

**COMMON DRAFT TERMS OF MERGER**

**BETWEEN**

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**  
**(as absorbing company)**

**AND**

**BANCO DEPOSITARIO BBVA, S.A.**  
**(as absorbed company)**

**March 31, 2016**

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**COMMON DRAFT TERMS OF MERGER**  
between  
**BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (as absorbing company)**  
and  
**BANCO DEPOSITARIO BBVA, S.A. (as absorbed company)**

The Boards of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, “**BBVA**”) and of Banco Depositario BBVA, S.A. (hereinafter, “**Banco Depositario**”), 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 Articles 31 and 49.1 of Law 3/2009, on March 31, 2016.

**1. IDENTIFICATION OF THE COMPANIES PARTICIPATING IN THE MERGER**

**1.1. 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 at Bizkaia Mercantile Registry, in volume 2083, folio 1, page BI-17 A.

**1.2. Absorbed company**

Banco Depositario BBVA, S.A., a Spanish company, with registered office at calle Clara del Rey no. 26, Madrid and holder of tax identification number A- 08109670.

Registered at Madrid Mercantile Registry, in volume 6204, folio 106, page number M-101140.

**2. 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 Banco Depositario derives from this review process. On the one hand, it is questioned whether it is appropriate to have, within the BBVA Group, an independent entity in Spain for the exclusive pursuit of an activity such as that of custody, which is also pursued at the date hereof by BBVA, in addition to the increasing requirements to have means and resources at Banco Depositario under the new legislative framework. On the other hand,

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the merger will particularly enable the customers of Banco Depositario to benefit from the broader catalog of products offered by BBVA.

The merger will also help to simplify the corporate, organizational and operating structure of the BBVA Group in Spain, optimizing the use and management of the Group's resources, particularly as regards the provision of own structures for corporate governance, internal control, regulatory reporting, and policies and tools for the management and control of risks, capital and liquidity, while reducing the operating risks associated with having two independent companies.

### **3. STRUCTURE OF THE MERGER**

The planned merger consists of the absorption of Banco Depositario by BBVA.

On the basis thereof, on the date of registration of the merger, all the shares of the absorbed company, Banco Depositario, 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.

The planned merger constitutes a special merger since, at the time of execution of the merger deed, BBVA (absorbing company) will be the direct holder of all of the shares of Banco Depositario (absorbed company) and therefore the simplified merger procedure regulated under article 49.1 of Law 3/2009 will apply, meaning that:

- (i) BBVA will not increase its capital stock nor will it include in the common draft terms of merger references 2 and 6 of article 31 of Law 3/2009 relating to the exchange ratio and the procedure for exchange of the shares of the absorbed company and to the date on which the new shares will confer the right to a share in corporate income (since no new shares will be issued).
- (ii) Since it is not a crossborder merger, it will not be necessary to include in the common draft terms of merger references 9 and 10 of article 31 of Law 3/2009 relating to the valuation of the corporate assets and liabilities that are transferred to the resulting company and to the dates of the financial statements of the merging companies used to establish the terms on which the merger is performed.
- (iii) Lastly, there is no need for the merging companies to prepare directors' reports or for an independent expert report on the common draft plans for merger.

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 Banco Depositario, 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 1% of its capital stock, under the terms provided in the law.

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#### **4. 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.

#### **5. 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.

#### **6. 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. Since the transaction is a simplified merger, no independent experts are involved.

#### **7. MERGER BALANCE SHEETS**

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

#### **8. DATE OF EFFECT OF THE MERGER FOR ACCOUNTING PURPOSES**

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

#### **9. 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 matches that appearing on the corporate website of BBVA ([www.bbva.com](http://www.bbva.com)).

#### **10. 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

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Banco Depositario. 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.

## **11. 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.

## **12. CONDITION PRECEDENT**

The enforceability of the 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 pertinent administrative authorization.

\* \* \*

In witness whereof, in accordance with the provisions of Article 30 of Law 3/2009, the directors of BBVA and Banco Depositario 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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