Month Ended	High	Low
September 30, 2010	1.3638	1.2708
October 31, 2010	1.4066	1.3688
November 30, 2010	1.4224	1.3036
December 31, 2010	1.3395	1.3089
January 31, 2011	1.3715	1.2944
February 28, 2011	1.3794	1.3474
March 31, 2011 (through March 25, 2011)	1.4212	1.3813

The noon buying rate for euro from the Federal Reserve Bank of New York, expressed in dollars per €1.00, on March 25, 2011, was $1.4144.

As of December 31, 2010, approximately 36% of our assets and approximately 39% of our liabilities were denominated in currencies other than euro. See Note 2.2.16 to our Consolidated Financial Statements.

For a discussion of our foreign currency exposure, please see "Item 11. Quantitative and Qualitative Disclosures About Market Risk — Market Risk in Non-Trading Activities in 2010 — Structural Exchange Rate Risk".

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

Risks Relating to Us

Since our loan portfolio is highly concentrated in Spain, adverse changes affecting the Spanish economy could have a material adverse effect on our financial condition.

We have historically developed our lending business in Spain, which continues to be our main place of business. As of December 31, 2010, business activity in Spain accounted for 58% of our loan portfolio. See "Item 4. Information on the Company — Selected Statistical Information — ASSETS — Loans and Advances to Customers — Loans by Geographic Area". After rapid economic growth until 2007, Spanish gross domestic product grew by 0.9% in 2008 and contracted by 3.8% and 0.2% in 2009 and in 2010, respectively. Our Economic Research Department estimates that the Spanish economy, will not recover a strong path of growth in terms of gross domestic product in 2011, growing at an estimated pace of 0.9%. It is estimated, however, that — given the current rate of growth of active population in Spain- the economy will need to grow by around 2.0% for jobs to be created and attain a sustained recovery. The persistence of high unemployment rates in Spain could have a negative influence on our non-performing loan ratio.

After a relatively good performance in the subprime and liquidity crises in 2009, the Spanish economy has suffered the consequences of the peripheral sovereign crisis in 2010. The Greek and Irish rescue programs and the possibility of a Portuguese rescue program have spread doubts about the Spanish economy. Financial stress in Europe has increased the cost of financing of governments and financial institutions which, in some cases, have lost the access to international funding. As a result of this continued contraction, it is expected that economic conditions and employment in Spain will continue to deteriorate in 2011. Growth forecasts for the Spanish economy could be further revised downwards if measures adopted in response to the economic crisis, are not as effective as expected.

After making a relatively broad and effective use of expansionary fiscal policies in the most acute period of the financial crisis, the Spanish government launched in 2010 an ambitious program of fiscal consolidation and structural reforms, partly in response to the rise of international financial tensions following the first quarter of

2010. As a result, domestic demand in 2010 was heavily impacted by fiscal policy: directly, through the progressive contraction on public sector demand (as a result, among other reasons, of tighter fiscal targets), and indirectly, through the impact of these reforms on the consumption and investment decisions of private agents. The effects of these measures are expected to continue having a negative effect on domestic demand in 2011, including as a result of the tight fiscal targets of regional governments for 2011. In addition, the pace of recovery in private domestic demand in the short and medium terms are expected to continue to be hampered by weak economic fundamentals and the effects of the final phase of certain adjustments in the private sector (such as private deleveraging and adjustments in the residential construction sector).

The Spanish economy has also been affected by the slowdown in global growth and is particularly sensitive to economic conditions in the rest of the Euro area, the primary market for Spanish goods and services exports. In addition, the effects of the financial crisis have been particularly pronounced in Spain given Spain’s heightened need for foreign financing as reflected by its high current account and public deficits. Real or perceived difficulties in making the payments associated with these deficits can further damage Spain’s economic situation and increase the costs of financing its public deficit.

