

Explanatory document on the

Remuneration for BBVA Directors 2015

February 2016



Table of Contents

- 1. Introduction: Remuneration policy for BBVA directors..... 3
- 2. Decision-making process on remuneration 4
 - Remuneration Committee 4
- 3. Policy alignment with prudent risk management..... 5
- 4. Remuneration system for BBVA directors 7
 - 4.1. Remuneration system for non-executive directors..... 7
 - 4.2. Remuneration system for executive directors 8
- 5. Application of the Policy in 2015 9
 - 5.1. Non-executive directors 9
 - 5.2. Executive directors..... 11
- 6. Pension scheme for executive directors..... 16

1. Introduction: Remuneration policy for BBVA directors

Transparency on remuneration is one of the guiding principles of BBVA general remuneration policy.

This document is for information purposes only and aims to provide shareholders with a clear and simple explanation on the remuneration policy for members of the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, "BBVA", the "Company" or the "Bank") and the specific remuneration accrued in 2015 for each Board member, pursuant to said policy.

The remuneration policy of BBVA directors for 2015, 2016 and 2017 was approved by the Annual General Shareholders' Meeting on March 13, 2015 (hereinafter, the "Policy" or the "Remuneration policy for BBVA directors"), by a majority of 95.41%. This policy is available at the Company's website (www.bbva.com).

The Policy is based on the general principles of BBVA Group remuneration policy. It focuses on recurring generation of value for the Group, also seeking alignment with the interests of BBVA employees and shareholders and prudent risk management. Said principles are:

- Long-term value creation;
- Rewarding achievement of results on the basis of prudent, responsible risk taking;
- Attracting and retaining the best professionals;
- Rewarding the level of responsibility and professional track record;
- Ensuring internal equitability within the Group and competitiveness outside it;
- Benchmark performance against the market using analyses from prestigious consultancy firms specializing in remuneration;
- And ensuring transparency in its remuneration policy.

BBVA has defined its remuneration policy on the basis of these general principles, additionally taking into consideration the necessary compliance with legal requirements applicable to credit institutions, and the alignment with the best practices on the market, having incorporated elements aimed at reducing exposure to excessive risks and adjust remuneration to the targets, values and long-term interests of the Bank.

The information below must be completed by information on remuneration included in the relevant reports that the Bank is required to draw up in its capacity as listed company and financial institution.

Consequently, this report must be read together with the following documents: Annual Report on BBVA Directors' Remuneration, which will be submitted on a consultative basis to the Bank's next Annual General Shareholders' Meeting; and Note 53 of BBVA Annual Report on consolidated annual accounts for 2015, which includes detailed information on the remuneration for BBVA directors in 2015, listed individually and by payment item. Both of these documents have been made available to the shareholders on the Company's website upon call of the General Meeting (www.bbva.com).

2. Decision-making process on remuneration

The creation of long-term value is one of BBVA's primary objectives, and one of the essential premises to attain this goal is the existence of an appropriate corporate governance system.

Among the mechanisms of this system, the Board of Directors Regulations include rules for internal operation of the Board and its Committees, as well as the rights and obligations of directors in the performance of their duties, which comprise the Directors' Charter.

The text of the Board Regulations are available to shareholders and investors at the Company's website (www.bbva.com).

Remuneration Committee

For the purposes hereof, the Remuneration Committee is the body that, amongst the Board of Directors' Committees, assists the Board on issues regarding remuneration, which are attributed to this Committee under the Board Regulations.

This Committee consists of five non-executive directors, the majority of which are independent.

Its functions include proposing the remuneration policy for directors. To this end, it is assisted by the Risks Committee, which verifies that the policy is compatible with an appropriate and effective risk management and that it offers no incentives to assume risks that could breach the limits tolerated by the Company.

In the discharge of its duties, the Committee has continuously examined the remuneration policy for BBVA directors, assisted by the technical services of the Bank on compensation matters and by the external experts deemed necessary at any given moment.

As a result of the foregoing, during 2015 the Committee has submitted to the Board of Directors proposals regarding remuneration issues under its authority, pursuant to the Policy approved by the General Meeting, all in accordance with the Committee's activity Report, which has been made available to the shareholders on the Company's website (www.bbva.com) upon call of the General Meeting.

