Report submitted by the Remuneration Committee to the BBVA Board of Directors for the purposes set forth in Article 529, section nineteen, of the Corporate Enterprises Act, in relation to the motioned resolution on the approval of the Remuneration Policy for directors of Banco Bilbao Vizcaya Argentaria, S.A.

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

I. Introduction: Legislative Framework

This report has been drawn up by the Remuneration Committee of the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter referred to as the “BBVA”, the “Company” or the “Bank”) as established in article 529, section 19, of Royal Legislative Decree 1/2010 of 2 July, which approved the consolidated text of the Corporate Enterprises Act (hereinafter referred to as the "Corporate Enterprises Act"), stipulating that the remuneration policy for directors shall be approved by the General Shareholders Meeting at least every three years and that the proposal of the remuneration policy submitted by the Board of Directors shall be reasoned and must be accompanied by a specific report from the Remuneration Committee (hereinafter referred to as the "Report").

In this regard, article 17 of the BBVA Board of Directors Regulations establishes that the management body capacities include the approval of the directors’ remuneration policy to subsequently convey to the General Meeting as stipulated in article 529, section 19, of the Corporate Enterprises Act.

In turn, article 36.1 of the BBVA Board of Directors Regulations establishes that the Remuneration Committee's capacities include submitting the proposal for the directors’ remuneration policy to the Board of Directors for subsequent submission to the General Meeting, with respect to its items, amounts, and parameters for its determination and its vesting , likewise submitting its corresponding report; the foregoing in the terms established by applicable law at all times.

In keeping with the above, the Remuneration Committee has agreed to submit the present Report concerning the remuneration policy for BBVA directors to the Board of Directors which is subject to its approval.

II. BBVA Corporate Governance System: Decision-making process

The Remuneration Committee is aware of the importance of large companies having a system to establish standards for orienting the structure and operations of its governing bodies in the interests of the Company and its shareholders. The creation of long-term value is among BBVA's primary goals, and one of the essential premises to attain this goal is the existence of an appropriate corporate governance system.

Thus, among the mechanisms of this system, the Board of Directors thus has a set of Regulations embodying the principles and elements that shape the BBVA's system of corporate governance comprising standards for internal rules and operation of the Board and its Committees, as well as the rights and obligations of directors in performance of their duties that comprise the Directors' Charter.

Shareholders can view the actual text of the Board Regulations at the Company's website (www.bbva.com).

Remuneration Committee

Pursuant to best corporate governance practices and in order to better perform its duties, the BBVA Board of Directors has established several Committees to help it in matters falling within its remit.

The Remuneration Committee, amongst the Board of Directors' Committees underscored for the purposes hereof, is the body assisting the Board on issues regarding remuneration attributed to it under the Board Regulations.

This Committee, governed under article 36 and subsequent articles of Board Regulations, will comprise a minimum of three members appointed by the Board of

Directors, which will also appoint its Chair. All members thereof must be non-executive directors, and the majority thereof, including the Chair, must be independent.

As of the date of this Report, the Remuneration Committee comprises five directors, all non-executives, with an independent majority. Their names, positions and status are listed below:

Name and surname(s)	Position	Status
Carlos Loring Martínez de Irujo	Chairman	Independent
Tomás Alfaro Drake	Member	Independent
Ignacio Ferrero Jordi	Member	External
José Maldonado Ramos	Member	External
Juan Pi Llorens	Member	Independent

This Committee meets as frequently as might be needed to discharge its duties, as convened by its Chairman.

As indicated, the duties of the Remuneration Committee include proposing the directors' remuneration policy, for which it has the collaboration of the Board's Risks Committee, which, under article 39 of the Board Regulations, is involved in the process of establishing the remuneration policy by checking that is consistent with sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Company.

Under article 36 of the Board Regulations, the Remuneration Committee will discharge the following duties:

1. Propose to the Board of Directors, for its submission to the General Meeting, the directors' remuneration policy, with respect to its items, amounts, and parameters for its determination and its vesting. Also to submit the corresponding report, in the terms established by applicable law at any time.

