Report submitted by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., for the purposes set forth in Articles 308, 504 and 506 of the Corporate Enterprises Act, in relation to the resolution to increase share capital with cash contributions with exclusion of pre-emptive subscription rights, that is adopted under the authority conferred by the Annual General Meeting, held on 16 March 2012, item number three of the agenda.

TABLE OF CONTENTS

1. INTRODUCTION

1.1 Purpose of the report and applicable regulations

This Report is drafted by the Board of Directors of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. ("**BBVA**" or the "**Bank**"), pursuant to the current wording of Articles 308, 504 and 506 of the consolidated text of the Corporate Enterprises Act (hereinafter, the "**Corporate Enterprises Act**" or the "**LSC**"), in relation to the resolution to increase share capital of the Bank, with cash contributions for a total par value of ONE HUNDRED AND FIFTY-TWO MILLION ONE HUNDRED AND THIRTY-SIX THOUSAND ONE HUNDRED AND FOURTEEN EUROS AND EIGHTY-THREE EURO CENTS (€152,136,114.83), with the issue and circulation of THREE HUNDRED AND TEN MILLION FOUR HUNDRED AND EIGHTY-ONE THOUSAND EIGHT HUNDRED AND SIXTY-SEVEN (310,481,867) BBVA shares, with a par value of forty-nine cents (€0.49) per share, of the same class and series as shares currently in circulation and represented by book entries (the "**New Shares**"), with exclusion of pre-emptive subscription rights and expressly stating the possibility of under-subscription (the "**Capital Increase**") adopted under the authority conferred by the Annual General Meeting dated 16 March 2012, item number three of its agenda.

Article 308 of the Corporate Enterprises Act provides - where the interest of the company so required - that the Annual General Meeting in resolving on capital increases may resolve to totally or partially suppress pre-emptive subscription rights, whenever the directors draft a report setting forth the value of the company's shares and justifying the proposal and the consideration to be paid for the new shares, providing the persons to which such shares are to be allotted. A further report shall be drafted under the responsibility of an auditor other than the auditor of the company, appointed by the Commercial Registry, including details on: the fair value of the shares of the company, the book value of the pre-emptive rights whose exercise is to be suppressed or limited, and the fairness of the details contained in the report drafted by the directors. The par value of the new shares plus the issue premium, if any, shall be the same value stated in the auditor's report. In this regard, we note that Article 504 of the LSC clarifies that, in the case of listed companies, the fair value will be understood as the market value, and the market value is presumed to be pegged to the Stock Market listed price, unless an explanation to the contrary was provided.

Meanwhile, for listed companies, article 506 of the LSC allows the Annual General Meeting to confer authority to the directors, affording them powers to increase share capital and also the authority to exclude the pre-emptive subscription rights of the issue of shares authorised, when this was in the company's interest. The notice of call of the Annual General Meeting announcing the proposal to confer authority to the Board of Directors to increase share capital also has to expressly state the proposal to exclude pre-emptive subscription rights.

All three procedures, i.e.: the resolution to increase capital being made on the basis of the authority conferred by the Annual General Meeting, the Directors' Report and the Auditor's Report mentioned above are to specifically relate to each instance of capital increase.

This report and the report of the Auditor mentioned shall be made available to the shareholders and notified at the first Annual General Meeting held after the increase resolution.

1.2 Advisory services received

This report is issued on the basis of the following documents: (i) the report issued by the BBVA Strategy and Finance Department, and (ii) the legal report of the external advisor J&A Garrigues, S.L.P., legal counsel on Spanish Law.

2. <u>ON THE SHARE CAPITAL INCREASE</u>

2.1 Conferral of authority by the Annual General Meeting allowing the Capital Increase

On 16 March 2012, BBVA's Annual General Meeting, called in due time and manner, adopted the following resolutions under item three of its Agenda:

"*1. To confer authority on the Board of Directors, with powers as broad as may be necessary by law, and pursuant to article 297.1.b) of the Corporate Enterprises Act, to increase share capital, during the legally established period of five years as of the date on which this General Meeting is held, up to a maximum amount corresponding to 50% of the Company's share capital on the date of the authorisation, on one or several occasions, to the amount that the Board resolves, by issuing new ordinary or privileged shares, with or without voting rights, or shares of any other kind permitted by law, including redeemable shares, with or without an issue premium; the countervalue of said shares comprising cash considerations. The authority includes the establishment of the terms and conditions of the capital increase, determination of the nominal value of the shares to be issued, their characteristics and any privileges they may confer, the attribution of the right of redemption and the conditions of redemption, and the exercise of that right by the Company.*

To attribute the power to the Board of Directors to exclude pre-emptive subscription rights on the share issues made under this authority, pursuant to article 506 of the Corporate Enterprises Act. This power will be limited to the capital issues made under this resolution up to the maximum amount equivalent to 20% of the the Company's share capital on the date of this authorisation.

Likewise, to attribute to the Board of Directors powers to freely offer the shares not subscribed within the pre-emptive subscription period(s), when any such period is granted; and to establish that, should the issue be undersubscribed, the capital will be increased by the amount effectively subscribed, pursuant to article 311 of the Corporate Enterprises Act; and to redraft article 5 of the Company Bylaws.

All this will be done pursuant to applicable legal and Bylaw provisions at any time, and is conditional on obtaining due permits.

2. To request the competent Spanish and non-Spanish securities exchanges on which the Banco Bilbao Vizcaya Argentaria, S.A. shares are already listed at the time of each capital increase to allow trading of the new shares, provided they comply with *applicable regulations. The Board of Directors is hereby authorised, with express powers to delegate this authority, to grant any documents and engage in any acts that may be necessary to such end, including any action, statement or arrangement to achieve the listing of the shares represented by ADS's for trading, with the competent authorities of the United States of America or any other competent authority.*

It is expressly recognised that the Company is subject to any rules existing now or in the future regarding negotiation, and especially trading, listing and delisting of the securities, and the commitment that, should application be made for delisting of the securities, this will adopted pursuant to the formal requirements under applicable regulations and, in such case, the interest of shareholders opposing or not voting in favour of this will be guaranteed, in compliance with the requirements established under the Corporate Enterprises Act, the Securities Exchange Act and other applicable regulations.

3. To confer authority on the Board of Directors to delegate the authority conferred by this General Meeting relating to the foregoing resolutions to the Executive Committee, with express powers to delegate them; to the Chairman of the Board of Directors; to the Chief Operating Officer; or to any other director or proxy of the Company."

2.2 Grounds for the Capital Increase

The approval and final entry into force of Basel III in Europe, via Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("**Directive 2013/36/EU**"), together with Regulation EU 575/2013, of 26 June, on the prudential requirements of credit institutions and investment firms (implemented at the same time as Directive 2013/36/EU, hereinafter "**CRD IV**"), have clarified the new solvency framework applicable to financial institutions.

With the purpose of adapting to new regulatory demands, which are to be fully in force as of 2019, BBVA has progressively adjusted its capital to the new requirements set forth under CRD IV. However, there is still uncertainty in the regulatory environment that could involve an increase of capital requirements.

This is why capital management targets of BBVA are currently focusing on maintaining Fully loaded CET 1 ratio (*core capital*) of around 10%, attained with a combination of the following: the minimum regulatory capital requirements, the analysis of the institutions which are among the comparable European peers of BBVA, the capitalisation levels required by investors and analysts, and the capital positions taken into consideration by rating agencies when awarding their credit ratings.

In line with the above, BBVA's Strategy and Finance Department deems that high levels of solvency allow the bank's endowment of the appropriate financial flexibility to undertake its organic growth strategy and face potential non-organic transactions that may emerge.

Considering corporate operations being completed by the Group, in the implementation of its non-organic growth strategy, and also the organic growth strategy, preserving a level of solvency in line with regulatory requirements and the standards demanded by the market requires the bolstering of Tier 1 capital.

To achieve this, the Strategy and Finance Department, having analysed the existing possibilities, arrived at the conclusion that the best alternative at this time was to complete a capital increase of the type proposed.

The amount of the capital increase regarded necessary by the Strategy and Finance Department to attain the targets stated is approximately between € 2 and 2,5 Bn. This calculation was reached considering the need to maintain an appropriate level of equity at the Bank, considering its growth strategy and the potential corporate transactions that could materialise, in addition to the balance required between the cost of capital and its profitability.

The final amount of the Capital Increase shall be determined following the prospection of demand and depending on the circumstances of the market.

2.3 Structures analysed to implement the Capital Increase

As noted above, BBVA's Strategy and Finances Department deems that a capital increase is the management action which is ideal to preserve the capital situation of BBVA Group.

Considering that the volume of the capital increase proposed involves a maximum of around 4.8% of BBVA's market capitalisation according to the latest closing price available, the Strategy and Finance Department has weighed the various potential alternatives to complete this capital increase:

(i) Issue of new shares as a public offering with pre-emptive subscription rights for BBVA's shareholders.

(ii) Issue of new shares, with exclusion of pre-emptive subscription rights for BBVA shareholders, for placement among qualified investors using the private accelerated procedure called "*Accelerated Bookbuilt Offering*" (hereinafter, "**ABO**"), a procedure that can be implemented in a term between 24 and 48 hours.

The ABO consists of a private offering among qualified investors (in the terms provided in Article 39 of Royal Decree 1310/2005, of 4 November, and equivalent legislation in other jurisdictions), coordinated by one or more renowned financial institutions, which execute a placement contract and, when applicable, an underwriting agreement, with BBVA and complete, for a short period of time, activities for the dissemination and promotion of the offering of New Shares among qualified investors. The goal is to receive expressions of interest or subscription bids at a certain price from a number of potential investors, seeking to maximise the offer price, which will correspond to the market price.

At the end of this private placement, the dealers will have completed a process to prospect demand for New Shares (*book building*) and, on this basis, the price that the market is willing to pay for the shares and also final amount of the Capital Increase will be set. The placement contract and, when applicable, underwriting agreement executed for this purpose can set forth that the dealerssubscribe the Capital Increase totally or partially, in their own behalf or in their name and on behalf of third parties to then transfer the New Shares subscribed to the final qualified investors.

Following the analysis of the available alternatives, the Strategy and Finance Department, agreed that the best way to complete the Capital Increase at this time was via an ABO for the reasons provided below, which are further elaborated on in its report:

2.3.1 Implementation Speed

An ABO can be launched and implemented in less than 48 hours, and this drastically reduces the risks arising from the market volatility to which shares are exposed between the time when the announcement is made and the closure of the capital increase. This period is substantially lower that the legally-required term for a capital increase with pre-emptive subscription rights.

BBVA's Strategy and Finance Department notes the relevance of this issue, given that the potential of market conditions worsening is much greater in the scenario of the long period required for capital increases with pre-emptive subscription rights (usually around 2 to 3 weeks, with additional time needed for the preparation of documents and their approval by supervisory bodies). This term, given market volatility, would notably increase market risk and, therefore, the risk of not successfully completing the transaction.

Furthermore, a capital increase with pre-emptive subscription rights requires significant efforts to place new shares over an extended term, and this inevitably leads to a greater cost due to the relevant advertising and marketing campaigns.