3. Policy alignment with prudent risk management

The Remuneration policy for BBVA directors has been designed so as to ensure compatibility with adequate and effective risk management, business strategy and the corporate objectives, values and long-term interests. It includes the following:

- Remuneration of non-executive directors does not include variable pay. Their remuneration system is fixed and includes vesting of Bank shares only when the directors have ceased their duties on any grounds other than serious dereliction of duty;
- There is appropriate balance between fixed and variable elements of the remuneration of executive directors;
- When results are assessed to calculate the variable remuneration of executive directors, indicators including adjustments for current and future risks are included;
- When measuring the performance, financial and non-financial indicators are used, which encompass both individual management aspects as well as goals of the Unit, where applicable, and the Group;
- The variable remuneration of executive directors combines indicators that are assessed annually with multi-year (long-term) indicators, which -in combination- effectively align the remuneration of the executive directors with prudent risk management and the long-term interests of the Company and its stakeholders;
- The annual variable remuneration of executive directors is also subject to the special settlement and payment system applicable to employees whose professional activities have a material impact on the Group's risk profile or those in control functions (hereinafter, "Identified Staff"). This remuneration includes:
 - Payment in shares of 50% of annual variable remuneration¹;
 - Deferral clauses, designed so that a substantial part of the variable remuneration -50% in the case of executive directors and senior management and 40% for the remaining cases- is deferred over a three-year period, thus considering the economic cycle and business risks;
 - Possibility to adjust (only lower) the deferred component of the annual variable remuneration on the basis of certain multi-annual assessment indicators related with solvency, liquidity and financing, in addition to the returns and recurrence in the results of the Group;
 - Mandatory withholding periods over any shares that are vested as a result of variable remuneration;

¹ To calculate the number of shares, the reference price taken shall be the average share closure price of BBVA from 15 December of the year the remuneration is accrued and 15 January of the following year (inclusive).

- Prohibition against hedging any shares received as annual variable remuneration and those remaining deferred in adherence to the rules mentioned above;
- A cap on the amount of annual variable remuneration at a percentage of 100% of their fixed remuneration, except for positions for which the General Meeting agrees to raise this cap to 200%;
- Additionally, conditions have been included under which deferred variable remuneration and due variable remuneration could be reduced or not paid ("malus provisions").

Thus, this remuneration system contributes to reinforce the assessment of results in a multi-year framework, while taking into account the Bank's economic cycle and its risks, and adjusted for all current and future risk types.

4. Remuneration system for BBVA directors

In light of the foregoing, the Remuneration policy for BBVA directors distinguishes between the remuneration system for directors in their capacity as such (non-executive directors) and executive directors (performing management functions in the Company):

4.1. Remuneration system for non-executive directors

Remuneration component	Grounds and assessment criteria	Form and time of payment	Maximum annual amount	Conditions/Malus
Annual fixed amount for their duties as directors and, where appropriate, members of different Board Committees.	<p>Criteria of responsibility, dedication and incompatibility inherent to the role.</p> <p>The amount is set by the Board based on the specific nature of the Committee's duties and the required dedication, with a greater weight being given to the exercise of the role of chairman of each Committee.</p>	Cash, monthly payment.	<p>Overall limit of €6,000 thousand approved by the General Meeting held in 2012.</p> <p>Amount paid in 2015: €3,723 thousand.</p>	N/A
Fixed remuneration system with deferred delivery of BBVA shares.	Same criteria as for annual cash remuneration.	<p>Annual assignment of a number of Bank's "theoretical shares".</p> <p>Vesting of BBVA shares when the director ceases duties.</p>	20% of the total annual cash remuneration received in the previous year.	Not vested if duties are ceased due to serious dereliction of duty.

Additionally, non-executive directors may benefit from other remuneration in kind such as healthcare and casualty insurance policies taken out by the Bank in the name of non-executive directors.