Moreover, there are three factors affecting the Spanish economy that may interfere with our business. First, the adjustment in the real estate sector, which we expect will continue in the coming years. Residential investment contracted by approximately 17.7% in 2010. In addition, demand for property could decrease in 2011 as a result of the rise in the value added tax rate applicable to real estate transactions in mid-2010 and the elimination of government tax breaks for home purchases, as from January 2011, which partly incentivized demand for property last year. Second, the restructuring process in which the Spanish’s financial sector is immersed (which needs to be completed by September 2011 in accordance with the instruction of Bank of Spain). Such restructuring process seeks, among other things, to improve the solvency of the system, to achieve greater transparency in the balance sheets of institutions and a reduction of branch and labor overcapacity and will result in a more concentrated financial sector, with fewer incumbent institutions which will be more competitive. The recently announced Financial Sector Reinforcement Plan imposes a new minimum capital to Spanish banking institutions, above the minimum levels required in other countries. Thus, stricter requirements could affect Spanish institutions vis à vis other institutions in Europe. Third, the possibility of decoupling in the Euro area could lead to increased interest rates before the Spanish economy is able to resume its previous path of growth.

Our loan portfolio in Spain has been adversely affected by the deterioration of the Spanish economy in 2010, 2009 and 2008. For example, substandard loans to other resident sectors in Spain increased in 2010, 2009 and 2008 mainly due to the sharp increase in substandard mortgage loans to €4,425 million as of December 31, 2010, from €3,651 million as of December 31, 2009 and €2,033 million as of December 31, 2008. Substandard loans to real estate and construction customers in Spain also increased substantially in 2010, 2009 and 2008 to account for 16.8%, 15.4% and 5.6% of loans in such category as of December 31, 2010, 2009 and 2008, respectively. Our total substandard loans to customers in Spain jumped to €10,954 million and €10,973 million as of December 31, 2010 and 2009, respectively, from €5,562 million as of December 31, 2008, principally due to an increase in substandard loans to customers in Spain generally as a result of the deterioration in the macroeconomic environment. As a result of the increase in total substandard loans to customers in Spain described above, our total substandard loans to customers in Spain as a percentage of total loans and receivables to customers in Spain increased sharply to 5.2% and 5.4% as of December 31, 2010 and 2009, respectively, from 2.7% as of December 31, 2008. Our loan loss reserves to customers in Spain as a percentage of substandard loans to customers in Spain as of December 31, 2010 and 2009 also declined significantly to 45% and 44%, respectively, from 67% as of December 31, 2008.

Given the concentration of our loan portfolio in Spain, any adverse changes affecting the Spanish economy are likely to have a significant adverse impact on our loan portfolio and, as a result, on our financial condition, results of operations and cash flows.

A substantial percentage of our customer base is particularly sensitive to adverse developments in the economy, which renders our lending activities relatively riskier than if we lent primarily to higher-income customer segments.

Medium- and small-sized companies and middle- and lower- middle- income individuals typically have less financial strength than large companies and high-income individuals and, accordingly, can be expected to be more negatively affected by adverse developments in the economy. As a result, it is generally accepted that lending to these segments of our existing and targeted customer base represents a relatively higher degree of risk than lending to other groups.

A substantial portion of our loan portfolio consists of residential mortgages and consumer loans to middle- and lower middle-income customers and commercial loans to medium- and small-sized companies. Consequently, during periods of slowdown in economic activity we may experience higher levels of past due amounts, which could result in higher levels of allowance for loan losses. We cannot assure you that we will not suffer substantial adverse effects on our loan portfolio to these customer segments in the event of additional adverse developments in the economy.

Increased exposure to real estate in Spain makes us more vulnerable to developments in this market.

In the years prior to 2008, economic growth, strong labor markets and low interest rates in Spain caused an increase in the demand for housing, which resulted in an increase in demand for mortgage loans. This increased demand and the widespread availability of mortgage loans affected housing prices, which rose significantly. After this buoyant period, demand began to adjust in mid-2006. Since the last quarter of 2008, the supply of new homes has been adjusting sharply downward in the residential market in Spain, but a significant excess of unsold homes still exists in the market. In 2011, we expect housing supply and demand to adjust further, in particular if current adverse economic conditions continue. As Spanish residential mortgages are one of our main assets, comprising 32%, 31% and 25% of our loan portfolio as of December 31, 2010, 2009 and 2008, respectively, we are currently highly exposed to developments in the residential real estate market in Spain. We expect the current problems in the financial markets and the deterioration of economic conditions in Spain to continue in the near future. As a result, we expect housing prices in Spain to decline further in 2011, which along with other adverse changes in the Spanish real estate sector could have a significant adverse impact on our loan portfolio and, as a result, on our financial condition, results of operations and cash flows.

