

Report presented by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., pursuant to articles 286, 296, 297.1.a) and 303 of the Corporate Enterprises Act, regarding the two proposed resolutions on capital increase to be charged to reserves and conferral of authority on the Board of Directors to set the date of the capital increases referred to in agenda item four, sections 4.1 and 4.2 of the Annual General Meeting called for 14th and 15th March 2013 at first and second summons, respectively.

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This report is filed by the Board of Directors of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. ("**BBVA**", the "**Company**" or the "**Bank**"), pursuant to articles 286, 296, 297.1.a) and 303 of the Corporate Enterprises Act (consolidated text approved under Royal Legislative Decree 1/2010, 2nd July, hereinafter the "**Corporate Enterprises Act**") with respect to the two proposed resolutions presented to the Annual General Meeting under agenda item four, sections 4.1 and 4.2, on capital increases to be charged to reserves under article 303 of the Corporate Enterprises Act and conferring authority on the Board of Directors to set the date of said capital increases under article 297.1.a) of the Corporate Enterprises Act. Since both proposals for capital increases are essentially identical, one sole report is hereby presented jointly for sections 4.1 and 4.2 of agenda item four.

1.- Applicable regulations

Article 296 of the Corporate Enterprises Act establishes that any resolution to increase share capital must be adopted by the Annual General Meeting under the requirements established for amending the Company Bylaws.

Article 297.1.a) of the Corporate Enterprises Act allows the Annual General Meeting, with the requirements established for amending the Company Bylaws, to delegate to the directors the authority to establish the date on which the already adopted resolution on the share capital increase will be put into effect to the amount resolved, and to establish the terms and conditions for the increase insofar as these are not included in the General Meeting resolution. The term during which this delegated authority may be used cannot be more than one year.

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In this respect, article 286 of the Corporate Enterprises Act requires that the directors draft a written report substantiating the proposal in order for the Company Bylaws to be amended.

Article 303 of the Corporate Enterprises Act establishes that when the capital increase is made and charged to reserves, unrestricted reserves, share premium reserves and the legal reserve (over and above 10% of the capital already increased) may be used, for which a balance sheet approved by the Annual General Meeting reflecting a date between the six months immediately prior to the resolution to increase capital, verified by the Company auditors will serve as a basis for the resolution.

2.- Description of the transaction

The shareholder remuneration system called the "**Dividend Option**" offers BBVA shareholders the possibility of receiving part of their remuneration in free of charge shares, whilst always maintaining the possibility for the shareholder to choose to receive the entire remuneration in cash.

As in previous years, the proposed resolutions being put to the Annual General Meeting (the "**Proposal**") have been structured by two share capital increases charged to reserves coming from undistributed earnings (each of them, an "**Increase**" or a "**Capital Increase**" and both together, the "**Increases**") which are submitted to the approval of the Annual General Meeting under agenda item four, sections 4.1 and 4.2.

Although both Increases are defined in identical terms, each of them is independent of the other. Thus, one and the other will be carried out on different dates and either or

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both of them may even not be implemented, depending on the Company's requirements and its corporate interest, and therefore not be put into effect.

At the time when it is resolved to implement a Capital Increase:

- (a) Bank shareholders will receive one right of free allocation for each BBVA share they own. These rights will be negotiable on the Spanish securities exchanges during a minimum period of 15 calendar days. Once this period has elapsed, the rights will automatically convert into newly issued Bank shares, which will be attributed to their holders. The number of rights necessary for the allocation on one new share and the number of shares to be issued will depend on various factors, including the reference price of the Bank share, calculated as the arithmetic mean of the average weighted prices of the BBVA share on the SIBE electronic trading platform over the five trading sessions prior to the date on which it is resolved to carry out the corresponding Increase (the "**Reference Price**") and the fair reference value of this Increase, pursuant to the procedure established in the proposed resolutions.

- (b) The Bank offers an unconditional commitment to acquire the free allocation rights at a fixed price under the terms described in the Proposal (the "**Acquisition Commitment**"). This fixed price will be calculated prior to the trading period for the free allocation rights, as a function of the Reference Price (such that the purchase price for each right will be the result of dividing the Reference Price by the number of rights necessary to receive one new share plus one). This ensures that all shareholders' rights will be liquid, so that they can receive their remuneration in cash.

