligations (foreclosed assets) are treated as non-current assets held for sale, unless the consolidated entities have decided to make continuing use of these assets.

Symmetrically, the heading “Liabilities Associated with Non-current Assets Held for Sale” in the accompanying consolidated balance sheets reflects the balances payable arising on disposal groups and discontinued operations.

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

This heading shows the carrying amount of the sales of assets and income from the services provided by the consolidated Group companies that are not financial institutions. In the case of the Group, these companies are mainly real estate and services companies.

2.2.9. INSURANCE AND REINSURANCE CONTRACTS

In accordance with standard accounting practice in the insurance industry, the consolidated insurance entities credit to the income statement the amounts of the premiums written and charge to income the cost of the claims incurred on final settlement thereof. Insurance entities are therefore required to accrue at period-end the unearned revenues credited to their income statements and the accrued costs not charged to income.

The most significant accruals recorded by the consolidated entities in relation to direct insurance contracts arranged by them relate to the following (Note 25):

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

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

Reinsurance assets and Liabilities under insurance contracts -

The heading “Reinsurance Assets” in the accompanying consolidated balance sheets includes the amounts that the consolidated entities are entitled to receive under the reinsurance contracts entered into by them with third parties and, more specifically, the share of the reinsurer in the technical provisions recorded by the consolidated insurance entities (Note 17).

The heading “Liabilities under Insurance Contracts” in the accompanying consolidated balance sheets includes 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 (Note 25).

The income or loss reported by the Group’s insurance companies on their insurance activities is recorded under the heading “Insurance Activity Income” in the consolidated income statement (Note 47).

2.2.10. TANGIBLE ASSETS

Non-Current tangible assets for own use:

The heading Non-Current Tangible Assets for own use relates to the tangible assets intended to be held for continuing use and the tangible assets acquired under finance leases. It also includes tangible assets received by the consolidated entities in full or part settlement of financial assets representing receivables from third parties, tangible assets acquired under finance leases and those assets expected to be held for continuing use. Non-Current tangible assets for own use are presented at acquisition cost less any accumulated depreciation and, where appropriate, any estimated impairment losses (net carrying amount higher than fair value).

For this purpose, the acquisition cost of foreclosed assets held for continued use is equal to the carrying amount of the financial assets delivered in exchange for their foreclosure.

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 has an indefinite life and, therefore, is not depreciated.

The period tangible asset depreciation charge is recognized with a balancing entry in the consolidated income statement and is 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):

	Annual Percentage
Buildings for own use	1.33% a 4%
Furniture	8% to 10%
Fixtures	6% to 12%
Office supplies and computerisation	8% to 25%

At each accounting close, the consolidated entities analyse whether there is any internal or external indication that the net carrying amounts of their tangible assets exceed the related recoverable amounts. If there is such an indication, the carrying amount of the asset in question is reduced to its recoverable amount and the future depreciation charges are adjusted in proportion to the asset's new remaining useful life and / or to its revised carrying amount.

Similarly, if there is any indication that the value of a tangible asset has been recovered, the consolidated entities recognize the reversal of the impairment loss recorded in previous periods and, consequently, adjust the future depreciation charges. In no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have if no impairment losses had been recognized in prior periods.

Upkeep and maintenance expenses relating to tangible assets held for continued use are charged to the income statement for the period in which they are incurred.

Investment property and other assets leased out under an operating lease:

The heading "Tangible assets - Investment Property" in the consolidated balance sheet reflects the net values of the land, buildings and other structures held either to earn rentals or for capital appreciation at disposal date.

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

2.2.11. BUSINESS COMBINATIONS

A business combination is the bringing together of two or more separate entities or businesses into one single entity or group of entities. As a result of a business combination, which is accounted for using the purchase method, the Group obtains control over one or several entities.

The purchase method accounts for business combinations from the perspective of the acquirer. The acquirer must recognize the assets acquired and the liabilities and contingent liabilities assumed, including those not previously recognized by the acquired entity. This method measures the cost of the business combination and the assignation of it, at the date of acquisition, to the identifiable assets, liabilities and contingent liabilities measured at fair value.

In addition, any purchases of minority interests after the date on which the Group obtains control of the acquired are recorded as equity transactions, i.e. the difference between the price paid and the carrying amount of the percentage of minority interests acquired is charged directly to equity.

2.2.12 INTANGIBLE ASSETS

Goodwill

The positive differences between the cost of business combinations and the amount corresponding to the acquired percentage of the net fair value of the assets, liabilities and contingent liabilities of the acquired entity are recorded as goodwill on the asset side of the consolidated balance sheet. Goodwill represents the future economic benefits from assets that cannot be individually identified and separately recognized. Goodwill is not amortized and is subject periodically to an impairment analysis. Any impaired goodwill is written off.

Goodwill is allocated to one or more cash-generating units expected to benefit from the synergies arising from business combinations. The cash-generating units represent the Group's smallest identifiable business and/or geographical segments as managed internally by its directors within the Group.

The cash-generating units to which goodwill has been allocated are tested for impairment based on the carrying amount of the unit including the allocated goodwill. Such testing is performed annually and is an indication of impairment.

For the purpose of determining the impairment of a cash-generating unit to which a part of goodwill has been allocated, the carrying amount of that unit, adjusted by the theoretical amount of the goodwill attributable to the minority interest, shall be compared with its recoverable amount. The resulting loss shall be apportioned by reducing, firstly, the carrying amount of the goodwill allocated to that unit and, secondly, if there are still impairment losses remaining to be recognized, the carrying amount of the rest of the assets. This shall be done by allocating the remaining loss in proportion to the carrying amount of each of the assets in the unit. It will be taken into account that no impairment of goodwill attributable to the minority interest may be recognized. In any case, impairment losses on goodwill can never be reversed.

Other intangible assets

These assets can have an "indefinite useful life" – when, 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 – or a "finite useful life", in all other cases.

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

Intangible assets with finite useful life are amortized over those useful lives using methods similar to those used to depreciate tangible assets.

In both cases the consolidated entities recognize any impairment loss on the carrying amount of these assets with charge to the heading "Impairment Losses (Net) - Other Intangible Assets" in the consolidated income statement. The criteria used to recognize the impairment losses on these assets and, where applicable, the recovery of impairment losses recognized in prior periods are similar to those used for tangible assets.

2.2.13. INVENTORIES

Inventories are assets, other than financial instruments, that are held for sale in the ordinary course of business, that are in the process of production, construction or development for such sale, or that are to be consumed in the production process or in the rendering of services. The balance of the heading "Other Assets – Inventories" in the accompanying consolidated balance sheet included the land and other property held for sale in the property development business by the Group's real state companies (Note 21).

Inventories are measured at the lower of cost and net realisable value, which is the estimated selling price of inventories in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write-down of inventories, such as that reflecting damage, obsolescence, and reduction of the sale price, to net realisable value and any other losses is recognized as an expense in the period in which the write-down or loss occurs. Subsequent reversal of any write-down is recognized in the consolidated income statement for the period in which it occurs.

When inventories are sold, the carrying amount of those inventories is derecognised and recorded as an expense in the period in which the related revenue is recognized. The expense is included under the heading "Cost of Sales" in the accompanying consolidated income statement (Note 49) when it corresponds to activities relating to the provision of non-financial services, or under the heading "Other Operating Expenses" in other cases (Note 50).

2.2.14. TAX ASSETS AND LIABILITIES

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

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

Deferred tax assets and liabilities include temporary differences, measured at the amount expected to be payable or recoverable on future fiscal years for the differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carry forwards. These amounts are measured applying to each temporary difference the tax rates that are expected to apply in the period when the asset is realised or the liability settled (Note 35).

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.

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

2.2.15. FINANCIAL GUARANTEES

“Financial guarantees” are defined as contracts whereby the Group undertakes to make specific payments for a third party if the latter does not do so, irrespective of the various legal forms they may have.

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. 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 2.2.2).

The provisions made for these transactions are recognized under “Provisions - Provisions for Contingent Liabilities and Commitments” on the liability side in the accompanying consolidated balance sheet (Note 26). These provisions are recognized and reversed with a charge or credit, respectively, to “Provisions (Net)” in the consolidated income statement.

2.2.16. LEASES

Leases are classified as finance from the start of the transaction leases when they transfer substantially 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 recorded as financing provided to third parties and, therefore, are included under the heading “Loans and Receivables” in the accompanying consolidated balance sheets.

Assets provided under operating leases to other Group entities are treated in the consolidated financial statements as assets held for continued use and in the individual financial statements of the owner as other assets leased out under an operating lease or as investment property.

2.2.17. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are existing obligations arising from legal or contractual requirements, valid expectations created by Group companies in third parties regarding the assumption of certain types of responsibilities, or virtual certainty as to the future course of regulation in particular respects, especially proposed new legislation that the Group cannot avoid.

Provisions are recognized in the balance sheet when each and every one of the following requirements is met: the Group has an existing obligation resulting from a past event and, at the balance sheet date, it is more likely than not that the obligation will have to be settled; it is probable that to settle the obligation the entity will have to give up resources embodying economic benefits; and a reliable estimate can be made of the amount of the obligation.

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

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 balance sheet or in the income statement; however, they are disclosed in the notes to financial statements, provided that it is probable that these assets will give rise to an increase in resources embodying economic benefits.

2.2.18. TRANSFERS OF FINANCIAL ASSETS AND DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are transferred to third parties. If substantially all the risks and rewards are transferred to third parties, the transferred financial asset is derecognised and, at the same time, any right or obligation retained or created as a result of the transfer is recognized.

If substantially all the risks and rewards associated with the transferred financial asset are retained, the transferred financial asset is not derecognised and continues to be measured using the same criteria as those used before to the transfer.

Financial assets are only derecognised when the cash flows they generate have extinguished or when substantially all the risks and rewards incidental to them have been transferred. Similarly, financial liabilities are only derecognised when the obligations they generate have extinguished or when they are acquired (with the intention either settle them or re-sell them).

2.2.19. OWN EQUITY INSTRUMENTS

The balance of the heading "Stockholders' Equity - Treasury Shares" in the accompanying consolidated balance sheets relates mainly to Bank shares held by certain consolidated companies as of December 31, 2007, 2006 and 2005. These shares are carried at acquisition cost, and the gains or losses arising on their disposal are credited or debited, as appropriate, to the heading "Stockholders' Equity-Reserves" in the accompanying consolidated balance sheets (Note 33).

2.2.20. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

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

Market conditions shall be taken into account when estimating the fair value of the equity instruments granted, thus, their evolution will not be reflected on the profit and loss account. Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognized for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. As a consequence the effect of vesting conditions other than market conditions, will be recognized on the profit and loss account with the corresponding increase in equity.

2.2.21. TERMINATION BENEFITS

Termination benefits must be recognized when the company is committed to severing its contractual relationship with its employees and, to this end, has a formal detailed redundancy plan. There were no redundancy plans in the Group entities, so it is not necessary to recognize a provision for this issue.

2.2.22. CONSOLIDATED CASH FLOW STATEMENTS

For the preparation of the consolidated cash flow statement has been used the indirect method. This method starts from the entity's consolidated profit or loss 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 investing or financing cash flows.

For the development of cash flow statement is taken into consideration the following concepts:

a) Cash flows: Inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments subject to a low risk of changes in value, such as balances with central banks, short-term Treasury bills and notes, and demand balances with other credit institutions.

b) Operating activities: The typical activities of credit institutions and other activities that cannot be classified as investing or financing activities.

c) Investing activities: The acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents.

d) Financing activities: Activities that result in changes in the size and composition of equity and of liabilities that do not form part of operating activities

2.3 IFRS RECENT PRONOUNCEMENTS

a) Standards and Interpretations effective in the present period

In the current fiscal year, the Group has adopted the IFRS 7 "Financial Instruments: Disclosures" which is effective for annual periods beginning on or after 1 January 2007, as well as the changes made to IAS 1 "Presentation of Financial Statements" in connection with the capital disclosures.

As a result of the adoption of IFRS 7 and the amendments to IAS 1, the qualitative and quantitative disclosures of the consolidated financial statements relating to financial instruments and capital management detailed in the Notes 7, 12 and 14, have been extended.

Moreover, they have also been effective for the first time this year the following interpretations: IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial reporting in Hyperinflationary Economies", IFRIC 8 "Scope of IFRS 2," IFRIC 9 "Reassessment of Embedded Derivatives" and IFRIC 10 "Interim Financial Reporting and Impairment". The application of this interpretation had no impact on consolidated financial statements of the Group.

b) New standards and Interpretations issued

At the date of preparation of the consolidated financial statements new IFRS's (International Financial and Reporting Standards) and interpretations (IFRIC's) have been issued, which are not required to be applied as of December 31, 2007, although in some cases earlier application is encouraged. The Group has not yet applied any of the following Standards to its consolidated financial statements.

IFRS 8 "Operating Segments"

It will be effective for annual periods beginning on or after 1 January 2009.

This new standard replaces IAS 14 "Segment Reporting". The main novelty is the adoption of an approach to management reporting business segments. The information reported will be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. In the information to present, the segments identified and the criteria used to identify the segments, will be coincide with those used internally by the organization and the direction, but do not meet the criteria IFRS of the financial statements.

This standard will not have an impact on balance and/or profit and loss account, but that will affect the breakdown of the information by segments of the Report.

IFRIC 11 "IFRS 2—Group and Treasury Share Transactions"

It will be effective for annual periods beginning on or after 1 March 2007, early application is permitted.

This interpretation discusses how to apply IFRS 2 Share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group. The IFRIC indicates that the transactions for which payment has been agreed in shares of the entity or other entity of the group are treated as if they were to be settled with equity instruments himself, regardless of how they are to obtain the necessary equity instruments.

The Group does not anticipate that adoption of IFRIC 11 will have any effects on its financial position, results of operations or cash flows.

IAS 23 "Borrowing Costs"

It will be effective for annual periods beginning on or after 1 January 2009, early application is permitted.

The revision to IAS 23 removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is one that takes a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalise such borrowing costs as part of the cost of the asset.

The Group does not anticipate that adoption of IAS 23 will have any effects on its financial position, results of operations or cash flows.

IFRIC 13 "Customer Loyalty Programmes"

It will be effective for annual periods beginning on or after 1 July 2008, early application is permitted.

This IFRIC 13 establishes the accounting procedure for the customer loyalty programmes used by entities to provide customers with incentives to buy their goods or services. If a customer buys goods or services, the entity grants the customer award credits (often described as "points"). The customer can redeem the award credits for awards such as free or discounted goods or services. The entity may operate the customer loyalty programme itself or participate in a programme operated by a third party.

The interpretation requires entities allocate part of incomes of initial sale to exchangeable bond, recognizing them as income only when they have fulfilled their obligations by providing such awards or paying third parties to do so.

The Group does not anticipate that adoption of IFRIC 13 will have any effects on its financial position, results of operations or cash flows

IAS 1 Revised - Presentation of Financial Statements

The revised standard will come into effect for the annual periods beginning on or after 1 January 2009, but early adoption is permitted.

The main changes from the previous version are to require that an entity must:

- The “statement of changes in equity” will present the amounts of transactions with owners in their capacity as owners, such as equity contributions, reacquisition of the entity’s own equity instruments and dividends.
- Present all non-owner changes in equity (that is, 'comprehensive income') either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income may not be presented in the statement of changes in equity

Also, introduce new disclosures requirements when the entity applies an accounting policy retrospectively or makes a restatement of the previous Financial Statement. The names of some Financial Statements are change to reflect more clearly its function. (i.e. the Balance Sheet is rename as Statement of Financial Position).

No material effects are expected with the application of this Standard in the Group.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

It will be effective for annual periods beginning on or after 1 January 2008, early application is permitted.

IFRIC 14 provides general guidance on how to assess the limit in IAS 19 Employee Benefits on the amount of the surplus that can be recognized as an asset. It also explains how pension assets or liabilities are affected when an statutory or contractual minimum funding requirement exists, establishing the requirement of recognizing an additional liability only to the extent that the contributions payable will not be available as a refund or reduction in future contributions.

The Group does not anticipate that adoption of this IFRIC will have any effects on its financial statements

IFRS 3 Revised – Business Combinations – and modification of IAS 27 - Consolidated and Separate Financial Statements

IFRS 3 (Revised) and the modifications of IAS 27 represent some significant changes in various aspects related to the accounting for Business Combinations that, in general, making more emphasis on fair value. Some of the main changes are: the acquisition costs, which will be registered as expense compared to current treatment of increasing the cost of the business combination; acquisitions achieved in stages, in which at the time the acquirer held the control, re-measured at fair value the ownership interest; or the existence of the option to measure at fair value the minority interests in the acquired, compared to current treatment of measuring its proportional share at fair value of the net assets acquired.

The Group still has not evaluated the possible impact that the application of this standard might have on the future business combinations and its respective effects in the consolidated financial statements

IFRS 2 Revised - Share-based Payment

The amendment will apply for annual periods beginning on or after 1 January 2009, with earlier application permitted.

The amendment clarifies that vesting conditions are service conditions and performance conditions only, and that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment

No material effects are expected with the application of this standard in the Group.

IFRIC 12 Service Concession Arrangements

This Interpretation will be applied for annual periods beginning on or after 1 January 2008. Earlier application is permitted.

The service concessions are agreements in which a government or other public entity awarded contracts for the provision of public services to private sector operators. The control of the assets remains in government hands, but the private operator is responsible for construction activities as well as management and maintenance of public infrastructure. IFRIC 12 gives guidance on how concession entities must apply IFRS in accounting for the rights and obligations in such agreements.

The Group does not anticipate that adoption of this IFRIC will have a significant effect on its financial statements.

3. BANCO BILBAO VIZCAYA ARGENTARIA GROUP

Banco Bilbao Vizcaya Argentaria, S.A. is the Group's parent company. Its individual financial statements are prepared on the basis of the accounting policies and methods contained in Bank of Spain Circular 4/2004. (See Note 1.2)

The Bank represented approximately 62% of the Group's assets and 46% of consolidated profit before tax as of December 31, 2007 (65% of the assets and 33% of consolidated profit before tax as of December 31, 2006 and 63% of the assets and 27% of the profits as of December 31, 2005), after the related consolidation adjustments and eliminations.

Summarised below are the financial statements of BBVA as of December 31, 2007, 2006 and 2005 :

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2007, 2006 AND 2005 (SUMMARIZED)

	Millions of euros		
ASSETS	**2007**	**2006 (*)**	**2005 (*)**
CASH AND BALANCES WITH CENTRAL BANKS	12,216	3,264	2,708
FINANCIAL ASSETS HELD FOR TRAIDING	41,180	35,899	31,224
AVAILABLE-FOR-SALE FINANCIAL ASSETS	18,709	17,536	32,895
LOANS AND RECEIVABLES	246,722	213,028	183,251
HELD-TO-MATURITY INVESTMENTS	5,584	5,906	3,959
HEDGING DERIVATIVES	779	1,759	2,505
NON-CURRENT ASSETS HELD FOR SALE	49	26	30
INVESTMENT	21,668	14,160	13,297
INSURANCE CONTRACTS LINKED TO PENSIONS	2,004	2,114	2,090
TANGIBLE ASSET	1,870	2,093	2,061
INTANGIBLE ASSETS	90	63	52
TAX ASSETS	3,227	3,276	3,940
ACCRUED INCOME	328	505	512
OTHER ASSETS	440	562	617
TOTAL ASSETS	**354,866**	**300,191**	**279,141**

	Millions of euros		
TOTAL LIABILITIES AND EQUITY	**2007**	**2006 (*)**	**2005 (*)**
LIABILITIES			
FINANCIAL LIABILITIES HELD FOR TRADING	18,545	13,658	14,580
FINANCIAL LIABILITIES AT AMORTISED COST	303,629	258,697	242,038
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	-	-	-
HEDGING DERIVATIVES	1,765	2,088	947
PROVISIONS	6,637	6,926	6,376
TAX LIABILITIES	1,715	1,250	1,580
ACCRUED EXENSES AND DEFERRED INCOME	867	736	763
OTHER LIABILITIES	103	105	7
TOTAL LIABILITIES	**333,261**	**283,460**	**266,291**
EQUITY			
VALUATION ADJUSTMENTS	2,888	2,264	1,810
SHAREHOLDER´S EQUITY	18,717	14,467	11,040
Capital	1,837	1,740	1,662
Share premium	12,770	9,579	6,658
Reserves	2,257	2,086	2,002
Other equity instruments	49	26	-
Less: Treasury shares	(129)	(40)	(30)
Profit attributed to the Group	3,612	2,440	1,918
Less: Dividends and remuneration	(1,679)	(1,364)	(1,170)
TOTAL EQUITY	**21,605**	**16,731**	**12,850**
TOTAL EQUITY AND LIABILITES	**354,866**	**300,191**	**279,141**

(*) Presented for comparison purposes only.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005 (SUMMARIZED)

Millions of euros

	2007	2006 (*)	2005 (*)
INTEREST AND SIMILAR INCOME	13,785	9,556	7,169
INTEREST EXPENSE AND SIMILAR CHARGES	(10,933)	(6,977)	(4,474)
INCOME FROM EQUITY INSTRUMENTS	1,810	1,529	1,057
NET INTEREST INCOME	**4,662**	**4,108**	**3,752**
FEE AND COMMISSION INCOME	2,174	2,062	1,929
FEE AND COMMISSION EXPENSES	(381)	(330)	(331)
GAINS/LOSSES ON FINANCIAL ASSETS AND LIABILITIES (NET)	1,706	1,246	530
EXCHANGE DIFFERENCES (NET)	266	236	133
GROSS INCOME	**8,427**	**7,322**	**6,013**
OTHER OPERATING INCOME	77	70	81
PERSONNEL EXPENSES	(2,238)	(2,158)	(2,014)
OTHER ADMINISTRATIVE EXPENSES	(982)	(849)	(804)
DEPRECIATION AND AMORTISATION	(209)	(201)	(197)
OTHER OPERATING EXPENSES	(78)	(65)	(63)
NET OPERATING INCOME	**4,997**	**4,119**	**3,016**
IMPAIRMENT LOSSES (NET)	(621)	(645)	(442)
PROVISION EXPENSE (NET)	(287)	(1,024)	(379)
OTHER GAINS	394	615	108
OTHER LOSSES	(236)	(35)	(35)
INCOME BEFORE TAX	**4,247**	**3,030**	**2,268**
INCOME TAX	(635)	(590)	(350)
INCOME FROM ORDINARY ACTIVITIES	**3,612**	**2,440**	**1,918**
INCOME FROM DISCONTINUED OPERATIONS (NET)	-	-	-
INCOME FOR THE YEAR	**3,612**	**2,440**	**1,918**

(*) Presented for comparison purposes only.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005 (SUMMARIZED)

Millions of euros

	2007	2006 (*)	2005 (*)
NET INCOME RECOGNISED DIRECTLY IN EQUITY	**624**	**454**	**877**
Available-for-sale financial assets	584	453	992
Financial liabilities at fair value through equity	-	-	-
Cash flow hedges	15	(29)	(65)
Hedges of net investments in foreign operations	-	-	-
Exchange differences	26	30	(50)
Non-current assets held for sale	-	-	-
INCOME FOR THE YEAR	**3,612**	**2,440**	**1,918**
TOTAL INCOME AND EXPENSES FOR THE YEAR	**4,236**	**2,894**	**2,795**

(*) Presented for comparison purposes only.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

CASH FLOW STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005 (SUMMARIZED)

Millions of euros

	2007	2006 (*)	2005 (*)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year	3,612	2,440	1,918
Adjustment to profit:	1,543	2,036	1,414
Adjusted profit	5,155	4,476	3,332
Net increase/decrease in operating assets	(38,241)	(17,527)	(35,679)
Financial assets held for trading	(5,280)	(4,676)	2,562
Available-for-sale financial assets	(343)	15,574	(4,130)
Loans and receivables	(34,030)	(30,201)	(34,134)
Other operating assets	1,412	1,776	23
Net increase/decrease in operating liabilities	48,399	15,204	35,213
Financial liabilities held for trading	4,887	(922)	2,844
Financial liabilities at amortised cost	44,203	15,833	33,984
Other operating liabilities	(691)	293	(1,615)
Total net cash flows from operating activities (1)	**15,313**	**(2,153)**	**2,866**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments (-)	(8,208)	(4,456)	(2,982)
Divestments (+)	990	1,690	267
Total net cash flows from investing activities (2)	**(7,218)**	**(2,766)**	**(2,715)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance/Redemption of capital (+/-)	3,263	2,960	-
Acquisition of own equity instruments (-)	(12,001)	(4,728)	(2,619)
Disposal of own equity instruments (+)	11,888	4,760	2,615
Issuance/Redemption of other equity instruments (+/-)	23	26	-
Issuance/Redemption of subordinated liabilities (+/-)	72	64	702
Issuance/Redemption of other long-term liabilities (+/-)	-	-	-
Dividends paid (-)	(2,434)	(1,916)	(1,601)
Other items relating to financing activities (+/-)	41	1	(115)
Total net cash flows from financing activities (3)	**852**	**1,167**	**(1,018)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH OR CASH EQUIVALENTS (4)	**5**	**2**	**(2)**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)	**8,952**	**556**	**(869)**
Cash or cash equivalents at beginning of year	**3,264**	**2,708**	**3,576**
Cash or cash equivalents at end of year	**12,216**	**3,264**	**2,707**

(*) Presented for comparison purposes only.

The total assets of the Group's most significant subsidiaries as of December 31, 2007, 2006 and 2005 are as follows:

Millions of euros

COUNTRY	2007	2006	2005
Mexico	65,556	55,992	59,220
USA & Puerto Rico	44,358	14,682	9,388
Chile	8,835	6,415	6,468
Venezuela	7,156	6,824	5,133
Colombia	5,922	4,797	4,741
Peru	5,650	4,464	4,556
Argentina	4,798	4,595	4,273

The finance income of the Group's most significant subsidiaries as of December 31, 2007, 2006 and 2005 are as follows:

Millions of euros

COUNTRY	2007	2006	2005
Mexico	6,083	5,886	5,495
USA & Puerto Rico	1,476	566	379
Chile	776	429	487
Venezuela	770	573	454
Colombia	589	437	291
Peru	395	326	251
Argentina	390	376	398

In the Appendices from I to III provide relevant information as of December 31, 2007 on the consolidated entities in the Group, as well as those accounted for using the equity method.

Following is the detail of companies forming part of the BBVA Banco Continental (Peru) Group and BBVA Banco Provincial (Venezuela) which, although less than 50% owned by the Group, as of December 31, 2007, are fully consolidated because the agreements entered into with the other shareholders give the Group effective control (Note 2.b):

COMPANY	% Voting Rights	% Ownership
Banco Continental, S.A.	92.08	46.04
Continental Bolsa, Sociedad Agente de Bolsa, S.A.	100	46.04
Continental Sociedad Titulizadora, S.A.	100	46.04
Continental S.A. Sociedad Administradora de Fondos	100	46.04
Inmuebles y Recuperaciones Continental, S.A.	100	46.04
Banco Provincial Overseas N.V.	100	48.01

Appendix V includes a detail of the fully consolidated subsidiaries which, based on the information available, were more than 5% owned by non-Group shareholders as of December 31, 2007.

The changes in the ownership interests held by the Group in the most significant subsidiaries and the situation of these interests as of December 31, 2007 were as follows:

Mexico

The presence of the BBVA Group in Mexico began in July 1995 when the Grupo Financiero BBV-Probursa, S.A. de C.V. and the companies in its group, joined the Group. In July 2000, it was carried out to merge Grupo Financiero BBV-Probursa, S.A. de C.V. into Grupo Financiero Bancomer, S.A. de C.V., which placed the Group's holding in Grupo Financiero Bancomer in a 36.6%.

After successive acquisitions of share capital of Grupo financiero Bancomer, in 2004 BBVA Group carried out a tender offer (OPA) on the part of the share capital of Grupo Financiero BBVA Bancomer, S.A. de C.V., which was not owned by the bank, to reach 99.70%.

As of December 31, 2007 BBVA held an ownership interest of 99.97% in the share capital of Grupo BBVA Financiero Bancomer, S.A. de C.V.

United States

In recent years, the Group has expanded its presence in the United States through the acquisition of several financial groups operating in various states:

- BBVA Bancomer USA, (formerly Valley Bank) located in California in October 2004.
- Laredo National Bancshares, Inc., located in Texas; in April 2005.
- Texas Regional Bancshares Inc. located in Texas; in November 2006.

In 2007 the Group has expanded its presence in the United States through the acquisition of 100% of share capital of Compass Bancshares Inc. and State National Bancshares Inc. taking control of these entities and the companies of their groups.

In 2007 was the integration of holding companies of the three financial groups located in Texas (Laredo National Bancshares Inc., Texas Regional Bancshares Inc.and State National Bancshares Inc.) with the holding Compas Bancshares Inc., in a single company called BBVA USA Bancshares, Inc..

Chile

The presence of the BBVA Group in Chile began in September 1998 when the Group acquired a 44% stake in Banco BHIF, S.A. (currently BBVA Chile, S.A.) and assumed the management of the group headed by this Chilean financial institution, increasing its stake in successive acquisitions.

On March 3, 2006, BBVA purchased 0.43% of BBVA Chile's share capital for €3.7 million, increasing BBVA's share capital in BBVA Chile to 67.05%. As the share capital of BBVA in BBVA Chile was higher than two thirds of BBVA Chile's total share capital, BBVA in compliance with Chilean legislation launched a public tender offer for all of BBVA Chile's share capital. After the acceptance of the public tender offer, BBVA's share capital in BBVA Chile has increased to 68.17%, which is maintained as of December 31, 2007.

As of December 31, 2007, Bank of New York, a foreign non-BBVA Group credit institution, in its capacity as a depository in the American Depositary Receipts (ADR's) programme, held a significant ownership interest of 15,59% in the fully consolidated company Administrador de Fondos de Pensiones AFP Provida. The ownership interest held by the BBVA Group in AFP Provida as of December 31, 2007 was 64,32%.

Venezuela

In March 1997, the Group acquired 40% of the share capital of Banco Provincial, S.A. and higher-percentage holdings in the other Provincial Group companies; consequently, it assumed the management of this group. Further acquisitions made in subsequent years raised the Bank's holding in the Provincial Group to 55.60% as of December 31, 2007.

Colombia

In August 1996, the Group acquired 40% of the ordinary shares (equal to 35.1% of the total share capital) of Banco Ganadero, S.A. (currently BBVA Colombia, S.A.) assuming the management of it and its group of companies.

On December 31, 2005, BBVA Colombia acquired 98.78% of Banco Granahorrar, S.A., proceeding to merger both entities on May 2006.

The ownership interest held by the Group as of December 31, 2007 was 95.43%.

Peru

The presence of the BBVA Group in Peru began in April 1995, date on which the Group acquired 50% of the share capital of Holding Continental, S.A. and assumed the management of the financial group headed by Banco Continental, S.A. The ownership interest held by the Group as of December 31, 2007 was 92.08%.

Argentina

The presence of the BBVA Group in Argentina began in December 1996, when the Group acquired 30% of BBVA Banco Francés, S.A. (formerly Banco Francés Río de la Plata, S.A.) assuming the management of the company and its affiliates (including as insurance companies of Consolidar Group). Subsequent acquisitions of market and capital increases have lifted, as of December 31, 2007, the percentage of participation up to 76.06%.

As indicated in Note 1, the main activity carried out by the Group, is the financial activity. However, the Group has developed other activities, including real estate management, insurances and operating leases. Following is the detail of contribution to the total assets as of December 31, 2007 and consolidated income of the Group of those companies that develop non-financial activities.

	Total assets contributed to the Group	% of the total assets of the	Total income of the period cotribuited to the	% of the total income of the Group
Insurance Entities	14,663	2.92	508	8.29
Operating lease Entities	1,667	0.33	3	0.05
Real Estate Entities	1,102	0.22	80	1.30

The most noteworthy acquisitions and sales of subsidiaries in 2007, 2006 and 2005 were as follows:

Changes in the group in 2007

- On January 3, 2007 the Group closed the transaction to purchase State National Bancshares Inc. with an investment of 488 million dollars (€378 million), generating a goodwill of €270 million. (Note 19)

Compass Bancshares Inc. acquisition

On September 7, 2007 the Group acquired 100% of the share capital of Compass Bancshares Inc., ("Compass") a U.S. banking Group quoted in NASDAQ, an active in Alabama, Texas, Florida, Arizona, Colorado and New Mexico.

The consideration paid to former Compass stockholders for the acquisition was $9,115 million, (€6,672 million). The Group paid $4,612 million, €3.385 million in cash and delivered 196 million of shares issued, which represent 5.5% of the current share capital of BBVA.

The General Shareholder's meeting celebrated on June 21, 2007 approved the transaction and the consequent capital stock increase. This capital increase took place on September 10, 2007 at an issuance rate of €16.77 per share, the closing market price of the BBVA's shares at September 6, 2007, in accordance with the resolutions adopted by the BBVA's general shareholders' meeting (Note 30).

BBVA financed the cash consideration in this transaction with internal resources, among which are the funds raised through the sale of its 5,01% stake in Iberdrola, S.A. in February 2007 (Note 48), which represented a net capital gain of €696 million.

The expenses directly attributable to the acquisition amounted to €21 million. The goodwill estimated at the time of purchase was €4,901 million euros.

The provisional goodwill as of December 31, 2007 was €4,548 million and their change from the date of acquisition are shown in Note 19

Total assets and liabilities of Compass as of December 31, 2007 amounted to €31,210 and €23,174 million, respectively, and represent a 6.2% and 4.9% of the total assets and liabilities of the Group.

The Compass Group contribution to the consolidated profit and loss account of BBVA Group from September 7, 2007 to December 31, 2007 were €70 million, a 1.1% of total profit and loss of the Group as of December 31, 2007. If the business combination had been the beginning of 2007, would have meant an increase of €124 million in the consolidated income statement of the BBVA Group in 2007, once made the corresponding homogenization and consolidation adjustments.

Changes in the group in 2006

The most noteworthy acquisitions and sales of subsidiaries in 2006 were as follows:

On July 28, 2006, Telefónica España, S.A., on behalf of the liquidity mechanism to integrate Uno-E Bank, S.A., as established in the agreement entered into by Terra (subsequently merged into Telefónica España, S.A.) and the Group BBVA, proceeded on January 10, 2003 to start selling to BBVA its 33% ownership interest in Uno-E Bank, S.A. for an aggregated amount of €148.5 million, reaching BBVA a 100% ownership of Uno-E Bank, S.A.

In May 2006 BBVA acquired a 51% ownership interest in Forum, a Chilean company specialising in car purchase financing, through the Chilean entities Forum Distribuidora, S.A. and Forum Servicios Financieros, S.A. (which in turn own all the shares of ECASA, S.A.), giving rise to the incorporation of BBVA Financiamiento Automotriz. The goodwill recognised as of December 31, 2006 amounted to €51 million.

On April 5, 2006 the Group sold its 51% ownership interest in Banc Internacional d´Andorra, S.A. for €395 million, which gave rise to a gain of €184 million.

On November 10, 2006 the Group acquired Texas Regional Bancshares Inc. through the investment of $2,141 million (€1,674 million). The goodwill recognised as of December 31, 2006 amounted to €1,257 million.

On November 30, 2006 the Group acquired all the shares of the Italian vehicle rental company Maggiore Fleet S.p.A., for €70.2 million, giving rise to goodwill of €35.7 million.

Changes in the group in 2005

On January 6, 2005 pursuant to the agreement entered into in September 2004 and after obtaining the mandatory authorisations, the Group, through BBVA Bancomer, acquired all the shares of Hipotecaria Nacional, S.A. de C.V., a Mexican company specialising in the mortgage business. The price paid was MXP 4,121 million (approximately €276 million) and the goodwill recognised, amounted to €259 million as of December 31, 2005.

On 28 April, pursuant to the agreement entered into on September 20, 2004 and after obtaining the mandatory authorisations, BBVA acquired all the shares of Laredo National Bancshares, Inc., a bank holding located in Texas (United States) which operates in the banking business through two independent banks: Laredo National Bank and South Texas National Bank. The price paid was $859.6 million (approximately €666 million) and the goodwill recognised amounted to €474 million as of December 31, 2005.

On October 31, 2005, the Guarantee Fund for Colombian Financial Institutions, FOGAFIN, sold by public auction 98.78% of the share capital of Banco Granahorrar, S.A. (a Colombian financial institution) to the BBVA Group's subsidiary in Colombia, BBVA Colombia, S.A. This transaction was performed in December 2005 after authorisation had been obtained from the related supervisory and control bodies. The price paid was Colombian pesos 981,572.2 million, approximately €364 million, and the goodwill recognised amounted to €267 million as of December 31, 2005.

4. DISTRIBUTION OF PROFIT

In 2007 the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. resolved to pay the shareholders three interim dividends out of 2007 profit, amounting to a total of €0.456 gross per share. The aggregate amount of the interim dividends declared as of December 31, 2007, net of the amount collected and to be collected by the consolidable Group companies, was €1,661 million and was recorded under "Equity-Dividends and Remuneration" in the related consolidated balance sheet (Note 29). The last of the aforementioned interim dividends, which amounted to €0.152 gross per share and was paid to the shareholders on January 10, 2008, was recorded under the heading "Financial Liabilities at Amortised Cost – Other Financial Liabilities", in the consolidated balance sheet as of December 31, 2007 (Note 24).

The provisional accounting statements prepared in 2007, by Banco Bilbao Vizcaya Argentaria, S.A. in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the interim dividends were as follows:

	Millions of euros		
	31-05-2007 Dividend 1	31-08-2007 Dividend 2	30-11-2007 Dividend 3
Interim dividend -			
Profit at each of the dates indicated, after the provision	1,301	3,088	3,426
Less -			
Estimated provision for Legal Reserve	-	(19)	(19)
Interim dividends paid	-	(539)	(1,109)
Maximum amount distributable	1,301	2,530	2,298
Amount of proposed interim dividend	539	570	570

The Bank's Board of Directors will propose to the shareholders at the Annual General Meeting that a final dividend of €0.277 per share be paid out of 2007 income. Based on the number of shares representing the share capital as of December 31, 2007 (Note 30), the final dividend would amount to €1,038 million and profit would be distributed as follows:

	Millions of euros
Net profit for 2007 (Note 3)	**3,612**
Distribution:	
Dividends	
- Interim	1,679
- Final	1,038
Legal reserve	19
Voluntary reserves	876

The distribution of profit per share during 2007, 2006 and 2005 was as follows:

	First interim	Second interim	Third interim	Final	Total
2005	0.115	0.115	0.115	0.186	0.531
2006	0.132	0.132	0.132	0.241	0.637
2007	0.152	0.152	0.152	0.277	0.733

5. EARNINGS PER SHARE

Basic earnings per share are determined by dividing net profit or losses attributable to the Group in a given period by the weighted average number of shares outstanding during the period.

Diluted earnings per share are determined using a method similar to that used to calculate basic earnings per share; however, the weighted average number of shares outstanding is adjusted to take into account the potential dilutive effect of share options, warrants and convertible debt instruments outstanding at period-end.

The "diluted number" of shares linked to warrants outstanding at period-end is determined in two stages: firstly, the hypothetical liquid amount that would be received on the exercise of these warrants is divided by the annual average price of the share and, secondly, the difference between the amount thus quantified and the present number of potential shares is calculated; this represents the theoretical number of shares issued disregarding the dilutive effect. Profit or loss for the period is not adjusted.

As of December 31, 2007, 2006 and 2005, there were neither instruments nor share based payment to employees that could potentially dilute basic earnings per share.

Therefore:

EARNINGS PER SHARE FOR CONTINUING OPERATIONS	2007	2006	2005
Numerator for basic earnings per share:			
Income available to common stockholders (thousands of euros)	6,126	4,736	3,806
Numerator for diluted earnings per share:			
Income available to common stockholders (thousands of euros)	6,126	4,736	3,806
Denominator for basic earnings per share (millions of shares)	3,594	3,406	3,391
Denominator for diluted earnings per share (millions of shares)	3,594	3,406	3,391
Basic earnings per share (euros)	**1.70**	**1.39**	**1.12**
Diluted earnings per share (euros)	**1.70**	**1.39**	**1.12**

As of December 31, 2007, 2006 and 2005, there were no discontinued operations that affected the earnings per share calculation for periods presented.

6. BASIS AND METHODOLOGY INFORMATION FOR SEGMENT REPORTING

Information by business area is a fundamental tool for monitoring and managing the Group's various businesses. Preparation of this information starts at the lowest-level units, and all the accounting data relating to the business managed by these units are recorded. Management classifies and combines data from these units in accordance with a defined structure by the Group to arrive at the picture for the principal units and, finally, for the entire area itself. Likewise, the Group's individual companies also belong to different business areas according to their type of activity. If a company's activities do not match a single area, the Group assigns them and its earnings to a number of relevant units.

Once management has defined the composition of each area, it applies the necessary management adjustments inherent in the model. The most relevant of these are:

- Stockholders' equity: the Group allocates economic capital commensurate with the risks incurred by each business (CER). This is based on the concept of unexpected loss at a certain level of statistical confidence, depending on the Group's targets in terms of capital adequacy. These targets are applied at two levels: the first is core equity, which determines the allocated capital. The Bank uses this amount as a basis for calculating the return generated on the equity in each business (ROE). The second level is total capital, which determines the additional allocation in terms of subordinate debt and preference shares. The CER calculation combines lending risk, market risk (including structural risk associated with the balance sheet and equity positions), operational risk and fixed asset and technical risks in the case of insurance companies.

  Stockholders' equity, as calculated under BIS rules, is an extremely important reference to the entire Group. However, for the purpose of allocating capital to business areas the Bank prefers CeR. It is risk-sensitive and thus linked to the management policies for the individual businesses and the business portfolio. This procedure anticipates the approach likely to be adopted by the future Basel II rules on capital. These provide an equitable basis for assigning capital to businesses according to the risks incurred and make it easier to compare returns.

- Internal transfer prices: management uses rates adjusted for maturity to calculate the margins for each business. It also revises the interest rates for the different assets and liabilities that make up each unit's balance sheet.

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

- Cross-business register: in some cases, and for the correct assignment of results, consolidation adjustments are done to eliminate double accounting produced by the incentives given to boost cross-business between units.

Concerning the structure by segments, the main level is set out by type of business. As of December 19, 2006, the Group adopted a new organizational structure that it has been implemented in January 2007, which is designed to streamline the Group's corporate structure and give greater weight and autonomy to its business units. The financial information for our business areas for 2006 and 2005 has been prepared on a uniform basis, consistent with our organizational structure in 2007.

The secondary basis of segment reporting relates to geographical segments.

Thus the present composition of the Group's main business areas as of December 31, 2007, was as follows:

- **Spain and Portugal**: this includes the Financial Services unit, i.e., individual customers, small companies and businesses in the domestic market, plus consumer finance provided by Finanzia and Uno-e; the Corporate and Business unit manages SMEs, companies and institutions in the domestic market; the insurance business and BBVA Portugal.

- **Global Businesses**: consisting of Global Customers and Markets with the global customers unit, investment banking, trading floor business, distribution and the Group's activities in Asia; the mutual and pension fund managers in Spain, and domestic and international private banking. And finally, it includes business and real estate projects.

- **Mexico and the United States**: this area includes the banking, insurance and pension businesses in Mexico and the United States (including Puerto Rico).

- **South America**: this consists of banking, insurance and pension businesses in South America.

- **Corporate Activities**: The Corporate Activities area handles the Group's general management functions. These mainly consist of structural positions for interest rates associated with the euro balance sheet and exchange rates, together with liquidity issues and shareholders' funds. The management of structural risks related to interest rates in currencies other than the euro is handled by the corresponding areas. This area also includes the industrial portfolio management unit and financial shareholdings. It also books the costs from central units that have a strictly corporate function and makes allocations to corporate and miscellaneous provisions, e.g., for early retirement.

The summarized income statements and main activity ratios by business area in 2007, 2006 and 2005 are as follows:

	Millions of euros					
	Spain and Portugal			Global Businesses		
	2007	2006	2005	2007	2006	2005
NET IQTEREST IQCOME	**4,295**	**3,747**	**3,429**	**124**	**150**	**212**
Income by the equity method	-	1	-	239	283	52
Net fee income	1,679	1,627	1,496	521	453	385
Income from insurance activities	461	376	309	-	-	-
CORE REVENUES	**6,435**	**5,751**	**5,234**	**884**	**886**	**649**
Gains and losses on fiancial assets and liabilities	235	215	152	789	498	350
GROSS INCOME	**6,670**	**5,966**	**5,386**	**1,673**	**1,384**	**999**
Net revenues from non-financial activities	51	32	26	130	104	95
Personnel and general administrative expenses	(2,487)	(2,419)	(2,303)	(525)	(418)	(371)
Depreciation and amortization	(109)	(104)	(103)	(11)	(10)	(12)
Other operating income and expenses	26	20	51	4	10	22
OPERATING PROFIT	**4,151**	**3,495**	**3,057**	**1,271**	**1,070**	**733**
Impairment losses on financial assets	(604)	(552)	(489)	(127)	(125)	(108)
- Loan Loss provisions	(595)	(553)	(491)	(127)	(125)	(108)
- Other	(9)	1	2	-	-	-
Provisions (net)	(3)	(3)	-	5	(11)	3
Other income/losses (net)	9	22	21	13	153	27
PRE-TAX PROFIT	**3,553**	**2,962**	**2,589**	**1,162**	**1,087**	**655**
Corporate income tax	(1,156)	(1,040)	(894)	(243)	(218)	(153)
NET PROFIT	**2,397**	**1,922**	**1,695**	**919**	**869**	**502**
Minority interests	-	(3)	(3)	(10)	(7)	(5)
NET ATTRIBUTABLE PROFIT	**2,397**	**1,919**	**1,692**	**909**	**862**	**497**

	Mexico and USA			South America			Corporate Activities		
Millions of euros	2007	2006	2005	2007	2006	2005	2007	2006	2005
NET INTEREST INCOME	**4,304**	**3,535**	**2,678**	**1,657**	**1,310**	**1,039**	**(610)**	**(368)**	**(150)**
Income by the equity method	3	(2)	-	2	3	(1)	(2)	23	71
Net fee income	1,621	1,390	1,212	919	815	695	(18)	50	152
Income from insurance activities	313	304	229	(11)	(6)	5	(33)	(24)	(57)
CORE REVENUES	**6,241**	**5,227**	**4,119**	**2,567**	**2,122**	**1,738**	**(663)**	**(319)**	**16**
Gains and losses on fiancial assets and liabilities	254	196	168	201	283	157	1,190	841	441
GROSS INCOME	**6,495**	**5,423**	**4,287**	**2,768**	**2,405**	**1,895**	**527**	**522**	**457**
Net revenues from non-financial activities	7	(4)	(3)	-	-	8	(1)	(1)	(1)
Personnel and general administrative expenses	(2,359)	(1,945)	(1,737)	(1,181)	(1,103)	(933)	(502)	(444)	(419)
Depreciation and amortization	(225)	(126)	(138)	(93)	(93)	(69)	(139)	(139)	(127)
Other operating income and expenses	(121)	(117)	(106)	(40)	(46)	(40)	(14)	(13)	(41)
OPERATING PROFIT	**3,797**	**3,231**	**2,303**	**1,454**	**1,163**	**861**	**(129)**	**(75)**	**(131)**
Impairment losses on financial assets	(930)	(685)	(315)	(269)	(149)	(79)	(7)	9	138
- Loan Loss provisions	(919)	(672)	(289)	(258)	(151)	(70)	(3)	26	146
- Other	(11)	(13)	(26)	(11)	2	(9)	(4)	(17)	(8)
Provisions (net)	21	(73)	(51)	(65)	(59)	(78)	(167)	(1,193)	(329)
Other income/losses (net)	(9)	42	(8)	(18)	-	14	101	771	22
PRE-TAX PROFIT	**2,879**	**2,515**	**1,929**	**1,102**	**955**	**718**	**(202)**	**(488)**	**(300)**
Corporate income tax	(794)	(738)	(556)	(197)	(229)	(166)	311	165	247
NET PROFIT	**2,085**	**1,777**	**1,373**	**905**	**726**	**552**	**109**	**(323)**	**(53)**
Minority interests	(1)	(2)	(3)	(282)	(217)	(173)	4	(6)	(79)
NET ATTRIBUTABLE PROFIT	**2,084**	**1,775**	**1,370**	**623**	**509**	**379**	**113**	**(329)**	**(132)**

The relevant business indicators as of December 31, 2007, 2006 and 2005 were as follows:

	Spain and Portugal			Global Businesses			Mexico and USA			South America		
Millions of euros	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Customer lending [(1)]	199,929	179,370	155,500	35,848	29,049	20,426	53,052	31,449	25,185	53,052	17,366	15,018
Customer deposits [(2)]	91,928	85,309	73,450	42,742	35,400	43,042	56,820	41,309	40,970	56,820	22,773	21,023
. Deposits	91,862	85,245	73,378	33,517	25,031	26,099	51,358	34,879	34,911	51,358	21,667	19,864
. Assets sold under repurchase agreement	66	64	72	9,225	10,369	16,943	5,462	6,430	6,059	5,462	1,106	1,159
Off-balance-sheet funds	50,088	52,477	52,881	12,229	11,179	10,252	19,862	18,478	16,977	19,862	33,447	30,978
. Mutual funds	40,024	43,006	44,294	4,859	4,000	3,432	11,214	9,853	8,115	11,214	1,575	1,299
. Pension funds	10,064	9,471	8,587	7,370	7,179	6,820	8,648	8,625	8,862	8,648	31,872	29,679
Other placements	5,217	7,117	7,128	-	-	-	3,127	3,294	2,235	3,127	-	-
Customer portfolios	9,817	8,181	5,608	9,200	11,342	12,889	12,919	6,941	5,713	12,919	-	-
Total assets [(3)]	225,930	203,192	180,496	105,414	85,274	102,115	104,059	71,830	69,147	104,059	30,496	28,248
ROE (%)	36.4	31.1	30.3	0	41.8	27.6	47.6	46.7	44.2	47.6	31.8	30.1
Efficiency ratio (%)	35.9	39.2	40.9	33	28.1	33.8	36.3	35.9	40.5	36.3	45.9	49.0
Efficiency incl. depreciation and amortization (%)	37.6	41.0	42.8	29	28.7	34.9	39.7	38.2	43.8	39.7	49.7	52.6
NPL ratio (%)	0.73	0.55	0.54	29.69	0.04	0.17	1.97	2.19	2.24	1.97	2.67	3.67
Coverage ratio (%)	231.2	315.7	321.8	n.s.	n.s.	940.7	189.1	248.9	251.3	189.1	132.8	109.3

(1) Gross lending excluding NPLs. Mexico and the United States exclude Bancomer's old mortgage portfolio.
(2) Spain and Portugal and Global Businesses include collection accounts and individual annuities. South America includes marketable debt securities. Mexico and the United States exclude deposits and repos issued by Bancomer's unit and Puerto Rico.

