

Report presented by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. regarding the proposed amendment to the Company Bylaws included under Agenda Item Five of the Annual General Meeting to be held on 12th and 13th March 2015 for first and second summons, respectively.

This English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.

OBJECTIVE OF THE REPORT

This report is filed by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter “**BBVA**”, the “**Bank**” or the “**Company**”) pursuant to article 286 of the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2nd July (hereinafter, the “**Corporate Enterprises Act**”), to substantiate the proposals submitted to the approval of the Annual General Meeting of Company Shareholders, scheduled for 12th March 2015, on first summons, and 13th March 2015, on second summons, under its agenda item five, relating to the amendment of certain articles of the Company Bylaws.

To make it easier for shareholders to understand of the amendments being submitted to the General Meeting’s consideration, they are first offered an explanation of the aim and reasons for the amendment and then given the proposed resolution that is being submitted to the General Meeting, including the verbatim text of the proposed amendment.

To allow clearer comparison between the new wording of the articles being proposed for amendment and the current wording, an Annex is attached to this Report for information purposes, with a verbatim transcription of both in two parallel columns, in which the right-hand column includes the changes that are being proposed so they can be seen against the currently prevailing text, which is set out in the left-hand column.

EXPLANATION OF THE BYLAW REFORM PROPOSED UNDER AGENDA ITEM FIVE:

The bylaw reform is proposed in order to adapt the content of the Bank's Company Bylaws to the new developments in legislation approved since the last General Meeting, or which are expected to be approved in due course.

In particular, the proposed bylaw amendment being to the consideration of the Company General Meeting under agenda item five seeks to incorporate into the Company Bylaws the latest improvements in the area of corporate governance introduced by Act 31/2014, of 3rd December, which amends the Corporate Enterprises Act insofar as improving corporate governance (hereinafter, “**Act 31/2014**”) and the new banking regulation contained in Act 10/2014, of 26th June, on the regulation, supervision and solvency of credit institutions. Furthermore, due to the expected approval of the Promotion of Corporate Funding Act, whose

draft is currently in the parliamentary procedure (the “**Draft Promotion of Corporate Funding Act**”), it is advisable to make additional adjustments.

This reform of the Company Bylaws is further supplemented with the reform of the BBVA General Meeting Regulations, proposed under agenda item six, to which end the Board of Directors has filed a specific explanatory report.

Specifically, the amendments affect the following bylaw provisions: Article 20 (*Notice of meeting*), Article 24 (*Proxies for the General Meeting*), Article 29 (*Shareholders' right to information*), Article 30 (*Powers of the General Meeting*), Article 37 (*Vacancies*), Article 40 (*Board meetings and notice of meetings*), Article 42 (*Proxy for Board meetings*), Article 46 (*Meeting and powers*), and Article 48 (*Board Committees*).

Furthermore, it is considered appropriate to propose the creation of a new bylaw provision: Article 39 bis (*Lead Director*).

Below is a detailed explanation of each of the proposed bylaw amendments:

- **Proposed amendment to article 20 of the Company Bylaws regarding the notice of meeting**

The proposed amendment to article 20 of the Company Bylaws seeks to adapt the content of the bylaw article to the provisions of article 495, section 2, of the Corporate Enterprises Act relating to the reduction of the percentage stake in share capital which qualifies shareholders to require that the Board of Directors convene the General Meeting; as well as the provisions of article 519, section 3, of the Corporate Enterprises Act, relating to the reduction of the percentage stake in share capital which qualifies shareholders to request the publication of a supplement to the notice of meeting for the Annual General Shareholders Meeting.

To this end, it is proposed to replace the references to the figure of five per cent (5%) of the share capital with that of three per cent (3%) of the share capital in paragraphs two and three of article 20 of the Company Bylaws, in accordance with the provisions of article 495, section 2, and article 519, section 3 of the Corporate Enterprises Act.

- **Proposed amendment to article 24 of the Company Bylaws regarding the proxies for the General Meeting**

The proposed amendment to article 24 of the Company Bylaws seeks to qualify the prohibition set out in said provision whereby a single shareholder can be represented at the General Meeting by more than one proxy, taking into account the current wording of article 524, section 2, of the Corporate Enterprises Act, following the amendment performed by virtue of Act 31/2014, which expressly prohibits a restriction on the number of proxies that brokering institutions can grant.

In this regard, it is proposed to include an additional sentence at the end of the second paragraph of article 24 of the Company Bylaws clarifying that are exempt from the aforementioned prohibition those circumstances provided in the Act for brokering institutions.

- **Proposed amendment to article 29 of the Company Bylaws regarding the shareholders' right to information**

The proposed amendment to article 29 of the Company Bylaws seeks to adapt the bylaw regulation on shareholders' right to information to the provisions of article 520, section 1, and article 197, section 3, of the Corporate Enterprises Act, as worded under Act 31/2014.