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Consequently, when each Increase is carried out, BBVA shareholders will have the option, at their own free choice to¹:

- (a) Not to transfer their free allocation rights. In this case, at the end of the trading period, the shareholder will receive the number of newly issued free of charge shares to which they are entitled.
- (b) To transfer all or some of their free allocation rights to BBVA under the Acquisition Commitment. Thus, shareholders will receive all or part of their remuneration in cash at the guaranteed fixed price instead of receiving free of charge shares.
- (c) To transfer all or some of their free allocation rights on the market. In such case, shareholders may also receive all or part of their remuneration in cash, although at the listed price of the rights at that moment and not at the guaranteed fixed price established under the Acquisition Commitment.

With this Proposal, BBVA shareholders are once again offered the possibility of choosing to receive their remuneration in cash or in BBVA shares, as has been our practice in the last two years with significant uptake by shareholders.

The implementation of the Increases will be combined with the corresponding resolutions to pay the amounts for the 2013 interim dividends that the Board of

¹ *The options available for Bank shareholders whose holding is in ADSs may entail specificities that differ from the options described here.*

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Directors may adopt depending on the earnings obtained, the market situation and the regulatory framework during the year, always with the intention of pursuing corporate interests.

3.- Rationale for the Proposal

As indicated above, the Bank established the Dividend Option in 2011. Following its success, it was implemented again in 2012, having achieved an uptake by shareholders of 76.47% and 79.36% on the two occasions when it was implemented in April and October 2012, respectively.

This format has become a habitual mechanism for remunerating shareholders in the market. It has been used by the majority of the large domestic and international banks and other major listed companies.

The current situation in the markets, the new regulatory capital requirements and the convenience of the Bank having an instrument that enables it to meet any needs it may have for capital in 2013 make it advisable for the corporate interest to implement the Dividend Option this year.

In order to establish the most suitable scheme for remunerating BBVA shareholders, the Board of Directors decided to once again offer the Dividend Option, as it is a mechanism that benefits the Company, by reinforcing its capital-adequacy ratios, without altering the cash remuneration to shareholders, so that they are able to choose to receive part of their remuneration in free of charge shares.

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During 2012, Spanish financial entities have been affected by new regulatory capital requirements and new coverage requirements to buffer the impairment of assets linked to the real-estate business in Spain.

However, despite the sizeable provisions set aside by BBVA in one of the most difficult years of the crisis in Spain, the Bank has maintained sound performance. This has enabled it to continue to generate profits and maintain a stable dividend policy.

Likewise, the implementation of the Dividend Option in previous years, among other measures, has enabled the Bank to shore up its equity in order to meet the new regulatory capital requirements. Thus, and in order to continue to reinforce the Bank's solvency, BBVA intends to once again offer this remuneration system to its shareholders in 2013.

With this Proposal, BBVA aims to enhance and increase the flexibility of the remuneration to its shareholders. The Bank wishes to offer them an alternative that, while in no way limiting their possibility of receiving the entire annual remuneration in cash if they so choose, allows them to receive Bank shares under the applicable tax regime for the delivery of free of charge shares that is described below.

Therefore, the aim of the Proposal submitted to the Annual General Meeting is to once again offer all the Bank shareholders a mechanism that makes it possible to reinforce the solvency of the Company without altering the possibility of its shareholders being able to freely choose whether to receive their remuneration in cash, in line with the success of the Dividend Option over the last two years, and with the most efficient flexible remuneration policies implemented by other domestic and international banks, combining the interests of its shareholders with the interests of the Company.

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4.- Tax regulations

In general, and pursuant to the criteria stated by the Tax Department (Dirección General de Tributos) in answer to several binding queries, the applicable tax regulations in Spain for shareholders is as follows:

The vesting of shares as a consequence of each Capital Increase will, for tax purposes, be considered to be the vesting of free of charge shares and, consequently, does not comprise income for the purposes of personal income tax ("IRPF") or for corporate income tax ("IS") or for non-residents' income tax ("IRNR"), whether acting through a permanent establishment in Spain or not.