4.2. Remuneration system for executive directors

Remuneration component	Grounds and assessment criteria	Form and time of payment	Maximum annual amount	Conditions/Malus
Annual fixed remuneration.	Professional experience; level of responsibility inherent to duties; specific characteristics of each position; and required dedication. Appropriate remuneration based on the role and competitive in the market.	Cash, monthly payment.	Group Executive Chairman: €1,966 thousand. CEO: €1,923 thousand. Chief Officer of Glob. Econ. Regulation & Public Affairs: €800 thousand.	N/A
Annual Variable Remuneration.	Combination of financial and non-financial annual assessment indicators and multi-annual indicators. Objectives linked to Group results, performance of duties and generation of long-term value in connection with share performance and fundamental Group risk metrics.	In cash and in BBVA shares, in equal parts. 50% (in cash and in shares) in Q1 of the year following the year of accrual. 50% (in cash and in shares) deferred for three years.	200% of the annual fixed remuneration as approved by the General Meeting held in 2014.	Conditions of settlement and payment system applicable to the Identified Staff, including six-month withholding period and malus clauses. No hedging.

Additionally, the Bank pays executive directors other remunerations in kind such as insurance, ADSL, vehicle leasing and other corporate benefits that generally apply to Bank senior managers.

5. Application of the Policy in 2015

This section describes the main characteristics of the system and the Policy remuneration components as applied during 2015. This is followed by details of the individual remuneration received by the directors in 2015.

5.1. Non-executive directors

Pursuant to the Policy, the General Meeting shall set the global amount of the remuneration that the Bank may pay to directors in such capacity. The Board of Directors is responsible for distributing this amount, with powers to reduce it, if deemed appropriate.

To such end, the Annual General Shareholders' Meeting held in 2012 resolved to establish the total annual amount payable by the Bank to all the directors, as a whole, for their directorships, at €6,000 thousand. This amount will remain in force until the General Meeting resolves to change it.

The detail of the individual remuneration received by non-executive directors in 2015 is listed below:

Remuneration of non-executive directors	Thousands of Euros						Total
	Board of Directors	Executive Committee	Audit and Compliance Committee	Risks Committee	Remuneration Committee	Appointments Committee	
Tomás Alfaro Drake	129	-	71	-	43	102	345
José Miguel Andrés Torrecillas ¹	107	-	119	71	-	-	298
Ramón Bustamante y de la Mora	129	-	-	107	29	-	264
José Antonio Fernández Rivero	129	-	-	214	-	41	383
Ignacio Ferrero Jordi	129	167	-	-	43	-	338
Belén Garijo López	129	-	71	-	-	-	200
Carlos Loring Martínez de Irujo	129	-	71	-	107	-	307
Lourdes Máiz Carro	129	-	48	-	-	-	176
José Maldonado Ramos	129	167	-	-	18	41	354
José Luis Palao García-Suelto	129	-	60	107	-	41	336
Juan Pi Llorens	129	-	-	107	43	-	278
Susana Rodríguez Vidarte	129	167	-	107	-	41	443
Total ²	1,523	500	440	713	282	265	3,723

¹ José Miguel Andrés Torrecillas was appointed director at the General Meeting held on March 13, 2015.

² These amounts include changes in the composition of the Committees during 2015.

As mentioned above, the Policy defines a remuneration system in BBVA shares with deferred delivery to non-executive directors². This system consists in the allotment, on an annual basis, of a number of "theoretical shares" (equivalent to 20% of the total cash remuneration received by each non-executive director in the previous year, according to the average closing prices of BBVA shares during the 60 trading sessions prior to the dates of the respective ordinary General Meetings approving the financial statements for each year) to non-executive directors.

The shares will be vested to each beneficiary, where applicable, on the date on which they cease to be directors on any grounds other than serious dereliction of duty.

The following "theoretical shares" were allocated in 2015 to non-executive directors who benefited from the remuneration system with deferred delivery of shares:

	Theoretical shares assigned in 2015	Accumulated theoretical shares as of 31 December 2015
Tomás Alfaro Drake	7,930	51,089
Ramón Bustamante y de la Mora	7,531	77,043
José Antonio Fernández Rivero	9,400	78,413
Ignacio Ferrero Jordi	8,298	83,000
Belén Garijo López	4,909	12,866
Carlos Loring Martínez de Irujo	7,536	64,843
Lourdes Máiz Carro	2,631	2,631
José Maldonado Ramos	9,296	45,564
José Luis Palao García-Suelto	10,657	40,315
Juan Pi Llorens	6,830	23,195
Susana Rodríguez Vidarte	10,082	64,001
Total	85,100	542,960

Lastly, in 2015, €110 thousand were paid in healthcare and casualty insurance premiums on behalf of non-executive directors.