2. Determine the extent and amount of the individual remunerations, entitlements and other economic compensations and other contractual conditions for the executive directors, so that these can be reflected in their contracts. The Committee's proposals on such matters will be submitted to the Board of Directors.

3. Propose the annual report on the remuneration of the Bank directors to the Board of Directors each year, which will then be submitted to the Annual General Meeting, in compliance with the applicable legislation.

4. Propose the remuneration policy to the Board of Directors for senior managers and employees whose professional activities have a significant impact on the Company's risk profile.

5. Propose the basic conditions of the senior management contracts to the Board of Directors, and directly supervise the remuneration of the senior managers in charge of risk management and compliance functions within the Company.

6. Oversee observance of the remuneration policy established by the Company and periodically review the remuneration policy applied to directors, senior managers and employees whose professional activities have a significant impact on the Company's risk profile.

7. Any other duties that may have been allocated under these Regulations or attributed to the Committee by a Board of Directors resolution or by applicable legislation.

The Remuneration Committee may request, as provided for under the Board Regulations, the attendance at its sessions of persons with tasks within the Group that are related to the Committee's duties. It may also obtain advice as necessary to establish criteria related to its business.

In the discharge of its duties, the Committee has continuously examined the remuneration policy for BBVA directors, backed by the technical services of the Bank and outsourced experts in compensation matters as considered necessary at any given moment.

As a result of the foregoing, the Committee has submitted specific proposals to the Board regarding the directors' remuneration policy, and has determined the remuneration and economic consideration, and contractual conditions of the directors in application of the approved policy, submitting the corresponding proposals to the Board.

Throughout the past year, the Committee has examined the remuneration of directors on the basis of the legislative amendments, the evolution of the regulatory and oversight systems, and the most advanced practices of the market, concluding, on the basis of this analysis, to submit a proposal to modify the directors' remuneration policy to the Board of Directors regarding the variable remuneration system of the executive directors with a view to improving it by:

- Increasing the number and type of indicators used for calculating variable remuneration.

- Strengthening the links between variable remuneration and risk metrics, reinforcing its alignment with a prudent risks management.

- Increasing the weight of the multi-year indicators for determining the variable remuneration and thus reinforcing the long-term performance assessment.

- Reinforcing the deferral period in the payment of the variable remuneration.

- Increasing the transparency in the calculation of the variable remuneration.

Thus, BBVA's remuneration policy for members of the Board of Directors, in accordance with the Bylaws, distinguishes between the remuneration system for directors in their capacity as such (non-executive directors) and executive directors.

Regarding executive directors, the remuneration items shall apply as those used worldwide by major listed international corporations for their senior management. These items are included in article 50 bis of BBVA’s Company Bylaws and correspond to those generally applicable to the Bank's senior management.

Thus, executive directors have a remuneration system comprising:

- A fixed remuneration, which considers the level of responsibility of their duties, ensuring it is competitive with the remuneration applied to equivalent posts in the major international financial institutions of the major European countries and the United States, constituting a relevant part of their total compensation; and

- A variable remuneration whose amount is determined on the basis of objectives linked with the results of the Group, the performance of their duties and the generation of long-term value; and governed by the same principles as those applied to those categories of staff whose professional activities have a significant impact on the Group's risk profile or those in control functions (hereinafter referred to as the "Identified Staff").

The remuneration system for non-executive directors, as stipulated in article 33 bis of the Company Bylaws, is based on the criteria of responsibility, dedication and incompatibilities inherent to the role that they undertake, comprising a fixed remuneration with the following elements:

- An annual remuneration in cash for exercising the position of director and member of the different Board committees, with a greater weight given to the exercise of the role of chairman of each committee, and the amount depending on the nature of the duties attributed to each committee, the dedication required and the number of meetings of these committees; and

- A remuneration in shares instrumented through the annual assignment to the recipients of a number of "theoretical shares" corresponding to a percentage of their cash remuneration. These shares shall be vested to them, where applicable, on the date on which they cease to be directors on any grounds other than the dereliction of duty.