The acquisition value of new shares received as a consequence of each Capital Increase or of the shares from which they originate will be the total cost divided by the corresponding number of shares, whether old or newly issued. The seniority of such free of charge shares will be the same as the shares from which they originate.

If shareholders sell the free allocation rights on the market, the amount obtained from the transfer of such rights will be subject to the following taxes:

- In the case of IRPF and IRNR and if the transaction is carried out without setting up permanent establishment, the amount obtained from the transfer of free allocation rights on the market will receive the same treatment as pre-emptive subscription rights. Consequently, for tax purposes, the amount obtained in the transfer of the free allocation rights is subtracted from the acquisition value of the shares from which these rights originate, in application of article 37.1.a) of Act

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35/2006, 28th November, on personal income tax, which partially amends the acts on corporate income tax, non-resident income tax and wealth tax.

Thus, if the amount obtained in the transfer exceeds the acquisition value of the shares from which they originate then the difference will be considered a capital gain of the transferor in the tax period in which the transfer takes place.

- In the case of IS and IRNR, when the transaction is carried out through a permanent establishment in Spain, in so far as it completes a full trading cycle, tax will be payable in accordance with the applicable rules.

If the holders of free allocation rights decide to take up the Acquisition Commitment, the tax treatment of the amount obtained in the transfer to the Bank of the free allocation rights, received due to the shareholder's status as such or acquired on the market, will be equivalent to the tax regulations applicable on dividends distributed directly in cash and therefore subject to the corresponding withholding tax, which currently stands at 21%.

Nonetheless the amount obtained from a transfer pursuant to the Commitment to acquire rights previously acquired on the market, may not benefit from the exemption. This exemption, limited to €1500 per year, is established under current rules for dividends (because the rights are acquired during the two months prior to the time on which the above amount is paid, which is also deemed to be the time of transfer).

Furthermore and in these cases (rights acquired in the market), the transfer generates a loss in net worth equal to the difference between the cost of acquisition of the rights and their transfer value, which in this case will be zero.

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5.- Conferral of authority and implementation of each Increase

It is proposed to confer authority to the Board of Directors, which is in turn authorised to delegate this authority to the Executive Committee, with express powers to delegate it in its turn, to the Chairman of the Board; to the President & COO; to any other director; and to empower any Company proxy; to establish the date on which each Increase resolution to be adopted by the Annual General Meeting will be put into effect, and to establish the conditions for the Capital Increase insofar as these are not included in the General Meeting resolution. All this will be done in the terms established in article 297.1-a) of the Corporate Enterprises Act, including the power not to implement the resolutions, whenever this is deemed advisable, in light of the Company's interests. In this case, the Board of Directors must report on this to the first General Meeting to be held after the term established for its implementation has elapsed. In particular, in order to decide to implement each of the Increases, among other factors, the market conditions may be analysed and taken into account, and with respect to the second Increase, the uptake of the first Increase, should it have been implemented.

When the Board of Directors resolves to implement the Proposal by carrying out an Increase and determining all those conditions not established by the General Meeting, the Bank will publicly disclose such conditions. In particular, prior to the beginning of each period of free allocation, the Bank may make pertinent documents available to the public, containing the necessary information on the number and nature of the shares and the grounds and details of the Increase. All this will be done pursuant to article 26.1.e) of Royal Decree 1310/2005, 4th November, partially ramifying Act 24/1988, 28th July, on Securities Exchanges, with respect to the listing of securities for trading

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on regulated secondary markets, public bids of sale or subscription and the offering circular demandable for such purposes, or the regulations applicable at any time.

Finally once the trading period for the free allocation rights has ended, due record will be made for the financial statements of the application of the voluntary reserves to the amount of the corresponding Increase, which by this means will become paid-up capital. Likewise, the corresponding resolutions will be adopted to amend the Company Bylaws in order to reflect the new figure for capital resulting from each Increase and the request for listing of the new shares on the securities markets where the BBVA shares are traded at the time of their issue.