² As regards this system, and on the occasion of the end of its term of duration in 2016, the Remuneration Committee has submitted to the Board a proposal for extending the system for an additional five years. This proposal will be submitted subsequently to the Annual General Meeting to be held in 2016.

5.2. Executive directors

2015 Annual fixed remuneration

The Board of Directors resolved, at the beginning of 2015, to maintain the annual fixed remuneration of executive directors who were in office at the time, as well as to determine the fixed remuneration of the current CEO (appointed on May 4, 2015) as per the annual gross amounts mentioned in section 4.2. above.

Following the above, the individual remuneration received by executive directors in 2015 is the following (in thousands of euros):

Executive directors	Fixed remuneration
Group Executive Chairman	1,966
CEO ¹	1,578
Executive Director, Chief Officer of Glob. Econ. Regulation & Public Affairs	800

¹The CEO's fixed remuneration includes the proportional part corresponding to the 4 months during which he held the position of Digital Banking Director during 2015, as well as the part proportional to the remaining 8 months during which he performed duties as CEO.

2015 Annual Variable Remuneration

The variable remuneration for executive directors is based on a sole incentive assigned annually, yet combining indicators that are assessed annually with multi-year indicators (hereinafter, the "Annual Variable Remuneration").






Annual assessment indicators and their weightings used to calculate the 2015 Annual Variable Remuneration were defined by the Board of Directors at the start of the financial year. These indicators are the same for all three executive directors, except for the Customer Satisfaction indicator (IreNe), which is not part of the incentive scheme of the Chief Officer of Global Economics, Regulation & Public Affairs. Also, the executive directors, except for the Group Executive Chairman, have a tactical indicator.

Annual assessment indicators, executive directors:

Indicator	Group Executive Chairman	CEO	Chief Officer of Glob. Econ. Regulation & Public Affairs
Attributable Profit from continuing operations	30%	30%	20%
Economic Value Added (EVA) from continuing operations	30%	30%	20%
Efficiency Ratio	15%	10%	10%
Gross Loss Absorption Capacity (Net Margin)	15%	10%	-
Customer Satisfaction (IreNe)	10%	10%	-
Tactical Indicator	-	10%	50%

The amount of the Annual Variable Remuneration has been obtained on the basis of the level of compliance with the indicators identified above, depending on the performance scales approved for each indicator by the Board of Directors. These scales take into consideration budgetary fulfillment and the year-on-year variation.

Link between 2015 Annual Variable Remuneration and indicator results:

Indicators	Result 2015	Fulfillment		% over maximum remuneration associated with this indicator
		Target	Goal	
Attributable Profit from continuing operations	3,752			60.60%
EVA from continuing operations	619			30.85%
Efficiency Ratio	52.01%			48.71%
Gross Loss Absorption Capacity (Net Margin)	11,363			59.37%
Customer Satisfaction (IreNe)	161.14%			80.57%

The Attributable Profit from continuing operations increased year-on-year in 2015. During this fiscal year, there was a decrease in the need for loan-loss provisioning of both the credit portfolio and the Real Estate portfolio. Corporate operations in the fiscal year totaled €-1,109 million, which includes the impact of the fair value valuation at 25.01% of the stake in Garanti, which was acquired in 2015; the capital gain from the sales of BBVA stake in China Citic Bank; and the badwill arisen from the acquisition of Cataluña Caixa.

In terms of Economic Value Added (EVA) from continuing operations, in 2015 this indicator was affected by the performance of exchange rates (especially later in the year) with significant depreciation of emerging country currencies; this had a negative impact on the accounting theoretical value of Group securities (in countries with currencies other than the euro).

This indicator was also affected by the annual decrease in volume of unrealized gains of Group securities portfolios (both equity and debt).

The Efficiency Ratio decreased slightly compared to 2014. This is mostly due to the expense performance which was affected by the integration of Cataluña Caixa into the Group (its efficiency ratio was lower than the Group's average and has generated integration costs), the effect of the dollar's appreciation on the expense items denominated in dollars in emerging regions, and the impact of high inflation in some countries where the Group is present.

As for the Net Margin, it shows positive year-on-year change slightly below the gross income due

to the performance of expenses for the reasons already mentioned above.