2.3.2 Financial conditions of the issue

An ABO's issue price is set with a demand prospection procedure for a very brief term and among qualified investors, allowing the maximisation of the issue price, which becomes the market price. However, in capital increases with pre-emptive subscription rights, as the price and volume of titles have to be set in advance, significant discounts of the issue rates of the new shares have to be made over the listed prices, to ensure that the offer is attractive to investors and to endow securities with an economic value enhancing their trading.

Furthermore, an ABO allows flexibility in setting the amount of the capital increase to offer a better issue price after prospecting demand, and this inures to the interest of the company.

Therefore, an issuer with high solvency levels like BBVA can get better issue conditions by completing an increase through an ABO, and it would be less efficient to complete an increase with pre-emptive subscription rights, as this would require the issue of a larger number of shares to arrive at the same amount.

Likewise, when the discount offered in an increase with pre-emptive subscription rights was not enough, an added risk would be that the shares offered were not entirely subscribed by the bank's shareholders, and this would mean that a subsequent placement on the market would need to be completed in an environment of a negative outcome of the increase, that had failed to be subscribed in the pre-emptive subscription period, placing additional stress on the listed price.

Finally, we also note that ABOs usually have less impact on the profit per share (PPS) than capital increases carried out with pre-emptive subscription rights given that these require a significant discount, as we said above, and therefore more shares need to be issued.

2.3.3 Less implementation costs

As for the costs associated to the offer, an ABO is a new share placement method minimising operation costs, as fees associated to a capital increase with pre-emptive subscription rights (or even an offer without pre-emptive subscription rights but targeted at the market as a whole) are considerably higher than the usual costs of an ABO.

It is true, as BBVA's Strategy and Finance Department points out, that share subscription offers with long implementation terms are generally more costly given that the offer underwriting costs are higher due to a longer exposure to risks. Additionally, an offer of shares with pre-emptive subscription rights carries costs associated to the potential marketing actions that may be completed, especially actions targeting retail investors.

The average commission over the past years for ABO capital increases was 100 basis points lower than that of the increases with pre-emptive subscription rights.

2.3.4 Better allotment of new shares

As noted by the Strategy and Finance Department of BBVA, an ABO can be used to target the offer directly at qualified investors interested in subscribing shares.

The ability to pick the best purchase offers in the allocation of new shares means greater flexibility when placing further shares with stable investors seeking long-term investments, in respect of more speculative investors seeking short-term profit. The first option can generate a greater flow of sales after the transaction has been completed, leading to better share performance following the increase, which is in the company's interest.

However, in capital increases with pre-emptive subscription rights, the success of the placement is closely linked to the participation of the existing shareholders in the offer and, as a consequence, there can be market distortions given the disorderly sale of pre-emptive subscription rights, which may give rise to significant discounts of the market price vis-à-vis the book value, or valuation gaps.

BBVA's Strategy and Finance Department therefore concludes that, in the current environment, an ABO is the most appropriate structure for a Capital Increase transaction, as the resources required are located at the best possible prices, minimising financial and market risks of the operation, given that the main characteristic is implementation speed which benefits BBVA's interest and, naturally, all shareholders.

This placement is, therefore, the most suitable option in terms of price, structure and outcome for the capital increase being offered and its advantages for the Bank outweigh and justify, with the company's best interests in mind, the suppression of pre-emptive subscription rights.

2.4 Value of BBVA's shares

In an ABO, the value of shares is the price emerging from the demand prospection procedure of the new shares (*book building*) completed by the dealer(s) (*book runners*) on behalf of the issuer among qualified investors.

BBVA's Strategy and Finance Department believes that this demand prospection procedure, whereby the dealers ask for buy mandates from a group of qualified investors, is an efficient method to set the precise market price of the shares, being a commonly-accepted method to set prices and guarantee that the placement price is commensurate with the market price.

However, with the Bank's best interests in mind, it has been regarded that the issue rate of the Capital Increase, to be set according to the procedure described in the paragraph above, may not under any circumstances, be lower than EIGHT

EUROS AND FIFTY-TWO THOUSANDTHS (€8.052) per share (the "**Minimum Price**"), as this Minimum Price is a fair price for BBVA shares.

This Minimum Price has been set by BBVA's Strategy and Finance Department in view of the listed price of BBVA shares on 18 November 2014, i.e., the last available closure, and bearing in mind variations which, according to historical data, can reasonably be expected from BBVA's share price within the timeframe of three stock exchange trading days (the maximum term estimated for the *book-building* process to set the price of the issue) using standard market methods to appraise the value at risk of financial investments (Value at Risk).

2.5 Specific terms of the Capital Increase

The specific terms of the Capital Increase, set out in the proposal set forth in the Strategy and Finance Department's report are essentially the following:

2.5.1 Amount

The capital increase is to be completed for a par value of ONE HUNDRED AND FIFTY-TWO MILLION ONE HUNDRED AND THIRTY-SIX THOUSAND ONE HUNDRED AND FOURTEEN EUROS AND EIGHTY-THREE CENTS (€152,136,114.83), with the issue and circulation of THREE HUNDRED AND TEN MILLION FOUR HUNDRED AND EIGHTY-ONE THOUSAND EIGHT HUNDRED AND SIXTY-SEVEN (310,481,867) ordinary shares, with a par value of 0.49 euros per share, of the same class and series as pre-existing shares, and in the form of book entries.

2.5.2 Issue rate

New Shares are to be issued at the par value of 0.49 euros per share, plus an issue premium which is to be set with a prospection procedure among Spanish and foreign qualified investors in the framework of an ABO.

The issue price set using the demand prospection procedure may not, under any circumstances, be lower than EIGHT EUROS AND FIFTY-TWO THOUSANDTHS (€8.052) per share, in agreement with the provisions set forth in section 2.4 above.

2.5.3 Consideration

The payment of New Shares, for the par value and the issue premium, will be made in cash.

2.5.4 Target investors

The Capital Increase, in agreement with the details provided above, is to be addressed exclusively to qualified Spanish and foreign investors (in the terms of Article 39 of Royal Decree 1310/2005, of 4 November, and equivalent legislation in other jurisdictions) using the accelerated private bookbuilt offering (ABO).

2.5.5 Exclusion of pre-emptive subscription rights

In agreement with the authority conferred by the Annual General Meeting held on 16 March 2012, convening in the company's interest, and in order to allow the placement of New Shares with Spanish and foreign qualified investors using the Accelerated Bookbuilt Offering (ABO) procedure, pre-emptive subscription rights are suppressed for BBVA shareholders.

2.5.6 Incomplete subscription

In agreement with the authority conferred by the Annual General Meeting, held on 16 March 2012 and in compliance with the provisions laid down in Article 311 of the LSC, it is expressly provided that the subscription of Capital Increase may be incomplete. Therefore, should the Capital Increase not be fully subscribed, the share capital may be increased in the amount and for the number of New Shares equivalent to the subscriptions effectively completed.

2.5.7 Rights of New Shares

New Shares shall be ordinary shares, of the same class and series and with the same rights as shares currently in circulation. The shares will have the form of book entries, and the books will be managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U., ("**Iberclear**") and its participating entities.

New Shares shall entitle their holders to take part in any sharing of company earnings paid subsequently to the date of registration in the book entries of Iberclear, and also to the equity emerging from the liquidation of the Company.

2.5.8 Amendment of the Bylaws

As a consequence of this Capital Increase, Article 5 of the Bylaws is to be amended, and shall be drafted henceforth as follows, whenever the Capital Increase was entirely subscribed:

"Article 5. Share Capital.

The Bank's share capital stands at THREE THOUSAND AND FIFTY –SEVEN MILLION THREE HUNDRED AND FOUR THOUSAND THREE HUNDRED AND FORTY-TWO EUROS AND EIGHTY-TWO CENTS (€3,057,304,342.82), represented by SIX THOUSAND TWO HUNDRED AND THIRTY-NINE MILLION THREE HUNDRED AND NINETY-SIX THOUSAND SIX HUNDRED AND EIGHTEEN (6,239,396,618) shares, each with anominal value of FORTY-NINE EURO CENTS (€0.49), all of the same class and series, fully subscribed and paid up."

2.5.9 Listing

An application shall be made for the listing of the New Shares on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, via the Spanish Stock Market Interconnection System (Continuous Market), and also for foreign Securities Exchanges that list BBVA's shares (which are currently listed on the Stock Exchanges of London and Mexico, and via ADSs - *American Depositary Shares*- on the security markets of New York Stock Exchange and Lima's Stock Exchange, by virtue of an exchange agreement between both markets).

3. GROUNDS FOR THE EXCLUSION OF PRE-EMPTIVE SUBSCRIPTION RIGHTS

3.1 Background

In agreement with the provisions laid down in Article 506 of the LSC, when authority was granted to the Board of Directors to increase share capital in accordance with the provisions of Article 297.1b) of the LSC, the Annual General Meeting of BBVA held on 16 March 2012 also agreed to afford the Board of Directors the powers to exclude pre-emptive subscription rights for issues of shares completed under such authority, although such powers were limited to a maximum of 20% of the share capital of the Bank at the time authority was granted. To such end, when calling the aforementioned Annual General Meeting, BBVA's Board of Directors approved and gave shareholders access to a report substantiating the grounds of the proposal to confer authority, in agreement with the provisions laid down in Article 506.2 of the LSC.

For pre-emptive subscription rights to be excluded, Article 506.1 of the LSC requires the fulfilment of the condition of the company's interest. Furthermore, Article 506.3 in connection with Article 308 of the LSC requires, as a formality, that at the time of each resolution on capital increases carried out under the authority conferred by the Annual General Meeting: (i) the Directors draft a report setting forth the value of the shares of the company and justifying the proposal and the consideration to be paid for the new shares, stating the persons to which such shares are to be alloted (and this is the purpose of this Report); and (ii) a report drafted under the responsibility of an auditor other than the auditor of the company, appointed for these purposes by the Commercial Registry, on the fair value of the shares of the company, on the book value of the pre-emptive rights whose exercise is to be suppressed or limited, and on the fairness of the details contained in the report of the directors.

Finally, Article 506.4 of the LSC provides that the par value of the new shares to be issued, plus the issue premium, if any, is to be the same value detailed in the aforementioned account auditor's report.

3.2 Justification of the company's interest

As stated above, pre-emptive subscription rights of shareholders can be excluded when this is in the interest of the company.

Considering the corporate transactions being completed by the Group and also its organic growth strategy, and to ensure the preservation of a level of solvency in line with regulatory requirements and the standards demanded by the market, it is regarded necessary to bolster the Bank's Tier 1 capital, and therefore BBVA's Strategy and Finance Department deems that the best alternative is the capital increase using the method proposed for an effective amount approximately between € 2 and 2,5 Bn..

To complete this Capital Increase, having regard for the report of BBVA's Strategy and Finance Department and considering current conditions, the placement of New Shares with an ABO is regarded as the most favourable structure for the interests of the Bank, and this necessarily involves the exclusion of pre-emptive subscription rights.

