

Report presented by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., for the effects established in articles 414, 417 and 511 of the Corporate Enterprises Act, regarding the resolution to issue perpetual securities contingently convertible into ordinary shares of the entity itself with exclusion of pre-emptive subscription rights and the corresponding increase by the amount of share capital required, which is adopted under the authority conferred by the Annual General Meeting, held on 16th March 2012.

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1. INTRODUCTION

1.1 Subject of the report and applicable regulations

This report is filed by the Board of Directors of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. ("**BBVA**", the "**Bank**" or the "**Issuer**"), pursuant to articles 414, 417, and 511 of the Corporate Enterprises Act (consolidated text) as currently worded (the "**Corporate Enterprises Act**" or the "**CEA**"), with respect to the resolution to issue preferred securities contingently convertible into ordinary BBVA shares, which are issued pursuant to the additional second provision of Act 13/1985, 25th May, on lending ratios, equity and reporting obligations of financial intermediaries ("**Act 13/1985**"), to the additional fourth provision of Royal Decree-law 14/2013, 29th November, on urgent measures to adapt the Spanish system to EU rules on supervision and solvency of financial institutions ("**Royal Decree-Law 14/2013**") and the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26th June 2013 on the prudential requirements for credit institutions and investment firms ("**Regulation EU 575/2013**") (hereinafter, the "**Securities**"), for a maximum nominal value of €1.5 bn (or its equivalent in any other currency, as established in the terms and conditions of the issue) and excluding pre-emptive subscription rights (the "**Issue**"), and the corresponding increase in share capital, which is adopted under the authority conferred by the Annual General Meeting, held on 16th March 2012 under its agenda item five.

Article 401.2 of the CEA stipulates that securities recognising or creating debt issued by a joint stock company, such as the Securities, will be subject to the regulations established for debentures under title XI of the Corporate Enterprises Act.

Said articles 414 and following of the CEA allow companies to issue debentures that can be converted into shares provided that the Annual General Meeting determines the terms and modalities of the conversion and resolves to increase the

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capital by the amount necessary. For this, the directors must draft a report explaining the terms and modalities of the conversion, which must be accompanied by another report from an auditor other than the auditor of the company accounts, appointed for this purpose by the Companies Registry.

The convertible debentures may not be issued for a sum below their nominal value, and may not be converted into shares when the nominal value of the shares is below the value of the debentures.

For publicly listed companies, article 511 of the CEA allows the General Meeting to delegate authority to the directors not just to issue convertible bonds, but also to exclude the pre-emptive subscription rights over the convertible debenture issues that are subject to the authority when the company's interests so require. To such effects, the announcement of the call to the General Meeting in which the proposal to confer authority to the directors to issue convertible debentures must also contain express reference to the proposal to exclude the right of pre-emptive subscription.

In the resolution to increase capital being made on the basis of the authority conferred by the General Meeting, the directors' report and the auditors' report mentioned above must refer to each specific issue.

Thus, pursuant to article 417 of the CEA, the aforementioned directors' report must give detailed substantiation of the grounds for the proposed suppression of pre-emptive subscription rights and the auditors' report will contain a technical judgement on the reasonableness of the data contained in the directors' report and on the suitability of the conversion ratio and, where applicable, its adjustment formulae to offset any possible dilution of the economic value of shareholders' holdings.

These reports will be made available to the shareholders and communicated to the first General Meeting held after the increase resolution.

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1.2 Advisory services received

This report is issued on the basis of (i) the report issued by the BBVA Finance Department, which in turn is based on the report drawn up by Morgan Stanley, world-class investment bank with recognised experience in this type of issuance, and (ii) the legal report from the external advisor, J&A Garrigues, S.L.P, legal consultant on Spanish law.

2. ON THE ISSUE OF THE SECURITIES

2.1 Conferral of authority by the General Meeting under which to issue the Securities

The BBVA Annual General Meeting, held on 16th March 2012, validly called in time and form, under its agenda item five adopted the following resolution, the relevant part of which is transcribed below:

“Repealing the unavailed part of the authorisation conferred by the Annual General Meeting, held on 14th March 2008, under agenda item six, to confer authority to the Board of Directors to issue securities convertible and/or exchangeable for Company shares, subject to applicable legal provisions and after obtaining the necessary authorisations, pursuant to the following conditions:

(...)

3. The authority to issue securities that may be converted into and/or exchanged for Company shares will be extended to the following aspects and will also comprise the following powers:

- i) Establishment of the various aspects and conditions of each issue, including, but not limited to: determining the amount of each issue or tranche within an issue, always within the overall quantitative limit established; the place of the issue (in or outside Spain) and the currency or exchange, plus its equivalent value in euros when denominated in another currency; the type of securities and their denomination, whether they are bonds, debentures (including subordinate debentures), preferred securities, warrants or any other admissible by law; the date(s) of issue; the number of securities and their nominal value; the issue price; in the case of warrants and similar securities, the issue price and/or premium, the strike price (which may be fixed or variable) and the procedure, term and other conditions applicable to the exercise of the subscription or purchase right*

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over the underlying shares; the form and conditions of the yield and the fixed or variable interest rate, the dates and procedures for payment of the coupon; whether the issue is in perpetuity or redeemable, and if so, the redemption term and the maturity date; the reimbursement ratio, premiums and bundling, guarantees; whether to represent the issue in certificates or book entries; the regulations governing subscription; anti-dilution clauses; applicable legislation and, in general, any other condition for the issue. Also, where appropriate, to appoint a commissioner and approve the fundamental rules governing the legal relations between the Bank and the syndicate of security-holders, should it be necessary or advisable to constitute such a syndicate.

- ii) The power to increase capital by the amount necessary to meet applications for conversion or subscription with the limits that, should they be applicable, are in force and available at any one time, and re-state article 5 of the Company Bylaws.*
- iii) The power to exclude the pre-emptive subscription rights of shareholders, when this is necessary or when the corporate interest requires such exclusion. In any event, pursuant to article 511 of the Corporate Enterprises Act, should the Board resolve to exclude the pre-emptive subscription rights over a specific issue that it may resolve to implement under this authorisation, at the same time as the issue is approved, it will release a report giving the grounds for proposing such exclusion, which will be the subject of a parallel report from the auditor of accounts referred to in articles 417 and 511 of the Corporate Enterprises Act. These reports will be made available to shareholders and communicated to the first General Meeting held after the increase resolution.*
- iv) The power to determine the conversion and/or exchange ratio, which may be fixed or variable, within the limits established below, and the timing of the conversion and/or exchange; whether the conversion and/or exchange of the securities is mandatory or voluntary, and whether at the option of the Company or the securities holders or both, and in general, such limits and conditions as may be necessary or advisable for the issue.*

If the issue is made at a fixed conversion and/or exchange ratio, the corresponding share conversion and/or exchange price may not be lower than whichever is higher of (i) the arithmetic mean of the closing prices on the SIBE electronic trading platform over a period to be specified but not exceeding three months and not less than fifteen days prior to the date on which the issue of convertible and/or exchangeable securities is approved, and (ii) the closing share price on the SIBE electronic trading platform the day prior to the date on which the issue of convertible and/or exchangeable securities is approved.

Should the issue be made with a variable conversion and/or exchange ratio, the share price for the conversion and/or exchange must be the arithmetic mean of the closing prices of the Company's shares on the SIBE electronic trading platform during a period not exceeding three months and not less than five days prior to the conversion or exchange date with a premium or, as applicable, a discount on said price per share. The premium or discount may be different for every date of conversion or exchange of each issue. However, if a discount is established on said price per share, it may not exceed 30%.

(...)

For the purpose of conversion and/or exchange, the value of the share may never drop below its nominal value and securities may not be converted into shares when the nominal value of such securities is below that of the shares.

Likewise, the valuation for conversion and/or exchange of securities into shares will be for their nominal value and may or may not include interest accrued but unpaid at the time of their conversion and/or exchange."

2.2 Grounds for the Issue

In December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") published recommendations on the Basel 3 framework, containing reforms to shore up the international capital and liquidity standards applicable to credit institutions, in order to make the banking industry more resilient.

This Basel 3 framework was revised in June 2011 and, after including the latest recommendations from the Basel Committee and complying with due legislative requirements, Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "**Directive 2013/36/EU**") and the Regulation EU 575/2013 (jointly with Directive 2013/36/EU, "**CRD IV**") were approved, which comprise the Community regulations that implement Basel 3 in the Community Legal Order.

This new CRD IV framework has already been partially implemented in Spain under Act 9/2012, 14th November, on the restructuring and resolution of credit

institutions and under Royal Decree-Law 14/2013, and it is expected that, without prejudice to the direct applicability of Regulation EU 575/2013, CRD IV will be fully implemented in Spain during 2014.

CRD IV requires credit institutions to set aside certain percentages of different instruments in their regulatory capital composition in order to be considered adequately capitalised. Thus, apart from Common Equity Tier-1 Capital, CRD IV also includes two additional categories of regulatory capital, namely Additional Tier-1 Capital and Tier-2 Capital, which must be covered with specific instruments and, in their absence, with Common Equity Tier-1 Capital, which would always be less efficient and more burdensome.

In this respect, CRD IV establishes that instruments issued by credit institutions that have previously been eligible as Additional Tier-1 Capital and do not comply with the new requirements under Regulation EU 575/2013 will gradually lose their eligibility until 2023, after which they will not be eligible as Additional Tier-1 Capital instruments.

Therefore, despite BBVA's comfortable Common Equity Tier-1 Capital adequacy at present, the BBVA Finance Department considers that for a prudent and diligent management, the Bank should issue securities eligible as Additional Tier-1 Capital under CRD IV in order to anticipate the requirements for BBVA to have such instruments while at the same time effecting an orderly changeover of earlier instruments as they will cease to be eligible as Additional Tier-1 Capital. All this will be done making best use of the currently favourable conditions on financial markets and also considering the interest and demand detected among certain types of professional investors for such financial instruments, as reflected in the uptake of contingent convertible bonds that the Bank issued in May 2013.