7. RISK EXPOSURE

Activities concerned with financial instruments may involve the assumption or transfer of one or more types of risk by financial entities. The risks associated with financial instruments are:

- Market risks: these arise as a consequence of holding financial instruments whose value may be affected by changes in market conditions, following is a summary of each of the three components:
    - Currency risk: arises as a result of changes in the exchange rate between currencies.
    - Fair value interest rate risk: arises as a result of changes in market interest rates.
    - Price risk: arises as a result of changes in market prices, due either to factors specific to the individual instrument or to factors that affect all instruments traded on the market.
- Credit risk: this is the risk that one of the parties to the financial instrument agreement will fail to honour its contractual obligations due to the insolvency or incapacity of the individuals or legal entities involved and will cause the other party to incur a financial loss.
- Liquidity risk: occasionally referred to as funding risk, this arises either because the entity may be unable to sell a financial asset quickly at an amount close to its fair value, or because the entity may encounter difficulty in finding funds to meet commitments associated with financial instruments.

The Group has developed a global risk management system based on three components: a corporate risk management structure, with segregated functions and responsibilities; a set of tools, circuits and procedures that make up the different risk management systems; and an internal control system.

CORPORATE MANAGEMENT STRUCTURE

The Board of Directors is the body responsible for setting risk policies. The Board hence establishes the general principles defining the target risk profile for the Group. Likewise, it approves the infrastructure required for risk management, the delegation framework and the ceilings system that enable the business to develop in keeping with this risk profile in day-to-day decision-making.

The Lending Committee undertakes periodic analysis and monitoring of risk management within the various levels of delegation of the Bank's administration bodies. The scope of its functions comprises:

- Analysing and assessing proposals for Group risk strategy and policies in order to submit them to the Bank's Standing Committee for approval.
- Monitoring the degree to which the risks assumed are in line with the specified profile, as a reflection of the Bank's risk tolerance and expected earnings in view of the risk exposure.
- Approval of risk operations within the established delegation system.
- Verification that the Group is provided with the means, systems, structures and resources in line with best practices, to enable it to implement its risk management strategy.
- Submission of the proposals it considers necessary or appropriate to the Bank's Standing Committee so that risk management adapts to best practices arising from recommendations on corporate governance or from risk supervisory bodies.

The Group's risk management system is managed by an independent risk area, which combines a view by risk types with a global view. The Risk Area assures that the risks tools, metrics, historical databases and information systems are in line and uniform. It likewise sets the procedures, circuits and general management criteria.

The Global Risk Committee – composed by those in charge of the group's risk management- has as main tasks the development and implementation of the Group's risk management model as well as the correct integration of the risk's costs in the different decision-making processes. The Global Risk Committee assesses the global risk profile of the Group and the coherence between the risk policies and objective risk profile; identifies global risk concentrations and mitigation techniques; monitors de macroeconomic environment and the performance of entities in the sector quantifying global sensitivity and the expected impact of different scenarios of risk positioning.

The Technical Transactions Committee analyses and approves, where appropriate, the financial transactions and programmes that are within its level of authorisation, and refers any transactions exceeding the scope of its delegated powers to the Lending Committee.

The New Products Committee is responsible for studying and, if necessary, for approving the introduction of new products before the activities begin. The Committee is also responsible for controlling and monitoring the new products, and for promoting business in an orderly way, and allow them to develop in a controlled environment.

The Asset-Liability Committee (ALCO) is the body responsible for actively managing the Group's structural liquidity, interest rate and currency risks, and its core capital.

TOOLS, CIRCUITS AND PROCEDURES

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

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

7.1 Credit Risk

The detail, by heading, of the Group's maximum credit risk exposure as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Gross credit risk (amount drawn down)	383,843	305,250	252,275
Loans and advances to other debtors	317,998	262,969	222,413
Contingent liabilities	65,845	42,281	29,862
Market activities	110,721	92,083	118,005
Drawable by third parties	101,444	98,226	85,001
Total	**596,008**	**495,559**	**455,281**

The distribution of exposure by ratings, which comprehends companies, financial entities and public institutions (excluding sovereign risk), is of a very high credit quality as evidenced by the fact that as of December 31, 2007, 44% of the portfolio is rated A or higher, and 69% has a rating same or higher to BBB-, as shown in the following table as of December 31, 2007

	% of Total Exposure
AAA/AA	27%
A	17%
BBB+	9%
BBB	8%
BBB-	8%
BB+	14%
BB	6%
BB-	6%
B+	3%
B	2%
B-	0%

The detail, by geographical area, of the Gross credit risk (amount drawn down) of the foregoing detail as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Spain	292,442	243,367	199,043
Other European countries	8,206	6,120	6,463
The Americas	83,195	55,763	46,769
Mexico	30,555	27,729	24,499
Puerto Rico	3,110	3,248	3,294
Chile	7,567	6,264	5,918
USA (*)	24,584	5,051	1,797
Argentina	2,392	2,203	2,109
Perú	4,584	3,666	2,847
Colombia	4,242	3,311	2,846
Venezuela	4,789	3,139	2,397
Other	1,372	1,152	1,062
Total	**383,843**	**305,250**	**252,275**

(*) The change in 2007 is due to, basically, to the incorporation of Compass Group.

As of December 31, 2007, 121 corporate groups (104 in 2006) had drawn down loans of more than €200 million, the 88% of these corporate groups have an investment grade rating. The total risk of these groups amounted to €66,800 million, representing 17% of total risk Group (19% in 2006). By geographical area in which the transaction was originated, is as follows: 66% in Spain, 25% in the Bank's branches abroad, and 9% in Latin America (6% in Mexico alone). The detail, by sector, is as follows: Institutional (18%), Real Estate and Construction (26%), Electricity and Gas (12%), Consumer Goods and Services (13%), and Telecommunications (6%).

In market areas, the detail, by instrument, of the credit risk exposure as of December 31, 2007 and December 31, 2006 and December 31, 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Credit institutions	20,997	17,150	27,470
Fixed-income securities	81,794	68,738	82,010
Derivatives	7,930	6,195	8,526
Total	**110,721**	**92,083**	**118,006**

In the market areas the Group has legal compensation rights and contractual compensation agreements which give rise to a reduction of €9,480 million in credit risk exposure as of December 31, 2007.

Impaired assets and Impairment losses

The detail, by nature of the related financial instrument, of the carrying amounts of the financial assets included under the heading "Impaired loans and advances to other debtors" in the accompanying consolidated balance sheets as of December 31, 2007, 2006 and 2005 is shown in Note 12.4. Additionally, as of December 31, 2007 the substandard contingent liabilities amounted to €50 million (€39 million and €36 million as of December 31, 2006 and 2005 respectively).

The detail, by geographical area, of the headings "impaired loans and advances to other debtors" and "Substandard contingent liabilities" as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Spain	1,663	1,174	1,051
Other European countries	63	42	37
The Americas	1,682	1,315	1,294
Mexico	659	612	573
Puerto Rico	59	67	71
Chile	203	194	235
USA	431	110	19
Argentina	16	26	38
Peru	82	77	82
Colombia	158	169	223
Venezuela	57	38	16
Other	17	22	37
Total	**3,408**	**2,531**	**2,382**

The changes in 2007, 2006 and 2005 in "Impaired loans and advances to other debtors" and "Substandard contingent liabilities" in the foregoing detail were as follows:

	Millions of euros		
	2007	2006	2005
Balance at the beginning of the year	**2,531**	**2,382**	**2,248**
Additions	4,605	2,742	1,943
Recoveries	(2,418)	(1,830)	(1,531)
Transfers to write-off	(1,497)	(708)	(667)
Exchange differences and others	187	(55)	389
Balance at the end of the year	**3,408**	**2,531**	**2,382**

As of December 31, 2007, 2006 and 2005, the detail of the headings "Impaired loans and advances to other debtors" and "Substandard contingent liabilities" of the various business segments were as follows:

	Millions of euros		
	2007	2006	2005
Retail Banking Spain and Portugal	1,597	824	672
Global businesses	20	278	303
Mexico and USA	1,146	789	663
The Americas	535	526	631
Corporate Activities	110	114	113
Total	**3,408**	**2,531**	**2,382**

The changes in the balance of the provisions for impairment losses on the assets included under the heading "Loans and Receivables" are shown in Note 12.4.

In addition, as of December 31, 2007, 2006 and 2005 the provisions for impairment losses on off-balance-sheet items amounted to €546 million, €502 million and €452 million, respectively (see Note 26).

7.2 Market Risk

Determining the fair value of financial instruments

The valuation of financial instruments at fair value for 2007 was performed using observable variables obtained from independent sources and referring to active markets, either by employing the actual price of the financial instrument or by applying market-corroborated inputs to widely accepted models.

The inputs considered directly observable and capturable are equity and organized market products, spot exchange rates, or investment funds, together with a sizeable part of fixed income securities. The remaining fixed income products, swaps, forward agreements, credit default swaps (CDS), etc. are valued by cash flow discounts using market quoted interest-rate curves and spread curves.

Alternatively, options are valued using generally accepted valuation models, which include the implied volatility detected. The most frequently used models for equity and exchange-rate options are Monte Carlo, numerical integration and Black-Scholes, whereas Black 76, Hull and White or Black-Derman-Toy are largely used for interest-rate options. Each business area chooses and validates the models it uses independently.

In the case of correlation-sensitive products, a comparison is made between the results obtained by the valuation model and market-corroborated inputs.

Synthetic credit instruments such as mortgage basket securities (MBS) or credit default options (CDO) are calculated with models that use inputs directly or indirectly observed in the market, such as default rates, credit risk, loss severity or prepayment speed.

There are certain financial instruments that are valued by models using data that is not directly observable in the market, such as derivatives of interest rates on outstanding balances; these are valued using the Libor Market model, one of whose inputs is correlation decay which is not directly observable in the market. In this case, the sensitivity to a 1% movement in correlation decay is a negative sum of 372,000 euros and the uncertainty regarding that parameter does not exceed that 1%.

Likewise, credit market evolution in 2007 has prompted positions in certain instruments, such as cash CDOs, for which there was previously an active market and observable prices, to become illiquid to the point that, at the close of the year, it was impossible to find a price for them. It has therefore been necessary to resort to valuing them by use of models, some of the inputs for which have had to be inferred.

The following table presents the fair value of the principal financial instruments carried at fair value and the valuation methods used to determine it as of December 31, 2007:

	Millions of euros			2007
	Financial instruments which fair value is determinated by published price quotations	Financial instruments which fair value is determinated for using valuation technique based on assumptions that are supported by prices from observable current market transactions	Financial instruments which fair value is determinated for using valuation technique based on assumptions that are not supported by prices from observable current market transactions	Total
Financial assets				
Financial assets held for trading (Note 9)	44,879	17,247	210	62,336
Other financial assets at fair value through profit and loss (Note 10)	1,116	51	-	1,167
Available-for-sale financial assets (Note 11)	37,590	10,445	397	48,432
Hedging derivatives (Note 14)	389	661	-	1,050
Financial liabilities				
Financial assets held for trading (Note 9)	1,506	17,691	76	19,273
Other financial liabilities at fair value through profit or loss (Note 22)	449	-	-	449
Hedging derivatives (Note 14)	502	1,306	-	1,808

The impact on the consolidated income statements for the assets and liabilities valued with no observable market price amounted to 47 million as of December 31, 2007.

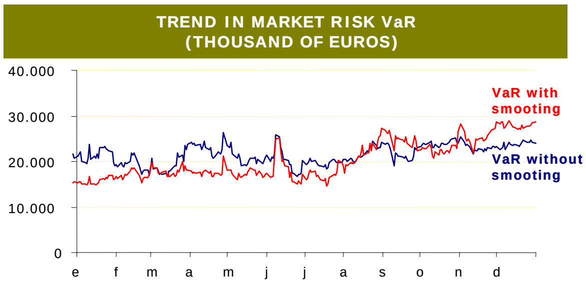
As of December 31, 2006, the percentage of those financial instruments where the fair values were estimated using valuation techniques which are based in full or in part on assumptions that are not supported by observable market prices over total financial instruments' fair value is 0.52%.

Market risk exposure and management

a) Market Risk

With regard to market risk (including interest rate risk, currency risk and equity price risk), BBVA's limit structure determines an overall VaR limit for each business unit and specific sublimits by type of risk, activity and desk. The Group also has in place limits on losses and other control mechanisms such as delta sensitivity calculations, which are supplemented by a range of indicators and alerts which automatically activate procedures aimed at addressing any situations that might have a negative effect on the activities of the business area.

During 2007, the BBVA Group market risk rose in comparison to previous years, particularly from the third quarter, coinciding with the increased volatility in all markets. The market risk profile as of December 31, 2007, 2006 and 2005 for the parametric VaR calculations without smoothing with a 99% confidence interval and a 1-day horizon were as follows:



Millions of euros

	2007	2006	2005
Interest risk	7	7	11
Spread risk	7	5	3
Currency risk	2	1	2
Stock-market risk	6	6	2
Vega risk	9	5	4
Correlation risk	3	3	2

b) Structural interest rate risk

The aim of on-balance-sheet interest rate risk management is to maintain the BBVA Group's exposure to market interest rate fluctuations at levels in keeping with its risk strategy and profile. To this end, the ALCO actively manages the balance sheet through transactions intended to optimize the level of risk assumed in relation to the expected results, thus enabling the Group to comply with the tolerable risk limits.

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

In addition to measuring sensitivity to 100-basis-point changes in market interest rates, the Group performs probabilistic calculations to determine the economic capital for structural interest rate risk in the BBVA Group's banking activity (excluding the Treasury Area) based on interest rate curve simulation models.

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

Following is a detail in millions of euros of the average interest rate risk exposure levels of the main financial institutions of the BBVA Group in 2007:

Average Impact on Net Interest Income

	100 Basis-Point Increase				100 Basis-Point Decrease
ENTITIES	Euro	Dollar	Other	Total	Total
BBVA	-15,1	+13.4	+0.5	-1.9	+37.5
BBVA Bancomer	-	+16.8	+34.0	+50.8	-50.8
BBVA Puerto Rico	-	-5,5	-	-5.5	+1.6
Laredo National Bank	-	-4,8	-	-4,8	-0,5
BBVA Chile	-	+1.0	+1.0	+2.0	+2.2
BBVA Colombia	-	+0.1	+8.5	+8.6	-8.6
BBVA Banco Continental	-	+0.7	+4.4	+5.1	-5.1
BBVA Banco Provincial	-	+1.4	+11.0	+12.4	-12.4
BBVA Banco Francés	-	-0.2	+1.1	+0.9	-0.9

Average Impact on Economic Value

	100 Basis-Point Increase				100 Basis-Point Decrease
ENTITIES	**Euro**	**Dollar**	**Other**	**Total**	**Total**
BBVA	+423.0	+6.4	-1.9	+428.1	-480.4
BBVA Bancomer	-	+18.6	-322.7	-304.1	+300.4
BBVA Puerto Rico	-	-10.7	-	-10.7	-8.7
BBVA Chile	-	+4.2	-30.8	-26.6	+12.7
BBVA Colombia	-	-0.5	-8.6	-9.0	+10.5
BBVA Banco Continental	-	+16.8	-3.4	-20.2	+21.2
BBVA Banco Provincial	-	-3.5	-0.6	-2.9	+3.6
BBVA Banco Francés	-	-0.0	-15.2	-15.3	+16.6

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

The average annual interest rate of the debt securities included in the “financial assets held for trading” heading during 2007 was of 4.27% (3.94% and 5.29% during 2006 and 2005, respectively).

c) Structural currency risk

Structural currency risk derives mainly from exposure to exchange rate fluctuations arising in relation to the Group’s foreign subsidiaries and from the endowment funds of the branches abroad financed in currencies other than the investment currency.

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

Structural currency risk management is based on the measurements performed by the Risk Area. These measurements use an exchange rate scenario simulation model which quantifies possible changes in value with a confidence interval of 99% and a pre-established time horizon. The Standing Committee limits the economic capital or unexpected loss arising from the currency risk of the foreign-currency investments.

As of December 31, 2007, the coverage of structural currency risk exposure stood at 37%. The aggregate figure of asset exposure sensitivity to a 1% depreciation in exchange rates stood, as of December, 31 2007, at €76 million. Said sensitivity derives largely from exposure in Mexican pesos, showing a high level of diversification among the other main Latin American currencies and the U.S. dollar.

d) Structural equity price risk

The BBVA Group’s exposure to structural equity price risk derives mainly from investments in industrial and financial companies with medium- to long-term investment horizons. It is reduced by the net short positions held in derivative instruments on the same underlyings in order to limit the sensitivity of the portfolio to possible falls in prices. As of December 31, 2007 the aggregate sensitivity of the Group’s equity positions to a 1% fall in the price of the shares amounted to €105 million, 62% of which is concentrated in highly liquid European Union equities. This figure is determined by considering the exposure on shares measured at market price or, in the absence thereof, at fair value, including the net positions in equity swaps and options on the same underlyings in delta equivalent terms. Treasury Area portfolio positions are not included in the calculation.

The Risk Area measures and effectively monitors the structural equity price risk. To this end, it estimates the sensitivity figures and the capital required to cover the possible unexpected losses arising from fluctuations in the value of the companies in the investment portfolio, with a confidence interval equal to the entity’s target rating, taking into account the liquidity of the positions and the statistical behaviour of the assets under consideration. These measurements are supplemented by periodic stress- and back-testing and scenario analyses.

7.3 Liquidity risk

The aim of liquidity risk management and control is to ensure that the Bank’s payment commitments can be met without having to resort to borrowing funds under onerous conditions, or damaging the image and reputation of the institution.

The Group’s liquidity risk is monitored using a dual approach: the short-term approach (90-day time horizon), which focuses basically on the management of payments and collections of Treasury and Markets, ascertains the Bank’s possible liquidity requirements; and the structural, medium- and long-term approach, which focuses on the financial management of the balance sheet as a whole, with a minimum monitoring time frame of one year.

The assessment of asset liquidity risk is based on whether or not they are eligible for rediscounting before the corresponding central bank. For normal situations, both in the short and medium term, those assets that are on the eligible list published by the European Central Bank (ECB) or the corresponding monetary authority are considered to be liquid. Non-eligible assets, quoted or non-quoted, are considered to represent a second line of liquidity for the entity when analysing crisis situations.

The Risk Area performs a control function and is totally independent of the management areas of each of the approaches and of the Group's various units. Each of the risk areas, which are independent from each other, complies with the corporative principles of liquidity risk control that are established by the Market Risk Central Unit (UCRAM) – Structural Risks.

For each entity, the management areas request an outline of the quantitative and qualitative limits and alerts for short-, medium- and long-term liquidity risk, which is authorized by the Standing Committee. Also, the Risk Area performs periodic (daily and monthly) risk exposure measurements, develops the related valuation tools and models, conducts periodic stress tests, measures the degree of concentration on interbank counterparties, prepares the policies and procedures manual, and monitors the authorised limits and alerts, which are reviewed al least one time every year.

The liquidity risk data are sent periodically to the Group's ALCO and to the management areas involved. As established in the Contingency Plan, the Technical Liquidity Group (TLG), in the event of an alert of a possible crisis, conducts an initial analysis of the Bank's short- and long-term liquidity situation. The TLG comprises personnel from the Short-Term Cash Desk, Financial Management and the Market Area Risk Unit (UCRAM-Structural Risk). If the alert is serious, the TLG reports the matter to the Liquidity Committee, which is composed of the managers of the related areas. The Liquidity Committee is responsible, in situations requiring urgent attention, for calling a meeting of the Crisis Committee chaired by the CEO.

8. CASH AND BALANCES WITH CENTRAL BANKS

The breakdown of the balance of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Cash	2,938	2,756	2,409
Balances at the Bank of Spain	11,543	2,705	2,381
Balances at other central banks	8,080	7,035	7,527
Total gross	**22,561**	**12,496**	**12,317**
Valuation adjustments (*)	20	19	24
Total	**22,581**	**12,515**	**12,341**

(*) Valuation adjustments include accrued interest

9. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

9.1. BREAKDOWN OF THE BALANCE

The breakdown of the balances of these headings in the consolidated balance sheets as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros					
	2007		2006		2005	
	Receivable	Payable	Receivable	Payable	Receivable	Payable
Debt securities	38,392	-	30,470	-	24,504	-
Other equity instruments	9,180	-	9,949	-	6,246	-
Trading derivatives	14,764	17,540	11,416	13,218	13,263	13,863
Short positions	-	1,733	-	1,705	-	2,408
Total	**62,336**	**19,273**	**51,835**	**14,923**	**44,013**	**16,271**

9.2. DEBT SECURITIES

The breakdown by type of instrument of the balance of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Issued by central banks	208	623	142
Spanish government bonds	5,043	3,345	2,502
Foreign government bonds	22,709	16,971	13,133
Issued by Spanish financial institutions	1,436	1,572	924
Issued by foreign financial institutions	4,584	4,779	5,022
Préstamos de valores	4,412	3,180	2,781
Total	**38,392**	**30,470**	**24,504**

The detail, by geographical area, of this heading as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Spain	7,193	5,553	4,097
Rest of Europe	6,449	4,956	5,235
United States	2,612	3,597	3,187
Latin America	21,083	15,663	11,519
Rest of the world	1,055	701	466
Total	**38,392**	**30,470**	**24,504**

9.3. OTHER EQUITY INSTRUMENTS

The breakdown of the balance of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Shares of Spanish companies	**2,688**	**5,197**	**3,326**
Credit institutions	237	672	503
Other	2,451	4,525	2,823
Shares of foreign companies	**2,959**	**1,956**	**1,274**
Credit institutions	601	527	140
Other	2,358	1,429	1,134
Share in the net assets of mutual funds	**3,533**	**2,796**	**1,646**
Total	**9,180**	**9,949**	**6,246**

9.4. TRADING DERIVATIVES

The trading derivatives portfolio arises from the Group's need to manage the risks incurred by it in the course of its normal business activity, mostly for the positions held with customers.

The detail, by transaction type and market, of the balances of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005 was as follows shown the organized markets and non organized markets:

	Millions of euros						
2007	**Currency Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Commodities Risk**	**Credit Risk**	**Other Risks**	**Total**
Organised markets	**(1)**	**1**	**214**	**1**	**-**	**-**	**215**
Financial futures	-	-	2	-	-	-	2
Options	(1)	-	212	1	-	-	212
Other products	-	1	-	-	-	-	1
OTC markets	**(1,762)**	**764**	**(2,063)**	**2**	**50**	**18**	**(2,997)**
Credit institutions	**(1,672)**	**(417)**	**(1,140)**	**2**	**115**	**15**	**(3,103)**
Forward transactions	(1,379)	-	-	-	-	-	(1,379)
Future rate agreements (FRAs)	-	70	-	-	-	-	70
Swaps	(343)	(328)	(287)	2	-	-	(956)
Options	50	(149)	(853)	-	-	9	(943)
Other products	-	(10)	-	-	115	-	105
Other financial Institutions	**(160)**	**1,716**	**(840)**	**-**	**91**	**-**	**807**
Forward transactions	(161)	-	(2)	-	-	-	(163)
Future rate agreements (FRAs)	-	-	-	-	-	-	-
Swaps	-	1,695	22	-	-	-	1,717
Options	1	21	(860)	-	-	-	(838)
Other products	-	-	-	-	91	-	91
Other sectors	**70**	**(535)**	**(83)**	**-**	**(156)**	**3**	**(701)**
Forward transactions	27	-	(1)	-	-	-	26
Future rate agreements (FRAs)	-	-	-	-	-	-	-
Swaps	(1)	(646)	(251)	-	-	-	(898)
Options	44	111	169	-	-	3	327
Other products	-	-	-	-	(156)	-	(156)
Total	**(1,763)**	**765**	**(1,849)**	**3**	**50**	**18**	**(2,782)**
of which: Asset Trading Derivatives	**2,038**	**9,866**	**2,497**	**21**	**307**	**35**	**14,764**
of which: Liability Trading Derivatives	**(3,800)**	**(9,101)**	**(4,345)**	**(18)**	**(258)**	**(23)**	**(17,540)**

	Millions of euros						
2006	**Currency Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Commodities Risk**	**Credit Risk**	**Other Risks**	**Total**
Organised markets	**(747)**	**-**	**270**	**2**	**-**	**1**	**(474)**
Financial futures	13	-	1	-	-	-	14
Options	(760)	-	269	2	-	1	(488)
Other products	-	-	-	-	-	-	-
OTC markets	**(240)**	**587**	**(1,654)**	**5**	**(4)**	**(22)**	**(1,328)**
Credit institutions	**(267)**	**(297)**	**(637)**	**1**	**(9)**	**(22)**	**(1,231)**
Forward transactions	8	-	-	1	-	-	9
Future rate agreements (FRAs)	-	44	-	-	-	-	44
Swaps	(269)	(177)	(24)	-	-	-	(470)
Options	(6)	(164)	(613)	-	(9)	(22)	(814)
Other products	-	-	-	-	-	-	-
Other financial Institutions	**(5)**	**953**	**(570)**	**-**	**3**	**-**	**381**
Forward transactions	(3)	-	-	-	-	-	(3)
Future rate agreements (FRAs)	-	-	-	-	-	-	-
Swaps	-	1,045	7	-	-	-	1,052
Options	(2)	(92)	(577)	-	3	-	(668)
Other products	-	-	-	-	-	-	-
Other sectors	**32**	**(69)**	**(447)**	**4**	**2**	**-**	**(478)**
Forward transactions	2	-	-	-	-	-	2
Future rate agreements (FRAs)	-	-	-	-	-	-	-
Swaps	-	(346)	(396)	4	-	-	(738)
Options	30	277	(51)	-	2	-	258
Other products	-	-	-	-	-	-	-
Total	**(987)**	**587**	**(1,384)**	**7**	**(4)**	**(21)**	**(1,802)**
of which: Asset Trading Derivatives	**469**	**8,518**	**2,262**	**35**	**81**	**51**	**11,416**
of which: Liability Trading Derivatives	**(1,456)**	**(7,931)**	**(3,646)**	**(28)**	**(85)**	**(72)**	**(13,218)**

2005	Millions of euros Currency Risk	Interest Rate Risk	Equity Price Risk	Credit Risk	Other Risks	Total
Organised markets	**4**	**(6)**	**253**	**40**	**11**	**302**
Financial futures	4	(6)	-	40	11	49
Options	-	-	253	-	-	253
Other products	-	-	-	-	-	-
OTC markets	**(233)**	**456**	**(1,117)**	**(4)**	**(4)**	**(902)**
Credit institutions	**5**	**(31)**	**(167)**	**(2)**	**(4)**	**(199)**
Forward transactions	108	128	(8)	-	-	228
Future rate agreements (FRAs)	-	-	-	-	-	-
Swaps	(8)	(78)	30	(2)	-	(58)
Options	(93)	154	(189)	-	(4)	(132)
Other products	(2)	(235)	-	-	-	(237)
Other financial Institutions	**(57)**	**(231)**	**(46)**	**-**	**-**	**(334)**
Forward transactions	(25)	-	-	-	-	(25)
Future rate agreements (FRAs)	-	-	-	-	-	-
Swaps	-	(108)	(5)	-	-	(113)
Options	(32)	(178)	(41)	-	-	(251)
Other products	-	55	-	-	-	55
Other sectors	**(181)**	**718**	**(904)**	**(2)**	**-**	**(369)**
Forward transactions	(169)	-	-	-	-	(169)
Future rate agreements (FRAs)	-	2	-	-	-	2
Swaps	-	421	(346)	(2)	-	73
Options	(12)	295	(558)	-	-	(275)
Other products	-	-	-	-	-	-
Total	**(229)**	**450**	**(864)**	**36**	**7**	**(600)**
of which: Asset Trading Derivatives	**1,302**	**9,837**	**1,921**	**98**	**105**	**13,263**
of which: Liability Trading Derivatives	**(1,531)**	**(9,386)**	**(2,785)**	**(63)**	**(98)**	**(13,863)**

10. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005, based on the nature of the related transactions, was as follows:

	Millions of euros 2007	2006	2005
Debt securities	421	56	283
Unit-Linked products	421	56	283
Goverment	41	40	66
Credit Institutions	36	10	89
Rest	344	6	128
Other equity instruments	746	921	1,138
Other securities	417	449	264
Unit-Linked products	329	472	874
Total	**1,167**	**977**	**1,421**

Life insurance policies where the risk is borne by the policyholder, are policies in which the funds constituting the insurance technical provisions, are invested in the name of the insurer in units in collective investment undertaking and other financial assets selected by the policyholder, who ultimately bears the investment risk.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

11.1. Breakdown of the balance

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005, based on the nature of the related transactions, was as follows:

	Millions of euros 2007	2006	2005
Avaliable-for-sale financial assets			
Debt securities	37,336	32,230	50,972
Other equity instruments	11,096	10,037	9,062
Total	**48,432**	**42,267**	**60,034**

The detail of the balance of the heading "Debt securities" as of December 31, 2007, 2006 and 2005, based on the nature of the related transactions, was as follows:

	Millions of euros		
2007	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic	**150**	**(77)**	**10,161**
Spanish Goverment and other Spanish Goverment securities	79	(31)	5,274
Other debt securities	71	(46)	4,887
International	**737**	**(287)**	**27,175**
United States	**50**	**(45)**	**9,056**
Goverment securities	**6**	**(2)**	**579**
US Treasury and other US Goverment agencies	1	-	61
States and political subdivisions	5	(2)	518
Other securities	**44**	**(43)**	**8,477**
Other Countries	**687**	**(242)**	**18,119**
Securities of other foreign Goverments	562	(128)	11,278
Other debt securities	125	(114)	6,841
TOTAL	**887**	**(364)**	**37,336**

	Millions of euros		
2006	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic	**291**	**(18)**	**9,506**
Spanish Goverment and other Spanish Goverment securities	279	(16)	6,859
Other debt securities	12	(2)	2,647
International-	**852**	**(130)**	**22,724**
United States -	**13**	**(21)**	**5,506**
Goverment securities	3	(2)	653
US Treasury and other US Goverment agencies	3	(2)	343
States and political subdivisions	-	-	310
Other securities	10	(19)	4,853
Other Countries	**839**	**(109)**	**17,218**
Securities of other foreign Goverments	588	(60)	10,386
Other debt securities	251	(49)	6,832
Total net	**1,143**	**(148)**	**32,230**

	Millions of euros		
2005	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Domestic	**887**	**-**	**16,705**
Spanish Goverment and other Spanish Goverment securities	784	-	14,274
Other debt securities	103	-	2,431
International-	**1,023**	**(52)**	**34,267**
United States -	**17**	**(21)**	**3,989**
Goverment securities	1	(14)	3,009
US Treasury and other US Goverment agencies	1	(14)	2,958
States and political subdivisions	-	-	51
Other securities	16	(7)	980
Other Countries	**1,006**	**(31)**	**30,278**
Securities of other foreign Goverments	935	(27)	21,793
Other debt securities	71	(4)	8,485
Total net	**1,910**	**(52)**	**50,972**

Impairment losses as of December 31, 2007, 2006 and 2005 of debt securities available for sale amounted to €29, €31and €65 million, respectively.

The breakdown of the balance of the heading “Other equity instruments” by nature of the operations as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
2007	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Other equity instruments listed	**4,449**	**(24)**	**10,797**
Shares of Spanish companies	**3,322**	**-**	**7,032**
Credit institutions	4	-	35
Other	3,318	-	6,997
Shares of foreign companies listed	**1,127**	**(24)**	**3,765**
United States	-	(1)	419
Other countries	1,127	(23)	3,346
Other equity instruments unlisted	**52**	**(5)**	**299**
Shares of Spanish companies	**64**	**(5)**	**132**
Credit institutions	-	-	2
Other	64	(5)	130
Shares of foreign companies unlisted	**(12)**	**-**	**167**
United States	-	-	70
Other countries	(12)	-	97
TOTAL	**4,501**	**(29)**	**11,096**

	Millions of euros		
2006	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Other equity instruments listed	3628	(15)	9867
Shares of Spanish companies	2817	-	7342
Shares of foreign companies listed	811	(15)	2,525
United States	1	-	1
Other countries	810	(15)	795
Other equity instruments unlisted	-	-	0
Shares of Spanish companies	-	-	0
Shares of foreign companies unlisted	-	-	0
United States	-	-	0
Other countries	-	-	0
TOTAL	**3,628**	**(15)**	**10,037**

	Millions of euros		
2005	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Other equity instruments listed	2,980	(20)	8,935
Shares of Spanish companies	2,230	-	7,324
Shares of foreign companies listed	750	(20)	1,611
United States	2	(4)	40
Other countries	748	(16)	1,571
Other equity instruments unlisted	63	-	63
Shares of Spanish companies	63	-	72
Shares of foreign companies unlisted	-	-	55
United States	-	-	10
Other countries	-	-	45
TOTAL	**3,043**	**(20)**	**9,062**

As of December 31, 2007, 2006 and 2005 the accumulated amount of gains/losses net from tax recognized in equity from the heading “Valuation Adjustments – Available-for-Sale Financial Assets” amounted to €3,596 million, €3,356 million and €3,003 million, respectively.

The amount gains/losses of "Available-for-sale financial assets" recognised in the consolidated statements of changes in equity in 2007 was €1,875 million (€1,295 million in 2006 and €1,479 in 2005).

For December 31, 2007, 2006 and 2005, €1,537 million, €1,121 million and €428 million, respectively, were debited to “Valuation Adjustments” and recorded under “Gains/Losses on Financial Assets and Liabilities – Available-for-Sale Financial Assets” in the consolidated income statements for December 31, 2007, 2006 and 2005 (See Note 48).

As of December 31, 2007, most of our unrealised losses of “Available-for-sale assets” registered in equity correspond to “Debt securities”. This unrealised are considered temporary because they have mainly arisen in a period shorter than one year.

11.2. IMPAIRMENT LOSSES

Following is a summary of the changes for December 31, 2007, 2006 and 2005 in the impairment losses on available-for-sale financial assets:

	Millions of euros		
	2007	2006	2005
Balance at beginning of year	**82**	**138**	**149**
Increase in impairment losses charged to income	7	6	8
Decrease in impairment losses credited to income	(6)	(25)	(28)
Elimination of impaired balance due to transfer of asset to write-off	(1)	(17)	(17)
Transfers	-	-	2
Exchange differences and others	(28)	(20)	24
Balance at end of year	**54**	**82**	**138**
Of which:			
- For impaired portfolio	32	57	84
- For current portfolio non impaired	22	25	54

As of December 31, 2007, 2006 and 2005, the balances of the individually determined impairment losses related in full to debt securities from countries belonging to the Latin America geographical area and issuers equity instruments in Europe.

12. LOANS AND RECEIVABLES

12. 1. BREAKDOWN OF THE BALANCE

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005, based on the nature of the related financial instrument, is as follows:

	Millions of euros		
	2007	2006	2005
Loans and advances to credit institutions	20,997	17,050	27,470
Money market operations through counterparties	-	100	-
Loans and advances to other debtors	310,882	256,565	216,850
Debt securities	60	77	2,292
Other financial assets	6,553	6,063	2,784
Total	**338,492**	**279,855**	**249,396**

12. 2. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005, based on the nature of the related financial instrument, was as follows:

	Millions of euros		
	2007	2006	2005
Reciprocal accounts	138	131	380
Deposits with agreed maturity	9,388	9,470	13,202
Demand deposits	833	439	541
Other accounts	1,080	1,460	792
Reverse repurchase agreetments	9,423	5,490	12,459
Total gross	**20,862**	**16,990**	**27,374**
Valuation adjustments	135	60	96
Total	**20,997**	**17,050**	**27,470**

12.3. LOANS AND ADVANCES TO OTHER DEBTORS

The detail, by loan type and status, of the balance of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005, was as follows:

	Millions of euros		
	2007	**2006**	**2005**
Financial paper	387	9	6
Commercial credit	36,108	22,453	20,102
Secured loans	135,557	116,738	101,527
Credit accounts	23,835	21,700	19,312
Other loans	93,624	77,748	61,672
Reverse repurchase agreements	2,000	1,526	1,176
Receivable on demand and other	13,341	11,658	8,717
Finance leases	9,148	8,053	7,138
Impaired assets	3,358	2,492	2,346
Total gross	**317,358**	**262,377**	**221,996**
Valuation adjustments	(6,476)	(5,812)	(5,146)
Total	**310,882**	**256,565**	**216,850**

The guarantees taken to ensure the recovery of those transactions included under the line “Secured loans” are mortgage guarantees, financial or other as the pledging of securities. As of December 31, 2007, the fair value of the guarantees taken was over assets hedged. In the case of mortgage guarantees, the average of the amount of outstanding loans for the recovery was 50% of the fair value of mortgage guarantees.

Through several of its financial institutions the Group finances the acquisition by its customers of both personal and real property through finance lease contracts which are recorded under this heading. As of December 31, 2007, approximately €5,982 million related to finance lease contracts for personal property and €3,166 million related to finance lease contracts for real property. Of the total finance leases as of December 31, 2007, 72.25% are floating rate finance leases and the remaining 27.75% are fixed rate finance leases. As of December 31, 2006, approximately €4,700 million related to finance lease contracts for personal property and €3,353 million related to finance lease contracts for real property. Of the total finance leases as of December 31, 2006, 90% are floating rate finance leases and the remaining 10% are fixed rate finance leases

The breakdown, by borrower sector, of the “Loans and advances to other debtors” balance of this heading as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	**2006**	**2005**
Public Sector	21,065	21,194	22,125
Agriculture	3,737	3,133	2,504
Industry	39,922	24,731	17,930
Real estate and construction	55,156	41,502	36,562
Trade and finance	36,371	38,913	36,194
Loans to individuals	121,462	103,918	82,583
Leases	9,148	7,692	6,726
Other	30,497	21,294	17,372
Total gross	**317,358**	**262,377**	**221,996**
Valuation adjustments	(6,476)	(5,812)	(5,146)
Total	**310,882**	**256,565**	**216,850**

The detail, by geographical area, of this heading as of December 31, 2007, 2006 and 2005, disregarding valuation adjustments, was as follows:

	Millions of euros		
	2007	**2006**	**2005**
Spain	204,311	183,231	156,127
Rest of Europe	22,966	17,999	14,663
United States	28,766	9,597	6,196
Latin America	57,060	49,160	43,491
Rest of the world	4,255	2,390	1,519
Total	**317,358**	**262,377**	**221,996**

Of the balance of the heading "Loans and advances to other debtors", €28,221, €9,056 and €5,468 million as of December 31, 2007, 2006 and 2005, respectively, corresponds to securitised loans that can not be derecognised on the balance sheet, because the Group maintains inherent risks associated with such bans.

Following is the breakdown of securitised loans, derecognised and retained on the balance sheet, depending on if they fulfill the conditions required for its derecognised, based on the nature of the financial instrument in which they have their origin.

Millions of euros	2007	2006	2005
Derecognised on the balance sheet	758	1,058	1,587
Securitised mortgage assets	173	209	376
Other securitised assets	585	849	1,211
Retained on the balance sheet	28,221	9,056	5,468
Securitised mortgage assets	17,214	2,320	2,250
Other securitised assets	11,007	6,736	3,218
Total	**28,979**	**10,114**	**7,055**

The liabilities associated with assets retained in the balance sheets are recognized under the heading "Financial liabilities at amortised cost – Deposits from other creditors" in the acompanying consolidated balance sheets. As of December 31, 2007, 2006 and 2005 amounted to €19,707 million, €9,061 million and €5,434 million, respectively.

12.4. IMPAIRED ASSETS AND IMPAIRMENT LOSSES

The changes for the December 31, 2007, 2006 and 2005 in the heading "Impaired Assets of Loans and advances to other debtors" were as follows:

Millions of euros	2007	2006	2005
Balance at beginning of year	**2,492**	**2,346**	**2,202**
Additions	4,568	2,710	1,940
Recoveries	(2,398)	(1,805)	(1,527)
Transfers to writte-off	(1,497)	(708)	(667)
Exchange differences and other	193	(51)	398
Balance at end of year	**3,358**	**2,492**	**2,346**

Following is a detail of the financial assets classified as "Loans and receivables to other debtors" and considered to be impaired due to credit risk as of December 31, 2007, and of the assets which, although not considered to be impaired, include any past-due amount at that date, classified by geographical location of risk and by age of the oldest past-due amount:

Millons of euros	Amounts less than three months past-due	Impaired assets of loans and advances to other debtors					
		3 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	More than 24 months	Total
Spain	1,015	594	409	212	110	295	**1,620**
Rest of Europe	7	37	7	3	2	14	**63**
Latin America	405	808	104	12	8	312	**1,244**
United States	527	189	230	-	-	12	**431**
Total	**1,954**	**1,628**	**750**	**227**	**120**	**633**	**3,358**

As of December 31, 2007 the amounts for rescheduled debt, for which additional effective guarantees have been pledged and therefore have not been included in the impaired portfolio, are not significant with respect to the total amount of loans and receivables.

The changes during 2007 and 2006 of the transfers to write-offs (financial impairment assets removed from balance because the recovery was considered remote) were as follows:

Millions of euros	2007	2006
Balance at the beginning of year	**6,120**	**6,187**
Increase:		
Assets of remote collectability	1,895	472
Products overdue not collected	217	167
Decrease:		
Cash recovery	(237)	(463)
Foreclosed assets	(5)	(5)
Other causes	(2,455)	(129)
Net Exchange differences	**87**	(109)
Balance at the end of year	**5,622**	**6,120**

Decreases by other causes shown in the table above include sales to non Group third parties of the portfolio of write-offs during 2007.

The changes in the impairment losses for the December 31, 2007, 2006 and 2005 on the assets included under the heading "Loans and Receivables" were as follow:

	Millions of euros		
	2007	2006	2005
Balance at beginning of year	**6,417**	**5,586**	**4,622**
Increase in impairment losses charged to income	2,455	2,107	1,419
Decrease in impairment losses credited to income	(327)	(445)	(422)
Acquisition of subsidiaries in the year	276	91	146
Disposal of subsidiaries in the year	(26)	(22)	(2)
Transfers to written-off loans	(1,296)	(546)	(666)
Exchange differences	(420)	(333)	370
Other	56	(21)	119
Balance at end of year	**7,135**	**6,417**	**5,586**
Of which:			
Based on determination form:	**7,135**	**6,417**	**5,586**
- For impaired portfolio	1,967	2,026	2,129
- For current portfolio non impaired	5,168	4,391	3,457
Based on the nature of the asset covered:	**7,135**	**6,417**	**5,586**
Loans and advances to credit institutions	9	7	17
Loans and advances to other debtors	7,117	6,403	5,563
Debt securities	1	-	-
Other financial assets	8	7	6
By geographical area:	**7,135**	**6,417**	**5,586**
Spain	3,459	3,785	3,179
Rest	3,676	2,632	2,407

Recoveries of assets written off for the December 31, 2007, 2006 and 2005 amounted to €226 million, €184 million and €183 million, respectively, and are deducted from the balance of the heading "Impairment losses (net) – Loans and receivables" in the accompanying consolidated income statements.

As of December 31, 2007, 2006 and 2005, financial income amounting to €880 million, €1,107 million and €1,052 million had accrued, respectively, which was not recorded in the consolidated income statements because there were doubts regarding its collection.

13. HELD-TO-MATURITY INVESTMENTS

As of December 31, 2007, 2006 and 2005, the detail of the balance of this heading in the consolidated balance sheets was as follows:

	Millons of euros			
2007	Amortised Cost	Unrealized Gains	Unrealized Losses	Fair Value
Domestic	**2,402**	**-**	**(131)**	**2,271**
Spanish Goverment and other Spanish Goverment securities	1,417	-	(68)	1,349
Other debt securities	985	-	(63)	922
International	**3,182**	**-**	**(119)**	**3,063**
United States	**-**	**-**	**-**	**-**
Other countries	**3,182**	**-**	**(119)**	**3,063**
Securities of other foreign Government	2,707	-	(106)	2,601
Other debt securities	475	-	(13)	462
Total	**5,584**	**-**	**(250)**	**5,334**

	Millons of euros			
2006	Amortised Cost	Unrealized Gains	Unrealized Losses	Fair Value
Domestic	2,404	2	(69)	2,337
Spanish Goverment and other Spanish Goverment securities	1,417	1	(40)	1,378
Other debt securities	987	1	(29)	959
International	3,502	5	(86)	3,421
TOTAL	**5,906**	**7**	**(155)**	**5,758**

2005	Amortised Cost	Unrealized Gains	Unrealized Losses	Fair Value
	Millons of euros			
Domestic	1,205	33	(1)	1,237
Spanish Goverment and other Spanish Goverment securities	363	12	-	375
Other debt securities	842	21	(1)	862
International	2,754	45	(1)	2,798
TOTAL	**3,959**	**78**	**(2)**	**4,035**

The foreign securities by the Group as of December 31, 2007, 2006 and 2005 in the held to maturity portfolio corresponds to European issuers.

In 2007 there have been no sales in the held-to-maturity investments of the Group, so there was no impact on results for this concept.

The gross changes for December 31, 2007, 2006 and 2005 in the balance of this heading in the consolidated balance sheets were summarised as follows not considering impairment losses:

	Millions of euros		
	2007	2006	2005
Balance at beginning of year	**5,911**	**3,964**	**2,225**
Acquisitions	-	2,211	1,885
Redemptions	(300)	(274)	(146)
Other	(22)	10	-
Balance at end of year	**5,589**	**5,911**	**3,964**

Following is a summary of the gross changes in 2007, 2006 and 2005 in the impairment losses on held-to-maturity investments and the impact on income statement for that concept:

	Millions of euros		
	2007	2006	2005
Balance at beginning of year	**5**	**5**	**4**
Increase in impairment losses charged to income	-	-	1
Balance at end of year	**5**	**5**	**5**
- For impaired portfolio	5	5	5

14. HEDGING DERIVATIVES (RECEIVABLE AND PAYABLE)

As of December 31, 2007, 2006, 2005, the main positions hedged by the Group and the derivatives assigned to hedge those positions are:

- Fair value hedge:

- Available for sale fixed rate debt securities: this risk is hedged using interest-rate derivatives (fixed- variable swaps).
- Long term fixed rate debt issued by Group: this risk is hedged using interest-rate derivatives (fixed- variable swaps).
- Available for sale equity securities: this risk is hedged using equity swaps.
- Fixed rate loans: this risk is hedged using interest-rate derivatives (fixed- variable swaps).

- Cash flow hedge: Most of the hedged items are floating interest rate loans: this risk is hedged using currency and interest rate swaps.

- Net investment in a foreign operation hedge: Most of risks hedged are investments in foreign currency in foreign subsidiaries. This risk is hedged mainly with exchange rate options.

The Note 2.2.2.a describes the aforementioned hedges.

The Note 7 analyses the nature of the main risks of the Group that are hedged.

The detail of the fair value of the hedging derivatives held by the Group as of December 31, 2007, 2006 and 2005 recognized in the consolidated balance sheets was as follows:

Millions of euros				
2007	**Exchange Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Total**
Organised Markets				
Fair value micro-hedge	(1)	-	-	(1)
Non organised markets				
Credit institutions	**18**	**(719)**	**(72)**	**(773)**
Fair value micro-hedge	-	(693)	(72)	(765)
Cash flow micro-hedge	-	(26)	-	(26)
Net investment in a foreign operation hedge	18	-	-	18
Other financial institutions	**8**	**144**	**(135)**	**17**
Fari value micro-hedge	-	100	(135)	(35)
Cash flow micro-hedge	-	44	-	44
Net investment in a foreign operation hedge	8	-	-	8
Total	**25**	**(575)**	**(207)**	**(757)**
of which: Asset Hedging Derivatives	**35**	**1,015**	**-**	**1,050**
of which: Liability hedging Derivatives	**(10)**	**(1,590)**	**(207)**	**(1,807)**

Millions of euros			
2006	**Interest Rate Risk**	**Equity Price Risk**	**Total**
Non organised markets			
Credit institutions	**(382)**	**(116)**	**(498)**
Fair value hedge	(404)	(116)	(520)
Cash flow hedge	22	-	22
Other financial institutions	**178**	**(3)**	**175**
Fair value hedge	126	(3)	123
Cash flow hedge	52	-	52
Other sectors	**9**	**(3)**	**6**
Fair value hedge	9	(3)	6
Total	**(195)**	**(122)**	**(317)**
of which: Asset Hedging Derivatives	**1,915**	**48**	**1,963**
of which: Liability hedging Derivatives	**(2,110)**	**(170)**	**(2,280)**

Millions of euros				
2005	**Exchange Risk**	**Interest Rate Risk**	**Equity Price Risk**	**Total**
Organised Markets				
Fair value micro-hedge	-	(8)	(2)	(10)
Non organised markets				
Credit institutions				
Fair value micro-hedge	(1,715)	741	31	(943)
Cash flow micro-hedge	1,599	(150)	-	1,449
Other financial institutions				
Fari value micro-hedge	-	195	-	195
Other sectors				
Fari value micro-hedge	-	355	(3)	352
Total	**(116)**	**1,133**	**26**	**1,043**
of which: Asset Hedging Derivatives	**1,599**	**2,282**	**32**	**3,913**
of which: Liability hedging Derivatives	**(1,715)**	**(1,149)**	**(6)**	**(2,870)**

The most significant forecasted cash flows that the Group has hedged, being its impact on the income statement expected in the following periods:

Millions of euros				
	3 months or less	**More than 3 months but less than 1 year**	**From 1 to 5 years**	**More than 5 years**
Cash inflows from assets	187	488	377	144
Cash outflows from liabilities	144	304	341	213

The amounts that were so recognized in equity during the period and the amounts that were removed from equity and included in profit or loss for the period are showed in the "Consolidated Statement recognized income and expense".