Therefore, on the basis of the advice received and the analyses completed, BBVA's Board of Directors regards that the exclusion of pre-emptive subscription rights is fully justified on the grounds of the company's interest, insofar as this option – as we have stated above – is the most efficient structure among the various available options to place and implement a share capital increase of the type described, further allowing the preservation of a level of solvency suited to regulatory requirements and the standards demanded by the market. The option which is most efficient and, therefore, most suited to company interests, is a Capital Increase without pre-emptive subscription rights, with a private placement via an ABO, as it offers the following advantages:

(i) *Implementation Speed*

An ABO can be launched and implemented in less than 48 hours, and this drastically reduces the risks arising from exposure of shares to market volatility from the time at which the announcement is made and the closure of the capital increase. This period is substantially lower that the legally-required term for capital increases with pre-emptive subscription rights and significantly limits the opportunity of an impairment of market conditions, which could be a risk for the success of the operation.

(ii) *Financial conditions of the issue*

The issue price set in an ABO is completed with a demand prospection procedure over a very short term and among qualified investors, and this allows the maximisation of the issue price, which will be the same as the market value, while capital increases with pre-emptive subscription rights require a significant discount over the issue of new shares to be attractive for investors and therefore guarantee the success of the operation, and this means that more shares need to be issued to arrive at the same amount, with the subsequent greater negative impact on profit per share (PPS).

Furthermore, an ABO allows flexibility in setting the amount of the capital increase to offer a better issue price after prospecting demand, and this inures to the benefit of the company's interest.

(iii) *Less implementation costs*

An ABO minimises operation costs, as fees associated to a capital increase with pre-emptive subscription rights (or even an offer without pre-emptive subscription rights but targeted at the market as a whole) are considerably higher than the usual costs in an ABO, as the risk exposure term is greater. The average commission over recent years for ABO capital increases was 100 basis points lower than that of the increases with pre-emptive subscription rights.

Additionally, an offer of shares with pre-emptive subscription rights carries costs associated to the potential marketing actions that may be completed, especially actions targeting retail investors.

(iv) *Better allotment of new shares*

In an ABO shares offered can be placed directly with stable investors seeking long-term investments, in an attempt to avoid more speculative investors seeking short-term profit. This can generate a greater flow of sales after the transaction is completed, leading to better share performance following the increase, in the company's interest.

In this regard, in agreement with the report issued by the Strategy and Finance Department, the Capital Increase without pre-emptive subscription rights and with accelerated private book-building (ABO) is the alternative that is currently deemed to be more beneficial for the company interests of the Bank, as this method attains the fundamental goal of finding the equity required to preserve a suitable level of solvency while shares are also placed at the best possible price for the Bank, and financial risks and costs of the operation are minimised.

Therefore, excluding pre-emptive subscription rights is a proportional decision in relation to the benefit sought, insofar as the suppression of pre-emptive subscription rights is substantially outweighed and justified by the positive outcomes for the company and its shareholders, given that the operation can be completed in the conditions stated earlier.

3.3 Justification of the type of issue: report drafted by an auditor

Article 506.4 of the LSC requires that the par value of shares to be issued, plus the issue premium, if any, is to be the same as the fair value contained in the report drafted under the responsibility of an auditor other than the company's auditor, appointed for these purposes by the Commercial Registry.

According to Article 504.2 of the Corporate Enterprises Act, the fair value of the shares of a listed company is the market value, which is pegged to the Stock Market listed price, unless an explanation to the contrary was provided.

However, in interpreting this rule, it should be considered that the stock exchange listing of securities is essentially volatile, and is subject to market forces that are constantly in action in real time, and therefore significant variations can emerge in a short period of time. Therefore, setting the market value of listed securities requires an analysis of the course of the prices over a certain period of time which is long enough for a suitable appraisal of the value of shares, as it is not fair to peg the price to the listed value that shares had at a given moment in time.

As we explained earlier, in ABO placements, dealers prospect demand among qualified investors from the time at which the increase is announced to find out the price that such investors would be willing to pay for the subscription of new shares, and this price becomes the issue price of the new shares.

BBVA's Strategy and Finance Department believes that this procedure, where dealers ask for buy mandates from a group of qualified investors, is an efficient method to set the precise market price of the shares, being a commonly-accepted method to set prices, also maximising the placement price and guaranteeing that the placement price equals the market price.

However, the Board of Directors, in agreement with the provisions laid down in Section 2.4 above, understands that the issue rate cannot be lower than the Minimum Price, which is a fair price for BBVA's shares.

As stated above, this Minimum Price was set considering the market price at the time at which this Minimum Price was agreed, provided in agreement with historical data and considering the variations that can be reasonably expected from BBVA's share price bearing in mind this data within the timeframe of three stock exchange trading days, using standard market methods to appraise the value at risk of financial investments.

Having regard for all of the above, BBVA's Board of Directors deems that the price emerging from the accelerated demand prospection procedure will equate the fair value of the Bank's shares, as it is effectively the market price that investors are willing to pay for the shares at that time, guaranteeing a minimum issue price via the Minimum Price, which is the fair price for BBVA shares.

In agreement with the provisions set forth in Article 506.4 of the LSC, the above shall be verified by an auditor other than the Bank's auditor, designated for these purposes by the Commercial Registry, who is to issue a report on the fair value of the company's shares, the book value of the pre-emptive subscription rights to be suppressed and the fairness of the details contained in this Report.

Both this Report and the report of the aforementioned account auditor shall be made available to the shareholders and reported to the first Annual General Meeting held after the increase resolution.

3.4 Investors to whom the New Shares shall be allocated

The Capital Increase, in agreement with the details provided above, is to be targeted exclusively at qualified Spanish and foreign investors (in the terms of Article 39 of Royal Decree 1310/2005, of 4 November, and equivalent legislation in other jurisdictions), and therefore no registration or approval whatsoever from competent authorities is required.

The specific details of the qualified investors to whom the New Shares are to be alloted shall be completed via the process to prospect demand (*book building*), in collaboration with one or more renowned financial institutions acting as dealers of the issue.

4. PROPOSED RESOLUTIONS

"**O***NE.- In use of the authority conferred by the General Meeting of Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA", "the Company" or "the Bank"), held on 16th March 2012, under its agenda item three, it is hereby resolved to increase the BBVA share capital by the total nominal amount of ONE HUNDRED AND FIFTY TWO MILLION, ONE HUNDRED AND THIRTY-SIX THOUSAND, ONE HUNDRED AND FOURTEEN EUROS, EIGHTY-THREE EURO-CENTS (€152,136,114.83) through the issue of THREE HUNDRED AND TEN MILLION, FOUR HUNDRED AND EIGHTY-ONE THOUSAND, EIGHT HUNDRED AND SIXTY-SEVEN (310,481,867) ordinary BBVA shares, each with a nominal value of of forty-nine euro-cents (€0.49), of the same class and series as the shares currently outstanding, and represented by book entries (the "New Shares"), excluding pre-emptive subscription rights, expressly envisaging the possibility of under-subscription (the "Capital Increase").*

1.1. Issue price

The New Shares will be issued at their nominal value of 0.49 euros per share plus an issue premium that will be determined according to the terms of this resolution.

In compliance with articles 504.2 and 506.4 of the Corporate Enterprises Act, the issue price for the New Shares will correspond to the fair value of the BBVA shares, which is deemed to be the market value.

The issue price, which will be determined according to the procedure established in the following paragraph, may never be less than EIGHT EUROS, FIFTY-TWO THOUSANDTHS OF A EURO (€8.052) per share ("the Minimum Price"). The Minimum Price is the fair price of BBVA shares. The Minimum Price has been determined with reference to the listed price on 18th November 2014, ie, the latest close-of-trading price available, and applying the habitual methodology on the market for such cases. This is described in the Board of Directors report to which reference is made in Resolution Two, on the basis of the report from the BBVA Finance & Strategy Department.

To determine the issue price for the New Shares, demand will be prospected among qualified investors in the framework of an accelerated private placement procedure called an "Accelerated Bookbuilt Offering" (ABO). The bookbuilding will fix the commonly accepted price that ensures the price matches the market value. Once the book has been built, the price per share that the market is willing to pay for the New Shares will be obtained. This will be taken as the benchmark with which to fix the issue price for this Capital increase.

The Capital Increase may not be carried out with an issue price below the Minimum Price.

Both the nominal value and the issue premium of the New Shares will be fully paid up with cash contributions.

1.2. Exclusion of pre-emptive subscription rights

As stated by the Bank Finance & Strategy Department in its report to the Board of Directors mentioned in Resolution Two, the private placement of the New Shares among qualified investors using the Accelerated Bookbuilt Offering (ABO) is considered to be the most favourable structure for the Bank's interests, and therefore most fitting for the corporate interest, to which end it is necessary to exclude the pre-emptive subscription rights.

By virtue of this, under the authority conferred by the General Meeting, held on 16th March 2012, under its agenda item three, and in compliance with articles 308, 504 and 506 of the Corporate Enterprises Act, pre-emptive subscription rights are hereby suppressed with respect to the Capital Increase.

1.3. Incomplete subscription

In accordance with the authority conferred by the Company's General Meeting, held on 16th March 2012, under its agenda item three, and in compliance with article 311 of the Corporate Enterprises Act, the possibility of under-subscription of the issue is expressly recognised.

Thus, if the Capital Increase is not fully subscribed, the share capital could be increased by the amount and the number of New Shares corresponding to the subscriptions actually forthcoming.

1.4. Rights of the New Shares

The New Shares will be ordinary shares, of the same class and series and with the same rights as those currently outstanding. They 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. Unipersonal ("Iberclear") and its participating entities.

The New Shares will confer on holders the right to participate in any distribution of corporate earnings paid out after the date on which their holdings are recorded to the Iberclear books and in any net assets resulting from the Company's liquidation.

1.5. Company Bylaws

As a consequence of this Capital Increase, article 5 of the Company Bylaws will be amended. Provided the share capital increase hereby resolved is fully subscribed, article 5 will then read as follows:

"Article 5. Share Capital.

The Bank's share capital stands at THREE BILLION, FIFTY SEVEN MILLION, THREE HUNDRED AND FOUR THOUSAND, THREE HUNDRED AND FORTY TWO EUROS, EIGHTY-TWO EURO-CENTS (€3,057,304,342.82) , represented by SIX BILLION, TWO HUNDRED AND THIRTY NINE MILLION, THREE HUNDRED AND NINETY-SIX THOUSAND, SIX HUNDRED AND EIGHTEEN (6,239,396,618) shares, each with a nominal value of FORTY NINE EURO-CENTS (€0.49), all of the same class and series, fully subscribed and paid up."

1.6. Listing for trading

It is resolved to request listing for the New Shares finally issued to trade on the Madrid, Barcelona, Bilbao and Valencia securities exchanges using the SIBE interconnected trading platform (Continuous Market). It is also resolved to take any steps and make any arrangements that may be necessary and to present any documents required before the competent bodies of the non-Spanish securities exchanges on which BBVA shares are traded, in order to list the New Shares issued as a consequence of the Capital Increase herein resolved for trading on these markets. (BBVA shares are currently trading on the exchanges of London and Mexico; and through ADS -American Depositary Shares- on the New York stock exchange as well as on the Lima stock exchange, under the interchange agreement between both markets). It is expressly stated that BBVA is subject to the rules that exist or that may be laid down regarding securities exchanges and, especially, regarding trading, listing and delisting on the official markets.