In this context, in order to meet the regulatory requirements in the most efficient manner possible, the Finance Department proposes to issue a fixed-income instrument eligible as Additional Tier-1 Capital under CRD IV, to which purpose

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Regulation EU 575/2013 establishes the requirement for these securities to include the following features:

- (i) that they be issued in perpetuity;
- (ii) that they have a degree of subordination that places them just above the shares (such that their order of seniority is below that of Tier-2 Capital instruments in the event of insolvency);
- (iii) that the yield on the securities is paid solely against distributable items and that the entity has full discretionary powers at all times to cancel the yield for an indefinite period and without cumulative effects; and
- (iv) that they incorporate a contingent conversion mechanism into the entity's shares in the event of the conversion trigger established in the regulations (described in section 2.4.1 below) and that they can thus effectively absorb losses in a stress scenario for the issuer's solvency. However, this contingent conversion would only take place in a very specific situation in which the issuer or the issuer's group have an Common Equity Tier-1 Capital shortfall.

Consequently, the Securities are subordinate perpetual fixed-income securities with discretionary yield, convertible into ordinary BBVA shares in the event of an Common Equity Tier-1 Capital shortfall, and are eligible as Additional Tier-1 Capital, pursuant to CRD IV. In this manner, BBVA prepares itself for the progressive loss of eligibility of earlier Additional Tier-1 Capital instruments, making best use of the currently favourable conditions on financial markets, in the Company's best interests.

2.3 Financial conditions of the Issue

The Issue will be made for a maximum amount of €1.5 bn, each Security having a nominal value of €200,000.

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For the purposes of their eligibility as Additional Tier-1 Capital, the Securities must have the features established in CRD IV, in particular those listed in the previous section.

The yield that investors will collect will be determined in the final conditions of the Issue and will be in line with market prices for this type of instrument, as indicated in the Finance Department report. Payment of the yield will be conditional inter alia on the existence of distributable items, as indicated in the regulations on equity, which will be detailed in the Issue terms and conditions.

The Issuer may, at its own discretion when it deems this to be necessary, cancel the yield payment during an unlimited period, without cumulative effect.

Should any of the conversion triggers established in section 2.4.1 below occur, the Securities will be converted into ordinary BBVA shares pursuant to the following variable conversion ratio, which depends on the BBVA share price at the time of conversion:

$$Num_{Shrs} = Nom_{convertible} / P_{Shr}$$

Where:

Num_{Shrs} : Number of BBVA shares to be delivered against each Security.

$Nom_{convertible}$: Nominal value of the Security being converted (€200,000).

P_{Shr} : Conversion Price (as defined in section 2.4.2 below).

2.4 Terms and modalities of the Conversion

The terms and modalities of the conversion of the Securities, resulting from the proposal reflected in the Finance Department report, will essentially be as follows:

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2.4.1 Conversion triggers

The Securities will be converted into ordinary BBVA shares if the Issuer or its consolidable group or subgroup reports a Common Equity Tier-1 Capital ratio below 5.125%, calculated under Regulation EU 575/2013 or any other regulation on equity applicable to the Issuer at any time.

Likewise, the Securities may be converted into newly issued ordinary BBVA shares if the Issuer adopts any measure whose consequence is the approval of a share capital reduction under the terms established in article 418.3 of the CEA.

Finally, the terms and conditions of the Issue may establish additional triggers for total mandatory conversion should this be necessary to safeguard the Issuer's solvency or so that the Securities can be eligible as Additional Tier-1 Capital.

2.4.2 Conversion Ratio

The ratio for converting the Securities into ordinary BBVA shares (the "**Conversion Ratio**") will be the result of dividing the nominal unit value of the Securities (ie, €200,000) by the value attributed to the ordinary BBVA shares for the purposes of the conversion (the "**Conversion Price**"). The Conversion Price will correspond to the market price of BBVA shares at the time of the Securities conversion, subject to the limits established below.

Thus, the number of shares corresponding to each Securities holder as a consequence of the conversion will be the number resulting from multiplying the Conversion Ratio by the number of Securities held by the investor. If this transaction results in fractions, these will be subject to the stipulations of the Issue conditions.

The Conversion Price will be the arithmetic mean of the closing prices of the BBVA shares on the five trading days prior to the day of the conversion trigger, rounding off to the closest euro cent and where it is half a cent, rounding up to the next whole euro cent (the "**Reference Price**").

If the Reference Price is below €4.5, the Conversion Price will be €4.5 per share, although this amount may vary subject to the application of the anti-dilution mechanism established in the following section.

The above notwithstanding, the Conversion Price may never be lower than the nominal value of the BBVA shares at the time of conversion, such that in all events the transaction will be compliant with article 415 of the Corporate Enterprises Act.

Consequently, the Conversion Price will be whichever is greater of:

- a) the Reference Price;
- b) €-4.5 (without prejudice to possible changes in this amount subject to application of the anti-dilution mechanism); and
- c) the nominal value of the BBVA shares at the time of conversion.

2.4.3 Anti-dilution mechanism

Pursuant to article 418.2 of the Corporate Enterprises Act, anti-dilution mechanisms will be established on the Conversion Price in line with habitual practices in this type of transactions, pursuant to the terms and conditions of the Issue.

These anti-dilution mechanisms must take into account the conversion terms and modalities established above and that the Conversion Price may never be less than the nominal value of the BBVA shares at the time of conversion.

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2.5 Capital increase

Pursuant to article 414 of the Corporate Enterprises Act, the share capital increase must be resolved for the maximum amount necessary to be able to cover the contingent conversion of the Securities issued. To such purpose, the maximum number of shares to be issued to cover the conversion will be determined by dividing the amount of the Issue by the Conversion Price.

This capital increase will be executed by the Board of Directors, which may confer authority for its execution to the Executive Committee, with express powers of substitution, and empower those proxies that the Board of Directors may indicate, under the resolution to issue convertible securities adopted by the BBVA Annual General Meeting, held on 16th March 2012, under its agenda item five, to cover the contingent conversion of the Securities, by issuing new ordinary shares of the same nominal value and containing the same rights as the shares outstanding on the date on which the corresponding capital increase is executed. Should the capital issue be executed, the corresponding article in the Company Bylaws will be restated to adapt it to the new amount of share capital.

It is not yet possible to determine the exact amount of share capital that will be necessary for the contingent conversion of the Securities, given that, pursuant to the terms and modalities of the conversion, it will depend on the market price of the BBVA shares at the time of conversion.

The above notwithstanding, considering that the Issue is for a maximum nominal amount of €1.5 bn, that the Conversion Price may not be below €4.5, and assuming there will be no anti-dilution adjustment prior to the date on which the Securities are converted, it is hereby stated that the maximum number of new shares it would be necessary to issue would be 333,333,333 ordinary shares.

Pursuant to article 304.2 of the Corporate Enterprises Act, should the Securities be converted, there would be no pre-emptive subscription rights over the resulting capital increase.

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3. GROUNDS FOR THE EXCLUSION OF PRE-EMPTIVE SUBSCRIPTION RIGHTS

3.1 Grounds for the exclusion of pre-emptive subscription rights

As indicated above, the BBVA Annual General Meeting, held on 16th March 2012, resolved under agenda item five, to confer authority on the Board of Directors to issue securities that could be converted into shares and to increase the share capital. It also resolved to empower the Board of Directors to exclude pre-emptive subscription rights over the convertible securities issues made under such authority.

To such end, when calling the aforementioned Annual General Meeting, BBVA Board of Directors approved and gave shareholders access to a report substantiating the grounds of the proposal to confer authority to exclude pre-emptive subscription rights.

Article 511 of the Corporate Enterprises Act requires that pre-emptive subscription rights only be excluded in case of convertible securities issues when corporate interests so require.

The BBVA Board of Directors, by virtue of the said authority and with due substantiation provided by the reports issued by the Finance Department, in turn substantiated by the Morgan Stanley report, and by the legal report from J&A Garrigues, S.L.P. as external legal advisor helping BBVA in the legal structure of this transaction, has resolved to exclude the pre-emptive subscription rights with respect to the issuance of the Securities, as it deems such exclusion to be fully substantiated and pursuant to the requirements established by law, as well as those necessary to achieve the corporate interests, as explained below.

In order to provide the Bank with Additional Tier-1 Capital instruments under CRD IV, and effect an orderly changeover of instruments as earlier instruments currently recorded as part of the Bank's Additional Tier-1 Capital cease to be

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eligible as such, the Finance Department has proposed that the Board of Directors makes a securities issue that will be eligible as Additional Tier-1 Capital in order to anticipate the aforementioned loss of eligibility and adequately satisfy prevailing regulatory requirements, making best use of the currently favourable conditions on financial markets and the demand detected among certain types of professional investors for such financial instruments.

In order to be eligible as Additional Tier-1 Capital under CRD IV, these fixed income instruments must be issued in perpetuity, subordinated, with a discretionary yield and convertible into ordinary BBVA shares in the contingency of Common Equity Tier-1 Capital shortfall (as indicated in the previous sections). The issue of the Securities is therefore proposed as the only securities that comply with the described characteristics.

The complex characteristics of this type of instruments, which are required under CRD IV, and their sophistication, as well as the latest regulatory changes (in particular with respect to the placement of such instruments), means that the Securities are currently a product only suited for placement among professional investors (to whom the Issue is targeted) and not among any kind of investors (of the type comprising the BBVA shareholding public), so that not excluding the pre-emptive subscription rights would mean offering a product that does not match the investment profile of all the Company shareholders and would consequently compromise the viability of the Issue due to the high risk of it not being subscribed within the period and at the amount initially expected.