Thus, in the first paragraph of article 29 of the Company Bylaws it is proposed to amend the deadline for shareholders to request information before the General Meeting is scheduled, extending it from the seventh to the fifth day before the General Meeting, in accordance with the current wording of article 520, section 1, of the Corporate Enterprises Act.

In the fourth paragraph of the aforementioned bylaw provision, it is proposed to reflect the content of article 197, section 3, of the Corporate Enterprises Act. In accordance with said provision, directors can refuse to provide the information requested by shareholders if the information is unnecessary to safeguard shareholders' rights, if there are objective reasons for considering that it could be used for purposes unrelated to the Company or if its release would harm the Company or associated companies.

- **Proposed amendment to article 30 of the Company Bylaws regarding the powers of the General Meeting**

The aim of the proposed amendment to article 30 of the Company Bylaws is to adapt the powers of the General Meeting to the provisions of the Corporate Enterprises Act, as currently worded following the amendments introduced

under Act 31/2014, also taking into consideration the provisions of the Draft Promotion of Corporate Funding Act, which was in the final stages of its parliamentary procedure at the time this proposal was formulated.

In this regard, firstly it is proposed to replace the term “provisional appointment” with that of “appointment by co-option” in article 30 b) of the Company Bylaws in order to make it consistent with the name used, among other provisions, in article 529, section ten of the Corporate Enterprises Act.

Secondly, it is proposed to amend article 30 f) of the Company Bylaws, which sets out the authority of the General Meeting to issue securities recognising or creating debt, in order to exclude cases in which they are not convertible into shares, given that the foreseeable entry into force of the current Draft Promotion of Corporate Funding Act will amend the authority to issue non-convertible debt securities, passing from the General Meeting to the governing body.

In any event, the power to issue securities recognising or creating debt – including that which is not convertible into Company shares - shall lie *ex lege* with the General Meeting until the approval and entry into force of the aforementioned Draft Promotion of Corporate Funding Act in the terms currently provided, despite not being thus set forth explicitly in the Company Bylaws.

In short, an amendment to this section seeks to avoid contradictions between the Company Bylaws and commercial regulations, in readiness for the approval of the Draft Promotion of Corporate Funding Act.

Thirdly, it is proposed to introduce a new point (i) in the aforementioned article 30 in order to incorporate the authority of the General Meeting to approve the acquisition, disposal or allocation of essential assets to another company, in accordance with the provisions of article 160 f) of the Corporate Enterprises Act, which likewise includes presumption of an asset's essential nature when the amount of the transaction exceeds 25% of the value of the assets that appear in the last approved balance sheet.

Fourthly, it is proposed to introduce a new point (k) for the purposes of foreseeing the power of the General Meeting to approve the transfer to subsidiaries essential activities previously undertaken by the Company itself, in accordance with the provisions of article 511 bis, section 1 a) of the Corporate Enterprises Act, also including the presumption of the activities'

essential nature when the volume of the transaction exceeds 25% of the total assets on the balance sheet, in accordance with article 511 bis, section 2.

Fifthly, it is proposed to include as point (l) the General Meeting's power to approve those transactions are equivalent to the company's liquidation, in accordance with the provisions of article 511 bis, section 1 b) of the Corporate Enterprises Act.

Sixthly, it is proposed to include a new point (m) in order to foresee the General Meeting's power to approve the final liquidation balance sheet, as established in article 160 (i) of the Corporate Enterprises Act.

Lastly, it is proposed to include as point (n) the General Meeting's power to approve the Directors' remuneration policy in the terms established by Law, in accordance with the provisions of article 511 bis, section 1 c) of the Corporate Enterprises Act, and consecutively renumber the list of powers.

- **Proposed amendment to article 37 of the Company Bylaws regarding the vacancies on the Board of Directors**

The proposed amendment to article 37 seeks to make the institution of co-option more flexible by allowing the appointment by co-option of directors who are not shareholders, as explicitly allowed by the new article 529 section ten, 2 a) of the Corporate Enterprises Act, following the reform under Act 31/2014.

To this end, it is proposed to delete references to the fact that the appointment of directors by the Board of Directors when vacancies arise on the Board must be made among shareholders of the Company.

- **Proposed amendment to article 40 of the Company Bylaws regarding the Board meetings and notice of meetings**

The aim of the proposed amendment to article 40 of the Company Bylaws is to empower the Lead Director to convene the Board of Directors, in accordance with the provisions of article 529, section seven, 2 of the Corporate Enterprises Act.

The figure of Lead Director, introduced into Spanish legislation under Act 31/2014, will be governed in the new article 39 bis of the Company Bylaws, which is also submitted to a vote in this agenda item.

- **Proposed amendment to article 42 of the Company Bylaws regarding the proxy for Board meetings**

The proposed amendment to article 42 of the Company Bylaws seeks to introduce a limit to the proxy for Board meetings that has been established under the new article 529, section four, of the Corporate Enterprises Act.