As of December 31, 2007, 2006 and 2005 there were no hedges of highly probable forecast transaction in the Group.

In 2007, in relation to the fair value hedges, €789 million were recognized in the consolidated income statement by gains on hedging items and €793 million by the losses on the hedged items attributable to the risk hedged.

As of December 31, 2007, the amounts recorded in profit and loss account by ineffective portion in cash flow hedge were not significant.

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

The non-current assets held for sale recorded as assets in the consolidated balances sheets as of December 31, 2007 related to properties from the award for carrying out the guarantee to ensure the recovery of loans. These properties are assets available for sale, which is considered highly probable. The sale of most of these assets is expected to be completed within one year of the date on which they are classified as "non-current assets held for sale".

The changes for the year ended December 31, 2007, 2006 and 2005 in the balance of this heading in the consolidated balance sheets were as follows:

	Millions of euros		
	2007	**2006**	**2005**
Revalued cost -			
Balance beginning of year	**268**	**401**	**339**
Additions	487	279	122
Retirements	(744)	(370)	(212)
Acquisition of subsidiaries in the year	15	17	91
Disposal of subsidiaries in the year	-	-	-
Transfers	265	13	8
Exchange difference and other	15	(72)	53
Balance at end of year	**306**	**268**	**401**
Impairment -			
Balance beginning of year	**82**	**170**	**180**
Additions	38	61	31
Retirements	(43)	(105)	(52)
Acquisition of subsidiaries in the year	-	-	28
Transfers	8	6	4
Exchange difference and other	(19)	(50)	(21)
Balance at end of year	**66**	**82**	**170**
Balance total at end of year	**240**	**186**	**231**

In 2007, the Group BBVA reached an agreement whith the Group GMP to sale them the four buildings from BBVA, located in Castellana 81, Goya 14, Hortaleza-Vía de los Poblados and Alcalá 16 (all of them in Madrid). The Group transferred from "Tangible assets – Property, plants and equipment" to "Non-current assets held for sale" an amount of €257 million. Once the sale was completed, that amount were derecognised on the heading "Non-current assets held for sale", as shown in the table above. The amount of the sale of the buildings indicated above was €579 million.

This sale has generated gains of €279 million recognized in the heading "Other gains on disposal of tangible assets" in the accompanying consolidated income statement (Note 54). Those sales have been made without any financing to GMP by the Group.

The fair value of the items included in non current assets held for sale was determined by reference to appraisals performed by companies registered as valuers in each of the geographical areas in which the assets are located.

The independent valuation and appraisal companies entrusted with the appraisal of these assets were Valtecnic, S.A., General de Valoraciones, S.A., Krata, S.A., Tinsa, S.A., Alia Tasaciones, S.A., Ibertasa, S.A., Tasvalor, S.A. and Gesvalt, S.A.

As of December 31, 2007, 2006 and 2005, there were no liabilities associated with non-current assets held for sale.

16. INVESTMENTS

16.1. INVESTMENTS IN ASSOCIATES

The following table shows the detail of the most significant Group's investments in associates as of December 31, 2007, 2006 and 2005:

	Millons of euros		
Investments in Associates	**2007**	**2006**	**2005**
Citic Intemational Financial Holdings Limited CIFH	432	-	-
Metropolitan Participaciones, S.L.	131	-	-
Tubos Reunidos, S.A.	85	69	58
BBVA Elcano Empresarial II, S.C.R., S.A.	57	31	-
BBVA Elcano Empresarial, S.C.R., S.A.	57	31	-
Banca Nazionale del Lavoro, S.p.A	-	-	727
Técnicas Reunidas, S.A.	-	-	39
Rest of companies	84	75	122
Total	**846**	**206**	**946**

Appendix III includes the most significant information about associates.

The gross changes in 2007, 2006 and 2005 in this heading of the consolidated balance sheets were as follows:

	Millions of euros		
	2007	**2006**	**2005**
Balance at beginning of year	**206**	**946**	**910**
Acquisitions	626	28	10
Disposals	-	(802)	(11)
Transfers and others	14	34	37
Balance at end of year	**846**	**206**	**946**

The acquisitions in 2007 were: CITIC International Financial Holdings (CIFH) with an investment of €483 million (the ownership interest held by the Group as of March 2007 was 14.58%) and Metropolitan Participations, S.L., with an investment of €142 million euros (the ownership interest held by the Group as of September 2007 was 40.67%).

The investment in CIFH, despite is less than 20%, accounted for using the equity method because it has a significant influence under the strategic agreement with the Chinese banking group CITIC. Because of these agreement, the Group acquired in March 2007, 4.83% of China Citic Bank (CNCB), with an investment of €719 million (Note 11). The latter investment was recognized in the heading "Available-for-sale financial assets" in the consolidated balance sheets as of December 31, 2007 (Note 11). The Group also maintains a purchase option that allows reach 9.9% of the capital of that bank.

In 2007 there have been no significant sales of ownership interest in associates. The most significant sales in 2006 were Banca Nazionale del Lavoro, S.p.A and Técnicas Reunidas, S.A.

The goodwill of associates accounted in this heading as of December 31, 2007 amounted to €119 million, of which €115 million related to CITIC International Financial Holdings.

The results on the consolidated income statements in 2007 were recognized in the heading "Share of profit or loss of entities accounted for using the equity method" and the contribution of the most significant associates: Tubos Reunidos, Metropolitan Particp, S.A. and CIFH, amounted to €20 million, €6 million, €7 million, respectively.

The following table shows the book value and the fair value as of December 31, 2007 calculated on the base of its official listed of associates accounted for using the equity method:

	Millions of euros	
COMPANY	**Book value**	**Fair value**
Citic International Financial Holdings Limited	432	355
Tubos Reunidos, S.A.	85	241

16.2. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

The societies that the Group has considered, because reflect the economic reality of such holdings, must be accounted by the "equity method" are registered with the basis of consolidation of Note 2.1.b. The balance as of December 31, 2007, 2006 and 2005 amounted to €696 million, €683 million and €527 million, respectively.

The most significant investments included was Corporación IBV Participaciones Empresariales, S.A. with a balance a contribution of €574 million to the total assets of the consolidated balance sheet as of December 31, 2007 and €209 million to the consolidated income statement under the heading "share of profit or loss of entities accounted for using the equity method" for the year that ended December 31, 2007.

If aforementioned entities had been consolidated by the proportionate consolidation method the total assets of the Group as of December 31, 2007, 2006 and 2005 would have experienced an increase of €1,009 million, €1,017 million and €778 million, respectively. The economic impact on the margins of the accounts of consolidated results for the period that ended December 31, 2007 there had not been significant.

The goodwill of the jointly controlled entities registered in this heading as of December 31, 2007 amounted to €6 million, of which €4 million related to Grupo Profesional Planeación y Proyectos, S.A. de C.V.

Appendix III includes the most significant information about jointly controlled entities accounted for using the equity method.

16.3. INFORMATION ABOUT ASSOCIATES AND JOINTLY CONTROLLED ENTITIES BY THE PROPORTIONATE CONSOLIDATION METHOD

The following table provides relevant information of the balance sheet and income statement of associates and jointly controlled entities by the proportionate consolidation method as of December 31, 2007, 2006 and 2005 (see Appendix III).

	Millions of euros		
	2007	**2006**	**2005**
Net sales	290	276	763
Operating Income	104	317	159
Net Income	250	282	122
Current Assets	1,102	780	2,251
Non-current Assets	2,446	433	11,815
Current Liabilities	585	238	1,543
Non-current Liabilities	2,963	975	12,523

(*) Non audited information

16.4. NOTIFICATIONS ABOUT ACQUISITION OF HOLDINGS

The notifications on the acquisition and disposal of holdings in associates or jointly controlled, in compliance with Article 86 of the Spanish Corporations Law and Article 53 of the Securities Market Law 24/1988, are listed in Appendix IV.

16.5 IMPAIRMENT

During 2007, the good will in associates and jointly controlled entities has not registered an impairment.

During 2006, the good will in jointly controlled entities registered an impairment of €6 million.

17. REINSURANCE ASSETS

This heading of the consolidated balance sheets reflects the amounts to receive from consolidated entities whose origins are reinsurance contracts with third parties.

As of December 31, 2007, 2006 and 2005, the detail of the balance of this heading in the consolidated balance sheets was as follows:

	Millions of euros		
	2007	**2006**	**2005**
Reinsurance assets	43	32	235
Reinsurer´s share of technical provisions	43	32	223
Debtors arising from insurance and reinsurance operations (*)	-	-	12
Total	**43**	**32**	**235**

(*) This caption is included in the heading "Loans and Receivables" as of December 31, 2007 and 2006

18. TANGIBLE ASSETS

As of December 31, 2007, 2006 and 2005, the detail and the change of the balance of this heading in the consolidated balance sheets based on the nature of the related items, were as follows:

	Millions of euros					
	Property, plants and equipment					
2007	Land and Buildings	Work in Progress	Furniture, Fixtures and Vehicles	Investment Properties	Assets Leased out under an Operating	Total
Revalued cost -						
Balance at 1 January 2007	**3,088**	**24**	**4,974**	**76**	**881**	**9,043**
Additions	501	138	577	38	213	1,467
Retirements	(116)	(29)	(165)	(2)	(16)	(328)
Acquisition of subsidiaries in the year	388	32	65	-	57	542
Disposal of entities in the year	-	-	(19)	(16)	(160)	(195)
Transfers	(272)	(8)	(174)	1	-	(453)
Exchange difference and other	(174)	(6)	(234)	(1)	(9)	(424)
Balance at 31 December 2007	**3,415**	**151**	**5,024**	**96**	**966**	**9,652**
Accumulated depreciation -						
Balance at 1 January 2007	**(798)**	**-**	**(3,445)**	**(14)**	**(231)**	**(4,488)**
Additions	(54)	-	(340)	(3)	(79)	(476)
Retirements	6	-	114	-	77	197
Acquisition of subsidiaries in the year	(8)	-	(4)	-	(21)	(33)
Disposal of entities in the year	-	-	24	-	-	24
Transfers	65	-	81	-	-	146
Exchange difference and other	64	-	168	4	9	245
Balance at 31 december 2007	**(725)**	**-**	**(3,402)**	**(13)**	**(245)**	**(4,385)**
Impairment -						
Balance at 1 January 2007	**(27)**	**-**	**-**	**(1)**	**-**	**(28)**
Additions	(6)	-	(5)	-	-	(11)
Retirements	3	4	-	-	-	7
Acquisition of subsidiaries in the year	-	-	-	-	(2)	(2)
Exchange difference and other	9	(4)	-	-	-	5
Balance at 31 December 2007	**(21)**	**-**	**(5)**	**(1)**	**(2)**	**(29)**
Net tangible assets -						
Balance at 1 January 2007	**2,263**	**24**	**1,529**	**61**	**650**	**4,527**
Balance at 31 December 2007	**2,669**	**151**	**1,617**	**82**	**719**	**5,238**

	Millions of euros					
	Property, plants and equipment					
2006	Land and Buildings	Work in Progress	Furniture, Fixtures and	Investment Properties	Assets Leased out under an	Total
Revalued cost -						
Balance at 1 January 2006	**3,153**	**19**	**4,976**	**93**	**630**	**8,871**
Additions	58	32	436	-	304	830
Retirements	(14)	(15)	(195)	(5)	(187)	(416)
Acquisition of subsidiaries in the year	127	2	32	-	150	311
Disposal of entities in the year	(47)	-	(37)	-	-	(84)
Transfers	(18)	(7)	5	(1)	-	(21)
Exchange difference and other	(171)	(7)	(243)	(11)	(16)	(448)
Balance at 31 December 2006	**3,088**	**24**	**4,974**	**76**	**881**	**9,043**
Accumulated depreciation -						
Balance at 1 January 2006	**(796)**	**-**	**(3,483)**	**(15)**	**(164)**	**(4,458)**
Additions	(68)	-	(266)	(1)	(48)	(383)
Retirements	13	-	160	1	13	187
Acquisition of subsidiaries in the year	-	-	(9)	-	(48)	(57)
Disposal of entities in the year	3	-	35	-	-	38
Transfers	7	-	1	-	-	8
Exchange difference and other	43	-	117	1	16	177
Balance at 31 december 2006	**(798)**	**-**	**(3,445)**	**(14)**	**(231)**	**(4,488)**
Impairment -						
Balance at 1 January 2006	**(28)**	**-**	**-**	**(1)**	**-**	**(29)**
Additions	(4)	-	-	-	-	(4)
Retirements	8	-	-	-	-	8
Acquisition of subsidiaries in the year	-	-	-	-	-	0
Exchange difference and other	(3)	-	-	-	-	(3)
Balance at 31 December 2006	**(27)**	**-**	**-**	**(1)**	**-**	**(28)**
Net tangible assets -						
Balance at 1 January 2006	**2,329**	**19**	**1,493**	**77**	**466**	**4,384**
Balance at 31 December 2006	**2,263**	**24**	**1,529**	**61**	**650**	**4,527**

2005	Millions of euros Property, plants and equipment Land and Buildings	Work in Progress	Furniture, Fixtures and	Investment Properties	Assets Leased out under an	Total
Revalued cost -						
Balance at 1 January 2005	**2,766**	**8**	**4,357**	**195**	**566**	**7,892**
Additions	109	19	375	4	240	747
Retirements	(148)	(6)	(160)	(39)	(114)	(467)
Acquisition of subsidiaries in the year	159	10	124	-	-	293
Disposal of entities in the year	(6)	-	(4)	-	-	(10)
Transfers	3	(7)	7	(34)	-	(31)
Exchange difference and other	270	(5)	277	(33)	(62)	447
Balance at 31 December 2005	**3,153**	**19**	**4,976**	**93**	**630**	**8,871**
Accumulated depreciation -						
Balance at 1 January 2005	**(664)**	**(1)**	**(3,013)**	**(32)**	**(127)**	**(3,837)**
Additions	(52)	-	(219)	(1)	(89)	(361)
Retirements	41	1	143	4	54	243
Acquisition of subsidiaries in the year	(29)	-	(80)	-	-	(109)
Disposal of entities in the year	-	-	2	1	-	3
Transfers	(10)	-	4	6	-	-
Exchange difference and other	(82)	-	(320)	7	(2)	(397)
Balance at 31 december 2005	**(796)**	**0**	**(3,483)**	**(15)**	**(164)**	**(4,458)**
Impairment -						
Balance at 1 January 2005	**(116)**	**-**	**-**	**-**	**-**	**(116)**
Additions	(2)	-	-	(1)	-	(3)
Retirements	10	-	-	-	-	10
Acquisition of subsidiaries in the year	(2)	-	-	-	-	(2)
Exchange difference and other	82	-	-	-	-	82
Balance at 31 December 2005	**(28)**	**-**	**-**	**(1)**	**-**	**(29)**
Net tangible assets -						
Balance at 1 January 2005	**1,986**	**7**	**1,344**	**163**	**439**	**3,939**
Balance at 31 December 2005	**2,329**	**19**	**1,493**	**77**	**466**	**4,384**

The Group BBVA purchased, through a Real Estate company of the Group and in accordance with an agreement signed on June 19, 2007 with the “Group Gmp” (GMP), the “Parque Empresarial Foresta” located in a development area in the north of Madrid, where the new Corporate Headquarter will be build. This project has meant to the BBVA Group an investment of €430 million, recognized, as of December 31, 2007, in the headings "Land and Buildings" and "works in progress" for an amount of €352 million and €78 million, respectively.

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

	Number of branches 2007	2006	2005
Spain	3,595	3,635	3,578
United States(*)	4,291	3,742	3,618
Rest of the world	142	122	132
Total	**8,028**	**7,499**	**7,328**

(*) Includes those related to the BBVA Group’s banking, pensions fund managers and insurance companies in all the American countries in which it is present.

As of December 31, 2007, 2006 and 2005, 47.3%, 46.9% and 47.9%, respectively, of the branches in Spain were leased from third parties. As of December 31, 2007, 2006 and 2005, 56.7%, 60% and 58.69%, respectively, of the branches in Latin-American were leased from third parties.

The gains and losses from the sale of tangible assets are presented under the heading "Other Gains" and "Other Losses" in the accompanying consolidated income statements (Note 54).

In 2007 the net tangible assets impairment losses charged to the consolidated income statement amounted to €12 million. In 2006 the net recoveries of impairment for tangible assets amounted to €5 million. In 2005 the net tangible assets impairment losses charged to the consolidated income statement amounted to €2 millions. The changes were registered under the heading "Impairment Losses-Tangible Assets".

The net book value as of December 31, 2007, 2006 and 2005 of tangible assets for foreign subsidiaries amounted to €2,284 million, €1,857 million and €1,825 million, respectively.

Moreover, the amount of tangible assets under finance leases on which it is expected the purchase option was not significant as of December 31, 2007, 2006 and 2005.

19. INTANGIBLE ASSETS

19.1. Goodwill

As of December 31, 2007, 2006 and 2005, the detail of the balance of this heading and the changes, according to the companies that originated them, was as follows:

2007	Millions of euros						
	Balance at beginning of year	Additions	Other	Retirements	Exchange Differences	Impairment	Balance at end of year
BBVA USA Bancshares, Inc.	1,679	5,171	(27)	-	(558)	-	6,265
del que:							
Laredo National Bank	*422*	-	-	-	*(43)*	-	*379*
Texas Regional Bank	*1,257*	-	*(27)*	-	*(129)*	-	*1,101*
State National Bank	-	*270*	-	-	*(33)*	-	*237*
Compass Bank	-	*4,901*	-	-	*(353)*	-	*4,548*
Grupo Financiero Bancomer, S.A. de C.V.	544	-	-	-	(59)	-	485
Hipotecaria Nacional S.A. C.V.	239	-	-	-	(26)	-	213
BBVA Colombia, S.A.	213	-	(8)	-	(1)	-	204
BBVA Pensiones Chile, S.A.	90	-	-	-	(3)	-	87
Maggiore Fleet, S.p.A.	36	-	(2)	-	-	-	34
BBVA Chile, S.A.	35	-	-	-	(1)	-	34
BBVA Puerto Rico, S. A.	35	-	-	-	(4)	-	31
FORUM Servicios Financieros,S.A.	49	-	(20)	-	(1)	-	28
AFP Provida, S.A.	22	-	-	-	(1)	-	21
BBVA Portugal,S.A.	16	-	-	-	-	-	16
Finanzia, Banco de Crédito, S.A.	5	-	-	-	-	-	5
BBVA Finanzia S.p.A.	4	-	-	-	-	-	4
BBVA Bancomer USA	4	-	-	-	-	-	4
BBVA Renting S.p.A.	-	1	2	-	-	-	3
FORUM Distribuidora, S.A.	2	-	-	-	-	-	2
TOTAL INTEGRACIÓN GLOBAL	**2,973**	**5,172**	**(55)**	**-**	**(654)**	**-**	**7,435**

2006	Millions of euros						
	Balance at beginning of year	Additions	Other	Retirements	Exchange Differences	Impairment	Balance at end of year
Texas Regional Bancshares, Inc.	-	1,294	-	-	(37)	-	1,257
Grupo Financiero BBVA Bancomer, S.A. de C.V.	617	-	-	-	(73)	-	544
Grupo Laredo	474	-	(3)	-	(49)	-	422
Hipotecaria Nacional, S.A. de C.V.	259	-	10	-	(30)	-	239
Grupo BBVA Colombia	267	-	(35)	-	(19)	-	213
BBVA Pensiones Chile, S.A.	104	-	-	-	(14)	-	90
Forum Servicios Financieros, S.A.	-	51	-	-	(2)	-	49
Maggiore Fleet, S.p.A.	-	36	-	-	-	-	36
BBVA Chile, S.A.	41	-	-	-	(6)	-	35
BBVA Puerto Rico, S.A.	39	-	-	-	(4)	-	35
AFP Provida	26	-	-	-	(4)	-	22
BBVA Portugal, S.A.	16	-	-	-	-	-	16
Finanzia, Banco de Crédito, S.A.	5	-	-	-	-	-	5
BBVA Bancomer USA (*)	5	-	-	-	(1)	-	4
BBVA Finanzia, S.p.A.	-	4	-	-	-	-	4
Forum Distribuidora, S.A.	-	2	-	-	-	-	2
Invesco Management Nº1	-	6	-	-	-	(6)	-
Other companies	5	3	1	(9)	-	-	-
FULLY CONSOLIDATED COMPANIES	**1,858**	**1,396**	**(27)**	**(9)**	**(239)**	**(6)**	**2,973**

(*) Former Valley Bank.

2005	Millions of euros				
	Balance at beginning of year	Additions	Other	Exchange Differences	Balance at end of year
Grupo Financiero BBVA Bancomer, S.A. de C.V.	513	-	-	104	617
Grupo Laredo	-	433	-	41	474
Grupo BBVA Colombia (*)	-	267	-	-	267
Hipotecaria Nacional, S.A. de C.V.	-	224	-	35	259
Grupo Provida	104	-	-	26	130
BBVA Chile, S.A.	32	-	-	8	40
BBVA Puerto Rico, S.A.	34	-	-	5	39
BBVA (Portugal), S.A.	16	-	-	-	16
Finanzia, Banco de Crédito, S.A.	5	-	-	-	5
Valley Bank	6	-	-	-	6
Otras sociedades	-	5	-	-	5
FULLY CONSOLIDATED COMPANIES	**710**	**929**	**-**	**219**	**1.858**

(*) Goodwill of Banco Granahorrar, S.A.

Annually an impairment test is carried out for each company that generates goodwill. This test compares the present value of future cash flows that are expected to be obtained by each company with its book value and goodwill, in order to determine whether or not its value is impaired. As of December 31, 2007, as a result of the impairment tests carried out, there were no losses due to impairments in the value of these companies.

In 2007, the Group acquired 100% of the capital shares of State National Bancshares Inc. and Compass Bancshares Inc.

The detail of the book value of the consolidated assets and liabilities of Compass Bancshares Inc. and State National Bancshares, Inc. previous to its acquisition and the corresponding acquisition costs, gross of tax, which according to the acquisition method have been provisionally allocated at the moment of purchase, were as follows:

	Millions of euros	
Acquisition cost of Compass Bancshares, Inc.		6,693
Compass Bancshares, Inc. value at the date of acquisition.	**Book value**	**Fair Value**
Cash	426	426
Loans and receivables	18,610	18,221
Financial assets	5,692	5,631
Tangible assets	443	514
Intangible assets obtained from previous business combinatios	560	2
Intangible assets identify at the date of the business combination (*)	-	545
Other assets	390	391
Financial liabilities	(23,521)	(23,518)
Other liabilities	(378)	(402)
Recognised contingent liabilities	-	-
Deferred tax	-	(18)
Total Equity	**2,222**	**1,792**
Goodwill		**4,901**

(*) The intangible assets amount identified at the acquisition date, corresponds principally to gains assigned to "core deposits" and amounted to €466 million

	Millions of euros	
Acquisition cost of State National Bancshares, Inc.		378
State National Bancshares, Inc. value at the date of acquisition.	**Book value**	**Fair Value**
Cash	82	82
Loans and receivables	899	884
Financial assets	207	204
Tangible assets	45	47
Intangible assets obtained from previous business combinatios	88	-
Intangible assets identify at the date of the business combination	-	28
Other assets	8	7
Financial liabilities	(1,145)	(1,146)
Other liabilities	(5)	(7)
Recognised contingent liabilities	-	-
Deferred tax	-	9
Total Equity	**179**	**108**
Goodwill		**270**

The valuations were conducted by an independent expert, applying different valuation methods on the basis of each asset and liability. The methods used are based on the present value of the cash flows that business or asset is expected to generate in the future, the Market Transaction Method and the Cost Method.

During 2007 there have not been effects of gains, losses, error corrections and other significant adjustments in relation with assets, liabilities and contingent liabilities in the acquired entities in 2007 o prior periods.

19.2. OTHER INTANGIBLE ASSETS

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros			Average Useful Life (years)
	2007	2006	2005	
Computer software acquisition expense	42	56	45	5
Other deferred charges	202	116	80	5
Other intangible assets	571	132	92	5
Impairment	(7)	(8)	(5)	
Total	**808**	**296**	**212**	

The changes in 2007, 2006 y 2005 in this heading were as follows:

	Millons de euros		
	2007	2006	2005
Balance at beginning of year	**296**	**212**	**111**
Additions	134	171	228
Year amortisation	(151)	(89)	(88)
Exchange differences and other (*)	530	5	(34)
Impairment	(1)	(3)	(5)
Balance at end of year	**808**	**296**	**212**

(*)The heading "Exchange differences and other" as of December 31, 2007 includes €500 million the acquisition to incorporation of Compass in September 2007.

20. PREPAYMENTS AND ACCRUED INCOME AND ACCRUED EXPENSES AND DEFERRED INCOME

The detail of the balance of these headings in the consolidated balance sheets as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Assets -			
Prepaid expenses	359	279	199
Other prepayments and accrued income	245	395	358
Total	**604**	**674**	**557**
Liabilities -			
Unmatured accrued expenses	1,381	1,169	1,147
Other accrued expenses and deferred income	439	341	563
Total	**1,820**	**1,510**	**1,710**

21. OTHER ASSETS AND LIABILITIES

The detail of the balances of these headings in the consolidated balance sheets as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Assets -			
Inventories (*)	457	470	339
Transactions in transit	203	106	9
Public Treasury	-	63	101
Other	1,033	1,104	1,492
Total	**1,693**	**1,743**	**1,941**
Liabilities -			
Transactions in transit	54	140	24
Other	498	579	581
Total	**552**	**719**	**605**

(*) The balance of the heading Inventories in the consolidated financial statements relates basically to the following companies: Inensur Brunete, S.L., Anida Desarrollos Inmobiliarios, Monasterio Desarrollo, S.L., Montealiaga, S.A. and Desarrollo Urbanístico Chamartín, S.A.

22. OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The balance of this heading in the consolidated balance sheet as of December 31, 2007, 2006 and 2005 amounted to €449 million, €582 million and €740 million, respectively, and related to deposits from other creditors through the so-called unit-linked life insurance policies (in which the policyholder bears the risk).

23. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH EQUITY

As of December 31, 2007, 2006 and 2005 there were no financial liabilities at fair value through equity.

24. FINANCIAL LIABILITIES AT AMORTIZED COST

The detail of the items composing the balances of this heading in the accompanying consolidated balance sheets was as follows:

	Millions of euros		
	2007	2006	2005
Deposits from central banks	27,326	15,238	21,190
Deposits from credit institutions	60,772	42,567	45,126
Money markets operations	23	223	23
Deposits from other creditors	236,183	192,374	182,635
Debt certificates (including bonds)	82,999	77,674	62,842
Subordinated liabilities	15,662	13,597	13,723
Other financial liabilities (*)	6,239	6,772	6,051
Total	**429,204**	**348,445**	**331,590**

(*) As of December 31 2007, 2006 and 2005, Other Financial Liabilities included €570 million, €469 million and €390 million, respectively, relating to the third interim dividend (Note 4).

24.1. DEPOSITS FROM CENTRAL BANKS

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

	Millions of euros		
	2007	2006	2005
Bank of Spain	19,454	7,265	16,139
Credit account drawdowns	8,209	4,010	6,822
Other State debt and Treasury bills under repurchase agreement	-	-	386
Other assets under repurchase agreement	11,245	3,255	8,931
Other central banks	7,802	7,927	5,028
Total gross	**27,256**	**15,192**	**21,167**
Valuation adjustments	70	46	23
Total	**27,326**	**15,238**	**21,190**

As of December 31, 2007, 2006 and 2005, the financing limit assigned to the Group by the Bank of Spain and other central banks was €10,320 million, €8,136 and €10,003 million, respectively, of which €8,053 million, €4,535 and €6,822 million had been drawn down, respectively.

24.2 DEPOSITS FROM CREDIT INSTITUTIONS

The breakdown of the balance of this heading in the consolidated balance sheets, based on the nature of the related transactions, was as follows:

	Millions of euros		
	2007	2006	2005
Reciprocal accounts	3,059	78	271
Deposits with agreed maturity	33,576	27,016	28,807
Demand deposits	1,410	1,782	1,054
Other accounts	362	393	1,113
Repurchase agreements	21,988	13,017	13,723
Total gross	**60,395**	**42,286**	**44,968**
Valuation adjustments	377	281	158
Total	**60,772**	**42,567**	**45,126**

The detail, by geographical area, of this heading as of December 31, 2007, 2006 and 2005 disregarding valuation adjustments was as follows:

	Millions of euros			
2007	Demand Deposits	Deposits with Agree Maturity	Funds Received Under Financial Asset Transfers	Total
Spain	790	5,247	3,239	9,276
Rest of Europe	231	13,126	3,943	17,300
United States	3,077	6,853	881	10,811
Latin America	331	3,962	13,925	18,218
Rest of the world	40	4,750	-	4,790
Total	**4,469**	**33,938**	**21,988**	**60,395**

2006	Demand Deposits	Deposits with Agree Maturity	Funds Received Under Financial Asset Transfers	Total
	Millions of euros			
Spain	807	5,001	1,683	7,491
Rest of Europe	642	12,640	4,621	17,903
United States	110	2,653	797	3,560
Latin America	239	3,166	5,916	9,321
Rest of the world	61	3,950	-	4,011
Total	**1,859**	**27,410**	**13,017**	**42,286**

2005	Demand Deposits	Deposits with Agree Maturity	Funds Received Under Financial Asset Transfers	Total
	Millions of euros			
Spain and rest of Europe	1,033	14,815	8,255	24,103
United States	69	3,670	1,650	5,389
Latin America	1,290	2,643	3,818	7,751
Rest of the world	46	7,679	-	7,725
Total	**2,438**	**28,807**	**13,723**	**44,968**

24.3 DEPOSITS FROM OTHER CREDITORS

The breakdown of the balance of this heading in the accompanying consolidated balance sheets, based on the nature of the related transactions, was as follows:

	Millions of euros		
	2007	2006	2005
General Government	**16,372**	**14,171**	**17,673**
Spanish	6,844	7,109	9,742
Foreign	9,512	7,038	7,876
Valuation adjustments	16	24	55
Other resident sectors -	**107,417**	**94,393**	**79,756**
Current accounts	22,798	25,346	20,645
Savings accounts	21,389	22,460	20,629
Fixed-term deposits	33,781	27,682	20,435
Reverse repos	8,785	9,081	12,030
Other accounts	19,825	9,112	5,382
Valuation adjustments	839	712	635
Non-resident sectors	**112,394**	**83,810**	**85,206**
Current accounts	25,453	19,043	18,717
Savings accounts	19,057	13,636	11,370
Fixed-term deposits	58,492	40,906	45,266
Repurchase agreements	8,544	9,555	9,215
Other accounts	186	110	77
Valuation adjustments	662	560	561
Total	**236,183**	**192,374**	**182,635**
Of which:			
In euros	123,924	108,313	100,623
In foreign currency	112,259	84,061	82,012

The detail, by geographical area, of this heading as of December 31, 2007, 2006 and 2005 disregarding valuation adjustments was as follows:

2007	Demand Deposits	Saving Deposits	Deposits with Agreed Maturity	Repos	Total
	Millions of euros				
Spain	28,339	21,468	54,417	9,199	113,423
Rest of Europe	3,055	312	12,555	10	15,932
United States	6,996	7,877	22,964	148	37,985
Latin America	18,677	9,445	21,874	8,392	58,388
Rest of the world	1,657	2,842	4,439	-	8,938
Total	**58,724**	**41,944**	**116,249**	**17,749**	**234,666**

Millions of euros

2006	Demand Deposits	Saving Deposits	Deposits with Agreed Maturity	Repos	Total
Spain	30,907	22,525	36,907	10,303	100,642
Rest of Europe	2,746	1,050	7,244	448	11,488
United States	1,419	2,019	10,529	57	14,024
Latin America	17,816	11,466	22,505	9,064	60,851
Rest of the world	795	403	2,875	-	4,073
Total	**53,683**	**37,463**	**80,060**	**19,872**	**191,078**

Millions of euros

2005	Demand Deposits	Saving Deposits	Deposits with Agreed Maturity	Repos	Total
Spain and rest of Europe	30,294	21,676	36,344	17,145	105,459
United States	1,007	354	10,372	135	11,868
Latin America	17,041	10,164	22,968	7,983	58,156
Rest of the world	775	518	4,608	-	5,901
Total	**49,117**	**32,712**	**74,292**	**25,263**	**181,384**

24.4 DEBT CERTIFICATES (INCLUDING BONDS)

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

Millions of euros

	2007	2006	2005
Promissory notes and bills	5,759	7,556	7,418
Bonds and debentures issued:	77,240	70,118	55,424
Mortgage-backed securities	39,730	36,029	26,927
Other non-convertible securities	37,137	33,276	26,542
Valuation adjustments	373	813	1,955
Total	**82,999**	**77,674**	**62,842**

24.4.1. PROMISSORY NOTES AND BILLS:

These promissory notes were issued mainly by Banco de Financiación, S.A., and the detail thereof, by currency, was as follows:

Millions of euros

	2007	2006	2005
In euros	4,902	6,671	6,725
In other currencies	857	885	693
Total	**5,759**	**7,556**	**7,418**

24.4.2. BONDS AND DEBENTURES ISSUED:

The detail of the balance of this account in the accompanying consolidated balance sheets, based on the currency in which the bonds and debentures are issued, and of the related interest rates was as follows:

Millions of euros

	2007	2006	2005
In euros -			
Non-convertible bonds and debentures at floating interest rates	18,955	18,346	18,488
Non-convertible bonds and debentures	6,154	6,438	5,214
Covered bonds	38,680	35,808	26,683
Valuation adjustments	252	734	1,940
In foreign currencies -			
Non-convertible bonds and debentures at floating interest rates	10,707	7,866	2,614
Non-convertible bonds and debentures	1,322	626	226
Covered bonds	1,049	221	244
Valuation adjustments	121	79	15
Total	**77,240**	**70,118**	**55,424**

As of December 31, 2007, the (weighted average) interest rate relating to fixed and floating rate issues in euros was 3.87% and 4.68%, respectively. As of December 31, 2007, the (weighted average) interest rate relating to fixed and floating rate issues in foreign currencies at that date was 5.12% and 5.97%, respectively.

The valuation adjustments captation mainly include adjustments for accrued interest, hedging transactions and issuance fees.

Most of the foreign-currency issues are denominated in U.S. dollars.

The accrued interests on promissory notes, bills and debentures for December 31, 2007, 2006 and 2005 amounted to €3,658 million, €2,821 million and €1,899 million, respectively (Note 43.2).

24.5. SUBORDINATED LIABILITIES

The detail, by company, of this heading in the consolidated balance sheets as of Ju December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	**2006**	**2005**
Subordinated debt	10,834	9,385	9,179
Preference shares	4,562	4,025	4,128
Total gross	**15,396**	**13,410**	**13,307**
Valuation adjustments	266	187	416
Total	**15,662**	**13,597**	**13,723**

As of December 31, 2007, 2006 and 2005 the subordinated debt and preference shares bore interest of €868 million, €567 million and €556 million, respectively (see Note 43.2).

24.5.1. SUBORDINATED DEBT

These issues are non-convertible subordinated debt and, accordingly, for debt seniority purposes, they rank behind ordinary debt.

The detail, disregarding valuation adjustments, of the balance of this heading in the accompanying consolidated balance sheets, based on the related issue currency and interest rate, was as follows:

ISSUER	Currency	2007	2006	2005	Prevailing Interest Rate June 07	Maturity Date
		Millions of euros				
ISSUES IN EUROS						
BBVA						
july-96	EUR	-	-	79	-	December 22, 2006
july-96	EUR	27	27	27	9.37%	December 22, 2016
february-97	EUR	-	60	60	6.97%	December 18, 2007
september-97	EUR	-	36	36	6.65%	December 17, 2007
december-01 (*)	EUR	-	1,500	1,500	3.50%	January 1, 2017
july-03	EUR	600	600	600	4.32%	July 17, 2013
november-03	EUR	750	750	750	4.50%	November 12, 2015
october-04	EUR	992	991	992	4.37%	October 20, 2019
february-07	EUR	297	-	-	4.50%	February 16, 2022
BBVA CAPITAL FUNDING, LTD.						
march-97	EUR	-	46	46	2.71%	March 20, 2007
october-97	EUR	-	77	77	4.10%	October 8, 2007
october-97	EUR	229	229	228	6.00%	December 24, 2009
july-99	EUR	73	73	73	6.35%	October 16, 2015
february-00	EUR	497	498	500	6.38%	February 25, 2010
july-01 (*)	EUR	-	-	500	-	July 4, 2011
october-01	EUR	60	60	60	5.73%	October 10, 2011
october-01	EUR	40	40	40	6.08%	October 10, 2016
october-01	EUR	50	50	50	5.33%	October 15, 2016
november-01	EUR	55	55	55	5.30%	November 2, 2016
december-01	EUR	56	56	56	5.58%	December 20, 2016
BBVA SUBORDINATED CAPITAL, S.A.U.						
may-05	EUR	497	497	480	4.95%	May 23, 2017
october-05	EUR	150	150	150	5.03%	October 13, 2020
october-05	EUR	250	250	250	4.90%	October 20, 2017
october-06	EUR	1,000	1,000	-	4.93%	October 24, 2016
april-07	EUR	750	-	-	5.01%	April 3, 2017
april-07	EUR	100	-	-	4.34%	April 4, 2022
BBVA BANCOMER, S.A. de C.V.						
may-07	EUR	596	-	-	4.80%	May 17, 2017
ALTURA MARKETS A.V., S.A.						
november-07	EUR	3	-	-	6.72%	November 29, 2017
ISSUES IN FOREIGN CURRENCY						
BBVA PUERTO RICO, S.A.						
september-04	USD	34	38	42	4.20%	September 23, 2014
september-06	USD	25	28	-	5.76%	September 29, 2016
september-06	USD	21	23	-	5.39%	September 29, 2016
BBVA GLOBAL FINANCE, LTD.						
december-95	USD	136	152	170	7.00%	December 1, 2025
december-95	USD	-	-	64	-	May 9, 2006
BANCO BILBAO VIZCAYA ARGENTARIA, CHILE	CLP	283	276	172	Varios	Varios
BBVA BANCOMER, S.A. de C.V.						
november-98		-	-	198	-	September 28, 2006
july-05	USD	340	377	421	5.38%	July 22, 2015
september-06	MNX	156	174	-	8.23%	September 18, 2014
may-07	USD	340	-	-	6.01%	May 17, 2022
BBVA CAPITAL FUNDING, LTD.						
october-95	JPY	60	64	72	6.00%	October 26, 2015
february-96	USD	-	-	212	-	February 14, 2006
november-96	USD	-	-	170	-	November 27, 2006
BBVA BANCOMER CAPITAL TRUST, INC.						
february-01(*)	USD	-	-	424	-	February 16, 2011
LNB CAPITAL TRUST I						
november-01(*)	USD	-	-	18	-	December 8, 1931
LNB STATUTORY TRUST I						
december-01(*)	USD	-	-	25	-	December 18, 1931
BBVA SUBORDINATED CAPITAL, S.A.U.						
october-05	JPY	122	127	144	2.75%	October 22, 1935
october-05	GBP	409	447	438	6.48%	October 21, 2015
march-06	GBP	409	447	-	5.00%	March 31, 2016
march-07	GBP	343	-	-	5.75%	March 11, 2018

ISSUER	Currency	2007	2006	2005	Prevailing Interest Rate June 07	Maturity Date
		Millions of euros				
RIVERWAY HOLDING CAPITAL TRUST I						
march-01	USD	7	9	-	10.18%	June 8, 1931
RIVERWAY HOLDING CAPITAL TRUST II						
july-01 (*)	USD	-	4	-	9.30%	July 25, 1931
february-04	USD	34	38	-	7.84%	March 17, 1934
COMPASS BANCSHARES INC						
july-01	USD	2	-	-	10.18%	July 31, 1931
STATE NATIONAL CAPITAL TRUST I						
july-03	USD	10	-	-	7.88%	September 30, 1933
STATE NATIONAL STATUTORY TRUST II						
march-04	USD	7	-	-	7.78%	March 17, 1934
TEXASBANC CAPITAL TRUST I						
july-04	USD	17	-	-	7.75%	July 23, 1934
COMPASS BANK						
august-99	USD	124	-	-	7.75%	September 15, 2009
april-99	USD	69	-	-	6.45%	May 1, 2009
march-05	USD	188	-	-	5.50%	April 1, 2020
march-06	USD	175	-	-	5.90%	April 1, 2026
sep-07	USD	236	-	-	6.40%	October 1, 2017
BBVA COLOMBIA, S.A.						
august-06	COP	135	136	-	11.54%	August 28, 2011
BANCO CONTINENTAL, S.A.						
december-06	USD	20	-	-	6.65%	December 16, 2016
may-07	PEN	9	-	-	5.85%	May 7, 2022
may-07	USD	14	-	-	6.00%	May 14, 2027
june-07	PEN	12	-	-	3.47%	June 18, 1932
september-07	USD	14	-	-	6.26%	September 24, 2017
november-07	PEN	11	-	-	3.56%	June 18, 1932
TOTAL		**10,834**	**9,385**	**9,179**		

(*) Issuances cancelled before their maturity date

The issues of BBVA Capital Funding, LTD., BBVA Subordinated Capital, S.A.U. and BBVA Global Finance, LTD. are guaranteed (secondary liability) by the Bank.

24.5.2. PREFERENCE SHARES

The detail, by company, of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005 was as follows:

	2007	2006	2005
	Millions of euros		
BBVA Internacional, Ltd. (1)	500	1,000	1,341
BBVA Preferred Capital, Ltd. (2)	-	-	203
BBVA Privanza International (Gibraltar), Ltd.	-	-	59
BBVA Capital Finance, S.A.	1,975	1,975	1,975
Banco Provincial, S.A	66	-	-
BBVA International Preferred, S.A.U. (3)	2,003	1,050	550
Tucson Loan Holdings, Inc.	18	-	-
Total	**4,562**	**4,025**	**4,128**

(1) Listed on the Spanish AIAF market.
(2) Listed in New York Stock Exchange
(3) Listed in London Stock Exchange

The foregoing balances include several issues of non-cumulative non-voting preference shares and stakes of BBVA International Ltd., BBVA Capital Finance, S.A. y BBVA Intenational Preferred, S.A.U. guaranteed by Banco Bilbao Vizcaya Argentaria, S.A., the detail was as follows:

2007	**Currency**	**Amount Issued (Millions)**	**Fixed Anual Dividend**
BBVA International, Ltd.			
Diciembre 2002	EUR	500	4.800%
BBVA Capital Finance, S.A.			
Diciembre 2003	EUR	350	4.806%
Julio 2004	EUR	500	4.806%
Diciembre 2004	EUR	1,125	4.809%
BBVA International Preferred, S.A.U.			
Septiembre 2005	EUR	550	3.80%
Septiembre 2006	EUR	500	4.94%
Abril 2007	USD	600	5.92%
Julio 2007	GBP	400	7.09%
Banco Provincial, S.A. - Banco Universal			
Octubre 2007	BS	150,000	12.00%
Noviembre 2007	BS	58,000	12.00%
Tucson Loan Holdings Inc.			
Noviembre 1997	USD	28	9.875%

2006	**Currency**	**Amount Issued (Millions)**	**Fixed Anual Dividend**
BBVA International, Ltd.			
March 2002	EUR	500	3.50%
December 2002	EUR	500	3.41%
BBVA Capital Finance, S.A.			
December 2003	EUR	350	3.41%
July 2004	EUR	500	3.41%
December 2004	EUR	1,125	3.41%
BBVA International Preferred, S.A.U.			
September 2005	EUR	550	3.80%
September 2006	EUR	500	4.95%

2005	**Currency**	**Amount Issued (Millions)**	**Fixed Anual Dividend**
BBVA Privanza Internacional (Gibraltar), Ltd.			
June 1997	USD	70	7.76%
BBVA Privanza Internacional, Ltd.			
April 2001	EUR	340	7.00%
March 2002	EUR	500	3.50%
December 2002	EUR	500	3.25%
BBVA Preferred Capital, Ltd.			
June 2001	USD	240	7.75%
BBVA Capital Finance, S.A.			
December 2003	EUR	350	2.75%
July 2004	EUR	500	3.00%
December 2004	EUR	1,125	3.00%
BBVA Internactional Preferred, S.A.U.			
September 2005	EUR	550	3.80%

These issues were subscribed by third parties outside the Group and are wholly or partially redeemable at the issuer company's option after five or ten years from the issue date, depending on the terms of each issue.

25. LIABILITIES UNDER INSURANCE CONTRACTS

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Technical provisions for:			
Mathematical reserves	8,977	8,678	9,023
Provision for unpaid claims reported	580	655	419
Other insurance technical provisions	440	788	1,058
Total	**9,997**	**10,121**	**10,500**

26. PROVISIONS

The detail of the balance of this heading in the consolidated balance sheets as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Provisions for pensions and similar obligations (Note 27)	5,967	6,358	6,240
Provisions for taxes	225	232	147
Provisions for contingent exposures and commitments (Note 7)	546	502	452
Other provisions	1,604	1,557	1,862
Total	**8,342**	**8,649**	**8,701**

The changes in 2007, 2006 and 2005 in the balances of this heading in the accompanying consolidated balance sheets were as follows:

	Millions of euros		
	Provisions for Pensions and similar		
	2007	2006	2005
Balance at beginning of the year	**6,358**	**6,240**	**6,304**
Add -			
Year provision with a charge to income for the year	417	1,410	647
Transfers and other changes	(4)	-	98
Less -			
Payments	(843)	(1,208)	(778)
Amount use and other variations	39	(84)	(31)
Balance at end of the year	**5,967**	**6,358**	**6,240**

The year provisions for pensions charged to income in 2007 under the heading “Provisions for pensions and similar obligations” registered as “interest expenses and similar charges”, “personal expenses” and “provision expenses” in the consolidated income statement amounted to €242, €71 and €104 million. The amount charged in this respect in 2006 was €254, €74 y €1,081 million, respectively. The amount charged in this respect in 2005 was €255, €69 y €323 million, respectively.

	Millions of euros		
	Commitments and contingent risks		
	2007	2006	2005
Balance at beginning of the year	**502**	**452**	**349**
Add -			
Year provision with a charge to income for the year	93	74	114
Transfers and other Changes	-	5	9
Less -			
Available funds	(46)	(17)	(12)
Amount use and other variations	-3	(12)	(8)
Balance at end of the year	**546**	**502**	**452**

	Millions of euros		
	Provisions for taxes and other provisiones		
	2007	**2006**	**2005**
Balance at beginning of the year	**1,789**	**2,009**	**1,739**
Add -			
Year provision with a charge to income for the year	275	353	278
Adquisition of subsidiaries	56	4	42
Transfers and other Changes	14	101	318
Less -			
Available funds	(140)	(51)	(160)
Amount use and other variations	(165)	(608)	(205)
Disposal of subsidiaries	-	(19)	(3)
Balance at end of the year	**1,829**	**1,789**	**2,009**

27. COMMITMENTS WITH PERSONNEL

As described in note 2.2.4, the Group holds the following commitments with personnel:

27.1. COMMITMENTS WITH PERSONNEL FOR POST-EMPLOYMENT DEFINED CONTRIBUTION PLANS

The commitments with personnel for post-employment defined contribution plans have no impact in the accompanying consolidated balance sheets (Note 2.2.4). In 2007, the Group has made contributions to the defined contribution plans with a charge to the consolidated income statement amounted to €58 million of which €40 million are related to commitments of the Group in Spain and €18 million are related to abroad commitments of the Group (in 2006 and 2005 the contributions amounted to €53 million and €56 million, respectively).

27.2. COMMITMENTS FOR POST-EMPLOYMENT DEFINED BENEFIT PLANS AND OTHER LONG-TERM POST-EMPLOYMENT BENEFITS

The commitments for defined contributions plans as well as the rest of long-term post-employment benefits were recognized as provisions on the accompanying consolidated balance sheets (Note 26), net insurance contracts or other assets to those commitments, as follows:

	Millions of euros								
	Commitments in Spain			Commitments abroad			TOTAL		
	2007	**2006**	**2005**	**2007**	**2006**	**2005**	**2007**	**2006**	**2005**
Post-employment benefits									
Post-employment benefits	3,115	3,386	3,443	1,097	956	966	4,212	4,342	4,409
Early retirement	2,950	3,186	2,583	-	-	-	2,950	3,186	2,583
Post-employment welfare benefits	234	223	211	420	422	436	654	645	647
Total	**6,299**	**6,795**	**6,237**	**1,517**	**1,378**	**1,402**	**7,816**	**8,173**	**7,639**
Insurance contracts coverages									
Post-employment benefits	467	569	627	-	-	-	467	569	627
	467	569	627	-	-	-	467	569	627
Other plan assets								-	-
Post-employment benefits	-	-	-	1,062	879	687	1,062	879	687
Post-employment welfare benefits	-	-	-	354	368	85	354	368	85
	-	-	-	1,416	1,247	772	1,416	1,247	772
Net commitments of plan assets	**5,832**	**6,226**	**5,610**	**101**	**131**	**630**	**5,933**	**6,357**	**6,240**
of which:									
Net assets	**-**	**-**	**-**	**(34)**	**-**	**-**	**(34)**	**-**	**-**
Net liabilities (*)	**5,832**	**6,226**	**5,610**	**135**	**131**	**630**	**5,967**	**6,357**	**6,240**

(*) Recorded under the heading "Provisions- Funds for Pensions and Similar Obligations"

Other commitments with personnel for long service bonuses were recognized under the heading "Other provisions" of the accompanying consolidated balance sheets (Note 26) and amounted to €40 million as of December 31, 2007, €18 million due to Spanish companies and €22 million due to abroad companies.