Our exposure to the real estate sector represented 8.9% of our private individuals loan portfolio as of December 31, 2010 which is below the average in the Spanish financial sector according to the Bank of Spain. Our non-performing loans represented 21.3% of our real estate portfolio as of such date. Our substandard real estate loan portfolio comprised of non-performing loans and potential problem loans represented 35.6% of our real estate loan portfolio as of December 31, 2010.

Highly-indebted households and corporations could endanger our asset quality and future revenues.

Spanish households and businesses have reached, in recent years, a high level of indebtedness, which represents increased risk for the Spanish banking system. The high proportion of loans referenced to variable interest rates makes debt service on such loans more vulnerable to changes in interest rates than in the past. In fact, the average debt burden of Spanish households as a proportion of disposable income has increased substantially from approximately 12% at the end of 2003 to approximately 16% at the end of 2008, before moderating slightly to approximately 13% at the end of 2010. The deleveraging process, is taking more time than we had originally forecasted.

Highly indebted households and businesses are less likely to be able to service debt obligations as a result of adverse economic events, which could have an adverse effect on our loan portfolio and, as a result, on our financial condition and results of operations. In addition, the increase in households' and businesses' indebtedness also limits their ability to incur additional debt, decreasing the number of new products we may otherwise be able to sell them and limiting our ability to attract new customers in Spain satisfying our credit standards, which could have an adverse effect on our ability to achieve our growth plans.

Current economic conditions may make it more difficult for us to continue funding our business on favorable terms or at all.

Historically, one of our principal sources of funds has been savings and demand deposits. Time deposits represented 28%, 32% and 34% of our total funding as of December 31, 2010, 2009 and 2008, respectively. Large-denomination time deposits may, under some circumstances, such as during periods of significant interest rate-based competition for these types of deposits, be a less stable source of deposits than savings and demand deposits. Moreover, since we rely heavily on short-term deposits for our funding, we cannot assure you that, in the event of a sudden or unexpected shortage of funds in the banking systems or money markets in which we operate, we will be able to maintain our current levels of funding without incurring higher funding costs or having to liquidate certain of our assets. In addition, the financial crisis triggered by the U.S. subprime market turned out to be deeper and more persistent than expected. In response to the financial crisis, governments around the world implemented ambitious fiscal expansion programs during 2008 and 2009, trying to limit economic deterioration and boost their economies. However, concerns expressed during 2009 over the effectiveness of fiscal stimulus programs have given way to concerns over the sustainability of public deficits, and governments announced plans to remove the extraordinary fiscal and monetary measures implemented to confront the financial crisis. As public sources of liquidity, such as ECB extraordinary measures, and expansionary economic policies are removed from the market, we cannot assure you that we will be able to continue funding our business or, if so, maintain our current levels of funding without incurring higher funding costs or having to liquidate certain of our assets.

We face increasing competition in our business lines.

The markets in which we operate are highly competitive. Financial sector reforms in the markets in which we operate have increased competition among both local and foreign financial institutions, and we believe that this trend will continue. In addition, the trend towards consolidation in the banking industry has created larger and stronger banks with which we must now compete, some of which have recently received public capital.

We also face competition from non-bank competitors, such as:

- department stores (for some credit products);
- automotive finance corporations;
- leasing companies;
- factoring companies;
- mutual funds;
- pension funds; and
- insurance companies.

We cannot assure you that this competition will not adversely affect our business, financial condition, cash flows and results of operations.

Our business is particularly vulnerable to volatility in interest rates.

Our results of operations are substantially dependent upon the level of our net interest income, which is the difference between interest income from interest-earning assets and interest expense on interest-bearing liabilities. Interest rates are highly sensitive to many factors beyond our control, including deregulation of the financial sectors in the markets in which we operate, monetary policies pursued by the EU and national governments, domestic and international economic and political conditions and other factors. In Spain, competition distortions in the term deposits market have intensified, and this situation is expected to continue due to the liquidity needs of certain financial institutions, which are offering high interest rates to attract additional deposits.

Changes in market interest rates could affect the spread between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities and thereby negatively affect our results of operations. For example, an increase in interest rates could cause our interest expense on deposits to increase more significantly and quickly than our interest income from loans, resulting in a reduction in our net interest income.