In this regard, as included in the aforementioned legal provision, it is proposed to amend the article in order to include a prohibition whereby non-executive directors may not delegate their proxy on the Board to executive directors.

- **Proposed amendment to article 46 of the Company Bylaws regarding the Meeting and Powers of the Executive Committee**

The proposed amendment to article 46 of the Company Bylaws seeks to reconcile the bylaw regime of delegating powers to the Executive Committee with the provisions of the Corporate Enterprises Act.

The current wording of article 46 of the Company Bylaws establishes, as powers that can be delegated to the Executive Committee, certain powers which, following the entry into force of Act 31/2014, are configured as non-delegated powers of the Board of Directors.

Thus, for instance, the formulation and proposal of general policy guidelines is a non-delegated power of the Board of Directors, in accordance with the provisions of the new article 249 bis b) of the Corporate Enterprises Act.

In order to avoid discrepancies between bylaw regulations and the new legal regime, it is proposed to eliminate the range of powers that can be delegated to the Executive Committee, on the understanding that all powers that neither the law nor the Company Bylaws configure as non-delegated will be implicitly included in the range of delegated powers.

- **Proposed amendment to article 48 of the Company Bylaws currently regarding the Audit Committee**

The proposed amendment to article 48 of the Company Bylaws seeks to statutorily provide an obligation for the Board of Directors to have at least those committees whose creation is mandatory in accordance with current legislation and, specifically, with the new article 529, section three, 2) of the

Corporate Enterprises Act and the provisions of Act 10/2014, of 26th June, on the regulation, supervision and solvency of credit institutions.

It is thus proposed to replace the previous title in the current article 48 of the Company Bylaws, i.e., “The Audit Committee”, with “Board Committees”; and include the permanent nature of the Audit Committee, the Appointments Committee, the Remuneration Committee and the Risks Committee.

Likewise, it shall explicitly state that the composition and functions of these Committees shall be governed by the provisions of the Law, the Board of Directors Regulations and their specific regulations, when applicable, which must be approved by the Board of Directors.

- **Proposal to include a new article 39 bis in the Company Bylaws regarding the Lead Director**

The proposal to include a new article 39 bis in the Company Bylaws seeks to statutorily govern the figure of Lead Director, whose presence on the Board of Directors is mandatory if the Chairman of the Board of Directors holds the position of Executive Director, in accordance with the provisions of article 529, section seven, 2) of the Corporate Enterprises Act.

Thus, if its inclusion in the Company Bylaws is approved, the new article 39 bis will govern the obligation whereby, if the Chairman of the Board of Directors holds the position of Executive Director, the Board of Directors, with the abstention of the executive directors, appoints a Lead Director from among the independent directors whose functions shall be established under the Law, in the Company Bylaws and in the Board of Directors Regulations.

PROPOSED RESOLUTION TO BE SUBMITTED TO THE GENERAL MEETING:

Taking into account the above explanation, the full text of the proposed amendments is included below, with explicit reference to each affected article:

“PROPOSED RESOLUTION UNDER AGENDA ITEM FIVE OF THE ANNUAL GENERAL OF SHAREHOLDERS MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. TO BE HELD ON 13TH MARCH 2015.

A.- To approve the amendment of the following articles of the Company Bylaws regarding the operating of General Meeting to incorporate improvements in the regulation thereof in light of new developments in legislation, including, in particular, Act 31/2014 of 3rd December, which amends the Corporate Enterprises Act insofar as improving corporate governance: Article 20. Notice of meeting; Article 24. Proxies for the General Meeting; Article 29. Shareholders' right to information; Article 30. Powers of the General Meeting, which shall have the following wording:

Article 20. Notice of meeting.

General Meetings will be called at the initiative of the Company's Board of Directors whenever it deems necessary or advisable for the Company's interests, and in any case on the dates or within the periods determined by law and these Bylaws.

If requested by one or several shareholders representing at least three per cent of the share capital, the Board of Directors must also convene a General Meeting. The requisition must expressly state the matters to be dealt with. In such event, the Board of Directors must call the General Meeting so that it is held within the legally established period as of the date on which the Board of Directors is served duly attested notice to call it. The agenda must without fail include the matters to which the request for a Meeting referred.

Likewise, in the period and form established by law, shareholders representing at least three per cent of the share capital may request publication of a supplement to the notice of meeting for an Annual General Meeting, including one or more items on the agenda in the notice, providing the new items are accompanied by substantiation or, as appropriate, a substantiated proposed resolution, and submit substantiated proposals for resolutions on matters already included or that should be included in the agenda of the notice of meeting for the General Meeting being convened.

Article 24. Proxies for the General Meeting.

Any shareholder who is entitled to attend may be represented at the General Meeting by another person, who need not necessarily be a shareholder.

Proxy must be conferred specifically for each General Meeting, using the proxy form established by the Company, which will be recorded on the attendance card. A single shareholder may not be represented at the Meeting by more than one proxy, except under the circumstances provided in the Act for brokering institutions.