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

TWO.- On the basis of the report drawn up by the BBVA Finance & Strategy Department, in accordance with the report by J&A Garrigues, S.L.P., and by virtue of *articles 308, 504 and 506 of the Corporate Enterprises Act, to approve the Directors Report on the Capital Increase, which will be made available to shareholders along with the report issued by the auditor other than the auditor of the Company accounts, appointed to do so by the Companies Registry, and reported to the first General Meeting held after the Capital Increase is resolved, expressly empowering the Company Secretary & Secretary of the Board to certify the text.*

THREE.- In use of the authorisation conferred by the Annual General Meeting of Banco Bilbao Vizcaya Argentaria, S.A., 16th March 2012, express authority is conferred on the Executive Committee, with express powers of substitution, and the broadest powers are given to Mr Jaime Sáenz de Tejada, Spanish national, of legal age, with ID number 823996-K; and Mr Erik Schotkamp, Dutch national, of legal age, with current National Foreign ID number Y2126590-R (the "Proxies") such that either of them, jointly or severally, may put into effect the Capital Increase, and establish and specify the conditions of the Capital Increase insofar as not stipulated in the aforementioned General Meeting resolution and the Resolution One above, and, specifically, and merely by way of example, such that they may:

a) *Determine the issue price at which the Capital Increase will be made in the terms and with the limits established in Resolution One above.*

b) *Establish the date on which the Capital Increase will come into force, determining when the placement period will begin and end.*

c) *Determine the number of New Shares to be issued, as a function of the call proposals obtained in the Accelerated Bookbuilt Offering (ABO), declaring the Capital Increase to be undersubscribed, should this be the case.*

d) *Determine the systems for awarding the New Shares.*

e) *Amend the wording of article 5 of the Company Bylaws to adapt it to the resulting new amount of share capital and number of shares, as a function of the New Shares finally issued and the definitive value of the Capital Increase.*

f) *Draw up and publish any announcements that may be necessary or advisable.*

g) *Declare the Capital Increase to have been completed, once the Accelerated Bookbuilt Offering (ABO) procedure has ended, declaring the offering, where applicable, to have been under-subscribed and granting any public and/or private documents that may be advisable to totally or partially execute the Capital Increase.*

h) Desist or refrain from carrying out the Capital Increase in consideration of the conditions in the market, in the Company itself or of any fact or event of social or economic importance which makes this decision advisable, and also in the event of the price resulting from the bookbuilding proving to be below the Minimum Price.

i) Negotiate, subscribe and grant such public and/or private documents as may be required, including placement and/or underwriting contract(s) for the Capital Increase, agency contracts and any documents or protocols relating to placement and/or underwriting contracts.

j) Appear before a notary public to grant the deed relating to the Capital Increase, and to present it before the public registries that may be necessary or advisable and to request its filing at the Companies Registry. To such end, they may subscribe such public and/or private documents as may be necessary, including documents of clarification, rectification or correction, in the manner that may ensue from the verbal and/or written opinion of the Companies Registrar, in whatever case being able to request partial filing.

k) In general, to take such actions as may be necessary or merely advisable for the successful completion of the Capital Increase.

Likewise, the Proxies are empowered in the broadest terms; Mr Antonio Borraz Peralta, Spanish national, of legal age, with identity card number 29100035-K; and Mr Ignacio Echevarría Soriano, Spanish national, of legal age, with identity card number 837871-G, such that either of them, jointly or severally, may:

a) Draft, subscribe and present the documentation that may be necessary or advisable for the issuance and listing for trading of the New Shares before the CNMV (securities exchange authority) or any other competent domestic or international body, bearing the responsibility for the content of such documentation, and to draft, subscribe and present such additional or supplementary information or documentation as may be required; requesting, where applicable, its verification and filing, including, without limit, all those forms and, where applicable, protocols, informative documents, relevant event filings and analogous documents that may be pertinent.

b) Carry out any action, declaration or arrangement with the the CNMV (securities exchange authority), the Bank of Spain, the European Central Bank, the governing bodies of the securities exchanges, Iberclear, the Department of Treasury & Financial Policy, and with any other public or private, domestic or international organisation, entity or registry, to obtain (if necessary or advisable) *the authorisation, verification and subsequent execution of the issue and the listing for trading of the new shares.*

c) *Complete all the necessary formalities so that the new shares can be filed in IBERCLEAR's accounting records and listed on the securities exchanges for trading in Madrid, Barcelona, Bilbao and Valencia via the SIBE interconnected trading platform (Continuous Market) and on foreign securities exchanges that list BBVA shares and/or ADRs/ADDs at the time of issue.*

Finally, and for the effects of the applicable regulations on securities issuance, it is hereby resolved to appoint the Proxies as Company representatives before any public and/or private body. They will have joint and several powers and will bear the responsibility for the content of the offering circulars, the information documents and any documents analogous to these. They are also empowered to sign any additional public and/or private documents and contracts that may be necessary for the successful completion of the transaction."

* * *

Madrid, 19 November, two thousand and fourteen

Banco Bilbao Vizcaya Argentaria, S.A.

Special Report on the exclusion of the Pre-emptive Subscription Rights in the cases established in articles 308, 504 and 506 of the Consolidated Text of the Corporate Enterprises Act.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

CONTENTS

Special Report on the Exclusion of the Pre-emptive Subscription Rights in the cases established in articles 308, 504 and 506 of the Consolidated Text of the Corporate Enterprises Act.

Grant Thornton
Gran Vía, 38
48009 BILBAO
Tel. No.: +34 94 4237492
Fax No.: +34 94 4242341
bilbao@es.gt.com
www.GrantThornton.es

To the Shareholders of BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

For the purposes set forth in articles 308, 504 and 506 of the Consolidated Text of the Corporate Enterprises Act and in accordance to the assignment received from BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (hereinafter, the Bank or the Company) by appointment of the Companies Register of Bilbao, we hereby issue this special report on the capital increase of the Company by a nominal amount of 152,136,114.83 euros through the issue and placement of 310,481,867 new ordinary shares, each with a nominal value of 0.49 euro cents, which will be paid up by means of cash contributions, with the exclusion of the pre-emptive subscription rights, where the possibility of incomplete subscription of the share capital increase is foreseen. Additionally we attach the Board of Directors' report which, according to the provisions of section 4 of article 506 of the Corporate Enterprises Act, shall be made available to the shareholders and reported at the General Meeting of Shareholders being held after the capital increase resolution.

The Bank's General Meeting of Shareholders held on 16th of March 2012, resolved under agenda item three, to confer authority on the Board of Directors to increase the share capital of the Bank in accordance to the provisions of article 297.1.b) of the Corporate Enterprises Act during the legally established period of five years as of the date on which the General Meeting is held and up to the maximum amount corresponding to 50% of the Company's share capital on the date of authorisation, in one or several occasions to the amount that the Board resolves, provided the counter-value is paid in cash contributions. The aforementioned authority also vests in the Board of Directors the power to exclude the pre-emptive subscription rights on the shares issues made under such authority, pursuant to the terms of article 506 of the Corporate Enterprises Act. This power will be limited to the maximum amount equivalent to 20% of the Company's share capital on the date of the authorisation.

By virtue of the aforementioned authority, the Board of Directors of the Bank drafted the relevant "Board of Directors' Report" dated 19th of November 2014, attached as Annex 1 which explains, according to Article 308 of the Corporate Enterprises Act, the rationale for the proposal and the issue price of the new shares, stating the persons to whom the shares issued will be allotted, as well as the nature of their contributions. The law requires that this issuance of shares be carried out at fair value. When shares are valued, there can only be approximations or estimations of their fair value, which may depend, to a large extent, on subjective assessments of a large variety of aspects of a business.

The aforementioned Board of Directors' Report states the following:

- The purpose of the Board of Directors' Report is to analyse the capital increase of the Company in the total nominal amount of 152,136,114.83 euros through the issue of 310,481,867 shares of the Bank, each with a nominal value of 0.49 euro cents, which will be paid up by means of cash contributions, with the exclusion of the pre-emptive subscription rights, and in which the possibility of the incomplete subscription is expressly foreseen. Therefore, should the capital increase not be fully subscribed, the share capital may be increased in the amount and number of new shares corresponding to the subscriptions effectively received.

- The aforementioned capital increase shall be carried out by means of an accelerated book-building offer amongst qualified investors for 310,481,867 shares of the Bank. This procedure, which requires the exclusion of the pre-emptive subscription rights of the Company's shareholders, is currently the most suitable alternative available for the corporate interest, as this mechanism allows to attain the main purpose of obtaining the share capital necessary to maintain an adequate level of solvency, placing the shares at the best price possible and minimising the financial risk of the transaction as well as the costs.

- The aforementioned procedure will place the fair value of the shares, i.e., the price the market is willing to pay for the shares at that time. Nevertheless, the price that shall be established through the said procedure may not be set below 8.052 euros per share ("Minimum Price"), being this Minimum Price the fair value of the Bank's shares.

- This Minimum Price is established in view of the market price at that time and determined by analysis of the historical data, as well as taking into consideration any variations that the Bank's share price may reasonably be expected to undergo over a three trading sessions horizon, (maximum term estimated for the establishment of the price of issue by virtue of the book-building process), using the market standard methodology for estimating the value at risk in financial investments (VaR).

Our responsibility is to issue a professional opinion, as independent experts, regarding the fair value of the shares of the Bank, the underlying value of the pre-emptive subscription rights the exercise of which is excluded, and the reasonability of the information contained in the Board of Directors' Report. Our work has been carried out in accordance with the technical regulation on the preparation of the special report on the exclusion of pre-emption subscription rights in the case indicated in article 159 of the Consolidation of Public Limited Companies Act (the contents of which are currently equivalent to those in article 308 of the Corporate Enterprises Act.

The accounting information used in this report has been obtained from the interim consolidated Financial Statements of the first half of 2014 (a term of six months ended on 30th June 2014), which were audited by Deloitte, S.L.; on 31st of July 2014, Deloitte, S.L. issued its audit report on the aforementioned interim consolidated Financial Statements, providing a favourable opinion (without qualifications).