Since approximately 74% of our loan portfolio as of December 31, 2010 consisted of variable interest rate loans maturing in more than one year, our business is particularly vulnerable to volatility in interest rates.

Our financial statements and periodic disclosure under securities laws may not give you the same information as financial statements prepared under U.S. accounting rules and periodic disclosures provided by domestic U.S. issuers.

Publicly available information about public companies in Spain is generally less detailed and not as frequently updated as the information that is regularly published by or about listed companies in the United States. In addition, although we are subject to the periodic reporting requirements of the United States Securities Exchange Act of 1934 (the "Exchange Act"), the periodic disclosure required of foreign issuers under the Exchange Act is more limited than the periodic disclosure required of U.S. issuers. Finally, we maintain our financial accounts and records and prepare our financial statements in conformity EU-IFRS required to be applied under the Bank of Spain's Circular 4/2004, which differs in certain respects from U.S. GAAP, the financial reporting standard to which many investors in the United States may be more accustomed. See Note 60 of the Consolidated Financial Statements for the presentation of our stockholders' equity and net income reconciled to U.S. GAAP.

We have a substantial amount of commitments with personnel considered wholly unfunded due to the absence of qualifying plan assets.

Our commitments with personnel which are considered to be wholly unfunded are recognized under the heading "Provisions — Funds for Pensions and Similar Obligations" in the accompanying consolidated balance sheets. These amounts include "Post-employment benefits", "Early Retirements" and "Post-employment welfare benefits", which amounted to €2,497 million, €3,106 million and €377 million, respectively, as of December 31, 2010, €2,536 million, €3,309 million and €401 million, respectively, as of December 31, 2009 and €2,638 million, €3,437 million and €284 million, respectively, as of December 31, 2008. These amounts are considered wholly unfunded due to the absence of qualifying plan assets.

We face liquidity risk in connection with our ability to make payments on these unfunded amounts which we seek to mitigate, with respect to "Post-employment benefits", by maintaining insurance contracts which were contracted with insurance companies owned by the Group. The insurance companies have recorded in their balance sheets specific assets (fixed interest deposit and bonds) assigned to the funding of these commitments. The insurance companies also manage derivatives (primarily swaps) to mitigate the interest rate risk in connection with the payments of these commitments. We seek to mitigate liquidity risk with respect to "Early Retirements" and "Post-employment welfare benefits" through oversight by the Group's Assets and Liabilities Committee ("ALCO"). The Group's ALCO manages a specific asset portfolio to mitigate the liquidity risk regarding the payments of these commitments. These assets are government and cover bonds (AAA/AA rated) which are issued at fixed interest rates with maturities matching the aforementioned commitments. The Group's ALCO also manages derivatives (primarily swaps) to mitigate the interest rate risk in connection with the payments of these commitments. Should we fail to adequately manage liquidity risk and interest rate risk either as described above or otherwise, it could have a material adverse effect on our business, financial condition, cash flows and results of operations.

EU sovereign risk.

We are a Spanish banking company and conduct substantial business activities in Spain. Like other banks operating in Spain and Europe, our performance and liquidity may be affected by economic conditions affecting Spain and other EU member states. There has been improvement in some macroeconomic indicators during 2010. Nevertheless, certain countries in Europe, including Spain, have relatively large sovereign debts or fiscal deficits, or both, which has led to tensions in the international debt capital markets and interbank lending market and euro exchange rate volatility during the year.

The situation in Portugal is particularly challenging. The resignation of the Prime Minister on March 24, 2011 has triggered a political crisis which outcome is difficult to predict. Opposition parties rejected government's latest austerity measures, forcing him to resign and most likely to lead a government with limited powers until elections. In this context, the possibility of a deepening of Portuguese economic problems, triggering the need to resort to a European rescue package cannot be ruled out. The exposure of BBVA to Portugal accounted for arround 1% of our total assets and 2% of the Group's outstanding credit as of December 31, 2010.

The publication in July 2010 of the 2010 EU-wide stress test exercise coordinated by the Committee of European Banking Supervisors (CEBS), in cooperation with the European Central Bank (ECB), in the euro area partially alleviated pressures and helped restore confidence in the Spanish and European banking sector. However, new and stricter European stress tests are expected to be published in June or July of 2011, and the results of such tests may place additional pressure on the Spanish and European banking sector. Economic conditions remains uncertain in Spain and the European Union and may deteriorate in the future, which could adversely affect the cost and availability of funding available to Spanish and European banks, including BBVA, or otherwise adversely affect BBVA’s business, financial condition and results of operations.