Likewise, authorisation may be conferred by means of remote communications that comply with the requirements laid down by law. Proxies conferred by a fiduciary or merely apparent shareholder will be rejected.

Article 29. Shareholders' right to information.

Shareholders may request the Board of Directors for information or clarification that they deem necessary regarding the matters on the agenda or send in written questions they deem pertinent, until the fifth day before the General Meeting is scheduled. Shareholders may also request clarification that they deem pertinent about the publicly available information that the Company has filed with the CNMV (securities exchange authority) since the last General Meeting was held and regarding the auditor's report. The directors are obliged to furnish the information requested pursuant to the above paragraph, in writing, up until the day on which the General Meeting is held.

During the General Meeting, Company shareholders may verbally request any information or clarification they deem advisable regarding the matters on the agenda. They may also request any clarification they deem necessary regarding the publicly accessible information submitted by the Company to the CNMV (securities exchange authority) since the last General Meeting and regarding the auditor's report. Should it not be possible to satisfy the shareholder's right to information there and then, the directors will be obliged to furnish the information requested, in writing and within seven days after the end of the General Meeting.

Directors will be obliged to provide the information requested under the provisions of this article, unless the information is unnecessary to safeguard shareholders' rights, or if there are objective reasons for considering that it could be used for purposes unrelated to the Company or if its release would harm the Company or associated companies.

Information may not be refused when the request is supported by shareholders representing at least one quarter of the capital.

Article 30. Powers of the General Meeting.

The General Meeting has the following powers:

- a) To amend the Company Bylaws, and to confirm and/or rectify the Board of Directors' interpretation of them.*
- b) To determine the number of seats on the Board of Directors, appoint, re-elect and dismiss Board members, and ratify or revoke any appointments by co-option made by the Board of Directors.*

c) To increase or reduce the share capital, conferring authority, where appropriate, on the Board of Directors to indicate, within the maximum period, pursuant to law, the date or dates of such increase or reduction. The Board of Directors may enforce all or part of this authority or even refrain from enforcing it in consideration of market conditions, the situation of the Company itself or of any fact or event of social or economic importance that may make this advisable. It will report on its decision at the first General Meeting held when the period set for its enforcement has elapsed.

d) To confer authority on the Board of Directors to increase the share capital as laid down by law. When the General Meeting confers such authority, it may also grant powers to exclude the right pre-emptive subscription over the share issues referred to in the authority, pursuant to the terms and the requirements laid down by law.

e) To confer authority on the Board of Directors to amend the nominal value of shares representing the share capital, re-wording article 5 of the Company Bylaws.

f) To issue debentures or other securities recognising or creating debt and are convertible into shares, being also able to delegate to the Board of Directors the power to make such issues as well as exclude or limit the pre-emptive subscription rights, all in the terms and under the requirements laid down by Law.

g) To examine and approve the annual financial statements, the proposed allocation of profits or losses and the corporate management of each corresponding year, and the consolidated financial statements, where applicable.

h) To appoint, re-elect and dismiss the auditors.

i) To approve the acquisition, disposal or allocation of essential assets to another company. An asset is presumed essential whenever the amount of the transaction exceeds 25% of the value of the assets that appear in the last approved balance sheet.

j) To approve the transformation, merger, spin off, global assignment of assets and liabilities, dissolution and offshoring of the registered office.

k) To approve the transfer to subsidiaries of essential activities previously undertaken by the Company itself, even if the Company retains full control of the subsidiaries. Activities are presumed essential whenever the volume of the transaction exceeds 25% of the total assets on the balance sheet.

l) To approve transactions that are equivalent to the Company's liquidation.

m) To approve the final liquidation balance sheet.

- n) To approve the Directors' remuneration policy in the terms established by Law.*
- o) To pronounce on any other matter reserved for the General Meeting by legal provision or by the Company Bylaws.*
- p) To approve its Regulations and any later amendments, pursuant to the Board of Director's proposals.*

B.- To approve the creation of a new Article 39 bis regarding the Lead Director, and the amendment of the following articles in the Company Bylaws, all related to the running of the Board of Directors and the Executive Committee, to incorporate improvements in the regulation thereof in light of new developments in legislation, including, in particular, Act 31/2014, dated 3rd December, which amends the Corporate Enterprises Act insofar as improving corporate governance: Article 37. Vacancies; Article 40. Board meetings and notice of meetings; Article 42. Proxy for Board meetings; and Article 46. Meeting and powers (of the Executive Committee), which shall have the following wording:

Article 37. Vacancies.

If, during the term for which the directors were appointed, seats should fall vacant, the Board of Directors may nominate the persons who are to cover them. Their appointment will be put to the first General Meeting held after the nomination.

Article 39 bis. Lead Director.

If the Chairman of the Board of Directors holds the position of Executive Director, the Board of Directors, with the abstention of the executive directors, must appoint a Lead Director from among the independent directors. The Lead Director shall have the powers attributed by Law, by these Bylaws and by the Board of Directors Regulations.