27.2.1 Commitments in Spain

The most significant actuarial assumptions used as of December 31, 2007, 2006 and 2005, to quantify these commitments were as follows:

	2007	2006	2005
Mortality tables	PERM/F 2000P.	PERM/F 2000P.	PERM/F 2000P.
Discount rate (cumulative annual)	4.5%/AA corporate bond yield curve	4%/AA corporate bond yield curve	4%/AA corporate bond yield curve
Consumer price index (cumulative annual)	2.0%	1.5%	1.5%
Salary growth rate (cumulative annual)	At least 3% (depending on employee)	At least 2.5% (depending on employee)	At least 2.5% (depending on employee)
Retirement ages	First date at which the employees are entitled to retire or contractually agreed at the individual level in the case of early retirements		

The disclosure of the different commitments with personnel in Spain is as follows:

Pension commitments

The situation of pension commitments in defined benefit plans as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Commitments to retired employees	2,733	3,187	3,203
Vested contingencies in respect of current employees	382	200	240
Total commitments	**3,115**	**3,387**	**3,443**
Insurance contracts assigned to the funding of commitments	467	569	627
Net commitments(*)	**2,648**	**2,818**	**2,816**

(*)Recorded in the heading "Funds for Pensions and Similar Obligations" (Note 26)

To cover certain pension commitments, insurance contracts have been contracted with insurance companies not related to the group. These commitments are covered by assets and therefore are presented in the accompanying consolidated balance sheets for the net amount commitment less plan assets. As of December 31, 2007, 2006 and 2005, the amount of the plan assets to the mentioned insurance contracts (shown in the previous table under the heading "Plan Insurance contracts") equalled the amount of the commitments covered, therefore its net value was zero in the accompanying consolidated balance sheets.

On the other hand, the rest of commitments mentioned in the previous table include commitments by defined benefit for which insurance contracts have been contracted with BBVA Seguros, S.A. de Seguros y Reaseguros, which is 99.94% owned by the Group. The assets in which the insurance company has invested the amount of the contracts can not be considered plan assets according to IAS 19 and are presented in the accompanying consolidated balance sheets in different headings of Assets depending on the classification of financial instruments that corresponds. The commitments are recognized under the heading "Funds for pensions and similar obligations" of the accompanying consolidated balance sheets (Note 26).

The changes of these commitments net of plan insurance contracts, contracted with insurance companies related to the group, were as follows:

	Millions of euros		
	2007	2006	2005
Balance at beginning of the year	**2,817**	**2,816**	**2,826**
+ Interest cost	109	110	107
+ Current services cost	18	23	19
- Payments made	(163)	(159)	(145)
+/- Other changes	1	11	2
+/- Actuarial losses (gains)	(134)	16	7
Balance at end of the year	**2,648**	**2,817**	**2,816**

The estimated amount of commitments in million of euros for the next 10 years was as follows:

	2008	2009	2010	2011	2012	2013-2017
Pensions	169	172	176	176	175	851

Early retirements

In 2007 the Group offered to certain employees the possibility of taking early retirement before the age stipulated in the collective labour agreement in force. This offer was accepted by 575 employees (1,887 and 677 employees in 2006 and 2005, respectively).

The early retirements commitments in Spain as of December 31, 2007, 2006 and 2005 were recognised as provisions in the heading "Funds for Pensions and Similar Obligations" (Note 26) in the accompanying consolidated balance sheets amounted to €2,950 million, €3,186 million and €2,583 million, respectively.

The changes in 2007, 2006 and 2005 for all Group's companies in Spain, were as follows:

	Millions of euros		
	2007	**2006**	**2005**
Balance at beginning of the year	**3,186**	**2,583**	**2,657**
+ Interest cost	112	92	95
+ Early retirements in the year	294	1,019	286
- Payments made	(587)	(505)	(477)
+/- Other movements	-	(3)	6
+/- Actuarial losses (gains)	(55)	-	16
Balance at end of the year	**2,950**	**3,186**	**2,583**

The cost of the early retirements in 2007 were recognised in the heading "Provision Expense (Net) – Transfers to funds for pensions and similar obligations – Early retirements" in the accompanying consolidated income statements, respectively.

The estimated amount of commitments in million of euros for the next 10 years was as follows:

	2008	**2009**	**2010**	**2011**	**2012**	**2013-2017**
Pensions	524	469	430	391	353	1,103

Other long-term commitments with personnel

As of October 18, 2007,the Bank has signed an Agreement Approval of Benefits for their employees in Spain. The agreement implies the standardization of the existing welfare benefits for every group of employees, and in some cases in which a service is provided, its quantification in an annual amount in cash. These welfare benefits include post-employment welfare benefits and other commitments with personnel.

Post-employment welfare benefits

The detail of these commitments as of December 31, 2007, 2006 and 2005 were as follows:

	Millions of euros		
	2007	**2006**	**2005**
Post-employment welfare benefit commitments to retired employees	192	169	159
Vested post-employment welfare benefit contingencies in respect of current employees	42	54	52
Total(*)	**234**	**223**	**211**

* Recognized in the heading "Funds for Pensions and Similar Obligations"

The changes in 2007, 2006 and 2005, for all Group's companies in Spain, to the consolidated income statements were as follows:

	Millions of euros		
	2007	**2006**	**2005**
Balance at beginning of the year	**223**	**211**	**204**
+ Interest cost	9	9	8
+ Current service cost	2	2	2
- Payments made	(12)	(13)	(12)
+Prior service cost or changes in the plan	8	-	-
+/- Other movements	3	6	-
+/- Actuarial losses (gains)	1	8	9
Balance at end of the year	**234**	**223**	**211**

The estimated amount of commitments in million of euros for the next 10 years was as follows:

	2008	**2009**	**2010**	**2011**	**2012**	**2013-2017**
Pensions	45	17	16	16	15	72

Summary on the consolidated income statements by defined contribution plans commitments

Following is a summary of the charges to the consolidated income statements in 2007, 2006 and 2005 for post-employment benefits commitments of companies in Spain

	Millions of euros		
	2007	2006	2005
Interest expense and similar charges			
Interest cost of pension funds	230	210	211
Personnel expenses			
Transfers to pension plans	18	27	23
Social attentions	2	2	2
Provision expense (net)			
Transfers to fund for pensions and similar obligations			
Pension funds	(180)	23	33
Early retirement	294	1,019	286
Total	**364**	**1,281**	**555**

Other commitments with personnel

Long-service cash bonuses

In addition to the aforementioned post-employment welfare benefits, the Group maintained certain commitments in Spain with certain employees, called "Long-service bonuses". These commitments were both in the payment of a certain amount in cash and in the delivery of shares from Banco Bilbao Vizcaya Argentaria S.A., when they complete a given number of years of effective service.

The aforementioned Agreement Approval of Benefits established that the Long-service bonuses ended as of December 31, 2007. Such employees are entitled to receive, to the date of seniority established, only the value of the accrued commitment until December 31, 2007.

In November 2007, the Group in Spain has offered to those employees the option to redeem the accrued value of such share benefits prior to the date of seniority established. The offer has been accepted by most of employees and the settlement (by delivery of shares or cash) has taken place in the month of December 2007.

The accrued value of the long-service bonuses until December 31, 2007 for employees, who have not opted for early settlement, is recognized under the heading "Provisions – Other provisions" of the accompanying consolidated balance sheets and amounted to €18 million.

Following is the detail of the commitments recognised as of December 31, 2007, 2006 and 2005 under these headings:

	2007	2006	2005
Other commitments to employees (Note 26)			
Long-service cash bonuses	8	32	30
Long-service share-based bonuses	10	49	46
Total	**18**	**81**	**76**

The changes as of December 31, 2007, 2006 and 2005 in the present value of the long-service bonuses commitments, both in cash and in shares, were as follows:

	Millions of euros		
	2007	2006	2005
Balance at beginning of the year	**81**	**76**	**64**
Interest cost	1	1	1
Current service cost	8	8	7
Payments made and settlements	(16)	-	(2)
Effect of reduction and settlements	(26)	-	-
Other movements	(26)	(2)	5
Actuarial losses (gains)	(4)	(2)	1
Balance at end of the year	**18**	**81**	**76**

As of December 31, 2007 ,2006 and 2005 the changes, in the probable number of shares to be delivered due to the long-service bonuses, were as follows:

	Number of shares		
	2007	2006	2005
Shares at beginning of the year	**6,538,948**	**6,946,467**	**6,658,067**
Current service cost	413,680	407,487	399,753
Payments made and settlements	(4,122,739)	(186,480)	(269,100)
Effect of reduction and settlements	(1,818,683)	-	-
Actuarial losses (gains)	(173,738)	(628,526)	157,747
Shares at end of year	**837,468**	**6,538,948**	**6,946,467**

In March 1999, 32,871,301 new shares were issued at a price of €2.14 per share. These shares were subscribed and paid by a company not related to the Group and, simultaneously, the Bank acquired an option to purchase them. Since 1999, the purchase option has been exercised several times, remaining as of December 31, 2007 the purchase option for a total of 248,326 shares at a price of €2.09 per share. Additionally, the Bank has arranged a forward transaction with an entity not related to the Group of a total of 589,142 shares at an exercise price of €16.64 per share.

Other commitments with personnel

Since all other employee welfare benefits for current employees accrue and are settled on a yearly basis, it is not necessary to record a provision in this connection. The total cost of the employee welfare benefits amounted to €40 million , €34 million and €30 million as of December 31, 2007, 2006 and 2005, respectively, and these amounts were recognised with a charge to “Personnel Expenses — Other personnel expenses” in the accompanying consolidated income statements.

27.2.2. Commitments abroad:

The main commitments with personnel abroad are related to Mexico, Portugal and United States, which jointly represent 95.9%of the total amount of commitments with personnel abroad as of December 31, 2007 and 18,6% of the total of the commitments with personnel of BBVA Group as of December 31, 2007.

As of December 31, 2007 the details by countries of the various commitments with personnel of Group BBVA abroad are as follows:

	Millions of eruos		
	Commitments	Plan Assets	Net Commitments
Post-employment benefits			
Pension commitments			
Mexico	584	572	12
Portugal	295	292	3
United States	159	166	(7)
Rest	59	32	27
	1,097	**1,062**	**35**
Post-employment welfare benefits			
Mexico	416	354	62
Portugal	-	-	-
United States	-	-	-
Rest	4	-	4
	420	**354**	**66**
Total Commitments	**1,517**	**1,416**	**101**

As of December 31, 2006 and 2005, the main commitments with personnel abroad are related to Mexico and Portugal, which jointly represent 66.6% and 85.8%, respectively of the total amount of commitments with personnel abroad and 11.1% and 11.6%, respectively of the total of the commitments with personnel of BBVA Group.

27.2.2.1. Commitments with personnel in Mexico:

In Mexico, the main actuarial assumptions used in quantifying the commitments with personnel as of December 31, 2007, 2006 and 2005, were as follows:

	Millions of euros		
	2007	2006	2005
Mortality tables	EMSSA 97	EMSSA 97	EMSSA 97
Discount rate (cumulative annual)	8.8%	9.0%	9.2%
Consumer price index (cumulative annual)	3.6%	3.5%	4.0%
Salary growth rate (cumulative annual)	4.5%	6.0%	6.1%
Expected rate of return on plan assets	8.8%	9.0%	9.2%
Medical cost trend rates	5.5%	5.5%	6.1%

Pension commitments

Plan assets are those assets that are to be used directly to settle the vested obligations and which meet the following conditions: they are not owned by the Group entities; they are available only to pay post-employment benefits; and they cannot be returned to the Group entities. The return of plan assets amounts to €41 million. The vested obligations related to these commitments were disclosed net of the balances of the aforementioned plan assets in the accompanying consolidated balance sheets.

As of December 31, 2007 the plan assets to these commitments relate in full to debt securities.

The changes of these commitments and plan assets in 2007, for all Group's companies in Mexico, were as follows:

	Millions of euros		
	2007		
	Commitments	Plan assets	Net commitments
Balance at beginning of the year	**623**	**623**	**-**
Finance expenses	53	-	53
Finance Income	-	52	(52)
Current service cost	17	-	17
Prior service cost or changes in the plan	3	-	3
Acquisitions or divestments made	-	-	-
Effect of reductions or settlement	(6)	-	(6)
Payments	(31)	(31)	-
Exchange difference	(69)	(68)	(1)
Actuarial losses (gains)	(11)	(11)	-
Contributions	-	5	(5)
Other movements	5	2	3
Balance at end of the year	**584**	**572**	**12**

As of December 31, 2006 and 2005 the commitments net of plan assets amounted to €0 and €166 million, respectively.

The commitments net of the aforementioned Plan assets were recognized in the heading "Funds for Pensions and Similar Obligations" in the accompanying consolidated balance sheets (Note 26).

The estimated payments for commitments in million of euros for the next 10 years were as follows:

	2008	2009	2010	2011	2012	2013-2017
Pensions	30	29	30	31	32	197

Following is a detail of the charges of these commitments, for all Group's companies in Mexico, on the consolidated income statements corresponding to 2007:

	Millions of euros
	2007
Interest expense and similar charges	1
Personnel expenses	17
Provision expense (net)	(3)
Total	**15**

Post-employment welfare benefits

The commitments for post-employment welfare benefits are related to medical care Mexico.

The accrued liability, correspondent to Mexico, for the post-employment medical care benefits acquired with employees still active or already retired, net of plan assets amounts to €62 million , €54 million and €351 million as of December 31, 2007, 2006 and 2005, respectively and are recognised in the heading "Provisions-Provisions for Pensions and Similar Obligations" of the consolidated financial statements attached.

Plan assets are used directly to settle the vested obligations and which meet the following conditions: they are not owned by the Group entities; they are available only to pay post-employment benefits; and they cannot be returned to the Group entities. The return of plan assets of post-employment welfare benefits commitments amounts to €25 million. The vested obligations related to these commitments were disclosed net of the balances of the aforementioned plan assets in the accompanying consolidated balance sheets.

As of December 31, 2007 the plan assets to these commitments relate in full to debt securities.

The commitments net of the aforementioned plan assets were recognized in the heading "Provisions-Provisions for Pensions and Similar Obligations" in the accompanying consolidated balance sheets (Note 26).

The changes of these commitments and plan assets in 2007, for all Group's companies in Mexico, were as follows:

	Millions of euros		
	2007		
	Commitments	Plan assets	Net commitments
Balance at beginning of the year	**422**	**368**	**54**
Finance expenses	36	-	36
Finance Income	-	31	(31)
Current service cost	16	-	16
Prior service cost or changes in the plan	-	-	-
Acquisitions or divestments made	-	-	-
Effect of reductions or settlement	(9)	-	(9)
Payments	(18)	(18)	-
Exchange difference	(48)	(41)	(7)
Actuarial losses (gains)	16	(6)	22
Contributions	(1)	19	(20)
Other movements	2	1	1
Balance at end of the year	**416**	**354**	**62**

As of December 31, 2006 and 2005 the commitments net of plan assets amounted to €54 million and €351 million.

Following is a detail of the charges of these commitments, for all Group's companies in Mexico, on the consolidated income statements corresponding to 2007:

	Millions of euros
	2007
Interest expense and similar charges	5
Personnel expenses	16
Provision expense (net)	13
Total	**34**

The sensibility analysis to changes in rates in 2007 trend in the growth of medical care costs of BBVA Bancomer, S.A. was as follows:

	1% Increase	1% Decrease
Increase/Decrease in Current Services Cost and Interest Cost	10	(10)
Increase/Decrease in commitments	69	(69)

27.2.2.2. Pension Commitments in Portugal:

In Portugal, the main actuarial assumptions used in quantifying the commitments as of December 31, 2007, 2006 and 2005, were as follows:

	2007	2006	2005
Mortality tables	TV88/90	TV88/90	TV88/90
Discount rate (cumulative annual)	5.3%	4.8%	4.5%
Consumer price index (cumulative annual)	2.0%	2.0%	2.0%
Salary growth rate (cumulative annual)	3.0%	3.0%	3.0%
Expected rate of return on plan assets	4.6%	4.5%	4.5%

Plan assets are assets that are to be used directly to settle the vested obligations and which meet the following conditions: they are not owned by the Group entities; they are available only to pay post-employment benefits; and they cannot be returned to the Group entities. The return of plan assets of pension commitments amounts to -€4 million. The vested obligations related to these commitments were disclosed net of the balances of the aforementioned plan assets in the accompanying consolidated balance sheets.

The distribution of the mainly category of plan assets was as follows:

	2007
Equity securities	13.0%
Debt securities	83.5%
Property, Land and Buildings	0.3%
Cash	0.8%
Other investments	2.4%

The changes of these commitments and plan assets in 2007, for all Group's companies in Portugal, were as follows:

	Millions of euros 2007		
	Commitments	Plan assets	Net commitments
Balance at beginning of the year	**295**	**256**	**40**
Finance expenses	14	-	14
Finance Income	-	12	(12)
Current service cost	5	-	5
Prior service cost or changes in the plan	5	-	5
Acquisitions or divestments made	-	-	-
Effect of reductions or settlement	11	-	11
Payments	(14)	(14)	-
Exchange difference	-	-	-
Actuarial losses (gains)	(22)	(16)	(5)
Contributions	-	54	(54)
Other movements	-	1	(1)
Balance at end of the year	**295**	**292**	**3**

As of December 31, 2006 and 2005 the commitments net of plan assets amounted to €39 million and €41 million

The commitments net of the aforementioned plan assets were recognized in the heading "Funds for Pensions and Similar Obligations" in the accompanying consolidated balance sheets (Note 26).

The estimated amount of commitments in million of euros for the next 10 years was as follows:

	2008	2009	2010	2011	2012	2013-2017
Pensions	14	15	15	15	15	75

Following is a detail of the changes on the consolidated income statements corresponding to 2007 for the commitments for pensions in Portuguese entities:

	Millions of euros
	2007
Interest expense and similar charges	2
Personnel expenses	5
Provision expense (net)	11
Total	**18**

27.2.2.3. Pension Commitments in United States:

In United States, the main actuarial assumptions used in quantifying the commitments as of December 31, 2007, were as follows:

	2007
Mortality table	RP 2000 Projected
Discount rate (cumulative annual)	6.6%
Consumer price index (cumulative annual)	2.5%
Salary growth rate (cumulative annual)	4.0%
Expected rate of return on plan assets	7.5%
Medical Care Growth rate	n/a

Plan assets are the assets that are to be used directly to settle the vested obligations and which meet the following conditions: they are not owned by the Group entities; they are available only to pay post-employment benefits; and they cannot be returned to the Group entities. The return of plan assets of pension commitments amounts to €7 million. The vested obligations related to these commitments were disclosed net of the balances of the aforementioned plan assets in the accompanying consolidated balance sheets.

The distribution of the mainly category of plan assets is as follows:

	2007
Equity securities	59.2%
Debt securities	39.9%
Property, Land and Buildings	0.0%
Cash	0.0%
Other investments	0.0%

The changes of these commitments and plan assets in 2007, for all Group's companies in United States, were as follows:

	Millions of euros		
	2007		
	Commitments	Plan assets	Net commitments
Balance at beginning of the year	**17**	**8**	**9**
Finance expenses	4	-	4
Finance Income	-	4	(4)
Current service cost	2	-	2
Prior service cost or changes in the plan	-	-	-
Acquisitions or divestments made	156	165	(9)
Effect of reductions or settlement	(3)	(2)	(1)
Payments	(2)	(2)	-
Exchange difference	(13)	(13)	-
Actuarial losses (gains)	(2)	3	(5)
Contributions	-	2	(2)
Other movements	-	1	(1)
Balance at end of the year	**159**	**166**	**(7)**

The commitments net of the aforementioned plan assets were recognized in the heading "Funds for Pensions and Similar Obligations" in the accompanying consolidated balance sheets (Note 26).

The estimated amount of commitments in million of euros for the next 10 years was as follows:

	2008	2009	2010	2011	2012	2013-2017
Pensions	5	6	7	7	8	55

Following is a detail of the charges on the consolidated income statements corresponding to 2007 for all Group's companies in United States:

Millions of euros	2007
Interest expense and similar charges	-
Personnel expenses	2
Provision expense (net)	(6)
Total	**(4)**

27.2.2.4. Commitments with personnel in rest of countries

In rest of countries, the commitments for post-employment defined contribution plans and other post-employment benefits as of December 31, 2007 amounted to €59 million and €4 million, respectively.

Following is a detail of the charges on the consolidated income statements corresponding to 2007 for all Group's companies in rest of countries:

Millions of euros	2007
Interest expense and similar charges	3
Personnel expenses	3
Provision expense (net)	5
Total	**11**

28. MINORITY INTERESTS

The detail, by consolidated company, of the balance of the heading "Minority Interests" was as follows:

Millions of euros	2007	2006	2005
BBVA Colombia Group	23	18	16
BBVA Chile Group	116	95	121
BBVA Banco Continental Group	246	235	222
BBVA Banco Provincial Group	267	224	204
Provida Group	79	66	70
BBVA Banco Francés Group	87	52	17
Other companies	62	78	321
Total	**880**	**768**	**971**

Following is the amount of the share of profit in 2007, 2006 and 2005 of the minority group. These amounts are recognized in the heading "Minority interests":

Millions of euros	2007	2006	2005
BBVA Colombia Group	5	3	4
BBVA Chile Group	15	3	14
BBVA Banco Continental Group	76	67	60
BBVA Banco Provincial Group	106	69	47
Provida Group	28	25	18
BBVA Banco Francés Group	36	43	63
Other companies	23	25	58
Total	**289**	**235**	**264**

29. CHANGES IN TOTAL EQUITY

The changes in equity for December 31, 2007, 2006 and 2005 were as follows:

Millions of euros

2007	Share Capital (Note 30)	Reserves (Note 31 & 32) (*)	Profit for the year	Treasury shares and other equity instruments (Note 33)	Valuation Adjustments(**)	Minority Interest (Note 28)	Interim Dividends	Total Equity
Balance at beginning of the year	**1,740**	**13,208**	**4,736**	**(112)**	**3,341**	**768**	**(1,363)**	**22,318**
Valuation adjustments	-	-	-	-	174	(12)	-	162
Dsitribution of prior Years' profit	-	2,525	(2,525)	-	-	-	-	-
Dividends	-	-	(2,211)	-	-	-	1,363	(848)
Gains or losses on transactions involving treasury shares and other equity instruments	-	(26)	-	(209)	-	-	-	(235)
Profit for the year	-	-	6,126	-	-	-	(1,661)	4,465
Increase of capital	97	3,191	-	-	-	-	-	3,288
Dividends paid to minority shareholders	-	-	-	-	-	(108)	-	(108)
Changes in the composition of the Group	-	-	-	-	-	(1)	-	(1)
Exchange differences	-	-	-	-	(1,263)	(55)	-	(1,318)
Share of minority interests in profit for the year	-	-	-	-	-	288	-	288
Other	-	(68)	-	-	-	-	-	(68)
Balance at end of the year	**1,837**	**18,830**	**6,126**	**(321)**	**2,252**	**880**	**(1,661)**	**27,943**

(*) The amounts recognised under the heading Reserves include the amounts of the headings "Reserves" and "Share premium" of the consolidated balance sheet

(**) See the consolidated statements of recognised income and expense

Millions of euros

2006	Share Capital (Note 30)	Reserves (Note 31 & 32) (*)	Profit for the year	Treasury shares and other equity instruments (Note 33)	Valuation Adjustments(**)	Minority Interest (Note 28)	Interim Dividends	Total Equity
Balance at beginning of the year	**1,662**	**8,830**	**3,806**	**(96)**	**3,295**	**971**	**(1,167)**	**17,301**
Valuation adjustments	-	-	-	-	472	(3)	-	469
Dsitribution of prior Years' profit	-	2,011	(2,011)	-	-	-	-	-
Dividends	-	-	(1,795)	-	-	(17)	1,167	(645)
Gains or losses on transactions involving treasury shares and other equity instruments	-	17	-	(16)	-	-	-	1
Profit for the year	-	-	4,736	-	-	-	(1,363)	3,373
Increase of capital	78	2,921	-	-	-	-	-	2,999
Dividends paid to minority shareholders	-	-	-	-	-	(87)	-	(87)
Changes in the composition of the Group	-	(55)	-	-	-	(279)	-	(334)
Exchange differences	-	-	-	-	(426)	(62)	-	(488)
Share of minority interests in profit for the year	-	-	-	-	-	235	-	235
Other	-	(517)	-	-	-	10	-	(507)
Balance at end of the year	**1,740**	**13,208**	**4,736**	**(112)**	**3,341**	**768**	**(1,363)**	**22,317**

(*) The amounts recognised under the heading Reserves include the amounts of the headings "Reserves" and "Share premium" of the consolidated balance sheet

(**) See the consolidated statements of recognised income and expense

Millions of euros

2005	Share Capital (Note 30)	Reserves (Note 31 & 32) (*)	Profit for the year	Treasury shares and other equity instruments (Note 33)	Valuation Adjustments(**)	Minority Interest (Note 28)	Interim Dividends	Total Equity
Balance at beginning of the year	**1,662**	**7,428**	**2,923**	**(36)**	**2,107**	**738**	**(1,015)**	**13,807**
Valuation adjustments	-	-	-	-	605	2	-	607
Dsitribution of prior Years' profit	-	1,427	(1,427)	-	-	-	-	-
Dividends	-	-	(1,496)	-	-	(9)	1,015	(490)
Gains or losses on transactions involving treasury shares and other equity instruments	-	34	-	(60)	-	-	-	(26)
Profit for the year	-	-	3,806	-	-	(1)	(1,167)	2,638
Increase of capital	-	-	-	-	-	-	-	-
Dividends paid to minority shareholders	-	-	-	-	-	(55)	-	(55)
Changes in the composition of the Group	-	-	-	-	-	(8)	-	(8)
Exchange differences	-	-	-	-	583	43	-	626
Share of minority interests in profit for the year	-	-	-	-	-	264	-	264
Other	-	(58)	-	-	-	(3)	-	(61)
Balance at end of the year	**1,662**	**8,830**	**3,806**	**(96)**	**3,295**	**971**	**(1,167)**	**17,302**

(*) The amounts recognised under the heading Reserves include the amounts of the headings "Reserves" and "Share premium" of the consolidated balance sheet

(**) See the consolidated statements of recognised income and expense

30. CAPITAL STOCK

As of December 31, 2007, the capital of Banco Bilbao Vizcaya Argentaria, S.A. amounted to €1,836,504,869.29, and consisted of 3,747,969,121 fully subscribed and paid registered shares of €0.49 par value each.

As of June 21, 2007 the Extraordinary General Meeting of Shareholders approved a capital increase, carried out as of September 10, 2007. This increase involves the issue of 196.000.000 shares to acquire 100% of the share capital of Compass Bancshares Inc. (Note 3). As of December 31, 2007, there were no significant capital increases in progress at any of the Group companies.

All the shares of BBVA carry the same voting and dividend rights and no single shareholder enjoys special voting rights. All the shares represent an interest in the Bank's capital.

The shares of Banco Bilbao Vizcaya Argentaria, S.A. are quoted on the computerized trading system of the Spanish stock exchanges and on the New York, Frankfurt, London, Zurich, Milan and Mexico stock market.

American Depositary Shares (ADSs) quoted in New York are also traded on the Lima (Peru) Stock Exchange, by virtue of an exchange agreement entered into between these two markets.

Also, as of December 31, 2007, the shares of BBVA Banco Continental, S.A., Banco Provincial C,A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Frances, S.A. and AFP Provida were quoted on their respective local stock markets, being the last two quoted as well on the New York Stock Exchange. As well, BBVA Banco Frances, S.A. is listed on the Latin-American market of the Madrid Stock Exchange.

As of December 31, 2007, BBVA had no news of the existence of its share capital in any significant ownership interest with the exception of Mr. Manuel Jove Capellán, who had a significant ownership interest of 5.010% of the capital stock of BBVA through the companies: IAGA Gestión de Inversiones, S.L., Bourdet Inversiones, SICAV, S.A. y Doniños de Inversiones, SICAV, S.A. In addition, the Bank of New York International Nominees, Chase Nominees Ltd and State Street Bank and Trust Co., in their capacity as international depositary banks hold a 4.16%, 5.76% and 5.90% of the capital stock of BBVA, respectively.

BBVA is not aware of any direct or indirect interests through which ownership or control of the Bank may be exercised.

BBVA has not been notified of the existence of any side agreements that regulate the exercise of voting rights at the Bank's General Meetings, or which restrict or place conditions upon the free transferability of BBVA shares. Neither is the Bank aware of any agreement that might result in changes in the control of the issuer.

At the Annual General Meeting celebrated on February 28, 2004 the shareholders resolved to delegate to the Board of Directors, in accordance with Article 153.1.b) of the Spanish Corporations Law, the power to increase capital, on one or several occasions, by a maximum par value equal to 50% of the Company's subscribed and paid capital at the date of the resolution, i.e. €830,758,750.54. The legally stipulated year within which the directors can carry out this increase is five years. The only disposition done by BBVA under this authorization was made in November 2006 by an amount of €78,947,368.22 euros.

At the Annual General Meeting celebrated on March 18, 2006, the shareholders resolved to delegate to the Board of Directors the right to issue fixed-income securities of any kind, including redeemable and exchangeable bonds, non-convertible into equity. This increase is subject to applicable legal regulations and obtaining the required authorisations. The Board of Directors has a maximum legal period of five years as of said date to issue, on one or several occasions, directly or through subsidiary companies fully underwritten by the Bank, any kind of debt instruments, documented in debentures, any class of bonds, promissory notes, any class of mortgage bonds, warrants, totally or partially exchangeable for equity that the Company or another company may already have issued, or via contracts for difference (CD's), or any other senior or secured nominative or bearer fixed-income securities (including covered bonds) in euros or any other currency that can be subscribed in cash or kind, with or without the incorporation of rights to the securities (warrants), subordinated or not, with a limited or open-ended term. The total maximum nominal amount authorised is €105,000 million, this amount was increased by €30,000 million by the Ordinary General Meeting celebrated on March 16, 2007.

On the other hand, at the Annual General Meeting celebrated on March 1, 2003 the shareholders resolved to delegate to the Board of Directors the right to issue bonds, convertible and/or exchangeable into Company shares, within the five year period as of the date of the resolution. The amount maximum total approved was €6,000 million. The delegation has the power to exclude the preferential subscription rights of shareholders or convertible and/or exchangeable bonds holders, whenever it is necessary to raise capital on international markets or if corporate interests require so. BBVA no issued convertible bonds.

31. SHARE PREMIUM

The balance of this heading in the consolidated balance sheet amounts to €12.770 million and includes, inter alia, the amounts of the share premiums arising from the capital increases, in particular the capital increase in 2007 for an amount of €3,191 million (see Note 29), as well as the surpluses arising from the merger of Banco Bilbao, S.A. and Banco Vizcaya, S.A., amounted to €641 million.

The revised Spanish Corporations Law expressly permits the use of the share premium balance to increase capital and establishes no specific restrictions as to its use.

32. RESERVES

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

	Millions of euros		
	2007	2006	2005
Legal reserve	348	332	332
Restricted reserve for retired capital	88	88	88
Restricted reserve for Parent Company shares	912	815	357
Restricted reserve for redenomination of capital in euros	2	2	2
Revaluation Royal Decree-Law 7/1996	85	176	176
Voluntary reserves	822	672	1,047
Consolidation reserves attributed to the Bank, dependents consolidated companies	3,803	1,544	171
Total	**6,060**	**3,629**	**2,173**

32.1. LEGAL RESERVE:

Under the revised Corporations Law, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches 20% of capital. This limit had already been reached by Banco Bilbao Vizcaya Argentaria, S.A. as of December 31, 2007 once considered the proposal application of profit and loss account in 2007 (Note 4). The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital amount.

Except as mentioned above, until the legal reserve exceeds 20% of capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

32.2. RESTRICTED RESERVES:

Pursuant to the Consolidated Spanish Companies Law, the respective restricted reserves were recorded in relation to the reduction of the par value of each share in April 2000, the treasury shares held by the bank at each period-end, and the customer loans outstanding at those dates that were granted for the purchase of, or are secured by, Bank shares.

Pursuant to Law 46/1998 on the introduction of the euro, the respective restricted reserves were recorded in relation to the redenomination of capital in euros.

32.3. REVALUATION ROYAL DECREE-LAW 7/1996 (ASSET REVALUATIONS AND REGULARISATIONS):

Prior to the merger, Banco de Bilbao, S.A. and Banco de Vizcaya, S.A. availed themselves of the asset revaluations and regularisations provisions of the applicable enabling legislation. In addition, on December 31, 1996, the Banco Bilbao Vizcaya revalued its tangible assets pursuant to Royal Decree-Law 7/1996 by applying the maximum coefficients authorized, up to the limit of the market value arising from the existing measurements. The resulting increases in the cost and accumulated depreciation of tangible assets and, where appropriate, in the cost of equity securities, were allocated as follows:

	Millions of euros
	2007
Legal revaluations and regularisations of tangible assets:	
Cost	187
Less:	
Single revaluation tax (3%)	(6)
Balance as of December 31, 1999	181
Adjustment as a result of review by the tax authorities in 2000	(5)
Transfer to voluntary reserves	(91)
Total	**85**

Following the review of the balance of the account Revaluation Reserve Royal Decree-Law 7/1996 by the tax authorities in 2000, this balance can only be used, free of tax, to offset recorded losses and to increase capital until January 1, 2007. From that date, the remaining balance of this account can also be taken to unrestricted reserves, provided that the surplus has been depreciated or the revalue assets have been transferred or derecognised.

32.4 RESERVES AND LOSSES AT CONSOLIDATED COMPANIES:

The breakdown, by company or corporate group, of the balances of these headings in the accompanying consolidated balance sheets was as follows:

	Millions of euros		
	2007	2006	2005
Fully and proportionately consolidated companies	**5,548**	**3,594**	**1,963**
BBVA Bancomer Group	2,782	2,187	1379
Provida Group	264	214	187
BBVA Banco Provincial Group	84	35	(9)
BBVA Continental Group	79	58	50
BBVA Puerto Rico Group	43	38	15
BBVA USA Bancshares Group	23	2	2
BBVA Chile Group	(109)	(102)	(101)
BBVA Portugal Group	(236)	(207)	(222)
BBVA Colombia Group	(313)	(341)	(388)
BBVA Banco Francés Group	(441)	(602)	(817)
BBVA Luxinvest, S.A.	1,295	999	780
Corporacion General Financiera, S.A.	965	701	546
BBVA Seguros, S.A.	681	485	281
Anida Grupo Inmobiliario, S.L.	296	218	194
Cidessa Uno, S.L.	197	73	77
BBVA Suiza, S.A.	197	171	146
Finanzia, Banco de Crédito, S.A.	139	115	89
Bilbao Vizcaya Holding, S.A.	104	54	46
Banco de Crédito Local, S.A.	(243)	(249)	(250)
BBVA International Investment Corporation	(424)	(424)	(424)
Resto	165	169	382
For using the equity method:	**451**	**360**	**(171)**
Corp. IBV Participaciones Empresariales, S.A.	428	326	298
Part. Servired, Sdad.Civil	8	8	8
Tubos Reunidos, S.A.	66	56	50
Tribugest, S.L.	(17)	(12)	(12)
Banca Nazionale de Lavoro S.p.A.	-	-	(458)
Resto	(34)	(18)	(57)
Total	**5,999**	**3,954**	**1,792**

For the purpose of allocating the reserves and accumulated losses at consolidated companies shown in the foregoing table, the transfers of reserves arising from the dividends paid and the writedowns or transactions between these companies are taken into account in the period in which they took place.

As of December 31, 2007, 2006 and 2005, in the individual financial statements of the subsidiaries giving rise to the balances recorded under the "Reserves and Losses at Consolidated Companies—Fully and Proportionately Consolidated Companies" shown in the foregoing table, €1,706 million, €1,743 million and €1,557 million were treated as restricted reserves, all of which are reflected as restricted reserves for Parent Company shares.

33. TREASURY SHARES

As of December 31, 2007, 2006 and 2005 the shares of Banco Bilbao Vizcaya Argentaria S.A. held by the Bank and certain consolidated companies, were as follows:

	2007		2006		2005	
COMPANY	**Number of Shares**	**% CAPITAL**	**Number of Shares**	**% CAPITAL**	**Number of Shares**	**% CAPITAL**
BBVA	291,850	0.008	2,462,171	0.069	3,099,470	0.091
Corporación General Financiera	15,525,688	0.414	5,827,394	0.164	4,420,015	0.130
Otros	19,154	0.001	16,640	0.000	89,782	0.003
Total	**15,836,692**	**0.423**	**8,306,205**	**0.233**	**7,609,267**	**0.224**

In 2007, 2006 and 2005 the Group companies performed the following transactions involving Bank shares:

	2007		2006		2005	
	Number of shares	Millions of euros	Number of shares	Millions of euros	Number of shares	Millions of euros
Balance as of January 1, 2007	**8,306,205**	**147**	**7,609,267**	**96**	**2,873,964**	**36**
+ Purchases	921,700,213	16,156	338,017,080	5,677	279,496,037	3,839
- Sales	(914,169,726)	(16,041)	(337,319,748)	(5,639)	(274,760,734)	(3,757)
+/- Other	-	(1)	(394)	(1)	-	(6)
- Derivatives over BBVA shares	-	128	-	14	-	(16)
Balance as of December 31, 2007	**15,836,692**	**389**	**8,306,205**	**147**	**7,609,267**	**96**

The average purchase price of the Bank's shares in 2007 was €17.53 per share and the average selling price of the Bank's shares in 2007 was €17.51 per share.

The net gains or losses on transactions with treasury shares were recognized in equity under the heading "Stockholders' Equity-Reserves" of the consolidated balance sheet. During 2007, the transactions involving treasury shares amounted a loss of €26 million.

In 2007 the Group's treasury shares ranged between a minimum of 0.136% and a maximum of 1.919% of share capital (between 0.020% and 0.858% in 2006 and between 0.07% and 0.66% in 2005).

The number of shares of Banco Bilbao Vizcaya Argentaria S.A. accepted in pledge as of December 31, 2007, 2006 and 2005 were 96,613,490, 74,453,876 and 21,779,750, respectively. The nominal value per share was €0.49, representing the 2.58%, 2.10% and 0.64% of share capital as of December 31, 2007, 2006 and 2005, respectively.

The number of shares of Banco Bilbao Vizcaya Argentaria S.A. property of third parties that are managed by Group companies as of December 31, 2007, 2006 and 2005 was 105,857,665, 99,849,614 and 140,357,341, respectively. The nominal value per share was €0.49, representing the 2.8%, 2.8% and 4.1% of share capital as of December 31, 2007, 2006 and 2005. The Note 42 – Transactions for the account of third parties- shows the portfolio managed by Group companies.

34. CAPITAL RATIO

Bank of Spain Circular 5/1993, of March 26, as amended by Bank of Spain Circular 2/2006, of June 30, implementing Law 13/1992, of June 1, on the capital and supervision on a consolidated basis of financial institutions, stipulates that consolidable groups of credit institutions must at all times have a capital ratio of no less than 8% of the weighted credit risk of their assets and liabilities, commitments and other memorandum items, and of no less than 8% of the exchange risk exposure of their net global foreign currency positions and of their weighted held-for-trading and derivatives positions.

As of December 31, 2007, 2006 and 2005, the capital of the Group exceeded the minimum level required by the aforementioned rules, as shown below:

	Millions of euros		
	2007	2006	2005
Basic equity	19,115	18,313	15,352
Additional equity	13,147	12,344	7,520
Other deductions	(1,786)	(1,223)	(2,023)
Additional Capital due to mixed Group	1,160	980	1,048
Total Equity	31,636	30,414	21,897
Minimum equity required	25,496	21,047	18,420

35. TAX MATTERS

A) CONSOLIDATED TAX GROUP

Pursuant to current legislation, the Consolidated Tax Group includes Banco Bilbao Vizcaya Argentaria, S.A., as the Parent company, and the Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated income of corporate groups.

The Group's other banks and subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

B) YEARS OPEN FOR REVIEW BY THE TAX AUTHORITIES

As of December 31, 2007, the Consolidated Tax Group had 2001 and subsequent years open for review by the tax authorities for the main taxes applicable to it.

In general, the other Spanish consolidated companies, except for those at which the statute-of-limitations year has been interrupted by the commencement of a tax audit, have the last four years open for review by the tax authorities for the main taxes applicable to them.

In 2005, as a result of the tax audit conducted by the tax authorities, tax assessments were issued against several Group companies for the years up to and including 2000, some of which were signed on a contested basis. After considering the temporary nature of certain of the items assessed, the amounts, if any, that might arise from these assessments were provisioned.

Also, in 2006 and 2005, notification was received of the commencement of tax audits for 2001 to 2003 for the main taxes to which the Tax Group is subject. These tax audits had not been completed as of December 31, 2007.

In view of the varying interpretations that can be made of the applicable tax legislation, the outcome of the tax audits of the open years that could be conducted by the tax authorities in the future could give rise to contingent tax liabilities which cannot be objectively quantified at the present time. However, the Banks' Board of Directors and its tax advisers consider that the possibility of these contingent liabilities becoming actual liabilities is remote and, in any case, the tax charge which might arise there from would not materially affect the Group's consolidated financial statements.

C) Reconciliation

The reconciliation of the corporation tax expense resulting from the application of the standard tax rate to the corporation tax expense recognized was as follows:

	Millions of euros		
	2007	2006	2005
Corporation tax (*)	**2,761**	**2,461**	**1,957**
Decreases due to permanent differences:			
Tax credits and tax relief at consolidated Companies	(439)	(353)	(361)
Other items net	(229)	(151)	11
Net increases (decreases) due to temporary differences	(262)	(38)	(263)
Charge for income tax and other taxes	**1,831**	**1,919**	**1,344**
Deferred tax assets and liabilities recorded (utilised)	262	38	263
Income tax and other taxes accrued in the year	**2,093**	**1,957**	**1,607**
Adjustments to prior years' income tax and other taxes	(13)	102	(86)
Income tax and other taxes	**2,080**	**2,059**	**1,521**

(*) Tax rate 32.5% as of December 31, 2007, 35% as of December 31, 2006 and 2005.

The effective tax rate was as follows:

	Millions of euros		
	2007	2006	2005
Consolidated Tax Group	4,422	3,376	2,771
Other Spanish entities	3	102	56
Foreign entities	4,069	3,552	2,764
	8,494	**7,030**	**5,591**
Income tax	2,080	2,059	1,521
Effective tax rate	**24.49%**	**29.29%**	**27.20%**

D) Tax recognized in equity

In addition to the income tax recognized in the consolidated income statements during 2007, 2006 and 2005, the Group recognized the following amounts in consolidated equity:

	Millions of euros		
	2007	2006	2005
Charges to equity net			
Debt securities	(36)	(291)	(179)
Equity instruments	(1,373)	(1,105)	(1,018)
Credits to equity net			
Other	22	41	56
Total	**(1,387)**	**(1,355)**	**(1,141)**

E) Deferred taxes

The balance of the heading "Tax Assets" in the consolidated balance sheets includes the tax receivables relating to deferred tax assets; in turn, the balance of the heading "Tax Liabilities" includes the liability relating to the Group's various deferred tax liabilities.

As a result of the tax reforms enacted in Spain in 2006, including, inter alia, the modification of the standard income tax rate, which was set at 32.5% for 2007 and at 30% for 2008 and subsequent years, Spanish companies have adjusted their deferred tax assets and liabilities on the basis of tax rates that are expected to apply when they are recovered or settled.

The Group has registered the effects in 2006 of this regulation with charge to the heading “Income tax” (€380 million) in the consolidated income statement and the heading “Reserves” (€105 million) in the consolidated balance sheet and with credit to the heading “Valuation Adjustments” (€ 201 million) in the consolidated balance sheet.

Also, the calculated effect of this regulation is recorded under the heading “Income tax” in the consolidated income statement as of December 31, 2007 is €9 million approximately.

The detail of deferred tax assets and liabilities was as follows:

Millions of euros	2007	2006	2005
Deferred tax assets:	**4,958**	**5,278**	**6,421**
Of which:			
Pensions commitments	1,519	1,640	1,645
Portfolio	587	672	1,129
Loan loss provisions	1,400	1,464	1,195
Tax losses and other	805	927	1,301
Deferred tax liabilities	**2,817**	**2,369**	**2,100**
Of which:			
Free depreciation and other	(2,235)	(1,769)	(1,219)

36. FAIR VALUE OF ASSETS AND LIABILITIES

Following is a comparison of the carrying amounts of the Group’s financial assets and liabilities and their respective fair values as of December 31, 2007, 2006 and 2005:

Millons of euros	2007		2006		2005	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Assets						
Cash and balances with central banks	22,581	22,581	12,515	12,515	12,341	12,341
Financial assets held for trading	62,336	62,336	51,835	51,835	44,013	44,013
Other financial assets at fair value through profit or loss	1,167	1,167	977	977	1,421	1,421
Available-for-sale financial assets	48,432	48,432	42,267	42,267	60,034	60,034
Loans and receivables	338,492	345,505	279,855	287,590	249,396	249,515
Held-to-maturity investments	5,584	5,334	5,906	5,757	3,959	4,035
Hedging derivatives	1,050	1,050	1,963	1,963	3,913	3,913
Liabilities						
Financial liabilities held for trading	19,273	19,273	14,923	14,923	16,271	16,271
Other financial liabilities at fair value through profit or loss	449	449	582	582	740	740
Financial liabilities at amortised cost	429,204	425,265	348,445	347,557	329,590	323,015
Hedging derivatives	1,807	1,807	2,280	2,280	2,870	2,870

The fair value of “Cash and Balances with Central Banks” is the same that the book value because it is short-terms operations. The fair value of the “Held-to-Maturity Investments” corresponds with the quoted market price. The fair value of “Loans and Receivables” and “Financial Liabilities at Amortized Cost” was estimated by discounting the expected cash flows using the markets interest rates at each year-end.

37. RESIDUAL MATURITY OF TRANSACTIONS

A detail, by maturity, of the balances of certain headings in the consolidated balance sheets as of December 31, 2007 and 2006, disregarding valuation adjustments, was as follows:

	Millions of euros						
2007	**Total**	**Demand**	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**
ASSETS -							
Cash and balances with central banks	22,561	22,532	29	-	-	-	-
Loans and advances to credit insititutions	20,862	3,219	10,473	2,155	1,968	2,312	735
Loans and advances to other debtors	317,358	7,168	30,121	23,603	45,888	86,760	123,818
Debt securities	81,715	516	1,719	24,726	8,964	20,884	24,906
Other assets	6,561	2,197	684	52	2,944	567	117
OTC derivatives	13,797	-	724	415	1,222	5,024	6,412
LIABILITIES-							
Deposits from central banks	27,256	117	25,013	1,435	691	-	-
Deposits from credit institutions	60,395	6,696	36,665	4,063	5,258	5,657	2,055
Money market operations through counterparties	23	-	23	-	-	-	-
Deposits from other creditors	235,115	80,602	56,817	17,098	38,974	38,894	2,730
Debt certificates (including bonds)	82,627	-	2,269	2,941	12,361	39,798	25,257
Subordinated liabilities	15,396	1,200	495	15	582	2,722	10,382
Other financial liabilities	6,238	3,810	1,372	182	450	371	53
OTC derivatives	16,791	-	1,263	692	2,076	6,818	5,942

	Millions of euros						
2006	**Total**	**Demand**	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**
ASSETS -							
Cash and balances with central banks	12,496	12,446	50	-	-	-	-
Loans and advances to credit insititutions	16,989	2,211	8,622	1,229	2,065	2,241	621
Loans and advances to other debtors	262,374	1,817	22,812	21,553	37,292	71,382	107,518
Money market operations through counterparties	100	-	100	-	-	-	-
Debt securities	62,593	379	1,273	16,224	7,078	16,482	21,157
Other assets	6,077	3,597	986	60	146	1,282	6
OTC derivatives	10,299	-	314	331	704	3,130	5,820
LIABILITIES-							
Deposits from central banks	15,191	1,802	11,041	1,850	498	-	-
Deposits from credit institutions	42,285	2,529	22,017	5,268	5,968	4,460	2,043
Money market operations through counterparties	223	-	223	-	-	-	-
Deposits from other creditors	191,661	81,107	48,362	12,889	17,178	29,354	2,771
Debt certificates (including bonds)	76,860	-	3,551	2,470	9,223	39,994	21,622
Subordinated liabilities	13,411	-	-	560	631	3,435	8,785
Other financial liabilities	6,771	4,552	1,596	262	210	147	4
OTC derivatives	11,628	-	223	439	1,002	5,468	4,496

38. FINANCIAL GUARANTEES AND DRAWABLE BY THIRD PARTIES

The memorandum items “Contingent Exposures” and “Contingent Commitments” in the consolidated balance sheets include the amounts that would be payable by the consolidated entities on behalf of third parties if the parties originally obliged to pay fail to do so, in connection with the commitments assumed by those entities in the course of their ordinary business.

The breakdown of the balances of these items as of December 31, 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	**2006**	**2005**
Contingent exposures -			
Collateral, bank guarantees and indemnities	56,983	37,002	25,790
Rediscounts, endorsements and acceptances	58	44	42
Other	8,804	5,235	4,030
	65,845	**42,281**	**29,862**
Contingent commitments -			
Drawable by third parties:	101,444	98,226	85,001
Credit institutions	2,619	4,356	2,816
General government sector	4,419	3,122	3,128
Other resident sectors	42,448	43,730	36,063
Non-resident sector	51,958	47,018	42,994
Other commitments	5,496	4,995	4,497
	106,940	**103,221**	**89,498**

Since a significant portion of these amounts will reach maturity without any payment obligation materializing for the consolidated companies, the aggregate balance of these commitments cannot be considered as an actual future requirement for financing or liquidity to be provided by the Group to third parties.

