BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
Catalunya Banc, S.A.

Independent Expert's Report in respect of
the Common Draft Terms of Merger
between
Banco Bilbao Vizcaya Argumentaria, S.A.
(Absorbing company) and
Catalunya Banc, S.A. (Absorbed company)

Bilbao, 1 April 2016
INDEPENDENT EXPERT’S REPORT CONCERNING THE COMMON DRAFT TERMS OF MERGER

To the Boards of Directors of:

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
CATALUNYA BANC, S.A.

Dear Sirs:

In accordance with the provisions of article 34 of Law 3/2009 of 3 April on Structural Modifications of Mercantile Companies (hereinafter, the “Structural Modifications Act”) and article 340 of the Commercial Registry Regulations, on 15 March 2016 Mr. Carlos Alonso Olarra, Commercial Registrar of Bilbao, appointed Mazars Auditores, S.L.P. as independent expert to issue a report regarding the “Common Draft Terms of Merger” (hereinafter “Draft Terms of Merger” or “Draft Terms”) of the companies BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (hereinafter, “BBVA” or “the Absorbing Company”) and CATALUNYA BANC, S.A. (hereinafter “CX” or “the Absorbed Company”) (hereinafter, jointly, “the Companies”). In that regard, Mazars Auditores, S.L.P. accepted its appointment on 18 March 2016.

In this context, we are issuing this report in accordance with the provisions of article 34 of the Structural Modifications Act regarding the Common Draft Terms of Merger and, specifically, on whether the exchange ratio of the shares is justified or not, what methods have been used to establish it, if they are appropriate, indicating the final values and the specific difficulties of valuation, if applicable.

Finally, as BBVA will be covering the exchange of CX shares with treasury shares that it holds and so, therefore, there will not be a share capital increase in the Absorbing Company, thus it is not necessary within the scope of our work to make a statement on whether the corporate assets contributed by the company being extinguished are the same, at least, to the amount of the increase of share capital of the Absorbing Company.

1. DETAILS OF THE OPERATION

1.1. Identification of the companies involved

Absorbing Company

- **BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (“BBVA”),** is a Spanish credit entity, registered with the Bank of Spain’s Register of Banks and Bankers under number 0182, it has its registered office in Bilbao, in Plaza San Nicolas, number 4, and tax identification number
A-48.265.169, registered in the Commercial Registry of Bizkaia, volume 2083, page 1, sheet number BI-17 A.

In addition to the transactions that BBVA carries out directly, BBVA is the parent company of a group of dependent companies, joint ventures and associated entities that carry out different activities and that constitute, together with BBVA, the BBVA Group.

The Company has a share capital of 6,366,680.118 shares of 0.49 euros nominal value each. Additionally, the Company 23,278,274 treasury shares equivalent to 0.366% of the share capital (data at 23 March 2016).

Absorbed Company

- CATALUNYA BANC, S.A. ("Catalunya Banc" o "CX") is a Spanish credit entity, that was incorporated as a limited company in Spain, for an unlimited period of time on 7 June 2011 and that it is registered with the Bank of Spain’s Register of Banks and Bankers under the register number 2013. It has its registered office in Barcelona, in Antoni Maura Square, number 6, and with tax identification number A-65.587.198. This company is also registered in the Commercial Registry of Barcelona, volume 43737, page 105, number sheet B-411816.

Catalunya Banc is the parent company of a group of dependent companies that carry out different activities (finance, insurance, real estate, services, pensions and credit). Catalunya Banc came out of the segregation of the financial activity of Caixa d’Estalvis de Catalunya, Tarragona i Manresa and initiated its activities on the 1st October 2011.

The Company has a share capital of 1,978,783.178 shares of 1 euros nominal value each. The breakdown of its shareholders is as follows:

- BBVA holds 98.4% of CX’s share capital (i.e., it is the owner of 1,947,166,806 shares of Catalunya Banc) since 24 April 2015. On this date BBVA received the required regulatory authorizations from the competent authorities and all the conditions precedent foreseen in the adjudication of 21 July 2014 from the "Comisión Rectora del Fondo de Reestructuración Ordenada Bancaria" ("FROB") were fulfilled in relation to BBVA’s bid in the competitive process for the acquisition of CX. This purchase was formalized for an amount of 1.165 million euros approximately.