This would firstly have a very negative impact on the BBVA market position as an issuer, and would also make it necessary to carry out a subsequent additional placement among non-shareholder investors under conditions that would foreseeably be less favourable for the Bank, in terms of effective and operational costs, time of execution and capital, thereby clearly prejudicing BBVA's corporate interests.

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However, as the Finance Department makes clear in its report, growing interest for this type of instruments has been detected among sophisticated foreign private banking customers and qualified investors (who know and habitually subscribe to this type of product). This was demonstrated by the success of the contingent convertible securities issue that the Bank made in May 2013 and the issues made in recent months by various domestic and international financial institutions, which only targeted these types of investors.

Thus, in order to ensure the success of the Issue and be able to target it directly at these types of investors, it is vital to exclude the pre-emptive subscription rights of BBVA shareholders.

The combination of the factors described above (shoring up BBVA equity, the characteristics of these securities, the market conditions and the investors to whom the Issue is targeted) have led the Finance Department to establish that the optimal alternative for corporate interests is to reinforce BBVA equity by issuing Securities, targeting the Issue solely at qualified investors and foreign private banking customers, as this is the suitable group for subscribing this kind of instrument and also the group in which most interest has been detected for such contingent convertible perpetual fixed-income instruments.

Consequently, the optimal alternative to meet the requirements of corporate interests and provide a complete and comprehensive solution to the matters raised herein is to issue the Securities, excluding the pre-emptive subscription rights.

Additionally, in line with the explanation given by the Bank's Finance Department in its report, the following circumstances should be taken into account:

- (i) The nature of the Securities is a fixed-income capital instrument in perpetuity, whose contingent convertibility is demanded under the regulations on equity and solvency in order to be eligible as Additional Tier-1 Capital, but which is only applicable for very specific circumstances in which there is a shortfall in regulatory capital. Likewise, it should be

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considered that, in line with the Finance Department's report, the BBVA solvency and equity ratios are currently very far from the conversion triggers, reinforcing the nature of the Securities as fixed-income instruments and the unlikely contingency of their conversion.

- (ii) The issue price of the Securities is in line with market prices for this type of instruments.
- (iii) The Conversion Price proposed to cover a contingent conversion corresponds to the market price of the share at the time of conversion, unless this price is below €4.5, in which case the Conversion Price would be €4.5 and the shares would be issued at a premium over the market price. In this manner, the maximum number of shares vesting is limited by setting a Conversion Price floor that guarantees that they are issued at a price equal to or above the market price.

Taking into account that the Securities are issued in perpetuity, that their issue price is aligned to the market price, that the conversion triggers are very specific and that the Conversion Price would be the market price or, where applicable, at a premium over the market price; in compliance with the Finance Department report, the theoretical value of the pre-emptive subscription rights stemming from the Issue is zero, such that the current shareholders do not lose any economic value due to their exclusion.

3.2 People to whom the Securities may be attributed

As indicated above, the Issue exclusively targets qualified investors and foreign private banking customers.

4. PROPOSED RESOLUTION

“ONE.- By virtue of the authorisation conferred by the Company's Annual General Meeting, held on 16th March 2012, under its agenda item five, to issue contingent convertible preferred securities into newly issued ordinary shares of Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**"), issued pursuant to the second additional provision of Act 13/1985, 25th May, on investment ratios, equity and reporting obligations of financial intermediaries ("**Act 13/1985**"); the fourth additional provision of Royal Decree-law 14/2013, 29th November, on urgent measures to adapt the Spanish system to EU rules on supervision and solvency of financial institutions ("**Royal Decree-law 14/2013**"); and the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms ("**Regulation EU 575/2013**") (hereinafter the "**Securities**"); to a maximum nominal amount of one and a half billion euros (€1,500,000,000) (or its equivalent in any other currency, as established in the issue terms and conditions), with exclusion of pre-emptive subscription rights (the "**Issue**"), pursuant to the following terms:

Nature of the Securities:

The securities to be issued will be contingent convertible preferred securities into newly issued ordinary BBVA shares, pursuant to the second additional provision of Act 13/1985, the fourth additional provision of Royal Decree-law 14/2013 and the Regulation EU 575/2013.

Issuer:

Banco Bilbao Vizcaya Argentaria, S.A.

Target investors:

Qualified investors and foreign private banking customers.

Maximum amount:

One billion, five hundred million euros (€1,500,000,000) (or its equivalent in any other currency, as established in the terms and conditions of the Issue)

Nominal value:

The Securities will have a nominal unit value of two hundred thousand euros (€200,000).

Number of Securities:

The maximum number of Securities to be issued is seven thousand, five hundred (7,500), all belonging to one single series and with the same terms and conditions.

Issue Price:

The Issue will be at par, i.e., at one hundred per

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cent of its nominal value.

Distribution:

*Holders of Securities may receive a predetermined non-cumulative distribution that will be determined as a function of the interest rate applicable to the nominal value of the Securities, provided they comply with the rest of the conditions established in the Issue terms (the “**Distribution**”).*

In particular, the Issuer may, at its own discretion, cancel the Distribution payment when it deems this to be necessary during an unlimited period, without cumulative effect, without prejudice other circumstances that may be included in the Issue terms and conditions.

Maturity date and early redemption:

The Issue is perpetual, such that it has no maturity date.

The Securities may be totally or partially redeemed at the Issuer's option, in accordance with the final terms and conditions of the Issue, provided that at least 5 years have elapsed from their issue and if, where applicable, authorisation has been given by the Bank of Spain or by the relevant supervisory authority.

The Issue conditions may include other circumstances for early redemption by the Issuer.

Form of the Securities:

The Securities will be represented by notes or by electronic book entries.

Status of the Securities:

The Securities will be ranked in the following order:

(i) behind all BBVA's common and subordinate creditors;

(ii) in the same rank (pari passu) as other issues of preferred securities, preferred shares or other securities with the same rank as the Securities that the Issuer may have issued (or guaranteed) or may issue

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(or guarantee);

(iii) ahead of those securities that the Issuer may have issued or may issue with a rank subordinated vis-à-vis the Securities; and

(iv) ahead of the BBVA ordinary shares.

TWO. - The terms and modalities for conversion of the Securities will be as follows:

a) Conversion triggers

The Securities will be converted into newly issued BBVA ordinary shares if the Issuer, or its consolidable group or subgroup, reports a ratio of common equity tier 1 capital below 5.125%, calculated pursuant to Regulation EU 575/2013 or any other regulation applicable to the Issuer's equity at any time.

Likewise, the Securities will be convertible into newly issued BBVA ordinary shares if the Issuer adopts any measures that may lead to the approval of a reduction of its share capital pursuant to article 418.3 of Corporate Enterprises Act.

Finally, the Issue terms and conditions may establish additional mandatory total conversion scenarios if this are necessary to safeguard the Issuer's solvency or to ensure that the Securities compute as additional tier 1 capital.

b) Conversion Ratio

*The ratio for converting the Securities into ordinary BBVA shares (the "**Conversion Ratio**"), will be the result of dividing its nominal unit value (i.e., €200,000) by the value attributed to the ordinary BBVA shares for the purposes of the conversion (the "**Conversion Price**"). The Conversion Price will correspond to the market value of the BBVA shares at the time of the Securities conversion, subject to the following limits.*

Thus, the number of shares corresponding to each Securities holder as a consequence of the conversion will be the number resulting from multiplying the Conversion Ratio by the number of Securities held by the investor. If this transaction results in fractions, these will be subject to whatever is determined in the Issue terms and conditions.

*The Conversion Price will be the arithmetic mean of the closing prices of the BBVA share on the five trading days prior to the day on which the conversion trigger occurs, rounded up or down to the closest euro cent and, when it is half a cent, rounded up to the nearest euro cent (the "**Reference Price**").*

If the Reference Price is below 4.5 euros, the Conversion Price will be 4.5 euros per share, although this amount may vary subject to the application of the anti-dilution mechanism established in the following section d).

The above notwithstanding, the Conversion Price may never be lower than the nominal value of the BBVA shares at the time of conversion, such that in all events the transaction will be compliant with article 415 of the Corporate Enterprises Act.

Consequently, the Conversion Price will be whichever the greater of:

- a) the Reference Price;*
- b) 4.5 euros (although this amount may vary due to application of the anti-dilution mechanism); and*
- c) the nominal value of the BBVA shares at the time of conversion.*

c) Procedures for Conversion

The procedures for conversion will be determined in the Issue terms and conditions.

d) Anti-dilution mechanism

Pursuant to article 418.2 of the Corporate Enterprises Act, anti-dilution mechanisms will be established on the Conversion Price in line with habitual practices in this type of transactions, in compliance with the terms and conditions of the Issue.

These anti-dilution mechanisms must take into account the conversion terms and modalities established above and that the Conversion Price may never be less than the nominal value of the BBVA shares at the time of conversion.

*Without prejudice to other proxies that may be conferred by virtue of these resolutions, the Executive Committee is empowered, with express authority to delegate these powers, and joint and several powers are conferred on Mr. Manuel González Cid, Spanish national, of legal age, with identity card number 51361870-H, Mr. Erik Schotkamp, Dutch national, of legal age, with foreign residency card number Y-2126590-R, Mr. Ignacio Echevarría Soriano, Spanish national, of legal age, with identity card number 837871-G, Mr. Raúl Moreno Carnero, Spanish national, of legal age, with identity card number 52473664-S, and Mr. Francisco Javier Colomer Betoret, Spanish national, of legal age, with identity card number 25418655-K; all domiciled for these effects at Paseo de la Castellana number 81, Madrid (the “**Proxies**”), to amend the terms and conditions of the Issue as well as to determine or develop any matter not established by this resolution, including, but not limited to, sufficient powers to amend,*

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adapt and/or to determine other conversion triggers, additional to those established in this resolution, under the terms and conditions they deem necessary or advisable for the successful outcome of the transaction.