6.- Proposed resolutions

The entire text of the proposed resolutions to issue capital against reserves and to authorise the Board of Directors to set the dates of such increases pursuant to articles 303 and 297.1.a) of the Corporate Enterprises Act, which will be submitted to the Annual General Meeting, are as follows:

“4.1 Increase share capital by an amount to be determined by issuing new shares with a nominal value of €0.49 each, without an issue premium and of the same class and series as those currently outstanding, to be charged against voluntary reserves. Possibility of undersubscription. Commitment to purchase the rights of free allocation. Request for listing. Conferral of powers.

- 1. Increase of released share capital.-** It is resolved to increase the share capital of Banco Bilbao Vizcaya Argentaria S.A. (“**BBVA**”, the “**Company**” or the “**Bank**”) to be charged against voluntary reserves by an amount calculated by multiplying (a) the number of new shares to be issued as determined by the formula below, by (b) €0.49 (the nominal value of an ordinary BBVA share). The capital increase will be achieved by issuing new shares of the same class and series and with the same rights as those currently outstanding, each with a nominal value of €0.49, represented by book-entries, for free allocation to the Bank’s shareholders.

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The possibility of incomplete subscription is expressly provided for as required by article 311 of the Corporate Enterprise Act. If the issue is undersubscribed, the capital increase will be for the amount actually subscribed.

The number of new shares to be issued will be the outcome of the following formula, rounding down to the next whole number:

$$\text{NOS} / \text{NAR}$$

Where:

NOS (number of old shares) is the total number of BBVA shares on the date of the resolution to implement the increase; and

NAR (number of allocation rights) is the number of rights of free allocation necessary to be assigned one new share. This will be determined by the following formula, rounding up to the next whole number:

$$\text{NAR} = \text{RP} \times \text{NOS} / \text{RMV}$$

Where:

RP (reference price) is the reference trading price of BBVA's shares for the purpose of the present capital increase. This will be the arithmetic mean of the average weighted price of BBVA shares traded on the Spanish SIBE electronic trading platform over five (5) trading days prior to the date of the resolution to implement the capital increase, rounded off to the nearest one-thousandth of a euro. In the event of a half of one-thousandth of a euro, this will rounded up to the nearest one-thousandth. In no event can the RP be less than the nominal value of the Company's shares. Therefore, if the result of the calculation is less than €0.49, the RP will be €0.49.

RMV is the maximum reference market value of the capital increase, which cannot exceed €700,000,000.

2. **Reference balance sheet.-** According to article 303 of the Corporate Enterprise Act the balance sheet to be used as the basis of the transaction is that of 31st December 2012, duly approved by the Bank's auditor and by this General Meeting under its agenda item one.
3. **Reserves used.-** The capital increase will be wholly charged against voluntary reserves, which at 31st December 2012 stood at €6,154,647,109.12.
4. **Right of free allocation.-** All the Bank's shareholders will have the right to free allocation of the new shares. Every share will convey one right of free allocation.

A certain number of rights (NDA) will be necessary to receive one new share. In order to ensure that all free allocation rights can be effectively exercised and the number of new shares will be a whole number, BBVA or a Group subsidiary will

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waive the corresponding number of free allocation rights to which they would have been entitled.

Holders of bonds convertible into BBVA shares will not have the right to free allocation of the new shares, without prejudice to modifications that might be made to the conversion ratio under the terms of each issue.

5. **Assignment and transferability of rights of free allocation.-** The rights of free allocation will be assigned to BBVA shareholders who are accredited as such in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A.U. (IBERCLEAR) at the end of the day of the publication of the capital increase announcement in the Official Gazette of the Companies Registry (BORME).

The free allocation rights of the new shares will be transferrable and may be traded on the market during the period determined, which will be a minimum of fifteen calendar days beginning on the next trading day as of the publication of the capital increase announcement in the Official Gazette of the Companies Registry (BORME).

At the end of the trading period for the free allocation rights, new shares that cannot be assigned will be registered to whoever can claim ownership and held in deposit. After three years, any shares that are still pending allocation can be sold in accordance with article 117 of the Corporate Enterprise Act acting without liability on behalf of the interested parties. The net amount of such sale shall be held available to the parties concerned in the manner established by applicable legislation.

6. **Commitment to purchase the rights of free allocation.-** BBVA will undertake to purchase the rights of free allocation, complying strictly with any legal limitations, exclusively to the shareholders of BBVA who have such condition at the time the free allotment rights are allocated and only in connection with the free allotment rights which are originally allocated to them at such time; accordingly, this option will not be available in respect of any free allotment right acquired through a market purchase.