- The rest of the shares (i.e. 1.6000%), taking into account the data at 23 March 2016, corresponds to treasury shares (0.6492%: 12,846,375 shares) and minority shareholders (0.9508%: 18,769,994 shares).
1.2. Aim of the operation

In accordance with the provisions of article 30 of the Structural Modifications Act, the Boards of Directors of BBVA and CX in their respective meetings held on 31 March 2016 prepared and signed the Common Draft Terms of Merger regarding the merger by absorption of CX by BBVA.

Pursuant to the provisions of article 33 of the Structural Modifications Act, the members of the Boards of Directors of the Companies have prepared a report regarding the Common Draft Terms of Merger explaining and providing a rationale regarding the legal and financial aspects of the Draft Terms of Merger, with special reference to the share exchange ratio.

According to the information provided, the Common Draft Terms of Merger will be submitted for approval at the General Shareholders’ Meetings of CX planned to be held on 13 May 2016. On the other hand, and taking into account article 51 of the Structural Modifications Act, due to the fact that BBVA has a share in CX that is higher than 90%, it is foreseen that it will not be necessary to submit it to the General Shareholder’s Meeting of BBVA, unless the shareholders that represent, at least, 1% of the share capital, demand it under the terms included in the Act.

In accordance with the Draft Terms of Merger, the merger by absorption of CX by BBVA is being performed within the process of corporate structure review carried out by the BBVA Group – in reference to the banking entities operative in Spain – with the objective of optimizing and adapting it to the new situation, within the new framework of single European supervision, boosting its business capabilities. In this context, the merger between BBVA and CX will permit CX clients to take advantage of the value proposal for the BBVA client and the CX business to take advantage of the solid structure of BBVA corporate governance, internal control, regulatory reporting, policies and management tools and control of capital and liquidity risks. Moreover, the merger will permit maximizing the benefit of the advantages and capabilities of BBVA Group, improving the commercial potential of the Catalan franchise, accelerating the process of achieving synergies, simplifying 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 operative risks related to the existence of two independent entities.

1.3. Bases of the merger

According to the Draft Terms of Merger, the merger shall be accomplished by means of a merger by absorption of CX by BBVA, with the termination by dissolution without liquidation of the former and the en bloc transfer of all of its assets and liabilities to the latter, which shall acquire by universal succession all of the rights and obligations of CX. As a consequence of the merger, the shareholders of CX, not of BBVA, will receive BBVA shares in the exchange.
Section 9 of the Draft Terms of Merger states that the merger balance sheets, within the meaning of article 36 of the Structural Modifications Act, are the balance sheets of the merging companies for the financial year ended 31 December 2015.

On 2 February 2016, the BBVA Board of Directors drew up the individual and consolidated Statutory Financial Statements that correspond to the financial year closed at 31 December 2015, submitted for verification to the entity’s auditors (Deloitte, S.L.), which released both audit reports without qualifications on 3 February 2016. Additionally, the Statutory Financial Statements were approved by the General Shareholders’ Meeting of BBVA held on 11 March 2016.

Furthermore, on 25 February 2015, the Board of Directors of CX drew up the individual and consolidated Statutory Financial Statements that correspond to the financial year closed at 31 December 2015, submitted for verification to the entity’s auditor (Deloitte, S.L.) which released both audit reports without qualifications on the 25 February 2016. These audit reports include a couple of important paragraphs (emphasis of matter). We quote below the emphasis of matter of the individual Statutory Financial Statements:

“We draw attention to the following aspects detailed in the Note 1.2. of the accompanying financial statements:

On the 15 April 2015 CX carried out the sale of a loan portfolio to Blackstone having fulfilled all the conditions precedent. The final price of the transaction, after the evolution of the portfolio since the closing of the transaction until its formalization, and the perimeter adjustment, has been 4.123 million euros. Blackstone has contributed with 3.598 million euros and the “Fondo de Reestructuración Ordenada Bancaria” with the remaining 525 million euros. This matter does not modify our opinion.

On the 24 April 2015, and once all the conditions precedent were fulfilled, Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) completed the acquisition of the shares representative of 98.4% of the share capital of Catalunya Banc, S.A. this entity becoming part of the BBVA Group from that date onwards. The variation, where appropriate, of the estimations carried out in the Statutory Financial Statements attached and detailed in Note 1.4, as well as the recoverability of the assets and the realization of the liabilities for the amounts, terms and classification that are included in the Statutory Financial Statements attached, will depend on the evolution of Catalunya Banc, S.A.’s activities according to its business plan in the context of BBVA Group, as well as its execution. This matter does not modify our opinion.”