THREE. - *On the basis of the report drawn up by the BBVA Finance Department, in accordance with the report by J&A Garrigues, S.L.P., and by virtue of articles 414, 417 and 511 of the Corporate Enterprises Act, approve the Directors' Report on the Securities issue, which will be made available to shareholders along with the report issued by the auditor other than the auditor of the Company accounts, appointed to do so by the Companies Registry, and reported to the first Annual General Meeting held after the increase resolution, expressly empowering the Company Secretary & Secretary to the Board of Directors to certify its text.*

FOUR. - *In line with the Finance Department report, which is reflected in the Directors' Report approved in the foregoing resolution, the corporate interests require suppression of pre-emptive subscription rights. Consequently, the Board of Directors, pursuant to the powers attributed by the Annual General Meeting, held on 16th March 2012, under its agenda item five, and by virtue of article 511 of the Corporate Enterprises Act, hereby resolves to suppress said pre-emptive subscription rights in this Issue.*

FIVE. - *To increase the share capital by the amount and number of shares necessary to cover the contingent conversion of the Securities, pursuant to the Conversion Ratio.*

The maximum number of shares to be issued is 333,333,333 ordinary shares, assuming that no anti-dilution adjustment is made, expressly envisaging the possibility of the capital increase being implemented with an issue premium, by a lower number of shares and with the possibility of under-subscription.

*Should the Securities be converted, the newly issued shares issued to cover said conversion will be ordinary shares, equal to those outstanding at that time and will equally be represented in the same way as those ordinary shares (currently by book entries, whose recording is attributed to Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal ("**Iberclear**") and its accountholders), granting their holders the same rights as are recognised for the ordinary shares outstanding at that time. On executing this resolution to increase share capital, the relevant Company Bylaws article will be reworded accordingly.*

Pursuant to article 304.2 of the Corporate Enterprises Act, should the Securities be converted, there will be no pre-emptive subscription rights on the resulting capital increase.

SIX. - *By virtue of the authority conferred on this Board of Directors by the BBVA Annual General Meeting, held on 16th March 2012, under its agenda item five, to delegate to the Executive Committee, which may in turn delegate such authority, and to empower the Proxies in the broadest terms, jointly and severally, within the limits*

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herein established, such that they may carry out the Issue and therefore they may proceed to:

- a) Determine the timing on which the Issue is to take place, and refrain from going ahead with the Issue should this be deemed necessary or advisable.*
- b) Determine the characteristics of the Securities to be issued, including, but not limited to, the final amount of the Issue within the limits established under resolution ONE above, the currency of the Issue and the nominal unit value of each Security, the nominal interest rate applicable to the Securities, the interest accrual periods, include new conversion terms and modalities and/or amend them, including the Conversion Ratio or the terms and conditions of the anti-dilution mechanism; and any additional circumstances for early redemption and determine any matter not established hereunder that may be necessary for the successful outcome of the transaction, expressing the amount availed against the limit of the authority granted by the Annual General Meeting to the Board and the amount still available.*
- c) Declare the Distribution of the Securities, whether partially or completely, as well as declare no Distribution, as determined in the Issue terms and conditions.*
- d) Apply, where appropriate, the anti-dilution mechanism as determined in the Issue terms and conditions.*
- e) Carry out any arrangement, request or appointment that may be legally necessary to achieve the Issue and/or filing the Issue with the Companies Registry or any other public or private bodies or entities.*
- f) Grant and execute any public and private documents required, appearing before a Notary Public and finalise the formalities on the preceding resolutions, including deeds of issue, correction, clarification or rectification, and deeds of the total or partial subscription of the Issue, as well as the total or partial redemption or amendment and, where applicable, any others that may have preceded it or may be resolved in the future. Where applicable, file the declaration referred to in article 318 of the Companies Registry Regulations, in order to comply with the procedures established in article 26 of Act 24/1988, 28th July, on the Securities Exchanges, should this be necessary.*
- g) Formalise or register the offering circulars that may be necessary and the documents in which the Issue is formalised, and any other documents that may be necessary before any bodies, regulators, registries, the Companies Registry and exchanges or markets in or outside Spain, including but not limited to any*

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regulated or non-regulated secondary markets and exchanges, organized or non-organized. Request, where appropriate, listing for trading of the Securities on regulated or non-regulated, organized or non-organized, secondary markets in or outside Spain.

- h) Proceed, where necessary, to constitute a syndicate of Securities holders, determine its characteristics and rules of operation, and to appoint its provisional commissioner, and the rules governing relations between the Company and the Syndicate.*
- i) Establish any other parameters not established by this Board with respect to the Issue and determine any other parameter for the Issue that may be necessary for its successful completion.*
- j) Negotiate, undersign and grant public and private documents, including but not limited to, offering circulars, liquidity contracts, subscription, placement and/or insurance contracts, payment agency contracts, and any other contracts that may be necessary for the issuance of the Securities under the conditions deemed most appropriate.*
- k) With respect to the contingent conversion of the Securities into BBVA shares, establish, where appropriate, the Conversion Price, the final conversion ratio for the Issue and, where applicable, the issue premium, determine the number of shares by which the BBVA capital is finally to be increased, declaring under-subscription when this is the case, and engage in such acts as may be necessary, including but not limited to, granting any public or private documents that may be necessary to implement the capital increase and amend, where appropriate, the wording of the corresponding article of the Company Bylaws to adapt it to the new figure for capital, appearing to such effects before any public or private bodies, including but not limited to public notary or the Companies Registry.*
- l) Request, where appropriate, listing for trading on regulated or non-regulated, organized or non-organized, Spanish or non-Spanish secondary markets and take any actions they deem necessary in any jurisdiction where the BBVA shares are offered or traded or listing for their trading has been requested, where this is the case, in order to cover the contingent conversion of the Securities. By way of example:
 - (i) Write and file any offering circulars, requests, communications or notifications that may be required by applicable legislation in each**

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competent jurisdiction and agree later amendments to these that they deem advisable.

- (ii) *Take such actions as may be necessary before any competent authorities in each jurisdiction and approve and formalise such public and/or private documents as may be necessary and/or advisable for any aspects or content of the resolutions to increase capital to enter into full force.*

Finally, and for the effects of the applicable regulations on the issue of securities, it is resolved to appoint Proxies to represent the Company before any public and/or private body. They will have joint and several powers and will bear responsibility for the content of the offering circulars. They are also empowered to sign any additional public and/or private documents and contracts that may be necessary for the successful completion of the transaction.”

* * *

Madrid, 30th January 2014

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Special report on the issue of perpetual securities contingent convertible into shares with the exclusion of the preferential subscription right in accordance with the provisions of articles 414, 417 and 511 of the Consolidated Text of the Capital Companies Act

Bilbao, 6 February 2014

SPECIAL REPORT ON THE ISSUE OF PERPETUAL SECURITIES CONTINGENT CONVERTIBLE INTO SHARES WITH EXCLUSION OF THE PREFERENTIAL SUBSCRIPTION RIGHT IN ACCORDANCE WITH THE PROVISIONS OF ARTICLES 414, 417 AND 511 OF THE CONSOLIDATED TEXT OF THE CAPITAL COMPANIES ACT

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

For the purposes set out in articles 414, 417 and 511 of the Consolidated Text of the Capital Companies Act (*Ley de Sociedades de Capital*, hereinafter LSC), and in accordance with the assignment received from Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter BBVA or the Company), by appointment made by the Commercial Registrar for Vizcaya, Mr. Carlos Alonso Olarra, we issue the following Special Report on the issue of perpetual securities contingent convertible into shares with exclusion of the preferential subscription right, accompanied by the attached report from the Company's Board of Directors (hereinafter the Report from the Board of Directors), which they put at the disposal of the Company's shareholders.

The purpose of our work is not that of certifying the price of issue or conversion of the perpetual securities contingent convertible into shares but to state, from the application of the procedures set out in the relevant Technical Standards relating to the preparation of this type of special reports in accordance with the provisions of article 414 of the LSC, whether the Report from the Board of Directors, dated 30 January 2014, and attached as appendix to this report, contains the required information, which includes the explanation of the bases and forms relating to the conversion, as well as with what is established in article 417 of the LSC on the issue of a technical opinion on the sufficiency and reasonability of the information contained in the attached Report from the Board of Directors and on the suitability of the conversion ratio and, as applicable, its adjustment formulas for compensating a possible dilution of the shareholders' economic participation.

The Company's Board of Directors have drawn up the attached report in which they provide a detailed description of the bases and forms relating to the conversion as well as the justification for the suppression of the preferential subscription right for the Company's shareholders.

In accordance with articles 414 and 417 of the LSC and the aforementioned Technical Standards, the following were the procedures applied in the performance of our work:

- a. Obtaining and analysing the following information:
 - Decision of the Company's Shareholders' General Meeting in respect of the delegation to the Directors of the power to issue convertible securities and to exclude the preferential subscription right.
 - Report from the Board of Directors in connection with the issue of perpetual securities contingent convertible into Company shares and the exclusion of the preferential subscription right.

- The Company's audited annual accounts, individual and consolidated, corresponding to the financial year ended 31 December 2013.
 - Minutes of the Company's Shareholders' meetings and of the meetings of the Board of Directors of the Company held between 1 January 2013 up until the date of this report.
 - Report from the Company's Financial Management in respect of the planned operation.
 - Other financial and legal reports issued by the Company's advisers in respect of the planned operation.
 - Other information considered to be of interest for the performance of our work.
- b. Meetings held with the Company's Management for the purpose of gathering other information considered to be of use in the performance of our work.
- c. Evaluation as to whether the Report from the Board of Directors contains the information considered to be necessary and sufficient for its adequately interpretation and understanding by its addressees.
- d. Verification of the calculations used by BBVA's Management in determining the bases and forms relating to the conversion and other rights for the securities' subscribers.
- e. Verification that the issue price for the perpetual securities contingent convertible into shares is not below their nominal value and that the conversion price for the perpetual securities contingent convertible over shares is not below the nominal value of the shares for which they have to be converted.
- f. Verification that the accounting information contained in the Report from the Board of Directors concurs, as applicable, with the Company's accounting data that served as a basis for preparing its audited annual accounts.
- g. Evaluation of the reasonability of the data contained in the Report from the Board of Directors justifying the suppression of the shareholders' preferential right.
- h. Evaluation of the suitability of the conversion ratio and, as applicable, of its adjustment formulas for compensating a possible dilution of the shareholders' economic participation.
- i. Review of events occurring subsequent to 31 December 2013 and up until the date of this report that might have a material effect on the issue of perpetual securities contingent convertible into Company shares.
- j. Obtaining a letter signed by the Company's Management in which it confirms to us that we have been provided with all the information necessary for preparing our report, as well as confirming that there have been no subsequent events between 31 December 2013 and the date of this report that have not been notified to us and which could have a significant effect on the results of our work.