We may be subject to more stringent capital requirements and new restrictions on our operation and business.

The new Basel III capital standards will be phased in from January 1, 2013 until January 1, 2019. The European transposition of these standards will be done through the CRD IV after the summer of 2011 but the Spanish Government has anticipated Basel III with the Royal-Decree Law 2/2011, of February 18 (RD-L 2/2011), as part of a wider plan of the Spanish Government for the strengthening of the financial sector. See “Item 4. Information on the Company — Supervision and Regulation — Capital Requirements.” There can be no assurance that implementation of these new standards, or any other new regulation, will not adversely affect our ability to pay dividends, or require us to issue securities that qualify as regulatory capital or to liquidate assets or curtail business, which may have adverse effects on our business, financial condition and results of operations.

This unexpected plan of the Spanish government is good news for the Spanish financial sector because it provides a clear roadmap for the continuation of the financial system restructuring, encouraging private capital participation and conversion into banks. It will also contribute to dispels market fears about the solvency of the Spanish financial market. Moreover new RD-L 2/2011 also paves the way for a good performance in the next EU stress tests (June) as well as compliance with Basel III, at least Basel III-2013 even if it requires as core capital a milder definition of what is considered in Basel III as common equity.

In addition, our operations may also be affected by other recent regulatory reforms in response to the financial crisis, including the enactment in the United States in July 2010 of the Dodd-Frank Act. Among other changes, beginning five years after enactment of the Dodd-Frank Act, the Federal Reserve Board will apply minimum capital requirements to U.S. intermediate bank holding company subsidiaries of non-U.S. banks. Although there remains uncertainty as to how regulatory implementation of this law will occur, various elements of the new law may cause changes that impact the profitability of our business activities and require that we change certain of our business practices, and could expose us to additional costs (including increased compliance costs). These changes may also cause us to invest significant management attention and resources to make any necessary changes.

Risks Relating to Latin America

Events in Mexico could adversely affect our operations.

We are substantially dependant on our Mexican operations, with approximately 37% and 32% of our net income attributed to parent company in 2010 and 2009, respectively, being generated in Mexico. We face several types of risks in Mexico which could adversely affect our banking operations in Mexico or the Group as a whole. Given the internationalization of the financial crisis, the Mexican economy felt the effects of the global financial crisis and the adjustment process that was underway is accelerating. This process has intensified since the end of the third quarter of 2008 and has continued to intensify due to the high dependence on the U.S. economy. The initial effects are in manufacturing and in those areas with a greater degree of exposure to the international environment, although internal demand is also showing clear signs of moderation. In 2011 we expect that macro economic recovery will only be maintained if there is a sustained U.S. recovery resulting in higher exports and foreign investment. Domestic demand will not recover unless there is a gradual recovery of confidence and employment, interest rates remain low and an expansionary fiscal policy is in place. We cannot rule out the possibility that in a more unfavorable environment for the global economy, and particularly in United States or otherwise growth in Mexico will be negative in 2011.

Beginning in 2008 and through 2009 and 2010, our mortgage and especially our consumer loan portfolio in Mexico started showing higher delinquency rates. If there is a persistent increase in unemployment rates, which could arise if there is a more pronounced or prolonged slowdown in the United States, it is likely that such rates will further increase. In addition, although the Bank of Mexico ("Banxico") is expected to maintain its current monetary stance throughout 2011, any tightening of monetary policy could make it more difficult for new customers of our mortgage and consumer loan products in Mexico to service their debts, which could have a material adverse effect on the business, financial condition, cash flows and results of operations of our Mexican subsidiary or the Group as a whole. In addition, price regulation and competition could squeeze the profitability of our Mexican subsidiary. If this were to occur, the market share of our Mexican subsidiary could decrease given its risk management standards.

Finally, political instability or social unrest could weigh on the economic outlook, which could increase economic uncertainty and capital outflows. Additionally, if the approval of certain structural reforms is delayed, this could make it more difficult to reach potential growth rates in the Mexican economy.