Income from the guarantee instruments 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 45).

39. ASSETS ASSIGNED TO OTHER OWN AND THIRD-PARTY OBLIGATIONS

As of December 31, 2007, 2006 and 2005, the face amount of the assets owned by the consolidated entities pledged as security for own transactions, amounted to €58,406 million, €45,774 million and €64,440 million, respectively, and related basically to the pledge of certain assets as security for financing liabilities with the Bank of Spain (Note 24.1) and to a portion of the assets assigned to mortgage bond issues (Note 24.4.2), which pursuant to the Mortgage Market Law are admitted as security for obligation to third parties.

As of December 31, 2007, 2006 and 2005, there were no additional assets assigned to own or third-party obligations to those described in the different headings of these financial statements.

40. OTHER CONTINGENT ASSETS

As of December 31, 2007, 2006 and 2005, there were no significant contingent assets registered in the financial statements attached.

41. PURCHASE AND SALE COMMITMENTS

The financial instruments sold with a commitment to subsequently repurchase them are not derecognized from the consolidated balance sheets and the amount received from the sale is considered financing from third parties. As of December 31, 2007, 2006 and 2005, the consolidated entities had sold financial assets totalling €50,982 million, €36,139 million and €48,312 million, respectively, with a commitment to subsequently repurchase them.

The financial instruments acquired with a commitment to subsequently resell them are not recognized in the consolidated balance sheets and the amount paid for the sale is considered credit given to third parties. As of December 31, 2007, 2006 and 2005, the consolidated entities had purchased financial instruments totalling €11,423 million, €7,018 million and €13,636 million, respectively, with a commitment to subsequently resell them.

Following is a breakdown of the maturity of other future payment obligations from December 31, 2007:

	Millions of euros				
	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial leases	-	1	1	9	11
Operational leases	29	66	68	269	432
Purchase commitments	47	-	-	-	47
Technology and systems projects	42	-	-	-	42
Other projects	5	-	-	-	5
Total	**76**	**67**	**69**	**278**	**490**

42. TRANSACTIONS FOR THE ACCOUNT OF THIRD PARTIES

As of December 31, 2007, 2006 and 2005, the detail of the most significant items composing this heading was as follows:

	Millions de euros		
	2007	2006	2005
Financial instruments entrusted by third parties	567,263	524,151	502,274
Conditional bills and other securities received for collection	20,824	3,640	3,765
Securities received in credit	632	70	-

As of December 31, 2007, 2006 and 2005, the off balance sheet customer funds was as follows:

	Millions de euros		
	2007	2006	2005
The off balanced sheet customer funds	165,314	157,550	152,977
- Commercialised by the Group			
- Investment companies and mutual funds	63,487	62,246	61,412
- Pension funds	59,143	55,505	51,061
- Saving insurance contracts	10,437	13,104	9,441
- Customer portfolios managed on a discretionary basis (*)	31,936	26,465	30,927
- Commercialised by the Group managed by third parties outside the Group			
- Investment companies and mutual funds	156	115	68
- Pension funds	128	97	56
- Saving insurance contracts	27	18	12

(*) The amounts for customer portfolios managed on a discretionary basis in 2007 and 2006 were €18,904 and €13,995 million respectively

Additionally, the Group has marketed and managed securitization funds and companies amounted to €65,569 million as of December 31, 2007.

43. INTEREST INCOME AND EXPENSE AND SIMILAR ITEMS

43.1. Interest and similar income

The breakdown of the most significant interest and similar income earned by the Group in 2007, 2006 and 2005 was as follows:

	Millions of euros		
	2007	2006	2005
Central Banks	458	444	458
Loans and advances to credit institutions	1,664	958	714
Loans and advances to other debtors	19,207	13,599	10,190
General government	668	539	437
Resident sector	9,280	6,394	4,852
Non resident sector	9,259	6,666	4,901
Debt securities	3,472	3,196	3,624
Traiding	2,028	1,363	1,454
Investment	1,444	1,833	2,170
Rectification of income as a result of hedging transactions	177	684	530
Other income	374	329	332
Total	**25,352**	**19,210**	**15,848**

43.2. Interest expense and similar charges

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

	Millions of euros		
	2007	2006	2005
Bank of Spain and other central banks	365	300	288
Deposits from credit institutions	3,119	2,343	1,985
Deposits from other creditors	7,839	5,038	4,071
Debt certificates (Note 24)	4,526	3,388	2,455
Promissory notes, bills and debt securities	3,658	2,821	1,899
Subordinated liabilities	868	567	556
Rectification of expenses as a result of hedging transactions	(326)	(231)	(304)
Cost attributable to pension funds (Note 27)	241	254	255
Other charges	167	123	182
Total	**15,931**	**11,215**	**8,932**

43.3. Averages return on investments and average borrowing cost

The detail of the average return on investments in 2007, 2006 and 2005 was as follows:

ASSETS	Millions of euros								
	2007			2006			2005		
	Average Balances	Income	Interest Rates (%)	Average Balances	Income	Interest Rates (%)	Average Balances	Income	Interest Rates (%)
Cash and balances with central banks	16,038	458	2.86	11,903	444	3.73	10,494	458	4.37
Securities portfolio and derivatives (*)	107,236	3,961	3.69	103,387	4,156	4.02	116,373	4,328	3.72
Loans and advances to credit institutions	31,084	1,776	5.72	23,671	992	4.19	20,600	767	3.72
Euros	21,097	1,138	5.39	14,090	452	3.21	10,653	276	2.59
Foreign currency	9,987	638	6.39	9,581	540	5.63	9,947	491	4.94
Loans and advances to customers	280,459	19,288	6.88	232,792	13,801	5.93	192,920	10,404	5.39
Euros	205,857	10,747	5.22	177,331	7,366	4.15	150,358	5,699	3.79
Foreign currency	74,602	8,541	11.45	55,461	6,435	11.60	42,562	4,705	11.06
Other finance income	-	217	-	-	196	-	-	183	-
Other assets	26,851	-	-	24,198	-	-	23,669	-	-
ASSETS/FINANCE INCOME	**461,668**	**25,700**	**5.57**	**395,951**	**19,589**	**4.95**	**364,056**	**16,140**	**4.43**

(*) Include the income from equito instruments (Note 44)

The average borrowing cost in 2007, 2006 and 2005 was as follows:

LIABILITIES	2007			2006 (Millions of euros)			2005		
	Average Balances	Expenses	Interest Rates (%)	Average Balances	Expenses	Interest Rates (%)	Average Balances	Expenses	Interest Rates (%)
Deposits from central banks and credit institutions	65,822	3,298	5.01	63,730	2,420	3.80	64,804	2,176	3.36
Euros	27,388	1,090	3.98	34,550	983	2.85	36,453	797	2.19
Foreign currency	38,434	2,208	5.75	29,180	1,437	4.92	28,351	1,379	4.86
Customer deposits	219,732	7,584	3.45	177,927	5,392	3.03	159,103	4,433	2.79
Euros	123,597	3,706	3.00	99,148	1,736	1.75	87,418	1,078	1.23
Foreign currency	96,135	3,878	4.03	78,779	3,656	4.64	71,685	3,355	4.68
Marketable securities and subordinated liabilities	99,539	4,642	4.66	87,526	3,026	3.46	68,925	1,886	2.74
Euros	82,905	3,659	4.41	77,483	2,506	3.23	64,188	1,573	2.45
Foreign currency	16,634	983	5.91	10,043	520	5.18	4,737	313	6.61
Other finance expenses	-	407	-	-	377	-	-	437	-
Other liabilities	51,960	-	-	47,979	-	-	55,544	-	-
Equity	24,615	-	-	18,787	-	-	15,680	-	-
LIABILITIES + EQUITY/ FINANCE EXPENSE	**461,668**	**15,931**	**3.45**	**395,949**	**11,215**	**2.83**	**364,056**	**8,932**	**2.45**

The variation on finance income, on income from equity instruments (Note 44) and on financial costs in 2007 with respect to 2006, that is determined by the variation in prices (price effect) and the variation in the volume of activity (volume effect), was as follows:

	Millions of euros Volume Price-Effect 2007/2006		
	Volume Effect (1)	Price Effect (2)	Total Effect
Cash and balances with central banks	154	(140)	14
Securities portfolio and derivatives	155	(349)	(194)
Loans and advances to credit institutions	310	475	785
Euros	224	462	686
Foreign currency	23	76	99
Loans and advances to customers	2,826	2,662	5,488
Euros	1,185	2,197	3,382
Foreign currency	2,221	(114)	2,107
Other financial income	-	18	18
FINANCE INCOME + INCOME FROM EQUITY INSTRUMENTS	**3,251**	**2,859**	**6,111**
Deposits from central banks and credit institutions	80	798	878
Euros	(204)	310	106
Foreign currency	456	316	772
Customer deposits	1,267	925	2,192
Euros	428	1,542	1,970
Foreign currency	805	(583)	222
Marktable securities and subordinated liabilities	416	1,200	1,616
Euros	175	977	1,152
Foreign currency	341	122	463
Other finance expense	-	30	30
FINANCE EXPENSE	**1,862**	**2,854**	**4,716**
NET INTEREST INCOME			**1,395**

(1) The volume effect is calculated by multiplying the interest rate for the first year by the difference between the average balances for the two years.
(2) The price effect is calculated by multiplying the average balance for the second year by the difference between the interest rates for the two years.

44. INCOME FROM EQUITY INSTRUMENTS

The amount recorded under this heading in the accompanying consolidated income statements relates in full to dividends from other shares and equity instruments. The breakdown was as follows:

	Millions of euros 2007	2006	2005
Dividends from other shares and other equity instrument			
Held for investment	227	258	222
Held for trading	121	121	70
Total	**348**	**379**	**292**

45. FEE AND COMMISSION INCOME

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

	Millions of euros		
	2007	2006	2005
Commitment fees	55	56	50
Contingent liabilities	229	204	176
Documentary credits	38	33	31
Bank and other guarantees	191	171	145
Arising from exchange of foreign currencies and banknotes	24	20	18
Collection and payment services	2,567	2,274	2,019
Securities services	2,089	2,017	1,948
Counselling on and management of one-off transactions	16	14	16
Financial and similar counselling services	23	19	11
Factoring transactions	25	20	19
Non-banking financial products sales	87	79	40
Other fees and commissions	477	416	372
Total	**5,592**	**5,119**	**4,669**

46. FEE AND COMMISSION EXPENSES

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

	Millions of euros		
	2007	2006	2005
Brokerage fees on lending and deposit transactions	7	11	13
Fees and commissions assigned to third parties	612	560	519
Other fees and commissions	250	213	197
Total	**869**	**784**	**729**

47. INSURANCE ACTIVITY INCOME

This heading in the accompanying consolidated income statement reflects the contribution of the consolidated insurance and reinsurance companies to the Group's gross income. The detail of the balance of this heading was as follows:

	Millions of euros		
	2007	2006	2005
Premium income	2,405	2,484	2,917
Reinsurance premiums paid	(46)	(44)	(63)
Benefits paid and other insurance-related expenses	(1,674)	(1,539)	(1,786)
Reinsurance Income	32	76	44
Net provisioning expense	(697)	(996)	(1,274)
Finance increase	993	968	904
Finance expense	(284)	(299)	(255)
Total	**729**	**650**	**487**

As of December 31, 2007, 2006 and 2005 the detail of the balance of Premium income that corresponds to "life" insurance activity is €1,788 million, €1,897 million and €2,047 million, respectively, and "non life" €618 million, €587 million and €869 million, respectively.

48. GAINS/LOSSES ON FINANCIAL ASSETS AND LIABILITIES

The detail of the balance of this heading in the accompanying consolidated income statements was as follows:

	Millions of euros		
	2007	2006	2005
Financial assets held for trading	597	716	897
Other financial assets at fair value through profit or loss	44	62	33
Available-for-sale financial assets (Note 11)	1,537	1,121	429
Loans and receivables	63	77	129
Other	20	(320)	(508)
Total	**2,261**	**1,656**	**980**

The heading "Available-for-sale financial assets" in 2007, of the prior table, includes €883 million from the gains obtained in the disposal of the interest ownership in Iberdrola, S.A. This heading as of December 31, 2006 includes €522 million from the gains obtained in the disposal of the interest ownership in Repsol-YPF, S.A.

The breakdown, by type, of the financial instruments that gave rise to the above balances was as follows:

	Millions of euros		
	2007	2006	2005
Debt instruments	(89)	80	48
Equity instruments	1,826	2,604	1,111
Loans and advances to other debtors	89	113	193
Derivatives	407	(1,178)	(415)
Deposits from other creditors	-	-	-
Other	28	37	43
Total	**2,261**	**1,656**	**980**

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

These headings of the accompanying consolidated statements of income show, respectively, sales of assets and income from the provision of services that constitute the typical activity of non-financial consolidated entities forming part of the Group and the related costs of sales. The main lines of business of these entities are as follows:

	Millions of euros					
	2007		2006		2005	
	Sales/ Income	Cost of Sales	Sales/ Income	Cost of Sales	Sales/ Income	Cost of Sales
Real estate	412	282	333	231	285	215
Services and other	376	319	272	243	291	236
Total	**788**	**601**	**605**	**474**	**576**	**451**

50. OTHER OPERATING INCOME AND EXPENSES

In 2007, 2006 and 2005, the balance of the heading "Other operating expenses" includes the contribution in Spain to the Deposits Guarantee Fund, amounted to €225, €215 and €202 million, respectively. In 2007, 2006 and 2005 the heading "Other operating products" includes among others the rents collected from leases.

51. PERSONNEL EXPENSES

The detail of the balance of this heading in the accompanying consolidated income statements was as follows:

	Millions of euros		
	2007	2006	2005
Wages and salaries	3,297	3,012	2,743
Social security costs	546	504	472
Transfers to internal pension provisions (Note 27)	56	74	69
Contributions to external pension funds (Note 27)	58	53	56
Other personnel expenses	378	346	262
Total	**4,335**	**3,989**	**3,602**

In 2007, 2006 and 2005, certain Group companies implemented corporate programs for the acquisition of shares with discount of Banco Bilbao Vizcaya Argentaria S.A. The cost of these programs is recognised under the heading "Other personnel expenses".

The detail, by professional category and by geographical area, of the average number of employees in 2007, 2006 and 2005, was as follows:

	Average number of employees		
	2007	2006	2005
Spanish banks			
Executives	1,102	1,104	1,087
Other line personnel	21,672	21,818	21,807
Clerical staff	6,849	7,141	7,429
Abroad branches	745	676	674
	30,368	**30,739**	**30,997**
Companies abroad			
Mexico	26,568	25,157	24,721
Venezuela	5,793	5,555	5,568
Argentina	3,955	3,604	3,428
Colombia	4,639	5,155	3,487
Peru	3,349	2,705	2,358
United States	6,767	1,685	933
Other	4,780	4,490	4,628
	55,851	**48,351**	**45,123**
Pension fund managers	**8,969**	**8,297**	**7,078**
Other non-banking companies	**9,327**	**8,351**	**7,546**
Total	**104,515**	**95,738**	**90,744**

The detail, by professional category and by gender, of the average number of employees in 2007, was as follows:

	Average number	
	Men	Women
Executives	1,667	318
Other line personnel	24,506	16,337
Clerical staff	28,993	32,694
Total	**55,166**	**49,349**

Equity-instrument-based employee remuneration -

At the Annual General Meeting held on March 18, 2006, the Bank's shareholders approved a long-term share-based remuneration plan for the members of the Group's management team ("the Plan"). The Plan has a term of three years from 1 January 2006 and will be settled in the first half of 2009.

Under this Plan the Bank promises to deliver ordinary shares of BBVA to the members of the Group's management team (including executive directors and management committee members of BBVA). A number of "theoretical shares" will be allocated to the beneficiaries based on the annual variable remuneration earned by each member in the last three years and on their level of responsibility. This number will serve as the basis for the calculation of the BBVA shares that will be delivered, as the case may be, when the Plan expires. The specific number of BBVA shares to be delivered to each beneficiary on expiry of the Plan will be calculated by multiplying the number of "theoretical shares" allocated by a coefficient ranging from 0 to 2. The value of the coefficient established by comparing the performance of the Total Shareholder Return (TSR) - share appreciation plus dividends - of the Bank over the term of the Plan with the performance of the same indicator for 14 leading European banks. The amount of the obligation that will be registered in the consolidated financial statements will be determined by multiplying the number of the shares by the estimated average price at the moment of the liquidation of the Plan. (€15.02 at the moment of approved the Plan).

Both TSR and estimated average price per share were considered market variations at the moment of calculated the cost of the Plan when the Plan was initiated (Note 2.2.20). The value of the TSR calculated by Montecarlo simulations was€0.896, while the calculation of the estimated average price was of €15.02.

As of December 31, 2007, the estimated number of theoretical shares for the Group as a whole, including executive directors and BBVA's Management Committee members (see Note 58), was 9,833,185, representing 0.262 % of the Bank's share capital.

As of December 31, 2007, the total accrued amount during the Plan's life is €132 million. During 2007 the expense amounted to €46 million and was recognized under the heading "Personnel Expenses – Other" in the Group's consolidated income statement with charge to "Equity-Other equity instrument-Rest" in the consolidated balance sheet as of December 31, 2007, net of tax effect.

52. OTHER GENERAL ADMINISTRATIVE EXPENSES

The breakdown of the balance of this heading in the consolidated income statements was as follows:

	Millions of euros		
	2007	2006	2005
Technology and systems	539	495	434
Communications	236	218	203
Advertising	249	207	212
Property, fixtures and materials	520	451	415
Taxes other than income tax	257	203	213
Other expenses	917	768	683
Total	**2,718**	**2,342**	**2,160**

The heading "Property, Fixtures and Materials" includes expenses relating to operating leases of buildings amounting to €205 million, €173 million and €158 million in 2007, 2006 and 2005, respectively. The consolidated companies do not expect to terminate the lease contracts early.

53. FINANCE INCOME AND EXPENSES FROM NON-FINANCIAL ACTIVITIES

The amounts recorded under these headings relates in full to finance income and expenses from the Group's real estate and renting companies.

54. OTHER GAINS AND OTHER LOSSES

The breakdown of the balances of these headings in the accompanying consolidated income statements was as follows:

	Millions of euros		
	2007	2006	2005
Gains			
Gains from tangible assets disposal	389	93	108
Gains on sale of long-term investment	18	934	40
Income from the provision of non-typical services	5	4	4
Other income	84	97	133
	496	**1,128**	**285**
Losses			
Losses on fixed asset disposals	22	21	22
Losses on sale of investments	7	-	12
Other losses	370	121	174
Total	**399**	**142**	**208**

In 2007 the balance in the heading "Gains on disposal of tangible assets" includes €279 million that were already recognized on the consolidated income statement as capital gains on the sale of buildings to GMP (Note 15).

In 2007, the balance in the heading "Gains on disposal of investment" includes €18 million from the gains obtained in the sale of the ownership interest held by the Group in AFP Crecer.

In 2007, the balance in the heading "Losses on disposal of investment" includes €5 million from losses in the sale of BBVA Preferred Capital and BBVA Seguros, S.A. (Dominican Republic).

In 2006 the balance of the heading "Gains on disposal of investment ", corresponds mainly to the gains obtained in the sale of the ownership interest in Banca Nazionale del Lavoro, S.p.A.

In 2007 the balance under the heading "Other losses" includes €200 million corresponding to BBVA's contributions (to non-recoverable fund) to the BBVA Microcredit Foundation, based on agreement reached in the Annual General Meeting Celebrated on March 16, 2007. The Foundation has been formed as an entity of public interest, non-profit organization and it is subject to the protectorate of the Ministry of Labour and Social Affairs of Spain. BBVA as founder only has the ability to appoint the board of trustees, and therefore neither managed nor responsible for the Foundation activity or financial institutions that it acquires for fulfilling their purposes, which is not part of the Consolidated Group.

55. CONSOLIDATED CASH FLOW STATEMENTS

The cash flows from operating activities have changed in 2007 amounted to €17,142 million, compared to €2,818 million in 2006. The most significant changes are in the headings loans and receivables and deposits from other creditors.

The cash flows from financing activities have changed in 2007 amounted to €8,451 million, compared to €2,741 million in 2006. The most significant change is in the heading Investment – Group entities, jointly controlled entities and associates.

The cash flows from investing activities have changed in 2007 amounted to €2,607 million, compared to €887million in 2006. The most significant change is in the heading Issuance/Redemption of subordinated liabilities.

56. ACCOUNTANTS FEES AND SERVICES

The detail of the fees for the services provided to the Group companies by their respective accountants in 2007 was as follows:

	Millions of euros
Audits of the companies audited by firms belonging to the Deloitte worldwide organisation	10.6
Fees for audits conducted by other firms	2.7
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 organisation	5.1

The detail of the other services provided to the various Group companies in 2007 was as follows:

	Millions of euros
Firms belonging to the Deloitte worldwide organisation	1.6
Other firms	8.4

The services provided by our accountants meet the independence requirements established in Law 44/2002, of 22 November, on Measures Reforming the Financial System and in the Sarbanes-Oxley Act of 2002 adopted by the Securities and Exchange Commission (SEC), and accordingly they did not include the performance of any work that is incompatible with the auditing function.

57. RELATED PARTY TRANSACTIONS

57.1. SIGNIFICANT TRANSACTIONS WITH SHAREHOLDERS

As of December 31, 2007, the balances of transactions held with significant shareholders (see Note 30) correspond to "Deposits from other creditors" amounted to €8.7 million.

57.2. TRANSACTIONS WITH BBVA GROUP

As of December 31, 2007, the balances of the main aggregates in the consolidated financial statements arising from the transactions carried out by the Group with associated and jointly controlled companies accounted for using the equity method (Note 2.1. b), which consist of ordinary business and financial transactions carried out on an arm's-length basis, as of December 31, 2007, 2006 and 2005 are as follows:

	Millions of euros		
	2007	2006	2005
Assets:			
Due from credit institutions	-	-	5
Total net lending	610	374	268
Liabilities:			
Due to credit institutions	(32)	-	2
Deposits	55	83	19
Debt certificates	440	463	257
Memorandum accounts:			
Contingent risks	129	23	35
Commitments contingents	443	457	44

The balances of the main aggregates in the consolidated income statements resulting from transactions with associated and jointly controlled entities that consolidated by the equity method as of December 31, 2007, 2006 and 2005, were as follows:

	Millions of euros		
	2007	2006	2005
Statement of income:			
Financial Revenues	33	12	8
Financial Expenses	18	13	6

There are no other material effects on the consolidated financial statements of the Group arising from dealings with these companies, other than the effects arising from using the equity method (Note 2.1), and from the insurance policies to cover pension or similar commitments (Note 27).

As of December 31, 2007, 2006 and 2005, the notional amount of the futures transactions arranged by the Group with the main related companies amounted to approximately €74 million, €9 million and €8 million, respectively.

In addition, as part of its normal activity, the Group has entered into agreements and commitments of various types with shareholders of subsidiaries and associates, which have no material effects on the consolidated financial statements.

57.3. Transactions with key entity personnel

The information on the remuneration of key personnel (members of the Board of Directors of BBVA and of the Management Committee) is included in Note 58.

As of December 31, 2007, the amount disposed of the loans granted to members of Board of Directors totalled €65 thousand.

The amount disposed of the loans granted as of December 31, 2007 to the Management Committee, excluding the executive directors, amounted to €3,352 thousand. As of December 31, 2007, guarantees provided on behalf of members of the Management Committee amounted to €13 thousand.

As of December 31, 2007, the amount disposed of the loans granted to parties related to key personnel (the aforementioned members of the Board of Directors of BBVA and of the Management Committee) totalled €12,954 thousand. As of December 31, 2007, the other exposure to parties related to key personnel (guarantees, finance leases and commercial loans) amounted to €19,383 thousand.

The demand and time deposits held on an arm's length basis as part of BBVA's ordinary banking business by directors, Management Committee members and their related parties totalled €7,590 thousand as of December 31, 2007.

In addition, BBVA and other Group companies, in the normal course of their business and in their capacity as financial institutions, habitually perform transactions with members of the Board of Directors of BBVA and of the Management Committee and their respective related parties. All these transactions, which are scantly material, are conducted on an arm's-length basis.

57.4. Transactions with other related parties

There are no other material transactions with other related parties.

58. REMUNERATION OF THE BANK'S DIRECTORS AND SENIOR MANAGEMENT

Remuneration and other provisions for the Board of Directors and members of the Management Committee

- REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration paid to the non-executive members of the Board of Directors during 2007 is indicated below. The figures are given individually for each non-executive director and itemised in thousand euros:

	Thousands of euros					
	Board	Standing Committee	Audit	Risk	Appointments and Compensation	Total
Tomás Alfaro Drake	124	-	68	-	-	192
Juan Carlos Álvarez Mezquíriz	124	159	-	-	41	324
Rafael Bermejo Blanco	104	-	130	78	-	312
Richard C. Breeden	337	-	-	-	-	337
Ramón Bustamante y de La Mora	124	-	68	102	-	294
José Antonio Fernández Rivero (*)	124	-	-	204	-	328
Ignacio Ferrero Jordi	124	159	-	-	41	324
Román Knörr Borrás	124	159	-	-	-	283
Carlos Loring Martínez de Irujo	124	-	68	-	102	294
Enrique Medina Fernández	124	159	-	102	-	385
Susana Rodríguez Vidarte	124	-	68	-	31	223
Total (**)	**1,557**	**636**	**402**	**486**	**215**	**3,296**

(*) Mr José Antonio Fernández Rivero, apart from the amounts detailed above, also received a total of €652 thousand during 2007 in early retirement payments as a former member of the BBVA management.

(**) Mr Ricardo Lacasa Suárez and Telefónica de España, S.A., who stood down as directors at the Annual General Meeting in March 2007, received €95 thousand and €30 thousand, respectively, in 2007 in payment of his membership of the Board of Directors.

- REMUNERATION OF EXECUTIVE DIRECTORS

The remuneration paid to the non-executive members of the Board of Directors during 2007 is indicated below. The figures are given individually for each non-executive director and itemised in thousand euros:

	Thousands of euros		
	Fixed remunerations	Variable remunerations (*)	Total (**)
Chairman & CEO	1,827	3,255	5,082
President & COO	1,351	2,730	4,081
Company Secretary	622	794	1,416
Total	**3,800**	**6,779**	**10,579**

(*) Figures relating to variable remuneration for 2006 paid in 2007.

(**) In addition, the executive directors received remuneration in kind during 2007 totalling €33 thousand, of which €8 thousand relates to Chairman & CEO, €14 thousand relates to President & COO and €11 thousand to Company Secretary.

The executive directors also earned a variable remuneration during 2007, which will be satisfied to them during 2008. The amount earned by the Chairman & CEO was of €3,802 thousand, the President & COO earned €3,183 thousand while the Company Secretary earned €886 thousand. These amounts are recognised under the heading "Accrued Expenses and Deferred Income" in the accompanying consolidated balance sheet as of December 31, 2007.

- REMUNERATION OF THE MEMBERS OF THE MANAGEMENT COMMITTEE

The remuneration paid during 2007 to the members of BBVA's Management Committee, excluding executive directors, comprised €6,245 thousand in fixed remuneration and €11,439 thousand in variable remuneration accrued in 2006 and paid in 2007.

In addition, the members of the Management Committee, excluding executive directors, received remuneration in kind totalling €594 thousand in 2007.

This paragraph includes information on the members of the Management committee on 31st December 2007, excluding the executive directors.

– PENSION COMMITMENTS

The provisions to cater for pension and similar commitments to executive directors in 2007 were as follows:

	Thousands of euros
Chairman & CEO	61,319
President & COO	46,400
Company Secretary	7,714
Total	**115,433**

Of this aggregate amount, €12,504 thousand were charged to 2007. Most of these commitments were insured under policies with BBVA as beneficiary, underwritten by an insurance company belonging to the Group. These insurance policies were matched to financial assets in compliance with Spanish legal regulations. The internal return on the insurance policies associated to said commitments was €4,837 thousand, which partly offset the amount allocated to provisions during the year.

Insurance premiums amounting to €86 thousand were paid on behalf of the non-executive directors on the Board of Directors.

The provisions charged as of December 31, 2007 for post-employment commitments for the Management committee members, excluding executive directors, amounted to €35,345 thousand. Of these, €6,374 thousand were charged against 2007 earnings. The internal return on the insurance policies associated to said commitments was €782 thousand, which partly offset the amount allocated to provisions during the year.

- LONG-TERM PLAN FOR REMUNERATION WITH SHARES (2006-2008) FOR EXECUTIVE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

The AGM, 18th March 2006, approved a long-term plan for remuneration of executives with shares for the period 2006-2008. The plan was for members of the management team, including the executive directors and members of the Management committee and will be paid out in the second half of 2009.

The plan allocated each beneficiary a certain number of theoretical shares as a function of their variable pay and their level of responsibility. At the end of the plan, the theoretical shares are used as a basis to allocate BBVA shares to the beneficiaries, should the initial requirements be met.

The number of shares to be delivered to each beneficiary is determined by multiplying the number of theoretical shares allocated to them by a coefficient of between 0 and 2. This coefficient reflects the relative performance of BBVA's total shareholder value (TSR) during the period 2006-2008 compared against the TSR of its European peer group.

The number of theoretical shares allocated to executive directors under the AGM resolution is as follows:

	Theoretical shares
Chairman & CEO	320,000
President & COO	270,000
Company Secretary	100,000

The total number of theoretical shares allocated to the members of the Management committee on 31st December 2007, excluding the executive directors, is 1,124,166.

– SCHEME FOR REMUNERATION OF NON-EXECUTIVE DIRECTORS WITH DEFERRED DELIVERY OF SHARES

The Annual General Meeting, 18th March 2006, under agenda item eight, resolved to establish a remuneration scheme using deferred delivery of shares to the Bank's non-executive directors, to substitute the earlier scheme that had covered these directors.

The new plan assigns theoretical shares each year to non-executive director beneficiaries equivalent to 20% of the total remuneration paid to each in the previous year, using the average of BBVA stock closing prices from the trading sessions prior to the annual general meeting approving the financial statements for the years covered by the scheme as of 2007. These shares, where applicable, are to be delivered when the beneficiaries cease to be directors on any grounds other than serious dereliction of duties.

The AGM resolution granted the non-executive directors who were beneficiaries of the earlier scheme the possibility of converting their entitlements under the previous scheme for non-executive directors into theoretical shares. All the beneficiaries opted for this conversion.

Consequently, the non-executive directors who were beneficiaries of the new system for deferred delivery of shares, approved by the AGM, received the following number of theoretical shares:

Directors	Theoretical Shares	Accumulated theoretical shares
Tomás Alfaro Drake	1,407	1,407
Juan Carlos Álvarez Mezquíriz	3,283	19,491
Ramón Bustamante y de la Mora	2,982	19,923
José Antonio Fernández Rivero	3,324	9,919
Ignacio Ferrero Jordi	3,184	20,063
Román Knörr Borrás	2,871	15,591
Carlos Loring Martínez de Irujo	2,778	7,684
Enrique Medina Fernández	3,901	28,035
Susana Rodríguez Vidarte	1,952	10,511
Total	**25,682**	**132,624**

– SEVERANCE PAYMENTS

The Chairman of the board will be entitled to retire as an executive director at any time after his 65th birthday and the President & COO and the Company Secretary after their 62nd birthday. They will all be entitled to the maximum percentage established under their contracts for retirement pension, and vesting their right to the pension once they reach said ages will render the indemnity agreed under their contracts null and void.

The contracts of the Bank's executive directors (Chairman & CEO, President & COO, and Company Secretary) recognise their entitlement to be compensated should they leave their post for grounds other than their own decision, retirement, disablement or serious dereliction of duty. Had this occurred during 2007, they would have received the following amounts: €70,513 thousand for the Chairman & CEO; €57,407 thousand for the President & COO, and €13.460 thousand for the Company Secretary.

In order to receive such compensation, directors must place their directorships at the disposal of the board, resign from any posts that they may hold as representatives of the Bank in other companies, and waive prior employment agreements with the Bank, including any senior management positions and any right to obtain compensation other than that already indicated.

On standing down, they will be rendered unable to provide services to other financial institutions in competition with the Bank or its subsidiaries for two years, as established in the board regulations.

59. SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND OF THE MANAGEMENT COMMITTEE

As of December 31, 2007 the shares held by members of the Board of Directors and of the management Committée were as follows:

DIRECTORS	DIRECT SHARES		INDIRECT SHARES		TOTAL	
NAME	Number	%/ Capital	Number	%/ Capital	Number	%/ Capital
Francisco González Rodríguez	2,394	0.0001	1,411,265	0.0377	1,413,659	0.0377
José Ignacio Goirigolzarri Tellaeche	496	0.0000	444,635	0.0119	445,131	0.0119
Tomás Alfaro Drake	7,856	0.0002	-	0.0000	7,856	0.0002
Juan Carlos Álvarez Mezquíriz	30,530	0.0008	-	0.0000	30,530	0.0008
Rafael Bermejo Blanco	11,000	0.0003	-	0.0000	11,000	0.0003
Richard C. Breeden	32,001	0.0009	-	0.0000	32,001	0.0009
Ramón Bustamante y de la Mora	10,139	0.0003	-	0.0000	10,139	0.0003
José Antonio Fernández Rivero	50,000	0.0013	325	0.0000	50,325	0.0013
Ignacio Ferrero Jordi	2,647	0.0001	51,300	0.0014	53,947	0.0014
Román Knörr Borrás	34,329	0.0009	6,773	0.0002	41,102	0.0011
Carlos Loring Martínez de Irujo	9,149	0.0002	-	0.0000	9,149	0.0002
José Maldonado Ramos	11,621	0.0003	-	0.0000	11,621	0.0003
Enrique Medina Fernández	29,285	0.0008	1,100	0.0000	30,385	0.0008
Susana Rodríguez Vidarte	11,179	0.0003	2,156	0.0001	13,335	0.0004
Total	**242,626**	**0.0065**	**1,917,554**	**0.0512**	**2,160,180**	**0.0576**

DIRECTORS	DIRECT SHARES		INDIRECT SHARES		TOTAL	
NAME	Number	%/ Capital	Number	%/ Capital	Number	%/ Capital
Eduardo Arbizu Lostao	4,000	0.0001	-	0.0000	4,000	0.00011
Francisco Javier Argente Ariño	27,618	0.0007	-	0.0000	27,618	0.00074
Juan Asua Madariaga	7,104	0.0002	118,086	0.0032	125,190	0.00334
Javier Ayuso Canals	2,441	0.0001	-	0.0000	2,441	0.00007
José Andrés Barreiro Hernández	6,463	0.0002	-	0.0000	6,463	0.00017
Javier Bernal Dionis	7,120	0.0002	-	0.0000	7,120	0.00019
Ángel Cano Fernández	67,058	0.0018	-	0.0000	67,058	0.00179
Ignacio Deschamps González	2,618	0.0001	-	0.0000	2,618	0.00010
José María García Meyer-Dohner	10,495	0.0003	-	0.0000	10,495	0.00028
Manuel González Cid	13,666	0.0004	-	0.0000	13,666	0.00036
Vicente Rodero Rodero	27,047	0.0007	300	0.0000	27,347	0.00073
José Sevilla Álvarez	100	0.0000	7,057	0.0002	7,157	0.00019
Total	**175,730**	**0.0047**	**125,443**	**0.0033**	**301,173**	**0.0081**

60. DETAIL OF THE DIRECTORS' HOLDINGS IN COMPANIES WITH SIMILAR BUSINESS ACTIVITIES

As of December 31, 2007 pursuant to Article 127 third section of the Spanish Corporations Law, introduced by Law 26/2003 of 17 July amending Securities Market Law 24/1988 of 28 July, and the revised Corporations Law, in order to reinforce the transparency of listed companies, set forth below are the companies engaging in an activity that is identical, similar or complementary to that which constitutes the corporate purpose of BBVA, in which the members of the Board of Directors have a direct or indirect ownership interest. None of the directors discharge executive or administrative functions at these companies.

	Investments		
Surname (s) and First Name	Company	Number of Shares	Type of Ownership Interest
Alfaro Drake, Tomás	--	--	--
Alvarez Mezquiriz, Juan Carlos	--	--	--
Bermejo Blanco, Rafael	Banco Santander	7,400	Direct
	Banco Crédito Balear	1,000	Direct
	Banco Popular Español	13,880	Direct
Breeden, Richard C.	--	--	--
Bustamante y de la Mora, Ramón	Royal Bank of Scotland	7,350	Indirect
	Banesto	4,560	Indirect
	Banco Popular Español	5,700	Indirect
	Banco Santander	7,540	Indirect
	Bankinter	3,000	Indirect
Fernández Rivero, José Antonio	--	--	--
Ferrero Jordi, Ignacio	Banco Santander	9,940	Indirect
	Banco Popular Español	2,490	Indirect
	Royal Bank of Scotland	12,911	Indirect
Goirigolzarri Tellaeche, José Ignacio	--	--	--
González Rodríguez, Francisco	RBC Dexia Investors Services España, S.A.	76,040	Indirect
Knörr Borrás, Román	--	--	--
Loring Martínez de Irujo, Carlos	--	--	--
Maldonado Ramos, José	--	--	--
Medina Fernández, Enrique	Bankinter	0.052	Indirect
	KBC Groep NV	0.466	Indirect
	Royal Bank	3.080	Indirect
	Standard Chartered	5.878	Indirect
	Unicredito Italiano	0.027	Indirect
Rodríguez Vidarte, Susana	--	--	--

61. OTHER INFORMATION

On March 22, 2002, BBVA notified the supervisory authorities of the stock markets on which its shares are listed that the Bank of Spain had commenced a proceeding against BBVA and 16 of its former directors and executives. These proceedings arose as a result of the existence of funds (approximately €225 million) belonging to BBV that were not included in the entity's financial statements until they were voluntarily regularized by being recorded in the 2000 consolidated income statement as extraordinary income, for which the related corporation tax was recorded and paid. BBVA notified the Bank of Spain of these matters on January 19, 2001. The Bank of Spain's supervisory services commenced an investigation into the origin of the funds, their use and the persons involved, the findings of which were included in the supervisory services' report dated March 11, 2002. On March 15, 2002, the Bank of Spain notified the Bank of the commencement of a proceeding relating to these events.

On May 22, 2002, the Council of the Spanish National Securities Market Commission (CNMV) commenced a proceeding against BBVA for possible contravention of the Securities Market Law (under Article 99 ñ) thereof) owing to the same events as those which gave rise to the Bank of Spain's proceeding.

The commencement of proceedings to determine an eventual criminal liability of the individuals involved in those events triggered the suspension of the above mentioned proceedings until a definitive criminal resolution was issued. These criminal proceedings finished by definitive court resolutions on 2007 without criminal liability for any person involved in them. The end of these criminal proceedings has allowed the re-opening of the proceedings: on 13 June, 2007 the Bank of Spain, and on 26 July 2007 the Spanish National Securities Market Commission (CNMV), notified the end of the proceeding development suspension.

At the date of preparation of these consolidated financial statements, none of the persons party to the proceedings or prosecuted in relation to the events referred to above was a member of the Board of Directors or the Management Committee or held executive office at BBVA.

The Group's legal advisers do not expect the aforementioned administrative and criminal proceedings to have any material impact on the Bank.

62. SUBSEQUENT EVENTS AND IFRS RECENT PRONOUNCEMENTS

From January 1, 2008 until the date of preparation of these consolidated financial statements, there have no been other significant events affecting the income and equity statement of the Group.

63. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These interim consolidated financial statements are presented on the basis of IFRS's, as adopted by the European Union. Certain accounting practices applied by the Group that conform with EU-IFRS's may not conform with other generally accepted accounting principles.

APPENDIX I

ADDITIONAL INFORMATION ON CONSOLIDATED SUBSIDIARIES

COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

			% of Voting Rights Controlled by the Bank			Thousands of Euros (*)				
						Investee Data				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets as of 31.12.07	Liabilities as of 31.12.07	Equity 31.12.07	Profit (Loss) for the Period ended 31.12.07
AAI HOLDINGS, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
ADMINISTRAD. DE FONDOS PARA EL RETIRO-BANCOMER,S.A DE C.V.	MEXICO	PENSIONS	17.50	82.50	100.00	332,125	170,243	34,134	102,166	33,943
ADMINISTRADORA DE FONDOS DE PENSIONES PROVIDA(AFP PROVIDA)	CHILE	PENSIONS	12.70	51.62	64.32	222,505	422,738	98,353	261,210	63,175
AFP GENESIS ADMINISTRADORA DE FONDOS, S.A.	ECUADOR	PENSIONS	-	100.00	100.00	2,105	4,268	2,162	617	1,489
AFP HORIZONTE, S.A.	PERU	PENSIONS	24.85	75.15	100.00	34,833	54,088	16,870	27,285	9,933
AFP PREVISION BBV-ADM.DE FONDOS DE PENSIONES S.A.	BOLIVIA	PENSIONS	75.00	5.00	80.00	2,063	7,301	3,623	2,589	1,089
ALMACENADORA FINANCIERA PROVINCIAL. S.A.	VENEZUELA	SERVICES	-	100.00	100.00	210	371	161	46	164
ALMACENES GENERALES DE DEPOSITO, S.A.E. DE	SPAIN	PORTFOLIO	83.90	16.10	100.00	12,649	106,971	4,073	97,340	5,558
ALTITUDE INVESTMENTS LIMITED	UNITED KINGDOM	FINANCIAL SERV.	51.00	-	51.00	225	2,750	1,615	691	444
ALTURA MARKETS, A.V., S.A.	SPAIN	SECURITIES	50.00	-	50.00	5,000	740,241	712,117	12,041	16,083
ANIDA DESARROLLOS INMOBILIARIOS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	112,477	318,156	73,541	178,041	66,574
ANIDA GERMANIA IMMOBILIEN ONE, GMBH	ALEMANIA	REAL EST.INSTR.	-	100.00	100.00	(127)	23,568	23,695	25	(152)
ANIDA GERMANIA IMMOBILIEN THREE, GMBH	ALEMANIA	REAL EST.INSTR.	-	100.00	100.00	25	23	11	25	(13)
ANIDA GERMANIA IMMOBILIEN TWO, GMBH	ALEMANIA	REAL EST.INSTR.	-	100.00	100.00	25	23	11	25	(13)
ANIDA GRUPO INMOBILIARIO, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	198,357	576,146	75,912	447,547	52,687
ANIDA INMOBILIARIA, S.A. DE C.V.	MEXICO	PORTFOLIO	-	100.00	100.00	71,944	69,026	461	67,286	1,279
ANIDA PROYECTOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL EST.INSTR.	-	100.00	100.00	68,013	77,999	9,985	66,735	1,279
ANIDA SERVICIOS INMOBILIARIOS, S.A. DE C.V.	MEXICO	REAL EST.INSTR.	-	100.00	100.00	404	1,152	769	393	(10)
APLICA SOLUCIONES ARGENTINAS, S.A.	ARGENTINA	SERVICES	-	100.00	100.00	1,445	4,923	3,365	993	565
APLICA SOLUCIONES GLOBALES, S.L.	SPAIN	SERVICES	94.98	5.02	100.00	57	42,673	42,494	60	119
APLICA TECNOLOGIA AVANZADA, S.A. DE C.V.	MEXICO	SERVICES	100.00	-	100.00	4	45,780	42,640	713	2,427
APOYO MERCANTIL S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	3,228	72,942	69,714	1,822	1,406
ARAGON CAPITAL, S.L.	SPAIN	PORTFOLIO	99.90	0.10	100.00	37,925	31,855	18	30,947	890
ARGENTARIA SERVICIOS, S.A.	CHILE	SERVICES	100.00	-	100.00	676	1,277	5	1,400	(128)
ARIZONA FINANCIAL PRODUCTS, INC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	598,695	605,573	3,669	595,071	6,833
ARIZONA KACHINA HOLDINGS, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
ASSUREX, S.A.	ARGENTINA	INSURANCE	87.50	12.50	100.00	67	372	262	54	56
ATREA HOMES IN SPAIN LTD	UNITED KINGDOM	NO ACTIVITY	-	100.00	100.00	-	31	371	(166)	(174)
ATREA INICIATIVAS RESIDENCIALES EN INTERNET, S. A.	SPAIN	SERVICES	-	100.00	100.00	735	1,719	940	1,735	(956)
ATUEL FIDEICOMISOS, S.A.	ARGENTINA	SERVICES	-	100.00	100.00	5,938	6,079	140	4,184	1,755
AUTOMERCANTIL-COMERCIO E ALUGER DE VEICULOS AUTOM., LDA.	PORTUGAL	SERVICES	-	100.00	100.00	7,209	58,502	49,053	9,914	(465)
BAHIA SUR RESORT, S.C.	SPAIN	NO ACTIVITY	99.95	-	99.95	1,436	1,438	15	1,423	-
BANCO BILBAO VIZCAYA ARGENTARIA (PANAMA), S.A.	PANAMA	BANKING	54.11	44.81	98.92	19,464	964,245	844,211	97,967	22,067
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	PORTUGAL	BANKING	9.52	90.48	100.00	278,916	6,189,940	5,950,880	218,251	20,809
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	CHILE	BANKING	58.36	9.81	68.17	289,697	7,963,538	7,460,901	458,131	44,506
BANCO BILBAO VIZCAYA ARGENTARIA PUERTO RICO	PUERTO RICO	BANKING	-	100.00	100.00	94,248	4,465,911	4,108,457	333,800	23,654
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	URUGUAY	BANKING	100.00	-	100.00	17,049	340,515	307,906	27,037	5,572
BANCO CONTINENTAL, S.A.	PERU	BANKING	-	92.08	92.08	415,213	5,623,724	5,172,811	312,486	138,427
BANCO DE CREDITO LOCAL, S.A.	SPAIN	BANKING	100.00	-	100.00	509,595	13,087,488	12,798,671	239,141	49,676
BANCO DE PROMOCION DE NEGOCIOS, S.A.	SPAIN	BANKING	-	99.82	99.82	15,128	33,455	267	32,360	828
BANCO DEPOSITARIO BBVA, S.A.	SPAIN	BANKING	-	100.00	100.00	1,595	1,986,276	1,894,994	43,758	47,524
BANCO INDUSTRIAL DE BILBAO, S.A.	SPAIN	BANKING	-	99.93	99.93	97,219	327,169	38,652	271,811	16,706
BANCO OCCIDENTAL, S.A.	SPAIN	BANKING	49.43	50.57	100.00	15,812	17,004	572	15,880	552
BANCO PROVINCIAL OVERSEAS N.V.	NETHERLANDS ANTILLES	BANKING	-	100.00	100.00	25,030	353,545	328,518	20,142	4,885
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	VENEZUELA	BANKING	1.85	53.75	55.60	145,846	6,935,275	6,316,583	342,895	275,797
BANCOMER FINANCIAL SERVICES INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	3,508	3,721	212	3,404	105
BANCOMER FOREIGN EXCHANGE INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	3,730	4,707	977	2,790	940
BANCOMER PAYMENT SERVICES INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	39	48	8	44	(4)
BANCOMER TRANSFER SERVICES, INC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	30,507	86,507	55,835	18,913	11,759
BANKERS INVESTMENT SERVICES, INC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	595	634	39	582	13