Article 40. Board meetings and notice of meetings.

The Board of Directors will meet whenever the Chairman or the Executive Committee deems fit, upon request from the Lead Director or from at least one quarter of the directors.

The Board of Directors will be called by the Chairman and, where this is not possible, by the Deputy Chairman in his/her stead. Should these persons be absent or unable to perform their duties for any reason, the Board of Directors will be called by the eldest director.

Directors constituting at least one third of the Board members may call a meeting, indicating the agenda, to be held in the municipal district where the Company offices are registered if, within one month of being so requested, the Chairman has failed to call a meeting without due cause.

Article 42. Proxy for Board meetings.

A director who does not attend may delegate their proxy to another director. Non-executive directors may only delegate to other non-executive directors.

Article 46. Meeting and powers.

The Executive Committee will meet as often as its Chairman or the person acting in his/her stead considers appropriate or at the request of a majority of its members. It will consider matters falling within the responsibility of the Board which the Board, pursuant to prevailing legislation or these Company Bylaws, resolves to entrust to it.

C.- To approve the amendment of Article 48 of the Company Bylaws regarding the Audit Committee, to incorporate the Bylaw provision of those committees that must be established by law, in light of new developments in legislation, including, in particular, Act 31/2014, dated 3rd December, which amends the Corporate Enterprises Act insofar as improving corporate governance, which shall have the following wording:

Article 48. Board Committees.

The Board of Directors, in order to better perform its duties, may create those Committees it deems necessary to assist it in matters corresponding to areas of its responsibility, determining their composition, assigning their members and establishing the functions of each.

The above notwithstanding, the Board of Directors must always have at least one permanent Audit Committee, Appointments Committee, Remuneration Committee and Risks Committee, with the composition and functions established by Law, by the Board of Directors Regulations and, when applicable, by their own regulations.

The Committees shall be governed by the provisions of the Law, by the Board of Directors Regulations and by their specific regulations, when applicable, which must be approved by the Board of Directors and, supplementary thereto, in as far as they are not incompatible with their nature, by the provisions relating to the running of the Board of Directors.

The proposed bylaw amendments shall, where applicable, be subject to authorisation from the competent authority.”

COMPARATIVE INFORMATION ON THE ARTICLES OF THE COMPANY
BYLAWS SUBJECT TO AMENDMENT

CURRENT TEXT OF THE COMPANY BYLAWS	PROPOSED AMENDMENT
<p>Article 20. Notice of meeting</p> <p><i>General Meetings will be called at the initiative of the Company's Board of Directors whenever it deems this necessary or advisable for the Company's interests, and in any case on the dates or within the periods determined by law and these Bylaws.</i></p> <p><i>If requested by one or several shareholders representing at least five per cent of the share capital, the Board of Directors must also convene a General Meeting. The requisition must expressly state the matters to be dealt with. In such event, the Board of Directors must call the General Meeting so that it is held within the legally established period as of the date on which the Board of Directors is served duly attested notice to call it. The agenda must without fail include the matters to which the request for a Meeting referred.</i></p> <p><i>Likewise, in the period and form established by law, shareholders representing at least five per cent of the share capital may request publication of a supplement to the notice of meeting for an Annual General Meeting, including one or more items on the agenda in the notice, providing the new items are accompanied by substantiation or, as appropriate, a substantiated proposed resolution, and submit substantiated proposals for resolutions on matters already included or that should be included in the agenda in the notice of meeting for the General Meeting being convened.</i></p>	<p>Article 20. Notice of meeting.</p> <p><i>General Meetings will be called at the initiative of the Company's Board of Directors whenever it deems necessary or advisable for the Company's interests, and in any case on the dates or within the periods determined by law and these Bylaws.</i></p> <p><i>If requested by one or several shareholders representing at least three per cent of the share capital, the Board of Directors must also convene a General Meeting. The requisition must expressly state the matters to be dealt with. In such event, the Board of Directors must call the General Meeting so that it is held within the legally established period as of the date on which the Board of Directors is served duly attested notice to call it. The agenda must without fail include the matters to which the request for a Meeting referred.</i></p> <p><i>Likewise, in the period and form established by law, shareholders representing at least three per cent of the share capital may request publication of a supplement to the notice of meeting for an Annual General Meeting, including one or more items on the agenda in the notice, providing the new items are accompanied by substantiation or, as appropriate, a substantiated proposed resolution, and submit substantiated proposals for resolutions on matters already included or that should be included in the agenda of the notice of meeting for the General Meeting being convened.</i></p>
<p>Article 24. Proxies for the General Meeting</p> <p><i>Any shareholder who is entitled to attend maybe represented at the General Meeting by another person, who need not necessarily be a shareholder.</i></p> <p><i>Proxy must be conferred specifically for each General Meeting, using the proxy form</i></p>	<p>Article 24. Proxies for the General Meeting.</p> <p><i>Any shareholder who is entitled to attend may be represented at the General Meeting by another person, who need not necessarily be a shareholder.</i></p> <p><i>Proxy must be conferred specifically for each General Meeting, using the proxy form</i></p>