With regard to the procedures applied we should mention that certain aspects of our work implicitly involve, in addition to objective factors, others that imply judgements and working hypotheses, compliance with which depends to a great extent on future events for which it is not possible at present to know the final outcome and, therefore, it is not possible to ensure that third

parties will necessarily be in agreement with the interpretation and opinions expressed in this report. We should state that, as set out in the Report from Board of Directors, the conversion ratio for the perpetual securities contingent convertible into Company shares with the exclusion of the preferential subscription right, would be determined by reference to the market value of the BBVA share at the time of conversion or at a fixed price per share of 4.5 euros were the market value to be lower, without the conversion price being, in any case, below the nominal value of the BBVA shares at the time of conversion. For this reason and taking into account the remaining characteristics of the proposed issue and its context, the theoretical value of the preferential subscription right associated with these securities would be null.

Based on the work performed, with the scope described in the previous paragraphs, in respect of the attached Report drawn up by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. in connection with the issue of perpetual securities contingent convertible into shares with exclusion of the preferential subscription right, we conclude that:

- The Report from the Board of Directors contains the required information as set out in the Technical Standards relating to the preparation of special reports of this type in accordance with the provisions of article 414.2 of the LSC.
- The information contained in the Report from the Board of Directors to justify the exclusion of the preferential subscription right is reasonable by being properly documented and presented.
- The conversion ratio for the perpetual securities contingent convertible into Company shares with the exclusion of the preferential subscription right and, as applicable, its adjustment formulas for compensating a possible dilution of the shareholders' economic participation is suitable, being null the theoretical value of the preferential subscription right associated with these securities, at the date of this report taking into account the characteristics and context of the proposed issue.

This special report has been prepared solely for the purposes set out in articles 414, 417 and 511 of the LSC, and so it may not be used for any other purpose.

BDO Auditores, S.L.

Alfonso Berganza Hernández
Partner: Auditor de Cuentas
Nº ROAC: 09501
Bilbao, 6 February 2014



Special report on the issue of perpetual securities contingent convertible into shares with exclusion of the preferential subscription right in accordance with the provisions of articles 414, 417 and 511 of the Consolidated Text of the Capital Companies Act

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APPENDIX:

**REPORT FROM THE BOARD OF DIRECTORS OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. ON
THE ISSUE OF PERPETUAL SECURITIES CONTINGENT CONVERTIBLE INTO SHARES WITH
EXCLUSION OF THE PREFERENTIAL SUBSCRIPTION RIGHT**

Report presented by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., for the effects established in articles 414, 417 and 511 of the Corporate Enterprises Act, regarding the resolution to issue perpetual securities contingently convertible into ordinary shares of the entity itself with exclusion of pre-emptive subscription rights and the corresponding increase by the amount of share capital required, which is adopted under the authority conferred by the Annual General Meeting, held on 16th March 2012.

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1. INTRODUCTION

1.1 Subject of the report and applicable regulations

This report is filed by the Board of Directors of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. ("**BBVA**", the "**Bank**" or the "**Issuer**"), pursuant to articles 414, 417, and 511 of the Corporate Enterprises Act (consolidated text) as currently worded (the "**Corporate Enterprises Act**" or the "**CEA**"), with respect to the resolution to issue preferred securities contingently convertible into ordinary BBVA shares, which are issued pursuant to the additional second provision of Act 13/1985, 25th May, on lending ratios, equity and reporting obligations of financial intermediaries ("**Act 13/1985**"), to the additional fourth provision of Royal Decree-law 14/2013, 29th November, on urgent measures to adapt the Spanish system to EU rules on supervision and solvency of financial institutions ("**Royal Decree-Law 14/2013**") and the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26th June 2013 on the prudential requirements for credit institutions and investment firms ("**Regulation EU 575/2013**") (hereinafter, the "**Securities**"), for a maximum nominal value of €1.5 bn (or its equivalent in any other currency, as established in the terms and conditions of the issue) and excluding pre-emptive subscription rights (the "**Issue**"), and the corresponding increase in share capital, which is adopted under the authority conferred by the Annual General Meeting, held on 16th March 2012 under its agenda item five.

Article 401.2 of the CEA stipulates that securities recognising or creating debt issued by a joint stock company, such as the Securities, will be subject to the regulations established for debentures under title XI of the Corporate Enterprises Act.

Said articles 414 and following of the CEA allow companies to issue debentures that can be converted into shares provided that the Annual General Meeting determines the terms and modalities of the conversion and resolves to increase the

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capital by the amount necessary. For this, the directors must draft a report explaining the terms and modalities of the conversion, which must be accompanied by another report from an auditor other than the auditor of the company accounts, appointed for this purpose by the Companies Registry.

The convertible debentures may not be issued for a sum below their nominal value, and may not be converted into shares when the nominal value of the shares is below the value of the debentures.

For publicly listed companies, article 511 of the CEA allows the General Meeting to delegate authority to the directors not just to issue convertible bonds, but also to exclude the pre-emptive subscription rights over the convertible debenture issues that are subject to the authority when the company's interests so require. To such effects, the announcement of the call to the General Meeting in which the proposal to confer authority to the directors to issue convertible debentures must also contain express reference to the proposal to exclude the right of pre-emptive subscription.

In the resolution to increase capital being made on the basis of the authority conferred by the General Meeting, the directors' report and the auditors' report mentioned above must refer to each specific issue.

Thus, pursuant to article 417 of the CEA, the aforementioned directors' report must give detailed substantiation of the grounds for the proposed suppression of pre-emptive subscription rights and the auditors' report will contain a technical judgement on the reasonableness of the data contained in the directors' report and on the suitability of the conversion ratio and, where applicable, its adjustment formulae to offset any possible dilution of the economic value of shareholders' holdings.

These reports will be made available to the shareholders and communicated to the first General Meeting held after the increase resolution.

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1.2 Advisory services received

This report is issued on the basis of (i) the report issued by the BBVA Finance Department, which in turn is based on the report drawn up by Morgan Stanley, world-class investment bank with recognised experience in this type of issuance, and (ii) the legal report from the external advisor, J&A Garrigues, S.L.P, legal consultant on Spanish law.

2. ON THE ISSUE OF THE SECURITIES

2.1 Conferral of authority by the General Meeting under which to issue the Securities

The BBVA Annual General Meeting, held on 16th March 2012, validly called in time and form, under its agenda item five adopted the following resolution, the relevant part of which is transcribed below:

“Repealing the unavailed part of the authorisation conferred by the Annual General Meeting, held on 14th March 2008, under agenda item six, to confer authority to the Board of Directors to issue securities convertible and/or exchangeable for Company shares, subject to applicable legal provisions and after obtaining the necessary authorisations, pursuant to the following conditions:

(...)

3. The authority to issue securities that may be converted into and/or exchanged for Company shares will be extended to the following aspects and will also comprise the following powers:

- i) Establishment of the various aspects and conditions of each issue, including, but not limited to: determining the amount of each issue or tranche within an issue, always within the overall quantitative limit established; the place of the issue (in or outside Spain) and the currency or exchange, plus its equivalent value in euros when denominated in another currency; the type of securities and their denomination, whether they are bonds, debentures (including subordinate debentures), preferred securities, warrants or any other admissible by law; the date(s) of issue; the number of securities and their nominal value; the issue price; in the case of warrants and similar securities, the issue price and/or premium, the strike price (which may be fixed or variable) and the procedure, term and other conditions applicable to the exercise of the subscription or purchase right*

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over the underlying shares; the form and conditions of the yield and the fixed or variable interest rate, the dates and procedures for payment of the coupon; whether the issue is in perpetuity or redeemable, and if so, the redemption term and the maturity date; the reimbursement ratio, premiums and bundling, guarantees; whether to represent the issue in certificates or book entries; the regulations governing subscription; anti-dilution clauses; applicable legislation and, in general, any other condition for the issue. Also, where appropriate, to appoint a commissioner and approve the fundamental rules governing the legal relations between the Bank and the syndicate of security-holders, should it be necessary or advisable to constitute such a syndicate.

- ii) The power to increase capital by the amount necessary to meet applications for conversion or subscription with the limits that, should they be applicable, are in force and available at any one time, and re-state article 5 of the Company Bylaws.*
- iii) The power to exclude the pre-emptive subscription rights of shareholders, when this is necessary or when the corporate interest requires such exclusion. In any event, pursuant to article 511 of the Corporate Enterprises Act, should the Board resolve to exclude the pre-emptive subscription rights over a specific issue that it may resolve to implement under this authorisation, at the same time as the issue is approved, it will release a report giving the grounds for proposing such exclusion, which will be the subject of a parallel report from the auditor of accounts referred to in articles 417 and 511 of the Corporate Enterprises Act. These reports will be made available to shareholders and communicated to the first General Meeting held after the increase resolution.*
- iv) The power to determine the conversion and/or exchange ratio, which may be fixed or variable, within the limits established below, and the timing of the conversion and/or exchange; whether the conversion and/or exchange of the securities is mandatory or voluntary, and whether at the option of the Company or the securities holders or both, and in general, such limits and conditions as may be necessary or advisable for the issue.*

If the issue is made at a fixed conversion and/or exchange ratio, the corresponding share conversion and/or exchange price may not be lower than whichever is higher of (i) the arithmetic mean of the closing prices on the SIBE electronic trading platform over a period to be specified but not exceeding three months and not less than fifteen days prior to the date on which the issue of convertible and/or exchangeable securities is approved, and (ii) the closing share price on the SIBE electronic trading platform the day prior to the date on which the issue of convertible and/or exchangeable securities is approved.