Any of these risks or other adverse developments in laws, regulations, public policies or otherwise in Mexico may adversely affect the business, financial condition, operating results and cash flows of our Mexican subsidiary or the Group as a whole.

Our Latin American subsidiaries' growth, asset quality and profitability may be affected by volatile macroeconomic conditions, including significant inflation and government default on public debt, in the Latin American countries where they operate.

The Latin American countries in which we operate have experienced significant economic volatility in recent decades, characterized by recessions, foreign exchange crises and significant inflation. This volatility has resulted in fluctuations in the levels of deposits and in the relative economic strength of various segments of the economies to which we lend. Negative and fluctuating economic conditions, such as a changing interest rate environment, also affect our profitability by causing lending margins to decrease and leading to decreased demand for higher-margin products and services. In addition, significant inflation can negatively affect our results of operations as was the case in the year ended December 31, 2009, when as a result of the characterization of Venezuela as a hyperinflationary economy, we recorded a €90 million decrease in our net income attributed to parent company.

In spite of good inflation results in recent months, medium-term concerns are growing due to high domestic demand growth rates in almost every country. Argentina, Brazil, Peru and possibly Chile are getting close to eliminating excess production capacity, which means they will need to curb growth in demand over the coming months to avoid inflation pressures. Countries that are pursuing inflation targets have accordingly adjusted inflation rates. Although rates are not yet close to neutral levels, central banks have stopped or reduced the pace of interest rate increases earlier than we had expected.

Negative and fluctuating economic conditions in some Latin American countries could result in government defaults on public debt. This could affect us in two ways: directly, through portfolio losses, and indirectly, through instabilities that a default in public debt could cause to the banking system as a whole, particularly since commercial banks' exposure to government debt is generally high in several Latin American countries in which we operate.

While we seek to mitigate these risks through what we believe to be conservative risk policies, no assurance can be given that our Latin American subsidiaries' growth, asset quality and profitability will not be further affected by volatile macroeconomic conditions in the Latin American countries in which we operate.

Latin American economies can be directly and negatively affected by adverse developments in other countries.

Financial and securities markets in Latin American countries in which we operate are, to varying degrees, influenced by economic and market conditions in other countries in Latin America and beyond. Negative developments in the economy or securities markets in one country may have a negative impact on other emerging market economies. These developments may adversely affect the business, financial condition, operating results and cash flows of our subsidiaries in Latin America. These economies are also vulnerable to conditions in global financial markets and especially to commodities price fluctuations, and these vulnerabilities usually reflect adversely in financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. For example, at the beginning of the financial crisis these economies were hit by a simultaneous drop in commodity export prices, a collapse in demand for non-commodity exports and a sudden halting of foreign bank loans. Even though most of these countries withstood the triple shock rather well, with limited damage to their financial sectors, we have seen non performing loan ratios rise as well as contraction in bank deposits and loans. As a global economic recovery remains fragile, there are risks of a relapse. If the global financial crisis continues and, in particular, if the effects on the Chinese and U.S. economies intensify the business, financial condition, operating results and cash flows of our subsidiaries in Latin America are likely to be materially adversely affected.

We are exposed to foreign exchange and, in some instances, political risks as well as other risks in the Latin American countries in which we operate, which could cause an adverse impact on our business, financial condition, results of operations.

We operate commercial banks in ten Latin American countries and our overall success as a global business depends, in part, upon our ability to succeed in differing economic, social and political conditions. We are confronted with different legal and regulatory requirements in many of the jurisdictions in which we operate. These include, but are not limited to, different tax regimes and laws relating to the repatriation of funds or nationalization or expropriation of assets. Our international operations may also expose us to risks and challenges which our local competitors may not be required to face, such as exchange rate risk, difficulty in managing a local entity from abroad, and political risk which may be particular to foreign investors. For example, on January 8, 2010, the Venezuelan monetary authorities decided to devalue the Bolivar fuerte by 50% from a fixed exchange rate of 2.15 per U.S. dollar since its creation to 4.30 per U.S. dollar. Our presence in Latin American markets also requires us to respond to rapid changes in market conditions in these countries. We cannot assure you that we will continue to succeed in developing and implementing policies and strategies that are effective in each country in which we operate or that any of the foregoing factors will not have a material adverse effect on our business, financial condition and results of operations.