APPENDIX I
ADDITIONAL INFORMATION ON CONSOLIDATED SUBSIDIARIES
COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

			% of Voting Rights Controlled by the Bank			Thousands of Euros (*) Investee Data				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets as of 31.12.07	Liabilities as of 31.12.07	Equity 31.12.07	Profit (Loss) for the Period ended 31.12.07
BBV AMERICA, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	479,328	508,546	-	472,589	35,957
BBV SECURITIES HOLDINGS, S.A.	SPAIN	PORTFOLIO	99.86	0.14	100.00	15,230	48,809	32,815	20,933	(4,939)
BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A.	SPAIN	SECURITIES	70.00	-	70.00	1,331	8,168	4,002	3,142	1,024
BBVA ADMINISTRADORA GENERAL DE FONDOS S.A.	CHILE	FINANCIAL SERV.	-	100.00	100.00	18,881	31,452	12,611	17,120	1,721
BBVA AMERICA FINANCE, S.A.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	100	50,030	49,985	92	(47)
BBVA ASESORIAS FINANCIERAS, S.A.	CHILE	FINANCIAL SERV.	-	98.60	98.60	14,954	15,908	772	13,109	2,027
BBVA BANCO DE FINANCIACION S.A.	SPAIN	BANKING	-	100.00	100.00	64,200	5,630,789	5,559,981	69,410	1,398
BBVA BANCO FRANCES, S.A.	ARGENTINA	BANKING	45.65	30.41	76.06	42,268	4,129,684	3,689,099	386,063	54,522
BBVA BANCOMER ASSET MANAGEMENT INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1	1	-	1	-
BBVA BANCOMER FINANCIAL HOLDINGS, INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	41,261	58,411	17,192	37,844	3,375
BBVA BANCOMER GESTION, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	99.99	99.99	20,089	38,744	18,653	5,930	14,161
BBVA BANCOMER HOLDINGS CORPORATION	UNITED STATES	PORTFOLIO	-	100.00	100.00	6,955	6,955	-	4,171	2,784
BBVA BANCOMER OPERADORA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	10,134	241,076	230,941	82,791	(72,656)
BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	696	718	22	652	44
BBVA BANCOMER SERVICIOS, S.A.	MEXICO	BANKING	-	100.00	100.00	438,405	454,780	16,377	367,504	70,899
BBVA BANCOMER USA	UNITED STATES	BANKING	-	100.00	100.00	14,213	85,894	71,789	23,025	(8,920)
BBVA BANCOMER, S.A. DE C.V.	MEXICO	BANKING	-	100.00	100.00	4,878,589	62,313,768	57,435,158	3,569,607	1,309,003
BBVA BROKER, CORREDURIA DE SEGUROS Y REASEGUROS, S.A.	SPAIN	SERVICES	99.94	0.06	100.00	297	26,179	11,073	10,526	4,580
BBVA CAPITAL FINANCE, S.A.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	60	1,999,018	1,998,817	172	29
BBVA CAPITAL FUNDING, LTD.	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	-	100.00	0	1,155,982	1,154,288	1,614	80
BBVA CARTERA DE INVERSIONES,SICAV, S.A.	SPAIN	VARIABLE CAPITAL	100.00	-	100.00	118,445	113,320	137	109,903	3,280
BBVA COLOMBIA, S.A.	COLOMBIA	BANKING	76.20	19.23	95.43	262,058	5,897,729	5,390,318	394,944	112,467
BBVA COMERCIALIZADORA LTDA.	CHILE	SERVICES	-	100.00	100.00	7	149	142	150	(143)
BBVA CONSOLIDAR SALUD S.A.	ARGENTINA	INSURANCE	15.35	84.65	100.00	14,179	40,029	25,537	11,561	2,931
BBVA CONSOLIDAR SEGUROS, S.A.	ARGENTINA	INSURANCE	87.78	12.22	100.00	5,954	22,919	10,900	10,283	1,736
BBVA CORREDORA TECNICA DE SEGUROS BHIF LTDA.	CHILE	SERVICES	-	100.00	100.00	20,550	22,356	1,846	15,921	4,589
BBVA CORREDORES DE BOLSA, S.A.	CHILE	SECURITIES	-	100.00	100.00	23,411	300,841	277,329	21,370	2,142
BBVA DINERO EXPRESS, S.A.U	SPAIN	FINANCIAL SERV.	100.00	-	100.00	2,186	9,658	6,213	2,832	613
BBVA E-COMMERCE, S.A.	SPAIN	SERVICES	100.00	-	100.00	30,879	33,015	14	33,916	(915)
BBVA FACTORING E.F.C., S.A.	SPAIN	FINANCIAL SERV.	-	100.00	100.00	126,447	6,748,544	6,518,236	205,470	24,838
BBVA FACTORING LIMITADA	CHILE	FINANCIAL SERV.	-	100.00	100.00	3,519	3,864	350	3,903	(389)
BBVA FIDUCIARIA , S.A.	COLOMBIA	FINANCIAL SERV.	-	99.99	99.99	8,284	9,304	877	6,588	1,839
BBVA FINANCE (UK), LTD.	UNITED KINGDOM	FINANCIAL SERV.	-	100.00	100.00	3,324	25,104	12,434	12,093	577
BBVA FINANCE SPA.	ITALY	FINANCIAL SERV.	100.00	-	100.00	4,648	5,805	800	4,958	47
BBVA FINANCIAMIENTO AUTOMOTRIZ, S.A.	CHILE	PORTFOLIO	-	100.00	100.00	86,170	86,171	-	77,906	8,265
BBVA FINANZIA, S.P.A	ITALY	FINANCIAL SERV.	50.00	50.00	100.00	36,465	371,712	344,827	32,155	(5,270)
BBVA FUNDOS, S.G. DE FUNDOS DE PENSOES, S.A.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	998	3,851	558	1,738	1,555
BBVA GEST, S.G. DE FUNDOS DE INVESTIMENTO MOBILIARIO, S.A.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	998	6,107	1,130	2,443	2,534
BBVA GESTION,SOCIEDAD ANONIMA, SGIIC	SPAIN	FINANCIAL SERV.	17.00	83.00	100.00	11,436	222,714	133,331	3,659	85,724
BBVA GLOBAL FINANCE LTD.	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	-	100.00	-	1,391,951	1,388,503	3,225	223
BBVA HORIZONTE PENSIONES Y CESANTIAS, S.A.	COLOMBIA	PENSIONS	78.52	21.43	99.95	36,406	63,495	10,003	40,738	12,754
BBVA INMOBILIARIA E INVERSIONES S.A.	CHILE	REAL EST.INSTR.	-	68.11	68.11	4,893	25,668	18,486	7,968	(786)
BBVA INSERVEX, S.A.	SPAIN	SERVICES	100.00	-	100.00	1,205	3,574	53	3,166	355
BBVA INSTITUIÇAO FINANCEI.CREDITO, S.A.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	43,626	345,313	310,757	31,608	2,948
BBVA INTERNATIONAL INVESTMENT CORPORATION	PUERTO RICO	FINANCIAL SERV.	100.00	-	100.00	2,769,952	2,026,747	32	1,478,608	548,107

Company	Location	Activity	% of Voting Rights Controlled by the Bank			Thousands of Euros (*) Investee Data				
			Direct	Indirect	Total	Net Carrying Amount	Assets as of 31.12.07	Liabilities as of 31.12.07	Equity 31.12.07	Profit (Loss) for the Period ended 31.12.07
BBVA INTERNATIONAL LIMITED	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	-	100.00	1	509,592	506,635	2,529	428
BBVA INTERNATIONAL PREFERRED, S.A.U.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	60	2,034,784	2,034,658	71	55
BBVA INVERSIONES CHILE, S.A.	CHILE	PENSIONS	33.31	66.69	100.00	287,107	396,010	6,357	357,431	32,222
BBVA INVESTMENTS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	7,721	10,236	2,515	4,627	3,094
BBVA IRELAND PUBLIC LIMITED COMPANY	IRELAND	FINANCIAL SERV.	100.00	-	100.00	180,381	3,633,062	3,332,288	284,900	15,874
BBVA LEASIMO - SOCIEDADE DE LOCACAO FINANCEIRA, S.A.	PORTUGAL	FINANCIAL SERV.	-	100.00	100.00	11,576	55,374	45,152	9,427	795
BBVA LUXINVEST, S.A.	LUXEMBOURG	PORTFOLIO	36.00	64.00	100.00	255,843	1,565,479	67,703	1,379,235	118,541
BBVA NOMINEES LIMITED	UNITED KINGDOM	SERVICES	100.00	-	100.00	-	1	-	1	-
BBVA PARAGUAY, S.A.	PARAGUAY	BANKING	99.99	-	99.99	22,598	461,538	416,917	28,835	15,786
BBVA PARTICIPACIONES INTERNACIONAL, S.L.	SPAIN	PORTFOLIO	92.69	7.31	100.00	273,365	333,220	1,431	325,493	6,296
BBVA PATRIMONIOS GESTORA SGIIC, S.A.	SPAIN	FINANCIAL SERV.	99.98	0.02	100.00	3,907	51,232	2,502	40,142	8,588
BBVA PENSIONES, SA, ENTIDAD GESTORA DE FONDOS DE PENSIONES	SPAIN	PENSIONS	100.00	-	100.00	12,922	73,153	33,156	25,938	14,059
BBVA PLANIFICACION PATRIMONIAL, S.L.	SPAIN	FINANCIAL SERV.	80.00	20.00	100.00	1	491	5	472	14
BBVA PRIVANZA (JERSEY), LTD.	CHANNEL ISLANDS	NO ACTIVITY	-	100.00	100.00	20,610	23,815	34	19,261	4,520
BBVA PUERTO RICO HOLDING CORPORATION	PUERTO RICO	PORTFOLIO	100.00	-	100.00	255,804	94,749	4	94,799	(54)
BBVA RE LIMITED	IRELAND	INSURANCE	-	100.00	100.00	656	43,237	30,190	10,163	2,884
BBVA RENTING, S.A.	SPAIN	FINANCIAL SERV.	-	100.00	100.00	20,976	760,048	669,250	81,980	8,818
BBVA RENTING, SPA	ITALY	SERVICES	-	100.00	100.00	9,745	68,417	64,370	11,266	(7,219)
BBVA RESEARCH, S.A.	SPAIN	FINANCIAL SERV.	99.99	0.01	100.00	501	4,240	3,314	816	110
BBVA SECURITIES HOLDINGS (UK) LIMITED	UNITED KINGDOM	NO ACTIVITY	-	100.00	100.00	-	5,339	5,604	64	(329)
BBVA SECURITIES INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	30,102	24,062	4,321	22,895	(3,154)
BBVA SECURITIES LTD.	UNITED KINGDOM	NO ACTIVITY	-	100.00	100.00	2,966	8,651	2,710	6,101	(160)
BBVA SECURITIES OF PUERTO RICO, INC.	PUERTO RICO	FINANCIAL SERV.	100.00	-	100.00	4,726	6,269	1,737	3,926	606
BBVA SEGUROS COLOMBIA , S.A.	COLOMBIA	INSURANCE	94.00	6.00	100.00	9,259	35,361	23,674	10,783	904
BBVA SEGUROS DE VIDA COLOMBIA, S.A.	COLOMBIA	INSURANCE	94.00	6.00	100.00	13,242	116,141	86,469	26,652	3,020
BBVA SEGUROS DE VIDA, S.A.	CHILE	INSURANCE	-	100.00	100.00	27,781	240,267	212,486	25,709	2,072
BBVA SEGUROS INC.	PUERTO RICO	SERVICES	-	100.00	100.00	170	3,273	576	1,629	1,068
BBVA SEGUROS, S.A.	SPAIN	INSURANCE	94.30	5.64	99.94	414,520	11,620,427	10,670,871	717,214	232,342
BBVA SENIOR FINANCE, S.A.U.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	60	17,575,744	17,575,365	341	38
BBVA SERVICIOS, S.A.	SPAIN	SERVICES	-	100.00	100.00	354	8,765	1,985	1,184	5,596
BBVA SOCIEDAD LEASING HABITACIONAL BHIF	CHILE	FINANCIAL SERV.	-	97.48	97.48	9,779	34,819	24,835	9,437	547
BBVA SUBORDINATED CAPITAL S.A.U.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	130	4,093,376	4,093,051	200	125
BBVA SUIZA, S.A. (BBVA SWITZERLAND)	SUIZA	BANKING	39.72	60.28	100.00	53,121	530,336	266,107	239,059	25,170
BBVA TRADE, S.A.	SPAIN	SERVICES	-	100.00	100.00	4,910	24,726	19,822	2,513	2,391
BBVA U.S.SENIOR S.A.U.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	132	5,649,735	5,649,551	40	144
BBVA USA BANCSHARES, INC	UNITED STATES	PORTFOLIO	100.00	-	100.00	9,428,287	9,126,996	1,544	8,958,711	166,741
BBVA USA, INC.	UNITED STATES	SERVICES	-	100.00	100.00	10,483	13,004	2,520	18,143	(7,659)
BBVA VALORES COLOMBIA, S.A. COMISIONISTA DE BOLSA	COLOMBIA	SECURITIES	-	100.00	100.00	3,386	4,119	593	2,742	784
BCL INTERNATIONAL FINANCE, LTD.	CAYMAN ISLANDS	FINANCIAL SERV.	-	100.00	100.00	-	127,447	127,432	24	(9)
BEX AMERICA FINANCE INCORPORATED	UNITED STATES	NO ACTIVITY	100.00	-	100.00	-	1	1	-	-
BEXCARTERA, SICAV S.A.	SPAIN	NO ACTIVITY	-	80.78	80.78	9,352	13,526	72	13,454	-
BIBJ MANAGEMENT, LTD.	CHANNEL ISLANDS	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-
BIBJ NOMINEES, LTD.	CHANNEL ISLANDS	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-
BILBAO VIZCAYA AMERICA B.V.	NETHERLANDS	PORTFOLIO	-	100.00	100.00	380,203	380,227	850	327,130	52,247
BILBAO VIZCAYA HOLDING, S.A.	SPAIN	PORTFOLIO	89.00	11.00	100.00	34,771	172,212	528	123,208	48,476

APPENDIX I
ADDITIONAL INFORMATION ON CONSOLIDATED SUBSIDIARIES
COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

			% of Voting Rights Controlled by the Bank			Thousands of Euros (*) Investee Data				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets as of 31.12.07	Liabilities as of 31.12.07	Equity 31.12.07	Profit (Loss) for the Period ended 31.12.07
BLUE INDICO INVESTMENTS, S.L.	SPAIN	PORTFOLIO	99.99	0.01	100.00	18,214	56,266	6,400	2,116	47,750
BLUE VISTA PLATAFORMA DE EMISION DE NUEVOS MEDIOS, S.L.	SPAIN	SERVICES	-	70.00	70.00	161	289	73	230	(14)
BROOKLINE INVESTMENTS,S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	33,969	32,395	497	31,919	(21)
C B TRANSPORT ,INC.	UNITED STATES	SERVICES	-	100.00	100.00	11,573	14,232	2,658	11,965	(391)
CANAL COMPANY, LTD.	CHANNEL ISLANDS	NO ACTIVITY	-	100.00	100.00	34	1,005	10	960	35
CANAL INTERNATIONAL HOLDING (NETHERLANDS) BV.	NETHERLANDS	NO ACTIVITY	-	100.00	100.00	494	54	1	65	(12)
CAPITAL INVESTMENT COUNSEL, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	15,434	18,031	2,596	15,031	404
CARTERA E INVERSIONES S.A., CIA DE	SPAIN	PORTFOLIO	100.00	-	100.00	60,541	108,835	44,342	63,500	993
CASA DE BOLSA BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	53,529	62,907	9,376	22,354	31,177
CASA DE CAMBIO MULTIDIVISAS, S.A DE C.V.	MEXICO	NO ACTIVITY	-	100.00	100.00	172	172	-	170	2
CENTRAL BANK OF THE SOUTH	UNITED STATES	BANKING	-	100.00	100.00	1,079	3,484	2,405	1,053	26
CIA. GLOBAL DE MANDATOS Y REPRESENTACIONES, S.A.	URUGUAY	NO ACTIVITY	-	100.00	100.00	108	170	2	168	0
CIDESSA DOS, S.L.	SPAIN	PORTFOLIO	-	100.00	100.00	11,554	11,716	114	11,243	359
CIDESSA UNO, S.L.	SPAIN	PORTFOLIO	-	100.00	100.00	4,754	397,056	108	197,077	199,871
CIERVANA, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	53,164	56,826	189	54,797	1,840
COMERCIALIZADORA CORPORATIVA SAC	PERU	FINANCIAL SERV.	-	99.99	99.99	8	44	37	115	(108)
COMPASS ARIZONA ACQUISITION, CORP.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
COMPASS ASSET ACCEPTANCE COMPANY, LLC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	308,448	308,801	128	311,748	(3,075)
COMPASS AUTO RECEIVABLES CORPORATION	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	2,841	2,942	101	2,842	(1)
COMPASS BANCSHARES, INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	9,094,107	9,407,985	303,916	8,931,451	172,618
COMPASS BANK	UNITED STATES	BANKING	-	100.00	100.00	6,567,403	30,907,692	24,325,856	6,511,757	70,079
COMPASS BROKERAGE, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	17,199	19,235	2,036	15,809	1,390
COMPASS CAPITAL MARKETS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	4,774,478	4,774,479	-	4,715,514	58,965
COMPASS CONSULTING & BENEFITS, INC	UNITED STATES	SERVICES	-	100.00	100.00	10,899	11,212	312	10,599	301
COMPASS CUSTODIAL SERVICES, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
COMPASS FIDUCIARY SERVICES, LTD., INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	9	11	2	9	-
COMPASS FINANCIAL CORPORATION	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	8,412	49,424	41,013	8,891	(480)
COMPASS GP,INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	30,083	38,234	8,152	29,793	289
COMPASS INDEMNITY CORPORATION	UNITED STATES	SERVICES	-	100.00	100.00	61,940	62,574	544	61,372	658
COMPASS INSURANCE AGENCY, INC	UNITED STATES	SERVICES	-	100.00	100.00	102,831	120,547	17,716	101,078	1,753
COMPASS INVESTMENTS, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
COMPASS LIMITED PARTNER, INC.	UNITED STATES	PORTFOLIO	-	100.00	100.00	4,145,699	4,145,777	77	4,093,857	51,843
COMPASS LOAN HOLDINGS TRS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	52,215	53,941	1,727	51,824	390
COMPASS MORTAGE CORPORATION	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1,682,285	1,683,514	1,229	1,659,817	22,468
COMPASS MORTGAGE FINANCING, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	24	24	-	24	-
COMPASS MULTISTATE SERVICES CORPORATION	UNITED STATES	SERVICES	-	100.00	100.00	2,548	2,856	309	2,547	-
COMPASS SECURITIES, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
COMPASS SOUTHWEST, LP	UNITED STATES	BANKING	-	100.00	100.00	3,390,171	3,421,433	24,532	3,354,708	42,193
COMPASS TEXAS ACQUISITION CORPORATION	UNITED STATES	PORTFOLIO	-	100.00	100.00	1,538	1,555	17	1,538	-
COMPASS TEXAS MORTGAGE FINANCING, INC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	24	24	-	24	-
COMPASS TRUST I	UNITED STATES	NO ACTIVITY	-	100.00	100.00	-	-	-	32	(32)
COMPASS TRUST III	UNITED STATES	NO ACTIVITY	-	100.00	100.00	-	-	-	91	(91)
COMPASS UNDERWRITERS, INC.	UNITED STATES	INSURANCE	-	100.00	100.00	134	137	3	133	1
COMPASS WEALTH MANAGERS COMPANY	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
COMPAÑIA CHILENA DE INVERSIONES, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	232,977	173,294	2,180	171,206	(92)

			% of Voting Rights Controlled by the Bank			Thousands of Euros (*) Investee Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets as of 31.12.07**	**Liabilities as of 31.12.07**	**Equity 31.12.07**	**Profit (Loss) for the Period ended 31.12.07**
CONSOLIDAR A.F.J.P., S.A.	ARGENTINA	PENSIONS	46.11	53.89	100.00	58,524	81,540	22,257	56,503	2,780
CONSOLIDAR ASEGURADORA DE RIESGOS DEL TRABAJO, S.A.	ARGENTINA	INSURANCE	87.50	12.50	100.00	33,253	148,289	107,295	36,741	4,253
CONSOLIDAR CIA. DE SEGUROS DE RETIRO, S.A.	ARGENTINA	INSURANCE	33.33	66.67	100.00	12,639	478,538	459,584	13,498	5,456
CONSOLIDAR CIA. DE SEGUROS DE VIDA, S.A.	ARGENTINA	INSURANCE	34.04	65.96	100.00	27,285	71,785	29,109	27,311	15,365
CONSOLIDAR COMERCIALIZADORA, S.A.	ARGENTINA	SERVICES	-	100.00	100.00	112	2,483	2,372	271	(160)
CONSULTORES DE PENSIONES BBV, S.A.	SPAIN	PENSIONS	-	100.00	100.00	175	811	-	781	30
CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA S.A.	PERU	SECURITIES	-	100.00	100.00	3,058	5,972	2,913	1,973	1,086
CONTINENTAL S.A. SOCIEDAD ADMINISTRADORA DE FONDOS	PERU	FINANCIAL SERV.	-	100.00	100.00	5,140	5,719	577	4,554	588
CONTINENTAL SOCIEDAD TITULIZADORA, S.A.	PERU	SERVICES	-	100.00	100.00	705	728	22	685	21
CONTRATACION DE PERSONAL, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	587	7,810	7,224	82	504
CORPORACION DE ALIMENTACION Y BEBIDAS, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	138,508	159,075	1,588	153,370	4,117
CORPORACION GENERAL FINANCIERA, S.A.	SPAIN	PORTFOLIO	100.00	-	100.00	452,432	1,310,595	30,193	1,076,009	204,393
CORPORACION INDUSTRIAL Y DE SERVICIOS, S.L.	SPAIN	PORTFOLIO	-	100.00	100.00	1,251	5,436	566	4,746	124
DESARROLLADORA Y VENDEDORA DE CASAS, S.A. DE C.V.	MEXICO	REAL EST.INSTR.	-	100.00	100.00	26	30	4	33	(7)
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	SPAIN	REAL ESTATE	-	72.50	72.50	29,673	60,060	17,893	42,151	16
DESITEL TECNOLOGIA Y SISTEMAS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	1,401	1,481	80	1,368	33
DEUSTO, S.A. DE INVERSION MOBILIARIA	SPAIN	PORTFOLIO	-	100.00	100.00	11,491	11,492	-	11,005	487
DINERO EXPRESS SERVICIOS GLOBALES, S.A.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	10,421	20,925	14,519	13,228	(6,822)
EL ENCINAR METROPOLITANO, S.A.	SPAIN	REAL ESTATE	-	98.90	98.90	5,525	9,264	3,526	5,181	557
EL OASIS DE LAS RAMBLAS, S.L.	SPAIN	REAL ESTATE	-	70.00	70.00	167	691	553	128	10
ELANCHOVE, S.A.	SPAIN	PORTFOLIO	100.00	-	100.00	1,500	3,878	1,464	2,450	(36)
EMPRESA INSTANT CREDIT, C.A.	VENEZUELA	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-
ESPANHOLA COMERCIAL E SERVIÇOS, LTDA.	BRAZIL	FINANCIAL SERV.	100.00	-	100.00	-	881	1,639	3,651	(4,409)
ESTACION DE AUTOBUSES CHAMARTIN, S.A.	SPAIN	SERVICES	-	51.00	51.00	31	31	-	31	-
EUROPEA DE TITULIZACION, S.A., SDAD.GEST.DE FDOS.DE TITUL.	SPAIN	FINANCIAL SERV.	82.97	0.00	82.97	1,506	6,941	779	3,096	3,066
EURORISK, S.A.	SPAIN	FINANCIAL SERV.	-	100.00	100.00	60	82,948	76,972	1,459	4,517
EXPLOTACIONES AGROPECUARIAS VALDELAYEGUA, S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	9,383	9,357	(4)	9,995	(634)
FIDEICOMISO 29764-8 SOCIO LIQUIDADOR POSICION DE TERCEROS	MEXICO	FINANCIAL SERV.	-	100.00	100.00	18,501	18,691	190	17,035	1,466
FIDEICOMISO 474031 MANEJO DE GARANTIAS	MEXICO	SERVICES	-	100.00	100.00	2	2	-	2	-
FIDEICOMISO BBVA BANCOMER SERVICIOS Nº F/47433-8, S.A.	MEXICO	SERVICES	-	100.00	100.00	29,583	50,478	20,895	19,372	10,211
FIDEICOMISO INVEX 1ª EMISION	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	165,724	167,963	161	(2,400)
FIDEICOMISO INVEX 228	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	20,200	20,199	1	-
FIDEICOMISO INVEX 367	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	35,245	35,245	-	-
FIDEICOMISO INVEX 393	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	32,117	32,118	(1)	-
FIDEICOMISO INVEX 411	MEXICO	FINANCIAL SERV.	-	100.00	100.00	-	20,912	20,912	-	-
FIDEICOMISO Nº.402900-5 ADMINISTRACION DE INMUEBLES	MEXICO	SERVICES	-	100.00	100.00	689	-	-	-	-
FIDEICOMISO SOCIO LIQUIDADOR DE OP.FINANC.DERIVADAS	MEXICO	FINANCIAL SERV.	-	100.00	100.00	12,187	12,306	121	10,903	1,282
FINANCEIRA DO COMERCIO EXTERIOR S.A.R.	PORTUGAL	NO ACTIVITY	100.00	-	100.00	51	44	-	45	(1)
FINANCIERA AYUDAMOS S.A. DE C.V., SOFOMER	MEXICO	FINANCIAL SERV.	-	100.00	100.00	2,900	3,181	281	3,218	(318)
FINANCIERA ESPAÑOLA, S.A.	SPAIN	PORTFOLIO	85.85	14.15	100.00	4,522	6,613	-	4,879	1,734
FINANZIA AUTORENTING, S.A.	SPAIN	SERVICES	-	88.32	88.32	22,561	670,226	640,224	37,032	(7,030)
FINANZIA, BANCO DE CREDITO, S.A.	SPAIN	BANKING	-	100.00	100.00	56,203	6,356,261	6,190,607	160,470	5,184
FIRS TIER CORPORATION	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
FRANCES ADMINISTRADORA DE INVERSIONES, S.A. G.F.C.INVERS.	ARGENTINA	FINANCIAL SERV.	-	100.00	100.00	5,534	9,237	3,701	3,762	1,774
FRANCES VALORES SOCIEDAD DE BOLSA, S.A.	ARGENTINA	FINANCIAL SERV.	-	100.00	100.00	2,002	2,769	767	1,228	774
FUTURO FAMILIAR, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	178	406	229	137	40
FW CAPITAL I	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-

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			% of Voting Rights Controlled by the Bank			Thousands of Euros (*)				
							Investee Data			
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets as of 31.12.07	Liabilities as of 31.12.07	Equity 31.12.07	Profit (Loss) for the Period ended 31.12.07
GENTE BBVA, S.A.	CHILE	FINANCIAL SERV.	-	100.00	100.00	15	6,544	6,529	148	(133)
GESTION DE PREVISION Y PENSIONES, S.A.	SPAIN	PENSIONS	60.00	-	60.00	8,830	27,692	2,043	20,861	4,788
GESTION Y ADMINISTRACION DE RECIBOS, S.A.	SPAIN	SERVICES	-	100.00	100.00	150	1,711	529	715	467
GOBERNALIA GLOBAL NET, S.A.	SPAIN	SERVICES	99.94	0.06	100.00	1,250	2,471	1,074	1,345	52
GRAN JORGE JUAN, S.A.	SPAIN	REAL ESTATE	100.00	-	100.00	110,115	511,514	409,598	110,119	(8,203)
GRANFIDUCIARIA	COLOMBIA	FINANCIAL SERV.	-	90.00	90.00	-	289	124	208	(43)
GRELAR GALICIA, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	4,500	4,499	-	4,330	169
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	48.97	51.00	99.97	5,934,377	6,298,856	324	4,714,467	1,584,065
HIPOTECARIA NACIONAL MEXICANA INCORPORATED	UNITED STATES	REAL EST.INSTR.	-	100.00	100.00	95	112	17	143	(48)
HIPOTECARIA NACIONAL, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	279,123	511,609	232,486	137,229	141,894
HOLDING CONTINENTAL, S.A.	PERU	PORTFOLIO	50.00	-	50.00	122,985	447,310	6	314,640	132,664
HOLDING DE PARTICIPACIONES INDUSTRIALES 2000, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	3,618	4,322	-	4,178	144
HOMEOWNERS LOAN CORPORATION	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	5,530	5,694	148	4,966	580
HUMAN RESOURCES PROVIDER	UNITED STATES	SERVICES	-	100.00	100.00	1,325,439	1,325,524	85	1,304,784	20,655
HUMAN RESOURCES SUPPORT, INC	UNITED STATES	SERVICES	-	100.00	100.00	1,324,307	1,334,459	10,151	1,303,712	20,596
HYDROX HOLDINGS, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-
IBERDROLA SERVICIOS FINANCIEROS, E.F.C, S.A.	SPAIN	FINANCIAL SERV.	-	84.00	84.00	7,290	9,449	115	9,117	217
IBERNEGOCIO DE TRADE, S.L.	SPAIN	SERVICES	-	100.00	100.00	615	24,599	12,390	11,058	1,151
INENSUR BRUNETE, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	23,745	139,844	143,115	(2,951)	(320)
INGENIERIA EMPRESARIAL MULTIBA, S.A. DE C.V.	MEXICO	SERVICES	-	99.99	99.99	-	-	-	-	-
INMOBILIARIA ASUDI, S.A.	SPAIN	REAL EST.INSTR.	-	100.00	100.00	2,886	3,106	15	2,955	136
INMOBILIARIA BILBAO, S.A.	SPAIN	REAL EST.INSTR.	-	100.00	100.00	3,646	3,659	-	3,515	144
INMUEBLES Y RECUPERACIONES CONTINENTAL, S.A.	PERU	REAL EST.INSTR.	-	100.00	100.00	9,563	9,824	261	4,613	4,950
INVERAHORRO, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	474	504	2	489	13
INVERSIONES ALDAMA, C.A.	VENEZUELA	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	NETHERLANDS ANTILLES	PORTFOLIO	48.00	-	48.00	11,390	28,111	844	22,280	4,987
INVERSIONES BAPROBA, C.A.	VENEZUELA	SERVICES	100.00	-	100.00	1,307	683	28	558	97
INVERSIONES MOBILIARIAS, S.L.	SPAIN	PORTFOLIO	100.00	-	100.00	660	4,471	4,346	693	(568)
INVERSIONES P.H.R.4, C.A.	VENEZUELA	NO ACTIVITY	-	60.46	60.46	-	47	-	47	-
INVERSIONES T, C.A.	VENEZUELA	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-
INVERSORA OTAR, S.A.	ARGENTINA	PORTFOLIO	-	99.96	99.96	3,769	42,833	28	39,101	3,704
INVESCO MANAGEMENT Nº 1, S.A.	LUXEMBOURG	FINANCIAL SERV.	-	99.99	99.99	10,975	16,070	392	15,809	(131)
INVESCO MANAGEMENT Nº 2, S.A.	LUXEMBOURG	FINANCIAL SERV.	-	96.88	96.88	31	12,138	23,865	(11,177)	(550)
JARDINES DE SARRIENA, S.L.	SPAIN	REAL ESTATE	-	85.00	85.00	255	517	148	354	15
LIQUIDITY ADVISORS, L.P	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	787,584	787,715	131	777,544	10,040
MAGGIORE FLEET, S.P.A.	ITALY	SERVICES	-	100.00	100.00	67,785	148,300	113,109	34,359	832
MARQUES DE CUBAS 21, S.L.	SPAIN	REAL ESTATE	100.00	-	100.00	2,869	7,546	5,441	2,329	(224)
MB CAPITAL I	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
MEDITERRANIA DE PROMOCIONS I GESTIONS INMOBILIARIES, S.A.	SPAIN	NO ACTIVITY	-	100.00	100.00	775	2,662	1,882	727	53
MEGABANK FINANCIAL CORPORATION	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
MERCURY TRUST LIMITED	CAYMAN ISLANDS	FINANCIAL SERV.	-	100.00	100.00	3,655	3,745	93	3,616	36
MILANO GESTIONI, SRL.	ITALY	REAL EST.INSTR.	-	100.00	100.00	46	4,177	3,827	371	(21)
MIRADOR DE LA CARRASCOSA, S.L.	SPAIN	REAL ESTATE	-	55.90	55.90	9,344	26,243	9,181	17,068	(6)
MISAPRE, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	7,735	18,788	11,723	7,982	(917)
MONESTERIO DESARROLLOS, S.L.	SPAIN	REAL ESTATE	-	100.00	100.00	18,663	54,869	35,219	19,822	(172)
MONTEALIAGA,S.A.	SPAIN	REAL ESTATE	-	100.00	100.00	21,154	100,912	78,144	14,038	8,730
MULTIASISTENCIA, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	7,218	13,499	5,036	7,769	694
MULTIVAL, S.A.	SPAIN	PORTFOLIO	-	100.00	100.00	67	179	112	71	(4)
OCCIVAL, S.A.	SPAIN	NO ACTIVITY	100.00	-	100.00	8,211	9,523	28	9,163	332

APPENDIX I
ADDITIONAL INFORMATION ON CONSOLIDATED SUBSIDIARIES
COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

			% of Voting Rights Controlled by the Bank			Thousands of Euros (*) Investee Data				
Company	**Location**	**Activity**	**Direct**	**Indirect**	**Total**	**Net Carrying Amount**	**Assets as of 31.12.07**	**Liabilities as of 31.12.07**	**Equity 31.12.07**	**Profit (Loss) for the Period ended 31.12.07**
OPCION VOLCAN, S.A.	MEXICO	REAL EST.INSTR.	-	100.00	100.00	55,430	60,815	5,383	53,243	2,189
OPPLUS OPERACIONES Y SERVICIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	1,067	4,161	3,187	1,066	(92)
PALADIN BROKERAGE SOLUTIONS, INC	UNITED STATES	SERVICES	-	100.00	100.00	7,915	8,535	621	7,881	33
PARTICIPACIONES ARENAL, S.L.	SPAIN	NO ACTIVITY	-	100.00	100.00	6,456	7,670	1,212	6,271	187
PENSIONES BANCOMER, S.A. DE C.V.	MEXICO	INSURANCE	-	100.00	100.00	94,760	1,344,099	1,249,334	79,450	15,315
PERI 5.1 SOCIEDAD LIMITADA	SPAIN	REAL ESTATE	-	54.99	54.99	1	-	-	1	(1)
PHOENIX LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	704,425	722,841	18,415	686,766	17,660
PI HOLDINGS NO. 3 , INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	50	70	20	50	-
PI HOLDINGS NO. 4, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1	1	-	1	-
PI HOLDINGS NO.1 , INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1,637	2,023	386	1,637	-
PORT ARTHUR ABSTRACT & TITLE COMPANY	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	2,149	2,354	205	1,597	552
PREMEXSA, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	100.00	100.00	375	399	20	464	(85)
PREVENTIS, S.A.	MEXICO	INSURANCE	-	75.01	75.01	2,049	11,318	8,585	4,385	(1,652)
PRO-SALUD, C.A.	VENEZUELA	SERVICES	-	58.86	58.86	-	-	-	-	-
PROMOCION EMPRESARIAL XX, S.A.	SPAIN	FINANCIAL SERV.	100.00	-	100.00	1,522	2,132	32	2,045	55
PROMOTORA DE RECURSOS AGRARIOS, S.A.	SPAIN	SERVICES	100.00	-	100.00	139	126	0	146	(20)
PROMOTORA RESIDENCIAL GRAN EUROPA, S.L.	SPAIN	REAL ESTATE	-	58.50	58.50	318	978	415	543	20
PROVIDA INTERNACIONAL, S.A.	CHILE	PENSIONS	-	100.00	100.00	50,924	52,292	1,363	42,681	8,248
PROVINCIAL DE VALORES CASA DE BOLSA, C.A.	VENEZUELA	FINANCIAL SERV.	-	90.00	90.00	6,423	13,282	4,901	5,438	2,943
PROVINCIAL SDAD.ADMIN.DE ENTIDADES DE INV.COLECTIVA, C.A.	VENEZUELA	FINANCIAL SERV.	-	100.00	100.00	2,319	2,527	276	1,587	664
PROVIVIENDA, ENTIDAD RECAUDADORA Y ADMIN.DE APORTES, S.A.	BOLIVIA	PENSIONS	-	100.00	100.00	319	1,760	1,421	269	70
PROXIMA ALFA INVESTMENTS (IRELAND) LIMITED	IRELAND	FINANCIAL SERV.	-	100.00	100.00	125	125	-	125	-
PROXIMA ALFA INVESTMENTS (UK) LLP	UNITED KINGDOM	FINANCIAL SERV.	-	51.00	51.00	0	1,899	1,842	(4)	61
PROXIMA ALFA INVESTMENTS, SGIIC S.A.	SPAIN	FINANCIAL SERV.	51.00	-	51.00	5,100	22,410	9,126	10,866	2,418
PROXIMA ALFA SERVICES LTD.	UNITED KINGDOM	FINANCIAL SERV.	-	100.00	100.00	2,292	2,422	271	2,142	9
PROYECTO MUNDO AGUILON, S.L	SPAIN	REAL ESTATE	-	100.00	100.00	9,317	35,186	6,747	22,612	5,827
PROYECTOS EMPRESARIALES CAPITAL RIESGO I,S.C.R.SIMP., S.A.	SPAIN	SDAD. CAPITAL RIESGO	100.00	-	100.00	155,700	153,678	1,004	155,670	(2,996)
PROYECTOS INDUSTRIALES CONJUNTOS, S.A. DE	SPAIN	PORTFOLIO	-	100.00	100.00	3,148	5,561	2,154	3,485	(78)
RESIDENCIAL CUMBRES DE SANTA FE, S.A. DE C.V.	MEXICO	REAL ESTATE	-	100.00	100.00	10,904	14,841	4,418	9,080	1,343
RIVER OAKS BANK BUILDING, INC.	UNITED STATES	REAL EST.INSTR.	-	100.00	100.00	13,735	14,649	914	13,590	145
RIVER OAKS TRUST CORPORATION	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
RIVERWAY HOLDINGS CAPITAL TRUST I	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	211	7,047	6,836	188	23
S.GESTORA FONDO PUBL.REGUL.MERCADO HIPOTECARIO, S.A.	SPAIN	FINANCIAL SERV.	77.20	-	77.20	138	215	67	150	(2)
SCALDIS FINANCE, S.A.	BELGIUM	PORTFOLIO	-	100.00	100.00	3,416	3,653	140	3,490	23
SEGUROS BANCOMER, S.A. DE C.V.	MEXICO	INSURANCE	24.99	75.01	100.00	279,858	1,212,417	1,040,455	75,692	96,270
SEGUROS PROVINCIAL, C.A.	VENEZUELA	INSURANCE	-	100.00	100.00	11,986	26,002	13,990	4,777	7,235
SERVICIOS CORPORATIVOS BANCOMER, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	3	7,883	7,880	124	(121)
SERVICIOS CORPORATIVOS DE SEGUROS, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	204	4,115	3,921	96	98
SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A DE C.V.	MEXICO	SERVICES	-	100.00	100.00	2,122	5,570	3,448	1,576	546
SERVICIOS TECNOLOGICOS SINGULARES, S.A.	SPAIN	SERVICES	99.99	0.01	100.00	60	6,946	6,843	100	3
SNB-WP, LP	UNITED STATES	FINANCIAL SERV.	-	51.00	51.00	736	5,392	3,950	1,568	(126)
SOCIEDAD DE ESTUDIOS Y ANALISIS FINANC.,S.A.	SPAIN	COMERCIAL	100.00	-	100.00	114,518	192,253	714	187,950	3,589
SOCIETE INMOBILIERE BBV D'ILBARRIZ	FRANCIA	REAL ESTATE	-	100.00	100.00	1,589	1,621	31	80	1,510
SOPORTE OPERATIVO PERU, S.A.C.	PERU	SERVICES	-	100.00	100.00	160	609	456	195	(42)
SOUTHEAST TEXAS INSURANCE SERVICES HOLDINGS, L.L.C.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	-	-	-	-	-
SOUTHEAST TEXAS INSURANCE SERVICES, L.P.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	393	491	98	320	73
SOUTHEAST TEXAS TITLE COMPANY	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	821	1,450	632	603	215
SPORT CLUB 18, S.A.	SPAIN	PORTFOLIO	100.00	-	100.00	21,923	40,552	18,753	23,270	(1,471)

APPENDIX I
ADDITIONAL INFORMATION ON CONSOLIDATED SUBSIDIARIES
COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

			% of Voting Rights Controlled by the Bank			Thousands of Euros (*) Investee Data				
Company	Location	Activity	Direct	Indirect	Total	Net Carrying Amount	Assets as of 31.12.07	Liabilities as of 31.12.07	Equity 31.12.07	Profit (Loss) for the Period ended 31.12.07
ST. JOHNS INVESTMENTS MANAGMENT CO.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	3,365	3,612	247	3,334	31
STATE NATIONAL BANK (SNB)	UNITED STATES	BANKING	-	100.00	100.00	358,135	1,330,594	972,458	340,371	17,765
STATE NATIONAL CAPITAL TRUST I	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	319	10,509	10,190	290	29
STATE NATIONAL PROPERTIES LLC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	15	16	-	17	(1)
STATE NATIONAL STATUTORY TRUST II	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	211	7,026	6,816	192	18
STAVIS MARGOLIS ADVISORY SERVICES, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	18,283	19,088	805	17,649	634
TARUS, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
TEXAS INTERNATIONAL INSURANCE GROUP, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	361	368	7	333	28
TEXAS LOAN SERVICES, LP.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	781,001	781,251	250	771,028	9,973
TEXAS REGIONAL STATUTORY TRUST I	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1,054	35,130	34,077	959	94
TEXAS STATE BANK	UNITED STATES	BANKING	-	100.00	100.00	1,541,553	5,782,484	4,240,929	1,478,818	62,737
TEXASBANC CAPITAL TRUST I	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	533	17,772	17,239	531	2
THE LAREDO NATIONAL BANK	UNITED STATES	BANKING	-	100.00	100.00	628,966	3,298,592	2,669,630	598,229	30,733
TRANSITORY CO	PANAMA	REAL EST.INSTR.	-	100.00	100.00	147	2,777	2,630	197	(50)
TSB PROPERTIES, INC.	UNITED STATES	REAL EST.INSTR.	-	100.00	100.00	(1,342)	720	2,062	(1,342)	-
TSB SECURITIES, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	286	308	22	284	2
TUCSON LOAN HOLDINGS, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	599,124	599,893	770	585,354	13,769
TWOENC, INC	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	(338)	265	603	(244)	(94)
UNICOM TELECOMUNICACIONES S.DE R.L. DE C.V.	MEXICO	SERVICES	-	99.98	99.98	(12)	10	21	(11)	-
UNIDAD DE AVALUOS MEXICO S.A. DE C.V.	MEXICO	FINANCIAL SERV.	-	90.00	90.00	734	1,420	607	680	133
UNITARIA GESTION DE PATRIMONIOS INMOBILIARIOS, S.A.	SPAIN	SERVICES	-	100.00	100.00	2,410	2,536	11	2,463	62
UNIVERSALIDAD "E5"	COLOMBIA	FINANCIAL SERV.	-	100.00	100.00	-	5,143	5,141	2	-
UNIVERSALIDAD - BANCO GRANAHORRAR	COLOMBIA	FINANCIAL SERV.	-	100.00	100.00	-	10,606	12,829	(2,446)	223
UNO-E BANK, S.A.	SPAIN	BANKING	67.35	32.65	100.00	174,751	1,684,958	1,532,927	134,745	17,286
UNO-E BRASIL BANCO DE INVESTIMENTOS, S.A.	BRAZIL	BANKING	100.00	-	100.00	16,166	35,363	4,685	29,132	1,546
URBANIZADORA SANT LLORENC, S.A.	SPAIN	NO ACTIVITY	60.60	-	60.60	-	108	-	108	-
VALANZA CAPITAL RIESGO S.G.E.C.R. S.A. UNIPERSONAL	SPAIN	SDAD. CAPITAL RIESGO	100.00	-	100.00	1,200	5,988	1,787	1,305	2,896
VALLEY MORTGAGE COMPANY, INC.	UNITED STATES	FINANCIAL SERV.	-	100.00	100.00	1	1	-	1	-
VISACOM, S.A. DE C.V.	MEXICO	SERVICES	-	100.00	100.00	450	451	1	407	43
WESTERN BANCSHARES OF ALBUQUERQUE, INC.	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-
WESTERN MANAGEMENT CORPORATION	UNITED STATES	NO ACTIVITY	-	100.00	100.00	1	1	-	1	-

Information on foreign companies at exchange rate on 31-12-07

APPENDIX II

ADDITIONAL INFORMATION ON JOINTLY CONTROLLED COMPANIES PROPORTIONATELY CONSOLIDATED IN THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

			% of voting rights Controlled by the bank			Thousand of Euros (*)				
							Investee Data			
COMPANY	LOCATION	ACTIVITY	Direct	Indirect	Total	Net carrying amount	Assets 31.12.07	Liabilities 31.12.07	Equity 31.12.07	Profit (loss) for the Period 2007
DARBY-BBVA LATIN AMERICAN INVESTORS, LTD	CAYMAN ISLAND	FINANCIAL SERV	50.00	-	50.00	40	2,070	914	935	221
ECASA, S.A.	CHILE	FINANCIAL SERV	-	100.00	100.00	4,111	5,166	1,055	(395)	4,506
FORUM DISTRIBUIDORA, S.A.	CHILE	FINANCIAL SERV	-	51.04	51.04	5,694	20,309	13,569	5,451	1,289
FORUM SERVICIOS FINANCIEROS, S.A.	CHILE	FINANCIAL SERV	-	51.00	51.00	48,008	463,190	396,657	45,176	21,357
INVERSIONES PLATCO, C.A.	VENEZUELA	FINANCIAL SERV	-	50.00	50.00	948	1,897	-	1,897	-
PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERV	-	50.00	50.00	3,167	56,836	50,500	5,764	572

Information on foreign companies at exchange rate on 12/31/07

APPENDIX III

ADDITIONAL INFORMATION ON INVESTMENTS AND JOINTLY CONTROLLED

COMPANIES ACCOUNTED FOR USING THE EQUITY MEHOD IN THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

(Includes the most significant companies which, taken as a whole, represent 97% of the total investment in this respect)

			% of voting rights Controlled by the bank			Thousand of Euros (*)	Investee Data				
COMPANY	**LOCATION**	**ACTIVITY**	**Direct**	**Indirec**	**Total**	**Net Carrying amount**	**Assets**	**Liabilities**	**Equity**	**Profit (loss) for the period**	
ADQUIRA ESPAÑA, S.A.	SPAIN	SERVICES	-	40.00	40.00	3,248	21,889	15,215	5,781	893	
ALMAGRARIO, S.A.	COLOMBIA	SERVICES	-	35.38	35.38	6,694	21,991	5,530	16,101	359	
AUREA, S.A. (CUBA)	CUBA	REAL ESTATE	-	49.00	49.00	3,933	10,062	1,261	7,692	1,109	
BBVA ELCANO EMPRESARIAL II, S.C.R., S.A.	SPAIN	SERV.FINANCIER.	45.00	-	45.00	57,166	33,439	184	32,656	599	
BBVA ELCANO EMPRESARIAL, S.C.R., S.A.	SPAIN	SERV.FINANCIER.	45.00	-	45.00	57,167	33,441	184	32,656	601	
CAMARATE GOLF, S.A.(*)	SPAIN	REAL ESTATE	-	26.00	26.00	4,623	68,873	50,992	17,927	(46)	
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED CIFH	HONG-KONG	BANKING	14.53	-	14.53	432,379	9,974	7,998	1,860	116	
COMPAÑIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A.	SPAIN	SERVICES	21.82	-	21.82	10,926	59,982	11,733	47,119	1,129	
COMPAÑIA MEXICANA DE PROCESAMIENTO, S.A. DE C.V.	MEXICO	SERVICES	-	50.00	50.00	3,325	7,983	1,832	8,913	(2,762)	
CORPORACION IBV PARTICIPACIONES EMPRESARIALES, S.A.(*)	SPAIN	PORTFOLIO	-	50.00	50.00	573,588	1,533,561	375,735	630,641	527,185	(1)
FERROMOVIL 3000, S.L.(*)	SPAIN	SERVICES	-	20.00	20.00	6,236	348,157	318,179	31,806	(1,828)	
FERROMOVIL 9000, S.L.(*)	SPAIN	SERVICES	-	20.00	20.00	3,951	280,371	261,599	20,773	(2,001)	
FIDEICOMISO HARES BBVA BANCOMER F/47997-2 (*)	MEXICO	REAL ESTATE	-	50.00	50.00	10,834	11,899	798	10,767	334	
FIDEICOMISO 70191-2 PUEBLA(*)	MEXICO	REAL ESTATE	-	25.00	25.00	10,310	49,890	2,417	48,205	(732)	
GRUPO PROFESIONAL PLANEACION Y PROYECTOS, S.A. DE C.V.(*)	MEXICO	SERVICES	-	44.39	44.39	6,851	21,241	11,904	9,160	177	(1)
HESTENAR, S.L.(*)	SPAIN	REAL ESTATE	-	43.34	43.34	7,816	27,835	21,969	5,909	(43)	
IMOBILIARIA DAS AVENIDAS NOVAS, S.A.	PORTUGAL	REAL ESTATE	-	49.97	49.97	2,612	5,647	411	5,317	(81)	
IMOBILIARIA DUQUE DE AVILA, S.A.(*)	PORTUGAL	REAL ESTATE	-	50.00	50.00	4,993	26,138	16,504	9,848	(214)	
INMUEBLES MADARIAGA PROMOCIONES, S.L.(*)	SPAIN	REAL ESTATE	50.00	-	50.00	7,127	7,196	884	6,327	(15)	
JARDINES DEL RUBIN, S.A.(*)	SPAIN	REAL ESTATE	-	50.00	50.00	4,828	44,451	38,551	4,103	1,797	
LA ESMERALDA DESARROLLOS, S.L.(*)	SPAIN	REAL ESTATE	-	25.00	25.00	4,997	56,571	36,571	20,000	0	
LAS PEDRAZAS GOLF, S.L.(*)	SPAIN	REAL ESTATE	-	50.00	50.00	15,813	75,014	43,177	31,910	(73)	
METROPOLITAN PARTICIPACIONS, S.L.	SPAIN	PORTFOLIO	-	40.67	40.67	131,114	861,387	536,098	336,135	(10,846)	(2)
MONTEALMENARA GOLF, S.L.(*)	SPAIN	REAL ESTATE	-	50.00	50.00	2,934	86,561	51,518	15,606	19,437	
PARQUE REFORMA SANTA FE, S.A. DE C.V.	MEXICO	REAL ESTATE	-	30.00	30.00	5,589	51,784	30,946	18,038	2,800	
ROMBO COMPAÑIA FINANCIERA, S.A.	ARGENTINA	SERV.FINANCIER.	-	40.00	40.00	7,006	66,702	58,491	7,397	815	
SERVICIOS ELECTRONICOS GLOBALES, S.A. DE C.V.	MEXICO	SERVICES	-	46.14	46.14	4,436	20,613	10,216	9,930	466	
SERVIRED SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A.	SPAIN	SERV.FINANCIER.	20.50	0.93	21.43	10,638	52,992	3,598	49,371	23	
TELEFONICA FACTORING, S.A.	SPAIN	SERV.FINANCIER.	30.00	-	30.00	2,942	115,918	106,503	6,905	2,510	
TUBOS REUNIDOS, S.A.	SPAIN	INDUSTRIAL	-	24.26	24.26	84,754	634,707	339,202	235,098	60,407	(1)
VITAMEDICA S.A DE C.V.(*)	MEXICO	INSURANCE	-	50.99	50.99	2,666	9,244	3,307	5,760	177	
OTRAS SOCIEDADES						50,462					
					TOTAL	**1,541,958**	**4,655,513**	**2,363,508**	**1,689,712**	**602,293**	

Data relating to the lastest financial statements (generally for 2004) approved at the date of preparation of these notes to the consolidated financial statements.