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Should the issue be made with a variable conversion and/or exchange ratio, the share price for the conversion and/or exchange must be the arithmetic mean of the closing prices of the Company's shares on the SIBE electronic trading platform during a period not exceeding three months and not less than five days prior to the conversion or exchange date with a premium or, as applicable, a discount on said price per share. The premium or discount may be different for every date of conversion or exchange of each issue. However, if a discount is established on said price per share, it may not exceed 30%.

(...)

For the purpose of conversion and/or exchange, the value of the share may never drop below its nominal value and securities may not be converted into shares when the nominal value of such securities is below that of the shares.

Likewise, the valuation for conversion and/or exchange of securities into shares will be for their nominal value and may or may not include interest accrued but unpaid at the time of their conversion and/or exchange."

2.2 Grounds for the Issue

In December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") published recommendations on the Basel 3 framework, containing reforms to shore up the international capital and liquidity standards applicable to credit institutions, in order to make the banking industry more resilient.

This Basel 3 framework was revised in June 2011 and, after including the latest recommendations from the Basel Committee and complying with due legislative requirements, Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "**Directive 2013/36/EU**") and the Regulation EU 575/2013 (jointly with Directive 2013/36/EU, "**CRD IV**") were approved, which comprise the Community regulations that implement Basel 3 in the Community Legal Order.

This new CRD IV framework has already been partially implemented in Spain under Act 9/2012, 14th November, on the restructuring and resolution of credit

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institutions and under Royal Decree-Law 14/2013, and it is expected that, without prejudice to the direct applicability of Regulation EU 575/2013, CRD IV will be fully implemented in Spain during 2014.

CRD IV requires credit institutions to set aside certain percentages of different instruments in their regulatory capital composition in order to be considered adequately capitalised. Thus, apart from Common Equity Tier-1 Capital, CRD IV also includes two additional categories of regulatory capital, namely Additional Tier-1 Capital and Tier-2 Capital, which must be covered with specific instruments and, in their absence, with Common Equity Tier-1 Capital, which would always be less efficient and more burdensome.

In this respect, CRD IV establishes that instruments issued by credit institutions that have previously been eligible as Additional Tier-1 Capital and do not comply with the new requirements under Regulation EU 575/2013 will gradually lose their eligibility until 2023, after which they will not be eligible as Additional Tier-1 Capital instruments.

Therefore, despite BBVA's comfortable Common Equity Tier-1 Capital adequacy at present, the BBVA Finance Department considers that for a prudent and diligent management, the Bank should issue securities eligible as Additional Tier-1 Capital under CRD IV in order to anticipate the requirements for BBVA to have such instruments while at the same time effecting an orderly changeover of earlier instruments as they will cease to be eligible as Additional Tier-1 Capital. All this will be done making best use of the currently favourable conditions on financial markets and also considering the interest and demand detected among certain types of professional investors for such financial instruments, as reflected in the uptake of contingent convertible bonds that the Bank issued in May 2013.

In this context, in order to meet the regulatory requirements in the most efficient manner possible, the Finance Department proposes to issue a fixed-income instrument eligible as Additional Tier-1 Capital under CRD IV, to which purpose

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Regulation EU 575/2013 establishes the requirement for these securities to include the following features:

- (i) that they be issued in perpetuity;
- (ii) that they have a degree of subordination that places them just above the shares (such that their order of seniority is below that of Tier-2 Capital instruments in the event of insolvency);
- (iii) that the yield on the securities is paid solely against distributable items and that the entity has full discretionary powers at all times to cancel the yield for an indefinite period and without cumulative effects; and
- (iv) that they incorporate a contingent conversion mechanism into the entity's shares in the event of the conversion trigger established in the regulations (described in section 2.4.1 below) and that they can thus effectively absorb losses in a stress scenario for the issuer's solvency. However, this contingent conversion would only take place in a very specific situation in which the issuer or the issuer's group have an Common Equity Tier-1 Capital shortfall.

Consequently, the Securities are subordinate perpetual fixed-income securities with discretionary yield, convertible into ordinary BBVA shares in the event of an Common Equity Tier-1 Capital shortfall, and are eligible as Additional Tier-1 Capital, pursuant to CRD IV. In this manner, BBVA prepares itself for the progressive loss of eligibility of earlier Additional Tier-1 Capital instruments, making best use of the currently favourable conditions on financial markets, in the Company's best interests.

2.3 Financial conditions of the Issue

The Issue will be made for a maximum amount of €1.5 bn, each Security having a nominal value of €200,000.

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For the purposes of their eligibility as Additional Tier-1 Capital, the Securities must have the features established in CRD IV, in particular those listed in the previous section.

The yield that investors will collect will be determined in the final conditions of the Issue and will be in line with market prices for this type of instrument, as indicated in the Finance Department report. Payment of the yield will be conditional inter alia on the existence of distributable items, as indicated in the regulations on equity, which will be detailed in the Issue terms and conditions.

The Issuer may, at its own discretion when it deems this to be necessary, cancel the yield payment during an unlimited period, without cumulative effect.

Should any of the conversion triggers established in section 2.4.1 below occur, the Securities will be converted into ordinary BBVA shares pursuant to the following variable conversion ratio, which depends on the BBVA share price at the time of conversion:

$$Num_{Shrs} = Nom_{convertible} / P_{Shr}$$

Where:

Num_{Shrs} : Number of BBVA shares to be delivered against each Security.

$Nom_{convertible}$: Nominal value of the Security being converted (€200,000).

P_{Shr} : Conversion Price (as defined in section 2.4.2 below).

2.4 Terms and modalities of the Conversion

The terms and modalities of the conversion of the Securities, resulting from the proposal reflected in the Finance Department report, will essentially be as follows:

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2.4.1 Conversion triggers

The Securities will be converted into ordinary BBVA shares if the Issuer or its consolidable group or subgroup reports a Common Equity Tier-1 Capital ratio below 5.125%, calculated under Regulation EU 575/2013 or any other regulation on equity applicable to the Issuer at any time.

Likewise, the Securities may be converted into newly issued ordinary BBVA shares if the Issuer adopts any measure whose consequence is the approval of a share capital reduction under the terms established in article 418.3 of the CEA.

Finally, the terms and conditions of the Issue may establish additional triggers for total mandatory conversion should this be necessary to safeguard the Issuer's solvency or so that the Securities can be eligible as Additional Tier-1 Capital.

2.4.2 Conversion Ratio

The ratio for converting the Securities into ordinary BBVA shares (the "**Conversion Ratio**") will be the result of dividing the nominal unit value of the Securities (ie, €200,000) by the value attributed to the ordinary BBVA shares for the purposes of the conversion (the "**Conversion Price**"). The Conversion Price will correspond to the market price of BBVA shares at the time of the Securities conversion, subject to the limits established below.

Thus, the number of shares corresponding to each Securities holder as a consequence of the conversion will be the number resulting from multiplying the Conversion Ratio by the number of Securities held by the investor. If this transaction results in fractions, these will be subject to the stipulations of the Issue conditions.

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The Conversion Price will be the arithmetic mean of the closing prices of the BBVA shares on the five trading days prior to the day of the conversion trigger, rounding off to the closest euro cent and where it is half a cent, rounding up to the next whole euro cent (the "**Reference Price**").

If the Reference Price is below €4.5, the Conversion Price will be €4.5 per share, although this amount may vary subject to the application of the anti-dilution mechanism established in the following section.

The above notwithstanding, the Conversion Price may never be lower than the nominal value of the BBVA shares at the time of conversion, such that in all events the transaction will be compliant with article 415 of the Corporate Enterprises Act.

Consequently, the Conversion Price will be whichever is greater of:

- a) the Reference Price;
- b) €-4.5 (without prejudice to possible changes in this amount subject to application of the anti-dilution mechanism); and
- c) the nominal value of the BBVA shares at the time of conversion.

2.4.3 Anti-dilution mechanism

Pursuant to article 418.2 of the Corporate Enterprises Act, anti-dilution mechanisms will be established on the Conversion Price in line with habitual practices in this type of transactions, pursuant to the terms and conditions of the Issue.

These anti-dilution mechanisms must take into account the conversion terms and modalities established above and that the Conversion Price may never be less than the nominal value of the BBVA shares at the time of conversion.

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2.5 Capital increase

Pursuant to article 414 of the Corporate Enterprises Act, the share capital increase must be resolved for the maximum amount necessary to be able to cover the contingent conversion of the Securities issued. To such purpose, the maximum number of shares to be issued to cover the conversion will be determined by dividing the amount of the Issue by the Conversion Price.

This capital increase will be executed by the Board of Directors, which may confer authority for its execution to the Executive Committee, with express powers of substitution, and empower those proxies that the Board of Directors may indicate, under the resolution to issue convertible securities adopted by the BBVA Annual General Meeting, held on 16th March 2012, under its agenda item five, to cover the contingent conversion of the Securities, by issuing new ordinary shares of the same nominal value and containing the same rights as the shares outstanding on the date on which the corresponding capital increase is executed. Should the capital issue be executed, the corresponding article in the Company Bylaws will be restated to adapt it to the new amount of share capital.

It is not yet possible to determine the exact amount of share capital that will be necessary for the contingent conversion of the Securities, given that, pursuant to the terms and modalities of the conversion, it will depend on the market price of the BBVA shares at the time of conversion.