1 Note: the emphasis of matter of the audit report regarding the consolidated statutory financial statements coincides with the transcription included above. However, when the words “financial statements” are stated they would be “consolidated financial statements”.
Finally, and according to information received, CX’s Shareholders’ meeting that has to approve the Statutory Financial Statements audited at 31 December 2015 is foreseen to take place on 13 May 2016.

1.4. Date of the accounting effects and participations in profits of the new shareholders

Section 10 of the Draft Terms of Merger establishes the 1st January 2016 as the date from which the transactions of CX shall be deemed, for accounting purposes, to have taken place on behalf of BBVA.

Also, section 12 of the Draft Terms of Merger states, for purposes of the provisions of article 31.9 of the Structural Modifications Act, that assets and liabilities transferred by CX to BBVA are the ones included in the individual and consolidated balance sheets of that entity closed at 31 December 2015.

Finally, and as included in section 8 of the Draft Terms of Merger, the shares that will be delivered by BBVA to the CX shareholders in order to cover the exchange, shall give their holders the right, as from the date on which they are delivered, to participate in the profits of BBVA under the same terms as the other outstanding shares of BBVA at such date.

1.5. Ancillary obligations, special rights, and securities other than those representing capital

As indicated in section 5 and 6 of the Draft Terms of Merger, there are no industry contributions, ancillary obligations (prestaciones accesorias), special preferred shares, or persons with special rights at BBVA or CX other than simple ownership of the shares, for which no special right or offer any options is granted.

1.6. Exchange ratio of the shares

Section 4.1 of the Draft Terms of Merger gives the share exchange ratio of the merger. According to the information included in it, the exchange ratio of the shares of the entities involved in the merger, as determined on the basis of the actual value of the corporate assets of BBVA and CX, will be 1 share of BBVA, of 0.49 Euros nominal value each, for every 10 shares of CX of 1 Euro nominal value each, without provision for any supplementary cash.

The owners of a number of CX shares that, according to the exchange ratio agreed, does not allow them to obtain an whole number of BBVA shares, will be able to acquire or sell shares in order to exchange them according to the exchange ratio. Notwithstanding the foregoing, the companies involved in the merger will be able to establish mechanisms oriented towards
facilitating the realization of the exchange of CX shares for BBVA shares, through the designation of an odd-lot agent.

As set forth in the Draft Terms of Merger, BBVA will cover the exchange of CX shares with outstanding shares held as treasury shares and will, therefore, not increase the share capital of BBVA.

In accordance with article 26 of the Structural Modifications Act, CX’s shares that belong to BBVA as well as CX’s shares that are treasury shares, will not be exchanged with BBVA shares, and they will be amortized.

1.7. Conditions precedent

As specified in section 15 of the Draft Terms of Merger the effectiveness of the merger is subject to the following conditions precedent:

- The authorization from the Ministry of Economy and Competitiveness for the absorption of CX by BBVA.

- The acquisition of the other authorizations that, considering CX’s business or its subsidiaries, must be obtained from the General Direction of Insurance and Pension Funds, from the National Stock Market Commission (CNMV) or any other administrative body or entity.

2. VALUATION METHOD FOLLOWED FOR DETERMINING THE SHARE EXCHANGE RATIO

2.1. Main valuation method applied by the Companies’ Boards of Directors

As specified in section 4.1. of the Draft Terms of Merger, in order to determine the exchange ratio of the shares of BBVA and CX, the Board of Directors of the Companies have considered the real value of the assets and liabilities (Equity Value) of BBVA and CX. Additionally, it is also stated that the exchange ratio has been determined considering the methodologies that are explained and justified in the corresponding reports of the Board of Directors of BBVA and CX according to the article 33 of the Structural Modifications Act.

The real value of the assets and liabilities (Equity Value) of BBVA and CX must be obtained through a valuation method that is homogenous and comparable, due to the fact that the relation of this value will provide the exchange ratio.

However, BBVA and CX are significantly different companies: BBVA is a listed company, whereas CX is not; there are differences between both entities in terms of size, their financial
and business realities (geographical coverage, business, etc.), they are very dissimilar. Consequently, BBVA and CX are two companies that are not easily comparable in terms of valuation, characteristics and size (equity, etc.).