<p><i>established by the Company, which will be recorded on the attendance card. A single shareholder may not be represented at the General Meeting by more than one proxy.</i></p> <p><i>Likewise, authorisation may be conferred by means of remote communications that comply with the requirements laid down by law.</i></p> <p><i>Proxies conferred by a fiduciary or merely apparent shareholder will be rejected.</i></p>	<p><i>established by the Company, which will be recorded on the attendance card. A single shareholder may not be represented at the Meeting by more than one proxy, except under the circumstances provided in the Act for brokering institutions.</i></p> <p><i>Likewise, authorisation may be conferred by means of remote communications that comply with the requirements laid down by law.</i></p> <p><i>Proxies conferred by a fiduciary or merely apparent shareholder will be rejected.</i></p>
<p>Article 29. Shareholders' right to information</p> <p><i>Shareholders may request the Board of Directors for information or clarification that they deem necessary regarding the matters on the agenda or send in written questions they deem pertinent, until the seventh day before the General Meeting is scheduled. Shareholders may also request clarification that they deem pertinent about the publicly available information that the Company has filed with the CNMV (securities exchange authority) since the last General Meeting was held and regarding the auditor's report.</i></p> <p><i>The directors are obliged to furnish the information requested pursuant to the above paragraph, in writing, up until the day on which the General Meeting is held.</i></p> <p><i>During the General Meeting, Company shareholders may verbally request any information or clarification that they deem advisable regarding the matters on the agenda. They may also request any clarification they deem necessary regarding the publicly accessible information submitted by the Company to the CNMV (securities exchange authority) since the last General Meeting and regarding the auditor's report. Should it not be possible to satisfy the shareholders' right to information there and then, the directors will be obliged to furnish the information requested, in writing and within seven days after the end of the General Meeting.</i></p> <p><i>Directors will be obliged to provide the information requested under the provisions of this article, except when the Chairman deems that making the information requested public</i></p>	<p>Article 29. Shareholders' right to information.</p> <p><i>Shareholders may request the Board of Directors for information or clarification that they deem necessary regarding the matters on the agenda or send in written questions they deem pertinent, until the fifth day before the General Meeting is scheduled. Shareholders may also request clarification that they deem pertinent about the publicly available information that the Company has filed with the CNMV (securities exchange authority) since the last General Meeting was held and regarding the auditor's report.</i></p> <p><i>The directors are obliged to furnish the information requested pursuant to the above paragraph, in writing, up until the day on which the General Meeting is held.</i></p> <p><i>During the General Meeting, Company shareholders may verbally request any information or clarification they deem advisable regarding the matters on the agenda. They may also request any clarification they deem necessary regarding the publicly accessible information submitted by the Company to the CNMV (securities exchange authority) since the last General Meeting and regarding the auditor's report. Should it not be possible to satisfy the shareholder's right to information there and then, the directors will be obliged to furnish the information requested, in writing and within seven days after the end of the General Meeting.</i></p> <p><i>Directors will be obliged to provide the information requested under the provisions of this article, unless the information is unnecessary to safeguard shareholders' rights,</i></p>