The above notwithstanding, considering that the Issue is for a maximum nominal amount of €1.5 bn, that the Conversion Price may not be below €4.5, and assuming there will be no anti-dilution adjustment prior to the date on which the Securities are converted, it is hereby stated that the maximum number of new shares it would be necessary to issue would be 333,333,333 ordinary shares.

Pursuant to article 304.2 of the Corporate Enterprises Act, should the Securities be converted, there would be no pre-emptive subscription rights over the resulting capital increase.

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3. GROUNDS FOR THE EXCLUSION OF PRE-EMPTIVE SUBSCRIPTION RIGHTS

3.1 Grounds for the exclusion of pre-emptive subscription rights

As indicated above, the BBVA Annual General Meeting, held on 16th March 2012, resolved under agenda item five, to confer authority on the Board of Directors to issue securities that could be converted into shares and to increase the share capital. It also resolved to empower the Board of Directors to exclude pre-emptive subscription rights over the convertible securities issues made under such authority.

To such end, when calling the aforementioned Annual General Meeting, BBVA Board of Directors approved and gave shareholders access to a report substantiating the grounds of the proposal to confer authority to exclude pre-emptive subscription rights.

Article 511 of the Corporate Enterprises Act requires that pre-emptive subscription rights only be excluded in case of convertible securities issues when corporate interests so require.

The BBVA Board of Directors, by virtue of the said authority and with due substantiation provided by the reports issued by the Finance Department, in turn substantiated by the Morgan Stanley report, and by the legal report from J&A Garrigues, S.L.P. as external legal advisor helping BBVA in the legal structure of this transaction, has resolved to exclude the pre-emptive subscription rights with respect to the issuance of the Securities, as it deems such exclusion to be fully substantiated and pursuant to the requirements established by law, as well as those necessary to achieve the corporate interests, as explained below.

In order to provide the Bank with Additional Tier-1 Capital instruments under CRD IV, and effect an orderly changeover of instruments as earlier instruments currently recorded as part of the Bank's Additional Tier-1 Capital cease to be

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eligible as such, the Finance Department has proposed that the Board of Directors makes a securities issue that will be eligible as Additional Tier-1 Capital in order to anticipate the aforementioned loss of eligibility and adequately satisfy prevailing regulatory requirements, making best use of the currently favourable conditions on financial markets and the demand detected among certain types of professional investors for such financial instruments.

In order to be eligible as Additional Tier-1 Capital under CRD IV, these fixed income instruments must be issued in perpetuity, subordinated, with a discretionary yield and convertible into ordinary BBVA shares in the contingency of Common Equity Tier-1 Capital shortfall (as indicated in the previous sections). The issue of the Securities is therefore proposed as the only securities that comply with the described characteristics.

The complex characteristics of this type of instruments, which are required under CRD IV, and their sophistication, as well as the latest regulatory changes (in particular with respect to the placement of such instruments), means that the Securities are currently a product only suited for placement among professional investors (to whom the Issue is targeted) and not among any kind of investors (of the type comprising the BBVA shareholding public), so that not excluding the pre-emptive subscription rights would mean offering a product that does not match the investment profile of all the Company shareholders and would consequently compromise the viability of the Issue due to the high risk of it not being subscribed within the period and at the amount initially expected.

This would firstly have a very negative impact on the BBVA market position as an issuer, and would also make it necessary to carry out a subsequent additional placement among non-shareholder investors under conditions that would foreseeably be less favourable for the Bank, in terms of effective and operational costs, time of execution and capital, thereby clearly prejudicing BBVA's corporate interests.

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However, as the Finance Department makes clear in its report, growing interest for this type of instruments has been detected among sophisticated foreign private banking customers and qualified investors (who know and habitually subscribe to this type of product). This was demonstrated by the success of the contingent convertible securities issue that the Bank made in May 2013 and the issues made in recent months by various domestic and international financial institutions, which only targeted these types of investors.

Thus, in order to ensure the success of the Issue and be able to target it directly at these types of investors, it is vital to exclude the pre-emptive subscription rights of BBVA shareholders.

The combination of the factors described above (shoring up BBVA equity, the characteristics of these securities, the market conditions and the investors to whom the Issue is targeted) have led the Finance Department to establish that the optimal alternative for corporate interests is to reinforce BBVA equity by issuing Securities, targeting the Issue solely at qualified investors and foreign private banking customers, as this is the suitable group for subscribing this kind of instrument and also the group in which most interest has been detected for such contingent convertible perpetual fixed-income instruments.

Consequently, the optimal alternative to meet the requirements of corporate interests and provide a complete and comprehensive solution to the matters raised herein is to issue the Securities, excluding the pre-emptive subscription rights.

Additionally, in line with the explanation given by the Bank's Finance Department in its report, the following circumstances should be taken into account:

- (i) The nature of the Securities is a fixed-income capital instrument in perpetuity, whose contingent convertibility is demanded under the regulations on equity and solvency in order to be eligible as Additional Tier-1 Capital, but which is only applicable for very specific circumstances in which there is a shortfall in regulatory capital. Likewise, it should be

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considered that, in line with the Finance Department's report, the BBVA solvency and equity ratios are currently very far from the conversion triggers, reinforcing the nature of the Securities as fixed-income instruments and the unlikely contingency of their conversion.

- (ii) The issue price of the Securities is in line with market prices for this type of instruments.
- (iii) The Conversion Price proposed to cover a contingent conversion corresponds to the market price of the share at the time of conversion, unless this price is below €4.5, in which case the Conversion Price would be €4.5 and the shares would be issued at a premium over the market price. In this manner, the maximum number of shares vesting is limited by setting a Conversion Price floor that guarantees that they are issued at a price equal to or above the market price.

Taking into account that the Securities are issued in perpetuity, that their issue price is aligned to the market price, that the conversion triggers are very specific and that the Conversion Price would be the market price or, where applicable, at a premium over the market price; in compliance with the Finance Department report, the theoretical value of the pre-emptive subscription rights stemming from the Issue is zero, such that the current shareholders do not lose any economic value due to their exclusion.

3.2 People to whom the Securities may be attributed

As indicated above, the Issue exclusively targets qualified investors and foreign private banking customers.

4. PROPOSED RESOLUTION

"ONE.- By virtue of the authorisation conferred by the Company's Annual General Meeting, held on 16th March 2012, under its agenda item five, to issue contingent convertible preferred securities into newly issued ordinary shares of Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**"), issued pursuant to the second additional provision of Act 13/1985, 25th May, on investment ratios, equity and reporting obligations of financial intermediaries ("**Act 13/1985**"); the fourth additional provision of Royal Decree-law 14/2013, 29th November, on urgent measures to adapt the Spanish system to EU rules on supervision and solvency of financial institutions ("**Royal Decree-law 14/2013**"); and the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms ("**Regulation EU 575/2013**") (hereinafter the "**Securities**"); to a maximum nominal amount of one and a half billion euros (€1,500,000,000) (or its equivalent in any other currency, as established in the issue terms and conditions), with exclusion of pre-emptive subscription rights (the "**Issue**"), pursuant to the following terms:

<i>Nature of the Securities:</i>	<i>The securities to be issued will be contingent convertible preferred securities into newly issued ordinary BBVA shares, pursuant to the second additional provision of Act 13/1985, the fourth additional provision of Royal Decree-law 14/2013 and the Regulation EU 575/2013.</i>
<i>Issuer:</i>	<i>Banco Bilbao Vizcaya Argentaria, S.A.</i>
<i>Target investors:</i>	<i>Qualified investors and foreign private banking customers.</i>
<i>Maximum amount:</i>	<i>One billion, five hundred million euros (€1,500,000,000) (or its equivalent in any other currency, as established in the terms and conditions of the Issue)</i>
<i>Nominal value:</i>	<i>The Securities will have a nominal unit value of two hundred thousand euros (€200,000).</i>
<i>Number of Securities:</i>	<i>The maximum number of Securities to be issued is seven thousand, five hundred (7,500), all belonging to one single series and with the same terms and conditions.</i>
<i>Issue Price:</i>	<i>The Issue will be at par, i.e., at one hundred per</i>

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cent of its nominal value.

Distribution:

Holders of Securities may receive a predetermined non-cumulative distribution that will be determined as a function of the interest rate applicable to the nominal value of the Securities, provided they comply with the rest of the conditions established in the Issue terms (the “Distribution”).

In particular, the Issuer may, at its own discretion, cancel the Distribution payment when it deems this to be necessary during an unlimited period, without cumulative effect, without prejudice other circumstances that may be included in the Issue terms and conditions.

Maturity date and early redemption:

The Issue is perpetual, such that it has no maturity date.

The Securities may be totally or partially redeemed at the Issuer's option, in accordance with the final terms and conditions of the Issue, provided that at least 5 years have elapsed from their issue and if, where applicable, authorisation has been given by the Bank of Spain or by the relevant supervisory authority.

The Issue conditions may include other circumstances for early redemption by the Issuer.

Form of the Securities:

The Securities will be represented by notes or by electronic book entries.

Status of the Securities:

The Securities will be ranked in the following order:

- (i) behind all BBVA's common and subordinate creditors;*
- (ii) in the same rank (pari passu) as other issues of preferred securities, preferred shares or other securities with the same rank as the Securities that the Issuer may have issued (or guaranteed) or may issue*

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(or guarantee);

(iii) ahead of those securities that the Issuer may have issued or may issue with a rank subordinated vis-à-vis the Securities; and

(iv) ahead of the BBVA ordinary shares.

TWO.- The terms and modalities for conversion of the Securities will be as follows:

a) Conversion triggers

The Securities will be converted into newly issued BBVA ordinary shares if the Issuer, or its consolidable group or subgroup, reports a ratio of common equity tier 1 capital below 5.125%, calculated pursuant to Regulation EU 575/2013 or any other regulation applicable to the Issuer's equity at any time.