The 2015 Annual Variable Remuneration for each executive director is detailed below, based on the results obtained from each indicator and applying the associated scales. Pursuant to the applicable settlement and payment system, this remuneration must be paid, in equal parts, in cash and BBVA shares³; and 50% of the remuneration will be deferred for 3 years and subject to fulfillment of multi-year indicators.

Result of 2015 Annual Variable Remuneration, executive directors

Executive directors	2015 Annual Variable Remuneration	
	Cash (thousands of euros)	Shares
Group Executive Chairman	1,794	270,599
CEO ¹	1,060	159,912
Executive Director, Chief Officer of Glob. Econ. Regulation & Public Affairs ²	196	29,630

¹Tactical indicators were also taking into account to calculate the CEO's Annual Variable Remuneration, as well as the indicators applicable to his former role as Digital Banking Director during four months in 2015. The degree of fulfillment of tactical goals has been assessed at 190%.

² The degree of fulfillment of tactical goals has been assessed at 185%.

Deferred 2015 Annual Variable Remuneration (long term):

50% of the 2015 Annual Variable Remuneration for executive directors, both in cash and shares, will be subject to compliance with the following multi-year assessment indicators, approved by the Board of Directors for a three-year deferral period for all executive directors:

Indicator	Weighting
Relative TSR	10%
ROE	10%
Economic Capital / ERC	30%
Cost of Risk	20%
LSCDR (Loan to stable customer deposits)	30%

³ Pursuant to the Policy, the share price used as reference for calculating the 2015 AVR was 6.631 euros.

Depending on their weightings and fulfillment scales, the results of these indicators will determine the final amount of the deferred Annual Variable Remuneration to be paid in Q1 2019. This amount could be reduced in relation to the initially deferred Annual Variable Remuneration and may even be zero, and under no circumstance the application of the aforementioned indicators shall imply an increase of the remuneration.

With respect to relative TSR, performance of the Bank's TSR from 1st January 2016 to 31st December 2018 will be benchmarked against the TSR performance of the following peer group of banks over the same period:

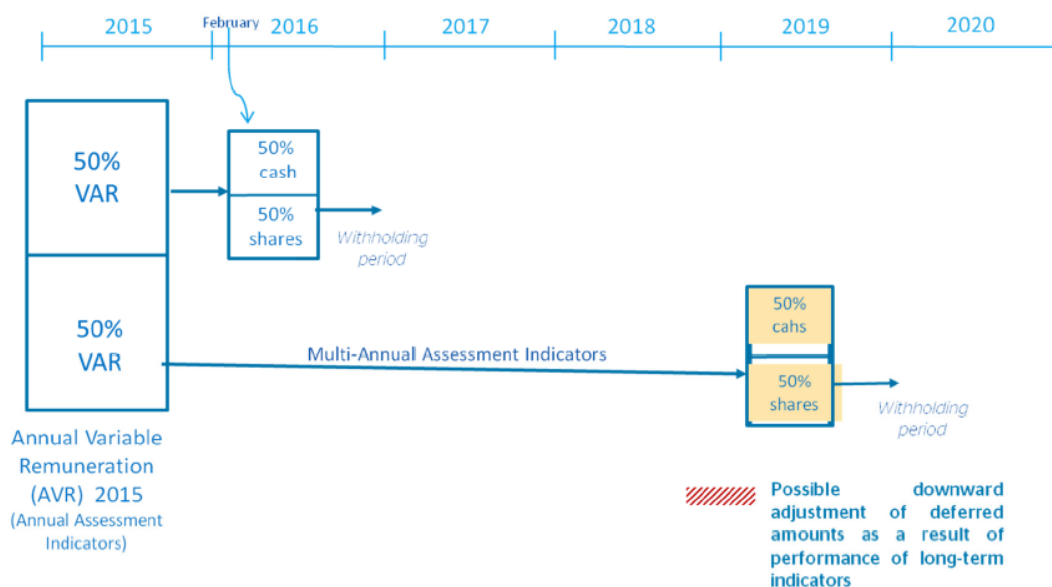
Grupo referencia TSR	
Santander	España
BNP Paribas	Francia
Societe Generale	Francia
Barclays	Reino Unido
HSBC	Reino Unido
Lloyds Banking Group	Reino Unido
Deutsche Bank	Alemania
Commerzbank	Alemania
Unicredito Italiano	Italia
Intesa San Paolo	Italia
Bank of America	USA
Citigroup	USA
Wells Fargo	USA
Scotiabank	Canadá

In any case, the 2015 Annual Variable Remuneration will vest so long as none of the circumstances established by the Board of Directors limiting or impeding payment (malus clauses) arise. Shares will be subject to the non-availability criteria described in the Policy and the deferred part will be subject to the approved update criteria, all in accordance to the settlement and payment system of the Annual Variable Remuneration applicable to the Identified Staff.