In accordance to the above-referred technical regulation on the elaboration of this special report, our work involved the application of the following procedures:

a) Obtaining the audit report of the Consolidated Annual Accounts of the Bank for the financial year ended on 31st of December 2013 and the audited consolidated interim Financial Statements of the first half of 2014, considering, where applicable, the effects that the qualifications indicated in the latest audit report issued by the Bank's auditor may have.

b) Obtaining the latest non-audited financial information reported to the Spanish Securities & Exchange Commission (CNMV), provided it relates to a date later than the latest audited consolidated Financial Statements available.

c) Assessment of the reasonability of the information contained in the Board of Directors' Report that provides the rationale for the proposal and the issue price of the shares, including a review of the documentation supporting the assessment methodology and the basis for calculation.

d) Asking questions to the Bank's Management regarding important events that might have a significant impact on its value and, if applicable, verification of such events.

e) Obtaining information from the Bank's auditor on any eventual and significant fact relating to the financial-equity standing of the Bank and its group that might have been known to him/ her after the issue of the latest audit report provided to us.

f) Verifying that the lowest issue price of the shares proposed by the Board of Directors stands above the net asset value deriving from the latest audited consolidated Financial Statements of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. and its group, having taken into account, where applicable, the exceptions expressly quantified in the audit report.

g) Studying the evolution of the listing price of the shares of the Bank and establishing the average listing price of the shares in the last quarter, and the latest available listing price on the date of the special report, as values to help determine their fair value. Determination of this value has been carried out on the basis of a certification issued by the Governing Body of the Bilbao Stock Exchange, a copy of which is attached as Annex 2 to this special report.

h) Estimation of the fair value of the Bank's shares within the context of this transaction and checking whether the issue rate proposed by the Board of Directors corresponds to the fair value of the Bank's shares as estimated within the context of this transaction according to the information obtained from the above items.

i) Establishing the net book value of the pre-emptive subscription rights the exercise of which is proposed to exclude and determining theoretical dilution with regards to the underlying book value deriving from the Bank's audited interim consolidated Financial Statements relevant to the first half of 2014 as well as the listing price (average listing price of the preceding quarter and latest available listing price for the shares of the Bank on the date of issue of our report).

j) Obtaining a letter signed by the Company's Management in which they state that they have informed us of all relevant hypotheses, data and information, as well as the events occurred after the date of the latest audit report to the date of issue of our report.

As set forth in the Board of Directors' Report, the proposed issue rate (nominal value plus issue premium) for each of the new shares of BANCO BILBAO VIZCAYA ARGENTARIA, S.A.'s to be subscribed by qualified investors is the value resulting from the accelerated book-build process, which will correspond to the fair value on the shares, i.e., the price the market is willing to pay for the shares at that time. Nevertheless, the price that shall be established through the said procedure may not be set below 8.052 euros per share being this Minimum Price a fair value for the Bank's shares.

Taking all of the foregoing into account, in our professional opinion as independent experts:

1. The information contained in the Board of Directors' Report (see Annex 1) to support their proposal for the exclusion of the pre-emption subscription rights of the shareholders according to article 308 of Corporate Enterprises Act, is reasonable as it is adequately documented and expressed.

2. On the basis of the Bank's Group interim consolidated Financial Statements of the first half of 2014, which have been subject to auditing by the Bank's auditor with a positive result, the net asset value of each Bank's share is 7.62 euros, which was calculated on the basis of the consolidated Equity items at 30th of June of 2014 excluding minority interests and without considering the effects of the capital increase and the dividends distributed on a subsequent date.

3. The minimum issue rate per share agreed by the Board of Directors under the authority granted by the General Meeting of Shareholders of the Company can be deemed as a fair value for the Bank's shares, estimated on the basis of the information provided above. The aforementioned issue rate exceeds the consolidated net asset value of the shares of the Company indicated in the previous paragraph.

The listing price per share, according to the certification obtained from the Governing Body of the Bilbao Stock Exchange (see Annex 2) is the following:

- Average listing price at close of sessions within a three-month term between 19th of August 2014 and 18th of November 2014 (quarter prior to the date of this special report): 9.159 euros.

- Listing price at close of session of 18th of November 2014 (latest listing price available prior to the date of issue of this special report): 8.763 euros.

Likewise, presented below is the net book value of the pre-emptive subscription rights , which are aiming to be excluded, calculated on the net book-equity value of the Bank according to its interim consolidated Financial Statements for the first half of 2014, audited by other auditors, as well as the average listing value of the shares of the Bank at close of the sessions within a three-month term (between 19th of August 2014 and 18th of November 2014) prior to the date of issue of this special report and at close of session of 18th of November 2014 (date of the latest listing value available prior to the date of issue of this special report), expressed in euros per share in circulation.

Listing period	Listing price (€/share)	Minimum issue rate (€/share)	Dilution effect (€/share)
On the audited underlying book value at 30th of June 2014 (*)			-
On 18th of November 2014	8.763	8.052	0.0354
Average of the term between19th of August 2014 and 18th of November 2014	9.159	8.052	0.0551

Listing period	Listing price (€/share)	Minimum issue rate (€/share)	Dilution effect (€/share)
On the audited underlying book value at 30th June, 2014 (*)			-
On 18th November, 2014	8.763	8.052	0.0354
Average of the term between 19th August, 2014 and 18th November, 2014	9.159	8.052	0.0551

(*) The proposed minimum issue rate per share does not cause a dilution effect on the underlying book value of the shares of the Bank according to the audited interim consolidated Financial Statements of the Bank of a six-month term ended 30th of June 2014.

This special report has been prepared for the only purposes provided in articles 308 and 506 of the Consolidated Text of the Corporate Enterprises Act, which refer to auditors' (other than the Company's auditors) report and consequently cannot be used for any other purposes.

19th of November 2014

Grant Thornton, S.L.P.

Santiago Eraña   Juan Carlos Miján

[Stamp]: AUDITORS TO INCORPORATE INTO PROTOCOL. Practising member: GRANT THORNTON, S.L.P. YEAR 2014 NUMBER 03/14/00283. FREE COPY.

ANNEX I

Report issued by the Board of Directors of BANCO BILBAO VIZCAYA ARGENTARIA, S.A., on 19th of November 2014 in relation to the capital increase with exclusion of the pre-emptive subscription rights

Report submitted by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., for the purposes set forth in Articles 308, 504 and 506 of the Corporate Enterprises Act, in relation to the resolution to increase share capital with cash contributions with exclusion of pre-emptive subscription rights, that is adopted under the authority conferred by the Annual General Meeting, held on 16 March 2012, item number three of the agenda.

TABLE OF CONTENTS

1. INTRODUCTION

1.1 Purpose of the report and applicable regulations

This Report is drafted by the Board of Directors of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. ("**BBVA**" or the "**Bank**"), pursuant to the current wording of Articles 308, 504 and 506 of the consolidated text of the Corporate Enterprises Act (hereinafter, the "**Corporate Enterprises Act**" or the "**LSC**"), in relation to the resolution to increase share capital of the Bank, with cash contributions for a total par value of ONE HUNDRED AND FIFTY-TWO MILLION ONE HUNDRED AND THIRTY-SIX THOUSAND ONE HUNDRED AND FOURTEEN EUROS AND EIGHTY-THREE EURO CENTS (€152,136,114.83), with the issue and circulation of THREE HUNDRED AND TEN MILLION FOUR HUNDRED AND EIGHTY-ONE THOUSAND EIGHT HUNDRED AND SIXTY-SEVEN (310,481,867) BBVA shares, with a par value of forty-nine cents (€0.49) per share, of the same class and series as shares currently in circulation and represented by book entries (the "**New Shares**"), with exclusion of pre-emptive subscription rights and expressly stating the possibility of under-subscription (the "**Capital Increase**") adopted under the authority conferred by the Annual General Meeting dated 16 March 2012, item number three of its agenda.

Article 308 of the Corporate Enterprises Act provides - where the interest of the company so required - that the Annual General Meeting in resolving on capital increases may resolve to totally or partially suppress pre-emptive subscription rights, whenever the directors draft a report setting forth the value of the company's shares and justifying the proposal and the consideration to be paid for the new shares, providing the persons to which such shares are to be allotted. A further report shall be drafted under the responsibility of an auditor other than the auditor of the company, appointed by the Commercial Registry, including details on: the fair value of the shares of the company, the book value of the pre-emptive rights whose exercise is to be suppressed or limited, and the fairness of the details contained in the report drafted by the directors. The par value of the new shares plus the issue premium, if any, shall be the same value stated in the auditor's report. In this regard, we note that Article 504 of the LSC clarifies that, in the case of listed companies, the fair value will be understood as the market value, and the market value is presumed to be pegged to the Stock Market listed price, unless an explanation to the contrary was provided.

Meanwhile, for listed companies, article 506 of the LSC allows the Annual General Meeting to confer authority to the directors, affording them powers to increase share capital and also the authority to exclude the pre-emptive subscription rights of the issue of shares authorised, when this was in the company's interest. The notice of call of the Annual General Meeting announcing the proposal to confer authority to the Board of Directors to increase share capital also has to expressly state the proposal to exclude pre-emptive subscription rights.

All three procedures, i.e.: the resolution to increase capital being made on the basis of the authority conferred by the Annual General Meeting, the Directors' Report and the Auditor's Report mentioned above are to specifically relate to each instance of capital increase.

This report and the report of the Auditor mentioned shall be made available to the shareholders and notified at the first Annual General Meeting held after the increase resolution.

1.2 Advisory services received

This report is issued on the basis of the following documents: (i) the report issued by the BBVA Strategy and Finance Department, and (ii) the legal report of the external advisor J&A Garrigues, S.L.P., legal counsel on Spanish Law.

2. <u>ON THE SHARE CAPITAL INCREASE</u>

2.1 Conferral of authority by the Annual General Meeting allowing the Capital Increase

On 16 March 2012, BBVA's Annual General Meeting, called in due time and manner, adopted the following resolutions under item three of its Agenda:

"*1. To confer authority on the Board of Directors, with powers as broad as may be necessary by law, and pursuant to article 297.1.b) of the Corporate Enterprises Act, to increase share capital, during the legally established period of five years as of the date on which this General Meeting is held, up to a maximum amount corresponding to 50% of the Company's share capital on the date of the authorisation, on one or several occasions, to the amount that the Board resolves, by issuing new ordinary or privileged shares, with or without voting rights, or shares of any other kind permitted by law, including redeemable shares, with or without an issue premium; the countervalue of said shares comprising cash considerations. The authority includes the establishment of the terms and conditions of the capital increase, determination of the nominal value of the shares to be issued, their characteristics and any privileges they may confer, the attribution of the right of redemption and the conditions of redemption, and the exercise of that right by the Company.*

To attribute the power to the Board of Directors to exclude pre-emptive subscription rights on the share issues made under this authority, pursuant to article 506 of the Corporate Enterprises Act. This power will be limited to the capital issues made under this resolution up to the maximum amount equivalent to 20% of the Company's share capital on the date of this authorisation.

Likewise, to attribute to the Board of Directors powers to freely offer the shares not subscribed within the pre-emptive subscription period(s), when any such period is granted; and to establish that, should the issue be undersubscribed, the capital will be increased by the amount effectively subscribed, pursuant to article 311 of the Corporate Enterprises Act; and to redraft article 5 of the Company Bylaws.

All this will be done pursuant to applicable legal and Bylaw provisions at any time, and is conditional on obtaining due permits.

2. To request the competent Spanish and non-Spanish securities exchanges on which the Banco Bilbao Vizcaya Argentaria, S.A. shares are already listed at the time of each capital increase to allow trading of the new shares, provided they comply with *applicable regulations. The Board of Directors is hereby authorised, with express powers to delegate this authority, to grant any documents and engage in any acts that may be necessary to such end, including any action, statement or arrangement to achieve the listing of the shares represented by ADS's for trading, with the competent authorities of the United States of America or any other competent authority.*

It is expressly recognised that the Company is subject to any rules existing now or in the future regarding negotiation, and especially trading, listing and delisting of the securities, and the commitment that, should application be made for delisting of the securities, this will adopted pursuant to the formal requirements under applicable regulations and, in such case, the interest of shareholders opposing or not voting in favour of this will be guaranteed, in compliance with the requirements established under the Corporate Enterprises Act, the Securities Exchange Act and other applicable regulations.