Regarding the specific modifications proposed for the director remuneration policy, as a result of the continuous analysis conducted by the Committee, it should be noted that they are set in the variable remuneration system for executive directors, which is also applicable to the remaining Identified Staff, and, has been drawn up within the framework of commerce-specific legislation and specific laws applicable to credit entities, essentially contained in Spanish Law 10/2014 of Regulation, Supervision and Solvency in transposition of Directive 2013/36/UE on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "CRD IV Directive"); considering the best practices and recommendations at local and international levels, and in accordance with the Bank's Company Bylaws, with the following elements for executive directors:

- The variable remuneration will comprise a single incentive assigned annually, yet combining indicators that are assessed annually, with long-term indicators, which in combination, effectively align the remunerations of the executive directors with the long-term interests of the Company and its stakeholders (hereinafter referred to as "Annual Variable Remuneration").

- Annual Variable Remuneration shall be calculated based on certain indicators, both financial and non-financial, as a function of the corresponding performance scales and according to the weighting attributed to each indicator.

- Payment of 50% of the Annual Variable Remuneration - 60% in the case of risk takers other than executive directors and members of senior management - shall be made, providing the required conditions are met, during the first quarter of the year following the year to which said remuneration corresponds, in both cash and shares in equal parts.

- The remaining percentage of Annual Variable Remuneration, in both cash and shares in equal parts, shall be deferred in its entirety for a period of 3 years, whereby its accrual and vesting shall be subject to compliance with a series of multi-year indicators related to share price performance and the Group's fundamental risk metrics, which shall be established when the Annual Variable Remuneration is determined and calculated over the 3-year deferral period.

- Performance scales shall be associated with these indicators, whereby if the targets set for each indicator in the 3-year deferral period are not achieved, the deferred amount of Annual Variable Remuneration may be reduced and could even lead to the loss of the full deferred amounts, never to an increase thereof.

- The shares shall not be availed for their beneficiaries for a certain period of time. The withholding shall be applicable to their net amount, after discounting the part needed to pay taxes.

- Conditions shall be established whereby the variable remuneration may be reduced or not paid to the beneficiaries, in line with those that Bank has been applying to the Identified Staff (malus *clauses*).

- Furthermore, various elements of the previous system for settlement and payment of the variable remuneration applicable to the Identified Group shall be maintained, whereby:

  - No hedging strategies may be carried out on the shares received as Annual Variable Remuneration or on any deferred and outstanding shares.

  - The deferred part of the Annual Variable Remuneration that must be paid to the beneficiaries shall be updated in the terms established by the Board of Directors.

  - Lastly, the variable component of the remuneration for members of the Identified Group shall be restricted to a maximum amount of 100% of the fixed component of the total remuneration, except for those employees for whom the General Meeting agrees to increase the percentage to 200%, in accordance with the provisions of the aforementioned article 34 of Law 10/2014.

The foregoing, in the terms and with the detail contained in the Remuneration policy for directors of BBVA submitted to the Board of Directors, who shall, in turn, remit it to the General Meeting for its approval.

In accordance with the foregoing, the Committee considers that the suggested modifications to the directors' remuneration policy are appropriate, understanding that they improve it; reinforcing its alignment with the risks and the long-term objectives and interests of the Group, complying with the requirements that, insofar as remuneration, establish the legislation applicable to credit entities and enabling BBVA to remain as a benchmark for best practices in remuneration.

In accordance with the foregoing, the Committee has concluded that the Remuneration policy for directors of BBVA, which the Board of Directors is expected to remit to the General Meeting for approval, is in line with legislation, recommendations, the oversight environment and with the best practices, following the criteria of prudence in the assumption of risk, good governance and transparency; and, ultimately, enable BBVA to have an appropriate remuneration policy aligned with the shareholders' interests and a prudent management of risks.