Pursuant to the above, the following table lists the individual Annual Variable Remuneration for executive directors corresponding to year 2015, itemized:

Director	50% Annual Variable Remuneration (vesting in 2016)		Maximum amount of Annual Variable Remuneration (vesting in 2019)	
	Cash	Shares	Cash	Shares
Group Executive Chairman	897	135,300	897	135,299
CEO	530	79,956	530	79,956
Executive director, Chief Officer of Glob. Econ. Regulation & Public Affairs	98	14,815	98	14,815

The following is an illustrative example of the settlement and payment system for the 2015 Annual Variable Remuneration of BBVA executive directors:



Other remuneration

In 2015 BBVA executive directors benefit from the general incentive systems established for the Bank's senior management and other remuneration in kind such as vehicle leasing, insurance and other social benefits.

The individual remuneration in kind received by executive directors in 2015 is listed below (in thousands of euros):

Executive directors	Remuneration in kind and other
Group Executive Chairman	16
CEO	112
Executive Director, Chief Officer of Glob. Econ. Regulation & Public Affairs	62

6. Pension scheme for executive directors

Contracts with the Bank's executive directors include a pension scheme which covers the following situations:

Director	Contingency	Contractual conditions
CEO	Retirement:	<p>Annual retirement pension calculated on the basis of the gross annual average remuneration paid over the last twenty four months prior to retirement as fixed remuneration, in addition to the average reference figure for the purpose of the pension corresponding to this same period ("Pensionable Base"). The amount of the pension will be calculated depending on his effective length of service in the Bank, capped at 85% on the Pensionable Base.</p> <p>When ceasing the position of CEO for any reason other than his own will, retirement, disability or dereliction of duty, he would be given early retirement with a pension calculated on the basis of the provisions that, according to current actuarial criteria applicable at any time, the Bank would have made to said date in fulfillment of the pension commitments for retirement, and in no case whatsoever shall this commitment bind the Bank to any additional provisions. Additionally, this pension may not exceed 75% of the Pensionable Base if the event occurs before turning 55, or 85% of the Pensionable Base if the event occurs after turning said age.</p> <p>These pensions may be paid as a lifelong annuity pension or by payment of a lump sum, at his own choice.</p>
	Disability:	Same amount as he would be granted for retirement should the director become permanently or totally disabled while in the discharge of his professional duties.
	Death:	<p>Annual widow's pension of 50% of the Pensionable Base for retirement.</p> <p>Annual orphans' pension for his children until they reach the age of 25; 20% of the Pensionable Base for each child. In no event may the sum of the widow's and orphans' pension exceed 100% of the Pensionable Base of the policy at the time of death.</p>
Executive Director, Chief Officer of Glob. Econ. Regulation & Public Affairs	Retirement:	<p>Equals the accumulated annual contributions (20% annually over the fixed remuneration) and corresponding yield up to that date.</p> <p>This pension may be paid as a lifelong annuity pension or by payment of a lump sum, at his own choice.</p>
	Disability:	Annual pension of 46% of annual fixed remuneration over the previous 12 months.
	Death:	Widow's pension at 50% of the annual fixed remuneration of the previous 12 months; annual orphans' pension for his children until they reach the age of 25. 20% of the annual fixed remuneration of the previous 12 months. In no event may the sum of the widow's and orphans' pension exceed 100% of the annual fixed remuneration of the policy at the time of death.

Pursuant to the pension scheme, during 2015 the Bank has made the following payments (in thousands of euros) to cover contingencies provided for in the contracts:

Director	Pension payments in 2015	Accumulated funds as of 31/12/2015
CEO	9,856	13,123
Executive Director, Chief Officer of Glob. Econ. Regulation & Public Affairs	261	436