3. To confer authority on the Board of Directors to delegate the authority conferred by this General Meeting relating to the foregoing resolutions to the Executive Committee, with express powers to delegate them; to the Chairman of the Board of Directors; to the Chief Operating Officer; or to any other director or proxy of the Company."

2.2 Grounds for the Capital Increase

The approval and final entry into force of Basel III in Europe, via Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("**Directive 2013/36/EU**"), together with Regulation EU 575/2013, of 26 June, on the prudential requirements of credit institutions and investment firms (implemented at the same time as Directive 2013/36/EU, hereinafter "**CRD IV**"), have clarified the new solvency framework applicable to financial institutions.

With the purpose of adapting to new regulatory demands, which are to be fully in force as of 2019, BBVA has progressively adjusted its capital to the new requirements set forth under CRD IV. However, there is still uncertainty in the regulatory environment that could involve an increase of capital requirements.

This is why capital management targets of BBVA are currently focusing on maintaining Fully loaded CET 1 ratio (*core capital*) of around 10%, attained with a combination of the following: the minimum regulatory capital requirements, the analysis of the institutions which are among the comparable European peers of BBVA, the capitalisation levels required by investors and analysts, and the capital positions taken into consideration by rating agencies when awarding their credit ratings.

In line with the above, BBVA's Strategy and Finance Department deems that high levels of solvency allow the bank's endowment of the appropriate financial flexibility to undertake its organic growth strategy and face potential non-organic transactions that may emerge.

Considering corporate operations being completed by the Group, in the implementation of its non-organic growth strategy, and also the organic growth strategy, preserving a level of solvency in line with regulatory requirements and the standards demanded by the market requires the bolstering of Tier 1 capital.

To achieve this, the Strategy and Finance Department, having analysed the existing possibilities, arrived at the conclusion that the best alternative at this time was to complete a capital increase of the type proposed.

The amount of the capital increase regarded necessary by the Strategy and Finance Department to attain the targets stated is approximately between € 2 and 2,5 Bn. This calculation was reached considering the need to maintain an appropriate level of equity at the Bank, considering its growth strategy and the potential corporate transactions that could materialise, in addition to the balance required between the cost of capital and its profitability.

The final amount of the Capital Increase shall be determined following the prospection of demand and depending on the circumstances of the market.

2.3 Structures analysed to implement the Capital Increase

As noted above, BBVA's Strategy and Finances Department deems that a capital increase is the management action which is ideal to preserve the capital situation of BBVA Group.

Considering that the volume of the capital increase proposed involves a maximum of around 4.8% of BBVA's market capitalisation according to the latest closing price available, the Strategy and Finance Department has weighed the various potential alternatives to complete this capital increase:

(i) Issue of new shares as a public offering with pre-emptive subscription rights for BBVA's shareholders.

(ii) Issue of new shares, with exclusion of pre-emptive subscription rights for BBVA shareholders, for placement among qualified investors using the private accelerated procedure called "*Accelerated Bookbuilt Offering*" (hereinafter, "**ABO**"), a procedure that can be implemented in a term between 24 and 48 hours.

The ABO consists of a private offering among qualified investors (in the terms provided in Article 39 of Royal Decree 1310/2005, of 4 November, and equivalent legislation in other jurisdictions), coordinated by one or more renowned financial institutions, which execute a placement contract and, when applicable, an underwriting agreement, with BBVA and complete, for a short period of time, activities for the dissemination and promotion of the offering of New Shares among qualified investors. The goal is to receive expressions of interest or subscription bids at a certain price from a number of potential investors, seeking to maximise the offer price, which will correspond to the market price.

At the end of this private placement, the dealers will have completed a process to prospect demand for New Shares (*book building*) and, on this basis, the price that the market is willing to pay for the shares and also final amount of the Capital Increase will be set. The placement contract and, when applicable, underwriting agreement executed for this purpose can set forth that the dealerssubscribe the Capital Increase totally or partially, in their own behalf or in their name and on behalf of third parties to then transfer the New Shares subscribed to the final qualified investors.

Following the analysis of the available alternatives, the Strategy and Finance Department, agreed that the best way to complete the Capital Increase at this time was via an ABO for the reasons provided below, which are further elaborated on in its report:

2.3.1 Implementation Speed

An ABO can be launched and implemented in less than 48 hours, and this drastically reduces the risks arising from the market volatility to which shares are exposed between the time when the announcement is made and the closure of the capital increase. This period is substantially lower that the legally-required term for a capital increase with pre-emptive subscription rights.

BBVA's Strategy and Finance Department notes the relevance of this issue, given that the potential of market conditions worsening is much greater in the scenario of the long period required for capital increases with pre-emptive subscription rights (usually around 2 to 3 weeks, with additional time needed for the preparation of documents and their approval by supervisory bodies). This term, given market volatility, would notably increase market risk and, therefore, the risk of not successfully completing the transaction.

Furthermore, a capital increase with pre-emptive subscription rights requires significant efforts to place new shares over an extended term, and this inevitably leads to a greater cost due to the relevant advertising and marketing campaigns.

2.3.2 Financial conditions of the issue

An ABO's issue price is set with a demand prospection procedure for a very brief term and among qualified investors, allowing the maximisation of the issue price, which becomes the market price. However, in capital increases with pre-emptive subscription rights, as the price and volume of titles have to be set in advance, significant discounts of the issue rates of the new shares have to be made over the listed prices, to ensure that the offer is attractive to investors and to endow securities with an economic value enhancing their trading.

Furthermore, an ABO allows flexibility in setting the amount of the capital increase to offer a better issue price after prospecting demand, and this inures to the interest of the company.

Therefore, an issuer with high solvency levels like BBVA can get better issue conditions by completing an increase through an ABO, and it would be less efficient to complete an increase with pre-emptive subscription rights, as this would require the issue of a larger number of shares to arrive at the same amount.

Likewise, when the discount offered in an increase with pre-emptive subscription rights was not enough, an added risk would be that the shares offered were not entirely subscribed by the bank's shareholders, and this would mean that a subsequent placement on the market would need to be completed in an environment of a negative outcome of the increase, that had failed to be subscribed in the pre-emptive subscription period, placing additional stress on the listed price.

Finally, we also note that ABOs usually have less impact on the profit per share (PPS) than capital increases carried out with pre-emptive subscription rights given that these require a significant discount, as we said above, and therefore more shares need to be issued.

2.3.3 Less implementation costs

As for the costs associated to the offer, an ABO is a new share placement method minimising operation costs, as fees associated to a capital increase with pre-emptive subscription rights (or even an offer without pre-emptive subscription rights but targeted at the market as a whole) are considerably higher than the usual costs of an ABO.

It is true, as BBVA's Strategy and Finance Department points out, that share subscription offers with long implementation terms are generally more costly given that the offer underwriting costs are higher due to a longer exposure to risks. Additionally, an offer of shares with pre-emptive subscription rights carries costs associated to the potential marketing actions that may be completed, especially actions targeting retail investors.

The average commission over the past years for ABO capital increases was 100 basis points lower than that of the increases with pre-emptive subscription rights.

2.3.4 Better allotment of new shares

As noted by the Strategy and Finance Department of BBVA, an ABO can be used to target the offer directly at qualified investors interested in subscribing shares.

The ability to pick the best purchase offers in the allocation of new shares means greater flexibility when placing further shares with stable investors seeking long-term investments, in respect of more speculative investors seeking short-term profit. The first option can generate a greater flow of sales after the transaction has been completed, leading to better share performance following the increase, which is in the company's interest.

However, in capital increases with pre-emptive subscription rights, the success of the placement is closely linked to the participation of the existing shareholders in the offer and, as a consequence, there can be market distortions given the disorderly sale of pre-emptive subscription rights, which may give rise to significant discounts of the market price vis-à-vis the book value, or valuation gaps.

BBVA's Strategy and Finance Department therefore concludes that, in the current environment, an ABO is the most appropriate structure for a Capital Increase transaction, as the resources required are located at the best possible prices, minimising financial and market risks of the operation, given that the main characteristic is implementation speed which benefits BBVA's interest and, naturally, all shareholders.

This placement is, therefore, the most suitable option in terms of price, structure and outcome for the capital increase being offered and its advantages for the Bank outweigh and justify, with the company's best interests in mind, the suppression of pre-emptive subscription rights.

2.4 Value of BBVA's shares

In an ABO, the value of shares is the price emerging from the demand prospection procedure of the new shares (*book building*) completed by the dealer(s) (*book runners*) on behalf of the issuer among qualified investors.

BBVA's Strategy and Finance Department believes that this demand prospection procedure, whereby the dealers ask for buy mandates from a group of qualified investors, is an efficient method to set the precise market price of the shares, being a commonly-accepted method to set prices and guarantee that the placement price is commensurate with the market price.

However, with the Bank's best interests in mind, it has been regarded that the issue rate of the Capital Increase, to be set according to the procedure described in the paragraph above, may not under any circumstances, be lower than EIGHT

EUROS AND FIFTY-TWO THOUSANDTHS (€8.052) per share (the "**Minimum Price**"), as this Minimum Price is a fair price for BBVA shares.

This Minimum Price has been set by BBVA's Strategy and Finance Department in view of the listed price of BBVA shares on 18 November 2014, i.e., the last available closure, and bearing in mind variations which, according to historical data, can reasonably be expected from BBVA's share price within the timeframe of three stock exchange trading days (the maximum term estimated for the *book-building* process to set the price of the issue) using standard market methods to appraise the value at risk of financial investments (Value at Risk).

2.5 Specific terms of the Capital Increase

The specific terms of the Capital Increase, set out in the proposal set forth in the Strategy and Finance Department's report are essentially the following:

2.5.1 Amount

The capital increase is to be completed for a par value of ONE HUNDRED AND FIFTY-TWO MILLION ONE HUNDRED AND THIRTY-SIX THOUSAND ONE HUNDRED AND FOURTEEN EUROS AND EIGHTY-THREE CENTS (€152,136,114.83), with the issue and circulation of THREE HUNDRED AND TEN MILLION FOUR HUNDRED AND EIGHTY-ONE THOUSAND EIGHT HUNDRED AND SIXTY-SEVEN (310,481,867) ordinary shares, with a par value of 0.49 euros per share, of the same class and series as pre-existing shares, and in the form of book entries.

2.5.2 Issue rate

New Shares are to be issued at the par value of 0.49 euros per share, plus an issue premium which is to be set with a prospection procedure among Spanish and foreign qualified investors in the framework of an ABO.

The issue price set using the demand prospection procedure may not, under any circumstances, be lower than EIGHT EUROS AND FIFTY-TWO THOUSANDTHS (€8.052) per share, in agreement with the provisions set forth in section 2.4 above.

2.5.3 Consideration

The payment of New Shares, for the par value and the issue premium, will be made in cash.

2.5.4 Target investors

The Capital Increase, in agreement with the details provided above, is to be addressed exclusively to qualified Spanish and foreign investors (in the terms of Article 39 of Royal Decree 1310/2005, of 4 November, and equivalent legislation in other jurisdictions) using the accelerated private bookbuilt offering (ABO).