The purchase price of each right will be calculated by the following formula (rounding off to the closest one-thousandth of a euro and, in the event of a half of a thousandth of a euro, by rounding up to the next whole thousandth):

$$RP / (NAR + 1)$$

The commitment to acquire rights of free allocation will remain in force for a period determined by the Board of Directors during the trading period for such rights (described in section 5 above).

For this purpose it is agreed to authorise the Bank to acquire such rights of free allocation up to a maximum of the total rights issued, always complying with the legal limits.

7. **Form and rights of the new shares.-** The new shares will be represented by book entries, and the books will be managed by Sociedad de Gestión de los

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Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR) and its participating entities. The new shares will confer on their holders the same rights as the rest of BBVA's shares.

8. **Listing.-** It is resolved to apply for listing of the new shares on the securities exchanges in Madrid, Barcelona, Bilbao and Valencia via the Spanish SIBE electronic trading platform. This also applies to the arrangements and documents required for listing on the foreign securities exchanges where BBVA's shares are traded at time of issue: currently London, Mexico and, via ADS's (American Depository Shares), on the securities markets of New York and Lima under the interchange agreement between both markets. These arrangements also apply to the new shares issued a consequence of the capital increase and BBVA expressly agrees to be bound by present and future rules of these markets, especially regarding contracts, listing and delisting for the official trading system.

For this purpose, authority is conferred on the Board of Directors and the Executive Committee, with express powers of substitution in both cases so that, once this resolution has been adopted, they can make the corresponding applications, draw up and present any appropriate documents in the terms they consider necessary and appropriate, and take any measures that may be needed for such purpose.

For legal purposes it is hereby expressly stated that should a request be made subsequently to delist BBVA's shares, the Bank will comply with all the formalities required by applicable legislation. It will also guarantee the interests of shareholders who oppose this or who do not vote for delisting, thereby satisfying the requirements of the Corporate Enterprise Act, of the Securities Exchange Act and of other similar or supplementary regulations.

9. **Execution of the resolution and conferral of authority.-** It is resolved to confer authority on the Board of Directors, pursuant to article 297.1.a) of the Corporate Enterprise Act and article 30.c) of the Company Bylaws, empowering it to delegate this authority on the Executive Committee with express powers to delegate it in turn; on the Chairman of the Board of Directors; on the President & COO; on any other Company director; and empower any proxy of the Company to set the date on which the resolution to increase capital will be carried out. This will be determined by observing the provisions of this resolution, within one (1) year of its adoption, and under the new wording applicable to article 5 of the Company Bylaws regarding the total amount of share capital and the number of shares comprising it.

Pursuant to article 30.c) of the Company Bylaws, the Board of Directors may refrain from executing the present capital increase in view of market conditions, the circumstances of the Bank itself or a social or economic fact or event that makes the action unadvisable. In such case it will report on this to the first General Meeting held following the end of the period established for execution.

Likewise, it is resolved to confer authority on the Board of Directors, also pursuant to article 297.1.a) of the Corporate Enterprise Act and also empowering it to delegate the authority on the Executive Committee, with express faculties to delegate it in turn; on the Chairman of the Board of Directors; on the President &

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COO; on any other Company director; and empower any proxy of the Company to establish the conditions of the capital increase insofar as these are not covered in the foregoing sections. In particular, this will include the following, which is not a complete list and does not constitute a limitation or restriction:

- (i) To determine the date on which the capital increase will be carried out in the terms and within the limits defined in the present resolution.
- (ii) To determine the final amount of the capital increase, the number of new shares, the market reference value (up to a maximum of €700,000,000), the number of rights of free allocation and the allocation ratio in accordance with the rules established above.
- (iii) To determine the specific voluntary reserve accounts or sub accounts against which the capital increase will be charged.
- (iv) To decline the number of rights of free allocation needed to reconcile the allocation ratio for the new shares, to decline the rights of free allocation that are acquired under the purchase commitment and to decline any rights of free allocation as might be necessary or appropriate.
- (v) To establish the period for trading the rights of free allocation with a minimum of fifteen calendar days beginning on the next trading day as of the publication of the capital increase announcement in the Official Gazette of the Companies Registry (BORME).
- (vi) To declare the capital increase finalised and closed at the end of the above period for trading the rights of free allocation, declaring when relevant that subscription was incomplete and signing whatever public and private documents might be needed for the total or partial execution of the capital increase.
- (vii) To amend article 5 of the Bank's Company Bylaws on share capital.
- (viii) To draw up, sign and present the appropriate issue documents to the CNMV (securities exchange authority) or to any other competent Spanish or non-Spanish authority and to present any additional or supplementary information or documents required.
- (ix) To draw up, sign and present the necessary or appropriate documents for the issue and listing of the new shares to the CNMV (securities exchange authority) or to any other competent Spanish or non-Spanish authority or organisation, assuming responsibility for their contents and to draw up, sign and present any supplements needed, requesting their verification and registration.
- (x) To carry out any action, declaration or negotiation with the CNMV (securities exchange authority), with the governing bodies of the securities exchanges, with Sociedad de Bolsas, S.A., IBERCLEAR, with the Department of Treasury & Financial Policy, and with any other organisation, entity or register, whether public or private, Spanish or non-

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Spanish, to obtain (if necessary or advisable) the authorisation, verification and subsequent execution of the issue and the listing of the new shares.

- (xi) To draw up and publish any announcements that may be necessary or advisable.
- (xii) To draw up, sign, accredit and, if necessary, to certify any type of document related to the issue, including without limit the public and private documents required.
- (xiii) To complete all the necessary formalities so that the new shares associated with the capital increase can be entered in IBERCLEAR's registers and listed on the securities exchanges in Madrid, Barcelona, Bilbao and Valencia via the Spanish SIBE electronic trading platform and on foreign securities exchanges that list BBVA's shares at the time of issue.
- (xiv) And to take whatever action might be necessary or appropriate to execute and register the capital increase before whatever entities and organisations, whether public or private, Spanish or non-Spanish, including clarifications, supplements and amendment of defects or omissions that might impede or hinder the full effectiveness of the present resolution.

4.2 Increase share capital by an amount to be determined by issuing new shares with a nominal value of €0.49 each, without an issue premium and of the same class and series as those currently outstanding, to be charged against voluntary reserves. Possibility of undersubscription. Commitment to purchase the rights of free allocation. Request for listing. Conferral of powers.

1. ***Increase of released share capital.***- It is resolved to increase the share capital of Banco Bilbao Vizcaya Argentaria S.A. ("**BBVA**", the "**Company**" or the "**Bank**") to be charged against voluntary reserves by an amount calculated by multiplying (a) the number of new shares to be issued as determined by the formula below, by (b) €0.49 (the nominal value of an ordinary BBVA share). The capital increase will be achieved by issuing new shares of the same class and series and with the same rights as those currently outstanding, each with a nominal value of €0.49, represented by book-entries, for free allocation to the Bank's shareholders.

The possibility of incomplete subscription is expressly provided for as required by article 311 of the Corporate Enterprise Act. If the issue is undersubscribed, the capital increase will be for the amount actually subscribed.

The number of new shares to be issued will be the outcome of the following formula, rounding down to the next whole number:

NOS / NAR

Where:

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NOS (number of old shares) is the total number of BBVA shares on the date of the resolution to implement the increase; and

NAR (number of allocation rights) is the number of rights of free allocation necessary to be assigned one new share. This will be determined by the following formula, rounding up to the next whole number:

$$\text{NAR} = \text{RP} \times \text{NOS} / \text{RMV}$$

Where:

RP (reference price) is the reference trading price of BBVA's shares for the purpose of the present capital increase. This will be the arithmetic mean of the average weighted price of BBVA shares traded on the Spanish SIBE electronic trading platform over five (5) trading days prior to the date of the resolution to implement the capital increase, rounded off to the nearest one-thousandth of a euro. In the event of a half of one-thousandth of a euro, this will rounded up to the nearest one-thousandth. In no event can the RP be less than the nominal value of the Company's shares. Therefore, if the result of the calculation is less than €0.49, the RP will be €0.49.