For the companies abroad the exchange rates ruling at the reference date are applied,

(1) Consolidated data

(2) Company incorporated in 2007

(*) Jointly controlled entities accounted for using the equity method

APPENDIX IV

NOTIFICATIONS OF ACQUISITIONS/DISPOSALS OF INTEREST OWNERSHIP IN INVESTEES OF THE GROUP

COMPANY	ACTIVITY	% of Ownership: Net% Acquired (Sold) in the Year	% of Ownership: % at Year-End	Date of Notification to Investee
Acquisitions made until December 31, 2006				
BBVA CARTERA DE INVERSIONES SICAV, S.A.	PORTFOLIO	17.40	92.25	January 9, 2007
HESTENAR, S.L.	REAL ESTATE	3.34	43.34	January 18, 2007
INENSUR BRUNETE, S.L.	REAL ESTATE	50.00	100.00	October 20, 2006
TECNICAS REUNIDAS, S.A.	SERVICES	(15.23)	10.16	June 26, 2006
UNO-E BANK, S.A.	BANKING	33.00	100.00	August 10, 2006
Acquisitions made until December 31, 2007				
FORO LOCAL, S.L.	SERVICES	39.87	100.00	July 13, 2007
HOLDING DE PARTICIPACIONES INDUSTRIALES 2000, S.A.	PORTFOLIO	50.00	100.00	June 13, 2007
ECONTA GESTION INTEGRAL, S.L.	SERVICES	60.00	60.00	August 9, 2007
METROPOLITAN PARTICIPATIONS, S.L.	PORTFOLIO	40.67	40.67	October 11, 2007

APPENDIX V

SUBSIDIARIES FULLY CONSOLIDATED AS OF DECEMBER 31, 2007

WITH MORE THAN 5% OWNED BY NON-GROUP SHAREHOLDERS

		% of voting rights Controlled by the bank		
Company	**Activity**	**Direct**	**Indirect**	**Total**
ALTITUDE INVESTMENTS LIMITED	FINANCIAL SERV.	51.00	-	51.00
ALTURA MARKETS, A.V., S.A.	SECURITIES	50.00	-	50.00
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	BANKING	58.36	9.81	68.17
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	BANKING	1.85	53.75	55.60
BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A.	SECURITIES	70.00	-	70.00
BBVA INMOBILIARIA E INVERSIONES S.A.	REAL ESTATE	-	68.11	68.11
BLUE VISTA PLATAFORMA DE EMISIÓN EN NUEVOS MEDIOS, S.L.	SERVICES	-	70.00	70.00
DESARROLLO URBANISTICO DE CHAMARTÍN, S.A.	REAL ESTATE	-	72.50	72.50
EL OASIS DE LAS RAMBLAS, S.L.	REAL ESTATE	-	70.00	70.00
ESTACIÓN DE AUTOBUSES CHAMARTÍN, S.A.	SERVICES	-	51.00	51.00
FINANZIA AUTORENTING, S.A.	SERVICES	-	88.32	88.32
GESTIÓN DE PREVISIÓN Y PENSIONES, S.A.	PENSIONS	60.00	-	60.00
HOLDING CONTINENTAL, S.A.	PORTFOLIO	50.00	-	50.00
IBERDROLA SERVICIOS FINANCIEROS, E.F.C, S.A.	FINANCIAL SERV.	-	84.00	84.00
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	PORTFOLIO	48.00	-	48.00
JARDINES DE SARRIENA, S.L.	REAL ESTATE	-	85.00	85.00
MIRADOR DE LA CARRASCOSA, S.L.	REAL ESTATE	-	55.90	55.90
PERI 5.1 SOCIEDAD LIMITADA	REAL ESTATE	-	54.99	54.99
PREVENTIS, S.A.	INSURANCES	-	75.01	75.01
PROMOTORA RESIDENCIAL GRAN EUROPA, S.L.	REAL ESTATE	-	58.50	58.50
PRO-SALUD, C.A.	SERVICES	-	58.86	58.86
PROVINCIAL DE VALORES CASA DE BOLSA, C.A.	FINANCIAL SERV.	-	90.00	90.00
PROXIMA ALFA INVESTMENTS (UK) LLP	FINANCIAL SERV.	-	51.00	51.00
PROXIMA ALFA INVESTMENTS, SGIIC, S.A.	FINANCIAL SERV.	51.00	-	51.00
SNB-WP, LP	FINANCIAL SERV.	-	51.00	51.00
UNIDAD DE AVALUOS MEXICO S.A. DE C.V.	FINANCIAL SERV.	-	90.00	90.00

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP
MANAGEMENT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

THE BBVA GROUP

Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank" or "BBVA") is a private-law entity governed by the rules and regulations applicable to banks operating in Spain and is the Parent of the finance group which engages in the direct or indirect performance of activities, transactions, agreements and services relating to banking. The Bank conducts its business through branches and offices located throughout Spain and abroad.

The Banco Bilbao Vizcaya Argentaria Group ("the Group or BBVA Group") is an internationally diversified finance group with a significant presence in traditional retail banking, asset management, private banking and wholesale banking.

The financial information included in this management report is presented in accordance with the criteria established by the International Financial Reporting Standards (IFRSs) approved by the European Union and taking into account Bank of Spain Circular 4/2004.

ECONOMIC ENVIRONMENT

In 2007 the world's economy grew at an estimated 5% extending the expansion to five years. However as the year went by, growth in developed countries eased noticeably whereas emerging economies continued to contribute strongly to global activity.

Financial markets took centre-stage in 2007. During the first few months of the year long-term interest rates increased and stock markets gained ground. Nonetheless by June the market had begun to question the quality of some loan-based derivatives and this sparked a liquidity crisis. Interbank rates climbed and the flow of commercial paper and bonds started to slow. This was accompanied by a significant change in assessments of the risk attached to a considerable number of assets and by a fall on stock markets. At the same time the increased price of crude oil and basic farming products caused inflation to rebound. In view of the deteriorating circumstances central banks intervened to increase liquidity. However during this process financial markets in emerging economies performed relatively well.

By year-end the United States' economy had grown about 2% despite the slowdown in housing. The Federal Reserve held rates at 5.25% until September when it began a series of rate cuts to finish the year at 4.25%.

Europe grew about 2.6% in 2007 based on domestic demand and the high level of investment. The European Central Bank continued to raise rates until they reached 4% in June and held them at this level until year-end. The Spanish economy did well. Overall growth was roughly 3.8% although signs of a slowdown were more apparent as the year progressed – especially in the housing sector.

Growth in Latin America was surprisingly strong helped by high commodity prices, buoyant world trade, internal demand and because many economies in the region have started to diversify growth. In Mexico growth reached 3% supported by strong domestic demand which offset the impact of the US slowdown. In fact the Bank of Mexico twice lifted rates a quarter point bringing them to 7.5% in order to contain inflation.

Exchange rates: in the fourth quarter the US dollar fell 3.7% against the euro, dragging down most Latin-American currencies. This confirmed the overall depreciation of those that have most impact on the BBVA Group's financial statements. Thus, as of December 31, 2007 the Mexican peso fell 10.8%, the US dollar 10.5%, the Argentine peso 12.9%, the Venezuelan bolivar 10.7%, the Peruvian sol 4.5% and the Chilean peso 3.8%. This has a negative impact on the year-on-year comparisons of the Group's balance sheet.

The effect on the income statement is also negative because it depends on the difference in average exchange rates for 2007 and 2006. These also reveal depreciations: the Mexican peso fell 8.6% against the euro, the US dollar and the Venezuelan bolivar fell 8.4%, the Argentine peso 10%, the Chilean peso 6.9% and the Peruvian sol 4.1%. The Colombian peso moved in the opposite direction, gaining 4.1%. Overall, the negative impact on the Group's income statement in 2007 is approximately five percentage points.

	Average Exchange Rates		Year-end Exchange rates	
	2007	2006	2007	2006
Mexican peso	14.9730	13.6923	16.0521	14.3230
Venezuelan bolivar	2941.18	2695.42	3164.56	2824.86
Colombian peso	2840.91	2958.58	2967.36	2941.18
Chilean peso	715.31	666.22	731.53	703.73
Peruvian new sol	4.2856	4.1111	4.4060	4.2098
Argentine peso	4.3111	3.8806	4.6684	4.0679
U.S. dollar	1.3705	1.2556	1.4721	1.3170

SELECTED HISTORICAL FINANCIAL INFORMATION ON THE BBVA GROUP FOR 2007 AND 2006

The selected financial information as of December 31, 2007 and 2006 is as follows:

	2007	2006
BALANCE SHEET (Millions of euros)		
Total assets	502,204	411,916
Total lending (gross)	317,358	262,377
Deposits from other creditors	236,183	192,374
Debt certificates (including bonds)	82,999	77,674
Subordinated liabilities	15,662	13,597
Equity	27,943	22,318
Shareholders' funds	24,811	18,209
INCOME STATEMENT (Million of euros)		
Net interest income	9,769	8,374
Core revenues	18,133	15,701
Ordinary revenues	10,544	8,883
Pre-tax profit	8,495	7,030
Net attributable profit	6,126	4,736
DATA PER SHARE AND MARKET CAPITALIZATION		
Share price (euros)	16.76	18.24
Market capitalization (million of euros)	62,816	64,788
Basic earnings per share (euros)	1.70	1.39
Diluted earnings per share (euros)	1.70	1.39
Book value (euros)	6.62	5.13
Dividend (euros)	0.73	0.64
PER (Price/earnings ratio; times)	10.3	13.7
P/BV (Price/book value; times)	2.5	3.6
SIGNIFICANT RATIOS (%)		
Operating profit/ ATA	2.28	2.24
ROE (Net attributable profit/Average equity)	34.2	37.6
ROA (Net profit/ATA)	1.39	1.26
RORWA (Net profit/ Risk weighted average assets)	2.29	2.12
Efficiency ratio (Gross income+sales and income from the provision of non-financial services+other operating income/Cost of sales+ personnel expenses+other administrative expenses+other operating expenses)	38.1	39.6
Efficiency ratio including depreciation and amortization	41.3	42.6
NPL ratio	0.89	0.83
NPL coverage ratio	224.8	272.8
CAPITAL ADEQUACY RATIOS (BIS Regulation) (%)		
Total	10.7	12.0
Core capital	5.3	6.2
TIER I	6.8	7.8
OTHER INFORMATION		
Number of shares (million euros)	3,748	3,552
Number of shareholders	889,734	864,226
Number of employees	111,913	98,553
Spain	31,106	30,582
America [1]	78,805	66,146
Rest of the world	2,002	1,825
Number of branches	8,028	7,499
Spain	3,595	3,635
America [1]	4,291	3,742
Rest of the world	142	122

[1] Includes those related to the BBVA Group´s banking, pension fund managers and insurance companies in all the American countries in which it is present.

CONSOLIDATED INCOME STATEMENT

The Group's consolidated income statements for 2007 and 2006 are as follows:

	Millions of euros	
	2007	**2006**
Core net interest income	9,421	7,995
Dividends	348	379
NET INTEREST INCOME	**9,769**	**8,374**
Income by the equity method	242	308
Net fee income	4,723	4,335
Income from insurance activities	729	650
CORE REVENUES	**15,463**	**13,667**
Net trading income and exchange differences	2,670	2,034
ORDINARY REVENUES	**18,133**	**15,701**
Net revenues from non-financial activities	187	131
Personnel costs	(4,335)	(3,989)
General expenses	(2,718)	(2,342)
Depreciation and amortization	(577)	(472)
Other operating income and expenses	(146)	(146)
OPERATING PROFIT	**10,544**	**8,883**
Impairment losses on financial assets	(1,937)	(1,504)
Loan loss provisions	(1,902)	(1,477)
Other	(35)	(27)
Finance Income from non financial activities	1	3
Provisions	(210)	(1,338)
Other income/ losses (net)	97	989
Disposal of tangible assets	367	72
From disposal of equity holdings	11	934
Other	(281)	(20)
PRE-TAX PROFIT	**8,495**	**7,030**
Corporate income tax	(2,080)	(2,059)
NET PROFIT	**6,415**	**4,971**
Minority interests	(289)	(235)
NET ATTRIBUTABLE PROFIT	**6,126**	**4,736**

Year-on-year comparisons of the BBVA Group's earnings in 2007 are affected by a series of one-off operations:

- 2007 included €883 million of gross capital gains on the sale of the Group's interest in Iberdrola (booked as trading income) of which €847 million are considered one capital gains, and €273 million of gross capital gains from the sale of buildings in connection with the new corporate headquarters. Additionally, €200 million were charged for the endowment of the BBVA Microcredit Foundation and, in the fourth quarter, the Group set aside provisions of €100 million for early retirements under the Transformation Plan.

- In 2006, the Group obtained €523 million of gross capital gains on the sale of its interest in Repsol (booked as trading income), and €751 million of gross capital gains on the sale of its interests in BNL and Andorra. That year, the Group charged €777 million for early retirement associated with the restructuring of branch networks in Spain and the new organisational structure, as well as setting aside additional provisions for corporate tax (mainly the result of the new tax code).

The combined effect of all these operations, net of corresponding taxes, was additional net attributable profit of €724 million in 2007 and €156 million in 2006.

Net attributable profit for the whole year is €6,126 million, an increase of 29.4% compared to 2006 (€4,736 million). At constant exchange rates, the increase is 34.4%, as the impact of the variation of exchange rates on the income statement for 2007 is negative (about 5 percentage points). The increase in recurrent income (ordinary revenues were up 15.5%) outpaced the rise in expenses, leading to a new improvement in efficiency. Consequently operating profit rose 18.7% to €10,544 million, compared to €8,883 million in 2006 (up 23.5% at constant exchange rates).

Excluding non-recurrent events, net attributable profit came to €5,403 million with an increase of 18.0% over the €4,580 million obtained in 2006 (22.8% at constant exchange rates). Consequently operating profit rose 16.0% to €9,698 million, compared to €8,360 million in 2006 (up 21.0% at constant exchange rates).

The growth in earnings was basically organic. Changes in the Group's structure accounted for only 2.0 percentage points of the increase in operating profit and 1.3 points in the case of net attributable profit. These contributions are mainly due to Compass which, since its incorporation on September 7, 2007, has provided €138 million to operating profit and €70 million to net attributable profit.

In 2007, net interest income was the main source of the increase in the Group's revenues. It came to €9,769 million, an increase of 16.7% over the €8,374 million obtained in 2006 (+22.0% at constant exchange rates). If dividends of €348 million are deducted, net interest income rose 17.8% year-on-year to €9,421 million (up 23.5% at constant rates). The improvement was due to the higher volume of business and to wider spreads on operations with customers.

Net income from companies calculated by the equity method came to €242 million. Corporación IBV accounted for most of this (€209 million). In 2006 this item came to €308 million, based on contributions from Corporación IBV (€251 million) and BNL (€25 million).

Net fee income came to €4,723 million, up 9.0% compared to 2006 (up 13.3% at constant exchange rates). During the year fees on mutual and pension fund business fell 2.1% because time deposits still account for most of the growth in customer funds and because the Group faces stiffer competition in the Mexican pension business.

Insurance business generated €729 million for the full year (up 12.0%). Therefore net fee income plus insurance rose 9.4% to €5,452 million, compared to €4,985 million a year earlier (up 13.7% at constant rates).

Net trading income and exchange differences in 2007 rose 31.3% to €2,670 million, compared to €2,034 million in 2006. If non-recurrent capital gains are not included, these revenues rose 20.7% to €1,823 million, compared to €1,511 million in 2006

As a result, ordinary revenues came to €18,133 million in 2007. This is 15.5% more than the €15,701 million obtained in 2006. Net gains on non-financial activities, which are mainly related to real estate business, increased 43.0% to €187 million (€131 million in 2006). As a result the Group's total operating revenues rose 15.7% year-on-year to €18,321 million.

Operating expenses reflected the greater level of business activity, investments in growth projects, new banks incorporated and the expansion of the network of offices and the sales force in some American countries but they are still increasing more slowly than revenues. General administration costs were up 11.4% to €7,053 million for the year. Personnel costs rose 8.7% and other overheads climbed 16.1%.

At the end of 2007 the Group had 111,913 employees. During the year their number increased in the Americas following the addition of 8,864 employees from Compass and 595 from State National Bank. The total number of branches at year-end came to 8,028 after incorporating Compass (420), State National (43) and the expansion of networks in Mexico, Chile and Peru.

As the increase in operating income (up 15.7%) exceeded that of expenses net of recuperated expenses and depreciation (up 12.2%), the cost/income ratio in 2007 improved to 41.3% (from 42.6% in 2006). Excluding non-recurrent events, this ratio is 43.2% (44.0% in 2006).

These changes also helped operating profit to improve to €10,544 million in 2007. This was an increase of 18.7% compared to the €8,883 million obtained in 2006 (up 23.5% at constant exchange rates). Excluding the effect of one-off capital gains (Iberdrola in 2007 and Repsol in 2006), operating profit increased 16.0% to €9,698 million (21.0% at constant rates compared to the 8,360 million obtained in 2006).

In 2007 the Group set aside €1,902 million for loan-loss provisions. This amount was 28.8% higher than the provisions of €1,477 million in 2006. The increase was due to the growth of lending in all the Group's markets, which continue to require higher provisions collectively calculated on impairment current assets.

Transfers to other provisions came to €210 million for the year (€1,338 million in 2006). This amount includes €312 million for early retirements and an additional €100 million related to the Transformation Plan. In 2006 ordinary early retirement provisions came to €1,054 million and non-recurrent ones (linked to the restructuring of branch networks and new organizational structure) came to €777 million.

The sale of equity holdings contributed only €11 million in 2007 and the main item was €13 million from the sale of a pension fund manager and an insurance company in the Dominican Republic. In 2006 this item came to €934 million, which was complemented by non-recurrent capital gains on the sale of holdings in BNL (€568 million) and Banc Internacional de Andorra (€183 million). Other items of a singular nature in 2007 include €279 million in capital gains from the sale of buildings in connection with the new corporate headquarters and a €200 million charge for endowment of the BBVA Microcredit Foundation.

Therefore pre-tax profit rose 20.8% to €8,495 million (€7,030 million in 2006). The corporate tax rate in Spain was lowered to 32.5% in 2007 and thus provisions for this item are also lower (€2,080 million). In 2006 the new tax code generated a one-time charge to adjust deferred tax credits to the new rates.

Net profit after tax came to €6,415 million (€4,971 million in 2006). After deducting €289 million for minority interests, the net profit attributable to the Group in 2007 is €6,126 million. This figure is 29.4% higher than the €4,736 million obtained in 2006 (34.4% higher at constant exchange rates).

If non-recurrent items (€724 million of attributable profit in 2007 and €156 million in 2006) are included, the total net attributable profit for 2007 rose 18.0% year-on-year to €5,403 million (€4,580 million in 2006). Without the effect of exchange rates the increase was 22.8%.

Earnings per share (EPS) in 2007 came to €1.70, an increase of 22.4% compared to the €1.39 obtained in 2006 (without non-recurrent items €1.50, and increase of 11.6% compared to €1.35 in 2006). It rose somewhat less than net attributable profit owing to an increase in the number of shares following capital increases in September 2007 and November 2006. These capital increases enlarge shareholder's funds, altering book value per share, which rises 29.1% to €6.62. The return on equity (ROE) is also affected coming down to 34.2% in 2007 from 37.6% in 2006. The return on total average assets (ROA) stands at 1.39%, which is higher to the 1.26% in 2006. Excluding non-recurrent earnings, ROE is 30.2% and ROA is 1.23% (36.4% and 1.22% respectively in 2006.

BUSINESS ACTIVITY

The Group's consolidated balance sheets as of December 31, 2007 and 2006 are as follows:

	Millions of Euros	
ASSETS	**2007**	**2006**
CASH AND BALANCES WITH CENTRAL BANKS	22,581	12,515
FINANCIAL ASSETS HELD FOR TRADING	62,336	51,835
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	1,167	977
AVAILABLE FOR SALE FINANCIAL ASSETS	48,432	42,267
LOANS AND RECEIVABLES	338,492	279,855
HELD-TO-MATURITY INVESTMENTS	5,584	5,906
HEDGING DERIVATIVES	1,050	1,963
NON-CURRENT ASSETS HELD FOR SALE	240	186
INVESTMENTS	1,542	889
REINSURANCE ASSETS	43	32
TANGIBLE ASSETS	5,238	4,527
INTANGIBLE ASSETS	8,244	3,269
TAX ASSETS	4,958	5,278
PREPAYMENTS AND ACCRUED INCOME AND ACCRUED EXPENSES AND DEFERRED INCOME	604	674
OTHER ASSETS	1,693	1,743
TOTAL ASSETS	**502,204**	**411,916**

	Millions of Euros	
TOTAL EQUITY AND LIABILITIES	**2007**	**2006**
LIABILITIES		
FINANCIAL LIABILITIES HELD FOR TRADING	19,273	14,923
OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	449	582
FINANCIAL LIABILITIES AT AMORTISED COST	429,204	348,445
HEDGING DERIVATIVES	1,807	2,280
LIABILITIES UNDER INSURANCE CONTRACTS	9,997	10,121
PROVISIONS	8,342	8,649
TAX LIABILITIES	2,817	2,369
ACCRUED EXPENSE AND DEFERRED INCOME	1,820	1,510
OTHER LIABILITIES	552	719
TOTAL LIABILITIES	**474,261**	**389,598**
EQUITY		
MINORITY INTERESTS	880	768
VALUATION ADJUSTMENTS	2,252	3,341
SHAREHOLDER EQUITY	24,811	18,209
Capital or endowment fund	1,837	1,740
Share premium	12,770	9,579
Reserves	6,060	3,629
Other equity instruments	68	35
less: Treasury shares	(389)	(147)
Profit of the period attributed to the Group	6,126	4,736
Less: Dividends and remuneration	(1,661)	(1,363)
TOTAL EQUITY	**27,943**	**22,318**
TOTAL EQUITY AND LIABILITIES	**502,204**	**411,916**

During 2007 lending to customers in Spain continued to slow and growth in customer funds centred on those types that are included on the balance sheet. In the Americas both lending and customer funds of all kinds are growing at a fast pace.

The Compass group became part of BBVA in September and State National Bank in January. Together at year-end they contributed €26 billion in assets, €19 billion in loans, €17 billion in deposits and €5 billion in funds reported off the balance sheet. For this reason the comparisons of key figures are generally presented on a like-for-like basis, ie, excluding Compass and State National. This gives a better picture of the BBVA Group's organic growth.

Furthermore any examination of the Group's balance sheet must take account of movements in the exchange-rate of those currencies that have a major impact on its financial statements. From December 31, 2006 to December 31, 2007 most of these fell against the euro, especially the Mexican and Argentine pesos, the US dollar and the bolivar (which all declined more than 10%). This has a negative effect on year-on-year comparisons of the balance sheet. Therefore the growth rates quoted below exclude the effect of exchange rates on the key figures.

As of December 31, 2007 the total assets of the BBVA Group stood at €502 billion, rising 21.9% compared to €412 billion a year earlier (up 15.5% on a like-for-like basis).

By the end of 2007 lending to customers had risen 20.9% to €318 billion (€263 billion as of December 31, 2006). At constant exchange rates the increase is 23.2% and if it is calculated on a like-for-like basis (excluding Compass and State National) the increase in lending is 15.8%.

Of the loans extended to domestic customers in Spain, those of the public sector were stable during the year, at €16 billion. However lending to the domestic private sector rose 12.4% to €187 billion (€166 billion a year earlier). Residential mortgage business continued to slow gradually and this is reflected in the total for secured loans, which rose 15.4% to nearly €105 billion. The increase in consumer finance and lending to SMEs and small businesses had an effect on various items such as "Credit card debtors" (up 31.1%), "Other term loans" (up 11.5%) and "Financial leases" (up 11.1%).

Lending to the non-domestic sector jumped 42.8% to €112 billion (€78 billion as of December 31, 2006). Without the impact of exchange rates and on a like-for-like basis, the increase is 26.0%. This was the result of good performances by most of the Group's units, especially Mexico, Colombia, Peru, Venezuela and the wholesale business in Asia, with growth in local currency well above 25%.

Non-performing loans came under €3.4 billion at year-end. These are dealt with in the chapter on risk management.

Total customer funds, on and off the balance sheet, came to €486 billion as of December 31, 2007, an increase of 14.1% compared to €426 billion at the end of 2006 (up 17.1% at constant exchange rates and 11.7% on a like-for-like basis).

Customer funds on the balance sheet grew faster, rising 18.1% to €335 billion (up 20.8% at constant rates). Of this amount, customer deposits contributed €236 billion (up 22.8%), marketable debt securities accounted for €83 billion (up 6.9%) and subordinate liabilities represented €16 billion (up 15.2%).

Customer funds off the balance sheet, which comprise mutual funds, pension funds and customers' portfolios, grew more slowly. By year-end they had risen 6.1% to €151 billion compared to €142 billion a year earlier (up 9.6% at constant exchange rates). Of this amount Spain accounts for €74 billion, a decrease of 2.2% year-on-year owing to customers' preference for time deposits rather than mutual funds. Outside Spain these funds rose 15.7% to €76 billion (up 24.2% at constant exchange rates) and the advance was widespread.

In Spain the figure that best represents customer funds is the aggregate of current and savings accounts, time deposits from the domestic private sector, mutual funds and pension funds. As of December 31, 2007 these came to €138 billion with an increase of 0.7% during the year (up 2.3% excluding the eurodeposits' volatile balances accounted in the markets unit).

In 2007 higher interest rates further increased the attractiveness of time deposits to the detriment of current and savings accounts (whose cost of opportunity is now greater) and mutual funds (affected by market turbulence). BBVA has been catering for this trend in recent years with a customer-fund policy that boosts time deposit gathering. Consequently in 2007, the growth in customer funds in Spain opted mainly for this type of deposit which increased 22.0% to €34 billion (39.4% excluding the above mentioned eurodeposits). This also explains why current and savings accounts fell 7.6% to €44 billion and why mutual funds declined 4.9% to €43 billion. Furthermore pension funds rose 4.8% to €17 billion, especially individual plans (up 6.0%).

Public sector deposits in Spain fell 3.8% to €7 billion. Excluding amounts allocated in the Treasury's liquidity auctions, they increased 8.5%.

In the case of the non-domestic sector the aggregate of current and savings accounts, time deposits, mutual funds and pension funds rose 27.2% to €171 billion (up 36.3% at constant exchange rates and up 22.4% on a like-for-like basis). Current and savings accounts grew sharply to €51 billion, an increase of 34.8% (up 47.1% at constant rates).

At year-end stable funds amounted to €120 billion, rising 24.3% year-on-year (up 32.2% at constant rates). At constant exchange rates all types grew strongly. Time deposits gained 51.4% to €62 billion, pension funds were up 14.2% to €44 billion and mutual funds increased 24.2% to almost €15 billion.

EXCEPTIONAL FACTORS

No exceptional factors shaped or conditioned the BBVA Group's main businesses. No unusual events of significance had a material impact on the BBVA's consolidated annual accounts in 2007 or 2006.

BUSINESS PERFORMANCE / NEW PRODUCTS AND SERVICES

The breakdown of attributable net profit in 2007 by business segment is as follows: Retail Banking Spain and Portugal contributed €2,397 million (up 24.9% on 2006), Global Businesses, €909 million (up 5.4%), Mexico and USA, €2,084 million (up 17.4% in euros and 28.4% at constant exchange rates) with South America accounting for €623 million (+22.4% at nominal exchange rates and 29.3% at constant rates). Corporate Activities accounted for gains of €113million (compared to losses of €329 million in 2006).

Spain and Portugal

Millions of euros Spain and Portugal	2007	2006
NET INTEREST INCOME	**4,295**	**3,747**
Income by the equity method	-	1
Net fee income	1,679	1,627
Income from insurance activities	461	376
CORE REVENUES	**6,435**	**5,751**
Net trading income	235	215
ORDINARY REVENUES	**6,670**	**5,966**
Net revenues from non-financial activities	51	32
Personnel and general administrative expenses	(2,487)	(2,419)
Depreciation and amortization	(109)	(104)
Other operating income and expenses	26	20
OPERATING PROFIT	**4,151**	**3,495**
Impairment losses on financial assets	(604)	(552)
Loan loss provisions	(595)	(553)
Other	(9)	1
Provisions (net)	(3)	(3)
Other income/losses (net)	9	22
PRE-TAX PROFIT	**3,553**	**2,962**
Corporate income tax	(1,156)	(1,040)
NET PROFIT	**2,397**	**1,922**
Minority interests	-	(3)
NET ATTRIBUTABLE PROFIT	**2,397**	**1,919**

Millions of euros Spain and Portugal	2007	2006
Customer lending (1)	199,929	179,370
Customer deposits(2)	91,928	85,309
Deposits	91,862	85,245
Assets sold under repurchase agreement	66	64
Off-balance-sheet funds	50,088	52,477
Mutual funds	40,024	43,006
Pension funds	10,064	9,471
Other placements	5,217	7,117
Customer portfolios	9,817	8,181
Total assets	225,930	203,192
ROE (%)	36.4	31.1
Efficiency ratio (%)	35.9	39.2
Efficiency incl. Depreciation and amortization (%)	37.6	41.0
NPL ratio (%)	0.73	0.55
Coverage ratio (%)	231.2	315.7

(1) Gross lending excluding NPLs.

(2) Includes collection accounts and individual annuities.

Business with customers was marked by a slowdown in lending in the entire banking system. Time deposits grew faster whereas the demand for liquid deposits and mutual and pension funds declined. The area responded with an appropriate pricing policy to improve spreads and with new improvements in marketing productivity and in the cost/income ratio. As a result, net attributable profit was up 24.9% to €2,397 million compared to €1,919 million in 2006 bringing ROE to 36.4% (31.1% in 2006).

As of December 31, 2007, the Spain & Portugal Area managed a loan portfolio of €199,929 million (up 11.5% year-on-year). Total customer funds under management (deposits, mutual and pension funds, and other placements) came to €147,167 million (up 1.6%). Those reported on the balance sheet increased 7.8%, especially time deposits which jumped 33.4% to €30,980 million. Transactional deposits (current and savings accounts) came to €40,632 million (€44,083 million as of December 31, 2006), mutual funds came to €40,024 million (€43,006 million as of December 31, 2006) and pension funds rose 6.3% to €10,064 million.

Selective lending and control of the cost of funds led to a new advance in customer spreads, corroborating the profitable growth policy. Net interest income rose 14.6% to €4,295 million in 2007.

Other sources of income rose 7.8%. Net fee income increased 3.2% to €1,679 million (fees on banking services compensated the slowdown in mutual and pension funds). Income from the insurance business rose 22.5% to €461 million, net trading income was up 9.2% to €235 million and net sales of non-financial services jumped 57.9% to €51 million. Consequently ordinary revenues grew 11.8% to €6,670 million.

The rationalisation of the internal structure in 2006, the creation of 'DUO' branches (shared by retail banking and Dinero Express) and active management of outlets (new outlets in areas of high potential) helped to keep expenses under control. In the case of Spanish networks they rose 0.5% and the total for the whole area increased only 2.8% (less than inflation). The higher revenues and cost containment led to a new improvement of 3.4 percentage points in the cost/income ratio (from 41.0% in 2006 to 37.6%). Thus operating profit increased 18.8% to €4,151 million.

Net loan-loss provisions were up 7.5% to €595 million. They include provisions calculated collectively on impaired current assets because the non-performing loan ratio in the area remains low: 0.73% as of December 31, 2007. The coverage ratio remains high (231.2%).

With a view to providing customers with a better service, a reorganization process has been undertaken during the latter months of the year, which has involved transferring customers between different area units, mainly from Commercial Banking (Financial Services for Small Businesses) to CBB (Corporate & Business Banking). Likewise, December 2007 saw the grouping into only seven territorial head-offices of the two networks – individuals and SMEs, corporations and institutions – as a measure that constitutes a further step forward in the project launched in July 2006 for streamlining the organization and reinforcing commercial management.

Within the sphere of finance products designed for individual customers, new segments have been targeted with offers of consumer loans with a pre-approved limit (*PIDE*), and the range of mortgage loans has been extended with the *Hipoteca BlueBBVA* for young people, the *Hipoteca Universal* (Universal Mortgage) for migrants, the *Hipoteca Cambio de Casa* (Moving Home Mortgage), the *Hipoteca Bienestar* (home equity loan) for those aged over 65, the *Hipoteca Fácil Básica* (Basic Easy Mortgage) and the *Hipoteca Rentas Altas Básica* (Basic High-Income Mortgage).

As regards deposits, special mention should be made of the following: in transactional deposits, the two *Quincenas del Libretón* (Passbook Fortnights); in time deposits, the *Multidepósito BBVA*, the *Depósito Creciente* (Growing Deposit) *BBVA* and the *Depósito Extra* for attracting new funds; and, in mutual funds and exchange-traded funds (ETFs), the roll-outs detailed in the area of Global Businesses.

Several campaigns have been launched for the small businesses segment, involving such innovative products as the *Préstamo Flexible Negocios* (Flexible Business Loan), the *Cuenta de Crédito Triple Cero Plus* (Triple Zero Plus Credit Account) and the *Pack Negocios* (Business Pack). The offer has been extended in risk hedging products (*Stockpyme*) and launch has been made of *Soluciones BBVA* (non-financial services for SMEs). Furthermore, the *Plan Comercios* for retailers has included products such as the *Cuenta Total Comercios* (Comprehensive Retailers Account), the *Cuenta de Crédito Comercios Triple Cero* (Triple Zero Retailers Credit Account), the *Pack Negocios* and the *Compromiso de Calidad* (Quality Commitment) for POS terminals. The farming sector has been catered for through the *PAC* Campaign and the launch of the new *Depósito PAC*.

Mention should be made in Consumer Finance of the purchase of Intesa Renting S.p.A., an Italian fleet management company, and the roll-out of *Depósito 15 Uno-e*.

Highlights within the sphere of Corporate & Business Banking are the special finance line for SMEs *Línea ICO PYME 2007*, the enlargement of the product offer catering for risk hedging (*Riskpyme*), a new product for advancing the reimbursement of VAT, IGIC (Canary Islands) and Corporate Tax, as well as new formulas, such as operating renting, the factoring of subsidies, leasing with exemption of capitals, leasing with confirmed payment, multipurpose leasing operation with a balloon payment, real estate renting, or confirming associated with a real estate leasing.

Finally an agreement has been reached in European Insurance with MAPFRE for the roll-out and marketing of car insurance, and new formats of *Rentas Aseguradas* (Guaranteed Incomes) have been launched within the *Plan Mayores* for senior citizens, as well as a new range of Keyman insurances and repatriation insurance for migrants and non-residents.

Global Businesses

	Millions of euros Global Businesses 2007	2006
NET INTEREST INCOME	**124**	**150**
Income by the equity method	239	283
Net fee income	521	453
Income from insurance activities	-	-
CORE REVENUES	**884**	**886**
Net trading income	789	498
ORDINARY REVENUES	**1,673**	**1,384**
Net revenues from non-financial activities	130	104
Personnel and general administrative expenses	(525)	(418)
Depreciation and amortization	(11)	(10)
Other operating income and expenses	4	10
OPERATING PROFIT	**1,271**	**1,070**
Impairment losses on financial assets	(127)	(125)
Loan loss provisions	(127)	(125)
Other	-	-
Provisions	5	(11)
Other income/losses	13	153
PRE-TAX PROFIT	**1,162**	**1,087**
Corporate income tax	(243)	(218)
NET PROFIT	**919**	**869**
Minority interests	(10)	(7)
NET ATTRIBUTABLE PROFIT	**909**	**862**

	Millions of euros Global Businesses 2007	2006
Customer lending [(1)]	35,848	29,049
Customer deposits[(2)]	42,742	35,400
Deposits	33,517	25,031
Assets sold under repurchase agreement	9,225	10,369
Off-balance-sheet funds	12,229	11,179
Mutual funds	4,859	4,000
Pension funds	7,370	7,179
Other placements	-	-
Customer portfolios	9,200	11,342
Total assets	97,414	85,274
ROE (%)	33.0	41.8
Efficiency ratio (%)	29.1	28.1
Efficiency incl. Depreciation and amortization (%)	29.7	28.7
NPL ratio (%)	0.02	0.04
Coverage ratio (%)	n.s.	n.s.

(1) Gross lending excluding NPLs.

(2) Includes collection accounts.

As of December 31, 2007 the area managed €35,848 million in loans (up 23.4% year-on-year) and customer funds (deposits, mutual funds and pension funds) of €45,746 million (up 26.3%).

For the full year, ordinary revenues rose 20.8% to €1,673 million. Some 55% of this amount is net interest income and net trading income (which are best viewed jointly owing to cross-compensation). Together they rose 40.7%, supported mainly by the operations of the markets unit and by earnings on divestments by Valanza. Net fee income accounts for 31% of ordinary revenues, rising 15.2% year-on-year with particular support from the asset management and private banking unit and the global markets and distribution unit. Lastly, earnings booked via the equity method (mainly related to Valanza's operations) declined 15.7%, which is explained by the increase in divestments mentioned above.

Ordinary revenues were complemented by €130 million of net sales from non-financial activities, which are mainly related to Anida's real estate operations. These grew 25.0%. General expenses increased 25.5% to €525 million owing to the Asian expansion and related investment strategies and to the growth plans of the global markets and distribution unit. Therefore operating profit for 2007 rose 18.8% to €1,271 million.

The quality of the area's loan portfolio is excellent. The non-performing loan ratio stands at 0.02% (an all-time low) compared to 0.04% as of December 31, 2006. This means loan-loss provisions are stable and almost exclusively calculated collectively. As a result the coverage ratio is extremely high (above 4,400%).

In addition, the year-on-year comparison of "other gains and losses" is affected by substantial earnings in 2006 on the sale of holdings. As a result, net attributable profit for the full year came to €909 million an increase of 5.4% from €862 million in 2006.

Global Markets has pursued a growth plan that has seen the opening of trading floors in Hong Kong and Düsseldorf and the *Centro Regional de Derivados* (Regional Derivatives Centre) in Mexico, for the distribution of products in Asia, Europe and Latin America, respectively, as well as for generating products in those zones that might do business with the Group throughout the world. Launch has likewise been made of *IRS Cuota Segura*, a timely hedging product for mortgage repayments within a scenario of interest rate rises, and the range of hedging derivatives that the networks in Spain and Portugal offer their customers has been expanded (within the *Riskpyme* and *Stockpyme* projects), as has the offer in commodities, inflation and alternative investment derivatives.

In Asia, as part of the strategic alliance with the CITIC Group, the planned investment has been made in China CITIC Bank (CNBC) and in CITIC International Financial Holdings (CIFH), and progress has been made in identifying opportunities for co-operation in different lines of business. Agreements have also been signed with the Korean banks Korea Eximbank and Kookmin Bank, and a representative office has been opened in Mumbai (India).

In Asset Management and Private Banking, special note should be taken of the following launches: *BBVA Capital Privado*, private equity fund; *Altitude Teide* and *BBVA Propiedad Global*, hedge funds; new guaranteed mutual funds, both in equity, such as *BBVA Europa Máximo* and *BBVA Garantizado 5 x* 5 II, and in fixed-income; the *BBVA Bolsa China* (China Stock Market); five exchange-traded funds, in equity (*Acción BBVA FTSE Latibex Top ETF* and *Acción FTSE Latibex Brasil ETF*), fixed-income (*AFI Monetario Euro ETF* and *AFI Bonos Medio Plazo ETF*), with the *Ibex Top Dividendo* as underlying; and, for private banking customers, the property investment firms Real Estate México I, II and III and a photovoltaic solar energy project in La Gineta (Albacete- Spain).

Finally, regarding the activity in business projects, a sell-off has been made of the investment in Iberia and of part of the stock held in Gamesa and Técnicas Reunidas and a shareholding has been taken up in Occidental Hoteles, through the new risk capital fund PECR I.

Mexico and USA

	Millions of euros Mexico and USA 2007	2006
NET INTEREST INCOME	**4,304**	**3,535**
Income by the equity method	3	(2)
Net fee income	1,621	1,390
Income from insurance activities	313	304
CORE REVENUES	**6,241**	**5,227**
Net trading income	254	196
ORDINARY REVENUES	**6,495**	**5,423**
Net revenues from non-financial activities	7	(4)
Personnel and general administrative expenses	(2,359)	(1,945)
Depreciation and amortization	(225)	(126)
Other operating income and expenses	(121)	(117)
OPERATING PROFIT	**3,797**	**3,231**
Impairment losses on financial assets	(930)	(685)
Loan loss provisions	(919)	(672)
Other	(11)	(13)
Provisions	21	(73)
Other income/losses	(9)	42
PRE-TAX PROFIT	**2,879**	**2,515**
Corporate income tax	(794)	(738)
NET PROFIT	**2,085**	**1,777**
Minority interests	(1)	(2)
NET ATTRIBUTABLE PROFIT	**2,084**	**1,775**

	Millions of euros Mexico and USA 2007	2006
Customer lending (1)	53,052	31,449
Customer deposits(2)	56,820	41,309
Deposits	51,358	34,879
Assets sold under repurchase agreement	5,462	6,430
Off-balance-sheet funds	19,862	18,478
Mutual funds	11,214	9,853
Pension funds	8,648	8,625
Other placements	3,127	3,294
Customer portfolios	12,919	6,941
Total assets	104,059	71,830
ROE (%)	47.6	46.7
Efficiency ratio (%)	36.3	35.9
Efficiency incl. Depreciation and amortization (%)	39.7	38.2
NPL ratio (%)	1.97	2.19
Coverage ratio (%)	189.1	248.9

(1) Gross lending excluding NPLs and Bancomer´s old mortgage portfolio

(2) Excluding deposits and repos issued by Bancomer´s unit and Puerto Rico

During 2007, the Mexican peso and the US dollar depreciated against the euro, producing a negative impact on the area's balance sheet and its aggregate earnings to December. This is why all year-on-year comparisons refer to constant exchange rates, as they are most significant when analysing management performance. The incorporation of Compass within the Group in September 2007 has contributed an operating profit of €138 million and a net attributable profit of €70 million. As of December 31, 2007 Compass showed €17,795 million in loans and €16,514 million in deposits.

At year-end 2007, the area manages loans and advances to other debtors valued at €53,052 million with an increase of 88.9% (+28.7% in BBVA Bancomer), funds (customer deposits, mutual funds, investment companies and intermediation products) of €71,162 million (+46.4% year on year, which is a 12.1% in BBVA Bancomer) and pension funds of €8,648 million (+12.4% year on year).

This increased activity and a high customer spread pushed net interest income up 33.1% over the year to €4,304 million and was the main driving force behind the area's earnings. Income from fees and insurance grew

24.8% to €1,934 million and net trading income 41.9% to €254 million. These figures plus the afore-mentioned net interest income growth led to ordinary revenues of €6,495 million, up 30.9% year on year.

Personnel and general administrative costs subtracted €2,359 million. They rose due to increased sales activity, expansion of the branch network in México (branches, ATMs and POS terminals) and the banks bought in the United States. Because these banks' cost-income ratios are not as good as Bancomer's, incorporating them into the structure brought the area's overall cost-income ratio up to 39.7% in 2007, compared to 38.2% in 2006. Nonetheless, Mexico improved its cost-income ratio by 1.5% and the United States by 2.4%. Meanwhile, operating profit reached €3,797 million. This was 28.5% higher than in 2006.

Increased loan-loss provisioning continued to reflect strong lending growth, as provisions are made against expected loss. The non-performing loan ratio (NPL) was checked further, at 1.97% compared with 2.19% in December 2006. And the coverage ratio remained high at 189.1%.

Finally, net attributable profit reached €2,084 million, increasing 28.4% year on year, while return on equity was 47.6% (ROE was 46.7% in 2006).

In Mexico, expansion has been made of the branch, ATM and point-of-sale terminal networks and further inroads have been made in extending banking usage, with a view to enlarging the customer base.

Within the sphere of Commercial Banking, new *Quincenas del Ahorro* (Savings Fortnights) have been arranged with *El Libretón* (Passbook) and new products have been rolled out for retail customers, such as Winner Card, a savings account for children and young people, *El Libretón Dólares*, associated with an international debit card, the credit cards *Tarjeta a tu Medida* (Customized Card) and *Tarjeta Instantánea* (Instant Card), with immediate approval in branch offices, a new card for family members receiving remittances from the United States and a new public liability insurance for trips to the USA. In addition, a campaign has been held for small enterprises involving the business loan *Crédito Redondo Negocios* (Business Loan). In turn, Banca Hipotecaria has launched the *Hipoteca Joven* (Young Persons Mortgage), which offers greater financing, a low monthly rate and a 20-year repayment period.

Asset Management has seen the launch of the *Fondo Privado de Inversión Inmobiliaria*, a private equity fund designed to drive the housing sector, as well as a new range of international funds. Likewise, in Companies and Government, credit admission powers have been extended in branch offices to improve both commercial performance and the service rendered to customers, and the distribution of derivatives to customers has begun (*Riskpyme* project).

In the USA, in January 2007, State National Bank joined the Group and progress has been made in the process of integrating the operations of the three banks in Texas (Laredo National Bank, Texas State Bank and State National Bank). September saw the completion of the process of purchasing Compass Bank and, at the end of the year, a new organizational structure has been put in place for BBVA USA, with an ambitious calendar for the legal and operating integration of the above four banks throughout 2008.

South America

	Millions of euros South America	
	2007	2006
NET INTEREST INCOME	**1,657**	**1,310**
Income by the equity method	2	3
Net fee income	919	815
Income from insurance activities	(11)	(6)
CORE REVENUES	**2,567**	**2,122**
Net trading income	201	283
ORDINARY REVENUES	**2,768**	**2,405**
Net revenues from non-financial activities	-	-
Personnel and general administrative expenses	(1,181)	(1,103)
Depreciation and amortization	(93)	(93)
Other operating income and expenses	(40)	(46)
OPERATING PROFIT	**1,454**	**1,163**
Impairment losses on financial assets	(269)	(149)
Loan loss provisions	(258)	(151)
Other	(11)	2
Provisions	(65)	(59)
Other income/losses	(18)	-
PRE-TAX PROFIT	**1,102**	**955**
Corporate income tax	(197)	(229)
NET PROFIT	**905**	**726**
Minority interests	(282)	(217)
NET ATTRIBUTABLE PROFIT	**623**	**509**

	Millions of euros South America	
	2007	2006
Customer lending [(1)]	21,839	17,366
Customer deposits[(2)]	25,310	22,773
Deposits	24,545	21,667
Assets sold under repurchase agreement	765	1,106
Off-balance-sheet funds	36,551	33,447
Mutual funds	1,725	1,575
Pension funds	34,826	31,872
Other placements	-	-
Customer portfolios	-	-
Total assets	34,690	30,496
ROE (%)	32.8	31.8
Efficiency ratio (%)	42.7	45.9
Efficiency incl. Depreciation and amortization (%)	46.0	49.7
NPL ratio (%)	2.14	2.67
Coverage ratio (%)	145.6	132.8

(1) Gross lending excluding NPLs.

(2) Includes marketable debt securities

In 2007, most Latam currencies weakened against the euro. This reflected negatively on the area's balance sheet and income statement. Therefore, the growth rates at all following comments are at constant exchange rates, which are the best indicator of management quality.

Booming domestic demand in all the region's countries enabled them to substantially improve key variables in the Latin-American financial-services industry, most notably profitability and solvency. Against this positive backdrop, the South America area has obtained €623 million in attributable profit, 29.3% up on 2006 and a return on equity of 32.8% (ROE was 31.8% in 2006).

A sales drive in all the area's units produced strong growth in customer business, especially in lending, which reported a balance of € 21,839 million at the end of December, growing 33.5% year on year. This rise in lending was seen both in loans to individuals and to SMEs. Customer funds (including mutual funds) reach €27,035 million (+18.8%). Pension funds were up 14.8% on the 2006 figure, with €34,826 million under management at the end of the year.

This positive performance was further fuelled by the maintenance of spreads in all the companies, which pushed net interest income up to €1,657 million, ie, 33.2% higher than the previous year. Fee income and revenues from insurance activity benefited from the sales drive, jointly rising 18.8% against 2006, reaching €908 million. Net trading income was affected by the unstable market situation in the last quarters and recorded lower capital gains than in 2006 due to lower equity-portfolio sales. This all fed into ordinary revenues of €2,768 million, up 21.9% year on year.

General administrative costs showed lower growth than revenues, increasing 12.8% in 2007, despite considerable marketing activity and high inflation in Venezuela and Argentina. This meant the cost-income ratio improved further, reaching 46.0% for the year, as against 49.7% in 2006. Operating profit rose €1,454 million, 33.2% more than the previous year.

Risk management remained strict, allowing the area to continue improving its asset quality: The non-performing loan ratio stood at 2.14% as of December 31, 2007, down from 2.67% at year-end 2006. Nonetheless, more lending meant higher calculated collectively provisioning, which led to a strong year-on-year increase in loan-loss provisions and raised the coverage ratio to 145.6% in December 2007.

Marketing activity in all countries throughout the year has continued to be focused on a policy of encouraging banking usage, with the aim being to enlarge the customer base.

Amongst the new products launched by BBVA Banco Francés in Argentina, special mention should be made of the deposit *Plazo Fijo Renta Asegurada* (Fixed-Term Guaranteed Income), the Visa Platinum card, MasterCard Black for the high-income bracket, the offer of loans through ATMs, several ground-breaking solutions in the real-estate market, the creation of the Blue segment (with cards and other benefits for young people) or the adoption of the *Riskpyme* model, which will make market products available to customers.

BBVA Chile has continued to expand its BBVA Express branch network and, through Forum, an entity devoted to vehicle finance acquired in 2006, it has extended its lending offer in this segment. In turn, BBVA Colombia has launched *Generación XXI*, a program for young people, and new loans for car purchases that finance 100% of the amount over 76 months in 12 or 14 installments per year.

BBVA Banco Continental in Peru has subscribed an agreement with the IFC (World Bank) for financing mortgages and SMEs and receives funding from the IDB in support of the housing sector. It has launched a new payment system for online shopping and has begun to market hedge derivatives for SMEs (*Riskempresa*). Banco Provincial in Venezuela has also rolled out the Blue Program for young people and new lines of instant finance through credit cards and for companies via e-banking.