In this context, the main valuation method applied by the Boards of Directors of the companies to determine the exchange ratio has been the following:

a) **BBVA**: Due to the fact that BBVA is a listed company, the average “market price” has been taken into account. Due to the fact that the value varies daily, the average listing price of the BBVA shares of the last 3 and 6 months until the date of 24 March 2016 has been considered. This average value of both amounts is 6.42 euros per share.

   Its use as valuation criteria is justified for being the most widely accepted criteria and with greater legal support in corporative transactions such as acquisitions, mergers, increase of capital, etc. of listed companies.

   Additionally, it is common practice to take an average of the listing prices and not use the price on a specific day, because it could be affected by the specific events that could distort the value. Additionally, this is more relevant and justified in a context of a high volatility of the markets in the last few months and due to the fact that for CX a listing is not going to be considered but the reference to a transaction closed in the second quarter of 2015.

   This value has been adjusted by the amount of the projected dividends that the Management of BBVA foresees will be paid in April and July 2016 (0.13 euros and 0.08 euros per share, respectively), prior to the definitive formalization of the merger. In that regard, the new shareholders that will receive BBVA’s shares in exchange for CX’s shares will not have those dividends rights.

   In this context the listing price adjusted by the projected dividends amounts to 6.21 euros per share.

b) **CX**: CX is not a listed entity. However, there is a reference regarding the price that some market operators, duly informed, agreed to pay for CX. This would be the result of the public competitive process performed by the Fondo de Reestructuración Ordenada Bancaria (“FROB”) for the acquisition of CX ("price offered by BBVA in the public tender called by the FROB" or “bid price”). As a result of this process, BBVA acquired the Company with an offer of 1.187 million euros for the 100% of the shares, that is a unitary share price of 0.60 euros per share of CX.
In this context, the members of the Boards of Directors consider that it is reasonable to take into account this valuation. Thereon, this price would represent the best reference available of the real value of CX’s assets and liabilities (Equity Value), due to the fact that this price was consequence of a competitive sales process. In that context, and although since the acquisition date there has been a reduction of the average listing prices of the Spanish financial entities, it has been considered appropriate not to perform adjustments to the price paid for CX, considering the lower risk that is currently perceived regarding said company as a consequence of the achievement of the different milestones that constituted uncertainties in the moment of acquisition, as it was with the sale of the “Hercules” portfolio, the results of the latest stress tests carried out by the European Central Bank and the European Banking Authority, the tax-related risks, the breaking up process of the bancassurance agreements, the progress of the restructuring process, etc. and the greater degree of predictability of the evolution of the bank’s business.

As a consequence of the application of these two reference values, there is an average exchange ratio of 0.0974 shares of BBVA per each share of CX. In that regard, an exchange ratio has been set of 1 BBVA share per each 10 shares of CX (that is 0.10 shares of BBVA for each share of CX).

According to the information provided, BBVA Group and CX retained the services of BDO Auditores, S.L.P. (hereinafter, “BDO”) as financial advisor for the merger to confirm the exchange ratio of the shares of BBVA and CX, with BDO having issued a report regarding this. The title of the report is “Report on the estimated exchange ratio for the shares of Catalunya Banc, S.A. and Banco Bilbao Vizcaya Argentaria, S.A. in the context of their potential merger”, and it includes an analysis for the different valuation methods applied by the entities that have been used in determining the exchange ratio.

2.2. Contrasting valuation methods used by the Companies’ Boards of Directors

The value pointed out in section 2.1., average listing price for BBVA and the result of the auction for CX, are not totally homogenous. For that reason, other contrasting methods have been used to ensure the reasonability of these values.

There are different generally accepted methodologies to approximate the valuation of the companies, among them: the listing prices, multiples of comparable listed companies, target prices from analysts’ reports, the dividend discount method or the net asset value.
In that regard, the following aspects have been considered for the calculation of the share value:

- **BBVA:** The amount of the projected dividends that are foreseen to be paid in April and July 2016 of 0.13 euros and 0.08 euros per share, respectively, has been adjusted. They will be received by the BBVA shareholders, but not by the CX shareholders (due to the fact that the definitive formalization of the merger is foreseen subsequent to these dates).

- **CX:** For the calculation of CX’s share value an acquisition premium of 15% has been considered, except when applying the bid price or the net asset value, due to the fact that it has been considered that the price already included the premium.