We are also a major player in the private pension sector in place in most of these countries and are, therefore, affected by changes in the value of pension fund portfolios under management, as well as general financial conditions and the evolution of wages and employment. For example, while recovering in 2009 and 2010, most pension fund management companies ("AFPs" for their Spanish acronym) experienced a sharp contraction and posted negative results in 2008 as a consequence of the fall in the value of their portfolios, showing the vulnerability of the sector.

Regulatory changes in Latin America that are beyond our control may have a material effect on our business, financial condition, results of operations and cash flows.

A number of banking regulations designed to maintain the safety and soundness of banks and limit their exposure to risk are applicable in certain Latin American countries in which we operate. Local regulations differ in a number of material respects from equivalent regulations in Spain and the United States.

Changes in regulations that are beyond our control may have a material effect on our business and operations, particularly in Venezuela and Argentina. In addition, since some of the banking laws and regulations have been recently adopted, the manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. No assurance can be given that laws or regulations will be enforced or interpreted in a manner that will not have a material adverse effect on our business, financial condition, results of operations and cash flows.

Private pension management companies are heavily regulated and are exposed to major risks concerning changes in those regulations in areas such as reserve requirements, fees and competitive conditions. They are also exposed to political risks. For example, at the end of 2008 the government of Argentina passed a law transferring pension funds, including those managed by our subsidiary in Argentina, from private managers to the government entity managing the remainder of the formerly public pension system.

Risks Relating to Other Countries

Our strategic growth in Asia exposes us to increased regulatory, economic and geopolitical risk relating to emerging markets in the region, particularly in China.

In 2008 and 2009, we further increased our ownership interest in members of the CITIC Group, a Chinese banking group, by increasing our stake in CITIC International Financial Holdings Ltd ("CIFH") to 29.7% and China CITIC Bank ("CNCB") to 10.07%. CIFH is a banking entity headquartered in Hong Kong and CNCB is a banking entity headquartered in China. On December 3, 2009, we announced the exercise of the option to purchase 1,924,343,862 additional shares of CNCB. Furthermore, on April 1, 2010, after obtaining the corresponding authorizations, the purchase of an additional 4.93% of CNCB's capital was finalized for €1,197 million. See "Item 4. Information on the Company — Business Overview — Wholesale Banking and Asset Management".

As a result of our expansion into Asia, we are exposed to increased risks relating to emerging markets in the region, particularly in China. The Chinese government has exercised, and continues to exercise, significant influence over the Chinese economy. Chinese governmental actions concerning the economy and state-owned enterprises could have a significant effect on Chinese private sector entities in general, and on CIFH or CNCB in particular.

We also are exposed to regulatory uncertainty and geopolitical risk as a result of our investments in Asia. Changes in laws or regulations or in the interpretation of existing laws or regulations, whether caused by a change in government or otherwise, could adversely affect our investments. Moreover, Asian economies can be directly and negatively affected by adverse developments in other countries in the region and beyond.

Any of these developments could have a material adverse effect on our investments in Asia or the business, financial condition, results of operations and cash flows of the Group.

Our continued expansion in the United States increases our exposure to the U.S. market.

Our expansion in the United States makes us more vulnerable to developments in this market, particularly the real estate market. During the summer of 2007, the difficulties experienced by the subprime mortgage market triggered a real estate and financial crisis, which has had significant effects on the real economy and which has resulted in significant volatility and uncertainty in markets and economies around the world. As we have acquired entities or assets in the United States, particularly BBVA Compass and certain deposits and liabilities of Guaranty Bank ("Guaranty"), our exposure to the U.S. market has increased. Adverse changes to the U.S. economy in general, and the U.S. real estate market in particular, resulted in our determination to write down goodwill related to our acquisition of BBVA Compass and record additional loan loss provisions in the year ended December 31, 2009 in the aggregate amount of €1,050 million (net of taxes). Similar or worsening economic conditions in the United States could have a material adverse effect on the business, financial condition, results of operations and cash flows of our subsidiary BBVA Compass, or the Group as a whole, and could require us to provide BBVA Compass with additional capital.

Risks Related to Acquisition of Shareholding in Garanti

We may incur unanticipated losses in connection with the acquisition of Garanti.