In the pensions and insurance business, the year has also been characterized by intensive marketing activity, including the design of new products, the reinforcement of alternative sales channels and the search for opportunities in new markets. This has all taken place within a changing regulatory environment, especially in the pension business. In the fourth quarter of 2007 the Group has sold its stakes in AFP Crecer and BBVA Seguros, both in the Dominican Republic.

Corporate Activities

	Millions of euros Corporate Activities	
	2007	**2006**
NET INTEREST INCOME	**(610)**	**(368)**
Income by the equity method	(2)	23
Net fee income	(18)	50
Income from insurance activities	(33)	(24)
CORE REVENUES	**(663)**	**(319)**
Net trading income	1,190	841
ORDINARY REVENUES	**527**	**522**
Net revenues from non-financial activities	(1)	(1)
Personnel and general administrative expenses	(502)	(444)
Depreciation and amortization	(139)	(139)
Other operating income and expenses	(14)	(13)
OPERATING PROFIT	**(129)**	**(75)**
Impairment losses on financial assets	(7)	9
Loan loss provisions	(3)	26
Other	(4)	(17)
Provisions	(167)	(1,193)
Other income/losses	101	771
PRE-TAX PROFIT	**(202)**	**(488)**
Corporate income tax	311	165
NET PROFIT	**109**	**(323)**
Minority interests	4	(6)
NET ATTRIBUTABLE PROFIT	**113**	**(329)**

The year-on-year comparison of the area's net interest income was impacted by higher wholesale-funding costs and the finance for the Compass acquisition, especially in the last months of the year. Net interest and fee income figures are affected by the inclusion of Banc Internacional de Andorra revenues prior to its sale in April 2006. The divestment of the holding in Banca Nazionale del Lavoro in the second quarter of 2006 also brought down earnings booked under the equity method.

For the year as a whole, net trading income stood at €1,190 million. €847 million of these were one-off capital gains from the sale of the Iberdrola holding, whereas in 2006 €841 million one-off capital gains were generated, €523 million of which came from the divestment of the Repsol YPF holding. Operating profit for 2007 was -€129 million, compared against the -€75 million from the previous year. Subtracting the said one-off capital gains gives an operating profit of -€976 million (-€598 million in 2006).

€312 million were set aside to provision for early retirements in Spain, of which €100 million were one-off provisions linked to the Transformation Plan. In 2006, the early-retirement provisions had been €1,054 million, of which €777 million were one-offs linked to the branch-network restructuring in Spain and the Group's new organisational structure. Other profits and losses also includes the following one-offs in 2007: a net of €73 million coming from capital gains from properties sold off as part of the project for a new corporate centre (€279 million) and the endowment to the BBVA microfinance foundation (a charge of -€200 million). In 2006, €751 million had been booked for capital gains on the divestment of the holdings in BNL (€568 million) and Banc Internacional de Andorra (€183 million).

In the fourth quarter of 2006, an extraordinary charge of €457 million impacted the figure for taxes on earnings, as the Group's deferred taxes were adjusted to the lower rate established under new regulations (32.5% in 2007 and 30% as of 2008, as compared with the earlier 35% rate). The area's net attributable profit for 2007 was €113 million (-€329 million down on the previous year). However, excluding all the one-offs mentioned above and their tax impact, the attributable profit was -610million (-€485 million in 2006).

SIGNIFICANT CONTRACTS

The Group is not aware of the signature of any material contracts other than those executed during the Bank's ordinary course of business during the two years immediately ending December 31, 2007, except those aforementioned in the accompanying consolidated financial statements.

Nor is the Group aware that the Bank or any of the Group's subsidiaries have entered into contracts that could give rise to material liabilities for the Group.

DEPENDENCE ON PATENTS, LICENSES OR SIMILAR

At the time of preparing the accompanying consolidated annual accounts, the BBVA Group is not materially dependent on the issuance of patents, licences, industrial, mercantile or financial contracts or on new manufacturing processes in carrying out its business purpose.

GROUP CAPITAL

In accordance with the rules of the Bank for International Settlements (BIS) the capital base of the BBVA Group at the end of 2007 was €32,452 million (+7.6% for the same period in 2006). Risk-weighted assets rose 20.6% in 2007 to €304,327 million. Therefore the capital base surplus (in excess of the 8% of risk-weighted assets required by the rules) was €8,106 million.

Core capital came to €16,119 million, which is 5.3% of risk-weighted assets, compared to 6.2% as of December 31, 2006.

After adding preference securities to core capital, Tier I stands at €20,659 million, which is 6.8% of risk-weighted assets (7.8% as of December 31, 2006). Preference securities currently account for 22.0% of Tier I capital.

Other eligible capital (Tier II), which mainly consists of subordinated debt and latent capital gains, came to €11,793 million. This is 3.9% of risk-weighted assets (4.2% as of December 31, 2006).

As a result as of December 31, 2007 the BIS ratio of total capital stands at 10.7% (12.0% as of December 31, 2006).

	Millions of euros	
ASSETS	**2007**	**2006**
CAPITAL (TIER I)	**20,659**	**19,573**
Capital	1,837	1,740
Reserves	18,045	13,694
Minority interests	763	705
Deductions	(10,534)	(5,327)
Net attributable profit	6,008	4,736
Preference securities	4,540	4,025
OTHER ELIGIBLE CAPITAL (TIER II)	**11,793**	**10,591**
Subordinated debt	10,072	8,783
Valuation adjustments and other	2,076	1,842
Deductions	(355)	(34)
CAPITAL BASE (TIER I + TIER II) (a)	**32,452**	**30,164**
Minimum capital requirement (BIS Regulation)	24,346	20,190
CAPITAL SURPLUS	**8,106**	**9,974**
MEMORANDUM		
Risk weighted assets (b)	304,327	252,373
BIS RATIO (%) (a)/(b)	**10.7**	**12.0**
CORE CAPITAL	**5.3**	**6.2**
TIER I (%)	**6.8**	**7.8**
TIER II (%)	**3.9**	**4.2**

CAPITAL STOCK AND TREASURY SHARES

In compliance with article 116 bis of the Law on the Securities Market Act, this report has been drawn up on the aspects listed below:

- **The capital structure, including securities not traded on the EC regulated markets, with indication of different classes of shares and, for each class, the rights and obligations they confer and the percentage of share capital that they represent:**

At 31st December 2007, the share capital of Banco Bilbao Vizcaya Argentaria, S.A. stood at €1,836,504,869.29. This comprised 3,747,969,121 nominative shares with a face value of €0.49 each, fully subscribed and paid up.

All the shares in BBVA's share capital bear the same voting and economic rights.

The shares of Banco Bilbao Vizcaya Argentaria, S.A. are listed on the Spanish continuous market and in Mexico (Bolsa Mexicana de Valores) and on the stock exchanges in New York, Frankfurt, London, Zurich and Milan.

BBVA Banco Francés, S.A. is listed on the Latin-American market of the Bolsa de Madrid. BBVA's American Depositary Shares (ADS) are listed on the New York exchange and traded on the Bolsa de Lima (Peru) under an agreement between both markets.

At 31st December 2007, the shares of BBVA Banco Continental, S.A., Banco Provincial C.A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Francés, S.A. and AFP Provida were trading on the local exchanges within their different countries. BBVA Banco Francés, S.A. and AFP Provida were also trading on the New York Stock Exchange.

The BBVA has no debt issues that can be converted into and/or swapped for BBVA shares.

On 10th September 2007, BBVA made a capital increase, approved by the Extraordinary General Meeting (EGM), 21st June 2007. It comprised an issue of 196,000,000 ordinary shares to use as the consideration for the takeover of the entire share capital of Compass Bancshares, Inc.

The AGM, 28th February 2004, conferred authority on the Board of Directors, pursuant to article 153.1.b) of the Companies Act, to resolve to increase the capital on one or several occasions, up to the maximum nominal amount representing 50% of the Company's share capital subscribed and paid up on the date when the resolution is adopted, ie, €830,758,750.54. The directors have the legally established time period during which to increase the capital, ie, five years. The only amount that BBVA has drawn down against this authorisation so far is the capital issue it made in November 2006 for € 78,947,368.22.

Apart from the aforementioned resolutions, it is reported that the AGM, 18th March 2006, resolved to confer on the Board of Directors the authority to issue, within the maximum period of five years, on one or several occasions, directly or through subsidiary companies with full guarantee from the Bank, all kinds of debt instruments, documented as debentures, bonds of any class, promissory notes, warrants of any class, totally or partially exchangeable for shares already issued by the Company itself or by another company or as futures payable by cash settlement, or any other fixed-income securities, in euros or in any other currency, to be subscribed in cash or in kind, nominative or made out to the bearer, senior or secured by any kind of guarantee, including mortgage-backed securities, with or without the incorporation of warrants, subordinate or not, with a time limit or open-ended term. The total maximum nominal amount authorised is €105,000 million, this amount was increased by €30,000 million by the Ordinary General Meeting held on March 16, 2007, reaching an aggregate limit set €135,000 million.

At 31st December 2007, there were no significant capital issues in the pipeline amongst the companies of the Financial Group.

During 2007 and 2006, the Group companies have carried out the following transactions with shares issued by the Bank:

	Number of shares	Millions of euros
Balance as of January 1, 2006	**7,609,267**	**96**
+ Purchase	338,017,080	5,677
- Sales	(337,319,748)	(5,639)
+/- Others	(394)	(1)
- Derivatives over BBVA shares	-	14
Balance as of December 31, 2006	**8,306,205**	**147**
+ Purchase	921,700,213	16,156
- Sales	(914,169,726)	(16,041)
+/- Others	-	(1)
- Derivatives over BBVA shares	-	128
Balance as of December 31, 2007	**15,836,692**	**389**

The average purchase price for the shares in 2007 was €17.53 per share and the average selling price for the shares in 2007 was €17.51 per share.

Net trading income generated by these shares issued by the Bank were booked under net assets under "Equity and Reserves". At 31st December 2007, said income was a negative amount of €26m.

The Bank and some of its nominee companies held 15,836,692 and 8,306,205 Banco Bilbao Vizcaya Argentaria S.A. shares respectively at year-end 2007 and year-end 2006. These represented 0,423% and 0,233% of the share capital in circulation in 2007 and 2006, respectively. The book value of these shares was €389m and €147m at 31-Dec-07 and 31-Dec-06, respectively. During 2007, the percentage of shares the Group had in its treasury stock varied between a minimum of 0.136% and 1.919% of its capital (between 0,020% and 0,858% during 2006).

DATE	ENTITY	NUMBER OF SHARES	% TREASURY SHARES
	BBVA	291,850	0.008%
	Corporación General Financiera	15,525,688	0.414%
	Others	19,154	0.001%
December 31, 2007	**Total**	**15,836,692**	**0.423%**
	BBVA	2,462,171	0.069%
	Corporación General Financiera	5,827,394	0.164%
	Others	16,640	0.000%
December 31, 2006	**Total**	**8,306,205**	**0.233%**

- **Significant direct and/or indirect holdings in the share capital**

As of December 31, 2007, BBVA had not been informed of any significant holding in its share capital, except the holding owned by Mr Manuel Jove Capellán who, on said date, owned a significant holding of 5.010% of the BBVA share capital through the companies, IAGA Gestión de Inversiones, S.L., Bourdet Inversiones, SICAV, S.A. and Doniños de Inversiones, SICAV, S.A.. Moreover, the Bank of New York International Nominees, Chase Nominees Ltd and State Street Bank & Trust Co, as international custodians and deposit banks, respectively held 4.16%; 5.76% and 5.90% in the BBVA share capital.

- **Any restriction on the transferability of securities**

There are no restrictions under law or under the Company bylaws on the free acquisition and transfer of shares. However, articles 56 and following in Act 26/1988, on July 29, on discipline and comptrol in financial institutions, established the need to notify the Bank of Spain before buying or selling significant shareholdings in Spanish financial institutions.

- **Any restriction on voting rights**

There are no restrictions under law or under the Company bylaws on the exercise of voting rights.

- **Agreements that regulate the exercise of voting rights**

BBVA has not been notified of the existence of any side agreements that regulate the exercise of voting rights at the Bank's General Meetings, or which restrict or place conditions upon the free transferability of BBVA shares.

DISTRIBUTION OF PROFIT

In 2007 the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. resolved to pay the shareholders three interim dividends out of 2007 profit, amounting to a total of €0.456 gross per share. The aggregate amount of the interim dividends declared as of December 31, 2007, net of the amount collected and to be collected by the consolidable Group companies, was €1,661 million and is recorded under "Equity-Dividends and Remuneration" in the related consolidated balance sheet. The last of the aforementioned interim dividends, which amounted to €0.152 gross per share and was paid to the shareholders on January 10, 2008, was recorded under the heading "Financial Liabilities at Amortised Cost – Other Financial Liabilities" in the consolidated balance sheet as of December 31, 2007.

The provisional accounting statements prepared in 2007 by Banco Bilbao Vizcaya Argentaria, S.A. in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the interim dividends were as follows:

	Millions of Euros		
	31-05-2007 Dividend 1	31-08-2007 Dividend 2	30-11-2007 Dividend 3
Interim dividend - Profit at each of the dates indicated, after the provision for income tax	1,301	3,088	3,426
Less -			
Estimated provision for Legal Reserve	-	(19)	(19)
Interim dividends paid	-	(539)	(1,109)
Maximum amount distributable	**1,301**	**2,530**	**2,298**
Amount of proposed interim dividend	**539**	**570**	**570**

The Bank's Board of Directors will propose to the shareholders at the Annual General Meeting that a final dividend of €0.277 per share be paid out of 2007 income. Based on the number of shares representing the share capital as of December 31, 2007, the final dividend would amount to €1,038 million and profit would be distributed as follows:

	Millions of Euros
Net profit for 2007	**3,612**
Distribution:	
Dividends	
- Interim	1,679
- Final	1,038
Legal reserve	19
Voluntary reserves	876

The distribution of profit per share during 2007 and 2006 is as follows:

	First interim	Second interim	Third interim	Final	Total
2006	0.132	0.132	0.132	0.241	0.637
2007	0.152	0.152	0.152	0.277	0.733

RISK MANAGEMENT

THE RISK MANAGEMENT SYSTEM AT BBVA

The BBVA Group considers risk management to be an intrinsic part of the banking business and a source of its competitive advantage. In a diversified, internationally active group, the appropriate identification, measurement and valuation of the various types of risk is of key importance if it is to expand its business in keeping with the desired risk profile and guarantee the sustainability thereof in the medium and long term.

The basic objectives of the BBVA Group risk management system are to cater for the specific needs of customers and to assure the Group's solvency, in keeping with the expectations of the risk profile approved as part of its business strategy.

Basel II

In tandem with the process of integrating further the risk management and business decision-making functions, the Group is entering into the final stage of adaptation to Basel II. From the outset, the Group has opted to use the most advanced models for both credit and operational risk (it already has an internal market risk model to calculate capital utilization which has been approved by the Bank of Spain).

In accordance with timetable established by the regulators, in 2007 the Group submitted the mandatory documentation on the models being presented by it for validation.

In this matter the Group is collaborating actively with the supervisors in general, especially with the Bank of Spain and the National Banking and the Securities Commission of Mexico (CNBV for its initials in Spanish) to make consistent and coordinated progress on the process of validating advanced.

CREDIT RISK MANAGEMENT

Evolution of credit risk exposure and quality

As of December 31, 2007, the Group's maximum credit risk exposure was €596,008 million, 20.26% higher than at year-end 2006.

Customer lending risk exposure (64.4% of the total, including contingent liabilities) and third-party liabilities (17.02%) increased by 25.74% and 3.27%, respectively, while the potential exposure to lending risk in market activities, including potential exposure from derivatives, which accounts for 18.57% of the total, increased by 20.24%.

During the year, the distribution of credit risk with customers was affected by the depreciation of the Latin American currencies relative to the euro and the incorporation of the Compass Bancshares, Inc. The combined effect of these two factors together with that of organic growth was to leave the geographic breakdown of risk exposure similar in 2007 to that of 2006: Spain (including foreign branches, essentially in Europe) accounted for

76.18% of total exposure while the rest of Europe accounted for 2.13%, while exposure to the Americas represented 21.67%.

As of December 31, 2007 doubtful loans amounted to €3,408 million, a 34.6% increase from 2006, of which €50 million related to doubtful contingent exposures. The flow of loans becoming non-performing rose to 20.9% of critical mass (doubtful balances plus new entries for the year), compared to 13.9% in 2006.

The Group's NPL ratio reached 0.89% as of December 31, 2007, as compared to 0.83% on the same date of 2006. It can be broken down by business area as follows: The NPL ratio for Spain and Portugal was 0.73% (0.55% as of December 31, 2006) and even lower on the residential mortgage portfolio for individuals and developers (0.42%), where most lending was in owner-occupier mortgages which have a moderate loan-to-value ratio. Latest available data shows that the NPL ratio in Spain remains below the industry average. Global Businesses achieved an all-time low NPL ratio of 0.02% (0.04% as of December 31, 2006). Mexico & the United States has brought its ratio down to 1.97% (from 2.19% in December 2006), while South America has improved its ratio to 2.14% from 2.67% as of December 31, 2006.

Provisioning for credit risk in the consumer lending portfolio rose 11% to €7,662 million due to an increase in provisions calculated collectively on impaired current assets triggered by the sharp growth in lending. The increase in provisioning was uniform across all business areas resulting in an improvement in the BBVA Group's coverage ratio (to 224.8%) with strong ratios across all the board: Spain and Portugal is 231.2%, Global Businesses is higher than 4.400%, Mexico and the United States is 189.1% and South America is 145.6%.

MARKET RISK MANAGEMENT

Risk management in market areas

In 2007 the BBVA Group's market exposure continued to fall to very moderate levels and ended the fourth quarter with weighted average utilisation of VaR limits of 52%.

By geographical area, at 2007 year-end 79.5% of the market risk related to banking in Europe and the United States, 13.8% is concentrated in Mexico and 6.7% in the other Latin-American banks.

The back-testing performed using management results for the BBVA, S.A.'s market risk in 2007, which consisted of comparing for each day the results on the positions with the level of risk estimated by the model, confirms the correct functioning of the risk management model.

OPERATIONAL RISK

In 2007, BBVA made significant progress in rolling out its operational risk tools in order to qualify for the advanced management model as defined by Basel convergence criteria.

CORPORATE GOVERNANCE

In accordance with the provisions of article 116 of the Spanish Securities Market Law, enacted by Law 26/2003, dated July 17, the Group has prepared a corporate governance report for 2007 following the content guidelines set down in Order ECO 3722/2003 dated December 26 and in CNMV (Spanish securities regulator) Circular 1/2005, dated March 17, including a section detailing the degree to which the Bank is compliant with existing corporate governance recommendations in Spain.

In addition, all the disclosure required by article 117 of the Spanish Securities Market Law, as enacted by Law 26/2003 and by Order ECO 3722/2003 dated December 26 can be accessed on BBVA's webpage (www.bbva.es) in the section entitled "Corporate Governance"

In compliance with article 116 b of the Securities Market Act, the Group includes the information detailed as follows:

REGULATIONS APPLICABLE TO APPOINTMENTS AND SUBSTITUTION OF MEMBERS OF GOVERNING BODIES AND THE AMENDMENT OF COMPANY BYLAWS

Pursuant to the Bank's Board Regulations, directors shall be appointed to the Board by the General Meeting without detriment to the faculty of the Board to co-opt members in the event of a vacancy.

In any event, proposed candidates for appointment as directors must meet the requirements of applicable legislation in regard to the special code for financial entities, and the provisions of the Company's bylaws.

The Board of Directors shall put its proposals to the General Meeting of the Bank's shareholders in such a way that, if approved, the Board would contain an ample majority of external directors over executive directors and at least one third of the seats would be occupied by independent directors.

The proposals that the Board submits to the Bank's General Meeting for the appointment or re-election of directors and the resolutions to co-opt directors made by the Board of Directors shall be approved at the proposal of the Appointments & Remuneration committee in the case of independent directors and on the basis of a report from said committee in the case of all other directors.

The Board's resolutions and deliberations shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave the room

Amendment of the Bank bylaws

Article 30 of the BBVA Bank bylaws establishes that the General Meeting of shareholders has the power to amend the Bank bylaws and/or confirm and rectify the interpretation of said bylaws by the Board of Directors.

This shall be subject to the regulations established under articles 144 and following of the Companies Act.

The above notwithstanding, in order to adopt resolutions for substituting the corporate object, transforming, breaking up or winding up the company and amending this second paragraph of the present article, the General Meeting on first summons must be attended by two thirds of the subscribed capital with voting rights and on second summons, 60% of said capital.

POWERS OF THE BOARD MEMBERS AND, IN PARTICULAR, POWERS TO ISSUE AND/OR BUY BACK SHARES

The executive directors shall hold broad-ranging powers of representation and administration in keeping with the requirements and characteristics of the posts they occupy.

With respect to the Board of Directors' capacity to issue BBVA shares, the AGM, 28th February 2004, resolved to confer authority on the Board of Directors, pursuant to article 153.1.b) of the Companies Act, to resolve to increase the capital on one or several occasions up to the maximum nominal amount representing 50% of the Company's share capital that is subscribed and paid up on the date on which the resolution is adopted, ie, €830,758,750.54. The directors have the legally established time period during which to increase the capital, ie, five years. The only amount that BBVA has drawn down against this authorisation so far is the capital issue it made in November 2006 for €78,947,368.22.

Likewise, the AGM, 16th March 2007, pursuant to article 75 of the Spanish Companies Act, authorised the Company, directly or through any of its subsidiary companies, for a maximum of eighteen months, to buy Banco Bilbao Vizcaya Argentaria, S.A. shares at any time and as often as deemed timely, by any means accepted by law.

SIGNIFICANT RESOLUTIONS THAT THE COMPANY MAY HAVE PASSED THAT COME INTO FORCE, ARE AMENDED OR CONCLUDE IN THE EVENT OF ANY CHANGE OF CONTROL OVER THE COMPANY FOLLOWING A PUBLIC TAKEOVER BID, AND WHOSE EFFECTS, EXCEPT WHEN SUCH DISCLOSURE MAY BE SERIOUSLY DAMAGING FOR THE COMPANY THIS EXCEPTION SHALL NOT BE APPLICABLE WHEN THE COMPANY IS LEGALLY OBLIGED TO DISCLOSE THIS INFORMATION.

BBVA is not aware of any resolution that could give rise to changes in the control over the issuer.

AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS, MANAGERS OR EMPLOYEES ESTABLISHING INDEMNITY PAYMENTS WHEN THEY RESIGN OR ARE DISMISSED WITHOUT DUE CAUSE OR IF THE EMPLOYMENT CONTRACT EXPIRES DUE TO A TAKEOVER BID

The Bank's executive directors (the chairman & CEO, the president & COO and the company secretary) are entitled under their contracts to receive indemnity should they leave on grounds other than their own will, retirement, invalidity or dereliction of duty. The amount, terms and conditions of this indemnity are detailed in Note 57 of the annual report.

The Bank recognised the entitlement of some members of its management team, 59 senior managers, to be paid indemnity should they leave on grounds other than their own will, retirement, invalidity or dereliction of duty. The amount of this indemnity will be calculated in part as a function of their annual remuneration and the number of years they have worked for the Company and in part as a function of the amounts due to them under the passive rights they may have accumulated.

The Bank has agreed clauses with some staff (50 technical and specialist employees) to indemnify them in the case of dismissal without due cause. The amounts agreed are calculated as a function of the professional and wage conditions of each employee.

RESEARCH AND DEVELOPMENT

BBVA views innovation as a strategic priority and a vital element for its growth and differentiation. It has therefore launched an ambitious Innovation and Transformation Plan, the driving force of which is innovation.

In BBVA, it is the business units that are responsible for developing their innovation plans. Moreover, an Innovation and Development unit has been set up which is undertaking projects coming under three lines of activity:

1. News ways of marketing and communication: Through identifying the changes that are taking place in society, BBVA has put under way a plan to establish new relationship and communication models with its customers.
2. New digital businesses: BBVA is developing new services that will enable it to extend its relationship with consumers. In order to develop these, we are essentially applying two methods: On the one hand, extending our internal capacities, and on the other, building on the attributes and values linked to our brand.
3. New ways of internal collaboration: The aim is to incorporate new tools and ways of internal relations to improve Group efficiency and to pave the way for teamwork and foster communication.

ENVIRONMENTAL INFORMATION

The environmental impacts of a financial services group such as BBVA are basically of two kinds:

- Direct impacts: arising from the consumption of energy and raw materials.
- Indirect impacts: resulting from the Group's risk policy and the creation and marketing of products and services.

The Environmental Policy approved by the Group in 2003 addresses both kind of impact being applicable to the all the activities and all the countries where the Group operates.

The key aspects of this policy are:

- Efficient use of natural resources.
- Compliance with prevailing legislation.
- Incorporation of environmental criteria in financial transaction risk analysis.
- Development of products and services that are environmentally friendly.
- Exercising a positive influence on the environmental behavior of stakeholders.

The Department of Corporate Responsibility and Reputation, which reports to the Communication and Image Department since 2005, is responsible for coordinating this policy.

The Group's environmental activities in 2007 included most notably:

1) Adhesion to two voluntary declarations against global warming:
   - "Concerned on climate change: Entrepreneur leadership platform".
   - Bali Statement.
2) Continuity in the inclusion process of the Equator Principles, after their review in 2006, for project financing transactions greater than US$10 million in size.
3) Extension of ISO 14001 certification to specific Group buildings.
4) Commitment by Anida (BBVA's real estate entity) for following strict sustainability criteria in all of its activities; assigning 0.7% of its net profit to corporate responsibility initiatives, with a special focus on environmental patronage.
5) Participation in the Clean Development Mechanisms provided for in the Kyoto Treaty to reduce carbon emissions in Central America.
6) Financing of projects with a positive environmental impact, focusing on renewable energies with special significance of wind power.
7) Progress on the implementation of the so-called "Ecorating" tool designed to evaluate the environmental risk of loan portfolios.

8) BBVA Foundation's Environmental Program, designed to promote excellence in investigation and the dissemination of environmental knowledge and awareness. Among the many initiatives undertaken in 2007, we would highlight the BBVA Foundation Prizes for the Frontier in Knowledge, which includes categories such as ecology and biology of preservation or climate change

As of December 31, 2007, there were no items in the Group's consolidated financial statements that warranted inclusion in the separate environmental information document envisaged in the Ministry of the Economy Order dated October 8, 2001.

REPORT ON THE ACTIVITY OF THE CUSTOMER CARE AND CUSTOMER OMBUDSMAN DEPARTMENT

In Spain the BBVA Group has a Customer Care Service in place to manage customer complaints and grievances. In addition, if a customer were unsatisfied with the solution proposed by the Customer Care Service, he or she has a second line of defense in the Customer Ombudsman.

In accordance with the stipulations of article 17 of the Ministry for the Economy Order ECO/734/2004, dated March 11 regarding customer care and consumer ombudsman departments at financial institutions, and in line with the BBVA Group's "Internal Regulations for Customer Protection in Spain" approved by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. in its session of July 23, 2004, the following is a summary of related activities in 2007:

REPORT ON THE ACTIVITY OF THE CUSTOMER CARE DEPARTMENT IN 2007

a) Statistical summary of the grievances and complaints handled by BBVA's Customer Care Service in 2007,

The number of customer complaints received by BBVA's Customer Care Service in 2007 was 8,430, of which 399 were ultimately not processed because they did not comply with the requirements of Ministry of the Economy Order ECO/734/2004. 93.5% of the complaints (7,509 files) were resolved in the year and 522 complaints had not yet been analysed as of December 31, 2007.

The complaints managed can be classified as follows:

	Percentage of Complaints
Commision and expenses	17.6%
Operations	17.2%
Insurances	16.7%
Assets products	15.6%
Customer information	14.5%
Collection and payment services	8.9%
Finacial and welfare products	6.3%
Other complaints	3.2%

The detail of the complaints handled in 2007, by the nature of their final resolution, is as follows:

	Number of Complaints
In favour of the person submitting the complaint	3,079
complaint	838
In favour of the BBVA Group	3,592

The principles and methods used by the Customer Care Service to resolve complaints are based on the application of the rules on transparency and customer protection and best banking practices. The Service adopts its decisions independently, notifying the various units involved of any actions which require review or adaptation to the related regulations.

b) Recommendations or suggestions deriving from your experience, with a view to better attaining the aims of your work.

In 2007 the Customer Care Service encouraged the use of the branch network to resolve a large number of complaints through closer contact with customers. This facilitated the obtainment of amicable agreements, which without doubt resulted in a greater perception of quality by customers.

Various recommendations were implemented which led to a series of initiatives designed to improve banking practices at the companies subject to banking industry regulations.

We would highlight that as a result of the strategic and operational improvements implemented at this unit, in continuation of the effort begun in 2006, the number of complaints presented before the various public supervisory entities fell again in 2007. During 2007 the number of complaints lodged with the Bank of Spain and referred to BBVA totaled 229 (including the matters detailed below in the report on the activity of the customer ombudsman), representing a 3.4% decline year-on-year.

REPORT ON THE ACTIVITY OF THE CONSUMER OMBUDSMAN OF BBVA

a) Statistical summary of the grievances and complaints handled by BBVA's Consumer Ombudsman in 2007

The number of customer complaints received by BBVA's Consumer Ombudsman in 2007 was 1,780 of which 74 were ultimately not processed because they did not comply with the requirements of Ministry of the Economy Order ECO/734/2004. 93.82% of the complaints (1,670 files) were resolved in the year and 36 complaints had not yet been analysed as of December 31, 2007.

The grievances and complaints handled are classified in the table below in line with the criteria established by the Claims Service of the Bank of Spain in its half-yearly data compilations:

	Number of Complaints
Assets operations	237
Liabilites operations	221
Other banking products (Cash, Automated teller…)	92
Collection and payment services	92
Investment services	275
Insurance and welfare products	587
Other complaints	166

The detail of the files resolved in 2007, according to its final resolution, was as follows:

	Number of Complaints
In favour of the person submitting the complaint	168
Partially in favour of the person submitting the complaint	830
In favour of the BBVA Group	672

Based on the above, over 60% of the customers bringing a complaint before the BBVA Consumer Ombudsman, were in some way satisfied, either as a consequence of the final resolution of the Ombudsman or because of its role as middleman in favor of the person submitting the claim.

The Ombudsman issues its verdicts based on prevailing legislation, the contractual relationships in place among the parties, current standards on transparency and customer protection on best banking practices and, especially, on the principle of equality.

The independent nature of the role of the Consumer Ombudsman is vital and is a requirement to earn the trust of the institution's clientele. Verdicts handed down by the Ombudsman in favour of the customer are binding on the affected Group entity.

b) Recommendations or suggestions derived from the experience acquired by the ombudsman activity, with a view to better attaining the aims of its work.

Among the various initiatives implemented by the Entity at the behest of the Ombudsman in 2007, we would highlight the following:

- The Consumer Ombudsman has always exposed various recommendations in its successive annual reports, like urging the bank to adopt appropriate measures to make it easier to conclude the inheritance procedures of those goods deposited under the name of a deceased client, in favour of those who will inherit them.

  During 2007 the Ombudsman was informed that the bank had started a testamentary management center in order to speed up those procedures.

- Following a proposal made by the Ombudsman and the Customer care service, the form used in foreign checks deposit in accounts transactions has been modified in order to make sure that the client is informed that the deposit is done under the clause "under good end, provisional" so that the client understands it can be returned by the other credit institution because of fraud or manipulation.

- Finally, at joint behest of the Ombudsman, the Internal quality department and the customer care department, a meeting of the managers and personnel of those units took place in November with the objective of analyzing the management of claims and the improvement measures that can be implemented.

Clients not satisfied with the resolution of the Consumer Ombudsman, can take them before the Bank of Spain, the Spanish National Securities Market Commission and the Spanish General Directorate of Insurance. The Ombudsman always notifies this to the clients.

In 2007, the percentage of complaints examined or resolved by the Consumer Ombudsman that were afterward presented by the client before the abovementioned organisms was 6.40% in comparison to 7.08% during 2006.

FUTURE OUTLOOK

With Global growth in the region of 4.8%, 2007 has been a prolongation to the economic expansion phase of the begun in 2003. In general terms, a certain slowdown was observed in the industrialised countries. It was most significant in the United States, which grew at a rate of 2.1% as compared to 2.9% achieved in 2006. The European Monetary Union, experienced a sound pace of activity expansion, with a 2.6% growth rate, just two tenths below that recorded in 2006. China and other emerging markets kept up their dynamism, going on to take on an even more outstandingly predominant role, if possible, in Global growth. Spanish economy kept showing remarkable drive, with 2007 growth at 3.8%, very similar figure to 2006, and significantly above the EMU average.

A cyclical moderation in the growth rate is expected for 2008, the intensity of which will be conditioned by the uncertain financial environment. This factor is compounded by the continued increase in oil prices, which again reached record highs in 2007. However, It seems reasonable to expect that the emerging economies, based on the foundations they have laid in recent years and the strength of their internal demands, will not be so significantly affected and will continue to be the driving forces of Global growth.

BBVA Group has a very sound business model that responds correctly to these changes, targeting new kind of consumers and benefiting from the information technologies revolution. In this situation, BBVA Group is confident to be in an optimal position concering risk management, compared to other competitors. From this position, BBVA is committed to continue delivering sound returns and dividends, through a differential strategy based on transformation, innovation and profitable growth.

BUSINESS AREA PLANS

At the end of 2007 BBVA Group continues with its Transformation Plan, by integrating 7 Regional Head Offices from the individuals, SMEs, corporate and institutions banking networks into the Spain and Portugal business area. The aim of this new structure is to simplify the organisation, and in short, provide it with enhanced strength for commercial management. The final objective of this restructuring is to take advantage of the existing synergies among the various banking networks and to achieve enhanced proximity to its customers.

There have also been changes in Global Businesses aimed at adapting this area to the new market reality and being more customer-focused. For this purpose, a Global Corporate & Investment Banking unit has been created.

In Mexico we have continued pursuing an innovation strategy in low-cost fund gathering products and for differentiated segments, which keep us on the path of profitable growth.

In the USA, the acquisition of Compass Bank represented a decisive step in BBVA's growth strategy in the United States in 2007, and in its objective of becoming a finance services company with global reach.

In South America, 2007 has seen the start of the Transformation Plan which includes the implementation of BBVA Group model through the organisational integration of the Bank, Pension Fund Managers and insurance companies in each country, thus leading to an increase in productivity and hence in efficiency in the whole region.

As a result, BBVA Group is beginning 2008 with the ideal structure to face the new year in the best possible circumstances.

SPAIN AND PORTUGAL

Throughout 2007, Spain and Portugal has managed the individuals segment (Solutions for Individuals) and the small businesses, professional practices, the self-employed, retailers and farmers (Solutions for Small Businesses) with a widespread commercial offering and high degree of personalisation. Likewise, it has also integrated the Corporate and Business Banking unit (*BEC*), servicing the SMEs, Iberian corporations and Iberian subsidiaries of foreign multinationals and public and private institutions segments, together with its Consumer Finance activity, through Finanzia and Uno-e, the European Insurance business and BBVA Portugal.

In 2007, Spain and Portugal continued with its Transformation Plan, with the integration of the individuals, SMEs, corporate and institutions banking networks into 7 Regional Head Offices, which implies closer proximity to the customer and improved segment focus with specialised services. In short, an enhancement of the synergies existing among the various banking systems and greater strength and depth in differential management by segments, in particular in the Businesses and Personal Banking segments.

The area strategy for 2008 is based on two pillars which will foster advances in the sustainable generation of competitive advantages: Innovation and Transformation:

- Innovation means developing competitiveness in terms of accessibility and customer knowledge to offer them a tailored service through low-cost distribution. To achieve this we are committed to a multiple-channel approach which broadens our relationship space with our customers beyond their financial needs.
- We are also embarking on a far-reaching and continuing Transformation process involving a permanent review of our processes and commercial structure, in order to reduce the administrative burden, and to reinforce the resources devoted to sales. All of this with the aim of providing our customers with a better a service.

This strategic approach implies developing new and improved accessible solutions for all our customer segments with the support of specialised networks and managers, the deepening of our relationship beyond financial needs, and the improvement of commercial productivity and operating efficiency in our various sales channels.

In 2008, Spain and Portugal will face a highly competitive and changing environment, in which the launching new business plans, the improvement of commercial productivity, the increase cross-selling of higher value-added products and cost control compatible with projects involving growth and quality assets, will all lead to success in our main target: To bolster and increase our leadership in profitable growth in all the business spheres where we are present.

In summary, the Spain and Portugal area has taken the necessary steps to close a brilliant performance in 2007 and to face 2008 with a more customer-focused organisation, more capable of differentiated management for each of the segments, which is compatible with an integrated matrix structure that will allow higher earnings and better cost control.

GLOBAL BUSINESS

The Global Businesses area is organised around three large business units: Global Corporate and Investment Banking, Global Markets and Asset Management, which address our customer base’s various needs. Global Businesses is hence set up as an integrated provider of value-added products for BBVA customers globally.

The end of 2007 saw changes take place in the area structure in order to capitalise on organisational and geographic synergies, to enhance business opportunities across the organisation and to identify new opportunities for growth, both in geographical and product terms. The area´s various business lines core action plans for 2008 are as follows:

In **Global Corporate and Investment Banking**, the combination of an integrated product range plus specialised coverage via industry bankers will enable us to consolidate our leading position in Spain and Latin America while continuing our selective penetration in European and Asian corporate clients. Strengthening current business with other BBVA commercial networks and seizing our global reach will be key to keep developing cross-selling models and to provide corporate clients with an integrated coverage.

Global Markets will focus on exporting its successful client-driven business model to other markets, while undertaking new initiatives to keep driving growth. An example of these is the development of the international business in Europe and America, with the consolidation of client-driven business model to enhance recurrence, and its export to Asia, which will allow us to explore new possibilities.

Asset Management integrates three kinds of activities into a new structure with differentiated objectives:

- Traditional asset management, will concentrate on integrating both its functional and geographic business models and on the structuring of the investment process.
- Alternative Investment management, will continue developing its product catalogue, to complete what is already the best alternative investment offering in Spain.

- Valanza, the Group's private equity unit, will continue its transformation towards an institutional private-equity business model, defining policies and procedures and consolidating the business platform in Mexico.

In short, a new Asset Management business model that improves our positioning to face the new market trends including open architecture and a greater demand for alternative investment management products.

In Asia, exporting the expertise and know-how developed in Europe and Latin America will enable us to offer our products and services to new client segments in the region.

Additionally, *the Industrial & Real Estate Holdings* unit will keep contributing to Global Businesses revenue diversification and value creation in the medium and long term, through active investment management of the industrial holdings portfolio based on profitability, efficiency and rotation criteria.

MEXICO

Bancomer will maintain its innovation strategy in low-cost fund gathering products and for differentiated segments. The growth in the number of salary accounts will continue to be a core component not only for funds gathering but also because it represents an important customer base for the sale of more profitable products.

Financing to individuals including home and consumer finance will be one of the main strategic focal points in 2008. Mortgage lending offers great potential, underpinned by demographic structure, its fast and numerous household formation and the government's housing building priority. Alternatively, Bancomer's consumer finance strategy will be focused on retaining its leadership and growth, leveraging its experience in proper risk management.

In credit cards, it will continue innovating, based on a sound technology platform and its broad experience in the local market. The opportunity of this market is upheld by the fact that it represents a key product for mass-bancarisation to retail segments

The drive in the micro, small and medium-size enterprise business will be maintained, addressing these niches through the offering specific products for each segment. The challenge will lie in increasing lending penetration with our own customers through profitable, cross-selling strategies.

Bancomer will continue penetrating in segments not yet incorporated into the banking system through a detailed bancarisation strategy, which will enable it to expand its business with existing customers while at the same time increasing the size of its customer base.

The challenge will lie in continuing to improve its quality indices using innovation as the foundation for increasing the network and payments system in the country. Its commitment to its customers is illustrated by its service guarantees compliance promise through the *Garantías Bancomer* project and with the automatic queuing system implemented in branch offices to achieve shorter waiting times while offering our customers differentiated and preferential attention.

UNITED STATES

Through its acquisition of Compass Bank, 2007 saw BBVA take a decisive step in its growth strategy in the United States, and in its objective of becoming a financial services company with global reach. On September 7, BBVA became the 100% owner of Compass Bancshares, after making a €6,665 million ($9,115million) investment, the largest ever in BBVA history. Compass is one of the main banks in the so-called "Sun Belt", the region stretching across the south of the United States from California to Florida. By virtue of its economic and demographic growth it is the most attractive area in the country, and is defined by the Group as strategic for its expansion. Its activity, BBVA´s, focuses on commercial and retail banking; the bank holds a high quality loan portfolio and does not participate in the subprime business.

The takeover of Compass joins those of the Laredo National Bank, Texas State Bank and the State National Bank, entities which operate in Texas and New Mexico, the aim being to exploit business opportunities in the SMEs and individuals banking segments.

The combination of these four banks provides BBVA with an outstanding position on the Sun Belt, and in particular in Texas, which accounts for 61% of its deposits and accounts, with a market share of 5.8%. Texas is a privileged state due to its attractive economic and demographic growth above the US average. Despite the slump in the US real estate sector, this sector in Texas has undergone reasonable growth and is proving to be stable.

A very important step forward and the management priority for 2008 is the integration of the Texas banks, Laredo National Bank, Texas State Bank and State National Bank into Compass. 2007 saw the start of the integration planning process. In the next 12 months the platforms of the 4 banks will be merged, and their business lines, support and control functions will be aligned with the BBVA Group.

In Puerto Rico, the economic environment began to deteriorate in 2006 and this situation has continued throughout 2007, although the measures taken in BBVA Puerto Rico in order to overcome the situation on the island, placed it ahead of its competitors with a strong balance sheet and growth capacity.

The money transfers business continues increasing its strategic origination network, with over 40,000 sales points in the USA and over 5,000 in Europe through Dinero Express. In Latin America this has been achieved through BBVA banking subsidiaries and other alliances with local banks, in Eastern Europe through the Dinero Express network and in Asia again through alliances with local banks.

Overall, at the closing of 2007, BBVA USA ranked among the top 25 US banks in terms of asset volumes, with 666 branches, 13,347 employees, loans amounting to $38,400 million and deposits of $40,900 million.

SOUTH AMERICA

Once again and continuing with the trend started in 2004, the South America Business area has closed the year with substantial growth in earnings and relevant improvements in all its indicators.

Concerning the achievements of the 8 BBVA banks in the region during 2007, the rising progression in lending should be underlined. This was especially notable in consumer finance, where, the Bancarisation project led to management of an important potential market, in which only 25% of customers held loan products; moreover, there have also been strong increases in transactional products. Both headings go hand in hand with the growth in customer numbers in all the countries.

In the Pensions business, the figures continued their upward trend, both in assets under management and numbers of members.

In order to fine tune the units in each country and make them more efficient, a Transformation Plan was begun in 2007 which aims at supporting all the actions planned for the period 2007-2010 in the various Business areas. This plan foresees the implementation of the BBVA Finance Group model through the organisational integration of the Bank, Pension Fund Managers and insurance companies in each country, thus achieving an increase in productivity and hence in the efficiency across the region.

In view of the favourable macroeconomic outlook for the region, as far as Individuals Banking is concerned, the unit is basing its growth strategy for 2008 on the consumer finance business, optimising the Group's customer base and selectively incorporating new customers based on the onset of the growth of middle classes in the different countries.

All of the above involves an enhancement of the three-pronged approach of product, channel and segment, on which we have been working, and applying to this purpose the customer knowledge tools that have been developed in recent years.

Thus a new business model is defined, based on "easy access to finance", "transactional solutions on the card and alternative technological channels, independent from the office network" and "risk-adjusted returns".

The prospects for the business world are likewise of growth and expansion, whereby the activities of the region's banks also include various lines of work in this sphere. On the one hand, and from the corporate and large companies viewpoint, work areas are already being opened between South American countries and Asia, a high potential market niche. Furthermore, strong investments are expected in the region for infrastructure improvements. In the field of Foreign Trade, the BBVA banks in the region are already a market benchmark, as pioneers in e-commerce on COMEX. Plans for 2008 include actions to undertake a profitable expansion of the SME Banking business, perfecting the management model and improving our offering of financial products to this segment, all aiming at positioning BBVA Group in the region as leader in Corporate banking.

As regards SMEs and the self-employed, our project is to foster access to financial services among new SME segments. The priorities to be broached with these clients are to grow in finance products, to make day-to-day operations more efficient, to boost the multiple channel aspect and to generate specific products for this segment, based on our client knowledge and fostering synergies with other Banking systems.

With regard to the Social Forecast Business, the activity drive will continue in the region. Our Pension Fund Managers manage a large part of the savings of these countries, which requires an intensive use of sales forces and customer management. This approach gives rise to important spin-off businesses. Therefore the strategic lines of the Pensions area are aimed towards increasing franchise value based on the synergies between the Bank and Pension Fund Managers through the development of new businesses and strengthening our institutional presence.

The final aim of all the plans and lines of work outlined herein and already started in 2007, with targets budgeted for the end of 2010, is none other than to position BBVA in South America as the leader in Banking and Pensions in terms of size, organisational capacity, soundness and efficiency.

FINANCING OUTLOOK

BBVA's financing needs are determined by the maturity schedule of its wholesale financing and the new requirements arising from growth in business. The Group's issues in this connection include most notably debentures, mainly mortgage bonds (*cédulas hipotecarias*) and territorial bonds (*cédulas territoriales*), which account for 31% of the total, followed by deposits, basically notes, which represent approximately 46% of the total balance. The remaining amount relates to preference share and subordinated debt issues, which together account for 15% of the total.

Within the framework of the policy implemented in recent years to strengthen its net worth position, the BBVA Group will at all times adopt the decisions it deems advisable to maintain a high degree of capital solvency. In particular, at the Annual General Meetings held on March 18, 2006, February 28, 2004, March 1, 2003, and March 9, 2002, the shareholders resolved to authorize a comprehensive program of capital increases and debt security issues. The related resolutions can be summarized as follows:

- To confer upon the Board of Directors, subject to the applicable legal provisions and to the obtainment of the required authorizations, the authority to issue, within the five-year maximum period stipulated by law, on one or several occasions, directly or through subsidiaries, with the full guarantee of the Bank, any type of debt instruments, documented in obligations, bonds of any kind, promissory notes, *cédula*-type bonds and warrants, that are totally or partially exchangeable for shares already issued by the Company or another company, or which can be settled in cash, or any other fixed-income securities, in euros or any other currency, that can be subscribed in cash or in kind, registered or bearer, unsecured or secured by any kind of collateral, including a mortgage guarantee, with or without incorporation of rights to the securities (warrants), subordinate or otherwise, for a limited or indefinite period of time, up to a maximum amount of €105,000 million. This resolution was adopted at the Annual General Meeting on March 18, 2006. This amount was increased by €30,000 million by the Ordinary General Meeting held on March 16, 2007, reaching an aggregate limit set €135,000 million.

- To confer upon the Board of Directors, pursuant to Article 153.1.b) of the Combined Text of Spanish Companies Law (Texto Refundido de la *Ley de Sociedades Anónimas*), the authority to increase the share capital, within the five-year period stipulated by law, on one or several occasions, by an amount (par value) not exceeding 50% of the Bank's share capital subscribed and paid at the date of this authorization, through the issuance of new ordinary shares, preference shares, redeemable shares or any other kind of shares permitted by Law, carrying voting rights or otherwise, with or without pre-emptive subscription rights. In this last-mentioned case the shares are to be issued at an issue price equal to their actual value, as required by law and the provisions of Article 161.1 of the Spanish Companies Law. This resolution was adopted at the Annual General Meeting on February 28, 2004. Based on these resolutions, the Bank could issue ordinary shares for an amount of up to €830,758,750.54. The only disposition done by BBVA under this authorization was the capital increase made in November 2006 by an amount of €78,947,368.22.

- To confer upon the Board of Directors the authority to issue, within the five-year period stipulated by law, for an amount of up to €1,500 million, warrants on the Company's shares, so that that they may be fully or partially exchangeable for or convertible into Company shares. The Board of Directors is hereby also authorized to decide upon the disapplication of pre-emptive subscription rights on these securities, in which case the number of shares required to meet the resulting obligations will be issued, at an issue price, fixed or variable, that must not be lower than the actual value of the share, as required by law and the provisions of Article 161.1 of the Spanish Companies Law. The Board of Directors is furthermore authorized to determine the terms and methods for the conversion or exchange, as the case may be, and to increase capital by the required amount and to amend, as appropriate, Article 5 of the Bank's bylaws, fixed-income securities convertible into and/or exchangeable for shares of Banco Bilbao Vizcaya Argentaria, S.A. with disapplication of pre-emptive subscription rights. This resolution was adopted at the Annual General Meeting on March 9, 2002 and will expire on March 9, 2007.

- To confer upon the Board of Directors, for a period of five years, the authority to issue debentures convertible into and/or exchangeable for shares of the Company, for up to a maximum amount of €6,000 million. The Board shall approve the rules governing the placement of these debentures and is furthermore authorized to decide upon the disapplication or otherwise of pre-emptive subscription rights, as provided for in Article 159.2 of the Spanish Companies Law; to determine the terms and methods of the conversion; and to increase capital by the required amount. This resolution was adopted at the Annual General Meeting on March 1, 2003.

Securities class	MILLIONS OF EUROS
BBVA Shares (1)	831
Debt securities	135,000
Warrants on BBVA shares (1)	1,500
Convertible bonds (1)	6,000

(1) Resolution adopted on the Annual General Meetings celebrated on February 28, 2004, March 1, 2003 and March 9, 2002, that delegates to the board of directors the power to issue shares that could affect the capital of the Group.

SUBSEQUENT EVENTS

From January 1, 2008 until the date of preparation of the consolidated financial statements, there have no been other significant events affecting the income and equity statement of the Group.