<p><i>may be detrimental to the Company's best interests, in the manner determined in the General Meeting Regulations.</i></p> <p><i>Information may not be refused when the request is supported by shareholders representing at least one quarter of the capital.</i></p>	<p><i>or if there are objective reasons for considering that it could be used for purposes unrelated to the Company or if its release would harm the Company or associated companies.</i></p> <p><i>Information may not be refused when the request is supported by shareholders representing at least one quarter of the capital.</i></p>
<p>Article 30. Powers of the General Meeting</p> <p><i>The General Meeting has the following powers:</i></p> <p><i>a. To amend the Company Bylaws and to confirm and/or rectify the Board of Directors' interpretation of them.</i></p> <p><i>b. To determine the number of seats on the Board of Directors, appoint, re-elect and dismiss Board members, and ratify or revoke any provisional appointment made by the Board of Directors.</i></p> <p><i>c. To increase or reduce the share capital, conferring authority, where appropriate, on the Board of Directors to indicate, within a maximum period, pursuant to law, the date or dates of such increase or reduction. The Board of Directors may enforce all or part of this authority or even refrain from enforcing it in consideration of market conditions, the situation of the Company itself or of any fact or event of social or economic importance that may make this advisable. It will report on its decision at the first General Meeting held when the period set for its enforcement has elapsed.</i></p> <p><i>d. To confer authority on the Board of Directors to increase share capital as laid down by law. When the General Meeting confers such authority, it may also grant powers to exclude the right of pre-emptive subscription over the share issues referred to in the authority, pursuant to the terms and the requirements laid down by law.</i></p> <p><i>e. To confer authority on the Board of Directors to amend the nominal value of shares representing the share capital, re-wording article 5 of the Company Bylaws.</i></p> <p><i>f. To issue debentures, bonds or other securities recognising or creating debt, whether senior mortgage-backed, exchangeable or convertible,</i></p>	<p>Article 30. Powers of the General Meeting.</p> <p><i>The General Meeting has the following powers:</i></p> <p><i>a) To amend the Company Bylaws, and to confirm and/or rectify the Board of Directors' interpretation of them.</i></p> <p><i>b) To determine the number of seats on the Board of Directors, appoint, re-elect and dismiss Board members, and ratify or revoke any appointments by co-option made by the Board of Directors.</i></p> <p><i>c) To increase or reduce the share capital, conferring authority, where appropriate, on the Board of Directors to indicate, within the maximum period, pursuant to law, the date or dates of such increase or reduction. The Board of Directors may enforce all or part of this authority or even refrain from enforcing it in consideration of market conditions, the situation of the Company itself or of any fact or event of social or economic importance that may make this advisable. It will report on its decision at the first General Meeting held when the period set for its enforcement has elapsed.</i></p> <p><i>d) To confer authority on the Board of Directors to increase the share capital as laid down by law. When the General Meeting confers such authority, it may also grant powers to exclude the right pre-emptive subscription over the share issues referred to in the authority, pursuant to the terms and the requirements laid down by law.</i></p> <p><i>e) To confer authority on the Board of Directors to amend the nominal value of shares representing the share capital, re-wording article 5 of the Company Bylaws.</i></p> <p><i>f) To issue debentures or other securities recognising or creating debt and are convertible into shares, being also able to</i></p>

<p><i>with fixed or variable interest rates, that may be subscribed in cash or in kind, or under any other condition regarding their yield, encumbrance, modality or characteristic. The General Meeting may also authorise the Board of Directors to make said issues. It may also confer authority on the Board of Directors to exclude or limit the right of pre-emptive subscription over convertible debenture issues pursuant to the terms and the requirements laid down by law. In the event of convertible debenture issues, the General Meeting will approve the conditions and modalities of the conversion and the increase of the share capital by the amount necessary for the conversion, as laid down by law.</i></p> <p><i>g. To examine and approve the annual financial statements, the proposed allocation of profits or losses and the corporate management of each corresponding year, and the consolidated financial statements, where applicable.</i></p> <p><i>h. To appoint, re-elect and dismiss the auditors.</i></p> <p><i>i. To approve the transformation, merger, spin off, global assignment of assets and liabilities, dissolution and offshoring of the registered office.</i></p>	<p><i>delegate to the Board of Directors the power to make such issues as well as exclude or limit the pre-emptive subscription rights, all in the terms and under the requirements laid down by Law.</i></p> <p><i>g) To examine and approve the annual financial statements, the proposed allocation of profits or losses and the corporate management of each corresponding year, and the consolidated financial statements, where applicable.</i></p> <p><i>h) To appoint, re-elect and dismiss the auditors.</i></p> <p><i>i) To approve the acquisition, disposal or allocation of essential assets to another company. An asset is presumed essential whenever the amount of the transaction exceeds 25% of the value of the assets that appear in the last approved balance sheet.</i></p> <p><i>j) To approve the transformation, merger, spin off, global assignment of assets and liabilities, dissolution and offshoring of the registered office.</i></p> <p><i>k) To approve the transfer to subsidiaries of essential activities previously undertaken by the Company itself, even if the Company retains full control of the subsidiaries. Activities are presumed essential whenever the volume of the transaction exceeds 25% of the total assets on the balance sheet.</i></p> <p><i>l) To approve transactions that are equivalent to the Company's liquidation.</i></p> <p><i>m) To approve the final liquidation balance sheet.</i></p> <p><i>n) To approve the Directors' remuneration policy in the terms established by Law.</i></p>
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<p>j. To pronounce on any other matter reserved for the General Meeting by legal provision or by the Company Bylaws.</p> <p>k. To approve its Regulations and any later amendments, pursuant to the Board of Director's proposals.</p>	<p>o) To pronounce on any other matter reserved for the General Meeting by legal provision or by the Company Bylaws.</p> <p>p) To approve its Regulations and any later amendments, pursuant to the Board of Director's proposals.</p>
<p>Article 37. Vacancies</p> <p>If, during the term for which the directors were appointed, seats should fall vacant, the Board of Directors may nominate a shareholder people to fill them. Their appointment will be put to the first General Meeting held after the nomination.</p>	<p>Article 37. Vacancies.</p> <p>If, during the term for which the directors were appointed, seats should fall vacant, the Board of Directors may nominate the persons who are to cover them. Their appointment will be put to the first General Meeting held after the nomination.</p>
	<p>Article 39 bis. Lead Director.</p> <p>If the Chairman of the Board of Directors holds the position of Executive Director, the Board of Directors, with the abstention of the executive directors, must appoint a Lead Director from among the independent directors. The Lead Director shall have the powers attributed by Law, by these Bylaws and by the Board of Directors Regulations.</p>
<p>Article 40. Board meetings and notice of meetings</p> <p>The Board of Directors will meet whenever the Chairman or the Executive Committee deem fit, or at the request of at least one quarter of the directors.</p> <p>The Board of Directors will be called by the Chairman and, where this is not possible, by the Deputy Chairman in his/her stead. Should these persons be absent or unable to perform their duties for any reason, the Board of Directors will be called by the eldest director.</p> <p>Directors constituting at least one third of the Board members may call a meeting, indicating the agenda, to be held in the municipal district where the Company offices are registered if, within one month of being so requested, the Chairman has failed to call a meeting without due cause.</p>	<p>Article 40. Board meetings and notice of meetings.</p> <p>The Board of Directors will meet whenever the Chairman or the Executive Committee deems fit, upon request from the Lead Director or from at least one quarter of the directors.</p> <p>The Board of Directors will be called by the Chairman and, where this is not possible, by the Deputy Chairman in his/her stead. Should these persons be absent or unable to perform their duties for any reason, the Board of Directors will be called by the eldest director.</p> <p>Directors constituting at least one third of the Board members may call a meeting, indicating the agenda, to be held in the municipal district where the Company offices are registered if, within one month of being so requested, the Chairman has failed to call a meeting without due cause.</p>
<p>Article 42. Proxy for Board meetings</p>	<p>Article 42. Proxy for Board meetings.</p>