As of March 22, 2011, we have acquired a 24.89% interest in Türkiye Garanti Bankası A.Ş. ("Garanti") (the "Garanti acquisition"). In preparing the terms of the Garanti acquisition, we relied on certain information regarding Garanti which may be inexact, incomplete or outdated. Furthermore, we made various assumptions regarding the future operations, profitability, asset quality and other matters relating to Garanti which may prove to be incorrect.

Garanti's performance under International Financial Reporting Standards or Accounting Practice Regulations as promulgated by the Banking Regulation and Supervision Agency of Turkey ("BRSA") may differ materially from our expectations or the expectations of research analysts, which could result in a decline in the market value of Garanti shares and the value of our proposed investment in Garanti.

In addition, we may be exposed to unknown risks relating to such acquisition that could significantly affect the value of our investment in Garanti. Furthermore, a variety of factors that are partially or entirely beyond our and

Garanti's control, such as negative market developments, increased competition, governmental responses to the global financial crisis and regulatory changes, could have a material adverse effect on Garanti's business, financial condition and results of operations, which could result in a decline in the market value of Garanti shares and the value of our proposed investment in Garanti.

Since Garanti operates primarily in Turkey, economic and other developments in Turkey may have a material adverse effect on Garanti's business, financial condition and results of operations and the value of our proposed investment in Garanti.

Most of Garanti's operations are conducted, and most of its customers are located, in Turkey.

Accordingly, Garanti's ability to recover on loans, its liquidity and financial condition and its results of operations are substantially dependent upon the political, economic, financial and geopolitical conditions prevailing in or that otherwise affect Turkey. If the Turkish economy is adversely affected by, among other factors, a reduction in the level of economic activity, continuing inflationary pressures, devaluation or depreciation of the Turkish Lira, a natural disaster or an increase in domestic interest rates, then a greater portion of Garanti's customers may not be able to repay loans when due or meet their other debt service requirements to Garanti, which would increase Garanti's past due loan portfolio and could materially reduce its net income and capital levels. Furthermore, political uncertainty or instability within Turkey and in some of its neighboring countries has historically been one of the potential risks associated with investments in Turkish companies. In addition, a further deterioration in the EU accession process may negatively affect Turkey. Any of these risks could have a material adverse effect on Garanti's business, financial condition and results of operations and the value of our proposed investment in Garanti.

Despite Turkey's increased political and economic stability in recent years and the implementation of institutional reforms to conform to international standards, Turkey is an emerging market and it is subject to greater risks than more developed markets. Financial turmoil in any emerging market could negatively affect other emerging markets, including Turkey, or the global economy in general. Moreover, financial turmoil in emerging markets tends to adversely affect stock prices and debt securities prices of other emerging markets as investors move their money to more stable and developed markets, and may reduce liquidity to companies located in the affected markets. An increase in the perceived risks associated with investing in emerging economies in general, or Turkey in particular, could dampen capital flows to Turkey and adversely affect the Turkish economy and, as a result, Garanti's business, financial condition and results of operations and the value of our proposed investment in Garanti.

Foreign exchange, political and other risks relating to Turkey could cause an adverse effect on Garanti's business, financial condition and results of operations and the value of our proposed investment in Garanti.

As a result of the consummation of the Garanti acquisition, we will be exposed to foreign exchange, political and other risks relating to Turkey. For example, currency restrictions and other restraints on transfer of funds may be imposed by the Turkish government, Turkish government regulation or administrative polices may change unexpectedly or otherwise negatively affect Garanti, the Turkish government may increase its participation in the economy, including through expropriations or nationalizations of assets, or the Turkish government may impose burdensome taxes or tariffs. The occurrence of any or all of the above risks could have a material adverse effect on Garanti's business, financial condition and results of operations and the value of our proposed investment in Garanti.

In addition, a significant majority of Garanti's total securities portfolio is invested in securities issued by the Turkish government. In addition to any direct losses that Garanti might incur, a default, or the perception of increased risk of default, by the Turkish government in making payments on its securities or the possible downgrade in Turkey's credit rating would likely have a significant negative impact on the value of the government securities held in Garanti's securities portfolio and the Turkish banking system generally and make such government securities difficult to sell, and may have a material adverse effect on Garanti's business, financial condition and results of operations and the value of our proposed investment in Garanti.