RMV is the maximum reference market value of the capital increase, which cannot exceed €700,000,000.

2. **Reference balance sheet.-** According to article 303 of the Corporate Enterprise Act the balance sheet to be used as the basis of the transaction is that of 31st December 2012, duly approved by the Bank's auditor and by this General Meeting under its agenda item one.
3. **Reserves used.-** The capital increase will be wholly charged against voluntary reserves, which at 31st December 2012 stood at €6,154,647,109.12.
4. **Right of free allocation.-** All the Bank's shareholders will have the right to free allocation of the new shares. Every share will convey one right of free allocation.

A certain number of rights (NDA) will be necessary to receive one new share. In order to ensure that all free allocation rights can be effectively exercised and the number of new shares will be a whole number, BBVA or a Group subsidiary will waive the corresponding number of free allocation rights to which they would have been entitled.

Holders of bonds convertible into BBVA shares will not have the right to free allocation of the new shares, without prejudice to modifications that might be made to the conversion ratio under the terms of each issue.

5. **Assignment and transferability of rights of free allocation.-** The rights of free allocation will be assigned to BBVA shareholders who are accredited as such in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A.U. (IBERCLEAR) at the end of the day of the publication of the capital increase announcement in the Official Gazette of the Companies Registry (BORME).

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The free allocation rights of the new shares will be transferrable and may be traded on the market during the period determined, which will be a minimum of fifteen calendar days beginning on the next trading day as of the publication of the capital increase announcement in the Official Gazette of the Companies Registry (BORME).

At the end of the trading period for the free allocation rights, new shares that cannot be assigned will be registered to whoever can claim ownership and held in deposit. After three years, any shares that are still pending allocation can be sold in accordance with article 117 of the Corporate Enterprise Act acting without liability on behalf of the interested parties. The net amount of such sale shall be held available to the parties concerned in the manner established by applicable legislation.

6. **Commitment to purchase the rights of free allocation.-** BBVA will undertake to purchase the rights of free allocation, complying strictly with any legal limitations, exclusively to the shareholders of BBVA who have such condition at the time the free allotment rights are allocated and only in connection with the free allotment rights which are originally allocated to them at such time; accordingly, this option will not be available in respect of any free allotment right acquired through a market purchase.

The purchase price of each right will be calculated by the following formula (rounding off to the closest one-thousandth of a euro and, in the event of a half of a thousandth of a euro, by rounding up to the next whole thousandth):

$RP / (NAR + 1)$

The commitment to acquire rights of free allocation will remain in force for a period determined by the Board of Directors during the trading period for such rights (described in section 5 above).

For this purpose it is agreed to authorise the Bank to acquire such rights of free allocation up to a maximum of the total rights issued, always complying with the legal limits.

7. **Form and rights of the new shares.-** The new shares will be represented by book entries, and the books will be managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR) and its participating entities. The new shares will confer on their holders the same rights as the rest of BBVA's shares.
8. **Listing.-** It is resolved to apply for listing of the new shares on the securities exchanges in Madrid, Barcelona, Bilbao and Valencia via the Spanish SIBE electronic trading platform. This also applies to the arrangements and documents required for listing on the foreign securities exchanges where BBVA's shares are traded at time of issue: currently London, Mexico and, via ADS's (American Depository Shares), on the securities markets of New York and Lima under the interchange agreement between both markets. These arrangements also apply to the new shares issued as a consequence of the capital increase and BBVA expressly agrees to be bound by present and future rules of these

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markets, especially regarding contracts, listing and delisting for the official trading system.

For this purpose, authority is conferred on the Board of Directors and the Executive Committee, with express powers of substitution in both cases so that, once this resolution has been adopted, they can make the corresponding applications, draw up and present any appropriate documents in the terms they consider necessary and appropriate, and take any measures that may be needed for such purpose.

For legal purposes it is hereby expressly stated that should a request be made subsequently to delist BBVA's shares, the Bank will comply with all the formalities required by applicable legislation. It will also guarantee the interests of shareholders who oppose this or who do not vote for delisting, thereby satisfying the requirements of the Corporate Enterprise Act, of the Securities Exchange Act and of other similar or supplementary regulations.

