

COMMON DRAFT TERMS OF MERGER

BETWEEN

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

(as absorbing company)

AND

CATALUNYA BANC, S.A.

(as absorbed company)

March 31, 2016

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<p style="text-align: center;">COMMON DRAFT TERMS OF MERGER between BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (as absorbing company) and CATALUNYA BANC, S.A. (as absorbed company)</p>
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The Boards of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, “**BBVA**”) and of Catalunya Banc, S.A. (hereinafter, “**CX**”), in accordance with the provisions of Article 22 et seq. of Law 3/2009, of April 3, on structural modifications of companies (“**Law 3/2009**”) proceed to draw up and sign these common draft terms of merger, with the references established in Article 31 of Law 3/2009, on March 31, 2016.

1. INTRODUCTION – JUSTIFICATION OF THE MERGER

The BBVA Group has carried out a review of its corporate structure—as regards the banks operating in Spain—with a view to optimizing it and adapting it to the new environment, within the framework of the new Single Supervisory Mechanism, while at the same time strengthening its business capacity.

The proposed merger of BBVA and CX derives from this review process and will enable customers of CX to benefit from BBVA’s value proposition and CX’s business to take advantage of the solid structure of BBVA in the areas of corporate governance, internal control, regulatory reporting, and policies and tools for the management and control of risks, capital and liquidity.

The merger will also help to maximize the advantages and capabilities of the BBVA Group, improving the commercial potential of the franchise in Cataluña, to expedite the harnessing of synergies and to simplify the corporate, organizational and operating structure of the BBVA Group in Spain, optimizing the use and management of the Group’s resources and reducing the operating risks associated with having two independent companies.

2. IDENTIFICATION OF THE COMPANIES PARTICIPATING IN THE MERGER

2.1. Absorbing company

Banco Bilbao Vizcaya Argentaria, S.A., a Spanish company, with registered office at Plaza de San Nicolás no. 4, Bilbao, and holder of tax identification number A-48265169. Registered in Bizkaia Mercantile Registry, in volume 2083, folio 1, page BI-17 A.

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2.2. Absorbed company

Catalunya Banc, S.A., a Spanish company, with registered office at Plaza de Antoni Maura no. 6, Barcelona, and holder of tax identification number A-65587198. Registered in Barcelona Mercantile Registry, in volume 43737, folio 105, page B-411816.

3. STRUCTURE OF THE MERGER

The planned merger consists of the absorption of CX by BBVA.

On the basis thereof, on the date of registration of the merger, all the shares of the absorbed company, CX, will be retired and cancelled and the absorbed company will be dissolved, transferring all its assets and liabilities en bloc to the absorbing company, BBVA, which will acquire them by universal succession.

In order to permit the shareholders of CX other than BBVA to have a stake in the capital stock of BBVA receiving a number of shares in proportion to their stake in CX, BBVA will deliver to them treasury shares in accordance with the exchange ratio which is established in section 4 below.

In accordance with the provisions of Article 51 of Law 3/2009, since BBVA is direct holder of more than 90% of the capital stock of CX, it is planned to carry out the merger without it being necessary to submit it for the approval of the Shareholders' Meeting of BBVA, unless this is demanded by shareholders who represent at least one per cent of its capital stock, under the terms provided in the law.

4. MERGER EXCHANGE

4.1. Calculation of the exchange ratio

The ratio of the exchange of shares of CX for shares of BBVA, which has been calculated on the basis of the actual value of the corporate assets and liabilities of both entities, will be 1 share of BBVA, with a par value of 0.49 euro cents, for every 10 shares of CX, each with a par value of one euro, no additional cash compensation being provided.

The exchange ratio has been calculated on the basis of the methodologies which will be explained and will be justified in the relevant report of the Boards of Directors of BBVA and CX on these draft terms of merger in accordance with the provisions of Article 33 of Law 3/2009.

4.2. Method of performance of the exchange

BBVA will perform the exchange of the shares of CX, stipulated in accordance with the exchange ratio established in section 4.1 above, using treasury shares.

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It is placed on record that BBVA is holder of 1,947,166,809 shares of CX and that, on March 23, 2016, CX was holder of 12.846.375 treasury shares.

Pursuant to the provisions of Article 26 of Law 3/2009, both the shares of CX held by BBVA and those held by CX as treasury shares will not be exchanged for shares of BBVA, such shares being retired.

4.3. Exchange procedure

Following the registration of the merger deed at the Mercantile Registry of Bizkaia, the shares of CX will be exchanged for shares of BBVA. For such purpose, BBVA will act as agent.

The exchange of the shares of CX for shares of BBVA will be performed through the entities that are depositories of the shares of the former, in accordance with the procedures established for the book-entry system.