<p><i>Non-attending directors may grant proxy to another director without any limitation.</i></p>	<p><i>A director who does not attend may delegate their proxy to another director. Non-executive directors may only delegate to other non-executive directors.</i></p>
<p>Article 46. Meeting and powers</p> <p><i>The Executive Committee will meet as often as its Chairman or the person acting in his/her stead considers appropriate or at the request of a majority of its members. It will consider matters falling within the responsibility of the Board which the Board, pursuant to prevailing legislation or these Company Bylaws, resolves to entrust to it. These may include but are not limited to the following powers:</i></p> <p><i>To formulate and propose general policy guidelines, the criteria for setting targets and preparing programmes, examining the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the Entity; to determine the volume of investment in each individual activity; to approve or reject transactions, determining methods and conditions; to arrange inspections and internal or external audits of all the Entity's areas of operation; and in general to exercise the authority conferred on it by the Board of Directors.</i></p>	<p>Article 46. Meeting and powers.</p> <p><i>The Executive Committee will meet as often as its Chairman or the person acting in his/her stead considers appropriate or at the request of a majority of its members. It will consider matters falling within the responsibility of the Board which the Board, pursuant to prevailing legislation or these Company Bylaws, resolves to entrust to it.</i></p>
<p>Article 48. The Audit Committee</p> <p><i>For the supervision both of the financial statements and of the manner in which the control function is exercised, the Board of Directors will have an Audit Committee, which will have the necessary powers and resources to perform its duties.</i></p> <p><i>The Audit Committee will comprise a minimum of four non-executive directors appointed by the Board of Directors, who have the dedication, capacity and expertise required to pursue their duties. The Board will appoint one of them to chair the Committee, who must be replaced every four years and may be re-elected to the post when one year has elapsed since he/she stood down. At least one of the Audit Committee members must be an independent director and be appointed taking into account his/her knowledge and expertise in accounting, auditing or in both.</i></p>	<p>Article 48. Board Committees.</p> <p><i>The Board of Directors, in order to better perform its duties, may create those Committees it deems necessary to assist it in matters corresponding to areas of its responsibility, determining their composition, assigning their members and establishing the functions of each.</i></p> <p><i>The above notwithstanding, the Board of Directors must always have at least one permanent Audit Committee, Appointments Committee, Remuneration Committee and Risks Committee, with the composition and functions established by Law, by the Board of Directors Regulations and, when applicable, by their own regulations.</i></p> <p><i>The Committees shall be governed by the provisions of the Law, by the Board of Directors Regulations and by their specific regulations, when applicable, which must be</i></p>

<p><i>The maximum number of members on the Committee will be the number established in article 34 of these Company Bylaws. There will always be a majority of nonexecutive directors.</i></p> <p><i>The Committee will have its own set of specific regulations, approved by the Board of Directors. These will determine its duties and establish the procedures to enable it to comply with its mission. In all cases, the arrangements for calling meetings, the quorum and the adoption and documentation of resolutions will be governed by the provisions of these Company Bylaws with respect to the Board of Directors.</i></p> <p><i>The Audit Committee will have the powers established by law, by the Board Regulations and by its own regulations.</i></p>	<p><i>approved by the Board of Directors and, supplementary thereto, in as far as they are not incompatible with their nature, by the provisions relating to the running of the Board of Directors.</i></p>
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