The 15% premium used would be aligned with the acquisition premium paid in transactions similar to minority share parcels of listed companies in Spain in the last years in the banking sector.

The contrasting valuation methods used have been the following:

**a) Historical listing prices:**

This analysis was based on the listing prices of BBVA that results from considering the average of the listing prices for the Company for different periods of time prior to the approval of the Draft Terms of Merger. Additionally, and with the aim of being able to contrast the exchange ratio, these values have been compared with the CX reference value (bid price).

Considering this, the following valuation of the Companies’ shares and implicit exchange ratio are derived:

<table>
<thead>
<tr>
<th>Historical listing prices</th>
<th>BBVA</th>
<th>CX</th>
<th>Exchange ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listing price - day 24/03/16</td>
<td>5,80</td>
<td>0,60</td>
<td>0,1039</td>
</tr>
<tr>
<td>Average listing price 3 months (***</td>
<td>5,80</td>
<td>0,60</td>
<td>0,1033</td>
</tr>
<tr>
<td>Average listing price 6 months (***</td>
<td>6,62</td>
<td>0,60</td>
<td>0,0909</td>
</tr>
<tr>
<td>Average listing price 12 months</td>
<td>7,68</td>
<td>0,60</td>
<td>0,0785</td>
</tr>
<tr>
<td>Average listing prices</td>
<td>6,47</td>
<td>0,60</td>
<td>0,0933</td>
</tr>
</tbody>
</table>

(*) Auction price  
(**) Listing price adjusted by the dividends foreseen to be paid in April and July 2016  
(***) The average for these 2 periods constitute the reference BBVA's listing price for the Draft Terms of Merger and amounts to 6.21 euros.
b) Analysts’ target prices:

This method consisted of determining the exchange ratio taking into account BBVA’s values that are implicitly estimated on the basis of the target prices assigned to the shares in the reports from market analysts published in the first quarter of 2016. In the same way and in order to compare the exchange ratio, these values have been compared with CX’s reference value (bid price).

Taking this into consideration, the following valuation of the Companies’ shares and implicit exchange ratio are derived:

<table>
<thead>
<tr>
<th>Analysts’ target prices</th>
<th>BBVA €/share (**)</th>
<th>CX €/share (*)</th>
<th>Exchange ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower limit (***)</td>
<td>6,69</td>
<td>0,60</td>
<td>0,0897</td>
</tr>
<tr>
<td>Upper limit (***)</td>
<td>7,71</td>
<td>0,60</td>
<td>0,0776</td>
</tr>
<tr>
<td>Average</td>
<td>7,19</td>
<td>0,60</td>
<td>0,0839</td>
</tr>
</tbody>
</table>

(*) Auction price  
(**) Listing price adjusted by the dividends foreseen to be paid in April and July 2016  
(***) In order to determine the limits, the average of the sample has been estimated without considering the quartile of the higher and lower data, respectively.

c) Multiples of comparable listed companies:

As valuation methodology for comparing the agreed exchange ratio for the operation, an analysis was also made of the relative valuations (listing multiples) of companies that are comparable with BBVA and CX and currently listed, taking into consideration the price/book value (stock market capitalization / book value). This method is one of the generally used methods for the valuation of financial entities because is considered to be appropriate in the current Spanish market situation.

Considering this, the following valuation of the Companies’ shares and implicit exchange ratio are derived:

<table>
<thead>
<tr>
<th>Comparable listing companies</th>
<th>BBVA €/share (**)</th>
<th>CX €/share (*)</th>
<th>Exchange ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower limit (***)</td>
<td>6,01</td>
<td>0,69</td>
<td>0,1148</td>
</tr>
<tr>
<td>Upper limit (***)</td>
<td>8,60</td>
<td>0,69</td>
<td>0,0862</td>
</tr>
<tr>
<td>Average</td>
<td>7,40</td>
<td>0,69</td>
<td>0,0920</td>
</tr>
</tbody>
</table>

(*) It includes an acquisition premium of 15%.  
(**) Adjusted by the dividends foreseen to be paid in April and July 2016  
(***) In order to determine the limits, the average of the sample has been estimated without considering the quartile of the higher and lower data, respectively.
d) Dividend discount method (DDM):

Moreover, the dividend discount method has also been used to calculate the value of BBVA y CX. This method consists of calculating the value of an entity on the basis of the present value of the dividends that the entity might pay once its capital needs for each year have been covered. The existing business plans were used as the basis for this.