Likewise, the Securities will be convertible into newly issued BBVA ordinary shares if the Issuer adopts any measures that may lead to the approval of a reduction of its share capital pursuant to article 418.3 of Corporate Enterprises Act.

Finally, the Issue terms and conditions may establish additional mandatory total conversion scenarios if this are necessary to safeguard the Issuer's solvency or to ensure that the Securities compute as additional tier 1 capital.

b) Conversion Ratio

*The ratio for converting the Securities into ordinary BBVA shares (the "**Conversion Ratio**"), will be the result of dividing its nominal unit value (i.e., €200,000) by the value attributed to the ordinary BBVA shares for the purposes of the conversion (the "**Conversion Price**"). The Conversion Price will correspond to the market value of the BBVA shares at the time of the Securities conversion, subject to the following limits.*

Thus, the number of shares corresponding to each Securities holder as a consequence of the conversion will be the number resulting from multiplying the Conversion Ratio by the number of Securities held by the investor. If this transaction results in fractions, these will be subject to whatever is determined in the Issue terms and conditions.

*The Conversion Price will be the arithmetic mean of the closing prices of the BBVA share on the five trading days prior to the day on which the conversion trigger occurs, rounded up or down to the closest euro cent and, when it is half a cent, rounded up to the nearest euro cent (the "**Reference Price**").*

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If the Reference Price is below 4.5 euros, the Conversion Price will be 4.5 euros per share, although this amount may vary subject to the application of the anti-dilution mechanism established in the following section d).

The above notwithstanding, the Conversion Price may never be lower than the nominal value of the BBVA shares at the time of conversion, such that in all events the transaction will be compliant with article 415 of the Corporate Enterprises Act.

Consequently, the Conversion Price will be whichever the greater of:

- a) the Reference Price;*
- b) 4.5 euros (although this amount may vary due to application of the anti-dilution mechanism); and*
- c) the nominal value of the BBVA shares at the time of conversion.*

c) Procedures for Conversion

The procedures for conversion will be determined in the Issue terms and conditions.

d) Anti-dilution mechanism

Pursuant to article 418.2 of the Corporate Enterprises Act, anti-dilution mechanisms will be established on the Conversion Price in line with habitual practices in this type of transactions, in compliance with the terms and conditions of the Issue.

These anti-dilution mechanisms must take into account the conversion terms and modalities established above and that the Conversion Price may never be less than the nominal value of the BBVA shares at the time of conversion.

*Without prejudice to other proxies that may be conferred by virtue of these resolutions, the Executive Committee is empowered, with express authority to delegate these powers, and joint and several powers are conferred on Mr. Manuel González Cid, Spanish national, of legal age, with identity card number 51361870-H, Mr. Erik Schotkamp, Dutch national, of legal age, with foreign residency card number Y-2126590-R, Mr. Ignacio Echevarría Soriano, Spanish national, of legal age, with identity card number 837871-G, Mr. Raúl Moreno Carnero, Spanish national, of legal age, with identity card number 52473664-S, and Mr. Francisco Javier Colomer Betoret, Spanish national, of legal age, with identity card number 25418655-K; all domiciled for these effects at Paseo de la Castellana number 81, Madrid (the “**Proxies**”), to amend the terms and conditions of the Issue as well as to determine or develop any matter not established by this resolution, including, but not limited to, sufficient powers to amend,*

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adapt and/or to determine other conversion triggers, additional to those established in this resolution, under the terms and conditions they deem necessary or advisable for the successful outcome of the transaction.

THREE.- *On the basis of the report drawn up by the BBVA Finance Department, in accordance with the report by J&A Garrigues, S.L.P., and by virtue of articles 414, 417 and 511 of the Corporate Enterprises Act, approve the Directors' Report on the Securities issue, which will be made available to shareholders along with the report issued by the auditor other than the auditor of the Company accounts, appointed to do so by the Companies Registry, and reported to the first Annual General Meeting held after the increase resolution, expressly empowering the Company Secretary & Secretary to the Board of Directors to certify its text.*

FOUR.- *In line with the Finance Department report, which is reflected in the Directors' Report approved in the foregoing resolution, the corporate interests require suppression of pre-emptive subscription rights. Consequently, the Board of Directors, pursuant to the powers attributed by the Annual General Meeting, held on 16th March 2012, under its agenda item five, and by virtue of article 511 of the Corporate Enterprises Act, hereby resolves to suppress said pre-emptive subscription rights in this Issue.*

FIVE.- *To increase the share capital by the amount and number of shares necessary to cover the contingent conversion of the Securities, pursuant to the Conversion Ratio.*

The maximum number of shares to be issued is 333,333,333 ordinary shares, assuming that no anti-dilution adjustment is made, expressly envisaging the possibility of the capital increase being implemented with an issue premium, by a lower number of shares and with the possibility of under-subscription.

Should the Securities be converted, the newly issued shares issued to cover said conversion will be ordinary shares, equal to those outstanding at that time and will equally be represented in the same way as those ordinary shares (currently by book entries, whose recording is attributed to Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal ("Iberclear") and its accountholders), granting their holders the same rights as are recognised for the ordinary shares outstanding at that time. On executing this resolution to increase share capital, the relevant Company Bylaws article will be reworded accordingly.

Pursuant to article 304.2 of the Corporate Enterprises Act, should the Securities be converted, there will be no pre-emptive subscription rights on the resulting capital increase.

SIX.- *By virtue of the authority conferred on this Board of Directors by the BBVA Annual General Meeting, held on 16th March 2012, under its agenda item five, to delegate to the Executive Committee, which may in turn delegate such authority, and to empower the Proxies in the broadest terms, jointly and severally, within the limits*

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herein established, such that they may carry out the Issue and therefore they may proceed to:

- a) Determine the timing on which the Issue is to take place, and refrain from going ahead with the Issue should this be deemed necessary or advisable.*
- b) Determine the characteristics of the Securities to be issued, including, but not limited to, the final amount of the Issue within the limits established under resolution ONE above, the currency of the Issue and the nominal unit value of each Security, the nominal interest rate applicable to the Securities, the interest accrual periods, include new conversion terms and modalities and/or amend them, including the Conversion Ratio or the terms and conditions of the anti-dilution mechanism; and any additional circumstances for early redemption and determine any matter not established hereunder that may be necessary for the successful outcome of the transaction, expressing the amount availed against the limit of the authority granted by the Annual General Meeting to the Board and the amount still available.*
- c) Declare the Distribution of the Securities, whether partially or completely, as well as declare no Distribution, as determined in the Issue terms and conditions.*
- d) Apply, where appropriate, the anti-dilution mechanism as determined in the Issue terms and conditions.*
- e) Carry out any arrangement, request or appointment that may be legally necessary to achieve the Issue and/or filing the Issue with the Companies Registry or any other public or private bodies or entities.*
- f) Grant and execute any public and private documents required, appearing before a Notary Public and finalise the formalities on the preceding resolutions, including deeds of issue, correction, clarification or rectification, and deeds of the total or partial subscription of the Issue, as well as the total or partial redemption or amendment and, where applicable, any others that may have preceded it or may be resolved in the future. Where applicable, file the declaration referred to in article 318 of the Companies Registry Regulations, in order to comply with the procedures established in article 26 of Act 24/1988, 28th July, on the Securities Exchanges, should this be necessary.*
- g) Formalise or register the offering circulars that may be necessary and the documents in which the Issue is formalised, and any other documents that may be necessary before any bodies, regulators, registries, the Companies Registry and exchanges or markets in or outside Spain, including but not limited to any*

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- regulated or non-regulated secondary markets and exchanges, organized or non-organized. Request, where appropriate, listing for trading of the Securities on regulated or non-regulated, organized or non-organized, secondary markets in or outside Spain.*
- h) Proceed, where necessary, to constitute a syndicate of Securities holders, determine its characteristics and rules of operation, and to appoint its provisional commissioner, and the rules governing relations between the Company and the Syndicate.*
 - i) Establish any other parameters not established by this Board with respect to the Issue and determine any other parameter for the Issue that may be necessary for its successful completion.*
 - j) Negotiate, undersign and grant public and private documents, including but not limited to, offering circulars, liquidity contracts, subscription, placement and/or insurance contracts, payment agency contracts, and any other contracts that may be necessary for the issuance of the Securities under the conditions deemed most appropriate.*
 - k) With respect to the contingent conversion of the Securities into BBVA shares, establish, where appropriate, the Conversion Price, the final conversion ratio for the Issue and, where applicable, the issue premium, determine the number of shares by which the BBVA capital is finally to be increased, declaring under-subscription when this is the case, and engage in such acts as may be necessary, including but not limited to, granting any public or private documents that may be necessary to implement the capital increase and amend, where appropriate, the wording of the corresponding article of the Company Bylaws to adapt it to the new figure for capital, appearing to such effects before any public or private bodies, including but not limited to public notary or the Companies Registry.*
 - l) Request, where appropriate, listing for trading on regulated or non-regulated, organized or non-organized, Spanish or non-Spanish secondary markets and take any actions they deem necessary in any jurisdiction where the BBVA shares are offered or traded or listing for their trading has been requested, where this is the case, in order to cover the contingent conversion of the Securities. By way of example:*
 - (i) Write and file any offering circulars, requests, communications or notifications that may be required by applicable legislation in each*

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competent jurisdiction and agree later amendments to these that they deem advisable.

- (ii) Take such actions as may be necessary before any competent authorities in each jurisdiction and approve and formalise such public and/or private documents as may be necessary and/or advisable for any aspects or content of the resolutions to increase capital to enter into full force.*

Finally, and for the effects of the applicable regulations on the issue of securities, it is resolved to appoint Proxies to represent the Company before any public and/or private body. They will have joint and several powers and will bear responsibility for the content of the offering circulars. They are also empowered to sign any additional public and/or private documents and contracts that may be necessary for the successful completion of the transaction."

* * *

Madrid, 30th January 2014



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