9. ***Execution of the resolution and conferral of authority.***- It is resolved to confer authority on the Board of Directors, pursuant to article 297.1.a) of the Corporate Enterprise Act and article 30.c) of the Company Bylaws, empowering it to delegate this authority on the Executive Committee with express powers to delegate it in turn; on the Chairman of the Board of Directors; on the President & COO; on any other Company director; and empower any proxy of the Company to set the date on which the resolution to increase capital will be carried out. This will be determined by observing the provisions of this resolution, within one (1) year of its adoption, and under the new wording applicable to article 5 of the Company Bylaws regarding the total amount of share capital and the number of shares comprising it.

Pursuant to article 30.c) of the Company Bylaws, the Board of Directors may refrain from executing the present capital increase in view of market conditions, the circumstances of the Bank itself or a social or economic fact or event that makes the action unadvisable. In such case it will report on this to the first General Meeting held following the end of the period established for execution.

Likewise, it is resolved to confer authority on the Board of Directors, also pursuant to article 297.1.a) of the Corporate Enterprise Act and also empowering it to delegate the authority on the Executive Committee, with express faculties to delegate it in turn; on the Chairman of the Board of Directors; on the President & COO; on any other Company director; and empower any proxy of the Company to establish the conditions of the capital increase insofar as these are not covered in the foregoing sections. In particular, this will include the following, which is not a complete list and does not constitute a limitation or restriction:

- (i) To determine the date on which the capital increase will be carried out in the terms and within the limits defined in the present resolution.
- (ii) To determine the final amount of the capital increase, the number of new shares, the market reference value (up to a maximum of €700,000,000), the number of rights of free allocation and the allocation ratio in accordance with the rules established above.

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- (iii) To determine the specific voluntary reserve accounts or sub accounts against which the capital increase will be charged.
- (iv) To decline the number of rights of free allocation needed to reconcile the allocation ratio for the new shares, to decline the rights of free allocation that are acquired under the purchase commitment and to decline any rights of free allocation as might be necessary or appropriate.
- (v) To establish the period for trading the rights of free allocation with a minimum of fifteen calendar days beginning on the next trading day as of the publication of the capital increase announcement in the Official Gazette of the Companies Registry (BORME).
- (vi) To declare the capital increase finalised and closed at the end of the above period for trading the rights of free allocation, declaring when relevant that subscription was incomplete and signing whatever public and private documents might be needed for the total or partial execution of the capital increase.
- (vii) To amend article 5 of the Bank's Company Bylaws on share capital.
- (viii) To draw up, sign and present the appropriate issue documents to the CNMV (securities exchange authority) or to any other competent Spanish or non-Spanish authority and to present any additional or supplementary information or documents required.
- (ix) To draw up, sign and present the necessary or appropriate documents for the issue and listing of the new shares to the CNMV (securities exchange authority) or to any other competent Spanish or non-Spanish authority or organisation, assuming responsibility for their contents and to draw up, sign and present any supplements needed, requesting their verification and registration.
- (x) To carry out any action, declaration or negotiation with the CNMV (securities exchange authority), with the governing bodies of the securities exchanges, with Sociedad de Bolsas, S.A., IBERCLEAR, with the Department of Treasury & Financial Policy, and with any other organisation, entity or register, whether public or private, Spanish or non-Spanish, to obtain (if necessary or advisable) the authorisation, verification and subsequent execution of the issue and the listing of the new shares.
- (xi) To draw up and publish any announcements that may be necessary or advisable.
- (xii) To draw up, sign, accredit and, if necessary, to certify any type of document related to the issue, including without limit the public and private documents required.
- (xiii) To complete all the necessary formalities so that the new shares associated with the capital increase can be entered in IBERCLEAR's registers and listed on the securities exchanges in Madrid, Barcelona,

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Bilbao and Valencia via the Spanish SIBE electronic trading platform and on foreign securities exchanges that list BBVA's shares at the time of issue.

- (xiv) And to take whatever action might be necessary or appropriate to execute and register the capital increase before whatever entities and organisations, whether public or private, Spanish or non-Spanish, including clarifications, supplements and amendment of defects or omissions that might impede or hinder the full effectiveness of the present resolution.”

Madrid, 31st January 2013

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