2.5.5 Exclusion of pre-emptive subscription rights

In agreement with the authority conferred by the Annual General Meeting held on 16 March 2012, convening in the company's interest, and in order to allow the placement of New Shares with Spanish and foreign qualified investors using the Accelerated Bookbuilt Offering (ABO) procedure, pre-emptive subscription rights are suppressed for BBVA shareholders.

2.5.6 Incomplete subscription

In agreement with the authority conferred by the Annual General Meeting, held on 16 March 2012 and in compliance with the provisions laid down in Article 311 of the LSC, it is expressly provided that the subscription of Capital Increase may be incomplete. Therefore, should the Capital Increase not be fully subscribed, the share capital may be increased in the amount and for the number of New Shares equivalent to the subscriptions effectively completed.

2.5.7 Rights of New Shares

New Shares shall be ordinary shares, of the same class and series and with the same rights as shares currently in circulation. The shares will have the form of book entries, and the books will be managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U., ("**Iberclear**") and its participating entities.

New Shares shall entitle their holders to take part in any sharing of company earnings paid subsequently to the date of registration in the book entries of Iberclear, and also to the equity emerging from the liquidation of the Company.

2.5.8 Amendment of the Bylaws

As a consequence of this Capital Increase, Article 5 of the Bylaws is to be amended, and shall be drafted henceforth as follows, whenever the Capital Increase was entirely subscribed:

> *"Article 5. Share Capital.*
>
> *The Bank's share capital stands at THREE THOUSAND AND FIFTY –SEVEN MILLION THREE HUNDRED AND FOUR THOUSAND THREE HUNDRED AND FORTY-TWO EUROS AND EIGHTY-TWO CENTS (€3,057,304,342.82), represented by SIX THOUSAND TWO HUNDRED AND THIRTY-NINE MILLION THREE HUNDRED AND NINETY-SIX THOUSAND SIX HUNDRED AND EIGHTEEN (6,239,396,618) shares, each with anominal value of FORTY-NINE EURO CENTS (€0.49), all of the same class and series, fully subscribed and paid up."*

2.5.9 Listing

An application shall be made for the listing of the New Shares on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, via the Spanish Stock Market Interconnection System (Continuous Market), and also for foreign Securities Exchanges that list BBVA's shares (which are currently listed on the Stock Exchanges of London and Mexico, and via ADSs - *American Depositary Shares*- on the security markets of New York Stock Exchange and Lima's Stock Exchange, by virtue of an exchange agreement between both markets).

3. GROUNDS FOR THE EXCLUSION OF PRE-EMPTIVE SUBSCRIPTION RIGHTS

3.1 Background

In agreement with the provisions laid down in Article 506 of the LSC, when authority was granted to the Board of Directors to increase share capital in accordance with the provisions of Article 297.1b) of the LSC, the Annual General Meeting of BBVA held on 16 March 2012 also agreed to afford the Board of Directors the powers to exclude pre-emptive subscription rights for issues of shares completed under such authority, although such powers were limited to a maximum of 20% of the share capital of the Bank at the time authority was granted. To such end, when calling the aforementioned Annual General Meeting, BBVA's Board of Directors approved and gave shareholders access to a report substantiating the grounds of the proposal to confer authority, in agreement with the provisions laid down in Article 506.2 of the LSC.

For pre-emptive subscription rights to be excluded, Article 506.1 of the LSC requires the fulfilment of the condition of the company's interest. Furthermore, Article 506.3 in connection with Article 308 of the LSC requires, as a formality, that at the time of each resolution on capital increases carried out under the authority conferred by the Annual General Meeting: (i) the Directors draft a report setting forth the value of the shares of the company and justifying the proposal and the consideration to be paid for the new shares, stating the persons to which such shares are to be alloted (and this is the purpose of this Report); and (ii) a report drafted under the responsibility of an auditor other than the auditor of the company, appointed for these purposes by the Commercial Registry, on the fair value of the shares of the company, on the book value of the pre-emptive rights whose exercise is to be suppressed or limited, and on the fairness of the details contained in the report of the directors.

Finally, Article 506.4 of the LSC provides that the par value of the new shares to be issued, plus the issue premium, if any, is to be the same value detailed in the aforementioned account auditor's report.

3.2 Justification of the company's interest

As stated above, pre-emptive subscription rights of shareholders can be excluded when this is in the interest of the company.

Considering the corporate transactions being completed by the Group and also its organic growth strategy, and to ensure the preservation of a level of solvency in line with regulatory requirements and the standards demanded by the market, it is regarded necessary to bolster the Bank's Tier 1 capital, and therefore BBVA's Strategy and Finance Department deems that the best alternative is the capital increase using the method proposed for an effective amount approximately between € 2 and 2,5 Bn..

To complete this Capital Increase, having regard for the report of BBVA's Strategy and Finance Department and considering current conditions, the placement of New Shares with an ABO is regarded as the most favourable structure for the interests of the Bank, and this necessarily involves the exclusion of pre-emptive subscription rights.

Therefore, on the basis of the advice received and the analyses completed, BBVA's Board of Directors regards that the exclusion of pre-emptive subscription rights is fully justified on the grounds of the company's interest, insofar as this option – as we have stated above – is the most efficient structure among the various available options to place and implement a share capital increase of the type described, further allowing the preservation of a level of solvency suited to regulatory requirements and the standards demanded by the market. The option which is most efficient and, therefore, most suited to company interests, is a Capital Increase without pre-emptive subscription rights, with a private placement via an ABO, as it offers the following advantages:

(i) *Implementation Speed*

An ABO can be launched and implemented in less than 48 hours, and this drastically reduces the risks arising from exposure of shares to market volatility from the time at which the announcement is made and the closure of the capital increase. This period is substantially lower that the legally-required term for capital increases with pre-emptive subscription rights and significantly limits the opportunity of an impairment of market conditions, which could be a risk for the success of the operation.

(ii) *Financial conditions of the issue*

The issue price set in an ABO is completed with a demand prospection procedure over a very short term and among qualified investors, and this allows the maximisation of the issue price, which will be the same as the market value, while capital increases with pre-emptive subscription rights require a significant discount over the issue of new shares to be attractive for investors and therefore guarantee the success of the operation, and this means that more shares need to be issued to arrive at the same amount, with the subsequent greater negative impact on profit per share (PPS).

Furthermore, an ABO allows flexibility in setting the amount of the capital increase to offer a better issue price after prospecting demand, and this inures to the benefit of the company's interest.

(iii) *Less implementation costs*

An ABO minimises operation costs, as fees associated to a capital increase with pre-emptive subscription rights (or even an offer without pre-emptive subscription rights but targeted at the market as a whole) are considerably higher than the usual costs in an ABO, as the risk exposure term is greater. The average commission over recent years for ABO capital increases was 100 basis points lower than that of the increases with pre-emptive subscription rights.

Additionally, an offer of shares with pre-emptive subscription rights carries costs associated to the potential marketing actions that may be completed, especially actions targeting retail investors.

(iv) *Better allotment of new shares*

In an ABO shares offered can be placed directly with stable investors seeking long-term investments, in an attempt to avoid more speculative investors seeking short-term profit. This can generate a greater flow of sales after the transaction is completed, leading to better share performance following the increase, in the company's interest.

In this regard, in agreement with the report issued by the Strategy and Finance Department, the Capital Increase without pre-emptive subscription rights and with accelerated private book-building (ABO) is the alternative that is currently deemed to be more beneficial for the company interests of the Bank, as this method attains the fundamental goal of finding the equity required to preserve a suitable level of solvency while shares are also placed at the best possible price for the Bank, and financial risks and costs of the operation are minimised.

Therefore, excluding pre-emptive subscription rights is a proportional decision in relation to the benefit sought, insofar as the suppression of pre-emptive subscription rights is substantially outweighed and justified by the positive outcomes for the company and its shareholders, given that the operation can be completed in the conditions stated earlier.

3.3 Justification of the type of issue: report drafted by an auditor

Article 506.4 of the LSC requires that the par value of shares to be issued, plus the issue premium, if any, is to be the same as the fair value contained in the report drafted under the responsibility of an auditor other than the company's auditor, appointed for these purposes by the Commercial Registry.

According to Article 504.2 of the Corporate Enterprises Act, the fair value of the shares of a listed company is the market value, which is pegged to the Stock Market listed price, unless an explanation to the contrary was provided.

However, in interpreting this rule, it should be considered that the stock exchange listing of securities is essentially volatile, and is subject to market forces that are constantly in action in real time, and therefore significant variations can emerge in a short period of time. Therefore, setting the market value of listed securities requires an analysis of the course of the prices over a certain period of time which is long enough for a suitable appraisal of the value of shares, as it is not fair to peg the price to the listed value that shares had at a given moment in time.

As we explained earlier, in ABO placements, dealers prospect demand among qualified investors from the time at which the increase is announced to find out the price that such investors would be willing to pay for the subscription of new shares, and this price becomes the issue price of the new shares.

BBVA's Strategy and Finance Department believes that this procedure, where dealers ask for buy mandates from a group of qualified investors, is an efficient method to set the precise market price of the shares, being a commonly-accepted method to set prices, also maximising the placement price and guaranteeing that the placement price equals the market price.

However, the Board of Directors, in agreement with the provisions laid down in Section 2.4 above, understands that the issue rate cannot be lower than the Minimum Price, which is a fair price for BBVA's shares.

As stated above, this Minimum Price was set considering the market price at the time at which this Minimum Price was agreed, provided in agreement with historical data and considering the variations that can be reasonably expected from BBVA's share price bearing in mind this data within the timeframe of three stock exchange trading days, using standard market methods to appraise the value at risk of financial investments.

Having regard for all of the above, BBVA's Board of Directors deems that the price emerging from the accelerated demand prospection procedure will equate the fair value of the Bank's shares, as it is effectively the market price that investors are willing to pay for the shares at that time, guaranteeing a minimum issue price via the Minimum Price, which is the fair price for BBVA shares.

In agreement with the provisions set forth in Article 506.4 of the LSC, the above shall be verified by an auditor other than the Bank's auditor, designated for these purposes by the Commercial Registry, who is to issue a report on the fair value of the company's shares, the book value of the pre-emptive subscription rights to be suppressed and the fairness of the details contained in this Report.

Both this Report and the report of the aforementioned account auditor shall be made available to the shareholders and reported to the first Annual General Meeting held after the increase resolution.

3.4 Investors to whom the New Shares shall be allocated

The Capital Increase, in agreement with the details provided above, is to be targeted exclusively at qualified Spanish and foreign investors (in the terms of Article 39 of Royal Decree 1310/2005, of 4 November, and equivalent legislation in other jurisdictions), and therefore no registration or approval whatsoever from competent authorities is required.

The specific details of the qualified investors to whom the New Shares are to be alloted shall be completed via the process to prospect demand (*book building*), in collaboration with one or more renowned financial institutions acting as dealers of the issue.