Applying the dividend discount method, the central value estimated amounts to 7.58 euros per share for BBVA and 0.74 euros per share for CX. This correspond to an exchange ratio of 0.0974.

e) Net asset value at 31 December 2015:

To obtain the static value of the companies, the methodology of the Net asset value has been used.

Such methodology has been applied considering the following values:

- **BBVA**: The consolidated net asset value of the Company, obtained from the sections “Equity” and “Valuation Adjustments” of the audited consolidated balance at 31 December 2015.

- **CX**: The value of “Equity” and “Valuation Adjustments” of CX booked in the audited consolidated balance of BBVA at 31 December 2015 has been considered, which includes the fair value assigned to the assets acquired and liabilities assumed of CX.

In accordance to the application of the method of the adjusted net asset value, amounts of 7.24 euros per share for BBVA and 0.79 euros per share for CX are estimated. This corresponds to an exchange ratio of 0.1085.

In this context, and considering the results globally achieved in application of the different contrasting methods performed, the exchange ratio determined by the members of the Board of Directors of the entities in the Common Draft Terms of Merger would be justified.
3. SCOPE OF OUR PROCEDURES AND VERIFICATIONS PERFORMED

In accordance with the objectives of our assignment, our analysis and verifications have had the objective to comply, exclusively, with the requirements mentioned in article 34 of the Structural Modifications Act.

As part of our work we analyzed the reasonableness of the valuation criteria and methods employed by the Boards of Directors of the companies involved in the merger. In addition, we made additional verifications and analysis which we considered appropriate for reaching our conclusions detailed in the subsequent Section 6.

Specifically, we have based our work on the findings, opinions and calculations developed by the directors and management teams of the merging companies and the independent experts responsible for evaluating the companies and the exchange ratio, whose report had been provided to us as the basis for our work.

In particular, the procedures applied in our work and information analyzed consisted of the following:

- **Obtaining the following documentation:**
  - Document requesting the appointment of independent expert filed on 15 March 2016 by the Companies in the Vizcaya Commercial Registry, as well as the designation of Mazars Auditores, S.L.P. as independent expert.
  - Common Draft Terms of Merger between BBVA and CX on 31 March 2016.
  - Minutes of the Boards of Directors and General Shareholders Meetings of BBVA and CX held in 2016 and until the date of our report.
  - Documents on economic justification for the exchange ratio provided by the Companies’ management.
  - BDO’s expert report, as financial advisor of the merger transaction, of 28 March 2016, where the companies are valued and the exchange ratio is justified.
  - Individual and consolidated audited Statutory Financial Statements, prepared by the Companies’ Boards of Directors for the financial year ended 31 December 2015.
- Long-term financial projections for the business of BBVA and CX provided by the Management, as well as the details and main assumptions used.

- Objective prices of BBVA published by trading analysts in Bloomberg.

- Stock market information relating to BBVA’s historical listing prices.

- Public stock market and financial information for comparable listed companies.

- Public information relating to comparable precedent transactions.

- Relevant facts sent by the Companies to the National Stock Market Commission (CNMV) in 2016.

- Any other public economic and financial information related to the Companies’ merger transaction.

- Other information considered to be of interest for the performance of our work.

  - Analysis and review of the information mentioned in the above section, taking into account the context and characteristics of the proposed merger.

  - Analysis and review of the valuation methodologies used by the Boards of Directors of the Companies.

  - Analysis of the exchange ratio established in the Draft Terms of Merger based on the valuation assigned to both the Absorbed Company and the Absorbing Company.

  - Conversations and meetings held with the Companies’ managements, as well as with their financial advisers for the purpose of gathering other information considered to be of use in the performance of our work.

  - Contrasting the economic value of the Companies with the application of generally accepted valuation methodologies used in the valuation of financial institutions under the going concern criterion and taking into account the context and characteristics of the proposed merger.

The methodologies considered are those listed below:

- Listing prices.
- Market analysts’ target prices.
- Multiples of comparable listed companies.
- Multiples of transactions of comparable companies.
- Dividend Discount Model.
- Net asset value at 31 December 2015.

- Performance of a sensitivity analysis on the most significant variables that could affect the share value of BBVA and CX.