Any holders of a number of shares of CX which, in accordance with the agreed exchange ratio, does not allow them to receive a whole number of shares of BBVA, may acquire or transfer shares in order to proceed to exchange them according to such exchange ratio.

Without prejudice to the foregoing, the companies involved in the merger may establish mechanisms aimed at facilitating the performance of the exchange of the shares of CX for shares of BBVA, by means of the appointment of an odd-lot dealer.

5. CONTRIBUTIONS OF LABOR OR ANCILLARY OBLIGATIONS

Since there are no contributions of labor nor have ancillary obligations been established at either of the companies participating in the transaction, no compensation will be granted for this reason.

6. SECURITIES AND SPECIAL RIGHTS

Since there are no special shares nor holders of special rights other than the shares at either of the companies participating in the transaction, no right will be granted and no option will be offered in this respect.

7. BENEFITS CONFERRED ON INDEPENDENT EXPERTS AND ON THE DIRECTORS

No benefit of any kind will be conferred on the directors of either of the entities participating in the merger, nor on the independent expert that issues the relevant report in relation to these draft terms of merger.

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8. DATE ON WHICH THE SHARES DELIVERED TO PERFORM THE EXCHANGE WILL CONFER A RIGHT TO SHARE IN CORPORATE PROFITS

The shares delivered by BBVA in order to perform the exchange will confer on the holders thereof, from the date on which the latter become shareholders of BBVA, a right to share in its corporate profits under the same terms as the rest of the holders of shares of BBVA in circulation on that date.

9. MERGER BALANCE SHEETS

For the purposes provided in Article 36 of Law 3/2009, the annual balance sheets of BBVA and CX as of December 31, 2015 will be considered merger balance sheets.

10. DATE OF EFFECT OF THE MERGER FOR ACCOUNTING PURPOSES

In accordance with the provisions of the National Chart of Accounts, the transactions of CX will be deemed to be performed for accounting purposes on behalf of BBVA from January 1, 2016 onwards.

11. BYLAWS OF THE COMPANY RESULTING FROM THE MERGER

Due to the merger the amendment of the absorbing company's bylaws will not be necessary, the current text of which is that published on the corporate website of BBVA.

12. VALUATION OF THE ABSORBED COMPANY'S ASSETS AND LIABILITIES

As a consequence of the Merger, CX will be dissolved without being liquidated, its assets and liabilities being transferred en bloc by universal succession to BBVA.

For the purposes of the provisions of Article 31.9^a of Law 3/2009, it is placed on record that the principal figures of the assets and liabilities of CX are those which are shown in the individual and consolidated balance sheets of that entity as of December 31, 2015.

13. POSSIBLE CONSEQUENCES OF THE MERGER ON EMPLOYMENT, AS WELL AS ITS POSSIBLE GENDER IMPACT ON THE MANAGEMENT BODIES AND THE EFFECT ON THE COMPANY'S SOCIAL RESPONSIBILITY

In accordance with the provisions of Article 44 of the revised Workers' Statute, approved by Royal Legislative Decree 2/2015, of October 23, regulating transfers of undertakings, BBVA will be subrogated to the labor rights and obligations in relation to the workers of CX.

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In the second half of 2015, a negotiation process was begun at CX that culminated in two preliminary agreements for restructuring and authorization of working conditions, giving rise to the agreement of November 16, 2015 and the presentation to the competent labor authorities of the collective dismissal procedure and certificate of final agreement. Said agreement fulfils the provisions of the Decision by the European Commission on the CX restructuring process dated December 17, 2014.

Since the above-mentioned collective agreement has been reached, which is in the process of being implemented, it is placed on record that no other consequence regarding employment is envisaged as a result of the merger.

Since it is not envisaged that, as a consequence of the merger, any change will occur in the membership of the absorbing company's management body, the merger will not have any gender impact on the management bodies.

The merger will not affect the social responsibility of BBVA.

14. TAX REGIME

In accordance with the provisions of Article 89 of Corporate Income Tax Law 27/2014, of November 27, it is placed on record that the merger will be subject to the special tax regime provided in Chapter VII of Title VII.

15. CONDITION PRECEDENT

The enforceability of the planned merger is subject to the authorization of the Ministry for Economy and Competitiveness, in accordance with the terms of the Twelfth Additional Provision of Law 10/2014, of June 26, on the regulation, supervision and solvency of credit institutions, and to the obtainment of any other authorization which it may be necessary to obtain from the Directorate General of Insurance and Pension Funds, from the National Securities Market Commission or from any other administrative body or entity.

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In witness whereof, in accordance with the provisions of Article 30 of Law 3/2009, the directors of BBVA and CX sign these common draft terms of merger which have been approved by the Boards of Directors of both companies on March 31, 2016.

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