4. PROPOSED RESOLUTIONS

"**O*NE.-*** *In use of the authority conferred by the General Meeting of Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA", "the Company" or "the Bank"), held on 16th March 2012, under its agenda item three, it is hereby resolved to increase the BBVA share capital by the total nominal amount of ONE HUNDRED AND FIFTY TWO MILLION, ONE HUNDRED AND THIRTY-SIX THOUSAND, ONE HUNDRED AND FOURTEEN EUROS, EIGHTY-THREE EURO-CENTS (€152,136,114.83) through the issue of THREE HUNDRED AND TEN MILLION, FOUR HUNDRED AND EIGHTY-ONE THOUSAND, EIGHT HUNDRED AND SIXTY-SEVEN (310,481,867) ordinary BBVA shares, each with a nominal value of of forty-nine euro-cents (€0.49), of the same class and series as the shares currently outstanding, and represented by book entries (the "New Shares"), excluding pre-emptive subscription rights, expressly envisaging the possibility of under-subscription (the "Capital Increase").*

1.1. Issue price

The New Shares will be issued at their nominal value of 0.49 euros per share plus an issue premium that will be determined according to the terms of this resolution.

In compliance with articles 504.2 and 506.4 of the Corporate Enterprises Act, the issue price for the New Shares will correspond to the fair value of the BBVA shares, which is deemed to be the market value.

The issue price, which will be determined according to the procedure established in the following paragraph, may never be less than EIGHT EUROS, FIFTY-TWO THOUSANDTHS OF A EURO (€8.052) per share ("the Minimum Price"). The Minimum Price is the fair price of BBVA shares. The Minimum Price has been determined with reference to the listed price on 18th November 2014, ie, the latest close-of-trading price available, and applying the habitual methodology on the market for such cases. This is described in the Board of Directors report to which reference is made in Resolution Two, on the basis of the report from the BBVA Finance & Strategy Department.

To determine the issue price for the New Shares, demand will be prospected among qualified investors in the framework of an accelerated private placement procedure called an "Accelerated Bookbuilt Offering" (ABO). The bookbuilding will fix the commonly accepted price that ensures the price matches the market value. Once the book has been built, the price per share that the market is willing to pay for the New Shares will be obtained. This will be taken as the benchmark with which to fix the issue price for this Capital increase.

The Capital Increase may not be carried out with an issue price below the Minimum Price.

Both the nominal value and the issue premium of the New Shares will be fully paid up with cash contributions.

1.2. Exclusion of pre-emptive subscription rights

As stated by the Bank Finance & Strategy Department in its report to the Board of Directors mentioned in Resolution Two, the private placement of the New Shares among qualified investors using the Accelerated Bookbuilt Offering (ABO) is considered to be the most favourable structure for the Bank's interests, and therefore most fitting for the corporate interest, to which end it is necessary to exclude the pre-emptive subscription rights.

By virtue of this, under the authority conferred by the General Meeting, held on 16th March 2012, under its agenda item three, and in compliance with articles 308, 504 and 506 of the Corporate Enterprises Act, pre-emptive subscription rights are hereby suppressed with respect to the Capital Increase.

1.3. Incomplete subscription

In accordance with the authority conferred by the Company's General Meeting, held on 16th March 2012, under its agenda item three, and in compliance with article 311 of the Corporate Enterprises Act, the possibility of under-subscription of the issue is expressly recognised.

Thus, if the Capital Increase is not fully subscribed, the share capital could be increased by the amount and the number of New Shares corresponding to the subscriptions actually forthcoming.

1.4. Rights of the New Shares

The New Shares will be ordinary shares, of the same class and series and with the same rights as those currently outstanding. They 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. Unipersonal ("Iberclear") and its participating entities.

The New Shares will confer on holders the right to participate in any distribution of corporate earnings paid out after the date on which their holdings are recorded to the Iberclear books and in any net assets resulting from the Company's liquidation.

1.5. Company Bylaws

As a consequence of this Capital Increase, article 5 of the Company Bylaws will be amended. Provided the share capital increase hereby resolved is fully subscribed, article 5 will then read as follows:

"Article 5. Share Capital.

The Bank's share capital stands at THREE BILLION, FIFTY SEVEN MILLION, THREE HUNDRED AND FOUR THOUSAND, THREE HUNDRED AND FORTY TWO EUROS, EIGHTY-TWO EURO-CENTS (€3,057,304,342.82) , represented by SIX BILLION, TWO HUNDRED AND THIRTY NINE MILLION, THREE HUNDRED AND NINETY-SIX THOUSAND, SIX HUNDRED AND EIGHTEEN (6,239,396,618) shares, each with a nominal value of FORTY NINE EURO-CENTS (€0.49), all of the same class and series, fully subscribed and paid up."

1.6. Listing for trading

It is resolved to request listing for the New Shares finally issued to trade on the Madrid, Barcelona, Bilbao and Valencia securities exchanges using the SIBE interconnected trading platform (Continuous Market). It is also resolved to take any steps and make any arrangements that may be necessary and to present any documents required before the competent bodies of the non-Spanish securities exchanges on which BBVA shares are traded, in order to list the New Shares issued as a consequence of the Capital Increase herein resolved for trading on these markets. (BBVA shares are currently trading on the exchanges of London and Mexico; and through ADS -American Depositary Shares- on the New York stock exchange as well as on the Lima stock exchange, under the interchange agreement between both markets). It is expressly stated that BBVA is subject to the rules that exist or that may be laid down regarding securities exchanges and, especially, regarding trading, listing and delisting on the official markets.

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

TWO.- On the basis of the report drawn up by the BBVA Finance & Strategy Department, in accordance with the report by J&A Garrigues, S.L.P., and by virtue of *articles 308, 504 and 506 of the Corporate Enterprises Act, to approve the Directors Report on the Capital Increase, which will be made available to shareholders along with the report issued by the auditor other than the auditor of the Company accounts, appointed to do so by the Companies Registry, and reported to the first General Meeting held after the Capital Increase is resolved, expressly empowering the Company Secretary & Secretary of the Board to certify the text.*

THREE.- In use of the authorisation conferred by the Annual General Meeting of Banco Bilbao Vizcaya Argentaria, S.A., 16th March 2012, express authority is conferred on the Executive Committee, with express powers of substitution, and the broadest powers are given to Mr Jaime Sáenz de Tejada, Spanish national, of legal age, with ID number 823996-K; and Mr Erik Schotkamp, Dutch national, of legal age, with current National Foreign ID number Y2126590-R (the "Proxies") such that either of them, jointly or severally, may put into effect the Capital Increase, and establish and specify the conditions of the Capital Increase insofar as not stipulated in the aforementioned General Meeting resolution and the Resolution One above, and, specifically, and merely by way of example, such that they may:

a) *Determine the issue price at which the Capital Increase will be made in the terms and with the limits established in Resolution One above.*

b) *Establish the date on which the Capital Increase will come into force, determining when the placement period will begin and end.*

c) *Determine the number of New Shares to be issued, as a function of the call proposals obtained in the Accelerated Bookbuilt Offering (ABO), declaring the Capital Increase to be undersubscribed, should this be the case.*

d) *Determine the systems for awarding the New Shares.*

e) *Amend the wording of article 5 of the Company Bylaws to adapt it to the resulting new amount of share capital and number of shares, as a function of the New Shares finally issued and the definitive value of the Capital Increase.*

f) *Draw up and publish any announcements that may be necessary or advisable.*

g) *Declare the Capital Increase to have been completed, once the Accelerated Bookbuilt Offering (ABO) procedure has ended, declaring the offering, where applicable, to have been under-subscribed and granting any public and/or private documents that may be advisable to totally or partially execute the Capital Increase.*

h) *Desist or refrain from carrying out the Capital Increase in consideration of the conditions in the market, in the Company itself or of any fact or event of social or economic importance which makes this decision advisable, and also in the event of the price resulting from the bookbuilding proving to be below the Minimum Price.*

i) *Negotiate, subscribe and grant such public and/or private documents as may be required, including placement and/or underwriting contract(s) for the Capital Increase, agency contracts and any documents or protocols relating to placement and/or underwriting contracts.*

j) *Appear before a notary public to grant the deed relating to the Capital Increase, and to present it before the public registries that may be necessary or advisable and to request its filing at the Companies Registry. To such end, they may subscribe such public and/or private documents as may be necessary, including documents of clarification, rectification or correction, in the manner that may ensue from the verbal and/or written opinion of the Companies Registrar, in whatever case being able to request partial filing.*

k) *In general, to take such actions as may be necessary or merely advisable for the successful completion of the Capital Increase.*

Likewise, the Proxies are empowered in the broadest terms; Mr Antonio Borraz Peralta, Spanish national, of legal age, with identity card number 29100035-K; and Mr Ignacio Echevarría Soriano, Spanish national, of legal age, with identity card number 837871-G, such that either of them, jointly or severally, may:

a) *Draft, subscribe and present the documentation that may be necessary or advisable for the issuance and listing for trading of the New Shares before the CNMV (securities exchange authority) or any other competent domestic or international body, bearing the responsibility for the content of such documentation, and to draft, subscribe and present such additional or supplementary information or documentation as may be required; requesting, where applicable, its verification and filing, including, without limit, all those forms and, where applicable, protocols, informative documents, relevant event filings and analogous documents that may be pertinent.*

b) *Carry out any action, declaration or arrangement with the the CNMV (securities exchange authority), the Bank of Spain, the European Central Bank, the governing bodies of the securities exchanges, Iberclear, the Department of Treasury & Financial Policy, and with any other public or private, domestic or international organisation, entity or registry, to obtain (if necessary or advisable)* *the authorisation, verification and subsequent execution of the issue and the listing for trading of the new shares.*

c) Complete all the necessary formalities so that the new shares can be filed in IBERCLEAR's accounting records and listed on the securities exchanges for trading in Madrid, Barcelona, Bilbao and Valencia via the SIBE interconnected trading platform (Continuous Market) and on foreign securities exchanges that list BBVA shares and/or ADRs/ADDs at the time of issue.

Finally, and for the effects of the applicable regulations on securities issuance, it is hereby resolved to appoint the Proxies as Company representatives before any public and/or private body. They will have joint and several powers and will bear the responsibility for the content of the offering circulars, the information documents and any documents analogous to these. They are also empowered to sign any additional public and/or private documents and contracts that may be necessary for the successful completion of the transaction."

* * *

Madrid, 19 November, two thousand and fourteen

ANNEX 2

Copy of the certificate of the Governing Body of the Bilbao Stock Exchange

Bolsa de Bilbao

MANUEL ARDANZA FRESNO, BOARD MEMBER – CEO OF SOCIEDAD RECTORA DE LA BOLSA DE VALORES DE BILBAO, S.A.U.

I CERTIFY THAT,

From the information the Bilbao Stock Exchange holds on **BANCO BILBAO VIZCAYA ARGENTARIA, S.A.** stock, the statistical data requested are as follows:

- Today's closing price on 18th November 2014 is €8.763.
- The average close for the sessions between 19th August 2014 and 18th November 2014, inclusive, is €9.159.
- The number of stock-exchange sessions between 19th August 2014 and 18th November 2014, inclusive, is 66.

AND IN WITNESS WHEREOF, I sign the present in Bilbao on 18th November 2014.

[signature]

José María Olábarri, 1
48001 Bilbao
Tel.: + 34 944 03 44 00
Fax: +34 944 03 44 30
bolsabilbao@bolsabilbao.es
www.bolsabilbao.es

BME
BOLSAS Y MERCADOS ESPAÑOLES

The English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.