- Obtaining of two letters (one for each company) signed by the Administrators of each of the Companies, confirming to the best of their knowledge and understanding that they have provided us with all of the information considered to be relevant for the preparation of our independent expert's report and that there have been no important events that could substantially modify the agreed exchange ratio occurring between the date of the merger balance sheet in the Draft Terms of Merger and the date of this report and which, therefore, could affect our conclusions.

The above reviews and checks were not intended to verify compliance with statutory or formal requirements (approvals, filings, publicity, deadlines, etc.) other than those mentioned in the introduction of this report and referring to the requirements set forth in article 34 of the Law on Structural Amendments to Private Companies in regards to the exchange ratio.

The scope of our work has not included a review or audit of the accounting, tax, legal, employment or environmental situation of the companies or of their operational or any other type of situation. Consequently, the risks derived from these situations, if any, have not been taken into consideration in carrying out our work and in the issue of the corresponding conclusions.

Our work has been based on the audited and un-audited information provided mostly by the companies' management as well as on information from public sources, on the assumption that this is complete and correct. Mazars Auditores does not assume or guarantee, whether expressly or implicitly, the veracity, accuracy and integrity of this information received and reflected in this document.

4. SPECIAL VALUATION DIFFICULTIES

We should mention that any valuation or valuation review work involves subjective interpretations and the estimation of future events that are uncertain at the valuation date, it being generally accepted that no valuation method offers results that are totally exact and indisputable, but rather ranges in which the analyzed value can be reasonably placed.
In works of this nature the scope of our work is based fundamentally on the analysis of the relative value of the Companies. In this context, the estimated values obtained as a result of applying the methods and criteria disclosed by the Boards of Directors shall be aimed, solely and exclusively, at determining the unit value assignable to the share of each company, and limited to the activities related to the merger and the exchange ratio calculation. Therefore, the objective of such values was the implementation of fairness and homogeneity criteria between both companies, and was not to establish the individual or joint value of the entities outside the context of the merger proceeding.

The main difficulties that have found analyzing and revising the proposed exchange ratio in the draft terms of merger are those implicit in any estimates about the future behavior of economic variables. In this sense, any alleged projection in the future concerning current behavior or events implies the uncertainty that, during their future realization, deviations will be originated which may not have been taken into account. Depending on their importance they may have significant effects on the hypothesis initially considered.

In addition to that outlined above, the valuation presents several additional elements of complexity due to particularities of the finance sector and of the companies merging, among which, may be included the compliance with regulatory requirements concerning capital provisions and liquidity as a consequence of regulatory and policy changes, and the current environment in which they operate characterized by a situation of economic uncertainty, low interest rates with the consequent impact on the business, and in the stock prices if applicable, taking into account that the restructuring process of the bank sector is still unfinished.

Therefore, all these factors have been considered in order to evaluate the reasonability of the exchange ratio.

Finally, we have to mention that our work is independent in nature and, therefore, does not suppose any recommendation to the Companies’ Boards of Directors, to the General Shareholders’ Meeting or to third parties on the position they should take with regard to the planned merger operation or any other transactions by the Companies, or on the effects these might have for them. Our work does not have as its objective the analysis of the advisability of the Companies’ business strategies or the reasons for these. In that regard, you are solely responsible for determining the degree of influence that you assign to our work in decision-making, as well as the results of its implementation.

5. SUBSEQUENT EVENTS

According to the Directors of the companies involved in the merger, between the date of the merger balance sheets and the date of this report, there have been no significant subsequent events that could alter the information contained in the Draft Terms of Merger.
6. CONCLUSION

In accordance with the work performed and with the exclusive purpose of complying with the provisions of article 34.3 of the Structural Modifications Act, and subject to what is described in the sections above, we consider that in the context of the merger being analyzed, the exchange ratio proposed by the Companies' Boards of Directors is justified and that the valuation methods used, and the values arrived at with these, are appropriate.

Our conclusion should be interpreted within the context of the scope of our examinations, without the possibility of any additional responsibility being derived from that related to the suitability of the valuation methods used and the proposed exchange ratio.

This special report has been prepared exclusively for compliance with the provisions of article 34 of Law 3/2009 on Structural Modifications and so it may not be used for any other purpose.

Bilbao, 1 April 2016

MAZARS AUDITORES, S.L.P.

_________________________  _______________________
Alberto Martínez                Francisco Tuset
ANNEX 1

Common Draft Terms of Merger approved by the Board of Directors of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. y CATALUNYA BANC, S.A.